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ARTISTIC DENIM MILLS



Quarterly Report March 31, 2013

Artistic Denim Mills Limited

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COMPANY INFORMATION

Board of Directors

Chairman & Chief Executive
Directors

Mr. Faisal Ahmed
Mrs. Maliha Faisal
Mr. Muhammad Yousuf Ahmed
Mr. Muhammad Ali Ahmed
Mrs. Hajra Ahmed
Mr. Muhammad Iqbal-ur-Rahim
Ms. Sarah Faisal Ahmed

Audit Committee

Chairman
Members

Mr. Muhammad Iqbal-ur-Rahim
Mrs. Maliha Faisal
Ms. Sarah Faisal Ahmed

Human Resource and Remuneration Committee

Chairman
Members

Mr. Muhammad Iqbal-ur-Rahim
Mr. Muhammad Ali Ahmed
Ms. Sarah Faisal Ahmed

CFO & Company Secretary

Mr. Sagheer Ahmed

Chief Internal Auditor

Mr. Yasir Anwar

Auditors

M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

Monawwer Ghani
Advocate

Share Registrar

M/s Technology Trade (Pvt.) Ltd.
Dagja House, 241-C, Block-2, PECHS,
Karachi.
Phone No. 3439 1316-7

Bankers

Allied Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

Registered Office and Factory

Plot No. 5-9, 23-26, Sector 16,
Korangi Industrial Area, Karachi.
UAN: 111 236 236, Fax No. 3505 4652
www.admdenim.com

DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present the un-audited condensed interim financial statements of the Company for the nine months period ended March 31, 2013.

PERIOD UNDER REVIEW

A comparison of the key financial results of the Company for the nine months ended March 31, 2013 with the same period last year are as follows:

	March 31, 2013 Rs. in million	March 31, 2012 Rs. in million
Net Sales	4,568	3,815
Gross profit	859	602
Finance costs	127	123
Net Profit	528	316
EPS (Rs. per share)	6.29	3.77

The net sales of your Company witnessed 19.74% growth during nine months under review as compared to same period last year. Gross profit as a percentage of net sales improved to 18.81% from 15.77% during the comparative prior period. The improvement in margin is attributable to continued rationalization of sales mix, exploring and materializing growth opportunities and aggressive sales and marketing efforts. The Company's finance cost slightly increased by Rs. 4 million over same period last year. The aforementioned factors enabled the Company to register net profit of Rs. 528 million. Healthy profit figures have improved earnings per share for the nine months ended March 31, 2013 to Rs. 6.29 per share, in comparison to Rs. 3.77 per share of the corresponding period. The Company continued to show sustained performance which is the result of focused strategy - delivering stable sales growth and a better bottom line.

FUTURE OUTLOOK

Despite the challenging overall economic and political environment of the country we foresees positive growth trend in the remaining period of year 2013 as observed in the first nine months of the financial year 2013. As we pursue our mission and vision, we are confident that the strategic directions we have chosen are sound. We will continue with BMR to make us more competitive and to enable our products to win in the market and achieve leadership positions. The management is committed to ensure that our investments in innovation, people, systems and markets deliver profitable growth and improve return on invested capital.

Artistic Denim Mills Limited

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ACKNOWLEDGEMENTS

We take this opportunity to express our gratitude to our customers and financial institutions for their continued support and trust with whom we enjoy a very cordial relationship. We would also like to acknowledge the commitment, professionalism and dedicated efforts of the management and staff of the Company at all levels.

ON BEHALF OF THE BOARD



FAISAL AHMED
Chairman & Chief Executive

Karachi: April 27, 2013

QUARTERLY REPORT 2013

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2013 (UN-AUDITED)

		March 31, 2013	June 30, 2012
		----- (Rupees in '000) -----	
	Note	Un-audited	Audited
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	3,469,782	3,429,698
Long term loans		4,663	4,695
Long term deposits		853	833
CURRENT ASSETS			
Stores and spares		142,557	104,314
Stock-in-trade		774,312	703,403
Trade debts		1,403,871	1,437,610
Loans and advances		48,642	52,844
Trade deposits and prepayments		2,799	7,993
Other receivables		95,058	103,633
Short-term investments		12,304	13,654
Taxation - net		48,637	39,828
Cash and bank balances		21,486	13,729
		2,549,666	2,477,008
TOTAL ASSETS		6,024,964	5,912,234
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	840,000	840,000
Reserve		2,991,327	2,547,329
		3,831,327	3,387,329
NON-CURRENT LIABILITIES			
Long-term financing		187,342	344,206
Deferred liability		39,289	36,160
CURRENT LIABILITIES			
Trade and other payables		505,557	617,840
Accrued mark-up		24,450	36,331
Short term borrowings		1,282,260	1,366,812
Current maturity of long-term financing		154,739	123,556
		1,967,006	2,144,539
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		6,024,964	5,912,234

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
 Chairman & Chief Executive


Muhammad Iqbal-ur-Rahim
 Director

Artistic Denim Mills Limited

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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

	Note	Nine-months ended		Quarter ended	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
NET SALES		4,568,437	3,815,390	1,589,606	1,377,427
Cost of sales		(3,709,025)	(3,213,824)	(1,235,044)	(1,149,664)
GROSS PROFIT		859,412	601,566	354,562	227,763
Distribution costs		(137,132)	(67,836)	(53,317)	(39,229)
Administrative expenses		(47,352)	(39,850)	(15,548)	(12,017)
Other operating expenses		(48,616)	(41,095)	(20,339)	(3,669)
Other operating income		75,740	25,610	33,348	7,241
		(157,360)	(123,171)	(55,856)	(47,674)
OPERATING PROFIT		702,052	478,395	298,706	180,089
Finance costs		(127,101)	(122,799)	(46,427)	(50,811)
PROFIT BEFORE TAXATION		574,951	355,596	252,279	129,278
Taxation		(46,953)	(39,293)	(16,335)	(14,042)
NET PROFIT FOR THE PERIOD		527,998	316,303	235,944	115,236
EARNINGS PER SHARE					
- Basic and diluted (Rs. per share)		6.29	3.77	2.81	1.37

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Faisal Ahmed
Chairman & Chief Executive



Muhammad Iqbal-ur-Rahim
Director

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Artistic Denim Mills Limited

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

Note	Nine-months ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Net profit for the period	527,998	316,303	235,944	115,236
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>527,998</u>	<u>316,303</u>	<u>235,944</u>	<u>115,236</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
Chairman & Chief Executive


Muhammad Iqbal-ur-Rahim
Director

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QUARTERLY REPORT 2013

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)

	March 31, 2013	March 31, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	574,951	355,596
Adjustments for non cash charges and other items:		
Depreciation	183,936	175,410
Provision for gratuity	6,409	6,409
Finance costs	127,101	122,799
Loss on revaluation of short-term investments	1,350	1,439
(Gain) on disposal of operating fixed assets	(3,432)	(174)
	<u>315,364</u>	<u>305,883</u>
Profit before working capital changes	890,315	661,479
(Increase) / Decrease in current assets		
Stores and spares	(38,243)	(8,229)
Stock-in-trade	(70,909)	14,958
Trade debts	33,739	56,317
Loans and advances	4,202	(30,777)
Trade deposits and prepayments	5,194	3,077
Other receivables	8,575	4,529
	<u>(57,442)</u>	<u>39,875</u>
Increase / (Decrease) in current liabilities	(112,329)	55,526
Cash generated from operations	720,544	756,880
Taxes paid	(55,762)	(46,884)
Gratuity paid	(3,280)	(1,414)
Finance costs paid	(138,982)	(115,394)
Long term deposits - net	(20)	(56)
	<u>(198,044)</u>	<u>(163,748)</u>
Net cash generated from operating activities	522,500	593,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(236,201)	(111,950)
Long term loans	32	(75)
Dividend received	-	6
Sale proceeds of operating fixed assets	15,613	292
Net cash used in investing activities	(220,556)	(111,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing repaid	(290,570)	(122,099)
Long-term financing acquired	164,889	200,000
Dividend paid	(83,954)	(84,197)
Short term borrowings acquired	(84,552)	(469,675)
Net cash used in financing activities	(294,187)	(475,971)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,757	5,434
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13,729	10,628
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,486	16,062

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.



Faisal Ahmed
Chairman & Chief Executive



Muhammad Iqbal-ur-Rahim
Director

Artistic Denim Mills Limited

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

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	Share Capital	Revenue Reserve	Total
	Issued, subscribed and paid-up	Unappropriated profit	
----- (Rupees in '000) -----			
Balance as at July 01, 2011	840,000	2,191,237	3,031,237
Dividend paid @ of 10%	-	(84,000)	(84,000)
Net profit for the period ended March 31, 2012	-	316,303	316,303
Other comprehensive income	-	-	-
Total comprehensive income	-	316,303	316,303
Balance as at March 31, 2012	840,000	2,423,540	3,263,540
Balance as at July 01, 2012	840,000	2,547,329	3,387,329
Dividend paid @ of 10%	-	(84,000)	(84,000)
Net profit for the period ended March 31, 2013	-	527,998	527,998
Other comprehensive income	-	-	-
Total comprehensive income	-	527,998	527,998
Balance as at March 31, 2013	840,000	2,991,327	3,831,327

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.


Faisal Ahmed
Chairman & Chief Executive


Muhammad Iqbal-ur-Rahim
Director

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2013 (UN-AUDITED)**

1 THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the Companies Ordinance, 1984 and is currently listed on the Karachi Stock Exchange. The principal activity of the Company is to manufacture and sell rope dyed denim fabric, yarn and value added textile products.

The registered office of the Company is situated at Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements are un-audited and are required to be presented to the shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012.

3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2012.

	Note	March 31, 2013 Un-audited ------(Rupees in '000)-----	June 30, 2012 Audited
4 PROPERTY, PLANT AND EQUIPMENT			
Operating Fixed assets	4.1	3,153,757	3,112,798
Capital work-in-progress		316,025	316,900
		3,469,782	3,429,698
4.1 The additions and disposals in property, plant and equipment are as follows:			
Opening net written down value		3,112,798	3,250,504
Additions during the period / year	4.1.1	237,077	111,190
Disposals, at their written down values, during the period / year		(12,182)	(14,474)
Depreciation charge during the period/year		(183,936)	(234,422)
		(196,118)	(248,896)
		3,153,757	3,112,798

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Note	March 31, 2013 Un-audited	June 30, 2012 Audited
	------(Rupees in '000)-----	
4.1.1 Following additions were made during the period/year		
Plant & machinery	211,268	81,656
Factory equipment	8,369	16,447
Furniture & fixtures	3,934	70
Office equipment, including computers	1,705	791
Vehicles	11,801	12,226
	<u>237,077</u>	<u>111,190</u>

5 SHARE CAPITAL

No. of shares			March 31, 2013 Un-audited	June 30, 2012 Audited
March 31, 2013	June 30, 2012		------(Rupees in '000)-----	
		Authorised share capital		
		Ordinary shares of Rs.10 each	1,000,000	1,000,000
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10 each fully paid in cash	140,000	140,000
		Fully paid bonus shares	700,000	700,000
<u>100,000,000</u>	<u>100,000,000</u>		<u>840,000</u>	<u>840,000</u>
<u>14,000,000</u>	<u>14,000,000</u>			
<u>70,000,000</u>	<u>70,000,000</u>			
<u>84,000,000</u>	<u>84,000,000</u>			

6 CONTINGENCIES AND COMMITMENTS

Contingencies

6.1 Outstanding counter guarantees	<u>103,073</u>	<u>76,582</u>
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Commitments

- 6.2 Commitments in respect of civil works on building on leasehold land and plant and machinery at the end of the current period amounted to Rs.15 (June 30, 2012: Rs.33) million.
- 6.3 Outstanding letters of credit at the end of the current period amounted to Rs. 152.004 (June 30, 2012: Rs.392.410) million.
- 6.4 Post dated cheques issued in favour of Custom Authorities aggregated to Rs.148.132 (June 30, 2012: Rs.63.459) million against zero rated supplies for export purposes.

7 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated undertakings, directors and key management personnel. Material transactions with related parties, other than remuneration and benefits to the directors and key management personnel under the terms of their employments, are given below:

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	March 31, 2013 Un-audited	March 31, 2012 Un-audited
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------(Rupees in '000)-----

Aggregate amount in respect of:

Sales of goods and services provided	275,726	134,234
Purchases of goods and services received	-	9,475

The above transactions are at arm's length using admissible valuation methods.

8 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2013 by the Board of Directors of the Company.

9 GENERAL

Figures have been rounded-off to the nearest thousand rupees.

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Faisal Ahmed
Chairman & Chief Executive



Muhammad Iqbal-ur-Rahim
Director

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