

THIRD QUARTERLY REPORT
MARCH 31, 2016



STRENGTH
to
STRENGTH

THIRD QUARTERLY REPORT



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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. Imran Yunus Mr. Jawed Yunus Tabba Ms. Mariam Tabba Khan Ms. Zulekha Tabba Maskatiya Mr. Saleem Zamindar
Audit Committee	: Mr. Saleem Zamindar (Chairman) Mr. Muhammad Ali Tabba (Member) Mr. Jawed Yunus Tabba (Member) Ms. Zulekha Tabba Maskatiya (Member)
Human Resource and Remuneration Committee	: Mr. Jawed Yunus Tabba (Chairman) Ms. Mariam Tabba Khan (Member) Ms. Zulekha Tabba Maskatiya (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
Karachi Office	: 7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350. Phone No. : 021-35205479-80 Fax No. : 021-34382436
Registered Office	: 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa Phone No. : 093-8270212-13 Fax No. : 093-8270311 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 Askari Bank Limited Bank Al-Falah Limited (Islamic Banking) Bank Al-Habib Limited Bank Islami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab United Bank Limited

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited financial statements for the nine months ended March 31, 2016.

Overview

Following a difficult financial year, the competitive textile market keeps posing challenging period for the Company. Due to economic slowdown of major yarn importing countries and fierce competition between international suppliers, export sales revenue has declined by nearly 26% compared to same period last year (SPLY). Even an increase in local sales of around 6.2% could not ease out this competitive pressure, consequently total sales for the period has declined by 8.2%. Gross margin for the period stands at 4.3% as compared to 7% SPLY.

Market Overview and Prospects

Overall economic position of the country continued to stabilize during the period with Government eyeing for an ambitious target economic growth rate of 6.2% for the FY 2015/2016. On the contrary, there has been rising concerns over repayment of maturing debt obligations, declining exports and political uncertainty.

Facing strong competition in international markets and limited support from the government, situation of the domestic textile industry - spinning sector in particular, continued to compress. A weak harvest season of local crop this year, particularly due to floods and pest attacks in some parts of Punjab cotton belt, resulted in short supply of local cotton. Following the setback, the industry had to procure imported cotton in order to meet production requirements.

Financial Performance

Followed by the out-of-tune market conditions, the Company has witnessed a 'net loss' during the period. As evident from the financial results stated below, share of export sales revenue to the total sales revenue for the period shrunk to 36.4% compared to 45% SPLY. This is particularly due to the declining global demand for textile and clothing products and rising competition between suppliers.

Profit and loss summary	Nine months ended		Percentage % Favorable / (Unfavorable)
	March 31, 2016	March 31, 2015 (Restated)	
	(Rupees in '000)		
Export	5,795,115	7,796,451	(25.67)
Local	10,116,543	9,526,758	6.19
Sales (net)	15,911,658	17,323,209	(8.15)
Gross Profit	685,145	1,214,660	(43.59)
Finance Cost	373,606	634,322	41.10
(Loss) / profit before tax	(19,030)	256,525	(107.42)
(Loss) / profit after tax	(111,882)	99,027	(212.98)
Earnings Per Share (Rupees)	(3.99)	3.85	

Financial Results

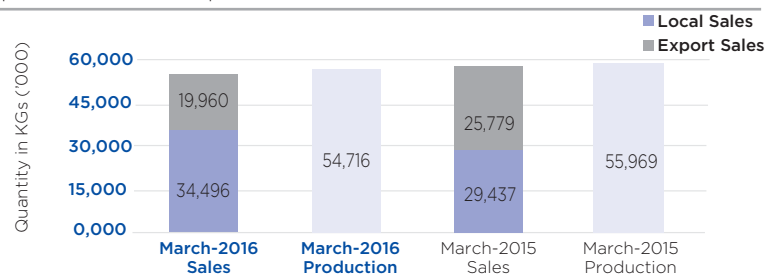
In view of the said scenario, the management of the Company has put efforts to adopt such policies that allow sustainable and viable prospective growth. In application of this strategy, due to limited available supplies of local cotton; good quality imported cotton was procured on timely basis to ensure optimum production levels are met. Moreover, efficient mix of power resources and realization of merger synergies further allowed the Company to maintain conversion cost at an acceptable level.

Furthermore, as a result of efficient management of the sources of funds, finance cost has been contained to 2.3% of sales compared to 3.6% SPLY. This is done by reaping maximum benefits from the reduced local and foreign currency borrowing rates and effective cash flow planning.

Operational Performance

Despite the adverse scenario, sales team of the Company managed to sell entire quantity produced during the period, and managed to maintain stock of finished goods at satisfactory levels.

The production and sales statistics for the nine months ended March 31, 2016 and its comparison with SPLY is presented below:



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

Future Outlook

Under the current economic scenario, competitive international markets, continued availability of subsidized yarn, political uncertainty, energy costs, imposition of GIDC, absence of relief measures to support export-oriented sector and other innovative taxes continue to pose a challenge for both the Company and Textile industry as a whole.

Although, imposition of regulatory duty earlier during the period by the Federal Government over imported cotton yarn provided some relief to the domestic spinning sector. However, the increase in import of man-made fiber yarn is still affecting the supply chain of textile industry. In order to operate up to its maximum potential and to contribute towards economic well-being of the country, many of the highlighted issues need to be resolved.

Further measures, including but not limited to, the formalization of Textile policy, reduced tax rates for the industry, release of promised technology upgradation funds (TUF), and settlement of long-pending income tax and sales tax refund claims are factors that need to be considered by the Government on prompt basis; for they will provide much needed support for the local industry.

In order to maximize yield for its stakeholders, management of the Company is consistently striving hard to explore viable opportunities in the value added textile chain and rationalize cost of existing operations. Accordingly, management is trying its level best to post reasonable financial results 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: April 25, 2016

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2016 (UN-AUDITED)

	Note	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
— (Rupees in '000) —			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	7,912,028	8,322,228
Long term advance	6	-	-
Long term loans		13,093	21,832
Long term deposits		24,982	24,956
Long term investments	7	2,090,051	1,683,343
		10,040,154	10,052,359
Current Assets			
Stores, spares and loose tools		513,767	528,328
Stock-in-trade	8	4,857,204	4,895,445
Trade debts		1,922,020	2,027,028
Loans and advances		512,446	413,108
Receivable from an associate		24,967	987,583
Short term investment		61,807	59,745
Trade deposits and short term prepayments		16,280	7,994
Other receivables		370,148	374,272
Income tax refundable		664,791	696,430
Cash and bank balances		319,951	506,553
		9,263,381	10,496,486
Total Assets		19,303,535	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		6,287,800	5,672,349
Capital to be issued pursuant to amalgamation		-	45,921
Total Equity		6,705,637	6,817,519
Non-Current Liabilities			
Deferred liabilities		1,030,306	996,912
Current Liabilities			
Trade and other payables		1,815,266	1,975,850
Accrued mark up		70,054	133,964
Short-term borrowings	9	9,528,398	10,405,623
Provision for taxation		153,874	210,072
Current portion of long-term finance		-	8,905
		11,567,592	12,734,414
Total Equity and Liabilities		19,303,535	20,548,845
CONTINGENCIES AND COMMITMENTS			
	10		

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 NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	Nine months ended		Quarter ended	
		March 31, 2016	March 31, 2015 (Restated)	March 31, 2016	March 31, 2015 (Restated)
(Rupees in '000)					
Sales - net		15,911,658	17,323,209	5,534,334	5,611,777
Cost of sales	11	(15,226,513)	(16,108,549)	(5,440,681)	(5,208,574)
Gross profit		685,145	1,214,660	93,653	403,203
Distribution cost		(231,147)	(269,914)	(66,380)	(94,693)
Administrative expenses		(152,439)	(173,626)	(56,349)	(56,813)
		(383,586)	(443,540)	(122,729)	(151,506)
		301,559	771,120	(29,076)	251,697
Finance cost		(373,606)	(634,322)	(112,359)	(241,077)
Other operating expenses		(87,362)	(14,307)	10,248	(6,196)
		(159,409)	122,491	(131,187)	4,423
Other operating income		16,796	11,800	7,435	(14)
Share of profit from associate - net of tax		123,583	122,234	49,703	43,115
(Loss) / profit before taxation		(19,030)	256,525	(74,049)	47,524
Taxation	12				
Current		(153,874)	(145,621)	(56,316)	(49,842)
Prior		26,396	-	-	-
Deferred		34,626	(11,878)	10,846	2,830
		(92,852)	(157,499)	(45,470)	(47,012)
(Loss) / profit for the period		(111,882)	99,027	(119,519)	512
Earnings per share - basic and diluted (Rupees)		(3.99)	3.85	(4.26)	0.02

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 NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2016	March 31, 2015 (Restated)	March 31, 2016	March 31, 2015 (Restated)
(Rupees in '000)				
(Loss) / profit for the period	(111,882)	99,027	(119,519)	512
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(111,882)</u>	<u>99,027</u>	<u>(119,519)</u>	<u>512</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 NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	NINE MONTHS ENDED	
	March 31, 2016	March 31, 2015 (Restated)
	--- (Rupees in '000) ---	
A) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(19,030)	256,525
Adjustments for:		
Depreciation	604,687	562,030
Gain on disposal of fixed assets	(3,276)	(1,660)
Profit on deposits	(5,222)	(2,103)
Interest / markup expense	373,605	634,322
Unrealised gain on short term investment	(2,062)	(1,850)
Share of profit from associate-net of tax	(123,583)	(122,234)
Provision for gratuity	138,000	105,252
	982,147	1,173,757
Operating cash flow before working capital changes	963,117	1,430,282
(Increase) / decrease in current assets		
Stores, spares & loose tools	14,562	(11,909)
Stock in trade	38,241	(941,597)
Trade debts	105,008	(51,939)
Loans and advances	(96,724)	53,829
Receivable from an associate	962,616	(386,387)
Trade deposits and short term prepayments	(8,285)	(14,247)
Other receivables	4,153	61,542
	1,019,572	(1,290,708)
(Decrease) / increase in current liabilities		
Trade and other payables	(160,487)	139,714
Changes in working capital	859,084	(1,150,994)
Cash generated from operations	1,822,201	279,289
Interest / markup paid	(437,514)	(600,019)
Income tax paid	(154,654)	(69,469)
Gratuity paid	(69,981)	(88,875)
	(662,148)	(758,363)
Net cash generated from / (used in) operating activities	1,160,053	(479,074)

A

	NINE MONTHS ENDED	
	March 31, 2016	March 31, 2015 (Restated)
	--- (Rupees in '000) ---	
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(199,408)	(390,878)
Long term loans recovered / (paid)	8,739	(9,978)
Investment in associates	(322,000)	(183,697)
Long term deposits	(27)	(57)
Dividend received from an associate	38,876	26,050
Profit received from bank deposits	5,194	2,041
Sale proceeds from disposal of property, plant and equipment	8,160	4,491
Net cash used in investing activities B	<u>(460,466)</u>	<u>(552,028)</u>
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance repaid	(8,905)	(146,917)
Dividend paid	(59)	(8,905)
Net cash used in financing activities C	<u>(8,964)</u>	<u>(155,822)</u>
Net increase / (decrease) in cash & cash equivalents (A+B+C)	690,623	(1,186,924)
Cash & 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 & cash equivalents at end of the period	<u>(9,208,447)</u>	<u>(11,879,738)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	319,951	489,402
Short term borrowings	(9,528,398)	(12,369,140)
	<u>(9,208,447)</u>	<u>(11,879,738)</u>

The annexed notes 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 NINE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Share premium	----- Capital Reserve -----		---- Revenue Reserves ----			Grand Total	
				Amalga- mation reserve	Sub Total	Amalga- mation reserve	Unappropri- ated 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 due to amalgamation	-	-	-	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 period	-	-	-	-	-	-	-	99,027	99,027	99,027
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	99,027	99,027	99,027
Balance as at March 31, 2015	<u>234,375</u>	<u>45,921</u>	<u>103,125</u>	<u>34,416</u>	<u>137,541</u>	<u>1,000,000</u>	<u>727,333</u>	<u>5,261,104</u>	<u>6,988,437</u>	<u>7,406,274</u>
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	-	(491,361)	(491,361)	(491,361)
Other comprehensive income	-	-	-	-	-	-	-	19,794	19,794	19,794
Final dividend for the year ended June 30, 2014 @ Rs. 5/- per share	-	-	-	-	-	-	-	(471,567)	(471,567)	(471,567)
Balance as at June 30, 2015	234,375	45,921	103,125	34,416	137,541	1,000,000	727,333	4,672,349	6,399,682	6,817,519
Capital issued pursuant to amalgamation	45,921	(45,921)	-	-	-	-	-	-	-	-
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	-	(111,882)	(111,882)	(111,882)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	<u>280,296</u>	<u>-</u>	<u>103,125</u>	<u>34,416</u>	<u>137,541</u>	<u>1,000,000</u>	<u>727,333</u>	<u>4,560,467</u>	<u>6,287,800</u>	<u>6,705,637</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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED MARCH 31, 2016 (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 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 located at Gadoon Amazai Industrial Estate, District Swabi, Khyber Pakhtunkhwa.
- 1.2** 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 March 31, 2015 and from July 01, 2014 to March 31, 2015 for GTML respectively and are not entirely comparable.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the third quarter ended March 31, 2016 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 and 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. The 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, 2015; the comparative condensed interim 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 nine months ended March 31, 2015.

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 nine months ended March 31, 2015.

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.

Note	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	— (Rupees in '000) —	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,633,535	8,044,222
Capital work-in-progress	5.2	278,493	278,006
		<u>7,912,028</u>	<u>8,322,228</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.

	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
Note	---	---

7. LONG-TERM INVESTMENTS

Investments in associated undertakings

ICI Pakistan Limited	1,449,067	1,365,660
Lucky Holdings Limited	130,275	113,318
Yunus Energy Limited	510,709	204,365
	<u>2,090,051</u>	<u>1,683,343</u>

8. STOCK-IN-TRADE

Raw material		
- in hand	3,662,811	3,497,588
- in transit	302,067	179,399
Work-in-process	222,242	197,618
Finished goods		
- yarn	622,594	868,893
- knitted fabric	13,509	57,050
- waste at net realisable	33,981	94,897
	<u>4,857,204</u>	<u>4,895,445</u>

9. SHORT TERM BORROWINGS - SECURED

From banking companies

Running finance	9.1	2,368,022	573,259
Short term finance		1,900,000	6,872,498

Foreign currency loan against

Import finance	4,847,839	2,056,877
Export finance	412,537	902,989
	<u>5,260,376</u>	<u>2,959,866</u>
	<u>9,528,398</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. 23.09 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 767.36 million (June 30, 2015: 725.36 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 20.1.2 to 20.1.8 to the annual financial statements for the year ended June 30, 2015.

March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
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— (Rupees in '000) —

10.1.2 Others

Export and local bills discounted with recourse	1,512,215	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	599,438	133,656

10.2 Commitments

Letters of credit opened by banks for:

Plant and machinery	-	99,666
Raw material	354,938	197,739
Stores and spares	6,425	26,990
Foreign currency forward contracts	27,630	-

	Note	Nine months ended		Quarter ended	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited) (Restated)	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited) (Restated)
(Rupees in '000)					
11. COST OF SALES					
Opening stock					
- finished goods		1,020,839	1,015,983	1,121,903	901,658
Cost of goods manufactured	11.1	14,875,758	16,098,547	4,988,862	5,312,897
		15,896,597	17,114,530	6,110,765	6,214,555
Closing stock					
- finished goods		(670,084)	(1,005,981)	(670,084)	(1,005,981)
		15,226,513	16,108,549	5,440,681	5,208,574

11.1 Cost of goods manufactured

Opening stock					
- work in process		197,617	201,731	222,569	185,103
Raw and packing material consumed		9,864,132	11,446,717	3,318,839	3,695,486
Other manufacturing expenses		5,036,251	4,648,139	1,669,696	1,630,347
		14,900,383	16,094,856	4,988,535	5,325,834
		15,098,000	16,296,587	5,211,104	5,510,937
Closing stock					
- work in process		(222,242)	(198,039)	(222,242)	(198,039)
		14,875,758	16,098,547	4,988,862	5,312,897

12. TAXATION

12.1 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	NINE MONTHS ENDED	
		March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
---- (Rupees in '000) ----			
a. Associated companies - Common directorship			
Lucky Cement Limited	Purchase of cement	1,942	5,578
	Re-imburement of expenses	135	-
	Re-imburement to expenses	197	-
Yunus Textile Mills Limited	Sale of yarn	313,419	24,790
	Sale of raw material	170	-
	Doubling charges	25	-
Lucky Knits (Private) Limited	Sale of yarn	488,727	420,451
	Purchase of goods	2,240	-
	Knitting and dyeing charges	26,797	20,112
	Sale of vehicle	1,291	-
Feroze1888 Mills Limited	Sale of laptop	49	-
	Sale of yarn	42,132	26,621
Lucky Textile Mills Limited	Sale of raw material	744	-
	Sale of yarn	1,254,278	1,182,436
	Sale of fabric	3,101	-
Lucky Energy (Private) Limited	Doubling charges	48	-
	Purchase of electricity	810,554	691,083
Yunus Energy Limited	Investment in shares	322,000	183,615
	Advance against shares	-	124,515
	Share of loss on investment	15,656	-
	Markup credited	-	6,936
ICI Pakistan Limited (Common Directorship & Shareholding)	Purchase of fiber	1,027,753	733,309
	Dividend received	38,876	23,924
	Share of profit on investment	109,513	109,126
Lucky Holdings Limited	Share of profit on investment	13,904	13,108
Lucky Landmark (Private) Limited	Amount received	1,019,834	-
	Markup charged	31,592	-
Y.B. Holdings (Private) Limited	Dividend paid	-	65,927
Y.B. (Pakistan) Limited	Dividend paid	-	23,902
Fazal Textile Mills Limited (now amalgamated with GTML)	Sale of yarn	-	110,864
	Doubling charges	-	2,110
b. Benefits to key management personnel		37,493	23,609

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 Company's financial assets which are carried at fair value:

	2016			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
Financial assets - at fair value				
Available for sale	-	-	-	-
Fair value through profit or loss				
- Held for trading	61,807	-	-	61,807
	<u>61,807</u>	<u>-</u>	<u>-</u>	<u>61,807</u>
2015				
	Level 1	Level 2	Level 3	Total
(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 period.

There were no changes in valuation techniques during the period.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on April 25, 2016 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
CHAIRMAN / DIRECTOR



MUHAMMAD SOHAIL TABBA
CHIEF EXECUTIVE

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