



Quarterly Report

*Condensed Interim Financial Information
For The First Quarter Ended September 30, 2018*

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 - Non Executive Director - Independent Director - Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	Dr. Amjad Waheed Mohomed Bashir S.M. Nadim Shafiqullah Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Ehsan A. Malik Mohomed Bashir Zain Bashir 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 (Islamic) Bankislami Pakistan Limited The Bank Of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited The Bank of Khyber	
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 REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the first quarter ended September 30, 2018.

ECONOMIC AND INDUSTRIAL OVERVIEW

During the first quarter of FY 18-19, the current account deficit registered a slight decline to \$3.665 billion from \$3.761 billion during the same period last year. The lower deficit is primarily due to a 13.1% increase in remittances coupled with exports growth of 4.6% i.e. from \$5.2 billion to \$5.4 billion, while imports increased only by 0.63% i.e. from \$14.17 billion to \$14.26 billion as compared to the first quarter of last year. On the other hand, foreign direct investment dropped 43% to \$0.4 billion as the options are being evaluated to fix the current economic situation.

The central bank's reserves saw a steep decline of \$1.07 billion during the first quarter of 2018-19 and stood at \$8.41 billion at the quarter end, enough to cover import bill of one and a half months. Consequently, the PKR remained under pressure and devalued further post quarter end.

TEXTILE INDUSTRY

Textile exports increased by 1% from \$3.26 billion to \$3.36 million during the first quarter as compared to the corresponding quarter of previous year mainly on account of increase in exports of knitwear, whereas exports of readymade-garments and cotton yarn had declined.

Pakistan's textile industry continues to struggle in keeping production cost at a competitive level due to multiple factors. Over the last few years local cotton production has decreased which has left the industry with the only choice of importing cotton to fulfill the requirements. This coupled with higher input cost of chemical, dyes and machinery which are also being imported from other countries have increased the cost of products substantially. Further, long outstanding receivables from the government also leaves the industry under stress. Hence, under the current scenario it has become quite challenging for Pakistan's textile industry to attain competitive advantage in international market versus regional competitors.

FINANCIAL PERFORMANCE

The Company's continued focus on profitable avenues, maximizing efficiency in production activities, investment in machinery modernization, cost rationalization etc. has enabled to boost overall sales and historic increase in profit as compared to the corresponding period of previous years.

Key performance numbers are presented below:

	Units	Quarter ended September 30, 2018	Quarter ended September 30, 2017
Export sales	Rs. in millions	7,201	5,757
Local sales	Rs. in millions	4,733	3,474
Total sales	Rs. in millions	11,934	9,231
Gross profit	Rs. in millions	2,693	1,777
Profit / loss before tax	Rs. in millions	740	160
Profit / loss after tax	Rs. in millions	651	102
Earnings / loss per share (EPS)	Rupees	1.83	0.29
Debt to equity ratio	Times	0.54	0.62
Current ratio	Times	1.12	1.10
Break-up-value per share	Rupees	37.23	37.08

The Company registered quarterly net sales of Rs 11,934 million against Rs 9,231 million in the corresponding quarter of previous year i.e. an increase of over 29%. The Company was able to boost both local and export sales. Improved operational performance during the quarter as compared to corresponding quarter of previous year is evident from the 52% growth in gross profit i.e. from Rs 1,777 million to Rs 2,693 million. Owing to the effects of cost rationalization measures and BMR activities during previous years, gross profit margin also improved from 19.2% to 22.6%. Consequently, the Company achieved profit after tax of Rs 651 million in the quarter, as compared to Rs 102 million during corresponding quarter of previous year, reflecting a growth of over 6 times.

FUTURE OUTLOOK

Pakistan's economy is currently facing challenges of depleted foreign exchange reserves and fiscal deficit and measures are being taken in terms of deep cuts in development funding for FY 2018-19. It is expected that economic activity is likely to slow down in FY19 as the overall macroeconomic policy is restricted to stabilization measures. The SBP estimates inflation to be around 6.5% - 7.5% during FY 18-19 while GDP growth target has been lowered from 6.2% to around 4.7%.

The new government has a very clear agenda of supporting the exporters. Textile exports roughly make up 60% of the country's total exports and we expect that government policies will back up the growth of the textile industry. The government has already revoked duties on 82 tariff lines relating to raw materials and inputs for export oriented sectors while relaxation has been given on the import of textile machinery in order to enhance the capacity of the sector. Further, textile industry will continue to receive gas supply on existing rates and would also obtain gas on priority during winters.

Accordingly, we are optimistic about the future outlook of our business and improvement in profitability. Efforts are also directed towards improving the Company's footprint in retail business in Pakistan as we believe there is potential to improve market share, through e-commerce sales and otherwise.



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the quarter ended September 30, 2018 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) - UAE, GTM (Europe) Limited – UK, GTM USA Corp. - USA and Sky Home Corp. – USA are attached.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

October 29, 2018
Karachi

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

**Condensed Interim Un-consolidated
Balance Sheet
As at September 30, 2018**

	Note	Un-Audited September 2018	Audited June 2018
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 750,000,000 ordinary shares of Rs.10 each		<u>7,500,000</u>	<u>7,500,000</u>
Issued, subscribed and paid-up capital 356,495,525 ordinary shares of Rs. 10 each		<u>3,564,955</u>	3,564,955
Reserves		<u>9,707,049</u>	<u>9,055,772</u>
		13,272,004	12,620,727
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	7,124,482	6,911,869
Deferred liabilities			
Deferred taxation - net		<u>25,914</u>	<u>23,692</u>
Staff gratuity		<u>62,211</u>	<u>63,165</u>
		88,125	86,857
CURRENT LIABILITIES			
Trade and other payables		8,812,669	7,008,948
Accrued mark-up/profit		136,516	175,633
Short term borrowings		18,745,405	15,076,081
Current maturity of long term financing	5	1,469,832	1,365,857
Unclaimed dividend		5,276	6,421
Unpaid dividend		<u>11,052</u>	<u>11,052</u>
		29,180,750	23,643,992
CONTINGENCIES AND COMMITMENTS			
	7	<u>49,665,361</u>	<u>43,263,445</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	16,607,663	16,104,319
Intangible assets	9	55,611	23,985
Long term investment		58,450	58,450
Long term loans and advances		44,114	37,314
Long term deposits		<u>305,869</u>	<u>202,959</u>
		17,071,707	16,427,027
CURRENT ASSETS			
Stores and spares		1,159,748	961,088
Stock-in-trade		19,707,197	16,143,933
Trade debts		6,653,052	5,398,565
Loans, advances and other receivables		1,235,404	1,197,376
Short term prepayments		261,148	239,661
Refunds due from Government		2,556,436	1,827,764
Taxation - net		638,798	597,781
Cash and bank balances		<u>381,871</u>	<u>470,250</u>
		32,593,654	26,836,418
		49,665,361	43,263,445

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

**Condensed Interim Un-consolidated
Profit And Loss Account
For the quarter ended 30 September, 2018**

	Note	Un-Audited	
		September 2018	September 2017
-----Rupees in '000-----			
Sales - net		11,934,342	9,231,082
Cost of sales		<u>9,241,579</u>	<u>7,454,336</u>
Gross profit		2,692,763	1,776,746
Distribution costs		<u>1,099,392</u>	893,096
Administrative costs		511,001	525,919
Other operating costs		<u>93,141</u>	10,986
		<u>1,703,534</u>	<u>1,430,001</u>
		989,229	346,745
Other income		<u>11,442</u>	<u>37,422</u>
Operating profit		1,000,671	384,167
Finance cost		<u>260,367</u>	<u>224,149</u>
Profit before taxation		740,304	160,018
Taxation			
- Current	11	<u>86,805</u>	57,638
- Deferred		<u>2,222</u>	-
		<u>89,027</u>	<u>57,638</u>
Profit after taxation		<u><u>651,277</u></u>	<u><u>102,380</u></u>
Earning per share - basic and diluted (Rs.)		1.83	0.29

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

**Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the quarter ended 30 September, 2018**

	Note	Un-Audited	
		September 2018	September 2017
-----Rupees in '000-----			
Profit after taxation		651,277	102,380
Other comprehensive income		-	-
Total comprehensive income		<u>651,277</u>	<u>102,380</u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

**Condensed Interim Un-Consolidated
Cash Flow Statement
For the quarter ended 30 September, 2018**

Note	Un-Audited	
	September 2018	September 2017
-----Rupees in '000-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	740,304	160,018
Adjustments for:		
Depreciation	455,627	451,893
Amortisation	2,908	2,530
Provision for gratuity	5,776	6,306
Finance cost	260,367	223,944
Provision for slow moving/obsolete stores spares and loose tools	8,368	1,962
Impairment allowance against doubtful trade debts	-	10,535
Loss on disposal of property, plant and equipment	26,608	2,564
Gain on disposal of property, plant and equipment	(9,658)	(25,665)
	749,996	674,069
Cash flows from operating activities before adjustments of working capital	1,490,300	834,087
Changes in working capital:		
Increase in current assets		
Stores and spares	(207,028)	(230,297)
Stock-in-trade	(3,563,264)	(2,312,367)
Trade debts	(1,254,487)	645,386
Loans, advances and other receivables	(38,028)	(714,944)
Short term prepayments	(21,487)	(421,674)
Refunds due from Government	(728,672)	71,805
	(5,812,966)	(2,962,091)
Increase in current liabilities		
Trade and other payables	1,803,721	1,493,184
	(4,009,245)	(1,468,907)
Cash generated used in operations	(2,518,945)	(634,820)
Adjustments for:		
Gratuity paid	(6,730)	(24,583)
Finance cost paid	(299,484)	(258,968)
Income tax paid or deducted	(127,822)	(103,723)
Increase in Long term loans and Advances	(6,800)	(2,941)
Increase/(decrease) in Long term deposits	(102,910)	153
	(543,746)	(390,062)
Net Cash generated used in Operating activities	(3,062,691)	(1,024,882)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(1,054,125)	(261,272)
Addition to intangible assets	(34,534)	-
Proceeds from sale of property, plant and equipment	78,205	61,395
Net cash used in investing activities	(1,010,454)	(199,877)
Balance carried forward	(4,073,145)	(1,224,759)

**Condensed Interim Un-Consolidated
Cash Flow Statement
For the quarter ended 30 September, 2018**

	Un-Audited	
	September 2018	September 2017
Note	-----Rupees in '000-----	
Balance brought forward	(4,073,145)	(1,224,759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	505,541	137,630
Long term financing repaid	(188,954)	(136,519)
Dividend paid	(1,145)	(16)
Net cash generated from financing activities	315,442	1,095
Net decrease in cash and cash equivalents	(3,757,703)	(1,223,664)
Cash and cash equivalents - at the beginning of the period	(14,605,831)	(11,665,461)
Cash and cash equivalents - at the end of the period	(18,363,534)	(12,889,125)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

**Condensed Interim Un-consolidated
Statement of Changes in Equity
For the quarter ended 30 September, 2018**

	Share Capital	Capital reserve - Share Premium	Reserves		Reserves	Total
			Revenue Reserve			
			General Reserve	Unappropriated Profit		
----- Rupees '000-----						
Balance as at June 30, 2017 (Audited)	3,564,955	1,405,415	4,980,000	963,547	7,348,962	10,913,917
Total Comprehensive income for the First Quarter ended September 2017 (un-audited)						
Profit after taxation	-	-	-	102,380	102,380	102,380
Balance as at 30 September, 2017 (Un-audited)	3,564,955	1,405,415	4,980,000	1,065,927	7,451,342	11,016,297
Transactions with owners						
Final dividend for the year ended June 30, 2017	-	-	-	(356,496)	(356,496)	(356,496)
Transfer to general reserve	-	-	400,000	(400,000)	-	-
Total Comprehensive income for the year ended 30 June, 2018						
Profit after taxation	-	-	-	1,972,593	1,972,593	1,972,593
Other comprehensive loss	-	-	-	(11,667)	(11,667)	(11,667)
	-	-	-	1,960,926	1,960,926	1,960,926
Balance as at 30 June, 2018	3,564,955	1,405,415	5,380,000	2,270,357	9,055,772	12,620,727
Total comprehensive income for the quarter ended September 30, 2018 (Un-audited)						
Profit after taxation	-	-	-	651,277	651,277	651,277
Balance as at September 30, 2018 (Un-audited)	3,564,955	1,405,415	5,380,000	2,921,634	9,707,049	13,272,004

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

**Notes to the Condensed Interim Un-consolidated
Financial Information (Un-audited)
For the quarter ended 30 September, 2018**

1 LEGAL STATUS AND ITS OPERATIONS

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

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

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited. Note no. 5.2.1.

The Company has the following subsidiaries:

Details of Subsidiaries

<u>Name</u>	<u>Chief Executive officer</u>	<u>Address</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>	<u>Status</u>	<u>Audit Status as at 30 September, 2018</u>
Gul Ahmed International Limited FZC	Mr. Mohamed Bashir	P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E.	December 11, 2002	U.A.E	100%	Operational	Un-audited
GTM (Europe) Limited - Indirect subsidiary	Mr. Mohamed Bashir	City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom	April 17, 2003	U.K	100%	Operational	Un-audited
GTM USA - Indirect subsidiary	Mr. Mohamed Bashir	515, 7 West 34th Street, New York, USA	March 19, 2012	U.S.A	100%	Operational	Un-audited
Sky Home-Indirect Subsidiary	Mr. Mohamed Bashir	Street No. 328, South King Charles Road, City Raleigh, State North Carolina	February 28, 2017	U.S.A	100%	Operational	Un-audited

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

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

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

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

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

- 1.4 As at June 30, 2018, the Company has 64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises.

2 BASIS OF PREPARATION

This condensed interim un-consolidated financial information of the Company for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

This condensed interim un-consolidated financial information comprise of the condensed interim un-consolidated balance sheet as at September 30, 2018 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 quarter ended September 30, 2018.

The comparative balance sheet, presented in this condensed interim un-consolidated financial Information, as at June 30, 2018 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim un-consolidated 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 quarter ended September 30, 2018 have been extracted from the condensed interim un-consolidated financial information of the Company for the quarter ended September 30, 2017.

This 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, 2018.

Certain new IFRSs and amendments to existing IFRSs, effective for periods beginning on or after July 1, 2018, do not have any impact on this condensed interim financial information, and are therefore not presented.

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, 2018.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

5 Long term financing - Secured

	Un-Audited September 2018	Audited June 2018
	Rupees in '000	
Opening balance	8,277,726	7,824,892
Add: Obtained during the period / year	505,541	1,270,701
Less: Repaid during the period / year	<u>(188,954)</u>	<u>(817,867)</u>
	8,594,313	8,277,726
Less: Current portion shown under current liabilities	<u>(1,469,831)</u>	<u>(1,365,857)</u>
	<u>7,124,482</u>	<u>6,911,869</u>

6 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of:

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 was challenged in Honorable Sindh High Court by the Company, as was disclosed in note no. 10.1.2 of the financial statements for the year ended June 30, 2018. Accordingly, the Company has provided banker's verified Cheque of Rs. 250.675 million (June-2018: 217.356 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, made full provision up to the quarter ended 30 September 2018 amounting to Rs. 410.601 million (June-2018: 377.283 million) in the unconsolidated financial statements. Subsequent to the period ended, the Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018 and the Company has paid the bill accordingly.
- b) The Company as mentioned in note 12.1.3 of the financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. Accordingly, the Company has provided banker's certified cheques of Rs. 388.570 million (June-2018: Rs. 332.397 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, made full provision up to the quarter ended 30 September, 2018 amounting to Rs. 626.230 million (June-2018: Rs. 570.057 million) in the unconsolidated financial statements. Subsequent to the period ended, the OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018 and the Company has paid the bill accordingly.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

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

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 12.7 of the financial statements for the year ended June 30, 2018 except that the amount of provision of Rs. 1,876 million (June-2018: Rs.1,725 million) commencing from May 22, 2015 to the balance sheet date.

Guarantees

- (a) Rs. 853 million (June-2018: Rs. 839 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 784 million (June 2018: Rs. 771 million).
- (b) Post dated cheques Rs. 2,673 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 1,486 million (June-2018: Rs. 1,292 million).
- (d) Corporate guarantee of Rs. 113.035 million (June-2018: Rs. 110.45 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

Commitments

- (a) The Company is committed for capital expenditure as at September 30, 2018 of Rs. 1,198.1 million (June 2018: Rs. 1,234.4 million).
- (b) The Company is committed to minimum rental payments for Retail outlets for each of the following period as follows:

	Un-Audited September 2018	Audited June 2018
	Rupees in '000	
Not more than one year	575,177	800,204
More than one year but not more than five years	2,693,651	2,276,407
More than five years	633,778	815,837
	<u>3,902,606</u>	<u>3,892,448</u>

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1&8.2	15,125,820	14,908,714
Capital work in progress (CWIP)	8.4	1,481,843	1,195,605
		<u>16,607,663</u>	<u>16,104,319</u>

		Un-Audited September 2018	September 2017
		Rupees in '000	
8.1 Additions during the period			
Buildings and structures on leasehold land		74,462	530,910
Plant and machinery		638,686	1,864,805
Furniture and fixtures		-	559
Office equipment		13,877	6,927
Vehicles		39,445	10,511
		<u>766,470</u>	<u>2,413,712</u>

- 8.1.1 Additions to building and structure on leasehold land and plant and machinery include transfers from capital work-in-progress amounting to Rs. 55.4 million and Rs. 640 million (September-2017: Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 2.063 million, Rs. 304 million and Rs. 40 k).

		Un-Audited September 2018	September 2017
		Rupees in '000	
8.2 Disposals - operating fixed assets (at net book value)			
Plant and machinery		71,309	22,484
Vehicles		22,428	4,339
		<u>93,737</u>	<u>26,823</u>

- 8.2.1 Disposals include assets scrapped at Net book value during the period of Rs. Nil (Sept-2017: Rs. 220 k).

8.3 Depreciation charge during the period		<u>455,627</u>	<u>451,893</u>
--	--	----------------	----------------

		Un-Audited September 2018	September 2017
		Rupees in '000	
8.4 Additions - capital work in progress (at cost)			
Machinery		825,186	20,500
Building		158,045	194,527
		<u>983,231</u>	<u>215,027</u>

9 INTANGIBLE ASSETS

	Note	Un-Audited September 2018	Audited June 2018
		Rupees in '000	
Intangible - net book value	9.1&9.2	<u>55,611</u>	<u>23,985</u>

		Un-Audited September 2018	September 2017
		Rupees in '000	
9.1 Additions - intangibles (at cost)			
Computer Software		34,534	-
9.2 Amortization charge during the period		<u>2,908</u>	<u>2,530</u>

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances	381,871	395,346
Short term borrowings	(18,745,405)	(13,284,471)
	<u>(18,363,534)</u>	<u>(12,889,125)</u>

11 TAXATION

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

12 SEGMENT INFORMATION

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

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

Transactions among the business segments are recorded at cost.

12.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017
	-----Rs. 000s-----											
Sales	2,212,033	1,316,965	368,633	505,046	3,225,687	2,312,015	8,799,258	7,439,029	(2,671,269)	(2,341,973)	11,934,342	9,231,082
Cost of sales	1,819,118	1,114,856	418,986	438,619	2,099,463	1,617,284	7,575,281	6,625,550	(2,671,269)	(2,341,973)	9,241,579	7,454,336
Gross profit	392,915	202,109	(50,353)	66,427	1,126,224	694,731	1,223,977	813,479	-	-	2,692,763	1,776,746
Distribution cost and Administrative expenses	31,215	45,032	13,281	19,818	1,008,108	845,346	557,789	508,819	-	-	1,610,393	1,419,015
Profit/(Loss) before tax and before charging following	361,700	157,077	(63,634)	46,609	118,116	(150,615)	666,188	304,660	-	-	1,082,370	357,731
Finance Cost											260,367	224,149
Other operating expenses											93,141	10,986
Other income											(11,442)	(37,422)
											342,066	197,713
Profit/(loss) before taxation											740,304	160,018
Taxation											89,027	57,638
Profit/(loss) after taxation											651,277	102,380
Depreciation and Amortisation Expense	131,926	124,321	74,670	72,851	72,561	74,202	179,378	183,049	-	-	458,535	454,423

12.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018
	-----Rs. 000s-----											
Assets	10,872,645	11,021,310	3,378,795	3,357,067	5,986,924	5,396,751	27,294,038	22,155,720	2,132,959	1,332,597	49,665,361	43,263,445
Liabilities	3,787,449	3,802,668	1,836,594	1,895,092	890,253	905,830	12,871,142	7,524,144	17,007,919	16,514,984	36,393,357	30,642,718
Segment Capital & Intangible Expenditure	48,371	830,051	414,035	1,844,453	59,910	217,508	178,726	143,483	99,962	297,537	801,004	3,333,032

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

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

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

12.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,966 million (Sep-2017: Rs. 2,591 million).

12.7 Information by geographical area

	Revenue		Non-current assets	
	Sep-18	Sep-17	Sep-18	Jun-18
	-----Rupees in '000-----			
Pakistan	4,732,864	3,473,709	17,013,257	16,368,577
Germany	2,565,645	1,618,380	-	-
United States	1,117,974	901,262	-	-
France	344,846	506,271	-	-
Netherlands	591,452	501,736	-	-
United Kingdom	366,360	479,472	-	-
Italy	489,925	442,263	-	-
Spain	171,664	274,272	-	-
China	322,518	221,158	-	-
Sweden	327,628	211,862	-	-
United Arab Emirates	366,360	44,206	58,450	58,450
Other Countries	537,106	556,491	-	-
	11,934,342	9,231,082	17,071,707	16,427,027

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep-18	Sep-17
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Sale of goods	420,006	343,352
	Commission paid	121,061	32,033
Associated Companies and other related parties	Purchase of goods	44,493	23,516
	Sale of goods	-	72
	Rent paid	21,733	19,699
	Fees paid	2,000	2,000
	Donation paid	417	-
	Bills discounted	1,532,671	2,343,161
	Commission / Bank charges paid	13,640	12,983
	Mark up / Interest charged	8,943	1,472
	Provident fund contribution	40,472	38,353
		Un-Audited	Audited
		Sep-18	Jun-18
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Trade and other payables	19,704	37,943
	Long term investment	58,450	58,450
	Trade debts	480,947	390,603
	Other receivables	17,468	22,526
	Corporate guarantee issued in favour of subsidiary company	113,035	110,450
Associated companies and others related parties	Borrowings from Banks	953,357	964,494
	Trade and other payables - Creditors	840	15,731
	Payable to employee's provident fund	21,272	21,025
	Bank guarantee	784,726	770,804
	Accrued mark-up	2,925	8,785
	Loans to key management personnel & executive	69,081	54,594
	Deposit with banks	336,720	115,270
Prepaid rent	28,392	42,588	

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 2018 amounting to Rs. 228 million (September-17: Rs. 222 million) on account of remuneration.

14 FAIR VALUES

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

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

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

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

15 DATE OF AUTHORISATION

These financial statements were authorised for issue on 29 October, 2018 by the Board of Directors of the Company.

16 GENERAL

- 16.1 Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.
- 16.2 Figures have been rounded off to the nearest thousand rupees.

17 CORRESPONDING FIGURES

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

Reclassification from component	Reclassification to component	Amount Rs '000
Other income Other income	Sales Sales - net (Exchange gain on realization of export receivables)	15,972
Finance cost Finance cost	Cost of sales Cost of sales (Exchange gain on purchase)	205

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Consolidated Accounts

***Consolidated Condensed Interim Financial Information
For The First Quarter Ended September 30, 2018***

**Condensed Interim Consolidated
Statement of Financial Position
As at September 30, 2018**

	Un-Audited September 2018	Audited June 2018
Note	-----Rs. '000-----	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 750,000,000 ordinary shares of Rs.10 each	<u>7,500,000</u>	<u>7,500,000</u>
Share Capital 356,495,525 ordinary shares of Rs. 10 each	<u>3,564,955</u>	<u>3,564,955</u>
Reserves	<u>10,143,886</u>	<u>9,458,376</u>
	13,708,841	13,023,331
NON-CURRENT LIABILITIES		
Long term financing	7,124,482	6,911,869
Deferred liabilities		
Deferred taxation	<u>39,912</u>	<u>37,690</u>
Staff Gratuity	<u>69,880</u>	<u>71,517</u>
	109,792	109,207
CURRENT LIABILITIES		
Trade and other payables	9,178,424	7,126,081
Accrued mark-up/profit	136,516	175,633
Short term borrowings	18,745,405	15,146,734
Current maturity of long term financing	1,469,832	1,365,857
Unclaimed dividend	5,276	6,421
Unpaid dividend	11,052	11,052
Provision for taxation	<u>5,398</u>	<u>13,157</u>
	29,551,903	23,844,935
CONTINGENCIES AND COMMITMENTS		
8	<u>50,495,018</u>	<u>43,889,342</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	16,624,464	16,121,877
Intangible assets	63,061	32,005
Long Term Investment	56,783	55,794
Long term loans and advances	44,114	38,607
Long term deposits	305,869	205,999
Deferred taxation	<u>-</u>	<u>290</u>
	17,094,291	16,454,572
CURRENT ASSETS		
Stores and spares	1,159,748	961,088
Stock-in-trade	20,105,408	16,419,958
Trade debts	6,998,898	5,666,199
Loans, advances and other receivables	1,230,594	1,192,970
Short term prepayments	285,820	249,933
Refunds due from Government	2,556,436	1,827,764
Taxation - net	638,798	597,781
Cash and bank balances	<u>425,025</u>	<u>519,077</u>
	33,400,727	27,434,770
	<u>50,495,018</u>	<u>43,889,342</u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Consolidated
Statement of Profit or Loss
For the quarter ended September 30, 2018**

	Un-Audited	
	September 2018	September 2017
	-----Rs. '000-----	
Sales - net	12,403,375	9,457,662
Cost of sales	<u>9,493,626</u>	<u>7,620,304</u>
Gross profit	2,909,750	1,837,358
Distribution cost	<u>1,137,981</u>	<u>894,093</u>
Administrative cost	<u>632,718</u>	<u>609,093</u>
Other operating cost	<u>93,141</u>	<u>8,422</u>
	<u>1,863,840</u>	<u>1,511,608</u>
	<u>1,045,910</u>	<u>325,750</u>
Other income	<u>11,578</u>	<u>50,830</u>
Operating profit	1,057,488	376,580
Finance cost	262,744	224,635
Profit before taxation	<u>794,744</u>	<u>151,945</u>
Taxation		
- Current	<u>86,805</u>	<u>57,396</u>
- Deferred	<u>2,222</u>	<u>-</u>
	<u>89,027</u>	<u>57,396</u>
Profit after taxation	<u>705,717</u>	<u>94,549</u>
Earning per share - basic and diluted (Rs.)	1.98	0.27

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Consolidated
Statement of Comprehensive Income
For the quarter ended September 30, 2018**

	Un-Audited	
	September 2018	September 2017
	-----Rs. '000-----	
Prodit after taxation	705,717	94,549
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently		
Exchange difference on translation of foreign subsidiaries	(20,208)	5,482
Total comprehensive income	<u><u>685,509</u></u>	<u><u>100,031</u></u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2018**

Note	Un-Audited	
	September 2018	September 2017
-----Rs. '000-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	794,744	151,945
Adjustments for:		
Depreciation	456,384	452,992
Amortisation	3,478	2,854
Provision for gratuity	5,776	6,768
Finance cost	262,744	224,635
Provision for slow moving/obsolete stores and spares	8,368	1,962
Impairment allowance against doubtful trade debts	-	10,535
Gain on disposal of property, plant and equipment	(9,658)	(23,101)
Loss on disposal of property, plant and equipment	26,608	-
	753,700	676,645
Cash flows from operating activities before adjustments of working capital	1,548,444	828,590
Changes in working capital:		
(Increase)/decrease in current assets		
Stores and spares	(207,028)	(230,297)
Stock-in-trade	(3,685,450)	(2,315,503)
Trade debts	(1,332,699)	685,285
Loans, advances and other receivables	(37,624)	(714,234)
Short term prepayments	(35,887)	(426,290)
Refunds due from Government - Net	(728,672)	71,805
	(6,027,360)	(2,929,234)
Decrease in current liabilities		
Trade and other payables	2,052,343	1,504,580
	(3,975,017)	(1,424,654)
Cash generated from operations before following:	(2,426,573)	(596,064)
Gratuity paid	(7,413)	(24,583)
Finance cost paid	(301,861)	(259,659)
Income tax paid or deducted	(135,290)	(103,579)
Net decrease /(increase) in Long term loans and advances	(5,507)	(2,941)
Increase in Long term deposits - Net	(99,870)	2,773
	(549,941)	(387,989)
Net cash used in operating activities	(2,976,514)	(984,053)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(1,054,125)	(261,882)
Addition to intangible assets	(34,534)	-
Proceeds from sale of property, plant and equipment	78,205	61,395
Long term Investment	(989)	-
Net cash used in investing activities	(1,011,443)	(200,487)

**Condensed Interim Consolidated
Statement of Cash Flows
For the quarter ended September 30, 2018**

	Note	Un-Audited	
		September 2018	September 2017
		-----Rs. '000-----	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		505,541	137,630
Long term financing repaid		(188,954)	(136,519)
Dividend paid		(1,145)	(16)
Net cash generated from financing activities		315,442	1,095
Exchange difference on translation of foreign subsidiaries		(20,208)	5,482
Net decrease in cash and cash equivalents		(3,692,723)	(1,177,963)
Cash and cash equivalents - at the beginning of the period		(14,627,657)	(11,648,168)
Cash and cash equivalents - at the end of the period	11	(18,320,380)	(12,826,131)

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

IOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Consolidated
Statement of Changes in Equity
For the quarter ended September 30, 2018**

	Reserves							Total
	Share capital	Capital reserve - Share Premium	Revenue reserve				Subtotal Reserves	
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit		
-----Rs. '000-----								
Balance as at June 30, 2017	3,564,955	1,405,415	4,980,000	123,550	18,060	1,103,678	7,630,703	11,195,658
Total comprehensive income for the first quarter ended September 2017 (un-audited)								
Profit after taxation	-	-	-	-	-	94,549	94,549	94,549
Other comprehensive income	-	-	-	5,482	-	-	5,482	5,482
	-	-	-	5,482	-	94,549	100,031	100,031
Balance as at September 30, 2017 (Un-Audited)	3,564,955	1,405,415	4,980,000	129,032	18,060	1,198,227	7,730,734	11,295,689
Transfer to								
General reserve	-	-	400,000	-	-	(400,000)	-	-
Statutory reserve	-	-	-	-	1,588	(1,588)	-	-
	-	-	400,000	-	1,588	(401,588)	-	-
Transactions with owners								
Final dividend for the year ended June 30, 2017	-	-	-	-	-	(356,496)	(356,496)	(356,496)
Total comprehensive income for the period October 01, 2017 to June 30, 2018								
Profit after taxation	-	-	-	-	-	2,065,832	2,065,832	2,065,832
Other comprehensive income	-	-	-	29,973	-	(11,667)	18,306	18,306
	-	-	-	29,973	-	2,054,165	2,084,138	2,084,138
Balance as at June 30, 2017	3,564,955	1,405,415	5,380,000	159,005	19,648	2,494,308	9,458,376	13,023,331
Total comprehensive income for the first quarter ended September 2018 (un-audited)								
Profit after taxation	-	-	-	-	-	705,717	705,717	705,717
Other comprehensive income	-	-	-	(20,208)	-	-	(20,208)	(20,208)
	-	-	-	(20,208)	-	705,717	685,509	685,510
Balance as at September 30, 2018 (Un-Audited)	3,564,955	1,405,415	5,380,000	138,797	19,648	3,200,025	10,143,885	13,708,841

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

**Notes to the Condensed Interim Consolidated
Financial Information (Un-audited)
For the quarter ended September 30, 2018**

1 LEGAL STATUS AND ITS OPERATIONS

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

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

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

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

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

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

1.2 Basis of consolidation

The financial information include the financial information of the Group.

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

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

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

Details of Subsidiaries

<u>Name</u>	<u>Chief Executive officer</u>	<u>Address</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>	<u>Status</u>	<u>Audit Status as at 30 September, 2018</u>
Gul Ahmed International Limited FZC	Mr. Mohamed Bashir	P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E.	December 11, 2002	U.A.E	100%	Operational	Un-audited
G I M (Europe) Limited - Indirect subsidiary	Mr. Mohamed Bashir	City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom	April 17, 2003	U.K	100%	Operational	Un-audited
GTM USA - Indirect subsidiary	Mr. Mohamed Bashir	515, 7 West 34th Street, New York, USA	March 19, 2012	U.S.A	100%	Operational	Un-audited
Sky Home- Indirect Subsidiary	Mr. Mohamed Bashir	Street No. 328, South King Charles Road, City Raleigh, State North Carolina	February 28, 2017	U.S.A	100%	Operational	Un-audited

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

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

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

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

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

1.5 As at June 30, 2018, the Company has 64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 7 franchises.

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited and Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at September 30, 2018 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

This condensed interim consolidated financial information of the Group for the quarter ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

These condensed interim consolidated financial information comprise of the condensed interim consolidated statement of Financial Position as at September 30, 2018 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the first quarter ended September 30, 2018.

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

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, 2018.

Certain new IFRSs and amendments to existing IFRSs, effective for periods beginning on or after July 1, 2018, do not have any impact on this condensed interim financial information, and are therefore not presented.

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, 2018.

4 FINANCIAL RISK MANAGEMENT

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

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

6 Long term financing - Secured

	Un-Audited September 2018	Audited June 2018
	Rupees in thousand	
Opening balance	8,277,726	7,824,892
Add: Obtained during the period / year	505,541	1,270,701
Less: Repaid during the period / year	<u>(188,954)</u>	<u>(817,867)</u>
	8,594,313	8,277,726
Less: Current portion shown under current liabilities	<u>(1,469,831)</u>	<u>(1,365,857)</u>
	<u>7,124,482</u>	<u>6,911,869</u>

7 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of;

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 was challenged in Honorable Sindh High Court by the Group, as was disclosed in note no. 10.1.2 of the financial statements for the year ended June 30, 2018. Accordingly, the Group has provided banker's verified Cheque of Rs. 250.675 million (June-2018: 217.356 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, made full provision up to the quarter ended 30 September 2018 amounting to Rs. 410.601 million (June-2018: 377.283 million) in the consolidated financial statements. Subsequent to the period ended, the Oil and Gas Regulatory Authority (OGRA) has issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018 and the Group has paid the bill accordingly.
- b) The Group as mentioned in note 12.1.3 of the financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. Accordingly, the Group has provided banker's certified cheques of Rs. 388.570 million (June-2018: Rs. 332.397 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, made full provision up to the quarter ended 30 September, 2018 amounting to Rs. 626.230 million (June-2018: Rs. 570.057 million) in the consolidated financial statements. Subsequent to the period ended, the OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018 and the Group has paid the bill accordingly.

8 CONTINGENCIES AND COMMITMENTS

Contingencies

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

Guarantees

- Rs. 853 million (June-2018: Rs. 839 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 784 million (June 2018: Rs. 771 million).
- Post dated cheques Rs. 2,673 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- Bills discounted Rs. 1,486 million (June-2018: Rs. 1,292 million).
- Corporate guarantee of Rs. 113.035 million (June-2018: Rs. 110.45 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

Commitments

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

The Group is committed for capital expenditure as at September 30, 2018 of Rs. 1,198.1 million (June 2018: Rs. 1,234.4 million).

Un-Audited	Audited
September	June
2018	2018
-----Rs. '000-----	

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

Not more than one year	575,177	800,204
More than one year but not more than five years	2,693,651	2,276,407
More than five years	633,778	815,837
	3,902,606	3,892,448

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1 & 9.2	15,142,620	14,926,272
Capital work in progress (CWIP)	9.4	1,481,843	1,195,605
		16,624,464	16,121,877

Un-Audited	
for the first quarter	for the first quarter
September	September
2018	2017
-----Rs. '000-----	

9.1 Additions during the period

Buildings and structures on leasehold land	74,462	530,910
Plant and machinery	638,686	1,864,805
Furniture and fixtures	-	1,153
Office equipment	13,877	6,961
Vehicles	39,445	10,511
	766,470	2,414,340

- 1.1 Additions to building and structure on leasehold land and plant and machinery include transfers from capital work-in-progress amounting to Rs. 55.4 million and Rs. 640 million (September-2017: Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 2,063 million, Rs. 304 million and Rs. 40 k).

	Un-Audited	
	for the first quarter September 2018	for the first quarter September 2017
	-----Rs. '000-----	
9.2 Disposals - operating fixed assets (at net book value)		
Plant and machinery	71,309	22,484
Vehicles	22,428	4,339
	<u>93,737</u>	<u>26,823</u>

9.2.1 Disposals include assets scrapped at Net book value during the period of Rs. Nil (Sept-2017: Rs. 220 k).

	Un-Audited	
	September 2018	September 2017
	-----Rs. '000-----	
9.3 Depreciation charge during the period	<u>456,384</u>	<u>452,992</u>
9.4 Additions - capital work in progress (at cost)		
Machinery	825,186	20,500
Building	158,045	194,527
Others	-	-
	<u>983,231</u>	<u>215,027</u>

Note	Un-Audited	Audited
	September 2018	June 2018
	-----Rs. '000-----	
	<u>63,061</u>	<u>32,005</u>
	<u>63,061</u>	<u>32,005</u>

10 INTANGIBLE ASSETS

Intangible - net book value	10.1 & 10.2	63,061	32,005
		<u>63,061</u>	<u>32,005</u>

	Un-Audited	
	for the first quarter September 2018	for the first quarter September 2017
	-----Rs. '000-----	
#### Additions - intangibles (at cost)		
Computer Software	34,534	-
	<u>34,534</u>	<u>-</u>
#### Amortisation charge during the period	<u>3,478</u>	<u>2,854</u>

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

	Un-Audited	
	September 2018	September 2017
	-----Rs. '000-----	
Cash and bank balances	425,025	458,340
Short term borrowings	(18,745,405)	(13,284,471)
	<u>(18,320,380)</u>	<u>(12,826,131)</u>

12 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.

13 SEGMENT INFORMATION

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

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

Transactions among the business segments are recorded at cost.

13.1 Segment profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017	Sept-2018	Sept-2017
	Rs. '000																			
Sales	2,212,033	1,316,965	368,633	505,046	3,225,687	2,312,015	8,799,258	7,439,031	151,443	221,990	419,973	256,418	60,472	105,219	257,151	9,595	(3,091,275)	(2,692,645)	12,403,375	9,473,634
Cost of sales	1,819,118	1,114,856	418,986	438,619	2,099,463	1,617,284	7,575,281	6,825,755	117,671	185,557	348,836	238,124	55,835	82,704	155,343	9,057	(3,096,907)	(2,691,652)	9,493,626	7,620,304
Gross profit	392,915	202,109	(50,353)	66,427	1,126,224	694,731	1,223,977	813,276	33,772	36,433	71,137	18,294	4,637	22,515	101,808	538	5,632	(993)	2,909,749	1,853,330
Distribution costs and administrative costs	31,215	45,032	13,281	19,818	1,008,108	845,346	557,789	508,821	25,241	26,187	45,214	22,124	3,964	23,107	85,886	12,751	-	-	1,770,698	1,503,186
Profit/(loss) before tax and before charging the following	361,700	157,077	(63,634)	46,609	118,116	(150,615)	666,188	304,455	8,531	10,246	25,923	(3,830)	673	(592)	15,922	(12,213)	5,632	(993)	1,139,051	350,144
Other operating costs																			93,141	8,422
Other income																			(11,578)	(34,858)
Finance costs																			262,744	224,635
Profit before taxation																			344,307	198,199
Taxation																			794,744	151,945
Profit after taxation																			89,027	57,396
																			705,717	94,549
Depreciation and Amortisation Expense	131,926	124,321	74,670	72,851	72,561	74,202	179,378	183,049	-	3,495	-	1,477	-	1,910	-	-	-	-	458,535	387,103

13.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		SKY Home Corporation		Unallocated		Total Group		
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	
	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	Sept-2018	June - 2018	
	Rs. '000																				
Assets	10,872,645	11,021,310	3,378,795	3,357,067	5,986,924	5,396,751	27,294,038	22,155,720	432,019	488,118	555,865	410,387	25,520	8,555	401,796	231,653	2,132,959	1,332,597	51,080,561	44,402,158	
Elimination of intragroup balances																			(585,543)	(512,816)	
																			50,495,018	43,889,342	
Liabilities	3,787,449	3,802,668	1,836,594	1,895,092	890,253	905,830	12,871,142	7,524,144	137,818	201,464	432,688	314,148	99,329	97,631	239,141	67,897	17,007,919	16,514,984	37,302,333	31,323,858	
Elimination of intragroup balances																			(516,157)	(457,847)	
																			36,786,176	30,866,011	
Segment Capital Expenditure	48,371	830,051	414,035	1,844,453	59,910	217,508	178,726	143,483	-	2,090	-	-	-	-	-	-	-	99,962	297,537	801,004	3,335,122

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

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

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

13.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,966 million (Sep-2017: Rs. 2,591 million)

13.7 Information by geographical area

	Revenue		Non-current assets	
	For the first quarter ended (Un-audited)		Un-Audited	Audited
	Sep - 2018	Sep - 2017	Sep - 2018	Jun - 2018
	Rupees in thousand			
Pakistan	4,732,864	3,473,709	17,013,257	16,368,577
Germany	2,565,645	1,618,380	-	-
United States	1,361,331	928,071	-	4,121
Netherlands	344,846	501,736	-	-
Italy	591,452	442,263	-	-
United Kingdom	447,327	499,305	62,697	64,089
Spain	489,925	274,272	-	-
France	171,664	506,271	-	-
Sweden	322,518	211,862	-	-
China	327,628	221,158	-	-
United Arab Emirates	511,069	240,116	18,337	17,785
Other Countries	537,106	540,519	-	-
Total	12,403,375	9,457,662	17,094,291	16,454,572

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Group	Nature of transactions	Un-Audited	
		Sep - 2018	Sep - 2017
		Rupees in thousand	
Associated Companies and other related parties	Purchase of goods	44,493	23,516
	Sale of goods	-	72
	Rent paid	21,733	19,699
	Fees paid	2,000	2,000
	Commission/Discount	-	-
	Donation paid	417	-
	Bills discounted	1,532,671	2,343,161
	Commission / Bank charges paid	13,640	12,983
	Mark up / Interest charged	8,943	1,472
	Holding Company's contribution to provident fund	40,472	38,353
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Sep - 2018	Jun - 2018
		Rupees in thousand	
Associated companies and others related parties	Deposit with banks	336,720	115,270
	Borrowings from Banks	953,357	964,494
	Bank guarantee	784,726	770,804
	Trade and other payables	840	15,731
	Trade debts	-	-
	Accrued mark-up	2,925	8,785
	Advances to suppliers	-	-
	Loans to key management personnel & executive	69,081	54,594
	Payable to employee's provident fund	21,272	21,025
	Prepaid Rent	28,392	42,588

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 2018 amounting to Rs. 260 million (September-17: Rs. 249 million) on account of remuneration.

15 FAIR VALUES

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

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

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

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

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 29, 2018 by the Board of Directors of the Group.

17 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.

Reclassification from component	Reclassification to component	Amount Rs '000
Other income	Sales	
Other income	Sales - net (Exchange gain on realization of export receivables)	15,972
Finance cost	Cost of sales	205
Finance cost	Cost of sales (Exchange gain on purchase)	

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer