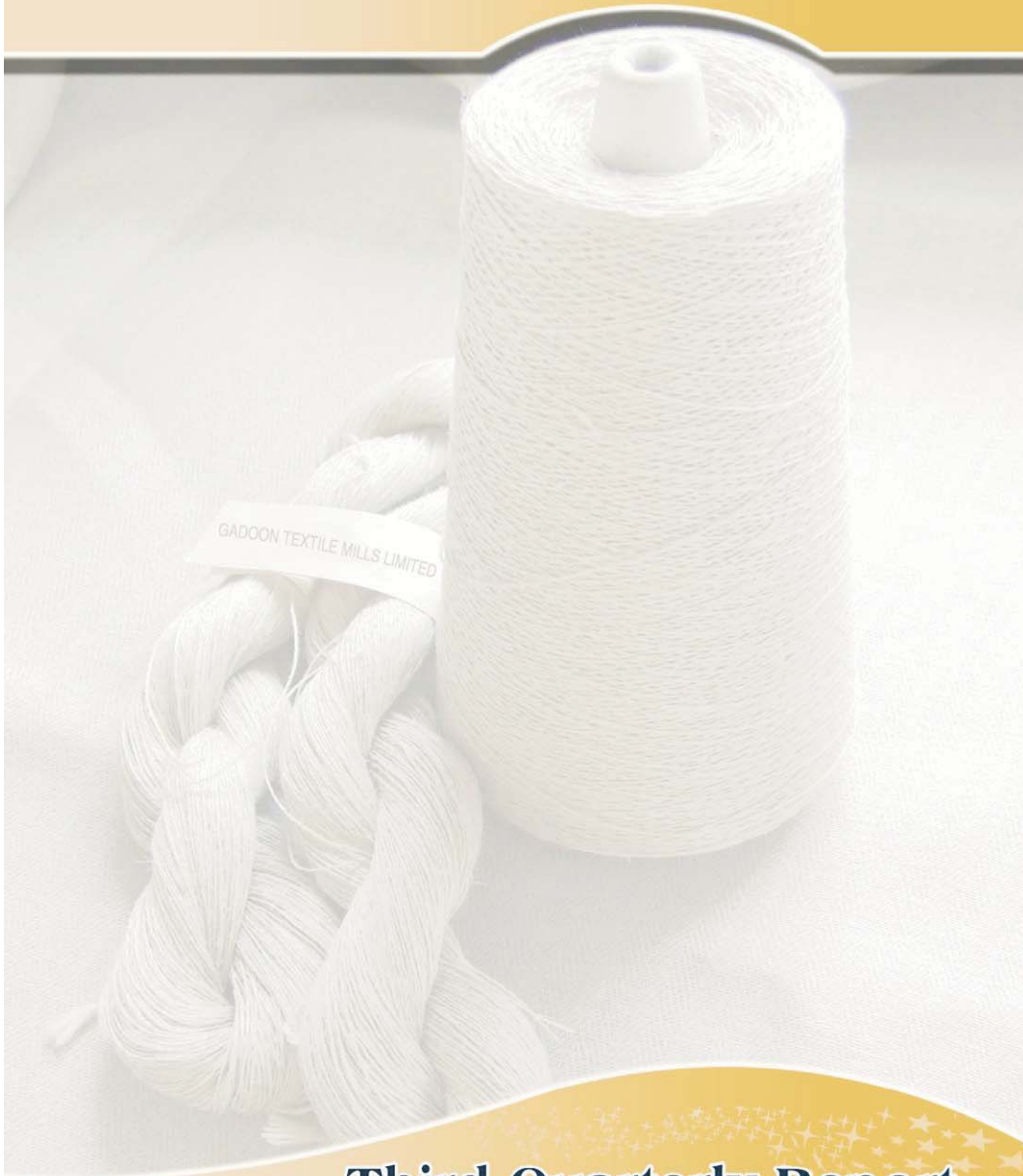




GADOON TEXTILE MILLS LIMITED



A part of
**YUNUS
BROTHERS
GROUP**



Third Quarterly Report
March 31, 2013



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COMPANY PROFILE

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

Bankers:

- | | |
|-----------------------------------------|------------------------------------------|
| Allied Bank Limited | Habib Bank Limited |
| Bank Al-Falah Limited (Islamic Banking) | Habib Metropolitan Bank Limited |
| Bank Al-Habib Limited | HSBC Bank Middle East Limited |
| Bank Islami Pakistan Limited | Meezan Bank Limited |
| Barclays Bank PLC, Pakistan | National Bank of Pakistan |
| Citibank N.A. Pakistan | Standard Chartered Bank Pakistan Limited |
| Dubai Islamic Bank Pakistan Limited | The Bank of Punjab |
| Faysal Bank Limited | United Bank Limited |



DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting before you the performance review together with the financial statements of the Company for the Third quarter and Nine months ended March 31, 2013.

A comparison of the key financial results of the Company for the Third quarter and Nine months ended March 31, 2013 is as under.

	<u>JULY - MARCH</u>		Favourable/ (Unfavourable)	<u>JANUARY - MARCH</u>		Favourable/ (Unfavourable)
	2013 (Rupees in '000)	2012		2013 (Rupees in '000)	2012	
Sales (net)	13,515,453	9,834,637	37.43	4,619,360	3,421,892	34.99
Gross Profit	1,521,258	597,955	154.41	668,636	277,316	141.11
Operating Profit	1,104,077	491,622	124.58	575,519	301,247	91.05
Finance Cost	295,760	227,527	(29.99)	185,980	57,366	(224.20)
Profit Before Tax	808,317	264,095	206.07	389,539	243,881	59.76
Profit After Tax	744,832	265,481	180.56	390,540	248,097	57.41
Earnings Per Share (Rupees)	31.78	11.33		16.67	10.59	

As can be observed from the above figures, your Company, by the Grace of Almighty Allah, posted highly encouraging financial results despite lesser margins in fine counts during the period under review. Sales amounted to Rs.13,515 million in the nine months as compared to Rs.9,835 million in the corresponding period last year---a breath-taking jump of Rs.3,680 million which is 37.43% over the same period last year. QonQ basis the sales rose to 34.99%.

The Gross Profit leaped to Rs.1,521 million which is 11.26% of sales during the period under review surpassing last year's GP margin of Rs.598 million by a wide margin. The substantial rise in GP is attributable to sustainable demand of yarn and availability of lint cotton at reasonable prices. The after tax profit swelled to Rs.745 million which compares well with last year's PAT of Rs.265 million which translates into earnings per share of Rs.31.78 outperforming last year's Rs.11.33.

PROGRESS ON PROJECTS

As stated in the Director's Report for the previous quarter, the additional capacity being executed at Karachi has been integrated and generating additional revenue for the Company.

As reported in the last quarterly report, the Company has acquired new electric generators based on natural gas to enhance generation capacity at reduced cost. They are in the process of installation and will be in operation by the end of the financial year.



FUTURE OUTLOOK

As stated in our earlier reports, we remain vulnerable to energy price escalation, inflation and devaluation of Pak Rupee.

Besides, the lint cotton prices are fluctuating. However, your Company has acquired its requirements for the whole year at competitive prices and there is no cause for concern on this account.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Karachi: April 27, 2013

Muhammad Sohail Tabba
Chief Executive



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2013 (UN-AUDITED)

		(Un-Audited) March 31, 2013	(Audited) June 30, 2012
	Note	— (Rupees in '000) —	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	5,360,024	4,882,569
Long-term loans		7,356	8,373
Long-term deposits		20,968	7,294
Long-term advance		-	-
Long-term investments	5	1,189,883	-
		6,578,231	4,898,236
Current Assets			
Stores, spares & loose tools		382,737	393,291
Stock-in-trade		5,582,171	3,297,286
Trade debts		2,029,875	902,934
Loans and advances		452,941	242,412
Trade deposits and short term prepayments		11,615	3,603
Short-term Investment		27,406	25,429
Other receivables		193,173	139,044
Income tax refundable due from the government		121,372	121,372
Cash and bank balances		495,908	255,211
		9,297,198	5,380,582
Total Assets		<u>15,875,429</u>	<u>10,278,818</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised 50,000,000 ordinary shares of Rs. 10/- each		500,000	500,000
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		4,440,390	3,871,340
		5,440,390	4,871,340
Total Equity		5,777,890	5,208,840
Non-Current Liabilities			
Long term financing		35,626	44,533
Deferred liabilities		343,222	352,253
		378,848	396,786
Current Liabilities			
Current portion of long term financing		17,815	17,814
Short term borrowings	6	8,180,471	3,516,517
Trade and other payables		1,330,519	1,094,098
Provision for taxation		90,378	-
Accrued mark up		99,508	44,763
		9,718,691	4,673,192
Total Equity and Liabilities		<u>15,875,429</u>	<u>10,278,818</u>
Contingencies and commitments	7		

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE THIRD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

Note	Nine Months Ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rupees in '000				
Sales-net	13,515,453	9,834,637	4,619,360	3,421,892
Cost of sales	(11,994,195)	(9,236,682)	(3,950,724)	(3,144,576)
Gross profit	1,521,258	597,955	668,636	277,316
Distribution cost	(243,700)	(177,361)	(72,091)	(70,515)
Administrative expenses	(80,714)	(65,575)	(28,025)	(21,404)
	(324,414)	(242,936)	(100,116)	(91,919)
	1,196,844	355,019	568,520	185,397
Finance cost	(295,760)	(227,527)	(185,980)	(57,366)
Other operating charges	(101,021)	(24,470)	4,322	(12,603)
	800,063	103,022	386,862	115,428
Other operating income	8,254	161,073	2,677	128,453
Profit before taxation	808,317	264,095	389,539	243,881
Taxation				
Current	(90,378)		(32,061)	-
Deferred	26,893	206	33,062	4,216
Perior year		1,180	-	-
	(63,485)	1,386	1,001	4,216
Profit for the period	744,832	265,481	390,540	248,097
Earnings per share-				
basic and diluted (Rupees)	31.78	11.33	16.67	10.59

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



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

	Nine Months Ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	Rupees in '000			
Profit for the period	744,832	265,481	390,540	248,097
Other comprehensive income				
Total comprehensive income for the period	744,832	265,481	390,540	248,097

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive



CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

	Nine Months Ended	
	March 31, 2013	March 31, 2012
———— (Rupees in '000) ————		
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	808,317	264,095
Adjustments for :		
Depreciation	384,251	198,519
(Gain) / loss on disposal of fixed assets	(785)	2,577
(Profit) on deposits	(3,549)	(33,017)
Provision for gratuity	41,000	42,000
(Gain) / loss unrealised on short-term investment	(1,977)	6,612
Finance cost	279,429	416,569
	698,368	633,260
Operating cash flow before working capital changes	1,506,686	897,355
(Increase) / decrease in current assets		
Stores, spares & loose tools	10,553	(68,371)
Stock in trade	(2,284,885)	(2,731,124)
Trade debts	(1,126,942)	1,466,833
Loans and advances	(82,506)	(72,351)
Trade deposits and short-term prepayments	(8,011)	1,484
Other receivables	(54,723)	47,041
	(3,546,514)	(1,356,489)
Increase in current liabilities		
Trade and other payables	234,819	257,844
	234,819	257,844
Changes in working capital	(3,311,695)	(1,098,645)
Cash (used in) / generated from operation	(1,805,010)	(201,290)
Gratuity paid	(23,138)	(23,176)
Taxes paid (including tax deducted at source)	(123,665)	(117,937)
Finance cost paid	(224,683)	(439,458)
	(371,486)	(580,570)
Net Cash used in /generated from operating activities A	(2,176,495)	(781,860)



	Nine Months Ended	
	March 31, 2013	March 31, 2012
———— (Rupees in '000) ————		
B) CASH FLOWS FROM INVESTING ACTIVITIES		
(Addition) in property, plant and equipment	(878,869)	(644,021)
Long term loans recovered / (paid)	(3,341)	(6,675)
Short Term Investment	(1,189,883)	
Long term deposits	(13,674)	(8)
Profit received from bank deposits	4,143	32,041
Sale proceeds of fixed assets	17,948	6,557
Net cash generated from / (used in) investing activities B	(2,063,676)	(612,106)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(174,179)	(232,425)
Repayment of long term financing	(8,907)	(558,907)
Net cash generated from / (used in) financing activities C	(183,086)	(791,333)
Net (Decrease)/Increase In Cash & Cash Equivalents (A+B+C)	(4,423,257)	(2,185,299)
Cash & cash equivalent at the beginning of the period	(3,261,307)	(2,997,835)
Cash & cash equivalent at the end of the period	(7,684,564)	(5,183,133)
CASH & CASH EQUIVALENT		
Cash and bank balances	495,908	199,162
Short term borrowings	(8,180,472)	(5,382,296)
	(7,684,564)	(5,183,133)

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

	----- Capital Reserve -----			----- Revenue Reserves -----			
	Issued, subscribed and paid-up share capital	Share premium	Sub Total	General reserves	Unappropriated profit	Sub Total	Grand total
	----- Rupees in '000 -----						
Balance as at June 30, 2011	234,375	103,125	103,125	1,000,000	3,456,902	4,456,902	4,794,402
Total comprehensive income for the period					265,481	265,481	265,481
Final Divided for the year ended June 30, 2011 @ Rs.10/= per share					(234,375)	(234,375)	(234,375)
Balance as at March 31, 2012	<u>234,375</u>	<u>103,125</u>	<u>103,125</u>	<u>1,000,000</u>	<u>3,488,008</u>	<u>4,488,008</u>	<u>4,825,508</u>
Balance as at June 30, 2012	234,375	103,125	103,125	1,000,000	3,871,340	4,871,340	5,208,840
Total comprehensive income for the period					744,832	744,832	744,832
Final Divided for the year ended June 30, 2012 @ Rs. 7.50 per share					(175,782)	(175,782)	(175,782)
Balance as at March 31, 2013	<u>234,375</u>	<u>103,125</u>	<u>103,125</u>	<u>1,000,000</u>	<u>4,440,390</u>	<u>5,440,390</u>	<u>5,777,890</u>

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

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

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 Gadoon Amazai Industrial Estate, Gadoon, District Swabi, Khyber Pakhtunkhwa. Its manufacturing facilities are located at Gadoon and Nooriabad near Karachi. The principal activity of the Company is manufacturing and sale of yarn.

2. STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial information of the Company for the third quarter ended March 31, 2013 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.
- 2.2 This condensed interim financial information is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
- 2.3 This interim financial information is in condensed form and does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2012.
- 2.4 The accounting convention, policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2012.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty are consistent as those that were applied to the annual financial statements as at and for the year ended June 30, 2012.



		(Unaudited) March 31, 2013	(Audited) June 30, 2012
		----- (Rupees in '000) -----	
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	4.1 4,955,186	4,678,100
	Capital work in progress	4.2 404,838	204,469
		<u>5,360,024</u>	<u>4,882,569</u>

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

	Nine months ended			
	March 31, 2013		March 31, 2012	
	----- (Rupees in '000) -----			
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
Buildings	43,611			
Plant and machinery	595,947	15,562	175,051	8,955
Electrical installation	28,626	1,345	1,510	
Tools & Equipment				
Office Equipment	274		1,137	
Computer Equipment	1,187	34	1,999	
Fork Lifter	-		6,282	
Vehicles	6,667	222	4,660	179
Fire Fighting Equipment	2,187			
	<u>678,499</u>	<u>17,163</u>	<u>190,639</u>	<u>9,134</u>

		March 31, 2013	March 31, 2012
		----- (Rupees in '000) -----	
	Additions	Transfers	Additions
			Transfers

4.2 Details of additions and transfers are as under:

Civil works	37,009	26,077	10,187	
Plant and machinery	791,125	594,564	252,899	175,051
Vehicle/Machine	4,735	5,069	4,703	4,660
Electric Instalation	6,809	6,809		
Karachi Project				
Plant and machinery	2,607	1,383	133,214	
Civil works	30,704	17,534	111,565	
Fixed Assets			12,803	
Electric Installation	633	21,617	85,109	
Preliminary Expenses	-		22,615	
Vehicle	1,598	1,598		
	<u>875,220</u>	<u>674,651</u>	<u>633,095</u>	<u>179,711</u>



(Un-Audited) (Audited)
 March 31, June 30,
 2013 2012
 — (Rupees in '000) —

5. LONG TERM INVESTMENTS

- Investments in associated undertakings

ICI Pakistan Limited	1,114,963	-
Lucky Holdings Limited	74,920	-
	1,189,883	-

5.1 During the period, the Company along with other associated companies in Yunus Brothers Group (the Group) jointly signed a Share Purchase Agreement with ICI Omicron B.V., a wholly owned subsidiary of Akzo Nobel N. V., Netherlands, for the acquisition of 75.81% shareholding of ICI Pakistan Limited (ICIP). Subsequently, it was also decided that the Group will purchase 12.1% shareholding of ICIP, being 50% of the remaining shares of ICIP, through public offer, in accordance with the requirements of The Listed Companies (Substantial Acquisition of Voting Shares and Take Overs) Ordinance, 2002 and The Listed Companies (Substantial Acquisition of Voting Shares and Take Overs) Regulations, 2008. The Group decided to purchase 75.81% shares through a special purpose entity, Lucky Holdings Limited (LHL), an unlisted public limited company incorporated in Pakistan and the remainder 12.1% shares through Group entities including the Company. As a result of this:

- The Company purchased 1,500,000 (1%) shares of LHL. As at December 31, 2012, LHL held 75.93% shares of ICIP. The investment in LHL was approved by the shareholders through special resolution as per the requirements of Section 208 of the Companies Ordinance, 1984.

- The Company purchased 5,980,917 (6.47%) shares of ICIP directly through public offer. At the time of purchase of these shares, ICIP was not an associated company; however, subsequently ICIP became an associated company after the whole transaction of share purchase was completed.

(Un-Audited) (Audited)
 March 31, June 30,
 2013 2012
 — (Rupees in '000) —

6. SHORT TERM BORROWINGS - SECURED

From banking companies

Running finances under mark-up arrangements	1,819,495	527,180
Short term finance	6,206,811	1,200,000

Foreign currency loan against

Import finance	154,166	1,324,903
Export finance	-	464,434
	154,166	1,789,337
	8,180,472	3,516,517



6.1 Facilities for running finance, import finance, export finance and short term finance are available from various banks upto Rs. 13.63 billion (June 30 2012: Rs. 13.68 billion). The terms and conditions of the short term borrowings including markup rates and securities have not materially changed from June 30, 2012.

7. CONTINGENT LIABILITIES & COMMITMENTS

7.1 Contingencies

7.1.1 Guarantees given on behalf of the company by banks outstanding as at March 31, 2013 were Rs. 376.239 million (June 2012 - Rs. 400.743 million).

	(Un-Audited) March 31, 2013	(Audited) June 30, 2012
	— (Rupees in '000) —	
7.1.2 Others		
Export Bills discounted	907,181	1,672,710
Indemnity bonds against imported plant & machinery	2,845	2,845
Post dated cheques	221,984	111,255
Forward Booking	160,964	

7.2 Commitments

Letters of credit opened by banks for:

Plant and machinery	143,876	232,720
Raw material	785,028	43,487
Stores and spares	31,032	20,584
Foreign currency forward contracts		1,743,241

	----- (Un-Audited) -----			
	Nine months ended		Quarter ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	----- Rupees in '000 -----			
8. COST OF SALES				
Opening stock - finished goods	285,714	380,461	345,192	451,807
Cost of goods manufactured (Note 8.1)	12,189,983	9,121,541	4,087,034	2,958,089
	12,475,697	9,502,002	4,432,226	3,409,896
Closing stock - finished goods	(481,502)	(265,320)	(481,502)	(265,320)
	<u>11,994,195</u>	<u>9,236,682</u>	<u>3,950,724</u>	<u>3,144,576</u>

8.1 Cost of goods manufactured

Work in process at beginning of the period	118,533	169,705	119,559	147,205
Raw and packing material consumed	9,066,017	7,142,582	3,028,024	2,243,824
Other manufacturing expenses	3,129,247	1,929,213	1,063,265	687,019
	12,195,265	9,071,795	4,091,289	2,930,842
	12,313,797	9,241,500	4,210,848	3,078,048
Work in process at end of the period	123,814	(119,959)	(123,814)	(119,959)
	<u>12,189,983</u>	<u>9,121,541</u>	<u>4,087,034</u>	<u>2,958,089</u>



9. TRANSACTIONS WITH RELATED PARTIES

Name of Related Parties	Nature of Transaction	Nine Months Ended	
		March 31, 2013	March 31, 2012
		—— (Rupees in '000) ——	
a. Associated companies			
Lucky Cement Limited (Common Directorship)	Purchase of cement	6,501	16,876
Fazal Textile Mills Limited (Common Directorship)	Sale of yarn	193,938	145,813
	Sale of waste	21,402	
	Doubling Charges	1,540	
Yunus Textile Mills Limited (Common Directorship)	Sale of yarn	156,981	113,047
Lucky Knits (Private) Limited (Common Directorship)	Sale of yarn	182,316	101,190
	Purchase of machinery	350	
Feroze 1888 Mills Limited (Common Directorship)	Sale of yarn	155,235	47,507
Lucky Textile Mills Limited (Common Directorship)	Sale of yarn	893,851	727,056
	Grey cloth purchase	2,269	2,860
Lucky Energy (Private) Limited (Common Directorship)	Purchase Electricity	227,020	29,766
Yunus Energy Limited (Common Directorship)	Expenses Charged to	5,868	2,624
ICI Pakistan Limited (Common Directorship)	Purchase of Fibre	237,813	
Lucky Holding Limited (Common Directorship)	Investment made during the period	74,920	
b. Benefits to key management personnels		6,532	5,744

10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on April 27, 2013.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

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Abdul Aziz Haji Hashim Tabba Street,
Karachi-75350.