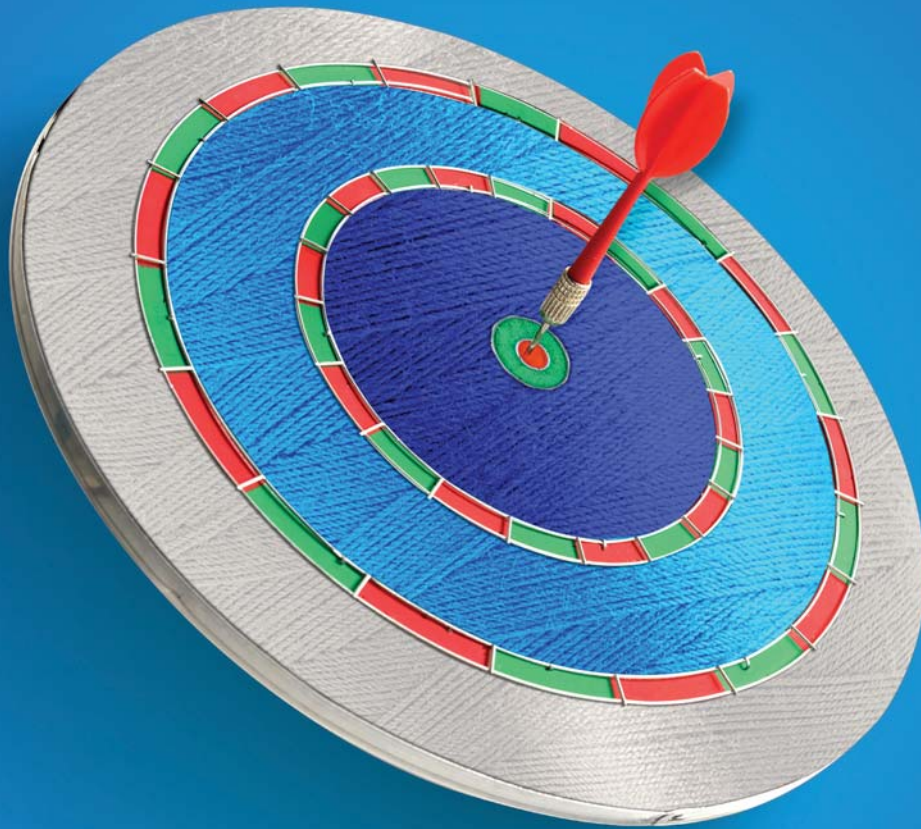


rewarding success

Quarterly Report
September 2017



gadsen

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company information

Board of Directors	Mr. Muhammad Yunus Tabba (Chairman) Mr. Muhammad Sohail Tabba (Chief Executive) Mr. Muhammad Ali Tabba Mr. Imran Yunus Mr. Jawed Yunus Tabba Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya Mr. Saleem Zamindar (Independent Director)
Audit Committee	Mr. Saleem Zamindar (Chairman) Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mrs. Zulekha Tabba Maskatiya
HR and Remuneration Committee	Mr. Jawed Yunus Tabba (Chairman) Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya
Executive Director and Company Secretary	Mr. Abdul Sattar Abdullah
Chief Financial Officer	Mr. Muhammad Imran Moten
Auditors	Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu
Chief Internal Auditor	Mr. Haji Muhammad Mundia
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, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350. Phone No. : 021-35205479-80 Fax No. : 021-34382436
Liaison Office	Syed's Tower, Third Floor, Opp. Custom House, Jamrud Road, Peshawar. Phone No. : 091-5701496 Fax No. : 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	Central Depository Company of Pakistan 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	Habib Metropolitan Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Al-Falah Limited	National Bank of Pakistan
Bank Al-Habib Limited	MCB Bank Limited (formerly NIB Bank Limited)
Bank Islami Pakistan Limited	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank Pakistan Limited
Faysal Bank Limited	The Bank of Punjab
Habib Bank Limited	United Bank Limited

directors' report

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited financial statements for the first quarter ended September 30, 2017.

Overview

During the period under review, your Company recorded turnover of Rs. 6.5 billion against Rs. 5.6 billion for the Same Period Last Year (SPLY); an increase of approx. Rs. 900 million (16%) quarter on quarter (QoQ). The last year's export package, somehow supported to the ailing textile sector, which is evident from an increase of 36% QoQ. However, profit margins are still not very attractive on account of regional competition.

The Company, capitalizing on its reputation built over the years by penetrating in nearly every inch of the local market has resulted in an increase of Rs. 282 million in local sales to Rs. 4.2 billion against Rs. 3.9 billion in SPLY, up by 7% QoQ basis.

Despite political instabilities and current account deficit in addition to fierce competition with regional competitors, consistent efforts of your management resulted in bottom line of Rs. 161 million as compared to hefty bottom line of Rs. 344 million SPLY.

Economic Prospects

Overall economic position of the country has remained stable, while there have been political instabilities, there have been few positives compensating these instabilities, not limited to CPEC gaining global recognition, Inflation rate stability and reduction in power crisis. The country is expected to witness an increase in cotton production from last year. However, it may not be able to achieve target set for the period. There have been hefty increase in imports in 1st quarter due to which balance of payment cycle is badly disturbed, which, we believe will improve with the imposition of duties on many items as notified and revival of textile sector on account of revised export package.

Financial Performance

As evident from the financial results stated, the Company has managed to compete in this quarter by posting a positive bottom line.

Profit and Loss Summary

	September 30, 2017	September 30, 2016	Favorable / (Unfavorable)
	— (Rupees in '000) —		Percentage
Export	2,301,789	1,672,938	37.59
Local	4,217,757	3,935,564	7.17
Sales (net)	6,519,546	5,608,502	16.24
Gross Profit	379,378	466,719	(18.71)
Finance Cost	(127,310)	(81,109)	(56.96)
Distribution expenses	(96,562)	(62,573)	(54.32)
Administrative expenses	(57,843)	(56,263)	(2.81)
Other Income	192,669	120,929	59.32
Profit before taxation	235,010	385,111	(38.98)
Profit for the year	160,761	344,075	(53.28)
Earnings Per Share (Rs.)	5.74	12.28	

As evident from above, the export sales have shown an upward trend QoQ mainly on account of export package announced in January 2017 which works as a ray of hope in increasing the exports of the country. The product cost in the current period has increased as cost of inventory procured has not been compensated with the prevailing selling prices due to regional as well as local competition. Resultantly, gross profit margins have declined when compared with last period.

The increase, both in local sales and export is mainly on account of increase in quantity. We, however, anticipate that in coming periods to come, textile sector may recover on account of recently announced export package.

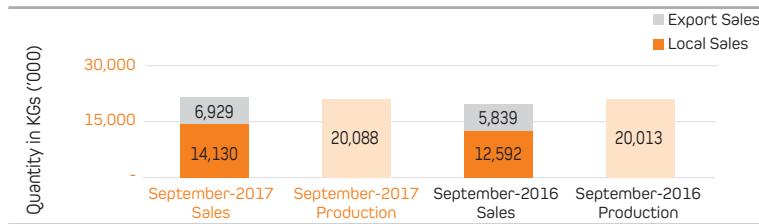
Administrative expenses have remained same when compared with SPLY, which shows that the company has capitalized the merger synergies through economies of scale and optimum utilization of management expertise.

After the political instability which resulted in abrupt devaluation during the period, the Company's management, keeping in view the risk management and cost benefit analysis, has disposed-off its foreign currency exposure by converting the same to local borrowing, which resulted in an increase of 57% in its finance cost. Although, the management has managed to maintain efficient portfolio of funds by reaping maximum benefits of lower benchmark rates prevalent in the country along-with minimum spreads.

The returns from the company's strategic decision to invest in diversified avenues has started to pay off which is evident from a material increase of Rs. 78 million in other income to Rs. 142 million against Rs. 64 million SPLY. Furthermore, with the revised export package, rebate income to be received under the referred package has increased other Income by Rs. 45 million, which is compensated by last period increase in other income on account of selling short term investment in International Steels Limited.

Operational Performance

The production and sales statistics for the three months ended September 30, 2017 and its comparison with SPLY is presented below:



Future Outlook

With the government announcement of revised export package, relaxing condition of 10% increase on export requirement for 50% rebate, we anticipate that exports of the Company and of the country will increase keeping in view resolution of energy crisis and imposition of further restriction to apply level playing field.

Furthermore, keeping in view the latest technologies, Company management is also planning to replace old technology machineries with new technology to become more effective and efficient, and be able to compete with its regional competitors.

The Directors have decided to make strategic equity investment jointly with other associated undertakings in two wind power projects of 50 MW each, subject to approval of shareholders.

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

Karachi: October 27, 2017

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

condensed interim balance sheet

As at September 30, 2017 (Un-audited)

	Note	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
— (Rupees in '000) —			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	7,518,376	7,447,694
Long term advance	6	-	-
Long term loans		8,731	9,723
Long term deposits		27,704	27,704
Long term investments	7	2,614,762	2,472,715
		10,169,573	9,957,836
Current Assets			
Stores, spares & loose tools		464,027	491,790
Stock in trade	8	4,296,289	5,700,578
Trade debts		1,887,410	1,750,769
Loans and advances		929,078	732,810
Trade deposits and short term prepayments		14,325	17,679
Other receivables		702,376	928,097
Income tax refundable		449,597	514,535
Cash and bank balances		171,869	163,926
		8,914,971	10,300,184
Total Assets		19,084,544	20,258,020
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised 57,500,000 ordinary shares of Rs. 10/- each		575,000	575,000
Capital & Reserves			
Issued, subscribed and paid-up capital		280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		6,969,499	6,948,886
		7,387,336	7,366,723
Non-Current Liabilities			
Long term finance		467,165	-
Deferred Liabilities		1,143,660	1,114,696
		1,610,825	1,114,696
Current Liabilities			
Trade and other payables		2,819,400	2,794,771
Accrued mark up		98,284	87,667
Short term borrowings	9	6,843,319	8,635,992
Provision for taxation		325,380	258,171
		10,086,383	11,776,601
Total Equity and Liabilities		19,084,544	20,258,020
CONTINGENCIES AND COMMITMENTS			
	10		

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


MUHAMMAD YUNUS TABBA
 Chairman / Director


MUHAMMAD SOHAIL TABBA
 Chief Executive Officer


MUHAMMAD IMRAN MOTEN
 Chief Financial Officer

condensed interim profit and loss account

For the First Quarter Ended September 30, 2017 (Un-audited)

	Note	QUARTER ENDED	
		September 30, 2017	September 30, 2016
		— (Rupees in '000) —	
Sales-net		6,519,546	5,608,502
Cost of sales	11	(6,140,168)	(5,141,783)
Gross profit		379,378	466,719
Distribution cost		(96,562)	(62,573)
Administrative expenses		(57,843)	(56,263)
		(154,405)	(118,836)
		224,973	347,883
Finance cost		(127,310)	(81,109)
Other operating expenses		(55,322)	(2,592)
		42,341	264,182
Other income		50,622	57,253
Share of profit from associates		142,047	63,676
Profit before tax		235,010	385,111
Taxation	12		
Current		(67,209)	(57,131)
Deferred		(7,040)	16,095
		(74,249)	(41,036)
Profit for the period		160,761	344,075
		— (Rupees) —	
Earnings per share-basic and diluted		5.74	12.28

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



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

condensed interim statement of comprehensive income

For the First Quarter Ended September 30, 2017 (Un-audited)

	QUARTER ENDED	
	September 30, 2017	September 30, 2016
	--- (Rupees in '000) ---	
Profit for the period	160,761	344,075
Other comprehensive income	-	-
Total comprehensive income for the period	<u>160,761</u>	<u>344,075</u>

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



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

condensed interim cash flow statement

For the First Quarter Ended September 30, 2017 (Un-audited)

	Note	QUARTER ENDED	
		September 30, 2017	September 30, 2016
		— (Rupees in '000) —	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	1,673,330	891,928
Gratuity paid		(23,077)	(31,566)
Taxes recovered / (paid)		39,360	(44,685)
Rebate received		4,000	-
Finance cost paid		(116,693)	(60,415)
Net cash generated from operating activities		1,576,920	755,262
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(241,862)	(40,024)
Proceeds from sale of fixed assets		2,742	400
Proceeds from sale of shares		-	13,145
Long term loans (paid) / recovered		992	7,152
Long term deposits paid		-	(2,644)
Profit received from bank deposits		-	367
Net cash used in investing activities		(238,128)	(21,604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan obtained		467,165	-
Dividend paid		(5,341)	(20)
Net cash generated / (used in) financing activities		461,824	(20)
Net increase in cash & cash equivalents		1,800,616	733,638
Cash & cash equivalents at the beginning of the period		(8,472,066)	(9,166,314)
Cash & cash equivalent at the end of the period		(6,671,450)	(8,432,676)
Cash & Cash Equivalents			
Cash & bank balances		171,869	366,279
Short term borrowings		(6,843,319)	(8,798,955)
		(6,671,450)	(8,432,676)

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



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

condensed interim statement of changes in equity

For the First Quarter Ended September 30, 2017 (Un-audited)

	---Capital Reserves---					----- Revenue Reserves -----				Grand total
	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Share premium	Amalgamation Reserve	Sub Total	General reserves	Amalgamation Reserve	Unappropriated profit	Sub Total	
	----- (Rupees in '000) -----									
Balance as at July 01, 2016	280,296	-	103,125	34,416	137,541	1,000,000	727,333	4,388,436	6,115,769	6,533,606
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	344,075	344,075	344,075
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	344,075	344,075	344,075
Balance as at September 30, 2016	280,296	-	103,125	34,416	137,541	1,000,000	727,333	4,732,511	6,459,844	6,877,681
Balance as at July 01, 2017	280,296	-	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723
Transaction with owners										
Final Dividend @ Rs. 5/ share each for the year ended June 30, 2017	-	-	-	-	-	-	-	(140,148)	(140,148)	(140,148)
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	160,761	160,761	160,761
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	160,761	160,761	160,761
Balance as at September 30, 2017	280,296	-	103,125	34,416	137,541	1,000,000	727,333	5,242,166	6,969,499	7,387,336

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


MUHAMMAD YUNUS TABBA
 Chairman / Director


MUHAMMAD SOHAIL TABBA
 Chief Executive Officer


MUHAMMAD IMRAN MOTEN
 Chief Financial Officer

notes to the condensed interim financial information

For the First Quarter Ended September 30, 2017 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate Khyber Pakhtunkhwa and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Y.B. Holdings (Private) Limited is the holding company. The registered office of the Company is located at 200-201, Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtunkhwa

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the first quarter ended September 30, 2017 has been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further continuation of the said circular through circular No. 23 of 2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 prevail. These condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and therefore, should be read in conjunction with Company's annual financial statements for the year ended June 30, 2017.

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

2.3 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017; the comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial information for the first quarter ended September 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and

the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2017. There were Certain new IFRSs and amendments to the approved accounting standards that are effective for periods beginning on or after July 01, 2017, but are considered not to be relevant or have any significant effect on the company's condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

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

Note	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	— (Rupees in '000) —	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	6,782,160	6,855,143
Capital work-in-progress	5.2	736,216	592,551
		<u>7,518,376</u>	<u>7,477,694</u>

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

	Three months ended September 30, 2017 (Un-audited)		Three months ended September 30, 2016 (Un-audited)	
	Additions/ transfers	Disposals at book value	Additions/ transfers	Disposals at book value
	— (Rupees in '000) —			
Buildings	10,430	-	1,160	-
Plant and machinery	76,886	-	8,819	-
Electric installations	-	-	480	-
Computer equipments	314	-	300	-
Office equipment and installations	332	-	85	-
Vehicles	10,235	733	3,924	12
	<u>98,197</u>	<u>733</u>	<u>14,768</u>	<u>12</u>

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

	Three months ended September 30, 2017 (Un-audited)		Three months ended September 30, 2016 (Un-audited)	
	Additions	Transfers	Additions	Transfers
----- (Rupees in '000) -----				
Gadoon Amazai				
Civil works	4,380	3,968	-	-
Plant and machinery	193,583	34,037	26,047	3,564
Electric installations	1,134	-	-	-
Advances to Supplier	5,619	9,538	3,990	3,926
Mark up Capitalized	561	-	3,418	-
Karachi Project				
Plant and machinery	8,077	42,849	5,735	5,735
Civil works	25,579	6,462	454	1,160
Advances to Supplier	511	697	-	-
Mark up Capitalized	1,772	-	-	-
	<u>241,216</u>	<u>97,551</u>	<u>39,644</u>	<u>14,385</u>

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
Note	----- (Rupees in '000) -----	-----

6. LONG - TERM ADVANCE

- Considered doubtful

Advance for investment in a joint venture	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		<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 is acquisition and development of certain land in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

7. LONG - TERM INVESTMENTS

Investments in associated undertakings

ICI Pakistan Limited	1,624,362	1,571,147
Lucky Holdings Limited	169,712	164,843
Yunus Energy Limited	820,688	736,725
	<u>2,614,762</u>	<u>2,472,715</u>

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	— (Rupees in '000) —	
8. STOCK-IN-TRADE		
Raw Material		
- in hand	2,990,446	3,436,226
- in transit	32,559	721,359
	3,023,005	4,157,585
Work-in-process	349,253	262,525
Finished goods		
- yarn	794,820	1,150,054
- knitted fabric	35,689	24,783
- waste at net realisable value	93,522	105,631
	924,031	1,280,468
	<u>4,296,289</u>	<u>5,700,578</u>
9. SHORT-TERM BORROWINGS		
Banking companies - secured		
Running finance under mark-up arrangements	1,010,550	677,014
Short-term-finances	5,400,000	1,500,000
Foreign currency loan against		
Import finance	-	6,002,310
Export finance	432,769	456,668
	432,769	6,458,978
	<u>6,843,319</u>	<u>8,635,992</u>

9.1 Facilities for running finance, short-term finances, import finance and export finance are available from various banks upto Rs. 25.78 billion (June 30, 2017: Rs. 24.78 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2017.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There have been no change in contingencies as disclosed in note 21.1 of annual audited financial statements for the year ended June 30, 2017 other than those disclosed in these condensed interim financial information.

	September 30, 2017 (Un-audited)	June 30, 2017 (Audited)
	— (Rupees in '000) —	
10.1.2 Others		
Export bills discounted with recourse arrangement	1,570,225	1,540,624
Indemnity bond in favor of Collector of Customs against imports	4,105	4,105
Post dated cheques in favor of Collector of Customs against imports	594,656	684,890
10.2 Commitments		
Letters of credit opened by banks for:		
Plant and machinery	402,345	-
Raw material	2,782,271	477,625
Stores and spares	52,779	28,035
Foreign currency forward contracts	-	9,315

10.2.1 The Company has outstanding contractual commitment under sponsors support agreement, for the debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associated undertaking.

		Quarter ended	
		September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
		— (Rupees in '000) —	
11. COST OF SALES			
Opening stock - finished goods		1,280,468	641,035
Cost of goods manufactured	11.1	5,783,731	5,581,733
		<u>7,064,199</u>	<u>6,222,768</u>
Closing stock - finished goods		(924,031)	(1,080,985)
		<u>6,140,168</u>	<u>5,141,783</u>
11.1 Cost of goods manufactured			
Opening stock- work in process		262,525	250,971
Raw and packing material consumed		4,161,144	3,660,594
Other manufacturing expenses		1,709,315	1,886,268
		<u>5,870,459</u>	<u>5,546,862</u>
		<u>6,132,984</u>	<u>5,797,833</u>
Closing stock - work in process		(349,253)	(216,100)
		<u>5,783,731</u>	<u>5,581,733</u>

12. TAXATION

There have been no change in the tax contingencies as disclosed in note number 21.1.5, 21.1.6, 21.1.7, 21.1.8 and 21.1.9 to the annual audited financial statements for the year ended June 30, 2017.

	Quarter ended	
	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
	— (Rupees in '000) —	
13. CASH GENERATED FROM OPERATIONS		
Profit/(loss) before taxation	235,010	385,111
Adjustments for:		
Depreciation	170,447	191,913
Gain on disposal of fixed assets	(2,009)	(388)
Gain on short term investment	-	(4,437)
Profit on deposits	-	(421)
Dividend income	-	(2,415)
Provision for gratuity	45,001	40,000
Share of Profit from associate-net of tax	(142,047)	(63,676)
Unrealised gain on short term investment	-	(47,286)
Rebate	(45,465)	-
Finance cost	127,310	81,108
Working capital changes	1,285,083	312,419
	<u>1,438,320</u>	<u>506,817</u>
Cash generated from operations	<u>1,673,330</u>	<u>891,928</u>
13.1 Working capital changes		
Decrease / (increase) in current assets		
Stores,spares & loose tools	27,763	50,358
Stock in trade	1,404,289	339,669
Trade debts	(136,641)	(16,894)
Loans and advances	(170,690)	(34,978)
Trade deposits and short term prepayments	3,354	3,709
Other receivables	267,186	26,976
	<u>1,395,261</u>	<u>368,840</u>
Decrease / (increase) in current liabilities		
Trade and other payables	(110,178)	(56,421)
	<u>1,285,083</u>	<u>312,419</u>

Note

13.1

14. TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Nature of Transaction	Quarter ended	
		September 30, 2017 (Un-audited)	September 30, 2016 (Un-audited)
----- (Rupees in '000) -----			
a. Associated companies (Common Directorship)			
Lucky Cement Limited	Purchase of cement	2,932	331
	Re-imburement of expenses	254	120
Yunus Textile Mills Limited	Sale of yarn	143,861	102,312
Lucky Knits (Private) Limited	Sale of yarn	266,585	208,250
	Knitting & Dyeing charges	4,585	4,593
	Purchase of Yarn		140
	Purchase of vehicle		410
Lucky Textile Mills Limited	Sale of yarn	710,409	593,420
	Sale of fabric	91,817	160,961
	Service charges	1,540	421
Lucky Energy (Private) Limited	Purchase of electricity	272,194	293,600
Yunus Energy Limited	Re-imburement for expenses	1,568	-
	Share of profit on investment	83,963	16,365
ICI Pakistan Limited	Purchase of fiber	406,860	347,416
	Share of profit on investment	53,215	41,644
Lucky Holdings Limited	Share of profit on investment	4,869	5,667
b. Benefits to key management personnel		21,135	19,278

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.

The carrying values of all financial assets and liabilities reflected in the 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 September 30 and June 30, 2017 the Company had no financial instruments that falls into any of the above category.

16. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on October 27, 2017 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer

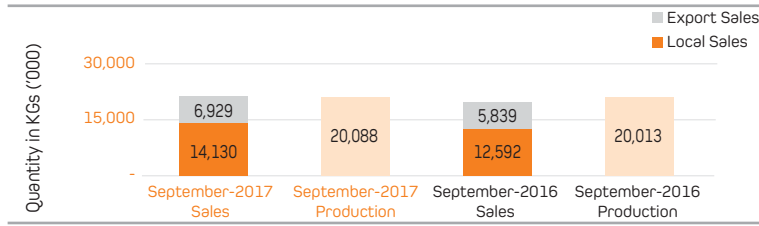


MUHAMMAD IMRAN MOTEN
Chief Financial Officer

کمپنی کی جانب سے متنوع انداز سے سرمایہ کاری کی حکمت عملی کے مثبت نتائج برآمد ہونا شروع ہو چکے ہیں جس کا اظہار دیگر آمدن کی مد میں ہونے والے 78 ملین روپے کے اہم اضافے سے ہوتا ہے جس کی وجہ سے اس سہ ماہی میں دیگر آمدن 142 ملین روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران 64 ملین روپے تھی۔ گزشتہ سہ ماہی، دیگر آمدن میں، انٹرنیشنل اسٹیل لمیٹڈ کے حصص میں قلیل مدت سرمایہ کاری سے حاصل ہونے والا منافع بھی شامل تھا جبکہ اس سہ ماہی میں ایکسپورٹ ری۔ بیٹ کی مد میں حاصل ہونے والے 44 ملین نے اس کمی کو پورا کیا۔

کارکردگی برہنی کاروباری افعال

سہ ماہی 30 ستمبر 2017 کے دوران پیداوار اور فروخت کی برہنی شماریات، بمقابلہ دورانیہ مثل گزشتہ سال ذیل میں پیش خدمت ہے:



مستقبل پر نظر

حکومت کی جانب سے اعلان کردہ ریلیف پیکیج، جس میں 50 فیصد ایکسپورٹ ری۔ بیٹ کے حصول کے لیے 10 فیصد کی عائد شرط میں نرمی جیسے اقدامات سے امید کی جاسکتی ہے کہ کمپنی کی اور خاص طور پر ملکی برآمدات میں خاطر خواہ اضافہ ہوگا بشرطیکہ توانائی کے بحران کا حل تلاش کیا جائے اور درآمدات پر مزید پابندیاں عائد کر کے برابری کی سطح پر مسابقت کے مواقع فراہم کیے جائیں۔

مزید برآں، جدید ٹیکنالوجی کو مد نظر رکھتے ہوئے کمپنی لائحہ عمل بتا رہی ہے کہ پرانی ٹیکنالوجی برہنی مشینوں کو جدید مشینوں سے تبدیل کیا جائے تاکہ خطے میں موجود مسابقت کاروں کا موثر طریقے سے مقابلہ کیا جاسکے۔

ڈائریکٹران نے فیصلہ کیا ہے کہ گروپ کی دوسری کمپنیوں کے ساتھ مشترکہ بنیادوں پر 50 میگا واٹ کے بادی بانی توانائی کے دو منصوبوں میں اسٹریٹیجک ایکویٹی سرمایہ کاری کی جائیگی۔ ڈائریکٹران کا یہ فیصلہ شیئر ہولڈرز کی منظوری سے مشروط ہے۔

اظہار تشکر

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

بورڈ آف ڈائریکٹرز کی جانب سے

محمد سہیل ثناء
چیف ایگزیکٹو آفیسر

محمد یونس ثناء
چیرمین

بمقام کراچی: 27 اکتوبر 2017

مالیاتی کارکردگی

جیسا کہ کمپنی کے مالیاتی نتائج سے یہ بات عیاں ہے کہ کمپنی اس سہ ماہی میں مثبت حتمی مالیاتی نتائج حاصل کرنے میں کامیاب رہی ہے۔

نفاذہ برائے نفع و نقصان	30 ستمبر 2017	30 ستمبر 2016	سازگار / (ناسازگار)
	— روپے ہزاروں میں —		فیصد
برآمدات	2,301,789	1,672,938	37.59
مقامی فروختگی	4,217,757	3,935,564	7.17
کل فروختگی	6,519,546	5,608,502	16.24
خام منافع	379,378	466,719	(18.71)
تمویلی لاگت	(127,310)	(81,109)	(56.96)
اخراجات برائے تنظیم مال	(96,562)	(62,573)	(54.32)
اخراجات برائے انتظامی امور	(57,843)	(56,263)	(2.81)
دیگر آمدن	192,669	120,929	59.32
نفع قبل از محصولات	235,010	385,111	(38.98)
نفع بعد از محصولات	160,761	344,075	(53.28)
آمدن فی حصص (روپے)	5.74	12.28	-

جیسا کہ مزکورہ بالا خلاصے سے ظاہر ہے کہ سہ ماہی سطح پر برآمدات کا بڑھتا ہوا رجحان اس بات کا عکاس ہے کہ جنوری 2017 میں اعلان کردہ امدادی پکیج ملکی برآمدات میں اضافے کے لیے امید کی ایک نئی کرن ہے۔ گزشتہ سہ ماہی کی نسبت منافع میں کمی کی بنیادی وجہ مہنگا خام مال اور پیداواری لاگت میں اضافہ ہے مزید برآں سخت مقامی مسابقت کی وجہ سے کمپنی اپنی پیداواری مناسب قیمت فروخت حاصل نہ کر سکی۔

مقامی اور برآمدی فروختگی میں اضافے کا سبب فروختگی کے حجم میں اضافہ ہے تاہم آنے والے وقت میں امید کی جاتی ہے کہ بیکسٹائل کے شعبے کی بحالی میں امدادی پکیج اہم کردار ادا کرے گا۔

انضمام کی بدولت بڑے پیمانے پر پیداواری عمل کے فوائد اور انتظامی صلاحیتوں کے بھرپور استعمال کی بدولت، کمپنی اپنے انتظامی اخراجات کو گزشتہ سہ ماہی کی حد تک رکھنے میں کامیاب رہی ہے۔

ملکی سیاسی حالات میں عدم استحکام کا نتیجہ غیر متوقع تخفیف زر کی صورت میں سامنے آیا جس کے پیش نظر کمپنی نے اپنی رسک مینجمنٹ پالیسی تحت غیر ملکی کرنسی میں حاصل کیے گئے قرضوں کو ملکی قرضوں سے تبدیل کر لیا جس کے نتیجے میں کمپنی کی تمویلی لاگت میں 57 فیصد کا اضافہ ہوا۔ اگرچہ انتظامیہ نے ملک میں

موجود کم شرح سود کو مد نظر رکھتے ہوئے مالیاتی ذخائر کا ایک ایسا امتزاج پیدا کیا ہے کہ اس صورتحال سے زیادہ سے زیادہ فائدہ اٹھایا جاسکے۔

ڈائریکٹران کی رپورٹ

معزز ممبران گرامی

آپ کی کمیٹی کے ڈائریکٹران انتہائی مسرت کے ساتھ کمیٹی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت پہلی سہ ماہی 30 ستمبر 2017 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

سال رواں کے دوران آپ کی کمیٹی کا کاروباری حجم 6.5 بلین روپے ریکارڈ کیا گیا ہے جبکہ کاروباری حجم گزشتہ سال اسی عرصے کے دوران 5.6 بلین روپے تھا، لہذا اس سال سہ ماہی سطح پر کاروباری حجم میں تقریباً 900 ملین روپے (16 فیصد) کا اضافہ ریکارڈ کیا گیا ہے۔ برآمدات میں 36 فیصد کا اضافہ اس بات کا ثبوت ہے کہ حکومت کی جانب سے دیے گئے برآمداتی کیٹج کے پیکیج نے نیگٹائٹس کے شعبے کی گرتی ہوئی صنعت کو کچھ حد تک سہارا دیا ہے تاہم کمیٹی اپنے منافع کو مقامی مسابقت کاروں کے سبب زیادہ پرکشش نہیں گردانتی۔

سال باسال کی محنت کے کٹرے کے بطور پیدا شدہ ساکھ کو بنیاد بناتے ہوئے کمیٹی نے اپنی تمام تر کوششوں کا رخ مقامی منڈی کی جانب کر دیا اور مقامی منڈی میں سرایت کرنے کے سلسلے میں کوئی کسر اٹھا نہ رکھی، ان کوششوں کے نتیجے کے طور پر اس سال پہلی سہ ماہی کے دوران مقامی فروختگی 282 ملین روپے یعنی 7 فیصد اضافے کے ساتھ 4.2 بلین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے دوران 3.9 بلین روپے تھی۔

سیاسی عدم استحکام، کرنٹ اکاؤنٹ خسارے اور شدید مقامی مسابقت کاروں سے بھرپور مقابلے کے باوجود آپ کی کمیٹی کی انتظامیہ کی جانب سے مستقل بنیادوں پر کی جانے والی انتھک محنت کے بدولت اس عرصے کے دوران آپ کی کمیٹی کے حتمی مالیاتی نتائج 161 ملین روپے رہے جبکہ گزشتہ سال اسی عرصے کے حتمی مالیاتی نتائج 344 ملین روپے تھے۔

معاشی حالات

مجموعی طور پر وطن عزیز کی معاشی صورتحال متوازن رہی اور سیاسی عدم استحکام کے اثرات کو زائل کرنے میں جن عوامل نے کردار ادا کیا ان میں سی۔ پی۔ کے منصوبے کی عالمی سطح پر پزیرائی، افراط زر کی شرح میں استحکام اور توانائی کے بحران میں کمی شامل ہیں۔

گزشتہ سال کی نسبت اس سال ملکی کپاس کی پیداوار میں اضافہ متوقع ہے تاہم اس بات کا بھی اندیشہ ہے کہ اس مدت کے لیے طے شدہ ہدف کو حاصل نہ کیا جاسکے گا۔ پہلی سہ ماہی میں درآمدات میں زبردست اضافے کی وجہ سے ادائیگی کا توازن بری طرح متاثر ہوا، تاہم ہم پُر امید ہیں کہ چند مخصوص اشیاء پر محصولات کے نفاذ اور نظر ثانی شدہ معاشی پیکیج کے ذریعے نیگٹائٹس کے شعبے کی بحالی سے ادائیگی کے توازن کو بہتر بنانے میں مدد ملے گی۔

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Gadoon Textile Mills Limited

7-A, Muhammad Ali Housing
Society, Abdul Aziz Haji Hashim
Tabba Street, Karachi-75350
Phone: 021-35205479-80
Fax: 021-34382436

gadoontextile.com

