



SANA Industries Limited

Annexure to Directors' Report (Rupees in millions)

Comparison with last quarter

Annexure A

Covering period FROM TO	01-Jul-2009 30-Sep-2009	01-Apr-2009 30-Jun-2009	VARIATION	
			Amount	Percentage
Turnover - net	142.47	157.80	(15.33)	-9.71%
Cost of Sales	118.07	129.46	(11.39)	-8.80%
Gross Profit	24.40	28.34	(3.94)	-13.90%
G.P.Rate to Sales	17.13%	17.96%		-0.83%
Administrative, Selling, Financial & Other expenses	11.16	9.91	1.25	12.61%
Other income	0.69	0.18	0.51	-
Net profit before taxation	13.93	18.61	(4.68)	
N.P.Rate to Sales	9.78%	11.79%		
Provision for Taxation	4.02	6.53	(2.51)	
Profit after Taxation	9.91	12.08	(2.17)	
Earning per share (before tax)	2.53	3.38	(0.85)	
Earning per share (after tax)	1.80	2.20	(0.40)	

Comparison with corresponding quarter of last year

Annexure B

Covering period FROM TO	01-Jul-2009 30-Sep-2009	01-Jul-2008 30-Sep-2008	VARIATION	
			Amount	Percentage
Sales - net	142.47	127.27	15.20	11.94%
Cost of Sales	118.07	116.21	1.86	1.60%
Gross Profit	24.40	11.06	13.34	120.61%
G.P.Rate to Sales	17.13%	8.69%		8.44%
Administrative, Selling, Financial & Other expenses	11.16	8.12	3.04	37.44%
Other income	0.69	-	0.69	
Net profit before taxation	13.93	2.94	10.99	
N.P.Rate to Sales	9.78%	2.31%		
Provision for Taxation	4.02	1.03	2.99	
Profit after Taxation	9.91	1.91	8.00	
Earning per share (before tax)	2.53	0.53	2.00	
Earning per share (after tax)	1.80	0.35	1.45	



SANA Industries Limited

INTERIM CONDENSED BALANCE SHEET AS AT 30 SEPTEMBER 2009 (UN-AUDITED)

	NOTE	September 30, 2009 (Un-audited) ----- (Rupees) -----	June 30, 2009 (Audited)
ASSETS			
NON CURRENT ASSETS			
Tangible fixed assets	4	165,956,621	171,491,843
Long-term deposits		696,925	696,925
		-----	-----
		166,653,546	172,188,768
CURRENT ASSETS			
Stock-in-trade	5	80,356,363	83,326,131
Trade debts- unsecured, considered good		92,438,913	85,270,295
Advances		2,561,041	4,895,270
Deposits and pre-payments		2,523,377	2,958,003
Other receivables		1,876,877	1,759,404
Taxation - net	6	2,805,712	5,507,600
Cash and bank balances		27,898,222	20,322,234
		210,460,505	204,038,937
		-----	-----
TOTAL ASSETS		377,114,051	376,227,705
		=====	=====
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
Issued, subscribed and paid-up capital			
5,500,000 (30-6-2009: 5,500,000) Ordinary shares of Rs. 10/- each		55,000,000	55,000,000
Reserves		165,531,272	155,624,088
		-----	-----
Shareholder's equity		220,531,272	210,624,088
NON CURRENT LIABILITIES			
Diminishing Mushareka	7	1,290,504	2,365,461
Deferred taxation	8	16,954,396	17,750,702
		18,244,900	20,116,163
CURRENT LIABILITIES			
Trade and other payables		44,057,328	30,291,953
Current portion of long term morabaha arrangement	7	4,299,828	4,084,284
Morabaha Arrangements	9	89,980,723	111,111,217
		138,337,879	145,487,454
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		-----	-----
TOTAL EQUITY AND LIABILITIES		377,114,051	376,227,705
		=====	=====

The annexed notes from 1 to 16 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



SANA Industries Limited

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009.

	Note	September 30, 2009	September 30, 2008
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) before taxation		13,931,944	2,939,759
Add/(Less): Adjustments for:			
Depreciation		6,688,274	6,285,281
Finance cost		4,336,408	4,229,065
		-----	-----
Cash provided by operating activities before working capital changes		24,956,626	13,454,105
(Increase)/decrease in current assets	13	(1,547,468)	(2,910,727)
Increase/(decrease) in current liabilities	13	13,801,759	(1,616,790)
		-----	-----
		37,210,917	8,926,588
Finance cost		(4,336,408)	(4,229,065)
Taxes paid		(2,119,178)	(723,455)
		-----	-----
Net cash inflow from operating activities		30,755,331	3,974,068
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,153,052)	(2,844,583)
Payment of long term security deposit		-	-
Other income		-	-
Net cash used in investing activities		(1,153,052)	(2,844,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Morabaha arrangement		61,885,007	60,007,357
Re-payment of Morabaha arrangement		(83,015,501)	(51,463,265)
Re-payment of Diminishing Mushreka		(859,413)	-
Payment to related party		-	(6,125,000)
Dividends paid		(36,384)	-
Net cash inflow from/(used in) financing activities		(22,026,291)	2,419,092
		-----	-----
Net (decrease)/increase in cash and cash equivalents		7,575,988	3,548,577
Cash and cash equivalents at beginning of the period		20,322,234	4,447,624
		-----	-----
Cash and cash equivalents at end of the period		27,898,222	7,996,201
		=====	=====

The annexed notes from 1 to 16 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



SANA Industries Limited

COMPANY INFORMATION

Board of Directors

Mr.Mohammed Yousuf	Chairman
Mr.Mohammed Tariq Yousuf	Director
Mr.Mohammed Junaid Nawab	Director
Hafiz Mohammed Irfan Nawab	Director
Mr.Ibrahim Younus	Director
Mr.Kemal Shoaib (Representing NIT)	Director
Mr.Mohammed Younus Nawab	Chief Executive

Audit Committee

Mr.Mohammed Tariq Yousuf - Chairman
Mr.Mohammed Junaid Nawab - Member
Mr.Mohammed Irfan Nawab - Member
and Secretary

C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

Registered Office

SF Unit No.96, S.I.T.E.,
P.O.Box No.10651,
Karachi - 75700
Phone : 2561728 - 29
Fax : 2570833
E-mail : sanasales@cyber.net.pk

Mills

B-186, Hub Industrial Trading Estate,
Hub Chowki, District Lasbela,
Balochistan.
Phone : 0853-302462
Fax : 0853-303256

Auditors

Muniff Ziauddin & Co.
Chartered Accountants
Business Executive Centre
F/17/3, Block 8, Clifton
Karachi.
Phone : 5375127 - 29
Fax : 5820325

Legal Advisors

Zaki & Co.,
Advocates
21-A, Wahab Arcade,
M.A.Jinnah Road,
Karachi.
Phone : 2628998/2628999

Bankers

Metropolitan Bank Limited
Islamic Banking Branch,
Zaibunissa Street, Saddar,
Karachi.
Phone : 5650711 (3 lines)
Fax : 5650650

Website for financial data

<http://www.sana-industries.com/>



SANA Industries Limited

DIRECTORS' REPORT

The Directors take pleasure in submitting the un-audited accounts, for the First Quarter ended 30th September, 2009, as required by the Securities and Exchange Commission of Pakistan, vide Circular No.2(52)SE/2001 dated 5/11/2001.

Alhamd-o-Lillah, the Al-mighty has once again been very kind in showering HIS unlimited bounties on your Company for which we do not have appropriate words to thank HIM, may Allah continue to cherish HIS blessing on your Company, Ameen.

The 'consolidated' results of the Company, for the First Quarter have shown improvement as compared to the corresponding quarter of last year, though they have deteriorated when compared to the previous quarter. During the period under review:-

- (a) the 'consolidated' Net Profit, before tax, has enhanced from Rs.2.94 M, in the corresponding period of last year, to Rs.13.93 M,
- (b) the 'consolidated' Net Profit, before tax, as compared to the previous quarter, has declined from Rs.18.61 M, to Rs.13.93 M,
- (c) in the 'Core Business' of the Company, i.e., 'Textile Segment', the Net Loss, before tax, of Rs.1.27 M, during the corresponding period, has been converted into a Net Profit of Rs.10.64 M,
- (d) in the core business of the Company, i.e., 'Textile Segment', the Net Profit of Rs.13.02 M, during the previous quarter, has declined to Rs.10.64.

In order to facilitate our Shareholders, following comparisons of operating and financial data are annexed:

- (a) Comparison with last quarter Annex-A
- (b) Comparison with corresponding quarter of last year Annex-B

An analysis of pertinent figures of 'Textile Segment' with the previous quarter is as under:-

- (1) Sales of Yarn has declined, both in Rupee as well as in quantitative terms, by Rs.14.66 M (-10%) and 116,095 Kgs (-17%) respectively, yet the average selling price has increased by Rs.17.51 per Kg (8%). The reason for decline being the seasonal adjustment in sales.
- (2) The average cost of raw-materials consumed has further enhanced by Rs.8.30 per Kilo (6.39%), due to international increase in raw-material prices and depreciation of Pak Rupee.
- (3) The production of Yarn, in quantitative terms, has enhanced by 72,461 Kilos (13%) due to change in production mix and addition of productive capacity.
- (4) The 'Cost of Manufacturing Overheads' have declined by Rs.1.53 per Kilo (-3%) due to enhanced production.



SANA Industries Limited

- (5) The General and Administrative expenses have increased from Rs.4.34 per Kilo to Rs.6.49 per Kilo i.e., an increase of Rs.2.15 per Kilo.
- (6) The Selling and Distribution expenses have increased from Rs.1.42 per Kilo to Rs.1.58 per Kilo i.e., an increase of Rs.0.16 per Kilo.
- (7) The Financial charges have declined from Rs.5.02 M to Rs.4.34 M, a decline of Rs.0.68 M (13.54%) due to reduced borrowings.
- (8) The Gross Profit rate, of 'Textile Segment', has enhanced from 16.00% to 16.33%.
- (9) The consolidated Net Profit, before tax, has decreased from Rs.18.61 M to Rs.13.93 M i.e., a decrease of Rs.4.68 M.
- (10) An amount of Rs.1.20 M has been reversed from deferred tax liability being adjustment of prior year.
- (11) The Net Profit, after tax, has declined from Rs.12.08 M to Rs.9.91 M i.e., Rs.2.17 M.
- (12) The period of trade debts (receivables) has increased from 41 days to 49 days.
- (13) The inventory of raw materials has decreased from 71 days to 41 days.
- (14) The inventory of finished goods has increased from 25 days to 33 days, due to market conditions.

FUTURE PROSPECTS

The Management is optimistic about the future profitability of the Company and hopes, that Insha Allah the present level of the profit would be maintained during the current year.

PERSONNEL

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

(Mohammed Younus Nawab)
Chief Executive.

Karachi: 30th October, 2009.



SANA Industries Limited

NOTES TO THE ACCOUNTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)

1. NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is principally engaged in the manufacturing and sale of man-made blended yarn at Hub Industrial Trading Estate, Hub Chowki, and a "compartmentalized cold store" located at Karachi. The registered office of the Company is located at SF-96, S.I.T.E., Karachi, Pakistan.

2. BASIS FOR PREPARATION OF THE ACCOUNTS

These financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2008. The Company has adopted a new accounting policy in respect of segment reporting, in view of commencement of operation of the cold storage segment of the Company as follows:

The primary reporting segment of the Company is determined to be business segments as the Company's risks and rate of return are affected predominantly by differences in the products and services produced, whereas, the Company has no separate geographical segment. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each business segment representing a strategic business unit that offers different products and serves different markets.

The textile segment is engaged in manufacturing and sale of man-made blended yarn. The cold storage segment is engaged in providing services in respect of cold storage.

Expenses are shared amongst the segments on the basis of allocation methods as deemed appropriate by the management.

4. TANGIBLE FIXED ASSETS

Net book value (NBV) at the beginning of the period
Add: Additions to tangible fixed assets

4.1

September 30, 2009 (Un-audited)	June 30, 2009 (Audited)
----- (Rupees) -----	

171,204,299	171,946,162
554,220	24,579,403

Less: Disposals during the period (NBV)
Depreciation charged during the period

-	19,013
6,688,274	25,302,253
6,688,274	25,321,266

Net book value (NBV) at the closing of the period
Capital work-in-progress

165,070,245	171,204,299
886,376	287,544

165,956,621	171,491,843
=====	=====

4.1 ADDITIONS

Building on leasehold land
Office premises - SF/96
Plant and machinery
Handling equipments
Furniture, fixtures and office equipments
Vehicles
Computers

-	6,252,836
-	77,033
383,420	16,066,843
85,000	209,360
32,000	68,500
-	1,675,531
53,800	229,300

554,220	24,579,403
=====	=====



SANA Industries Limited

September 30, 2009 (Un-audited)	June 30, 2009 (Audited)
----- (Rupees) -----	

5. STOCK-IN-TRADE

Raw and packing material at factory	33,499,911	50,932,515
Work-in-process	5,784,860	5,953,155
Finished goods	37,906,941	25,553,041
Waste stock	935,520	887,420
Stock in transit	2,229,131	-
	80,356,363	83,326,131
	=====	=====

6. TAXATION - NET

Refundable income tax	2,399,964	2,399,964
Advance tax - Tax year 2009	3,107,636	3,107,636
Advance tax - Tax year 2010	2,119,178	-
Provision for taxation	(4,821,066)	-
	2,805,712	5,507,600
	=====	=====

7. NON CURRENT LIABILITY - secured

Diminishing Mushreka from a commercial bank	5,590,332	6,449,745
Less: Current portion	(4,299,828)	(4,084,284)
	1,290,504	2,365,461
	=====	=====

The above arrangement first charge on machinery purchased against diminishing Musharaka, execution of Promissory note, and personal guarantee of three Directors of the Company.

8. DEFERRED TAX

Deferred tax liability on taxable temporary differences	16,954,396	20,557,693
Tax depreciation allowance		
Deferred tax asset on deductible temporary differences	-	(2,806,991)
Unabsorbed tax loss		
	16,954,396	17,750,702
	=====	=====

9. SHORT-TERM MORABAHA ARRANGEMENT - secured

From a commercial bank	89,980,723	111,111,217
	=====	=====

The above arrangement is secured against hypothecation of subject goods purchased / imported under this financing, execution of promissory notes, and personal guarantees of three Directors of the Company.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2008.

10.2 Commitments

Custom duty and income tax on stock in transit	-	2,058,180
	=====	=====
Capital expenditure contracted for but not incurred	1,500,000	500,000
	=====	=====
Irrevocable letter of credits	22,673,327	9,749,171
	=====	=====



SANA Industries Limited

	September 30, 2009	September 30, 2008
	----- Rupees -----	
11. COST OF SALES		
Opening stock finished goods and waste	26,440,461	31,364,152
Cost of goods manufactured	130,468,183	132,161,083
Closing stock finished goods and waste	(38,842,461)	(47,313,035)
	118,066,183	116,212,200
	=====	=====
12. EARNING PER SHARE - BASIC AND DILUTED		
Profit after taxation	Rupees 9,907,184	1,910,844
Issued ordinary shares - restated for the effect of bonus shares	5,500,000	5,500,000
Basic and diluted earnings per share	Rupees 1.80	0.35
	=====	=====
13. WORKING CAPITAL CHANGES		
Decrease/(Increase) in current assets		
Stock-in-trade	2,969,768	335,494
Trade debts	(7,168,618)	(4,928,609)
Advances	2,334,229	265,668
Deposits and pre-payments	434,626	264,489
Other receivables	(117,473)	1,152,231
	(1,547,468)	(2,910,727)
	=====	=====
Increase/(decrease) in current liabilities		
Trade and other payables	13,801,759	(1,616,790)
	=====	=====
14. TRANSACTION WITH RELATED PARTIES		
The related parties comprise associated companies, staff benefit funds, directors and key management personnel. The transactions with related parties are as follows:		
Relationship	Nature of transaction	
Staff retirement benefit plans	Contribution to gratuity fund	2,296,355
		965,703
Key management personnel	Remuneration and benefits	4,011,370
		1,305,205
Broowings from Directors' family member		1,000,000
		-
Repayment of broowings from Directors' family member		1,000,000
		-



SANA Industries Limited

15. SEGMENT REPORTING

	Quarter ended September 30, 2009		
	TEXTILE	COLD STORE	TOTAL
	----- Rupees -----		
Net turnover	124,901,569	17,565,633	142,467,202
Cost of sales	(104,510,495)	(13,555,688)	(118,066,183)
Gross profit	20,391,074	4,009,945	24,401,019
Selling and distribution expenses	(982,996)	(146,574)	(1,129,570)
General and administration expenses	(4,032,307)	(567,086)	(4,599,393)
Other operating expenses	(1,096,234)	-	(1,096,234)
Other income	692,530	-	692,530
Operating profit	14,972,067	3,296,285	18,268,352
Finance cost	(4,336,408)	-	(4,336,408)
Profit for the period before taxation	10,635,659	3,296,285	13,931,944

	Quarter ended September 30, 2008		
	TEXTILE	COLD STORE	TOTAL
	----- Rupees -----		
Net turnover	111,864,583	15,405,033	127,269,616
Cost of sales	(105,942,398)	(10,269,802)	(116,212,200)
Gross profit	5,922,185	5,135,231	11,057,416
Selling and distribution expenses	(774,673)	(35,082)	(809,755)
General and administration expenses	(2,570,172)	(353,941)	(2,924,113)
Other operating expenses	(154,724)	-	(154,724)
Other operating income	-	-	-
Operating profit	2,422,616	4,746,208	7,168,824
Finance cost	(3,690,095)	(538,970)	(4,229,065)
(Loss) / profit for the period before taxation	(1,267,479)	4,207,238	2,939,759

16. GENERAL

16.1 These financial statements were authorised for issue by the Board of Directors on 30th October, 2009.

16.2 Certain corresponding figures have been re-arranged wherever necessary for the purpose of comparison.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



SANA Industries Limited

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

		September 30, 2009	September 30, 2008
		----- Rupees -----	
Net turnover		142,467,202	127,269,616
Cost of sales	11	(118,066,183)	(116,212,200)
Gross profit		24,401,019	11,057,416
Selling and distribution expenses		(1,129,570)	(809,755)
Administrative expenses		(4,599,393)	(2,924,113)
Other operating expenses		(1,096,234)	(154,724)
Other operating income		692,530	-
Operating profit		18,268,352	7,168,824
Finance cost		(4,336,408)	(4,229,065)
Profit for the period before taxation		13,931,944	2,939,759
Provision for taxation		(4,821,066)	-
- current		(403,532)	(1,028,915)
- deferred (current)		1,199,838	-
- deferred (prior)		(4,024,760)	(1,028,915)
Profit after taxation		9,907,184	1,910,844
Earning per share - Basic and Diluted	12	1.80	0.35

The annexed notes from 1 to 16 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer



SANA Industries Limited

STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Issued, subscribed and paid-up capital	REVENUE RESERVES			Total
		General reserve	Un- appropriated profit	Sub Total	
Balance as at July 01, 2008	55,000,000	132,500,000	5,175,268	137,675,268	192,675,268
Profit after taxation for the first quarter ended September 30, 2008	-	-	1,910,844	1,910,844	1,910,844
Final dividend for the year ended June 30, 2008	-	-	-	-	-
Balance as at September 30, 2008	55,000,000	132,500,000	7,086,112	139,586,112	194,586,112
Balance as at July 01, 2009	55,000,000	132,500,000	23,124,088	155,624,088	210,624,088
Profit after taxation for the first quarter ended September 30, 2009	-	-	9,907,184	9,907,184	9,907,184
Final dividend for the year ended June 30, 2009	-	-	-	-	-
Balance as at September 30, 2009.	55,000,000	132,500,000	33,031,272	165,531,272	220,531,272

The annexed notes from 1 to 16 form an integral part of these financial statements.

(Mohammed Younus Nawab)
Chief Executive

(Mohammed Irfan Nawab)
Director

(Abdul Hussain Antaria)
Chief Financial Officer