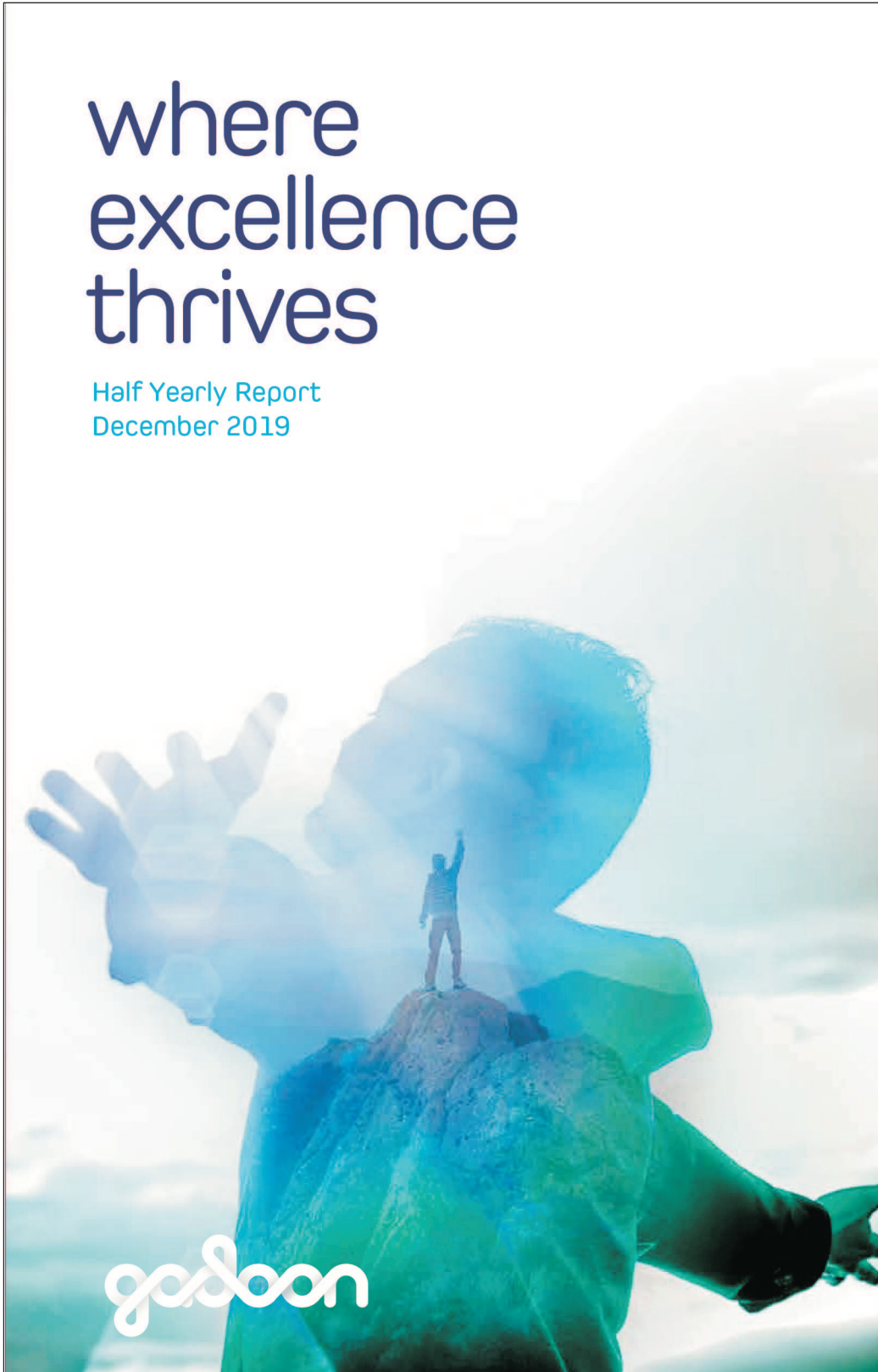


where excellence thrives

Half Yearly Report
December 2019



gordon

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Company Information

| | | |
|---|--|--|
| Board of Directors | Mr. Muḥammad Yunus Ṭabba (Chairman) Mr. Muḥammad Sohail Ṭabba (Chief Executive Officer) Mr. Muḥammad Ali Ṭabba Mr. Jawed Yunus Ṭabba Ms. Zulekha Ṭabba Maskatiya Mr. Saleem Zamindar (Independent Director) Mr. Zafar Masud (Independent Director) | |
| Audit Committee | Mr. Saleem Zamindar (Chairman) Mr. Zafar Masud Mr. Muḥammad Ali Ṭabba Mr. Jawed Yunus Ṭabba | |
| HR and Remuneration Committee | Mr. Saleem Zamindar (Chairman) Mr. Jawed Yunus Ṭabba Ms. Zulekha Ṭabba Maskatiya | |
| Executive Director Finance and Company Secretary | Mr. Abdul Sattar Abdullah | |
| Chief Financial Officer | Mr. Muḥammad Imran Moten | |
| Chief Internal Auditor | Mr. Haji Muḥammad Mundia | |
| Auditors | Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu | |
| Registered Office | 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa. Phone: 093-8270212-3 Fax: 093-8270311 Email: secretary@gadoontextile.com | |
| Karachi Office | 7-A, Muḥammad Ali Society, Abdul Aziz Haji Hashim Ṭabba Street, Karachi 75350. Phone: 021-35205479-80 Fax: 021-34382436 | |
| Liaison Office | Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar. Phone: 091-5701496 Fax: 091-5702029 E-mail: secretary@gadoontextile.com | |
| Factory Locations | 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa. 57 K.M. on Super Highway, Karachi. | |
| Share Registrar / Transfer Agent | CDC Share Registrar Services Limited CDC House, 99-B, Block B, S.M.C.H.S. Main Shahr-e-Faisal, Karachi. Toll Free: 0800 23275 | |
| Bankers | Allied Bank Limited Askari Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited Bank Islami Pakistan Limited 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 Soneri Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab The Bank of Khyber United Bank Limited |

Directors' Report to the Members

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited standalone and consolidated financial statements for the half year ended December 31, 2019.

Overview

During the period under review, your Company recorded consolidated turnover of Rs.16.82 billion against Rs.14.36 billion for the Same Period Last Year (SPLY); there is an increase of 17.11% during this period when compared to SPLY. Despite of the fact that during this period the gas prices have increased from Rs.600 per MMBTU to Rs.786 per MMBTU w.e.f July 01, 2019 which resultantly increased the power cost, the gross profit margins have increased from 9.00% to 9.99% from SPLY mainly on account of better products mix, increased quantity and better sales price.

Alhamdulillah, the Company's new site for the knitting segment has also become operational in the month of December 2019, which will bring further value addition for the company.

Economic Prospects

During the period the country witnessed the growth of 3.15% in exports and reduction of 15.90% in import bill in USD term as compared to SPLY, which resultantly reduced the current account deficit by 30.26%.

However, the inflation has been increased in recent months reaching 12.4% in December 2019 as compared with just over 7.2% at the start of year in January 2019. The State Bank of Pakistan has kept its rate at 13.25% in view that temporary factors have pushed to an elevated level notably through food prices.

Further, the economy which was witnessing the ups and downs soon after the general elections in 2018 is now finding its fence with the improvement being witnessed in macroeconomic indicators including declining exchange rates and increasing foreign exchange reserves.

Financial Performance

A comparison of the key consolidated financial results of the Company for the half year ended December 31, 2019 is as under.

| Profit and Loss Summary | December 31, 2019 | December 31, 2018 | Percentage |
|--------------------------|----------------------|----------------------|------------------------------|
| | — (Rupees in '000) — | | Favorable / (Unfavorable) |
| Direct Export | 4,786,848 | 2,988,237 | 60.19 |
| Indirect Export | 3,129,682 | - | 100.00 |
| Local | 8,907,591 | 11,378,049 | (21.71) |
| Sales (net) | 16,824,121 | 14,366,286 | 17.11 |
| Gross Profit | 1,681,292 | 1,293,130 | 30.02 |
| Distribution Cost | (270,536) | (173,569) | (55.87) |
| Administrative Expenses | (149,712) | (142,531) | (5.04) |
| Finance Cost | (521,537) | (440,477) | (18.40) |
| Other Income | 385,256 | 240,211 | 60.38 |
| Profit Before Taxation | 1,056,891 | 730,325 | 44.72 |
| Profit After Taxation | 818,683 | 567,462 | 44.27 |
| Earnings Per Share (Rs.) | 29.21 | 20.24 | |

Exports sales have seen a significant improvement with increase of almost 60.19% in rupee term from SPLY despite the ongoing trade war among world economies and increased competition at national / international levels. Further, the local sales (including indirect exports) have also increased during the period in rupee term as compared to SPLY, with slight increase of 5.79%. The local sales could have been increased if the government and the businessmen (mainly traders) could have reached to consensus on certain policy measure including the resolution of CNIC matter. Further, the withdrawal of SRO 1125(1) of 2011 w.e.f July 01, 2019 have also negatively impacted the local sales in this period. During the period the Company in order to outweigh the higher KIBOR rates, has shifted its working capital and capex requirements to other cheaper source of financing including foreign exchange loans and was able to keep its finance cost at a quite manageable level with an increase of 18.40% from SPLY, which could have been much higher had the management did not opt to such alternates. Further, the management also maintained efficient portfolio of funds along-with minimum spreads, to keep the cost at the lowest possible rates.

The returns from the Company's strategic decision in diversified avenues contributed Rs.295.99 million against Rs.188.58 million in SPLY, up by Rs.107.41 million, thereby strengthening Company's profitability and covering the Company from risk exposure from a specific segment.

Resultantly, consolidated net profits of the Company have increased by 44.27% in this period as compared to SPLY, which could have been increased further had the tax credit on investments under section 65(B) of the Income Tax Ordinance, 2001 was not withdrawn from July 01, 2019, having the impact of approximately Rs.32 million for the period.

Segmental Review of Business Performance

During the current period, both the spinning and knitting segment of the Company have shown improvement in terms of sales as well as profit when compared with SPLY with major improvement being witnessed in the spinning segment.

Status of Strategic Investments

During the current period, the Company decided to no longer proceed with the proposed investment in the Company's associated company i.e. Tricom Wind Power (Private) Limited, as previously approved by the shareholders of the Company, pursuant to a re-evaluation carried out by the Company's management, particularly in light of:

- the abrupt increase in the interest rates i.e. from 7% to 13.85%;
- the devaluation of the currency; and
- the significant capital expenditure carried out during the year 2018-2019 on account of Balancing, Modernization and Replacement (BMR).

Corporate Social Responsibility

The Company consider CSR as a priority rather than an obligation and takes such initiatives that positively impact the community and the environment.

During the period under review, GTML, as an environmentally conscious company strived towards making the surroundings clean and green. With the world witnessing climate change, the Company contributed by handing out tree saplings to the employees. Further, considering youth as future leaders, the company also carried out tree plantation drives with students of school and university level.

In addition to that, the Company organized a factory visit for the students and provided them the opportunity to acquaint themselves with the practical exposure of the textile industry.

Future Outlook

The Country is now picking up stability as a result of the policy measures put in place by the government. Even though the progress is slow but it is necessary for the long term growth of the Country.

In addition to increasing export and decreasing import in this period, the governments initiative to regulate foreign currency reserves have added a positive impact on the exchange rate and it is expected that the rupee will further contain its stability.

The recent signing of "Phase One" Trade deal between the US and China is an indication that relationship between these two global giants are improving which will have the positive impact on World Economy and Company's exports in particular. Further, the recent FTA agreement between China and Pakistan for 313 Pakistani items would help also the Country to further increase its exports.

It is expected that the Company's investments in latest technologically advanced machineries in this period will start reaping positive cash flows which will increase Company's profitability and market share. Further, the Company's new site for the knitting segment which has become operational during the end of this quarter will further add value to the Company.

Further, it is also expected that the government at its earliest, will come up with some solution on long outstanding legal / tax matters (including GIDC) which are affecting industries as a whole.

Moreover, the Company will take measures to contain its cost through maximum capacity utilization, effective procurement strategy and cost rationalization. In addition, sales mix will be altered based on demand / supply basis to enhance its profit margins and to generate positive cash flows.

Acknowledgements

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

For and on behalf of the Board



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer

Karachi: January 30, 2020

Independent Auditor's Report

To the Members of Gadoon Textile Mills Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying Unconsolidated condensed interim statement of financial position of **GADOON TEXTILE MILLS LIMITED** (the Company) as at December 31, 2019, and related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and unconsolidated notes to the financial statements for the six months' period then ended (here-in-after to referred to as the 'condensed interim financial statements'). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six months ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended September 30, 2019 and September 30, 2018 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of other comprehensive income has not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: February 15, 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

| | | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| | Note | — (Rupees in '000) — | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 10,397,225 | 9,870,359 |
| Biological asset - animals | | 132,378 | 129,665 |
| Long term advance | 6 | - | - |
| Long term loans | | 42,093 | 43,677 |
| Long term deposits | | 29,505 | 29,127 |
| Long term investments | 7 | 2,998,125 | 2,869,812 |
| | | <u>13,599,326</u> | <u>12,942,640</u> |
| Current Assets | | | |
| Stores, spares and loose tools | | 581,133 | 606,538 |
| Stock in trade | 8 | 11,318,326 | 8,407,361 |
| Trade debts | | 3,205,792 | 3,517,747 |
| Loans and advances | | 233,997 | 199,991 |
| Trade deposits and short term prepayments | | 28,567 | 8,901 |
| Other receivables | | 542,967 | 719,881 |
| Current tax asset | | 591,030 | 659,202 |
| Sales tax refund bond | | - | 110,797 |
| Cash and bank balances | | 217,226 | 106,297 |
| | | <u>16,719,038</u> | <u>14,336,715</u> |
| Total Assets | | <u>30,318,364</u> | <u>27,279,355</u> |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized | | | |
| 57,500,000 ordinary shares of Rs.10/- each | | 575,000 | 575,000 |
| Issued, subscribed and paid-up capital | | 280,296 | 280,296 |
| Capital reserves | | 137,541 | 137,541 |
| Revenue reserves | | 9,341,132 | 8,771,640 |
| Total Equity | | 9,758,969 | 9,189,477 |
| Non-Current Liabilities | | | |
| Long term finance | 9 | 3,427,610 | 2,622,363 |
| Retirement benefit obligation | | 598,048 | 562,984 |
| Deferred tax liabilities | | 876,975 | 889,350 |
| | | <u>4,902,633</u> | <u>4,074,697</u> |
| Current Liabilities | | | |
| Short term borrowings | 10 | 9,375,503 | 9,926,683 |
| Trade and other payables | | 5,988,377 | 3,695,695 |
| Unclaimed dividend | | 23,875 | 21,879 |
| Current portion of long term finance | 9 | 66,344 | 52,728 |
| Accrued mark-up | | 202,663 | 318,196 |
| | | <u>15,656,762</u> | <u>14,015,181</u> |
| Total Liabilities | | 20,559,395 | 18,089,878 |
| Total Equity and Liabilities | | <u>30,318,364</u> | <u>27,279,355</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | | |

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)
For the Six Months Ended December 31, 2019

| | Note | Six months ended | | Quarter ended | |
|---------------------------------|------|-------------------|---------------------------------|-------------------|---------------------------------|
| | | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 (Restated) |
| (Rupees in '000) | | | | | |
| Sales - net | | 16,824,121 | 14,366,286 | 9,332,038 | 7,991,652 |
| Cost of sales | 12 | (15,142,829) | (13,073,156) | (8,417,034) | (7,523,913) |
| Gross profit | | 1,681,292 | 1,293,130 | 915,004 | 467,739 |
| Distribution cost | | (270,536) | (173,569) | (151,074) | (93,259) |
| Administrative expenses | | (149,654) | (142,519) | (76,423) | (73,166) |
| | | (420,190) | (316,088) | (227,497) | (166,425) |
| | | 1,261,102 | 977,042 | 687,507 | 301,314 |
| Finance cost | | (521,537) | (440,247) | (228,382) | (253,294) |
| Other operating expenses | | (67,872) | (45,895) | (34,816) | (2,665) |
| | | 671,693 | 490,900 | 424,309 | 45,355 |
| Other income | | 89,263 | 46,615 | 47,120 | 33,756 |
| Share of profit from associates | | 282,519 | 182,472 | 106,160 | 21,965 |
| Profit before taxation | | 1,043,475 | 719,987 | 577,589 | 101,076 |
| Taxation | | | | | |
| Current tax | | (240,630) | (88,807) | (128,782) | (8,086) |
| Prior year tax | | (7,477) | (4,011) | (6,970) | (4,011) |
| Deferred income / (expense) | | 12,375 | (69,576) | 5,634 | (53,123) |
| | | (235,732) | (162,394) | (130,118) | (65,220) |
| Profit for the period | | 807,743 | 557,593 | 447,471 | 35,856 |
| Earnings per share | | | | | |
| - basic and diluted (Rupees) | | 28.82 | 19.89 | 15.96 | 1.28 |

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Other Comprehensive Income (Un-audited)

For the Six Months Ended December 31, 2019

| | Six months ended | | Quarter ended | |
|---|-------------------|---------------------------------|-------------------|---------------------------------|
| | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 (Restated) |
| | (Rupees in '000) | | | |
| Profit for the period | 807,743 | 557,593 | 447,471 | 35,856 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 807,743 | 557,593 | 447,471 | 35,856 |

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the Six Months Ended December 31, 2019

| | Note | Six months ended | |
|--|------|-------------------|------------------------------|
| | | December 31, 2019 | December 31, 2018 (Restated) |
| --- (Rupees in '000) --- | | | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 13 | 1,710,000 | (2,715,113) |
| Retirement benefits paid | | (82,130) | (74,791) |
| Income taxes paid | | (179,935) | (135,780) |
| Rebate received | | 35,598 | 21,686 |
| Finance cost paid | | (637,070) | (321,818) |
| | | (863,537) | (510,703) |
| Net cash generated from / (used in) operating activities | | 846,463 | (3,225,816) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,028,660) | (785,170) |
| Sale proceeds from disposal of property, plant and equipment | | 23,535 | 18,418 |
| Sale proceeds from disposal of biological asset - animals | | 8,565 | - |
| Loans paid to employees | | (12,748) | (32,865) |
| Long term deposits given | | (378) | - |
| Dividend received | | 154,206 | 234,248 |
| Investment in subsidiary | | - | (100) |
| Profit received from bank deposits | | 1,386 | 1,088 |
| Net cash used in investing activities | | (854,094) | (564,381) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finance obtained | | 842,393 | - |
| Repayment of long term finance | | (23,530) | - |
| Dividend paid | | (236,255) | (71,545) |
| Net cash generated from / (used in) financing activities | | 582,608 | (71,545) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | 574,977 | (3,861,742) |
| Cash and cash equivalents at the beginning of the period | | (9,218,650) | (9,520,886) |
| Cash and cash equivalents at the end of the period | | (8,643,673) | (13,382,628) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 217,226 | 154,159 |
| Short-term borrowings | 10 | (8,860,899) | (13,536,787) |
| | | (8,643,673) | (13,382,628) |

CHANGES ARISING FROM FINANCING ACTIVITIES

| | July 01, 2019 | Financing cash inflows | Financing cash outflows | Non-cash changes | December 31, 2019 |
|----------------------------------|---------------|------------------------|-------------------------|------------------|-------------------|
| (Rupees in '000) | | | | | |
| Loan from financial institutions | 2,675,091 | 842,393 | (23,530) | - | 3,493,954 |
| Unclaimed dividend | 21,879 | - | (236,255) | 238,251 | 23,875 |

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial information.


MUHAMMAD YUNUS TABBA
Chairman / Director


MUHAMMAD SOHAIL TABBA
Chief Executive Officer


MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Ended December 31, 2019

| | ---Capital Reserves--- | | | ----- Revenue Reserves ----- | | | | Grand total | |
|--|--|---------------|----------------------|------------------------------|-----------------|----------------------|-----------------------|-------------|-----------|
| | Issued, subscribed and paid-up share capital | Share premium | Amalgamation reserve | Sub total | General reserve | Amalgamation reserve | Unappropriated profit | | Sub total |
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Balance as at July 1, 2018 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 6,068,340 | 7,795,673 | 8,213,510 |
| Transaction with owners | | | | | | | | | |
| Final dividend @ Rs. 8.75/- per share for the year ended June 30, 2018 | - | - | - | - | - | - | (245,259) | (245,259) | (245,259) |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period - (restated) | - | - | - | - | - | - | 557,593 | 557,593 | 557,593 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (restated) | - | - | - | - | - | - | 557,593 | 557,593 | 557,593 |
| Balance as at December 31, 2018 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 6,380,674 | 8,108,007 | 8,525,844 |
| Balance as at July 01, 2019 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 7,044,307 | 8,771,640 | 9,189,477 |
| Transaction with owners | | | | | | | | | |
| Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2019 | - | - | - | - | - | - | (238,251) | (238,251) | (238,251) |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 807,743 | 807,743 | 807,743 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 807,743 | 807,743 | 807,743 |
| Balance as at December 31, 2019 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 7,613,799 | 9,341,132 | 9,758,969 |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial information.


MUHAMMAD YUNUS TABBA
Chairman / Director


MUHAMMAD SOHAIL TABBA
Chief Executive Officer


MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the Six Months Ended December 31, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. The company is a part of Yunus Brothers Group (The Group) and the parent company of the group is YB Holdings (Private) Limited.

Y.B. Holdings (Private) Limited is the Holding Company of the Group.

These are the separate financial statements of the Company in which investment in subsidiary is accounted for at cost less impairment, if any, and investment in associate is accounted for using equity basis of accounting.

Following are the geographical locations and addresses of all business units of the Company:

Head Office:

7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing facility:

a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.

b) 57 K.M. on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:

Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements of the Company for the six months ended December 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2019.

2.2 These unconsolidated condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these unconsolidated condensed interim financial statements has been rounded off to the nearest thousand rupees.

2.3 These unconsolidated condensed interim financial statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative unconsolidated condensed interim statement of financial position presented has been extracted from annual unconsolidated financial statements for the year ended June 30, 2019; the comparative unconsolidated

condensed interim statement of profit or loss, unconsolidated condensed interim statement of other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial statements for the six months ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the unconsolidated financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2019, which do not have any impact on the Company's financial reporting and therefore have not been detailed in these unconsolidated condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2019.

| | Note | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|---|------|--------------------------------------|-------------------------------|
| — (Rupees in '000) — | | | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 9,807,905 | 9,610,032 |
| Capital work-in-progress | 5.2 | 589,320 | 260,327 |
| | | 10,397,225 | 9,870,359 |

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

| | Six Months Ended December 31, 2019 | | Six Months Ended December 31, 2018 | |
|---------------------------------------|---------------------------------------|----------------------------|---------------------------------------|----------------------------|
| | Additions/ transfers | Disposals at book value | Additions/ transfers | Disposals at book value |
| — (Rupees in '000) — | | | | |
| Buildings | 32,132 | - | 27,136 | - |
| Plant and machinery | 626,073 | 4,335 | 121,530 | 16,709 |
| Power plant | 7,193 | - | 791 | - |
| Electric installations | 6,631 | - | 958 | - |
| Tools and equipment | 497 | - | - | - |
| Computer equipment | 7,580 | 223 | 4,311 | 17 |
| Office equipment and installations | 1,228 | - | 917 | 10 |
| Vehicles | 18,333 | 12,032 | 32,359 | 3,699 |
| | 699,667 | 16,590 | 188,002 | 20,435 |

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

| | Six Months Ended December 31, 2019 | | Six Months Ended December 31, 2018 | |
|------------------------|---------------------------------------|----------------|---------------------------------------|----------------|
| | Additions | Transfers | Additions | Transfers |
| | ----- (Rupees in '000) ----- | | | |
| Plant and machinery | 862,603 | 624,236 | 575,389 | 121,310 |
| Civil Works | 69,360 | 31,117 | 159,282 | 26,920 |
| Electric installations | 27,761 | 6,631 | 958 | 958 |
| Vehicles | 33,290 | 18,333 | 35,849 | 32,359 |
| Markup capitalized | 26,341 | 10,045 | 8,464 | 1,227 |
| | <u>1,019,355</u> | <u>690,362</u> | <u>779,942</u> | <u>182,774</u> |

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|------|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) | — |

6. LONG - TERM ADVANCE

- Considered doubtful

| | | | |
|---|-----|----------|----------|
| Investment in a joint venture - Advance | 6.1 | 66,667 | 66,667 |
| Less: Provision against advance | | (66,667) | (66,667) |
| | | <u>—</u> | <u>—</u> |

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

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|------|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) | — |

7. LONG - TERM INVESTMENTS

Investment in associates

| | | | |
|--|-----|------------------|------------------|
| Investment in subsidiary - cost | 7.1 | 164,216 | 164,216 |
| Investment in associates - equity method | 7.2 | 2,833,909 | 2,705,596 |
| | | <u>2,998,125</u> | <u>2,869,812</u> |

7.1 This represents investment in Gadoon Holdings (Private) Limited (GHPL) - a wholly owned subsidiary. The principal place of business of GHPL is in Pakistan.

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|-------------------------------------|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) — | |
| 7.2 Investment in associates | | |
| ICI Pakistan Limited | 1,854,096 | 1,761,406 |
| Lucky Holdings Limited | 720 | 4,284 |
| Yunus Energy Limited | 979,093 | 939,906 |
| | <u>2,833,909</u> | <u>2,705,596</u> |
| 8. STOCK-IN-TRADE | | |
| Raw material in | | |
| - in hand | 4,015,269 | 6,080,886 |
| - in transit | 4,973,966 | 632,267 |
| - feed | 18,893 | 9,186 |
| | <u>9,008,128</u> | <u>6,722,339</u> |
| Work-in-process | 345,978 | 345,359 |
| Finished goods | | |
| - yarn | 1,884,674 | 1,261,788 |
| - knitted fabric | 31,712 | 41,104 |
| - waste | 47,427 | 36,522 |
| - unprocessed milk | 407 | 249 |
| | <u>1,964,220</u> | <u>1,339,663</u> |
| 8.1 | <u>11,318,326</u> | <u>8,407,361</u> |

8.1 The stock of finished goods has been written down to net realizable value by Rs. 50 million (2018: Rs. Nil).

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) — | |
| 9. LONG TERM FINANCE | | |
| Banking companies - secured | | |
| Long term finance | 3,493,954 | 2,675,091 |
| Less: Current portion of long term finance | (66,344) | (52,728) |
| | <u>3,427,610</u> | <u>2,622,363</u> |

9.1 The Company has entered into long term finance agreement with various commercial banks, with an approved limit of Rs. 4.31 billion (June 30, 2019: Rs. 3.09 billion). The facilities carry a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis (June 30, 2019: SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis). The tenure of these facilities is 10 years including grace period of 2 years, starting from July 10, 2017. The Company has drawn Rs. 3.49 billion up to December 31, 2019 (June 30, 2019: Rs. 2.67 billion).

The above financing agreements are secured by pari passu charge over plant and machinery of the Company.

| | | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|---|------|---|--|
| | Note | — (Rupees in '000) — | |
| 10. SHORT TERM BORROWINGS | | | |
| Banking companies - secured | | | |
| Running finance under markup arrangements | 10.1 | 53,732 | 8,629,697 |
| Short term finance | 10.2 | 3,000,000 | 695,250 |
| Import Loan | | 5,807,167 | - |
| | | 8,860,899 | 9,324,947 |
| Export refinance | 10.3 | 514,604 | 601,736 |
| | | <u>9,375,503</u> | <u>9,926,683</u> |

10.1 Facilities for running finance, import finance, export finance and export refinance are available from various banks up to Rs. 29.32 billion (June 30, 2019: Rs. 28.61 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2019.

10.2 This represents short-term finance facilities from various commercial banks having mark-up ranging between KIBOR - 0.05% to KIBOR 1.00% per annum (June 30, 2019: KIBOR - 0.05% to KIBOR 1.00% per annum)

10.3 The rate of mark-up on export re-finance is 2.5% to 3.0% per annum (June 30, 2019: 2.1% to 2.5% per annum).

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 As at period end, bank guarantees given in favour of the Company by banks in normal course of business amounted to Rs. 1.13 billion (June 30, 2019: Rs. 1.13 billion).

11.1.2 Other contingencies are same as disclosed in notes 23.1.2 to 23.1.8 to the annual unconsolidated financial statements for the year ended June 30, 2019.

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|---|--|
| | — (Rupees in '000) — | |

11.1.3 Others

| | | |
|--|-----------|-----------|
| Export bills discounted with recourse | 1,264,754 | 1,277,307 |
| Local bills discounted | 248,230 | 192,333 |
| Indemnity bond in favour of Collector of Customs against imports | 10,201 | 5,906 |
| Post-dated cheques in favour of Collector of Customs against imports | 1,116,588 | 974,071 |

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|---|--|
| | — (Rupees in '000) — | |
| 11.2 Commitments | | |
| Letters of credit opened by banks for: | | |
| Plant and machinery | 134,308 | 836,937 |
| Raw materials | 3,628,679 | 225,272 |
| Stores and spares | 61,060 | 38,500 |

11.2.1 Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments up to Rs. 338 million on behalf of Yunus Energy Limited, an associate.

| | Six months ended | | Quarter ended | |
|--|-----------------------------------|---|------------------------------|------------------------------|
| | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 |
| | Note ————— (Rupees in '000) ————— | | | |

12. COST OF SALES

| | | | | |
|---------------------------------|-------------------|-------------------|------------------|------------------|
| Opening stock | | | | |
| - finished goods | 1,339,663 | 866,680 | 2,428,717 | 2,074,806 |
| Cost of goods manufactured 12.1 | 15,767,386 | 13,938,183 | 7,952,537 | 7,180,814 |
| | 17,107,049 | 14,804,863 | 10,381,254 | 9,255,620 |
| Closing stock | | | | |
| - finished goods 8 | (1,964,220) | (1,731,707) | (1,964,220) | (1,731,707) |
| | <u>15,142,829</u> | <u>13,073,156</u> | <u>8,417,034</u> | <u>7,523,913</u> |

| | Six months ended | | Quarter ended | |
|--|-----------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| | Note ————— (Rupees in '000) ————— | | | |

12.1 Cost of goods manufactured

| | | | | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|
| Opening stock | | | | |
| - work in process | 345,359 | 286,033 | 315,706 | 285,902 |
| Raw and packing material consumed | 11,654,037 | 10,410,626 | 5,906,472 | 5,440,548 |
| Other manufacturing expenses | 4,113,968 | 3,564,534 | 2,076,337 | 1,777,374 |
| | 15,768,005 | 13,975,160 | 7,982,809 | 7,217,922 |
| | 16,113,364 | 14,261,193 | 8,298,515 | 7,503,824 |
| Closing stock | | | | |
| - work in process 8 | (345,978) | (323,010) | (345,978) | (323,010) |
| | <u>15,767,386</u> | <u>13,938,183</u> | <u>7,952,537</u> | <u>7,180,814</u> |

| | Six Months ended | |
|--|------------------------------|---|
| | December 31, 2019 | December 31, 2018 (Restated) |
| Note | — (Rupees in '000) — | |
| 13. CASH (USED IN) / GENERATED FROM OPERATIONS | | |
| Profit before taxation | 1,043,475 | 719,987 |
| Adjustments for: | | |
| Depreciation | 485,205 | 371,599 |
| (Gain) / Loss on disposal of property, plant and equipment | (6,946) | 2,017 |
| Gain arising from changes in fair value of biological asset - animals | (16,278) | - |
| Loss on sale of biological asset - animals | 5,000 | - |
| Profit on deposits | (1,607) | (1,098) |
| Profit accrued on sales tax refund bonds | (5,262) | - |
| Provision for retirement benefit obligation | 117,194 | 94,900 |
| Share of profit from associates | (282,519) | (182,472) |
| Rebate on export sales | (10,134) | (26,333) |
| Finance cost | 521,537 | 440,247 |
| Working capital changes 13.1 | (139,665) | (4,133,960) |
| | <u>666,525</u> | <u>(3,435,100)</u> |
| Cash generated from / (used in) operations | <u>1,710,000</u> | <u>(2,715,113)</u> |
| 13.1 Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | 25,405 | (57,513) |
| Stock in trade | (2,910,965) | (3,944,252) |
| Trade debts | 311,955 | (566,014) |
| Loans and advances | (19,674) | (89,657) |
| Trade deposits and short term prepayments | (19,666) | (786) |
| Sales tax refund bonds | 116,059 | - |
| Other receivables | 151,671 | (41,879) |
| | <u>(2,345,215)</u> | <u>(4,700,101)</u> |
| Increase / (decrease) in current liabilities | | |
| Export refinance | (87,132) | 355,722 |
| Trade and other payables | 2,292,682 | 210,419 |
| Working capital changes | <u>(139,665)</u> | <u>(4,133,960)</u> |

14. TRANSACTIONS WITH RELATED PARTIES

Details of significant transactions with related parties, other than those which have been disclosed elsewhere in this condensed interim unconsolidated financial status, are as follows:

a. Related Companies

| Name of Related Party | Basis of relationship | % of Share holding | Nature of Transaction | Six Month Ended | |
|--|-----------------------|--------------------|--|---|--------------------------------------|
| | | | | December 31, 2019 | December 31, 2018 |
| | | | | ----- (Rupees in '000) ----- | |
| Y.B.Holdings (Private) Limited | Holding Company | - | Reimbursement of expenses to Company Dividend paid | 693 158,182 | 704 - |
| Gadon Holdings (Private) Limited | Subsidiary | 100% | Investment in shares | - | 100 |
| ICI Pakistan Limited | Associate | 6.48% | Purchase of fiber Share of profit on investment Dividend Received | 1,277,170 119,604 26,914 | 726,696 53,455 50,838 |
| Yunus Energy Limited | Associate | 19.98% | Reimbursement of expenses Share of profit on investment Dividend received | 1,541 161,460 122,273 | 1,447 127,164 183,410 |
| Lucky Holdings Limited | Associate | 1% | Share of profit on investment Dividend received | 1,455 5,019 | 1,853 - |
| Lucky Cement Limited | Associated Company | - | Purchase of cement Reimbursement of expenses to Company | 12,616 1,229 | 31,431 522 |
| Lucky Knits (Private) Limited | Associated Company | - | Yarn sold Purchase of goods & services Reimbursement of expenses to Company Sale of Laptop Sale of Vehicle | 765,239 44,695 2,064 73 1,901 | 552,816 12,775 2,070 - - |
| Yunus Textile Mills Limited | Associated Company | - | Yarn sold Waste sold | 553,072 135,242 | 60,739 - |
| Lucky Textile Mills Limited | Associated Company | - | Yarn sold Sale of fabric Reimbursement of expenses to Company Processing charges | 1,811,370 23,573 1,223 2,653 | 629,090 100,414 1,102 267 |
| Lucky Energy (Private) Limited | Associated Company | - | Purchase of electricity Reimbursement of expenses | 594,810 1,256 | 559,178 1,172 |
| Lucky Landmark (Private) Limited | Associated Company | - | Reimbursement of expenses to Company Sale of vehicle | 1,800 7,100 | 1,800 - |
| Tricom Wind Power (Private) Limited | Associated Company | - | Advance against shares Interest income on subordinate loan Advance & interest refunded | - 1,932 52,327 | 7,874 - - |
| Tricom Solar Power (Private) Limited | Associated Company | - | Advance against shares Interest income on subordinate loan | 150 365 | 1,421 - |
| Yunus Wind Power Limited | Associated Company | - | Advance against shares Interest income on subordinate loan | - 366 | 4,140 - |
| KIA Lucky Motors Pakistan Limited | Associated Company | - | Purchase of vehicle | 7,517 | - |
| b. Benefits to key management personnel | | | | 54,245 | 50,850 |

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2019, the Company has no financial instruments that falls into any of the above category.

16. OPERATING SEGMENTS

The financial information regarding operating segment is as follows:

| | Six Months Ended December 31, 2019 | | | | Six Months Ended December 31, 2018 (Restated) | | | |
|-------------------------------|---------------------------------------|----------|-------------|------------|---|----------|-------------|------------|
| | Spinning | Knitting | Unallocated | Total | Spinning | Knitting | Unallocated | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Segment revenues | | | | | | | | |
| Export | 4,186,587 | 600,261 | - | 4,786,848 | 2,552,264 | 435,973 | - | 2,988,237 |
| Indirect Export | 3,129,682 | - | - | 3,129,682 | - | - | - | - |
| Local | 8,788,678 | 34,281 | 84,632 | 8,907,591 | 11,270,951 | 107,098 | - | 11,378,049 |
| Profit before tax: | 660,997 | 110,555 | 271,923 | 1,043,475 | 442,173 | 95,342 | 182,472 | 719,987 |
| Finance cost | 509,683 | 1,923 | 9,931 | 521,537 | 438,734 | 1,513 | - | 440,247 |
| Depreciation | 466,523 | 528 | 18,154 | 485,205 | 357,188 | 630 | 13,781 | 371,599 |
| | December 31, 2019 (Unaudited) | | | | June 30, 2019 (Audited) | | | |
| | Spinning | Knitting | Unallocated | Total | Spinning | Knitting | Unallocated | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Segment assets | | | | | | | | |
| Property, plant and equipment | 10,099,814 | 4,085 | 293,326 | 10,397,225 | 9,656,030 | 4,261 | 210,068 | 9,870,359 |
| Other non-current assets | - | - | 3,202,101 | 3,202,101 | - | - | 3,072,281 | 3,072,281 |
| Current assets | 14,776,269 | 297,901 | 1,644,868 | 16,719,038 | 12,112,757 | 409,454 | 1,814,504 | 14,336,715 |

17. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim unconsolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. Further, the figures of prior period have been restated on account of Scheme of arrangement as detailed in note 8.1 of the annual unconsolidated financial statements for the year ended June 30, 2019. The effect of restatement for the six months period ended December 31, 2018 is as follows:

- 17.1 Other operating expenses has been restated. Figure as reported for six months was Rs. 46.31 million (quarterly Rs. 2.96 million) whereas figure as restated for six months is Rs. 45.89 (quarterly Rs. 2.66 million).
- 17.2 Share of profit from associates has been restated. Figure as reported for six months was Rs. 191.81 million (quarterly Rs. 28.72 million) whereas figure as restated for six months is Rs. 182.47 (quarterly Rs. 21.96 million).
- 17.3 Current tax has been restated. Figure as reported for six months was Rs. 88.75 million (quarterly Rs. 8.03 million) whereas figure as restated for six months is Rs. 88.81 (quarterly Rs. 8.08 million).
- 17.4 Deferred tax has been restated. Figure as reported for six months was Rs. 70.42 million (quarterly Rs. 53.58 million) whereas figure as restated for six months is Rs. 69.58 (quarterly Rs. 53.12 million).

18. SIGNIFICANT EVENT

During the period, a fire occurred at the head office premises of the Company which resulted in the damage of office building, equipment, furniture and loss of certain accounting and regulatory records. The impact of this event has not been accounted for in these condensed interim financial statements as the amount is insignificant. Further, the actual amount of loss and the related insurance claim is being determined by management, insurance surveyors and valuers.

19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements have been approved and authorized for issue on January 30, 2020 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

| | | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| | Note | — (Rupees in '000) — | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 10,397,225 | 9,870,359 |
| Biological asset - animals | | 132,378 | 129,665 |
| Long term advance | 6 | - | - |
| Long term loans | | 42,093 | 43,677 |
| Long term deposits | | 29,505 | 29,127 |
| Long term investments | 7 | 3,029,360 | 2,890,606 |
| | | <u>13,630,561</u> | <u>12,963,434</u> |
| Current Assets | | | |
| Stores, spares and loose tools | | 581,133 | 606,538 |
| Stock in trade | 8 | 11,318,326 | 8,407,361 |
| Trade debts | | 3,205,792 | 3,517,747 |
| Loans and advances | | 233,997 | 199,991 |
| Trade deposits and short term prepayments | | 28,567 | 8,901 |
| Other receivables | | 542,967 | 719,881 |
| Current tax asset | | 590,574 | 658,310 |
| Sales tax refund bond | | - | 110,797 |
| Cash and bank balances | | 225,059 | 112,519 |
| | | <u>16,726,415</u> | <u>14,342,045</u> |
| Total Assets | | <u>30,356,976</u> | <u>27,305,479</u> |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized | | | |
| 57,500,000 ordinary shares of Rs.10/- each | | 575,000 | 575,000 |
| Issued, subscribed and paid-up capital | | 280,296 | 280,296 |
| Capital reserves | | 137,541 | 137,541 |
| Revenue reserves | | 9,372,028 | 8,791,596 |
| Total Equity | | <u>9,789,865</u> | <u>9,209,433</u> |
| Non-Current Liabilities | | | |
| Long term finance | 9 | 3,427,610 | 2,622,363 |
| Retirement benefit obligation | | 598,048 | 562,984 |
| Deferred tax liabilities | | 879,581 | 890,390 |
| | | <u>4,905,239</u> | <u>4,075,737</u> |
| Current Liabilities | | | |
| Short term borrowings | 10 | 9,375,503 | 9,926,683 |
| Trade and other payables | | 5,993,487 | 3,700,823 |
| Unclaimed dividend | | 23,875 | 21,879 |
| Current portion of long term finance | 9 | 66,344 | 52,728 |
| Accrued mark-up | | 202,663 | 318,196 |
| | | <u>15,661,872</u> | <u>14,020,309</u> |
| Total Liabilities | | <u>20,567,111</u> | <u>18,096,046</u> |
| Total Equity and Liabilities | | <u>30,356,976</u> | <u>27,305,479</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | | |

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)
For the Six Months Ended December 31, 2019

| | Note | Six months ended | | Quarter ended | |
|---------------------------------|------|-------------------|---------------------------------|-------------------|---------------------------------|
| | | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 (Restated) |
| (Rupees in '000) | | | | | |
| Sales - net | | 16,824,121 | 14,366,286 | 9,332,038 | 7,991,652 |
| Cost of sales | 12 | (15,142,829) | (13,073,156) | (8,417,034) | (7,523,913) |
| Gross profit | | 1,681,292 | 1,293,130 | 915,004 | 467,739 |
| Distribution cost | | (270,536) | (173,569) | (151,074) | (93,259) |
| Administrative expenses | | (149,712) | (142,531) | (76,452) | (73,178) |
| | | (420,248) | (316,100) | (227,526) | (166,437) |
| | | 1,261,044 | 977,030 | 687,478 | 301,302 |
| Finance cost | | (521,537) | (440,477) | (228,382) | (253,409) |
| Other operating expenses | | (67,872) | (46,439) | (34,816) | (3,012) |
| | | 671,635 | 490,144 | 424,280 | 44,881 |
| Other income | | 89,263 | 51,633 | 47,120 | 38,774 |
| Share of profit from associates | | 295,993 | 188,578 | 113,534 | 24,026 |
| Profit before taxation | | 1,056,891 | 730,325 | 584,934 | 107,681 |
| Taxation | | | | | |
| Current tax | | (241,085) | (89,680) | (129,237) | (8,959) |
| Prior year tax | | (7,477) | (4,011) | (6,970) | (4,011) |
| Deferred income / (expense) | | 10,354 | (69,172) | 4,528 | (52,112) |
| | | (238,208) | (162,863) | (131,679) | (65,082) |
| Profit for the period | | 818,683 | 567,462 | 453,255 | 42,599 |
| Earnings per share | | | | | |
| - basic and diluted (Rupees) | | 29.21 | 20.24 | 16.17 | 1.52 |

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

**Consolidated Condensed Interim Statement of Other
Comprehensive Income** (Un-audited)

For the Six Months Ended December 31, 2019

| | Six months ended | | Quarter ended | |
|--|----------------------|------------------------------------|----------------------|------------------------------------|
| | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 (Restated) |
| | (Rupees in '000) | | | |
| Profit for the period | 818,683 | 567,462 | 453,255 | 42,599 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>818,683</u> | <u>567,462</u> | <u>453,255</u> | <u>42,599</u> |

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial statements.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer


Consolidated Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Ended December 31, 2019

| | | Six months ended | |
|---|----|---------------------------------|---|
| | | December 31, 2019 | December 31, 2018 (Restated) |
| | | --- (Rupees in '000) --- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 13 | 1,709,924 | (2,728,933) |
| Retirement benefits paid | | (82,130) | (74,791) |
| Income taxes paid | | (181,281) | (135,780) |
| Rebate received | | 35,598 | 21,686 |
| Finance cost paid | | (637,070) | (321,818) |
| | | (864,883) | (510,703) |
| Net cash generated from / (used in) operating activities | | 845,041 | (3,239,636) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (1,028,660) | (785,170) |
| Sale proceeds from disposal of property, plant and equipment | | 23,535 | 18,418 |
| Sale proceeds from disposal of biological asset - animals | | 8,565 | - |
| Sale proceeds from disposal of shares | | - | 7,998 |
| Loans paid to employees | | (12,748) | (32,865) |
| Long term deposits given | | (378) | - |
| Dividend received | | 157,239 | 240,070 |
| Profit received from bank deposits | | 1,386 | 1,088 |
| Net cash used in investing activities | | (851,061) | (550,461) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finance obtained | | 842,393 | - |
| Repayment of long term finance | | (23,530) | - |
| Dividend paid | | (236,255) | (71,545) |
| Net cash generated from / (used in) financing activities | | 582,608 | (71,545) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | 576,588 | (3,861,642) |
| Cash and cash equivalents at the beginning of the period | | (9,212,428) | (9,520,886) |
| Cash and cash equivalents at the end of the period | | (8,635,840) | (13,382,528) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 225,059 | 154,259 |
| Short-term borrowings | 10 | (8,860,899) | (13,536,787) |
| | | (8,635,840) | (13,382,528) |

CHANGES ARISING FROM FINANCING ACTIVITIES

| | July 01, 2019 | Financing cash inflows | Financing cash outflows | Non- cash changes | December 31, 2019 |
|----------------------------------|------------------|------------------------------|-------------------------------|-------------------------|----------------------|
| (Rupees in '000) | | | | | |
| Loan from financial institutions | 2,675,091 | 842,393 | (23,530) | - | 3,493,954 |
| Unclaimed dividend | 21,879 | - | (236,255) | 238,251 | 23,875 |

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial information.


MUHAMMAD YUNUS TABBA
Chairman / Director


MUHAMMAD SOHAIL TABBA
Chief Executive Officer


MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Ended December 31, 2019

| | ---Capital Reserves--- | | | ----- Revenue Reserves ----- | | | | Grand total | |
|--|--|---------------|----------------------|------------------------------|-----------------|----------------------|-----------------------|-------------|-----------|
| | Issued, subscribed and paid-up share capital | Share premium | Amalgamation reserve | Sub total | General reserve | Amalgamation reserve | Unappropriated profit | | Sub total |
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Balance as at July 1, 2018 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 6,068,340 | 7,795,673 | 8,213,510 |
| Transaction with owners | | | | | | | | | |
| Final dividend @ Rs. 8.75/- per share for the year ended June 30, 2018 | - | - | - | - | - | - | (245,259) | (245,259) | (245,259) |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period - (restated) | - | - | - | - | - | - | 567,462 | 567,462 | 567,462 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period (restated) | - | - | - | - | - | - | 567,462 | 567,462 | 567,462 |
| Balance as at December 31, 2018 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 6,390,543 | 8,117,876 | 8,535,713 |
| Balance as at July 01, 2019 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 7,064,263 | 8,791,596 | 9,209,433 |
| Transaction with owners | | | | | | | | | |
| Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2019 | - | - | - | - | - | - | (238,251) | (238,251) | (238,251) |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 818,683 | 818,683 | 818,683 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 818,683 | 818,683 | 818,683 |
| Balance as at December 31, 2019 | 280,296 | 103,125 | 34,416 | 137,541 | 1,000,000 | 727,333 | 7,644,695 | 9,372,028 | 9,789,865 |

The annexed notes from 1 to 19 form an integral part of these consolidated condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Six Months Ended December 31, 2019

1. THE GROUP AND ITS OPERATIONS

The Group consist of Gadoon textile Mills Limited ("the Holding Company") and its subsidiary company Gadoon Holdings (Private) Limited (GHPL). Brief profiles of the Holding Company and its subsidiary company is as follows:

1.1 Gadoon Textile Mills Limited

The Holding Company was incorporated in Pakistan on February 23, 1988 as a public limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Holding Company is manufacturing and sale of yarn and knitted fabrics. The Holding Company is a part of Yunus Brothers Group (The Group) and the Ultimate Holding Company of the group is YB Holdings (Private) Limited.

Following are the geographical locations and addresses of all business units of the Company:

Head Office:

7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing facility:

a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.

b) 57 K.M. on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:

Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

1.2 Gadoon Holdings (Private) Limited

GHPL is a private limited Holding Company incorporated in Pakistan on July 16, 2018. GHPL is a wholly owned subsidiary of the Holding Company. The subsidiary acts as an investing Holding Company to hold investments. The principal place of business of GHPL is in Pakistan

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements of the Holding Company for the six months ended December 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information required for the full financial statements and therefore should be read in conjunction with the annual consolidated financial statements of the Holding Company for the year ended June 30, 2019.

2.2 These consolidated condensed interim financial statements are presented in Pak Rupees which is also the Holding Company's functional currency and figures presented in these consolidated condensed interim financial statements has been rounded off to the nearest thousand rupees.

2.3 These consolidated condensed interim financial statements are un-audited and all relevant compliance with Companies Act, 2017 has been made accordingly. The comparative consolidated condensed interim statement of financial position presented has been extracted from annual consolidated financial statements for the year ended June 30, 2019; the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of other comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity of the Holding Company have been extracted from the unaudited condensed interim financial statements for the six months ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the consolidated financial statements as at and for the year ended June 30, 2019. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2019, which do not have any impact on the Holding Company's financial reporting and therefore, have not been detailed in these consolidated condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Group's financial risk objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2019.

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|------|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) — | |

5. PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|-----|------------|-----------|
| Operating fixed assets | 5.1 | 9,807,905 | 9,610,032 |
| Capital work-in-progress | 5.2 | 589,320 | 260,327 |
| | | 10,397,225 | 9,870,359 |

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

| | Six Months Ended December 31, 2019 | | Six Months Ended December 31, 2018 | |
|------------------------------------|---------------------------------------|---------------------------|---------------------------------------|---------------------------|
| | Additions/ transfers | Disposal at book value | Additions/ transfers | Disposal at book value |
| | (Rupees in '000) | | | |
| Buildings | 32,132 | - | 27,136 | - |
| Plant and machinery | 626,073 | 4,335 | 121,530 | 16,709 |
| Power plant | 7,193 | - | 791 | - |
| Electric installations | 6,631 | - | 958 | - |
| Tools and equipment | 497 | - | - | - |
| Computer equipment | 7,580 | 223 | 4,311 | 17 |
| Office equipment and installations | 1,228 | - | 917 | 10 |
| Vehicles | 18,333 | 12,032 | 32,359 | 3,699 |
| | 699,667 | 16,590 | 188,002 | 20,435 |

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

| | Six Months Ended December 31, 2019 | | Six Months Ended December 31, 2018 | |
|------------------------|---------------------------------------|----------------|---------------------------------------|----------------|
| | Additions | Transfers | Additions | Transfers |
| | ----- (Rupees in '000) ----- | | | |
| Plant and machinery | 862,603 | 624,236 | 575,389 | 121,310 |
| Civil Works | 69,360 | 31,117 | 159,282 | 26,920 |
| Electric installations | 27,761 | 6,631 | 958 | 958 |
| Vehicles | 33,290 | 18,333 | 35,849 | 32,359 |
| Markup capitalized | 26,341 | 10,045 | 8,464 | 1,227 |
| | <u>1,019,355</u> | <u>690,362</u> | <u>779,942</u> | <u>182,774</u> |

December 31,
2019
(Un-audited) June 30,
2019
(Audited)

Note — (Rupees in '000) —

6. LONG - TERM ADVANCE

- Considered doubtful

| | | | |
|---|-----|----------|----------|
| Investment in a joint venture - Advance | 6.1 | 66,667 | 66,667 |
| Less: Provision against advance | | (66,667) | (66,667) |
| | | <u>-</u> | <u>-</u> |

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

December 31,
2019
(Un-audited) June 30,
2019
(Audited)

— (Rupees in '000) —

7. LONG - TERM INVESTMENTS

Investment in associates

| | | |
|------------------------|------------------|------------------|
| ICI Pakistan Limited | 2,049,547 | 1,946,416 |
| Lucky Holdings Limited | 720 | 4,284 |
| Yunus Energy Limited | 979,093 | 939,906 |
| | <u>3,029,360</u> | <u>2,890,606</u> |

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--------------------------|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) — | |
| 8. STOCK-IN-TRADE | | |
| Raw material in | | |
| - in hand | 4,015,269 | 6,080,886 |
| - in transit | 4,973,966 | 632,267 |
| - feed | 18,893 | 9,186 |
| | <u>9,008,128</u> | <u>6,722,339</u> |
| Work-in-process | 345,978 | 345,359 |
| Finished goods | | |
| - yarn | 1,884,674 | 1,261,788 |
| - knitted fabric | 31,712 | 41,104 |
| - waste | 47,427 | 36,522 |
| - unprocessed milk | 407 | 249 |
| | <u>1,964,220</u> | <u>1,339,663</u> |
| 8.1 | <u>11,318,326</u> | <u>8,407,361</u> |

8.1 The stock of finished goods has been written down to net realizable value by Rs. 50 million (2018: Rs. Nil).

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|--------------------------------------|-------------------------------|
| Note | — (Rupees in '000) — | |
| 9. LONG TERM FINANCE | | |
| Banking companies - secured | | |
| Long term finance | 3,493,954 | 2,675,091 |
| Less: Current portion of long term finance | (66,344) | (52,728) |
| | <u>3,427,610</u> | <u>2,622,363</u> |

9.1 The Holding Company has entered into long term finance agreement with various commercial banks, with an approved limit of Rs. 4.31 billion (June 30, 2019: Rs. 3.09 billion). The facilities carry a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis (June 30, 2019: SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis). The tenure of these facilities is 10 years including grace period of 2 years, starting from July 10, 2017. The Holding Company has drawn Rs. 3.49 billion up to December 31, 2019 (June 30, 2019: Rs. 2.67 billion).

The above financing agreements are secured by pari passu charge over plant and machinery of the Holding Company.

| | Note | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|---|------|--------------------------------------|-------------------------------|
| | | — (Rupees in '000) — | |
| 10. SHORT TERM BORROWINGS | | | |
| Banking companies - secured | | | |
| Running finance under markup arrangements | 10.1 | 53,732 | 8,629,697 |
| Short term finance | 10.2 | 3,000,000 | 695,250 |
| Import Loan | | 5,807,167 | - |
| | | 8,860,899 | 9,324,947 |
| Export refinance | 10.3 | 514,604 | 601,736 |
| | | <u>9,375,503</u> | <u>9,926,683</u> |

10.1 Facilities for running finance, import finance, export finance and export refinance is available from various banks up to Rs. 29.32 billion (June 30, 2019: Rs. 28.61 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2019.

10.2 This represents short-term finance facilities from various commercial banks having mark-up ranging between KIBOR - 0.05% to KIBOR 1.00% per annum (June 30, 2019: KIBOR - 0.05% to KIBOR 1.00% per annum).

10.3 The rate of mark-up on export re-finance is 2.1% to 2.5% per annum (June 30, 2019: 2.1% to 2.5% per annum).

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 As at period end, bank guarantees given in favour of the Holding Company by banks in normal course of business amounted to Rs. 1.13 billion (June 30, 2019: Rs. 1.13 billion).

11.1.2 Other contingencies are same as disclosed in notes 24.1.2 to 24.1.8 to the annual consolidated financial statements for the year ended June 30, 2019.

| | Note | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| | | — (Rupees in '000) — | |
| 11.1.3 Others | | | |
| Export bills discounted with recourse | | 1,264,754 | 1,277,307 |
| Local bills discounted | | 248,230 | 192,333 |
| Indemnity bond in favour of Collector of Customs against imports | | 10,201 | 5,906 |
| Post-dated cheques in favour of Collector of Customs against imports | | 1,116,588 | 974,071 |

| | December 31, 2019 (Un-audited) | June 30, 2019 (Audited) |
|--|--------------------------------------|-------------------------------|
| | — (Rupees in '000) — | |
| 11.2 Commitments | | |
| Letters of credit opened by banks for: | | |
| Plant and machinery | 134,308 | 836,937 |
| Raw materials | 3,628,679 | 225,272 |
| Stores and spares | 61,060 | 38,500 |

11.2.1 Further, the Holding Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments up to Rs. 338 million on behalf of Yunus Energy Limited, an associate.

| | Six months ended | | Quarter ended | |
|------|----------------------|------------------------------------|----------------------|----------------------|
| | December 31, 2019 | December 31, 2018 (Restated) | December 31, 2019 | December 31, 2018 |
| Note | — (Rupees in '000) — | | | |

12. COST OF SALES

| | | | | |
|---------------------------------|-------------------|-------------------|-------------------|------------------|
| Opening stock | | | | |
| - finished goods | 1,339,663 | 866,680 | 2,428,717 | 2,074,806 |
| Cost of goods manufactured 12.1 | 15,767,386 | 13,938,183 | 7,952,537 | 7,180,814 |
| | <u>17,107,049</u> | <u>14,804,863</u> | <u>10,381,254</u> | <u>9,255,620</u> |
| Closing stock | | | | |
| - finished goods 8 | (1,964,220) | (1,731,707) | (1,964,220) | (1,731,707) |
| | <u>15,142,829</u> | <u>13,073,156</u> | <u>8,417,034</u> | <u>7,523,913</u> |

| | Six months ended | | Quarter ended | |
|------|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| Note | — (Rupees in '000) — | | | |

12.1 Cost of goods manufactured

| | | | | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|
| Opening stock | | | | |
| - work in process | 345,359 | 286,033 | 315,706 | 285,902 |
| Raw and packing material consumed | 11,654,037 | 10,410,626 | 5,906,472 | 5,440,548 |
| Other manufacturing expenses | 4,113,968 | 3,564,534 | 2,076,337 | 1,777,374 |
| | <u>15,768,005</u> | <u>13,975,160</u> | <u>7,982,809</u> | <u>7,217,922</u> |
| | <u>16,113,364</u> | <u>14,261,193</u> | <u>8,298,515</u> | <u>7,503,824</u> |
| Closing stock | | | | |
| - work in process 8 | (345,978) | (323,010) | (345,978) | (323,010) |
| | <u>15,767,386</u> | <u>13,938,183</u> | <u>7,952,537</u> | <u>7,180,814</u> |

| | Six Months Ended | |
|--|----------------------|------------------------------------|
| | December 31, 2019 | December 31, 2018 (Restated) |
| Note | — (Rupees in '000) — | |
| 13. CASH (USED IN) / GENERATED FROM OPERATIONS | | |
| Profit before taxation | 1,056,891 | 730,325 |
| Adjustments for: | | |
| Depreciation | 485,205 | 371,599 |
| (Gain) / Loss on disposal of property, plant and equipment | (6,946) | 2,017 |
| Gain arising from changes in fair value of biological asset - animals | (16,278) | - |
| Loss on sale of biological asset - animals | 5,000 | - |
| Profit on deposits | (1,607) | (1,098) |
| Profit accrued on sales tax refund bonds | (5,262) | - |
| Provision for retirement benefit obligation | 117,194 | 94,900 |
| Share of profit from associates | (295,993) | (188,578) |
| Rebate on export sales | (10,134) | (26,333) |
| Finance cost | 521,537 | 440,477 |
| Realized gain on sale of investment | - | (5,018) |
| Working capital changes 13.1 | (139,683) | (4,147,224) |
| | 653,033 | (3,459,258) |
| Cash generated from / (used in) operations | 1,709,924 | (2,728,933) |

13.1 Working capital changes

| | | |
|---|-------------|-------------|
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | 25,405 | (57,513) |
| Stock in trade | (2,910,965) | (3,944,252) |
| Trade debts | 311,955 | (566,014) |
| Loans and advances | (19,674) | (89,657) |
| Trade deposits and short term prepayments | (19,666) | (786) |
| Sales tax refund bonds | 116,059 | - |
| Other receivables | 151,671 | (55,687) |
| | (2,345,215) | (4,713,909) |
| Increase / (decrease) in current liabilities | | |
| Export refinance | (87,132) | 355,722 |
| Trade and other payables | 2,292,664 | 210,963 |
| Working capital changes | (139,683) | (4,147,224) |

14. TRANSACTIONS WITH RELATED PARTIES

Details of significant transactions with related parties, other than those which have been disclosed elsewhere in this condensed interim consolidated financial status, are as follows:

a. **Related Companies**

| Name of Related Party | Basis of relationship | % of Share holding | Nature of Transaction | Six Month Ended | |
|--|--------------------------|--------------------|--|---|--------------------------------------|
| | | | | December 31, 2019 | December 31, 2018 |
| | | | | ----- (Rupees in '000) ----- | |
| Y.B.Holdings (Private) Limited | Ultimate Holding Company | - | Reimbursement of expenses to Company Dividend paid | 693 158,182 | 704 - |
| ICI Pakistan Limited | Associate | 7.21% | Purchase of fiber Share of profit on investment Dividend Received | 1,277,170 133,078 29,947 | 726,696 59,560 56,660 |
| Yunus Energy Limited | Associate | 19.98% | Reimbursement of expenses Share of profit on investment Dividend received | 1,541 161,460 122,273 | 1,447 127,164 183,410 |
| Lucky Holdings Limited | Associate | 1% | Share of profit on investment Dividend received | 1,455 5,019 | 1,853 - |
| Lucky Cement Limited | Associated Company | - | Purchase of cement Reimbursement of expenses to Company | 12,616 1,229 | 31,431 522 |
| Lucky Knits (Private) Limited | Associated Company | - | Yarn sold Purchase of goods & services Reimbursement of expenses to Company Sale of Laptop Sale of Vehicle | 765,239 44,695 2,064 73 1,901 | 552,816 12,775 2,070 - - |
| Yunus Textile Mills Limited | Associated Company | - | Yarn sold Waste sold | 553,072 135,242 | 60,739 - |
| Lucky Textile Mills Limited | Associated Company | - | Yarn sold Sale of fabric Reimbursement of expenses to Company Processing charges | 1,811,370 23,573 1,223 2,653 | 629,090 100,414 1,102 267 |
| Lucky Energy (Private) Limited | Associated Company | - | Purchase of electricity Reimbursement of expenses | 594,810 1,256 | 559,178 1,172 |
| Lucky Landmark (Private) Limited | Associated Company | - | Reimbursement of expenses to Company Sale of vehicle | 1,800 7,100 | 1,800 - |
| Tricom Wind Power (Private) Limited | Associated Company | - | Advance against shares Interest income on subordinate loan Advance & interest refunded | - 1,932 52,327 | 7,874 - - |
| Tricom Solar Power (Private) Limited | Associated Company | - | Advance against shares Interest income on subordinate loan | 150 365 | 1,421 - |
| Yunus Wind Power Limited | Associated Company | - | Advance against shares Interest income on subordinate loan | - 366 | 4,140 - |
| KIA Lucky Motors Pakistan Limited | Associated Company | - | Purchase of vehicle | 7,517 | - |
| b. Benefits to key management personnel | | | | 54,245 | 50,850 |

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates.

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2019, the Group has no financial instruments that falls into any of the above category.

16. OPERATING SEGMENTS

The financial information regarding operating segment is as follows:

| | Six Months Ended December 31, 2019 | | | | Six Months Ended December 31, 2018 ----- (Restated) ----- | | | |
|-------------------------------|---------------------------------------|----------|-------------|------------|---|----------|-------------|------------|
| | Spinning | Knitting | Unallocated | Total | Spinning | Knitting | Unallocated | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Segment revenues | | | | | | | | |
| Export | 4,186,587 | 600,261 | - | 4,786,848 | 2,552,264 | 435,973 | - | 2,988,237 |
| Indirect Export | 3,129,682 | - | - | 3,129,682 | - | - | - | - |
| Local | 8,788,678 | 34,281 | 84,632 | 8,907,591 | 11,270,951 | 107,098 | - | 11,378,049 |
| Profit before tax: | 571,676 | 110,555 | 374,660 | 1,056,891 | 446,405 | 95,342 | 188,578 | 730,325 |
| Finance cost | 509,683 | 1,923 | 9,931 | 521,537 | 438,734 | 1,513 | - | 440,247 |
| Depreciation | 466,523 | 528 | 18,154 | 485,205 | 357,188 | 630 | 13,781 | 371,599 |
| | December 31, 2019 (Unaudited) | | | | June 30, 2019 (Audited) | | | |
| | Spinning | Knitting | Unallocated | Total | Spinning | Knitting | Unallocated | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Segment assets | | | | | | | | |
| Property, plant and equipment | 10,099,814 | 4,085 | 293,326 | 10,397,225 | 9,656,030 | 4,261 | 210,068 | 9,870,359 |
| Other non-current assets | - | - | 3,233,336 | 3,233,336 | - | - | 3,072,281 | 3,072,281 |
| Current assets | 14,776,269 | 297,901 | 1,652,245 | 16,726,415 | 12,112,757 | 409,454 | 1,814,504 | 14,336,715 |

17. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these interim consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. Further, the figures of prior period have been restated on account of Scheme of arrangement as detailed in note 2 of the annual consolidated financial statements for the year ended June 30, 2019.

18. SIGNIFICANT EVENT

During the period, a fire occurred at the head office premises of the Holding Company which resulted in the damage of office building, equipment, furniture and loss of certain accounting and regulatory records. The impact of this event has not been accounted for in these condensed interim financial statements as the amount is insignificant. Further, the actual amount of loss and the related insurance claim is being determined by management, insurance surveyors and valuers.

19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements have been approved and authorized for issue on January 30, 2020 by the Board of Directors of the Holding Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

ڈائریکٹرز کی رپورٹ

معزز ممبران گرامی

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 31 دسمبر 2019 کو ختم ہونے والی ششماہی سے متعلق جائزہ بمعہ غیر آڈٹ شدہ مفرد و یکجا مالیاتی دستاویزات آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

سال رواں کے دوران آپ کی کمپنی کا مجموعی کاروباری حجم 16.82 ارب روپے ریکارڈ کیا گیا ہے جبکہ کاروباری حجم گزشتہ سال اسی عرصے کے دوران 14.36 ارب روپے تھا، لہذا اس سال سہ ماہی سطح پر کاروباری حجم میں 17.11 فیصد کا اضافہ ریکارڈ کیا گیا۔ اس حقیقت کے باوجود کہ یکم جولائی 2019 سے گیس کی قیمت 600 روپے فی ایم ایم بی ٹی یو سے بڑھا کر 786 روپے فی ایم ایم بی ٹی یو کر دی گئی جس کے نتیجے میں توانائی کی قیمتوں میں اضافہ ہوا، کمپنی کی مجموعی خام منافع گزشتہ سال اسی عرصے کے 9.00 فیصد سے بڑھ کر 9.99 فیصد ہو گئی جس کا سہرا مصنوعات کے بہتر استخراج، پیداوار میں اضافہ اور بہتر قیمت فروخت کو جاتا ہے۔

اللہ کے فضل و کرم سے کمپنی کے بنائی کے شعبے کی نئی سائٹ بھی ماہ دسمبر سے فعال ہو گئی ہے جو کہ کمپنی کی قدر میں اضافہ کرے گی۔

معاشی حالات

زیر نظر عرصے کے دوران ڈالر کی صورت میں ملکی برآمدات میں گزشتہ سال اسی عرصے کے مقابلے میں 3.15 فیصد کا اضافہ اور درآمدی بل میں 15.90 فیصد کمی دیکھی گئی جس کے نتیجے میں رواں کھاتے کے خسارے میں 30.26 فیصد کمی واقع ہوئی۔

تاہم افراط زر جو کہ سال کے آغاز یعنی جنوری 2019 میں لگ بھگ 7.2 فیصد تھا، حالیہ چند ماہ میں بڑھتے ہوئے دسمبر 2019 میں 12.40 فیصد تک جا پہنچا۔ بینک دولت پاکستان نے پالیسی شرح کو 13.25 فیصد پر اس بنا پر قرار رکھا کہ چند عارضی عوامل، بطور خاص غذائی قیمتوں میں اضافے نے مہنگائی کو بلند تر سطح پر پہنچا دیا ہے۔

مزید برآں، ملکی معیشت جو کہ سال 2018 کے عام انتخابات کے بعد سے اتار چڑھاؤ سے گزر رہی تھی، اب بہتری کی جانب گامزن ہے جس کے اثرات معاشی اشاریوں بشمول گرتی ہوئی شرح مبادلہ اور بڑھتے ہوئے ذرمبادلہ کے ذخائر سے ظاہر ہیں۔

مالیاتی کارکردگی

زیر نظر ششماہی اختتامیہ 31 دسمبر 2019 سے متعلق کمپنی کے اہم یکجا مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

| فیصد سازگار / (ناسازگار) | 31 دسمبر 2018 | 31 دسمبر 2019 | خلاصہ برائے نفع و نقصان |
|-----------------------------|-----------------|-----------------|----------------------------|
| | روپے ہزاروں میں | روپے ہزاروں میں | |
| 60.19 | 2,988,237 | 4,786,848 | براہ راست برآمدات |
| 100.00 | - | 3,129,682 | بالواسطہ برآمدات |
| (21.71) | 11,378,049 | 8,907,591 | متنامی فروختگی |
| 17.11 | 14,366,286 | 16,824,121 | کل فروختگی |
| 30.02 | 1,293,130 | 1,681,292 | خام منافع |
| (55.87) | (173,569) | (270,536) | اخراجات برائے تقسیم مال |
| (5.04) | (142,531) | (149,712) | اخراجات برائے انتظامی امور |
| (18.40) | (440,477) | (521,537) | تمویلی لاگت |
| 60.38 | 240,211 | 385,256 | دیگر آمدن |
| 44.72 | 730,325 | 1,056,891 | نفع قبل از محصول |
| 44.27 | 567,462 | 818,683 | نفع بعد از محصول |
| | 20.24 | 29.21 | آمدن فی حصص (روپے) |

عالمی معیشتوں کے مابین جاری تجارتی محاذ آرائی اور ملکی اور بین الاقوامی سطح پر سخت مسابقت کے باوجود ہر آمدات میں گزشتہ سال اسی عرصے کے مقابلے میں روپے کی صورت میں 60.19 فیصد کا متاثر کن اضافہ ہوا۔ مزید یہ کہ مقامی فروختگی (بشمول بلاواسطہ برآمدات) میں بھی گزشتہ سال اسی عرصے کے مقابلے میں 5.79 فیصد کا معمولی اضافہ رہا۔ اگر حکومت اور کاروباری حشرات (بنیادی طور پر تاجروں) کے مابین کچھ مخصوص پالیسی اقدامات بشمول شناختی کارڈ جیسے معاملات پر اتفاق رائے ہو جاتا تو مقامی فروختگی میں اور بھی اضافہ ہو سکتا تھا۔ مزید یہ کہ یکم جولائی 2019 سے واپس لئے جانے والے ایس آر اور 2011/1)1125 جیسے اقدامات نے بھی رواں مدت میں مقامی فروختگی پر منفی اثرات مرتب کئے۔

دوران مدت کمپنی نے بلند شرح سود کے اثرات کو کم کرنے کے لئے اپنے سرمائے کی ضروریات کو سنبھالنے کے ذریعے بشمول غیر ملکی زرمبادلہ میں قرضوں سے منتقل کیا جس سے کمپنی کی تمویلی لاگت 18.40 فیصد کے اضافے کے ساتھ قابل انتظام سطح پر رہی، اگر کمپنی ایسے متبادل ذرائع کا انتخاب نہ کرتی تو تمویلی لاگت اس سے کہیں زیادہ ہو جاتی۔ مزید یہ کہ کمپنی کی انتظامیہ نے مالیاتی ذخائر کا ایک موثر استخراج کم سے کم پیرسڈ کے ساتھ برقرار رکھا تا کہ لاگت کو کم از کم سطح پر رکھا جاسکے۔

مختلف النوع ذرائع میں کی جانے والی سرمایہ کاری کے نتائج، گزشتہ سال کی ششماہی کے 188.58 ملین روپے کے مقابلے میں 295.99 ملین روپے رہے، یعنی 107.4 ملین روپے کا اضافہ، جس سے نہ صرف کمپنی کی منفعت کو استحکام ملا بلکہ کمپنی کے کسی ایک شعبے پر انحصار کے خدشے کو بھی محدود کر دیا۔

نتیجے میں کمپنی کے یکجا نام منافع میں، گزشتہ سال کی ششماہی کے مقابلے میں 44.27 فیصد کا اضافہ ہوا، جس میں مزید اضافہ ہو سکتا تھا اگر انکم ٹیکس آرڈیننس مجربہ 2001 کی دفعہ 65B کی رو سے ملنے والے ٹیکس کریڈٹ، جو کہ تقریباً 32 ملین روپے بنتا ہے، کو یکم جولائی 2019 سے واپس نہ لیا جاتا۔

کاروباری کارکردگی کا شعبہ جاتی جائزہ

رواں دورانیے میں کمپنی کے سوت کٹائی اور بنائی، دونوں شعبوں میں فروختگی اور منافع دونوں لحاظ سے گزشتہ سال ششماہی کی نسبت بہتری آئی جبکہ سوت کٹائی کے شعبے میں متاثر کن بہتری آئی۔

اہم ترین سرمایہ کاری کی نوعیت

رواں دورانیے میں کمپنی نے نحص داران سے منظور شدہ اپنی منسلک کمپنی ٹرائی کوم وولڈ پاور (پرائیویٹ) لمیٹڈ میں مجوزہ سرمایہ کاری کی دوبارہ جانچ کی اور اس کے نتائج، خاص طور پر درج ذیل عوامل کی روشنی میں مذکورہ سرمایہ کاری کو مزید جاری نہ رکھنے کا فیصلہ کیا:

شرح سود میں 7 فیصد سے 13.85 فیصد کا چانک اضافہ؛

روپے کی قدر میں کمی؛ اور

توازن، جدیدیت اور تبدیلی (ہیلنگ، موڈرنائزیشن اینڈ رینجیلیٹیسمٹ) کے تحت گزشتہ سال 2018-19 میں کئے جانے والے نمایاں سرمایہ کاری اخراجات۔

کارپوریٹ معاشرتی ذمہ داری

کمپنی اپنی معاشرتی ذمہ داریوں کو محض ذمہ داری سمجھنے کے بجائے اپنی ترجیح سمجھتے ہوئے ایسے اقدامات میں پیش پیش رہتی ہے جس سے ماحول اور معاشرے پر مثبت اثرات مرتب ہوں۔

زیر نظر دورانیے میں، ماحول سے بخوبی آگاہ کمپنی ہونے کے ناطے، کمپنی اپنے ارد گرد کے ماحول کو ہر اہم اور صاف ستھرا رکھنے میں کوشاں رہی۔ دنیا بھر میں جاری موسمیاتی تبدیلی کے پیش نظر، کمپنی نے اپنے عملے کے اراکین میں پودے تنبیہ کر کے اس کام میں اپنا حصہ ڈالا۔ مزید یہ کہ نوجوانوں کو مستقبل کارہنما سمجھتے ہوئے کمپنی نے کراچی کے اسکول اور یونیورسٹی طلباء کے ساتھ شجر کاری کی سرگرمیاں بھی سرانجام دی۔

اس کے ساتھ ساتھ، کمپنی نے طلباء کے لئے فیکٹری کے دورے کا اہتمام کیا اور طلباء کو ٹیکسٹائل کی صنعت سے عملی طور پر واقف ہونے کا موقع فراہم کیا۔

مستقبل پر نظر

حکومت کی جانب سے پالیسی اقدامات کے نتیجے میں ملک استحکام کی راہ پر گامزن ہے۔ ترقی کی رفتار اگرچہ سست ہے مگر طویل مدتی نمو کے لئے ناگزیر ہے۔ رواں عرصے میں برآمدات میں اضافہ اور درآمدات میں کمی کے علاوہ حکومت کی جانب سے غیر ملکی کرنسی کے ذخائر کو ضابطے کے تحت لانے جیسے اقدامات نے شرح مبادلہ پر مثبت اثرات مرتب کئے ہیں اور امید کی جاتی ہے کہ روپے کی قدر میں استحکام آئے گا

امریکہ اور چین کے مابین حالیہ تجارتی معاہدے کے "پہلے مرحلے" پر دستخط، اس بات کی طرف اشارہ ہے کہ دونوں عالمی طاقتوں کے تعلقات میں بہتری آ رہی ہے جو کہ نہ صرف عالمی معیشت بلکہ بلخصوص ملکی برآمدات پر مثبت اثرات مرتب کرے گی۔ مزید یہ کہ پاکستان اور چین کے مابین، 313 پاکستانی مصنوعات کے لئے ہونے والے حالیہ "ایف ٹی اے" معاہدے سے بھی ملکی برآمدات بڑھانے میں مدد ملے گی۔

اس بات کی بھی امید کی جاتی ہے کہ کپنی کی جانب سے اس دورانیے میں جدید ترین مشینوں میں سرمایہ کاری کے شرائط کپنی کیلئے نقد رقم کی ترسیل کا باعث بنیں گے جس سے کپنی کا مارکیٹ میں حصہ بڑھے گا اور صنعت پر مثبت اثرات مرتب ہو سکیں گے۔ اس کے علاوہ کپنی کے بنائی گئے شعبے کی نئی سائٹ جو کہ اس سرمایہ کے اختتام پر فعال ہو چکی ہے، کپنی کی قدر میں مزید اضافہ کرے گی۔

حکومت سے اس بات کی بھی امید کی جاتی ہے کہ طویل عرصے سے زیر التواء قانونی انگیس معاملات (بشمول جی آئی ڈی سی) جو کہ مجموعی طور پر صنعتوں کو متاثر کر رہے ہیں، کے لئے جلد ہی کوئی حل پیش کیا جائے گا۔

علاوہ ازیں، کپنی کی جانب سے بھی پیداواری استعداد کے زیادہ سے زیادہ استعمال اور خام مال کے حصول کی موثر حکمت عملی جیسے اقدامات سے لاگت کو کم سے کم کیا جائے۔ ساتھ ہی فروختگی کے امتزاج کو طلب و رسد کے مطابق ڈھالا جائے تاکہ منافع اور ترسیل نقد رقم پر مثبت اثرات مرتب ہوں۔

اظہار تشکر

ڈائریکٹرز کپنی کے کارکنوں، ملازمین اور انتظامی عملے کی حسن کارکردگی کو مد نظر رکھتے ہوئے ان کا تہہ دل سے تشکر یہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد سبیل طہ
چیف ایگزیکٹو آفیسر

محمد یونس طہ
چیف مین ایگزیکٹو آفیسر

بہ مقام کراچی: 30 جنوری 2020

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