



Textile Mills Limited

Half Yearly Report
Condensed Interim Financial Information
For the half year ended December 31, 2020

Company Information

BOARD OF DIRECTORS	<p>Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir Dr. Amjad Waheed Ehsan A. Malik Zeeba Ansar</p>	<p>- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director</p>
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	<p>Ehsan A. Malik Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
HUMAN RESOURCE AND REMUNERATION COMMITTEE	<p>Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
BANKERS	<p>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</p>	
AUDITORS	<p>Kreston Hyder Bhimji & Co. Chartered Accountants</p>	
INTERNAL AUDITORS	<p>Grant Thornton Anjum Rahman Chartered Accountants</p>	
LEGAL ADVISORS	<p>A.K. Brohi & Co Advocates</p>	
REGISTERED OFFICE	<p>Plot No.82, Main National Highway, Landhi, Karachi-75120</p>	
SHARE REGISTRAR	<p>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</p>	
MILLS	<p>Landhi Industrial Area, Karachi-75120</p>	
E-MAIL	<p>finance@qulahmed.Com</p>	
URL	<p>www.qulahmed.com</p>	

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, 2020.

ECONOMIC OVERVIEW

According to World Bank recent global outlook, the global economy is emerging from the collapse triggered by COVID-19. The recovery is likely to be subdued, and global GDP is projected to remain well below its pre-pandemic trend for a prolonged period. Several risks cloud the outlook, including those related to the pandemic and to rapidly rising debt. The pandemic has further diminished already-weak growth prospects for the next decade. The IMF, however, in light of the recent various vaccine approvals has revised the projected global economic growth to 5.5 percent in 2021 and 4.2 percent in 2022 reflecting expectations of a vaccine-powered strengthening of economic activity.

Pakistan's economy consecutively suffered from a balance of payment crisis and the COVID-19 pandemic kept our economy below its potential. Since the start of current fiscal year, the economy has started recovering as the Government remained committed to monitor external balances and its financing closely. Furthermore, the Government has also taken policy and administrative measures to monitor the supply and market functioning wherever necessary to mitigate inflationary pressure. The economy contracted and one major positive outcome was the decrease in Pakistan's balance of payments and trade deficit. Not only did economic activity slow down, but the marked fall in oil prices meant that less was being imported at even lower prices.

Resultantly, the current account surplus for half year of Fiscal Year (FY) 2020-21 amounting to US\$ 1.1 billion as compared to a current account deficit of US\$ 2 billion in same period last year. Trade Deficit grew by 17 percent with exports shrinking by 5 percent to US\$ 11.8 billion (FY 2019-20: US\$ 12.4 billion) and imports expanding by 5 percent to US\$ 23.2 billion (FY 2019-20: US\$ 22.1 billion) in half year of FY 2020-21. Whereas, Workers Remittances grew by 25 percent to US\$ 14.2 billion in half year of FY 2020-21 as compared to US\$ 11.4 billion in the same period last year. Moreover, State Bank of Pakistan (SBP) has continued to maintain the policy rate at 7 percent as a result of improved domestic traction and future outlook.

INDUSTRIAL OVERVIEW

The economic recovery underway since July has strengthened in recent months. Large-scale manufacturing (LSM) grew by 7.4 percent year-on-year (y/y) in October and 14.5 percent (y/y) in November. The manufacturing recovery is also becoming more broad-based, with 12 out of 15 subsectors registering positive growth in November and employment beginning to recover. So far, this fiscal year, LSM has grown by 7.4 percent (y/y), against a contraction of 5.3 percent during the same period last year.

The total exports from the country during July-December were recorded at \$12.110 billion against \$11.524 billion during the same period last year, according to the latest Pakistan Bureau of Statistics (PBS) data. Textiles sector maintained its export growth from August till December 2020 and exports during December 2020 only increased by 22.72 per cent to a historic high of \$1.401 billion compared to \$1.14 billion in the corresponding month of last year. Overall textile exports increased by 7.8 per cent in the first six months of the current fiscal year to reach at \$7.442 billion against \$6.904 billion in the same period last year.

Exports of bed ware increased by 16 percent to \$1.394 billion in July-December 2020, exports of towel increased by 17.47 percent to \$0.446 billion, while the exports of readymade garments grew by 5.5 percent to \$1.490 billion, and tents and canvas exports grew by 57.77 percent to \$0.062 billion during the said period. The textile commodities that contributed to positive trade growth included knitwear, exports of which increased to \$1.849 billion during July-December 2020 compared to \$1.586 billion last year.

Meanwhile, exports of the commodities that witnessed negative growth included raw cotton, declining by 96.14 percent to \$0.592 million while those of cotton yarn decreased by 26.36 percent to \$400.730 million. In addition, exports of cotton cloth also decreased by 7.73 percent to \$935.009 million and yarn (other than cotton yarn) by 7.28 percent to \$13.464 million. Benefits of higher textile exports have been eaten up by poor cotton growth as the textile sector had to import lint and other related accessories.

FINANCIAL PERFORMANCE

Key performance numbers are presented below:

	Units	Half Year ended December 31	Half Year ended December 31 2019
Export sales	Rs. in millions	27,409	17,345
Local sales	Rs. in millions	14,186	13,309
Total sales	Rs. in millions	41,595	30,654
Gross profit	Rs. in millions	7,584	6,241
Profit before tax	Rs. in millions	2,404	1,328
Profit after tax	Rs. in millions	1,766	1,069
Earnings per share (EPS)	Rupees	4.13	2.50
Debt to equity ratio	Times	1.12	0.65
Current ratio	Times	1.11	1.07
Break-up-value per share	Rupees	36.77	36.14
Gross Profit Margin	%	18.23	20.26
Profit before tax Margin	%	5.78	4.33
Profit after tax Margin	%	4.25	3.49

Performance of the Company in export market was very impressive though Pak Rupee appreciated against US\$. Export sales registered an enormous increase of 58 percent. Local sales grew marginally by 6.6 percent due to the lock down and restricted operating hours of retail outlets. Gross Profit surged by 21.5 percent in absolute terms though reduced by 2% when compared with last year due to unfavorable exchange rate and higher raw material costs. The Company recorded a 59.2 percent increase in pre-tax profit before considering the impact of recognition of gain while applying IFRS to Gas Infrastructure Development Cess's contingent liability amounting to Rs. 289.52. million. Higher profitability was the cumulative result of effective capacity utilization, higher sales, effective cost curtailment, control over administrative cost etc.

FUTURE OUTLOOK

According to IMF, Vaccine approvals have raised hopes of a turnaround in the pandemic in the second half of the year where advanced economies are projected to grow by 4.3 percent and 3.1 percent in 2021 and 2022 respectively. While emerging and developing Asian economies are projected to expand by 8.3 percent

and 5.9 percent in 2021 and 2022 respectively while Pakistan's GDP is projected to grow 1.5 percent and 4 percent in 2021 and 2022 respectively.

The textile industry has picked up its pace while managing the COVID-19 repercussions and dealing with internal and external challenges. With the intent of capturing the value chain, the textile sector has moved its focus on internal consumption of non-value-added products to manufacture and export high end value-added products. With continued support of the government policies, the textile sector will continue to grow in terms of both quantity and value. However, availability of energy, shortage in cotton crop production could reverse the export gains. In order to sustain the export growth, long-term policy framework is mandatory to cushion future setbacks and provide a strong foothold for the textile sector to stand on.

The Company has its focus on investment in the balancing and modernization through technologically advanced machinery, and measures to rationalize costs which would enhance the sales and production efficiency further. Moreover, management has seen an uptick in domestic demand and the retail sector is performing well now and has been supported by its digital/e-commerce platform. Considering the positive changes and as the impact of COVID-19 subsides and economic activities resumes to a pre-pandemic levels, the circumstances now seem supportive to revive the hiving out of the retail business that was put on hold due to COVID Pandemic. The hiving off retail business, as planned, would leave it as a 100% subsidiary of Gul Ahmed with prospect to list it as a separate entity on the PSX. Your management is confident to deliver improved results in the coming quarters, though the risks like further increase in raw material prices, changes in finance cost, change in utility policy of the Government, etc. may have material impact.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the Half Year ended December 31, 2020 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

Mohomed Bashir
Chairman

February 24, 2021
Karachi

Mohammad Zaki Bashir
Chief Executive Officer

Independent Auditor’s Review Report to the Members of Gul Ahmed Textile Mills Limited Report 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 at December 31, 2020, 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review:

We conducted our review in accordance with the International Standard on Review engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed Interim unconsolidated financial statements 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor’s report is Fahad Ali Shaikh.

Kreston Hyder Bhimji & Co

Chartered Accountants

Karachi

Dated: February 24, 2021

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at December 31, 2020

		Un-Audited December 2020	Audited June 2020
	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		4,277,946	4,277,946
Reserves		<u>11,451,498</u>	<u>9,685,254</u>
		<u>15,729,444</u>	<u>13,963,200</u>
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	17,662,323	13,445,600
Lease liability against right-of-use assets	5	2,471,886	2,191,703
Provision for Gas Infrastructure Development Cess		1,675,961	-
Deferred liabilities			
Deferred taxation - net		194,096	35,167
Deferred income - government grant		52,913	35,220
Staff gratuity		144,315	136,760
		<u>391,324</u>	<u>207,147</u>
CURRENT LIABILITIES			
Trade and other payables	6	10,919,056	12,111,544
Accrued mark-up/profit		299,854	405,979
Short term borrowings		24,288,974	25,486,947
Current maturity of long term financing	4	1,552,868	420,113
Current maturity of lease liability against right-of-use asset	5	398,271	409,199
Current maturity of deferred income - government grant		110,541	48,921
Unclaimed dividend		9,663	9,739
Unpaid dividend		21,103	21,103
		<u>37,600,330</u>	<u>38,913,545</u>
CONTINGENCIES AND COMMITMENTS			
	7	<u>75,531,268</u>	<u>68,721,195</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	28,323,993	23,936,017
Right-of-use assets	9	2,492,179	2,314,161
Intangible assets	10	76,662	89,568
Long term investment	11	2,423,450	2,423,450
Long term loans and advances		98,625	58,720
Long term deposits		270,929	379,332
		<u>33,685,838</u>	<u>29,201,248</u>
CURRENT ASSETS			
Stores and spares		2,305,228	2,047,067
Stock-in-trade		23,789,376	25,829,952
Trade debts		8,521,823	5,701,537
Loans, advances and other receivables		2,919,130	1,273,805
Short term prepayments		155,552	241,765
Receivable from government		2,615,026	2,804,316
Taxation - net		1,021,379	1,132,621
Cash and bank balances		517,916	488,884
		<u>41,845,430</u>	<u>39,519,947</u>
		<u>75,531,268</u>	<u>68,721,195</u>

The annexed notes from 1 to 20 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, 2020

	Note	Un-Audited			
		Half year ended		Quarter ended	
		July to	July to	October to	October to
		December	December	December	December
		2020	2019	2020	2019
		-----Rupees in '000-----			
Sales - net		41,595,533	30,654,289	21,937,325	16,564,946
Cost of sales		34,012,020	24,443,874	17,877,302	13,165,615
Gross profit		7,583,513	6,210,415	4,060,023	3,399,331
Distribution costs		2,777,387	2,496,729	1,675,159	1,412,040
Administrative costs		1,292,215	1,358,210	619,503	572,508
Other operating costs		385,375	178,003	275,866	119,369
		4,454,977	4,032,942	2,570,528	2,103,917
		3,128,536	2,177,473	1,489,495	1,295,414
Other income	12	433,245	72,990	633,709	53,530
Operating profit		3,561,781	2,250,463	2,123,204	1,348,944
Finance cost		1,157,916	922,884	560,185	551,110
Profit before taxation		2,403,865	1,327,579	1,563,019	797,834
Taxation					
- Current	14	478,692	297,089	258,924	131,936
- Deferred		158,929	(38,840)	137,270	(38,840)
		637,621	258,249	396,194	93,096
Profit after taxation		1,766,244	1,069,330	1,166,825	704,738
Earning per share - basic and diluted (Rs.)		4.13	2.50	2.73	1.65

The annexed notes from 1 to 20 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, 2020

	Un-Audited			
	Half year ended		Quarter ended	
	July to December 2020	July to December 2019	October to December 2020	October to December 2019
	-----Rupees in '000-----			
Profit after taxation	1,766,244	1,069,330	1,166,825	704,738
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>1,766,244</u>	<u>1,069,330</u>	<u>1,166,825</u>	<u>704,738</u>

The annexed notes from 1 to 20 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, 2020

	Share Capital	Capital reserve - Share Premium	Unappropriated Profit	Total Reserves	Total
----- Rupees '000-----					
Balance as at June 30, 2019 (Audited)	3,564,955	1,405,415	10,362,843	11,768,258	15,333,213
Transaction 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					
Profit after taxation for half year ended December 31, 2019	-	-	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
Total comprehensive loss for the six months ended June 30, 2020					
Loss after taxation	-	-	(1,548,695)	(1,548,695)	(1,548,695)
Other comprehensive income	-	-	591	591	591
	-	-	(1,548,104)	(1,548,104)	(1,548,104)
Balance as at June 30, 2020	4,277,946	692,424	8,992,830	9,685,254	13,963,200
Total comprehensive income					
Profit after taxation for half year ended December 31, 2020	-	-	1,766,244	1,766,244	1,766,244
Other comprehensive income	-	-	-	-	-
	-	-	1,766,244	1,766,244	1,766,244
Balance as at December 31, 2020 (Un-audited)	4,277,946	692,424	10,759,074	11,451,498	15,729,444

The annexed notes from 1 to 20 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
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2020

	Note	Un-Audited	
		Half year ended	
		July to December 2020	July to December 2019
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,403,865	1,327,579
Adjustments for:			
Depreciation on property, plant and equipment	8.3	1,290,990	1,036,420
Depreciation on right-of-use assets	9	322,192	341,515
Amortisation on intangible assets		12,906	11,002
Provision for gratuity		41,091	84,704
Finance cost		990,368	696,241
Interest on lease liability against right-of-use asset		167,548	226,643
Provision for slow moving/obsolete stores and spares		12,575	11,453
Expected credit losses against doubtful trade debts		28,043	-
Property, plant and equipment scrapped / written off		24,343	-
Loss on disposal of property, plant and equipment		45,232	78,845
Gain on disposal of property, plant and equipment		(54,200)	(19,448)
		<u>2,881,088</u>	<u>2,467,375</u>
Cash flows from operating activities before adjustments of working capital		5,284,953	3,794,954
Changes in working capital:			
Increase in current assets			
Stores and spares		(270,736)	(293,306)
Stock-in-trade		2,040,576	(954,957)
Trade debts		(2,848,329)	769,047
Loans, advances and other receivables		(1,645,325)	(312,524)
Short term prepayments		86,213	(112,363)
Receivable from Government		189,290	(526,568)
		<u>(2,448,311)</u>	<u>(1,430,671)</u>
Increase in current liabilities			
Trade and other payables		483,473	1,494,061
		<u>(1,964,838)</u>	<u>63,390</u>
Cash generated from operations before adjustment of following		<u>3,320,115</u>	<u>3,858,344</u>
Adjustments for:			
Gratuity paid		(33,536)	(28,678)
Finance cost paid		(1,083,840)	(738,455)
Income tax paid		(367,450)	(302,804)
(Increase) / Decrease in long term loans and advances		(39,905)	4,251
Decrease / (Increase) in long term deposits		108,403	(5,292)
		<u>(1,416,328)</u>	<u>(1,070,978)</u>
Net Cash generated from Operating activities		<u>1,903,787</u>	<u>2,787,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(5,828,003)	(3,544,847)
Addition to intangible assets		-	(55,694)
Proceeds from sale of property, plant and equipment		133,662	89,395
Long term investments made during the period		-	(989,886)
Net cash used in investing activities		<u>(5,694,341)</u>	<u>(4,501,032)</u>
Balance carried forward		<u>(3,790,554)</u>	<u>(1,713,666)</u>

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2020

		Un-Audited	
		Half year ended	
Note	July to December 2020	July to December 2019	
-----Rupees in '000-----			
	Balance brought forward	(3,790,554)	(1,713,666)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Long term financing obtained	5,422,592	1,814,337
4	Long term financing repaid	(6,454)	(552,930)
	Payments for lease liability against right of use asset	(398,503)	(462,809)
	Dividend paid	(76)	(891,844)
	Net cash generated from/(used in) financing activities	5,017,559	(93,246)
	Net increase / (decrease) in cash and cash equivalents	1,227,005	(1,806,912)
	Cash and cash equivalents - at the beginning of the period	(24,998,063)	(18,469,899)
	Cash and cash equivalents - at the end of the period	(23,771,058)	(20,276,811)
13			

The annexed notes from 1 to 20 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
Notes to the Condensed Interim Un-consolidated
Financial Statements (Un-audited)
For the half year ended December 31, 2020

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 unit 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>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home limited - Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 limited - Indirect Subsidiary	September 29, 2017	U.K	100%
Worldwide developers (Pvt) limited-Direct	December 22, 2014	Pakistan	54.84%

All subsidiaries are engaged in distribution/trading of textile related products except for Worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

- 1.2 Details of leasehold 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.
Plot	4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi.

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

Address

Plot# 369, Main National Highway, Landhi, Karachi.
 Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi.
 Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi.
 Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi.
 Plot# 12, Sector 23, Korangi Industrial area, Karachi.

- 1.4 As at December 31, 2020, the Company has 63 retail outlets, 28 fabric stores, 2 fair price shops, 4 whole sale shops and 6 franchises (June-2020:64 retail outlets, 29 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, 2020 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 changes in equity and condensed interim un-consolidated statement of cash flows for the period ended December 31, 2020.

The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2020 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2020, 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 changes in equity and condensed interim un-consolidated statement of cash flows for the period ended December 31, 2019.

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, 2020.

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, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these unconsolidated condensed interim financial statements.

(b) Standards, Interpretations and Amendments not yet effective

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on January 1, 2021 and are not likely to have an material impact on the unconsolidated condensed interim financial statements.

3 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, 2020.

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, 2020.

4 LONG TERM FINANCING - SECURED

	Un-Audited December 2020	Audited June 2020
	-----Rupees in '000-----	
Opening balance	13,865,713	10,037,203
Add: Long term finance obtained during the period / year	4,128,807	4,364,980
Add: Financing for payment of salaries and wages obtain under SBP Re-finance scheme	1,293,785	546,969
Less: Fair value differential - Government grant	(129,320)	(85,199)
Add: Unwinding of interest	62,660	1,196
Less: Repaid during the period / year	(6,454)	(1,083,439)
	<u>19,215,191</u>	<u>13,865,713</u>
Less: Current portion shown under current liabilities	(1,552,868)	(420,113)
	<u>17,662,323</u>	<u>13,445,600</u>

5 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	Un-Audited December 2020	Audited June 2020
	-----Rupees in '000-----	
Present value of lease payments as at July 01, 2020	2,600,902	2,638,610
Less: Prepayments as at July 01, 2020	-	(87,237)
	<u>2,600,902</u>	<u>2,551,373</u>
Additions	500,210	324,079
Accretion of interest	167,548	368,205
Payments	(398,503)	(642,755)
As at December 31, 2020	<u>2,870,157</u>	<u>2,600,902</u>
Less: Current portion shown under current liabilities	398,271	409,199
	<u>2,471,886</u>	<u>2,191,703</u>

5.1 Lease liabilities are payable as follows

	Minimum Lease payments	Interest	Present value of minimum lease payments
	-----Rs. 000s-----		
Less than one year	743,886	345,615	398,271
Between one and 5 years	2,577,751	746,595	1,831,156
More than five years	845,121	204,391	640,730
	<u>4,166,758</u>	<u>1,296,601</u>	<u>2,870,157</u>

6 TRADE AND OTHER PAYABLES

- a) In the matter of charging of captive power tariff instead of Industry tariff rate, wherein there is no change in its status as disclosed in note 11.1.3 of the financial statements for the year ended June 30, 2020 except that the Government has filed an appeal in the Honorable High Court and Company has appointed a legal counsel therefore.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2020 remained unchanged during the current period except following:

- a) In the matter of Gas Infrastructure Development Cess (GIDC), there is no change in its status as disclosed in note 15.6 of the financial statements for the year ended June 30, 2020 except that the review petition filed by the Company against the order of Honourable Supreme Court of Pakistan dated 13th August 2020 has been dismissed during the year. The Company along with several other companies filed a suit in Honourable Sindh High Court challenging the chargeability of GIDC. The Honorable Sindh High Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC. The Company, as a matter of prudence, has maintained provision in this respect. The provision has been remeasured considering relevant IAS and guidelines issued by the Institute of Chartered Accountants of Pakistan in respect of Accounting of Gas Infrastructure Development Cess.
- b) In the matter of tax credit on BMR, there is no change in its status as disclosed in note 15.11 of the financial statements for the year ended June 30, 2020 except that the Company has also filed a Constitutional Petition for the tax year 2020.

- c) In the matter of dispute of title of a plot owned and possessed by the Company as disclosed in note 15.1 of the annual audited financial statements for the year ended June 30, 2020, the Company has filed suit no 23 of 2021 for declaration and permanent injunction in the Honourable High Court of Sindh seeking the declaration that the Company is lawful owner of the said property and that the undated notice issued by the Pakistan Railways for sealing and taking over the possession of the said property is of no legal effect. The matter is stage of hearing of applications and the legal counsel of the Company is of the view that the title of the Company stands clear and there is no likelihood of unfavorable outcome.

Guarantees

- (a) Guarantees of Rs. 1,120 million (June-2020: Rs. 1,119 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. 954 million (June-2020: Rs. 938 million).
- (b) Post dated cheques of Rs. 3,702 million (June-2020: Rs. 3,753 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. 6,227 million (June-2020: Rs. 3,903 million).
- (d) Corporate guarantee of Rs 153.5 million (June-2020: Rs. 146 million) Rs.639.3 million (June-2020: 670 million) and Rs. 144.7 million (June-2020: 152 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- (a) The Company is committed for capital expenditure as at December 31, 2020 of Rs. 3,889 million (June-2020: Rs. 4,440.5million).

8 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited December 2020	Audited June 2020
-----Rupees in '000-----			
Operating fixed assets	8.1 8.2 & 8.3	22,709,521	21,507,415
Capital work in progress (CWIP)	8.4	5,614,472	2,428,602
		28,323,993	23,936,017

		Un-Audited Half year ended December 2020	Un-Audited Half year ended December 2019
-----Rupees in '000-----			
8.1 Additions during the period			
Land		-	152,251
Buildings and structures on leasehold land		747,691	183,110
Plant and machinery		1,810,966	331,844
Furniture and fixtures		14,207	4,819
Office equipment		53,774	46,763
Vehicles		15,495	3,325
		2,642,133	722,112

- 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. 668 million, Rs. 1,137 million and Rs. 41.3 million (December 2019: Rs. 88.05 million and Rs. 17.36 million) respectively.

		Un-Audited Half year ended December 2020	Un-Audited Half year ended December 2019
-----Rupees in '000-----			
8.2 Disposals - operating fixed assets (at net book value)			
Plant and machinery		143,647	126,717
Vehicles		5,390	22,072
		149,037	148,789

- 8.2.1 Disposals include assets scrapped/written off at Net book value during the period of Rs. 24.3 million (2019: Rs. Nil).

8.3 Depreciation charge during the period	1,290,990	1,036,421
--	------------------	------------------

		Un-Audited Half year ended December 2020	Un-Audited Half year ended December 2019
-----Rupees in '000-----			
8.4 Additions - capital work in progress (at cost)			
Machinery		4,232,495	2,191,346
Building		777,698	736,801
Others		27,135	-
		5,037,328	2,928,147

		<u>Un-Audited</u>	<u>Audited</u>
		December 2020	June 2020
		-----Rupees in '000-----	
9 RIGHT-OF-USE ASSETS			
Balance as at July 01, 2020		2,314,161	-
Recognition as at July 01, 2019 upon initial application of IFRS-16		-	2,638,610
Additions		500,210	324,079
Depreciation expense		<u>(322,192)</u>	<u>(648,528)</u>
Net book value as at December 31, 2020		<u>2,492,179</u>	<u>2,314,161</u>
Gross carrying amount as at December 31, 2020			
Cost		3,462,899	2,962,689
Accumulated Depreciation		<u>(970,720)</u>	<u>(648,528)</u>
		<u>2,492,179</u>	<u>2,314,161</u>
10 INTANGIBLE ASSETS			
Intangible - net book value	10.1&10.2	<u>76,662</u>	<u>89,568</u>
		<u>Un-Audited</u>	<u>Un-Audited</u>
		Half year ended	Half year ended
		December	December
		2020	2019
		-----Rupees in '000-----	
10.1 Additions - intangibles (at cost)			
Computer Software		-	55,694
10.2 Amortization charge during the period		<u>12,906</u>	<u>11,002</u>
11 LONG TERM INVESTMENT			
		<u>Un-Audited</u>	<u>Audited</u>
		December	June
		2020	2020
		-----Rupees in '000-----	
Investment in Subsidiary - Gul Ahmed International Limited FZC		58,450	58,450
Investment in Subsidiary - World Wide Developers (Pvt) Limited	10.1	2,295,000	2,295,000
Investment in Term Finance Certificate	10.2	<u>70,000</u>	<u>70,000</u>
		<u>2,423,450</u>	<u>2,423,450</u>
12 OTHER INCOME			
This includes Rs. 289.5 million on re-measurement of contingent liability of Gas Infrastructure Development Cess.			
13 CASH AND CASH EQUIVALENTS			
		<u>Un-Audited</u>	<u>Un-Audited</u>
		December	December
		2020	2019
		-----Rupees in '000-----	
Cash and cash equivalents comprises of:			
Cash and bank balances		517,916	718,835
Short term borrowings		<u>(24,288,974)</u>	<u>(20,995,646)</u>
		<u>(23,771,058)</u>	<u>(20,276,811)</u>
14 TAXATION			
Provision for current taxation has been made on the basis of minimum tax liability and final taxation under the Income Tax Ordinance, 2001.			

15 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.

15.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019
	-----Rs. 000s-----											
Sales	10,621,944	7,646,950	2,066,099	1,686,913	11,094,069	10,433,642	28,743,489	21,103,194	(10,930,068)	(10,216,410)	41,595,533	30,654,289
Cost of sales	9,243,589	6,833,963	1,725,171	1,422,845	8,087,737	7,453,658	25,885,590	18,949,818	(10,930,068)	(10,216,410)	34,012,020	24,443,874
Gross profit	1,378,355	812,987	340,927	264,068	3,006,331	2,979,984	2,857,899	2,153,376	-	-	7,583,513	6,210,415
Distribution cost and Administrative cost	117,550	86,369	104,059	53,443	2,317,107	2,255,105	1,530,886	1,460,022	-	-	4,069,602	3,854,939
Profit before tax and before charging following	1,260,805	726,618	236,869	210,625	689,224	724,879	1,327,013	693,354	-	-	3,513,911	2,355,476
Finance Cost											1,157,916	922,884
Other operating cost											385,375	178,003
Other income											(433,245)	(72,990)
											1,110,046	1,027,897
Profit before taxation											2,403,865	1,327,579
Taxation											637,621	258,249
Profit after taxation											1,766,244	1,069,330

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019
	-----Rs. 000s-----											
Depreciation and Amortisation Expense	489,656	293,718	169,819	159,345	530,142	500,689	436,471	435,185	-	-	1,626,088	1,388,937

15.2 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
	Dec-2020	June - 2020	Dec-2020	June - 2020	Dec-2020	June - 2020	Dec-2020	June - 2020	Dec-2020	June - 2020	Dec-2020	June - 2020
	-----Rs. 000s-----											
Assets	19,144,358	17,967,254	6,086,986	4,270,692	11,472,971	12,284,442	34,111,689	31,107,650	4,715,264	3,091,157	75,531,268	68,721,195
Liabilities	10,454,543	8,264,759	4,450,423	2,758,394	4,690,072	4,815,246	11,792,719	14,273,075	28,414,066	24,646,521	59,801,824	54,757,995
Segment Capital & Intangible Expenditure	1,950,223	4,664,705	1,880,419	618,138	321,200	466,436	1,588,982	1,377,839	87,179	513,958	5,828,003	7,641,076

15.3 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.

15.4 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.

15.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7,172 million (Dec-2019: Rs. 6,194 million).

15.6 Information by geographical area

	Revenue		Non-current assets	
	Dec-20	Dec-19	Dec-20	Jun-20
	-----Rupees in '000-----			
Pakistan	18,128,657	13,309,042	33,627,388	29,142,798
Germany	9,367,191	5,527,265	-	-
United States	4,196,612	2,860,842	-	-
France	1,997,568	991,158	-	-
Netherlands	2,212,549	1,540,859	-	-
United Kingdom	1,048,404	1,142,177	-	-
Italy	551,916	1,188,071	-	-
Spain	350,697	508,340	-	-
China	285,916	362,157	-	-
Sweden	720,865	509,941	-	-
United Arab Emirates	8,313	209,841	58,450	58,450
Other Countries	2,726,845	2,504,596		
	41,595,533	30,654,289	33,685,838	29,201,248

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 carries out transactions with various related parties.

Relationship with the Company	Nature of Transactions	Dec-2020	Dec-2019	
		Rupees in '000		
Parent Company	Dividend Paid	-	598,067	
	Subsidiary companies	Sale of goods	1,199,069	166,780
		Sales through subsidiaries acting as agents	725,576	966,807
		Commission paid	84,821	225,206
		Rent paid	16,115	-
		Utilities paid	3,626	-
Associated companies and other related parties	Purchase of goods	240	133,794	
	Sale of goods	-	5,823	
	Services rendered	1,051	-	
	Sale of fixed assets	2,202	-	
	Gain on disposal of fixed assets	183	-	
	Rent paid	21,557	46,036	
	Fees paid	2,250	2,000	
	Donation paid	4,000	6,000	
	Bills discounted	5,945,004	6,170,132	
	Markup and other bank charges	60,066	86,360	
	Company's contribution to provident fund	109,104	103,688	
Dividend paid	-	36,491		
Relationship with the Company	Nature of outstanding balances	Dec-2020	June-2020	
		Rupees in '000		
Subsidiary companies	Long term investment	2,353,450	2,353,450	
	Corporate guarantee issued in favour of subsidiary company	937,624	969,530	
	Trade and other payables	83,284	155,227	
	Trade debts	2,010,576	1,437,347	
Associated companies and others related parties	Deposit with banks	53,605	44,564	
	Borrowings from Banks	1,055,409	564,694	
	Bank guarantee	53,586	938,326	
	Trade and other payables	35,800	25,773	
	Advance to supplier	65,553	-	
	Trade debts	3,743	3,743	
	Accrued mark-up	626	2,810	
	Loans to key management personnel & executive	150,608	81,517	
	Payable to employee's provident fund	32,455	13,096	
	Prepaid Rent	8,588	2,863	
Prepaid fees	1,000	250		

16.1 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, 2020 amounting to Rs. 729 million (2019: Rs.686 million) on account of remuneration.

17 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 represent the investment in unquoted shares of subsidiary companies carried at cost and investment in Term Finance Certificates carried at amortized cost. The Company does not expect that unobservable inputs may have significant effect on fair values.

18 CORRESPONDING FIGURES

For more appropriate presentation and comparison, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
Administration cost	Distribution cost	
Utilities	Utilities	131,921
Postage and telecommunication	Postage and telecommunication	15,024
Vehicle up keep and maintenance	Other expenses	20,041
Repairs and maintenance	Other expenses	17,857
Other expenses	Other expenses	1,953

19 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 24, 2021 by the Board of Directors of the Company.

20 GENERAL

20.1 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.

20.2 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, 2020

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at December 31, 2020

	Note	Un-Audited December 2020	Audited June 2020
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		<u>4,277,946</u>	4,277,946
Reserves		<u>11,910,875</u>	10,166,196
Equity attributable to the owners of the Holding Company		<u>16,188,821</u>	14,444,142
Non-controlling interest		<u>1,888,202</u>	1,883,317
Total equity		<u>18,077,023</u>	16,327,459
NON-CURRENT LIABILITIES			
Long term financing - Secured	4	17,662,323	13,445,600
Lease liability against right of use assets	5	2,478,396	2,198,535
Provision for Gas Infrastructure Development Cess		1,675,961	-
Deferred liabilities			
Deferred taxation		<u>194,096</u>	49,532
Deferred government grant		<u>52,913</u>	35,220
Staff gratuity		<u>146,858</u>	140,219
		<u>393,867</u>	224,971
CURRENT LIABILITIES			
Trade and other payables		11,222,639	12,310,931
Accrued mark-up/profit		299,854	405,979
Short term borrowings		24,737,687	25,995,109
Current maturity of long term financing	4	1,552,868	420,113
Current maturity of lease liability against right-of-use asset	5	399,389	411,526
Current maturity of deferred income - government grant		110,541	48,921
Unclaimed dividend		9,663	9,739
Unpaid dividend		21,103	21,103
Provision for taxation		5,051	3,792
		<u>38,358,795</u>	39,627,213
CONTINGENCIES AND COMMITMENTS			
	7		
		<u>78,646,365</u>	<u>71,823,778</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	28,339,193	23,951,846
Right of use Assets	9	2,500,691	2,323,849
Investment Property		4,599,000	4,599,000
Intangible assets	10	214,514	232,449
Long Term investment	11	70,000	70,000
Long term loans and advances		99,683	59,830
Long term deposits		276,060	388,669
Deferred taxation		3,808	3,801
		<u>36,102,949</u>	31,629,444
CURRENT ASSETS			
Stores and spares		2,305,228	2,047,067
Stock-in-trade		24,291,694	26,653,635
Trade debts		8,336,874	5,150,748
Loans, advances and other receivables		2,987,494	1,362,721
Short term prepayments		167,501	270,346
Receivable from Government		2,615,026	2,804,316
Taxation - net		1,021,379	1,132,621
Cash and bank balances	13	818,220	772,880
		<u>42,543,416</u>	40,194,334
		<u>78,646,365</u>	<u>71,823,778</u>

The annexed notes from 1 to 20 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, 2020

Note	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2020	July to December 2019	October to December 2020	October to December 2019
-----Rupees in '000-----				
Sales - net	42,634,074	31,831,172	22,311,524	16,900,070
Cost of sales	34,785,711	25,286,250	18,159,682	13,462,125
Gross profit	7,848,363	6,544,922	4,151,842	3,437,945
Distribution cost	2,787,733	2,420,561	1,675,273	1,294,310
Administrative cost	1,464,506	1,853,035	709,517	868,887
Other operating cost	385,375	178,003	275,866	119,369
	4,637,614	4,451,599	2,660,656	2,282,566
	3,210,749	2,093,323	1,491,186	1,155,379
Other income	475,615	120,244	663,759	167,654
Operating profit	3,686,364	2,213,567	2,154,945	1,323,033
Finance cost	1,159,696	929,607	568,394	551,116
Profit before taxation	2,526,668	1,283,960	1,586,551	771,917
Taxation				
- Current	481,752	297,554	260,452	132,401
- Deferred	158,929	(38,840)	137,270	-
	640,681	258,714	397,722	132,401
Profit after taxation	1,885,987	1,025,246	1,188,829	639,516
Attributable to:				
Equity holders of Parent Company	1,881,102	-	1,186,230	-
Non-controlling interest holders	4,885	-	2,599	-
	1,885,987	-	1,188,829	-
Earning per share - basic and diluted (Rs.)	4.41	2.40	2.78	1.49

The annexed notes from 1 to 20 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, 2020

	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to December 2020	July to December 2019	October to December 2020	October to December 2019
	-----Rupees in '000-----			
Profit after taxation	1,885,987	1,025,246	1,188,829	639,516
Other comprehensive income for the period				
Items that will be reclassified to profit and loss account subsequently	-	-		
Exchange difference on translation of foreign subsidiaries	(136,423)	(16,941)	(47,923)	1,009
Total comprehensive income	1,749,564	1,008,305	1,140,906	640,525
Attributable to:				
Equity holders of Parent Company	1,744,679	-	1,138,307	-
Non-controlling interest holders	4,885	-	2,599	-
	1,749,564	-	1,140,906	-

The annexed notes from 1 to 20 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, 2020

	Reserves							Non-Controlling Interest	Total
	Share capital	Capital reserve - Share Premium	Revenue reserve				Total equity attributable to the owners of Holding Company		
			General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit			
-----Rupees '000-----									
Balance as at June 30, 2019 (Audited)	3,564,955	1,405,415	-	285,542	19,827	10,607,627	12,318,411	-	15,883,366
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-
Transaction 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
Non-Controlling Interest on business combination	-	-	-	-	-	-	-	1,883,317	1,883,317
Total comprehensive (loss) / income									
Profit after taxation	-	-	-	-	-	(1,651,008)	(1,651,008)	-	(1,651,008)
Other comprehensive income	-	-	-	94,127	-	591	94,718	-	94,718
	-	-	-	94,127	-	(1,650,417)	(1,556,290)	-	(1,556,290)
Balance as at June 30, 2020	4,277,946	692,424	-	362,728	19,827	9,091,217	10,166,196	1,883,317	16,327,459
Transactions with owners									
Total comprehensive income for the half year ended December 31, 2020 (un-audited)									
Profit after taxation	-	-	-	-	-	1,881,102	1,881,102	4,885	1,885,987
Other comprehensive Income	-	-	-	(136,423)	-	-	(136,423)	-	(136,423)
	-	-	-	(136,423)	-	1,881,102	1,744,679	-	1,749,564
Balance as at December 31, 2020 (Un-Audited)	4,277,946	692,424	-	226,305	19,827	10,972,319	11,910,875	1,888,202	18,077,023

The annexed notes from 1 to 20 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, 2020

	Un-Audited	
	Half Year Ended	
	July to December 2020	July to December 2019
Note		
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,526,668	1,283,960
Adjustments for:		
Depreciation on property, plant and equipment	1,292,242	1,037,606
Depreciation on right-of-use assets	323,368	341,515
Amortisation	17,935	15,466
Provision for gratuity	41,091	84,704
Finance cost	991,993	929,607
Interest on lease liability against right-of-use asset	167,703	-
Provision for slow moving/obsolete stores spares and loose tools	12,575	11,453
Expected credit losses against doubtful trade debts	48,610	-
Gain on disposal of property, plant and equipment	45,232	(19,448)
Loss on disposal of property, plant and equipment	(54,200)	78,845
Property, plant and equipment scrapped / written off	24,343	-
	<u>2,910,892</u>	<u>2,479,748</u>
Cash flows from operating activities before adjustments of working capital	5,437,560	3,763,708
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(270,736)	(293,306)
Stock-in-trade	2,361,941	(843,753)
Trade debts	(3,234,736)	288,230
Loans, advances and other receivables	(1,624,773)	(217,572)
Short term prepayments	102,845	(111,966)
Refunds due from Government	189,290	(526,568)
	<u>(2,476,169)</u>	<u>(1,704,935)</u>
Increase in current liabilities		
Trade and other payables	587,669	1,779,100
	<u>(1,888,500)</u>	<u>74,165</u>
Cash generated from operations before adjustment of following	3,549,060	3,837,873
Adjustment for:		
Gratuity paid	(34,452)	(31,858)
Finance cost paid	(1,085,465)	(745,178)
Income tax paid or deducted	(383,623)	(321,056)
(Increase)/Decrease in long term loans and advances	(39,853)	4,346
Decrease/(Increase) in long term deposits	112,609	(5,063)
	<u>(1,430,784)</u>	<u>(1,098,809)</u>
Net Cash generated from Operating activities	2,118,276	2,739,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(5,828,622)	(3,544,847)
Addition to intangible assets	-	(62,540)
Proceeds from sale of property, plant and equipment	133,658	89,394
Long term investments made during the period	-	(989,886)
Net cash used in investing activities	<u>(5,694,964)</u>	<u>(4,507,879)</u>
Balance carried forward	<u>(3,576,688)</u>	<u>(1,768,815)</u>

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Half Year Ended December 31, 2020

	Un-Audited	
	Quarter Ended	
	July to December 2020	July to December 2019
Note	-----Rupees in '000-----	
Balance brought forward	(3,576,688)	(1,768,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	5,422,592	1,814,337
Long term financing repaid	(6,454)	(552,930)
Payments against lease liability against right of use asset	(400,189)	(462,810)
Dividend paid	(76)	(891,844)
Net cash generated from/(used in) financing activities	5,015,873	(93,247)
Exchange difference on translation of foreign subsidiaries	(136,423)	(16,941)
Net decrease in cash and cash equivalents	1,302,762	(1,879,003)
Cash and cash equivalents - at the beginning of the period	(25,222,229)	(18,440,586)
Cash and cash equivalents - at the end of the period	13 (23,919,467)	(20,319,589)

The annexed notes from 1 to 20 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, 2020

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
- Worldwide Developers (Pvt) 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>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA - Indirect subsidiary	March 19, 2012	U.S.A	100%
Sky Home- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home Limited-Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 Limited-Indirect Subsidiary	September 29, 2017	U.K	100%
Worldwide Developers (Pvt) Limited-Direct subsidiary	December 22, 2014	Pakistan	54.84%

All subsidiaries are engaged in distribution/trading of textile related products except for Worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

1.3 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
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
Plot	4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi Township, Karachi

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

Address
 Plot# 369, Main National Highway, Landhi, Karachi
 Plot# HT/3A,KDA Scheme 3, Landhi Industrial area, Karachi
 Plot# ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi
 Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi
 Plot# 12, Sector 23, Korangi Industrial area, Karachi
 295 5th ave, suit 702, NewYork - NY - 10016
 Grane Road Mill, Grane Road, Haslingden, BB4 5ES

1.5 As at December 31, 2020, the Group has 63 retail outlets, 28 fabric stores, 2 fair price shops, 4 whole sale shops and 6 franchises (June-2020:64 retail outlets, 29 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 direct subsidiary Worldwide Developers (Pvt.) Limited and 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, 2020 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, 2020 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, 2020.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2020 has been extracted from the audited financial statements of the Group for the year ended June 30, 2020 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 half year ended December 31, 2020 have been extracted from the condensed interim consolidated financial statements of the Group for half year ended December 31, 2019.

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, 2020.

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, 2020

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, 2020; however, these do not have any significant impact on these consolidated condensed interim financial statements hence not detailed.

3 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, 2020.

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, 2020.

4 LONG TERM FINANCING - SECURED

Opening balance
Add: Obtained during the period / year
Add: Financing for payment of salaries and wages under SBP Re-finance scheme
Less: Fair value differential - Government grant
Add: Unwinding of interest
Less: Repaid during the period / year

	Un-Audited December 2020	Audited June 2020
	-----Rupees in '000-----	
	13,865,713	10,037,203
	4,128,807	4,364,980
	1,293,785	546,969
	(129,320)	
	62,660	
	(6,454)	(1,083,439)
	19,215,191	13,865,713
	(1,552,868)	(262,370)
	17,662,323	13,445,600

Less: Current portion shown under current liabilities

5 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2020
Less: Prepayments as at July 01, 2020

Additions
Accretion of interest
Payments
As at December 31, 2020
Less: Current portion shown under current liabilities

	Un-Audited December 2020	Audited June 2020
	-----Rupees in '000-----	
	2,610,061	2,650,039
	529	(87,954)
	2,610,590	2,562,085
	500,210	324,079
	167,703	368,465
	(400,718)	(644,568)
	2,877,785	2,610,061
	399,389	411,526
	2,478,396	2,198,535

5.1 Lease liabilities are payable as follows

Less than one year
Between one and 5 years
More than five years

Minimum Lease payments	Interest	Present value of minimum lease payments
-----Rs. 000s-----		
746,390	345,868	400,522
2,583,413	746,880	1,836,533
845,121	204,391	640,730
4,174,924	1,297,139	2,877,785

6 TRADE AND OTHER PAYABLES

- a) In the matter of charging of captive power tariff instead of Industry tariff rate, wherein there is no change in its status as disclosed in note 11.1.3 of the consolidated financial statements for the year ended June 30, 2020 except that the Government has filed an appeal in the Honorable High Court and Holding Company has appointed a legal counsel therefore.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2020 remained unchanged during the current period except following;

- a) In the matter of Gas Infrastructure Development Cess (GIDC), there is no change in its status as disclosed in note 15.6 of the consolidated financial statements for the year ended June 30, 2020 except that the review petition filed by the Holding Company against the order of Honourable Supreme Court of Pakistan dated 13th August 2020 has been dismissed during the year. The Holding Company along with several other companies filed a suit in Honourable Sindh High Court challenging the chargeability of GIDC. The Honourable Sindh High Court granted stay order and restrained Sui Southern Gas Company (SSGC) from taking any coercive action against non-payment of installments of GIDC. The Holding Company, as a matter of prudence, has maintained provision in this respect. The provision has been remeasured considering relevant IAS and guidelines issued by the Institute of Chartered Accountants of Pakistan in respect of Accounting of Gas Infrastructure Development Cess.
- b) In the matter of tax credit on BMR, there is no change in its status as disclosed in note 15.11 of the consolidated financial statements for the year ended June 30, 2020 except that the Holding Company has also filed a Constitutional Petition for the tax year 2020.
- c) In the matter of dispute of title of a plot owned and possessed by the Holding Company as disclosed in note 15.1 of the annual audited consolidated financial statements for the year ended June 30, 2020, the Holding Company has filed suit no 23 of 2021 for declaration and permanent injunction in the Honourable High Court of Sindh seeking the declaration that the Holding Company is lawful owner of the said property and that the undated notice issued by the Pakistan Railways for sealing and taking over the possession of the said property is of no legal effect. The matter is stage of hearing of applications and the legal counsel of the Holding Company is of the view that the title of the Holding Company stands clear and there is no likelihood of unfavorable outcome.

Guarantees

- (a) Guarantees of Rs. 1,120 million (June-2020: Rs. 1,119 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. 954 million (June-2020: Rs. 938 million).
- (b) Post dated cheques of Rs. 3,702 million (June-2020: Rs. 3,753 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. 6,227 million (June-2020: Rs. 3,903 million).
- (d) Corporate guarantee of Rs 153.5 million (June-2020: Rs. 146 million) Rs.639.3 million (June-2020: 670 million) and Rs. 144.7 million (June-2020: 152 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 Group committed for capital expenditure as at December 31, 2020 of Rs. 3,889 million (June-2020: Rs. 4,440.5million).

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-Audited December 2020	Audited June 2020
Rupees in '000			
Operating fixed assets	8.1 & 8.2	22,724,721	21,523,244
Capital work in progress (CWIP)	8.4	5,614,472	2,428,602
		28,339,193	23,951,846

	Note	Un-Audited	
		Half year ended December 2020	Half year ended December 2019
Rupees in '000			
8.1 Additions during the period			
Land		-	152,251
Buildings and structures on leasehold land		747,691	183,110
Plant and machinery		1,810,966	331,844
Furniture and fixtures		14,826	4,819
Office equipment		53,774	46,763
Vehicles		15,495	3,325
		2,642,752	722,112

- 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. 668 million, Rs. 1,136 million and Rs. 41.3 million (December 2019: Rs. 88.05 million and Rs. 17.36 million) respectively.

	Un-Audited	
	Half year ended December 2020	Half year ended December 2019
	Rupees in '000	
8.2 Disposals - operating fixed assets (at net book value)		
Plant and machinery	143,647	126,717
Vehicles	5,390	22,072
	<u>149,037</u>	<u>148,789</u>
8.2.1 Disposals include assets scrapped/written off at Net book value during the period of Rs. 24.3 million (2019: Rs. Nil).		
	Un-Audited	
	Half year ended December 2020	Half year ended December 2019
	Rupees in '000	
8.3 Depreciation charge during the period	<u>1,292,242</u>	<u>1,037,606</u>
8.4 Additions - capital work in progress (at cost)		
Machinery	4,232,495	2,191,346
Building	777,698	736,801
Others	27,135	-
	<u>5,037,328</u>	<u>2,928,147</u>
	Un-Audited December 2020	Audited June 2020
	Rupees in '000	
9 RIGHT OF USE ASSETS		
Recognition as at July 01, 2020	2,323,849	2,650,039
Additions	500,210	324,079
Depreciation expense	(323,368)	(650,814)
Foreign currency retranslation difference	-	545
Net book value as at December 31, 2020	<u>2,500,691</u>	<u>2,323,849</u>
Gross carrying amount as at December 31, 2020		
Cost	3,472,587	2,974,118
Accumulated Depreciation	(971,896)	(650,814)
Foreign currency retranslation difference	-	545
	<u>2,500,691</u>	<u>2,323,849</u>
10 INTANGIBLE ASSETS		
Intangible - net book value	214,514	232,449
	<u>214,514</u>	<u>232,449</u>
	Un-Audited	
	Half year ended December 2020	Half year ended December 2019
	Rupees in '000	
10.1 Additions - intangibles (at cost)	-	62,540
Computer Software	<u>-</u>	<u>62,540</u>
10.2 Amortisation charge during the period	<u>17,935</u>	<u>15,466</u>
11 LONG TERM INVESTMENT		
	Un-Audited December 2020	Audited June 2020
	Rupees in '000	
Investment in Term Finance Certificate	70,000	70,000
	<u>70,000</u>	<u>70,000</u>
12 OTHER INCOME		
This includes Rs. 289.5 million on re-measurement of contingent liability of Gas Infrastructure Development Cess.		
	Un-Audited	
	December 2020	December 2019
	Rupees in '000	
13 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprises of:		
Cash and bank balances	818,220	763,713
Short term borrowings	(24,737,687)	(21,083,302)
	<u>(23,919,467)</u>	<u>(20,319,589)</u>
14 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.		

15 SEGMENT INFORMATION

The Group'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 fabric into various types of finished fabrics for sale as well as to manufacture and sale of made-ups and home textile products.
- e) **Subsidiary Companies:** All subsidiaries are engaged in distribution/trading of textile related products except for worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

Transactions among the business segments are recorded at cost.

15.1 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		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total			
	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019		
	Rupees '000																											
Sales	10,621,944	7,646,950	2,066,099	1,696,913	11,094,069	10,433,642	28,743,489	21,103,194	122,862	225,853	1,182,440	175,581	-	-	128,365	92,596	-	9,253	802,714	840,382	-	-	(11,999,243)	(10,290,596)	48,634,074	31,831,172		
Cost of sales	9,243,589	6,833,963	1,725,171	1,422,845	8,087,737	7,453,658	25,885,590	18,949,818	113,309	204,226	1,122,432	92,720	-	-	90,922	79,958	-	9,253	770,319	667,682	-	-	(12,162,437)	(10,347,915)	34,785,711	25,286,250		
Gross profit	1,378,355	812,987	340,927	264,068	3,006,331	2,979,984	2,857,899	2,153,376	9,253	21,627	60,008	82,861	-	-	37,443	12,638	-	-	32,395	172,700	-	-	163,194	57,319	7,848,363	6,544,922		
Distribution costs and administrative costs	117,550	86,369	104,059	53,443	2,317,107	2,255,105	1,530,886	1,460,022	24,382	33,270	58,152	85,882	-	-	26,667	40,733	1,584	254	85,685	258,515	2,280	-	(16,113)	40,736	4,252,239	4,273,596		
Profit/(loss) before tax and before charging the following	1,260,805	726,618	236,869	210,625	689,224	724,879	1,327,013	693,354	(15,129)	(11,643)	1,856	(3,021)	-	-	10,776	(28,095)	(1,584)	(254)	(53,290)	(85,815)	(2,280)	-	179,307	16,583	3,596,124	2,271,326		
Other operating costs																												
Other income																										385,375	178,003	
Finance costs																										(475,615)	(120,244)	
Profit before taxation																											1,189,696	929,007
Taxation																											1,093,456	987,366
Profit after taxation																											2,526,668	1,283,960
																											640,681	258,714
																											1,885,987	1,025,246

	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		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total			
	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019	Dec-2020	Dec-2019		
	Rupees '000																											
Depreciation and Amortisation Expense	489,656	293,718	169,819	159,345	530,142	500,689	436,471	435,185	3,180	2,094	252	180	-	-	3,325	3,041	-	-	700	335	-	-	-	-	-	-	1,633,545	1,394,587

15.2 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		Worldwide Developers (Private) Limited		Unallocated		Total Group		
	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	Un-Audited Dec-2020	Audited June - 2020	
	Rupees '000																										
Assets	19,144,358	17,967,254	6,086,986	4,270,692	11,472,971	12,284,442	34,111,689	31,107,650	525,694	409,767	1,599,104	738,578	76,413	72,467	450,137	463,763	8,527	15,029	452,781	708,504	4,442,691	4,430,537	4,522,983	3,091,900	82,894,334	75,560,583	
Elimination of intragroup balances																										(4,247,969)	(3,736,305)
Liabilities	10,454,543	8,264,759	4,450,423	2,758,394	4,690,072	4,815,246	11,792,719	14,273,075	43,298	47,290	1,799,884	1,327,259	-	-	110,104	109,668	1,046	13,333	430,734	428,544	455,091	453,754	28,414,069	24,660,886	62,641,983	57,152,208	
Elimination of intragroup balances																										(2,072,641)	(1,655,889)
Segment Capital Expenditure	1,950,223	4,664,705	1,880,419	618,138	321,200	466,436	1,588,982	1,377,839	619	2,046	-	1,078	-	-	-	-	-	-	-	6,802	-	-	87,179	513,958	5,828,622	7,651,002	

15.3 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.

15.4 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.

15.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7,172 million (Dec-2019: Rs. 6,194 million).

15.6 Information by geographical area

	Revenue		Non-current assets	
	For the half year ended (Un-audited)		Un-Audited	Audited
	Dec - 2020	Dec - 2019	Dec - 2020	Jun - 2020
	-----Rupees in '000-----			
Pakistan	18,128,657	13,309,042	35,868,655	31,447,050
Germany	9,367,191	5,527,265	-	-
United States	4,873,859	3,664,893	5,427	9,988
Netherlands	2,212,549	1,540,859	-	-
Italy	551,916	1,188,071	-	-
United Kingdom	1,301,910	1,319,366	201,794	125,408
Spain	350,697	508,340	-	-
France	1,997,568	991,158	-	-
Sweden	720,865	509,941	-	-
China	285,916	362,157	-	-
United Arab Emirates	116,101	405,486	27,073	46,998
Other Countries	2,726,845	2,504,594	-	-
Total	42,634,074	31,831,172	36,102,949	31,629,444

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 carries out transactions with various related parties.

Relationship with the Company	Nature of Transactions	Dec-2020	Dec-2019
		Rupees in '000	
Parent Company	Dividend Paid	-	598,067
Subsidiary companies	Sale of goods	1,199,069	166,780
	Sales through subsidiaries acting as agents	725,576	966,807
	Commission paid	84,821	225,206
	Rent paid	16,115	-
	Utilities paid	3,626	-
Associated companies and other related parties	Purchase of goods	240	133,794
	Sale of goods	-	5,823
	Services rendered	1,051	-
	Sale of fixed assets	2,202	-
	Gain on disposal of fixed assets	183	-
	Rent paid	21,557	46,036
	Fees paid	2,250	2,000
	Donation paid	4,000	6,000
	Bills discounted	5,945,004	6,170,132
	Markup and other bank charges	60,066	86,360
	Company's contribution to provident fund	109,104	103,688
	Dividend paid	-	36,491
Relationship with the Company	Nature of outstanding balances	Dec-2020	June-2020
		Rupees in '000	
Subsidiary companies	Long term investment	2,353,450	2,353,450
	Corporate guarantee issued in favour of subsidiary company	937,624	969,530
	Trade and other payables	83,284	155,227
	Trade debts	2,010,576	1,437,347
Associated companies and others related parties	Deposit with banks	53,605	44,564
	Borrowings from Banks	1,055,409	564,694
	Bank guarantee	53,586	938,326
	Trade and other payables	35,800	25,773
	Advance to supplier	65,553	-
	Trade debts	3,743	3,743
	Accrued mark-up	626	2,810
	Loans to key management personnel & executive	150,608	81,517
	Payable to employee's provident fund	32,455	13,096
	Prepaid Rent	8,588	2,863
	Prepaid fees	1,000	250

16.1 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, 2020 amounting to Rs. 729 million (2019: Rs.686 million) on account of remuneration.

17 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.

18 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
Administration cost	Distribution cost	
Utilities	Utilities	131,921
Postage and telecommunication	Postage and telecommunication	15,024
Stationery & Sales Supplies	Other expenses	20,041
Repairs and maintenance	Other expenses	17,857
Other expenses	Other expenses	1,953

19 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 24, 2021 by the Board of Directors of the Group.

20 GENERAL

20.1 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.

20.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer