

**COMPANY PROFILE****BOARD OF DIRECTORS**

- | | |
|----------------------------------|---|
| 1. Mian Riaz Ahmed
(Chairman) | 2. Mr. Kashif Riaz
(Chief Executive) |
| 3. Mian Mohammad Ahmad | 4. Mr. Shahzad Ahmad |
| 5. Mr. Naveed Ahmad | 6. Mr. Irfan Ahmed |
| 7. Mr. Shahwaiz Ahmed | 8. Mr. Shafqat Masood |
| 9. Sheikh Nishat Ahmed | |

AUDIT COMMITTEE

- | | |
|----------------------------|------------|
| 1. Mr. Sheikh Nishat Ahmed | (Chairman) |
| 2. Mr. Naveed Ahmed | (Member) |
| 3. Mr. Shafqat Masood | (Member) |

HUMAN RESOURCES AND REMUNERATION COMMITTEE

- | | |
|------------------------|------------|
| 1. Mian Mohammad Ahmad | (Chairman) |
| 2. Mr. Irfan Ahmed | (Member) |
| 3. Mr. Shahwaiz Ahmed | (Member) |

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem
Advocates & Solicitors

REGISTERED OFFICE

5th floor, Office # 508, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters, Karachi

SYMBOL OF THE COMPANY

SUTM

WEBSITE

<http://www.Indus-group.com/web/download.htm>

REGISTRAR & SHARE TRANSFER OFFICE

Evolution factor (private) limited
(Formerly Corporate Support Services (Pvt) Ltd.)

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

Muslim Commercial Bank Limited
Allied Bank Limited
Soneri Bank Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited

AUDITORS

M/s Yousuf Adil Saleem & Company
Chartered Accountants Karachi.



DIRECTOR'S REPORT

Dear Share Holders,

The reviewed accounts for the half year ended December 31, 2014 are being presented. Your company earned pretax profit of Rs.109.922 (M) during the period under review. Textile sector is facing challenges of continuous decline in yarn prices due to worldwide depressed demand and unstable cotton prices in domestic and international markets. However, the management is making every efforts to reduce cost, closely monitoring the current market situation and taking all possible measures for smooth operations of the mill. Your company earned good profit during the period under review and management of the company is doing its best efforts to maintain the profitability margin.

The Director's proposed 150% interim cash dividend.

The earning per share is Rs.12.03 (Par value Rs.10/=per share)

We further state that:

- a) The Financial Statements prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and changes in equity;
- b) Proper books of Accounts have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.
- e) There are no significant doubts upon the company's ability to continue as a going concern.
- f) Internal auditor is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in controls will have immediate attention of the Management.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The labor management relations remained cordial and we would like to thanks to the employees of the company for their hard work and Company's Bankers for their co-operation.

FOR AND ON BEHALF OF THE BOARD

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Kashif Riaz
CHIEF EXECUTIVE

Dated February 27, 2015



AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sunrays Textile Mills Limited** (the Company) as at December 31, 2014, the related condensed interim profit and loss account, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: February 27, 2015
Karachi



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	(Unaudited) December 31, 2014 Rupees	(Audited) June 30, 2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,078,222,447	1,123,115,289
Investment property		2,342,055	2,342,055
Long term deposits		435,200	435,200
		<u>1,080,999,702</u>	<u>1,125,892,544</u>
Current assets			
Stores and spares		83,754,895	84,411,049
Stock in trade	5	1,358,692,109	651,321,671
Trade debts		475,378,469	490,760,420
Loans and advances		82,450,205	97,398,412
Trade deposits and short term prepayments		2,159,339	2,128,415
Sales tax refundable		50,936,276	44,768,473
Income tax refundable		3,677,753	3,677,753
Other receivables		1,900,054	9,221,577
Other financial assets		288,706,305	990,500,235
Cash and bank balances		29,955,284	72,275,700
		<u>2,377,610,689</u>	<u>2,446,463,705</u>
Total assets		<u>3,458,610,391</u>	<u>3,572,356,249</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		100,000,000	100,000,000
10,000,000 (June 30, 2014: 10,000,000) ordinary shares of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital		69,000,000	69,000,000
6,900,000 (June 30, 2014: 6,900,000) ordinary shares of Rs. 10 each		<u>69,000,000</u>	<u>69,000,000</u>
Reserves		753,600,000	753,600,000
Unappropriated profits		1,268,756,701	1,204,053,258
		<u>2,091,356,701</u>	<u>2,026,653,258</u>
Surplus on revaluation of property plant and equipment		397,986,785	414,185,645
Non-current liabilities			
Long term financing		-	38,088,890
Deferred liabilities		33,491,520	28,937,111
		<u>33,491,520</u>	<u>67,026,001</u>
Current liabilities			
Trade and other payables		273,119,740	237,889,361
Accrued mark up		3,173,949	4,143,739
Short term borrowings	6	632,564,274	757,989,651
Current portion of non current liabilities		-	19,044,444
Provision for taxation		26,917,422	45,424,150
		<u>935,775,385</u>	<u>1,064,491,345</u>
Total equity and liabilities	7	<u>3,458,610,391</u>	<u>3,572,356,249</u>
Contingencies and commitments			

The annexed selected notes from 1 to 12 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Six Months Ended December 31, 2014

 Six months ended Three months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note	----- Rupees -----			
Sales	2,199,894,319	2,264,829,207	1,100,064,747	1,054,635,092
Cost of goods sold	8 (2,002,618,764)	(1,910,011,027)	(979,210,332)	(909,055,853)
Gross profit	197,275,555	354,818,180	120,854,415	145,579,239
Profit on other operations	1,471,149	3,498,914	1,471,149	3,498,914
	198,746,704	358,317,094	122,325,564	149,078,153
Distribution Cost	(39,542,912)	(38,241,891)	(19,911,900)	(20,319,924)
Administrative expenses	(50,753,729)	(46,599,130)	(25,935,001)	(23,808,947)
Other expenses	(8,175,766)	(17,651,649)	(5,016,914)	(6,487,886)
Finance cost	(19,541,375)	(18,714,284)	(9,799,749)	(11,255,249)
Other income	29,189,083	81,144	6,029,989	81,144
	(88,824,699)	(121,125,810)	(54,633,575)	(61,790,862)
Profit before taxation	109,922,005	237,191,284	67,691,989	87,287,291
Taxation	(26,917,422)	(16,503,060)	(14,126,929)	(5,896,992)
Profit for the period	83,004,583	220,688,224	53,565,060	81,390,299
Other comprehensive income	-	-	-	-
Total comprehensive income	83,004,583	220,688,224	53,565,060	81,390,299
Earnings per share - basic and diluted	12.03	31.98	7.76	11.80

The annexed selected notes from 1 to 12 form an integral part of this condensed interim financial information.

M. A. Ahmed
CHAIRMAN

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CHIEF EXECUTIVE


CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
For The Six Months ended December 31, 2014

Six months ended.....	
	December 31, 2014 Rupees	December 31, 2013 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	109,922,005	237,191,284
Adjustments for :		
Depreciation on property, plant and equipment	49,830,203	52,343,940
Provision for staff retirement benefits - gratuity	6,389,409	4,500,000
Finance cost	19,541,375	18,714,284
Operating cash flows before movements in working capital	185,682,992	312,749,508
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	656,154	(7,183,355)
Stock in trade	(707,370,438)	(748,759,209)
Trade debts	15,381,951	67,924,996
Loans and advances	(1,946,315)	165,444
Trade deposits and short term prepayments	(30,924)	17,745
Sales tax refundable	(6,167,803)	(7,314,775)
Other receivables	7,321,523	2,532,091
Increase in current liability	32,431,732	38,941,667
Trade and other payables	(659,724,120)	(653,675,396)
Cash used in operations	(474,041,128)	(340,925,888)
Finance cost paid	(20,511,165)	(17,833,145)
Staff retirement benefits - gratuity paid	(1,835,000)	(2,460,700)
Income Taxes paid	(28,529,628)	(31,861,203)
Net cash used in operating activities	(524,916,921)	(393,080,936)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property plant and equipment	(4,937,361)	(47,357,418)
Purchase of other financial assets	(1,717,500,000)	-
Proceeds from disposal of other financial assets	2,419,293,930	-
Net cash generated from/(used in) investing activities	696,856,569	(47,357,418)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(57,133,334)	(14,105,556)
Dividend paid	(31,701,353)	(41,209,324)
Short term borrowings (paid)/obtained - net	(125,425,377)	461,000,000
Net cash (used in)/generated from financing activities	(214,260,064)	405,685,120
Net decrease in cash and cash equivalents (A+B+C)	(42,320,416)	(34,753,234)
Cash and cash equivalents at beginning of the period	72,275,700	56,205,408
Cash and cash equivalents at end of the period	29,955,284	21,452,174

The annexed selected notes from 1 to 12 form an integral part of this condensed interim financial information.

M. Ali
CHAIRMAN

I. L. Ashraf
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For The Six Months Ended December 31, 2014

Balance as at July 01, 2013 - (audited)

Profit for the period

Other comprehensive income

Total comprehensive income for the period ended December 31, 2013

Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment - net of deferred tax

Transactions with owners:

Interim dividend for the period ended Sep 30, 2013 at the rate of Rs. 5 per share

Balance as at December 31, 2013

Balance as at July 01, 2014 - (audited)

Profit for the period

Other comprehensive income

Total comprehensive income for the period ended December 31, 2014

Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment - net of deferred tax

Transactions with owners:

Interim dividend for the period ended Sep 30, 2014 at the rate of Rs. 5 per share

Balance as at December 31, 2014

Share capital	Capital reserve	Revenue reserves		Total
	Share Premium	General reserve	Un-appropriated profit	
.....Rupees.....				
69,000,000	3,600,000	750,000,000	987,276,511	1,809,876,511
-	-	-	220,688,224	220,688,224
-	-	-	-	-
-	-	-	220,688,224	220,688,224
-	-	-	11,699,177	11,699,177
-	-	-	(34,500,000)	(34,500,000)
69,000,000	3,600,000	750,000,000	1,185,163,912	2,007,763,912
69,000,000	3,600,000	750,000,000	1,204,053,258	2,026,653,258
-	-	-	83,004,583	83,004,583
-	-	-	-	-
-	-	-	83,004,583	83,004,583
-	-	-	16,198,860	16,198,860
-	-	-	(34,500,000)	(34,500,000)
69,000,000	3,600,000	750,000,000	1,268,756,701	2,091,356,701

The annexed selected notes from 1 to 12 form an integral part of this condensed interim financial information.

CHAIRMAN

CHIEF EXECUTIVE



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Six Months Ended December 31, 2014

1. STATUS AND ACTIVITIES

1.1 Sunrays Textile Mills Limited (the Company) was incorporated in Pakistan on August 27, 1987 under the Companies Ordinance, 1984 and its shares are quoted on Karachi Stock Exchange. The Company is principally engaged in manufacturing and sale of yarn. The company is also operating a ginning unit and an ice factory on leasing arrangement. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

1.2 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information does not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2014. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2014 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the six months ended on December 31, 2013.

2.3 This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2014.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work in progress

4.1

	(Unaudited) December 31, 2014 Rupees	(Audited) June 30, 2014 Rupees
	1,045,331,208	1,090,224,050
	32,891,239	32,891,239
	<u>1,078,222,447</u>	<u>1,123,115,289</u>

4.1 Operating assets

Opening book value
Additions during the period / year - cost

Freehold land

Building on freehold Land

Plant and machinery

Electric Installations

Factory Equipment

Office Equipment

Furniture and fittings

Electric appliances

Vehicles

-	-
-	-
2,111,435	40,180,979
-	4,923,268
-	-
-	-
-	808,549
233,026	544,022
2,592,900	15,379,000
<u>4,937,361</u>	<u>61,835,818</u>
-	(3,123,000)
(49,830,203)	(102,250,785)
-	(2,207,014)
<u>1,045,331,208</u>	<u>1,090,224,050</u>

Disposals during the period / year - cost

Depreciation charge for the period / year

Depreciation charge on disposals

Closing book value



	(Unaudited) December 31, 2014 Rupees	(Audited) June 30, 2014 Rupees
5. STOCK IN TRADE		
Raw material	1,139,770,868	460,133,892
Raw material in-transit	-	114,345,807
Work in process	28,252,711	32,854,844
Finished goods		
-Spinning unit	78,005,506	36,367,917
-Ginning factory	109,318,328	13,000
	187,323,834	36,380,917
Waste	3,344,696	7,606,211
	<u>1,358,692,109</u>	<u>651,321,671</u>
6. SHORT-TERM BORROWINGS		
<i>Secured - under mark-up arrangements</i>		
Running finances (RF)	-	100,000
Finance Exchange -FE 25	617,808,792	748,451,128
Bank Overdraft	14,755,482	9,438,523
	<u>632,564,274</u>	<u>757,989,651</u>
6.1 Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,830 million (June 30, 2014: Rs.5,830 million) of which facilities aggregating to Rs. 5,212 million (June 30, 2014: Rs.5,072 million) remained unutilized at the period end. The rate of mark up ranges from 11.09% to 11.62% per annum (June 30, 2014: 10.19% to 11.44% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of store and spares and charge on current assets of the Company.		
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
Bank guarantees	7.1.1 42,663,713	40,663,713
Inland bills discounted	7,292,643	-
Foreign bills discounted	522,269,177	704,904,974
	<u>572,225,533</u>	<u>745,568,687</u>
7.1.1 Bank guarantees		
<i>In favour of</i>	<i>Bank</i>	
Sui Northern Gas Pipelines Limited	MCB Bank Limited	23,203,246
Excise and taxation	Soneri Bank Limited	17,185,915
CCI & E	Habib Bank Limited	274,552
		<u>42,663,713</u>
7.2 Commitments		
Under letters of credit for:		
- Stores & spares	-	1,776,000
- Plant & Machinery	171,785,730	-
- Raw material	354,754,896	-
	<u>526,540,626</u>	<u>1,776,000</u>


8. COST OF GOODS SOLD

	----- Six months ended -----		----- Three months ended -----	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Raw material consumed	1,533,749,290	1,593,170,232	769,589,234	811,992,827
Power & fuel	216,471,497	192,279,307	113,544,392	98,445,857
Salaries wages & benefits	93,911,401	81,986,292	50,506,632	43,033,766
Packing material consumed	36,176,799	31,193,094	19,098,847	16,443,819
Stores & spares consumed	28,155,254	26,841,382	14,586,906	13,526,640
Repair and maintenance	1,828,031	4,254,050	946,205	2,399,954
Insurance	3,000,000	2,550,000	1,500,000	1,275,000
Depreciation	45,955,792	48,977,513	22,995,490	24,652,546
others	251,431	321,964	130,372	203,587
	<u>1,959,499,495</u>	<u>1,981,573,834</u>	<u>992,898,078</u>	<u>1,011,973,997</u>
Adjustment in work in process	4,602,133	(2,450,474)	1,583,861	(526,933)
Cost of goods manufactured	<u>1,964,101,628</u>	<u>1,979,123,360</u>	<u>994,481,939</u>	<u>1,011,447,064</u>
Opening finished goods	43,974,128	43,607,548	45,070,925	47,917,670
Purchase of finished goods	75,893,210	52,889,250	21,007,670	15,300,250
Closing finished goods	(81,350,202)	(165,609,131)	(81,350,202)	(165,609,131)
Adjustment in Finished goods	38,517,136	(69,112,333)	(15,271,607)	(102,391,211)
	<u>2,002,618,764</u>	<u>1,910,011,027</u>	<u>979,210,332</u>	<u>909,055,853</u>

9. RELATED PARTY TRANSACTIONS

9.1 Aggregate transactions made with the associated undertakings were as follows:

	----- Six months ended -----		----- Three months ended -----	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Sale of goods	49,008,757	2,821,042	34,827,941	2,026,442

9.2 All transactions with related parties have been carried out on agreed terms and conditions.

10. FINANCIAL RISK MANAGEMENT

The company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the company as at and for the year ended June 30, 2014.

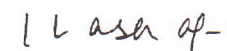
11. DATE OF AUTHORIZATION OF ISSUE

The condensed interim financial information is authorized for issue by the Board of Directors of the Company on February 27, 2015.

12. FIGURES

Figures have been rounded off to the nearest rupee, except stated otherwise.


CHAIRMAN


CHIEF EXECUTIVE