



## *Quarterly Report*



*Condensed Interim Financial Information  
For The Nine Months Ended March 31, 2016*

## Company Information

BOARD OF DIRECTORS	MOHOMED BASHIR	- Chairman
	ZAIN BASHIR	- Vice Chairman/ Executive Director
	MOHAMMED ZAKI BASHIR	- Chief Executive Officer
	ZIAD BASHIR	- Non Executive
	S.M. NADIM SHAFIQULLAH	- Independent
	DR. AMJAD WAHEED	- Independent
CHIEF FINANCIAL OFFICER	MOHAMMED SALEEM SATTAR	
COMPANY SECRETARY	MOHAMMED SALIM GHAFAR	
AUDIT COMMITTEE	S.M. NADIM SHAFIQULLAH	- Chairman & Member
	MOHOMED BASHIR	- Member
	MOHAMMED SALIM GHAFAR	- Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MOHOMED BASHIR	- Chairman & Member
	ZAIN BASHIR	- Member
	S.M. NADIM SHAFIQULLAH	- Member
	MOHAMMED SALIM GHAFAR	- Secretary
BANKERS	ALLIED BANK LIMITED	
	BANK AL HABIB LIMITED	
	ASKARI BANK LIMITED	
	AL BARAKA BANK (PAKISTAN) LIMITED	
	BANK ALFALAH LIMITED	
	BANKISLAMI PAKISTAN LIMITED	
	BURJ BANK LIMITED	
	THE BANK OF PUNJAB	
	DUBAI ISLAMIC BANK PAKISTAN LIMITED	
	FAYSAL BANK LIMITED	
	HABIB BANK LIMITED	
	HABIB METROPOLITAN BANK LIMITED	
	MCB BANK LIMITED	
	MEEZAN BANK LIMITED	
	NATIONAL BANK OF PAKISTAN	
	NIB BANK LIMITED	
	SAMBA BANK LIMITED	
	SILKBANK LIMITED	
	SONERI BANK LIMITED	
	STANDARD CHARTERED BANK (PAKISTAN) LIMITED	
	UNITED BANK LIMITED	
AUDITORS	KRESTON HYDER BHIMJI & CO. Chartered Accountants	
INTERNAL AUDITORS	GRANT THORNTON ANJUM 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 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	
MILLS	LANDHI INDUSTRIAL AREA, KARACHI-75120	
E-MAIL	finance@gulahmed.com	
URL	www.gulahmed.com	



## Directors' Review

The Directors of your Company are pleased to present review of affairs of the Company for the nine months ended March 31, 2016.

## Economic and Industrial Review

During the current fiscal year (FY), Pakistan's economy is improving due to increase in foreign exchange reserves and lower inflation, mainly due to lower oil and commodity prices. The positive impact has improved due to lower interest rates and stabilization of PKR. However, major challenges like broadening the tax base, declining exports, energy shortfalls and losses by public sector enterprises continue.

Large scale manufacturing grew by 4.1% in July - January, 2016 as compared to growth of 2.5% in corresponding period mainly due to performance of automobile, cement and fertilizer sectors. Total exports of the country during July to February, 2016 was USD 14.39 billion as compared to USD 15.99 billion during the corresponding period, recording a decline of approximately 10%.

The textile sector's performance has also remained sluggish over the last past few years, it grew marginally by 0.6% in July - Jan 2016 as compared to 0.3% in the same period last year. The growth could have been higher but we lost our export competitiveness in the region mainly due to higher input cost, shortage of energy and over-valued currency.

## Financial Performance

Overall sales have reduced by 10% over the corresponding period due to volume of orders and change in buyers/product mix as mentioned in prior report. Despite decrease in sales, gross profit (GP) margin has increased by 7% from 17% over the corresponding period. The growth in GP is a combined effect of rationalization and improvement of processes, change of inefficient machineries, reduced reliance on outside processing, besides a marginal impact of change in product mix. This has resulted in 65% increase in profit before tax (PBT) which has increased by Rs. 392 million when compared with corresponding period of last year. Lower interest rates has also helped to improve the PBT. Resultantly, Earnings per Share (EPS) has increased to Rs. 4.02 in the nine months of current FY as compared to Rs. 1.97 in the corresponding period.

Description	Units	Nine Months Ended	
		July to March	July to March
		2016	2015
Total Sales	Rs. in millions	22,265	24,876
Gross Profit	Rs. in millions	5,357	4,301
Profit before tax (PBT)	Rs. in millions	993	601
Profit after tax (PAT)	Rs. in millions	918	451
EBITDA	Rs. in millions	2,493	2,346
EPS	Rupees	4.02	1.97
Break-up-value per	Rupees	32.89	30.76



The Board is pleased to announce second interim cash dividend of 10% (Rs. 1.00 per share).

**Future Prospects**

The Company's exports performance is largely dependent on increase in external demand, and governmental support in policy implementation. Your Company is looking forward to capitalizing the untapped local market along with aggressively reaching out to new customers, by increasing market share in Europe and USA. We are optimistic about the increase in profits due to our efforts to improve processes and human resources, and efforts to rationalize costs, and further replacement of inefficient machinery. We are confident with the blessings of Almighty Allah to atleast maintain our profitability.

**Consolidated Financial Statements**

Consolidated financial statements for the nine months ended March 31, 2016 of FY 2015-16 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

Mohammed Zaki Bashir  
Chief Executive Officer

Karachi  
April 23, 2016



**Condensed Interim Un-consolidated  
Balance Sheet  
As at March 31, 2016**

		Un-Audited	Audited
		March	June
	Note	2016	2015
		Rupees in thousand	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
400,000,000 (2015: 400,000,000) ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital		2,285,228	2,285,228
228,522,772 (2015: 228,522,772) ordinary shares of Rs. 10 each			
Revenue reserves		4,480,000	4,230,000
Unappropriated profit		751,140	654,244
		7,516,368	7,169,472
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured		4,036,098	2,407,732
Deferred liabilities			
Deferred taxation - net		284,840	350,339
Staff retirement benefits		42,886	43,951
		327,726	394,290
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	5,055,357	5,213,190
Accrued mark-up/profit		126,595	206,481
Short term borrowings		13,696,272	8,838,174
Current maturity of long term financing		331,936	714,008
		19,210,160	14,971,853
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	31,090,352	24,943,347
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	11,023,380	9,038,685
Intangible assets	7	14,217	11,481
Long term investment		58,450	58,450
Long term loans and advances		16,853	12,859
Long term deposits		108,768	93,572
		11,221,668	9,215,047
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		882,565	699,062
Stock-in-trade		14,193,405	11,283,818
Trade debts		2,443,951	1,913,872
Loans and advances		735,973	354,124
Short term prepayments		106,830	96,798
Other receivables		310,005	331,399
Tax refunds due from Government		657,411	750,196
Income tax refundable-payments less provision		282,163	181,730
Cash and bank balances		256,381	117,301
		19,868,684	15,728,300
		31,090,352	24,943,347

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



**MOHAMED BASHIR**  
Chairman



**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

**Condensed Interim Un-Consolidated  
Profit And Loss Account  
For The Nine Months Ended March 31, 2016**

Note	Un-Audited			
	Nine months ended		Quarter ended	
	July to March 2016	July to March 2015	January to March 2016	January to March 2015
	Rupees in thousand			
Sales	22,264,703	24,876,390	8,507,791	8,616,455
Cost of sales				
Opening stock of finished goods	8,970,687	8,658,343	10,574,636	9,089,752
Cost of goods manufactured	14,486,910	16,736,064	4,897,816	5,625,182
Purchases and processing charges	4,096,165	4,380,163	1,522,843	1,539,567
Closing stock of finished goods	(10,646,345)	(9,199,661)	(10,646,345)	(9,199,661)
	16,907,417	20,574,909	6,348,950	7,054,840
Gross profit	5,357,286	4,301,481	2,158,841	1,561,615
Distribution cost	2,323,705	1,658,838	920,911	639,329
Administrative expenses	1,322,526	1,147,989	471,439	411,851
Other operating expenses	106,613	45,265	41,768	21,057
	3,752,844	2,852,092	1,434,118	1,072,237
	1,604,442	1,449,389	724,723	489,378
Other income	84,113	188,557	36,715	97,282
Operating profit	1,688,555	1,637,946	761,438	586,660
Finance cost	695,795	1,036,801	217,154	306,385
Profit before taxation	992,760	601,145	544,284	280,275
Provision for taxation				
- Current	140,055	145,843	53,762	55,150
- Deferred	(65,499)	4,632	(5,081)	26,660
	74,556	150,475	48,681	81,810
Profit after taxation	918,204	450,670	495,603	198,465
Earnings per share - basic and diluted (Rs.)	4.02	1.97	2.17	0.87

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

  
MOHOMED BASHIR  
Chairman

  
MOHAMMED ZAKI BASHIR  
Chief Executive Officer



**Condensed Interim Un-Consolidated  
Statement of Comprehensive Income  
For The Nine Months Ended March 31, 2016**

	Un-Audited			
	Nine months ended		Quarter ended	
	July to March 2016	July to March 2015	January to March 2016	January to March 2015
	Rupees in thousand			
Profit after taxation	918,204	450,670	495,603	198,465
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>918,204</u>	<u>450,670</u>	<u>495,603</u>	<u>198,465</u>

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

  
**MOHOMED BASHIR**  
Chairman

  
**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer


**Condensed Interim Un-Consolidated  
Cash Flow Statement  
For The Nine Months Ended March 31, 2016**

	Note	Un-Audited	
		March 2016	March 2015
		Rupees in thousand	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		992,760	601,145
Adjustments for:			
Depreciation	6.3	800,738	699,401
Amortisation	7.2	3,874	8,407
Provision for gratuity		25,462	33,661
Finance cost		695,795	1,036,801
Net unrealized loss / (gain) on revaluation of investment		-	5,123
Provision for slow moving/obsolete items		7,984	11,258
Provision for doubtful debts		16,369	22,369
Loss on sale of property, plant and equipment		33,036	712
Gain on sale of property, plant and equipment		(11,464)	(25,374)
		<u>1,571,794</u>	<u>1,792,358</u>
Cash flows from operating activities before adjustments of working capital		2,564,554	2,393,503
Changes in working capital:			
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		(191,487)	20,972
Stock-in-trade		(2,909,587)	(459,754)
Trade debts		(546,448)	(823,390)
Loans and advances		(381,849)	(116,820)
Short term prepayments		(10,032)	(337,267)
Other receivables		21,394	(145,235)
Tax refunds due from Government		274,515	91,662
		<u>(3,743,494)</u>	<u>(1,769,832)</u>
(Decrease) in current liabilities			
Trade and other payables		(390,346)	(1,060,933)
		<u>(4,133,840)</u>	<u>(2,830,765)</u>
Cash used in operations		<u>(1,569,286)</u>	<u>(437,262)</u>
Adjustments for:			
Gratuity paid		(26,527)	(30,877)
Finance cost paid		(775,681)	(1,023,010)
Income tax paid		(422,218)	(316,485)
Long term loans and advances disbursed - net		(3,994)	(2,842)
Long term deposits paid - net		(15,196)	(12,028)
		<u>(1,243,616)</u>	<u>(1,385,242)</u>
Net cash used in operating activities		<u>(2,812,902)</u>	<u>(1,822,504)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment	6	(2,849,701)	(1,387,922)
Addition to intangible assets	7.1	(6,610)	-
Proceeds from sale of property, plant and equipment		42,696	48,660
Short term investments made during the period		-	(500,000)
Net cash used in investing activities		<u>(2,813,615)</u>	<u>(1,839,262)</u>



**Condensed Interim Un-Consolidated  
Cash Flow Statement  
For The Nine Months Ended March 31, 2016**

	Note	Un-Audited	
		March 2016	March 2015
		Rupees in thousand	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,918,646	847,457
Repayments of long term financing		(1,672,352)	(474,970)
Dividend paid		(338,795)	(80,959)
Net cash generated from financing activities		907,499	291,528
<b>Net decrease in cash and cash equivalents</b>		<b>(4,719,018)</b>	<b>(3,370,238)</b>
Cash and cash equivalents - at the beginning of the period		(8,720,873)	(7,714,816)
<b>Cash and cash equivalents - at the end of the period</b>	<b>8</b>	<b>(13,439,891)</b>	<b>(11,085,054)</b>

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

  
**MOHOMED BASHIR**  
Chairman

  
**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer



**Condensed Interim Un-Consolidated  
Statement of Changes in Equity  
For The Nine Months Ended March 31, 2016**

	Share Capital	Revenue reserve	Unappropriated profit	Total
	Rupees in thousand			
Balance as at June 30, 2014 (Audited)	1,828,182	3,580,000	1,251,721	6,659,903
Transfer to revenue reserve	-	650,000	(650,000)	-
Transaction with owners				
Issue of bonus shares for the year ended June 30, 2014	457,046	-	(457,046)	-
Final dividend for the year ended June 30, 2014	-	-	(80,959)	(80,959)
Total comprehensive income for the nine months ended March 2015 (un-audited)				
Profit after taxation	-	-	450,670	450,670
Other comprehensive income	-	-	-	-
	-	-	450,670	450,670
Balance as at Mar 31, 2015 (Un-audited)	2,285,228	4,230,000	514,386	7,029,614
Total comprehensive income for the period April 2015 to June 2015				
Profit after taxation	-	-	154,273	154,273
Other comprehensive income	-	-	(14,415)	(14,415)
	-	-	139,858	139,858
Balance as at June 30, 2015 (Audited)	2,285,228	4,230,000	654,244	7,169,472
Transfer to revenue reserve	-	250,000	(250,000)	-
Transaction with owners				
Final dividend for the year ended June 30, 2015	-	-	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015	-	-	(228,523)	(228,523)
Total comprehensive income for the nine months ended March 2016 (un-audited)				
Profit after taxation	-	-	918,204	918,204
Other comprehensive income	-	-	-	-
	-	-	918,204	918,204
Balance as at March 31, 2016 (Un-audited)	2,285,228	4,480,000	751,140	7,516,368

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

  
MOHOMED BASHIR  
Chairman

  
MOHAMMED ZAKI BASHIR  
Chief Executive Officer



**Notes to the Condensed Interim Un-consolidated  
Financial Information (Un-audited)  
For The Nine Months Ended March 31, 2016**

**1 LEGAL STATUS AND ITS OPERATIONS**

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 in Pakistan Stock Exchange. 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. 62, Main National Highway, Landhi, Karachi.

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

Details of Subsidiaries of the Company are as under:

	<u>Date of Incorporation</u>	<u>% Holding</u>	<u>Country of Incorporation</u>
Gul Ahmed International Limited	November 27, 2002	100%	U.A.E
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	100%	U.K
GTM USA Corp.- Indirect Subsidiary	March 19, 2012	100%	U.S.A

**2 BASIS OF PREPERATION**

These condensed interim un-consolidated financial information of the Company for the nine months ended March 31, 2016 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 un-consolidated financial information comprise of the condensed interim un-consolidated balance sheet as at March 31, 2016 and the condensed interim un-consolidated profit and loss account, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated cash flow statement and condensed interim un-consolidated statement of changes in equity, together with the notes forming part thereof, for the nine months ended March 31, 2016.

The comparative balance sheet, presented in these condensed interim un-consolidated financial information, as at June 30, 2015 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2015, whereas the comparative condensed interim un-consolidated profit and loss account, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated cash flow statement and condensed interim un-consolidated statement of changes in equity for the nine months ended March 31, 2016 have been extracted from the condensed interim un-consolidated financial information of the Company for the nine months ended March 31, 2015.

These condensed interim unconsolidated financial information 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, 2015.

**Adoption of Standards, Amendments and Interpretations to Approved Accounting Standards**

The following new standards, amendments to published standards and interpretations of IFRSs became effective during the current period; however, they are either irrelevant or does not have any significant impact on Company's condensed interim un-consolidated financial information.

<u>Standard or Interpretation</u>	<u>Effective Date</u>
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 27 - Separate Financial Statements	January 1, 2015



### 3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim un-consolidated financial information as those applied in the preparation of un-consolidated financial statements for the year ended June 30, 2015.

### 4 TRADE AND OTHER PAYABLES

Trade and other payables include provisions of Rs. 67.079 Million and Rs. 86.080 million in respect of increase in gas tariff rate and charging captive power tariff instead of industry tariff rate to the company, respectively. The Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the notifications and the Court has already passed interim orders to suspend the operation of the notifications and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notifications and restrained from taking any coercive action against the Company. However the Company as a matter of prudence accounted for these in the condensed interim unconsolidated financial information.

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2015 remained unchanged during the current period.

#### Guarantees

- The guarantees issued by banks on behalf of company as at period end for Rs. 686 million (June 2015: Rs. 656 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 618 million (June 2015: Rs. 588 million).
- Post dated cheques Rs. 921 million (June-2015: Rs. 462 million) issued to various Government Agencies.
- Bills discounted Rs. 2,117 million (June-2015: Rs. 1,818 million).
- Corporate guarantee of Rs. 96,873 million (June-2015: Rs. 96,873 million) has been issued to a bank in favor of subsidiary company.

#### Commitments

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

	Un-Audited	Audited
	March	June
	2016	2015
	Rupees in thousand	
- Capital expenditure	2,678,505	1,334,531
- Non capital expenditure items under letters of credits	976,185	1,999,976
	<u>3,654,690</u>	<u>3,334,507</u>

- The Company is committed to minimum rental payments for each of the following period as follows:

	Un-Audited	Audited
	March	June
	2016	2015
	Rupees in thousand	
Not more than one year	476,343	408,079
More than one year but not more than five years	1,595,726	1,486,287
More than five years	938,855	939,586
	<u>3,010,924</u>	<u>2,833,952</u>



## 6 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-Audited March 2016	Audited June 2015
Rupees in thousand			
Operating assets - net book value	6.1 & 6.2	9,756,145	8,701,473
Capital work in progress - at cost	6.4	1,267,235	337,212
		<u>11,023,380</u>	<u>9,038,685</u>

	Un-Audited Nine months ended March 31, 2016	Nine months ended March 31, 2015
Rupees in thousand		
Buildings and structures on leasehold land	444,919	521,688
Plant and machinery	1,188,157	1,033,465
Furniture and fixtures	4,303	681
Office equipment	81,137	37,323
Vehicles	201,162	78,424
	<u>1,919,678</u>	<u>1,671,581</u>

6.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 408,144 million, Rs. 1,022,411 million and Rs. 14,468 million (March-2015: Rs. 433,160 million, Rs. 899,090 million and Rs. 5,014 million).

	Un-Audited Nine months ended March 31, 2016	Nine months ended March 31, 2015
Rupees in thousand		
6.2 Disposals - operating fixed assets (at net book value)		
Buildings and structures on leasehold land	-	-
Plant and machinery	54,725	9,076
Furniture and fixtures	1	-
Office equipment	332	-
Vehicles	9,210	14,922
	<u>64,268</u>	<u>23,998</u>

6.2.1 Disposals include assets scrapped during the period of Rs. Nil (March-15: Rs. Nil).

	Un-Audited Nine months ended March 31, 2016	Nine months ended March 31, 2015
Rupees in thousand		
6.3 Depreciation charge during the period	<u>800,738</u>	<u>699,401</u>
6.4 Additions - capital work in progress (at cost)		
Machinery	1,649,546	661,552
Building	713,607	379,545
Others	11,893	12,508
	<u>2,375,046</u>	<u>1,053,605</u>



	Note	Un-Audited March 2016	Audited June 2015
Rupees in thousand			
7 INTANGIBLE ASSETS			
Intangible - net book value	7.1 & 7.2	14,217	11,481
Un-Audited			
		Nine months ended March 31, 2016	Nine months ended March 31, 2015
Rupees in thousand			
7.1 Additions - intangibles (at cost)		6,610	-
Computer Software			
7.2 Amortization charge during the period		3,874	8,407
Un-Audited			
		March 2016	March 2015
Rupees in thousand			
8 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		256,381	224,709
Short term borrowings		(13,696,272)	(11,309,763)
		(13,439,891)	(11,085,054)

#### 9 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.



## 10 SEGMENT INFORMATION

The Company has the following two reportable business segments:

- Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- Other Than Spinning :** Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-up and home textile products.

Transactions among the business segments are recorded at cost.

### 10.1 Segmental profitability

	Spinning		Other Than Spinning		Elimination Of Inter Segment Transaction		Total Company	
	Nine months ended March 31, 2016(Un-audited)							
	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015
	Rupees in thousand							
Sales	4,639,199	6,867,553	21,088,939	21,707,706	(3,463,435)	(3,698,869)	22,264,703	24,876,390
Cost of Sales	4,447,117	6,581,485	15,923,735	17,692,293	(3,463,435)	(3,698,869)	16,907,417	20,574,909
Gross Profit	192,082	286,068	5,165,204	4,015,413	-	-	5,357,286	4,301,481
Distribution and Administrative expenses	154,627	155,161	3,491,604	2,651,666	-	-	3,646,231	2,806,827
Profit before tax and before charging following	37,455	130,907	1,673,600	1,363,747	-	-	1,711,055	1,494,654
Financial charges							695,795	1,036,801
Other operating expenses							106,613	45,265
Other income							(84,113)	(188,557)
							718,295	893,509
Profit Before Tax							992,760	601,145
Taxation							74,556	150,475
Profit after tax							918,204	450,670

## 10.5 Information by geographical area

	Revenue		Non-current assets	
	For the nine months ended (Un-audited)		Un-Audited	Audited
	March - 2016	March - 2015	March - 2016	Jun - 2015
	Rupees in thousand			
Pakistan	8,685,538	8,384,781	11,163,218	9,156,597
Germany	3,218,124	4,468,100	-	-
United Kingdom	1,499,707	1,371,182	-	-
United States	2,144,077	2,345,294	-	-
China	408,062	1,389,816	-	-
Netherland	1,164,041	1,514,286	-	-
France	1,080,972	1,479,894	-	-
Brazil	56,382	126,131	-	-
United Arab Emirates	103,042	112,715	58,450	58,450
Other Countries	3,904,758	3,684,191	-	-
	22,264,703	24,876,390	11,221,668	9,215,047

## 11 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	
		Mar - 2016	Mar - 2015
		Rupees in thousand	
Subsidiaries	Sale of goods	811,264	200,221
	Commission paid	125,182	99,528
Associated Companies and other related parties	Purchase of goods	34,095	36,619
	Sale of goods	3,277	3,436
	Rent paid	12,150	5,850
	Fees paid	1,500	1,500
	Donation paid	-	6,000
	Commission / Rebate	847	5,532
	Bills discounted	3,216,924	2,003,909
	Commission / Bank charges paid	20,476	26,430
	Mark up / Interest charged	43,531	67,394
	Provident fund contribution	80,215	66,403
	Dividend paid	10,452	147
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Mar - 2016	Jun - 2015
		Rupees in thousand	
Subsidiaries and indirect subsidiaries	Corporate guarantee issued in favor of subsidiary company	96,873	96,873
	Long term investment	58,450	58,450
	Trade debts	460,168	245,485
	Advances to suppliers	468	10,074
Associated companies and others related parties	Deposit with banks	17,552	18,486
	Borrowings from Banks	609,011	1,149,965
	Bank guarantee	617,583	587,583
	Trade & other payable	1,374	11,793
	Trade debts	1,427	1,427
	Accrued mark-up	3,123	23,116
	Loans to key management personnel & executive	29,352	20,725
	Payable to employee's provident fund	40,560	2,158



There are no transactions with directors of the Company and key management personnel other than those under the terms of employment for the period ended Mar-2016 amounting to Rs. 780 million (Mar-2015: Rs. 460 million) on account of remuneration.

## 12 EVENT AFTER BALANCE SHEET DATE

### Subsequent Effects

The Board of Directors of the Company in its meeting held on April 23, 2016 has declared the following:

#### a) Dividend

Your directors have decided to pay interim cash dividend @ Re. 1.00 i.e. 10% for the nine months period ended March 31, 2016.

## 13 DATE OF AUTHORISATION

These condensed interim unconsolidated financial information were authorised by the Board of Directors of the Company in their meeting held on April 23, 2016.

## 14 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, unless otherwise specified.



**MOHOMED BASHIR**  
Chairman



**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer





# ***Consolidated Accounts***

***Consolidated Condensed Interim Financial Information  
For The Nine Months Ended March 31, 2016***

**Condensed Interim Consolidated  
Balance Sheet  
As at March 31, 2016**

	Note	Un-Audited March 2016 Rupees in thousand	Audited June 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 400,000,000 (2015: 400,000,000) ordinary shares of Rs. 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital 228,522,772 (2015: 228,522,772) ordinary shares of Rs. 10 each		2,285,228	2,285,228
Reserves		4,610,849	4,350,852
Unappropriated profit		908,400	746,279
		7,804,477	7,382,359
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - Secured		4,036,098	2,407,732
Deferred liabilities			
Deferred taxation - net		291,034	356,354
Staff retirement benefits		48,641	48,833
		339,675	405,187
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	5,204,661	5,393,287
Accrued mark-up/profit		126,595	206,481
Short term borrowings		13,696,272	8,838,174
Current maturity of long term financing		331,936	714,008
		19,359,464	15,151,950
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
		31,539,714	25,347,228
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	11,040,629	9,049,142
Intangible assets	7	21,406	15,834
Long term loans and advances		16,853	12,859
Long term deposits		108,768	93,572
		11,187,656	9,171,407
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		882,665	699,062
Stock-in-trade		14,396,206	11,461,198
Trade debts		2,653,021	2,152,073
Loans and advances		742,169	349,247
Short term prepayments		126,032	114,984
Other receivables		324,169	331,399
Tax refunds due from Government		657,411	750,196
Income tax refundable-payments less provision		282,163	181,730
Cash and bank balances		288,322	135,952
		20,352,058	16,175,821
		31,539,714	25,347,228

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

  
**MOHOMED BASHIR**  
Chairman

  
**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer



**Condensed Interim Consolidated  
Profit And Loss Account  
For The Nine Months Ended March 31, 2016**

Note	Un-Audited			
	Nine months ended		Quarter ended	
	July to March 2016	July to March 2015	January to March 2016	January to March 2015
	Rupees in thousand			
Sales	22,947,756	25,515,654	8,730,720	8,796,468
Cost of sales				
Opening stock of finished goods	9,148,067	8,873,680	10,760,115	9,241,257
Cost of goods manufactured	14,486,910	16,736,064	4,897,816	5,625,182
Purchases and processing charges	4,504,360	4,749,699	1,544,740	1,675,614
Closing stock of finished goods	(10,844,445)	(9,391,209)	(10,844,445)	(9,391,209)
	17,294,892	20,968,234	6,458,226	7,150,844
Gross profit	5,652,864	4,547,420	2,272,494	1,645,624
Distribution cost	2,335,542	1,694,539	923,840	651,592
Administrative expenses	1,514,578	1,348,756	538,008	472,644
Other operating expenses	106,613	45,265	41,768	21,057
	3,956,733	3,088,560	1,503,616	1,145,293
	1,696,131	1,458,860	768,878	500,331
Other income	84,113	188,557	36,715	97,282
Operating profit	1,780,244	1,647,417	805,593	597,613
Finance cost	721,798	1,053,098	233,955	304,991
Profit before taxation	1,058,446	594,319	571,638	292,622
Provision for taxation				
- Current	140,515	145,958	53,767	55,155
- Deferred	(65,499)	4,632	(5,081)	26,680
	75,016	150,590	48,686	81,815
Profit after taxation	983,430	443,729	522,952	210,807
Earning per share - basic and diluted (Rs.)	4.30	1.94	2.29	0.92

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

  
MOHOMED BASHIR  
Chairman

  
MOHAMMED ZAKI BASHIR  
Chief Executive Officer



Condensed Interim Consolidated  
Statement of Comprehensive Income  
For The Nine Months Ended March 31, 2016

	Un-Audited			
	Nine months ended		Quarter ended	
	July to March 2016	July to March 2015	January to March 2016	January to March 2015
	Rupees in thousand			
Profit after taxation	983,430	443,729	522,952	210,807
Other comprehensive income				
Foreign currency translation differences - Foreign operations	9,997	11,305	(1,312)	391
Total comprehensive income	993,427	455,034	521,640	211,198

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



MOHOMED BASHIR  
Chairman



MOHAMMED ZAKI BASHIR  
Chief Executive Officer



**Condensed Interim Consolidated  
Cash Flow Statement  
For The Nine Months Ended March 31, 2016**

		Un-Audited	
	Note	March 2016	March 2015
Rupees in thousand			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,058,446	594,319
Adjustments for:			
Depreciation	6.3	804,707	703,439
Amortisation	7.2	4,808	9,351
Provision for gratuity		26,335	33,661
Finance cost		721,798	1,053,098
Net unrealized loss / (gain) on revaluation of investment		-	5,123
Provision for slow moving/obsolete items		7,984	11,258
Provision for doubtful debts		16,369	22,369
Loss on sale of property, plant and equipment		33,036	712
Gain on sale of property, plant and equipment		(11,464)	(25,374)
		1,603,573	1,813,637
Cash flows from operating activities before adjustments of working capital		2,662,019	2,407,956
Changes in working capital:			
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		(191,487)	20,972
Stock-in-trade		(2,935,008)	(435,965)
Trade debts		(517,317)	(871,032)
Loans and advances		(392,922)	(116,792)
Short term prepayments		(11,068)	(337,722)
Other receivables		7,229	(101,356)
Tax refunds due from Government		274,515	93,459
		(3,766,058)	(1,748,436)
(Decrease) in current liabilities			
Trade and other payables		(421,139)	(1,062,984)
		(4,187,197)	(2,811,420)
Cash used in operations		(1,525,178)	(403,464)
Gratuity paid		(26,527)	(31,645)
Finance cost paid		(801,684)	(1,039,307)
Income tax paid		(422,499)	(318,637)
Net increase in long term loans and advances		(3,994)	(2,842)
Net increase in long term deposits		(15,196)	(12,028)
		(1,269,900)	(1,404,459)
Net cash used in operating activities		(2,795,078)	(1,807,923)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment	6	(2,860,463)	(1,393,774)
Addition to intangible assets	7.2	(10,380)	-
Proceeds from sale of property, plant and equipment		42,696	48,660
Short term investments made during the period		-	(500,000)
Net cash used in investing activities		(2,828,147)	(1,845,114)



**Condensed Interim Consolidated  
Cash Flow Statement  
For The Nine Months Ended March 31, 2016**

	Note	Un-Audited	
		March 2016	March 2015
		Rupees in thousand	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		2,918,646	847,457
Repayments of long term financing		(1,672,352)	(474,970)
Dividend paid		(338,795)	(80,959)
Net cash generated from financing activities		907,499	291,528
Exchange difference on translation of foreign activities		9,997	11,305
<b>Net decrease in cash and cash equivalents</b>		<b>(4,705,729)</b>	<b>(3,350,204)</b>
Cash and cash equivalents - at the beginning of the period		(8,702,222)	(7,705,557)
<b>Cash and cash equivalents - at the end of the period</b>	<b>8</b>	<b>(13,407,950)</b>	<b>(11,055,761)</b>

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



**MOHOMED BASHIR**  
Chairman



**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer



Condensed Interim Consolidated  
Statement of Changes in Equity  
For The Nine Months Ended March 31, 2016

	Reserves					Total
	Share capital	Revenue reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve	Un appropriated profit	
Rupees in thousand						
Balance as at June 30, 2014 (Audited)	1,828,182	3,580,000	96,902	11,901	1,336,209	6,853,194
Transfer to revenue reserve	-	650,000	-	-	(650,000)	-
Transaction with owners						
Issue of bonus shares for the year ended June 30, 2014	457,046	-	-	-	(457,046)	-
Final dividend for the year ended June 30, 2014 to minor shareholders	-	-	-	-	(80,959)	(80,959)
Total comprehensive income for the nine months ended Mar 2015 (un-audited)						
Profit after taxation	-	-	-	-	443,729	443,729
Other comprehensive income	-	-	11,305	-	-	11,305
	-	-	11,305	-	443,729	455,034
Balance as at Mar 31, 2015 (Un-audited)	2,285,228	4,230,000	108,207	11,901	591,933	7,227,269
Transfer to statutory reserve	-	-	-	1,779	(1,779)	-
Total comprehensive income for the period April 01, 2015 to June 30, 2015						
Profit after taxation	-	-	-	-	170,540	170,540
Other comprehensive income	-	-	(1,035)	-	(14,415)	(15,450)
	-	-	(1,035)	-	156,125	155,090
Balance as at June 30, 2015 (Audited)	2,285,228	4,230,000	107,172	13,680	746,279	7,382,359
Transfer to revenue reserve	-	250,000	-	-	(250,000)	-
Transaction with owners						
Final dividend for the year ended June 30, 2015	-	-	-	-	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015	-	-	-	-	(228,523)	(228,523)
Total comprehensive income for the nine months ended Mar 2016 (un-audited)						
Profit after taxation	-	-	-	-	983,430	983,430
Other comprehensive income	-	-	9,997	-	-	9,997
	-	-	9,997	-	983,430	993,427
Balance as at Mar 31, 2016 (Un-audited)	2,285,228	4,480,000	117,169	13,680	908,400	7,804,477

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

  
MOHAMED BASHIR  
Chairman

  
MOHAMMED ZAKI BASHIR  
Chief Executive Officer



**Notes to the Condensed Interim Consolidated  
Financial Information (Un-audited)  
For The Nine Months Ended March 31, 2016**

**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

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on 1st April 1953 in Pakistan as a private limited company, subsequently converted into public limited company on 7th January 1955 and is listed in Pakistan Stock Exchange. 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. is a wholly owned subsidiary of GTM (Europe) Limited.

All three subsidiaries are engaged in trading of textile related products.

The Holding Company is a subsidiary of Gul Ahmed Holdings (Private) Limited which owns 66.78% shares of the Holding 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 information 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. All intra-group balances and transactions are eliminated.

**2 BASIS OF PREPARATION**

The condensed interim consolidated financial information comprise the condensed interim 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, 2016 and the related condensed interim consolidated profit and loss account, condensed interim statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial information of the subsidiary companies have been consolidated on a line by line basis.

These condensed interim consolidated financial information of the Group for the nine months ended March 31, 2016 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.

The comparative balance sheet, presented in these condensed interim consolidated financial information, as at June 30, 2015 has been extracted from the audited financial statements of the Group for the year ended June 30, 2015 whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity for the nine months ended March 31, 2016 have been extracted from the condensed interim consolidated financial information of the Group for the nine months ended March 31, 2015.



These condensed interim consolidated financial information 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, 2015.

#### Adoption of Standards, Amendments and Interpretations to Approved Accounting Standards

The following new standards, amendments to published standards and interpretations of IFRSs became effective during the current period; however, they are either irrelevant or does not have any significant impact on Holding Company's condensed interim consolidated financial information.

Standard or Interpretation	Effective Date
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 27 - Separate Financial Statements	January 1, 2015

### 3 ACCOUNTING POLICIES

Accounting policies and method of computations adopted for the preparation of these condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2015.

### 4 TRADE AND OTHER PAYABLES

Trade and other payables include provisions of Rs. 67.079 Million and Rs. 86.080 million in respect of increase in gas tariff rate and charging captive power tariff instead of Industry tariff rate to the Holding Company, respectively. The Holding Company along with several other companies has filed a suit in the Honorable Sindh High Court challenging the notifications and the Court has already passed interim orders to suspend the operation of the notifications and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notifications and restrained from taking any coercive action against the Holding Company. However, the Group as a matter of prudence accounted for these in the condensed interim consolidated financial information.

### 5 CONTINGENCIES AND COMMITMENTS

#### Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2015 remained unchanged during the current period.

#### Guarantees

- Guarantees issued by Bank on behalf of the Group as at period end for Rs. 686 million (June-2015: Rs. 656 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 618 million (June-2015: Rs. 588 million).
- Post dated cheques Rs. 921 million (June-2015: Rs.462 million) issued to various Government Agencies.
- Bills discounted Rs. 2,117 million (June-2015: Rs. 1,858 million).
- Corporate guarantee of Rs. 96.873 million (June-2015: Rs. 96.873 million ) has been issued to a bank in favor of subsidiary company.



### Commitments

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

	<u>Un-Audited</u> March 2016	<u>Audited</u> June 2015
	Rupees in thousand	
- Capital expenditure	2,678,505	1,334,531
- Non capital expenditure items under letters of credits	976,185	1,999,976
	<u>3,654,690</u>	<u>3,334,507</u>

(b) The Group is committed for minimum rental payments for each of following period as follows:

Not more than one year	476,343	408,079
More than one year but not more than five years	1,595,726	1,486,287
More than five years	938,855	939,586
	<u>3,010,924</u>	<u>2,833,952</u>



**6 PROPERTY, PLANT AND EQUIPMENT**

		Un-Audited March 2016	Audited June 2015
		Rupees in thousand	
Operating assets - net book value	6.1 & 6.2	9,773,394	8,711,930
Capital work in progress - at cost	6.4	1,267,235	337,212
		<u>11,040,629</u>	<u>9,049,142</u>

**6.1 Additions during the period**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
Buildings and structures on leasehold land	444,919	521,688
Plant and machinery	1,188,157	1,033,465
Furniture and fixtures	5,848	37,532
Office equipment	81,713	6,323
Vehicles	209,803	78,424
	<u>1,930,440</u>	<u>1,677,432</u>

6.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 408.144 million, Rs. 1,022.411 million and Rs. 14.468 (Mar-2015: Rs. 433.160 million, Rs. 898.090 million and Rs. 5.014 million) respectively.

**6.2 Disposals - operating fixed assets (at net book value)**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
Plant and machinery	54,725	9,076
Furniture and fixtures	1	-
Office equipment	332	-
Vehicles	9,210	14,922
	<u>64,268</u>	<u>23,998</u>

6.2.1 Disposals include assets scrapped during the period of Rs. Nil (March-15: Rs. Nil).

**6.3 Depreciation charge during the period**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
	<u>804,707</u>	<u>703,439</u>

**6.4 Additions - capital work in progress (at cost)**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
Machinery	1,649,546	661,552
Building	713,607	379,545
Others	11,893	12,508
	<u>2,375,046</u>	<u>1,053,605</u>

Note

**7 INTANGIBLE ASSETS**

		Un-Audited March 2016	Audited June 2015
		Rupees in thousand	
Intangible - net book value	7.1 & 7.2	21,406	15,634

**7.1 Additions - intangibles (at cost)**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
Computer Software	10,380	-

**7.2 Amortisation charge during the period**

	Un-Audited Nine months ended March 31, 2016	Audited Nine months ended March 31, 2015
	Rupees in thousand	
	<u>4,808</u>	<u>9,351</u>



## 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances

Short term borrowings

Un-Audited	
Nine months ended March 31, 2016	Nine months ended March 31, 2015
Rupees in thousand	
288,322	254,002
(13,696,272)	(11,309,763)
(13,407,950)	(11,055,761)

## 9 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.



## 10 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) Other Than Spinning: Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of madeups and home textile products.
- c) Overseas subsidiaries: These subsidiaries are also in the textile business relating product to the ultimate customers, imported from Parent Company.

Transactions among the business segments are recorded at cost.

### 10.1 Segmental Profitability

Segmental Profitability	Spinning		Other Than Spinning		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		Elimination of inter segment transaction		TOTAL	
	Nine months ended March 31, 2016 (Un-audited)													
	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015	Mar - 2016	Mar - 2015
	Rupees in thousand													
Sales	4,639,199	6,887,553	21,088,939	21,707,700	599,330	569,483	451,463	55,520	455,776	205,974	(4,286,951)	(3,890,562)	22,947,756	25,515,854
Cost of Sales	4,447,117	6,581,485	15,923,735	17,692,293	475,910	438,306	378,500	816	369,096	156,344	(4,299,466)	(3,901,070)	17,294,892	20,968,234
Gross Profit	192,082	286,068	5,165,204	4,015,413	123,420	131,097	72,963	54,704	86,680	49,630	12,515	10,508	5,652,864	4,547,620
Distribution and Administrative expenses	154,627	155,161	3,491,604	2,651,667	90,286	104,277	55,952	65,600	57,651	66,390	-	-	3,850,120	3,043,295
Profit before tax and before charging following	37,455	130,907	1,673,600	1,363,746	33,134	26,820	17,011	(11,096)	29,029	(16,760)	12,515	10,508	1,802,744	1,504,325
Financial charges													721,798	1,053,098
Other operating expenses													106,613	45,265
Other income													(84,113)	(188,557)
													744,288	909,806
Profit Before Tax													1,058,446	594,319
Taxation													75,016	150,590
Profit after tax													983,430	443,729

### 10.2 Segment assets and liabilities

Segment assets and liabilities														
	Spinning		Other Than Spinning		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015	Mar - 2016	Jun- 2015
	Rupees in thousand													
Assets	5,590,882	4,654,991	23,717,723	17,191,540	513,843	470,673	276,821	210,041	193,971	39,098	1,246,474	2,780,685	31,539,714	25,347,228
Liabilities	1,678,356	1,900,111	6,130,199	5,974,840	167,954	201,306	2,041	2,186	1,006	854	15,755,681	9,885,572	23,735,237	17,964,899

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

### 10.4 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 5,108 million (Mar-2015: Rs. 7,963 million).

## 10.5 Information by geographical area

	Revenue		Non-current assets	
	For the nine months ended (Un-audited)		Un-Audited	Audited
	Mar - 2016	Mar - 2015	Mar - 2016	Jun - 2015
	Rupees in thousand			
Pakistan	8,685,538	8,484,310	11,163,218	9,156,597
Germany	3,218,124	4,468,099	-	-
United Kingdom	1,578,779	1,372,542	7,006	2,106
United States	2,231,438	2,389,369	3,365	-
China	408,062	1,389,816	-	4,418
Netherland	1,164,041	1,514,286	-	-
France	1,080,972	1,479,894	-	-
Brazil	56,382	126,131	-	-
United Arab Emirates	619,662	607,015	14,067	8,286
Other Countries	3,904,758	3,684,192	-	-
Total	22,947,756	25,515,654	11,187,656	9,171,407

## 11 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 Company	Nature of transactions	Un-Audited	
		Mar - 2016	Mar - 2015
		Rupees in thousand	
Associated Companies and other related parties	Purchase of goods	34,095	36,619
	Sale of goods	3,277	3,436
	Rent paid	12,150	5,850
	Fees paid	1,500	1,500
	Donation paid	847	6,000
	Commission / rebate	847	5,532
	Bills discounted	3,216,924	2,003,909
	Commission / bank charges paid	20,476	26,430
	Mark up / Interest charged	43,531	67,394
	Provident fund contribution	80,215	66,403
	Dividend paid	10,452	147
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Mar - 2016	Jun - 2015
		Rupees in thousand	
Associated companies and others related parties	Deposit with bank	17,552	18,486
	Borrowing from bank	609,011	1,149,965
	Bank guarantee	617,583	587,583
	Trade & other payable	1,374	11,793
	Trade & other receivable	1,427	1,427
	Accrued Mark up	3,123	23,116
	Loans to key management personnel & executives	29,352	20,725
	Payable to employees' provident fund	40,560	2,158

There are no transactions with directors of the Group and key management personnel other than those under the terms of employment for the period ended Mar-2016 amounting to Rs. 855 million (Mar-2015: Rs. 542 million) on account of remuneration.



**12 EVENT AFTER BALANCE SHEET DATE**

**Subsequent Effects**

The Board of Directors of the Holding Company in its meeting held on April 23, 2016 has declared the following:

**a) Dividend**

Your directors have decided to pay interim cash dividend @ Re. 1.00 i.e. 10% for the nine months period ended March 31, 2016.

**13 DATE OF AUTHORISATION**

These condensed interim consolidated financial information were authorised by the Board of Directors of the Group in their meeting held on April 23, 2016.

**14 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, unless otherwise specified

  
**MOHOMED BASHIR**  
Chairman

  
**MOHAMMED ZAKI BASHIR**  
Chief Executive Officer

