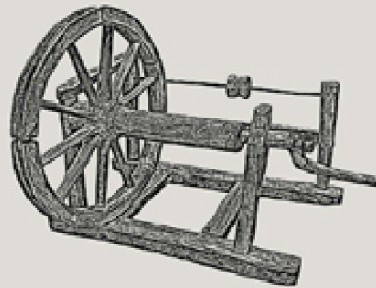


HALF YEARLY REPORT DECEMBER 31, 2014

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



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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
Mrs. Rahila Aleem
Mrs. Mariam Tabba Khan
Mr. Saleem Zamindar
- Audit Committee** : Mr. Saleem Zamindar (Chairman)
Mr. Muhammad Ali Tabba (Member)
Mr. Jawed Yunus Tabba (Member)
Mrs. Rahila Aleem (Member)
- Human Resources and Remuneration Committee** : Mr. Jawed Yunus Tabba (Chairman)
Mrs. Rahila Aleem (Member)
Mrs. Mariam Tabba Khan (Member)
- 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, 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:**
- | | |
|---|--|
| Al Baraka Bank | Habib Metro Bank Limited |
| Allied Bank Limited | Meezan Bank Limited |
| Bank Al-Falah Limited (Islamic Banking) | National Bank of Pakistan |
| Bank Al-Habib Limited | Standard Chartered Bank Pakistan Limited |
| Bank Islami Pakistan Limited | Soneri Bank 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 half year ended December 31, 2014.

Overview

Following a challenging year resulting in low profitability due to several uncontrollable factors, the half year ended December, 2014 did show some ray of hope amid the harsh textile spinning sector conditions prevailing since previous year. During the half year ended under review, the Company successfully managed to achieve the Profit after Tax of Rs. 60.06 million.

Unfortunately, the textile industry in general, and spinning sector in particular is still trying to sustain the severe competition that it is facing from the continuous availability of subsidized Indian cotton yarn in local and international markets and the increase in other cost components that are beyond the management's control.

The Company has changed its sales and marketing strategy during the period and resultantly the sale of yarn has increased to 30.76 million Kgs compared to December 2013 (30.09 million Kgs), this helped the Company in managing the net profit for the period. As part of its strategy to reduce the cost and the adverse impact caused by Indian yarn, your Company has efficiently and effectively procured raw materials to remain competitive in the market. This has enabled the Company to report favorable results for the period under review.

Financial Results

A comparison of the key financial results of the Company for the Half year ended December 31, 2014 with the same period last year is as under:

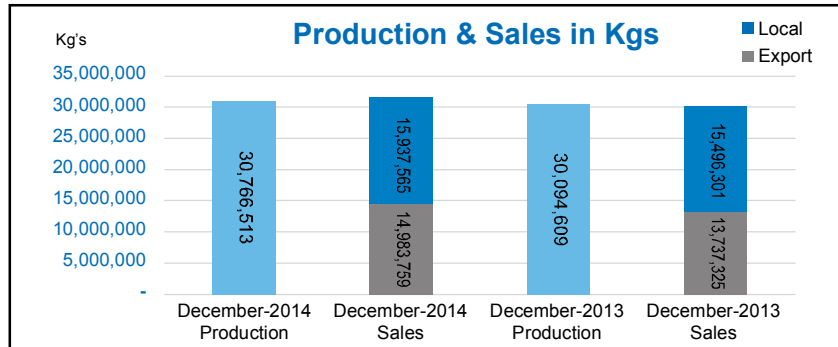
| | HALF YEAR ENDED DECEMBER | | Percentage % |
|-----------------------------|--------------------------|------------|---------------|
| | 2014 | 2013 | Favorable / |
| | (Rs.'000) | (Rs.'000) | (Unfavorable) |
| Export | 4,523,827 | 4,795,531 | (5.67) |
| Local | 5,629,816 | 5,671,947 | (0.74) |
| Sales (net) | 10,153,643 | 10,467,478 | (3.00) |
| Gross Profit | 657,792 | 1,329,521 | (50.52) |
| Finance Cost | 348,481 | 326,260 | (6.81) |
| Profit Before Tax | 150,283 | 668,603 | (77.52) |
| Profit After Tax | 60,061 | 592,291 | (89.86) |
| Earnings Per Share (Rupees) | 2.56 | 25.27 | (89.87) |

Although the sales quantity of yarn in both domestic as well as international market increased, the Company's net sales for the period declined by 3% compared to the same period last year 2013: Rs.10,467.48 million. As a result, gross profit for the period worked out to be Rs. 657.79 million.

The increase of 6.81% (2014: Rs. 348.48 million) in finance cost is mainly due to increase in the Company's working capital requirements. Owing to all the above-mentioned factors, bottom line translated into Rs. 60.06 million, resulting in an EPS of Rs. 2.56 compared to Rs. 25.27 during the corresponding period last year.

Operational Performance

The production and sales statistics for the half year ended December 31, 2014 with its comparison of last period is presented below.



Major Corporate Event:

The Company while exploring the potential opportunities to expand, grow and reorganize, identified opportunity for expansion by virtue of merging the textile business of Fazal Textile Mills Limited with and into the Company. The scheme of arrangement with the swap ratios, were discussed in the Board of Directors meeting held on December 15, 2014. After taking all possible pros and cons into consideration, the Board gave its consent and directed the management to obtain all necessary approvals from the regulators and other strategic stakeholders.

A petition was filed before the Honorable High Court of Sindh, Karachi on December 30, 2014. Subsequently, as per the directive of the Honorable court, an Extraordinary General Meeting of the members of Company was held on February 18, 2015 in which the members unanimously approved the merger scheme. Further, a meeting of secured creditors was also held on February 20, 2015 to obtain their NOC for the said merger.

We would like to thank all our valued stakeholders for the immense confidence they have shown towards this strategic decision of the Company, and we hope that this decision would further enable the Company to pursue its objectives in a more efficient manner.

Future Outlook

With the prevailing market conditions that are expected to remain for a foreseeable future, the Company has developed and implemented measures to maximize its efficiencies and neutralize the adverse effects wherever possible. We expect that the installation of WHR will be completed by the end of this financial year. Moreover, we are expecting a smooth execution of merger process which will further enhance the efficiencies of your Company.

As anticipated, there was a sizeable cotton crop in the country and the price had fallen lower than what was anticipated, both in the local as well as in the international market. The price is yet to reach at a level which would allow the Company reasonable margins to cover its overheads.

Furthermore, the country has witnessed a sharp decrease in both petrol and furnace oil prices in the international market; however, the merits of such significant price cuts are yet to be passed on to the business community, and to the economy as a whole.

Despite all such challenges, your Company has remained steadfast towards operating in the most efficient way, and that has only been possible due to the strong faith that has been shown by our valued stakeholders.

Acknowledgement

All 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

Karachi: February 23, 2015



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, 2014 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 to 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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil Saleem & Company

Chartered Accountants

Engagement Partner

Mushtaq Ali Hirani

Karachi

Date : February 23, 2015



CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014 (UN-AUDITED)

| | Note | December 31, 2014 (Un-audited) --- (Rupees in '000) --- | June 30, 2014 (Audited) |
|---|------|--|-------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 5,932,239 | 5,997,051 |
| Long-term advance | 6 | - | - |
| Long-term loans | | 7,426 | 10,872 |
| Long-term deposits | | 21,031 | 20,974 |
| Long-term investments | 7 | 1,582,609 | 1,358,798 |
| | | 7,543,305 | 7,387,695 |
| Current Assets | | | |
| Stores, spares and loose tools | | 455,779 | 420,354 |
| Stock-in-trade | 8 | 7,787,480 | 5,699,647 |
| Trade debts | | 1,302,700 | 1,079,098 |
| Loans and advances | | 343,731 | 458,417 |
| Short-term investment | | 54,111 | 49,008 |
| Trade deposits and short-term prepayments | | 3,998 | 4,076 |
| Other receivables | | 213,119 | 216,739 |
| Income tax refundable due from the government | | 614,364 | 458,509 |
| Cash and bank balances | | 385,389 | 331,879 |
| | | 11,160,671 | 8,717,727 |
| TOTAL ASSETS | | 18,703,976 | 16,105,422 |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized | | | |
| 50,000,000 (June 30, 2014: 50,000,000) ordinary shares of Rs. 10/- each | | 500,000 | 500,000 |
| Issued, subscribed and paid-up | | | |
| 23,437,500 (June 30, 2014: 23,437,500) ordinary shares of Rs. 10/- each | | 234,375 | 234,375 |
| Capital reserve - share premium | | 103,125 | 103,125 |
| Revenue reserves | | | |
| General reserve | | 1,000,000 | 1,000,000 |
| Unappropriated profit | | 5,104,949 | 5,162,077 |
| TOTAL EQUITY | | 6,442,449 | 6,499,577 |
| Non-Current Liabilities | | | |
| Long-term financing | | - | 8,905 |
| Deferred liabilities | | 700,599 | 686,456 |
| | | 700,599 | 695,361 |
| Current Liabilities | | | |
| Trade and other payables | | 1,404,339 | 1,133,845 |
| Accrued mark-up | | 173,866 | 142,271 |
| Short-term borrowings | 9 | 9,888,344 | 7,596,319 |
| Provision for taxation | | 76,567 | 20,235 |
| Current portion of long-term financing | | 17,812 | 17,814 |
| | | 11,560,928 | 8,910,484 |
| TOTAL LIABILITIES | | 12,261,527 | 9,605,845 |
| TOTAL EQUITY AND LIABILITIES | | 18,703,976 | 16,105,422 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | | |

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

| | Note | Half year ended | | Quarter ended | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| ----- (Rupees in '000) ----- | | | | | |
| Sales - net | | 10,153,643 | 10,467,478 | 4,884,270 | 5,082,973 |
| Cost of sales | 11 | (9,495,851) | (9,137,957) | (4,408,038) | (4,442,122) |
| Gross profit | | 657,792 | 1,329,52 | 476,232 | 640,851 |
| Distribution cost | | (144,825) | (158,266) | (71,649) | (66,594) |
| Administrative expenses | | (100,839) | (55,983) | (64,648) | (30,516) |
| | | (245,664) | (214,249) | (136,297) | (97,110) |
| | | 412,128 | 1,115,272 | 339,935 | 543,741 |
| Finance cost | | (348,481) | (326,260) | (188,108) | (205,582) |
| Other operating expenses | | (3,428) | (172,260) | (2,699) | (23,122) |
| | | 60,219 | 616,752 | 149,128 | 315,037 |
| Other income | | 10,945 | 3,095 | 4,511 | 1,915 |
| Share of profit from associate - net of tax | | 79,119 | 48,756 | 45,619 | 28,892 |
| Profit before taxation | | 150,283 | 668,603 | 199,258 | 345,844 |
| Taxation | 12 | | | | |
| For the period | | | | | |
| Current | | (76,567) | - | (56,361) | - |
| Deferred | | (13,656) | (76,312) | 8,114 | (58,543) |
| | | (90,223) | (76,312) | (48,247) | (58,543) |
| Profit for the period | | 60,060 | 592,291 | 151,011 | 287,301 |
| Earnings per share - | | | | | |
| basic and diluted (Rupees) | | 2.56 | 25.27 | 5.29 | 12.26 |

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

| | Half year ended | | Quarter ended | |
|--|------------------------------|----------------------|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| | ----- (Rupees in '000) ----- | | | |
| Profit for the period | 60,060 | 592,291 | 151,011 | 287,301 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>60,060</u> | <u>592,291</u> | <u>151,011</u> | <u>287,301</u> |

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

| | Half year ended | |
|---|------------------------------|----------------------|
| | December 31, 2014 | December 31, 2013 |
| | ----- (Rupees in '000) ----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 150,283 | 668,603 |
| Adjustments for : | | |
| Depreciation | 285,919 | 274,285 |
| Gain on disposal of property, plant and equipment | (22) | (1,676) |
| Finance cost | 333,877 | 316,734 |
| Share of profit from associate - net of tax | (79,119) | (48,756) |
| Unrealized (gain) / loss on short-term investment | (5,103) | 1,000 |
| Provision for staff gratuity | 59,428 | 48,670 |
| | <u>594,980</u> | <u>590,257</u> |
| Operating cash flows before working capital changes | 745,263 | 1,258,860 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (35,425) | (15,737) |
| Stock-in-trade | (2,087,833) | (4,062,983) |
| Trade debts | (223,602) | 100,155 |
| Loans and advances | 70,585 | (249,194) |
| Trade deposits and short-term prepayments | 78 | (9,405) |
| Other receivables | 3,620 | 61,960 |
| | <u>(2,272,577)</u> | <u>(4,175,204)</u> |
| Increase in current liabilities | | |
| Trade and other payables | 269,253 | 346,400 |
| | <u>269,253</u> | <u>346,400</u> |
| Changes in working capital | (2,003,324) | (3,828,804) |
| Cash used in operations | (1,258,061) | (2,569,944) |
| Finance cost paid | (302,282) | (220,451) |
| Income tax paid | (176,089) | (92,109) |
| Gratuity paid | (58,944) | (25,664) |
| | <u>(537,315)</u> | <u>(338,224)</u> |
| Net cash used in operating activities | <u>(1,795,376)</u> | <u>(2,908,168)</u> |



| | Half year ended | |
|--|----------------------|----------------------|
| | December 31, 2014 | December 31, 2013 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (221,213) | (547,304) |
| Sale proceeds received from disposal of property, plant and equipment | 128 | 7,997 |
| Long-term loans paid | 3,446 | (2,638) |
| Long-term deposits paid | (57) | - |
| Long-term investment | (126,642) | - |
| Dividend received on investment | 26,050 | - |
| Net cash used in investing activities | (318,288) | (541,945) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term finance | (8,905) | (8,907) |
| Dividend paid | (115,946) | (290,147) |
| Net cash used in financing activities | (124,851) | (299,054) |
| Net decrease in cash and cash equivalents (A+B+C) | (2,238,515) | (3,749,167) |
| Cash and cash equivalents at beginning of the period | (7,264,440) | (5,352,498) |
| Cash and cash equivalents at end of the period | <u>(9,502,955)</u> | <u>(9,101,665)</u> |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 385,389 | 516,404 |
| Short-term borrowings | (9,888,344) | (9,618,069) |
| | <u>(9,502,955)</u> | <u>(9,101,665)</u> |

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (UN-AUDITED)

| | Issued, subscribed and paid-up share capital | --Capital Reserve -- | | ----- Revenue Reserves ----- | | | Grand total |
|--|---|----------------------|----------------|------------------------------|--------------------------|------------------|------------------|
| | | Share premium | Sub Total | General reserves | Unappropriated profit | Sub Total | |
| ----- (Rupees in '000) ----- | | | | | | | |
| Balance as at July 01, 2013 | 234,375 | 103,125 | 103,125 | 1,000,000 | 4,847,337 | 5,847,337 | 6,184,837 |
| Total comprehensive income | | | | | | | |
| Profit for the period | - | - | - | - | 592,291 | 592,291 | 592,291 |
| Other comprehensive income | - | - | - | - | - | - | - |
| | - | - | - | - | 592,291 | 592,291 | 592,291 |
| Transactions with owners recorded directly in equity | | | | | | | |
| Final dividend for the year ended June 30, 2013 @ Rs. 12.5/- per share | - | - | - | - | (292,969) | (292,969) | (292,969) |
| Balance as at December 31, 2013 | <u>234,375</u> | <u>103,125</u> | <u>103,125</u> | <u>1,000,000</u> | <u>5,146,659</u> | <u>6,146,659</u> | <u>6,484,159</u> |
| Total comprehensive income | | | | | | | |
| Profit for the period | - | - | - | - | 15,418 | 15,418 | 15,418 |
| Other comprehensive income | - | - | - | - | - | - | - |
| | - | - | - | - | 15,418 | 15,418 | 15,418 |
| Balance as at June 30, 2014 | <u>234,375</u> | <u>103,125</u> | <u>103,125</u> | <u>1,000,000</u> | <u>5,162,077</u> | <u>6,162,077</u> | <u>6,499,577</u> |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | 60,060 | 60,060 | 60,060 |
| Other comprehensive income | - | - | - | - | - | - | - |
| | - | - | - | - | 60,060 | 60,060 | 60,060 |
| 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 December 31, 2014 | <u>234,375</u> | <u>103,125</u> | <u>103,125</u> | <u>1,000,000</u> | <u>5,104,949</u> | <u>6,104,949</u> | <u>6,442,449</u> |

The annexed notes from 1 to 14 form an integral part of the condensed interim financial information.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2014 (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 Karachi and Islamabad stock exchanges. The registered office of the Company is located at 7-A Muhammad Ali Society, Abdul Aziz Hashim Tabba Street, Karachi. Its manufacturing facilities are located at Gadoon Amazai Industrial Estate, Gadoon, District Swabi, Khyber Pakhtunkhwa and Nooriabad near Karachi. The principal activity of the Company is manufacturing and sale of yarn.
- 1.2 On December 15, 2014, the Board of Directors of the Company has passed a resolution for the potential merger of Fazal Textile Mills Limited with and into the Company. Furthermore the merger has also been approved by the shareholders and creditors in their meeting held on February 18, 2015 and February 20, 2015 respectively. The company is in process of carrying out other legal requirements with respect to merger.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the half year ended December 31, 2014 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, 2014.
- 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 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.

The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2014, whereas comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed cash flow statement and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the six month ended December 31, 2013.

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.

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, 2014.



| | Note | December 31, 2014 (Un-Audited) | June 30, 2014 (Audited) |
|---|------|--------------------------------------|-------------------------------|
| ----- (Rupees in '000) ----- | | | |
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 5,524,148 | 5,366,017 |
| Capital work-in-progress | 5.2 | 408,091 | 631,034 |
| | | 5,932,239 | 5,997,051 |

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

| | Half year ended December 31, 2014 (Un-Audited) | | Half year ended December 31, 2013 (Un-Audited) | |
|------------------------------------|---|----------------------------|---|----------------------------|
| | Additions/ transfers | Disposals at Book value | Additions/ transfers | Disposals at Book value |
| ----- (Rupees in '000) ----- | | | | |
| Building | 39,292 | - | 995 | - |
| Plant and machinery | 348,622 | - | 159,664 | 6,032 |
| Electric installation | 50,858 | - | 2,575 | - |
| Computer equipment | 709 | - | 129 | - |
| Office equipment and installations | 408 | 32 | - | - |
| Vehicles | 4,254 | 74 | 15,307 | 289 |
| | 444,143 | 106 | 178,670 | 6,321 |

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

| | Half year ended December 31, 2014 (Un-Audited) | | Half year ended December 31, 2013 (Un-Audited) | |
|------------------------------|---|----------------|---|----------------|
| | Additions | Transfers | Additions | Transfers |
| ----- (Rupees in '000) ----- | | | | |
| Gadoon amazai project | | | | |
| Civil works | 7,767 | 39,292 | 24,675 | 995 |
| Plant and machinery | 73,556 | 82,012 | 191,964 | 124,240 |
| Advance to contractors | 80,005 | 4,254 | 14,330 | 12,528 |
| Electric Installations | - | - | 2,575 | 2,575 |
| Others | 7,844 | - | 129 | 129 |
| Karachi project | | | | |
| Plant and machinery | 10,808 | 266,610 | 240,185 | 35,424 |
| Civil works | 22,469 | - | 59,026 | - |
| Advance to contractors | - | - | 2,779 | 2,779 |
| Electric installations | 11,922 | 50,858 | 11,641 | - |
| Others | 5,689 | - | - | - |
| | 220,060 | 443,026 | 547,304 | 178,670 |



| | | December 31, 2014 (Un-Audited) | June 30, 2014 (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 | | 1,311,828 | 1,264,360 |
| Lucky Holdings Limited | | 101,416 | 93,688 |
| Yunus Energy Limited | 7.1 | 169,365 | 750 |
| | | <u>1,582,609</u> | <u>1,358,798</u> |
| 7.1 During the period the company received 16,861,500 shares at the par value of Rs. 10 of Yunus Energy Limited. The Company has entered into share pledge agreement in favour of security trustee (UBL) to the extent of 51% of its shareholding. | | | |
| 8. STOCK-IN-TRADE | | | |
| Raw material in | | | |
| - hand | | 6,902,075 | 4,741,678 |
| - transit | | 138,408 | 69,658 |
| Work-in-process | | 154,774 | 163,724 |
| Finished goods | | | |
| - yarn | 8.1 | 572,001 | 632,816 |
| - waste at net realisable | | 20,222 | 91,771 |
| | | <u>7,787,480</u> | <u>5,699,647</u> |
| 8.1 The stock of yarn has been written down to net realisable value by Rs. 9.37 million. | | | |



December 31,
2014
(Un-Audited)
----(Rupees in '000) ----

June 30,
2014
(Audited)

9. SHORT TERM BORROWINGS - SECURED

From banking companies

| | | |
|-------------------------------|-----------|-----------|
| Running finance | 2,291,523 | 3,978,270 |
| Short term finance | 6,565,115 | 1,786,319 |
| Foreign currency loan against | | |
| Import finance | 932,048 | 1,782,355 |
| Export finance | 99,658 | 49,375 |
| | 1,031,706 | 1,831,730 |
| | 9,888,344 | 7,596,319 |

- 9.1 Facilities for running finance, import finance, export finance and short term finance are available from various banks upto Rs. 15.69 billion (June 30, 2014: Rs. 15.04 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2014.

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 590.5 million (June 30, 2014 : 579.5 million). Furthermore on behalf of Yunus Energy Limited, 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.

Other contingencies are same as disclosed in notes 20.1.1 to 20.1.4 to the annual financial statements for the year ended June 30, 2014.

10.1.2 Others

| | | |
|---|-----------|-----------|
| Export bills discounted with recourse arrangement | 1,186,050 | 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 | 95,715 | 133,696 |



**December 31,
2014
(Un-Audited)** **June 30,
2014
(Audited)**
-----(Rupees in '000)----

10.2 Commitments

Letters of credit opened by banks for:

| | | |
|---------------------|----------------|---------|
| Plant and machinery | 62,223 | 6,063 |
| Raw material | 172,614 | 103,489 |
| Stores and spares | 40,224 | 32,811 |

| | | |
|------------------------------------|---|---------|
| Foreign currency forward contracts | - | 621,612 |
|------------------------------------|---|---------|

| Note | Half yearly ended | | Quarter ended | |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) |
| ----- (Rupees in '000) ----- | | | | |

11. COST OF SALES

| | | | | |
|--------------------------------|-------------------|-----------|------------------|-----------|
| Opening stock - finished goods | 724,586 | 524,451 | 574,764 | 518,055 |
| Cost of goods manufactured 9.1 | 9,363,488 | 9,307,949 | 4,425,497 | 4,618,510 |
| | 10,088,074 | 9,832,400 | 5,000,261 | 5,136,565 |
| Closing stock - finished goods | (592,223) | (694,443) | (592,223) | (694,443) |
| | 9,495,851 | 9,137,957 | 4,408,038 | 4,442,122 |

11.1 Cost of goods manufactured

| | | | | |
|-----------------------------------|------------------|-----------|------------------|-----------|
| Opening stock- work in process | 163,724 | 130,569 | 183,957 | 154,766 |
| Raw and packing material consumed | 6,774,990 | 7,135,676 | 3,118,771 | 3,551,645 |
| Other manufacturing expenses | 2,579,548 | 2,199,660 | 1,277,543 | 1,070,055 |
| | 9,354,538 | 9,335,336 | 4,396,314 | 4,621,700 |
| | 9,518,262 | 9,465,905 | 4,580,271 | 4,776,466 |
| Closing stock - work in process | (154,774) | (157,956) | (154,774) | (157,956) |
| | 9,363,488 | 9,307,949 | 4,425,497 | 4,618,510 |

12. TAXATION

12.1 There have been no change in the tax contingencies as disclosed in note number 17.2.1 and 28.1 to the annual audited financial statements for the year ended June 30, 2014.

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



| Name of Related Parties | Nature of Transaction | Half year ended | |
|---|-------------------------------|-----------------------------------|-----------------------------------|
| | | December 31, 2014 (Un-audited) | December 31, 2013 (Un-audited) |
| ----- (Rupees in '000) ----- | | | |
| a. Associated companies | | | |
| Lucky Cement Limited (Common Directorship) | Purchase of cement | 2,634 | 6,134 |
| Fazal Textile Mills Limited (Common Directorship) | Sale of yarn | 81,867 | 74,548 |
| | Services charges | 1,426 | 10,931 |
| | Purchase of machinery | - | 1,800 |
| Yunus Textile Mills Limited (Common Directorship) | Sale of yarn | 12,130 | 74,879 |
| Lucky Knits (Private) Limited (Common Directorship) | Sale of yarn | 234,437 | 192,666 |
| | Purchase of machinery | | |
| Feroze1888 Mills Limited (Common Directorship) | Sale of yarn | 14,654 | 150,241 |
| Lucky Textile Mills Limited (Common Directorship) | Sale of yarn | 602,496 | 546,782 |
| | Grey cotton cloth purchased | - | 214 |
| Lucky Energy (Private) Limited (Common Directorship) | Purchase of electricity | 217,194 | 163,807 |
| Yunus Energy Limited (Common Directorship) | Markup credited | 6,680 | - |
| | Advance against shares | 124,515 | 15,601 |
| | Issuance of shares | 168,615 | - |
| ICI Pakistan Limited (Common Directorship & Shareholding) | Purchase of fiber | 592,799 | 481,056 |
| | Share of profit on investment | 71,392 | 44,547 |
| | Dividend received | 23,924 | - |
| Lucky Holdings Limited (Common Directorship) | Share of profit on investment | 7,727 | 4,209 |
| b. Benefits to key management personnel | | 8,931 | 6,465 |

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on February 23, 2015 by the Board of Directors of the Company.

Muhammad Sohail Tabba
Chief Executive

Jawed Yunus Tabba
Director



Gadoon Textile Mills Limited

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