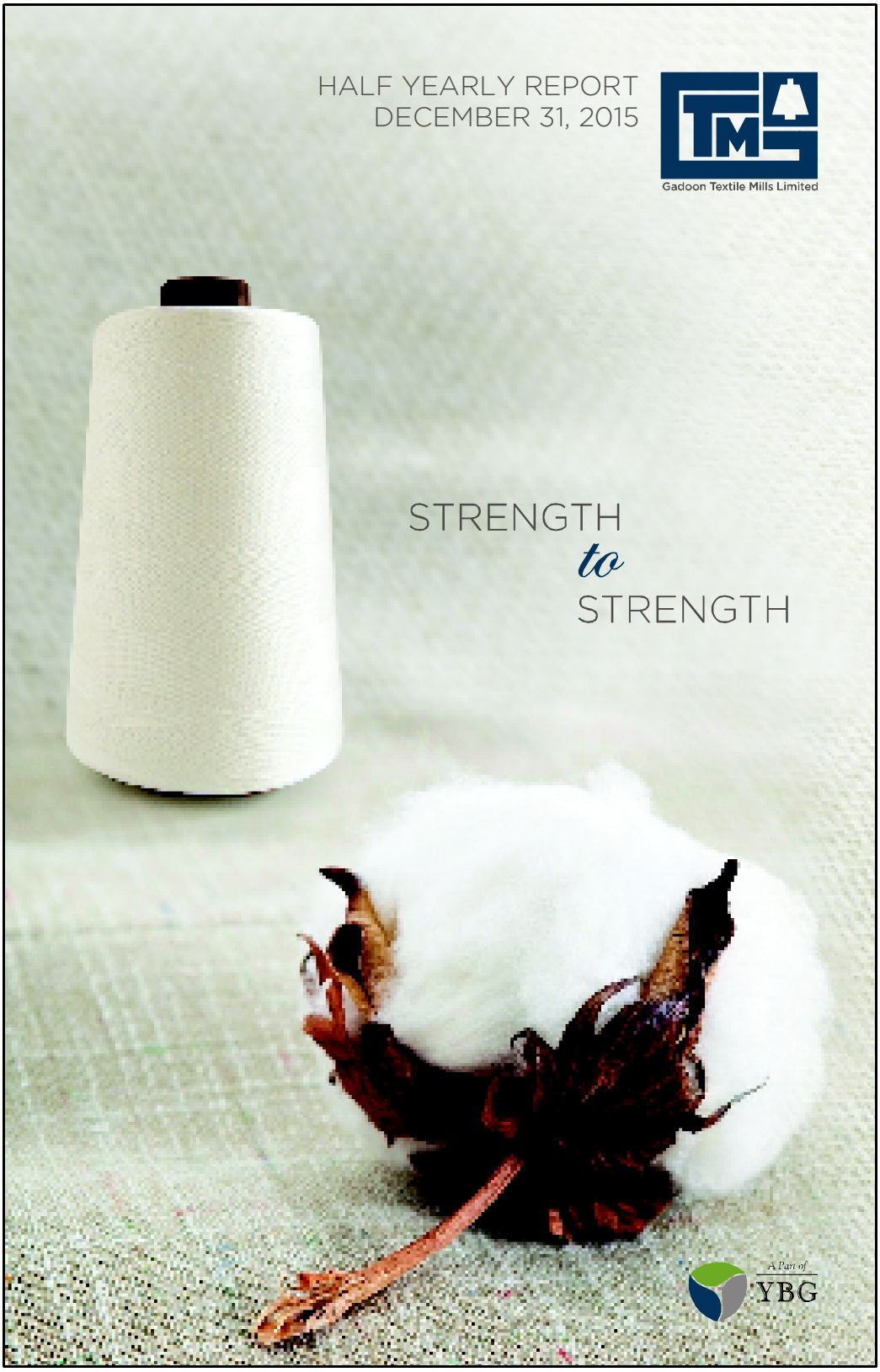
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# COMPANY INFORMATION

| | | |
|---|---|---|
| **Board of Directors** | : | Mr. Muhammad Yunus Tabba (Chairman)<br>Mr. Muhammad Sohail Tabba (Chief Executive)<br>Mr. Muhammad Ali Tabba<br>Mr. Jawed Yunus Tabba<br>Ms. Rahila Aleem<br>(Alternate: Ms. Zulekha Tabba Maskatiya)<br>Ms. Mariam Tabba Khan<br>Mr. Saleem Zamindar |
| **Audit Committee** | : | Mr. Saleem Zamindar (Chairman)<br>Mr. Muhammad Ali Tabba (Member)<br>Mr. Jawed Yunus Tabba (Member)<br>Ms. Rahila Aleem (Member)<br>(Alternate: Ms. Zulekha Tabba Maskatiya) |
| **Human Resources and Remuneration Committee** | : | Mr. Jawed Yunus Tabba (Chairman)<br>Ms. Rahila Aleem (Member)<br>(Alternate: Ms. Zulekha Tabba Maskatiya)<br>Ms. Mariam Tabba Khan (Member) |
| **Executive Director Finance/CFO and Company Secretary** | : | Mr. Abdul Sattar Abdullah |
| **External Auditors** | : | Deloitte Yousuf Adil<br>Chartered Accountants<br>A Member of Deloitte Touche Tohmatsu |
| **Chief Internal Auditor** | : | Mr. Haji Muhammad Mundia |
| **Share Registrar / Transfer Agent** | : | Central Depository Company of Pakistan Limited<br>CDC House, 99-B, Block B, S.M.C.H.S.,<br>Main Shahrah-e-Faisal, Karachi.<br>(Toll Free) : 0800 23275 |
| **Registered Office** | : | 7-A, Muhammad Ali Housing Society,<br>Abdul Aziz Haji Hashim Tabba Street,<br>Karachi-75350.<br>Phone No. : 021-35205479-80<br>Fax No. : 021-34382436<br>E-mail : secretary@gadoontextile.com<br>Website : www.gadoontextile.com |
| **Liaison Office** | : | Syed's Tower, Third Floor, Opposite Custom House,<br>Jamrud Road, Peshawar.<br>Phone No. : 091-5701496<br>Fax No. : 091-5702029<br>E-mail : secretary@gadoontextile.com |
| **Factory Locations** | : | 200-201, Gadoon Amazai Industrial Estate,<br>Distt. Swabi, Khyber Pakhtunkhwa |
| | : | 57 K.M on Super Highway near Karachi. |

**Bankers:**

Allied Bank Limited
Bank Al-Falah Limited (Islamic Banking)
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Punjab
United Bank Limited

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# DIRECTORS' REPORT

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the unaudited financial statements for the half year ended December 31, 2015.

## Overview

Following a difficult financial year, competitive textile market again posted a challenge for the Company this period. Export sales declined by 25% this period leaving behind adverse footprints on the top line; whereas only a marginal increase in local sales can be witnessed. Overall, sales in terms of both value and volume decreased by 11.37% and 1.65% respectively compared to the same period last year (SPLY) and thus leading to a reduced gross profit margin of 5.69% this period (2014: 6.41%).

## Market Overview

Economic position of the country continued to stabilize during the period as inflation remained low with improved GDP growth rate and political stability.

However, as subsidized yarn available through regional competitors continue to penetrate the global market share; Pakistan had limited role to play internationally. Furthermore, nearly a quarter of the local raw cotton was destroyed as a result of heavy rains and pest attack in some parts of Punjab cotton belt. Resultantly, theCompany in order to meet production requirements shifted towards procurement of imported cotton. Regardless of the difficulties, the Company has still managed to post positive bottom line results for the period just ended. The performance is supported by the merger synergies being realized as a result of efficient management of resources in terms of both human and capital assets and returns from strategic long-term investments made by the Company.

| | Half year ended | | |
|---|---|---|---|
| | **December 31, 2015** | December 31, 2014 | Percentage % Favorable / (Unfavorable) |
| | **(Rupees in '000)** | | |
| Export | **4,005,995** | 5,341,445 | (25.00) |
| Local | **6,371,329** | 6,367,222 | 0.06 |
| Sales (net) | **10,377,324** | 11,708,667 | (11.37) |
| Gross Profit | **591,492** | 751,639 | (21.31) |
| Finance Cost | **261,246** | 393,245 | 33.57 |
| Profit before Tax | **55,020** | 150,903 | (63.54) |
| Profit after Tax | **7,636** | 40,418 | (81.11) |
| Earnings Per Share (Rupees) | **0.27** | 1.50 | |

*The results for the corresponding period includes effect of merger transaction with Fazal Textile Mills Limited (FTML) with effect from October 01, 2014.

## Financial Results

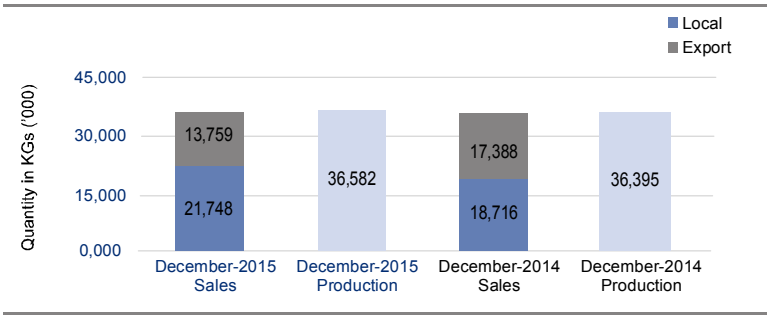
As witnessed from the financial results, revenue from export sales in proportion to total sales revenue were 38.6% for the HY 2015 compared to 45.61% SPLY. This is particularly due to the declining global demand for textile products and rising competition. Factors such as contracting growth rate of Chinese economy and irregular economic situation in the European and American markets have majorly contributed to the said curtailed international demand. Moreover, lack of policy support from the Federal Government has sent the local Textile industry in a backlash making it less competitive in international markets.

In view of the said scenario, the management of the Company has put efforts to ease the topline pressure by opting for an optimum procurement policy. Procurement of good quality and cost effective imported raw cotton; attainment of most economical resources to generate power and merger synergies have all resulted in producing reasonable bottom line results.

Furthermore, finance cost has been contained to 2.51% of sales compared to 3.36% SPLY. The savings in finance cost is primarily due to efficient management of the sources of funds by taking maximum benefits of the reduced local and foreign currency borrowing rates and effective cash flow planning.

## Operational Performance

The production and sales statistics for the half year ended December 31, 2015 and its comparison with last period is presented below:




As evident from the chart above, due to falling export sales demand, the Company is constantly striving to penetrate viable avenues and expand its local market share. Moreover, the management is making efforts to develop an optimum energy mix in order to overcome gas shortages and increase production capacity.

## Future Outlook

Under the current economic scenario, factors such as fierce competition in international markets, availability of subsidized yarn, high energy costs, shortage of gas and power resources, imposition of GIDC and other innovative taxes continue to pose a challenge for both the Company and Textile industry as a whole.

The recent imposition of 10% regulatory duty by Federal Government over imported Yarn provided some relief to the domestic spinning industry. However, the industry needs further support from the Government in order to work up to its full potential and contribute towards economic well-being of the country.

Further bold steps, (including but not limited to) such as the formalization of Textile policy, reduced tax rates for the industry, immediate measures for the availability of electricity and rationalization of its cost need to be taken into consideration by the Government in favor of the industry.

Moving forward, the Company is striving hard to sustain and at the same time expand its footprint in local and international markets in order to maximize yield for its stakeholders and is optimistic for better financial and operating performance in future.

## Acknowledgements

The Directors record their appreciation of the performance of the Company's workers, staff and executives.

For and on behalf of the Board

Muhammad Sohail Tabba
Chief Executive / Director

Karachi: February 22, 2016

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# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of **GADOON TEXTILE MILLS LIMITED** (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information 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 interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Other matter paragraph

The basis used in preparation of comparative condensed interim profit and loss account and condensed interim cash flow statement for the period ended December 31, 2014 has been stated in note 2.4 to the condensed interim financial information.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Date: February 22, 2016
Place: Karachi

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# CONDENSED INTERIM BALANCE SHEET
## AS AT DECEMBER 31, 2015 (UNAUDITED)

| | Note | December 31, 2015 (Unaudited) | June 30, 2015 (Audited) |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 5 | **8,093,394** | 8,322,228 |
| Long term advance | 6 | **-** | - |
| Long term loans | | **13,791** | 21,832 |
| Long term deposits | | **24,979** | 24,956 |
| Long term investments | 7 | **2,020,349** | 1,683,343 |
| | | **10,152,513** | 10,052,359 |
| **Current Assets** | | | |
| Stores, spares and loose tools | | **561,707** | 528,328 |
| Stock-in-trade | 8 | **4,728,603** | 4,895,445 |
| Trade debts | | **1,820,221** | 2,027,028 |
| Loans and advances | | **1,307,682** | 413,108 |
| Receivable from an associate | | **309,448** | 987,583 |
| Short term investment | | **51,899** | 59,745 |
| Trade deposits and short term prepayments | | **36,062** | 7,994 |
| Other receivables | | **338,019** | 374,272 |
| Income tax refundable | | **664,791** | 696,430 |
| Cash and bank balances | | **511,928** | 506,553 |
| | | **10,330,360** | 10,496,486 |
| **Total Assets** | | **20,482,873** | 20,548,845 |
| **EQUITY AND LIABILITIES** | | | |
| **Share Capital and Reserves** | | | |
| Authorised | | | |
| 57,500,000 ordinary shares of Rs. 10/- each | | **575,000** | 575,000 |
| Issued, subscribed and paid-up capital | | **280,296** | 234,375 |
| Capital reserves | | **137,541** | 864,874 |
| Revenue reserves | | **6,407,312** | 5,672,349 |
| Capital to be issued pursuant to amalgamation | | **-** | 45,921 |
| **Total Equity** | | **6,825,149** | 6,817,519 |
| **Non-Current Liabilities** | | | |
| Deferred liabilities | | **1,014,824** | 996,912 |
| **Current Liabilities** | | | |
| Trade and other payables | | **1,960,029** | 1,975,850 |
| Accrued mark up | | **105,608** | 133,964 |
| Short-term borrowings | 9 | **10,479,703** | 10,405,623 |
| Current portion of long-term finance | | **-** | 8,905 |
| Provision for taxation | | **97,561** | 210,072 |
| | | **12,642,901** | 12,734,414 |
| | | **13,657,724** | 13,731,326 |
| **Total Equity and Liabilities** | | **20,482,873** | 20,548,845 |
| **CONTINGENCIES AND COMMITMENTS** | 10 | | |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

| | Note | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | December 31, 2015 | December 31, 2014 (Restated) | December 31, 2015 | December 31, 2014 (Restated) |
| | | (Rupees in '000) | | | |
| Sales - net | | **10,377,324** | 11,708,667 | **4,996,721** | 6,442,059 |
| Cost of sales | 11 | **(9,785,832)** | (10,957,028) | **(4,679,701)** | (5,812,161) |
| Gross profit | | **591,492** | 751,639 | **317,020** | 629,898 |
| Distribution cost | | **(164,767)** | (173,499) | **(83,590)** | (102,045) |
| Administrative expenses | | **(96,091)** | (116,812) | **(38,013)** | (80,621) |
| | | **(260,858)** | (290,311) | **(121,603)** | (182,666) |
| | | **330,634** | 461,328 | **195,417** | 447,232 |
| Finance cost | | **(261,246)** | (393,245) | **(108,629)** | (232,872) |
| Other operating expenses | | **(97,611)** | (8,111) | **(17,432)** | (7,382) |
| | | **(28,223)** | 59,972 | **69,356** | 206,978 |
| Other income | | **9,362** | 11,812 | **4,654** | 5,378 |
| Share of profit from associate - net of tax | | **73,881** | 79,119 | **29,881** | 45,619 |
| Profit before taxation | | **55,020** | 150,903 | **103,891** | 257,975 |
| Taxation | 12 | | | | |
| Current | | **(97,561)** | (94,838) | **(53,753)** | (74,632) |
| Prior | | **26,396** | - | **26,396** | - |
| Deferred | | **23,781** | (15,647) | **(9,320)** | 6,123 |
| | | **(47,384)** | (110,485) | **(36,677)** | (68,509) |
| Profit for the period | | **7,636** | 40,418 | **67,214** | 189,466 |
| Earnings per share - basic and diluted (Rupees) | | **0.27** | 1.50 | **2.40** | 7.05 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

| | Half year ended | | Quarter ended | |
|---|---|---|---|---|
| | December 31, 2015 | December 31, 2014 (Restated) | December 31, 2015 | December 31, 2014 (Restated) |
| | (Rupees in '000) | | | |
| Profit for the period | **7,636** | 40,418 | **67,214** | 189,466 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | **7,636** | 40,418 | **67,214** | 189,466 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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# CONDENSED INTERIM CASH FLOW STATEMENT
## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

| | HALF YEAR ENDED | |
|---|---|---|
| | **December 31, 2015** | December 31, 2014 (Restated) |
| | ----- (Rupees in '000) ----- | |
| **A) CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | **55,020** | 150,903 |
| **Adjustments for :** | | |
| Depreciation | **408,016** | 350,263 |
| Gain on disposal of property, plant and equipment | **(1,783)** | (77) |
| Finance cost | **261,246** | 372,171 |
| Share of profit from an associate - net of tax | **(73,881)** | (79,119) |
| Unrealized (gain) / loss on short-term investment | **(7,845)** | (5,103) |
| Provision for staff retirement gratuity | **90,000** | 68,856 |
| | **675,753** | 706,991 |
| Operating cash flows before working capital changes | **730,773** | 857,894 |
| **(Increase) / decrease in current assets** | | |
| Stores, spares and loose tools | **(33,379)** | (33,776) |
| Stock-in-trade | **166,842** | (2,389,093) |
| Trade debts | **206,807** | 241,975 |
| Loans and advances | **(894,574)** | 111,076 |
| Receivable from an associate | **678,135** | (478,864) |
| Trade deposits and short-term prepayments | **(28,068)** | (136) |
| Other receivables | **36,253** | 58,337 |
| | **132,016** | (2,490,481) |
| **Increase in current liabilities** | | |
| Trade and other payables | **(15,821)** | 205,887 |
| Changes in working capital | **116,195** | (2,284,594) |
| **Cash generated from / (used) in operations** | **846,968** | (1,426,700) |
| Finance cost paid | **(317,443)** | (320,487) |
| Income tax paid | **(105,800)** | (165,167) |
| Gratuity paid | **(48,608)** | (94,601) |
| | **(471,852)** | (580,255) |
| **Net cash generated from /(used) in operating activities** | **375,116** | (2,006,955) |

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| | HALF YEAR ENDED | |
|---|---|---|
| | **December 31, 2015** | December 31, 2014 (Restated) |
| | (Rupees in '000) | |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(183,039)** | (447,806) |
| Sale proceeds from disposal of property, plant and equipment | **3,270** | 777 |
| Long-term loans recovered / (disbursed) | **8,041** | (9,028) |
| Long-term deposits paid | **(23)** | (57) |
| Long-term investment in associate | **(302,000)** | (126,642) |
| Dividend received | **38,876** | 26,050 |
| **Net cash used in investing activities** | **(434,876)** | (556,706) |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of long-term finance | **(8,905)** | (8,905) |
| Dividend paid | **(40)** | (146,884) |
| **Net cash used in financing activities** | **(8,945)** | (155,789) |
| Net decrease in cash and cash equivalents (A+B+C) | **(68,705)** | (2,719,450) |
| Cash and cash equivalents at beginning of the period | **(9,899,070)** | (7,264,440) |
| Transferred from FTML as on October 1, 2014 | **-** | (3,428,374) |
| Cash and cash equivalents at end of the period | **(9,967,775)** | (13,412,264) |
| **CASH AND CASH EQUIVALENTS** | | |
| Cash and bank balances | **511,928** | 498,812 |
| Short-term borrowings | **(10,479,703)** | (13,911,076) |
| | **(9,967,775)** | (13,412,264) |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

| | Issued, subscribed and paid-up share capital | Capital to be issued pursuant to amalgamation | Capital Reserve: Share premium | Capital Reserve: Amalgamation reserve | Capital Reserve: Sub Total | Capital Reserve: General reserves | Revenue Reserves: Amalgamation reserve | Revenue Reserves: Unappropriated profit | Revenue Reserves: Sub Total | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | | | | |
| Balance as at July 1, 2014 | 234,375 | - | 103,125 | - | 103,125 | 1,000,000 | - | 5,162,077 | 6,162,077 | 6,499,577 |
| Reserve arising on amalgamation on October 1, 2014 | - | - | - | 34,416 | 34,416 | - | 727,333 | - | 727,333 | 761,749 |
| Capital to be issued pursuant to amalgamation | - | 45,921 | - | - | - | - | - | - | - | 45,921 |
| **Total comprehensive income for the period** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 40,418 | 40,418 | 40,418 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | | - | | - | - | - | 40,418 | 40,418 | 40,418 |
| **Balance as at December 31, 2014** | 234,375 | 45,921 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 5,202,495 | 6,929,828 | 7,347,665 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | (432,758) | (432,758) | (432,758) |
| Other comprehensive income | - | - | - | - | - | - | - | 19,794 | 19,794 | 19,794 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | (412,964) | (412,964) | (412,964) |
| **Transactions with owners recorded directly in equity** | | | | | | | | | | |
| Final dividend for the year ended June 30, 2014 @ Rs. 5/- per share | - | - | - | - | - | - | - | (117,188) | (117,188) | (117,188) |
| **Balance as at June 30, 2015** | 234,375 | 45,921 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 4,672,343 | 6,399,676 | 6,817,513 |
| Capital issued pursuant to amlgamation | 45,921 | (45,921) | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 7,636 | 7,636 | 7,636 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | - | 7,636 | 7,636 | 7,636 |
| **Balance as at December 31, 2015** | **280,296** | **-** | **103,125** | **34,416** | **137,541** | **1,000,000** | **727,333** | **4,679,979** | **6,407,312** | **6,825,149** |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
## FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

**1.1** Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on The Pakistan Stock Exchange Limited. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. The registered office of the Company is at Karachi in the province of Sindh.

Pursuant to the sanction of the merger scheme by High Court of Sindh on June 04, 2015, the textile business of Fazal Textile Mills Limited (FTML) was merged with and into the Company with effect from close of business on September 30, 2014. The relevant details of the transactions are more clearly explained in note 1.2 to the financial statements for the year ended June 30, 2015. Consequently, the comparative result in these financial information have been restated to reflect the financial results and cash flows of FTML from October 01, 2014 to December 31, 2014 and from July 01, 2014 to December 31, 2014 for GTML respectively and are not entirely comparable.

### 2. BASIS OF PREPARATION

**2.1** This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.

**2.2** This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee.

**2.3** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (xix) of the Code of Corporate Governance. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

**2.4** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015; the comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity of the amalgamated entity are derived as follows:

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For GTML - from the unaudited condensed interim financial information for the six month ended December 31, 2014.

For FTML – The figures reported in the audited financial statements for the three months ended September 30, 2014 are subtracted from the figures reported for the six months ended December 31, 2014.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2015. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which donot have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 14.

## 4. FINANCIAL RISK MANAGEMENT

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, 2015.

| | Note | December 31, 2015 (Unaudited) | June 30, 2015 (Audited) |
|---|---|---|---|
| | | ----- (Rupees in '000) ----- | |
| **5. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | **7,824,039** | 8,044,222 |
| Capital work-in-progress | 5.2 | **269,355** | 278,006 |
| | | **8,093,394** | 8,322,228 |

### 5.1 Details of additions and disposals to operating fixed assets are as under:

| | Half year ended December 31, 2015 (Unaudited) | | Half year ended December 31, 2014 (Unaudited) | |
|---|---|---|---|---|
| | Additions/ transfers | Disposals at Book value | Additions/ transfers | Disposals at Book value |
| | (Rupees in '000) | | | |
| Building | **28,150** | **-** | 39,292 | - |
| Plant and machinery | **152,557** | **-** | 352,257 | - |
| Electric installation | **-** | **-** | 50,858 | - |
| Computer equipment | **154** | **-** | 871 | - |
| Office equipment and installations | **203** | **-** | 256 | 32 |
| Vehicles | **1,975** | **1,786** | 4,482 | 668 |
| | **183,039** | **1,786** | 448,016 | 700 |

### 5.2 Details of additions and transfers from Capital work-in-progress are as under:

| | Half year ended December 31, 2015 (Unaudited) | | Half year ended December 31, 2014 (Unaudited) | |
|---|---|---|---|---|
| | Additions | Transfers | Additions | Transfers |
| | (Rupees in '000) | | | |
| **Gadoon Amazai project** | | | | |
| Civil works | **-** | **-** | 7,767 | 39,292 |
| Plant and machinery | **132,789** | **129,191** | 73,556 | 82,012 |
| Advance to contractors | **1,995** | **1,975** | 80,005 | 4,254 |
| Others | **8,216** | **1,734** | 7,844 | - |
| **Karachi project** | | | | |
| Plant and machinery | **10,843** | **21,556** | 38,150 | 293,952 |
| Civil works | **20,112** | **28,150** | 31,222 | - |
| Electric installations | **-** | **-** | 11,922 | 50,858 |
| Others | **76** | **76** | 5,689 | - |
| | **174,031** | **182,682** | 256,066 | 470,368 |

| | Note | December 31, 2015 (Unaudited) | June 30, 2015 (Audited) |
|---|---|---|---|
| | | (Rupees in '000) | |
| **6. LONG-TERM ADVANCE** | | | |
| **- Considered doubtful** | | | |
| Advance for investment in a joint venture | 6.1 | **66,667** | 66,667 |
| Less: Provision against advance | | **(66,667)** | (66,667) |
| | | **-** | - |

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**6.1** This represents first and second tranche of advance for a Joint Venture project amounting to Rs. 4,250 million. The principal activity of the Joint Venture Project is acquisition and development of certain land in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

| | Note | December 31, 2015 (Unaudited) | June 30, 2015 (Audited) |
|---|---|---|---|
| | | (Rupees in '000) | |
| **7. LONG-TERM INVESTMENTS** | | | |
| **Investments in associated undertakings** | | | |
| ICI Pakistan Limited | | **1,402,276** | 1,365,660 |
| Lucky Holdings Limited | | **123,956** | 113,318 |
| Yunus Energy Limited | | **494,117** | 204,365 |
| | | **2,020,349** | 1,683,343 |
| **8. STOCK-IN-TRADE** | | | |
| Raw material | | | |
| - in hand | | **2,921,891** | 3,497,588 |
| - in transit | | **462,241** | 179,399 |
| Work-in-process | | **222,569** | 197,618 |
| Finished goods | | | |
| - yarn | | **1,063,695** | 868,893 |
| - knitted fabric | | **19,349** | 57,050 |
| - waste at net realisable | | **38,858** | 94,897 |
| | | **4,728,603** | 4,895,445 |
| **9. SHORT TERM BORROWINGS - SECURED** | | | |
| **From banking companies** | | | |
| Running finance | 9.1 | **2,688,264** | 573,259 |
| Short term finance | | **4,591,229** | 6,872,498 |
| **Foreign currency loan against** | | | |
| Import finance | | **3,200,210** | 2,056,877 |
| Export finance | | **-** | 902,989 |
| | | **3,200,210** | 2,959,866 |
| | | **10,479,703** | 10,405,623 |

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**9.1** Facilities for running finance, import finance, export finance and short term finance are available from various banks upto Rs. 18.99 billion (June 30, 2015: Rs. 21.22 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2015.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

**10.1.1** As at period end, bank guarantees given in favour of the Company by banks in normal course of business amounting to Rs. 760.36 million (June 30, 2015 : 725.36 million). Further, the Company has signed sponsors support agreement amounting to Rs. 960 million and contractual commitment for debt servicing of two loan installments amount up to the cap of Rs. 338 million on behalf of Yunus Energy Limited an associated undertaking.

Other contingencies are same as disclosed in notes 20.1.2 to 20.1.8 to the annual financial statements for the year ended June 30, 2015.

| | December 31, 2015 (Unaudited) | June 30, 2015 (Audited) |
|---|---|---|
| | ---- (Rupees in '000) ---- | |
| **10.1.2 Others** | | |
| Export bills discounted with recourse | **897,398** | 1,331,520 |
| Indemnity bond in favor of Collector of Customs against imports | **4,105** | 4,105 |
| Post dated cheques in favor of Collector of Customs against imports | **422,070** | 133,656 |

### 10.2 Commitments

Letters of credit opened by banks for:

| | | |
|---|---|---|
| Raw material | **817,716** | 197,739 |
| Stores and spares | **-** | 26,990 |
| Plant and machinery | **-** | 99,666 |

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| | Note | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | December 31, 2015 (Un-audited) | December 31, 2014 (Un-audited) | December 31, 2015 (Un-audited) | December 31, 2014 (Un-audited) |
| | | (Rupees in '000) | | | |
| **11. COST OF SALES** | | | | | |
| Opening stock - finished goods | | **1,020,840** | 1,061,637 | **957,786** | 854,761 |
| Cost of goods manufactured | 11.1 | **9,886,894** | 10,797,049 | **4,843,817** | 5,859,058 |
| | | **10,907,734** | 11,858,686 | **5,801,603** | 6,713,819 |
| Closing stock - finished goods | | **(1,121,902)** | (988,402) | **(1,121,902)** | (988,402) |
| Effect of adjustments in estimates and significant judgement in stock due to amalgamation | | **-** | 86,744 | **-** | 86,744 |
| | | **9,785,832** | 10,957,028 | **4,679,701** | 5,812,161 |
| **11.1 Cost of goods manufactured** | | | | | |
| Opening stock - work in process | | **197,618** | 201,731 | **192,460** | 221,964 |
| Raw and packing material consumed | | **6,521,029** | 7,764,488 | **3,149,305** | 4,108,269 |
| Other manufacturing expenses | | **3,390,816** | 3,015,933 | **1,724,621** | 1,713,928 |
| | | **9,911,845** | 10,780,421 | **4,873,926** | 5,822,197 |
| | | **10,109,463** | 10,982,152 | **5,066,386** | 6,044,161 |
| Closing stock - work in process | | **(222,569)** | (185,103) | **(222,569)** | (185,103) |
| | | **9,886,894** | 10,797,049 | **4,843,817** | 5,859,058 |

## 12. TAXATION

There have been no change in the tax contingencies as disclosed in note number 20.1.4 and 20.1.8 to the annual audited financial statements for the year ended June 30, 2015.

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## 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are:

| | | | HALF YEAR ENDED | |
|---|---|---|---|---|
| | | | **December 31, 2015 (Un-audited)** | December 31, 2014 (Un-audited) |
| | **Name of Related Parties** | **Nature of Transaction** | **(Rupees in '000)** | |
| **a.** | **Associated companies - Common directorship** | | | |
| | Lucky Cement Limited | Purchase of cement | **1,686** | 4,704 |
| | Yunus Textile Mills Limited | Sale of yarn | **258,932** | 12,130 |
| | | Doubling charges | **25** | - |
| | Lucky Knits (Private) Limited | Sale of yarn | **294,108** | 262,934 |
| | | Purchase of goods & services | **20,966** | 8,322 |
| | Feroze1888 Mills Limited | Sale of yarn | **37,573** | 19,686 |
| | Lucky Textile Mills Limited | Sale of yarn | **819,725** | 818,602 |
| | | Sale of fabric | **1,941** | - |
| | | Doubling charges | **36** | - |
| | Lucky Energy (Private) Limited | Purchase of electricity | **536,317** | 379,099 |
| | Yunus Energy Limited | Investment in shares | **302,000** | 168,615 |
| | | Share of loss on investment | **12,248** | - |
| | | Markup credited | **-** | 6,680 |
| | | Advance against shares | **-** | 124,515 |
| | ICI Pakistan Limited | Purchase of fiber | **669,147** | 707,883 |
| | | Share of profit on investment | **75,491** | 71,392 |
| | | Dividend received | **38,876** | 23,924 |
| | Lucky Holdings Limited | Share of profit on investment | **10,638** | 7,727 |
| | Lucky Landmark (Private) Limited | Amount received | **732,251** | - |
| | | Markup charged | **28,491** | - |
| | | Rendering of service | **-** | 1067 |
| | | Mobilization advance | **-** | 126,498 |
| | Fazal Textile Mills Limited (now amalgamated with GTML) | Sales of goods and services | **-** | 757 |
| | | Purchase of goods and services | **-** | 51,498 |
| | | Payment against purchases | **-** | 51,498 |
| **b.** | **Benefits to key management personnel** | | **19,446** | 16,266 |

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## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

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 for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Funds/Companys financial assets which are carried at fair value:

| | 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 |
| | (Rupees in '000) | | | |
| Financial assets - at fair value | | | | |
| Available for sale | - | - | - | - |
| Fair value through profit or loss | | | | |
| - Held for trading | 51,899 | - | - | 51,899 |
| | 51,899 | - | - | 51,899 |

| | 2014 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 |
| | (Rupees in '000) | | | |
| Financial assets - at fair value | | | | |
| Available for sale | - | - | - | - |
| Fair value through profit or loss | | | | |
| - Held for trading | 59,745 | - | - | 59,745 |
| | 59,745 | - | - | 59,745 |

There were no transfers between levels during the year/period

There were no changes in valuation techniques during the year/period

## 15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on February 22, 2016 by the Board of Directors of the Company.

MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR

MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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