



Quarterly Report

***Condensed Interim Financial Information
For The First Quarter Ended September 30, 2012***

Company Information

BOARD OF DIRECTORS	<p>BASHIR ALI MOHOMMED - Chairman & Chief Executive</p> <p>ZAIN BASHIR - Non Executive Director</p> <p>ZIAD BASHIR - Executive Director</p> <p>MOHAMMED ZAKI BASHIR - Executive Director</p> <p>ABDUL AZIZ YOUSUF - Executive Director</p> <p>S.M. NADIM SHAFIQULLAH - Independent Non Executive Director</p> <p>ABDUL RAZAK BRAMCHARI - Non Executive Director</p> <p>DR. AMJAD WAHEED - Independent Non Executive Director</p> <p>ADNAN AFRIDI - Independent Non Executive Director</p>
CHIEF FINANCIAL OFFICER	MOHAMMED SALEEM SATTAR
COMPANY SECRETARY	MOHAMMED SALIM GHAFAR
AUDIT COMMITTEE	<p>S.M. NADIM SHAFIQULLAH - Chairman & Member</p> <p>ZAIN BASHIR - Member</p> <p>MOHAMMED ZAKI BASHIR - Member</p> <p>ABDUL AZIZ YOUSUF - Secretary</p>
HUMAN RESOURCE AND REMUNERATION COMMITTEE	<p>ZAIN BASHIR - Member</p> <p>S.M. NADIM SHAFIQULLAH - Member</p> <p>ABDUL AZIZ YOUSUF - Member</p>
BANKERS	<p>ALLIED BANK LIMITED</p> <p>BANK AL HABIB LIMITED</p> <p>BARCLAYS BANK PLC PAKISTAN</p> <p>BANK ALFALAH LIMITED - ISLAMIC BANKING</p> <p>BANKISLAMI PAKISTAN LIMITED</p> <p>BURJ BANK LIMITED</p> <p>CITIBANK, N.A.</p> <p>DUBAI ISLAMIC BANK PAKISTAN LIMITED</p> <p>FAYSAL BANK LTD</p> <p>HABIB BANK LIMITED</p> <p>HABIB METROPOLITAN BANK LIMITED</p> <p>HSBC BANK MIDDLE EAST LIMITED</p> <p>MCB BANK LIMITED</p> <p>MEEZAN BANK LIMITED</p> <p>NATIONAL BANK OF PAKISTAN</p> <p>NIB BANK LIMITED</p> <p>SAMBA BANK LIMITED</p> <p>SILKBANK LIMITED</p> <p>STANDARD CHARTERED BANK (PAKISTAN) LIMITED</p> <p>UNITED BANK LIMITED</p>
AUDITORS	<p>HYDER BHIMJI & CO.</p> <p>Chartered Accountants</p>
INTERNAL AUDITORS	<p>ANJUM ASIM SHAHID RAHMAN</p> <p>Chartered Accountants</p>
LEGAL ADVISORS	<p>A.K. BROHI & CO</p> <p>ADVOCATES</p>
REGISTERED OFFICE	<p>PLOT NO.82</p> <p>MAIN NATIONAL HIGHWAY</p> <p>LANDHI, KARACHI-75120</p>
SHARE REGISTRAR	<p>FAMCO ASSOCIATES (PRIVATE) LIMITED</p> <p>1ST FLOOR, STATE LIFE BUILDING NO. 1-A</p> <p>OFF: I.I. CHUNDRIGAR ROAD, KARACHI-74000</p> <p>PHONE NO. (021)32427012,32426597 & 32425467</p> <p>FAX NO. (021)32426752</p>
MILLS	<p>LANDHI INDUSTRIAL AREA</p> <p>KARACHI-75120</p>
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 quarter ended September 30, 2012.

Economic and Industrial Review

The continuous fiscal imbalances have kept the country's economy on challenging front during the quarter.

Inflation has softened so far, due to lower food prices. As a result of lower inflation we have seen a further reduction in policy rate by 50 basis points to 10% by State Bank of Pakistan (total 2% reduction in FY 2013). This will help in reduction of financial costs of the industry. However, increase in the private sector investment is likely to depend on an enabling environment stemming from reduction in the energy deficit, resolution of the circular debt, reduction in the government budget deficit due to which banks are lending to government only, and realization of expected foreign financial inflows.

Financial Performance

During the quarter ended September 30, 2012, your Company achieved net sales of Rs. 5,799 million with gross profit of Rs. 898 million which is an increase of 24.49% (Rs. 176.69 million) as compared to the corresponding period. Financial performance during the quarter is given below:

	September 2012	September 2011
	Rs. In million	
Sales	5,799	5,696
Gross profit	898	722
Profit before tax after providing for depreciation / amortization of Rs. 182 million (2011: Rs. 176 million)	109	(53)
Profit after tax	66	(110)

Future Prospects

The business conditions will begin to get more favorable in the next quarter. The revaluation of the Chinese currency coupled with their escalating local costs will force retailers of Europe and USA to look elsewhere in the region with Pakistan being one of the likely beneficiaries. Organized retail is also rapidly growing in China and India engaging their manufacturing capacities for the domestic market leaving gaps in the export market for Pakistan to capitalize on.

We expect improvement in export demand from November 2012. We shall continue to focus on improvement of services to the customers, maintaining quality, product diversification and exploring new markets. Our sales in the madeups category to the US market are improving and the demand is evident. However, it takes a substantial amount of time for product development and sampling to materialize into large revenue generating orders. The Company's management is active in developing the North American market at a very fast pace. We are also rapidly diversifying our product range to enter into higher profit yielding segments. Apart from this our investments to increase spinning productivity by focusing on coarser counts is very beneficial for our yarn exports to China. These strategies coupled with stable cotton prices, lowering of borrowing cost and expected depreciation of the Rupee against the US Dollar will have a positive impact on the Company's performance.

Consolidated Financial Statements

Consolidated financial statements for the quarter ended September 30, 2012 of FY 2012-13 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 Mohommed
Chairman and Chief Executive

Karachi
October 25, 2012

**Unconsolidated Condensed Interim
Balance Sheet
As at September 30, 2012**

	September 2012	June 2012
	(Rs. 000s)	
EQUITY AND LIABILITIES		
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	1,269,571
Reserves	3,430,000	3,430,000
Accumulated loss	(161,109)	(227,062)
	4,538,462	4,472,509
NON-CURRENT LIABILITIES		
Long term financing	2,124,168	2,096,432
Deferred liabilities		
Deferred taxation - net	273,969	273,969
Staff retirement benefits	21,433	23,894
	295,402	297,863
CURRENT LIABILITIES		
Trade and other payables	3,039,314	2,702,707
Accrued mark-up	130,473	185,895
Short term borrowings	8,028,081	7,289,065
Current maturity of long term financing	604,762	664,636
Provision for Income tax - net of payment	3,868	9,651
	11,806,498	10,851,954
	18,764,530	17,718,758
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,883,512	6,828,920
Intangible assets	27,908	26,535
Long term investment	58,450	58,450
Long term loans and advances	2,301	2,900
Long term deposits	48,629	47,801
	7,020,800	6,964,606
CURRENT ASSETS		
Stores, spare parts and loose tools	840,043	739,986
Stock-in-trade	7,446,018	7,415,451
Trade debts	2,688,022	2,074,159
Loans and advances	284,836	169,612
Prepayments	75,002	27,361
Other receivables	173,169	182,699
Tax refunds due from government	43,728	24,871
Cash and bank balances	192,912	120,013
	11,743,730	10,754,152
	18,764,530	17,718,758

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

BASHIR ALI MOHAMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Unconsolidated Condensed Interim
Profit And Loss Account
For the First Quarter Ended September 30, 2012**

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	
Sales	5,799,242	5,695,555
Cost of sales		
Opening stock of finished goods	4,945,924	6,216,883
Cost of goods manufactured	4,807,123	4,620,502
Purchases and processing charges	770,071	492,700
Closing stock of finished goods	(5,622,173)	(6,356,139)
	<u>4,900,945</u>	<u>4,973,946</u>
Gross profit	898,297	721,609
Distribution cost	295,872	236,834
Administrative expenses	226,198	213,669
Other operating expenses	8,191	-
	<u>530,261</u>	<u>450,503</u>
	368,036	271,106
Other operating income	6,330	5,715
Operating profit	374,366	276,821
Finance cost	264,872	329,791
Profit/(loss) before taxation	109,494	(52,970)
Provision for taxation	43,541	57,013
Profit/(loss) after taxation	<u>65,953</u>	<u>(109,983)</u>
Earning/(loss) per share - basic and diluted (Rs.)	0.52	(0.87)

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

Gul Ahmed Textile Mills Limited
Unconsolidated Condensed Interim
Statement Of Comprehensive Income
For the First Quarter Ended September 30, 2012

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	<u>----- (Rs. 000s) -----</u>	
Profit/(loss) after taxation	65,953	(109,983)
Other comprehensive income - net of tax	-	-
Total comprehensive income	<u>65,953</u>	<u>(109,983)</u>

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

Gul Ahmed Textile Mills Limited
Unconsolidated Condensed Interim
Cash Flow Statement
For the First Quarter Ended September 30, 2012

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	109,494	(52,970)
Adjustments for:		
Depreciation	179,545	172,375
Amortisation	2,797	3,555
Gratuity	1,687	91
Finance cost	264,872	329,791
Provision for slow moving/obsolete items	3,072	2,576
Provision for doubtful debts	7,456	7,300
Profit on sale of property, plant and equipment	(4,278)	(4,030)
	<u>564,645</u>	<u>458,688</u>
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(103,129)	5,504
Stock-in-trade	(30,567)	1,098,064
Trade debts	(621,319)	(133,950)
Loans and advances	(115,224)	(163,114)
Prepayments	(47,641)	(44,144)
Other receivables	9,530	(20,519)
Tax refunds due from government	(18,857)	14,159
	<u>(927,207)</u>	<u>756,000</u>
Increase/(decrease) in current liabilities		
Trade and other payables	336,607	(92,881)
	<u>(590,600)</u>	<u>663,119</u>
Cash (used in)/ generated from operations	<u>(25,955)</u>	<u>1,121,807</u>
(Payments) for/ receipts from:		
Gratuity	(4,148)	(1,277)
Finance cost	(320,293)	(361,255)
Income tax paid	(49,324)	(50,076)
Long term loans and advances	599	(603)
Net cash (used in)/ generated from operating activities	<u>(399,121)</u>	<u>708,596</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(247,693)	(165,271)
Addition to intangible assets	(4,170)	(2,085)
Proceeds from sale of property, plant and equipment	17,833	7,684
Long term deposits	(828)	65
Net cash used in investing activities	<u>(234,858)</u>	<u>(159,607)</u>

Gul Ahmed Textile Mills Limited
Unconsolidated Condensed Interim
Cash Flow Statement
For the First Quarter Ended September 30, 2012

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans	181,705	607,987
Repayments of long term loans	(213,843)	(756,593)
Net cash used in financing activities	(32,138)	(148,606)
Net (decrease)/ increase in cash and cash equivalents	(666,116)	400,383
Cash and cash equivalents - at the beginning of the period	(7,169,052)	(9,675,835)
Cash and cash equivalents - at the end of the period	(7,835,169)	(9,275,452)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents include:		
Cash and bank balances	192,912	121,687
Short term borrowings	(8,028,081)	(9,397,139)
	(7,835,169)	(9,275,452)

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Unconsolidated Condensed Interim
Statement Of Changes In Equity
For the First Quarter Ended September 30, 2012**

	Share Capital	Revenue reserve	Capital reserve	Reserve for Issue of bonus shares	(Accumulated loss) / Unappropriated profit	Total
(Rs. 000s)						
Balance as at June 30, 2011	634,785	2,430,000	450,446	-	1,197,642	4,712,873
Total comprehensive income						
Loss for the first quarter ended September 30, 2011	-	-	-	-	(109,983)	(109,983)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(109,983)	(109,983)
Balance as at September 30, 2011	634,785	2,430,000	450,446	-	1,087,659	4,602,890
Transfer to reserve for issue of bonus shares	-	-	(450,446)	634,786	(184,340)	-
Transfer to revenue reserve	-	1,000,000	-	-	(1,000,000)	-
Transaction with owners						
Issuance of bonus shares for the year ended June 30, 2011	634,786	-	-	(634,786)	-	-
Total comprehensive income						
Loss for the period October 01, 2011 to June 30, 2012	-	-	-	-	(130,381)	(130,381)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(130,381)	(130,381)
Balance as at June 30, 2012	1,269,571	3,430,000	-	-	(227,062)	4,472,509
Total comprehensive income						
Profit for the first quarter ended September 30, 2012	-	-	-	-	65,953	65,953
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	65,953	65,953
Balance as at September 30, 2012	1,269,571	3,430,000	-	-	(161,109)	4,538,462

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Unconsolidated Condensed Interim
Notes To The Accounts
For the First Quarter Ended September 30, 2012**

1. THE COMPANY AND ITS OPERATIONS

Gul Ahmed Textile Mills Limited (The 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 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.

2. BASIS OF PREPERATION

These condensed interim financial information of the Company for the September 30, 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 September 30, 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 first quarter ended September 30 2012.

The comparatives balance sheet, presented in these condensed interim financial information, as at June 30, 2012 has been extracted from the audited financial statements of the Company for the year ended June 30, 2012 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 for the first quarter ended September 30, 2012 have been extracted from the condensed interim financial information of the Company for the first quarter ended September 30, 2011.

3. ACCOUNTING POLICIES

Accounting policies and method of computations adopted for 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, 2012.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2012 except as stated below, remained unchanged during the current period.

(a) Guarantees issued by Bank on behalf of the company as at period end for Rs.263 million (June-2012: Rs.260 million) were outstanding.

(b) Post dated cheques Rs.170 million (June-2012: Rs.153 million) issued to various Government Agencies.

(c) Bills discounted Rs. 776 million (June-2012: Rs. 1,731 million)

(d) Corporate guarantee of Rs. 98.898 million (June-2012: Rs. 96.965 million) has been issued to a bank in favour of subsidiary company.

Commitments

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

	September 2012	June 2012
	(Rs. 000s)	
- Capital expenditure	194,695	196,876
- Non capital expenditure items under letters of credits	142,440	373,728
	<u>337,135</u>	<u>570,604</u>

5. PROPERTY, PLANT AND EQUIPMENT

	September 2012	June 2012
	(Rs. 000s)	
Opening book value	6,606,533	6,582,082
Additions during the period		
Building on leasehold land	1,811	98,876
Plant and machinery	199,983	531,789
Office equipment	2,588	51,563
Furniture and fixtures	553	6,490
Transport equipment	18,013	99,020
	<u>222,948</u>	<u>787,738</u>
Book values of assets disposed-off during the period	(13,555)	(21,308)
Depreciation charge for the period	(179,545)	(741,979)
Book value of Operating Fixed Assets	<u>6,636,381</u>	<u>6,606,533</u>
Capital work in progress		
Opening		
Addition		
- Machinery	222,387	71,643
- Building	203,436	716,067
- Others	4,282	64,895
Transferred		
- Machinery	924	9,302
- Building	(183,898)	(540,890)
- Others	-	(82,617)
Closing	<u>247,131</u>	<u>(16,013)</u>
Total	<u>6,883,512</u>	<u>6,828,920</u>

6. 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.

6.1 Segmental profitability

	Spinning		Processing		Elimination Of Inter Segment Transaction			Total Company	
	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2011	Sep - 2012	Sep - 2011
	For the first quarter (Rs 000s)								
Sales	2,434,643	2,323,341	4,005,527	4,720,427	(640,928)	(1,348,213)		5,799,242	5,695,555
Cost of Sales	(2,221,793)	(2,468,953)	(3,320,080)	(3,853,206)	640,928	1,348,213		(4,900,945)	(4,973,946)
Gross Profit	212,850	(145,612)	685,447	867,221	-	-		898,297	721,609
Administrative & Selling expenses	52,177	21,049	469,893	429,454	-	-		522,070	450,503
Profit before tax and unallocated expenses	160,673	(166,661)	215,554	437,767	-	-		376,227	271,106
Financial charges								264,872	329,791
Other operating expenses								8,191	-
Other operating income								(6,330)	(5,715)
Profit Before Tax								109,494	(52,970)
Taxation								43,541	57,013
Profit/(loss) after tax								65,953	(109,983)

6.2 Segment assets and liabilities

	Spinning		Processing		Unallocated		Total Company	
	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012
	(Rs 000s)							
Assets	5,522,571	5,214,791	11,657,767	11,008,064	1,584,192	1,495,903	18,764,530	17,718,758
Liabilities	1,268,398	1,181,037	3,683,024	3,429,356	9,274,647	8,635,856	14,226,069	13,246,249

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

6.4 Information by geographical area

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>	<u>September</u> <u>2012</u>	<u>June</u> <u>2012</u>
	------(Rs. 000s)-----			
Pakistan	2,546,613	1,835,933	6,962,350	6,906,156
Germany	557,098	784,923	-	-
United Kingdom	499,440	702,104	-	-
United States	486,808	622,579	-	-
China	395,376	344,616	-	-
Netherland	271,201	277,647	-	-
Brazil	153,174	122,930	-	-
Russian Federation	141,149	38,540	-	-
France	130,927	267,607	-	-
Bulgaria	101,000	61,958	-	-
United Arab Emirates	70,100	63,222	58,450	58,450
Other countries	446,356	573,496	-	-
	5,799,242	5,695,555	7,020,800	6,964,606

7. 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</u> <u>the Company</u>	<u>Nature of transaction</u>	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
		------(Rs. in 000s)-----	
Subsidiaries	Purchase of goods	120	158
	Sales of goods	282,173	404,512
	Corporate guarantee issued in favour of Subsidiary Company (at period end)	98,898	92,443
Associated Companies and other related parties	Purchase of goods	10,215	7,960
	Sales of goods	313	-
	Rent paid	1,455	1,133
	Fee paid	1,250	1,000
	Deposit with bank (net change)	26,286	7,094
	Borrowing from bank (net change)	(26,852)	(82,206)
	Bank guarantee (at period end)	263,061	203,472
	Commission / Bank charges paid	2,339	4,536
	Mark up / interest charged	29,507	28,623
	Provident fund contribution	13,045	11,265

There are no transactions with directors of the Company and key management personnel other than those under the terms of employment amounting to Rs. 91 million (Sep-2011: 70 million) on account of remuneration and loans to key management personnel amounting to Rs. 4 million (Sep-2011: Rs. 8 million).

8. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 25 , 2012 by the Board of Directors of the Company.

9. 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 MOHAMMED
Chairman and Chief Executive

ZAIN BASHIR
Director



Consolidated Accounts

***Consolidated Condensed Interim Financial Information
For The First Quarter Ended September 30, 2012***

**Consolidated Condensed Interim
Balance Sheet
As At September 30, 2012**

	September 2012	June 2012
	(Rs. 000s)	
EQUITY AND LIABILITIES		
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	1,269,571
Reserves	3,511,642	3,507,237
Accumulated loss	(65,792)	(123,758)
	4,715,421	4,653,050
NON-CURRENT LIABILITIES		
Long term financing	2,124,168	2,096,432
Deferred Liabilities		
Deferred taxation - net	284,467	284,467
Staff retirement benefits	25,272	27,952
	309,739	312,419
CURRENT LIABILITIES		
Trade and other payables	3,043,430	2,703,860
Accrued mark-up	130,474	185,895
Short term borrowings	8,090,238	7,349,525
Current maturity of long term financing	604,762	664,636
Provision for Income tax - net of payment	5,550	11,293
	11,874,454	10,915,209
	19,023,782	17,977,110
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,894,279	6,839,436
Intangible assets	30,320	29,465
Long term loans and advances	2,301	2,900
Long term deposits	48,629	47,801
	6,975,529	6,919,602
CURRENT ASSETS		
Stores, spare parts and loose tools	840,043	739,986
Stock-in-trade	7,537,586	7,481,834
Trade debts	2,866,812	2,272,265
Loans and advances	291,599	175,611
Prepayments	85,986	39,487
Other receivables	173,169	182,699
Tax refunds due from government	44,891	25,903
Cash and bank balances	208,166	139,723
	12,048,252	11,057,508
	19,023,781	17,977,110

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Consolidated Condensed Interim
Profit And Loss Account
For The First Quarter Ended September 30, 2012**

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	
Sales	5,862,328	5,748,644
Cost of sales		
Opening stock of finished goods	5,012,307	6,312,737
Cost of goods manufactured	4,807,123	4,620,502
Purchases and processing charges	831,411	531,513
Closing stock of finished goods	(5,713,741)	(6,475,378)
	4,937,100	4,989,374
Gross profit	925,228	759,270
Distribution cost	300,579	241,020
Administrative expenses	256,017	236,357
Other operating expenses	8,193	-
	564,789	477,377
	360,439	281,893
Other operating income	6,485	6,225
Operating profit	366,924	288,118
Finance cost	265,402	340,227
Profit/(loss) before taxation	101,522	(52,109)
Provision for taxation	43,556	57,406
Profit/(loss) after taxation	57,966	(109,515)
Earning/(loss) per share - basic and diluted (Rs.)	0.46	(0.86)

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Consolidated Condensed Interim
Statement Of Comprehensive Income
For The First Quarter Ended September 30, 2012**

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	-----
Profit/(loss) after taxation	57,966	(109,515)
Foreign currency translation differences - Foreign operations	4,405	11,235
Total comprehensive income	<u>62,371</u>	<u>(98,280)</u>

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director



**Consolidated Condensed Interim
Cash Flow Statement
For The First Quarter Ended September 30, 2012**

	<u>September</u> 2012	<u>September</u> 2011
	----- (Rs. 000s) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	101,522	(52,109)
Adjustments for:		
Depreciation	181,129	173,122
Amortisation	3,315	3,997
Gratuity	1,468	406
Finance cost	265,402	340,227
Provision for slow moving/obsolete items	3,072	2,576
Provision for doubtful debts	7,456	7,300
Profit on sale of property, plant and equipment	(4,434)	(4,540)
	<u>558,930</u>	<u>470,979</u>
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(103,129)	5,504
Stock-in-trade	(55,752)	1,074,627
Trade debts	(602,003)	(91,905)
Loans and advances	(115,988)	(163,248)
Prepayments	(46,499)	(46,281)
Other receivables	9,530	(20,519)
Tax refunds due from government	(18,988)	13,414
	<u>(932,829)</u>	<u>771,592</u>
Increase/(decrease) in current liabilities		
Trade and other payables	339,570	(108,524)
	<u>(593,259)</u>	<u>663,068</u>
Cash (used in)/ generated from operations	<u>(34,329)</u>	<u>1,134,047</u>
(Payments) for/ receipts from:		
Gratuity	(4,148)	(1,277)
Finance cost	(320,823)	(371,690)
Income tax paid	(49,300)	(50,029)
Long term loans and advances	599	(603)
Net cash (used in)/ generated from operating activities	<u>(408,001)</u>	<u>710,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(249,527)	(168,257)
Addition to intangible assets	(4,170)	(2,085)
Proceeds from sale of property, plant and equipment	17,989	9,802
Long term deposits	(828)	65
Net cash used in investing activities	<u>(236,536)</u>	<u>(160,475)</u>

	<u>September</u> <u>2012</u>	<u>September</u> <u>2011</u>
	----- (Rs. 000s) -----	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term loans	181,705	607,987
Repayments of long term loans	(213,843)	(756,593)
Net cash used in financing activities	(32,138)	(148,606)
Exchange difference on translation of foreign subsidiaries	4,405	11,235
Net (decrease)/increase in cash and cash equivalents	(672,270)	412,602
Cash and cash equivalents - at the beginning of the period	(7,209,802)	(9,731,717)
Cash and cash equivalents - at the end of the period	<u>(7,882,072)</u>	<u>(9,319,115)</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents include:		
Cash and bank balances	208,166	149,200
Short term borrowings	<u>(8,090,238)</u>	<u>(9,468,315)</u>
	<u>(7,882,072)</u>	<u>(9,319,115)</u>

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

BASHIR ALI MOHOMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Consolidated Condensed Interim
Statement Of Changes In Equity
For The First Quarter Ended September 30, 2012**

	Share capital	Revenue reserve	Exchange difference on translation of foreign subsidiaries	Capital reserve	Statutory reserve	Reserve for Issue of Bonus Shares	(Accumulated loss) / Unappropriated profit	Total
-----Rs. 000s-----								
Balance as at June 30, 2011	634,785	2,430,000	44,788	450,446	8,290	-	1,278,023	4,846,332
Total comprehensive income								
Loss for the first quarter ended September 30, 2011	-	-	-	-	-	-	(109,515)	(109,515)
Other comprehensive income	-	-	11,235	-	-	-	-	11,235
Total comprehensive income for the period	-	-	11,235	-	-	-	(109,515)	(98,280)
Balance as at September 30, 2011	634,785	2,430,000	56,023	450,446	8,290	-	1,168,508	4,748,052
Transfer to reserve for issue of bonus shares	-	-	-	(450,446)	-	634,786	(184,340)	-
Transfer to revenue reserve	-	1,000,000	-	-	-	-	(1,000,000)	-
Transfer to statutory reserve	-	-	-	-	1,856	-	(1,856)	-
Transaction with owners								
Issuance of bonus shares for the year ended June 30, 2011	634,786					(634,786)	-	-
Total comprehensive income								
Loss for the period October 01, 2011 to June 30, 2012	-	-	-	-	-	-	(106,070)	(106,070)
Other comprehensive income	-	-	11,068	-	-	-	-	11,068
Total comprehensive income for the period	-	-	11,068	-	-	-	(106,070)	(95,002)
Balance as at June 30, 2012	1,269,571	3,430,000	67,091	-	10,146	-	(123,758)	4,653,050
Total comprehensive income								
Profit for the first quarter ended September 30, 2012	-	-	-	-	-	-	57,966	57,966
Other comprehensive income	-	-	4,405	-	-	-	-	4,405
Total comprehensive income for the period	-	-	4,405	-	-	-	57,966	62,371
Balance as at September 30, 2012	1,269,571	3,430,000	71,496	-	10,146	-	(65,792)	4,715,421

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

BASHIR ALI MOHAMMED
Chairman and Chief Executive

ZAIN BASHIR
Director

**Consolidated Condensed Interim
Notes To The Accounts
For The First Quarter Ended September 30, 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 Corp. - USA

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. is a wholly owned subsidiary of GTM (Europe) Limited.

Gul Ahmed Textile Mills Limited was incorporated on 1st April 1953 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. 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.

All three 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

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

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 September 30, 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 first quarter ended September 30, 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 September 30, 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 first quarter ended September 30, 2012.

The comparative balance sheet, presented in these consolidated condensed interim financial information, as at June 30, 2012 has been extracted from the audited financial statements of the Group for the year ended June 30, 2012 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 first quarter ended September 30, 2012 have been extracted from the consolidated condensed interim financial information of the Group for the first quarter ended September 30, 2011.

3. ACCOUNTING POLICIES

Accounting policies and method of computations adopted for the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2012.

4. CONTINGENCIES AND COMMITMENTS

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2012 except as stated below, remained unchanged during the current period.

- (a) Guarantees issued by Bank on behalf of the Group as at period end for Rs.263 million (June-2012: Rs.260 million) were outstanding.
- (b) Post dated cheques Rs. 170 million (June-2012: Rs.153 million) issued to various Government Agencies.
- (c) Bills discounted Rs. 776 million (June-2012: Rs. 1,731 million)
- (d) Corporate guarantee of Rs. 98.898 million (June-2012: Rs. 96.420) has been issued to a bank in favour of subsidiary company.

Commitments

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

	September 2012	June 2012
	(Rs. 000s)	
- Capital expenditure	194,695	196,876
- Non capital expenditure items under letters of credits	142,440	373,728
	<u>337,135</u>	<u>570,604</u>

5. PROPERTY, PLANT AND EQUIPMENT

Opening book value	6,613,267	6,589,869
Additions during the period		
Building on leasehold land	6,863	98,876
Plant and machinery	199,983	531,789
Office equipment	2,634	51,693
Furniture and fixtures	553	6,490
Transport equipment	18,013	102,605
	<u>228,046</u>	<u>791,453</u>
Book values of assets disposed-off during the period	(13,555)	(22,916)
Depreciation charge for the period	(180,610)	(745,139)
Book value of Operating Fixed Assets	<u>6,647,148</u>	<u>6,613,267</u>
Capital work in progress		
Opening	226,169	71,643
Addition	203,436	716,067
- Machinery	4,282	68,677
- Building	924	9,302
- Others	(183,898)	(540,890)
Transferred	(3,782)	(82,617)
- Machinery	-	(16,013)
- Building		
- Others		
Closing	<u>247,131</u>	<u>226,169</u>
Total	<u>6,894,279</u>	<u>6,839,436</u>

6. 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.

6.1 Segmental Profitability

	SPINNING		PROCESSING		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		ELIMINATION OF INTER SEGMENT TRANSACTION		TOTAL COMPANY	
	For the first quarter		For the first quarter		For the first quarter		For the first quarter		For the first quarter		For the first quarter		For the first quarter	
	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011	Sep - 2012	Sep - 2011
(Rs. 000s)														
Sales	2,434,643	2,323,341	4,005,527	4,720,427	113,892	129,559	239,447	329,179	3,174	-	(934,355)	(1,753,862)	5,862,328	5,748,644
Cost of Sales	2,221,793	2,468,953	3,320,080	3,853,206	93,069	107,465	233,585	315,621	-	-	(931,427)	(1,755,871)	4,937,100	4,988,374
Gross Profit	212,850	(145,612)	685,447	867,221	20,823	22,094	5,862	13,558	3,174	-	(2,928)	2,009	925,228	759,270
Administrative & Selling expenses	52,177	21,049	468,893	429,454	17,559	15,242	13,863	11,632	3,104	-	-	-	556,596	477,377
Profit before tax and unallocated expenses	160,673	(166,661)	215,554	437,767	3,264	6,852	(8,001)	1,926	70	-	(2,928)	2,009	368,632	281,893
Financial charges													265,402	340,227
Other operating expenses													8,193	-
Other operating income													(6,485)	(6,225)
Taxation													43,556	57,406
Profit after taxation													57,966	(109,515)

6.2 Segment assets and liabilities

	Spinning		Processing		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		Unallocated		Total Company	
	Jun- 2012		Jun- 2012		Jun- 2012		Jun- 2012		Jun- 2012		Jun- 2012		Jun- 2012	
	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012	Sep - 2012	Jun- 2012
Assets	5,522,571	5,214,791	1,478,798	10,811,953	238,366	208,829	191,483	236,046	8,371	9,588	1,584,192	1,495,903	19,023,781	17,977,110
Liabilities	1,268,398	1,181,037	3,661,133	3,409,313	23,334	15,056	79,998	80,173	851	2,625	9,274,647	8,635,856	14,308,361	13,324,060

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

6.4 Information by geographical area

	<u>Revenue</u>		<u>Non-current assets</u>	
	September 2012	September 2011	September 2012	June 2012
	<hr style="border-top: 1px dashed black;"/> (Rs. 000s) <hr style="border-top: 1px dashed black;"/>			
Pakistan	2,540,558	1,835,933	6,962,350	6,906,156
Germany	557,098	784,923	-	-
United Kingdom	529,298	667,373	3,122	3,621
United States	493,173	622,579	4,737	3,782
China	395,376	344,616	-	-
Netherland	271,201	277,647	-	-
Brazil	153,174	122,930	-	-
Russian Federation	141,149	38,540	-	-
France	130,927	267,607	-	-
Bulgaria	101,000	61,958	-	-
United Arab Emirates	99,436	129,559	5,320	6,043
Other Countries	449,938	594,979	-	-
Total	5,862,328	5,748,644	6,975,529	6,919,602

7. 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.

<u>Relationship with the Company</u>	<u>Nature of transaction</u>	September 2012	September 2011
		<hr style="border-top: 1px dashed black;"/> (Rs. 000s) <hr style="border-top: 1px dashed black;"/>	
Associated Companies and Other related parties	Purchase of goods	10,215	7,960
	Sales of goods - net	313	-
	Rent paid	1,455	1,133
	Fees paid	1,250	1,000
	Deposit with bank (net change)	26,286	7,094
	Borrowing from bank (net change)	(26,852)	(82,206)
	Bank guarantee (at period end)	263,061	203,472
	Commission / bank charges paid	2,339	4,536
	Mark up / interest charged	29,507	28,623
	Provident fund contribution	13,045	11,265

There are no transactions with directors of the Group and key management personnel other than those under the terms of employment amounting to Rs. 99 million (Sep-2011: 78 million) on account of remuneration and loans to key management personnel amounting to Rs. 4 million (Sep-2011: Rs. 8 million).

8. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 25, 2012 by the Board of Directors of the Group.

9. 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 MOHAMMED
Chairman and Chief Executive

ZAIN BASHIR
Director