



Textile Mills Limited

Quarterly Report

*Condensed Interim Financial Information
For The 3rd Quarter Ended March 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 Bank Al Habib Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited (Islamic) Bankislami Pakistan Limited The Bank Of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited The Bank of Khyber | |
| AUDITORS | Kreston Hyder Bhimji & Co. Chartered Accountants | |
| INTERNAL AUDITORS | Grant Thornton Anjum Rahman Chartered Accountants | |
| LEGAL ADVISORS | A.K. Brohi & Co Advocates | |
| REGISTERED OFFICE | Plot No.82, Main National Highway, Landhi, Karachi-75120 | |
| SHARE REGISTRAR | FAMCO Associates (Private) Limited 8-F, Next To Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106 | |
| MILLS | Landhi Industrial Area, Karachi-75120 | |
| E-MAIL | finance@gulahmed.com | |
| URL | www.gulahmed.com | |

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the nine months ended March 31, 2019.

ECONOMIC OVERVIEW

Economic data revealed that stabilization and reform measures adopted in the recent past are taking hold, although slower than expected. The current account deficit has narrowed to US\$ 8.8 billion in Jul-Feb of fiscal year 2018-19 compared to a deficit of US\$ 11.4 billion during the same period last year registering a fall of 22.6 percent. Large-scale Manufacturing (LSM) declined by 2.3 percent during Jul-Jan FY19 against 7.2 percent growth recorded in the same period last year. Average headline CPI inflation reached 6.5 percent in Jul-Feb FY19 compared to 3.8 percent recorded in the same period last year. The year on year inflation rose to of 8.2 percent in February 2019 which is the highest increase in inflation since June 2014. The Government of Pakistan is expected to join an IMF Program in the near future. Such programs can entail higher interest rates, a more flexible exchange rate and higher utility rates for gas and power. The country will need more rigorous trade policies to boost its export led growth strategy.

Foreign direct investment and official inflows remained insufficient to finance the current account deficit, with the gap being bridged through the country's own resources. Country's FX reserves increased to USD 14.8 billion by end of January 2019 due to realization of bilateral official flows (inflows from UAE and Saudi Arabia amounted to USD 3 billion and USD 1 billion respectively).

INDUSTRIAL OVERVIEW

The textile industry continues to demonstrate a downward trajectory as the industry growth saw a decline of 0.3 percent in nine months of current fiscal year as compared to a growth of 0.7 percent in the same period last year. Textile industry total exports for nine months of FY 2018-19 amounted to US\$ 9,138 million as compared to US\$ 8,865 million for the same period last year, registering a growth of 3 percent. Knit wear and bed wear, cotton cloth and cotton yarn registered growth of 8 percent, 4 percent and 2 percent respectively, while readymade garments decreased by 0.2 percent.

The industry continues to benefit from the abolished 5 percent customs duty and a 5 percent sales tax on imported cotton from February 2019 onwards, the latest evaluations on major crops are portraying a dull performance by the agriculture sector and the overall industry performance is uncertain. Nevertheless, the recent relief of Duty from China on imported Pakistani products, and the Government export led strategies can prove to be a silver lining.

FINANCIAL PERFORMANCE

Your company has continued to reap significant benefits by investments in most modern technology, focusing on economically beneficial markets, products and customers, efficient process management, cost rationalization efforts, change in PKR/US\$ parity, strategic and timely procurement of raw material while taking full advantage of available credit lines etc. The combined results of all such measures has enabled the company to fully utilize its capabilities and improve both the top and bottom line.

Key performance numbers are presented below:

| | Units | Nine Months ended March 31, 2019 | Nine Months ended March 31, 2018 |
|--------------------------|-----------------|-------------------------------------|-------------------------------------|
| Export sales | Rs. in millions | 23,945 | 18,929 |
| Local sales | Rs. in millions | 16,579 | 13,707 |
| Total sales | Rs. in millions | 40,524 | 32,636 |
| Gross profit | Rs. in millions | 9,476 | 6,795 |
| Profit before tax | Rs. in millions | 2,980 | 1,433 |
| Profit after tax | Rs. in millions | 2,697 | 1,255 |
| Earnings per share (EPS) | Rupees | 7.57 | 3.52 |
| Debt to equity ratio | Times | 0.60 | 0.54 |
| Current ratio | Times | 1.15 | 1.12 |
| Break-up-value per share | Rupees | 40.47 | 33.13 |

FUTURE OUTLOOK

The Government is striving to take steps in-order to implement an export led growth strategy. The recent duty relief from China to Pakistan has laid new grounds for Pakistani export market to flourish and for businesses to grab the opportunity. The impact of Government's corrective measures will unfold in the coming months, however, consistency of policies, specifically export related needs to be ensured. It is critical that the trade and fiscal deficits are brought under control. The waiver of prior GIDC dues as well as elimination of GIDC going forward, if approved, is still awaited by the textile industry. With backdrop of IMF bailout, we are optimistic that the economy is on the correct track towards stabilization considering the paradigm shift towards creating a conducive environment to encourage exports.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the nine months ended March 31, 2019 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA and Sky Home Corp. – USA are annexed.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

April 30, 2019
Karachi

Mohomed Bashir
Chairman

Mohammad Zaki Bashir
Chief Executive Officer

**Condensed Interim Un-consolidated
Statement of Financial Position
As at March 31, 2019**

| | Note | Un-Audited March 2019 | Audited June 2018 |
|--|------|-----------------------------|-------------------------|
| Rupees in '000 | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 750,000,000 ordinary shares of Rs.10 each | | 7,500,000 | 7,500,000 |
| Issued, subscribed and paid-up capital 356,495,525 ordinary shares of Rs. 10 each | | 3,564,955 | 3,564,955 |
| Reserves | | 10,861,825 | 9,055,772 |
| | | 14,426,780 | 12,620,727 |
| NON-CURRENT LIABILITIES | | | |
| Long term financing - Secured | 5 | 8,691,693 | 6,911,869 |
| Deferred liabilities | | | |
| Deferred taxation - net | | 10,593 | 23,692 |
| Staff gratuity | | 69,720 | 63,165 |
| | | 80,313 | 86,857 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 9,721,807 | 7,008,948 |
| Accrued mark-up/profit | | 254,442 | 175,633 |
| Short term borrowings | | 19,871,888 | 15,076,081 |
| Current maturity of long term financing | 5 | 1,250,524 | 1,365,857 |
| Unclaimed dividend | | 4,679 | 6,421 |
| Unpaid dividend | | 19,975 | 11,052 |
| | | 31,123,315 | 23,643,992 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | 54,322,101 | 43,263,445 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 18,157,739 | 16,104,319 |
| Intangible assets | 9 | 48,220 | 23,985 |
| Long term investment | | 58,450 | 58,450 |
| Long term loans and advances | | 3,217 | 37,314 |
| Long term deposits | | 290,755 | 202,959 |
| | | 18,558,381 | 16,427,027 |
| CURRENT ASSETS | | | |
| Stores and spares | | 1,461,443 | 961,088 |
| Stock-in-trade | | 23,102,893 | 16,143,933 |
| Trade debts | | 5,712,782 | 5,398,565 |
| Loans, advances and other receivables | | 1,773,365 | 1,197,376 |
| Short term prepayments | | 118,823 | 239,661 |
| Refunds due from Government | | 2,084,881 | 1,827,764 |
| Taxation - net | | 866,787 | 597,781 |
| Cash and bank balances | | 642,746 | 470,250 |
| | | 35,763,720 | 26,836,418 |
| | | 54,322,101 | 43,263,445 |

The annexed notes from 1 to 17 form an integral part of this condensed interim un-consolidated financial information.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Un-consolidated
Statement of Profit or Loss
For the nine months ended 31 March, 2019**

| | Un-Audited | | | |
|---|--------------------------|-----------------------|-----------------------------|-----------------------------|
| | Nine months ended | | Quarter ended | |
| | July to March 2019 | July to March 2018 | January to March 2019 | January to March 2018 |
| | -----Rupees in '000----- | | | |
| Sales - net | 40,523,718 | 32,636,135 | 13,774,009 | 11,710,692 |
| Cost of sales | 31,047,282 | 25,840,670 | 10,605,323 | 9,020,919 |
| Gross profit | 9,476,436 | 6,795,465 | 3,168,686 | 2,689,773 |
| Distribution costs | 3,462,493 | 2,884,263 | 1,244,903 | 987,877 |
| Administrative costs | 1,940,190 | 1,749,174 | 706,044 | 638,949 |
| Other operating costs | 234,514 | 122,709 | 51,702 | 66,391 |
| | 5,637,197 | 4,756,146 | 2,002,649 | 1,693,217 |
| | 3,839,239 | 2,039,319 | 1,166,037 | 996,556 |
| Other income | 125,517 | 74,406 | 76,116 | (80,666) |
| Operating profit | 3,964,756 | 2,113,725 | 1,242,153 | 915,890 |
| Finance cost | 984,845 | 680,946 | 393,114 | 223,605 |
| Profit before taxation | 2,979,911 | 1,432,779 | 849,039 | 692,285 |
| Taxation | | | | |
| - Current | 295,718 | 177,783 | 200,959 | 55,036 |
| - Deferred | (13,099) | - | 3,273 | - |
| | 282,619 | 177,783 | 204,232 | 55,036 |
| Profit after taxation | 2,697,292 | 1,254,996 | 644,807 | 637,249 |
| Earning per share - basic and diluted (Rs.) | 7.57 | 3.52 | 1.81 | 1.79 |

The annexed notes from 1 to 17 form an integral part of this condensed interim un-consolidated financial information.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

**Condensed Interim Un-consolidated
 Statement of Comprehensive Income
 For the nine months ended 31 March, 2019**

| | Un-Audited | | | |
|----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | Nine months ended | | Quarter ended | |
| | July to March 2019 | July to March 2018 | January to March 2019 | January to March 2018 |
| Note | | | | |
| | -----Rupees in '000----- | | | |
| Profit after taxation | 2,697,292 | 1,254,996 | 2,046,015 | 637,249 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | <u>2,697,292</u> | <u>1,254,996</u> | <u>2,046,015</u> | <u>637,249</u> |

The annexed notes from 1 to 17 form an integral part of this condensed interim un-consolidated financial information.

MOHOMED BASHIR
 Chairman

MOHAMMED ZAKI BASHIR
 Chief Executive Officer

ABDUL ALEEM
 Chief Financial Officer

**Condensed Interim Un-Consolidated
Statement of Cash Flows
For the nine months ended 31 March, 2019**

| Note | Un-Audited | |
|---|--------------------------|--------------------------|
| | Nine months ended | |
| | July to March 2019 | July to March 2018 |
| | -----Rupees in '000----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,979,911 | 1,432,779 |
| Adjustments for: | | |
| Depreciation | 1,403,381 | 1,365,390 |
| Amortisation | 10,298 | 7,412 |
| Provision for gratuity | 27,614 | 34,722 |
| Finance cost | 984,845 | 689,197 |
| Provision for slow moving/obsolete stores spares and loose tools | 22,476 | 17,052 |
| Impairment allowance against doubtful trade debts | 23,176 | 31,604 |
| Loss on disposal of property, plant and equipment | 37,544 | 15,778 |
| Gain on disposal of property, plant and equipment | (25,290) | (66,189) |
| | 2,484,044 | 2,094,966 |
| Cash flows from operating activities before adjustments of working capital | 5,463,955 | 3,527,745 |
| Changes in working capital: | | |
| Increase/(decrease) in current assets | | |
| Stores and spares | (522,831) | (29,409) |
| Stock-in-trade | (6,958,960) | (3,940,078) |
| Trade debts | (337,393) | (1,300,145) |
| Loans, advances and other receivables | (575,989) | (895,135) |
| Short term prepayments | 120,838 | (116,071) |
| Refunds due from Government | (257,117) | 134,231 |
| | (8,531,452) | (6,146,607) |
| Increase in current liabilities | | |
| Trade and other payables | 2,712,859 | 2,585,086 |
| | (5,818,593) | (3,561,521) |
| Cash used in operations before adjustment of following | (354,638) | (33,776) |
| Adjustments for: | | |
| Gratuity paid | (21,059) | (35,315) |
| Finance cost paid | (906,036) | (715,002) |
| Income tax paid or deducted | (564,724) | (283,595) |
| Decrease in Long term loans and Advances | 34,097 | 1,241 |
| Increase in Long term deposits | (87,796) | (1,598) |
| | (1,545,518) | (1,034,269) |
| Net Cash used in Operating activities | (1,900,156) | (1,068,045) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to property, plant and equipment | (3,598,341) | (895,172) |
| Addition to intangible assets | (34,533) | (240) |
| Proceeds from sale of property, plant and equipment | 129,286 | 211,242 |
| Net cash used in investing activities | (3,503,588) | (684,170) |
| Balance carried forward | (5,403,744) | (1,752,215) |

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Cash Flow Statement
For the nine months ended 31 March, 2019

| | Un-Audited | |
|---|-------------------------------|----------------------------|
| | Nine months ended | |
| | July to March 2019 | July to March 2018 |
| Note | -----Rupees in '000----- | |
| Balance brought forward | (5,403,744) | (1,752,215) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing obtained | 2,671,706 | 425,754 |
| Long term financing repaid | (1,007,215) | (559,953) |
| Dividend paid | (884,058) | (353,084) |
| Net cash generated from financing activities | 780,433 | (487,283) |
| Net decrease in cash and cash equivalents | (4,623,311) | (2,239,498) |
| Cash and cash equivalents - at the beginning of the period | (14,605,831) | (11,665,461) |
| Cash and cash equivalents - at the end of the period | 10 <u>(19,229,142)</u> | <u>(13,904,959)</u> |

The annexed notes from 1 to 17 form an integral part of this condensed interim un-consolidated financial information.

MOHOMED BASHIR
 Chairman

MOHAMMED ZAKI BASHIR
 Chief Executive Officer

ABDUL ALEEM
 Chief Financial Officer

**Condensed Interim Un-consolidated
 Statement of Changes in Equity
 For the nine months ended 31 March, 2019**

| | Share Capital | Capital reserve - Share Premium | Revenue Reserve | | Reserves | Total |
|---|------------------|------------------------------------|--------------------|--------------------------|------------------|-------------------|
| | | | General Reserve | Unappropriated Profit | | |
| ----- Rupees '000 ----- | | | | | | |
| Balance as at June 30, 2017 (Audited) | 3,564,955 | 1,405,415 | 4,980,000 | 963,547 | 5,943,547 | 10,913,917 |
| Transfer to general reserve | - | - | 400,000 | (400,000) | - | - |
| Transactions with owners | | | | | | |
| Final dividend for the year ended June 30, 2017 | - | - | - | (356,496) | (356,496) | (356,496) |
| Total Comprehensive income for the nine months ended March 31, 2018 (un-audited) | | | | | | |
| Profit after taxation | - | - | - | 1,254,996 | 1,254,996 | 1,254,996 |
| Balance as at March 31, 2018 (Un-audited) | <u>3,564,955</u> | <u>1,405,415</u> | <u>5,380,000</u> | <u>1,462,047</u> | <u>6,842,047</u> | <u>11,812,417</u> |
| Total comprehensive income for the period January 01, 2018 to June 30, 2018 | | | | | | |
| Profit after taxation | - | - | - | 2,074,973 | 2,074,973 | 2,074,973 |
| Other comprehensive loss | - | - | - | (11,667) | (11,667) | (11,667) |
| | - | - | - | 2,063,306 | 2,063,306 | 2,063,306 |
| Balance as at 30 June, 2018 | <u>3,564,955</u> | <u>1,405,415</u> | <u>5,380,000</u> | <u>2,270,357</u> | <u>7,650,357</u> | <u>12,620,727</u> |
| Transfer to unappropriated profit | | | (5,380,000) | 5,380,000 | - | - |
| Final dividend for the year ended June 30, 2018 | - | - | - | (891,239) | (891,239) | (891,239) |
| Total Comprehensive income for the nine months ended March 31, 2019 (un-audited) | | | | | | |
| Profit after taxation | - | - | - | 2,697,292 | 2,697,292 | 2,697,292 |
| Balance as at March 31, 2019 (Un-audited) | <u>3,564,955</u> | <u>1,405,415</u> | <u>-</u> | <u>9,456,410</u> | <u>9,456,410</u> | <u>14,426,780</u> |

The annexed notes from 1 to 17 form an integral part of this condensed interim un-consolidated financial information.

MOHOMED BASHIR
 Chairman

MOHAMMED ZAKI BASHIR
 Chief Executive Officer

ABDUL ALEEM
 Chief Finance Officer

**Notes to the Condensed Interim Un-consolidated
Financial Information (Un-audited)
For the nine months ended 31 March, 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>Chief Executive officer</u> | <u>Address</u> | <u>Date of Incorporation</u> | <u>Country of Incorporation</u> | <u>%of Holding</u> | <u>Status</u> |
|--|--------------------------------|---|------------------------------|---------------------------------|--------------------|---------------|
| Gul Ahmed International Limited FZC | Mr. Mohamed Bashir | P.O.box 8705, Q4-29, Sharjah Airport International free zone, Sharjah, U.A.E. | December 11, 2002 | U.A.E | 100% | Operational |
| GTM (Europe) Limited - Indirect subsidiary | Mr. Mohamed Bashir | City Wharf, New Bailey Street, Manchester M3 5ER, United Kingdom | April 17, 2003 | U.K | 100% | Operational |
| GTM USA - Indirect subsidiary | Mr. Mohamed Bashir | 515, 7 West 34th Street, New York, USA | March 19, 2012 | U.S.A | 100% | Operational |
| Sky Home-Indirect Subsidiary | Mr. Mohamed Bashir | Street No. 328, South King Charles Road, City Raleigh, State North Carolina | February 28, 2017 | U.S.A | 100% | Operational |

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

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

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

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

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

- 1.4 As at March 31, 2019, the Company has 115 outlets.

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.

This condensed interim un-consolidated financial information comprise of the condensed interim un-consolidated statement of financial position as at March 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 nine months ended March 31, 2019.

The comparative statement of financial position, presented in this condensed interim un-consolidated financial information, as at June 30, 2018 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim un-consolidated 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 March 31, 2019 have been extracted from the condensed interim un-consolidated financial information of the Company for the nine months ended March 31, 2018.

This condensed interim unconsolidated financial information do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2018.

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 nine months ended March 31, 2019

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, 2018; however, these do not have any significant impact on these unconsolidated 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;

IFRS 15 'Revenue from contracts with customers' -

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has concluded that this standard do have significant impact on these condensed interim financial statements as it is already in compliance with the significant provisions of this standard.

b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any material impact except IFRS-16 "Leases" whose impact is being assessed.

Further the Securities and Exchange Commission of Pakistan through its notification SRO 229 dated February 14, 2019 and its press release dated February 15, 2019 has also deferred the applicability of the standards for the periods ending on or after June 30, 2019. The impact of the provisions of this standard including estimation of expected credit losses is being assessed.

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, 2018 except for changes due to IFRS 9 and IFRS 15 as detailed above in note 2.1 which do not have significant impact on these condensed interim unconsolidated financial statements.

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, 2018.

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

5 LONG TERM FINANCING - SECURED

| | Un-Audited March 2019 | Audited June 2018 |
|---|-----------------------------|-------------------------|
| | Rupees in '000 | |
| Opening balance | 8,277,726 | 7,824,892 |
| Add: Obtained during the period / year | 2,671,706 | 1,270,701 |
| Less: Repaid during the period / year | <u>(1,007,215)</u> | <u>(817,867)</u> |
| | <u>9,942,217</u> | 8,277,726 |
| Less: Current portion shown under current liabilities | <u>(1,250,524)</u> | <u>(1,365,857)</u> |
| | <u><u>8,691,693</u></u> | <u><u>6,911,869</u></u> |

6 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of;

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 was challenged in Honorable Sindh High Court by the Company, as was disclosed in note no. 10.1.2 of the financial statements for the year ended June 30, 2018. The Oil and Gas Regulatory Authority (OGRA) issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to this notification the Company paid the bills accordingly, hence after this notification no subsequent provision has been made; However, upto the September 2018 the Company has provided banker's verified various Cheques of Rs. 250.675 million (June-2018: 217.356 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to Rs. 410.601 million (June-2018: 377.283 million) in the unconsolidated financial statements.
- b) The Company as mentioned in note 10.1.3 of the financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. The OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Company paid the bills accordingly, hence after this notification no subsequent provision has been made; However, upto the September 2018 the Company has provided banker's verified various cheques of Rs. 388.570 million (June-2018: Rs. 332.397 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained full provision up to September, 2018 amounting to Rs. 626.230 million (June-2018: Rs. 570.057 million) in the unconsolidated financial statements.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

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

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 14.4 of the financial statements for the year ended June 30, 2018 except that the amount of provision of Rs. 2,174 million (June-2018: Rs.1,725 million) commencing from May 22, 2015 to the balance sheet date.

Guarantees

- (a) Guarantees of Rs. 1,106 million (June-2018: Rs. 839 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. 892 million (June 2018: Rs. 771 million).
- (b) Post dated cheques of Rs. 3,493 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 4,326 million (June-2018: Rs. 1,292 million).
- (d) Corporate guarantee of Rs 124.947 million (June 2018: Rs. 110.450 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

Commitments

- (a) The Company is committed for capital expenditure as at March 31, 2019 of Rs. 739 million (June 2018: Rs. 1,234 million).
- (b) The Company is committed to minimum rental payments for Retail outlets for each of the following period as follows:

| | <u>Un-Audited</u> | <u>Audited</u> |
|---|-------------------|------------------|
| | <u>March</u> | <u>June</u> |
| | <u>2019</u> | <u>2018</u> |
| | Rupees in '000 | |
| Not more than one year | 819,353 | 800,204 |
| More than one year but not more than five years | 2,806,231 | 2,276,407 |
| More than five years | 625,238 | 815,837 |
| | <u>4,250,822</u> | <u>3,892,448</u> |

8 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|---------------------------------|-----------|-------------------|-------------------|
| Operating fixed assets | 8.1 & 8.2 | 15,429,523 | 14,908,714 |
| Capital work in progress (CWIP) | 8.4 | 2,728,216 | 1,195,605 |
| | | <u>18,157,739</u> | <u>16,104,319</u> |

Un-Audited
8.1 Additions during the period

| | March 2019 | March 2018 |
|--|------------------|------------------|
| | Rupees in '000 | |
| Buildings and structures on leasehold land | 201,122 | 725,085 |
| Plant and machinery | 1,712,654 | 2,331,987 |
| Furniture and fixtures | 4,240 | 2,750 |
| Office equipment | 105,746 | 28,465 |
| Vehicles | 41,969 | 52,600 |
| | <u>2,065,731</u> | <u>3,140,887</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. 161.06 million (March 2018: Rs. 605 million) , Rs. 1,496 million (March 2018: Rs. 2,074 million) and 60.45 million (March 2018: Rs. 40k) respectively.

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

| | March 2019 | March 2018 |
|---------------------|----------------|----------------|
| | Rupees in '000 | |
| Plant and machinery | 83,157 | 63,179 |
| Vehicles | 58,383 | 97,652 |
| | <u>141,540</u> | <u>160,831</u> |

8.2.1 Disposals include assets scrapped at Net book value during the period of Rs. Nil (March 2018: Rs. 0.22 million).

8.3 Depreciation charge during the period

| | | |
|--|------------------|------------------|
| | <u>1,403,381</u> | <u>1,365,390</u> |
|--|------------------|------------------|

Un-Audited
8.4 Additions - capital work in progress (at cost)

| | March 2019 | March 2018 |
|-----------|------------------|----------------|
| | Rupees in '000 | |
| Machinery | 2,660,950 | 402,108 |
| Building | 529,335 | 238,565 |
| Others | 60,452 | - |
| | <u>3,250,737</u> | <u>640,673</u> |

9 INTANGIBLE ASSETS

Intangible - net book value

| Note | Un-Audited March 2019 | Audited June 2018 |
|---------|-----------------------------|-------------------------|
| | Rupees in '000 | |
| 9.1&9.2 | <u>48,220</u> | <u>23,985</u> |

Un-Audited
9.1 Additions - intangibles (at cost)

| | | |
|-------------------|---------------|------------|
| Computer Software | <u>34,533</u> | <u>240</u> |
|-------------------|---------------|------------|

9.2 Amortization charge during the period

| | | |
|--|---------------|--------------|
| | <u>10,298</u> | <u>7,412</u> |
|--|---------------|--------------|

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

| | | |
|------------------------|---------------------|---------------------|
| Cash and bank balances | 642,746 | 497,768 |
| Short term borrowings | (19,871,888) | (14,402,727) |
| | <u>(19,229,142)</u> | <u>(13,904,959)</u> |

11 TAXATION

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

12 SEGMENT INFORMATION

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

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

Transactions among the business segments are recorded at cost.

12.1 Segment Profitability

| | Spinning | | Weaving | | Retail and Distribution | | Processing, Home Textile and Apparel | | Elimination Of Inter Segment Transactions | | Total | |
|--|--------------------|------------|------------|------------|-------------------------|------------|--------------------------------------|------------|---|-------------|------------|------------|
| | March-2019 | March-2018 | March-2019 | March-2018 | March-2019 | March-2018 | March-2019 | March-2018 | March-2019 | March-2018 | March-2019 | March-2018 |
| | -----Rs. 000s----- | | | | | | | | | | | |
| Sales | 7,420,559 | 5,617,969 | 1,216,841 | 1,332,613 | 14,105,442 | 10,947,041 | 27,617,699 | 23,811,047 | (9,836,823) | (9,072,535) | 40,523,718 | 32,636,135 |
| Cost of sales | 6,181,002 | 4,816,341 | 1,283,996 | 1,214,213 | 9,502,221 | 7,479,803 | 23,916,886 | 21,402,848 | (9,836,823) | (9,072,535) | 31,047,282 | 25,840,670 |
| Gross profit | 1,239,557 | 801,628 | (67,155) | 118,400 | 4,603,221 | 3,467,238 | 3,700,813 | 2,408,199 | - | - | 9,476,436 | 6,795,465 |
| Distribution cost and Administrative cost | 106,659 | 109,961 | 48,650 | 51,133 | 3,422,391 | 2,965,219 | 1,824,983 | 1,507,124 | - | - | 5,402,683 | 4,633,437 |
| Profit/(Loss) before tax and before charging following | 1,132,898 | 691,667 | (115,805) | 67,267 | 1,180,830 | 502,019 | 1,875,830 | 901,075 | - | - | 4,073,753 | 2,162,028 |
| Finance Cost | | | | | | | | | | | 984,845 | 680,946 |
| Other operating cost | | | | | | | | | | | 234,514 | 122,709 |
| Other income | | | | | | | | | | | (125,517) | (74,406) |
| | | | | | | | | | | | 1,093,842 | 729,249 |
| Profit before taxation | | | | | | | | | | | 2,979,911 | 1,432,779 |
| Taxation | | | | | | | | | | | 282,619 | 177,783 |
| Profit after taxation | | | | | | | | | | | 2,697,292 | 1,254,996 |
| Depreciation and Amortisation Expense | 386,776 | 378,708 | 238,942 | 222,009 | 240,033 | 176,389 | 547,928 | 595,696 | - | - | 1,413,679 | 1,372,802 |

12.2 Segment assets and liabilities

| | Spinning | | Weaving | | Retail and Distribution | | Processing, Home Textile and Apparel | | Unallocated | | Total | |
|--|--------------------|-------------|------------|-------------|-------------------------|-------------|--------------------------------------|-------------|-------------|-------------|------------|-------------|
| | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited |
| | March-2019 | June - 2018 | March-2019 | June - 2018 | March-2019 | June - 2018 | March-2019 | June - 2018 | March-2019 | June - 2018 | March-2019 | June - 2018 |
| | -----Rs. 000s----- | | | | | | | | | | | |
| Assets | 12,588,863 | 11,021,310 | 3,384,140 | 3,357,067 | 10,813,660 | 5,396,751 | 24,856,206 | 22,155,720 | 2,679,232 | 1,332,597 | 54,322,101 | 43,263,445 |
| Liabilities | 4,437,964 | 3,802,668 | 2,126,916 | 1,895,092 | 2,060,909 | 905,830 | 12,205,529 | 7,524,144 | 19,064,003 | 16,514,984 | 39,895,321 | 30,642,718 |
| Segment Capital & Intangible Expenditure | 445,131 | 830,051 | 835,216 | 1,844,453 | 202,147 | 217,508 | 275,520 | 143,483 | 342,249 | 297,537 | 2,100,264 | 3,333,032 |

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

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

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

12.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7,696 million (March-2018: Rs. 7,474 million).

12.7 Information by geographical area

| | Revenue | | Non-current assets | |
|----------------------|--------------------------|-------------------|--------------------|-------------------|
| | Mar-19 | Mar-18 | Mar-19 | Jun-18 |
| | -----Rupees in '000----- | | | |
| Pakistan | 18,243,054 | 14,216,737 | 18,499,931 | 16,368,577 |
| Germany | 7,435,156 | 4,980,158 | - | - |
| United States | 2,881,182 | 2,740,670 | - | - |
| France | 1,793,736 | 1,209,397 | - | - |
| Netherlands | 2,109,154 | 1,656,399 | - | - |
| United Kingdom | 1,319,005 | 1,466,359 | - | - |
| Italy | 1,830,408 | 1,741,697 | - | - |
| Spain | 465,265 | 1,053,161 | - | - |
| China | 672,969 | 701,047 | - | - |
| Sweden | 685,103 | 573,301 | - | - |
| United Arab Emirates | 14,786 | 139,581 | 58,450 | 58,450 |
| Other Countries | 3,073,900 | 2,157,628 | - | - |
| | 40,523,718 | 32,636,135 | 18,558,381 | 16,427,027 |

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

| Relationship with the Company | Nature of transactions | Un-Audited | |
|---|--|--------------------------|----------------|
| | | Mar-19 | Mar-18 |
| | | -----Rupees in '000----- | |
| Parent Company | Dividend paid | 598,067 | 239,227 |
| Subsidiaries and indirect subsidiaries | Sale of goods | 1,563,899 | 928,321 |
| | Commission paid | 303,289 | 141,978 |
| Associated Companies and other related parties | Purchase of goods | 11,410 | 30,075 |
| | Sale of goods | 1,458 | 72 |
| | Rent paid | 57,816 | 60,003 |
| | Fees paid | 2,500 | 2,040 |
| | Donation paid | 917 | - |
| | Bills discounted | 7,439,447 | 6,583,960 |
| | Commission / Bank charges paid | 70,538 | 49,321 |
| | Mark up / Interest charged | 43,483 | 6,432 |
| | Provident fund contribution | 130,974 | 116,775 |
| | Dividend paid | 26,979 | 10,896 |
| | Service Rendered | 40,852 | - |
| Relationship with the Company | Nature of outstanding balances | Un-Audited Mar-19 | Audited Jun-18 |
| | | -----Rupees in '000----- | |
| Subsidiaries and indirect subsidiaries | Trade and other payables | 36,317 | 37,943 |
| | Long term investment | 58,450 | 58,450 |
| | Trade debts | 1,202,214 | 390,603 |
| | Other receivables | - | 22,526 |
| | Corporate guarantee issued in favour of subsidiary company | 124,947 | 110,450 |
| | Advance from Customer | - | - |
| Associated companies and others related parties | Borrowings from Banks | 983,027 | 964,494 |
| | Trade and other payables - Creditors | 8,095 | 15,731 |
| | Payable to employee's provident fund | 20,026 | 21,025 |
| | Bank guarantee | 892,459 | 770,804 |
| | Accrued mark-up | 43,482 | 8,785 |
| | Accrued rent | 1,950 | - |
| | Loans to key management personnel & executive | 93,984 | 54,594 |
| | Trade debts | 2,116 | - |
| | Deposit with banks | 3,012 | 115,270 |
| | Prepaid rent | 31,231 | 42,588 |

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending March 31, 2019 amounting to Rs. 733 million (March 31, 2018: Rs. 632 million) on account of remuneration.

14 FAIR VALUES

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

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

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

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

15 DATE OF AUTHORISATION

These financial statements were authorised for issue on April 30, 2019 by the Board of Directors of the Company.

16 GENERAL

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

17 CORRESPONDING FIGURES

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

| Reclassification from component | Reclassification to component | Amount Rs '000 |
|-------------------------------------|--|-------------------|
| Other income Other income | Sales Sales - net (Exchange gain on realization of export receivables) | 177,394 |
| Finance cost Finance cost | Cost of sales Cost of sales (Exchange gain on purchase) | 8,151 |

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Consolidated Accounts

***Consolidated Condensed Interim Financial Information
For The 3rd Quarter Ended March 31, 2019***

**Condensed Interim Consolidated
Statement of Financial Position
As at March 31, 2019**

| | Note | Un-Audited March 2019 | Audited June 2018 |
|--|------|-----------------------------|-------------------------|
| Rupees in '000 | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 750,000,000 ordinary shares of Rs.10 each | | <u>7,500,000</u> | <u>7,500,000</u> |
| Issued, subscribed and paid-up capital 356,495,525 ordinary shares of Rs. 10 each | | <u>3,564,955</u> | <u>3,564,955</u> |
| Reserves | | <u>11,348,575</u> | <u>9,458,376</u> |
| | | <u>14,913,530</u> | <u>13,023,331</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term financing - Secured | | 8,691,693 | 6,911,869 |
| Deferred liabilities | | | |
| Deferred taxation - net | | <u>24,591</u> | <u>37,690</u> |
| Staff gratuity | | <u>76,672</u> | <u>71,517</u> |
| | | <u>101,263</u> | <u>109,207</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 9,969,604 | 7,126,081 |
| Accrued mark-up/profit | | 254,442 | 175,633 |
| Short term borrowings | | 19,997,081 | 15,146,734 |
| Current maturity of long term financing | | 1,250,524 | 1,365,857 |
| Unclaimed dividend | | 4,679 | 6,421 |
| Unpaid dividend | | 19,975 | 11,052 |
| Provision for taxation | | <u>6,106</u> | <u>13,157</u> |
| | | <u>31,502,411</u> | <u>23,844,935</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | | |
| | | <u>55,208,897</u> | <u>43,889,342</u> |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 18,169,977 | 16,121,877 |
| Intangible assets | 9 | 55,117 | 32,005 |
| Long Term Investment | | 64,110 | 55,794 |
| Long term loans and advances | | 3,217 | 38,607 |
| Long term deposits | | 290,755 | 205,999 |
| Deferred taxation | | - | 290 |
| | | <u>18,583,176</u> | <u>16,454,572</u> |
| CURRENT ASSETS | | | |
| Stores and spares | | 1,461,443 | 961,088 |
| Stock-in-trade | | 23,620,900 | 16,419,958 |
| Trade debts | | 5,979,197 | 5,666,199 |
| Loans, advances and other receivables | | 1,774,680 | 1,192,970 |
| Short term prepayments | | 141,762 | 249,933 |
| Refunds due from Government | | 2,084,881 | 1,827,764 |
| Taxation - net | | 866,787 | 597,781 |
| Cash and bank balances | | <u>696,071</u> | <u>519,077</u> |
| | | <u>36,625,721</u> | <u>27,434,770</u> |
| | | <u>55,208,897</u> | <u>43,889,342</u> |

The annexed notes from 1 to 17 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

**Condensed Interim Consolidated
Statement of Profit or Loss
For The Nine Months Ended March 31, 2019**

| | Un-Audited | | | |
|---|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | Nine Months Ended | | Quarter Ended | |
| | July to March 2019 | July to March 2018 | January to March 2019 | January to March 2018 |
| | -----Rupees in '000----- | | | |
| Sales - net | 41,952,086 | 33,400,924 | 14,124,829 | 11,823,713 |
| Cost of sales | 31,880,772 | 26,279,470 | 10,793,086 | 9,106,367 |
| Gross profit | 10,071,314 | 7,121,454 | 3,331,743 | 2,717,346 |
| Distribution cost | 3,587,937 | 2,889,540 | 1,285,428 | 1,218,310 |
| Administrative cost | 2,303,699 | 2,006,830 | 816,265 | 544,750 |
| Other operating cost | 234,514 | 122,709 | 51,702 | 66,391 |
| | 6,126,150 | 5,019,079 | 2,153,395 | 1,829,451 |
| | 3,945,164 | 2,102,375 | 1,178,348 | 887,895 |
| Other income | 125,953 | 82,794 | 76,268 | 96,865 |
| Operating profit | 4,071,117 | 2,185,169 | 1,254,616 | 984,760 |
| Finance cost | 995,403 | 691,999 | 395,539 | 232,797 |
| Profit before taxation | 3,075,714 | 1,493,170 | 859,077 | 751,963 |
| Taxation | | | | |
| - Current | 296,379 | 177,781 | 200,951 | 55,036 |
| - Deferred | (13,099) | - | 3,273 | - |
| | 283,280 | 177,781 | 204,224 | 55,036 |
| Profit after taxation | 2,792,434 | 1,315,389 | 654,853 | 696,927 |
| Earning per share - basic and diluted (Rs.) | 7.83 | 3.69 | 1.84 | 1.95 |

The annexed notes from 1 to 17 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

**Condensed Interim Consolidated
 Statement of Comprehensive Income
 For The Nine Months Ended March 31, 2019**

| | Un-Audited | | | |
|---|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | Half Year Ended | | Quarter Ended | |
| | July to March 2019 | July to March 2018 | January to March 2019 | January to March 2018 |
| | -----Rupees in '000----- | | | |
| Profit after taxation | 2,792,434 | 1,315,389 | 654,853 | 696,927 |
| Other comprehensive income for the period | | | | |
| Items that will be reclassified to profit and loss account subsequently | | | | |
| Exchange difference on translation of foreign subsidiaries | (10,996) | 39,956 | 1,009 | 19,745 |
| Total comprehensive income | <u>2,781,438</u> | <u>1,355,345</u> | <u>655,862</u> | <u>716,672</u> |

The annexed notes from 1 to 17 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

**Condensed Interim Consolidated
Statement of Cash Flows
For The Nine Months Ended March 31, 2019**

| | Un-Audited | |
|---|--------------------------|--------------------------|
| | Half Year Ended | |
| | July to March 2019 | July to March 2018 |
| | Note | -----Rupees in '000----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 3,075,714 | 1,493,170 |
| Adjustments for: | | |
| Depreciation | 1,405,632 | 1,368,810 |
| Amortisation | 11,901 | 8,476 |
| Provision for gratuity | 28,387 | 36,702 |
| Finance cost | 995,403 | 691,999 |
| Provision for slow moving/obsolete stores spares and loose tools | 22,476 | 17,052 |
| Impairment allowance against doubtful trade debts | 23,176 | 31,604 |
| Gain on disposal of property, plant and equipment | (25,290) | (50,548) |
| Loss on disposal of property, plant and equipment | 37,544 | - |
| | <u>2,499,229</u> | <u>2,104,095</u> |
| Cash flows from operating activities before adjustments of working capital | 5,574,943 | 3,597,265 |
| Changes in working capital: | | |
| Increase in current assets | | |
| Stores and spares | (522,831) | (29,409) |
| Stock-in-trade | (7,200,942) | (3,982,152) |
| Trade debts | (336,174) | (1,200,227) |
| Loans, advances and other receivables | (581,710) | (910,257) |
| Short term prepayments | 108,171 | (123,792) |
| Refunds due from Government | (257,117) | 134,231 |
| | <u>(8,790,603)</u> | <u>(6,111,606)</u> |
| Increase in current liabilities | | |
| Trade and other payables | 2,843,525 | 2,481,555 |
| | <u>(5,947,078)</u> | <u>(3,630,051)</u> |
| Cash used in operations before adjustment of following | (372,135) | (32,786) |
| Adjustment for: | | |
| Gratuity paid | (23,232) | (36,795) |
| Finance cost paid | (916,594) | (717,804) |
| Income tax paid or deducted | (572,146) | (283,898) |
| Increase in long term loans and advances | 35,390 | 1,241 |
| (Increase)/ decrease in long term deposits | (84,756) | 1,022 |
| | <u>(1,561,338)</u> | <u>(1,036,234)</u> |
| Net cash used in operating activities | (1,933,473) | (1,069,020) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to property, plant and equipment | (3,598,341) | (895,159) |
| Addition to intangible assets | (35,014) | (299) |
| Proceeds from sale of property, plant and equipment | 132,354 | 211,242 |
| Long term Investment | (8,316) | - |
| Net cash used in investing activities | (3,509,317) | (684,216) |
| Balance carried forward | <u>(5,442,790)</u> | <u>(1,753,236)</u> |

**Condensed Interim Consolidated
Statement of Cash Flows
For The Nine Months Ended March 31, 2019**

| | Un-Audited | |
|---|--------------------------|--------------------------|
| | Half Year Ended | |
| Note | July to March 2019 | July to March 2018 |
| | -----Rupees in '000----- | |
| Balance brought forward | (5,442,790) | (1,753,236) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing obtained | 2,671,706 | 425,754 |
| Long term financing repaid | (1,007,215) | (559,953) |
| Dividend paid | (884,058) | (353,084) |
| Net cash used in financing activities | 780,433 | (487,283) |
| Exchange difference on translation of foreign subsidiaries | (10,996) | 39,956 |
| Net decrease in cash and cash equivalents | (4,673,353) | (2,200,563) |
| Cash and cash equivalents - at the beginning of the period | (14,627,657) | (11,648,168) |
| Cash and cash equivalents - at the end of the period | 10 (19,301,010) | (13,848,731) |

The annexed notes from 1 to 17 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

Condensed Interim Consolidated
Statement of Changes in Equity
For The Nine Months Ended March 31, 2019

| | Reserves | | | | | | Subtotal Reserves | Total |
|---|---------------|---------------------------------|-----------------|--|---|-----------------------|-------------------|------------|
| | Share capital | Capital reserve - Share Premium | Revenue reserve | | | Unappropriated profit | | |
| | | | General Reserve | Exchange difference on translation of foreign subsidiaries | Statutory reserve created by foreign subsidiary | | | |
| -----Rupees '000----- | | | | | | | | |
| Balance as at June 30, 2017 (Audited) | 3,564,955 | 1,405,415 | 4,980,000 | 123,550 | 18,060 | 1,103,678 | 7,630,703 | 11,195,658 |
| Transfer to | | | | | | | | |
| General reserve | - | - | 400,000 | - | - | (400,000) | - | - |
| Statutory reserve | - | - | - | - | 1,588 | (1,588) | - | - |
| | - | - | 400,000 | - | 1,588 | (401,588) | - | - |
| Transactions with owners | | | | | | | | |
| Final dividend for the year ended June 30, 2017 | | | | | | (356,496) | (356,496) | (356,496) |
| Total comprehensive income for the nine months ended March 31, 2018 (un-audited) | | | | | | | | |
| Profit after taxation | - | - | - | - | - | 1,315,389 | 1,315,389 | 1,315,389 |
| Other comprehensive income | - | - | - | 39,956 | - | - | 39,956 | 39,956 |
| | - | - | - | 39,956 | - | 1,315,389 | 1,355,345 | 1,355,345 |
| Balance as at March 31, 2018 (Un-Audited) | 3,564,955 | 1,405,415 | 5,380,000 | 163,506 | 19,648 | 1,660,983 | 8,629,552 | 12,194,507 |
| Total comprehensive income for the period January 01, 2018 to June 30, 2018 | | | | | | | | |
| Profit after taxation | - | - | - | - | - | 844,992 | 844,992 | 844,992 |
| Other comprehensive income | - | - | - | (4,501) | - | (11,667) | (16,168) | (16,168) |
| | - | - | - | (4,501) | - | 833,325 | 828,824 | 828,824 |
| Balance as at June 30, 2018 | 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 | - | - |
| Final dividend for the year ended June 30, 2018 | - | - | - | - | - | (891,239) | (891,239) | (891,239) |
| Total comprehensive income for the nine months ended March 31, 2019 (un-audited) | | | | | | | | |
| Profit after taxation | - | - | - | - | - | 2,792,434 | 2,792,434 | 2,792,434 |
| Other comprehensive loss | - | - | - | (10,996) | - | - | (10,996) | (10,996) |
| | - | - | - | (10,996) | - | 2,792,434 | 2,781,438 | 2,781,438 |
| Balance as at March 31, 2019 (Un-Audited) | 3,564,955 | 1,405,415 | - | 148,009 | 19,648 | 9,775,503 | 11,348,575 | 14,913,530 |

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

**Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For The Nine Months Ended March 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

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

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

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

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

1.2 Basis of consolidation

The financial information include the financial information of the Group.

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

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

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

Details of Subsidiaries

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

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

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

| Unit | Area | Address |
|------------------|---------------------------------------|--|
| Unit 1, 2 & 3 | 25.07 Acres | Plot No. HT-4, Landhi Industrial Area, Landhi Karachi |
| Unit 4 & 5 | 14.9 Acres | Survey No.82, Deh Landhi, Karachi |
| Unit 6, 7 & 8 | 18.56 Acres | Plot No. H-7, Landhi Industrial Area, Landhi, Karachi |
| Lasani 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 |

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

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

1.5 As at March 31, 2019, the Company has 115 sale outlets.

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited and Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at March 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 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 consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at March 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 nine months ended March 31, 2019.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2018 has been extracted from the audited financial statements of the Group for the year ended June 30, 2018 whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months ended March 31, 2019 have been extracted from the condensed interim consolidated financial statements of the Group for the nine months ended March 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, 2018.

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 nine months ended March 31, 2019

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, 2018; however, these do not have any significant impact on these unconsolidated 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;

IFRS 15 'Revenue from contracts with customers' -

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has concluded that this standard do have significant impact on these condensed interim financial statements as it is already in compliance with the significant provisions of this standard.

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any material impact except IFRS-16 "Leases" whose impact is being assessed.

Further the Securities and Exchange Commission of Pakistan through its notification SRO 229 dated February 14, 2019 and its press release dated February 15, 2019 has also deferred the applicability of the standards for the periods ending on or after June 30, 2019. The impact of the provisions of this standard including estimation of expected credit losses is being assessed.

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, 2018 except for changes as stated above in note 2.1 which do not have significant impact on these condensed interim consolidated financial statements.

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, 2018.

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

5 Long term financing - Secured

| | Un-Audited March 2019 | Audited June 2018 |
|---|-----------------------------|-------------------------|
| | Rupees in '000 | |
| Opening balance | 8,277,726 | 7,824,892 |
| Add: Obtained during the period / year | 2,671,706 | 1,270,701 |
| Less: Repaid during the period / year | <u>(1,007,215)</u> | <u>(817,867)</u> |
| | 9,942,217 | 8,277,726 |
| Less: Current portion shown under current liabilities | <u>(1,250,524)</u> | <u>(1,365,857)</u> |
| | <u>8,691,693</u> | <u>6,911,869</u> |

6 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of;

- a) Increase in gas tariff rates notified vide SRO No. (I) / 2015 dated 31 August, 2015, and Oil and Gas Regulatory Authority (OGRA) notification dated 30 December, 2016 was challenged in Honorable Sindh High Court by the Group, as was disclosed in note no. 10.1.2 of the consolidated financial statements for the year ended June 30, 2018. The Oil and Gas Regulatory Authority (OGRA) issued another notification dated October 04, 2018, revising the tariff effective from September 27, 2018, subsequent to this notification the Company paid the bills accordingly, hence after this notification no subsequent provision has been made; However, upto the September 2018 the Group has provided banker's verified various Cheques of Rs. 250.675 million (June-2018: 217.356 million) as security to Nazir of High Court Sindh and also, as a matter of prudence, maintained full provision up to the September 2018 amounting to Rs. 410.601 million (June-2018: 377.283 million) in the consolidated financial statements.
- b) The Group as mentioned in note 10.1.3 of the consolidated financial statements for the year ended June 30, 2018 had filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of industry tariff. The OGRA has issued another notification dated October 04, 2018 revising the tariff effective September 27, 2018, subsequent to this notification the Group paid the bills accordingly, hence after this notification no subsequent provision has been made; However, upto the September 2018 the Group has provided banker's verified various cheques of Rs. 388.570 million (June-2018: Rs. 332.397 million) as security to Nazir of High Court of Sindh and also, as a matter of prudence, maintained full provision up to September, 2018 amounting to Rs. 626.230 million (June-2018: Rs. 570.057 million) in the consolidated financial statements.

7 CONTINGENCIES AND COMMITMENTS
Contingencies

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

- a) In the matter of Gas Infrastructure Development Cess (GIDC), wherein there is no change in its status as disclosed in note 14.4 of the financial statements for the year ended June 30, 2018 except that the amount of provision of Rs. 2,174 million (June-2018: Rs.1,725 million) commencing from May 22, 2015 to the balance sheet date.

Guarantees

- (a) Guarantee of Rs.1,106 million (June-2018: Rs. 839 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 892 million (June 2018: Rs. 771 million).
- (b) Post dated cheques Rs. 3,493 million (June-2018: Rs. 3,440 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 4,326 million (June-2018: Rs. 1,292 million).
- (d) Corporate guarantee of Rs. 124.947 million (June-2018: Rs. 110.450 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK. This has been issued in accordance with the requirement of Companies Act, 2017.

Commitments

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

The Group is committed for capital expenditure as at March 31, 2019 of Rs.739 million (June 2018: Rs. 1,234 million).

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

| | Un-Audited March 2019 | Audited June 2018 |
|---|--|--|
| | Rupees in '000 | |
| Not more than one year | 819,353 | 800,204 |
| More than one year but not more than five years | 2,806,231 | 2,276,407 |
| More than five years | 625,238 | 815,837 |
| | 4,250,822 | 3,892,448 |

8 PROPERTY, PLANT AND EQUIPMENT

| | | | |
|---------------------------------|-----------|-------------------|-------------------|
| Operating fixed assets | 8.1 & 8.2 | 15,441,761 | 14,926,272 |
| Capital work in progress (CWIP) | 8.4 | 2,728,216 | 1,195,605 |
| | | 18,169,977 | 16,121,877 |

| Un-Audited | |
|---|---|
| for the nine months ended March 2019 | for the nine months ended March 2018 |
| Rupees in '000 | |

8.1 Additions during the period

| | | |
|--|------------------|------------------|
| Buildings and structures on leasehold land | 201,122 | 725,085 |
| Plant and machinery | 1,712,654 | 2,331,989 |
| Furniture and fixtures | 4,240 | 2,700 |
| Office equipment | 105,746 | 28,500 |
| Vehicles | 41,969 | 52,600 |
| | 2,065,731 | 3,140,874 |

- 8.1.1 Additions to building and structure on leasehold land and plant and machinery include transfers from capital work-in-progress amounting to Rs. 161.06 million (March 2018: Rs. 605 million) and Rs. 1,496 million (March 2018: Rs. 2,074 million) and 60.45 million (March 2018: Rs.40 k) respectively.

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

| | Un-Audited | |
|---------------------|--|--|
| | for the nine months ended March 2019 | for the nine months ended March 2018 |
| Plant and machinery | 83,157 | 63,179 |
| Vehicles | 58,383 | 97,652 |
| | <u>141,540</u> | <u>160,831</u> |

Rupees in '000

8.2.1 Disposals include assets scrapped at Net book value during the period of Rs. Nil (March-2018: Rs. 0.220 million).

8.3 Depreciation charge during the period

| | Un-Audited | |
|--|-------------------|------------------|
| | March 2019 | March 2018 |
| | <u>1,405,632</u> | <u>1,368,810</u> |

Rupees in '000

8.4 Additions - capital work in progress (at cost)

| | | |
|-----------|------------------|----------------|
| Machinery | 2,660,950 | 402,108 |
| Building | 529,335 | 238,565 |
| Others | 60,452 | - |
| | <u>3,250,737</u> | <u>640,673</u> |

| Note | Un-Audited | Audited |
|------|-------------------|----------------|
| | March 2019 | June 2018 |
| | | Rupees in '000 |

9 INTANGIBLE ASSETS

| | | | |
|-----------------------------|-----------|---------------|---------------|
| Intangible - net book value | 9.1 & 9.2 | 55,117 | 32,005 |
| | | <u>55,117</u> | <u>32,005</u> |

9.1 Additions - intangibles (at cost)

| | | |
|-------------------|---------------|------------|
| Computer Software | <u>35,014</u> | <u>299</u> |
|-------------------|---------------|------------|

9.2 Amortisation charge during the period

| | Un-Audited | |
|--|--|--|
| | for the nine months ended March 2019 | for the nine months ended March 2018 |
| | <u>11,901</u> | <u>8,476</u> |

Rupees in '000

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

| | Un-Audited | |
|------------------------|---------------------|---------------------|
| | March 2019 | March 2018 |
| Cash and bank balances | 696,071 | 553,996 |
| Short term borrowings | (19,997,081) | (14,402,727) |
| | <u>(19,301,010)</u> | <u>(13,848,731)</u> |

Rupees in '000

11 TAXATION

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

12 SEGMENT INFORMATION

The 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.

12.1 Segment profitability

| | Spinning | | Weaving | | Retail and Distribution | | Processing, Home Textile and Apparel | | Gul Ahmed International Limited (FZC)-UAE | | GTM (Europe) Limited - UK | | GTM USA Corp. | | SKY Home Corporation | | Elimination Of Inter Segment Transactions | | Total | |
|--|-----------------------|-----------|-----------|-----------|-------------------------|------------|--------------------------------------|------------|---|----------|---------------------------|----------|---------------|----------|----------------------|----------|---|--------------|------------|------------|
| | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 | Mar-2019 | Mar-2018 |
| | -----Rupees '000----- | | | | | | | | | | | | | | | | | | | |
| Sales | 7,420,559 | 5,617,969 | 1,216,841 | 1,332,613 | 14,105,442 | 10,947,041 | 27,617,699 | 23,811,047 | 375,152 | 570,534 | 1,667,460 | 807,010 | 67,376 | 155,716 | 882,279 | 159,851 | (11,400,722) | (10,000,857) | 41,952,086 | 33,400,924 |
| Cost of sales | 6,181,002 | 4,816,341 | 1,283,996 | 1,214,213 | 9,502,221 | 7,479,803 | 23,916,886 | 21,402,848 | 273,977 | 454,909 | 1,482,454 | 707,772 | 62,425 | 123,319 | 591,282 | 70,717 | (11,413,471) | (9,990,452) | 31,880,772 | 26,279,471 |
| Gross profit | 1,239,557 | 801,628 | (67,155) | 118,400 | 4,603,221 | 3,467,238 | 3,700,813 | 2,408,199 | 101,175 | 115,625 | 185,006 | 99,238 | 4,951 | 32,397 | 290,997 | 89,134 | 12,749 | (10,405) | 10,071,314 | 7,121,454 |
| Distribution costs and administrative costs | 106,659 | 109,961 | 48,650 | 51,133 | 3,422,391 | 2,965,219 | 1,824,983 | 1,507,124 | 67,713 | 75,747 | 149,661 | 74,071 | 265 | 27,087 | 271,316 | 86,028 | - | - | 5,891,636 | 4,896,370 |
| Profit/(loss) before tax and before charging the following | 1,132,898 | 691,667 | (115,805) | 67,267 | 1,180,830 | 502,019 | 1,875,830 | 901,075 | 33,463 | 39,878 | 35,346 | 25,167 | 4,687 | 5,310 | 19,682 | 3,106 | 12,749 | (10,405) | 4,179,678 | 2,225,084 |
| Other operating costs | | | | | | | | | | | | | | | | | | | 234,514 | 122,709 |
| Other income | | | | | | | | | | | | | | | | | | | (125,955) | (82,794) |
| Finance costs | | | | | | | | | | | | | | | | | | | 995,403 | 691,999 |
| Profit before taxation | | | | | | | | | | | | | | | | | | | 1,103,962 | 731,914 |
| Taxation | | | | | | | | | | | | | | | | | | | 3,075,716 | 1,493,170 |
| Profit after taxation | | | | | | | | | | | | | | | | | | | 283,280 | 177,781 |
| Depreciation and Amortisation Expense | 386,776 | 378,708 | 238,942 | 222,009 | 240,033 | 176,389 | 547,928 | 595,696 | 3,236 | 2,532 | 619 | 821 | - | 1,131 | - | - | - | - | 1,417,533 | 1,377,286 |

12.2 Segment assets and liabilities

| | Spinning | | Weaving | | Retail and Distribution | | Processing, Home Textile and Apparel | | Gul Ahmed International Limited (FZC)-UAE | | GTM (Europe) Limited - UK | | GTM USA Corp. | | SKY Home Corporation | | Unallocated | | Total Group | |
|------------------------------------|-----------------------|-------------|------------|-------------|-------------------------|-------------|--------------------------------------|-------------|---|-------------|---------------------------|-------------|---------------|-------------|----------------------|-------------|-------------|-------------|-------------|-------------|
| | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited |
| | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 | Mar-2019 | June - 2018 |
| | -----Rupees '000----- | | | | | | | | | | | | | | | | | | | |
| Assets | 12,588,863 | 11,021,310 | 3,384,140 | 3,357,067 | 10,813,660 | 5,396,751 | 24,856,206 | 22,155,720 | 493,211 | 488,118 | 1,118,721 | 410,387 | 6,794 | 8,555 | 592,865 | 231,653 | 2,655,002 | 1,332,597 | 56,509,462 | 44,402,158 |
| Elimination of intragroup balances | | | | | | | | | | | | | | | | | | | (1,300,565) | (512,816) |
| | | | | | | | | | | | | | | | | | | | 55,208,897 | 43,889,342 |
| Liabilities | 4,437,964 | 3,802,668 | 2,126,916 | 1,895,092 | 2,060,909 | 905,830 | 12,205,529 | 7,524,144 | 144,409 | 201,464 | 1,138,214 | 314,148 | 26,035 | 97,631 | 346,021 | 67,897 | 19,047,665 | 16,514,984 | 41,533,662 | 31,323,858 |
| Elimination of intragroup balances | | | | | | | | | | | | | | | | | | | (1,238,295) | (457,847) |
| | | | | | | | | | | | | | | | | | | | 40,295,367 | 30,866,011 |
| Segment Capital Expenditure | 445,131 | 830,051 | 835,216 | 1,844,453 | 202,147 | 217,508 | 275,520 | 143,483 | 481 | 2,090 | - | - | - | - | - | - | 342,249 | 297,537 | 2,100,745 | 3,335,122 |

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

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

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

12.6 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7,696 million (Mar-2018: Rs. 7,474 million).

12.7 Information by geographical area

| | Revenue | | Non-current assets | |
|----------------------|---|-------------------|--------------------|-------------------|
| | For the nine months ended (Un-audited) | | Un-Audited | Audited |
| | Mar - 2019 | Mar - 2018 | Mar - 2019 | Jun - 2018 |
| | -----Rupees in '000----- | | | |
| Pakistan | 18,243,054 | 14,220,475 | 18,564,040 | 16,368,577 |
| Germany | 7,435,156 | 5,008,886 | - | - |
| United States | 3,665,816 | 3,096,851 | - | 4,121 |
| Netherlands | 2,109,154 | 1,655,894 | - | - |
| Italy | 1,830,408 | 1,707,131 | - | - |
| United Kingdom | 1,611,616 | 1,565,956 | 2,474 | 64,089 |
| Spain | 465,265 | 1,053,028 | - | - |
| France | 1,793,736 | 1,209,246 | - | - |
| Sweden | 685,103 | 569,824 | - | - |
| China | 672,969 | 701,047 | - | - |
| United Arab Emirates | 365,909 | 651,411 | 16,662 | 17,785 |
| Other Countries | 3,073,900 | 1,961,175 | - | - |
| Total | 41,952,086 | 33,400,924 | 18,583,176 | 16,454,572 |

13 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 | |
|--|---|----------------|------------|
| | | Mar - 2019 | Mar - 2018 |
| | | Rupees in '000 | |
| Parents Company | Dividend Paid | 598,067 | 239,227 |
| Associated Companies and other related parties | Purchase of goods | 11,410 | 30,075 |
| | Sale of goods | 1,458 | 72 |
| | Rent paid | 57,816 | 60,003 |
| | Fees paid | 2,500 | 2,040 |
| | Donation paid | 917 | - |
| | Bills discounted | 7,439,447 | 6,583,960 |
| | Commission / Bank charges paid | 70,538 | 49,321 |
| | Mark up / Interest charged | 43,483 | 6,432 |
| | Holding Company's contribution to provident fund | 130,974 | 116,775 |
| | Dividend paid | 26,979 | 10,896 |
| Services rendered | 40,852 | - | |
| Relationship with the Group | Nature of outstanding balances | Un-Audited | Audited |
| | | Mar - 2019 | Jun - 2018 |
| | | Rupees in '000 | |
| Associated companies and others related parties | Deposit with banks | 3,012 | 115,270 |
| | Borrowings from Banks | 983,027 | 964,494 |
| | Bank guarantee | 892,459 | 770,804 |
| | Trade and other payables - creditors | 8,095 | 15,731 |
| | Trade debts | 2,116 | - |
| | Accrued mark-up | 43,482 | 8,785 |
| | Accrued rent | 1,950 | - |
| | Loans to key management personnel & executive | 93,984 | 54,594 |
| | Payable to employee's provident fund | 20,026 | 21,025 |
| | Prepaid Rent | 31,231 | 42,588 |

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending March 31, 2019 amounting to Rs. 858 million (March 31, 2018: Rs.717 million) on account of remuneration.

14 FAIR VALUES

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

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

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

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

15 DATE OF AUTHORISATION

These financial statements were authorised for issue on 30 April, 2019 by the Board of Directors of the Group.

16 GENERAL

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

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

17 CORRESPONDING FIGURES

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

| Reclassification from component | Reclassification to component | Amount Rs '000 |
|---------------------------------|--|-------------------|
| Other income | Sales | |
| Other income | Sales - net (Exchange gain on realization of export receivables) | 177,394 |
| Finance cost | Cost of sales | 8,151 |
| Finance cost | Cost of sales (Exchange gain on purchase) | |

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer