



Quarterly Report

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

Company Information

BOARD OF DIRECTORS	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
CHIEF FINANCIAL OFFICER	MOHAMMED SALEEM SATTAR	
COMPANY SECRETARY	MOHAMMED SALIM GHAFFAR	
AUDIT COMMITTEE	S.M. NADIM SHAFIQULLAH ZAIN BASHIR MOHAMMED ZAKI BASHIR ABDUL AZIZ YOUSUF	- Chairman & Member - Member - Member - Secretary
BANKERS	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	
AUDITORS	HYDER BHIMJI & CO. Chartered Accountants	
INTERNAL AUDITORS	ANJUM ASIM SHAHID RAHMAN Chartered Accountants	
LEGAL ADVISORS	A.K. BROHI & CO ADVOCATES	
REGISTERED OFFICE	PLOT NO.82 MAIN NATIONAL HIGHWAY LANDHI, KARACHI-75120	
SHARE REGISTRAR	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	
MILLS	LANDHI INDUSTRIAL AREA KARACHI-75120	
E-MAIL	finance@gulahmed.com	
URL	www.gulahmed.com	

Directors' Review

Directors of Gul Ahmed Textile Mills Limited are pleased to present review of the affairs of the Company for the nine months ended March 31, 2012.

Economic and Industrial Review

With the end of the third quarter the economic and social challenges have become more acute in our country. On the other hand due to continuing Euro-zone crises export demand is subdued with downward pressure on export prices. The PKR/USD parity has also not changed in line with the inflation resulting in lower export proceeds as compared to higher cost of production due to high inflation. Subdued demand has resulted in a global supply glut in Home Textiles. To make matters worse Pakistan has to compete with exports from Bangladesh which have duty advantage of 9.6% on exports to Europe and 18% in Canada.

Widening gap between demand and supply of gas is affecting the productivity of the Company. Due to energy crisis water supply problems have also arisen.

Despite all these difficulties Government has not so far released the already approved benefits allowed to the industry in the Textile Policy 2009-14.

Financial Performance

During the nine months ended March 31, 2012, sales have marginally decreased 3% by Rs. 555 million.

	March 2012	March 2011
	Rs. In million	
Sales	18,070	18,625
Gross profit	2,458	3,192
Profit before tax after providing depreciation / amortization of Rs. 552 million (2011: Rs. 501 million)	(99)	1,048
Profit after tax	(280)	777

Future Prospects

Outlook for business conditions is expected to remain difficult. We on our part are shifting our focus from Europe to USA market, where Bangladesh has no duty advantage. Feedback so far is positive however it will take time to mature. Our retail business is increasing though at a slower pace than foreseen earlier due to weak demand. We expect that the retail business will continue to contribute favourably to the bottom line. Steam turbine is on line as planned from March 2012. This will to some extent offset the 33% gas price increase during the current Fiscal Year.

All these measures will have a positive impact on the overall performance.

Consolidated Financial Statements

Consolidated financial statements for the nine months ended March 31, 2012 of FY 2011-12 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK and GTM USA Corporation USA are attached.

Acknowledgement

Directors acknowledge and appreciate the efforts of the employees and valuable support of the various Government Departments, Financial Institutions and our customers.

For and on behalf of the Board

Bashir Ali Mohammad
Chairman and Chief Executive

Karachi
April 28, 2012

Condensed Interim Balance Sheet

As at March 31, 2012

	March 2012	June 2011
	Rs. 000s	
SHARE CAPITAL AND RESERVES		
Authorised capital 150,000,000 ordinary shares of Rs.10 each	1,500,000	1,500,000
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
	4,432,893	4,712,873
NON-CURRENT LIABILITIES		
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
	313,907	298,669
CURRENT LIABILITIES		
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
	13,396,231	13,194,546
	20,135,534	20,404,679
ASSETS		
NON-CURRENT ASSETS		
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
	6,818,256	6,788,103
CURRENT ASSETS		
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
	13,317,278	13,616,576
	20,135,534	20,404,679

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

BASHIR ALI MOHOMMAD
Chairman and Chief Executive

ZAIN BASHIR
Director



Quarterly Accounts Mar.2012

**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

	March 2012	March 2011
	Rs. 000s	
CASH FLOWS FROM OPERATING ACTIVITIES		
(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>
CASH FLOWS FROM INVESTING ACTIVITIES		
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>

	March 2012	March 2011
	Rs. 000s	
CASH FLOWS 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)
Net increase/(decrease) in cash and cash equivalents	620,596	(6,170,272)
Cash and cash equivalents - at the beginning of the period	(9,675,835)	(5,659,761)
Cash and cash equivalents - at the end of the period	(9,055,239)	(11,830,033)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

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

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)	-
Transaction with owners						
Final Dividend for the year ended June 30, 2010	-	-	-	-	(79,349)	(79,349)
Total comprehensive income						
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	634,785	2,430,000	450,446	-	778,258	4,293,489
Total comprehensive income						
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	634,785	2,430,000	450,446	-	1,197,642	4,712,873
Transfer to revenue reserve	-	1,000,000	-	-	(1,000,000)	-
Transfer to reserve for issue of bonus shares	-	-	(450,446)	634,786	(184,340)	-
Transaction with owners						
Issuance of bonus shares for the year ended June 30, 2011	634,786	-	-	(634,786)	-	-
Total comprehensive income						
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	1,269,571	3,430,000	-	-	(266,678)	4,432,893

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

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:

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

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

Opening book value	6,582,082	6,088,782
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Additions during the period:

Buildings and structures on leasehold land	60,394	88,692
Plant and machinery	169,755	975,122
Office equipment	43,308	40,641
Furniture and fixtures	4,901	33,169
Vehicles	80,002	84,425
	358,360	1,222,049

Book values of assets disposed-off during the period	(14,224)	(20,494)
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Depreciation charge for the period	(542,260)	(708,255)
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Book value of operating fixed assets	6,383,958	6,582,082
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Capital work in progress

Opening	71,643	51,332
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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
	471,638	1,025,989

Transferred		
- Machinery	(158,435)	(854,058)
- Building	(48,524)	(60,990)
- Store items held for capitalization	(22,564)	(43,881)
- Others	(14,162)	(46,749)
	(243,685)	(1,005,678)

Closing	299,596	71,643
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Book Value of property, plant and equipment	6,683,554	6,653,725
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6. Intangible assets

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

7. Segment information

The Company has the following two reportable business segments:

- a) **Spinning:** Production of different qualities of yarn using both natural and artificial fibers
- b) **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		
	18,069,706	18,624,524	6,818,256	6,788,103

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 2012	June 2011
	Rs. 000s	
SHARE CAPITAL AND RESERVES		
Authorised capital		
150,000,000 ordinary shares of Rs.10 each	1,500,000	1,500,000
Share capital	1,269,571	634,785
Reserves	3,500,623	2,933,524
Unappropriated (loss)/profit	(173,509)	1,278,023
	4,596,685	4,846,332
NON-CURRENT LIABILITIES		
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
	326,551	310,469
CURRENT LIABILITIES		
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
	13,471,520	13,315,707
	20,387,259	20,671,099
ASSETS		
NON-CURRENT ASSETS		
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
	6,769,271	6,741,132
CURRENT ASSETS		
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
	13,617,988	13,929,967
	20,387,259	20,671,099

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	Jan-Mar	July-Mar	July-Mar
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<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**

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

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
Net increase/(decrease) in cash and cash equivalents	647,998	(6,141,502)
Cash and cash equivalents - at the beginning of the period	(9,731,717)	(5,667,371)
Cash and cash equivalents - at the end of the period	(9,083,719)	(11,808,873)

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)
	(9,083,719)	(11,808,873)

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)	-
Transaction with owners								
Final Dividend for the year ended June 30, 2010	-	-	-	-	-	-	(79,349)	(79,349)
Total comprehensive income								
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)	-
Total comprehensive income								
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)	-
Transaction with owners								
Issuance of bonus shares for the year ended June 30, 2011	634,786					(634,786)		-
Total comprehensive income								
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)	4,596,688

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, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA 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, Karachi.

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 comparatives 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 are 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

Additions during the period:

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)

Book value of operating fixed assets 6,391,078 6,589,869

Capital work in progress

Opening 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)	(854,058)
	- 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>

Closing 299,596 71,643

Total 6,690,674 6,661,512

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>

7. Segment Information

The Group has the following three reportable business segments:

- a) **Spinning:** Production of different qualities of yarn using both natural and artificial fibers
- b) **Processing:** Production of grey fabric, its processing into various types of fabrics for sale as well as to manufacture home textile products
- c) **Overseas subsidiaries:** These subsidiaries are also in the textile business reselling product to the ultimate customers, imported from Parent Company

Transactions among the business segments are recorded at cost.

7.1 Segmental Profitability

	SPINNING		PROCESSING		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		ELIMINATION OF INTER SEGMENT TRANSACTION		TOTAL	
	For the nine months		For the nine months		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	Mar - 2012	Mar - 2011	Mar - 2012	Mar - 2011
Sales	7,329,287	7,903,294	13,537,370	14,171,895	329,083	285,309	1,010,838	1,291,865	(3,855,810)	(5,062,955)	18,350,768	18,589,408
Cost of Sales	7,379,764	7,170,279	11,028,920	11,712,671	265,686	232,999	958,990	1,245,339	(3,870,825)	(5,019,382)	15,762,535	15,341,906
Gross Profit	(50,477)	733,015	2,508,450	2,459,224	63,397	52,310	51,848	46,526	15,015	(43,573)	2,588,233	3,247,502
Administrative & Selling expenses	106,862	62,432	1,436,678	1,271,437	46,530	38,389	40,303	37,088	-	-	1,630,373	1,409,346
Profit before tax and unallocated expenses	(157,339)	670,583	1,071,772	1,187,787	16,867	13,921	11,545	9,438	15,015	(43,573)	957,860	1,838,156
Financial charges											1,057,714	755,181
Other operating expenses											-	77,695
Other operating income											(15,505)	(19,126)
Taxation											182,843	271,753
Profit after taxation											(267,192)	752,653

7.2 Segment assets and liabilities

	Spinning		Processing		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		Unallocated		TOTAL	
	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011	Mar - 2012	Jun- 2011
Assets	6,983,934	6,247,289	11,534,022	12,476,215	220,419	185,009	169,105	282,984	1,479,779	1,479,602	20,387,259	20,671,099
Liabilities	1,219,075	1,724,763	3,130,684	3,343,943	13,202	17,051	85,793	115,910	11,341,820	10,623,100	15,790,574	15,824,767

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

7.4 There is no transaction in GTM USA Corporation during the nine months period ended 31 March 2012

7.5 Information by geographical area

	Revenue		Non-current assets	
	Rs. 000s			
	Mar-12	Mar-11	Mar-12	Jun-11
Pakistan	7,597,996	6,696,839	6,759,806	6,729,653
United Kingdom	1,843,919	2,698,330	4,066	4,235
Germany	1,839,309	2,161,841		
China	1,524,245	1,874,417		
United State	1,309,835	799,336		
Netherland	683,885	985,826		
France	682,916	853,324		
United Arab Emirates	522,183	262,364	5,399	7,244
Other Countries	2,346,480	2,257,131		
	18,350,768	18,589,408	6,769,271	6,741,132

8. Transaction 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 Company	Nature of transaction	Mar-12	Mar-11
		Rs. 000s	
Associated Companies and Other related parties	Purchase of goods	35,371	19,561
	Sales of goods - net	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 Group 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 consolidated condensed interim financial information were authorised for issue on April 28, 2012 by the Board of Directors of the Group.

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 MOHAMMAD
Chairman and Chief Executive

ZAIN BASHIR
Director