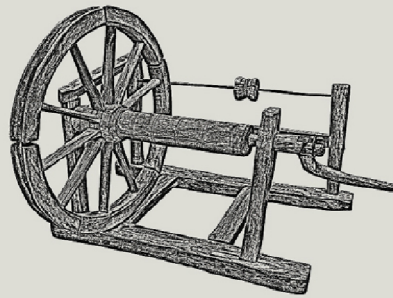


# QUARTERLY REPORT SEPTEMBER 2014

**SPIN:**  
SUCCESS THROUGH  
PRINCIPLES AND  
INNOVATIONS TO CREATE  
NOVELTY IN THE INDUSTRY



Gadoon Textile Mills Limited





## CONTENTS

Company Information	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 INFORMATION

- Board of Directors** : Mr. Muhammad Yunus Tabba (Chairman)  
Mr. Muhammad Sohail Tabba (Chief Executive)  
Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Rahila Aleem  
Mrs. Mariam Tabba Khan
- Audit Committee** : Mr. Muhammad Ali Tabba  
Mr. Jawed Yunus Tabba  
Mrs. Rahila Aleem
- Human Resources and Remuneration Committee** : Mr. Jawed Yunus Tabba  
Mrs. Rahila Aleem  
Mrs. Mariam Tabba Khan
- Executive Director Finance/CFO and Company Secretary** : Mr. Abdul Sattar Abdullah
- Chief Internal Auditor** : Mr. Haji Muhammad Mundia
- Auditors** : M. Yousuf Adil Saleem & Co.  
Chartered Accountants  
A Member of Deloitte Touche Tohmatsu
- Registered Office** : 7-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@gadoontextile.com
- Liaison Office** : 3rd Floor, Sayed's Tower, Opp. Custom House,  
Jamrud Road, Peshawar.  
Phone No. : 091-5701496  
Fax No. : 091-5702029  
E-mail Address :secretary@gadoontextile.com
- Factory Locations** : 200-201, Gadoon Amazai Industrial Estate,  
Distt. Swabi, Khyber Pakhtunkhwa  
and 57 K.M on Super Highway near Karachi.
- 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 Metro Bank Limited                 |
| Bank Al-Falah Limited (Islamic Banking) | HSBC Bank Middle East Limited            |
| Bank Al-Habib Limited                   | Meezan Bank Limited                      |
| Bank Islami Pakistan Limited            | National Bank of Pakistan                |
| Barclays Bank PLC, Pakistan             | Standard Chartered Bank Pakistan Limited |
| Dubai Islamic Bank Pakistan Limited     | The Bank of Punjab                       |
| Faysal Bank Limited                     | United Bank Limited                      |
| Habib Bank Limited                      |  |



## DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting before you the financial statements of the Company for the quarter ended September 30, 2014.

### Overview

Following a challenging year resulting in low profitability due to several uncontrollable factors, the quarter ended September 2014 did not post much encouraging results in terms of profitability. During the quarter under review, the Company successfully managed to reduce a substantial amount of Rs. 53.39 million of the losses compared to the preceding quarter.

Although the demand in sales increased to 15.78 million Kgs compared to the last quarter of June 2014 (14.14 million Kgs), it was still not enough to generate net profit for the quarter under review. This is mainly due to the pressure that is prevailing in the market owing to the continuing availability of subsidized Indian cotton yarn and the increase in other various cost components beyond the management's control.

Moreover, the recent move by the Government regarding GIDC has once again dampened the positive sentiment of the industry that was built after the decision of the Honorable Supreme Court to declare it ultra vires to the constitution. All these factors resulted in the Company posting revenue of Rs. 5,269.37 million (2013: 5,384.50 million).

### Financial Results

A comparison of the key financial results of the Company for the quarter ended September 30, 2014 with the same period last year is as under:

	SEPTEMBER		Percentage % Favorable / (Unfavorable)
	2014	2013	
	--- (Rupees in '000) ---		
Export	2,254,376	2,570,649	(12.30)
Local	3,014,998	2,813,856	7.15
Sales (net)	5,269,373	5,384,505	(2.14)
Gross Profit	181,560	688,670	(73.64)
Finance Cost	160,373	120,678	(32.89)
Profit Before Tax	(48,975)	322,759	(115.17)
Profit After Tax	(90,951)	304,990	(129.82)
(Loss) / Earnings Per Share (Rupees)	(3.88)	13.01	

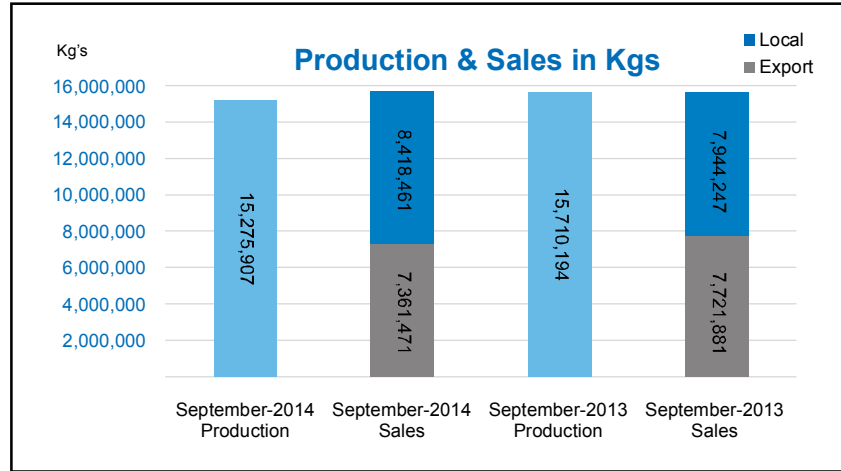
As can be seen from the figures above, our net sales income for the quarter is (2.14%) lower than the same period last quarter (2014: Rs. 5,269.37 million). As a result, Gross Profit worked out to be Rs. 181.56 million. Even though the sales of yarn in both domestic as well as international market increased, the impact of the aforementioned reasons resulted in the bottom line being in red.

During the quarter, the Company witnessed a 32.89% (2014: Rs. 160.37 million) increase in our financial cost due to increase in our working capital requirements, in continuation to the preceding two quarters. Furthermore, rupee appreciation during February-2014 to August-2014 adversely affected the Company's exports and margins. Owing to all the above-mentioned factors, bottom line translated into Rs. (90.95 million), resulting in a negative EPS of Rs. (3.88) compared to Rs. 13.01 during the corresponding period last year.



### Operational Performance

The production and sales statistics for the quarter ended September 30, 2014 with its comparison of corresponding last quarter is presented below.



### Future Outlook

With the present economic conditions that are expected to prevail for a foreseeable future, the Company has already developed and implemented measures that will enable it to minimize their adverse effects, installation of Waste Heat Recovery (WHR) and planned merger with fazal textile mills limited to name a few.

As anticipated, there is a sizeable cotton crop in the country and the price, we foresee, during the current season shall remain stable, in line with the international market. The price is at a level which does not provide substantial margin to the Company to cover its fixed over heads. Moreover, the Pakistani Rupee is expected to be further devalued, which may have a positive impact on our exports.

Mr. Moin Fudda, the independent director and chairman audit committee, has resigned due to additional responsibilities of a project in Middle East. The Board of Directors of Gadoon Textile Mills Limited acknowledge and appreciate his contribution as an independent director on the Board of the Company.

### 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 Sohail Tabba**  
Chief Executive / Director

Karachi: October 28, 2014



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014 (UNAUDITED)

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
---- (Rupees in '000) ----			
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Property, plant and equipment	4	6,038,287	5,997,051
Long term loans		8,141	10,872
Long term deposits		21,031	20,974
Long term advance	5	-	-
Long term investments	6	1,510,414	1,358,798
		<b>7,577,873</b>	<b>7,387,695</b>
<b>Current Assets</b>			
Stores, spares & loose tools		428,452	420,354
Stock in trade		3,874,311	5,699,647
Trade debts		1,955,170	1,079,098
Loans and advances		494,650	458,417
Trade deposits and short term prepayments		7,441	4,076
Short term Investment		54,472	49,008
Other receivables		223,644	216,739
Income tax refundable due from the government		458,509	458,509
Cash and bank balances		382,616	331,879
		<b>7,879,265</b>	<b>8,717,727</b>
<b>Total Assets</b>		<b>15,457,138</b>	<b>16,105,422</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised			
50,000,000 ordinary shares of Rs. 10/- each		500,000	500,000
Capital & Reserves			
Issued, subscribed and paid up		234,375	234,375
Capital reserves			
Share premium		103,125	103,125
Revenue reserves			
General reserve		1,000,000	1,000,000
Un-appropriated profit		5,071,125	5,162,077
		<b>6,071,125</b>	<b>6,162,077</b>
<b>Total Equity</b>		<b>6,408,625</b>	<b>6,499,577</b>
<b>Non- Current Liabilities</b>			
Long term financing		8,905	8,905
Deferred liabilities		732,993	686,456
		<b>741,898</b>	<b>695,361</b>
<b>Current Liabilities</b>			
Current portion of:			
Long term financing		17,815	17,814
Short term borrowings	7	6,942,368	7,596,319
Trade and other payables		1,184,030	1,133,845
Provision for taxation		40,442	20,235
Accrued mark up		121,960	142,271
		<b>8,306,615</b>	<b>8,910,484</b>
<b>Total Equity and Liabilities</b>		<b>15,457,138</b>	<b>16,105,422</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes from 1 to 10 form an integral part of these condensed interim 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, 2014 (UNAUDITED)

	Note	QUARTER ENDED	
		September 30, 2014	September 30, 2013
		— (Rupees in '000) —	
Sales-net		5,269,373	5,384,505
Cost of sales	9	(5,087,813)	(4,695,835)
Gross profit		181,560	688,670
Distribution cost		(73,176)	(91,672)
Administrative expenses		(36,191)	(25,467)
		(109,367)	(117,139)
		72,193	571,531
Finance cost		(160,373)	(120,678)
Other operating expenses		(729)	(149,138)
		(88,909)	301,715
Other operating income		6,434	1,180
Share of profit from associates		33,500	19,864
(Loss) / Profit before taxation		(48,975)	322,759
<b>Taxation</b>			
Current		(20,206)	-
Deferred		(21,770)	(17,769)
		(41,976)	(17,769)
(Loss) / Profit for the period		(90,951)	304,990
<b>Earning per share - basic and diluted after taxation Rs.</b>		(3.88)	13.01

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)

	<b>QUARTER ENDED</b>	
	<b>September 30, 2014</b>	<b>September 30, 2013</b>
	<b>---(Rupees in '000)---</b>	
(Loss) / Profit for the period	<b>(90,951)</b>	304,990
Other comprehensive income	-	-
<b>Total comprehensive (Loss)/income for the period</b>	<b><u>(90,951)</u></b>	<b><u>304,990</u></b>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive





**CONDENSED INTERIM CASH FLOW STATEMENT**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)

	September 30, 2014	September 30, 2013
	---- (Rupees in '000) ----	
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) /Profit before taxation	(48,975)	322,759
<b>Adjustments for</b>		
Depreciation	141,661	134,494
(Gain) on disposal of fixed assets	(20)	(492)
Profit on deposits	(357)	-
Provision for gratuity	29,100	22,500
Unrealised (Gain) / loss on short term investment	(5,464)	808
Share of Profit from associate-net of tax	(33,500)	-
Finance cost	161,578	117,907
	<u>292,998</u>	<u>275,217</u>
<b>Operating cash flow before working capital changes</b>	<b>244,024</b>	<b>597,976</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spares & loose tools	(8,098)	(6,695)
Stock in trade	1,825,335	(923,189)
Trade debts	(876,072)	(2,072,519)
Loans and advances	(48,473)	(78,001)
Trade deposits and short term prepayments	(3,365)	3,518
Other receivables	(6,906)	(376)
	<u>882,420</u>	<u>(3,077,261)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	<u>50,255</u>	<u>263,742</u>
<b>Changes in working capital</b>	<b>932,675</b>	<b>(2,813,519)</b>
<b>Cash generated from (used in) operation</b>	<b>1,176,699</b>	<b>(2,215,543)</b>
Gratuity paid	(4,333)	(2,916)
Taxes paid (including tax deducted at source)	(21,941)	(24,950)
Finance cost paid	(181,889)	(107,524)
	<u>(208,164)</u>	<u>(135,390)</u>
<b>Net Cash (used in) / generated from operating activities A</b>	<b>968,535</b>	<b>(2,350,933)</b>



September 30, 2014      September 30, 2013  
---- (Rupees in '000) ----

**B) CASH FLOWS FROM INVESTING ACTIVITIES**

(Addition) in property, plant and equipment	(182,932)	(191,506)
Long term loans recovered / (paid)	5,693	(7,527)
Deposits against share	31,222	(9,601)
Investment in associates	(118,115)	(19,864)
Long term deposits	(57)	-
Profit received from bank deposits	357	-
Sale proceeds of fixed assets	53	2,580
<b>Net cash generated from / (used in) investing activities B</b>	<b>(263,779)</b>	<b>(225,917)</b>

**C) CASH FLOWS FROM FINANCING ACTIVITIES**

Dividend paid	(68)	(53)
<b>Net cash generated from / (used in) financing activities C</b>	<b>(68)</b>	<b>(53)</b>
<b>Net (Decrease )/Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>704,688</b>	<b>(2,576,903)</b>
Cash & cash equivalent at the beginning of the period	(7,264,440)	(5,352,498)
Cash & cash equivalent at the end of the period	(6,559,752)	(7,929,401)
<b>Cash &amp; cash equivalent</b>		
Cash and bank balances	382,616	427,706
Short term borrowings	(6,942,368)	(8,357,107)
	(6,559,752)	(7,929,401)

The annexed notes from 1 to 10 form an integral part of these condensed interim 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, 2014 (UNAUDITED)

	----- Capital Reserve -----			----- Revenue Reserves -----			Grand total
	Issued, subscribed and paid-up share capital	Share premium	Sub Total	General reserves	Unappropriated profit	Sub Total	
----- Rupees in '000 -----							
Balance as at June 30, 2013	234,375	103,125	103,125	1,000,000	4,830,382	5,830,382	6,167,882
Profit for the period	-	-	-	-	304,990	304,990	304,990
Balance as at September 30, 2013	234,375	103,125	103,125	1,000,000	5,135,372	6,135,372	6,472,872
Balance as at June 30, 2014	234,375	103,125	103,125	1,000,000	5,162,077	6,162,077	6,499,577
<b>Total Comprehensive Income for the year</b>							
Loss for the period	-	-	-	-	(90,951)	(90,951)	(90,951)
Other comprehensive income restated	-	-	-	-	-	-	-
Transaction with owners recorded directly in equity							
<b>Balance as at September 30, 2014</b>	<b>234,375</b>	<b>103,125</b>	<b>103,125</b>	<b>1,000,000</b>	<b>5,071,125</b>	<b>6,071,125</b>	<b>6,408,625</b>

The annexed notes from 1 to 10 form an integral part of these condensed interim financial statements.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

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 Karachi and Islamabad stock exchanges. The registered office of the Company is located at 7-A Muhammad Ali Housing Society Abdul Aziz Hashim Tabba Street, Karachi, Pakistan. Its manufacturing facilities are located at Gadoon Amazai and Nooriabad near Karachi. The principal activity of the Company is manufacturing and sale of yarn.

### 2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the first quarter ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and the provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 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. A limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirement of the Code of Corporate Governance.
- 2.3 This condensed interim financial information does not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2014 except as follows:

#### 3.1 Change in accounting policies

##### **IAS 1 - Presentation of Financial Statements – Presentation of items of Other Comprehensive Income**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive



income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

#### IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has adopted IAS 19 Employees Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension and gratuity assets or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or assets. These changes have had an impact on the amounts recognized in the profit and loss and other comprehensive income in prior years. In addition, IAS 19 introduce certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparatives on the retrospective basis in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Effect of retrospective application of change in accounting policy is as follows:

The effect of change in accounting policy, due to adoption of IAS 19 (Revised), does not have material impact on the profit and loss account and other comprehensive income for the period ended December 31, 2012.

The effect of change in accounting policy for year ended June 30, 2012 was not material, therefore, third balance sheet for the year 2012 has not been presented. During the period, actuarial gain / loss has not arisen as the Company has not carried out actuarial valuation as at period end.

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
--- (Rupees in '000) ---			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>5,594,892</b>	5,366,017
Capital work-in-progress	4.2	<b>443,396</b>	631,034
		<b>6,038,288</b>	5,997,051



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

	Quarter ended September 30, 2014 (Un-audited)		Quarter ended September 30, 2013 (Un-audited)	
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
	(Rupees in '000)			
Building	18,322	-	-	-
Plant and machinery	71,058	-	68,931	2,088
Electric installation	-	-	2,575	-
Computer equipment	326	-	-	-
Office equipment and installations	350	-	-	-
Vehicles	1,351	33	10,748	-
<b>Karachi Project</b>				
Plant and machinery	256,106	-	1,019	-
Electric Installation	22,997	-	-	-
Tools & Equipment	60	-	-	-
	<u>370,570</u>	<u>33</u>	<u>83,273</u>	<u>2,088</u>

**4.2 Details of additions and transfers to / from Capital work-in-progress are as under:**

	Quarter ended September 30, 2014 (Un-audited)		Quarter ended September 30, 2013 (Un-audited)	
	Additions	Transfers	Additions	Transfers
	(Rupees in '000)			
Civil works	6,367	18,322	10,071	-
Plant and machinery	67,665	71,058	120,773	68,931
Advances for vehicles	9,951	1,351	-	-
Electric Installation	-	-	2,575	2,575
Others	676	676	-	-
Vehicles	-	-	12,389	10,748
Advances to Contractor	70,000	-	-	-
<b>Karachi Project</b>				
Plant and machinery	6,367	256,106	35,075	-
Civil works	12,888	-	9,603	-
Advances for vehicles	-	-	1,019	1,019
Electric installation	9,000	22,997	-	-
Others	15	60	-	-
	<u>182,929</u>	<u>370,570</u>	<u>191,505</u>	<u>83,273</u>

**5. LONG - TERM ADVANCE**

**- Considered doubtful**

	Note	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
		(Rupees in '000)	
Investment in joint venture	5.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		<u>-</u>	<u>-</u>



5.1 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. Accordingly, management has made full provision against such advance on prudent basis.

September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
---(Rupees in '000)---	

## 6. LONG - TERM INVESTMENTS

### Investments in associated undertakings

ICI Pakistan Limited	1,294,361	93,688
Lucky Holdings Limited	97,188	1,264,361
Yunus Energy Limited	118,865	750
	<u>1,510,414</u>	<u>1,358,799</u>

## 7. SHORT - TERM BORROWINGS - SECURED

From banking companies

Running finance under mark-up arrangements	3,756,211	3,978,271
Short term finance	2,600,634	1,786,319

Foreign currency loan against

Import finance	534,173	1,782,354
Export finance	51,350	49,375
	<u>585,523</u>	<u>1,831,729</u>
	<u>6,942,368</u>	<u>7,596,319</u>

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

8.1.1 Outstanding Guarantee given in behalf of the company by banks in normal course of business amounting to Rs. 587.50 Million. (2014 Rs. 579.50 million).

In respect of the matter disclosed in note 20.1.3 to the annual financial statements for the year ended June 30, 2014, National Electric Power Regulatory Authority (NEPRA) has issued generation license to the Company on September 26, 2013 for a period of twenty three years.

8.1.2 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

The Company filed a suit before the Honorable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. Management is hopeful for favorable outcome of the said case.



	September 30, 2014 (Un-audited) — (Rupees in '000) —	June 30, 2014 (Audited)
<b>8.1.3 Others</b>		
Export bills discounted with recourse arrangement	388,161	1,343,141
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	79198	133696

## 8.2 Commitments

Letters of credit opened by banks for:

Plant and machinery	41,197	6,063
Raw materials	137,973	103,489
Stores and spares	42,811	32,811
Forward booking		621,612

		<u>Quarter ended</u>	
		September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
	Note	— (Rupees in '000) —	
<b>9. COST OF SALES</b>			
Opening stock - finished goods		724,586	524,451
Cost of goods manufactured	9.1	4,937,991	4,689,439
		<u>5,662,577</u>	<u>5,213,890</u>
Closing stock - finished goods		(574,764)	(518,055)
		<u>5,087,813</u>	<u>4,695,835</u>

## 9.1 Cost of goods manufactured

Opening stock- work in process		163,724	130,569
Raw and packing material consumed		3,656,219	3,584,031
Other manufacturing expenses		1,302,005	1,129,605
		<u>4,958,224</u>	<u>4,713,636</u>
		5,121,948	4,844,205
Closing stock - work in process		(183,957)	(154,766)
		<u>4,937,991</u>	<u>4,689,439</u>





## 10. 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 carried out as per agreed terms. Transactions with related parties are as follows:

Name of Related Parties	Nature of Transaction	Quarter ended	
		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
		----- (Rupees in '000) -----	
<b>a. Associated companies</b>			
Lucky Cement Limited (Common Directorship)	Purchase of cement	2,144	1,537
Fazal Textile Mills Limited (Common Directorship)	Sale of yarn	50,488	61,317
	Services charges	743	9,507
	Purchase of machine		1,800
Yunus Textile Mills Limited (Common Directorship)	Sale of yarn	6,894	45,151
Lucky Knits (Private) Limited (Common Directorship)	Sale of yarn	89,488	88,373
Feroze1888 Mills Limited (Common Directorship)	Sale of yarn	6,658	57,468
Lucky Textile Mills Limited (Common Directorship)	Sale of yarn	266,525	312,740
Lucky Energy (Private) Limited (Common Directorship)	Purchase of electricity	108,744	77,049
Yunus Energy Limited (Common Directorship)	Advance against shares	85,495	9,600
	Issuance of Share	118,115	
	Markup Credited by YEL	6,680	-
ICI Pakistan Limited (Common Directorship & Shareholding)	Purchase of fiber	300,171	262,354
<b>b. Benefits to key management personnel</b>		5,018	2,633

## 12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 28, 2014 by the Board of Directors of the Company.

**Muhammad Yunus Tabba**  
Chairman / Director

**Muhammad Sohail Tabba**  
Chief Executive



Gadoon Textile Mills Limited

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