



# *Quarterly Report*

*Condensed Interim Financial Information  
For The Nine Months Ended March 31, 2012*

## Company Information

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<b>BOARD OF DIRECTORS</b>	BASHIR ALI MOHOMMAD ZAIN BASHIR ZIAD BASHIR MOHAMMED ZAKI BASHIR ABDUL AZIZ YOUSUF S.M. NADIM SHAFIQULLAH ABDUL RAZAK BRAMCHARI DR. AMJAD WAHEED ADNAN AFRIDI	- Chairman & Chief Executive - Non Executive Director - Executive Director - Executive Director - Executive Director - Independent Non Executive Director - Non Executive Director - Independent Non Executive Director - Independent Non Executive Director
<b>CHIEF FINANCIAL OFFICER</b>	MOHAMMED SALEEM SATTAR	
<b>COMPANY SECRETARY</b>	MOHAMMED SALIM GHAFFAR	
<b>AUDIT COMMITTEE</b>	S.M. NADIM SHAFIQULLAH ZAIN BASHIR MOHAMMED ZAKI BASHIR ABDUL AZIZ YOUSUF	- Chairman & Member - Member - Member - Secretary
<b>BANKERS</b>	ALLIED BANK LIMITED BANK AL HABIB LIMITED BARCLAYS BANK PLC PAKISTAN BANK ALFALAH LIMITED - ISLAMIC BANKING BANKISLAMI PAKISTAN LIMITED BURJ BANK LIMITED CITIBANK, N.A. DUBAI ISLAMIC BANK PAKISTAN LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HSBC BANK MIDDLE EAST LIMITED MCB BANK LIMITED MEEZAN BANK LIMITED NATIONAL BANK OF PAKISTAN NIB BANK LIMITED SAMBA BANK LIMITED SILKBANK LIMITED STANDARD CHARTERED BANK (PAKISTAN) LIMITED UNITED BANK LIMITED	
<b>AUDITORS</b>	HYDER BHIMJI & CO. Chartered Accountants	
<b>INTERNAL AUDITORS</b>	ANJUM ASIM SHAHID RAHMAN Chartered Accountants	
<b>LEGAL ADVISORS</b>	A.K. BROHI & CO ADVOCATES	
<b>REGISTERED OFFICE</b>	PLOT NO.82 MAIN NATIONAL HIGHWAY LANDHI, KARACHI-75120	
<b>SHARE REGISTRAR</b>	FAMCO ASSOCIATES (PRIVATE) LIMITED 1ST FLOOR, STATE LIFE BUILDING NO. 1-A OFF: I.I. CHUNDRIGAR ROAD, KARACHI-74000 PHONE NO. (021)32427012,32426597 & 32425467 FAX NO. (021)32426752	
<b>MILLS</b>	LANDHI INDUSTRIAL AREA KARACHI-75120	
<b>E-MAIL</b>	finance@gulahmed.com	
<b>URL</b>	www.gulahmed.com	



**Condensed Interim Balance Sheet  
As at March 31, 2012**

	March <u>2012</u>	June <u>2011</u>
	Rs. 000s	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 150,000,000 ordinary shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital	1,269,571	634,785
Reserves	3,430,000	2,880,446
Unappropriated (loss)/profit	(266,678)	1,197,642
	<u>4,432,893</u>	<u>4,712,873</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	1,992,503	2,198,591
Deferred Liabilities		
Deferred taxation - net	284,563	284,563
Staff Retirement benefits	29,344	14,106
	<u>313,907</u>	<u>298,669</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,335,484	2,586,514
Accrued Mark-up	242,976	216,798
Short term borrowings	9,165,338	9,759,190
Current maturity of long term financing	652,433	632,044
Provision for Income tax - net of payment	-	-
	<u>13,396,231</u>	<u>13,194,546</u>
	<u>20,135,534</u>	<u>20,404,679</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,683,554	6,653,725
Intangible assets	30,565	38,630
Long term investment	58,450	58,450
Long term loans and advances	3,039	4,241
Long term deposits	42,648	33,057
	<u>6,818,256</u>	<u>6,788,103</u>
<b>CURRENT ASSETS</b>		
Stores,spares and loose tools	700,680	706,350
Stock-in-trade	9,218,117	10,334,360
Trade debts	2,668,621	2,030,723
Loans and advances	334,772	159,830
Short term prepayments	117,050	40,486
Other receivables	150,597	212,546
Tax refunds due from government	17,342	48,926
Cash and bank balances	110,099	83,355
	<u>13,317,278</u>	<u>13,616,576</u>
	<u>20,135,534</u>	<u>20,404,679</u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Condensed Interim Profit and Loss Account  
For The Nine Months Ended March 31, 2012**

	FOR THE QUARTER		FOR THE NINE MONTHS	
	Jan-Mar 2012	Jan-Mar 2011	July-Mar 2012	July-Mar 2011
	Rs. 000s		Rs. 000s	
Sales	6,411,344	7,947,792	18,069,706	18,624,524
Cost of sales				
Opening stock of finished goods	5,861,624	5,031,823	6,216,883	3,158,863
Cost of goods manufactured	4,613,670	5,145,747	13,497,330	12,814,066
Purchases and processing charges	589,382	1,784,356	1,496,548	4,820,032
Closing stock of finished goods	(5,599,028)	(5,360,675)	(5,599,028)	(5,360,675)
	5,465,648	6,601,251	15,611,733	15,432,286
Gross profit	945,696	1,346,541	2,457,973	3,192,238
Distribution cost	338,999	318,970	875,578	742,363
Administrative expenses	228,658	209,112	667,962	591,507
Other operating expenses	-	34,084	-	77,695
	567,657	562,166	1,543,540	1,411,565
	378,039	784,375	914,433	1,780,673
Other operating income	5,229	7,588	14,993	18,648
Operating profit	383,268	791,963	929,426	1,799,321
Finance cost	360,737	332,061	1,028,559	750,999
(Loss)/profit before taxation	22,531	459,902	(99,133)	1,048,322
Provision for taxation	65,393	135,390	180,847	271,249
(Loss)/profit after taxation	(42,862)	324,512	(279,980)	777,073
(Loss)/earnings per share - basic and diluted (Rs.)	(0.34)	2.56	(2.21)	6.12

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Condensed Interim Statement Of Comprehensive Income  
For The Nine Months Ended March 31, 2012**

	FOR THE QUARTER		FOR THE NINE MONTHS	
	Jan-Mar <u>2012</u>	Jan-Mar <u>2011</u>	July-Mar <u>2012</u>	July-Mar <u>2011</u>
	Rs. 000s		Rs. 000s	
(Loss)/profit after taxation	(42,862)	324,512	(279,980)	777,073
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income	<u>(42,862)</u>	<u>324,512</u>	<u>(279,980)</u>	<u>777,073</u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

## Condensed Interim Cash Flow Statement For The Nine Months Ended March 31, 2012

	<b>March 2012</b>	<b>March 2011</b>
	<b>Rs. 000s</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(99,133)	1,048,322
Adjustments for:		
Depreciation	542,260	494,357
Amortisation	10,085	6,614
Provision for gratuity	20,446	1,366
Finance cost	1,028,559	750,999
Provision for slow moving/obsolete items	7,728	5,850
Provision for doubtful debts	21,900	14,400
Profit on sale of property, plant and equipment	(8,879)	(9,937)
	<u>1,522,966</u>	<u>2,311,971</u>
Changes in working capital:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	(2,058)	(266,441)
Stock-in-trade	1,116,243	(6,157,391)
Trade debts	(659,798)	(1,207,610)
Loans and advances	(194,844)	(89,353)
Prepayments	(76,564)	(44,088)
Other receivables	61,949	25,890
Tax refunds due from government	31,584	(7,610)
	<u>276,512</u>	<u>(7,746,603)</u>
Increase in current liabilities		
Trade and other payables	748,970	1,528,173
	<u>1,025,482</u>	<u>(6,218,430)</u>
Cash generated from/(used in) operations	<u>2,548,448</u>	<u>(3,906,459)</u>
(Payments for)/receipts from:		
Gratuity	(5,208)	(4,096)
Finance cost	(1,002,381)	(730,443)
Income tax paid	(160,945)	(204,937)
Long term loans and advances	1,202	(1,321)
Net cash generated from/(used in) operating activities	<u>1,381,116</u>	<u>(4,847,256)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(586,313)	(1,037,278)
Addition to intangible assets	(2,020)	-
Proceeds from sale of property, plant and equipment	23,103	21,010
Long term deposits	(9,591)	(635)
Net cash used in investing activities	<u>(574,821)</u>	<u>(1,016,903)</u>

	<b>March 2012</b>	<b>March 2011</b>
	<b>Rs. 000s</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans acquired	<b>355,784</b>	308,372
Repayments of long term loans	<b>(541,483)</b>	(535,136)
Dividend paid	-	(79,349)
Net cash used in financing activities	<b><u>(185,699)</u></b>	<u>(306,113)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>620,596</b>	(6,170,272)
<b>Cash and cash equivalents - at the beginning of the period</b>	<b>(9,675,835)</b>	(5,659,761)
<b>Cash and cash equivalents - at the end of the period</b>	<b><u><u>(9,055,239)</u></u></b>	<u><u>(11,830,033)</u></u>

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include:

Cash and bank balances	<b>110,099</b>	95,738
Short term borrowings	<b>(9,165,338)</b>	(11,925,771)
	<b><u><u>(9,055,239)</u></u></b>	<u><u>(11,830,033)</u></u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director



**Condensed Interim Statement of Changes in Equity  
For The Nine Months Ended March 31, 2012**

	Share capital	Revenue reserve	Capital reserve	Reserve for Issue of Bonus Shares	Unappropriated profit	Total
	← Rs. 000s →					
Balance as at June 30, 2010	634,785	2,030,000	450,446	-	480,534	3,595,765
Transfer to revenue reserve	-	400,000	-	-	(400,000)	-
<b>Transaction with owners</b>						
Final Dividend for the year ended June 30, 2010	-	-	-	-	(79,349)	(79,349)
<b>Total comprehensive income</b>						
Profit for the nine months ended March 31, 2011	-	-	-	-	777,073	777,073
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	777,073	777,073
Balance as at March 31, 2011	<b>634,785</b>	<b>2,430,000</b>	<b>450,446</b>	-	<b>778,258</b>	<b>4,293,489</b>
<b>Total comprehensive income</b>						
Profit for the period April 1, 2011 to June 30, 2011	-	-	-	-	419,384	419,384
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	419,384	419,384
Balance as at June 30, 2011	<b>634,785</b>	<b>2,430,000</b>	<b>450,446</b>	-	<b>1,197,642</b>	<b>4,712,873</b>
Transfer to revenue reserve	-	1,000,000	-	-	(1,000,000)	-
Transfer to reserve for issue of bonus shares	-	-	(450,446)	634,786	(184,340)	-
<b>Transaction with owners</b>						
Issuance of bonus shares for the year ended June 30, 2011	634,786	-	-	(634,786)	-	-
<b>Total comprehensive income</b>						
Loss for the nine months ended March 31, 2012	-	-	-	-	(279,980)	(279,980)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(279,980)	(279,980)
Balance as at March 31, 2012	<b>1,269,571</b>	<b>3,430,000</b>	-	-	<b>(266,678)</b>	<b>4,432,893</b>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

## Notes To The Condensed Interim Financial Information For The Nine Months Ended March 31, 2012

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### 1. THE COMPANY AND ITS OPERATIONS

Gul Ahmed Textile Mills Limited was incorporated in 1953 in Pakistan as a private limited company, converted into public limited company in 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. Gul Ahmed is a composite textile mill and is engaged in the manufacture and sale of textile products.

The Company's registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

### 2. BASIS OF PREPARATION

These condensed interim financial information of the Company for the nine months ended March 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standards 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.

These condensed interim financial information comprise of the condensed interim balance sheet as at March 31, 2012 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the nine months ended March 31, 2012. These condensed interim financial information also include the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2012.

The comparative balance sheet, presented in these condensed interim financial information, as at June 30, 2011 has been extracted from the audited financial statements of the Company for the year ended June 30, 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are for the nine months ended March 31, 2011 have been extracted from the condensed interim financial information of the Company for the half year then ended. The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2011 is also included in these condensed interim financial information.

### 3. ACCOUNTING POLICIES

Accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of financial statements for the year ended June 30, 2011.

### 4. CONTINGENCIES AND COMMITMENTS

#### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2011 except as stated below, remained unchanged during the current period.

- (a) Post dated cheques Rs. 139 million (June-2011: Rs. 71 million) issued to various Government Agencies.
- (b) Bills discounted Rs. 815 million (June-2011: Rs. 1,306 million)
- (d) Corporate guarantee of Rs. 96.670 million (June-2011: Rs. 96.965) has been issued to a bank in favour of subsidiary company.

**Commitments**

Company is committed for certain expenditures which are stated as follows:

	<u>March 2012</u>	<u>(Rs. 000s)</u> <u>June 2011</u>
- Capital expenditure	<b>515,107</b>	340,196
- Non capital expenditure items under letters of credits	<b>175,082</b>	580,658
	<b>690,189</b>	920,854

**5. Property, plant and equipment****Operating assets**

Opening book value	<b>6,582,082</b>	6,088,782
<b>Additions during the period:</b>		
Buildings and structures on leasehold land	<b>60,394</b>	88,692
Plant and machinery	<b>169,755</b>	975,122
Office equipment	<b>43,308</b>	40,641
Furniture and fixtures	<b>4,901</b>	33,169
Vehicles	<b>80,002</b>	84,425
	<b>358,360</b>	1,222,049
Book values of assets disposed-off during the period	<b>(14,224)</b>	(20,494)
Depreciation charge for the period	<b>(542,260)</b>	(708,255)
<b>Book value of operating fixed assets</b>	<b>6,383,958</b>	6,582,082

**Capital work in progress**

<b>Opening</b>	<b>71,643</b>	51,332
Addition		
- Machinery	<b>404,318</b>	877,148
- Building	<b>34,695</b>	77,281
- Store items held for capitalization	<b>24,854</b>	44,340
- Others	<b>7,771</b>	27,220
	<b>471,638</b>	1,025,989
Transferred		
- Machinery	<b>(158,435)</b>	(854,058)
- Building	<b>(48,524)</b>	(60,990)
- Store items held for capitalization	<b>(22,564)</b>	(43,881)
- Others	<b>(14,162)</b>	(46,749)
	<b>(243,685)</b>	(1,005,678)
<b>Closing</b>	<b>299,596</b>	71,643
<b>Book Value of property, plant and equipment</b>	<b>6,683,554</b>	6,653,725

**6. Intangible assets**

Opening book value	<b>38,630</b>	16,349
Additions during the period (at Cost)	<b>2,020</b>	38,006
Amortisation charge for the period	<b>(10,085)</b>	(15,725)
Closing net book value	<b>30,565</b>	38,630



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## 7. Segment information

The Company has the following two reportable business segments:

- Spinning:** Production of different qualities of yarn using both natural and artificial fibers
- Processing:** Production of grey fabric, its processing into various types of fabrics for sale as well as to manufacture home textile products

Transactions among the business segments are recorded at cost.

### 7.1 Segmental profitability

(Rs. 000s)

	SPINNING		PROCESSING		ELIMINATION OF INTER SEGMENT TRANSACTION		TOTAL	
	For the nine months		For the nine months		For the nine months		For the nine months	
	Mar - 2012	Mar - 2011	Mar - 2012	Mar - 2011	Mar - 2012	Mar - 2011	Mar - 2012	Mar - 2011
Sales	7,329,287	7,903,293	13,537,370	14,171,895	(2,796,951)	(3,450,664)	18,069,706	18,624,524
Cost of Sales	7,379,764	7,170,279	11,028,920	11,712,671	(2,796,951)	(3,450,664)	15,611,733	15,432,286
Gross Profit	(50,477)	733,014	2,508,450	2,459,224	-	-	2,457,973	3,192,238
Administrative & Selling expenses	106,862	62,433	1,436,678	1,271,437			1,543,540	1,333,870
Profit before tax and unallocated expenses	(157,339)	670,581	1,071,772	1,187,787	-	-	914,433	1,858,368
Financial charges							1,028,559	750,999
Other operating expenses							-	77,695
Other operating income							(14,993)	(18,648)
Taxation							180,847	271,249
Profit after taxation							(279,980)	777,073

### 7.2 Segment assets and liabilities

	SPINNING		PROCESSING		UNALLOCATED		TOTAL	
	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011
Assets	6,983,934	6,247,289	11,671,821	12,677,786	1,479,779	1,479,604	20,135,534	20,404,679
Liabilities	1,219,075	1,724,763	3,141,746	3,343,943	11,341,820	10,623,100	15,702,641	15,691,806

7.3 Unallocated items represent those assets, liabilities, income and expenses which are common to all segments and investment in subsidiaries.

#### 7.4 Information by geographical area

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>Mar-12</u>	<u>Mar-11</u>	<u>Rs. 000s</u> <u>Mar-12</u>	<u>Jun-11</u>
Pakistan	7,597,996	6,696,839	6,759,806	6,729,653
United Kingdom	2,021,255	2,799,003		
China	1,524,245	1,874,417		
Germany	1,839,309	2,161,841		
United States	1,309,835	799,336		
Netherland	683,885	985,826		
France	557,109	853,324		
United Arab Emirates	333,362	196,806	58,450	58,450
Other Countries	2,202,710	2,257,132		
	<b>18,069,706</b>	<b>18,624,524</b>	<b>6,818,256</b>	<b>6,788,103</b>

#### 8. Transaction With Related Parties

The related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the company and key management personnel. The Company in the normal course of business carried out transaction with various related parties.

<u>Relationship with the Company</u>	<u>Nature of transaction</u>	<u>Mar-12</u>	<u>Mar-11</u>
		<u>Rs. 000s</u>	
Subsidiaries	Purchase of goods	497	308
	Sales of goods	1,059,384	1,598,928
	Corporate guarantee issued in favour of Subsidiary Company (at period end)	96,670	94,665
Associated Companies and other related parties	Purchase of goods	35,371	19,561
	Sales of goods	4,821	747
	Rent paid	4,365	3,398
	Fees paid	1,000	750
	Commission / Rebate	2,900	-
	Deposit with bank (at period end)	35,302	132,753
	Borrowing from bank (at period end)	1,167,088	1,494,432
	Bank Guarantee (at period end)	203,472	179,103
	Bills discounted	442,717	631,233
	Commission / Bank charges paid	15,224	15,456
	Mark up / interest charged	91,362	76,011
Provident fund contribution	37,421	31,437	

There are no transactions with directors of the Company and key management personnel other than those under the terms of employment amounting to Rs. 287 million (Mar 2011: Rs. 219 million) on account of remuneration and loans to key management personnel amounting to Rs. 4.3 million (Mar 2011: Rs. 5.6 million)

#### 9. Date Of Authorisation

These condensed interim financial information were authorised for issue on April 28, 2012 by the Board of Directors of the Company.

#### 10. General

Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.

Figures have been rounded off to the nearest thousand rupees.

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director



# ***Consolidated Accounts***

***Consolidated Condensed Interim Financial Information  
For The Nine Months Ended March 31, 2012***



**Consolidated Condensed Interim  
Balance Sheet  
As At March 31, 2012**

	March <u>2012</u>	June <u>2011</u>
	Rs. 000s	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 150,000,000 ordinary shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
Share capital	1,269,571	634,785
Reserves	3,500,623	2,933,524
Unappropriated (loss)/profit	(173,509)	1,278,023
	<u>4,596,685</u>	<u>4,846,332</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	1,992,503	2,198,591
Deferred Liabilities		
Deferred taxation - net	292,752	292,752
Staff retirement benefits	33,799	17,717
	<u>326,551</u>	<u>310,469</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,354,253	2,648,510
Accrued interest	242,976	216,798
Short term borrowings	9,221,858	9,818,355
Current maturity of long term loans	652,433	632,044
Provision for Income tax - net of payment	-	-
	<u>13,471,520</u>	<u>13,315,707</u>
	<u>20,387,259</u>	<u>20,671,099</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,690,674	6,661,512
Intangible assets	32,910	42,322
Long term loans and advances	3,039	4,241
Long term deposits	42,648	33,057
	<u>6,769,271</u>	<u>6,741,132</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	700,680	706,350
Stock-in-trade	9,288,994	10,430,214
Trade debts	2,856,406	2,236,402
Loans and advances	339,048	160,263
Short term prepayments	124,384	45,827
Other receivables	150,597	212,546
Tax refunds due from government	19,740	51,727
Cash and bank balances	138,139	86,638
	<u>13,617,988</u>	<u>13,929,967</u>
	<u>20,387,259</u>	<u>20,671,099</u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Consolidated Condensed Interim  
Profit And Loss Account  
For The Nine Months Ended March 31, 2012**

	FOR THE QUARTER		FOR THE NINE MONTHS	
	Jan-Mar <u>2012</u>	Jan-Mar <u>2011</u>	July-Mar <u>2012</u>	July-Mar <u>2011</u>
	Rs. 000s		Rs. 000s	
Sales	6,484,890	7,838,157	18,350,768	18,589,408
Cost of sales				
Opening stock of finished goods	5,939,949	5,121,179	6,312,736	3,206,770
Cost of goods manufactured	4,613,670	5,145,747	13,497,330	12,814,066
Purchases and processing charges	616,843	1,815,482	1,622,373	4,908,686
Closing stock of finished goods	(5,669,904)	(5,587,616)	(5,669,904)	(5,587,616)
	5,500,558	6,494,792	15,762,535	15,341,906
Gross profit	984,332	1,343,365	2,588,233	3,247,502
Distribution cost	342,397	320,471	887,800	749,460
Administrative expenses	253,838	233,854	742,573	659,886
Other operating expenses	-	34,084	-	77,695
	596,235	588,409	1,630,373	1,487,041
	388,097	754,956	957,860	1,760,461
Other operating income	5,235	7,592	15,505	19,126
Operating profit	393,332	762,548	973,365	1,779,587
Finance cost	369,935	339,437	1,057,714	755,181
(Loss)/profit before taxation	23,397	423,111	(84,349)	1,024,406
Provision for taxation	65,077	132,269	182,843	271,753
(Loss)/profit after taxation	(41,680)	290,842	(267,192)	752,653
(Loss)/earnings per share - basic and diluted (Rs.)	(0.33)	2.29	(2.10)	5.93

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Consolidated Condensed Interim  
Statement Of Comprehensive Income  
For The Nine Months Ended March 31, 2012**

	FOR THE QUARTER		FOR THE NINE MONTHS	
	Jan-Mar <u>2012</u>	Jan-Mar <u>2011</u>	July-Mar <u>2012</u>	July-Mar <u>2011</u>
	Rs. 000s		Rs. 000s	
(Loss)/profit after taxation	(41,680)	290,842	(267,192)	752,653
Foreign currency translation differences - Foreign operations	2,498	(809)	17,545	4,694
Total comprehensive income	<u>(39,182)</u>	<u>290,033</u>	<u>(249,647)</u>	<u>757,347</u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Consolidated Condensed Interim  
Cash Flow Statement  
For The Nine Months Ended March 31, 2012**

	<b>March 2012</b>	<b>March 2011</b>
	<b>Rs. 000s</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	<b>(84,349)</b>	1,024,406
Adjustments for:		
Depreciation	<b>544,525</b>	496,949
Amortisation	<b>11,432</b>	7,870
Provision for gratuity	<b>21,290</b>	1,366
Finance cost	<b>1,057,714</b>	755,181
Provision for slow moving/obsolete items	<b>7,728</b>	5,850
Provision for doubtful debts	<b>21,900</b>	14,400
Profit on sale of property, plant and equipment	<b>(9,390)</b>	(10,250)
	<b>1,570,850</b>	2,295,772
Changes in working capital:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	<b>(2,058)</b>	(266,441)
Stock-in-trade	<b>1,141,220</b>	(6,336,425)
Trade debts	<b>(641,904)</b>	(1,021,580)
Loans and advances	<b>(199,032)</b>	(98,958)
Prepayments	<b>(78,557)</b>	(41,401)
Other receivables	<b>61,949</b>	25,890
Tax refunds due from government	<b>31,987</b>	(6,203)
	<b>313,605</b>	(7,745,118)
Decrease in current liabilities		
Trade and other payables	<b>705,743</b>	1,573,670
	<b>1,019,348</b>	(6,171,448)
Cash generated from/(used in) operations	<b>2,590,198</b>	(3,875,676)
(Payments for)/receipts from:		
Gratuity	<b>(5,208)</b>	(6,829)
Finance cost	<b>(1,031,536)</b>	(734,625)
Income tax paid	<b>(162,596)</b>	(202,515)
Long term loans and advances	<b>1,202</b>	(1,321)
Net cash generated from/(used in) operating activities	<b>1,392,060</b>	(4,820,966)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	<b>(589,519)</b>	(1,029,072)
Addition to intangible assets	<b>(2,020)</b>	-
Proceeds from sale of property, plant and equipment	<b>25,222</b>	10,590
Long term deposits	<b>(9,591)</b>	(635)
Net cash used in investing activities	<b>(575,908)</b>	(1,019,117)

March  
2012

March  
2011

Rs. 000s

**CASH FLOW FROM FINANCING ACTIVITIES**

Long term loans acquired	355,784	308,372
Repayments of long term loans	(541,483)	(535,136)
Dividend Paid	-	(79,349)
Net cash used in financing activities	(185,699)	(306,113)
Exchange difference on translation of foreign subsidiaries	17,545	4,694
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>647,998</b>	<b>(6,141,502)</b>
Cash and cash equivalents - at the beginning of the period	(9,731,717)	(5,667,371)
<b>Cash and cash equivalents - at the end of the period</b>	<b>(9,083,719)</b>	<b>(11,808,873)</b>

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include:

Cash and bank balances	138,139	165,765
Short term borrowings	(9,221,858)	(11,974,638)
	<u>(9,083,719)</u>	<u>(11,808,873)</u>

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

**Consolidated Statement Of Changes In Equity  
For The Nine Months Ended March 31, 2012**

	Rs. 000s							
	Share capital	Revenue reserve	Exchange difference on translation of foreign subsidiaries	Capital reserve	Statutory reserve	Reserve for Issue of Bonus Shares	Unappropriated profit	Total
Balance as at June 30, 2010	634,785	2,030,000	37,310	450,446	6,735	-	550,752	3,710,028
Transfer to revenue reserve	-	400,000	-	-	-	-	(400,000)	-
<b>Transaction with owners</b>								
Final Dividend for the year ended June 30, 2010	-	-	-	-	-	-	(79,349)	(79,349)
<b>Total comprehensive income</b>								
Profit for the nine months ended March 31, 2011	-	-	-	-	-	-	752,653	752,653
Other comprehensive income	-	-	4,694	-	-	-	-	4,694
Total comprehensive income for the period	-	-	4,694	-	-	-	752,653	757,347
Balance as at March 31, 2011	634,785	2,430,000	42,004	450,446	6,735	-	824,056	4,388,026
Transfer to statutory reserve	-	-	-	-	1,555	-	(1,555)	-
<b>Total comprehensive income</b>								
Profit for the period April 1, 2011 to June 30, 2011	-	-	-	-	-	-	455,522	455,522
Other comprehensive income	-	-	2,784	-	-	-	-	2,784
Total comprehensive income for the period	-	-	2,784	-	-	-	455,522	458,306
Balance as at June 30, 2011	634,785	2,430,000	44,788	450,446	8,290	-	1,278,023	4,846,332
Transfer to revenue reserve	-	1,000,000	-	-	-	-	(1,000,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	(450,446)	-	634,786	(184,340)	-
<b>Transaction with owners</b>								
Issuance of bonus shares for the year ended June 30, 2011	634,786	-	-	-	-	(634,786)	-	-
<b>Total comprehensive income</b>								
Loss for the nine months ended March 31, 2012	-	-	-	-	-	-	(267,192)	(267,192)
Other comprehensive income	-	-	17,545	-	-	-	-	17,545
	-	-	17,545	-	-	-	(267,192)	(249,647)
Balance as at March 31, 2012	1,269,571	3,430,000	62,333	-	8,290	-	(173,509)	4,596,685

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

**BASHIR ALI MOHOMMAD**  
Chairman and Chief Executive

**ZAIN BASHIR**  
Director

# Consolidated Condensed Interim Notes To The Accounts For The Nine Months Ended March 31, 2012

## 1 THE GROUP AND ITS OPERATIONS

- 1.1 Gul Ahmed Group comprises the following
- Gul Ahmed Textile Mills Limited
  - Gul Ahmed International Limited (FZC)- UAE
  - GTM (Europe) Limited -UK
  - GTM USA Corporation

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTI (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM US Corporation is a wholly owned subsidiary of GTM (Europe) Limited

Gul Ahmed Textile Mills Limited was incorporated in 1953 in Pakistan as a private limited company, converted into public limited company in 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. Gul Ahmed is a composite textile mill and is engaged in the manufacture and sale of textile products

The Group's registered office is situated at Plot No. 82, Main National Highway, Landhi, Karach

Both subsidiaries are engaged in trading of textile related products

### 1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiaries - "the Group

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies over the subsidiary and is excluded from consolidation from the date of disposal or cessation of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The assets and liabilities of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital

Material intra-group balances and transactions are eliminated

## 2. BASIS OF PREPARATION

The consolidated accounts comprise the consolidated balance sheet of Gul Ahmed Textile Mills Limited, its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC) and GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at March 31, 2012 and the related consolidated profit and loss account, consolidated cash flow statement and statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

These consolidated condensed interim financial information of the Group for the nine months ended March 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standards 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.

These consolidated condensed interim financial information comprise of the consolidated condensed interim balance sheet as at March 31, 2012 and the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity for the nine months ended March 31, 2012. These consolidated condensed interim financial information also include the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarter ended March 31, 2012.

The comparative balance sheet, presented in these consolidated condensed interim financial information, as at June 30, 2011 has been extracted from the audited financial statements of the Group for the year ended June 30, 2011 whereas the comparative consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity for the nine months ended March 31, 2011 have been extracted from the consolidated condensed interim financial information of the Group for the half year then ended. The comparative consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarter ended March 31, 2011 is also included in these consolidated condensed interim financial information.

### 3. ACCOUNTING POLICIES

Accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of consolidated financial statements for the year ended June 30, 2011.

### 4. CONTINGENCIES AND COMMITMENTS

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2011 except as stated below remained unchanged during the current period.

- (a) Post dated cheques Rs. 139 million (June-2011: Rs. 71 million) issued to various Government Agencies  
 (b) Bills discounted Rs. 815 million (June-2011: Rs. 1,306 million)  
 (c) Corporate guarantee of Rs. 96.670 million (June-2011: Rs. 96.965) has been issued to a bank in favour of subsidiary company.

#### Commitments

Company is committed for certain expenditures which are stated as follows

	March 2012	(Rs. 000s) June 2011
- Capital expenditure	515,107	340,196
- Non capital expenditure items under letters of credits	175,082	580,658
	<u>690,189</u>	<u>920,854</u>

### 5. Property, plant and equipment

#### Operating Assets

Opening book value	6,589,869	6,097,378
<b>Additions during the period:</b>		
Building on leasehold land	60,394	88,692
Plant and machinery	169,755	975,122
Office equipment	43,346	40,747
Furniture and fixtures	4,901	33,169
Transport equipment	83,170	87,721
	<u>361,566</u>	<u>1,225,451</u>
Book values of assets disposed-off during the period	(15,832)	(21,223)
Depreciation charge for the period	(544,525)	(711,737)
<b>Book value of operating fixed assets</b>	<u>6,391,078</u>	<u>6,589,869</u>
<b>Capital work in progress</b>		
<b>Opening</b>	71,643	51,332
Addition		
- Machinery	404,318	877,148
- Building	34,695	77,281
- Store items held for capitalization	24,854	44,340
- Others	7,771	27,220
	<u>471,638</u>	<u>1,025,989</u>
Transferred		
- Machinery	(158,435)	(85,058)
- Building	(48,524)	(60,990)
- Store items held for capitalization	(22,564)	(43,881)
- Others	(14,162)	(46,749)
	<u>(243,685)</u>	<u>(1,005,678)</u>
<b>Closing</b>	<u>299,596</u>	<u>71,643</u>
<b>Total</b>	<u>6,690,674</u>	<u>6,661,512</u>

### 6. Intangible assets

Opening book value	42,322	21,253
Additions during the period (at Cost)	2,020	38,471
Amortisation charge for the period	(11,432)	(17,402)
Closing net book value	<u>32,910</u>	<u>42,322</u>