



**GADOON TEXTILE MILLS LIMITED**



A part of  
**YUNUS  
BROTHERS  
GROUP**



**Quarterly Report**  
**September 30, 2012**



## CONTENTS

Company Profile	02
Directors' Report	03
Condensed Interim Balance Sheet	05
Condensed Interim Profit & Loss Account	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11



## COMPANY PROFILE

- Board of Directors** : Mr. Muhammad Yunus Tabba (Chairman)  
Mr. Muhammad Sohail Tabba (Chief Executive)  
Mr. Muhammad Ali Tabba  
Mr. Javed Yunus Tabba  
Mrs. Marium Tabba Khan  
Mr. Ilyas Ismail  
Mr. Tariq Iqbal Khan
- Audit Committee** : Mr. Tariq Iqbal Khan (Chairman)  
Mr. Muhammad Ali Tabba (Member)  
Mr. Javed Yunus Tabba (Member)
- Human Resources and Remuneration Committee** : Mr. Javed Yunus Tabba (Chairman)  
Mrs. Marium Tabba Khan (Member)  
Mr. Ilyas Ismail (Member)
- Director Finance and Company Secretary** : Mr. Abdul Sattar Abdullah
- Auditors** : M. Yousuf Adil Saleem & Co.  
Chartered Accountants  
A Member of Deloitte Touche Tohmatsu
- Registered Office** : 200-201, Gadoon Amazai Industrial Estate,  
Distt. Swabi, Khyber Pakhtunkhwa  
Phone No. :0938-270212-13  
Fax No. :0938-270311  
E-mail Address :secretary@gtmfactory.com
- Liaison Office** : 7-Park Avenue Road, University Town,  
Peshawar.  
Phone No. :091-5701496  
Fax No. :091-5702029  
E-mail Address :secretary@gadoontextile.com
- Karachi Office** : 6-A, Muhammad Ali Housing Society,  
Abdul Aziz Haji Hashim Tabba Street,  
Karachi-75350.  
Phone No. 021-35205479-80  
Fax No. :021-34382436  
E-mail Address :secretary@gadoonho.com
- Factory Locations** : 200-201, Gadoon Amazai Industrial Estate,  
and 57 K.M on Super Highway.
- Share Registrar / Transfer Agent** : Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi  
(Toll Free) : 0800 23275
- Bankers:**
- |   |  |
|---|--|
| Allied Bank Limited                     | Habib Bank Limited                       |
| Bank Al-Falah Limited (Islamic Banking) | Habib Metropolitan Bank Limited          |
| Bank Al-Habib Limited                   | HSBC Bank Middle East Limited            |
| Bank Islami Pakistan Limited            | Meezan Bank Limited                      |
| Barclays Bank PLC, Pakistan             | National Bank of Pakistan                |
| Citibank N.A. Pakistan                  | Standard Chartered Bank Pakistan Limited |
| Faysal Bank Limited                     | The Bank of Punjab                       |



## DIRECTORS' REPORT

The Directors of your Company are pleased to present before you the financial statements of the Company for the quarter ended September 30, 2012.

### Overview:

Following a year of moderate growth in local and export sales resulting in reasonable profitability, the quarter ended September 30, 2012 is marked by encouraging results on the back of good cotton crop available at reasonable prices and better yarn market. The quarter, under review, therefore, shows marked improvement as compared to dull performance of the same period last year.

In order to enhance profitability of its operations, your Company has, by the Grace of Almighty Allah, pressed into production additional capacity by completing its Karachi project.

### Financial Performance:

A comparison of the key financial results of the Company for the quarter ended on September 30, 2012 with the same period last year is as under:

	SEPTEMBER		Percentage
	2012	2011	Change
	(Rupees in '000)		
Export	1,917,591	1,600,159	19.84
Local	2,345,311	1,566,279	49.74
Sales (net)	4,262,902	3,166,438	34.63
Gross Profit	329,531	62,354	428.45
Finance cost	47,667	84,424	43.54
Profit/(Loss) Before Tax	160,147	(122,519)	230.71
Profit/(Loss) After Tax	130,025	(121,601)	206.93
Earnings/(Loss) per share (Rupees)	5.55	(5.19)	

As will be observed, the quarter under review, presented an impressive performance due to favourable conditions in the cotton and yarn market. Armed with additional production made available by the operation of Karachi Project, your Company took full advantage of the favourable market conditions, especially the dominant local market.

Due to above mentioned development, sales attained a level of Rs.4,263 million (1Q 2011: Rs.3,166 million) enabling the Company to book a sharp increase in gross profit from Rs.62.354 million last year to Rs.329.531 million in the quarter under review.

Owing to efficient working capital management the Company has been enabled to restrict the finance cost to Rs.47.667 million (1Q 2011: Rs.84.424 million).

**Expansion and Modernization Projects:**

The Company's Karachi plant has attained full capacity utilization. After coming into commercial production, it is making valuable contribution to the Company's profitability.

**Future Outlook:**

The size of cotton crop is likely to achieve the target. As a result, the prices of lint cotton are stabilized at a reasonable level. On the other hand, demand for yarn is firm and there should be no problem in selling at prices which yield good margin to close the current financial year with thrilling bottom line.

**Acknowledgements:**

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

For and on behalf of the Board

Karachi: October 24, 2012

**Muhammad Sohail Tabba**  
Chief Executive / Director



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2012 (UNAUDITED)

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
— (Rupees in '000) —			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	3	5,119,126	4,882,569
Long term loans		7,473	8,373
Long term deposits		11,629	7,294
Long term advance		-	-
		<u>5,138,228</u>	<u>4,898,236</u>
<b>Current Assets</b>			
Stores, spares & loose tools		372,512	393,291
Stock in trade		1,703,614	3,297,286
Trade debts		990,551	902,934
Loans and advances		340,058	242,412
Trade deposits and short term prepayments		4,273	3,603
Short term Investment		29,745	25,429
Other receivables		149,249	139,044
Income tax refundable due from the government		121,373	121,372
Cash and bank balances		154,592	255,211
		<u>3,865,967</u>	<u>5,380,582</u>
<b>Total Assets</b>		<u><b>9,004,195</b></u>	<u><b>10,278,818</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserve</b>			
Authorised			
50,000,000 ordinary shares of Rs. 10/- each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up		<u>234,375</u>	<u>234,375</u>
<b>Capital reserves</b>			
Share premium		<u>103,125</u>	<u>103,125</u>
<b>Revenue reserves</b>			
General reserve		<u>1,000,000</u>	<u>1,000,000</u>
Unappropriated profit		<u>4,001,365</u>	<u>3,871,340</u>
		<u>5,001,365</u>	<u>4,871,340</u>
<b>Total Equity</b>		<u><b>5,338,865</b></u>	<u><b>5,208,840</b></u>
<b>Non Current Liabilities</b>			
Long term financing		<u>44,533</u>	<u>44,533</u>
Deferred liabilities		<u>366,084</u>	<u>352,253</u>
		<u>410,617</u>	<u>396,786</u>
<b>Current Liabilities</b>			
Current portion of long term financing		<u>17,814</u>	<u>17,814</u>
Short term borrowings		<u>2,094,346</u>	<u>3,516,517</u>
Trade and other payables		<u>1,095,512</u>	<u>1,094,098</u>
Provision for taxation		<u>30,122</u>	
Accrued mark up		<u>16,919</u>	<u>44,763</u>
		<u>3,254,713</u>	<u>4,673,192</u>
<b>Total Equity and Liabilities</b>		<u><b>9,004,195</b></u>	<u><b>10,278,818</b></u>
<b>Contingencies and Commitments</b>			
	4		

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

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

		QUARTER ENDED	
		September 30, 2012	September 30, 2011
		— (Rupees in '000) —	
	Note		
Sales-net		<b>4,262,902</b>	3,166,438
Cost of sales	5	<b>(3,933,371)</b>	(3,104,084)
Gross profit		<b>329,531</b>	62,354
Distribution cost		<b>(73,531)</b>	(57,497)
Administrative expenses		<b>(25,449)</b>	(22,217)
		<b>(98,980)</b>	(79,714)
		<b>230,551</b>	(17,360)
Finance cost		<b>(47,666)</b>	(84,424)
Other operating charges		<b>(31,134)</b>	(48,892)
		<b>(78,800)</b>	(133,316)
		<b>151,751</b>	(150,676)
Other operating income		<b>8,396</b>	28,157
		<b>160,147</b>	(122,519)
<b>Taxation</b>		<b>(30,121)</b>	(918)
Profit/(loss) for the period		<b>130,026</b>	(121,601)
<b>Earnings/(loss) per share -basic and diluted (Rupees)</b>		<b>5.55</b>	(5.19)

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



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	QUARTER ENDED	
	September 30, 2012	September 30, 2011
	— (Rupees in '000) —	
Profit/ (loss) for the period	130,026	(121,601)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the period</b>	<u>130,026</u>	<u>(121,601)</u>

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

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive





**CONDENSED INTERIM CASH FLOW STATEMENT**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	September 30, 2012	September 30, 2011
	—— (Rupees in '000) ——	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	160,147	(122,519)
<b>Adjustments for</b>		
Depreciation	118,521	65,591
(Gain) / Loss on disposal of fixed assets	(320)	462
Profit on deposits	(3,342)	(27,581)
Provision for gratuity	14,000	11,000
Unrealised loss on short term investment	(4,316)	
Interest/markup expense	41,147	123,511
	<u>165,690</u>	<u>172,983</u>
<b>Operating cash flow before working capital changes</b>	<b>325,837</b>	<b>50,464</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spares & loose tools	20,779	16,361
Stock in trade	1,593,672	(79,076)
Trade debts	(87,618)	739,931
Loans and advances	(71,311)	(57,077)
Trade deposits and short term prepayments	(670)	(971)
Other receivables	(10,104)	80,646
	<u>1,444,748</u>	<u>699,814</u>
<b>(Increase) / decrease in current liabilities</b>		
Trade and other payables	1,414	116,506
	<u>1,446,162</u>	<u>816,320</u>
<b>Changes in working capital</b>		
	<u>1,446,162</u>	<u>816,320</u>
<b>Cash (used in) / generated from operation</b>	<b>1,771,999</b>	<b>866,784</b>
Gratuity paid	(169)	(853)
Taxes paid (including tax deducted at source)	(27,710)	(32,412)
Finance cost paid	(68,988)	(142,743)
	<u>(96,867)</u>	<u>(176,008)</u>
<b>Net Cash (used in) / generated from operating activities</b> A	<b>1,675,132</b>	<b>690,776</b>



	September 30, 2012	September 30, 2011
	———— (Rupees in '000) ————	
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(367,828)	(142,780)
Long term loans recovered	2,275	2,889
Short term investment		2,785
Long term deposits	(4,335)	(8)
Profit received from bank deposits	3,241	20,862
Sale proceeds of fixed assets	13,069	1,678
<b>Net cash generated from / (used in) investing activities B</b>	(353,579)	(114,574)
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(5)
<b>Net cash generated from / (used in) financing activities C</b>	-	(5)
<b>NET (DECREASE)/INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>1,321,553</b>	<b>576,197</b>
Cash & cash equivalent at the beginning of the period	(3,261,307)	(2,997,835)
Cash & cash equivalent at the end of the period	(1,939,754)	(2,421,638)
<b>Cash &amp; cash equivalent</b>		
Cash and bank balances	154,592	315,957
Short term borrowings	(2,094,346)	(2,737,595)
	(1,939,754)	(2,421,638)

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

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

	----- Capital Reserve -----			----- Revenue Reserves -----			
	Issued, subscribed and paid-up share capital	Share premium	Sub Total	General reserves	Unappropriated profit	Sub Total	Grand total
	----- Rupees in '000 -----						
Balance as at June 30, 2011	234,375	103,125	103,125	1,000,000	3,456,902	4,456,902	4,794,402
Total comprehensive (loss) for the period					(121,601)	(121,601)	(121,601)
Balance as at September 30, 2011	234,375	103,125	103,125	1,000,000	3,335,301	4,335,301	4,672,801
Balance as at June 30, 2012	234,375	103,125	103,125	1,000,000	3,871,340	4,871,340	5,208,840
Total comprehensive income for the period					130,026	130,026	130,026
Balance as at September 30, 2012	234,375	103,125	103,125	1,000,000	4,001,366	5,001,366	5,338,866

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

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012 (UNAUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a Public Limited Company under the Companies Ordinance, 1984 and listed on Karachi and Islamabad Stock Exchanges. The registered office of the Company is located at Gadoon Amazai Industrial Estate, Gadoon, District Swabi, Khyber Pakhtunkhwa. Its manufacturing facilities are located at Gadoon Amazai and at Super Highway near Karachi. The Principal activity of the Company is manufacturing and sale of yarn.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 2. STATEMENT OF COMPLIANCE

2.1 These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984 and presented as per the requirement of the listing regulations of the Stock Exchanges.

2.2 These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the Company.

2.3 The accounting convention, policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2012.

### 3. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) September 30, 2012 — (Rupees in '000) —	(Audited) June 30, 2012
Operating fixed assets	3.1	4,613,150	4,678,100
Capital work in progress	3.2	505,976	204,469
		<u>5,119,126</u>	<u>4,882,569</u>



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

	(Unaudited)			
	Quarter Ended			
	September 30, 2012		September 30, 2011	
	----- Rupees in '000 -----			
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
Plant and machinery	57,038	12,675	19,092	2,139
Electrical installation	7,935	-	1,511	-
Office Equipment	92	-	-	-
Computer equipment	796	-	763	-
Vehicles	138	74	1,500	-
Fire Fighting Equipment	321	-	-	-
	<u>66,320</u>	<u>12,749</u>	<u>22,866</u>	<u>2,139</u>

	(Unaudited)			
	Quarter Ended			
	September 30, 2012		September 30, 2011	
	----- Rupees in '000 -----			
	Additions	Transfers	Additions	Transfers

3.2 Details of additions and transfers are as under:

Civil works	70	-	3,434	-
Plant and machinery	351,375	57,038	26,379	19,092
Vehicles	910	138	1,500	1,500
<b>Karachi Project</b>				
Plant and machinery	1,384	-	17,070	-
Civil works	15,386	-	42,661	-
Electric Installation	-	7,935	49,311	-
Fire Fighting Equipment	321	321	-	-
Office Equipment	-	92	-	-
Computer equipment	-	796	-	-
Preliminary Expenses	-	-	151	-
	<u>369,446</u>	<u>66,320</u>	<u>140,506</u>	<u>20,592</u>

4. CONTINGENCIES AND COMMITMENTS

Outstanding Guarantees given on behalf of the company by banks in normal course of business amounting to Rs. 402.743 million as at September 30, 2012 (June 2012 - Rs. 400.74 million).



	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	--- (Rupees in '000) ---	
<b>4.1 Contingencies</b>		
Export bills discounted with recourse	1,771,081	1,672,710
Indemnity bonds against imports	2,845	2,845
Post dated cheques	168,677	111,255

Status of contingencies other than mentioned above are same as disclosed in the last published annual financial statements for the year ended June 30, 2012.

#### 4.2 Commitments

Letters of credit opened by banks for:		
Plant and machinery	260,907	232,720
Raw material	248,955	43,487
Stores and spares	25,918	20,584
Foreign currency forward contracts	522,556	1,743,241

		QUARTER ENDED	
	Note	September 30, 2012	September 30, 2011
		--- (Rupees in '000) ---	
<b>5. Cost of sales</b>			
Opening stock- finished goods		285,714	380,461
Cost of goods manufactured	5.1	3,961,537	3,126,721
		<u>4,247,251</u>	3,507,182
Closing stock-finished goods		(313,880)	(403,098)
		<u>3,933,371</u>	<u>3,104,084</u>

#### 5.1 Cost of goods manufactured

Work in process at beginning of the period	118,533	169,705
Raw and packing material consumed	2,954,732	2,562,470
Other manufacturing expenses	1,011,165	611,804
	<u>3,965,897</u>	3,174,274
	4,084,430	3,343,979
Work in process at the end of the period	(122,893)	(217,258)
	<u>3,961,537</u>	<u>3,126,721</u>



## 6. RELATED PARTY TRANSACTIONS

Name of Related Parties	Nature of Transaction	(Unaudited) Quarter Ended	
		September 30, 2012	September 30, 2011
<b>a. Associated companies</b>			
Lucky Cement Limited (Common Directorship )	Purchase of cement	1,803	5,922
Fazal Textile Mills Limited (Common Directorship )	Sale of yarn	69,252	79,061
	Sale of waste	21,402	-
	Doubling Charges	220	-
Yunus Textile Mills Limited (Common Directorship )	Sale of yarn	66,301	27,409
Lucky Knits (Private) Limited (Common Directorship )	Sale of yarn	33,710	26,408
	Purchase of machinery	350	-
Feroze1888 Industries Limited (Common Directorship )	Sale of yarn	3,030	-
Lucky Textile Mills Limited (Common Directorship )	Sale of yarn	278,808	247,382
Lucky Energy (Private) Limited (Common Directorship )	Purchase of Electricity	71,447	-
Yunus Energy Limited (Common Directorship )	Expenses Charged to	1,538	1,179
<b>b. Benefits to key management personnels</b>		1,174	1,123

## 7. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors of the Company and authorized for issue on October 24, 2012.

## 8. FIGURES

Have been rounded off nearest to thousand.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive

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