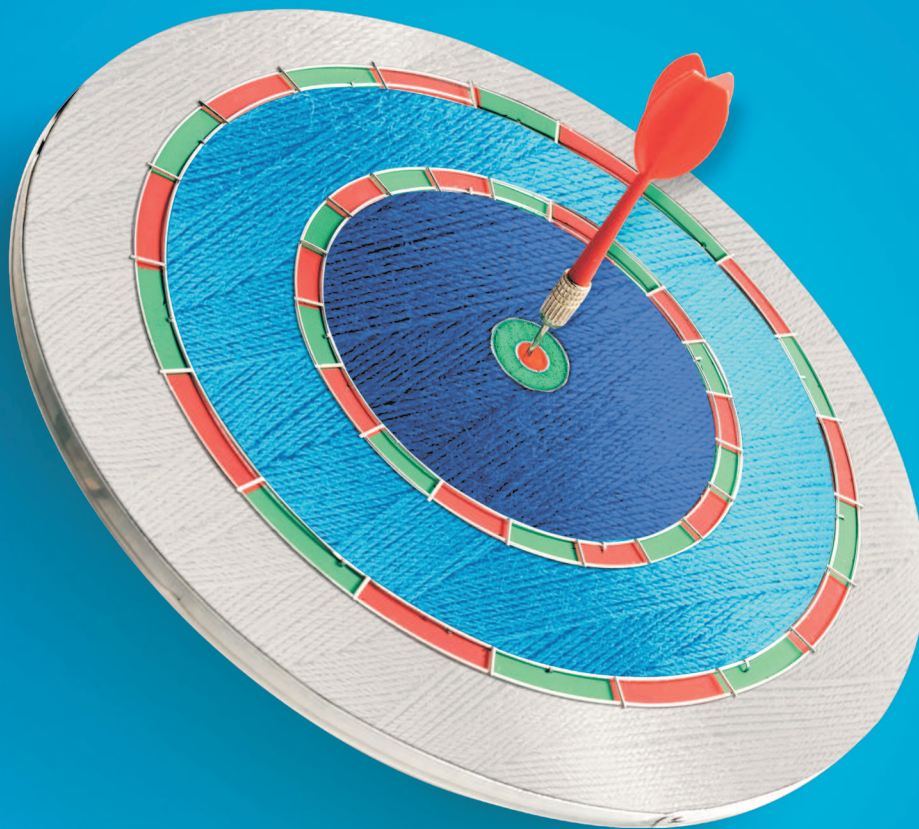


rewarding success

Half Yearly Report
December 2017



gaddon

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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 Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya Mr. Saleem Zamindar (Independent Director)
Audit Committee	Mr. Saleem Zamindar (Chairman) Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mrs. Zulekha Tabba Maskatiya
HR and Remuneration Committee	Mr. Jawed Yunus Tabba (Chairman) Mrs. Mariam Tabba Khan Mrs. Zulekha Tabba Maskatiya
Executive Director Finance and Company Secretary	Mr. Abdul Sattar Abdullah
Chief Financial Officer	Mr. Muhammad Imran Moten
Auditors	Deloitte Yousuf Adil Chartered Accountants A Member of Deloitte Touche Tohmatsu
Chief Internal Auditor	Mr. Haji Muhammad Mundia
Registered Office	200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa Phone: 093-8270212-3 Fax: 093-8270311 Email: secretary@gadoontextile.com
Karachi Office	7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350. Phone: 021-35205479-80 Fax: 021-34382436
Liaison Office	Syed's Tower, Third Floor, Opp. Custom House, Jamrud Road, Peshawar. Phone: 091-5701496 Fax: 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, 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	
Allied Bank Limited	Habib Metropolitan Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Al-Falah Limited	National Bank of Pakistan
Bank Al-Habib Limited	MCB Bank Limited (formerly NIB Bank Limited)
Bank Islami Pakistan Limited	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank Pakistan Limited
Faysal Bank Limited	The Bank of Punjab
Habib Bank Limited	United Bank Limited

Directors' Report

Dear Members

The Directors of your Company take pleasure in presenting before you the performance review and the un-audited financial statements for the half year ended December 31, 2017.

Overview

During the period under review, your Company recorded turnover of Rs. 13 billion against Rs. 11.7 billion for the Same Period Last Year (SPLY); an increase of approx. Rs. 1.3 billion (11%) for SPLY. The export package announced by the government last year has also been extended to this year by softening condition of 10% increase in export. The extended export package along with devaluation of rupee has somehow supported to the ailing textile sector, which is evident from an increase of 25% from SPLY. However, profit margins are still not very attractive on account of regional competition.

The Company, capitalizing on its reputation built over the years in the local market has resulted in an increase of Rs. 363 million in local sales to Rs. 8.45 billion against Rs. 8.09 billion in SPLY, which is 4% higher when compared with SPLY.

Despite political instabilities, abrupt devaluation of currency and current account deficit in addition to fierce competition with regional competitors, consistent efforts of your management has managed to get the bottom line of Rs. 404 million as compared to of Rs. 367 million SPLY.

Economic Prospects

Overall economic position of the country has remained stable. There have been some political instabilities, which was compensated by other factors, not limited to CPEC gaining global recognition and reduction in power crisis of the country.

Although cotton production has increased in comparison to last year but it still couldn't meet the target set by the government, due to which industry has to shift towards import of cotton in current financial year. This has not only affected current account of the country but has also made finished products costlier than our regional competitors. On overall basis, current account deficit is up by 26% in Rupee term and 24% in dollar term.

The implementation of ECC decision regarding withdrawal of Sales tax and Custom duty on imported cotton may support in reducing cost of production which was increased by abrupt change in exchange rate.

Financial Performance

As evident from the financial results stated, the Company has managed to compete in this half year by posting a positive bottom line.

Profit and Loss Summary

	December 31, 2017	December 31, 2016	Percentage
	— (Rupees in '000) —		Favorable / (Unfavorable)
Export	4,482,427	3,585,410	25.02
Local	8,457,641	8,094,880	4.48
Sales (net)	12,940,068	11,680,290	10.79
Gross Profit	797,849	686,023	16.30
Distribution cost	(184,817)	(126,727)	(45.84)
Administrative expenses	(107,095)	(95,849)	(11.73)
Finance cost	(250,356)	(172,389)	(45.23)
Other income	325,814	206,508	57.77
Profit before taxation	508,083	461,310	10.14
Profit after taxation	404,346	366,870	10.22
Earnings per share (Rs.)	14.43	13.09	

As evident from above, the Export sales have shown an upward trend from SPLY mainly on account of support from the Export package announced by the Government in January 2017 which was further extended to financial year 2018 in August 2017 with relax conditions and devaluation of Pak rupee. The product cost in the current period has increased as cost of inventory procured has not been compensated with the prevailing selling prices due to

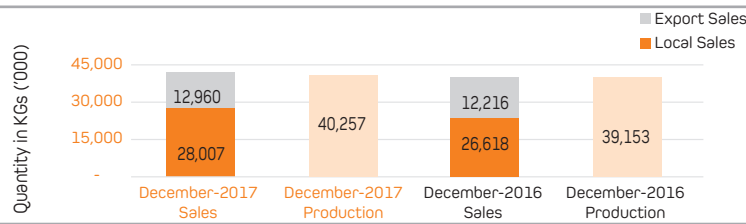
regional as well as local competition. Resultantly, gross profit margins have remain stagnant when compared with last period.

There has been a sharp increase in Distribution cost mainly due to increased freight on account of increased export of Yarn and Knitted fabrics. The increase in administrative cost is due to inflation and other factors beyond management control. After the political instability which resulted in abrupt devaluation during the period, the Company's management, keeping in view the risk management and cost benefit analysis, has disposed-off its foreign currency exposure by converting the same to local borrowing, which resulted in an increase of 45% in its Finance cost. Although, the management has still managed to maintain efficient portfolio of funds by reaping maximum benefits of lower benchmark rates prevalent in the country along-with minimum spreads.

The returns from the company's strategic decision to invest in diversified avenues is supporting enterprise value of the Company which is evident from a material increase of Rs. 121 million in other income to Rs. 232 million against Rs. 111 million SPLY. Furthermore, with the revised export package, rebate income to be received under the referred package has increased other Income by Rs. 88 million.

Operational Performance

The production and sales statistics for the half year ended December 31, 2017 and its comparison with SPLY is presented below:



It is evident from above that there has been an increase of 3% in production because of well planned production mix, furthermore, local sales and export sales quantities have been increased by 5% and 6% respectively.

Future Outlook

We believe that the announcement of revised export package by the government, relaxing the conditional subsidy will surely create business opportunities for the ailing textile sector, which has the largest share of export of the country, this in result will be a great support to the economy as a whole. The management is also working actively to procure most economical raw material available to meet its production target maintaining quality parameters to keep the bottom line positive.

Furthermore, keeping in view the latest technologies, Company management is also planning to replace old technology machineries with new technology to become more effective and efficient, and be able to compete with its regional competitors.

Keeping in view the results achieved by investing in diversified portfolios, the board has already notified its approval for investment in 2 wind power projects and is now pleased to announce its approval for solar power project. All such investment decisions will be placed for shareholders' approval.

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 YUNUS TABBA
Chairman / Director

Karachi: January 29, 2018

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Gadoon Textile Mills Limited** (the Company) as at December 31, 2017, 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 six months period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants

Engagement Partner
Henā Sadiq

Date: January 29, 2018
Place: Karachi

Condensed Interim Balance Sheet

As at December 31, 2017

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	— (Rupees in '000) —	
ASSETS			
Non-current Assets			
Property, plant and equipment	5	7,698,549	7,447,694
Long-term advance	6	-	-
Long-term loans		11,725	9,723
Long-term deposits		27,704	27,704
Long-term investments	7	2,507,203	2,472,715
		10,245,181	9,957,836
Current Assets			
Stores, spares and loose tools		517,428	491,790
Stock-in-trade	8	4,994,737	5,700,578
Trade debts		2,282,284	1,750,769
Loans and advances		628,148	732,810
Trade deposits and short-term prepayments		28,754	17,679
Other receivables		741,002	928,097
Income tax refundable		478,535	514,535
Cash and bank balances		208,442	163,926
		9,879,330	10,300,184
Total Assets		20,124,511	20,258,020
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized 57,500,000 ordinary shares of Rs. 10/- each		575,000	575,000
Issued, subscribed and paid-up capital		280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		7,023,884	6,948,886
Total Equity		7,441,721	7,366,723
Non-current Liabilities			
Long-term finance		467,165	-
Deferred liabilities		1,163,286	1,114,696
Current Liabilities			
Trade and other payables		2,913,171	2,794,771
Accrued mark-up		111,071	87,667
Short-term borrowings	9	7,915,028	8,635,992
Provision for taxation		113,069	258,171
		11,052,339	11,776,601
Total Liabilities		12,682,790	12,891,297
TOTAL EQUITY AND LIABILITIES		20,124,511	20,258,020
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited)

For the Half Year Ended December 31, 2017

	Note	Half year ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Rupees in '000)					
Sales - net		12,940,068	11,680,290	6,420,522	6,071,788
Cost of sales	11	(12,142,219)	(10,994,267)	(6,002,051)	(5,852,484)
Gross profit		797,849	686,023	418,471	219,304
Distribution cost		(184,817)	(126,727)	(88,255)	(64,154)
Administrative expenses		(107,095)	(95,849)	(49,252)	(39,586)
		(291,912)	(222,576)	(137,507)	(103,740)
		505,937	463,447	280,964	115,564
Finance cost		(250,356)	(172,389)	(123,046)	(91,280)
Other operating expenses		(73,312)	(36,256)	(17,990)	(33,664)
		182,269	254,802	139,928	(9,380)
Other income		93,960	95,196	43,338	37,943
Share of profit from associates					
- net of tax		231,854	111,312	89,807	47,636
Profit before taxation		508,083	461,310	273,073	76,199
Taxation	12				
Current		(113,069)	(122,027)	(45,860)	(64,896)
Prior		21,879	-	21,879	-
Deferred		(12,547)	27,587	(5,507)	11,492
		(103,737)	(94,440)	(29,488)	(53,404)
Profit for the period		404,346	366,870	243,585	22,795
Earnings per share					
- basic and diluted (Rupees)		14.43	13.09	8.69	0.81

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year Ended December 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000)			
Profit for the period	404,346	366,870	243,585	22,795
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>404,346</u>	<u>366,870</u>	<u>243,585</u>	<u>22,795</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended December 31, 2017

	Note	Half year ended	
		December 31, 2017	December 31, 2016
		— (Rupees in '000)—	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	1,441,257	1,986,107
Finance cost paid		(226,952)	(159,731)
Rebate received		34,690	-
Income tax (paid) / received		(25,985)	17,640
Gratuity paid		(53,968)	(75,077)
		(272,215)	(217,168)
Net cash generated from operating activities		1,169,042	1,768,939
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(617,927)	(73,271)
Sale proceeds from disposal of property, plant and equipment		9,511	14,809
Long-term loans paid to employees		(2,002)	(1,109)
Long-term deposits paid		-	(2,644)
Sale proceeds from disposal of short term investment		-	115,525
Profit received from bank deposits		823	851
Dividend received		59,809	56,242
		(549,786)	110,403
Net cash (used in) / generated from investing activities		(549,786)	110,403
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance obtained		467,165	-
Dividend paid		(320,941)	(20)
		146,224	(20)
Net cash generated from / (used in) financing activities		146,224	(20)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		765,480	1,879,322
Cash and cash equivalents at beginning of the period		(8,472,066)	(9,166,314)
Cash and cash equivalents at end of the period		(7,706,586)	(7,286,992)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		208,442	659,134
Short-term borrowings		(7,915,028)	(7,946,126)
		(7,706,586)	(7,286,992)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



MUHAMMAD YUNUS TABBA
Chairman / Director



MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year Ended December 31, 2017

	---Capital Reserves---			----- Revenue Reserves -----				Grand total	
	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Sub total	General reserve	Amalgamation reserve	Unappropriated profit		Sub total
----- (Rupees in '000) -----									
Balance as at July 1, 2016	280,296	103,125	34,416	137,541	1,000,000	727,333	4,388,435	6,115,768	6,533,605
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	366,870	366,870	366,870
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	366,870	366,870	366,870
Balance as at December 31, 2016	280,296	103,125	34,416	137,541	1,000,000	727,333	4,755,305	6,482,638	6,900,475
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	440,116	440,116	440,116
Other comprehensive income	-	-	-	-	-	-	26,132	26,132	26,132
Total comprehensive income for the period	-	-	-	-	-	-	466,248	466,248	466,248
Balance as at June 30, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723
Transaction with owners									
Final dividend @ Rs. 5/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(140,148)	(140,148)	(140,148)
Interim dividend @ Rs. 6.75 per share	-	-	-	-	-	-	(189,200)	(189,200)	(189,200)
Total comprehensive income for the period	-	-	-	-	-	-	(329,348)	(329,348)	(329,348)
Profit for the period	-	-	-	-	-	-	404,346	404,346	404,346
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	404,346	404,346	404,346
Balance as at December 31, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,296,551	7,023,884	7,441,721

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.


MUHAMMAD YUNUS TABBA
Chairman / Director


MUHAMMAD SOHAIL TABBA
Chief Executive Officer


MUHAMMAD IMRAN MOTEN
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited)

For the Half Year Ended December 31, 2017

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 Pakistan Stock Exchange. The manufacturing facilities of the Company are located at Gadoon Amazai Industrial Estate Khyber Pakhtunkhwa and 57 km on Super Highway (near Karachi). The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics. Y.B. Holdings (Private) Limited is the holding company.

In pursuance of the special resolution passed at the 28th Annual General Meeting of the Company held on October 29, 2015 the registered office of the company has been changed from 7A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabbā Street, Karachi, Province of Sindh, Pakistan to 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, Pakistan.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the half year ended December 31, 2017 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, 2017.

In 2017, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. An exemption was granted to companies whose financial year ended on or before June 30, 2017 via Circular No. 17 of July 20, 2017. No further exemption has been provided and the Company is currently in process of determining impact, if any, on annual financial statements due to implementation of the Act. There is no impact on this condensed interim financial information as they have been prepared primarily under IAS 34 as stated above.

- 2.2 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee.
- 2.3 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (26) of Listed Companies (Code of Corporate Governance) Regulations, 2017. This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act 2017.

2.4 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2017; the comparative condensed profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity of the Company have been extracted from the unaudited condensed interim financial information for the six months period ended December 31, 2016.

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 June 30, 2017. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information.

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, 2017.

Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	— (Rupees in '000) —	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,087,182	6,855,143
Capital work-in-progress	5.2	611,367	592,551
		7,698,549	7,447,694

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

	Half year ended December 31, 2017		Half year ended December 31, 2016	
	Additions/ transfers	Disposals at book value	Additions/ transfers	Disposals at book value
	(Rupees in '000)			
Buildings	12,086	-	6,349	-
Plant and machinery	557,314	10,431	40,369	14,783
Electric installations	4,960	-	480	-
Computer equipments	974	9	483	23
Office equipment and installations	482	-	1,137	28
Vehicles	23,296	4,132	18,934	280
	599,112	14,572	67,752	15,114

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

	Half year ended December 31, 2017		Half year ended December 31, 2016	
	Additions	Transfers	Additions	Transfers
----- (Rupees in '000) -----				
Gadoon Amazai				
Plant and machinery	531,250	227,590	9,152	9,152
Civil works	5,253	5,253	-	-
Electric installations	1,134	1,134	-	-
Advance to Supplier	12,276	15,952	23,221	16,176
Mark up capitalized	3,051	1,267	-	-
Karachi Project				
Plant and machinery	11,052	324,822	31,217	31,217
Civil works	39,062	6,833	-	-
Electric installations	3,826	3,826	480	480
Advance to Supplier	7,158	7,344	3,642	6,349
Mark up capitalized	2,407	3,635	3,530	2,348
	<u>616,469</u>	<u>597,656</u>	<u>71,242</u>	<u>65,722</u>

6. LONG - TERM ADVANCE

- Considered doubtful

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
Investment in a joint venture - Advance	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 was acquisition and development of a real estate project 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

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
ICI Pakistan Limited	1,617,767	1,571,147
Lucky Holdings Limited	174,581	164,843
Yunus Energy Limited	714,855	736,725
	<u>2,507,203</u>	<u>2,472,715</u>

	Note	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
— (Rupees in '000) —			
8. STOCK-IN-TRADE			
Raw material in			
- hand		3,097,047	3,436,226
- transit		636,586	721,359
		3,733,633	4,157,585
Work-in-process		283,117	262,525
Finished goods			
- Yarn		902,861	1,150,054
- Knitted fabric		34,306	24,783
- Waste at net realisable value		40,820	105,631
		977,987	1,280,468
		<u>4,994,737</u>	<u>5,700,578</u>
9. SHORT-TERM BORROWINGS			
Banking companies - secured			
Running finance	9.1	4,042,517	677,014
Short term finance		3,000,000	1,500,000
Foreign currency loan against:			
- Import finance		448,413	6,002,310
- Export finance		424,098	456,668
		872,511	6,458,978
		<u>7,915,028</u>	<u>8,635,992</u>

9.1 Facilities for running finance, import finance, export refinance and short term finance are available from various banks upto Rs. 27.78 billion (June 30, 2017: Rs. 24.78 billion). The terms and conditions of the short-term borrowings including markup rates and securities have not materially changed from June 30, 2017.

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. 949.04 million (June 30, 2017: Rs. 949.04 million).

Other contingencies are same as disclosed in notes 21.1.2 to 21.1.9 to the annual financial statements for the year ended June 30, 2017.

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	— (Rupees in '000) —	
10.1.2 Others		
Export bills discounted with recourse	1,450,296	1,540,624
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	596,598	684,890

10.2 Commitments

Letters of credit opened by banks for:

Plant and machinery	134,865	-
Raw materials	4,731,504	477,625
Stores and spares	54,773	28,035
Foreign currency forward contracts	-	9,315

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associated undertaking.

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	— (Rupees in '000) —			

11. COST OF SALES

Opening stock				
- finished goods	1,280,468	641,035	924,031	1,080,985
Cost of goods manufactured	11,839,738	11,160,035	6,056,007	5,578,302
	13,120,206	11,801,070	6,980,038	6,659,287
Closing stock				
- finished goods	(977,987)	(806,803)	(977,987)	(806,803)
	12,142,219	10,994,267	6,002,051	5,852,484

Half year ended		Quarter ended	
December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Rupees in '000)			

11.1 Cost of goods manufactured

Opening stock - work in process	262,525	250,971	349,253	216,100
Raw and packing material consumed	8,379,993	7,683,736	4,218,849	3,891,044
Other manufacturing expenses	3,480,337	3,437,510	1,771,022	1,683,340
	11,860,330	11,121,246	5,989,871	5,574,384
	12,122,855	11,372,217	6,339,124	5,790,484
Closing stock - work in process	(283,117)	(212,182)	(283,117)	(212,182)
	11,839,738	11,160,035	6,056,007	5,578,302

12. TAXATION

There have been no change in the tax contingencies as disclosed in note number 21.1.5, 21.1.6, 21.1.8 and 21.1.9 to the annual audited financial statements for the year ended June 30, 2017.

Half year ended	
December 31, 2017	December 31, 2016
(Rupees in '000)	

Note

13. CASH GENERATED FROM OPERATIONS

Profit before taxation		508,083	461,310
Adjustments for:			
Depreciation		352,502	369,825
Loss on disposal of property, plant and equipment		5,059	300
Finance cost		250,356	172,389
Share of profit from associates - net of tax		(231,854)	(111,312)
Realised gain on short-term investment		-	(87,498)
Rebate on export sales		(88,468)	-
Profit on deposits		(800)	(913)
Dividend income		-	(2,415)
Provision for gratuity		90,011	79,900
Working capital changes	13.1	556,368	1,104,521
		933,174	1,524,797
Cash generated from operations		1,441,257	1,986,107

Half year ended	
December 31, 2017	December 31, 2016
— (Rupees in '000) —	

13.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spares and loose tools	(25,638)	79,711
Stock-in-trade	705,841	907,807
Trade debts	(531,515)	(132,066)
Loans and advances	(59,328)	(76,644)
Trade deposits and short-term prepayments	(11,075)	22,959
Other receivables	368,090	(48,952)
	446,375	752,815
Increase in current liabilities		
Trade and other payables	109,993	351,706
Changes in working capital	556,368	1,104,521

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are:

Name of Related Parties	Nature of Transaction	Half year ended	
		December 31, 2017	December 31, 2016
		----- (Rupees in '000) -----	
a. Associated companies (Common Directorship)			
Lucky Cement Limited	Purchase of cement	5,325	801
	Re-imbursment of expenses	459	319
Yunus Textile Mills Limited	Sale of yarn	201,199	148,670
Lucky Knits (Private) Limited	Sale of yarn	417,437	315,492
	Purchase of goods & services	16,473	13,934
	Purchase of vehicle	-	410
Lucky Textile Mills Limited	Sale of yarn	1,238,330	1,265,920
	Sale of fabric	173,732	175,337
	Doubling charges	-	1,232
	Processing charges	2,038	-
Lucky Energy (Private) Limited	Purchase of electricity	650,739	559,096
Lucky Landmark (Private) Limited	Sale of vehicle	1,491	-
Yunus Energy Limited	Re-imbursment of expenses	2,744	2,128
	Share of profit on investment	115,688	7,623
ICI Pakistan Limited	Purchase of fiber	832,394	730,939
	Sale of fiber	-	22,379
	Share of profit on investment	106,429	96,433
	Dividend received	59,809	53,828
Lucky Holdings Limited	Share of profit on investment	9,737	7,256
b. Benefits to key management personnel		40,932	32,931

15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, the company has no financial instruments that falls into any of the above category.

16. CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on January 29, 2018 by the Board of Directors of the Company.



MUHAMMAD YUNUS TABBA
Chairman / Director



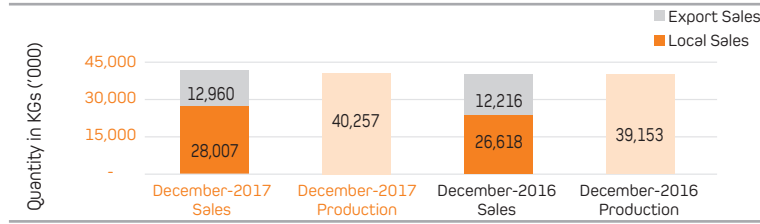
MUHAMMAD SOHAIL TABBA
Chief Executive Officer



MUHAMMAD IMRAN MOTEN
Chief Financial Officer

کارکردگی برہنی کاروباری افعال

ششماہی 31 دسمبر 2017 کے دوران پیداوار اور فروختگی برہنی شماریات، بمقابلہ دورانہ مشمل گزشتہ ششماہی ذیل میں پیش خدمت ہے:



جیسا کہ مذکورہ بالا گواہی سے ظاہر ہے کہ مصنوعات کے کس کی بہترین منصوبہ بندی کی بدولت، نہ صرف پیداوار میں 3 فیصد اضافہ حاصل کیا گیا، بلکہ مقامی اور برآمداتی فروختگی میں بالترتیب 5 اور 6 فیصد اضافہ حاصل کیا گیا۔

مستقبل پہ نظر

ہمیں یقین ہے حکومت کی جانب سے، آسان شرائط کے ساتھ نظر ثانی شدہ ریلیف چیک، ٹیکسٹائل کی پیا صنعت میں نئے کاروباری مواقع فراہم کرے گا جس کا ابھی تک ملکی برآمدات میں سب سے زیادہ حصہ ہے۔ نتیجتاً، ملکی معیشت میں زبردست اضافے کا باعث بنے گا۔ کمپنی کی انتظامیہ مسلسل اس ضمن میں کوشاں ہے کہ اپنی پیداواری لاگت کو کم کرنے اور کوالٹی کے معیار کو برقرار رکھتے ہوئے، مناسب ترین نرخوں پر خام مال کا حصول کرے، جس کے مثبت اثرات کمپنی کے نتائج میں ظاہر ہوں۔


مزید برآں، جدید ٹیکنالوجی کو مدنظر رکھتے ہوئے کمپنی لائحہ عمل بنا رہی ہے کہ پرانی ٹیکنالوجی برہنی مشینوں کو جدید مشینوں سے تبدیل کیا جائے تاکہ خطے میں موجود مسابقت کاروں کا موثر طریقے سے مقابلہ کیا جاسکے۔


کمپنی کے متنوع انداز سے سرمایہ کاری کی حکمت عملی کے مثبت نتائج کو مدنظر رکھتے ہوئے، بورڈ، جو کہ پہلے ہی دو باہمی توانائی کے منصوبوں کی منظوری دے چکا ہے، انتہائی مسرت کے ساتھ، شہس توانائی کے نئے منصوبے کی بھی منظوری دیتا ہے۔ مذکورہ تمام منصوبوں کی حتمی منظوری، حصص داران کے اتفاق رائے سے مشروط ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے کارکنوں، ملازمین اور انتظامی عملے کی حسن کارکردگی کو مدنظر رکھتے ہوئے ان کا تہہ دل سے شکر ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے


محمد سہیل شا
چیف ایگزیکٹو آفیسر


محمد پونس شا
چیئر مین

بمقام کراچی: 29 جنوری 2018

مالیاتی کارکردگی

جیسا کہ کمپنی کے مالیاتی نتائج سے یہ بات عیاں ہے کہ کمپنی اس ششماہی میں مثبت نتائج حاصل کرنے میں کامیاب رہی ہے۔

خلاصہ برائے نفع و نقصان	31 دسمبر 2017	31 دسمبر 2016	سازگار / (نا سازگار)
	— روپے ہزاروں میں —		
برآمدات	4,482,427	3,585,410	25.02
مقامی فروختگی	8,457,641	8,094,880	4.48
کل فروختگی (خالص)	12,940,068	11,680,290	10.79
خام منافع	797,849	686,023	16.30
اخراجات برائے تقسیم مال	(184,817)	(126,727)	(45.84)
اخراجات برائے انتظامی امور	(107,095)	(95,849)	(11.73)
تموہلی لاگت	(250,356)	(172,389)	(45.23)
دیگر آمدن	325,814	206,508	57.77
نفع قبل از ٹیکس	508,083	461,310	10.14
نفع برائے ششماہی	404,346	366,870	10.22
آمدن فی حصص (روپے)	14.43	13.09	-

جیسا کہ مذکورہ بالا خلاصے سے ظاہر ہے کہ برآمدات میں گزشتہ ششماہی کی نسبت اضافہ ہوا ہے جس کے اسباب، روپے کی قدر میں کمی اور حکومت کی جانب سے جنوری 2017 میں اعلان کردہ برآمداتی ٹیکس ہے جسے حکومت نے آسان شرائط کے ساتھ، سال 2018 تک مزید توسیع دے دی گئی ہے۔ اس دورانیہ میں کمپنی کی مصنوعات کی لاگت میں بھی اضافہ ہوا جس کی بنیادی وجہ مہنگا نام مال ہے اور بعد از آں، سخت مقامی و علاقائی مسابقت کی وجہ سے کمپنی اپنی پیداوار کی مناسب قیمت فروخت حاصل نہ کر سکی، نتیجتاً، کمپنی کے منافع میں گزشتہ ششماہی کی نسبت زیادہ فرق نہیں آیا۔

کمپنی کے اخراجات برائے تقسیم مال میں بھی اضافہ ہوا جو کہ بار برداری کی لاگت میں اضافے سے منسلک ہے جو کہ کمپنی کی مصنوعات کی برآمدی فروختگی میں اضافے کا نتیجہ ہے۔ انتظامی اخراجات میں اضافہ، افراط زر اور ان عوامل کی وجہ سے ہوا جو کہ انتظامیہ کے اختیار سے باہر ہیں۔ ملکی سیاسی حالات میں عدم استحکام کا نتیجہ غیر متوقع تخفیف زر کی صورت میں سامنے آیا جس کے پیش نظر کمپنی نے اپنی رسک مینجمنٹ پالیسی کے تحت غیر ملکی کرنسی میں حاصل کیے گئے قرضوں کو ملکی قرضوں سے تبدیل کر لیا جس کے نتیجے میں کمپنی کی تموہلی لاگت میں 45 فیصد کا اضافہ ہوا۔ اگرچہ انتظامیہ نے ملک میں موجود کم شرح سود کو مد نظر رکھتے ہوئے مالیاتی ذخائر کا ایک ایسا امتزاج پیدا کیا ہے تاکہ کم سطح پر بیٹنچ مارک ریٹس کا فائدہ اٹھایا جاسکے۔

کمپنی کی جانب سے متنوع انداز سے سرمایہ کاری کی حکمت عملی کے مثبت نتائج نے کمپنی کی سادھ کو مضبوط بنایا ہے جس کا اظہار دیگر آمدن کی مد میں ہونے والے 121 ملین روپے کے خاطر خواہ اضافے سے ہوتا ہے جس کی وجہ سے اس دورانیہ میں دیگر آمدن 232 ملین روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران 111 ملین روپے تھی۔ مزید برآں، ایکسپورٹ ری-بیٹ کی مد میں حاصل ہونے والے 88 ملین بھی دیگر آمدن میں شامل ہیں۔

ڈائریکٹران کی رپورٹ

معزز ممبران گرامی

آپ کو کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ کمپنی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت ششماہی 31 دسمبر 2017 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

زیر نظر دورانیہ کے دوران آپ کی کمپنی کا کاروباری حجم 13 ارب روپے ریکارڈ کیا گیا ہے جو کہ گزشتہ سال اسی عرصے کے دوران 11.7 ارب روپے ریکارڈ کیا گیا تھا، اس طرح اس دورانیہ میں کاروباری حجم میں 1.3 ارب روپے (11 فیصد) کا اضافہ ریکارڈ کیا گیا ہے۔ حکومت کی جانب سے گزشتہ سال جاری کردہ برآمداتی ٹیکس کو سال رواں تک توسیع دے دی گئی اور اس ٹیکس کی حصولی کو برآمدات میں 10 فیصد اضافہ سے مشروط کیا گیا۔ حکومت کی جانب سے دیے گئے برآمدات کے ٹیکس اور روپے کی قدر میں غیر متوقع کمی نے بیکسٹائل کے شعبے کی گرتی ہوئی صنعت کو کچھ حد تک سہارا دیا جس کا ثبوت موجودہ ششماہی میں کمپنی کی برآمدات میں 25 فیصد اضافہ ہے۔ تاہم کمپنی اپنے منافع کو مقامی مسابقت کاروں کے سبب زیادہ پرکشش نہیں گردانتی۔

سال ہا سال کی محنت کے ثمرے کے بطور مقامی منڈیوں میں پیدا شدہ ساکھ کی بدولت کمپنی کی مقامی فروختگی 363 ملین روپے کے اضافے کے ساتھ 8.45 ارب روپے ہو گئی جو کہ گزشتہ سال کی ششماہی کے 8.09 ارب روپے کے مقابلے کی نسبت 4 فیصد زیادہ ہے۔

سیاسی عدم استحکام، روپے کی قدر میں غیر متوقع کمی، کرنٹ اکاؤنٹ خسارہ اور مقامی مسابقت کاروں سے شدید مقابلے کے باوجود آپ کی کمپنی کی انتظامیہ کی متوازن کوششوں کی بدولت موجودہ ششماہی میں کمپنی کے مالیاتی نتائج 404 ملین روپے رہے جبکہ گزشتہ سال اسی دورانیہ کے مالیاتی نتائج 367 ملین روپے تھے۔

معاشی حالات

مجموعی طور پر وطن عزیز کی معاشی صورتحال متوازن رہی تاہم سیاسی عدم استحکام کے اثرات کو زائل کرنے میں نہ صرف سی۔ پیک منصوبے کی عالمی سطح پر پزیرائی، بلکہ توانائی کے بحران میں کی جیسے عوامل بھی شامل ہیں۔

اگرچہ گزشتہ سال کی نسبت اس سال کپاس کی پیداوار میں اضافہ ہوا ہے تاہم حکومت کی جانب سے طے شدہ ہدف کو حاصل نہ کیا جاسکا۔ جس کی وجہ سے صنعتوں کو موجودہ مالی سال میں کپاس کی درآمدات کی طرف منتقل ہونا پڑا۔ اس اقدام نے نہ صرف ملک کے کرنٹ اکاؤنٹ کو متاثر کیا بلکہ مقامی مسابقت کاروں کے مقابلے میں تیار مصنوعات کی لاگت میں بھی اضافہ کا باعث بنا ہے۔ مجموعی طور پر کرنٹ اکاؤنٹ خسارہ میں روپے کے لحاظ سے 26 فیصد اور ڈالر کے لحاظ سے 24 فیصد اضافہ رہا۔

اقتصادی تعاون کمپنی کی جانب سے درآمدی کپاس پر سے عائد بیلنڈیکس اور کسٹم ڈیوٹی کو ختم کرنے کا فیصلہ پیداواری لاگت کو کم کرنے میں مدد دے گا جس میں، زرمبادلہ کی شرح میں غیر متوقع کمی کی وجہ سے اضافہ ہو گیا تھا۔















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
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Gadoon Textile Mills Limited

7-A, Muhammad Ali Housing
Society, Abdul Aziz Haji Hashim
Tabba Street, Karachi-75350
Phone: 021-35205479-80
Fax: 021-34382436

gadoontextile.com

