



Third Quarterly Report March 31, 2014





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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. Javed Yunus Tabba
Mrs. Rahila Aleem
Mrs. Marium Tabba Khan
Mr. Moin M. Fudda
- Audit Committee** : Mr. Moin M. Fudda (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)
- Executive Director Finance 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** : 200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa
Phone No. : 0938-270212-13
Fax No. : 0938-270311
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
- 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@gadoontextile.com
- Factory Locations** : 200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa
and 57 K.M on Super Highway near Karachi.
- Share Registrar / Transfer Agent** : Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.
(Toll Free) : 0800 23275
- Bankers:**
- | | |
|---|--|
| Allied Bank Limited | Habib Metro Bank Limited |
| Bank Al-Falah Limited (Islamic Banking) | HSBC Bank Middle East Limited |
| Bank Al-Habib Limited | Meezan Bank Limited |
| Bank Islami Pakistan Limited | National Bank of Pakistan |
| Barclays Bank PLC, Pakistan | Standard Chartered Bank Pakistan Limited |
| Dubai Islamic Bank Pakistan Limited | The Bank of Punjab |
| Faysal Bank Limited | United Bank Limited |
| Habib Bank Limited | |



DIRECTORS' REPORT

The Directors of your Company 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, 2014.

A comparison of the key financial results of the Company for the Third quarter and Nine months ended March 31, 2014 is as under:

	JULY - MARCH		Favourable/ (Unfavourable) %	JANUARY - MARCH		Favourable/ (Unfavourable) %
	2014 (Rupees in '000)	2013		2014 (Rupees in '000)	2013	
Export	7,060,150	6,314,336	11.81	2,264,620	2,299,979	(1.54)
Local	8,299,052	7,201,118	15.25	2,627,105	2,319,381	13.27
Sales (net)	15,359,202	13,515,454	13.64	4,891,725	4,619,360	5.90
Gross Profit	1,793,173	1,509,316	18.81	463,652	668,636	(30.66)
Finance Cost	552,517	295,760	(86.81)	226,257	185,980	(21.66)
Profit Before Tax	839,259	808,317	3.83	170,656	389,539	(56.19)
Profit After Tax	725,492	744,832	(2.60)	133,201	390,540	(65.89)
Earnings Per Share (Rupees)	30.95	31.78		5.68	16.67	

As the above figures show, net sales income for nine months at Rs.15,359 million is 13.64% higher than the same period last year. Despite this double digit increase in sales, Gross Profit at Rs.1,793 million worked out to 18.81% higher than the corresponding period last year. This is the result of depressed cotton yarn demand in the domestic market. According to market sources, rupee gaining strength in the inter-bank trading dampened sentiment as exports will become costlier. The textile sector is already faced with a number of issues including availability of subsidized and cheap Indian cotton yarn.

The Finance Cost recorded shows increase of Rs.256.76 million over corresponding period last year that amounted to 87% jump. This is due to requirement of working capital especially large build-up of Stock-in-Trade. Bottom line declined by 2.6% translating into Rs. 30.95 earnings per share as compared last year's Rs.31.78.



FUTURE OUTLOOK

As reported in the Press that the recent strength gained by the Pakistani rupee, weaker Chinese currency in addition to subsidized Indian yarn has affected Pakistan's spinning industry. Heavily subsidized Indian yarn is also affecting our exports to China, which remained the single largest importer of Pakistani yarn. Appreciation in the value of Pakistani rupee shall be viewed in a positive perspective, once the economy has absorbed the appreciation across the board and effect has ultimately been passed on to the economy as a whole. The last quarter of this fiscal year looks very challenging, unless there is a considerable improvement in prices.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Muhammad Sohail Tabba', is positioned above a horizontal line.

Muhammad Sohail Tabba
Chief Executive / Director


Karachi: April 17, 2014



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014 (UN-AUDITED)

	Note	March 31, 2014 (Un-audited)	June 30, 2013 (Audited) (Restated)
		— (Rupees in '000) —	
ASSETS			
Non Current Assets			
Property, plant and equipment	4	5,952,443	5,502,528
Long-term loans		10,021	6,985
Long-term deposits		20,974	20,973
Long-term advance	5	-	-
Long-term investments	6	1,313,560	1,230,711
		7,296,998	6,761,197
Current Assets			
Stores, spares & loose tools		396,696	358,092
Stock in trade		8,090,255	4,149,820
Trade debts		1,025,605	1,172,120
Loans and advances		455,812	295,264
Trade deposits and short term prepayments		13,391	8,513
Short term Investment		52,303	37,612
Other receivables		182,779	216,657
Income tax refundable due from the government		464,491	284,287
Cash and bank balances		412,453	480,240
		11,093,786	7,002,605
TOTAL ASSETS		18,390,784	13,763,802
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 23,437,500 (June 30, 2013: 23,437,500) ordinary shares of Rs. 10/- each		234,375	234,375
Capital reserves - share premium		103,125	103,125
Revenue reserves			
General reserve		1,000,000	1,000,000
Un-appropriated profit		5,279,858	4,847,337
		6,279,858	5,847,337
TOTAL EQUITY		6,617,358	6,184,837
Non-Current Liabilities			
Long-term financing		17,812	26,719
Deferred liabilities		646,991	502,697
		664,803	529,417
Current Liabilities			
Current portion of long-term financing		17,815	17,814
Short-term borrowings	7	9,755,942	5,832,738
Trade and other payables		1,139,539	1,130,831
Accrued mark up		195,327	68,166
		11,108,623	7,049,549
TOTAL LIABILITIES		11,773,426	7,578,965
TOTAL EQUITY AND LIABILITIES		18,390,784	13,763,802
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 13 form an integral part of these 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, 2014 (UN-AUDITED)

Note	Nine Months Ended		Quarter Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees in '000			
Sales-net	15,359,202	13,515,454	4,891,725	4,619,360
Cost of sales	(13,566,029)	(12,006,138)	(4,428,074)	(3,950,724)
Gross profit	1,793,173	1,509,316	463,652	668,636
Distribution cost	(237,368)	(243,700)	(79,102)	(72,091)
Administrative expenses	(88,743)	(68,772)	(32,761)	(28,025)
	(326,111)	(312,471)	(111,863)	(100,116)
	1,467,062	1,196,844	351,789	568,520
Finance cost	(552,517)	(295,759)	(226,257)	(185,980)
Other operating expenses	(178,736)	(101,021)	(6,476)	4,322
	735,809	800,063	119,055	386,862
Other operating income	20,601	8,254	17,506	2,677
Share of profit from associates	82,849	-	34,094	-
Profit before taxation	839,259	808,317	170,655	389,538
Taxation				
Current	-	(90,378)	-	(32,061)
Deferred	(113,767)	26,893	(37,455)	33,062
	(113,767)	(63,485)	(37,455)	1,001
Profit for the period	725,492	744,832	133,200	390,540
Earning per share -basic and diluted after taxation (Rupees)	30.95	31.78	5.68	16.67

The annexed notes from 1 to 13 form an integral part of these condensed interim financial information.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)

	Nine Months Ended		Quarter Ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	Rupees in '000			
Profit for the year	725,492	744,832	133,200	390,540
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>725,492</u>	<u>744,832</u>	<u>133,200</u>	<u>390,540</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2014 (UN-AUDITED)

	Nine Months Ended	
	March 31, 2014	March 31, 2013
———— (Rupees in '000) ————		
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	839,259	808,317
Adjustments for:		
Depreciation	415,986	384,251
Gain on disposal of fixed assets	(3,478)	(785)
Profit on deposits	-	(3,549)
Provision for gratuity	74,669	41,000
Unrealised gain on short-term investment	(14,692)	(1,977)
Finance cost	535,353	279,429
	<u>1,007,838</u>	<u>698,368</u>
Operating cash flow before working capital changes	1,847,097	1,506,686
Decrease / (increase) in current assets		
Stores, spares & loose tools	(38,604)	10,554
Stock in trade	(3,940,435)	(2,284,885)
Trade debts	146,516	(1,126,942)
Loans and advances	(180,198)	(82,506)
Trade deposits and short term prepayments	(4,878)	(8,012)
Other receivables	33,878	(54,723)
	<u>(3,983,721)</u>	<u>(3,546,514)</u>
Increase in current liabilities		
Trade and other payables	6,296	234,819
Changes in working capital	<u>(3,977,425)</u>	<u>(3,311,695)</u>
Cash used in operation	(2,130,328)	(1,805,010)
Gratuity paid	(44,143)	(23,138)
Taxes paid (including tax deducted at source)	(140,103)	(123,665)
Finance cost paid	(408,192)	(224,683)
	<u>(592,438)</u>	<u>(371,486)</u>
Net Cash used in operating activities A	<u>(2,722,766)</u>	<u>(2,176,495)</u>



	Nine Months Ended	
	March 31, 2014	March 31, 2013
	———— (Rupees in '000) ————	
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(882,618)	(878,869)
Long-term loans paid	(5,386)	(3,341)
Deposits against share	(18,101)	-
Long-term Investment	-	(1,189,883)
Short-term Investment	(82,849)	-
Long-term deposits	-	(13,674)
Profit received from bank deposits	-	4,143
Sale proceeds of fixed assets	20,196	17,948
Net cash used in investing activities B	(968,758)	(2,063,676)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(290,560)	(174,179)
Repayment of long-term financing	(8,907)	(8,907)
Net cash used in financing activities C	(299,467)	(183,086)
Net Decrease in Cash & Cash Equivalents (A+B+C)	(3,990,991)	(4,423,257)
Cash & cash equivalent at the beginning of the period	(5,352,498)	(3,261,307)
Cash & cash equivalent at the end of the period	(9,343,489)	(7,684,564)
Cash & cash equivalent		
Cash and bank balances	412,453	495,908
Short term borrowings	(9,755,942)	(8,180,472)
	(9,343,489)	(7,684,564)

The annexed notes from 1 to 13 form an integral part of these 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, 2014 (UN-AUDITED)

Note	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 June 30, 2012	234,375	103,125	103,125	1,000,000	3,871,340	4,871,340	5,208,840
Comprehensive Income							
Profit for the period	-	-	-	-	744,832	744,832	744,832
Other comprehensive income	-	-	-	-	-	-	-
Transaction with owners recorded directly in equity							
Final dividend for the year ended June 30, 2012 @ Rs. 7.5 per Share	-	-	-	-	(175,781)	(175,781)	(175,781)
Balance as at March 31, 2013	<u>234,375</u>	<u>103,125</u>	<u>103,125</u>	<u>1,000,000</u>	<u>4,440,391</u>	<u>5,440,391</u>	<u>5,777,891</u>
Balance as at July 01, 2013 as previously reported	234,375	103,125	103,125	1,000,000	4,830,384	5,830,384	6,167,884
Effect of remeasurement of defined benefit obligation-net of tax 3.1	-	-	-	-	16,953	16,953	16,953
Balance as at July 01, 2013- Restated	<u>234,375</u>	<u>103,125</u>	<u>103,125</u>	<u>1,000,000</u>	<u>4,847,337</u>	<u>5,847,337</u>	<u>6,184,837</u>
Comprehensive Income							
Profit for the period	-	-	-	-	725,492	725,492	725,492
Other comprehensive income	-	-	-	-	-	-	-
Transaction 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 March 31, 2014	<u>234,375</u>	<u>103,125</u>	<u>103,125</u>	<u>1,000,000</u>	<u>5,279,858</u>	<u>6,279,858</u>	<u>6,617,358</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2014 (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. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the Third Quarter ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and the provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
- 2.3 This condensed interim financial information does not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 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, 2013, except as follows:

3.1 Change in accounting policies

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

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

IAS 19 - Employee Benefits (as revised in 2011)

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



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

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

	Balance as reported earlier	Effect of change in accounting policy — (Rupees in '000) —	Restated balance
Effect on balance sheet			
June 30, 2013			
Deferred liabilities			
- Provision for gratuity	(189,093)	20,571	(168,522)
- Deferred tax liability	(330,557)	(3,618)	(334,175)
Unappropriated profit	4,830,384	16,953	4,847,337

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

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

	Note	March 31, 2014 (Un-Audited) — (Rupees in '000) —	June 30, 2013 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	5,213,081	5,356,683
Capital work-in-progress	4.2	739,363	145,845
		5,952,443	5,502,528



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

	Nine Months Ended March 31, 2014 (Un-Audited)		Nine Months Ended March 31, 2013 (Un-Audited)	
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
	----- (Rupees in '000) -----			
Building	7,126	-	43,611	-
Plant and machinery	261,600	14,978	595,947	15,562
Electric installation	2,575	-	28,626	1,345
Computer equipment	543	-	1,187	34
Office equipment and installations	-	-	274	-
Vehicles	17,256	1,740	6,667	222
Fire fighting equipment	-	-	2,187	-
	<u>289,100</u>	<u>16,718</u>	<u>678,499</u>	<u>17,163</u>

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

	Nine Months Ended March 31, 2014 (Un-Audited)		Nine Months Ended March 31, 2013 (Un-Audited)	
	Additions	Transfers	Additions	Transfers
	----- (Rupees in '000) -----			
Civil works	37,864	6,986	37,009	26,077
Plant and machinery	466,269	226,176	791,125	594,564
Advances for vehicles	14,611	14,476	4,735	5,069
Electric Installation	2,575	2,575	6,809	6,809
Computer Equipment	543	543	-	-
Karachi Project				
Plant and machinery	256,509	35,424	2,607	1,383
Civil works	88,824	140	30,704	17,534
Advances for vehicles	2,780	2,780	1,598	1,598
Electric installation	12,642	-	633	21,617
	<u>882,617</u>	<u>289,100</u>	<u>875,220</u>	<u>674,651</u>

Note March 31, 2014 (Un-Audited) June 30, 2013 (Audited)
 ----- (Rupees in '000) -----

5. LONG - TERM ADVANCE
- Considered doubtful

Investment in joint venture	5.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		<u>-</u>	<u>-</u>



5.1 This represents first and second tranche of advance for a Joint Venture project amounting to Rs. 4,250 million. The principal activity of the Joint Venture Project is acquisition and development of certain land in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful. Accordingly, management has made full provision against such advance on prudent basis.

March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
— (Rupees in '000) —	

6. LONG TERM INVESTMENTS

- Investments in associated undertakings

ICI Pakistan Limited	1,227,298	1,152,903
Lucky Holdings Limited	86,262	77,808
	<u>1,313,560</u>	<u>1,230,711</u>

7. SHORT - TERM BORROWINGS - SECURED

From banking companies

Running finance under mark-up arrangements	4,520,424	287,803
Short term finance	3,961,101	2,551,574
Foreign currency loan against		
Import finance	1,274,417	1,505,531
Export finance	-	1,487,830
	<u>1,274,417</u>	<u>2,993,361</u>
	<u>9,755,942</u>	<u>5,832,738</u>

7.1 Facilities for running finance, import finance, export finance and short term finance are available from various banks upto Rs. 12.43 billion (June 30, 2013: Rs. 14.48 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2013.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Outstanding guarantees given on behalf of the Company by banks in normal course of business amounting to Rs.521.330 (2013: Rs.443.33 million).

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

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

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



	March 31, 2014 (Un-Audited)	June 30, 2013 (Audited)
	— (Rupees in '000) —	
8.1.3 Others		
Export bills discounted with recourse arrangement	1,573,862	1,409,273
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	166,411	187,925

8.2 Commitments

Letters of credit opened by banks for:

Plant and machinery	72,000	153,777
Raw materials	108,713	220,691
Stores and spares	32,607	31,514

	Nine Months Ended		Quarter Ended	
Note	March 31, 2014 (Un-audited)	March 31, 2013 (Un-audited)	March 31, 2014 (Un-audited)	March 31, 2013 (Un-audited)
	----- (Rupees in '000) -----			

9. COST OF SALES

Opening stock - finished goods	524,451	285,714	694,444	345,192
Cost of goods manufactured 9.1	13,671,348	12,201,926	4,363,400	4,087,034
	14,195,799	12,487,640	5,057,844	4,432,226
Closing stock - finished goods	(629,770)	(481,502)	(629,770)	(481,502)
	13,566,029	12,006,138	4,428,074	3,950,724

9.1 Cost of goods manufactured

Opening stock- work in process	130,569	118,533	157,956	119,559
Raw and packing material consumed	10,409,405	9,066,017	3,273,729	3,028,024
Other manufacturing expenses	3,301,129	3,129,247	1,101,470	1,063,265
	13,710,534	12,195,264	4,375,199	4,091,289
	13,841,103	12,313,797	4,533,155	4,210,848
Closing stock - work in process	(169,755)	(123,814)	(169,755)	(123,814)
	13,671,348	12,189,983	4,363,400	4,087,034

10. TAXATION

10.1 The current period charge for taxation amounting to Rs. 158.510 million has been adjusted against tax credit availed in respect of Balancing, Modernization and Replacement (BMR) of plant and machinery.



10.2 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, 2013.

11. 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	Nine Months Ended	
		March 31, 2014 (Un-audited)	March 31, 2013 (Un-audited)
----- (Rupees in '000) -----			
a. Associated companies			
Lucky Cement Limited (Common Directorship)	Purchase of cement	14,840	6,501
Fazal Textile Mills Limited (Common Directorship)	Sale of yarn	135,339	193,938
	Sale of waste	-	21,402
	Services charges	14,539	1,540
	Purchase of machinery	2,800	-
Yunus Textile Mills Limited (Common Directorship)	Sale of yarn	186,965	156,981
Lucky Knits (Private) Limited (Common Directorship)	Sale of yarn	287,802	182,316
	Purchase of machinery		350
Feroze 1888 Mills Limited (Common Directorship)	Sale of yarn	239,422	155,235
Lucky Textile Mills Limited (Common Directorship)	Sale of yarn	790,723	893,851
	Grey cotton cloth purchased	214	2,269
Lucky Energy (Private) Limited (Common Directorship)	Purchase of electricity	249,222	227,020
Yunus Energy Limited (Common Directorship)	Expenses charged to	-	5,868
	Advance against shares	18,101	-
ICI Pakistan Limited (Common Directorship & Shareholding)	Purchase of fiber	855,081	237,813
	Share of profit	74,395	-
Lucky Holdings Limited (Common Directorship)	Investment in shares	-	74,920
	Share of profit	8,454	-
b. Benefits to key management personnel		10,732	6,532

12. GENERAL

Figures of previous period have been re-arranged and re-grouped for the purpose of comparison where required.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 17, 2014 by the Board of Directors of the Company.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Sohail Tabba
Chief Executive

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CERTIFICATE



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