



Half Yearly Report

***Condensed Interim Financial Information
For The Half Year Ended December 31, 2014***

Company Information

BOARD OF DIRECTORS	<p>MOHOMED BASHIR ZAIN BASHIR MOHAMMED ZAKI BASHIR ZIAD BASHIR S.M. NADIM SHAFIQULLAH DR. AMJAD WAHEED ADNAN AFRIDI</p>	<p>- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive - Independent - Independent - Independent</p>
CHIEF FINANCIAL OFFICER	MOHAMMED SALEEM SATTAR	
COMPANY SECRETARY	MOHAMMED SALIM GHAFAR	
AUDIT COMMITTEE	<p>S.M. NADIM SHAFIQULLAH MOHOMED BASHIR ADNAN AFRIDI MOHAMMED SALIM GHAFAR</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
HUMAN RESOURCE AND REMUNERATION COMMITTEE	<p>MOHOMED BASHIR ZAIN BASHIR S.M. NADIM SHAFIQULLAH MOHAMMED SALIM GHAFAR</p>	<p>- Chairman & Member - Member - Member - Secretary</p>
BANKERS	<p>ALLIED BANK LIMITED BANK AL HABIB LIMITED ASKARI BANK LIMITED AL BARAKA BANK (PAKISTAN) LIMITED BARCLAYS BANK PLC PAKISTAN 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 STANDARD CHARTERED BANK (PAKISTAN) LIMITED UNITED BANK LIMITED</p>	
AUDITORS	<p>KRESTON HYDER BHIMJI & CO. Chartered Accountants</p>	
INTERNAL AUDITORS	<p>ANJUM ASIM SHAHID RAHMAN Chartered Accountants</p>	
LEGAL ADVISORS	<p>A.K. BROHI & CO ADVOCATES</p>	
REGISTERED OFFICE	<p>PLOT NO.82 MAIN NATIONAL HIGHWAY LANDHI, KARACHI-75120</p>	
SHARE REGISTRAR	<p>FAMCO ASSOCIATES (PRIVATE) LIMITED 8-F , NEXT TO HOTEL FARAN, NURSERY, BLOCK 6, P.E.C.H.S., SHAHRAH-E-FAISAL, KARACHI. PHONE NO. (+92-021) 34380101-5 FAX NO. (+92-021) 34380106</p>	
MILLS	<p>LANDHI INDUSTRIAL AREA KARACHI-75120</p>	
E-MAIL	finance@gulahmed.com	
URL	www.gulahmed.com	

Directors' Review

The Directors of Gul Ahmed Textile Mills Limited are pleased to present review of the affairs of the Company for the half year ended December 31, 2014.

Economic and Industrial overview

Decline of oil and commodity prices in international market have affected the world economy where certain countries like Turkey, Brazil, Russia have devalued their currencies. China, Japan and Euro Zone are already showing weak indicators of performance.

These factors have important implications for Pakistan's Economy. If the oil prices stay at current levels or fall further, the balance of payments position of Pakistan could improve, thus improving the foreign exchange reserves position. Cotton prices have also witnessed decline because of surplus world stocks and low import demand by China. Therefore, the average CPI inflation during July to December 2014 has come down to 6.1%. Food prices have also declined due to the better supply conditions as this year our crops were not affected by floods or rains. The State Bank of Pakistan has reduced the discount rate by 100 basis point to 8.5%.

Large Scale Manufacturing (LSM) growth has declined to 2.5% for the period July – November FY 2015 as compared to the corresponding period when the growth was 5.6%. Within the LSM, textile production growth has gone down to 0.7% from 1.9% as compared to the corresponding period.

Due to unfavorable PKR/USD parity, exports declined by 1.1% during July to December 2014 despite the GSP plus status granted to Pakistan. Decreasing cotton prices in international markets since June 2014 partially explain the contraction in exports. The value added textile products, reflecting the impact of GSP plus status, have increased by 21% despite the slowdown in EU.

Moreover, shortages of energy and security conditions are major obstacles contributing to decline of economic activity leading to lesser exports.

Financial Performance

Despite the tough business environment, your Company due to its strategy of increasing volumetric sales in order to lower its fixed overheads has been able to record a growth in sales by 4% over the corresponding period. Local sales are down due to lower yarn sales in the domestic market, as the Company is consuming internal yarn to maximize benefits of vertical integration.

After adjusting the loss before tax of the first quarter amounting to Rs. 126 million and loss after tax of Rs. 177 million, the Company has earned profit before tax of Rs. 321 million and Profit after tax for the period Rs. 252 million as compared to Rs. 672 million and Rs. 570 million, respectively in the previous period.

It is pertinent to note that performance in the second quarter from October to December 2014 shows a significant improvement both as compared to the first quarter of the current year i.e. July to September 2014 as well as the corresponding quarter of the previous year October to December 2013. Sales have increased by Rs. 2.9 billion (44%) as compared to July – September 2014 and Rs. 1 billion (12%) as compared to the October – December 2013. Profit after tax is Rs. 429 million as compared to the loss of Rs. 177 million in July – September 2014 and Rs. 414 million in the corresponding quarter from October – December 2013.

Similarly, earnings per share has increased to Rs. 1.10 as compared to Rs. - 0.77 (loss per share) in July – September 2014 and Rs. 1.82 in October – December 2013.

Description	Units	Jul-14 to Dec-14	Jul-13 to Dec-13
Export Sales	Rs. in millions	11,377	9,887
Local Sales	Rs. in millions	4,883	5,751
Total Sales	Rs. in millions	16,260	15,638
Gross Profit	Rs. in millions	2,740	2,943
Profit before tax (PBT)	Rs. in millions	321	672
Profit after tax (PAT)	Rs. in millions	252	570
EBITDA	Rs. in millions	1,507	1,840
EPS	Rupees	1.10	2.50
Debt to equity	Time	0.40	0.39
Current ratio	Time	1.06	1.05
Break-up-value per share	Rupees	29.89	26.25

Future Prospects

Going forward, we are optimistic that the export volumes of value added products under the GSP plus scheme will increase due to the falling input cost in coming months. The Company will also benefit from the recently announced Textile Policy 2014-2019, where markup rates on export refinance has been reduced by 1.5% to 6% and markup rate on long term finance facility has been reduced by 1.5% which will reduce the financing cost of future capital expenditures on plant and machinery.

We are endeavoring to maximize efficiencies and improve our services to the customers to achieve high standards of productivity. We expect sales and profit to improve further in the remaining six months of the current FY 2015.

The Company is optimistic in finding avenues for growth focusing to avail benefits under the GSP plus scheme. Not limited to this we strictly follow our strategy to expand and gain a competitive edge over our competitors. Your Company aims to execute best possible initiatives targeted towards key motivators and customers, through new business development and through effective cost and margin management

The outlook for the third and fourth quarters remains favorable. On the back of lower petroleum and utility prices we expect disposable income to rise. We expect a strong increase in sales in the domestic market which will help us in increasing both sales and profitability. In line with our previous outlook report we are still optimistic that the year end results will demonstrate increased sales and increased profitability over the previous year.

Consolidated Financial Statements

Consolidated financial statements for the half year ended December 31, 2014 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) - UAE, GTM (Europe) Limited - UK and GTM USA Corp. - USA are attached.

Acknowledgement

Directors acknowledge and appreciate the efforts of the employees and valuable support of the various Government Departments, Financial Institutions and our customers.

For and on behalf of the Board

Karachi
February 28, 2015

Mohammed Zaki Bashir
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **GUL AHMED TEXTILE MILLS LIMITED** ("the Company") as of December 31, 2014, and 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 together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review. The figures for the quarters ended December 31, 2014 and December 31, 2013 in the interim financial statement have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2014.

Scope of Review

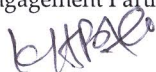
We conducted our review in accordance with the International Standard on Review engagements 2410, "Review of condensed Interim financial information Performed by the Independent Auditor of the Entity". A review of condensed Interim financial statement consists of making inquiries primarily of persons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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Shaikh Mohammad Tanvir



KARACHI Office:

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050-1-2, Fax: 92-21-35640053, E-mail: bhimji@cyber.net.pk, info-khi@hyderbhimji.com

LAHORE Office:

Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: info-lhr@hyderbhimji.com, hyderbhimjilahoreoffice@gmail.com

FAISALABAD Office:

206-1st Floor, Business Centre, New Civil Line, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com

www.hyderbhimji.com

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**Condensed Interim
Balance Sheet
As at December 31, 2014**

	Un-Audited	Audited
	December	June
Note	2014	2014
	Rupees in thousand	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 400,000,000 ordinary shares of Rs.10 each	4,000,000	4,000,000
Share capital (Number of Shares 228,522,773 June 2014: 182,818,218)	2,285,228	1,828,182
Reserves	4,230,000	3,580,000
Unappropriated profit	315,921	1,251,721
	6,831,149	6,659,903
NON-CURRENT LIABILITIES		
Long term financing - Secured	2,706,872	2,239,239
Deferred liabilities		
Deferred taxation - net	310,893	332,921
Staff retirement benefits	42,325	39,512
	353,218	372,433
CURRENT LIABILITIES		
Trade and other payables	4,766,560	6,303,992
Accrued mark-up/profit	272,834	177,164
Short term borrowings	11,799,961	7,829,770
Current maturity of long term financing	712,178	694,706
	17,551,533	15,005,632
CONTINGENCIES AND COMMITMENTS		
4	27,442,772	24,277,207
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,744,248	8,209,553
Intangible asset	14,760	20,365
Long term investment	58,450	58,450
Long term loans and advances	12,507	11,901
Long term deposits	83,741	81,034
	8,913,706	8,381,303
CURRENT ASSETS		
Stores, spare parts and loose tools	870,977	855,530
Stock-in-trade	12,457,883	11,914,365
Trade debts	2,957,929	1,366,694
Loans and advances	588,982	395,953
Short term prepayments	276,450	72,778
Other receivables	478,059	342,300
Tax refunds due from Government	520,694	653,481
Income tax refundable-payments less provision	255,597	179,849
Cash and bank balances	122,495	114,954
	18,529,066	15,895,904
	27,442,772	24,277,207

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim
Profit and Loss Account
For The Half Year Ended December 31, 2014**

	Un-Audited			
	Half year ended		Quarter ended	
	July to December	July to December	October to December	October to December
	2014	2013	2014	2013
	Rupees in thousand			
Sales	16,259,935	15,638,082	9,585,104	8,577,143
Cost of sales				
Opening stock of finished goods	8,658,343	6,832,592	9,291,714	7,829,288
Cost of goods manufactured	11,110,882	11,626,387	5,797,822	5,996,440
Purchases and processing charges	2,840,596	2,400,598	1,705,249	1,205,286
Closing stock of finished goods	(9,089,752)	(8,164,101)	(9,089,752)	(8,164,101)
	13,520,069	12,695,476	7,705,033	6,866,913
Gross profit	2,739,866	2,942,606	1,880,071	1,710,230
Distribution cost	1,019,509	807,936	563,278	459,726
Administrative expenses	736,138	627,904	366,617	321,519
Other operating expenses	24,208	153,728	24,199	138,320
	1,779,855	1,589,568	954,094	919,565
	960,011	1,353,038	925,977	790,665
Other income/(loss)	91,275	79,803	(28,178)	94,971
Operating profit	1,051,286	1,432,841	897,799	885,636
Finance cost	730,416	760,773	450,793	421,453
Profit before taxation	320,870	672,068	447,006	464,183
Provision for taxation				
- Current	90,693	99,239	39,736	46,928
- Deferred	(22,028)	2,784	(22,028)	2,784
	68,665	102,023	17,708	49,712
Profit after taxation	252,205	570,045	429,298	414,471
		Re-stated		Re-stated
Earnings per share - basic and diluted (Rs.)	1.10	2.50	1.88	1.82

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim
Statement of Comprehensive Income
For The Half Year Ended December 31, 2014**

	Un-Audited			
	Half year ended		Quarter ended	
	July to December	July to December	October to December	October to December
	2014	2013	2014	2013
	Rupees in thousand			
Profit after taxation	252,205	570,045	429,298	414,471
Other comprehensive income	-	-	-	-
Total comprehensive income	252,205	570,045	429,298	414,471

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim
Cash Flow Statement
For The Half Year Ended December 31, 2014**

	Un-Audited	
	December 2014	December 2013
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	320,870	672,068
Adjustments for:		
Depreciation	450,157	401,431
Amortisation	5,605	5,367
Provision for gratuity	18,552	13,667
Finance cost	730,416	760,773
Provision for slow moving/obsolete items	7,005	7,505
Provision for doubtful debts	15,413	15,862
Gain on sale of property, plant and equipment - net	(6,245)	(74,336)
	1,220,903	1,130,269
Cash flows from operating activities before adjustments of working capital	1,541,773	1,802,337
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(22,453)	(131,583)
Stock-in-trade	(543,518)	(2,613,240)
Trade debts	(1,606,648)	(106,983)
Loans and advances	(193,029)	(218,327)
Short term prepayments	(203,672)	(178,025)
Other receivables	(135,759)	(32,270)
Tax refunds due from Government	132,787	(285,510)
	(2,572,292)	(3,565,938)
(Decrease) in current liabilities		
Trade and other payables	(1,537,432)	(450,078)
	(4,109,724)	(4,016,016)
Cash used in operations	(2,567,951)	(2,213,679)
Adjustments for:		
Gratuity paid	(15,739)	(9,277)
Finance cost paid	(634,746)	(649,089)
Income tax (paid)/refund	(166,441)	2,887
Increase in long term loans and advances	(606)	(3,842)
Increase in long term deposits	(2,707)	(15,716)
	(820,239)	(675,037)
Net cash used in operating activities	(3,388,190)	(2,888,716)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(994,485)	(906,950)
Addition to intangible assets	-	(8,488)
Proceeds from sale of property, plant and equipment	15,878	85,125
Net cash used in investing activities	(978,607)	(830,313)

**Condensed Interim
Cash Flow Statement
For The Half Year Ended December 31, 2014**

		Un-Audited	
	Note	December 2014	December 2013
Rupees in thousand			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		824,064	516,073
Repayments of long term financing		(338,958)	(296,366)
Dividend paid		(80,959)	-
Net cash generated from financing activities		404,147	219,707
Net decrease in cash and cash equivalents		(3,962,650)	(3,499,322)
Cash and cash equivalents - at the beginning of the period		(7,714,816)	(8,188,495)
Cash and cash equivalents - at the end of the period	7	(11,677,466)	(11,687,817)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer



**Condensed Interim
Statement of Changes in Equity
For The Half Year Ended December 31, 2014**

	Share Capital	Revenue reserve	Un-appropriated profit	Total
	Rupees in thousand			
Balance as at June 30, 2013	1,523,486	3,180,000	725,016	5,428,502
Transfer to revenue reserve	-	400,000	(400,000)	-
Transaction with owners				
Issue of Bonus shares	304,696	-	(304,696)	-
Total comprehensive income				
Profit after taxation for the half year ended December 31, 2013	-	-	570,045	570,045
Other comprehensive income	-	-	-	-
	-	-	570,045	570,045
Balance as at December 31, 2013	1,828,182	3,580,000	590,365	5,998,547
Total comprehensive income				
Profit after taxation for the period from January, 2014 to June 30, 2014	-	-	664,753	664,753
Other comprehensive income	-	-	(3,397)	(3,397)
	-	-	661,356	661,356
Balance as at June 30, 2014	1,828,182	3,580,000	1,251,721	6,659,903
Transfer to revenue reserve	-	650,000	(650,000)	-
Transaction with owners				
Dividend paid	-	-	(80,959)	(80,959)
Issue of Bonus shares	457,046	-	(457,046)	-
Total comprehensive income				
Profit after taxation for the half year ended December 31, 2014	-	-	252,205	252,205
Other comprehensive income	-	-	-	-
	-	-	252,205	252,205
Balance as at December 31, 2014	2,285,228	4,230,000	315,921	6,831,149

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Notes to the Condensed Interim
Financial Statements (Un-audited)
For The Half Year Ended December 31, 2014**

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, converted into public limited company on January 07, 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. The Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

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

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 67.45% shares of the Company.

2 BASIS OF PREPERATION

These condensed interim financial information of the Company for the half year ended December 31, 2014 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 financial information comprise of the condensed interim balance sheet as at December 31, 2014 and the 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 for the half year ended December 31, 2014 which have been subjected to a review in accordance with the listing regulations but not audited.

The comparatives balance sheet, presented in these condensed interim financial information, as at June 30, 2014 has been extracted from the audited financial statements of the Company for the year ended June 30, 2014, whereas the comparative 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 for the half year ended December 31, 2014 have been extracted from the condensed interim financial information of the Company for the half year then ended December 31, 2013, which were subjected to a review but not audited.

3 ACCOUNTING POLICIES

Same accounting policies and methods of computation are adopted for the preparation of these condensed interim financial information as those applied in the preparation of financial statements for the year ended June 30, 2014.

4 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2014 except as stated below, remained unchanged during the current period.

In the matter of the Gas Infrastructure Development Cess (GIDC) disclosed in the note no 13.5 of the financial statements for the year ended June 30, 2014: the Government of Pakistan during the period under review has promulgated the Gas Infrastructure Development Cess Ordinance 2014 against which the Company has filed suit in the Honorable Sindh High Court and the Honorable Sindh High Court has issued stay against the recovery of GIDC. Further as the Company is confident that the case will be decided in favor of the Company so no provision in this respect is made in these Financial Statements which amounts to Rs. 794 million.



Guarantees

- (a) The guarantees issued by banks on behalf of company as at period end for Rs. 646 million (June-2014: Rs. 636 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 577 million (June-2014: Rs. 567 million).
- (b) Post dated cheques Rs. 510 million (June-2014: Rs. 535 million) issued to various Government Agencies.
- (c) Bills discounted Rs. 2,362 million (June-2014: Rs. 2,900 million).
- (d) Corporate guarantee of Rs. 100 million (June-2014: Rs. 109 million) has been issued to a bank in favour of subsidiary company.

Commitments

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

	Un-Audited	Audited
	December	June
	2014	2014
	Rupees in thousand	
Capital expenditure	453,328	468,557
Non capital expenditure items under letters of credits	1,235,144	2,220,970
	1,688,472	2,689,527

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

	Un-Audited	Audited
	December	June
	2014	2014
	Rupees in thousand	
Not more than one year	365,190	323,120
More than one year but not more than five years	1,432,029	1,242,552
More than five years	881,236	730,377
	2,678,455	2,296,049

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets

Operating assets - net book value	5.1, 5.2 & 5.3	8,393,628	7,712,257
Capital work in progress - at cost	5.4 & 5.1.1	350,620	497,296
		8,744,248	8,209,553

	Un-Audited	
	Half year ended	Half year ended
	December 31, 2014	December 31, 2013
	Rupees in thousand	
5.1 Additions during the period		
Buildings and structures on leasehold land	340,727	30,184
Plant and machinery	719,192	827,613
Furniture and fixtures	631	17,248
Office equipment	27,650	1,012
Vehicles	52,961	81,898
	1,141,161	957,955

5.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 301.457 million, Rs. 679.819 and Rs. 4.770 million respectively. (Dec-2013: 742.726 million, Rs. 28.671 million and Rs.1.082 million respectively).

	Un-Audited	
	Half year ended	Half year ended
	December 31, 2014	December 31, 2013
	Rupees in thousand	
5.2 Disposals - operating fixed assets (at net book value)		
Buildings and structures on leasehold land	-	6,543
Plant and machinery	268	1,519
Vehicles	9,867	2,727
	10,135	10,789
5.3 Depreciation charge during the period	450,157	401,431

5.4 Additions - capital work in progress (at cost)

Machinery	585,678	654,260
Building	247,537	65,249
Others	6,155	4,965
	839,370	724,474
	Un-Audited	Audited
	December	June
	2014	2014
	Rupees in thousand	

6 INTANGIBLE ASSET

6.1 Intangible - net book value	14,760	20,365
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	Un-Audited	
	Half year ended	Half year ended
	December 31, 2014	December 31, 2013
	Rupees in thousand	

6.2 Additions - intangibles (at cost)

Computer Software	-	8,488
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6.3 Amortization charge during the period

Un-Audited	
Half year ended December 31, 2014	Half year ended December 31, 2013
Rupees in thousand	
<u>5,605</u>	<u>5,367</u>

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of:

Cash and bank balances	122,495	218,961
Short term borrowings	<u>(11,799,961)</u>	<u>(11,906,778)</u>
	<u>(11,677,466)</u>	<u>(11,687,817)</u>

8 SEGMENT INFORMATION

The Company has the following two reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
- b) **Processing :** Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of made-up and home textile products.

Transactions among the business segments are recorded at cost.

8.1 Segmental profitability

	Spinning		Processing		Elimination Of Inter Segment Transaction		Total Company	
	-----For the half year ended (Un-audited)-----							
	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013
	Rupees in thousand							
Sales	4,718,007	5,310,748	14,291,667	12,209,549	(2,749,739)	(1,882,215)	16,259,935	15,638,082
Cost of Sales	4,487,219	4,880,807	11,782,589	9,696,884	(2,749,739)	(1,882,215)	13,520,069	12,695,476
Gross Profit	230,788	429,941	2,509,078	2,512,665	-	-	2,739,866	2,942,606
Distribution and Administrative expenses	99,630	131,737	1,656,017	1,304,103	-	-	1,755,647	1,435,840
Profit before tax and before charging following	131,158	298,204	853,061	1,208,562	-	-	984,219	1,506,766
Financial charges							730,416	760,773
Other operating expenses							24,208	153,728
Other income							(91,275)	(79,803)
							663,349	834,698
Profit Before Tax							320,870	672,068
Taxation							68,665	102,023
Profit after tax							252,205	570,045

8.2 Segment assets and liabilities

	Spinning		Processing		Unallocated		Total Company	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Dec - 2014	Jun - 2014	Dec - 2014	Jun - 2014	Dec - 2014	Jun - 2014	Dec - 2014	Jun - 2014
	Rupees in thousand							
Assets	5,770,531	5,134,995	18,847,627	16,305,487	2,824,614	2,836,725	27,442,772	24,277,207
Liabilities	1,125,355	2,032,155	6,120,144	5,729,788	13,366,124	9,855,361	20,611,623	17,617,304

8.3 Unallocated items represent those assets, liabilities, income and expenses which are common to all segments and investment in subsidiaries.

8.4 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 5,663 million (Dec-2013: Rs. 4,091 million).

8.5 Information by geographical area

	Revenue		Non-current assets	
	Un-Audited		Un-Audited	Audited
	Dec - 2014	Dec - 2013	Dec - 2014	Jun - 2014
	Rupees in thousand			
Pakistan	5,068,005	5,533,892	8,855,256	8,322,853
Germany	3,135,995	2,618,847	-	-
United Kingdom	1,000,909	1,131,951	-	-
United States	1,656,037	1,217,110	-	-
China	962,311	1,221,942	-	-
Netherland	1,052,125	632,599	-	-
France	972,632	739,564	-	-
Brazil	85,128	177,604	-	-
United Arab Emirates	39,740	82,120	58,450	58,450
Other Countries	2,287,053	2,282,453	-	-
	16,259,935	15,638,082	8,913,706	8,381,303

9 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 carries out transaction with various related parties.

Relationship with the Company	Nature of transactions	Un-Audited	
		Dec - 2014	Dec - 2013
		Rupees in thousand	
Subsidiaries	Sale of goods	94,723	81,228
	Commission paid	67,438	-
Associated Companies and other related parties	Purchase of goods	25,436	51,412
	Sale of goods	2,156	-
	Rent paid	3,900	3,600
	Fees paid	1,500	1,250
	Commission / Rebate	3,814	1,679
	Donation paid	3,000	-
	Bills discounted	1,133,906	1,562,634
	Commission / Bank charges paid	16,040	20,449
	Mark up / Interest charged	40,047	45,659
	Provident fund contribution	42,767	32,436
	Dividend paid	147	-
Relationship with the Company	Nature of outstanding balances	Un-Audited	Audited
		Dec - 2014	Jun- 2014
		Rupees in thousand	
Subsidiaries	Corporate guarantee issued in favour of Subsidiary Company	100,343	109,398
	Trade & other payable	-	17,517
	Long term investment	58,450	58,450
	Trade & other receivable	93,712	40,558
Associated companies and others related parties	Deposit with bank	27,641	3,504
	Borrowing from bank	1,046,346	1,213,072
	Bank guarantee	577,241	567,241
	Trade & other payable	4,068	11,284
	Trade & other receivable	440	-
	Accrued Mark up	17,390	18,619
	Advances to suppliers	1,270	4,763
	Loans to key management personnel & executives	18,594	15,680
	Payable to employees' provident fund	6,692	9,016

There are no transactions with directors of the Company and key management personnel other than those under the terms of employment for the period ending Dec-2014 amounting to Rs. 306 million (Dec-2013: Rs. 252 million) on account of remuneration.

10 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 28, 2015 by the Board of Directors of the Company.

11 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.

12 CORRESPONDING FIGURES

For better presentation, reclassification made in financial statements is as follows:

<u>Reclassification from component</u>	<u>Reclassification to component</u>	Amount Rupees in thousand
Sales	Financial Charges	
Export Sales	Bank charges	25,131
Distribution cost	Cost of goods manufactured	
Freight and shipment expenses	Other manufacturing expenses	5,685

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer



Consolidated Accounts

***Consolidated Condensed Interim Financial Information
For The Half Year Ended December 31, 2014***

**Condensed Interim Consolidated
Balance Sheet
As at December 31, 2014**

	Note	Un-Audited December 2014	Audited June 2014
Rupees in thousand			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 400,000,000 ordinary shares of Rs.10 each		<u>4,000,000</u>	<u>4,000,000</u>
Share capital 228,522,773 ordinary shares (2014: 182,818,218) of Rs. 10 each		<u>2,285,228</u>	1,828,182
Reserves		<u>4,349,717</u>	3,688,803
Unappropriated profit		<u>381,126</u>	1,336,209
		<u>7,016,071</u>	6,853,194
NON-CURRENT LIABILITIES			
Long term financing		2,706,872	2,239,239
Deferred Liabilities			
Deferred taxation - net		<u>316,908</u>	338,936
Staff retirement benefits		<u>46,609</u>	44,816
		<u>363,517</u>	383,752
CURRENT LIABILITIES			
Trade and other payables		<u>4,876,093</u>	6,428,420
Accrued mark-up/profit		<u>272,834</u>	177,164
Short term borrowings		<u>11,799,961</u>	7,829,770
Current maturity of long term financing		<u>712,178</u>	694,706
		<u>17,661,066</u>	15,130,060
CONTINGENCIES AND COMMITMENTS			
	4	<u>27,747,526</u>	<u>24,606,245</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>8,755,631</u>	8,217,907
Intangible asset	6	<u>17,898</u>	24,020
Long term loans and advances		<u>12,507</u>	11,901
Long term deposits		<u>83,741</u>	81,034
		<u>8,869,777</u>	8,334,862
CURRENT ASSETS			
Stores, spare parts and loose tools		<u>870,977</u>	855,530
Stock-in-trade		<u>12,609,388</u>	12,129,702
Trade debts		<u>3,121,331</u>	1,482,683
Loans and advances		<u>597,756</u>	404,734
Short term prepayments		<u>293,826</u>	95,018
Other receivables		<u>427,764</u>	346,027
Tax refunds due from government		<u>521,744</u>	655,664
Income tax refundable - payment less provision		<u>255,597</u>	177,812
Cash and bank balances		<u>179,366</u>	124,213
		<u>18,877,749</u>	16,271,383
		<u>27,747,526</u>	<u>24,606,245</u>

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim Consolidated
Profit And Loss Account
For The Half Year Ended December 31, 2014**

	Un-Audited			
	Half year ended		Quarter ended	
	July to December	July to December	October to December	October to December
	2014	2013	2014	2013
	Rupees in thousand			
Sales	16,719,186	15,941,428	9,793,889	8,741,791
Cost of sales				
Opening stock of finished goods	8,873,680	6,947,622	9,472,142	7,950,550
Cost of goods manufactured	11,110,882	11,626,387	5,797,822	5,996,440
Purchases and processing charges	3,074,085	2,634,246	1,812,311	1,345,472
Closing stock of finished goods	(9,241,257)	(8,308,416)	(9,241,257)	(8,308,416)
	13,817,390	12,899,839	7,841,018	6,984,046
Gross profit	2,901,796	3,041,589	1,952,871	1,757,745
Distribution cost	1,042,947	821,002	572,823	464,439
Administrative expenses	876,112	745,921	437,125	379,528
Other operating expenses	24,208	153,847	24,199	138,322
	1,943,267	1,720,770	1,034,147	982,289
	958,529	1,320,819	918,724	775,456
Other income/(loss)	91,275	79,803	(28,178)	94,971
Operating profit	1,049,804	1,400,622	890,546	870,427
Finance cost	748,107	770,849	455,462	423,410
Profit before taxation	301,697	629,773	435,084	447,017
Provision for taxation				
- Current	90,803	99,326	39,736	46,930
- Deferred	(22,028)	2,784	(22,028)	2,784
	68,775	102,110	17,708	49,714
Profit after taxation	232,922	527,663	417,376	397,303
Earning per share - basic and diluted (Rs.)	1.02	Re-stated 2.31	1.83	Re-stated 1.74

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim Consolidated
Statement of Comprehensive Income
For The Half Year Ended December 31, 2014**

	Un-Audited			
	Half year ended		Quarter ended	
	July to	July to	October to	October to
	December	December	December	December
	2014	2013	2014	2013
	Rupees in thousand			
Profit after taxation	232,922	527,663	416,876	397,303
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit and loss	-	-	-	-
Foreign currency translation differences				
- Foreign operations	10,914	22,277	(2,379)	251
Total comprehensive income	243,836	549,940	414,497	397,554

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer



**Condensed Interim Consolidated
Cash Flow Statement
For The Half Year Ended December 31, 2014**

	Un-Audited	
	December 2014	December 2013
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	301,697	629,773
Adjustments for:		
Depreciation	452,862	405,266
Amortisation	6,122	6,481
Provision for gratuity	18,552	11,868
Finance cost	748,107	770,849
Provision for slow moving/obsolete items	7,005	7,505
Provision for doubtful debts	15,413	15,862
Gain on sale of property, plant and equipment-net	(6,245)	(74,217)
	1,241,816	1,143,614
Cash flows from operating activities before adjustments of working capital	1,543,513	1,773,387
Changes in working capital:		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(22,453)	(131,584)
Stock-in-trade	(479,686)	(2,639,448)
Trade debts	(1,654,061)	(79,701)
Loans and advances	(193,022)	(212,737)
Short term prepayments	(198,808)	(157,935)
Other receivables	(81,736)	(32,890)
Tax refunds due from government	133,920	(285,545)
	(2,495,846)	(3,539,840)
Decrease in current liabilities		
Trade and other payables	(1,552,328)	(425,442)
	(4,048,174)	(3,965,282)
Cash used in operations	(2,504,661)	(2,191,895)
Adjustment for:		
Gratuity paid	(16,759)	(9,277)
Finance cost paid	(652,437)	(659,165)
Income tax (paid)/refund	(168,588)	2,481
Increase in long term loans and advances	(606)	(3,842)
Increase in long term deposits	(2,707)	(15,716)
	(841,097)	(685,519)
Net cash used in operating activities	(3,345,758)	(2,877,414)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(1,000,219)	(908,661)
Addition to intangible assets	-	(8,980)
Proceeds from sale of property, plant and equipment	15,878	85,322
Net cash used in investing activities	(984,341)	(832,319)

**Condensed Interim Consolidated
Cash Flow Statement
For The Half Year Ended December 31, 2014**

		Un-Audited	
	Note	December 2014	December 2013
		Rupees in thousand	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		824,064	516,073
Repayments of long term financing		(338,958)	(296,366)
Dividend paid		(80,959)	-
Net cash generated from financing activities		404,147	219,707
Exchange difference on translation of foreign subsidiaries		10,914	22,277
Net decrease in cash and cash equivalents		(3,915,038)	(3,467,748)
Cash and cash equivalents - at the beginning of the period		(7,705,557)	(8,181,059)
Cash and cash equivalents - at the end of the period	7	(11,620,595)	(11,648,807)

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

**Condensed Interim Consolidated
Statement of Changes In Equity
For The Half Year Ended December 31, 2014**

	Share capital	Revenue reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve	(Accumulated loss) / Unappropriated profit	Total
Rupees in thousand						
Balance as at June 30, 2013	1,523,486	3,180,000	78,156	10,355	824,837	5,616,834
Transfer from revenue reserve	-	400,000	-	-	(400,000)	-
Transaction with owners						
Issue of Bonus shares	304,696	-	-	-	(304,696)	-
Total comprehensive income						
Profit after taxation for the half year ended December 31, 2013	-	-	-	-	527,663	527,663
Other comprehensive income	-	-	22,277	-	-	22,277
	-	-	22,277	-	527,663	549,940
Balance as at December 31, 2013	1,828,182	3,580,000	100,433	10,355	647,804	6,166,774
Transaction with owners						
Transfer to statutory reserve	-	-	-	1,546	(1,546)	-
Total comprehensive income						
Profit after taxation for the period from January, 2014 to June 30, 2014	-	-	-	-	693,348	693,348
Other comprehensive income	-	-	(3,531)	-	(3,397)	(6,928)
	-	-	(3,531)	-	689,951	686,420
Balance as at June 30, 2014	1,828,182	3,580,000	96,902	11,901	1,336,209	6,853,194
Transfer to revenue reserve	-	650,000	-	-	(650,000)	-
Transaction with owners						
Issue of Bonus shares	457,046	-	-	-	(457,046)	-
Dividend paid	-	-	-	-	(80,959)	(80,959)
Total comprehensive income						
Profit after taxation for the half year ended December 31, 2014	-	-	-	-	232,922	232,922
Other comprehensive income	-	-	10,914	-	-	10,914
	-	-	10,914	-	232,922	243,836
Balance as at December 31, 2014	2,285,228	4,230,000	107,816	11,901	381,126	7,016,071

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

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited) For The Half Year Ended December 31, 2014

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

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. is a wholly owned subsidiary of GTM (Europe) Limited.

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

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 67.45% shares of the Company.

1.2 Basis of consolidation

The financial statements include the financial statements 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 companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiaries' share capital. Material intra-group balances and transactions are eliminated.

2 BASIS OF PREPARATION

The consolidated accounts 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) and GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, as at December 31, 2014 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 consolidated condensed interim financial information of the Group for the half year ended December 31, 2014 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 consolidated condensed interim financial information comprise of the consolidated condensed interim balance sheet as at December 31, 2014 and the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity for the half year ended December 31, 2014.

The comparatives balance sheet, presented in these consolidated condensed interim financial information, as at June 30, 2014 has been extracted from the audited financial statements of the Group for the year ended June 30, 2014 whereas the comparative consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity for the half year ended December 31, 2014 have been extracted from the consolidated condensed interim financial information of the Group for the half year ended December 31, 2013.

3 ACCOUNTING POLICIES

Accounting policies and method of computations adopted for the preparation of these consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2014.

4 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2014 except as stated below, remained unchanged during the current period.

In the matter of the Gas Infrastructure Development Cess (GIDC) disclosed in the note no 13.5 of the financial statements for the year ended June 30, 2014: the Government of Pakistan during the period under review has promulgated the Gas Infrastructure Development Cess Ordinance 2014 against which the Company has filed suit in the Honorable Sindh High Court and the Honorable Sindh High Court has issued stay against the recovery of GIDC. Further as the Company is confident that the case will be decided in favor of the Company so no provision in this respect is made in these Financial Statements which amounts to Rs. 794 million.

Guarantees

- (a) Guarantees issued by Bank on behalf of the Group as at period end for Rs. 646 million (June-2014: Rs. 636 million) were outstanding. These guarantees includes guarantees issued by related party amounting to Rs. 577 million (June-2014: Rs. 567 million).
- (b) Post dated cheques Rs. 510 million (June-2014: Rs.535 million) issued to various Government Agencies.
- (c) Bills discounted Rs. 2,362 million (June-2014: Rs. 2,927 million).
- (d) Corporate guarantee of Rs. 100 million (June-2014: Rs. 109 million) has been issued to a bank in favour of subsidiary company.



Commitments

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

	Un-Audited	Audited
	December	June
	2014	2014
	Rupees in thousand	
- Capital expenditure	453,328	468,557
- Non capital expenditure items under letters of credits	1,235,144	2,220,970
	1,688,472	2,689,527

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

	Un-Audited	Audited
	December	June
	2014	2014
	Rupees in thousand	
Not more than one year	365,190	323,120
More than one year but not more than five years	1,432,029	1,242,552
More than five years	881,236	730,377
	2,678,455	2,296,049

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets - net book value	5.1 & 5.2	8,405,011	7,720,611
Capital work in progress - at cost	5.4 & 5.1.1	350,620	497,296
		8,755,631	8,217,907

5.1 Additions during the period

	Un-Audited	
	Half year ended	Half year ended
	December 31,	December 31, 2013
	2014	
	Rupees in thousand	
Buildings and structures on leasehold land	340,727	30,184
Plant and machinery	719,192	827,614
Office equipment	27,821	17,319
Furniture and fixtures	6,194	1,380
Vehicles	52,961	83,171
	1,146,895	959,668

5.1.1 Additions to building and structure on leasehold land, plant and machinery and others include transfers from capital work-in-progress amounting to Rs. 301.457 million, Rs. 679.819 and Rs. 4.770 million respectively. (Dec-2013: 742.726 million, Rs. 28.671 million and Rs.1.082 million respectively).

			Un-Audited	
			Half year ended December 31, 2014	Half year ended December 31, 2013
			Rupees in thousand	
5.2 Disposals - operating fixed assets (at net book value)				
Leasehold land			-	6,543
Plant and machinery			268	1,519
Vehicles			9,867	3,043
			10,135	11,105
5.3 Depreciation charge during the period			452,862	405,266
5.4 Additions - capital work in progress (at cost)				
Machinery			585,678	654,260
Building			247,537	65,249
Others			6,155	4,965
			839,370	724,474
6 INTANGIBLE ASSET			Un-Audited	Audited
			December 31, 2014	June 30, 2014
			Rupees in thousand	
6.1 Intangible - net book value	6.2 & 6.3		17,898	24,020
			Un-Audited	
			Half year ended December 31, 2014	Half year ended December 31, 2013
			Rupees in thousand	
6.2 Additions - intangibles (at cost)				
Computer Software			-	8,980
6.3 Amortisation charge during the period			6,122	6,481
			Un-Audited	
			Half year ended December 31, 2014	Half year ended December 31, 2013
			Rupees in thousand	
7 CASH AND CASH EQUIVALENTS				
Cash and bank balances			179,366	257,971
Short term borrowings			(11,799,961)	(11,906,778)
			(11,620,595)	(11,648,807)

8 SEGMENT INFORMATION

The Group has the following three reportable business segments:

- a) **Spinning:** Production of different qualities of yarn using both natural and artificial fibers
- b) **Processing:** Production of greige fabric, its processing into various types of fabrics for sale as well as manufacture and sale of madeups and home textile products.
- c) **Overseas subsidiaries:** These subsidiaries are also in the textile business reselling product to the ultimate customers, imported from Parent Company

Transactions among the business segments are recorded at cost.

8.1 Segmental Profitability

	SPINNING		PROCESSING		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		ELIMINATION OF INTER SEGMENT TRANSACTION		TOTAL COMPANY	
	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013	Dec - 2014	Dec - 2013
Rupees in thousand														
Sales	4,718,007	5,310,748	14,291,667	12,209,549	371,934	352,422	41,966	18,965	133,394	12,468	(2,837,782)	(1,962,724)	16,719,186	15,941,428
Cost of Sales	(4,487,219)	(4,880,807)	(11,782,589)	(9,696,884)	(288,457)	(275,541)	(834)	(20)	(106,094)	-	2,847,803	1,953,413	(13,817,390)	(12,899,839)
Gross Profit	230,788	429,941	2,509,078	2,512,665	83,477	76,881	41,132	18,945	27,300	12,468	10,021	(9,311)	2,901,796	3,041,589
Distribution and Administrative expenses	99,630	131,737	1,656,017	1,304,103	66,830	59,909	51,463	50,260	45,118	20,914	1	-	1,919,059	1,566,923
Profit before tax and before charging following	131,158	298,204	853,061	1,208,562	16,647	16,972	(10,331)	(31,315)	(17,818)	(8,446)	10,020	(9,311)	982,737	1,474,666
Financial charges													748,107	770,849
Other operating expenses													24,208	153,847
Other Income													(91,275)	(79,803)
													681,040	844,893
Profit Before Taxation													301,697	629,773
Taxation													68,775	102,110
Profit after taxation													232,922	527,663

8.2 Segment assets and liabilities

	Spinning		Processing		Gul Ahmed International Limited FZC- UAE		GTM (Europe) Limited UK		GTM USA Corp.		UNALLOCATED		Total Company	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014	Dec - 2014	Jun- 2014
Rupees in thousand														
Assets	5,770,531	5,134,995	18,726,262	16,175,646	360,658	408,213	47,000	16,823	18,461	33,843	2,824,614	2,836,725	27,747,526	24,606,245
Liabilities	1,125,355	2,032,155	6,120,144	5,666,176	109,307	189,315	9,085	7,976	1,440	2,067	13,366,124	9,855,362	20,731,455	17,753,051

8.3 Unallocated items represent those assets, liabilities income and expenses which are common to all segments and investment in subsidiaries.

8.4 Information about major customers

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs. 5,663 million (Dec-2013: Rs. 4,091 million).

8.5 Information by geographical area

	Revenue		Non-current assets	
	Un-Audited		Un-Audited	Audited
	December 2014	December 2013	December 2014	June 2014
	Rupees in thousand			
Pakistan	5,135,443	5,542,472	8,855,256	8,322,853
Germany	3,135,995	2,618,847	-	-
United Kingdom	1,002,300	1,116,310	1,675	2,018
United States	1,695,805	1,211,778	5,275	72
China	962,311	1,221,942	-	-
Netherland	1,052,125	632,599	-	-
France	972,632	739,564	-	-
Brazil	85,128	177,604	-	-
United Arab Emirates	390,394	397,859	7,571	9,919
Other Countries	2,287,053	2,282,453	-	-
Total	16,719,186	15,941,428	8,869,777	8,334,862

9 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 carries out transaction with various related parties.

Relationship with the Company	Nature of transactions	Un-Audited	
		Dec - 2014	Dec - 2013
		Rupees in thousand	
Associated Companies and Other related parties	Purchase of goods	25,436	51,412
	Sales of goods	2,156	-
	Rent paid	3,900	3,600
	Fees paid	1,500	1,250
	Commission / Rebate	3,814	1,679
	Donation paid	3,000	-
	Bills discounted	1,133,906	1,562,634
	Commission / bank charges paid	16,040	20,449
	Mark up / interest charged	40,047	45,659
	Provident fund contribution	42,767	32,436
	Dividend paid	147	-
Relationship with the Company	Nature of Outstanding Balances	Un-Audited	Audited
		Dec - 2014	Jun- 2014
		Rupees in thousand	
Associated companies and others related parties	Deposit with bank	27,641	3,504
	Borrowing from Bank	1,046,346	1,213,072
	Bank guarantee	577,241	567,241
	Trade & other payables	4,068	11,284
	Trade & other receivable	440	-
	Accrued mark up	17,390	18,619
	Advances to suppliers	1,270	4,763
	Loans to key management personnel & executives	18,594	15,680
	Payable to employees' provident fund	6,692	9,016

There are no transactions with directors of the Group and key management personnel other than those under the terms of employment for the period ended Dec-2014 amounting to Rs. 316 million (Dec-2013: Rs. 291 million).

10 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 28, 2015 by the Board of Directors of the Group.

11 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.

12 CORRESPONDING FIGURES

For better presentation, reclassification made in the financial statements is as follows:

<u>Reclassification from component</u>	<u>Reclassification to component</u>	Amount Rupees in thousand
Sales	Financial Charges	
Export Sales	Bank charges	25,131
Distribution cost	Cost of goods manufactured	
Freight and shipment expenses	Other manufacturing expenses	5,685

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive