

HALF YEARLY REPORT
DECEMBER 31, 2015



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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. Jawed Yunus Tabba Ms. Rahila Aleem (Alternate: Ms. Zulekha Tabba Maskatiya) Ms. Mariam Tabba Khan Mr. Saleem Zamindar
Audit Committee	:	Mr. Saleem Zamindar (Chairman) Mr. Muhammad Ali Tabba (Member) Mr. Jawed Yunus Tabba (Member) Ms. Rahila Aleem (Member) (Alternate: Ms. Zulekha Tabba Maskatiya)
Human Resources and Remuneration Committee	:	Mr. Jawed Yunus Tabba (Chairman) Ms. Rahila Aleem (Member) (Alternate: Ms. Zulekha Tabba Maskatiya) Ms. Mariam Tabba Khan (Member)
Executive Director Finance/CFO and Company Secretary	:	Mr. Abdul Sattar Abdullah
External Auditors	:	Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu
Chief Internal Auditor	:	Mr. Haji Muhammad Mundia
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
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 : secretary@gadoontextile.com Website : www.gadoontextile.com
Liaison Office	:	Syed's Tower, Third Floor, Opposite 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 near Karachi.
Bankers:		
Allied Bank Limited		Meezan Bank Limited
Bank Al-Falah Limited (Islamic Banking)		National Bank of Pakistan
Bank Al-Habib Limited		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
Habib Metropolitan Bank Limited		

DIRECTORS' REPORT

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the unaudited financial statements for the half year ended December 31, 2015.

Overview

Following a difficult financial year, competitive textile market again posted a challenge for the Company this period. Export sales declined by 25% this period leaving behind adverse footprints on the top line; whereas only a marginal increase in local sales can be witnessed. Overall, sales in terms of both value and volume decreased by 11.37% and 1.65% respectively compared to the same period last year (SPLY) and thus leading to a reduced gross profit margin of 5.69% this period (2014: 6.41%).

Market Overview

Economic position of the country continued to stabilize during the period as inflation remained low with improved GDP growth rate and political stability.

However, as subsidized yarn available through regional competitors continue to penetrate the global market share; Pakistan had limited role to play internationally. Furthermore, nearly a quarter of the local raw cotton was destroyed as a result of heavy rains and pest attack in some parts of Punjab cotton belt. Resultantly, the Company in order to meet production requirements shifted towards procurement of imported cotton. Regardless of the difficulties, the Company has still managed to post positive bottom line results for the period just ended. The performance is supported by the merger synergies being realized as a result of efficient management of resources in terms of both human and capital assets and returns from strategic long-term investments made by the Company.

	Half year ended		Percentage % Favorable / (Unfavorable)
	December 31, 2015 ----- (Rupees in '000) -----	December 31, 2014	
Export	4,005,995	5,341,445	(25.00)
Local	6,371,329	6,367,222	0.06
Sales (net)	10,377,324	11,708,667	(11.37)
Gross Profit	591,492	751,639	(21.31)
Finance Cost	261,246	393,245	33.57
Profit before Tax	55,020	150,903	(63.54)
Profit after Tax	7,636	40,418	(81.11)
Earnings Per Share (Rupees)	0.27	1.50	

*The results for the corresponding period includes effect of merger transaction with Fazal Textile Mills Limited (FTML) with effect from October 01, 2014.

Financial Results

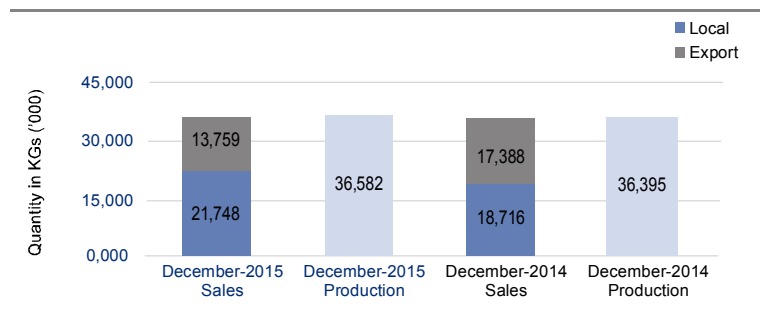
As witnessed from the financial results, revenue from export sales in proportion to total sales revenue were 38.6% for the HY 2015 compared to 45.61% SPLY. This is particularly due to the declining global demand for textile products and rising competition. Factors such as contracting growth rate of Chinese economy and irregular economic situation in the European and American markets have majorly contributed to the said curtailed international demand. Moreover, lack of policy support from the Federal Government has sent the local Textile industry in a backlash making it less competitive in international markets.

In view of the said scenario, the management of the Company has put efforts to ease the topline pressure by opting for an optimum procurement policy. Procurement of good quality and cost effective imported raw cotton; attainment of most economical resources to generate power and merger synergies have all resulted in producing reasonable bottom line results.

Furthermore, finance cost has been contained to 2.51% of sales compared to 3.36% SPLY. The savings in finance cost is primarily due to efficient management of the sources of funds by taking maximum benefits of the reduced local and foreign currency borrowing rates and effective cash flow planning.

Operational Performance

The production and sales statistics for the half year ended December 31, 2015 and its comparison with last period is presented below:



As evident from the chart above, due to falling export sales demand, the Company is constantly striving to penetrate viable avenues and expand its local market share. Moreover, the management is making efforts to develop an optimum energy mix in order to overcome gas shortages and increase production capacity.

Future Outlook

Under the current economic scenario, factors such as fierce competition in international markets, availability of subsidized yarn, high energy costs, shortage of gas and power resources, imposition of GIDC and other innovative taxes continue to pose a challenge for both the Company and Textile industry as a whole.

The recent imposition of 10% regulatory duty by Federal Government over imported Yarn provided some relief to the domestic spinning industry. However, the industry needs further support from the Government in order to work up to its full potential and contribute towards economic well-being of the country.

Further bold steps, (including but not limited to) such as the formalization of Textile policy, reduced tax rates for the industry, immediate measures for the availability of electricity and rationalization of its cost need to be taken into consideration by the Government in favor of the industry.

Moving forward, the Company is striving hard to sustain and at the same time expand its footprint in local and international markets in order to maximize yield for its stakeholders and is optimistic for better financial and operating performance in future.

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: February 22, 2016

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **GADOON TEXTILE MILLS LIMITED** (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter paragraph

The basis used in preparation of comparative condensed interim profit and loss account and condensed interim cash flow statement for the period ended December 31, 2014 has been stated in note 2.4 to the condensed interim financial information.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Mushtaq Ali Hirani

Date: February 22, 2016
Place: Karachi

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015 (UNAUDITED)

	Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
---- (Rupees in '000) ----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	8,093,394	8,322,228
Long term advance	6	-	-
Long term loans		13,791	21,832
Long term deposits		24,979	24,956
Long term investments	7	2,020,349	1,683,343
		10,152,513	10,052,359
Current Assets			
Stores, spares and loose tools		561,707	528,328
Stock-in-trade	8	4,728,603	4,895,445
Trade debts		1,820,221	2,027,028
Loans and advances		1,307,682	413,108
Receivable from an associate		309,448	987,583
Short term investment		51,899	59,745
Trade deposits and short term prepayments		36,062	7,994
Other receivables		338,019	374,272
Income tax refundable		664,791	696,430
Cash and bank balances		511,928	506,553
		10,330,360	10,496,486
Total Assets		20,482,873	20,548,845
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised 57,500,000 ordinary shares of Rs. 10/- each		575,000	575,000
Issued, subscribed and paid-up capital		280,296	234,375
Capital reserves		137,541	864,874
Revenue reserves		6,407,312	5,672,349
Capital to be issued pursuant to amalgamation		-	45,921
Total Equity		6,825,149	6,817,519
Non-Current Liabilities			
Deferred liabilities		1,014,824	996,912
Current Liabilities			
Trade and other payables		1,960,029	1,975,850
Accrued mark up		105,608	133,964
Short-term borrowings	9	10,479,703	10,405,623
Current portion of long-term finance		-	8,905
Provision for taxation		97,561	210,072
		12,642,901	12,734,414
		13,657,724	13,731,326
Total Equity and Liabilities		20,482,873	20,548,845
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)**

Note	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014 (Restated)	December 31, 2015	December 31, 2014 (Restated)
----- (Rupees in '000) -----				
Sales - net	10,377,324	11,708,667	4,996,721	6,442,059
Cost of sales	(9,785,832)	(10,957,028)	(4,679,701)	(5,812,161)
Gross profit	591,492	751,639	317,020	629,898
Distribution cost	(164,767)	(173,499)	(83,590)	(102,045)
Administrative expenses	(96,091)	(116,812)	(38,013)	(80,621)
	(260,858)	(290,311)	(121,603)	(182,666)
	330,634	461,328	195,417	447,232
Finance cost	(261,246)	(393,245)	(108,629)	(232,872)
Other operating expenses	(97,611)	(8,111)	(17,432)	(7,382)
	(28,223)	59,972	69,356	206,978
Other income	9,362	11,812	4,654	5,378
Share of profit from associate - net of tax	73,881	79,119	29,881	45,619
Profit before taxation	55,020	150,903	103,891	257,975
Taxation				
Current	(97,561)	(94,838)	(53,753)	(74,632)
Prior	26,396	-	26,396	-
Deferred	23,781	(15,647)	(9,320)	6,123
	(47,384)	(110,485)	(36,677)	(68,509)
Profit for the period	7,636	40,418	67,214	189,466
Earnings per share - basic and diluted (Rupees)	0.27	1.50	2.40	7.05

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014 (Restated)	December 31, 2015	December 31, 2014 (Restated)
	----- (Rupees in '000) -----			
Profit for the period	7,636	40,418	67,214	189,466
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>7,636</u>	<u>40,418</u>	<u>67,214</u>	<u>189,466</u>

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	HALF YEAR ENDED	
	December 31, 2015	December 31, 2014 (Restated)
	---- (Rupees in '000) ----	
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	55,020	150,903
Adjustments for :		
Depreciation	408,016	350,263
Gain on disposal of property, plant and equipment	(1,783)	(77)
Finance cost	261,246	372,171
Share of profit from an associate - net of tax	(73,881)	(79,119)
Unrealized (gain) / loss on short-term investment	(7,845)	(5,103)
Provision for staff retirement gratuity	90,000	68,856
	<u>675,753</u>	<u>706,991</u>
Operating cash flows before working capital changes	730,773	857,894
(Increase) / decrease in current assets		
Stores, spares and loose tools	(33,379)	(33,776)
Stock-in-trade	166,842	(2,389,093)
Trade debts	206,807	241,975
Loans and advances	(894,574)	111,076
Receivable from an associate	678,135	(478,864)
Trade deposits and short-term prepayments	(28,068)	(136)
Other receivables	36,253	58,337
	<u>132,016</u>	<u>(2,490,481)</u>
Increase in current liabilities		
Trade and other payables	(15,821)	205,887
Changes in working capital	116,195	(2,284,594)
Cash generated from / (used) in operations	<u>846,968</u>	<u>(1,426,700)</u>
Finance cost paid	(317,443)	(320,487)
Income tax paid	(105,800)	(165,167)
Gratuity paid	(48,608)	(94,601)
	<u>(471,852)</u>	<u>(580,255)</u>
Net cash generated from / (used) in operating activities	<u>375,116</u>	<u>(2,006,955)</u>

	HALF YEAR ENDED	
	December 31, 2015	December 31, 2014 (Restated)
	---- (Rupees in '000) ----	
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(183,039)	(447,806)
Sale proceeds from disposal of property, plant and equipment	3,270	777
Long-term loans recovered / (disbursed)	8,041	(9,028)
Long-term deposits paid	(23)	(57)
Long-term investment in associate	(302,000)	(126,642)
Dividend received	38,876	26,050
Net cash used in investing activities	<u>(434,876)</u>	<u>(556,706)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(8,905)	(8,905)
Dividend paid	(40)	(146,884)
Net cash used in financing activities	<u>(8,945)</u>	<u>(155,789)</u>
Net decrease in cash and cash equivalents (A+B+C)	(68,705)	(2,719,450)
Cash and cash equivalents at beginning of the period	(9,899,070)	(7,264,440)
Transferred from FTML as on October 1, 2014	-	(3,428,374)
Cash and cash equivalents at end of the period	<u>(9,967,775)</u>	<u>(13,412,264)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	511,928	498,812
Short-term borrowings	(10,479,703)	(13,911,076)
	<u>(9,967,775)</u>	<u>(13,412,264)</u>

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)**

	-----Capital Reserve -----					---- 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 1, 2014	234,375	-	103,125	-	103,125	1,000,000	-	5,162,077	6,162,077	6,499,577
Reserve arising on amalgamation on October 1, 2014	-	-	-	34,416	34,416	-	727,333	-	727,333	761,749
Capital to be issued pursuant to amalgamation	-	45,921	-	-	-	-	-	-	-	45,921
Total comprehensive income for the period										
Profit for the year	-	-	-	-	-	-	-	40,418	40,418	40,418
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	40,418	40,418	40,418
Balance as at December 31, 2014	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	5,202,495	6,929,828	7,347,665
Total comprehensive income for the year										
Profit for the period	-	-	-	-	-	-	-	(432,758)	(432,758)	(432,758)
Other comprehensive income	-	-	-	-	-	-	-	19,794	19,794	19,794
Total comprehensive income for the period	-	-	-	-	-	-	-	(412,964)	(412,964)	(412,964)
Transactions with owners recorded directly in equity										
Final dividend for the year ended June 30, 2014 @ Rs. 5/- per share	-	-	-	-	-	-	-	(117,188)	(117,188)	(117,188)
Balance as at June 30, 2015	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	4,672,343	6,399,676	6,817,513
Capital issued pursuant to amalgamation	45,921	(45,921)	-	-	-	-	-	-	-	-
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	7,636	7,636	7,636
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	7,636	7,636	7,636
Balance as at December 31, 2015	280,296	-	103,125	34,416	137,541	1,000,000	727,333	4,679,979	6,407,312	6,825,149

The annexed notes from 1 to 15 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 HALF YEAR ENDED DECEMBER 31, 2015 (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 is listed on The Pakistan Stock Exchange Limited. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. The registered office of the Company is at Karachi in the province of Sindh.

Pursuant to the sanction of the merger scheme by High Court of Sindh on June 04, 2015, the textile business of Fazal Textile Mills Limited (FTML) was merged with and into the Company with effect from close of business on September 30, 2014. The relevant details of the transactions are more clearly explained in note 1.2 to the financial statements for the year ended June 30, 2015. Consequently, the comparative result in these financial information have been restated to reflect the financial results and cash flows of FTML from October 01, 2014 to December 31, 2014 and from July 01, 2014 to December 31, 2014 for GTML respectively and are not entirely comparable.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the half year ended December 31, 2015 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.
- 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 thousand rupee.
- 2.3** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (xix) of the Code of Corporate Governance. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.
- 2.4** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015; 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 amalgamated entity are derived as follows:

For GTML - from the unaudited condensed interim financial information for the six month ended December 31, 2014.

For FTML - The figures reported in the audited financial statements for the three months ended September 30, 2014 are subtracted from the figures reported for the six months ended December 31, 2014.

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 30 June 2015. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 "Fair Value Measurement".

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures as given in note 14.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2015.

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
Note	---- (Rupees in '000) ----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,824,039	8,044,222
Capital work-in-progress	5.2	269,355	278,006
		<u>8,093,394</u>	<u>8,322,228</u>

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

	Half year ended December 31, 2015 (Unaudited)		Half year ended December 31, 2014 (Unaudited)	
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
	----- (Rupees in '000) -----			
Building	28,150	-	39,292	-
Plant and machinery	152,557	-	352,257	-
Electric installation	-	-	50,858	-
Computer equipment	154	-	871	-
Office equipment and installations	203	-	256	32
Vehicles	1,975	1,786	4,482	668
	<u>183,039</u>	<u>1,786</u>	<u>448,016</u>	<u>700</u>

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

	Half year ended December 31, 2015 (Unaudited)		Half year ended December 31, 2014 (Unaudited)	
	Additions	Transfers	Additions	Transfers
	----- (Rupees in '000) -----			
Gadoon Amazai project				
Civil works	-	-	7,767	39,292
Plant and machinery	132,789	129,191	73,556	82,012
Advance to contractors	1,995	1,975	80,005	4,254
Others	8,216	1,734	7,844	-
Karachi project				
Plant and machinery	10,843	21,556	38,150	293,952
Civil works	20,112	28,150	31,222	-
Electric installations	-	-	11,922	50,858
Others	76	76	5,689	-
	<u>174,031</u>	<u>182,682</u>	<u>256,155</u>	<u>470,368</u>

December
31, 2015
(Unaudited)

June
30, 2015
(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.

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
Note	---- (Rupees in '000) ----	----

7. LONG-TERM INVESTMENTS

Investments in associated undertakings

ICI Pakistan Limited	1,402,276	1,365,660
Lucky Holdings Limited	123,956	113,318
Yunus Energy Limited	494,117	204,365
	<u>2,020,349</u>	<u>1,683,343</u>

8. STOCK-IN-TRADE

Raw material		
- in hand	2,921,891	3,497,588
- in transit	462,241	179,399
Work-in-process	222,569	197,618
Finished goods		
- yarn	1,063,695	868,893
- knitted fabric	19,349	57,050
- waste at net realisable	38,858	94,897
	<u>4,728,603</u>	<u>4,895,445</u>

9. SHORT TERM BORROWINGS - SECURED

From banking companies

Running finance	9.1	2,688,264	573,259
Short term finance		4,591,229	6,872,498

Foreign currency loan against

Import finance	3,200,210	2,056,877
Export finance	-	902,989
	<u>3,200,210</u>	<u>2,959,866</u>
	<u>10,479,703</u>	<u>10,405,623</u>

9.1 Facilities for running finance, import finance, export finance and short term finance are available from various banks upto Rs. 18.99 billion (June 30, 2015: Rs. 21.22 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2015.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 As at period end, bank guarantees given in favour of the Company by banks in normal course of business amounting to Rs. 760.36 million (June 30, 2015 : 725.36 million). Further, the Company has signed sponsors support agreement amounting to Rs. 960 million and contractual commitment for debt servicing of two loan installments amount up to the cap of Rs. 338 million on behalf of Yunus Energy Limited an associated undertaking.

Other contingencies are same as disclosed in notes 20.1.2 to 20.1.8 to the annual financial statements for the year ended June 30, 2015.

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
	---- (Rupees in '000) ----	
10.1.2 Others		
Export bills discounted with recourse	897,398	1,331,520
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	422,070	133,656

10.2 Commitments

Letters of credit opened by banks for:

Raw material	817,716	197,739
Stores and spares	-	26,990
Plant and machinery	-	99,666

Note	Half year ended		Quarter ended	
	December 31, 2015 (Un-audited)	December 31, 2014 (Un-audited)	December 31, 2015 (Un-audited)	December 31, 2014 (Un-audited)

----- (Rupees in '000) -----

11. COST OF SALES

Opening stock				
- finished goods	1,020,840	1,061,637	957,786	854,761
Cost of goods manufactured	9,886,894	10,797,049	4,843,817	5,859,058
	10,907,734	11,858,686	5,801,603	6,713,819
Closing stock				
- finished goods	(1,121,902)	(988,402)	(1,121,902)	(988,402)
Effect of adjustments in estimates and significant judgement in stock due to amalgamation	-	86,744	-	86,744
	9,785,832	10,957,028	4,679,701	5,812,161

11.1 Cost of goods manufactured

Opening stock				
- work in process	197,618	201,731	192,460	221,964
Raw and packing material consumed	6,521,029	7,764,488	3,149,305	4,108,269
Other manufacturing expenses	3,390,816	3,015,933	1,724,621	1,713,928
	9,911,845	10,780,421	4,873,926	5,822,197
	10,109,463	10,982,152	5,066,386	6,044,161
Closing stock				
- work in process	(222,569)	(185,103)	(222,569)	(185,103)
	9,886,894	10,797,049	4,843,817	5,859,058

12. TAXATION

There have been no change in the tax contingencies as disclosed in note number 20.1.4 and 20.1.8 to the annual audited financial statements for the year ended June 30, 2015.

13. 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	HALF YEAR ENDED	
		December 31, 2015 (Un-audited)	December 31, 2014 (Un-audited)
— (Rupees in '000) —			
a. Associated companies - Common directorship			
Lucky Cement Limited	Purchase of cement	1,686	4,704
Yunus Textile Mills Limited	Sale of yarn	258,932	12,130
	Doubling charges	25	-
Lucky Knits (Private) Limited	Sale of yarn	294,108	262,934
	Purchase of goods & services	20,966	8,322
Feroze1888 Mills Limited	Sale of yarn	37,573	19,686
Lucky Textile Mills Limited	Sale of yarn	819,725	818,602
	Sale of fabric	1,941	-
	Doubling charges	36	-
Lucky Energy (Private) Limited	Purchase of electricity	536,317	379,099
Yunus Energy Limited	Investment in shares	302,000	168,615
	Share of loss on investment	12,248	-
	Markup credited	-	6,680
	Advance against shares	-	124,515
ICI Pakistan Limited	Purchase of fiber	669,147	707,883
	Share of profit on investment	75,491	71,392
	Dividend received	38,876	23,924
Lucky Holdings Limited	Share of profit on investment	10,638	7,727
Lucky Landmark (Private) Limited	Amount received	732,251	-
	Markup charged	28,491	-
	Rendering of service	-	1067
	Mobilization advance	-	126,498
Fazal Textile Mills Limited (now amalgamated with GTML)	Sales of goods and services	-	757
	Purchase of goods and services	-	51,498
	Payment against purchases	-	51,498
b. Benefits to key management personnel		19,446	16,266

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Funds/Company's financial assets which are carried at fair value:

2015				
	Level 1	Level 2	Level 3	Level 4
----- (Rupees in '000) -----				
Financial assets - at fair value				
Available for sale	-	-	-	-
Fair value through profit or loss				
- Held for trading	51,899	-	-	51,899
	<u>51,899</u>	<u>-</u>	<u>-</u>	<u>51,899</u>
2014				
	Level 1	Level 2	Level 3	Level 4
----- (Rupees in '000) -----				
Financial assets - at fair value				
Available for sale	-	-	-	-
Fair value through profit or loss				
- Held for trading	59,745	-	-	59,745
	<u>59,745</u>	<u>-</u>	<u>-</u>	<u>59,745</u>

There were no transfers between levels during the year/period

There were no changes in valuation techniques during the year/period

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on February 22, 2016 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR



MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE



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