

GUL AHMED TEXTILE MILLS LIMITED

CONDENSED INTERIM UN-CONSOLIDATED FINANCIAL INFORMATION

**FOR THE FIRST QUARTER ENDED
30 SEPTEMBER, 2017**

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	S.M. Nadim Shafiqullah Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mohomed Bashir Zain Bashir S.M. Nadim Shafiqullah 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 Bankislami Pakistan Limited Burj Bank Limited The Bank Of Punjab Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Of Pakistan NIB Bank Limited Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
AUDITORS	Kreston Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Grant Thornton Anjum Rahman Chartered Accountants	
LEGAL ADVISORS	A.K. Brohi & Co Advocates	
REGISTERED OFFICE	Plot No.82, Main National Highway, Landhi, Karachi-75120	
SHARE REGISTRAR	Famco Associates (Private) Limited 8-F, Next To Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
MILLS	Landhi Industrial Area, Karachi-75120	
E-MAIL	Finance@Gulahmed.Com	
URL	www.gulahmed.com	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the first quarter ended September 30, 2017.

ECONOMIC AND INDUSTRIAL OVERVIEW

Overall economic situation remained consistent with improvement in quarterly budget deficit recorded at Rs 324 billion as compared to Rs 438 billion in the same period last year. The current account deficit has increased by 117% as compared with the corresponding period of last year owing to the widening trade deficit on account of 22% increase in imports, coupled with stagnant level of remittances during the period under review as compared to the same period in the preceding year. Consequently, net reserves with the SBP as at September 2017 stand at \$13.8 billion, whereas total external debt has crossed \$83 billion.

Nonetheless, textile exports rose by 12% during September 2017 as compared to September 2016, pushing up 3MFY18 growth to 8% YoY helped by the textile package and the GSP scheme of the EU. Silver-lining for the sector has been the increased exports of readymade garments by 16% YoY, however, exports of cotton cloth declined due to weak demand from China.

The textile sector, which absorbs 40% of the total industrial workforce and contributes 62% towards exports, had temporary relief owing to the textile policy order 2017-18. However, challenges such as disallowance of adjustment of input tax on packing material, increase in minimum wages, higher production costs as compared to global competitors, unfavorable PKR/USD parity making exports expensive and long outstanding receivables from the government continue to halt revival. Energy cost is the major concern as spinning, weaving and processing industries are heavy energy consumers. Industrial gas tariff in Pakistan is 100% higher and electricity tariff is almost 50% higher as compared to other regional competitors. Hence, despite being the fourth-largest producer of cotton, Pakistan is not even in the list of the top 10 exporters.

FINANCIAL PERFORMANCE

The Company focused on profitable avenues, maximizing efficiency in production activities and cost rationalization through lean management. Thus, the Company has been able to boost overall sales and profit as compared to the corresponding period of previous year. Domestic sales oriented segments reaped benefits of BMR investment made during last year, which resulted in substantial growth of local sales.

The Company registered quarterly net sales of Rs 9,215 million against Rs 8,191 million in the corresponding quarter of previous year i.e. an increase of around 13%. Improved operational performance during the quarter as compared to corresponding quarter of previous year is evident from the 21% growth in gross profit i.e. from Rs 1,450 million to Rs 1,761 million. Owing to the effects of cost rationalization measures and BMR activities during previous year, gross profit margin also improved from 17.7% to 19.1%. Consequently, the Company achieved profit after tax of Rs 102 million in the quarter, as compared to net loss of Rs 98 million during corresponding quarter of previous year.

Key performance numbers are presented below:

	Units	Quarter ended September 30, 2017	Quarter ended September 30, 2016
Export sales	Rs. in millions	5,741	5,946
Local sales	Rs. in millions	3,474	2,245
Total sales	Rs. in millions	9,215	8,191

	Units	Quarter ended September 30, 2017	Quarter ended September 30, 2016
Gross profit	Rs. in millions	1,761	1,450
Profit / loss before tax	Rs. in millions	160	(38)
Profit / loss after tax	Rs. in millions	102	(98)
Earnings / loss per share (EPS)	Rupees	0.29	(0.27)
Debt to equity ratio	Times	0.62	0.65
Current ratio	Times	1.10	1.04
Break-up-value per share	Rupees	37.08	29.02

FUTURE OUTLOOK

Economic indicators suggest that pressures are mounting for both fiscal consolidation and external balances. The current account deficit is on the rise and so is the circular debt. Maintaining macroeconomic stability and further progress in structural reforms will be necessary to accelerate growth and to ensure that it is sustainable.

The performance of the textile sector is heavily dependent on the cotton crop. Latest figures released by the Pakistan Cotton Ginners Association (PCGA) show that the country is likely to achieve the cotton production target of 13 million bales this season. The country produced 5.984m cotton bales by October 15, 2017, up 37% from the output recorded in the corresponding period of last year.

Despite the challenging operating environment and increased competition, we are optimistic about the future outlook of the business. The Company will continue to drive the agenda of attracting customers through innovation and stronger brand equity. Efforts are also directed towards improving the Company's footprint in retail business in Pakistan as we believe there is potential to improve market share, through e-commerce sales and otherwise. Further, the Company has already started reaping benefits of BMR investments during previous years and will continue to achieve cost rationalization targets and improve margins. Hence, we are confident that profitability will improve in the upcoming quarters.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the quarter ended September 30, 2017 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) - UAE, GTM (Europe) Limited – UK, GTM USA Corp. - USA and Sky Home Corp. – USA are attached.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

October 30, 2017
Karachi

Mohomed Bashir
Chairman

Mohammed Zaki Bashir
Chief Executive Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Balance Sheet
As at September 30, 2017

	Note	Un-Audited September 2017	Audited June 2017
Rupees in '000			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 ordinary shares of Rs.10 each		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,564,955	3,564,955
297,079,604 ordinary shares of Rs. 10 each			
Reserves		7,451,342	7,348,962
		11,016,297	10,913,917
NON-CURRENT LIABILITIES			
Long term financing - Secured	7	6,838,250	7,146,403
Deferred liabilities			
Deferred taxation - net		298,358	298,358
Staff retirement benefits		17,473	23,864
		315,831	322,222
CURRENT LIABILITIES			
Trade and other payables		7,076,131	5,583,378
Accrued mark-up/profit		103,874	138,898
Short term borrowings		13,284,471	11,935,343
Current maturity of long term financing	7	987,775	678,511
		21,452,251	18,336,130
CONTINGENCIES AND COMMITMENTS			
	8		
		39,622,629	36,718,672
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	15,751,812	15,969,256
Intangible assets	10	75,206	77,736
Long term investment		58,450	58,450
Long term loans and advances		43,033	40,092
Long term deposits		192,476	192,629
		16,120,977	16,338,163
CURRENT ASSETS			
Stores, spare parts and loose tools		1,216,551	988,216
Stock-in-trade		14,782,329	12,469,962
Trade debts		2,689,125	3,345,046
Loans and advances		1,283,589	688,979
Short term prepayments		574,338	152,664
Other receivables		1,263,433	1,143,099
Tax refunds due from Government		577,155	648,960
Income tax refundable-payments less provision		719,786	673,701
Cash and bank balances		395,346	269,882
		23,501,652	20,380,509
		39,622,629	36,718,672

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Profit And Loss Account
For the quarter ended 30 September, 2017

	Note	Un-Audited September 2017	Un-Audited September 2016
-----Rupees in '000-----			
Sales		9,215,110	8,191,270
Cost of sales			
Opening stock of finished goods		9,733,822	11,287,226
Cost of goods manufactured		8,184,152	8,055,536
Closing stock of finished goods		(10,463,433)	(12,601,697)
		7,454,541	6,741,065
Gross profit		1,760,569	1,450,205
Distribution cost		893,096	793,215
Administrative expenses		525,919	517,999
Other operating expenses		8,422	-
		1,427,437	1,311,214
		333,132	138,991
Other income		50,830	55,900
Operating profit		383,962	194,891
Finance cost		223,944	232,656
Profit/(loss) before taxation		160,018	(37,765)
Taxation			
- Current	12	57,638	59,794
- Deferred		-	-
		57,638	59,794
Profit/(loss) after taxation		102,380	(97,559)
Re-stated			
Earning/(loss) per share - basic and diluted (Rs.)		0.29	(0.27)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the quarter ended 30 September, 2017

		<u>Un-Audited</u>	<u>Un-Audited</u>
	Note	September 2017	September 2016
		<u>-----Rupees in '000-----</u>	
Profit/(loss) after taxation		102,380	(97,559)
Other comprehensive income		-	-
Total comprehensive income		<u>102,380</u>	<u>(97,559)</u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Cash Flow Statement
For the quarter ended 30 September, 2017

Note	Un-Audited	
	September 2017	September 2016
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	160,018	(37,765)
Adjustments for:		
Depreciation	451,893	307,699
Amortisation	2,530	1,303
Provision for gratuity	6,306	7,986
Finance cost	223,944	232,656
Provision for slow moving/obsolete stores, spares and loose tools	1,962	3,661
Impairment allowance against doubtful trade debts	10,535	8,706
Loss on disposal of property, plant and equipment	2,564	-
Unclaimed liabilities written back	-	98
Gain on disposal of property, plant and equipment	(25,665)	(10,141)
	674,069	551,968
Cash flows from operating activities before adjustments of working capital	834,087	514,203
Changes in working capital:		
Decrease in current assets		
Stores, spare parts and loose tools	(230,297)	(116,512)
Stock-in-trade	(2,312,367)	(544,076)
Trade debts	645,386	(507,707)
Loans and advances	(594,610)	(253,269)
Short term prepayments	(421,674)	(3,414)
Other receivables	(120,334)	30,445
Tax refunds due from Government	71,805	336,121
	(2,962,091)	(1,058,412)
Increase in current liabilities		
Trade and other payables	1,493,184	148,335
	(1,468,907)	(910,077)
Cash used in operations	(634,820)	(395,874)
Adjustments for:		
Gratuity paid	(24,583)	(4,545)
Finance cost paid	(258,968)	(220,110)
Income tax paid	(103,723)	(156,213)
Net decrease in Long term loans and Advances	(2,941)	(13,091)
Net increase/(decrease) in Long term deposits	153	(25,407)
	(390,062)	(419,366)
Net cash used in operating activities	(1,024,882)	(815,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(261,272)	(1,695,713)
Addition to intangible assets	-	(248)
Proceeds from sale of property, plant and equipment	61,395	14,901
Net cash used in investing activities	(199,877)	(1,681,060)
Balance carried forward	(1,224,759)	(2,496,300)

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Cash Flow Statement
For the quarter ended 30 September, 2017

	Note	Un-Audited	
		September 2017	September 2016
		-----Rupees in '000-----	
Balance brought forward		(1,224,759)	(2,496,300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		137,630	945,545
Repayments of long term financing		(136,519)	(121,542)
Dividend paid		(16)	-
Net cash generated from financing activities		1,095	824,003
Net decrease in cash and cash equivalents		(1,223,664)	(1,672,297)
Cash and cash equivalents - at the beginning of the period		(11,665,461)	(12,558,716)
Cash and cash equivalents - at the end of the period	11	(12,889,125)	(14,231,013)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the quarter ended 30 September, 2017

	Share Capital	Reserves			Subtotal Reserves	Total
		Capital reserve - Share Premium	Revenue Reserve			
			General Reserve	Unappropriated Profit		
----- Rupees '000-----						
Balance as at June 30, 2016 (Audited)	2,970,796	514,176	4,480,000	753,267	5,747,443	8,718,239
Transfer to general reserve	-	-	250,000	(250,000)	-	-
Transactions with owners						
Final dividend for the year ended June 30, 2016	-	-	-	(97,727)	(97,727)	(97,727)
Total Comprehensive income for the First Quarter ended September 2016 (un-audited)						
Loss after taxation	-	-	-	(97,559)	(97,559)	(97,559)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(97,559)	(97,559)	(97,559)
Balance as at 30 September, 2016 (Un-audited)	2,970,796	514,176	4,730,000	307,981	5,552,157	8,522,953
Transactions with owners						
Transfer to general reserve	-	-	250,000	(250,000)	-	-
Issuance of right shares	594,159	891,239	-	-	891,239	1,485,398
Total comprehensive income for the year ended June 2017						
Profit after taxation	-	-	-	915,981	915,981	915,981
Other comprehensive income	-	-	-	(10,415)	(10,415)	(10,415)
	-	-	-	905,566	905,566	905,566
					-	-
Balance as at June 30, 2017	3,564,955	1,405,415	4,980,000	963,547	7,348,962	10,913,917
Total Comprehensive income for the First Quarter ended September 2017 (un-audited)						
Profit after taxation	-	-	-	102,380	102,380	102,380
Other comprehensive income	-	-	-	-	-	-
	-	-	-	102,380	102,380	102,380
Balance as at 30 September, 2017 (Un-audited)	3,564,955	1,405,415	4,980,000	1,065,927	7,451,342	11,016,297

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Un-consolidated
Financial Information (Un-audited)
For the quarter ended 30 September, 2017

1 LEGAL STATUS AND ITS OPERATIONS

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

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

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited. Note no. 4.2.1.

The Company has the following subsidiaries:

Details of Subsidiaries

	<u>Date of Incorporation</u>	<u>Percentage of Holding</u>	<u>Country of Incorporation</u>
Gul Ahmed International Limited FZC	November 27, 2002	100%	U.A.E
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	100%	U.K
GTM USA Corp. - Indirect subsidiary	March 19, 2012	100%	U.S.A
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	100%	U.S.A

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

2 BASIS OF PREPERATION

This condensed interim un-consolidated financial information of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

This condensed interim un-consolidated financial information comprise of the condensed interim un-consolidated balance sheet as at September 31, 2017 and the condensed interim un-consolidated profit and loss account, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated cash flow statement and condensed interim un-consolidated statement of changes in equity for the quarter ended September 31, 2017.

This condensed interim un-consolidated financial information is un-audited. 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.

The comparatives balance sheet, presented in this condensed interim un-consolidated financial Information, as at June 30, 2017 has been extracted from the audited un-consolidated financial statements of the Company for the year ended June 30, 2017, whereas the comparative condensed interim un-consolidated profit and loss account, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated cash flow statement and condensed interim un-consolidated statement of changes in equity for the quarter ended September 31, 2017 have been extracted from the condensed interim un-consolidated financial information of the Company for the quarter ended September 31, 2017.

This condensed interim unconsolidated financial information do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2017.

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim un-consolidated financial information as those applied in the preparation of un-consolidated financial statements for the year ended June 30, 2017.

Certain new IFRSs and amendments to existing IFRSs, effective for periods beginning on or after July 1, 2017, do not have any impact on this condensed interim financial information, and are therefore not presented.

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, 2017.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim un-consolidated financial information requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2017.

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, 2017.

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 30-12-2016 as was disclosed in note no 9.1.2 of the financial statements for the year ended June 30, 2017. Accordingly, the Company has provided banker's verified cheques of Rs. 248.941 million as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 271.320 million (June 30, 2017: 237.857 million) in the unconsolidated condensed interim financial information.
- b) Charging of captive power tariff instead of Industry tariff rate to the Company as disclosed in note no 9.1.3 the financial statements for the year ended June 30, 2017, The Company in view of the uncertainties in such matter, full provision of Rs. 404.410 million (2017: Rs. 346.173 million) has been made in the unconsolidated financial statements.

7 Long term financing - Secured

	Un-Audited September 2017	Audited June 2017
	Rupees in '000	
Opening balance	7,824,914	5,118,004
Add: Obtained during the period / year	137,630	3,427,770
Less: Repaid during the period / year	(136,519)	(720,860)
	7,826,025	7,824,914
Less: Current portion shown under current liabilities	(987,775)	(678,511)
	6,838,250	7,146,403

8 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2017 remained unchanged during the current period.

Guarantees

- (a) Rs. 768 million (June 2017: Rs. 767 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. 699 million (June 2017: Rs. 698 million).
- (b) Post dated cheques Rs. 1,989 million (June-2017: Rs. 1,406 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. 2,886 million (June-2017: Rs. 2,073 million).

- (d) Corporate guarantee of Rs. 97.221 million (June-2017: Rs. 93.365 million) has been issued to a bank in favor of indirect subsidiary company - GTM (Europe) Limited - UK.

Commitments

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

	Un-Audited	Audited
	September	June
	2017	2017
	Rupees in '000	
- Capital expenditure	270,698	181,452
- Non capital expenditure items under letters of credits	3,035,253	1,442,653
	3,305,951	1,624,105

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

Not more than one year	527,524	484,547
More than one year but not more than five years	1,534,439	1,588,408
More than five years	428,223	477,159
	2,490,186	2,550,114

9 PROPERTY, PLANT AND EQUIPMENT

Operating assets - net book value	9.1&9.2	15,592,767	13,657,771
Capital work in progress - at cost	9.4	115,055	2,311,485
		15,707,823	15,969,256

	Un-Audited	
	September	September
	2017	2016
	Rupees in '000	
9.1 Additions during the period		
Buildings and structures on leasehold land	530,910	360,434
Plant and machinery	1,864,805	31,831
Furniture and fixtures	559	210
Office equipment	6,927	21,567
Vehicles	10,511	22,175
	2,413,712	436,217

- 9.1.1** Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 2,063 million, Rs. 304 million and Rs. 40 k (September-2016: Rs. 383.1 million, Rs. 15.5 million and Rs. Nil).

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

Plant and machinery	22,484	-
Vehicles	4,339	4,760
	26,823	4,760

- 9.2.1** Disposals include assets scrapped at Net Book Value during the period of Rs. 220 k (September-2016: Nil).

		Un-Audited	
		September 2017	September 2016
		Rupees in '000	
9.3 Depreciation charge during the period		451,893	307,699
9.4 Additions - capital work in progress (at cost)			
Machinery		20,500	1,359,741
Building		194,527	297,758
Others		-	515
		215,027	1,658,014
10 INTANGIBLE ASSETS	Note	Un-Audited	
		September 2017	June 2017
		Rupees in '000	
Intangible - net book value	10.1&10.2	31,217	33,747
Capital Work in Progress - Computer Software		43,989	43,989
		75,206	77,736
		Un-Audited	
		September 2017	September 2016
		Rupees in '000	
10.1 Additions - intangibles (at cost)			
Computer Software		-	248
10.2 Amortization charge during the period		2,530	1,303
11 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		395,346	143,371
Short term borrowings		(13,284,471)	(14,374,384)
		(12,889,125)	(14,231,013)

12 TAXATION

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

13 SEGMENT INFORMATION

The Company's Operations have been divided in three segments based on the nature of process

- 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
- c) **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

Transactions among the business segments are recorded at cost.

13.1 Segment Profitability

	Spinning		Weaving		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Sept-2017	Sept-2016	Sept-2017	Sept-2016	Sept-2017	Sept-2016	Sept-2017	Sept-2016	Sept-2017	Sept-2016
	Rs. 000s									
Sales	2,340,646	1,631,760	505,046	3,584,029	9,283,694	7,911,933	(2,914,275)	(4,936,452)	9,215,110	8,191,270
Cost of sales	2,133,849	1,645,470	435,083	3,534,521	7,799,884	6,497,526	(2,914,275)	(4,936,452)	7,454,541	6,741,065
Gross profit	206,797	(13,710)	69,963	49,508	1,483,810	1,414,407	-	-	1,760,569	1,450,205
Distribution cost and Administrative expenses	45,032	226,781	19,818	4,297	1,354,164	1,080,136	-	-	1,419,015	1,311,214
Profit/(Loss) before tax and before charging following	161,764	(240,491)	50,145	45,211	129,645	334,271	-	-	341,554	138,991
Finance Cost									223,944	232,656
Other operating expenses									8,422	-
Other income									(50,830)	(55,900)
Profit/(loss) before taxation									181,536	176,756
Taxation									160,018	(37,765)
Profit/(loss) after taxation									57,638	59,794
									102,380	(97,559)
Depreciation and Amortisation Expense	167,706	62,855	72,851	31,694	213,280	214,453	-	-	453,837	309,002

13.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Sept-2017	June - 2017	Sept-2017	June - 2017	Sept-2017	June - 2017	Sept-2017	June - 2017	Sept-2017	June - 2017
	Rs. 000s									
Assets	9,012,934	7,814,061	2,899,147	2,812,567	27,105,617	23,905,825	604,930	2,186,219	39,622,629	36,718,672
Liabilities	3,934,913	3,379,543	1,680,109	1,683,482	9,568,797	5,600,130	13,422,512	15,141,600	28,606,332	25,804,755
Addition to operating fixed assets	589,666	2,412,160	1,740,177	25,375	58,859	1,531,062	25,010	844,958	2,413,712	4,813,555

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

13.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have

13.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,591 million (Sept-2016: Rs. 2,134 million).

13.6 Information by geographical area

	Revenue		Non-current assets	
	Sep-17	Sep-16	Sep-17	Jun-17
	-----Rupees in '000-----			
Pakistan	3,473,709	2,245,017	16,062,527	16,279,713
Germany	1,618,380	1,167,944	-	-
United States	901,262	686,329	-	-
France	506,271	325,580	-	-
Netherlands	501,736	885,705	-	-
United Kingdom	479,472	508,363	-	-
Italy	442,263	520,158	-	-
Spain	274,272	474,548	-	-
China	221,158	177,487	-	-
Sweden	211,862	278,151	-	-
United Arab Emirates	44,206	79,820	58,450	58,450
Other Countries	540,519	842,168	-	-
	9,215,110	8,191,270	16,120,977	16,338,163

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep-17	Sep-16
		Rupees in '000	
Subsidiaries	Sale of goods	343,352	611,239
	Commission paid	32,033	28,729
Associated Companies and other related parties	Purchase of goods	23,516	1,916
	Sale of goods	72	1,679
	Rent paid	19,699	13,682
	Fees paid	2,000	-
	Bills discounted	2,343,161	1,446,692
	Commission / Bank charges paid	12,983	9,632
	Mark up / Interest charged	1,472	4,282
	Provident fund contribution	38,353	33,634
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Sep-17	Jun-17
		Rupees in '000	
Subsidiaries and indirect subsidiaries	Trade and other payables	49,574	90,958
	Long term investment	58,450	58,450
	Trade debts	390,569	323,145
	Corporate guarantee issued in favour of subsidiary company	97,221	94,222
Associated companies and others related parties	Borrowings from Banks	587	457,000
	Trade and other payables - Creditors	9,339	2,870
	Payable to employee's provident fund	20,978	14,989
	Bank guarantee	699,226	767,125
	Accrued mark-up	664	3,566
	Loans to key management personnel & executive	57,509	55,972
	Trade debts	730	2,564
	Advances to suppliers	-	11,843
	Deposit with banks	37,712	30,019
	Prepaid rent	25,811	38,716

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending September 2017 amounting to Rs. 222 million (September 2016: Rs. 219 million) on account of remuneration.

15 FAIR VALUES

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

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

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from
- 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.

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 30, 2017 by the Board of Directors of the Company.

17 GENERAL

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

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

GUL AHMED TEXTILE MILLS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

**FOR THE FIRST QUARTER ENDED
30 SEPTEMBER, 2017**

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Balance Sheet
As at September 30, 2017

		Un-Audited September 2017	Audited June 2017
	Note	Rupees in thousand	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 ordinary shares of Rs.10 each		<u>4,000,000</u>	<u>4,000,000</u>
Share Capital 356,495,525 ordinary shares of Rs. 10 each		3,564,955	3,564,955
Reserves		7,730,731	7,630,703
		11,295,686	11,195,658
NON-CURRENT LIABILITIES			
Long term financing - Secured		6,838,250	7,146,403
Deferred liabilities			
Deferred taxation		316,420	316,420
Staff retirement benefits		25,104	31,033
		341,524	347,453
CURRENT LIABILITIES			
Trade and other payables		7,277,559	5,773,604
Accrued mark-up/profit		103,874	138,898
Short term borrowings		13,284,471	11,935,343
Current maturity of long term financing		987,775	678,511
Income tax payable		3,043	3,043
		21,656,722	18,529,399
CONTINGENCIES AND COMMITMENTS			
	8	<u>40,132,182</u>	<u>37,218,913</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	15,775,250	15,992,062
Intangible assets	10	81,900	85,876
Long term loans and advances		43,033	40,092
Long term deposits		192,476	195,249
Deferred taxation		-	98
		16,092,659	16,313,377
CURRENT ASSETS			
Stores, spare parts and loose tools		1,216,551	988,216
Stock-in-trade		14,976,590	12,661,087
Trade debts		2,944,788	3,640,608
Loans and advances		1,287,780	693,880
Short term prepayments		595,100	168,810
Other receivables		1,263,433	1,143,099
Tax refunds due from Government		577,155	648,960
Taxation - net		719,786	673,701
Cash and bank balances		458,340	287,175
		24,039,523	20,905,536
		<u>40,132,182</u>	<u>37,218,913</u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Profit And Loss Account
For the first quarter ended September 30, 2017

	Un-Audited	
	September	September
	2017	2016
	Rupees in thousand	
Sales	9,457,662	8,403,077
Cost of sales		
Opening stock of finished goods	9,924,947	11,490,136
Cost of goods manufactured	8,184,152	6,115,091
Purchases and processing charges	167,635	2,091,818
Closing stock of finished goods	(10,656,430)	(12,819,873)
	7,620,304	6,877,172
Gross profit	1,837,358	1,525,905
Distribution cost	894,093	793,700
Administrative expenses	609,093	583,375
Other operating expenses	8,422	-
	1,511,608	1,377,075
	325,750	148,830
Other income	50,830	55,900
Operating profit	376,580	204,730
Finance cost	224,635	233,170
Profit/(loss) before taxation	151,945	(28,440)
Taxation	57,396	59,794
Profit/(loss) after taxation	94,549	(88,234)
Earning/(loss) per share - basic and diluted (Rs.)	0.27	(0.25)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the first quarter ended September 30, 2017

	Un-Audited	
	September 2017	September 2016
	Rupees in thousand	
Profit/(loss) after taxation	94,549	(88,234)
Other comprehensive income for the period		
Items that will be reclassified to profit and loss account subsequently		
Exchange difference on translation of foreign subsidiaries	5,482	(402)
Total comprehensive income	100,031	(88,636)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Cash Flow Statement
For the first quarter ended September 30, 2017

	Un-Audited	
	September	September
	2017	2016
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	151,945	(28,440)
Adjustments for:		
Depreciation	452,992	308,746
Amortisation	2,854	1,798
Provision for gratuity	6,768	8,164
Finance cost	224,635	233,170
Provision for slow moving/obsolete items	1,962	3,661
Impairment allowance of doubtful trade debts	10,535	8,706
Unclaimed Liabilities written back	-	98
Net loss /(gain) on disposal of property plant and equipment	(23,101)	(10,141)
	676,645	554,202
Cash flows from operating activities before adjustments of working capital	828,590	525,762
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(230,297)	(116,512)
Stock-in-trade	(2,315,503)	(559,342)
Trade debts	685,285	(302,862)
Loans and advances	(593,900)	(231,113)
Short term prepayments	(426,290)	(6,237)
Other receivables	(120,334)	30,445
Tax refunds due from Government -net	71,805	339,844
	(2,929,234)	(845,777)
(Decrease) in current liabilities		
Trade and other payables	1,504,580	(60,157)
	(1,424,654)	(905,934)
	(596,064)	(380,172)
Adjustments for:		
Gratuity paid	(24,583)	(4,545)
Finance cost paid	(259,659)	(220,624)
Income tax paid	(103,579)	(156,213)
Increase in long term loans and advances	(2,941)	(13,091)
Increase in long term deposits	2,773	(34,941)
	(387,989)	(429,414)
Net cash used in operating activities	(984,053)	(809,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(261,882)	(1,696,294)
Addition to intangible assets	-	(524)
Proceeds from sale of property, plant and equipment	61,395	14,901
Net cash used in investing activities	(200,487)	(1,681,917)

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Cash Flow Statement
For the first quarter ended September 30, 2017

	Note	Un-Audited	
		September 2017	September 2016
		Rupees in thousand	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		137,630	945,545
Repayments of long term financing		(136,519)	(121,542)
Dividend paid		(16)	-
Net cash generated from financing activities		1,095	824,003
Exchange difference on translation of foreign activities		5,482	(402)
Net decrease in cash and cash equivalents		(1,177,963)	(1,667,902)
Cash and cash equivalents - at the beginning of the period		(11,648,168)	(12,526,827)
Cash and cash equivalents - at the end of the period	11	(12,826,131)	(14,194,729)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the first quarter ended September 30, 2017

For the first quarter ended September 30, 2017									
	Note	Share capital	Reserves					Subtotal Reserves	Total
			Capital reserve - Share Premium	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit		
----- Rupees in thousand -----									
Balance as at June 30, 2016 (Audited)		2,970,796	514,176	4,480,000	116,248	15,779	884,012	6,010,215	8,981,011
Total comprehensive income for the first quarter ended September 2016 (un-audited)									
Loss after taxation		-	-	-	-	-	(88,234)	(88,234)	(88,234)
Other comprehensive income		-	-	-	(402)	-	-	(402)	(402)
		-	-	-	(402)	-	(88,234)	(88,636)	(88,635)
Balance as at September 30, 2016 (Un-Audited)		2,970,796	514,176	4,480,000	115,846	15,779	795,778	5,921,579	8,892,377
Transfer to									
General reserve		-	-	500,000	-	-	(500,000)	-	-
Statutory reserve		-	-	-	-	2,281	(2,281)	-	-
		-	-	500,000	-	2,281	(502,281)	-	-
Transactions with owners									
Final dividend for the year ended June 30, 2016		-	-	-	-	-	(97,727)	(97,727)	(97,727)
Issuance of right shares		594,159	891,239	-	-	-	-	891,239	1,485,398
Total comprehensive income for the period October 01, 2016 to June 30, 2017									
Profit after taxation		-	-	-	-	-	918,323	918,323	918,323
Other comprehensive income		-	-	-	7,704	-	(10,415)	(2,711)	(2,711)
		-	-	-	7,704	-	907,908	915,612	915,612
Balance as at June 30, 2017		3,564,955	1,405,415	4,980,000	123,550	18,060	1,103,678	7,630,703	11,195,658
Total comprehensive income for the first quarter ended September 2017 (un-audited)									
Profit after taxation		-	-	-	-	-	94,549	94,549	94,549
Other comprehensive income		-	-	-	5,482	-	-	5,482	5,482
		-	-	-	5,482	-	94,549	100,031	100,031
Balance as at September 30, 2017 (Un-Audited)		3,564,955	1,405,415	4,980,000	129,032	18,060	1,198,227	7,730,734	11,295,686

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Information (Un-audited)
For the first quarter ended September 30, 2017

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.

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

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.

2 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated balance sheet of Gul Ahmed Textile Mills Limited, its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited and Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at September 30, 2017 and the related consolidated profit and loss account, consolidated cash flow statement 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 information of the Group for the first quater ended September 30, 2017 have been prepared in accordance with the requirements of the International Accounting Standards 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.

These condensed interim consolidated financial information comprise of the condensed interim consolidated balance sheet as at September 30, 2017 and the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity for the first quarter ended September 30, 2017.

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

These condensed interim consolidated financial information do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2017.

3 ACCOUNTING POLICIES

Accounting policies and method of computations adopted for the preparation of these condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2017.

4 FINANCIAL RISK MANAGEMENT

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2017.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated financial information requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2017.

6 TRADE AND OTHER PAYABLES

Trade and other payables include provision in respect of;

- a) Authority (OGRA) notification dated 30-12-2016 as was disclosed in note no 9.1.2 of the financial statements for the year ended June 30, 2017. Accordingly, the Group has provided banker's verified cheques of Rs. 248.941 million as security to Nazir of High Court Sindh and also, as a matter of prudence, full provision of Rs. 271.320 million (June 30, 2017: 237.857 million) in the consolidated condensed interim financial information.
- b) Charging of captive power tariff instead of Industry tariff rate to the Group as disclosed in note no 9.1.3 the financial statements for the year ended June 30, 2017, The Group in view of the uncertainties in such matter, full provision of Rs. 404.410 million (2017: Rs. 346.173 million) has been made in the consolidated financial statements.

7 Long term financing - Secured

	Un-Audited September 2017	Audited June 2017
	Rupees in thousand	
Opening balance	7,824,914	5,118,004
Add: Obtained during the period / year	137,633	3,427,770
Less: Repaid during the period / year	(136,522)	(720,860)
	7,826,025	7,824,914
Less: Current portion shown under current liabilities	(987,775)	(678,511)
	6,838,250	7,146,403

8 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2017, except as stated below, remained unchanged during the current period.

Gurantees

- (a) Guarantees issued by Bank on behalf of the Group as at period end for Rs. 768 million (June-2017: Rs. 767 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 699 million (June-2017: Rs. 698 million).
- (b) Post dated cheques Rs. 1,989 million (2017 : Rs. 1,406 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. 2,887 million (June-2017: Rs. 2,073 million).
- (d) Corporate guarantee of Rs. 97.221 million (2017: Rs. 94.222 million) has been issued to a bank by the Holding Company in favor of an indirect subsidiary Company - GTM (Europe) Limited - UK. .

Commitments

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

	Un-Audited September 2017	Audited June 2017
	Rupees in thousand	
- Capital expenditure	270,698	181,452
- Non capital expenditure items under letters of credits	3,035,253	1,442,653
	3,305,951	1,624,105

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

	Un-Audited September 2017	Audited June 2017
	Rupees in thousand	
Not more than one year	527,524	484,547
More than one year but not more than five years	1,539,714	1,593,683
More than five years	428,223	477,159
	2,495,461	2,555,389

9 PROPERTY, PLANT AND EQUIPMENT

Operating assets - net book value	9.1 & 9.2	15,616,205	13,680,577
Capital work in progress - at cost	9.4	159,044	2,311,485
		15,775,250	15,992,062

Un-Audited	
for the first quarter September 2017	for the first quarter September 2016
Rupees in thousand	

9.1 Additions during the period

Buildings and structures on leasehold land	530,910	360,434
Plant and machinery	1,864,805	31,831
Furniture and fixtures	1,153	210
Office equipment	6,961	22,148
Vehicles	10,511	22,175
	2,414,340	436,798

9.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 408.144 million, Rs. 1,022.411 million and Rs. 14.468 million (June-2017: Rs. 1,473 million, Rs. 2,915 million and Rs. .93 million).

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

Plant and machinery
Vehicles

Un-Audited	
for the first quarter	for the first quarter
September	September
2017	2016
Rupees in thousand	
22,484	-
4,339	4,760
26,823	4,760

9.2.1 Disposals include assets scrapped at Net Book Value during the period of Rs. Nil (June-17: Rs. 425 thousand).

9.3 Depreciation charge during the period**9.4 Additions - capital work in progress (at cost)**

Machinery
Building
Others

Un-Audited	
September	September
2017	2016
Rupees in thousand	
452,992	308,746
20,500	1,359,741
194,527	297,758
-	515
215,027	1,658,014

Note

Un-Audited	Audited
September	June
2017	2017
Rupees in thousand	

10 INTANGIBLE ASSETS

Intangible - net book value
Capital Work in Progress - Computer Software

10.1 & 10.2

37,911	41,887
43,989	43,989
81,900	85,876

10.1 Additions - intangibles (at cost)

Computer Software

10.2 Amortisation charge during the period

Un-Audited	
for the first quarter	for the first quarter
September	September
2017	2016
(Rs. 000s)	
-	524
2,854	1,798

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances
Short term borrowings

Un-Audited	
September	September
2017	2016
Rupees in thousand	
458,340	179,655
(13,284,471)	(14,374,384)
(12,826,131)	(14,194,729)

12 TAXATION

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

13 SEGMENT INFORMATION

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

- 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) **Processing, Home Textile and Apparel** Production of greiq fabric. Its processing into various types of fabrics for sale as well as manufacture and sale of made-ups and home textile products. These subsidiaries are also in the textile business reselling products to the ultimate customers, imported from Parent Group.

Transactions among the business segments are recorded at cost.

13.1 Segment profitability

	Spinning		Weaving		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	
	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016	Sep-2017	Sep-2016
	Rupees in thousand																	
Sales	2,340,646	1,631,760	505,046	3,584,029	9,283,694	7,911,932	221,990	218,040	256,418	491,151	105,219	113,855	9,595		(3,264,947)	(5,547,690)	9,457,662	8,403,077
Cost of sales	2,133,849	1,645,470	435,083	3,534,521	7,799,884	6,497,526	185,557	183,304	238,124	468,669	82,704	95,335	9,057		(3,263,954)	(5,547,653)	7,620,304	6,877,172
Gross profit	206,797	(13,710)	69,963	49,508	1,483,810	1,414,406	36,432	34,735	18,294	22,483	22,516	18,520	538		(993)	(37)	1,837,367	1,525,905
Distribution cost and administrative expenses	45,032	226,781	19,818	4,297	1,354,164	1,080,136	26,187	28,806	22,124	16,864	23,107	20,191	12,751		-	-	1,503,186	1,377,075
Profit/loss before tax and before charging the following	161,764	(240,491)	50,145	45,211	129,645	334,270	10,245	5,929	(3,830)	5,618	(592)	(1,671)	(12,213)		(993)	(37)	334,172	148,830
Other operating expenses																	8,422	-
Other income																	(50,830)	(55,900)
Finance cost																	224,635	233,170
Profit/(loss) before taxation																	182,227	177,270
Taxation																	151,945	(28,440)
Profit/(loss) after taxation																	57,396	59,794
Depreciation and Amortisation Expense	167,706	62,855	72,851	31,694	213,280	214,453	1,382	890	260	288	367	364					94,549	(88,234)
																	455,846	310,544

13.2 Segment assets and liabilities

	Spinning		Weaving		Processing, Home Textile and Apparel		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		GTM USA Corp.		Sky Home Corporation		Unallocated		Total Group	
	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017	Sep-2017	Jun-2017
	Rupees (000)																	
Assets	9,012,934	7,814,061	2,899,147	2,812,567	27,105,617	23,905,825	611,389	622,652	333,296	267,254	55,507	93,073	14,537	1,023	604,930	2,186,219	40,637,358	37,702,674
Elimination of intragroup balances																	(505,176)	(483,761)
																	40,132,182	37,218,913
Liabilities	3,934,913	3,379,543	1,680,109	1,683,482	9,568,797	5,600,130	282,829	298,433	301,043	239,630	73,563	94,752	8,222	130	13,422,512	15,141,600	29,271,989	26,437,700
Elimination of intragroup balances																	(435,493)	(414,445)
																	28,836,496	26,023,255
Segment Capital Expenditure	589,666	2,412,160	1,740,177	25,375	61,360	1,531,062	628	5,197	-	1,172	-	-	-	-	22,509	844,958	2,414,340	4,819,924

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

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

13.5 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.2,591 million (Sept-2016: Rs. 2,134 million).

13.6 Information by geographical area

	Revenue		Non-current assets	
	For the first quarter ended		Un-Audited	Audited
	(Un-audited)			
	Sep - 2017	Sep - 2016	Sep - 2017	Jun - 2017
	Rupees in thousand			
Pakistan	3,473,709	2,245,017	16,062,527	16,286,041
Germany	1,618,380	1,167,944	-	-
United States	928,071	708,776	8,868	7,248
France	506,271	325,580	-	-
Netherlands	501,736	885,705	2,253	4,076
United Kingdom	499,305	532,679	-	-
Italy	442,263	520,158	-	-
Spain	274,272	474,548	19,011	16,012
China	221,158	177,487		
Sweden	211,862	278,151		
United Arab Emirates	240,116	244,864		
Other Countries	540,519	842,168	-	-
Total	9,457,662	8,403,077	16,092,659	16,313,377

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep - 2017	Sep - 2016
		Rupees in thousand	
Associated Companies and other related parties	Purchase of goods	23,516	1,916
	Sale of goods	72	1,679
	Rent paid	19,699	13,682
	Fees paid	2,000	-
	Commission / Rebate	-	-
	Bills discounted	2,343,161	1,446,692
	Commission / Bank charges paid	12,983	9,632
	Mark up / Interest charged	1,472	4,282
	Provident fund contribution	38,353	33,634
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Sep - 2017	Jun - 2017
		Rupees in thousand	
Associated companies and others related parties	Borrowings from Banks	587	457,000
	Trade and other payables - Creditors	9,339	2,870
	Payable to employee's provident fund	20,978	14,989
	Bank guarantee	699,226	767,125
	Accrued mark-up	664	3,566
	Loans to key management personnel & executive	-	-
	Trade debts	57,509	60,566
	Advances to suppliers	730	2,564
	Deposits with banks	-	11,843
	Prepaid rent	37,712	30,019
		25,811	38,716

There are no transactions with directors of the Group and key management personnel other than those under the terms of employment for the period ending Sep-2017 amounting to Rs. 249 million (Sep-2016: Rs. 326 million) on account of remuneration.

15 FAIR VALUES

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

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

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

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

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 30, 2017 by the Board of Directors of the Group.

17 GENERAL

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

Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer