



**Textile Mills Limited**

# ***Half Yearly Report***

***Condensed Interim Financial Information  
For The Half Year Ended December 31, 2018***

## Company Information

<b>BOARD OF DIRECTORS</b>	Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir S.M. Nadim Shafiqullah Dr. Amjad Waheed Ehsan A. Malik	- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director
<b>CHIEF FINANCIAL OFFICER</b>	Abdul Aleem	
<b>COMPANY SECRETARY</b>	Salim Ghaffar	
<b>AUDIT COMMITTEE</b>	Dr. Amjad Waheed Mohomed Bashir S.M. Nadim Shafiqullah Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
<b>BANKERS</b>	Allied Bank Limited Bank Al Habib Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited (Islamic) Bankislami Pakistan Limited The Bank Of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited The Bank of Khyber	
<b>AUDITORS</b>	Kreston Hyder Bhimji & Co. Chartered Accountants	
<b>INTERNAL AUDITORS</b>	Grant Thornton Anjum 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 8-F, Next To Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
<b>MILLS</b>	Landhi Industrial Area, Karachi-75120	
<b>E-MAIL</b>	<a href="mailto:finance@gulahmed.com">finance@gulahmed.com</a>	
<b>URL</b>	<a href="http://www.gulahmed.com">www.gulahmed.com</a>	

## **DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS**

The Directors of your Company are pleased to present their review of the affairs of the Company for the six months ended December 31, 2018.

### **ECONOMIC OVERVIEW**

The economic data made available by the State Bank and other Divisions of the Government of Pakistan reciprocate the claim that stabilization measures implemented during the last twelve months are taking hold. The current account deficit is decreasing and there are reduced pressures on country's external account. These positive changes are improving the medium and long term economic indicators. However, the situation still calls for continued consolidation efforts.

In the future it looks as if the Government of Pakistan will take another IMF program. Some of the conditions of such a program entail higher interest rates, a more flexible exchange rate and higher utility rates for gas and power. The country will need to change its trade policies and pursue an export led growth strategy.

### **INDUSTRIAL OVERVIEW**

According to State Bank real economic activity has witnessed a marked slowdown during the first half of the financial year. Large-scale manufacturing, which has strong backward and forward integration, saw a net contraction of 0.9 % during the first half of this fiscal year. This is mainly due to a moderation in domestic demand coupled with some sector specific challenges. Moreover, almost all major kharif crops, including initial assessment of wheat crop, have recorded a decline in production as compared to last year

With reference to textile, a marginal export increase in the first half of FY18-19 has been observed recording an increase of 0.06 % year-on-year to \$6.64 billion. Although an upward trend has been observed in knitwear, bed wear and ready-made garments, by 10.5%, 3.23% and 1% respectively, a substantial decline in exports of cotton yarn, by 17.14% during the period under review. Cotton yarn makes up 44 % of Pakistan's exports to China continues to affect Chinese appetite for yarn imports from Pakistan due to persisting tension between US and China while domestic demand increases also resulting in a fall of yarn exports.

The government is quite adamant to boost textile export as it has decided to abolish 5% customs duty and a 5% sales tax on imported cotton from February 01'2019 to June 30'2019 to fill in the demand gap of ~ 4 million bales over local production. The initiative to lower the tax rate will ease the cost pressure and increase the margin for textile industry, however, further steps including measures to improve liquidity in shape of timely release of Duty draw back, rebate and sales tax will help the sector to achieve sustainable growth in years to come.

### **FINANCIAL PERFORMANCE**

Your company has been significantly benefitted by the investments in the most modern technology, focusing on economically beneficial markets, products and customers, efficient process management, cost rationalization efforts, change in PKR/US\$ parity, strategic and timely procurement of raw material while taking full advantage of available credit lines etc. The combined results of all such measures has enabled the company to fully utilize its capabilities and improve both the top and bottom line.

Key performance numbers are presented below:

	Units	Half Year ended December 31, 2018	Half Year ended December 31, 2017
Export sales	Rs. in millions	14,892	12,190
Local sales	Rs. in millions	11,858	8,829
Total sales	Rs. in millions	26,750	21,019
Gross profit	Rs. in millions	6,308	4,193
Profit before tax	Rs. in millions	2,131	740
Profit after tax	Rs. in millions	2,052	618
Earnings per share (EPS)	Rupees	5.76	1.73
Debt to equity ratio	Times	0.52	0.60
Current ratio	Times	1.13	1.09
Break-up-value per share	Rupees	38.66	31.35

The increase of Rs. 5.4 billion in sales has contributed Rs. 2.1 billion in gross profit and Rs. 1.4 billion in profit before tax. In percentage terms 26% increase in sales has resulted in 50% increase in gross profit and 189% in profit before tax. On the other hand, despite of increase in working capital requirement resulting from higher sales, inventory and debtors' level the debt equity ratio and current ratio have improved.

#### **FUTURE OUTLOOK**

The year 2019 is going to be a period of reforms for the country. The Government has taken many steps to put things into order and the results from these corrective measures are yet to be seen and will determine the path for Pakistan's economy. It is crucial for the Government to bring both the trade and fiscal deficits under control. Structural reforms need to be put in place as the dollar inflows into the country from friendly nations will have to eventually be repaid. The textile industry is waiting for some form of waiver of prior GIDC dues as well as elimination of GIDC going forward. One of the key conditions mentioned by the IMF is that the PKR exchange rate must be allowed to float and should not be artificially held.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statements for the half year ended December 31, 2018 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA and Sky Home Corp. – USA are annexed.

#### **ACKNOWLEDGEMENT**

We acknowledge and appreciate the efforts and valuable support of all stakeholders.

For and on behalf of the Board

February 26, 2019  
Karachi

Mohomed Bashir  
Chairman

Mohammad Zaki Bashir  
Chief Executive Officer

31 دسمبر، 2018 کو کمپنی کے چھ ماہ کے اختتام پر کمپنی کے مالیاتی معاملات ڈائریکٹرز انتہائی مسرت کے ساتھ پیش کرتے ہیں۔

### اقتصادی جائزہ

اسٹیٹ بینک اور حکومت پاکستان کے دیگر محکموں کے ذریعہ دستیاب کردہ اقتصادی اعداد و شمار نے یہ دعویٰ کیا ہے کہ گزشتہ بارہ ماہ کے دوران نافذ ہونے والے استحکامی اقدامات منعقد ہو رہے ہیں۔ موجودہ اکاؤنٹ کے خسارے میں کمی اور ملک کے بیرونی اکاؤنٹس میں کمی کی ایک بڑی وجہ مالیاتی بہاؤ میں اضافہ ہے۔ یہ مثبت تبدیلیاں اگرچہ کچھ اقتصادی غیر یقینی صورتحال کو کم کرنے کے لئے سامنے آئی ہیں۔ تاہم اب بھی صورتحال مسلسل کاوشوں کی پیروی کے لئے مطالبہ کرتی ہے۔

ایسا لگتا ہے کہ مستقبل میں حکومت پاکستان ایک اور آئی ایم ایف پروگرام کا آغاز کرے گی۔ ایسے پروگرام کی کچھ شرائط انٹرنیٹ کی شرح میں اضافہ، زیادہ لچکدار تبادلہ کی شرح اور گیس اور بجلی کے لئے زیادہ افادیت کی شرح کو عائد کرنا ہوگا۔ ملک کو اپنی تجارتی پالیسیوں کو تبدیل کرنے اور برآمد کی بحالی کے لیے حکمت عملی کی پیروی کرنے کی ضرورت ہوگی۔

### صنعتی جائزہ

اسٹیٹ بینک کے مطابق مالی سال کے پہلے نصف کے دوران حقیقی اقتصادی سرگرمی میں نمایاں کمی دیکھی گئی ہے۔ اس مالی سال کے پہلے نصف کی دوران 0.9 فیصد کا کل اثاثہ بڑے پیمانے پر مینوفیکچررز جو مضبوط بیکورڈ اور فارورڈ میں انضمام ہیں کی جانب سے قلم بند ہوا۔ بنیادی طور پر کچھ سیکٹرز کے مخصوص چیلنجوں کی ساتھ مل کر مقامی مطالبات میں اعتدال پسندی کی وجہ سے ہے۔ اس کے علاوہ گندم کی فصل کی ابتدائی تشخیص سمیت تقریباً تمام بڑی کھیتی کی فصلوں نے گزشتہ سال کے مقابلے میں پیداوار میں کمی ریکارڈ کرائی ہے۔

ٹیکسٹائل کے حوالے سے FY18-19 کے پہلے نصف میں برآمد میں 0.06 فیصد کا اضافہ ہوا جو کہ سالہ سال کے 6.64 بلین ڈالر کے اضافے کی رکارڈنگ کو ظاہر کرتا ہے۔ اگرچہ نٹ ویئر، بیڈ ویئر اور یڈی میڈ گارمنٹس میں بالترتیب 10.5 فیصد، 3.23 فیصد، اور 1 فیصد اضافہ دیکھنے میں آیا۔ اسی سال کی مدت کے دوران برآمد کردہ کپاس سوت میں 17.14 فیصد کمی واقع ہوئی۔ کپاس سوت پاکستان کی جانب سے چینی برآمدات کا 44 فیصد حصہ بناتا ہے۔ امریکہ اور چین کے درمیان بڑھتی ہوئی کشیدگی کے باعث پاکستان سے سوت کی درآمدات چینی ضروریات پر اثر انداز ہو رہی ہے، جبکہ مقامی طلب میں اضافہ بھی سوت کی برآمد میں کمی کی ایک اہم وجہ ہے۔ ٹیکسٹائل کی برآمد کو فروغ دینے کے لئے حکومت پُر عزم ہے کیونکہ حکومت کی جانب سے 01 فروری، 2019 سے لیکر 30 جون، 2019 تک درآمد شدہ کپاس پر 5 فیصد کسٹم ڈیوٹی کو ختم کرنے اور 5 فیصد سیلز ٹیکس میں کٹوتی کا ارادہ کیا ہے۔ جس سے مقامی پیداوار میں 4 بلین بیلز کی خلا پر ہو سکے گی۔ ٹیکس کی شرح کو کم کرنے کا آغاز لاگت کے دباؤ کو کم کرنے اور ٹیکسٹائل کی صنعت کو بڑھانے میں معاون ثابت ہوگا۔ اس کے علاوہ، مزید اقدامات، بشمول ڈیوٹی کی بروقت رہائی میں لچک کو بہتر بنانے، چھوٹ اور سیلز ٹیکس آنے والے سالوں میں سیکٹر کو پائیدار ترقی حاصل کرنے میں مدد کریں گے۔

کمپنی کو جدید ٹیکنالوجی میں سرمایہ کاری، اقتصادی طور پر منافع بخش مارکیٹوں پر مرکوز توجہ، مصنوعات اور گاہکوں، موثر انتظامی عمل، قیمتوں کی استدلالی کی کاوشیں، پاکستانی/امریکی ڈالر کی برابری میں تبدیلی، دستیاب شدہ کریڈٹ لائسنز وغیرہ کا مکمل فائدہ اٹھانا اور خام مال کے لئے حکمت عملی اور بروقت خریداری کی جانب سے نمایاں طور پر فائدہ حاصل ہوا ہے۔ اس طرح کے تمام اقدامات کے مشترکہ نتائج نے کمپنی کو اپنی صلاحیتوں کو مکمل طور پر استعمال کرنے اور چھوٹے بڑے دونوں معاملات کو بہتر بنانے میں مدد دی ہے۔

کلیدی مالیاتی رقم ذیل میں پیش کی گئی ہے۔

تفصیل	یونٹ	31 دسمبر، 2018 کو ختم ہونے والا نصف سال	31 دسمبر، 2017 کو ختم ہونے والا نصف سال
برآمد کی فروخت	روپے ملین میں	14,892	12,190
مقامی فروخت	روپے ملین میں	11,858	8,829
مجموعی فروخت	روپے ملین میں	26,750	21,019
کل منافع	روپے ملین میں	6,308	4,193
منافع قبل از ٹیکس	روپے ملین میں	2,131	740
منافع بعد از ٹیکس	روپے ملین میں	2,052	618
فی حصص آمدنی / نقصان (EPS)	روپے	5.76	1.73
مساوات کا تناسب	اوقات	0.52	0.60
موجودہ تناسب	اوقات	1.13	1.09
فی حصص کی علیحدہ مالیت	روپے	38.66	31.35

فروخت میں 5.4 بلین روپے کا اضافہ، مجموعی منافع میں 2.1 بلین اور منافع قبل از ٹیکس میں 1.4 بلین روپے کو ظاہر کرتا ہے۔ فیصد کی شرح میں، فروخت میں 26 فیصد کا اضافہ ہوا جو کہ مجموعی منافع میں 50 فیصد اور منافع قبل از ٹیکس میں 189 فیصد اضافہ کا نتیجہ ہیں۔ دوسری جانب اعلیٰ سرمایہ کاری کے نتیجے میں ورکنگ کپیکل کے تقاضوں میں اضافے کے علاوہ انویسٹری اور قرض دہندہ کی سطح، مساوات کا تناسب اور موجودہ تناسب میں بہتری آئی ہیں۔

مستقبل کا نقطہ نظر

سال 2019 ملک کے لئے ایک خوش آئند سال ہوگا چونکہ حکومت نے چیزوں کو ترتیب دینے کے لئے بہت سے اقدامات کئے ہیں تاہم، ان اصلاحاتی اقدامات کے نتائج کا ابھی سامنے آنا باقی ہے اور یہ اقدامات پاکستان کی معیشت کو راستہ دکھانے میں مددگار ثابت ہونگے۔ حکومت کے لئے یہ اہم ہے کہ وہ سرمایہ کاری کے ساتھ ساتھ تجارتی فرق کو بھی ختم کریں۔ جیسا کہ ملک میں ڈالر آتا ہے اسے دوبارہ سے قریبی ملکوں کو ایک سال میں ادا کرنا ہوگا جس کے لئے تعمیراتی اصلاحات کی ضرورت ہے۔ ٹیکسٹائل انڈسٹری پہلے جی آئی ڈی سی کے اخراجات کے ساتھ ساتھ بعد میں جی آئی ڈی سی کی شرح میں کمی کی منتقلی کا انتظار کر رہی ہے، مصنوعی ذرائع کی مداخلت کے بغیر روپوں کی طول و عرض، ریٹینس اور ڈیوٹی کی شرحوں میں استدلال اور ساتھ ساتھ کریڈٹ میں مسلسل رعایت کی دستیابی ضروری ہے۔

## مجموعی مالی بیانات

31 دسمبر، 2018 کو کمپنی کے ختم ہونے والے نصف سال کے مجموعی مالی بیانات اور اس کے ماتحت ادارے گل احمد انٹرنیشنل لمیٹڈ (ایف ڈی سی) UAE، جی ٹی ایم (یورپ) لمیٹڈ UK، جی ٹی ایم USA کارپوریشن USA اور اسکائے ہوم کارپوریشن USA سے منسلک ہیں۔

## اعتراف

ہم تمام حصص داروں کی کوششوں اور پیش قیمت تائید کو تسلیم کرتے ہیں اور تعریف کرتے ہیں۔

بورڈ کی جانب سے

26 فروری، 2019

کراچی

جناب محمد ذکی بشیر  
چیف ایگزیکٹو آفیسر

جناب محمد بشیر  
چیرمین

**AUDITORS' REPORT TO THE MEMBERS**  
**ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction:**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **GUL AHMED TEXTILE MILLS LIMITED** ("the Company") as of December 31, 2018, and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial statement in accordance with the accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial statement based on our review.

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim unconsolidated financial statement have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2018.


**Scope of Review:**

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim unconsolidated financial statements Performed by the Independent Auditor of the Entity". A review of condensed Interim unconsolidated financial statement 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 condensed interim unconsolidated financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Fahad Ali Shaikh.

  
CHARTERED ACCOUNTANTS  
Karachi  
Dated: 26/02/19



**Condensed Interim Un-consolidated  
Statement of Financial Position  
As at December 31, 2018**

	Note	Un-Audited December 2018	Audited June 2018
Rupees in '000			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 750,000,000 ordinary shares of Rs.10 each		<b>7,500,000</b>	7,500,000
Issued, subscribed and paid-up capital 356,495,525 ordinary shares of Rs. 10 each		<b>3,564,955</b>	3,564,955
Reserves		<b>10,217,018</b>	9,055,772
		<b>13,781,973</b>	12,620,727
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured	5	7,195,884	6,911,869
Deferred liabilities			
Deferred taxation - net		7,320	23,692
Staff gratuity		62,849	63,165
		<b>70,169</b>	86,857
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,017,719	7,008,948
Accrued mark-up/profit		214,115	175,633
Short term borrowings		20,909,433	15,076,081
Current maturity of long term financing	5	1,317,258	1,365,857
Unclaimed dividend		4,688	6,421
Unpaid dividend		22,359	11,052
		<b>31,485,572</b>	23,643,992
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<b>52,533,598</b>	43,263,445
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	16,452,898	16,104,319
Intangible assets	9	51,849	23,985
Long term investment		58,450	58,450
Long term loans and advances		57,619	37,314
Long term deposits		218,141	202,959
		<b>16,838,957</b>	16,427,027
<b>CURRENT ASSETS</b>			
Stores and spares		1,372,502	961,088
Stock-in-trade		23,232,159	16,143,933
Trade debts		5,283,490	5,398,565
Loans, advances and other receivables		1,761,847	1,197,376
Short term prepayments		171,869	239,661
Refunds due from Government		2,130,374	1,827,764
Taxation - net		789,418	597,781
Cash and bank balances		952,982	470,250
		<b>35,694,641</b>	26,836,418
		<b>52,533,598</b>	43,263,445

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Condensed Interim Un-consolidated  
Statement of Profit or Loss  
For the Half Year ended December 31, 2018**

Note	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2018	July to December 2017	October to December 2018	October to December 2017
	-----Rupees in '000-----			
Sales - net	<b>26,749,709</b>	21,019,299	<b>14,815,367</b>	11,710,333
Cost of sales	<b>20,441,959</b>	16,826,293	<b>11,200,380</b>	9,365,210
Gross profit	<b>6,307,750</b>	4,193,006	<b>3,614,987</b>	2,345,123
Distribution costs	<b>2,217,590</b>	1,896,386	<b>1,118,198</b>	1,003,290
Administrative costs	<b>1,234,146</b>	1,110,225	<b>723,145</b>	584,306
Other operating costs	<b>182,812</b>	56,318	<b>89,671</b>	47,896
	<b>3,634,548</b>	3,062,929	<b>1,931,014</b>	1,635,492
	<b>2,673,202</b>	1,130,077	<b>1,683,973</b>	709,631
Other income	<b>49,401</b>	61,216	<b>37,959</b>	104,242
Operating profit	<b>2,722,603</b>	1,191,293	<b>1,721,932</b>	813,873
Finance cost	<b>591,731</b>	450,799	<b>331,364</b>	233,397
Profit before taxation	<b>2,130,872</b>	740,494	<b>1,390,568</b>	580,476
Taxation				
- Current	<b>94,759</b>	122,747	<b>7,954</b>	65,109
- Deferred	<b>(16,372)</b>	-	<b>(18,594)</b>	-
	<b>78,387</b>	122,747	<b>(10,640)</b>	65,109
Profit after taxation	<b>2,052,485</b>	617,747	<b>1,401,208</b>	515,367
Earning per share - basic and diluted (Rs.)	<b>5.76</b>	1.73	<b>3.93</b>	1.45

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Condensed Interim Un-consolidated  
Statement of Comprehensive Income  
For the Half Year ended December 31, 2018**

Note	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2018	July to December 2017	October to December 2018	October to December 2017
	-----Rupees in '000-----			
Profit after taxation	<b>2,052,485</b>	617,747	<b>1,401,208</b>	515,367
Other comprehensive income	-	-	-	-
Total comprehensive income	<b><u>2,052,485</u></b>	<u>617,747</u>	<b><u>1,401,208</u></b>	<u>515,367</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Condensed Interim Un-Consolidated  
Statement of Cash Flows  
For the Half Year ended December 31, 2018**

	Un-Audited	
	Half Year Ended	
Note	July to December 2018	July to December 2017
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,130,872	740,494
Adjustments for:		
Depreciation	921,077	905,342
Amortisation	6,825	5,065
Provision for gratuity	11,908	12,006
Finance cost	591,731	457,341
Provision for slow moving/obsolete stores spares and loose tools	16,667	8,604
Impairment allowance against doubtful trade debts	11,588	21,069
Loss on disposal of property, plant and equipment	38,412	7,127
Gain on disposal of property, plant and equipment	(20,599)	(53,162)
	<b>1,577,609</b>	<b>1,363,392</b>
Cash flows from operating activities before adjustments of working capital	<b>3,708,481</b>	<b>2,103,886</b>
Changes in working capital:		
(Increase) / Decrease in current assets		
Stores and spares	(428,081)	(66,869)
Stock-in-trade	(7,088,226)	(4,210,427)
Trade debts	103,487	(162,917)
Loans, advances and other receivables	(564,471)	(633,523)
Short term prepayments	67,792	(83,586)
Refunds due from Government	(302,610)	161,782
	<b>(8,212,109)</b>	<b>(4,995,540)</b>
Increase in current liabilities		
Trade and other payables	2,008,771	1,891,845
	<b>(6,203,338)</b>	<b>(3,103,695)</b>
Cash used in operations before adjustment of following	<b>(2,494,857)</b>	<b>(999,809)</b>
Adjustments for:		
Gratuity paid	(12,224)	(20,737)
Finance cost paid	(553,249)	(450,127)
Income tax paid or deducted	(286,396)	(178,102)
Increase in long term loans and advances	(20,305)	(6,086)
(Increase)/ Decrease in long term deposits	(15,182)	5,549
	<b>(887,356)</b>	<b>(649,503)</b>
Net Cash used in Operating activities	<b>(3,382,213)</b>	<b>(1,649,312)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(1,410,816)	(756,862)
Addition to intangible assets	(34,689)	(130)
Proceeds from sale of property, plant and equipment	123,347	121,647
Net cash used in investing activities	<b>(1,322,158)</b>	<b>(635,345)</b>
<b>Balance carried forward</b>	<b>(4,704,371)</b>	<b>(2,284,657)</b>

**Condensed Interim Un-Consolidated  
 Statement of Cash Flows  
 For the Half Year ended December 31, 2018**

	Un-Audited	
	Half Year Ended	
	July to December 2018	July to December 2017
Note	-----Rupees in '000-----	
<b>Balance brought forward</b>	<b>(4,704,371)</b>	<b>(2,284,657)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	<b>866,266</b>	305,873
Long term financing repaid	<b>(630,850)</b>	(278,751)
Dividend paid	<b>(881,665)</b>	(352,479)
Net cash used in financing activities	<b>(646,249)</b>	(325,357)
<b>Net decrease in cash and cash equivalents</b>	<b>(5,350,620)</b>	(2,610,014)
Cash and cash equivalents - at the beginning of the period	<b>(14,605,831)</b>	(11,665,461)
<b>Cash and cash equivalents - at the end of the period</b>	<b>10 (19,956,451)</b>	<b>(14,275,475)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

**MOHOMED BASHIR**  
 Chairman

**MOHAMMED ZAKI BASHIR**  
 Chief Executive Officer

**ABDUL ALEEM**  
 Chief Financial Officer

**Condensed Interim Un-consolidated  
Statement of Changes in Equity  
For the Half Year ended December 31, 2018**

	Share Capital	Capital reserve - Share Premium	Revenue Reserve		Reserves	Total
			General Reserve	Unappropriated Profit		
----- Rupees '000-----						
Balance as at June 30, 2017 (Audited)	3,564,955	1,405,415	4,980,000	963,547	7,348,962	10,913,917
Transfer to general reserve	-	-	400,000	(400,000)	-	-
<b>Transactions with owners</b>						
Final dividend for the year ended June 30, 2017	-	-	-	(356,496)	(356,496)	(356,496)
<b>Total Comprehensive income for the Half year ended December 31, 2017 (un-audited)</b>						
Profit after taxation	-	-	-	617,747	617,747	617,747
<b>Balance as at December 31, 2017 (Un-audited)</b>	<u>3,564,955</u>	<u>1,405,415</u>	<u>5,380,000</u>	<u>824,798</u>	<u>7,610,213</u>	<u>11,175,168</u>
<b>Total Comprehensive income for the half year ended 30 June, 2018</b>						
Profit after taxation	-	-	-	2,074,973	2,074,973	2,074,973
Other comprehensive loss	-	-	-	(11,667)	(11,667)	(11,667)
	-	-	-	2,063,306	2,063,306	2,063,306
<b>Balance as at 30 June, 2018</b>	<u>3,564,955</u>	<u>1,405,415</u>	<u>5,380,000</u>	<u>2,270,357</u>	<u>9,055,772</u>	<u>12,620,727</u>
Transfer to unappropriated profit			(5,380,000)	5,380,000	-	-
Final dividend for the year ended June 30, 2018	-	-	-	(891,239)	(891,239)	(891,239)
<b>Total comprehensive income for the Half year ended December 31, 2018 (Un-audited)</b>						
Profit after taxation	-	-	-	2,052,485	2,052,485	2,052,485
<b>Balance as at December 31, 2018 (Un-audited)</b>	<u>3,564,955</u>	<u>1,405,415</u>	<u>-</u>	<u>8,811,603</u>	<u>10,217,018</u>	<u>13,781,973</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Notes to the Condensed Interim Un-consolidated  
Financial Statements (Un-audited)  
For the Half Year ended December 31, 2018**

**1 LEGAL STATUS AND ITS OPERATIONS**

- 1.1 Gul Ahmed Textile Mills Limited (The Company) was incorporated on April 01, 1953 in Pakistan as a private limited company, subsequently converted into public limited company on January 07, 1955 and is listed on Pakistan Stock Exchange Limited. The Company 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.

The Company is subsidiary of Gul Ahmed Holdings (Private) Limited.

The Company has the following subsidiaries:

**Details of Subsidiaries**

<u>Name</u>	<u>Chief Executive officer</u>	<u>Address</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>	<u>Status</u>
Gul Ahmed International Limited FZC	Mr. Mohomed Bashir	P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E.	December 11, 2002	U.A.E	100%	Operational
GTM (Europe) Limited - Indirect subsidiary	Mr. Mohomed Bashir	City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom	April 17, 2003	U.K	100%	Operational
GTM USA - Indirect subsidiary	Mr. Mohomed Bashir	515, 7 West 34th Street, New York, USA	March 19, 2012	U.S.A	100%	Operational
Sky Home- Indirect Subsidiary	Mr. Mohomed Bashir	Street No. 328, South King Charles Road, City Raleigh, State North Carolina	February 28, 2017	U.S.A	100%	Operational

All four subsidiaries are engaged in distribution/trading of textile related products

- 1.2 Geographical locations and addresses of all lands owned by the Company are as follows

<u>Unit</u>	<u>Area</u>	<u>Address</u>
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi ,Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani warehouse	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal, 19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg Lahore

- 1.3 Geographical locations and addresses of all factory building and warehouses on rented premises are as follows

<u>Unit</u>	<u>Address</u>
Highway stitching complex	Plot# 369, Main National Highway, Landhi, Karachi
Yarn Dyeing and Knitting unit	Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
Stitching unit	Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
Hussaini stitching unit	Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
Apparel division	Plot# 12, Sector 23, Koranqi Industrial area, Karachi

- 1.4 As at December 31, 2018, the Company has 115 sale outlets.

**2 BASIS OF PREPARATION**

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at December 31, 2018 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the half year ended December 31, 2018.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2018 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the half year ended December 31, 2018 have been extracted from the condensed interim un-consolidated financial statements of the Company for the half year ended December 31, 2017.

These condensed interim unconsolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2018.

## 2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

### (a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2018; however, these do not have any significant impact on these unconsolidated condensed interim financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made;

#### IFRS 15 'Revenue from contracts with customers' -

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has concluded that this standard do have significant impact on these condensed interim financial statements as it is already in compliance with the significant provisions of this standard.

### b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any material impact except IFRS-16 "Leases" whose impact is being assessed.

Further the Securities and Exchange Commission of Pakistan through its notification SRO 229 dated February 14, 2019 and its press release dated February 15, 2019 has also deferred the applicability of the standards for the periods ending on or after June 30, 2019. The impact of the provisions of this standard including estimation of expected credit losses is being assessed.

## 3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim un-consolidated financial statements as those applied in the preparation of un-consolidated financial statements for the year ended June 30, 2018 except for changes as stated above in note 2.1 which do not have significant impact on these condensed interim unconsolidated financial statements.

## 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2018.

## 5 LONG TERM FINANCING - SECURED

	Un-Audited December 2018	Audited June 2018
	Rupees in '000	
Opening balance	8,277,726	7,824,892
Add: Obtained during the period / year	866,266	1,270,701
Less: Repaid during the period / year	(630,850)	(817,867)
	<u>8,513,142</u>	<u>8,277,726</u>
Less: Current portion shown under current liabilities	<u>(1,317,258)</u>	<u>(1,365,857)</u>
	<u><u>7,195,884</u></u>	<u><u>6,911,869</u></u>



**6 TRADE AND OTHER PAYABLES**

Trade and other payables include provision in respect of;

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 which were challenged in Honorable Sindh High Court by the Company and interim relief was allotted as was disclosed in note no. 10.1.2 of the financial statements for the year ended June 30, 2018. Accordingly, the Company has provided banker's verified Cheques of Rs. 250.6 million (June-2018: 217.3 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, made full provision up to the September 27, 2018 amounting to Rs. 410.6 million (June-2018: Rs. 377.2 million) in these condensed unconsolidated interim financial statements. The Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to this notification the Company paid the bills accordingly.
- b) The Company as mentioned in note 10.1.3 of the financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. Accordingly, the Company has provided banker's certified cheques of Rs. 388.6 million (June-2018: Rs. 332.4 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, made full provision up to September 27, 2018 amounting to Rs. 626.2 million (June-2018: Rs. 570 million) in the condensed unconsolidated interim financial statements. The OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Company paid the bills accordingly.

**7 CONTINGENCIES AND COMMITMENTS**
**Contingencies**

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2018 remained unchanged during the current period except following;

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 14.4 of the financial statements for the year ended June 30, 2018 except increase in the amount of provision to Rs. 2,031 million (June-2018: Rs. 1,725 million) commencing from May 22, 2015 to the statement of financial position date.

**Guarantees**

- (a) Guarantees of Rs. 994 million (June-2018: Rs. 839 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 882 million (June 2018: Rs. 771 million).
- (b) Post dated cheques of Rs. 3,600 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 2,497 million (June-2018: Rs. 1,292 million).
- (d) Corporate guarantee of Rs 123.677 million (June 2018: Rs. 110.450 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

**Commitments**

- (a) The Company is committed for capital expenditure as at December 31, 2018 of Rs. 2,526 million (June 2018: Rs. 1,234 million).
- (b) The Company is committed to minimum rental payments for Retail outlets for each of the following period as follows:

	Un-Audited December 2018	Audited June 2018
	Rupees in '000	
Not more than one year	747,691	800,204
More than one year but not more than five years	2,341,007	2,276,407
More than five years	640,794	815,837
	<u>3,729,492</u>	<u>3,892,448</u>

**8 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	8.1&8.2	15,339,003	14,908,714
Capital work in progress (CWIP)	8.4	1,113,895	1,195,605
		<u>16,452,898</u>	<u>16,104,319</u>

**8.1 Additions during the period**

	Un-Audited December 2018	December 2017
	Rupees in '000	
Buildings and structures on leasehold land	94,683	665,886
Plant and machinery	1,296,635	2,088,072
Furniture and fixtures	2,534	1,366
Office equipment	59,831	14,677
Vehicles	38,843	21,518
	<u>1,492,526</u>	<u>2,791,519</u>

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs. 94.683 million (December 2017: Rs. 605 million), Rs. 1,265 million (December 2017: Rs. 2,050 million) and 31.6 million (December 2017: nil) respectively.

		Un-Audited	
		December 2018	December 2017
		Rupees in '000	
<b>8.2 Disposals - operating fixed assets (at net book value)</b>			
Plant and machinery		97,679	31,459
Vehicles		43,481	43,931
		<u>141,160</u>	<u>75,390</u>
<b>8.2.1</b>	Disposals include assets scrapped at Net book value during the period of Rs. Nil (Dec-2017: Rs. 0.220 million).		
<b>8.3 Depreciation charge during the period</b>		<u>921,077</u>	<u>905,342</u>
<b>8.4 Additions - capital work in progress (at cost)</b>			
Machinery		1,005,035	394,715
Building		272,793	273,914
Others		31,616	-
		<u>1,309,444</u>	<u>668,629</u>
<b>9 INTANGIBLE ASSETS</b>			
		<b>Note</b>	
		<b>Un-Audited</b>	<b>Audited</b>
		December	June
		2018	2018
		Rupees in '000	
Intangible - net book value	9.1&9.2	<u>51,849</u>	<u>23,985</u>
		<b>Un-Audited</b>	
		December	December
		2018	2017
		Rupees in '000	
<b>9.1 Additions - intangibles (at cost)</b>			
Computer Software		<u>34,689</u>	130
<b>9.2 Amortization charge during the period</b>		<u>6,825</u>	<u>5,065</u>
<b>10 CASH AND CASH EQUIVALENTS</b>			
	Cash and cash equivalents comprises of:		
	Cash and bank balances	952,982	337,734
	Short term borrowings	<u>(20,909,433)</u>	<u>(14,613,209)</u>
		<u>(19,956,451)</u>	<u>(14,275,475)</u>
<b>11 TAXATION</b>			
	Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.		

**12 SEGMENT INFORMATION**

The Company's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
- c) **Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
- d) **Processing, Home Textile and Apparel** Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

**12.1 Segment Profitability**

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017
	-----Rs. 000s-----											
Sales	4,723,739	3,343,370	778,676	964,316	8,740,048	6,248,601	18,501,532	15,793,762	(5,994,286)	(5,330,750)	26,749,709	21,019,299
Cost of sales	3,985,504	2,838,113	862,357	840,535	5,869,751	4,206,263	15,718,633	14,272,132	(5,994,286)	(5,330,750)	20,441,959	16,826,293
Gross profit	738,235	505,257	(83,681)	123,781	2,870,297	2,042,338	2,782,899	1,521,630	-	-	6,307,750	4,193,006
Distribution cost and Administrative cost	65,390	82,789	29,476	38,657	2,192,330	1,906,020	1,164,540	979,145	-	-	3,451,736	3,006,611
Profit/(Loss) before tax and before charging following	672,845	422,468	(113,157)	85,124	677,967	136,318	1,618,359	542,485	-	-	2,856,014	1,186,395
Finance Cost											591,731	450,799
Other operating cost											182,812	56,318
Other income											(49,401)	(61,216)
											725,142	445,901
Profit before taxation											2,130,872	740,494
Taxation											78,387	122,747
Profit after taxation											2,052,485	617,747
Depreciation and Amortisation Expense	262,071	250,513	154,292	146,886	150,065	74,202	361,474	438,806	-	-	927,902	910,407

**12.2 Segment assets and liabilities**

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018
	-----Rs. 000s-----											
Assets	11,824,550	11,021,310	3,413,908	3,357,067	9,337,113	5,396,751	25,757,733	22,155,720	2,200,294	1,332,597	52,533,598	43,263,445
Liabilities	4,306,302	3,802,668	2,396,446	1,895,092	2,006,310	905,830	11,793,638	7,524,144	18,248,929	16,514,984	38,751,625	30,642,718
Segment Capital & Intangible Expenditure	383,969	830,051	622,497	1,844,453	104,507	217,508	416,242	143,483	-	297,537	1,527,215	3,333,032

12.3 The Company has implemented Microsoft Dynamics 365 for Retail & Distribution, which has now enabled the Company to disclose the figures separately for the segment.

12.4 Unallocated items represent those assets and liabilities which are common to all segments and these include investment in subsidiary, long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

12.5 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

**12.6 Information about major customer**

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.5,484 million (Dec-2017: Rs. 5,298 million).

**12.7 Information by geographical area**

	Revenue		Non-current assets	
	Dec-18	Dec-17	Dec-18	Jun-18
	-----Rupees in '000-----			
Pakistan	11,858,061	8,829,355	16,780,507	16,368,577
Germany	4,882,163	3,398,097	-	-
United States	2,007,642	1,823,824	-	-
France	1,253,954	955,024	-	-
Netherlands	1,396,224	1,058,912	-	-
United Kingdom	859,388	1,053,655	-	-
Italy	1,220,115	1,114,242	-	-
Spain	294,165	559,563	-	-
China	390,204	494,155	-	-
Sweden	508,869	379,774	-	-
United Arab Emirates	-	94,798	58,450	58,450
Other Countries	2,078,924	1,257,900	-	-
	<b>26,749,709</b>	<b>21,019,299</b>	<b>16,838,957</b>	<b>16,427,027</b>

**13 TRANSACTIONS AND BALANCES 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.

Relationship with the Company	Nature of transactions	Un-Audited	
		Dec-18	Dec-17
		Rupees in '000	
Parent Company	Dividend paid	598,067	239,227
Subsidiaries and indirect subsidiaries	Sale of goods	1,030,792	603,230
	Commission paid	227,974	72,864
Associated Companies and other related parties	Purchase of goods	9,816	4,206
	Sale of goods	502	72
	Rent paid	42,383	38,692
	Fees paid	2,000	2,040
	Donation paid	417	-
	Bills discounted	4,852,999	4,361,448
	Commission / Bank charges paid	45,941	31,271
	Mark up / Interest charged	24,913	3,597
	Provident fund contribution	84,881	78,384
	Dividend paid	26,979	10,896
Intangible / Service obtained	40,852	21,508	
Relationship with the Company	Nature of outstanding balances	Un-Audited Dec-18	Audited Jun-18
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Trade and other payables	70,618	37,943
	Long term investment	58,450	58,450
	Trade debts	1,026,463	390,603
	Other receivables	-	22,526
	Corporate guarantee issued in favour of subsidiary company	123,678	110,450
	Advance from Customer	683	-
Associated companies and others related parties	Borrowings from Banks	849,953	964,494
	Trade and other payables - Creditors	5,111	15,731
	Payable to employee's provident fund	21,272	21,025
	Bank guarantee	882,460	770,804
	Accrued mark-up	18,422	8,785
	Loans to key management personnel & executive	80,660	54,594
	Trade debts	1,160	-
	Deposit with banks	53,265	115,270
Prepaid rent	14,196	42,588	

There are no transactions with directors and key management personnel of the company other than under the terms of employment which for the period ended December 30, 2018 aggregated to Rs. 472 million (December 30, 2017: Rs. 427 million) on account of remuneration.

#### 14 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

#### 15 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on February 26, 2019 by the Board of Directors of the Company.

#### 16 GENERAL

- 16.1 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.
- 16.2 Figures have been rounded off to the nearest thousand rupees.

#### 17 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
<b>Other income</b> Other income	<b>Sales</b> Sales - net (Exchange gain on realization of export receivables)	93,856
<b>Finance cost</b> Finance cost	<b>Cost of sales</b> Cost of sales (Exchange gain on purchase)	6,542

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer



# ***Consolidated Accounts***

***Consolidated Condensed Interim Financial Information  
For The Half Year Ended December 31, 2018***

**Condensed Interim Consolidated  
Statement of Financial Position  
As at December 31, 2018**

	Note	Un-Audited December 2018	Audited June 2018
Rupees in '000			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 750,000,000 ordinary shares of Rs.10 each		<u>7,500,000</u>	<u>7,500,000</u>
Issued, subscribed and paid-up capital 356,495,525 ordinary shares of Rs. 10 each		<u>3,564,955</u>	3,564,955
Reserves		<u>10,692,713</u>	9,458,376
		<b>14,257,668</b>	13,023,331
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured		7,195,884	6,911,869
Deferred liabilities			
Deferred taxation - net		<u>21,318</u>	<u>37,690</u>
Staff gratuity		<u>71,291</u>	<u>71,517</u>
		<b>92,609</b>	109,207
<b>CURRENT LIABILITIES</b>			
Trade and other payables		9,384,891	7,126,081
Accrued mark-up/profit		214,115	175,633
Short term borrowings		21,034,256	15,146,734
Current maturity of long term financing		1,317,258	1,365,857
Unclaimed dividend		4,688	6,421
Unpaid dividend		22,359	11,052
Provision for taxation		<u>5,863</u>	<u>13,157</u>
		<b>31,983,430</b>	23,844,935
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>53,529,591</u>	<u>43,889,342</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	16,465,911	16,121,877
Intangible assets	9	59,006	32,005
Long Term Investment		61,558	55,794
Long term loans and advances		57,619	38,607
Long term deposits		218,141	205,999
Deferred taxation		-	290
		<u>16,862,235</u>	<u>16,454,572</u>
<b>CURRENT ASSETS</b>			
Stores and spares		1,372,502	961,088
Stock-in-trade		23,651,025	16,419,958
Trade debts		5,778,358	5,666,199
Loans, advances and other receivables		1,763,678	1,192,970
Short term prepayments		192,379	249,933
Refunds due from Government		2,130,374	1,827,764
Taxation - net		789,418	597,781
Cash and bank balances		<u>989,622</u>	<u>519,077</u>
		<b>36,667,356</b>	27,434,770
		<u>53,529,591</u>	<u>43,889,342</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Condensed Interim Consolidated  
Statement of Profit or Loss  
For The Half Year Ended December 31, 2018**

	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2018	July to December 2017	October to December 2018	October to December 2017
	-----Rupees in '000-----			
Sales - net	27,827,257	21,493,673	15,423,882	11,942,155
Cost of sales	21,087,686	17,130,591	11,594,060	9,510,286
Gross profit	6,739,571	4,363,082	3,829,822	2,431,869
Distribution cost	2,302,509	1,901,329	1,164,528	1,007,236
Administrative cost	1,487,434	1,266,242	854,717	657,149
Other operating cost	182,812	56,318	89,671	47,896
	3,972,755	3,223,889	2,108,916	1,712,281
	2,766,816	1,139,193	1,720,906	719,588
Other income	49,685	61,216	38,107	104,242
Operating profit	2,816,501	1,200,409	1,759,013	823,830
Finance cost	599,864	459,202	337,120	234,567
Profit before taxation	2,216,637	741,207	1,421,893	589,263
Taxation				
- Current	95,428	122,745	8,623	65,349
- Deferred	(16,372)	-	(18,594)	-
	79,056	122,745	(9,971)	-
Profit after taxation	2,137,581	618,462	1,431,864	523,914
Earning per share - basic and diluted (Rs.)	6.00	1.73	4.02	1.47

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer





Half Yearly Report (20)

**Condensed Interim Consolidated  
Statement of Comprehensive Income  
For the Half Year ended December 31, 2018**

	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2018	July to December 2017	October to December 2018	October to December 2017
	-----Rupees in '000-----			
<b>Prodit after taxation</b>	<b>2,137,581</b>	<b>618,462</b>	<b>1,431,864</b>	523,914
<b>Other comprehensive income for the period</b>				
Items that will be reclassified to profit and loss account subsequently				
Exchange difference on translation of foreign subsidiaries	(12,005)	20,211	(32,213)	14,729
<b>Total comprehensive income</b>	<b>2,125,576</b>	<b>638,673</b>	<b>1,399,651</b>	<b>538,643</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Condensed Interim Consolidated  
Statement of Cash Flows  
For the Half Year ended December 31, 2018**

Note	Un-Audited	
	Half Year Ended	
	July to December 2018	July to December 2017
	-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,216,637	741,207
Adjustments for:		
Depreciation	922,649	907,576
Amortisation	7,915	5,766
Provision for gratuity	12,681	13,527
Finance cost	599,864	459,202
Provision for slow moving/obsolete stores spares and loose tools	16,667	8,604
Impairment allowance against doubtful trade debts	11,588	21,069
Gain on disposal of property, plant and equipment	(20,599)	(46,035)
Loss on disposal of property, plant and equipment	38,411	-
	<b>1,589,176</b>	<b>1,369,709</b>
Cash flows from operating activities before adjustments of working capital	<b>3,805,813</b>	<b>2,110,916</b>
Changes in working capital:		
Increase in current assets		
Stores and spares	(428,081)	(66,869)
Stock-in-trade	(7,231,067)	(4,255,782)
Trade debts	(123,747)	(110,928)
Loans, advances and other receivables	(570,708)	(594,664)
Short term prepayments	57,554	(90,481)
Refunds due from Government	(302,610)	161,782
	<b>(8,598,659)</b>	<b>(4,956,942)</b>
Increase in current liabilities		
Trade and other payables	2,258,847	1,874,627
	<b>(6,339,812)</b>	<b>(3,082,315)</b>
Cash used in operations before adjustment of following	<b>(2,533,999)</b>	<b>(971,399)</b>
Adjustment for:		
Gratuity paid	(12,907)	(22,258)
Finance cost paid	(561,382)	(451,988)
Income tax paid or deducted	(294,069)	(177,791)
Increase in long term loans and advances	(19,012)	(6,086)
(Increase)/ decrease in long term deposits	(12,142)	8,169
	<b>(899,512)</b>	<b>(649,954)</b>
Net cash used in operating activities	<b>(3,433,511)</b>	<b>(1,621,353)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(1,410,816)	(757,255)
Addition to intangible assets	(34,916)	(130)
Proceeds from sale of property, plant and equipment	126,283	121,650
Long term Investment	(5,764)	-
Net cash used in investing activities	<b>(1,325,213)</b>	<b>(635,735)</b>
<b>Balance carried forward</b>	<b>(4,758,723)</b>	<b>(2,257,088)</b>

**Condensed Interim Consolidated  
Statement of Cash Flows  
For the Half Year ended December 31, 2018**

	<b>Un-Audited</b>	
	<b>Half Year Ended</b>	
Note	July to December 2018	July to December 2017
-----Rupees in '000-----		
<b>Balance brought forward</b>	<b>(4,758,723)</b>	<b>(2,257,088)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	<b>866,266</b>	305,873
Long term financing repaid	<b>(630,850)</b>	(278,751)
Dividend paid	<b>(881,665)</b>	(352,479)
Net cash used in financing activities	<b>(646,249)</b>	(325,357)
Exchange difference on translation of foreign subsidiaries	<b>(12,005)</b>	20,211
<b>Net decrease in cash and cash equivalents</b>	<b>(5,416,977)</b>	(2,562,234)
Cash and cash equivalents - at the beginning of the period	<b>(14,627,657)</b>	(11,648,168)
<b>Cash and cash equivalents - at the end of the period</b>	<b>10 (20,044,634)</b>	<b>(14,210,402)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer

**Gul Ahmed Textile Mills Limited**  
**Condensed Interim Consolidated**  
**Statement of Changes in Equity**  
**For the Half Year ended December 31, 2018**

	Reserves						Subtotal Reserves	Total
	Share capital	Capital reserve - Share Premium	Revenue reserve			Unappropriated profit		
General Reserve			Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary				
-----Rupees '000-----								
<b>Balance as at June 30, 2017 (Audited)</b>	<b>3,564,955</b>	<b>1,405,415</b>	<b>4,980,000</b>	<b>123,550</b>	<b>18,060</b>	<b>1,103,678</b>	<b>7,630,703</b>	<b>11,195,658</b>
<b>Transfer to</b>								
General reserve	-	-	400,000	-	-	(400,000)	-	-
Statutory reserve	-	-	-	-	1,588	(1,588)	-	-
	-	-	400,000	-	1,588	(401,588)	-	-
<b>Transactions with owners</b>								
Final dividend for the year ended June 30, 2017						(356,496)	(356,496)	<b>(356,496)</b>
<b>Total comprehensive income for the half year ended December 31, 2017 (un-audited)</b>								
Profit after taxation	-	-	-	-	-	618,462	618,462	618,462
Other comprehensive income	-	-	-	20,211	-	-	20,211	20,211
	-	-	-	20,211	-	618,462	638,673	638,673
<b>Balance as at December 31, 2017 (Un-Audited)</b>	<b>3,564,955</b>	<b>1,405,415</b>	<b>5,380,000</b>	<b>143,761</b>	<b>19,648</b>	<b>964,056</b>	<b>7,912,880</b>	<b>11,477,835</b>
<b>Total comprehensive income for the period January 01, 2018 to June 30, 2018</b>								
Profit after taxation	-	-	-	-	-	1,541,919	1,541,919	1,541,919
Other comprehensive income	-	-	-	15,244	-	(11,667)	3,577	3,577
	-	-	-	15,244	-	1,530,252	1,545,496	1,545,496
<b>Balance as at June 30, 2018</b>	<b>3,564,955</b>	<b>1,405,415</b>	<b>5,380,000</b>	<b>159,005</b>	<b>19,648</b>	<b>2,494,308</b>	<b>9,458,376</b>	<b>13,023,331</b>
<b>Transfer to unappropriated profit</b>	-	-	(5,380,000)	-	-	5,380,000	-	-
Final dividend for the year ended June 30, 2018	-	-	-	-	-	(891,239)	(891,239)	(891,239)
<b>Total comprehensive income for the half year ended December 31, 2018 (un-audited)</b>								
Profit after taxation	-	-	-	-	-	2,137,581	2,137,581	2,137,581
Other comprehensive loss	-	-	-	(12,005)	-	-	(12,005)	(12,005)
	-	-	-	(12,005)	-	2,137,581	2,125,576	2,125,576
<b>Balance as at December 31, 2018 (Un-Audited)</b>	<b>3,564,955</b>	<b>1,405,415</b>	<b>-</b>	<b>147,000</b>	<b>19,648</b>	<b>9,120,650</b>	<b>10,692,713</b>	<b>14,257,668</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive

**ABDUL ALEEM**  
Chief Financial Officer

**Notes to the Condensed Interim Consolidated  
Financial Statements (Un-audited)  
For the Half Year ended December 31, 2018**

**1 LEGAL STATUS AND ITS OPERATIONS**

1.1 Gul Ahmed Group ("the Group") comprises the following:

- Gul Ahmed Textile Mills Limited
- Gul Ahmed International Limited (FZC) - UAE
- GTM (Europe) Limited - UK
- GTM USA Corp. - USA
- Sky Home Corp. - USA

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on 1st April 1953 in Pakistan as a private limited company, converted into public limited company on 7th January 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. The Holding Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

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

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp. and Sky Home Corp. are wholly owned subsidiaries of GTM (Europe) Limited.

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 66.78% shares of the Company.

**1.2 Basis of consolidation**

The financial information include the financial information of 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 Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

**Details of Subsidiaries**

Name	Chief Executive officer	Address	Date of Incorporation	Country of Incorporation	%of Holding	Status
Gul Ahmed International Limited FZC	Mr. Mohamed Bashir	P.O.Box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E.	December 11, 2002	U.A.E	100%	Operational
GTM (Europe) Limited - Indirect subsidiary	Mr. Mohamed Bashir	City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom	April 17, 2003	U.K	100%	Operational
GTM USA - Indirect subsidiary	Mr. Mohamed Bashir	515, 7 West 34th Street, New York, USA	March 19, 2012	U.S.A	100%	Operational
Sky Home- Indirect Subsidiary	Mr. Mohamed Bashir	Street No. 328, South King Charles Road, City Raleigh, State North Carolina	February 28, 2017	U.S.A	100%	Operational

All four subsidiaries are engaged in distribution/trading of textile related products.

1.3 Geographical locations and addresses of all lands owned by the Company are as follows:

Unit	Area	Address
Unit 1,2 & 3	25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi Karachi
Unit 4 & 5	14.9 Acres	Survey No.82, Deh Landhi ,Karachi
Unit 6,7 & 8	18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
Lasani wareho	4.17 Acres	Plot No. H-19, Landhi Industrial Area, Landhi, Karachi
MTF Plot	44.04 acres	P.U. No. 48, 49, 50, & 51, Near Machine Tool Factory Deh Khanto Tapo Landhi, Karachi
Plot	2 Kanal,19 Marlas and 153.5 Sq. Feet	Plot No. 24-A, C-III, Gulberg Lahore

1.4 Geographical locations and addresses of all factory building and warehouses on rented premises are as follows:

Unit	Address
Highway stitching complex	Plot# 369, Main National Highway, Landhi, Karachi
Yarn Dyeing and Knitting unit	Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
Stitching unit	Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
Hussaini stitching unit	Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
Apparel division	Plot# 12, Sector 23, Korangi Industrial area, Karachi

1.5 As at December 31, 2018, the Company has 115 sale outlets.

**2 BASIS OF PREPARATION**

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position 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), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited and Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at December 31, 2018 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated 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 condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at December 31, 2018 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the half year ended December 31, 2018.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2018 has been extracted from the audited financial statements of the Group for the year ended June 30, 2018 whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for half year ended December 31, 2018 have been extracted from the condensed interim consolidated financial statements of the Group for the half year ended December 31, 2017.

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2018.

## 2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

### (a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2018; however, these do not have any significant impact on these unconsolidated condensed interim financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made;

#### IFRS 15 'Revenue from contracts with customers' -

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has concluded that this standard do have significant impact on these condensed interim financial statements as it is already in compliance with the significant provisions of this standard.

### (b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any material impact except IFRS-16 "Leases" whose impact is being assessed.

Further the Securities and Exchange Commission of Pakistan through its notification SRO 229 dated February 14, 2019 and its press release dated February 15, 2019 has also deferred the applicability of the standards for the periods ending on or after June 30, 2019. The impact of the provisions of this standard including estimation of expected credit losses is being assessed.

## 3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim consolidated financial statements as those applied in the preparation of consolidated financial statements for the year ended June 30, 2018 except for changes as stated above in note 2.1 which do not have significant impact on these condensed interim consolidated financial statements.

## 4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2018.

## 5 Long term financing - Secured

	Un-Audited December 2018	Audited June 2018
	Rupees in '000	
Opening balance	8,277,726	7,824,892
Add: Obtained during the period / year	866,266	1,270,701
Less: Repaid during the period / year	<u>(630,850)</u>	<u>(817,867)</u>
	<b>8,513,142</b>	8,277,726
Less: Current portion shown under current liabilities	<u>(1,317,258)</u>	<u>(1,365,857)</u>
	<b><u>7,195,884</u></b>	<b><u>6,911,869</u></b>

## 6 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of:

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 was challenged in Honorable Sindh High Court by the Group, as was disclosed in note no. 10.1.2 of the financial statements for the year ended June 30, 2018. Accordingly, the Group has provided banker's verified Cheque of Rs. 250.675 million (June-2018: 217.356 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, made full provision up to the quarter ended 30 September 2018 amounting to Rs. 410.601 million (June-2018: 377.283 million) in the consolidated financial statements. Subsequent to the period ended, the Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018 and the Group has paid the bill accordingly.
- b) The Group as mentioned in note 10.1.3 of the financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. Accordingly, the Group has provided banker's certified cheques of Rs. 388.6 million (June-2018: Rs. 332.4 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, made full provision up to September 27, 2018 amounting to Rs. 626.2 million (June-2018: Rs. 570 million) in the consolidated financial statements. The OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Group has paid the bills accordingly.

## 7 CONTINGENCIES AND COMMITMENTS

### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2018 remained unchanged during the current period except following;

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 14.4 of the financial statements for the year ended June 30, 2018 except increase in the amount of provision to Rs. 2,031 million (June-2018: Rs.1,725 million) commencing from May 22, 2015 to the statement of financial position date.

### Guarantees

- (a) Rs. 994 million (June-2018: Rs. 839 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 882 million (June 2018: Rs. 771 million).
- (b) Post dated cheques Rs. 3,600 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 2,497 million (June-2018: Rs. 1,292 million).
- (d) Corporate guarantee of Rs. 123.677 million (June-2018: Rs. 110.45 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

### Commitments

- (a) Group is committed for certain expenditures which are stated as follows:

The Group is committed for capital expenditure as at December 31, 2018 of Rs. 2,526 million (June 2018: Rs. 1,234 million).

	<b>Un-Audited</b> December 2018	<b>Audited</b> June 2018
	<b>Rupees in '000</b>	
(b) The Group is committed for minimum rental payments for each of following period as follows:		
Not more than one year	747,691	800,204
More than one year but not more than five years	2,341,007	2,276,407
More than five years	640,794	815,837
	<b>3,729,492</b>	<b>3,892,448</b>

## 8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1 & 8.2	15,324,585	14,926,272
Capital work in progress (CWIP)	8.4	1,141,325	1,195,605
		<b>16,465,910</b>	<b>16,121,877</b>

	<b>Un-Audited</b>	
	<b>for the half year</b> December 2018	<b>for the half year</b> December 2017
	<b>Rupees in '000</b>	
8.1 Additions during the period		
Buildings and structures on leasehold land	94,683	665,886
Plant and machinery	1,296,635	2,088,072
Furniture and fixtures	2,534	1,945
Office equipment	59,831	14,713
Vehicles	38,843	21,518
	<b>1,492,526</b>	<b>2,792,134</b>

- 8.1.1 Additions to building and structure on leasehold land and plant and machinery include transfers from capital work-in-progress amounting to Rs. 94.683 million (December 2017: Rs. 605 million) and Rs. 1,265 million (December 2017: Rs. 2050 million) and 31.6 million (December 2017 : nil) respectively.

	<b>Un-Audited</b>	
	<b>for the half year December 2018</b>	<b>for the half year December 2017</b>
	<b>Rupees in '000</b>	
<b>8.2 Disposals - operating fixed assets (at net book value)</b>		
Plant and machinery	97,679	31,459
Vehicles	47,054	43,931
	<u>144,734</u>	<u>75,390</u>

8.2.1 Disposals include assets scrapped at Net book value during the period of Rs. Nil (Dec-2017: Rs. 0.220 million).

	<b>Un-Audited</b>	
	<b>December 2018</b>	<b>December 2017</b>
	<b>Rupees in '000</b>	
<b>8.3 Depreciation charge during the period</b>	<u>922,649</u>	<u>907,576</u>
<b>8.4 Additions - capital work in progress (at cost)</b>		
Machinery	1,005,035	394,715
Building	272,793	273,914
Others	31,616	-
	<u>1,309,444</u>	<u>668,629</u>

Note	<b>Un-Audited</b>	<b>Audited</b>
	<b>December 2018</b>	<b>June 2018</b>
	<b>Rupees in '000</b>	

## 9 INTANGIBLE ASSETS

Intangible - net book value	9.1 & 9.2	59,006	32,005
		<u>59,006</u>	<u>32,005</u>

	<b>Un-Audited</b>	
	<b>for the half year December 2018</b>	<b>for the half year December 2017</b>
	<b>Rupees in '000</b>	
<b>9.1 Additions - intangibles (at cost)</b>		
Computer Software	34,916	130
<b>9.2 Amortisation charge during the period</b>	<u>7,915</u>	<u>5,766</u>

## 10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

	<b>Un-Audited</b>	
	<b>December 2018</b>	<b>December 2017</b>
	<b>Rupees in '000</b>	
Cash and bank balances	989,622	402,806
Short term borrowings	(21,034,256)	(14,613,208)
	<u>(20,044,634)</u>	<u>(14,210,402)</u>

## 11 TAXATION

Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.



**12 SEGMENT INFORMATION**

The Group's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the three reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.  
 b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.  
 c) **Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.  
 d) **Processing, Home Textile and Apparel:** Production of greig fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products.  
 e) **Subsidiary Companies:** These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Parent Group.

Transactions among the business segments are recorded at cost.

**12.1 Segment profitability**

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017	Dec-2018	Dec-2017
	-----Rupees '000-----																			
Sales	4,723,739	3,343,370	778,676	964,316	8,740,048	6,248,601	18,501,532	15,793,762	277,266	394,487	1,074,735	512,204	62,995	114,064	690,277	56,850	(7,022,012)	(5,933,981)	27,827,257	21,493,673
Cost of sales	3,985,504	2,838,113	862,357	840,535	5,869,751	4,206,263	15,718,633	14,272,132	197,052	317,800	943,236	465,741	58,164	89,884	486,255	40,468	(7,033,266)	(5,940,344)	21,067,686	17,130,592
Gross profit	738,235	505,257	(83,681)	123,781	2,870,297	2,042,338	2,782,899	1,521,630	80,214	76,687	131,499	46,463	4,831	24,180	204,022	16,382	11,254	6,363	6,739,571	4,363,081
Distribution costs and administrative costs	65,390	82,789	29,476	38,657	2,192,330	1,906,020	1,164,540	979,145	48,919	48,377	101,130	41,029	712	29,011	188,113	42,543	-	-	3,790,612	3,167,571
Profit/(loss) before tax and before charging the following	672,845	422,468	(113,157)	85,124	677,967	136,318	1,618,359	542,485	31,295	28,310	30,369	5,434	4,119	(4,831)	15,909	(26,161)	11,254	6,363	2,948,959	1,195,510
Other operating costs																			182,812	56,318
Other income																			(49,685)	(61,216)
Finance costs																			599,864	459,202
Profit before taxation																			732,991	454,304
Taxation																			2,215,968	741,206
Profit after taxation																			78,387	122,745
																			2,137,581	618,461
Depreciation and Amortisation Expense	262,071	250,513	154,292	146,886	150,065	74,202	361,474	438,806	2,152	1,668	510	527	-	740	-	-	-	-	930,564	913,342

**12.2 Segment assets and liabilities**

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Unallocated		Total Group	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018	Dec-2018	June - 2018
	-----Rupees '000-----																			
Assets	11,824,550	11,021,310	3,413,908	3,357,067	9,337,113	5,396,751	25,757,733	22,155,720	492,596	488,118	997,509	410,387	6,680	8,555	660,158	231,653	2,200,294	1,332,597	54,690,541	44,402,158
Elimination of intragroup balances																			(1,160,950)	(512,816)
																			53,529,591	43,889,342
Liabilities	4,306,302	3,802,668	2,396,446	1,895,092	2,006,310	905,830	11,793,638	7,524,144	169,089	201,464	1,024,770	314,148	67,604	97,631	371,146	67,897	18,233,803	16,514,984	40,369,108	31,323,858
Elimination of intragroup balances																			(1,097,186)	(457,847)
																			39,271,922	30,866,011
Segment Capital Expenditure	383,969	830,051	622,497	1,844,453	104,507	217,508	416,242	143,483	227	2,090	-	-	-	-	-	-	-	297,537	1,527,442	3,335,122

12.3 The Group has implemented Microsoft Dynamics 365 for Retail & Distribution, which has now enabled the Company to disclose the figures separately for the segment.

12.4 Unallocated items represent those assets and liabilities which are common to all segments and these include long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

12.5 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

**12.6 Information about major customer**

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.5,484 million (Dec-2017: Rs. 5,298 million).

## 12.7 Information by geographical area

	Revenue		Non-current assets	
	For the half year ended (Un-audited)		Un-Audited	Audited
	Dec - 2018	Dec - 2017	Dec - 2018	Jun - 2018
	-----Rupees in '000-----			
Pakistan	11,858,061	8,829,355	16,842,065	16,368,577
Germany	4,882,163	3,398,097	-	-
United States	2,652,025	1,870,288	-	4,121
Netherlands	1,396,224	1,058,912	-	-
Italy	1,220,115	1,114,242	-	-
United Kingdom	1,028,222	1,117,256	2,678	64,089
Spain	294,165	559,563	-	-
France	1,253,954	955,024	-	-
Sweden	508,869	379,774	-	-
China	390,204	494,155	-	-
United Arab Emirates	264,331	459,107	17,492	17,785
Other Countries	2,078,924	1,257,900	-	-
<b>Total</b>	<b>27,827,257</b>	<b>21,493,673</b>	<b>16,862,235</b>	<b>16,454,572</b>

## 13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Group	Nature of transactions	Un-Audited	
		Dec - 2018	Dec - 2017
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	9,816	4,206
	Sale of goods	502	72
	Rent paid	38,183	38,692
	Fees paid	2,000	2,040
	Donation paid	417	-
	Bills discounted	4,852,999	4,361,448
	Commission / Bank charges paid	45,941	31,271
	Mark up / Interest charged	24,913	3,597
	Holding Company's contribution to provident fund	84,881	78,384
	Dividend paid	26,979	10,896
	Services rendered	40,852	21,508
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Dec - 2018	Jun - 2018
		Rupees in '000	
Associated companies and others related parties	Deposit with banks	53,265	115,270
	Borrowings from Banks	849,953	964,494
	Bank guarantee	882,460	770,804
	Trade and other payables - creditors	5,111	15,731
	Trade debts	1,160	-
	Accrued mark-up & executive	18,422	8,785
	Payable to employee's provident fund	80,660	54,594
	Prepaid Rent	21,272	21,025
		14,196	42,588

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending December 30, 2018 amounting to Rs. 546 million (December 30, 2017: Rs. 427 million) on account of remuneration.

#### 14 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1                      Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2                      Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3                      Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

#### 15 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 26, 2019 by the Board of Directors of the Group.

#### 16 GENERAL

16.1 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.

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

#### 17 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
<b>Other income</b>	<b>Sales</b>	
Other income	Sales - net (Exchange gain on realization of export receivables)	93,856
<b>Finance cost</b>	<b>Cost of sales</b>	6,542
Finance cost	Cost of sales (Exchange gain on purchase)	

**MOHOMED BASHIR**  
Chairman

**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**ABDUL ALEEM**  
Chief Financial Officer