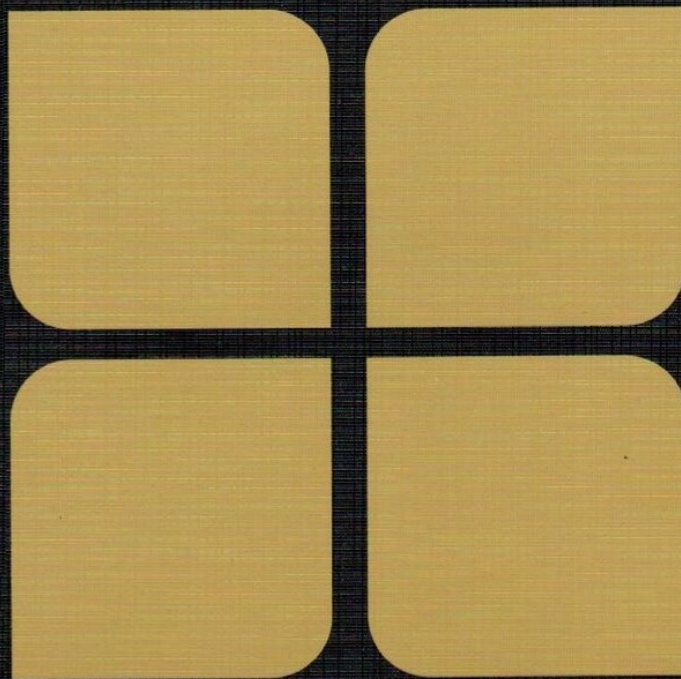


The Gul Ahmed Way

Quarterly Report



Condensed Interim Financial Information
For The First Quarter Ended September 30, 2016



Company Information

BOARD OF DIRECTORS	Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir S.M. Nadim Shafiqullah Dr. Amjad Waheed Ehsan A. Malik	- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non-Executive Director - Independent Director - Independent Director - Independent Director
CHIEF FINANCIAL OFFICER	Mohammed Saleem Sattar	
COMPANY SECRETARY	Mohammed Salim Ghaffar	
AUDIT COMMITTEE	S.M. Nadim Shafiqullah Mohomed Bashir Dr. Amjad Waheed Mohammed Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mohomed Bashir Zain Bashir S.M. Nadim Shafiqullah Mohammed Salim Ghaffar	- Chairman & Member - Member - Member - 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 Gul Ahmed Textile Mills Limited are pleased to present their review of the affairs of the Company for the first quarter ended September 30, 2016.

Economic and Industrial Review

The current account deficit has widened by 136% during the first quarter of current Fiscal Year (FY) 2016 -17 as against a better economic performance in the last FY 2015-16. The increasing gap between imports and exports is a major hurdle to the improvement of the country's economic performance. Beside this foreign remittances which are almost half of country's import bill are on a declining trend of over 5% versus the same period last year.

Only projects related to the China Pakistan Economic Corridor (CPEC) are gathering momentum and the economy is projected to expand at the back of improving industrial activity, specially construction and power generation and rising demand for allied services.

Owing to expected pick up in domestic demand which will largely determine the inflation rates in coming months of current FY and trends of international oil prices, the central bank has maintained the benchmark policy rate at 5.75%.

The textile industry is also struggling to improve on the exports side, which are affected by increased labour costs, gas prices and an unfavorable exchange rate versus other competing export oriented countries.

Financial Performance

During the first quarter ended September 30, 2016, the Company achieved net sales of Rs. 8,191 million recording a growth of 38%, resultantly gross profit has increased by Rs. 198 million over the corresponding period. However, Gross Profit (GP) margin has decreased by 3% due to lower productivity because of highest number of holidays in quarter as compared to all the quarters in the last year.

The Company was not able to gain the full benefit of increased sales due to delayed debottlenecking of some of its major manufacturing plants. The new highly automated spinning plant would be 2 months late in commissioning and would now commence operations in December. The debottlenecking of processing plant would also be completed by end November against the targeted date of August. The main reasons for delays were late shipments by machinery suppliers.

However, on a positive note the company managed to ensure good delivery security to our customers that would enable the higher sales momentum to continue and add to the bottom line in the following quarters.

Financial performance during the quarter is given below:

Description	Units	First Quarter	
		July to September	July to September
		2016	2015
Export Sales	Rs. in millions	5,946	3,631
Local Sales	Rs. in millions	2,245	2,310
Total Sales	Rs. in millions	8,191	5,941
Gross Profit (GP)	Rs. in millions	1,450	1,252
Loss before tax	Rs. in millions	(38)	(53)
Loss after tax	Rs. in millions	(98)	(91)
EBITDA	Rs. in millions	504	475
EPS (Restated)	Rupees	(0.33)	(0.31)
Debt to equity	Times	0.65	0.36
Current ratio	Times	1.04	1.04
Break-up-value per share (Restated)	Rupees	29.02	29.35

Future Prospects

Pakistan's economy, despite the challenges on current account side, continues to grow on account of softer inflation and improved sentiments of investments planned under the flagship project CPEC which is driving the development activities providing employment and improved credit facilities. The sustained economic reforms will accelerate the economic performance and further boost the overall business environment.

However, exports performance has remained undermined due to non - implementation of required policy measures, besides the external factors. Uncertainties involved are essentially the economic performance of Pakistan and export markets, and impacts of exchange rates. The company is hopeful that the Government will announce favorable policies to enhance employment and textile exports soon.

We are optimistic for a positive bottom line recording growth in the remaining nine months of FY 2016-17 due to the efforts to attain higher sales and rationalization of costs through automation and a new efficient spinning plant that will come online in December 2016. The company is continuously also growing its domestic retail sales that will result in greater market penetration and profitability in the coming months.

Consolidated Financial Statements

Consolidated financial statements for the quarter ended September 30, 2016 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) - UAE, GTM (Europe) Limited - UK and GTM USA Corp. - 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 stakeholders.

For and on behalf of the Board

Mohammed Zaki Bashir
Chief Executive Officer

Karachi
October 29, 2016

**Condensed Interim Un-consolidated
Balance Sheet
As at September 30, 2016**

		Un-Audited September 2016	Audited June 2016
	Note		
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up capital		2,970,796	2,970,796
297,079,604 ordinary shares of Rs. 10 each			
Reserves		5,649,884	5,747,443
		8,620,680	8,718,239
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	5,585,973	4,630,604
Deferred liabilities			
Deferred taxation - net		309,308	309,308
Staff retirement benefits		39,190	35,749
		348,498	345,057
CURRENT LIABILITIES			
Trade and other payables		5,155,535	5,007,102
Accrued mark-up/profit		126,914	114,368
Short term borrowings		14,374,384	12,866,493
Current maturity of long term financing	5	356,034	487,400
		20,012,867	18,475,363
CONTINGENCIES AND COMMITMENTS			
	6		
		34,568,018	32,169,263
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	13,433,719	12,050,465
Intangible assets	8	12,419	13,474
Long term investment		58,450	58,450
Long term loans and advances		34,911	21,820
Long term deposits		180,925	155,518
		13,720,424	12,299,727
CURRENT ASSETS			
Stores, spare parts and loose tools		1,016,298	903,447
Stock-in-trade		14,398,368	13,854,292
Trade debts		2,863,303	2,364,302
Loans and advances		969,144	715,875
Short term prepayments		222,342	218,928
Other receivables		445,264	475,709
Tax refunds due from Government		575,836	911,957
Income tax refundable-payments less provision		213,668	117,249
Cash and bank balances		143,371	307,777
		20,847,594	19,869,536
		34,568,018	32,169,263

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
Profit And Loss Account
For the first Quarter ended September 30, 2016**

Note	Un-Audited		
	September 2016	September 2015	
	Rupees in '000		
Sales	8,191,270	5,941,433	
Cost of sales			
Opening stock of finished goods	11,287,226	8,970,687	
Cost of goods manufactured	6,115,091	4,381,563	
Purchases and processing charges	1,940,445	919,081	
Closing stock of finished goods	(12,601,697)	(9,582,009)	
	<u>6,741,065</u>	<u>4,689,322</u>	
Gross profit	1,450,205	1,252,111	
Distribution cost	793,215	646,760	
Administrative expenses	517,999	418,751	
Other operating expenses	-	26,015	
	<u>1,311,214</u>	<u>1,091,526</u>	
	138,991	160,585	
Other income	<u>55,900</u>	<u>64,205</u>	
Operating profit	194,891	224,790	
Finance cost	<u>232,656</u>	<u>277,757</u>	
Loss before taxation	(37,765)	(52,967)	
Provision for taxation			
- Current	10	59,794	38,040
- Deferred		-	-
		<u>59,794</u>	<u>38,040</u>
Loss after taxation		<u>(97,559)</u>	<u>(91,007)</u>
			Re-stated
Loss per share - basic and diluted (Rs.)		(0.33)	(0.31)

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 first Quarter ended September 30, 2016**

Note	Un-Audited	
	September 2016	September 2015
	Rupees in '000	
Loss after taxation	(97,559)	(91,007)
Other comprehensive income	-	-
Total comprehensive income	<u>(97,559)</u>	<u>(91,007)</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 first Quarter ended September 30, 2016**

Note	Un-Audited	
	September 2016	September 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(37,765)	(52,967)
Adjustments for:		
Depreciation	307,699	248,872
Amortisation	1,303	961
Provision for gratuity	7,986	14,115
Finance cost	232,656	277,757
Provision for slow moving/obsolete items	3,661	2,661
Provision for doubtful debts	8,706	7,456
Unclaimed Liabilities written back	98	(1,724)
Gain on sale of property, plant and equipment	(10,141)	23,727
	551,968	573,825
Cash flows from operating activities before adjustments of working capital	514,203	520,858
Changes in working capital:		
(Decrease) /Increase in current assets		
Stores, spare parts and loose tools	(116,512)	(68,835)
Stock-in-trade	(544,076)	(250,426)
Trade debts	(507,707)	(279,950)
Loans and advances	(253,269)	(431,935)
Short term prepayments	(3,414)	(2,400)
Other receivables	30,445	(3,771)
Tax refunds due from Government	453,370	635,597
	(941,163)	(401,720)
Increase / (Decrease) in current liabilities		
Trade and other payables	148,335	(934,912)
	(792,828)	(1,336,632)
Cash used in operations	(278,625)	(815,774)
Adjustments for:		
Gratuity paid	(4,545)	(15,468)
Finance cost paid	(220,110)	(324,533)
Income tax paid	(273,462)	(238,890)
Long term loans and advances disbursed - net	(13,091)	1,231
Long term deposits paid - net	(25,407)	(12,044)
	(536,615)	(589,704)
Net cash used in operating activities	(815,240)	(1,405,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(1,695,713)	(370,581)
Addition to intangible assets	(248)	-
Proceeds from sale of property, plant and equipment	14,901	18,203
Net cash used in investing activities	(1,681,060)	(352,378)
Balance carried forward	(2,496,300)	(1,757,856)

**Condensed Interim Un-Consolidated
Cash Flow Statement
For the first Quarter ended September 30, 2016**

Note	Un-Audited Nine months ended	
	September 2016	September 2015
Rupees in '000		
Balance brought forward	(2,496,300)	(1,757,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	945,545	274,447
Repayments of long term financing	(121,542)	(157,548)
Net cash generated from financing activities	824,003	116,899
Net decrease in cash and cash equivalents	(1,672,297)	(1,640,957)
Cash and cash equivalents - at the beginning of the period	(12,558,716)	(8,720,873)
Cash and cash equivalents - at the end of the period	9 (14,231,013)	(10,361,830)

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 first Quarter ended September 30, 2016**

	Share Capital	Reserves				Total
		Capital reserve - Share Premium	Revenue Reserve		Subtotal Reserves	
			General Reserve	Unappropri- ated Profit		
----- Rupees '000-----						
Balance as at June 30, 2015	2,285,228	-	4,230,000	654,244	4,884,244	7,169,472
Total Comprehensive income for the First Quarter ended September 2015 (un-audited)						
Loss after taxation	-	-	-	(91,007)	(91,007)	(91,007)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(91,007)	(91,007)	(91,007)
Balance as at 30 September, 2015	2,285,228	-	4,230,000	563,237	4,793,237	7,078,465
Transfer to general reserve	-	-	250,000	(250,000)	-	-
Transactions with owners						
Final dividend for the year ended June 30, 2015	-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015	-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares	685,568	514,176	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016	-	-	-	(228,523)	(228,523)	(228,523)
	685,568	514,176	-	(799,831)	(285,655)	399,913
Total comprehensive income for the year ended June 30, 2016						
Profit after taxation	-	-	-	1,232,437	1,232,437	1,232,437
Other comprehensive income	-	-	-	7,424	7,424	7,424
	-	-	-	1,239,861	1,239,861	1,239,861
				-	-	-
Balance as at June 30, 2016	2,970,796	514,176	4,480,000	753,267	5,747,443	8,718,239
Total Comprehensive income for the First Quarter ended September 2016 (un-audited)						
Loss after taxation	-	-	-	(97,559)	(97,559)	(97,559)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(97,559)	(97,559)	(97,559)
Balance as at 30 September, 2016	2,970,796	514,176	4,480,000	655,708	5,649,884	8,620,680

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 first Quarter ended September 30, 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. 82, 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 first quarter ended September 30, 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 shall prevail.

These condensed interim un-consolidated financial information comprise of the condensed interim un-consolidated balance sheet as at September 30, 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 for the first quarter ended September 30, 2016.

The comparatives balance sheet, presented in these condensed interim un-consolidated financial Information, as at June 30, 2016 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2016, 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 first quarter ended September 30, 2016 have been extracted from the condensed interim un-consolidated financial information of the Company for the first quarter ended September 30, 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, 2016.

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, 2016.

4 TRADE AND OTHER PAYABLES

Trade and other payables include provisions of Rs. 131.034 Million and 194.414 million (2016: Rs.98.689 Million and 139.585 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 Long term financing - Secured

	Un-Audited September 2016	Audited June 2016
	Rupees in '000	
Opening balance	5,118,004	3,121,740
Add: Obtained during the period / year	945,545	2,681,678
Less: Repaid during the period / year	(121,542)	(685,414)
	<u>5,942,007</u>	<u>5,118,004</u>
Less: Current portion shown under current liabilities	(356,034)	(487,400)
	<u><u>5,585,973</u></u>	<u><u>4,630,604</u></u>

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2016 remained unchanged during the current period.

Guarantees

- The guarantees issued by banks on behalf of company as at period end for Rs. 727 million (June 2016: Rs. 706 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 658 million (June 2016: Rs. 638 million).
- Post dated cheques Rs. 1,108 million (June-2016: Rs. 1,000 million) issued to various Government Agencies.
- Bills discounted Rs. 2,445 million (June-2016: Rs. 2,267 million).
- Corporate guarantee of Rs. 92.571 million (June-2016: Rs. 93.365 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 September 2016	Audited June 2016
	Rupees in '000	
- Capital expenditure	1,555,934	2,103,004
- Non capital expenditure items under letters of credits	825,100	818,639
	<u>2,381,033</u>	<u>2,921,643</u>

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

	Un-Audited September 2016	Audited June 2016
	Rupees in '000	
Not more than one year	525,632	497,517
More than one year but not more than five years	2,214,464	1,670,611
More than five years	792,596	994,367
	<u>3,532,692</u>	<u>3,162,495</u>

	Note	Un-Audited September 2016	Audited June 2016
7 PROPERTY, PLANT AND EQUIPMENT			
Rupees in '000			
Operating assets - net book value	7.1&7.2	10,629,134	10,505,376
Capital work in progress - at cost	7.4	2,804,585	1,545,089
		13,433,719	12,050,465

	Un-Audited For the first Quarter September 2016	For the first Quarter September 2015
Rupees in '000		
Buildings and structures on leasehold land	360,434	81,270
Plant and machinery	31,831	305,459
Furniture and fixtures	210	235
Office equipment	21,567	13,482
Vehicles	22,175	22,497
	436,217	422,943

7.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 383.1 million, Rs. 15.5 million and Rs. Nil (June-2016: Rs. 662 million, Rs. 1,819 million and Rs. 11.1 million).

	Un-Audited For the first Quarter September 2016	For the first Quarter September 2015
Rupees in '000		
Plant and machinery	-	41,516
Vehicles	4,760	414
	4,760	41,930

7.2 Disposals - operating fixed assets (at net book value)

7.2.1 Disposals include assets scrapped at Net Book Value during the period of Rs. Nil (June-16: Rs. 1,014 thousand).

	Un-Audited September 2016	September 2015
Rupees in '000		
7.3 Depreciation charge during the period	307,699	248,872
7.4 Additions - capital work in progress (at cost)		
Machinery	1,359,741	108,517
Building	297,758	135,261
Others	515	2,850
	1,658,014	246,628

	Note	Un-Audited September 2016	Audited June 2016
8 INTANGIBLE ASSETS			
		Rupees in '000	
Intangible - net book value	8.1&8.2	<u>12,419</u>	<u>13,474</u>
		Un-Audited	
		For the first Quarter September 2016	For the first Quarter September 2015
		Rupees in '000	
8.1 Additions - intangibles (at cost)			
Computer Software		<u>248</u>	<u>-</u>
8.2 Amortization charge during the period		<u>1,303</u>	<u>961</u>
		Un-Audited	
		September 2016	September 2015
9 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		143,371	308,549
Short term borrowings		<u>(14,374,384)</u>	<u>(10,670,379)</u>
		<u>(14,231,013)</u>	<u>(10,361,830)</u>

10 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.

11 SEGMENT INFORMATION

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

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers
- b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
- c) **Processing, Home Textile and Apparel** Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

11.1 Segment Profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept - 2016	Sept - 2015	Sept - 2016	Sept - 2015	Sept - 2016	Sept - 2015	Sept - 2016	Sept - 2015	Sept - 2016	Sept - 2015
	-----Rs. 000s-----									
Sales	1,631,760	1,556,345	3,584,029	2,505,711	7,911,933	5,566,384	(4,936,452)	(3,687,007)	8,191,270	5,941,433
Cost of sales	1,645,470	1,462,203	3,534,521	2,423,446	6,497,526	4,490,680	(4,936,452)	(3,687,007)	6,741,065	4,689,322
Gross profit	(13,710)	479,930	49,508	82,265	1,414,407	1,075,704	-	-	1,450,205	1,252,111
Distribution cost and Administrative expenses	226,781	52,584	4,297	3,723	1,080,136	1,009,204	-	-	1,311,214	1,065,511
(Loss)/Profit before tax and before charging following	(240,491)	267,851	45,211	78,542	334,271	66,500	-	-	138,991	186,600
Other operating expenses									-	26,015
Other income									(55,900)	(64,205)
Finance Cost									232,656	277,757
Profit before taxation									176,756	239,567
Taxation									(37,765)	(52,967)
Profit after taxation									59,794	38,040
									(97,559)	(91,007)

11.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Sept - 2016	June - 2016	Sept - 2016	June - 2016	Sept - 2016	June - 2016	Sept - 2016	June - 2016	Sept - 2016	June - 2016
	-----Rs. 000s-----									
Assets	7,225,107	6,217,673	1,395,659	1,323,364	24,784,127	23,997,451	1,163,125	630,775	34,568,018	32,169,263
Liabilities	3,363,103	2,314,802	755,296	694,563	7,248,823	6,775,396	14,580,116	13,666,263	25,947,338	23,451,024

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

11.4

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

11.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,134 million (Sept-2015: Rs. 765 million)

11.6 Information by geographical area

	Revenue		Non-current assets	
	For the first Quarter ended September 30, 2016 (Un- audited)		Un-Audited	Audited
	Sep-16	Sep-15	Sep-16	Jun-16
	-----Rupees in '000-----			
Pakistan	2,245,017	2,310,929	13,720,424	12,241,277
Germany	1,167,944	926,568	-	-
United Kingdom	508,363	371,198	-	-
China	177,487	126,097	-	-
United States	686,329	448,355	-	-
Netherlands	885,705	220,478	-	-
France	325,580	340,845	-	-
United Arab Emirates	79,820	32,693	58,450	58,450
Spain	474,548	185,492	-	-
Italy	520,158	207,074	-	-
Sweden	278,151	162,606	-	-
Other Countries	842,168	609,098	-	-
	8,191,270	5,941,433	13,778,874	12,299,727

12 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	
		Sep-16	Sep-15
		Rupees in '000	
Subsidiaries	Sale of goods	611,239	93,761
	Commission paid	28,729	34,526
Associated Companies and other related parties	Purchase of goods	1,916	10,283
	Sale of goods	1,679	-
	Rent paid	13,682	4,050
	Fees paid	-	1,500
	Commission / Rebate	-	365
	Bills discounted	1,446,692	573,198
	Commission / Bank charges paid	9,632	4,442
	Mark up / Interest charged	4,282	19,738
	Provident fund contribution	33,634	25,120
	Dividend paid	-	-

Relationship with the Company	Nature of outstanding balances	Un-Audited	
		Sep-16	Jun-16
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Trade and other payables	20,950	35,933
	Long term investment	58,450	58,450
	Trade debts	677,609	460,432
	Advances to suppliers	11,626	2,856
	Corporate guarantee issued in favour of subsidiary company	92,751	93,365
Associated companies and others related parties	Borrowings from Banks	616,447	622,639
	Trade and other payables - Creditors	7,344	10,746
	Payable to employee's provident fund	16,552	14,270
	Bank guarantee	659,635	637,583
	Accrued mark-up	316	2,528
	Loans to key management personnel & executive	58,986	35,618
	Trade debts	4,266	2,587
	Advances to suppliers	1,501	-
	Deposit with banks	12,275	65,153
	Prepaid rent	23,465	35,197

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 September-2016 amounting to Rs.302 million (September-2015: Rs. 247 million) on account of remuneration.

13 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 29, 2016 by the Board of Directors of the Company.

14 GENERAL

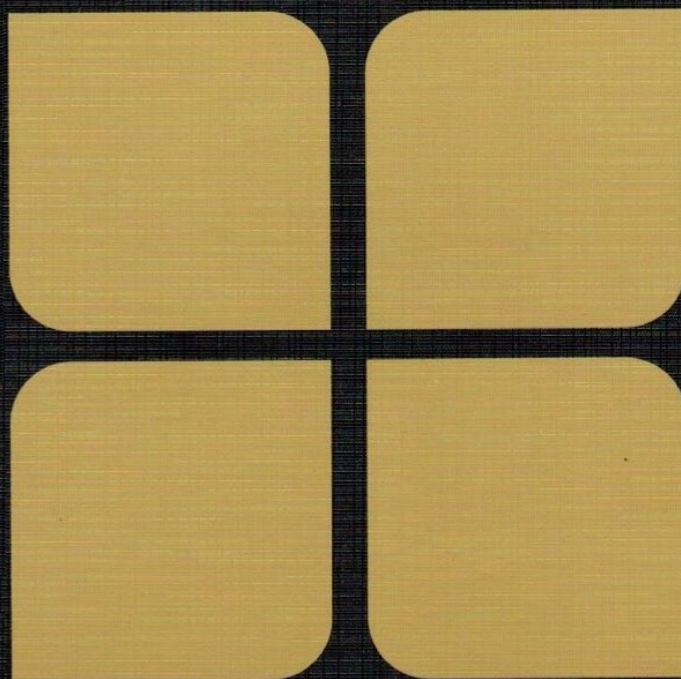
Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

The Gul Ahmed Way
Quarterly Report



Consolidated Accounts

Consolidated Condensed Interim Financial Information
For the First Quarter Ended September 30, 2016



**Condensed Interim Consolidated
Balance Sheet
As at September 30, 2016**

	Note	Un-Audited September 2016	Audited June 2016
Rupees in thousand			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 ordinary shares of Rs.10 each		<u>4,000,000</u>	<u>4,000,000</u>
Share Capital 297,079,604 ordinary shares of Rs. 10 each		<u>2,970,796</u>	<u>2,970,796</u>
Reserves		<u>5,921,581</u> <u>8,892,377</u>	<u>6,010,215</u> <u>8,981,011</u>
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	5,585,973	4,630,604
Deferred liabilities			
Deferred taxation - net		<u>325,596</u>	<u>323,908</u>
Staff retirement benefits		<u>44,965</u> <u>370,561</u>	<u>41,346</u> <u>365,254</u>
CURRENT LIABILITIES			
Trade and other payables	5	<u>5,317,578</u>	<u>5,377,637</u>
Accrued mark-up/profit		<u>126,914</u>	<u>114,368</u>
Short term borrowings		<u>14,374,384</u>	<u>12,866,493</u>
Current maturity of long term financing	4	<u>356,034</u> <u>20,174,909</u>	<u>487,400</u> <u>18,845,898</u>
CONTINGENCIES AND COMMITMENTS			
	6	<u>35,023,820</u>	<u>32,822,767</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>13,452,399</u>	<u>12,069,608</u>
Intangible assets	8	<u>19,217</u>	<u>20,492</u>
Long term loans and advances		<u>34,911</u>	<u>21,820</u>
Long term deposits		<u>193,077</u>	<u>158,136</u>
Deferred taxation		<u>964</u> <u>13,700,568</u>	<u>996</u> <u>12,271,052</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		<u>1,016,298</u>	<u>903,447</u>
Stock-in-trade		<u>14,616,544</u>	<u>14,057,202</u>
Trade debts		<u>3,080,938</u>	<u>2,786,782</u>
Loans and advances		<u>961,024</u>	<u>729,911</u>
Short term prepayments		<u>234,025</u>	<u>227,788</u>
Other receivables		<u>445,264</u>	<u>475,709</u>
Tax refunds due from Government		<u>575,836</u>	<u>913,960</u>
Taxation - net		<u>213,668</u>	<u>117,249</u>
Cash and bank balances		<u>179,655</u> <u>21,323,252</u>	<u>339,666</u> <u>20,551,715</u>
		<u>35,023,820</u>	<u>32,822,767</u>

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 first quarter ended September 30, 2016**

	Un-Audited	
	September 2016	September 2015
	Rupees in thousand	
Sales	8,403,077	6,164,957
Cost of sales		
Opening stock of finished goods	11,490,136	9,148,067
Cost of goods manufactured	6,115,091	4,381,563
Purchases and processing charges	2,091,818	1,064,571
Closing stock of finished goods	(12,819,873)	(9,765,812)
	6,877,172	4,828,389
Gross profit	1,525,905	1,336,568
Distribution cost	793,700	653,157
Administrative expenses	583,375	479,130
Other operating expenses	-	26,015
	1,377,075	1,158,302
	148,830	178,266
Other income	55,900	64,205
Operating profit	204,730	242,471
Finance cost	233,170	278,726
Loss before taxation	(28,440)	(36,255)
Provision for taxation	59,794	38,490
Loss after taxation	(88,234)	(74,745)
Loss per share - basic and diluted (Rs.)	(0.30)	Re-stated (0.25)

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 first quarter ended September 30, 2016**

	Un-Audited	
	September 2016	September 2015
	Rupees in thousand	
Loss after taxation	(88,234)	(74,745)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation differences		
- Foreign operations	(402)	10,939
Total comprehensive income	<u>(88,636)</u>	<u>(63,806)</u>

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 first quarter ended September 30, 2016**

	Un-Audited	
	September 2016	September 2015
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(28,440)	(36,255)
Adjustments for:		
Depreciation	308,746	249,758
Amortisation	1,798	1,280
Provision for gratuity	8,164	15,003
Finance cost	233,170	278,726
Provision for slow moving/obsolete items	3,661	2,661
Provision for doubtful debts	8,706	7,456
Unclaimed Liabilities written back	98	(1,724)
Net loss /(gain) on disposal of property plant and equipment	(10,141)	23,727
	554,202	576,887
Cash flows from operating activities before adjustments of working capital	525,762	540,632
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(116,512)	(68,835)
Stock-in-trade	(559,342)	(262,373)
Trade debts	(302,862)	(253,015)
Loans and advances	(231,113)	(443,037)
Short term prepayments	(6,237)	(4,493)
Other receivables	30,445	2,758
Tax refunds due from Government -net	455,373	635,597
	(730,248)	(393,398)
(Decrease) in current liabilities		
Trade and other payables	(60,157)	(966,353)
	(790,405)	(1,359,751)
	(264,643)	(819,119)
Adjustments for:		
Gratuity paid	(4,545)	(15,468)
Finance cost paid	(220,624)	(325,502)
Income tax paid	(271,742)	(239,342)
Increase in long term loans and advances	(13,091)	1,231
Increase in long term deposits	(34,941)	(12,044)
	(544,943)	(591,125)
Net cash used in operating activities	(809,586)	(1,410,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(1,696,294)	(371,046)
Addition to intangible assets	(524)	(3,240)
Proceeds from sale of property, plant and equipment	14,901	18,203
Net cash used in investing activities	(1,681,917)	(356,083)

**Condensed Interim Consolidated
Cash Flow Statement
For the first quarter ended September 30, 2016**

	Note	Un-Audited	
		September 2016	September 2015
		Rupees in thousand	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		945,545	274,447
Repayments of long term financing		(121,542)	(157,548)
Net cash generated from financing activities		824,003	116,899
Exchange difference on translation of foreign activities		(402)	10,939
Net decrease in cash and cash equivalents		(1,667,902)	(1,638,489)
Cash and cash equivalents - at the beginning of the period		(12,526,827)	(8,702,222)
Cash and cash equivalents - at the end of the period	9	(14,194,729)	(10,340,711)

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 first quarter ended September 30, 2016**

for the first quarter ended September 30, 2015

	Note	Share capital	Reserves					Subtotal Reserves	Total
			Capital reserve - Share Premium	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit		
(Rs. 000s)									
Balance as at June 30, 2015		2,285,228	-	4,230,000	107,172	13,680	746,279	5,097,131	7,382,359
Total comprehensive income for the first quarter ended September 2015 (un-audited)									
Loss after taxation		-	-	-	-	-	(74,745)	(74,745)	(74,745)
Other comprehensive income		-	-	-	10,939	-	-	10,939	10,939
		-	-	-	10,939	-	(74,745)	(63,806)	(63,806)
Balance as at September 30, 2015		2,285,228	-	4,230,000	118,111	13,680	671,534	5,033,325	7,318,553
Transfer to									
General reserve		-	-	250,000	-	-	(250,000)	-	-
Statutory reserve		-	-	-	-	2,099	(2,099)	-	-
		-	-	250,000	-	2,099	(252,099)	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2015		-	-	-	-	-	(342,785)	(342,785)	(342,785)
Interim dividend for the half year ended December 31, 2015		-	-	-	-	-	(228,523)	(228,523)	(228,523)
Issuance of right shares		685,568	514,176	-	-	-	-	514,176	1,199,744
Interim dividend for the nine months ended March 31, 2016		-	-	-	-	-	(228,523)	(228,523)	(228,523)
		685,568	514,176	-	-	-	(799,831)	(285,655)	399,913
Total comprehensive income for the period October 01, 2015 to June 30, 2016									
Profit after taxation		-	-	-	-	-	1,256,984	1,256,984	1,256,984
Other comprehensive income		-	-	-	(1,863)	-	7,424	5,561	5,561
		-	-	-	(1,863)	-	1,264,408	1,262,545	1,262,545
Balance as at June 30, 2016		2,970,796	514,176	4,480,000	116,248	15,779	884,012	6,010,215	8,981,011
Total comprehensive income for the first quarter ended September 2016 (un-audited)									
Loss after taxation		-	-	-	-	-	(88,234)	(88,234)	(88,234)
Other comprehensive income		-	-	-	(402)	-	-	(402)	(402)
		-	-	-	(402)	-	(88,234)	(88,636)	(88,635)
Balance as at September 30, 2016		2,970,796	514,176	4,480,000	115,846	15,779	795,778	5,921,579	8,892,377

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

**Notes to the Condensed Interim Consolidated
Financial Information (Un-audited)
For the first quarter ended September 30, 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, converted into public limited company on 7th January 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. The Holding Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

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

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

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

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

1.2 Basis of consolidation

The financial information include the financial information of the Group.

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

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

The assets and liabilities of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

2 BASIS OF PREPARATION

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

These condensed interim consolidated financial information of the Group for the first quarter ended September 30, 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 consolidated financial information comprise of the condensed interim consolidated balance sheet as at September 30, 2016 and the 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 first quarter ended September 30, 2016.

The comparative balance sheet, presented in these condensed interim consolidated financial information, as at June 30, 2016 has been extracted from the audited financial statements of the Group for the year ended June 30, 2016 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 first quarter ended September 30, 2016 have been extracted from the condensed interim consolidated financial information of the Group for the first quarter ended September 30, 2016.

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, 2016.

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, 2016.

4 Long term financing - Secured

	Un-Audited September 2016	Audited June 2016
	Rupees in '000	
Opening balance	5,118,004	3,121,740
Add: Obtained during the period / year	945,545	2,681,678
Less: Repaid during the period / year	(121,542)	(685,414)
	5,942,007	5,118,004
Less: Current portion shown under current liabilities	(356,034)	(487,400)
	5,585,973	4,630,604

5 TRADE AND OTHER PAYABLES

Trade and other payables include provisions of Rs. 131.034 Million and 194.414 million (2016: Rs.98.689 Million and 139.585 million) in respect of increase in gas tariff rate and charging captive power tariff instead of Industry tariff rate to the Group, respectively. The Group 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 Group. However the Group as a matter of prudence accounted for these in the condensed interim unconsolidated financial information.

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2016, except as stated below, remained unchanged during the current period.

Guarantees

- Guarantees issued by Bank on behalf of the Group as at period end for Rs. 727 million (June-2016: Rs. 706 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 658 million (June-2016: Rs. 638 million).
- Post dated cheques Rs. 1,108 million (2016 : Rs. 1,000 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- Bills discounted Rs. 2,445 million (June-2016: Rs. 2,267 million).
- Corporate guarantee of Rs. 92.571 million (2016: Rs. 93.365 million) has been issued to a bank by the Holding Company in favor of an indirect subsidiary Company - GTM (Europe) Limited - UK. .

Commitments

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

	Un-Audited September 2016	Audited June 2016
	Rupees in thousand	
- Capital expenditure	1,555,934	2,103,004
- Non capital expenditure items under letters of credits	825,100	818,639
	2,381,033	2,921,643

- The Group is committed for minimum rental payments for each of following period as follows:

	Un-Audited September 2016	Audited June 2016
	Rupees in thousand	
Not more than one year	525,632	497,517
More than one year but not more than five years	2,214,464	1,670,611
More than five years	792,596	994,367
	3,532,692	3,162,495

7 PROPERTY, PLANT AND EQUIPMENT

Operating assets - net book value	7.1 & 7.2	10,647,814	10,524,519
Capital work in progress - at cost	7.4	2,804,585	1,545,089
		13,452,399	12,069,608

7.1 Additions during the period

Buildings and structures on leasehold land
Plant and machinery
Furniture and fixtures
Office equipment
Vehicles

	Un-Audited for the first quarter September 2016	for the first quarter September 2015
	Rupees in thousand	
	360,434	81,270
	31,831	305,459
	210	235
	22,148	13,947
	22,175	22,497
	436,798	423,408

- 7.1.1 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 (June-2016: Rs. 662 million, Rs. 1,819 million and Rs. 11.1 million).

7.2 Disposals - operating fixed assets (at net book value)

	Un-Audited	
	for the first quarter September 2016	for the first quarter September 2015
	Rupees in thousand	
Leasehold land	-	-
Plant and machinery	-	41,516
Vehicles	4,760	414
	4,760	41,930

- 7.2.1 Disposals include assets scrapped at Net Book Value during the period of Rs. Nil (June-16: Rs. 1,014 thousand).

7.3 Depreciation charge during the period

	Un-Audited	
	September 2016	September 2015
	Rupees in thousand	
	308,746	249,758

7.4 Additions - capital work in progress (at cost)

Machinery	1,359,741	108,517
Building	297,758	135,261
Others	515	2,850
	1,658,014	246,628

Note	Un-Audited	Audited
	September 2015	June 2016
	Rupees in thousand	

8 INTANGIBLE ASSETS

Intangible - net book value	8.1 & 8.2	19,217	20,492
-----------------------------	-----------	---------------	---------------

8.1 Additions - intangibles (at cost)

Computer Software

	Un-Audited	
	for the first quarter September 2016	for the first quarter September 2015
	(Rs. 000s)	
	524	3,240

8.2 Amortisation charge during the period

	Un-Audited	
	September 2016	September 2015
	Rupees in thousand	
	1,798	1,280

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances	179,655	329,668
Short term borrowings	(14,374,384)	(10,670,379)
	(14,194,729)	(10,340,711)

10 SEGMENT INFORMATION

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

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

Transactions among the business segments are recorded at cost.

10.1 Segment profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Elimination Of Inter Segment Transactions		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rs, 000s															
Sales	1,631,760	1,556,345	3,584,029	2,505,711	7,911,932	5,566,384	218,040	214,109	491,151	59,368	113,854	44,009	(5,547,690)	(3,780,969)	8,403,077	6,164,957
Cost of sales	1,645,470	1,462,203	3,534,521	2,423,446	6,497,526	4,490,680	183,304	167,512	468,669	37,442	95,335	28,814	(5,547,653)	(3,781,708)	6,877,172	4,828,389
Gross profit	(13,710)	94,142	49,508	82,265	1,414,406	1,075,704	34,735	46,597	22,483	21,926	18,520	15,195	(37)	739	1,525,905	1,336,568
Distribution cost and administrative expenses	226,781	52,584	4,297	3,723	1,080,136	1,009,204	28,806	31,964	16,864	17,725	20,191	17,087	-	-	1,377,075	1,132,287
Profit/loss before tax and before charging the following	(240,491)	41,558	45,211	78,542	334,270	66,500	5,929	14,633	5,618	4,201	(1,671)	(1,892)	(37)	739	148,830	204,281
Other operating expenses															-	26,015
Other income															(55,900)	(64,205)
Finance cost															233,170	278,726
Profit before taxation															177,270	240,536
Taxation															(28,440)	(36,255)
Profit after taxation															59,794	38,490
															(88,234)	(74,745)

10.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Unallocated		Total Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rs, 000s															
Assets	7,225,107	6,217,673	1,395,659	1,323,364	24,784,127	23,997,451	552,568	742,049	585,269	405,694	100,193	72,301	1,163,125	630,775	35,806,048	33,389,307
Elimination of intragroup balances															(782,227)	(566,540)
															35,023,821	32,822,767
Liabilities	3,363,103	2,314,802	755,296	694,563	7,248,823	6,775,396	252,606	446,388	558,144	387,175	90,040	56,357	14,580,116	13,666,263	26,848,127	24,340,944
Elimination of intragroup balances															(716,684)	(499,188)
															26,131,443	23,841,756

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

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

10.5 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,134 million (Sept-2015: Rs. 765 million).

10.6 Information by geographical area

	Revenue		Non-current assets	
	For the first quarter ended (Un-audited)		Un-Audited	Audited
	Sep - 2016	Sep - 2015	Sep - 2016	Jun - 2016
	Rupees in thousand			
Pakistan	2,245,017	2,310,929	13,662,937	12,241,277
Germany	1,167,944	926,568	-	-
United Kingdom	532,679	371,602	7,484	7,756
China	177,487	126,097	-	-
United States	708,776	450,950	2,549	4,247
Netherland	885,705	220,478	-	-
France	325,580	340,846	-	-
United Arab Emirates	244,864	218,691	27,598	17,772
Spain	474,548	185,492	-	-
Italy	520,158	207,074	-	-
Sweden	278,151	162,606	-	-
Other Countries	842,168	643,626	-	-
Total	8,403,077	6,164,957	13,700,568	12,271,052

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	
		Sep - 2016	Sep - 2015
		Rupees in thousand	
Associated Companies and other related parties	Purchase of goods	1,916	10,283
	Sale of goods	1,679	-
	Rent paid	13,682	4,050
	Fees paid	-	1,500
	Commission / Rebate	-	365
	Bills discounted	1,446,692	573,198
	Commission / Bank charges paid	9,632	4,442
	Mark up / Interest charged	4,282	19,738
	Provident fund contribution	33,634	25,120
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Sep - 2016	Jun - 2016
		Rupees in thousand	
Associated companies and others related parties	Borrowings from Banks	616,447	622,639
	Trade and other payables - Creditors	7,344	10,746
	Payable to employee's provident fund	16,552	14,270
	Bank guarantee	659,635	637,583
	Accrued mark-up	316	2,528
	Loans to key management personnel & executive	-	35,618
	Trade debts	58,986	2,587
	Advances to suppliers	4,266	-
	Deposit with banks	1,501	-
		12,275	65,153
	Prepaid rent	23,465	35,197

There are no transactions with directors of the Group and key management personnel other than those under the terms of employment for the period ending Sep-2016 amounting to Rs. 326 million (Sep-2015: Rs. 247 million) on account of remuneration.

12 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 29, 2016 by the Board of Directors of the Group.

13 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.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer