

# Yousaf Weaving Mills Limited



Quarterly Report  
Un-Audited  
1st Quarter Ended  
September 30, 2015

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Khawaja Mohammad Nadeem	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Mr. Mohammad Naveed	(Director)
Mr. Danish Tanveer	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

**AUDIT COMMITTEE**

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Mr. Danish Tanveer	(Member)

**HR & REMUNERATION COMMITTEE**

Khawaja Mohammad Kaleem	(Chairman)
Khawaja Mohammad Nadeem	(Member)
Mr. Mohammad Naveed	(Member)

**COMPANY SECRETARY**

Mr. Nadeem Anwar	(ACA)
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**CHIEF FINANCIAL OFFICER**

Mr. Nadeem Anwar	(ACA)
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**BANKERS**

Habib Metro Bank Limited  
National Bank of Pakistan  
Askari Bank Limited  
The Bank of Punjab

**AUDITORS**

IZHAR & Co.  
Chartered Accountants  
Office # 04, 1st Floor,  
Khawaja Arcade Abpara Stop,  
Wahdat Road, Lahore. Pakistan

**CORPORATE & REGISTERED OFFICE**

7/1-E-3 Main Boulevard Gulberg III, Lahore  
Tel : (042) 35717510  
Fax : (042) 35755760

**SHARE REGISTRARS**

Corp link (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore  
Tel : (042) 35839182  
Fax : (042) 35869037

**Weaving Unit**

49-Kilometer  
Multan Road, Bhair Phero  
Tel : (04943) 540083-4

**Spinning Unit**

7-Kilometer  
Multan Road, Pattoki  
Tel : (04943) 540083-4

**Dairy Unit**

Ratta Sharif,  
Tehsil Kallar Kahar,  
District Chakwal

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present before you the un-audited Financial Statements for the quarter ended September 30, 2015 in compliance with section 245 of the Companies Ordinance, 1984.

Total sales during the quarter ended September 30, 2015 amounted to Rs. 400.823 million as compared to Rs. 399.001 million during the corresponding period. Gross loss for the period amounted to Rs. 42.633 million as compared to profit of Rs. 40.989 million in corresponding period. Net loss for the period was Rs. 74.981 million as compared to net loss Rs. 19.401 millions for the corresponding period.

Downtrend continued to prevail in the fabric market in the quarter under review. Depressed fabric prices resulted in lower sales value which translated into gross loss as compared to profit during the corresponding quarter.

Going forward, we remain optimistic about the growth in demand in local and international market. It is hoped that as a supply chain partner of the value added textile, our company will benefit in the coming period. Our competing countries are better equipped, courtesy their governmental supports, to supply goods to customer at lower prices. On vigorous representation, government has announced some positive decisions through provision of RLNG at affordable rate and reduction of electricity industrial tariff of Rs. 3.00/- per unit. However, inspite of these announcements, we are not foreseeing any significant improvement in the market conditions. Additional long term measures are required from the government to enable the weaving industry to become internationally competitive.

The Management of your company is making candid efforts to improve the performance of the operations. The management of the company focusing on cost reductions in all possible areas. The Government should also take immediate steps to help out major industry of the country.

The directors of your Company like to put on record their appreciation and gratitude to the executives, officers, staff members and workers of the Company in performance of their duties. We would further put on record our profound and sincere gratitude to valued customers, regulators, external auditors, bankers and shareholders.

For and on behalf of the board

Lahore:  
April 21, 2016

**Khawaja Mohammad Nadeem**  
**Chief Executive**

## CONDENSED INTERIM BALANCE SHEET

		Sep 30, 2015	June 30, 2015
	Note	(Un-audited) Rupees	(Audited) Rupees
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
40,000,000 (June 30, 2015: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital		400,000,000	400,000,000
Accumulated loss		(677,169,612)	(602,188,585)
		(277,169,612)	(202,188,585)
<b>NON CURRENT LIABILITIES</b>			
Long term loans	5	548,371,641	558,872,236
Liabilities against assets subject to finance lease		10,635,869	11,483,775
Deferred liabilities		53,900,063	52,160,721
		612,907,573	622,516,732
<b>CURRENT LIABILITIES</b>			
Trade and other payables		499,744,501	478,237,055
Accrued mark up		20,539,241	15,041,434
Short term borrowings		425,440,678	390,962,583
Current maturity of non current liabilities		29,272,719	21,547,124
Provision for taxation		21,345,217	17,337,676
		996,342,356	923,125,872
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
		1,332,080,317	1,343,454,019

Lahore:  
April 21, 2016

(Khawaja Mohammad Nadeem)  
Chief Executive

## AS AT SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	Sep 30, 2015 (Un-audited) Rupees	June 30, 2015 (Audited) Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	684,982,297	692,696,235
Intangible assets		639,143	710,160
Long term loans		15,260,753	13,813,565
Long term deposits		7,566,618	7,566,618
		708,448,811	714,786,578
<b>CURRENT ASSETS</b>			
Stores and spares		39,715,166	41,201,916
Stock in trade		228,205,141	228,371,720
Trade debts		58,151,005	30,281,900
Loans and advances		48,309,788	45,656,300
Trade deposits, prepayments and other receivables		17,052,320	24,369,701
Sales tax refundable		14,426,942	18,074,983
Assets held for disposal		216,436,123	220,197,542
Cash and bank balances		1,335,021	20,513,379
		623,631,506	628,667,441
		1,332,080,317	1,343,454,019

The annexed notes form an integral part of this condensed interim financial information.

(Khawaja Mohammad Jahangir)  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter Ended	
	July 01, 2015 to Sep 30, 2015	July 01, 2014 to Sep 30, 2014
	(Un-audited) Rupees	(Un-audited) Rupees
Sales - net	400,822,562	399,000,341
Cost of sales	(443,455,831)	(358,010,645)
<b>Gross (Loss) / Profit</b>	(42,633,269)	40,989,696
Operating expenses:		
- Distribution costs	(1,967,638)	(13,526,736)
- Administrative expenses	(13,377,761)	(18,594,622)
	(15,345,399)	(32,121,358)
<b>Operating (Loss) / Profit</b>	(57,978,668)	8,868,338
Other operating expenses	(1,367,269)	(5,245,889)
Finance cost	(12,048,244)	(19,051,462)
Other operating income	420,695	76,827
<b>Loss before Taxation</b>	(70,973,486)	(15,352,186)
Provision for taxation	(4,007,541)	(4,047,975)
<b>Loss after Taxation</b>	(74,981,027)	(19,400,161)
Loss for the Period from Discontinued Operations	(5,637,127)	(8,682,986)
<b>Loss for the Period from Continued Operations</b>	(69,343,900)	(10,717,175)
<b>Loss per Share - Basic:</b>		
- From continuing operations	(1.73)	(0.27)
- From discontinuing operations	(0.14)	(0.22)
<b>Loss per share for the period</b>	(1.87)	(0.49)

The annexed notes form an integral part of this condensed interim financial information.

Lahore:  
April 21, 2016

**(Khawaja Mohammad Nadeem)**  
Chief Executive

**(Khawaja Mohammad Jahangir)**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter Ended	
	July 01, 2015 to Sep 30, 2015	July 01, 2014 to Sep 30, 2014
	(Un-audited) Rupees	(Un-audited) Rupees
<b>Loss for the Period</b>	(74,981,027)	(19,400,161)
Other comprehensive income for the period	-	-
<b>Total Comprehensive loss for the Period</b>	(74,981,027)	(19,400,161)

The annexed notes form an integral part of this condensed interim financial information.

Lahore:  
April 21, 2016

**(Khawaja Mohammad Nadeem)**  
Chief Executive

**(Khawaja Mohammad Jahangir)**  
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter Ended	
	July 01, 2015 to Sep 30, 2015	July 01, 2014 to Sep 30, 2014
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(70,973,487)	(15,352,186)
Adjustments for:		
- Depreciation	12,564,474	11,570,497
- Amortization of intangible assets	71,016	44,385
- Provision for gratuity	2,991,721	2,324,750
- Profit on sale of property, plant and equipment	(267,241)	(71,967)
- Loss on sale of biological assets	1,367,269	3,874,939
- Gain on sale of raw material and stores and spares	-	24,706
- Finance cost	12,048,244	19,051,462
<b>Operating profit / (loss) before working capital changes</b>	(42,198,004)	21,466,586
Decrease / (increase) in current assets:		
- Stores and spares	1,486,750	3,907,139
- Stock in trade	166,579	(11,976,228)
- Trade debts	(27,869,105)	9,175,935
- Loan and advances	(1,591,291)	(30,579,998)
- Trade deposits, short term prepayments and other receivables	7,317,382	722,802
- Sales tax refundable	3,648,041	2,314,999
(Decrease) / increase in current liabilities:		
- Trade and other payables	21,507,446	33,942,298
	4,665,802	7,506,947
<b>Cash generated from / (used in) operations</b>	(37,532,202)	28,973,533
Gratuity paid	(1,252,379)	(817,855)
Finance cost paid	(6,550,437)	(20,083,143)
Income tax paid	(1,062,197)	(3,408,023)
<b>Net Cash generated from / (used in) Operating Activities</b>	(46,397,215)	4,664,512
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,093,294)	(1,324,072)
Capital work in progress	-	(126,789)
Proceeds from disposal of property, plant and equipment	510,000	2,000,081
Proceeds from disposal of raw material and stores and spares	-	240,000
Proceeds from disposal of biological assets	2,394,150	713,360
Long term loans to employees	(1,447,188)	(629,608)
Long term deposits	-	(36,875)
<b>Net cash from / (used in) Investing Activities</b>	(3,636,332)	836,097
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans	(2,775,000)	(2,775,000)
Liabilities against assets subject to finance lease	(847,906)	239,538
Short term borrowings	34,478,095	3,667,266
Dividend paid	-	(12,106)
<b>Net cash from / (used in) Financing</b>	30,855,189	1,119,698
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	(19,178,358)	6,620,307
Cash and cash equivalents at the beginning of the period	20,513,379	1,243,765
<b>Cash and Cash Equivalents at the End of Period</b>	1,335,021	7,864,072

The annexed notes form an integral part of this condensed interim financial information.

Lahore:  
April 21, 2016

**(Khawaja Mohammad Nadeem)**  
Chief Executive

**(Khawaja Mohammad Jahangir)**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

Particulars	Share Capital	Accumulated Loss	Total
	(Rupees)	(Rupees)	(Rupees)
<b>Balance as at July 01, 2014</b>	400,000,000	(253,539,034)	146,460,966
Total comprehensive loss for the quarter ended			
September 30, 2014	-	(19,400,161)	(19,400,161)
Final dividend for the year ended June 30, 2014			
@ Rs. 0.25 per share	-	(1,576,004)	(1,576,004)
<b>Balance as at September 30, 2014</b>	400,000,000	(274,515,199)	125,484,801
<b>Balance as at July 01, 2015</b>	400,000,000	(602,188,585)	(202,188,585)
Total comprehensive loss for the quarter ended			
September 30, 2015	-	(74,981,027)	(74,981,027)
<b>Balance as at September 30, 2015</b>	400,000,000	(677,169,612)	(277,169,612)

The annexed notes form an integral part of this condensed interim financial information.

Lahore:  
April 21, 2016

**(Khawaja Mohammad Nadeem)**  
Chief Executive

**(Khawaja Mohammad Jahangir)**  
Director

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**Note 1**

**The Company and its Operations**

Yousaf Weaving Mills Limited was incorporated on January 17, 1988 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges. The Company is engaged in the business of textile weaving, spinning, sale of processed fabric and home textile and dairy products. The registered office of the Company is situated at 7/1- E-3, Main Boulevard Gulberg III, Lahore.

**Note 2**

**Basis of Preparation**

- 2.1 This financial information has been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Financial Reporting Standard, IAS 34 "Interim Financial Reporting".
- 2.2 This financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984. This interim financial information does not include all the information required for full annual financial information and should be read in conjunction with the annual financial information of the Company for the year ended June 30, 2015.

**Note 3**

**Significant Accounting Policies**

The accounting policies and methods of computation of the interim financial information are the same as those followed in the preparation of annual financial information for the preceding year ended June 30, 2015.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

## Note 4

**Accounting Estimates and Judgements**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2015.

## Note 5

**Long Term Loans**

This includes unsecured, interest free loan from directors amounting of Rs. 480.732 million and are under subordination agreement with banks.

## Note 6

**Contingencies and Commitments****Contingencies**

There is no significant change in the contingencies as reported in the last published audited financial statements for the year ended June 30, 2015.

<b>Commitments</b>	<b>Quarter Ended Sep 30, 2015 (Un-Audited) Rs. In Million</b>	<b>Year Ended June 30, 2015 (Audited) Rs. In Million</b>
Commitments for purchase of raw materials and stores	-	-
Commitments for lease rentals	2,400	2,400

## Note 7

**Property, Plant and Equipment**

	<b>Quarter Ended Sep 30, 2015 (Un-audited) Rupees</b>	<b>Year Ended June 30, 2015 (Audited) Rupees</b>
Operating fixed assets	684,982,297	692,696,235
Capital work in progress	-	-
	<u>684,982,297</u>	<u>692,696,235</u>
<b>7.1</b> Opening written down value	692,696,235	737,441,265
Addition during the period / year (at cost)	5,093,294	11,344,570
	697,789,529	748,785,835
Disposal during the period / year (written down value)	(246,874)	(2,145,681)
	697,542,655	746,640,154
Depreciation charge for the period / year	(12,560,358)	(53,943,919)
Closing written down value	<u>684,982,297</u>	<u>692,696,235</u>

## Note 8

**Transactions with Related Parties**

The related parties and associated undertakings comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

Quarter ended Sep 30, 2015 (Unaudited)	Quarter ended Sep 30, 2014 (Unaudited)
Rupees in millions	

**8.1** Significant transaction with related parties are as follows:

- Sale of material, goods and services	-	-
- Purchase of material goods and services	1.328	1.515
- Rent of building	0.600	0.600

## Note 9

**Segment Information****9.1** The Company has three operating segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving:	Production of grey and processed cloth.
Spinning:	Production of different qualities of yarn using natural and artificial fibers.
Dairy:	Sales of dairy products and allied business.

**9.2 Segment revenues and results**

For the Quarter Ended September 30, 2015 (Un-audited)				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Sales - net	232,631,030	155,051,923	13,139,609	400,822,562
Cost of sales	(257,051,376)	(169,449,320)	(16,955,135)	(443,455,831)
Gross Loss	(24,420,346)	(14,397,397)	(3,815,526)	(42,633,269)
Distribution cost	(1,282,265)	(685,373)	-	(1,967,638)
Administrative expenses	(12,054,887)	(1,037,657)	(285,217)	(13,377,761)
	(13,337,152)	(1,723,030)	(285,217)	(15,345,399)
Operating Loss	(37,757,498)	(16,120,427)	(4,100,743)	(57,978,668)
Other operating charges	-	-	(1,367,269)	(1,367,269)
Finance cost	(11,616,811)	(382,314)	(49,119)	(12,048,244)
Other operating income	409,295	-	11,400	420,695
Loss before Taxation	(48,965,014)	(16,502,741)	(5,505,731)	(70,973,486)
Taxation	(2,327,797)	(1,548,348)	(131,396)	(4,007,541)
<b>Loss after taxation</b>	<b>(51,292,811)</b>	<b>(18,051,089)</b>	<b>(5,637,127)</b>	<b>(74,981,027)</b>

For the Quarter Ended September 30, 2014 (Un-audited)				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Sales - net	385,877,541	-	13,122,800	399,000,341
Cost of sales	(338,739,553)	(1,689,761)	(17,581,331)	(358,010,645)
Gross Profit / (Loss)	47,137,988	(1,689,761)	(4,458,531)	40,989,696
Distribution cost	(13,526,736)	-	-	(13,526,736)
Administrative expenses	(16,222,887)	(2,226,821)	(144,914)	(18,594,622)
	(29,749,623)	(2,226,821)	(144,914)	(32,121,358)
Operating Profit / (Loss)	17,388,365	(3,916,582)	(4,603,445)	8,868,338
Other operating charges	(1,370,950)	-	(3,874,939)	(5,245,889)
Finance cost	(18,676,427)	(301,161)	(73,874)	(19,051,462)
Other operating income	76,327	-	500	76,827
Loss before taxation	(2,582,685)	(4,217,743)	(8,551,758)	(15,352,186)
Taxation	(3,916,747)	-	(131,228)	(4,047,975)
<b>Loss after taxation</b>	<b>(6,499,432)</b>	<b>(4,217,743)</b>	<b>(8,682,986)</b>	<b>(19,400,161)</b>

### 9.3 Segment Assets

For the Quarter Ended Sep 30, 2015				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Segment assets for reportable segments	900,386,018	161,047,903	226,547,878	1,287,981,799
Unallocated corporate assets				44,098,518
<b>Total assets as per balance sheet</b>				<b>1,332,080,317</b>

For the Year Ended June 30, 2015				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Segment assets for reportable segments	889,826,353	174,455,467	232,487,839	1,296,769,659
Unallocated corporate assets				46,684,360
<b>Total assets as per balance sheet</b>				<b>1,343,454,019</b>

**9.4 Segment Liabilities**

For the Quarter Ended Sep 30, 2015				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Segment liabilities for reportable segments	1,387,241,723	102,622,456	98,040,533	1,587,904,712
Unallocated corporate liabilities				21,345,217
Total liabilities as per balance sheet				1,609,249,929

  

For the Year Ended June 30, 2015				
	Weaving Segment	Spinning Segment	Dairy Segment	Total
Segment liabilities for reportable segments	1,330,756,460	98,713,199	98,835,269	1,528,304,928
Unallocated corporate liabilities				17,337,676
Total liabilities as per balance sheet				1,545,642,604

**Note 10****Financial Risk Management**

The company's activities expose it to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended June 30, 2015.

There has been no change in Company's sensitivity to these risks since June 30, 2015 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since June 30, 2015.

**Note 11****General**

- 11.1** This interim financial information is authorized for issue on April 21, 2016 by the Board of Directors of the Company.
- 11.2** Figures have been rounded off to the nearest Rupee; and
- 11.3** Corresponding figures have been re-arranged wherever necessary to facilitate comparison. No material rearrangement has been made during the period.

Lahore:  
April 21, 2016

**(Khawaja Mohammad Nadeem)**  
Chief Executive

**(Khawaja Mohammad Jahangir)**  
Director

**Book Post**  
**Printed Matter**

If undelivered please return to:

**Yousaf Weaving Mills Limited**  
**Corporate & Shares Department**  
7/1-E-3 Main Boulevard Gulberg III, Lahore.  
Tel : (042) 35717510 Fax : (042) 35755760