



Textile Mills Limited

Half Yearly Report
Condensed Interim Financial Information
For the half year ended December 31, 2019



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 Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of Khyber Bankislami Pakistan Limited Citi Bank Dubai Islamic Bank Pakistan Limited Industrial and commercial bank of China Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China JS 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 Summit Bank limited The Bank Of Punjab 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 REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the Half year ended December 31, 2019.

ECONOMIC OVERVIEW

Figures released by the State Bank and other Government Agencies depict that Governments' extensive measures have helped the economy move progressively along the adjustment path and stabilization. However, there is still a long road ahead towards complete economic revival. The current account deficit has shown a sharp decline of 75% to US\$ 2.15 billion in 1st half of fiscal year 2019-20 (US\$ 8.61 billion half year 2018-19). This is mainly driven by decline in imports by 21% to US\$ 22.21 billion half year 2019-20 (US\$ 28.06 billion half year 2018-19) followed by 4% increase in exports to US\$ 12.39 billion half year 2019-20 (US\$ 11.86 billion half year 2018-19). However, owing to rigorous measures to correct fiscal deficit and associated hike in energy cost, increase in interest rates and general inflation, the industry is struggling to maintain sustainability. Accordingly, Large-scale Manufacturing (LSM) industry declined by 5.9 percent during half year 2019-20, with the biggest hit being sustained by Automobile and Iron and Steel.

INDUSTRIAL OVERVIEW

The textile export registered a slim growth of 0.3% to US\$ 6,9 billion in half year 2019-20 (US\$ 6.6 billion half year 2018-19). Prominent categories were readymade garments with a registered growth of 12% followed by, 7.6% in knit and 3.2% in bedwears. Whereas, towel and cotton yarn categories registered a decline due to losing their competitiveness on account of disappointing cotton crop in the country with similar future predictions for the months to come. In addition, the disappointment in cotton production and resultant increase in prices, consistent inflationary pressures along with higher interest rates are rendering it difficult for the industry to keep up the momentum. Accordingly, in case of any further cost increase, the industry's growth trajectory may shift to negative.

FINANCIAL PERFORMANCE

The First Half of 2019-20 has witnessed a sharp increase in raw material prices on both global and local levels as against increasing price pressure as well as change in US\$/PKR parity from around Rs. 160 to around Rs. 154 in first four month mainly resulted in a considerable decline in gross profit margins. The net profit was further affected by higher finance cost, first time application of International Accounting Standards on Lease Transitions, rising inflation etc. Despite this, your company through continuous concentration on technology, efficient process management, cost rationalization efforts and Research and Development, partially mitigated the negative impacts.

Key performance numbers are presented below:

	Units	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
Export sales	Rs. in millions	17,345	14,555
Local sales	Rs. in millions	13,309	11,858
Total sales	Rs. in millions	30,654	26,413
Gross profit	Rs. in millions	6,210	5,955
Profit before tax	Rs. in millions	1,327	2,131
Profit after tax	Rs. in millions	1,069	2,052
Earnings per share (EPS)	Rupees	2.50	5.76
Debt to equity ratio	Times	0.65	0.52
Current ratio	Times	1.07	1.13
Break-up-value per share	Rupees	36.14	38.66

FUTURE OUTLOOK

On the backdrop of sluggish global trade and investments coupled with geopolitical and economic tensions, the World bank trimmed global growth forecast for the year 2020 to 2.5% while slashing 0.2% from last year. This forecasted growth is expected to be trimmed further because of the recent Corona Virus epidemic in China. This outbreak, if not tackled in near future, may on one hand create shortage of materials being imported from China and on other provide opportunity to substitute China's exports worldwide. Nonetheless, the overall world global trade situation raises concern and indicate shift in flow of goods and services across the globe. Moreover, due to the recent decline in supplies from China, textile industry is likely to face raw material shortage. This gap, if not filled in near future, may pose problems in short to medium term supply of goods and accessories.

On the national front, the remaining part of the year is going to be pivotal for the economy of Pakistan. It can be anticipated that a promising shift of economic management away from stabilization towards growth is underway. It is crucial for the continuation of policies to further ease external account vulnerabilities, strengthening of fiscal consolidation and further improvement in business environment as these factors are key drivers for enhanced economic stability. Additional plant capacities currently under installation, would start contributing both to the top and bottom line of the Company in the third and fourth quarters. This will translate into additional sales, incremental profit as well as certain operational efficiencies.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the Half year ended December 31, 2019 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA Sky Home Corporation USA, and Vantona Home Limited, UK are attached.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

February 25, 2020
Karachi

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED
ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

Introduction:

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **GUL AHMED TEXTILE MILLS LIMITED** ("the Company") as of December 31, 2019, and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial statement based on our review.

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim unconsolidated financial statement have not been reviewed, as we are required to review only the cumulative figures for the half year then ended December 31, 2019.

Scope of Review:

We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim unconsolidated financial statements Performed by the Independent Auditor of the Entity". A review of condensed Interim unconsolidated financial statement consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements as at and for the half year ended December 31, 2019 are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' report is Fahad Ali Shaikh.



CHARTERED ACCOUNTANTS

Karachi

Dated: February 25, 2020

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at December 31, 2019

	Un-Audited December 2019	Audited June 2019
Note	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 427,794,630 ordinary shares of Rs. 10 each (June-19:356,495,525 ordinary shares of Rs. 10 each)	<u>4,277,946</u>	3,564,955
Reserves	<u>11,233,358</u>	<u>11,768,258</u>
	15,511,304	15,333,213
NON-CURRENT LIABILITIES		
Long term financing - Secured	5 10,020,482	8,856,901
Lease liability against right of use assets	6 2,277,678	-
Deferred liabilities		
Deferred taxation - net	<u>32,490</u>	<u>71,330</u>
Staff gratuity	<u>142,743</u>	<u>86,717</u>
	175,233	158,047
CURRENT LIABILITIES		
Trade and other payables	<u>11,131,575</u>	<u>9,637,514</u>
Accrued mark-up/profit	<u>257,796</u>	<u>300,010</u>
Short term borrowings	<u>20,995,646</u>	<u>18,961,882</u>
Current maturity of long term financing	5 <u>1,278,128</u>	<u>1,180,302</u>
Current maturity of lease liability against right of use asset	6 <u>478,137</u>	<u>-</u>
Unclaimed dividend	<u>7,658</u>	<u>8,263</u>
Unpaid dividend	<u>16,075</u>	<u>16,075</u>
	34,165,015	30,104,046
CONTINGENCIES AND COMMITMENTS		
	<u>7</u>	<u>7</u>
	62,149,712	54,452,207
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 24,004,407	18,994,305
Intangible assets	9 89,338	44,646
Long term investment	10 1,048,336	58,450
Long term loans and advances	59,092	63,343
Long term deposits	<u>375,044</u>	<u>369,752</u>
	25,576,217	19,530,496
CURRENT ASSETS		
Stores and spares	1,751,417	1,469,564
Stock-in-trade	22,324,489	21,369,532
Trade debts	6,302,225	7,071,272
Loans, advances and other receivables	2,062,937	1,750,413
Short term prepayments	416,100	303,737
Refunds due from Government	2,013,816	1,487,248
Taxation - net	983,676	977,961
Cash and bank balances	11 718,835	491,984
	36,573,495	34,921,711
	62,149,712	54,452,207

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Profit or Loss
For the half year ended December 31, 2019

Note	Un-Audited			
	Half year ended		Quarter ended	
	July to	July to	October to	October to
	December	December	December	December
	2019	2018	2019	2018
-----Rupees in '000-----				
Sales - net	30,654,289	26,412,882	16,564,946	14,534,396
Cost of sales	24,443,874	20,458,159	13,165,615	11,209,594
Gross profit	6,210,415	5,954,723	3,399,331	3,324,802
Distribution costs	2,309,933	2,182,423	1,225,244	1,172,022
Administrative costs	1,545,006	1,269,313	759,304	670,485
Other operating costs	178,003	182,812	119,369	89,671
	4,032,942	3,634,548	2,103,917	1,932,178
	2,177,473	2,320,175	1,295,414	1,392,624
Other income	72,990	402,428	53,530	329,308
Operating profit	2,250,463	2,722,603	1,348,944	1,721,932
Finance cost	922,884	591,731	551,110	331,364
Profit before taxation	1,327,579	2,130,872	797,834	1,390,568
Taxation				
- Current	297,089	94,759	131,936	7,954
- Deferred	(38,840)	(16,372)	(38,840)	(18,594)
	258,249	78,387	93,096	(10,640)
Profit after taxation	1,069,330	2,052,485	704,738	1,401,208
		Re-stated		Re-stated
Earning per share - basic and diluted (Rs.)	2.50	4.80	1.65	3.28

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the half year ended December 31, 2019

Note	Un-Audited			
	Half year ended		Quarter ended	
	July to	July to	October to	October to
	December	December	December	December
	2019	2018	2019	2018
-----Rupees in '000-----				
Profit after taxation	1,069,330	2,052,485	704,738	1,401,208
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>1,069,330</u>	<u>2,052,485</u>	<u>704,738</u>	<u>1,401,208</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2019

	Note	Un-Audited	
		Half year ended	
		December 2019	December 2018
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,327,579	2,130,872
Adjustments for:			
Depreciation on property, plant and equipment	8.3 & 8.5	1,377,935	921,077
Amortisation		11,002	6,825
Provision for gratuity		84,704	11,908
Finance cost		696,241	591,731
Finance cost on leased liability against right of use asset		226,643	-
Provision for slow moving/obsolete stores and spares		11,453	16,667
Impairment allowance against doubtful trade debts		-	11,588
Loss on disposal of property, plant and equipment		78,845	38,412
Gain on disposal of property, plant and equipment		(19,448)	(20,599)
		2,467,375	1,577,609
Cash flows from operating activities before adjustments of working capital		3,794,954	3,708,481
Changes in working capital:			
Increase in current assets			
Stores and spares		(293,306)	(428,081)
Stock-in-trade		(954,957)	(7,088,226)
Trade debts		769,047	103,487
Loans, advances and other receivables		(312,524)	(564,471)
Short term prepayments		(112,363)	67,792
Refunds due from Government		(526,568)	(302,610)
		(1,430,671)	(8,212,109)
Increase in current liabilities			
Trade and other payables		1,494,061	2,008,771
		63,390	(6,203,338)
Cash generated from/(used in) operations before adjustment of following		3,858,344	(2,494,857)
Adjustments for:			
Gratuity paid		(28,678)	(12,224)
Finance cost paid		(738,455)	(553,249)
Income tax paid or deducted		(302,804)	(286,396)
Decrease in long term loans and advances		4,251	(20,305)
Increase in long term deposits		(5,292)	(15,182)
		(1,070,978)	(887,356)
Net Cash generated from/(used in) Operating activities		2,787,366	(3,382,213)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(3,544,847)	(1,410,816)
Addition to intangible assets		(55,694)	(34,689)
Proceeds from sale of property, plant and equipment		89,395	123,347
Long term investments made during the period		(989,886)	-
Net cash used in investing activities		(4,501,032)	(1,322,158)
Balance carried forward		(1,713,666)	(4,704,371)

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2019

		Un-Audited	
		Half year ended	
Note	July to December 2019	July to December 2018	
-----Rupees in '000-----			
	(1,713,666)	(4,704,371)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	1,814,337	866,266	
Long term financing repaid	(552,930)	(630,850)	
Payments for lease liability against right of use asset	(462,810)	-	
Dividend paid	(891,844)	(881,665)	
Net cash generated from/(used in) financing activities	(93,247)	(646,249)	
Net decrease in cash and cash equivalents	(1,806,913)	(5,350,620)	
Cash and cash equivalents - at the beginning of the period	(18,469,899)	(14,605,831)	
Cash and cash equivalents - at the end of the period	11 (20,276,811)	(19,956,451)	

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the half year ended December 31, 2019

	Share Capital	Capital reserve - Share Premium	Revenue Reserve		Reserves	Total
			General Reserve	Unappropriated Profit		
----- Rupees '000-----						
Balance as at June 30, 2018 (Audited)	3,564,955	1,405,415	5,380,000	2,270,357	9,055,772	12,620,727
Transfer to Unappropriate Profit	-	-	(5,380,000)	5,380,000	-	-
Transaction with owners						
Final dividend for the year ended June 30, 2018	-	-	-	(891,239)	(891,239)	(891,239)
Total comprehensive income						
Profit after taxation	-	-	-	2,052,485	2,052,485	2,052,485
Other comprehensive income	-	-	-	-	-	-
	-	-	-	2,052,485	2,052,485	2,052,485
Balance as at December 31, 2018 (Un-audited)	3,564,955	1,405,415	-	8,811,603	10,217,018	13,781,973
Total comprehensive income						
Profit after taxation	-	-	-	1,556,735	1,556,735	1,556,735
Other comprehensive loss	-	-	-	(5,495)	(5,495)	(5,495)
	-	-	-	1,551,240	1,551,240	1,551,240
Balance as at 30 June, 2019	3,564,955	1,405,415	-	10,362,843	11,768,258	15,333,213
Final dividend for the year ended June 30,2019	-	-	-	(891,239)	(891,239)	(891,239)
Issuance of Bonus Shares	712,991	(712,991)	-	-	(712,991)	-
Total comprehensive income						
Profit after taxation	-	-	-	1,069,330	1,069,330	1,069,330
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,069,330	1,069,330	1,069,330
Balance as at December 31, 2019 (Un-audited)	4,277,946	692,424	-	10,540,934	11,233,358	15,511,304

The annexed notes from 1 to 18 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Un-consolidated
Financial Statements (Un-audited)
For the half year ended December 31, 2019

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 on 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.

The Company has the following subsidiaries:

Details of Subsidiaries

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>	<u>Status</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%	Operational
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%	Operational
GTM USA - Indirect subsidiary	March 19, 2012	U.S.A	100%	Operational
Sky Home- Indirect subsidiary	February 28, 2017	U.S.A	100%	Operational
Vantona Home limited - Indirect subsidiary	April 22, 2013	U.K	100%	Operational
JCCO 406 limited - Indirect subsidiary	September 29, 2017	U.K	100%	Operational

All 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
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 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 December 31, 2019, the Company has 66 retail outlets, 30 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019:64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at December 31, 2019 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the half year ended December 31, 2019.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2019 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2019, whereas the comparative condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of cash flows and condensed interim un-consolidated statement of changes in equity for the half year ended December 31, 2019 have been extracted from the condensed interim un-consolidated financial statements of the Company for the half year ended December 31, 2018.

These condensed interim unconsolidated financial statements 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, 2019.

2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2019

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim un-consolidated financial statements as those applied in the preparation of un-consolidated financial statements for the year ended June 30, 2019, except for change in accounting policy as described in note 3.1.

3.1 Change in accounting policy due to first time adoption of IFRS 16

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on statement of financial position and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

With effect from July 01, 2019, the Company has applied IFRS 16 for recognition of the property leases using the modified retrospective approach. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period. The Company has also used various practical expedients permitted by the standard. The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Company is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates.

New accounting policies of the Company upon adoption of IFRS 16 are:

Right-of-Use (RoU) assets

On initial application the RoU assets are initially measured at the present value of the consideration (lease payments) to be made over the lease term. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss. RoU assets are depreciated on a straight-line basis over the lease term.

Lease liability

On initial application the Company recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term adjusted for prepayments. The lease payments are discounted using the incremental rate of borrowing. Subsequently, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

The change in accounting policy affected following items in the statement of financial position as on July 01, 2019.

Right of use assets recognized as fixed assets increased by Rs. 2,991 million which includes prepayments of Rs. 111 million, previously included in short term prepayments at June 30, 2019. Lease liabilities increased by Rs. 2,881 million. The impact on statement of profit or loss for the period was a decrease in profit before tax by Rs. 105 million.

Payment associated with certain short term leases are recognized on a Straight line basis as an expense in profit or loss.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements 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 these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2019.

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, 2019.

5 LONG TERM FINANCING - SECURED

	Un-Audited December 2019	Audited June 2019
	-----Rupees in '000-----	
Opening balance	10,037,203	8,277,726
Add: Obtained during the period / year	1,814,337	3,121,440
Less: Repaid during the period / year	<u>(552,930)</u>	<u>(1,361,963)</u>
	<u>11,298,610</u>	10,037,203
Less: Current portion shown under current liabilities	<u>(1,278,128)</u>	<u>(1,180,302)</u>
	<u>10,020,482</u>	<u>8,856,901</u>

6 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	<u>Un-Audited</u> December 2019 Rupees in '000
Lease liabilities included in the statement of financial position As at December 31, 2019 of which are:	
Current maturity of lease liability against right of use asset	478,137
Non-current lease liability	<u>2,277,678</u>
	<u>2,755,815</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2019 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 13.6 of the financial statements for the year ended June 30, 2019 except the increase in amount of provision of Rs. 2,616 million (June-2019: Rs.2,327 million) commencing from May 22, 2015.
- b) In the matter of Company's tax audit for the tax year 2016 and amendment order under section 122(i) of the Income Tax Ordinance 2001, as disclosed in note 13.10. The Company contested the matter in appeal against amended order and appellate order under section 129 of the Income Tax Ordinance, 2001 dated 11 December 2019, wherein certain provisions and expenses aggregating to Rs. 290.8 million (having tax impact of Rs. 91.19 million) allowed out of total Rs. 335.3 million. The management is intending to contest the appellate order and the management believes that the aforementioned matter will ultimately be decided in favor of the Company. Accordingly, no provision is required to be made in these unconsolidated interim financial statement.
- c) The Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in section 65(B) whereby it restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed to 30-6-2019 from 30-6-2021. The Company along with other petitioners has challenged the amendment in the Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of section 65(B) of income tax ordinance, 2001, hence the Company has claimed tax credit on BMR @10% in the income tax return for the year ended 30 June, 2019.

Guarantees

- (a) Guarantees of Rs. 1,085 million (June-2019: Rs. 1,035 million) has been issued by banks on behalf of the company 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. 903 million (June 2019: Rs. 893 million).
- (b) Post dated cheques of Rs. 3,524 million (June-2019: Rs. 3,125 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. 4,392 million (June-2019: Rs. 4,876 million).
- (d) Corporate guarantee of Rs 138 million (June 2019: Rs. 146 million) Rs.618 million (2019: 661 million) and Rs. 140 million (2019: 148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Company is committed for capital expenditure as at December 31, 2019 of Rs. 3,137 million (June 2019: Rs. 2,838 million).

8 PROPERTY, PLANT AND EQUIPMENT

	<u>Un-Audited</u> December 2019	<u>Audited</u> June 2019
	-----Rupees in '000-----	
Operating fixed assets	8.3	17,605,351
Capital work in progress (CWIP)	8.4	3,748,589
Right of use assets	8.5	2,650,467
		<u>18,068,449</u>
		<u>925,856</u>
		<u>-</u>
		<u>24,004,407</u>
		<u>18,994,305</u>

	<u>Un-Audited</u>	
	December 2019	December 2018
	-----Rupees in '000-----	
8.1 Additions during the period		
Land	152,251	-
Buildings and structures on leasehold land	183,110	94,683
Plant and machinery	331,844	1,296,635
Furniture and fixtures	4,819	2,534
Office equipment	46,763	59,831
Vehicles	3,325	38,843
	<u>722,112</u>	<u>1,492,526</u>

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.88.058 million (December 2018: Rs. 94.683 million), Rs.17.36 million (December 2018: Rs.1,265 million) and Rs. nil (December 2018: Rs.31.6 million) respectively.

		Un-Audited	
		December 2019	December 2018
		-----Rupees in '000----- Rupees in '000	
8.2	Disposals - operating fixed assets (at net book value)		
	Plant and machinery	126,717	97,679
	Vehicles	22,072	43,481
		<u>148,789</u>	<u>141,160</u>
8.3	Depreciation charge during the period	<u>1,036,421</u>	<u>921,077</u>
		Un-Audited	
		December 2019	December 2018
		-----Rupees in '000-----	
8.4	Additions - capital work in progress (at cost)		
	Machinery	2,191,346	1,005,035
	Building	736,801	272,793
	Others	-	31,616
		<u>2,928,146</u>	<u>1,309,444</u>
		Un-Audited	Audited
		December 2019	June 2019
		-----Rupees in '000-----	
8.5	RIGHT OF USE ASSETS		
	Balance as at initial application i.e. July 01, 2019	2,991,982	-
	Depreciation charged for the period	(341,515)	-
	Balance as at December 31, 2019	<u>2,650,467</u>	<u>-</u>
9	INTANGIBLE ASSETS		
		Note	
		Un-Audited	Audited
		December 2019	June 2019
		-----Rupees in '000-----	
	Intangible - net book value	9.1&9.2 <u>89,338</u>	<u>44,646</u>
		Un-Audited	
		December 2019	December 2018
		-----Rupees in '000-----	
9.1	Additions - intangibles (at cost)		
	Computer Software	55,694	34,689
9.2	Amortization charge during the period	<u>11,002</u>	<u>6,825</u>
10	LONG TERM INVESTMENT		
		Un-Audited	Audited
		December 2019	June 2019
		-----Rupees in '000-----	
	Investment in Subsidiary - Gul Ahmed International Limited FZC	58,450	58,450
	Investment in Associate	10.1 <u>919,886</u>	-
	Investment in Term Finance Certificate	10.2 <u>70,000</u>	-
		<u>1,048,336</u>	<u>58,450</u>
10.1	The shareholders of the company in the Extraordinary general meeting held on August 30, 2019 have approved to invest an amount of Rs. 2,295 million in an associated company World Wide Developers (Pvt) Limited in order to acquire 50% shares from existing shareholders of the associated company and to subscribe for further issue by the associated company.		
10.2	This represent Rs. 70 million invested in Term Finance Certificate issued by Habib Bank Limited.		
11	CASH AND CASH EQUIVALENTS		
		Un-Audited	Un-Audited
		December 2019	December 2018
		-----Rupees in '000-----	
	Cash and cash equivalents comprises of:		
	Cash and bank balances	718,835	952,982
	Short term borrowings	<u>(20,995,646)</u>	<u>(20,909,433)</u>
		<u>(20,276,811)</u>	<u>(19,956,451)</u>
12	TAXATION		
	Provision for current taxation has been made on the basis of minimum tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.		

13 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.

13.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018
	-----Rs. 000s-----											
Sales	7,646,950	6,726,249	1,686,913	778,676	10,433,642	9,285,616	21,103,194	18,164,705	(10,216,410)	(8,542,364)	30,654,289	26,412,882
Cost of sales	6,833,963	5,988,014	1,422,845	862,357	7,453,658	6,415,319	18,949,819	15,734,833	(10,216,410)	(8,542,364)	24,443,874	20,458,159
Gross profit/(loss)	812,988	738,235	264,068	(83,681)	2,979,984	2,870,297	2,153,375	2,429,872	-	-	6,210,415	5,954,723
Distribution cost and Administrative cost	86,369	65,390	53,443	29,476	2,255,105	2,192,330	1,460,022	1,164,540	-	-	3,854,939	3,451,736
Profit/(Loss) before tax and before charging following	726,618	672,845	210,625	(113,157)	724,879	677,967	693,353	1,265,332	-	-	2,355,476	2,502,987
Finance Cost											922,884	591,731
Other operating cost											178,003	182,812
Other income											(72,990)	(402,428)
Profit before taxation											1,027,897	372,115
Taxation											1,327,579	2,130,872
Profit after taxation											258,249	78,387
											1,069,330	2,052,485
Depreciation and Amortisation Expense	293,718	262,071	159,345	154,292	500,689	150,065	435,185	361,474	-	-	1,388,937	927,902

13.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited Dec-2019	Audited June - 2019	Un-Audited Dec-2019	Audited June - 2019	Un-Audited Dec-2019	Audited June - 2019	Un-Audited Dec-2019	Audited June - 2019	Un-Audited Dec-2019	Audited June - 2019	Un-Audited Dec-2019	Audited June - 2019
	-----Rs. 000s-----											
Assets	15,137,048	13,998,440	3,799,078	3,698,216	13,507,551	9,177,713	29,310,748	25,982,446	395,286	1,595,392	62,149,712	54,452,207
Liabilities	7,080,413	5,383,577	1,697,294	2,093,069	5,492,246	1,401,000	11,405,737	13,281,795	20,962,717	16,959,553	46,638,408	39,118,994
Segment Capital & Intangible Expenditure	1,706,930	1,972,503	53,022	844,451	192,300	367,046	892,006	1,580,830	756,283	280,949	3,600,541	5,045,779

13.3 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.

13.4 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 regulatory environment.

13.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.6,194 million (December-2018: Rs. 5,484 million).

13.6 Information by geographical area

	Revenue		Non-current assets	
	Dec-19	Dec-18	Dec-19	Jun-19
	-----Rupees in '000-----			
Pakistan	13,309,042	11,858,061	25,517,767	16,780,507
Germany	5,527,265	4,771,737	-	-
United States	2,860,842	1,962,233	-	-
France	991,158	1,225,592	-	-
Netherlands	1,540,859	1,364,644	-	-
United Kingdom	1,142,177	839,950	-	-
Italy	1,188,071	1,192,518	-	-
Spain	508,340	287,511	-	-
China	362,157	381,378	-	-
Sweden	509,941	497,359	-	-
United Arab Emirates	209,841	-	58,450	58,450
Other Countries	2,504,596	2,031,899	-	-
	30,654,289	26,412,882	25,576,217	16,838,957

14 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	
		Dec-19	Dec-18
		Rupees in '000	
Parent Company	Dividend paid	598,066	598,067
Subsidiaries and indirect subsidiaries	Sale of goods	166,780	212,107
	Sales through subsidiaries acting as agents	966,807	818,685
	Commission paid	225,206	227,974
Associated Companies and other related parties	Purchase of goods	133,794	9,816
	Sale of goods	5,823	502
	Rent paid	46,036	42,383
	Fees paid	2,000	2,000
	Donation paid	6,000	417
	Bills discounted	6,170,132	4,852,999
	Markup and other bank charges	17,053	45,941
	Mark up / Interest charged	-	24,913
	Company's contribution to provident fund	103,688	84,881
	Dividend paid	36,491	26,979
Service Rendered	-	40,852	
		Un-Audited	Audited
		Dec-19	Jun-19
		Rupees in '000	
Subsidiary companies	Long term investment	58,450	58,450
	Corporate guarantee issued in favour of subsidiary company	895,685	954,161
	Trade and other payables	160,107	125,357
	Trade debts	1,501,619	1,316,125
Associated companies and others related parties	Long term investment	919,886	-
	Deposit with banks	55,865	46,495
	Borrowings from Banks	1,020,202	959,025
	Bank guarantee	913,000	893,326
	Trade and other payables	8,312	7,781
	Accrued mark-up	7,141	14,348
	Advance to supplier	-	2,882
	Trade debts	6,668	845
	Loans to key management personnel & executive	78,465	100,129
	Payable to employee's provident fund	25,704	22,644
Prepaid Rent	16,816	40,054	

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending December 31, 2019 amounting to Rs. 686 million (December 31, 2018: Rs.472 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 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.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except freehold land, leasehold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Company does not expect that unobservable inputs may have significant effect on fair values.

16 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
Sales	Other income	
Sales - net (Exchange gain on realization of export receivables)	Other income	336,827
Cost of sales	Other income	
Cost of sales (Exchange gain on purchase)	Other income	16,200
Distribution cost	Administration cost	
Salaries and benefits	Salaries and benefits	1,270
Other expenses	Other expenses	33,897

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on 25 February, 2020 by the Board of Directors of the Company.

18 GENERAL

- 18.1 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.
- 18.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Textile Mills Limited

Consolidated Accounts
Consolidated Condensed Interim Financial Information
For the Half Year Ended December 31, 2019

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at December 31, 2019

	Note	Un-Audited December 2019	Audited June 2019
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		7,500,000	7,500,000
750,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		4,277,946	3,564,955
427,794,630 ordinary shares of Rs. 10 each			
(June-19:356,495,525 ordinary shares of Rs. 10 each)			
Reserves		11,722,486	12,318,411
		16,000,432	15,883,366
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	10,020,482	8,856,901
Lease liability against right of use assets	6	2,277,678	-
Deferred liabilities			
Deferred taxation		32,490	88,342
Defined benefit plan-Staff gratuity		145,277	92,431
		177,767	180,773
CURRENT LIABILITIES			
Trade and other payables		11,690,316	9,911,216
Accrued mark-up/profit		257,796	300,010
Short term borrowings		21,083,302	19,036,992
Current maturity of long term financing	5	1,278,128	1,180,302
Current maturity of lease liability against right of use asset	6	478,137	-
Unclaimed dividend		7,658	8,263
Unpaid dividend		16,075	16,075
Provision for taxation		6,031	7,463
		34,817,443	30,460,321
CONTINGENCIES AND COMMITMENTS			
	7		
		63,293,802	55,381,361
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	24,018,459	19,009,542
Intangible assets	9	218,954	171,880
Long Term investment	10	989,886	-
Long term loans and advances		60,435	64,781
Long term deposits		378,915	373,852
Deferred taxation		3,547	4,204
		25,670,196	19,624,259
CURRENT ASSETS			
Stores and spares		1,751,417	1,469,564
Stock-in-trade		23,027,606	22,183,853
Trade debts		6,577,839	6,866,069
Loans, advances and other receivables		2,072,982	1,855,410
Short term prepayments		432,557	320,591
Refunds due from Government		2,013,816	1,487,248
Taxation - net		983,676	977,961
Cash and bank balances	11	763,713	596,406
		37,623,606	35,757,102
		63,293,802	55,381,361

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Profit or Loss
For the Half Year Ended December 31, 2019

Note	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2019	July to December 2018	October to December 2019	October to December 2018
-----Rupees in '000-----				
Sales - net	31,831,172	27,490,433	16,900,070	15,423,882
Cost of sales	25,286,250	21,103,886	13,462,125	11,594,060
Gross profit	6,544,922	6,386,547	3,437,945	3,829,822
Distribution cost	2,420,561	2,302,509	1,294,310	1,164,528
Administrative cost	1,853,035	1,487,434	868,887	854,717
Other operating cost	178,003	182,812	119,369	89,671
	4,451,599	3,972,755	2,282,566	2,108,916
	2,093,323	2,413,792	1,155,379	1,720,906
Other income	120,244	402,709	167,654	38,107
Operating profit	2,213,567	2,816,501	1,323,033	1,759,013
Finance cost	929,607	599,864	551,116	337,120
Profit before taxation	1,283,960	2,216,637	771,917	1,421,893
Taxation				
- Current	297,554	95,428	132,401	8,623
- Deferred	(38,840)	(16,372)	-	(18,594)
	258,714	79,056	132,401	(9,971)
Profit after taxation	1,025,246	2,137,581	639,516	1,431,864
Earning per share - basic and diluted (Rs.)	2.40	5.00	1.49	3.35
		Re-stated		Re-stated

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
 Condensed Interim Consolidated
 Statement of Comprehensive Income
 For the Half Year Ended December 31, 2019



	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2019	July to December 2018	October to December 2019	October to December 2018
	-----Rupees in '000-----			
Profit after taxation	1,025,246	2,137,581	639,516	1,431,864
Other comprehensive income for the period				
Items that will be reclassified to profit and loss account subsequently				
Exchange difference on translation of foreign subsidiaries	(16,941)	(12,005)	(7,614)	(32,213)
Total comprehensive income	1,008,305	2,125,576	631,902	1,399,651

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
 Chairman

MOHAMMED ZAKI BASHIR
 Chief Executive Officer

ABDUL ALEEM
 Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the Half Year Ended December 31, 2019

	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		
-----Rupees '000-----								
Balance as at June 30, 2018 (Audited)	3,564,955	1,405,415	5,380,000	159,005	19,648	2,494,308	9,458,376	13,023,331
Transfer to unappropriated profit	-	-	(5,380,000)	-	-	5,380,000	-	-
Transaction with owners								
Final dividend for the year ended June 30, 2018	-	-	-	-	-	(891,239)	(891,239)	(891,239)
Total comprehensive income for the half year ended December 31, 2018 (un-audited)								
Profit after taxation	-	-	-	-	-	2,137,581	2,137,581	2,137,581
Other comprehensive income	-	-	-	(12,005)	-	-	(12,005)	(12,005)
	-	-	-	(12,005)	-	2,137,581	2,125,576	2,125,576
Balance as at December 31, 2018 (Un-Audited)	3,564,955	1,405,415	-	147,000	19,648	9,120,650	10,692,713	14,257,668
Transfer to								
Statutory reserve	-	-	-	-	179	(179)	-	-
Total comprehensive income								
Profit after taxation	-	-	-	-	-	1,492,651	1,492,651	1,492,651
Other comprehensive income	-	-	-	138,542	-	(5,495)	133,047	133,047
	-	-	-	138,542	-	1,487,156	1,625,698	1,625,698
Balance as at June 30, 2019	3,564,955	1,405,415	-	285,542	19,827	10,607,627	12,318,411	15,883,366
Transactions with owners								
Final dividend for the year ended June 30, 2019	-	-	-	-	-	(891,239)	(891,239)	(891,239)
Issuance of Bonus Shares	712,991	(712,991)	-	-	-	-	(712,991)	-
Total comprehensive income for the half year ended December 31, 2019 (un-audited)								
Profit after taxation	-	-	-	-	-	1,025,246	1,025,246	1,025,246
Other comprehensive loss	-	-	-	(16,941)	-	-	(16,941)	(16,941)
	-	-	-	(16,941)	-	1,025,246	1,008,305	1,008,305
Balance as at December 31, 2019 (Un-Audited)	4,277,946	692,424	-	268,601	19,827	10,741,634	11,722,486	16,000,432

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Half Year Ended December 31, 2019

	Un-Audited	
	Half Year Ended	
	July to December 2019	July to December 2018
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,283,960	2,216,637
Adjustments for:		
Depreciation on property, plant and equipment	1,379,121	922,649
Amortisation	15,466	7,915
Provision for gratuity	84,704	12,681
Finance cost	702,964	599,864
Finance cost on leased liability against right of use asset	226,643	-
Provision for slow moving/obsolete stores spares and loose tools	11,453	16,667
Impairment allowance against doubtful trade debts	-	11,588
Gain on disposal of property, plant and equipment	(19,448)	(20,599)
Loss on disposal of property, plant and equipment	78,845	38,411
	<u>2,479,748</u>	<u>1,589,176</u>
Cash flows from operating activities before adjustments of working capital	3,763,708	3,805,813
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(293,306)	(428,081)
Stock-in-trade	(843,753)	(7,231,067)
Trade debts	288,230	(123,747)
Loans, advances and other receivables	(217,572)	(570,708)
Short term prepayments	(111,966)	57,554
Refunds due from Government	(526,568)	(302,610)
	<u>(1,704,935)</u>	<u>(8,598,659)</u>
Increase in current liabilities		
Trade and other payables	1,779,100	2,258,847
	<u>74,165</u>	<u>(6,339,812)</u>
Cash generated from/(used in) operations before adjustment of following	3,837,873	(2,533,999)
Adjustment for:		
Gratuity paid	(31,858)	(12,907)
Finance cost paid	(745,178)	(561,382)
Income tax paid or deducted	(321,056)	(294,069)
Increase/(decrease) in long term loans and advances	4,346	(19,012)
Decrease in long term deposits	(5,063)	(12,142)
	<u>(1,098,809)</u>	<u>(899,512)</u>
Net cash generated from/(used in) operating activities	2,739,064	(3,433,511)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(3,544,847)	(1,410,816)
Addition to intangible assets	(62,540)	(34,916)
Proceeds from sale of property, plant and equipment	89,394	126,283
Long term Investment	(989,886)	(5,764)
Net cash used in investing activities	<u>(4,507,879)</u>	<u>(1,325,212)</u>
Balance carried forward	<u>(1,768,815)</u>	<u>(4,758,723)</u>

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Half Year Ended December 31, 2019

		Un-Audited	
		Half Year Ended	
Note	July to December 2019	July to December 2018	
-----Rupees in '000-----			
Balance brought forward	(1,768,815)	(4,758,723)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	1,814,337	866,266	
Long term financing repaid	(552,930)	(630,850)	
Payments against lease liability against right of use asset	(462,810)	-	
Dividend paid	(891,844)	(881,665)	
Net cash generated from/(used in) financing activities	(93,247)	(646,249)	
Exchange difference on translation of foreign subsidiaries	(16,941)	(12,005)	
Net decrease in cash and cash equivalents	(1,879,003)	(5,416,977)	
Cash and cash equivalents - at the beginning of the period	(18,440,586)	(14,627,657)	
Cash and cash equivalents - at the end of the period	11 (20,319,589)	(20,044,634)	

The annexed notes from 1 to 18 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For the Half Year Ended December 31, 2019

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
- Vantona Home Limited
- JCCO 406 Limited

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., Sky Home Corp., Vantona Home Ltd. and JCCO 406 Ltd. are wholly owned subsidiaries of GTM (Europe) Limited.

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

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>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>	<u>Status</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%	Operational
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%	Operational
GTM USA - Indirect subsidiary	March 19, 2012	U.S.A	100%	Operational
Sky Home- Indirect Subsidiary	February 28, 2017	U.S.A	100%	Operational
Vantona Home Limited-Indirect Subsidiary	April 22, 2013	U.K	100%	Operational
JCCO 406 Limited-Indirect Subsidiary	September 29, 2017	U.K	100%	Operational

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

1.3 Geographical locations and addresses of all lands owned by the Group 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

1.3.1 Units signifies different processing units i.e. weaving, spinning and processing.

1.4 Geographical locations and addresses of all factory building 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
GTM USA Corporation	295 5th ave, suit 702, NewYork - NY - 10016

1.5 As at December 31, 2019, The Group has 66 retail outlets, 30 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises (2019:64 retail outlets, 32 fabric stores, 2 fair price shops, 5 whole sale shops and 6 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, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at December 31, 2019 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.

These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at December 31, 2019 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 half year ended December 31, 2019.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2019 has been extracted from the audited financial statements of the Group for the year ended June 30, 2019 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 half year ended December 31, 2019 have been extracted from the condensed interim consolidated financial statements of the Group for half year ended December 31, 2018.

These condensed interim consolidated financial statements 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, 2019.

2.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2019

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2019; however, these do not have any significant impact on these consolidated condensed interim financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made as detailed in note 3.1.

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim consolidated financial statements as those applied in the preparation of consolidated financial statements for the year ended June 30, 2019, except for change in accounting policy as described in note 3.1.

3.1 Change in accounting policy due to first time adoption of IFRS 16

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on statement of financial position and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

With effect from July 01, 2019, the Group has applied IFRS 16 for recognition of the property leases using the modified retrospective approach. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period. The Group has also used various practical expedients permitted by the standard. The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Group is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates.

New accounting policies of the Group upon adoption of IFRS 16 are:

Right-of-Use (RoU) assets

On initial application the RoU assets are initially measured at the present value of the consideration (lease payments) to be made over the lease term. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss. RoU assets are depreciated on a straight-line basis over the lease term.

Lease liability

On initial application the Group recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term adjusted for prepayments. The lease payments are discounted using the incremental rate of borrowing. Subsequently, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

The change in accounting policy affected following items in the statement of financial position as on July 01, 2019.

Right of use assets recognized as fixed assets increased by Rs. 2,991 million which includes prepayments of Rs. 111 million, previously included in short term prepayments at June 30, 2019. Lease liabilities increased by Rs. 2,881 million. The impact on statement of profit or loss for the period was a decrease in profit before tax by Rs. 105 million.

Payment associated with certain short term leases are recognized on a Straight line basis as an expense in profit or loss.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated financial statements 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 statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2019.

5 LONG TERM FINANCING - SECURED

	Un-Audited December 2019	Audited June 2019
	-----Rupees in '000-----	
Opening balance	10,037,203	8,277,726
Add: Obtained during the period / year	1,814,337	3,121,440
Less: Repaid during the period / year	<u>(552,930)</u>	<u>(1,361,963)</u>
	11,298,610	10,037,203
Less: Current portion shown under current liabilities	<u>(1,278,128)</u>	<u>(1,180,302)</u>
	<u>10,020,482</u>	<u>8,856,901</u>

6 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

	Un-Audited December 2019 Rupees in '000
Lease liabilities included in the statement of financial position As at December 31, 2019 of which are:	
Current maturity of lease liability against right of use asset	478,137
Non-current lease liability	<u>2,277,678</u>
	<u>2,755,815</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2019 remained unchanged during the current period except following;

- In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 13.6 of the financial statements for the year ended June 30, 2019 except the increase in amount of provision of Rs. 2,616 million (June-2019: Rs.2,327 million) commencing from May 22, 2015.
- In the matter of Holding Company's tax audit for the tax year 2016 and amendment order under section 122(i) of the Income Tax Ordinance 2001, as disclosed in note 13.10. The Holding Company contested the matter in appeal against amended order and appellate order under section 129 of the Income Tax Ordinance, 2001 dated 11 December 2019, wherein certain provisions and expenses aggregating to Rs. 290.8 million (having tax impact of Rs. 91.19 million) allowed out of total Rs. 335.3 million. The management is intending to contest the appellate order and the management believes that the aforementioned matter will ultimately be decided in favor of the Holding Company. Accordingly, no provision is required to be made in these consolidated interim financial information.
- During the period, the Federal Government vide Finance Act, 2019 dated June 30, 2019 made amendments in section 65(B) whereby restricted the percentage of tax credit from 10% to 5% on amount invested in extension, expansion, balancing, modernization and replacement (BMR) of the plant and machinery for the tax year 2019 and the period for investment in plant and machinery for availing tax credit is curtailed to 30-6-2019 from 30-6-2021. The Holding Company along with other petitioners has challenged the amendment in the Sindh High Court through constitutional petition, the Honorable Sindh High Court has passed an interim order on December 23, 2019 allowing the petitioners to file the income tax return as per un-amended provisions of section 65(B) of income tax ordinance, 2001, hence the Holding Company has claimed tax credit on BMR @10% in the income tax return for the year ended 30 June, 2019.

Guarantees

- Guarantees of Rs. 1,085 million (June-2019: Rs. 1,034.7 million) has been issued by banks on behalf of the company 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. 903 million (June 2019: Rs. 893.3 million).
- Post dated cheques of Rs. 3,524 million (June-2019: Rs. 3,125 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- Bills discounted amounted to Rs.4,417 million (June-2019: Rs. 4,960 million)
- Corporate guarantee of Rs 138 million (June 2019: Rs. 146 million) Rs.618 million (June-2019: 661 million) and Rs. 140 million (June-2019: 148 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed Internation FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- The Group is committed for capital expenditure as at December 31, 2019 of Rs.3,137 million (2019: Rs.2,838 million)

Note	Un-Audited	Audited
	December 2019	June 2019
	Rupees in '000	

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1 & 8.2	17,619,403	18,083,686
Capital work in progress (CWIP)	8.4	3,748,589	925,856
Right of use assets	8.5	2,650,467	-
		<u>24,018,459</u>	<u>19,009,542</u>

Note	Un-Audited	
	December 2019	December 2018
	Rupees in '000	

8.1 Additions during the period

Land	152,251	-
Buildings and structures on leasehold land	183,110	94,683
Plant and machinery	331,844	1,296,635
Furniture and fixtures	4,819	2,534
Office equipment	46,763	59,831
Vehicles	3,325	38,843
	<u>722,112</u>	<u>1,492,526</u>

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.88.058 million (December 2018: Rs. 94.683 million), Rs.17.36 million (December 2018: Rs.1,265 million) and Rs. nil (December 2018: Rs.31.6 million) respectively.

	Un-Audited	
	December 2019	December 2018
	Rupees in '000	

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

Plant and machinery	126,717	97,679
Vehicles	22,072	47,054
	<u>148,789</u>	<u>144,734</u>

	Note	Un-Audited	
		December	December
		2019	2018
		Rupees in '000	
8.3 Depreciation charge during the period		1,379,121	922,649
8.4 Additions - capital work in progress (at cost)			
Machinery		2,191,346	1,005,035
Building		736,801	272,793
Others		-	31,616
		2,928,146	1,309,444
		Un-Audited	Audited
		December	June
		2019	2019
		Rupees in '000	
8.5 Right Of Use Assets			
The recognized right of use assets relate to the following types of assets:			
Balance as at initial application i.e. July 01, 2019		2,991,982	-
Depreciation charged for the period		(341,515)	-
Balance as at December 31, 2019		2,650,467	-
9 INTANGIBLE ASSETS			
Intangible - net book value	9.1 & 9.2	218,954	171,880
		218,954	171,880
		Un-Audited	Audited
		for the half year	for the half year
		December	December
		2019	2018
		Rupees in '000	
9.1 Additions - intangibles (at cost)			
Computer Software		62,540	34,916
9.2 Amortisation charge during the period		15,466	7,915
10 LONG TERM INVESTMENT			
		Un-Audited	Audited
		December	June
		2019	2019
		Rupees in '000	
Investment in Associate	10.1	919,886	-
Investment in Term Finance Certificate	10.2	70,000	-
		989,886	-
10.1	The shareholders of the company in the Extraordinary general meeting held on August 30, 2019 have approved to invest an amount of Rs. 2,295 million in an associated company World Wide Developers (Pvt) Limited in order to acquire 50% shares from existing shareholders of the associated company and to subscribe for further issue by the associated company.		
10.2	This represent Rs.70 million invested in Term Finance Certificate issued by Habib Bank Limited.		
11 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		763,713	989,622
Short term borrowings		(21,083,302)	(21,034,256)
		(20,319,589)	(20,044,634)
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		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Elimination Of Inter Segment Transactions		Total	
	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018	Dec-2019	Dec-2018
	Rupees '000																							
Sales	7,646,950	6,726,249	1,696,913	778,676	10,433,642	9,285,616	21,103,194	18,164,705	225,853	277,266	175,581	1,074,735	-	-	92,596	-	9,253	62,995	840,382	690,277	(10,290,596)	(9,570,086)	31,831,172	27,490,433
Cost of sales	6,833,963	5,968,014	1,422,845	862,357	7,453,658	6,415,319	19,949,819	15,734,833	204,226	197,052	92,720	943,236	-	-	79,958	-	9,253	58,164	667,682	486,255	(10,347,915)	(9,581,344)	25,286,250	21,103,886
Gross profit	812,988	738,235	264,068	(83,681)	2,979,984	2,870,297	2,153,375	2,429,872	21,627	80,214	82,861	131,499	-	-	12,638	-	-	4,831	172,700	204,022	57,319	11,258	6,544,922	6,386,547
Distribution costs and administrative costs	86,370	65,390	53,443	29,476	2,255,105	2,191,663	1,460,022	1,164,540	33,270	48,919	85,882	101,130	-	-	40,733	-	254	712	258,515	188,113	-	-	4,273,596	3,789,943
Profit/(loss) before tax and before charging the following	726,618	672,845	210,625	(113,157)	724,879	678,634	693,353	1,265,332	(11,643)	31,295	(3,021)	30,369	-	-	(28,095)	-	(254)	4,119	(85,815)	15,909	57,319	11,258	2,271,326	2,596,604
Other operating costs																							178,003	182,812
Other income																							(120,244)	(402,709)
Finance costs																							929,607	599,864
Profit before taxation																							987,366	379,967
Taxation																							1,283,960	2,216,637
Profit after taxation																							258,714	79,056
Depreciation and Amortisation Expense	293,718	262,071	159,345	154,292	500,689	150,065	435,185	361,474	2,094	2,152	180	510	-	-	3,041	-	-	-	335	-	-	-	1,394,587	930,564

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		JCCO 406 Ltd.		Vantona Home Ltd.		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	Un-Audited	Audited	Un-Audited	Audited
	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019	Dec-2019	June - 2019
	Rupees '000																							
Assets	15,137,048	13,998,440	3,799,078	3,698,216	13,507,551	9,177,713	29,310,748	25,982,446	542,156	598,772	1,107,467	463,119	71,175	20	678,668	659,482	12,433	8,199	665,630	723,278	209,542	1,600,842	65,041,498	56,910,527
Elimination of intragroup balances																							(1,747,695)	(1,529,167)
Liabilities	7,080,413	5,383,577	1,697,294	2,093,069	5,492,246	1,401,000	11,405,737	13,281,795	59,907	165,275	1,187,975	1,157,756	-	-	610,247	222,201	6,417	4,334	452,139	273,015	20,962,718	16,960,932	48,955,094	40,942,954
Elimination of intragroup balances																							(1,661,724)	(1,444,959)
Segment Capital Expenditure	1,706,930	1,972,503	53,022	844,451	192,300	367,046	892,006	1,580,830	122	595	-	-	-	-	21	-	-	-	6,703	-	756,283	287,171	3,607,387	5,052,596

13.3 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.

13.4 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.

13.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.6,194 million (Dec.-2018: Rs.5,484 million).

13.6 Information by geographical area

	Revenue		Non-current assets	
	For the half-year ended (Un-audited)		Un-Audited	Audited
	Dec - 2019	Dec - 2018	Dec - 2019	Jun - 2019
	-----Rupees in '000-----			
Pakistan	13,309,042	11,858,061	25,526,528	19,472,046
Germany	5,527,265	4,779,188	-	-
United States	3,664,893	2,596,088	6,368	-
Netherlands	1,540,859	1,366,775	-	-
Italy	1,188,071	1,194,380	-	-
United Kingdom	1,319,366	1,006,535	117,819	118,891
Spain	508,340	287,960	-	-
France	991,158	1,227,505	-	-
Sweden	509,941	498,136	-	-
China	362,157	381,974	-	-
United Arab Emirates	405,486	258,756	19,481	33,322
Other Countries	2,504,594	2,035,075	-	-
Total	31,831,172	27,490,433	25,670,196	19,624,259

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	
		Dec - 2019	Dec - 2018
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	133,794	9,816
	Sale of goods	5,823	502
	Rent paid	46,036	38,183
	Fees paid	2,000	2,000
	Donation paid	6,000	417
	Bills discounted	6,170,132	4,852,999
	Markup and other bank charges	17,053	70,854
	Holding Company's contribution to provident fund	103,688	84,881
	Dividend paid	36,491	26,979
	Service rendered	-	40,852
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Dec - 2019	Jun - 2019
		Rupees in '000	
Associated companies and others related parties	Long term investment	919,886	-
	Deposit with banks	55,865	46,495
	Borrowings from Banks	1,020,202	959,025
	Bank guarantee	913,000	893,326
	Trade and other payables	8,312	7,781
	Trade debts	6,668	845
	Accrued mark-up	7,141	14,348
	Advances to suppliers	-	2,882
	Loans to key management personnel & executive	78,465	100,129
	Payable to Holding Company's employee's provident fund	25,704	22,644
Prepaid Rent	16,816	40,054	

There are no transactions with directors of the Holding Company and key management personnel other than under the terms of employment for the period ending December 31, 2019 amounting to Rs.836 million (December 31, 2018: Rs.546 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 Holding 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 Holding Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Holding Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except freehold land, leasehold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Holding Company does not expect that unobservable inputs may have significant effect on fair values.

16 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
Sales	Other income	
Sales - net (Exchange gain on realization of export receivables)	Other income	336,827
Cost of sales	Other income	
Cost of sales (Exchange gain on purchase)	Other income	16,200
Distribution cost	Administration cost	
Salaries and benefits	Salaries and benefits	1,270
Other expenses	Other expenses	33,897

17 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 25, 2020 by the Board of Directors of the Group.

18 GENERAL

- 18.1 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.
- 18.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer