



Textile Mills Limited

Half Yearly Report
Condensed Interim Financial Information
For the half year ended December 31, 2021

Company Information

BOARD OF DIRECTORS	Mohomed Bashir Zain Bashir Mohammed Zaki Bashir Ziad Bashir Dr. Amjad Waheed Ehsan A. Malik Zeeba Ansar	- Chairman - Vice Chairman/ Executive Director - Chief Executive Officer - Non Executive Director - Non Executive Director - Independent Director - Independent Director
CHIEF FINANCIAL OFFICER	Abdul Aleem	
COMPANY SECRETARY	Salim Ghaffar	
AUDIT COMMITTEE	Ehsan A. Malik Mohomed Bashir Dr. Amjad Waheed Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Ehsan A. Malik Mohomed Bashir Zain Bashir Salim Ghaffar	- Chairman & Member - Member - Member - Secretary
BANKERS	Allied Bank Limited Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of Khyber Bankislami Pakistan Limited Citi Bank Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China JS Bank limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank Of Pakistan Samba Bank Limited Silkbank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank limited The Bank Of Punjab United Bank Limited	
AUDITORS	Kreston Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Grant Thornton Anjum Rahman Chartered Accountants	
LEGAL ADVISORS	A.K. Brohi & Co Advocates	
REGISTERED OFFICE	Plot No.82, Main National Highway, Landhi, Karachi-75120	
SHARE REGISTRAR	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-E-Faisal, Karachi. Phone No. (+92-021) 34380101-5 Fax No. (+92-021) 34380106	
MILLS	Landhi Industrial Area, Karachi-75120	
E-MAIL	finance@gulahmed.Com	
URL	www.gulahmed.com	

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present their review of the affairs of the Company for the half year ended December 31st, 2021.

ECONOMIC OVERVIEW

With the pandemic continuing to maintain its grip through its Omicron variant, restrictions in mobility along with rising energy prices and supply disruptions throughout the globe has led the International Monetary Fund (IMF) to scale down the global economic growth to 4.4 percent in 2022. The revised downward trajectory is mainly attributed to the supply disturbances in advanced economies while developing countries face troubles due to challenges induced by pandemic dynamics as a result of low vaccination rates. In light of these circumstances, the IMF projects advanced economies to grow by 3.9 percent and 2.6 percent in 2022 and 2023 respectively. Whereas emerging and developing Asian economies are projected to grow by 5.9 percent and 5.8 percent in 2022 and 2023 respectively Pakistan's GDP is projected to grow 4 percent in 2022.

With respect to state of economy of Pakistan during the first half of FY 2021-22, the State Bank of Pakistan has reported that Trade Deficit grew substantially by 86 percent to US\$ 21.2 billion as compared to US\$ 11.4 billion in the same period last year. Imports expanded by 57 percent to US\$ 36.4 billion in first half of FY 2021-22 as a result of significant rise in global commodity prices like petroleum products and LNG. Exports grew by 29 percent to US\$ 15.2 billion owing to revival of global economic activity. The current account deficit for half year of FY 2021-22 grew exponentially amounting to US\$ 9.1 billion as compared to a current account surplus of US\$ 1.2 billion in same period last year.

Workers Remittances provided a cushion and grew by 11 percent to US\$ 15.8 billion in half year of FY 2021-22 as compared to US\$ 14.2 billion in the same period last year. Foreign Currency reserves grew by 32 percent to US\$ 17.7 billion in first half of FY 2021-22 as compared to US\$ 13.4 billion in same period last year. PKR depreciation of 4.4 percent since October 2021 and the above economic developments has led the State Bank of Pakistan (SBP) to increase the policy rate by 250 basis points since October 2021 to 9.75 percent with the aim of controlling inflation, narrowing down the current account deficit and improving the balance of international payments.

INDUSTRIAL OVERVIEW

Textile group accounting for 62 percent of total exports grew by 26 percent to US\$ 9.4 billion in first half of FY 2021-22 as compared to US\$ 7.4 billion in same period last year. The trend in first quarter advocate increase in exports of all products except Tents, Canvas and Tarpaulin which decreased by 9.2 percent. Whereas, major contributors towards increased exports were Knitwear, Readymade Garments and Bedwear which increased collectively by 35.2 percent, 22.9 percent and 19 percent respectively.

Domestic cotton production and yield remained insufficient to meet the demand as overall textile imports increased by 43.8 percent to US\$ 2.4 billion in first half of FY 2021-22 as compared to US\$ 1.7 billion in the same period last year. This impacted the net flow of foreign currency along with containing the profitability of the textile industry as a whole. Among textile imports, major contributors being Raw cotton

and synthetic fiber imports increased by 54.3 percent and 43.2 percent respectively in first half of FY 2021-22 as compared to same period last year.

FINANCIAL PERFORMANCE

Your Company has yielded exceptional results for the period in consideration despite the challenges posed by fluctuating exchange rates, spiking energy prices and inflation. The Company's strategic planning and effective management of resources have reaped better results worth benchmarking.

Key performance numbers are presented below:

	Units	Half Year ended December 31, 2021	Half Year ended December 31, 2020
Export sales	Rs. in millions	32,028	27,409
Local sales	Rs. in millions	14,891	14,186
Total sales	Rs. in millions	46,919	41,596
Gross profit	Rs. in millions	7,852	7,578
Profit before tax	Rs. in millions	4,178	2,404
Profit after tax	Rs. in millions	3,353	1,766
Earnings per share (EPS)	Rupees	5.44	2.86
Debt to equity ratio	Times	0.64	1.12
Current ratio	Times	1.24	1.11
Break-up-value per share	Rupees	57.64	36.77
Gross Profit Margin	%	16.74	18.23
Profit before tax Margin	%	8.90	5.78
Profit after tax Margin	%	7.15	3.49

The figures for the half year ended 31, December 2020 includes local sales of Retail Segment amounting to PKR 8.24 billion. Whereas, due to hiving out of our Retail Segment as a 100% subsidiary, figures for half year ended 31 December 2021 are without any retail sales. Local sales excluding retail registered a massive growth in first half of FY 2021-22 from PKR 5.95 billion in first half of FY 2020-21 to PKR 14.89 billion. On the other hand, Export Sales registered an increase of 16.9 percent from PKR 27.4 billion in first half of FY 2020-21 to PKR 32.0 billion in first half of FY 2021-22. The increased sales have primarily helped the company to achieve a higher profit with an improvement in net margins. During the period under review, export margins remained under pressure specifically for value added segment, which was impacted by massive increase in raw material price, general inflation, and unusual changes in PKR value against US\$ as against long term sales contracts. However, effective January 2022, prices in US\$ are renegotiated and stand revised which should improve margins further in the second half of FY 2021-22. Moreover, due to international container disruption during the period, delivery of export orders remained under pressure and significant sales will be shifted to the second half of the year.

In addition to increased raw material prices, inflationary pressures and supply chain disruptions, margins for the second quarter of FY 2021-22 were compromised on account of low gas availability and high-cost energy produced from diesel and oil. However, despite the above mentioned challenges, as a result of your company's rigorous efforts to minimize costs and increase efficiency, the bottom-line profits increased by a commendable 89.8 percent in the first half of FY 2021-22 as compared to same period last year.

Revival in export demand and resumption of economic activity in the domestic environment, considerable investment in the inventory and debtors, along with efficient cash flow and working capital management,

has led to an the improvement in the liquidity and financing positions with the current ratio of 1.24 (Dec-2020: 1.11) and debt to equity ratio of 0.64 (Dec-2020: 1.12) in December-2021.

The Scheme of Arrangements, as approved by the Members of the Company were also approved by the Sindh High Court in end October 2021. The Scheme has benefited multifold enabling acquisition of properties in the same Industrial Zone with gas and water connections, having 100% subsidiary to undertake the entire retail business, huge capital reserves creation and improvement in critical financial ratios, etc.

FUTURE OUTLOOK

Global growth is projected at a moderate pace, the inflationary pressures are expected to persist longer than anticipated. With Monetary policy tightening globally amid heightened inflation risk, multilateral efforts to speed up global vaccination, along with providing liquidity and debt relief to struggling economies is most crucial. Economic risks remain high considering conditions of the IMF Program and international debt repayments. Pakistani economy is likely continue to face inflationary pressures, some rupee devaluation, higher cost of borrowings and energy availability constraints. The recent events transpiring between Russia and Ukraine pose challenges and uncertainties for many nations including Pakistan. Nations that are more dependent on energy imports are at greater risk.

For the textile industry as well as for the company, oil and gas prices will impact margins as nation's high record imports are mainly driven by purchase of petroleum products and gasoline. However, your management is confident to achieve very good results in FY 2021-22 by implementing timely strategies and measures such as timely purchase of raw material and cost optimization. Moreover, investments in various projects that are extremely innovative and technology driven that would lead to a large increase in exports as well as enhanced profitability. Your Company's strong financial position and strategic management are anticipated to further support its Vision to enrich lives through operational efficiencies and enhance shareholders' value through reiterating our mission of innovative technology and teamwork.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the half year ended December 31, 2021 of the Company and its subsidiaries Gul Ahmed International Limited (FZC) – UAE, GTM (Europe) Limited – UK, GTM USA Corp. – USA Sky Home Corporation USA, Vantona Home Limited, UK and IDEAS (Private) Limited are attached.

ACKNOWLEDGEMENT

We acknowledge and appreciate the efforts and valuable support of all stakeholders.

For and on behalf of the Board

February 24, 2022
Karachi

Mohomed Bashir
Chairman

Mohammad Zaki Bashir
Chief Executive Officer

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GUL AHMED TEXTILE MILLS LIMITED
ON REVIEW OF CONDENSED INTERIM UN-CONSOLIDATED FINANCIAL STATEMENTS**

INTRODUCTION:

We have reviewed the accompanying condensed interim un-consolidated statement of financial position of **GUL AHMED TEXTILE MILLS LIMITED** ("the Company") as at December 31, 2021, and the related condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows, and notes to the condensed interim un-consolidated financial statements for the half year ended (here-in-after referred to as the "condensed interim un-consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim un-consolidated financial statements based on our review.

The figures of the condensed interim un-consolidated statement of profit or loss and condensed interim un-consolidated statement of comprehensive income for quarters ended December 31, 2021 and 2020 have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2021.

SCOPE OF REVIEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim un-consolidated financial statements 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 condensed interim un-consolidated financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

OTHER MATTER:

As more fully explained in note 2 to the annexed condensed interim un-consolidated financial statements, the management has presented corresponding figures of the condensed interim un-consolidated statement of financial position as at June 30 after incorporating the effect of assets and liabilities acquired and transferred and shares issued under the Scheme of the Arrangement. However, these revised figures have not been audited or reviewed by us as we have issued our audit report dated October 28, 2021 only on the financial statements of the Company before sanction of the Scheme.

The engagement partner of the review resulting in this independent auditor's review report is Fahad Ali Shaikh.

Chartered Accountants
Karachi
Dated: **February 24, 2022**

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Financial Position
As at December 31, 2021

		Un-Audited	Re-stated
		December	Un-Audited
		2021	June
		-----Rupees in '000-----	
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorised share capital			
750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital		6,167,162	5,311,573
616,716,230 ordinary shares of Rs. 10 each			
(June-21:531,157,300 ordinary shares of Rs. 10 each)			
Reserves		24,452,094	21,951,673
		30,619,256	27,263,246
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	19,580,728	18,571,409
Provision for Gas Infrastructure Development Cess		1,083,768	1,325,299
Deferred liabilities			
Deferred taxation - net		367,644	257,699
Deferred government grant		147,844	142,003
Defined benefit plan- Staff Gratuity		168,712	156,424
		684,200	556,126
CURRENT LIABILITIES			
Trade and other payables		14,381,173	11,856,077
Accrued mark-up/profit		413,655	341,473
Short term borrowings		28,230,650	29,108,282
Current maturity of long term financing	5	2,681,925	2,500,941
Current maturity of deferred income - government grant		92,023	108,416
Taxation-net		214,374	30,200
Unclaimed dividend		297,613	297,702
Unpaid dividend		7,320	23,505
		46,318,733	44,266,596
CONTINGENCIES AND COMMITMENTS	6	98,286,685	91,982,676
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	41,396,484	38,351,353
Intangible assets	8	64,749	78,213
Long term investment	9	3,594,890	3,594,732
Long term loans and advances		120,830	83,057
Long term deposits		96,075	69,087
		45,273,028	42,176,442
CURRENT ASSETS			
Stores and spares		895,887	891,463
Stock-in-trade		26,182,076	23,275,250
Trade debts		20,123,597	17,930,597
Loans, advances and other receivables		1,209,381	3,336,473
Short term prepayments		49,492	28,422
Receivable from government		3,901,779	4,087,419
Cash and bank balances		651,445	256,610
		53,013,657	49,806,234
		98,286,685	91,982,676

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Profit or Loss
For the half year ended December 31, 2021

Note	Un-Audited			
	Half year ended	July to	Quarter ended	Quarter ended
	July to December 2021	December 2020	October to December 2021	October to December 2020
-----Rupees in '000-----				
Sales - net	46,925,896	41,595,533	26,417,262	21,937,325
Cost of sales	39,073,274	34,017,741	22,002,319	17,877,302
Gross profit	7,852,622	7,577,792	4,414,943	4,060,023
Distribution costs	989,414	2,554,597	520,408	1,675,159
Administrative costs	1,044,231	1,509,284	520,103	619,503
Other expenses	562,010	331,175	221,240	275,866
	2,595,655	4,395,056	1,261,751	2,570,528
	5,256,967	3,182,736	3,153,192	1,489,495
Other income	10 90,726	379,045	103,337	633,709
Operating profit	5,347,693	3,561,781	3,256,529	2,123,204
Finance cost	1,169,048	1,157,916	689,454	560,185
Profit before taxation	4,178,645	2,403,865	2,567,075	1,563,019
Taxation				
- Current	11 712,690	478,692	391,871	258,924
- Deferred	109,945	158,929	34,945	137,270
	822,635	637,621	426,816	396,194
Profit after taxation	3,356,010	1,766,244	2,140,259	1,166,825
		Restated		Restated
Earning per share - basic and diluted (Rs.)	5.44	3.44	3.47	2.27

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Comprehensive Income
For the half year ended December 31, 2021

	Un-Audited			
	Half year ended	July to	Quarter ended	October to
	July to	December	October to	December
	December	2020	December	2020
	2021		2021	
	-----Rupees in '000-----			
Profit after taxation	3,356,010	1,766,244	2,140,259	1,166,825
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>3,356,010</u>	<u>1,766,244</u>	<u>2,140,259</u>	<u>1,166,825</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-consolidated
Statement of Changes in Equity
For the half year ended December 31, 2021

	Share Capital	Capital reserve - Share Premium	Capital reserve- Amalgamation Reserve	Unappropriated Profit	Total Reserves	Total
	----- Rupees '000-----					
Balance as at July 01, 2020 (Audited)	4,277,946	692,424	-	8,992,830	9,685,254	13,963,200
Total comprehensive income for the half year ended December 31, 2020 (Un-audited)						
Profit after taxation	-	-	-	1,766,244	1,766,244	1,766,244
Other comprehensive income	-	-	-	-	-	-
	-	-	-	1,766,244	1,766,244	1,766,244
Balance as at December 31, 2020 (Un-audited)	4,277,946	692,424	-	10,759,074	11,451,498	15,729,444
Share capital issued under the Scheme of arrangement (Note 2)	1,033,627	-	-	-	-	1,033,627
Amalgamation reserve arising under the Scheme (Note 2)	-	-	8,252,059	-	8,252,059	8,252,059
Transaction with owners						
Interim dividend for nine months ended 30 March, 2021	-	-	-	(427,795)	(427,795)	(427,795)
Total comprehensive income for the half year ended June 30, 2021 (Un-audited-Restated)						
Profit after taxation	-	-	-	2,658,296	2,658,296	2,658,296
Other comprehensive income	-	-	-	17,615	17,615	17,615
	-	-	-	2,675,911	2,675,911	2,675,911
Balance as at June 30, 2021 (Un-audited)	5,311,573	692,424	8,252,059	13,007,190	21,951,673	27,263,246
Transaction with owners						
20% Bonus shares issued	855,589	(692,424)	-	(163,165)	(855,589)	-
Total comprehensive income for the half year ended December 31, 2021 (Un-audited)						
Profit after taxation	-	-	-	3,356,010	3,356,010	3,356,010
Other comprehensive income	-	-	-	-	-	-
	-	-	-	3,356,010	3,356,010	3,356,010
Balance as at December 31, 2021 (Un-audited)	6,167,162	-	8,252,059	16,200,035	24,452,094	30,619,256

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2021

		Un-Audited	
		Half year ended	
Note		July to	July to
		December	December
		2021	2020
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	4,178,645	2,403,865
	Adjustments for:		
	Depreciation on property, plant and equipment	1,396,686	1,290,990
	Depreciation on right-of-use assets	-	322,192
	Amortisation on intangible assets	13,587	12,906
	Provision for gratuity	41,747	41,091
	Interest on lease liability against right-of-use asset	-	167,548
	Finance cost	1,169,048	990,368
	Government grant	(64,950)	(130,715)
	Provision for slow moving/obsolete stores and spares	10,915	12,575
	Expected credit loss allowance against trade debts	30,847	28,043
	Property, plant and equipment scrapped / written off	-	24,343
	Net loss on disposal of property, plant and equipment	150,039	(8,968)
		2,747,919	2,750,373
	Cash flows from operating activities before adjustments of working capital	6,926,564	5,154,238
	Changes in working capital:		
	Increase in current assets		
	Stores and spares	(15,339)	(270,736)
	Stock-in-trade	(2,906,826)	2,040,576
	Trade debts	(2,223,847)	(2,848,329)
	Loans, advances and other receivables	2,127,092	(1,645,325)
	Short term prepayments	(21,070)	86,213
	Receivable from Government	155,440	189,290
		(2,884,550)	(2,448,311)
	Increase in current liabilities		
	Trade and other payables	2,283,565	483,473
		(600,985)	(1,964,838)
	Cash generated from operations before adjustment of following	6,325,579	3,189,400
	Adjustments for:		
	Gratuity paid	(29,459)	(33,536)
	Finance cost paid	(975,933)	(953,125)
	Income tax paid	(498,316)	(367,450)
	(Increase) in long term loans and advances	(37,773)	(39,905)
	(Increase) / Decrease in long term deposits	(26,988)	108,403
		(1,568,469)	(1,285,613)
	Net Cash generated from Operating activities	4,757,110	1,903,787
CASH FLOWS FROM INVESTING ACTIVITIES			
	Addition to property, plant and equipment	(4,710,608)	(5,828,003)
	Addition to intangible assets	(123)	-
	Proceeds from sale of property, plant and equipment	118,752	133,662
	Net cash used in investing activities	(4,591,979)	(5,694,341)
	Balance carried forward	165,131	(3,790,554)

Gul Ahmed Textile Mills Limited
Condensed Interim Un-Consolidated
Statement of Cash Flows
For the half year ended December 31, 2021

Note	Un-Audited Half year ended	
	July to December 2021	July to December 2020
	-----Rupees in '000-----	
Balance brought forward	165,131	(3,790,554)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	2,344,372	5,422,592
Long term financing repaid	(1,220,762)	(6,454)
Payments for lease liability against right of use asset	-	(398,503)
Dividend paid	(16,274)	(76)
Net cash generated from financing activities	1,107,336	5,017,559
Net increase in cash and cash equivalents	1,272,467	1,227,005
Cash and cash equivalents - at the beginning of the period	(28,851,672)	(24,998,063)
Cash and cash equivalents - at the end of the period	10 (27,579,205)	(23,771,058)

The annexed notes from 1 to 17 form an integral part of these condensed interim un-consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Un-consolidated
Financial Statements (Un-audited)
For the half year ended December 31, 2021

1 LEGAL STATUS AND ITS OPERATIONS

- 1.1 Gul Ahmed Textile Mills Limited (The Company) was incorporated on April 01, 1953 in Pakistan as a private limited company, subsequently converted into public limited company on January 07, 1955 and is listed in Pakistan Stock Exchange Limited. The Company is a composite textile unit and is engaged in the manufacture and sale of textile products.

The Company's registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

The Company is a subsidiary of Gul Ahmed Holdings (Private) Limited.

The Company has the following subsidiaries:

Details of Subsidiaries

Name	Date of Incorporation	Country of Incorporation	%of Holding
Gul Ahmed International Limited FZC	December 11, 2002	UAE	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	UK	100%
GTM USA Corp. - Indirect subsidiary	March 19, 2012	USA	100%
Sky Home Corp.- Indirect Subsidiary	February 28, 2017	USA	100%
Vantona Home limited - Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 limited - Indirect Subsidiary	September 29, 2017	UK	100%
Ideas (Pvt) limited	December 27, 2004 (Become subsidiary on Jan 01, 2021)	Pakistan	100%

All subsidiaries are engaged in distribution/trading of textile related products while ideas also carries out production of finished goods.

- 1.2 Details of leasehold lands owned by the Company are as follows;

Area	Address
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
14.9 Acres	Survey No. 82, Deh Landhi, Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
44.04 acres	P.U. No. 48, 49, 50, & 51, Deh Khjanto Tapo Landhi, Karachi
4.17 acres	Plot No. H-19 Landhi Industrial Area, Landhi Karachi
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi , Karachi
6.83 acres	Plot 368, 369 & 446, Deh Landhi, Karachi
12 acres	Plot- HT 3/A, Landhi, Karachi
51.1 Acre	Plot No. H-5 and HT-6, Landhi Industrial Area, Karachi

- 1.3 Geographical locations and addresses of all factory building on rented premises are as follows;

Address

- Plot ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi.
- Plo# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi.
- Plot W2/1-14, Western industrial zone, Port Qasim, Karachi

2 SCHEME OF ARRANGEMENT FOR THE REORGANIZATION / RE-ARRANGEMENT OF THE ASSETS, LIABILITIES, OBLIGATIONS AND UNDERTAKINGS

The Scheme of Arrangement dated May 5, 2021 involving the Gul Ahmed Textile Mills Limited (the Company), Ideas (Private) Limited (Ideas), Worldwide Developers (Private) Limited (WWDL), Grand Industries (Private) Limited (Grand) and Ghafooria Industries (Private) Limited (Ghafooria) has been sanctioned by honorable High Court of Sindh through order dated 29th October 2021. According to the Scheme with effect from the start of business on January 1, 2021 (the "Effective Date"),

- i) Retail Segment of the Company stands de merged from the company and has been amalgamated with and into Ideas, accordingly net assets of the retail segment aggregating to Rs. 1,133 million stands transferred to and vested in Ideas against which 113,279,100 ordinary shares of Rs 10 each of Ideas have been issued to the Company, and Ideas has become the wholly owned subsidiary of the Company after cancellation of existing share capital of Ideas.
- ii) The entire undertaking of WWDL, a subsidiary company, stands merged with and into the Company and in consideration thereof the Company has issued 29,838,102 ordinary shares of Rs 10 each in favour of the other shareholders of WWDL (other than the Company). Furthermore, as part of the arrangement, the loans provided to WWDL by its Directors stands adjusted / settled against the issuance of 4,733,350 shares of the Company to the said directors of WWDL;
- iii) One of the business / undertaking of Grand comprising certain immovable properties valued at Rs. 1,500 million stands merged with and into the Company against which the Company has issued 15,823,087 shares to Grand. Further, a business undertaking constituting certain immovable properties of Grand valued at Rs. 2,329,965 million has been merged with and into Ideas against which the Company has issued 24,578,160 shares to Grand and Ideas will issue bonus shares to the Company at later stage hence the value of the investment in Ideas is adjusted accordingly;
- iv) One of the business / undertaking of Ghafooria comprising an immovable property valued at Rs. 1,058 million stands merged with and into the Company against which the Company has issued 11,162,850 shares Ghafooria; and,

The valuation of the business / undertakings, properties and assets etc and swap ratios for issuance of shares, as mentioned above, are based on the reports of Independent Valuers and Consultant, i.e., Joseph Lobo (Private) Limited, Iqbal. A. Nanjee & Co (Private) Limited and A.F Ferguson & Co which are made part of the Scheme.

The amalgamation is a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The assets and liabilities acquired or transferred by the Company has been accounted for in the books at the values used to determine the swap ratios for issuing Company shares as mentioned in the Scheme. The difference in value of the net assets acquired and shares issued has been carried in the equity under the head "Amalgamation reserve". Consequently, corresponding figures of condensed interim statements of financial position as at June 30, 2021 are clubbed to include assets and liabilities acquired / transferred under the Scheme.

The summary of the net assets acquired / transferred as at January 01, 2021 , shares issued there against and computation of amalgamation reserve is as follows;

As at effective date of scheme i.e , January 01, 2021					
	WWDL	Grand	Ghafooria	Ideas	Total
----- (Rupees '000') -----					
Assets acquired / (transferred)					
Property, plant and equipment	6,688,483	1,500,000	1,058,218	(1,976,915)	7,269,786
Right-of- use assets	-	-	-	(2,492,179)	(2,492,179)
Stock -in-trade	-	-	-	(6,005,005)	(6,005,005)
Receivable from Ideas Private Ltd	-	-	-	6,559,272	6,559,272
Cash and bank balances	1,290	-	-	(292,167)	(290,877)
Other assets	7,131	-	-	(1,384,317)	(1,377,186)
	6,696,904	1,500,000	1,058,218	(5,591,311)	3,663,811
Less: liabilities assumed / (transferred)					
Lease liability against right-of-use assets	-	-	-	(2,870,157)	(2,870,157)
Trade and other payables	399	-	-	(1,492,420)	(1,492,021)
Other liabilities	4,002	-	-	(95,943)	(91,941)
	4,401	-	-	(4,458,520)	(4,454,119)
Net assets acquired	6,692,503	1,500,000	1,058,218	(1,132,791)	8,117,930
Shares issued pursuant to the Scheme					
Shares issued to WWDL's shareholders /Grand / Ghafooria	(298,381)	(404,012)	(111,629)	-	(814,022)
Shares issued to Directors of WWDL	(47,334)	-	-	-	(47,334)
Impact of bonus shares allotted subsequently	(69,143)	(80,802)	(22,326)	-	(172,271)
	(414,858)	(484,814)	(133,955)	-	(1,033,627)
Value of investment in share issued by Ideas to GTML	-	-	-	3,462,756	3,462,756
Investment in WWDL eliminated	(2,295,000)	-	-	-	(2,295,000)
	3,982,645	1,015,186	924,263	2,329,965	8,252,059

3 BASIS OF PREPARATION

3.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim un-consolidated financial statements comprise of the condensed interim un-consolidated statement of financial position as at December 31, 2021 and the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows for the period ended December 31, 2021.

3.3 The comparative statement of financial position, presented in these condensed interim un-consolidated financial statements, as at June 30, 2021 has been extracted from the un-consolidated financial statements of the Company for the year ended June 30, 2021 and have been adjusted to incorporate the effect of net assets acquired / transferred under the scheme and changes therein subsequent to effective date of the Scheme. Whereas the comparative condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows figures have been extracted from condensed interim un-consolidated financial statements for the half year ended December 31, 2020.

3.4 These condensed interim un-consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the un-consolidated financial statements for the year ended June 30, 2021.

3.5 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective for the accounting periods beginning on or after July 01, 2021

There are certain amendments and interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2021; however, these are either irrelevant or do not have any significant impact on these un-consolidated condensed interim financial statements.

(b) Standards, Interpretations and Amendments not yet effective

There are certain amendments and interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on or after January 1, 2022 and are not likely to have any material impact on the un-consolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2021.

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, 2021.

	Note	Un-Audited December 2021	Un-Audited June 2021
-----Rupees in '000-----			
5 LONG TERM FINANCING - SECURED			
Opening balance		21,072,350	13,865,713
Add: Long term finance obtained during the period / year		2,344,372	7,673,112
Less: Fair value differential - Government grant		(54,398)	(296,993)
Add: Unwinding of interest		121,091	130,715
Less: Repaid during the period / year		(1,220,762)	(300,197)
		<u>22,262,653</u>	<u>21,072,350</u>
Less: Current portion shown under current liabilities		(2,681,925)	(2,500,941)
		<u>19,580,728</u>	<u>18,571,409</u>

6 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2021 remained unchanged during the current period except increase in amount for provisions required.

Guarantees

- Guarantees of Rs. 1,792 million (June-2021: Rs. 1,526 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by Associated company amounting to Rs. 1,102 million (June-2021: Rs. 1,102 million).
- Post dated cheques of Rs. 4,078 million (June-2021: Rs. 3,725 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export
- Bills discounted Rs. 7,896 million (June-2021: Rs.4,885 million), including bills discounted from Associated company amounting to Rs. 1,935 million (June-2021:Rs. 1,424 million).
- Corporate guarantee of Rs 160.5 million (June-2021: Rs. 149.1 million) Rs.710.3 million (June-2021: 633.6 million) and Rs. 159.7 million (June-2021: 142.4 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Sky Home Corporation- USA respectively.

Commitments

- The Company is committed for capital expenditure as at December 31, 2021 of Rs. 4,872 million (June-2021: Rs. 5,312.5 million).

		Un-Audited December 2021	Un-Audited June 2021
-----Rupees in '000-----			
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1 & 7.2 & 7.3	35,383,970	32,328,904
Capital work in progress (CWIP)	7.4	6,012,514	6,022,449
		<u>41,396,484</u>	<u>38,351,353</u>
-----Rupees in '000-----			
		Un-Audited December 2021	Un-Audited December 2020
7.1 Additions during the period			
Buildings and structures on leasehold land		1,175,101	747,691
Plant and machinery		3,271,405	1,810,966
Furniture and fixtures		14,422	14,207
Office equipment		174,584	53,774
Vehicles		85,031	15,495
		<u>4,720,543</u>	<u>2,642,133</u>

7.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.72 million, Rs. 2,091 million and Rs.Nil million (Dec-2020: Rs. 668 million, Rs. 1,137 million, and Rs.41.3 million) respectively.

		Un-Audited Half-year ended December 2021	Un-Audited Half-year ended December 2020
7.2 Disposals - operating fixed assets (at net book value)		-----Rupees in '000-----	
Plant and machinery		256,832	143,647
Vehicles		11,959	5,390
		268,791	149,037
7.3 Depreciation charge during the period		1,396,686	1,290,990
7.4 Additions - capital work in progress (at cost)			
Machinery		789,367	4,232,495
Building		1,363,894	777,698
Others		-	27,135
		2,153,261	5,037,328
	Note	Un-Audited December 2021	Un-Audited June 2021
8 INTANGIBLE ASSETS		-----Rupees in '000-----	
Intangible - net book value	8.1 & 8.2	64,749	78,213
		Un-Audited Half-year ended December 2021	Un-Audited Half-year ended December 2020
8.1 Additions - intangibles (at cost)		-----Rupees in '000-----	
Computer Software		123	-
8.2 Amortization charge during the period		13,587	12,906
		Un-Audited December 2021	Un-Audited June 2021
9 LONG TERM INVESTMENT		-----Rupees in '000-----	
Investment in subsidiary companies at cost			
- Gul Ahmed International Limited		58,450	58,450
- Ideas (Pvt) Limited		3,462,756	3,462,756
		3,521,206	3,521,206
Investment in Term Finance Certificate - at amortised cost		70,000	70,000
Investment in mutual funds at fair value		3,684	3,526
		3,594,890	3,594,732
		Un-Audited December 2021	Un-Audited December 2021
10 CASH AND CASH EQUIVALENTS		-----Rupees in '000-----	
Cash and cash equivalents comprises of:			
Cash and bank balances		651,445	517,916
Short term borrowings		(28,230,650)	(24,288,974)
		(27,579,205)	(23,771,058)
11 TAXATION			
Provision for current taxation has been made on the basis of normal tax liability and final taxation under the Income Tax Ordinance, 2001.			

12 SEGMENT INFORMATION

The Company's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

- a) Spinning : Production of different qualities of yarn using both natural and artificial fibers.
- b) Weaving: Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
- c) Retail and Distribution: On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing. This segment has been amalgamated into Ideas (Private) Limited (ideas) under the Scheme of Arrangement as mentioned in note 2 therefore with effect from January 01, 2021 the same has been excluded from the Company to Ideas.
- c) Processing, Home Textile products: Processing of greige fabrics into various types of finished fabrics for sale as well as to manufacture and sale of madeups and home textile products.

Transactions among the business segments are recorded at cost.

12.1 Segment Profitability

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Elimination Of Inter Segment Transactions		Total	
	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020
-----Rs. 000s-----												
Sales	20,568,298	10,621,944	2,701,421	2,066,099	-	10,940,135	32,835,932	28,897,423	(9,179,755)	(10,930,068)	46,925,896	41,595,533
Cost of sales	14,387,019	9,243,589	2,203,700	1,725,171	-	7,971,664	31,662,310	26,007,384	(9,179,755)	(10,930,068)	39,073,274	34,017,741
Gross profit	6,181,279	1,378,355	497,721	340,927	-	2,968,470	1,173,622	2,890,039	-	-	7,852,622	7,577,792
Distribution cost and Administrative cost	174,154	117,550	62,048	104,059	-	2,312,117	1,797,443	1,530,155	-	-	2,033,645	4,063,881
Profit before tax and before charging following	6,007,125	1,260,805	435,673	236,868	-	656,353	(623,821)	1,359,884	-	-	5,818,977	3,513,911
Finance Cost											1,169,048	1,157,916
Other operating cost											562,010	331,175
Other income											(90,726)	(379,045)
											1,640,332	1,110,046
Profit before taxation											4,178,645	2,403,865
Taxation											822,635	637,621
Profit after taxation											3,356,010	1,766,244
Depreciation and Amortisation Expense	541,107	489,656	230,055	169,819	-	530,142	639,111	436,471	-	-	1,410,273	1,626,088

12.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Unallocated		Total	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Dec-2021	June-2021	Dec-2021	June-2021	Dec-2021	June-2021	Dec-2021	June-2021	Dec-2021	June-2021	Dec-2021	June-2021
-----Rs. 000s-----												
Assets	22,940,895	23,565,307	5,357,779	4,831,057	-	-	44,352,473	48,635,043	25,635,538	14,951,269	98,286,685	91,982,676
Liabilities	12,373,086	10,418,058	4,764,759	4,578,826	-	-	16,551,667	11,729,605	33,977,917	37,992,941	67,667,429	64,719,430
Segment Capital & Intangible Expenditure	1,205,318	4,153,188	216,624	1,416,276	-	281,167	2,270,589	3,546,692	1,018,200	674,869	4,710,731	10,072,192

12.3 Unallocated items represent those assets and liabilities which are common to all segments and these include investment in subsidiary, long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

12.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

12.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7.167 million (Dec-2020: Rs. 7,172 million).

12.6 Information by geographical area

	Revenue		Non-current assets	
	Dec-21	Dec-20	Dec-21	Jun-21
-----Rupees in '000-----				
Pakistan	22,150,832	18,128,657	45,214,578	42,117,992
Germany	6,656,572	9,367,191	-	-
United States	5,516,239	4,196,612	-	-
France	1,874,331	1,997,568	-	-
Netherlands	1,344,662	2,212,549	-	-
United Kingdom	2,512,595	1,048,404	-	-
Italy	1,085,977	551,916	-	-
Spain	455,541	350,697	-	-
China	262,748	285,916	-	-
Sweden	855,264	720,865	-	-
United Arab Emirates	181,139	8,313	58,450	58,450
Other Countries	4,029,996	2,726,845	-	-
	46,925,896	41,595,533	45,273,028	42,176,442

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the company and key management personnel. The Company in the normal course of business carried out transaction with various related parties.

Relationship with the Company	Nature of transactions	Un-Audited	
		Dec-21	Dec-20
		-----Rupees in '000-----	
Parent Company	Bonus Shares issued	57,414	-
Subsidiaries and indirect subsidiaries	Sales	2,126,316	1,199,069
	Sales through subsidiaries acting as agents	1,247,618	725,576
	Commission paid	102,336	84,821
	Rent paid	-	16,115
	Utilities paid	-	3,626
	Share of common expenses	323,146	-
Associated Companies and other related parties	Purchase of goods	23,500	240
	Services rendered	611	1,051
	Sale of fixed assets	-	2,202
	Gain on disposal of fixed assets	-	183
	Rent paid	480	21,557
	Fees paid	2,000	2,250
	Donation paid	-	4,000
	Bills discounted	7,987,649	5,945,004
	Markup and other bank charges	103,221	60,066
	Company's contribution to provident fund	129,847	109,104
	Dividend paid	17,516	-
		Un-Audited	Un-Audited
		Dec-21	Jun-21
Relationship with the Com	Nature of outstanding balances	Rupees in '000	
Subsidiary companies	Long term investment	3,521,206	3,521,206
	Corporate guarantee issued in favour of subsidiary company	1,030,606	925,285
	Trade and other payables	114,368	8,161
	Trade debts	9,197,414	1,143,008
Associated companies and others related parties	Deposit with banks	56,474	52,393
	Borrowings from Banks	1,701,704	975,464
	Bank guarantee	1,102,162	1,102,162
	Trade and other payables	49,300	29,385
	Advance to supplier	5,470	779,381
	Trade debts	1,390	3,681
	Accrued mark-up	30,709	752
	Loans to key management personnel & executive	175,292	137,249
	Payable to employee's provident fund	25,743	31,942

There are no transactions with directors of the Company and key management personnel other than under the terms of employment for the period ending December 31, 2021 amounting to Rs. 715.9 million (2020: Rs.1,044 million) on account of remuneration.

14 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- 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 are unobservable inputs for the asset or liability inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities of the Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments represent the investment in unquoted shares of subsidiary companies carried at cost and investment in Term Finance Certificates carried at amortized cost. The Company does not expect that unobservable inputs may have significant effect on fair values.

15 CORRESPONDING FIGURES

15.1 The corresponding figures as at June 30, 2021 as presented in the condensed interim un consolidated statement of financial position are the revised figures after incorporating the effect of scheme of arrangement in the figures reported in the annual audited financial statements for the year ended June 30, 2021. .

15.2 For more appropriate presentation and comparison, certain re-classification have been made in the corresponding figures as follows ;

Reclassification from component	Reclassification to component	Amount Rs '000
Distribution	Administration	222,790
Administrative cost	Cost of goods sold	5,721
Other	Other expenses	54,200

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on 24th February 2022 by the Board of Directors of the Company.

17 GENERAL

17.1 Allocations for the workers' profit participation fund, workers' welfare fund and provision for taxation including deferred tax are provisional and final liability will be determined on the basis of annual results.

17.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Finance Officer



Textile Mills Limited

Consolidated Accounts
Consolidated Condensed Interim Financial Information
For the Half Year Ended December 31, 2021

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Financial Position
As at December 31, 2021

		Un-Audited December 2021	Re-stated Audited June 2021
	Note	Rupees in '000	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 750,000,000 ordinary shares of Rs.10 each		7,500,000	7,500,000
Issued, subscribed and paid-up capital 616,716,230 ordinary shares of Rs. 10 each		6,167,162	5,311,573
Reserves		28,302,005	25,365,942
Equity attributable to the owners of the Holding Company		34,469,167	30,677,515
Non-controlling interest		-	-
Total equity		34,469,167	30,677,515
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	19,580,728	18,571,409
Loan from director		410	410
Lease liability against right of use assets	6	3,200,054	3,279,224
Provision for Gas Infrastructure Development Cess		1,083,768	1,325,299
Deferred liabilities			
Deferred taxation		367,644	-
Deferred government grant		147,844	142,003
Staff gratuity		169,228	157,347
		684,716	299,350
CURRENT LIABILITIES			
Trade and other payables		23,950,551	21,612,074
Accrued mark-up/profit		413,655	341,473
Short term borrowings		28,284,035	29,162,163
Current maturity of long term financing	5	2,681,925	2,500,941
Current maturity of lease liability against right-of-use asset	6	654,995	568,220
Current maturity of deferred income - government grant		92,023	108,416
Unclaimed dividend		297,613	297,702
Unpaid dividend		7,320	23,505
Provision for taxation		472,356	236,593
		56,854,473	54,851,087
CONTINGENCIES AND COMMITMENTS			
	8	115,873,316	109,004,294
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	45,603,670	42,490,276
Right of use Assets	10	3,202,155	3,302,289
Intangible assets	11	192,994	210,497
Long Term investment	12	2,403,649	2,403,491
Long term loans and advances		120,830	83,057
Long term deposits		333,656	296,145
Deferred taxation		377,088	43,633
		52,234,042	48,829,388
CURRENT ASSETS			
Stores and spares		1,007,713	991,844
Stock-in-trade		35,636,331	31,567,468
Trade debts		20,161,991	18,653,526
Loans, advances and other receivables		1,382,546	3,726,994
Short term prepayments		192,330	167,726
Receivable from Government		3,901,779	4,087,419
Taxation - net		-	-
Cash and bank balances	14	1,356,584	979,929
		63,639,274	60,174,906
		115,873,316	109,004,294

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Profit or Loss
For the Half Year Ended December 31, 2021

	Note	Un-Audited			
		Half Year Ended		Quarter Ended	
		July to December 2021	July to December 2020	October to December 2021	October to December 2020
		-----Rupees in '000-----			
Sales - net		56,764,536	42,634,074	32,118,279	22,311,524
Cost of sales		44,784,441	34,785,711	25,180,144	18,159,682
Gross profit		11,980,095	7,848,363	6,938,135	4,151,842
Distribution cost		3,515,771	2,787,733	1,826,023	1,675,273
Administrative cost		1,976,471	1,464,506	1,183,127	709,517
Other operating cost		603,928	385,375	401,039	275,866
		6,096,170	4,637,614	3,410,189	2,660,656
		5,883,925	3,210,749	3,527,946	1,491,186
Other income	13	220,749	475,615	125,473	663,759
Operating profit		6,104,674	3,686,364	3,653,419	2,154,945
Finance cost		1,384,490	1,159,696	715,673	568,394
Profit before taxation		4,720,184	2,526,668	2,937,746	1,586,551
Taxation					
- Current	15	918,514	481,752	493,518	260,452
- Deferred		70,828	158,929	70,828	137,270
		989,342	640,681	564,346	397,722
Profit after taxation		3,730,842	1,885,987	2,373,400	1,188,829
Attributable to:					
Equity holders of Parent Company		3,730,842	1,881,102	2,378,285	1,186,230
Non-controlling interest holders		-	4,885	(4,885)	2,599
		3,730,842	1,885,987	2,373,400	1,188,829
Earning per share - basic and diluted (Rs.)		6.05	Re-stated 3.06	Re-stated 3.85	Re-stated 1.93

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Changes in Equity
For the Half Year Ended December 31, 2021

For the Half Year Ended December 31, 2021										
	Share capital	Reserves						Total equity attributable to the owners of Holding Company	Non-Controlling Interest	Total
		Capital reserve		Revenue reserve						
		Share Premium	Reserve on merger	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary	Unappropriated profit			
-----Rupees '000-----										
Balance as at June 30, 2020 (Audited)	4,277,946	692,424		-	362,728	19,827	9,091,217	10,166,196	1,883,317	16,327,459
Transfer to unappropriated profit	-	-		-	-	-	-	-		-
Transaction with owners										
Final dividend for the year ended June 30, 2020	-	-		-	-	-	-	-	-	-
Issuance of bonus shares								-	-	-
Total comprehensive income for the half year ended December 31, 2020 (un-audited)										
Profit after taxation	-	-		-	-	-	1,881,102	1,881,102	4,885	1,885,987
Other comprehensive loss	-	-		-	(136,423)	-	-	(136,423)		(136,423)
	-	-		-	(136,423)	-	1,881,102	1,744,679	4,885	1,749,564
Balance as at December 31, 2020 (Un-Audited)	4,277,946	692,424		-	226,305	19,827	10,972,319	11,910,875	1,888,202	18,077,023
Transaction with owners										
Interim dividend for nine months ended 30 March, 2021	-	-		-	-	-	(427,795)	(427,795)	-	(427,795)
Issuance of bonus shares	-	-		-	-	-	-	-	-	-
	-	-		-	-	-	(427,795)	(427,795)	-	(427,795)
Elimination on merger	-	-		-	-	-		-	(1,888,202)	(1,888,202)
Share capital issued on reconstruction scheme	1,033,627.00							-		1,033,627
Reserve on merger			10,469,088.00					10,469,088		10,469,088
Total comprehensive income / (loss) for the period January 01, 2021 to June 30, 2021										
Profit after taxation	-	-		-	-	-	3,395,822	3,395,822		3,395,822
Other comprehensive income	-	-		-	337	-	17,615	17,952		17,952
	-	-		-	337	-	3,413,437	3,413,774		3,413,774
Balance as at June 30, 2021	5,311,573	692,424	10,469,088	-	226,642	19,827	13,957,961	25,365,942	-	30,677,515
Transactions with owners										
20% Bonus shares issued	855,589	(692,424)					(163,165)	(855,589)		-
	-	-		-	-	-	-	-		-
Total comprehensive income for the half year ended December 31, 2021 (un-audited)										
								-		-
Profit after taxation	-	-		-	-	-	3,730,842	3,730,842	-	3,730,842
Other comprehensive Income	-	-		-	60,810	-	-	60,810	-	60,810
	-	-		-	60,810	-	3,730,842	3,791,652		3,791,652
Balance as at December 31, 2021 (un-audited)	6,167,162	-	10,469,088	-	287,452	19,827	17,525,638	28,302,005	-	34,469,167

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Comprehensive Income
For the Half Year Ended December 31, 2021

	Un-Audited			
	Half Year Ended		Quarter Ended	
	July to	July to	October to	October to
	December	December	December	December
	2021	2020	2021	2020
	-----Rupees in '000-----			
Profit after taxation	3,730,842	1,885,987	2,373,400	1,188,829
Other comprehensive income for the period				
Items that will be reclassified to profit and loss account subsequently	-	-		
Exchange difference on translation of foreign subsidiaries	60,810	(136,423)	197,233	(47,923)
Total comprehensive income	3,791,652	1,749,564	2,570,633	1,140,906
Attributable to:				
Equity holders of Parent Company	3,791,652	-	2,570,633	-
Non-controlling interest holders	-	-	-	-
	3,791,652	-	2,570,633	-

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Half Year Ended December 31, 2021

	Un-Audited	
	Half Year Ended	
Note	July to December 2021	July to December 2020
	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,720,184	2,526,668
Adjustments for:		
Depreciation on property, plant and equipment	1,626,584	1,292,242
Depreciation on right-of-use assets	376,775	323,368
Amortisation	18,533	17,935
Provision for gratuity		41,091
Finance cost	1,087,713	991,993
Interest on lease liability against right-of-use asset	206,584	167,703
Provision for slow moving/obsolete stores spares and loose tools	11,579	12,575
Finance cost on Government Infrastructure Development Cess (GIDC)	90,193	-
Expected credit losses against doubtful trade debts	30,847	48,610
Gain on remeasurement of provision for GIDC	-	-
Gain on disposal of property, plant and equipment	-	45,232
Derecognition / Adjustment	(9,845)	
Loss on disposal of property, plant and equipment	150,039	(54,200)
Property, plant and equipment scrapped / written off	-	24,343
	3,589,002	2,910,892
Cash flows from operating activities before adjustments of working capital	8,309,186	5,437,560
Changes in working capital:		
Increase/(decrease) in current assets		
Stores and spares	(27,448)	(270,736)
Stock-in-trade	(4,068,863)	2,361,941
Trade debts	(1,539,312)	(3,234,736)
Loans, advances and other receivables	2,344,448	(1,624,773)
Short term prepayments	(24,604)	102,845
Refunds due from Government	185,640	189,290
	(3,130,139)	(2,476,169)
Increase in current liabilities		
Trade and other payables	2,006,753	587,669
	(1,123,386)	(1,888,500)
Cash generated from operations before adjustment of following	7,185,800	3,549,060
Adjustment for:		
Gratuity paid	11,881	(34,452)
Finance cost paid	(1,015,437)	(1,085,465)
Income tax paid or deducted	(935,507)	(383,623)
(Increase)/Decrease in long term loans and advances	(37,773)	(39,853)
Decrease/(Increase) in long term deposits	(37,511)	112,609
	(2,014,347)	(1,430,784)
Net Cash generated from Operating activities	5,171,453	2,118,276
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(4,887,171)	(5,828,622)
Addition to intangible assets	(1,030)	-
Proceeds from sale of property, plant and equipment		133,658
Merger effects	213,176	
Long term investments made during the period	(158,00)	-
Net cash used in investing activities	(4,675,183)	(5,694,964)
Balance carried forward	496,270	(3,576,688)

Gul Ahmed Textile Mills Limited
Condensed Interim Consolidated
Statement of Cash Flows
For the Half Year Ended December 31, 2021

	Un-Audited	
	Half Year Ended	
	July to	July to
	December	December
Note	2021	2020
	-----Rupees in '000-----	
Balance brought forward	496,270	(3,576,688)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	1,179,751	5,422,592
Long term financing repaid		(6,454)
Payments against lease liability against right of use asset	(465,774)	(400,189)
Dividend paid	(16,274)	(76)
Net cash generated from/(used in) financing activities	697,703	5,015,873
Exchange difference on translation of foreign subsidiaries	60,810	(136,423)
Net decrease in cash and cash equivalents	1,254,783	1,302,762
Cash and cash equivalents - at the beginning of the period	(28,182,234)	(25,222,229)
Cash and cash equivalents - at the end of the period	14 (26,927,451)	(23,919,467)

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer

Gul Ahmed Textile Mills Limited
Notes to the Condensed Interim Consolidated
Financial Statements (Un-audited)
For the Half Year Ended December 31, 2021

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Group ("the Group") comprises the following:

- Gul Ahmed Textile Mills Limited
- Gul Ahmed International Limited (FZC) - UAE
- GTM (Europe) Limited - UK
- GTM USA Corp. - USA
- Sky Home Corp. - USA
- Vantona Home Limited
- JCCO 406 Limited
- Ideas (Pvt) limited

Gul Ahmed Textile Mills Limited (The Holding Company) was incorporated on 1st April 1953 in Pakistan as a private limited company, converted into public limited company on 7th January 1955 and was listed on Karachi and Lahore Stock Exchanges in 1970 and 1971 respectively. The Holding Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

The Holding Company's registered office is situated at Plot No. 82, Main National Highway, Landhi, Karachi.

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp., Sky Home Corp., Vantona Home Ltd. and JCCO 406 Ltd. are wholly owned subsidiaries of GTM (Europe) Limited.

The Group is a subsidiary of Gul Ahmed Holdings (Private) Limited and owns 66.78% shares of the Group.

1.2 Basis of consolidation

The financial information include the financial information of the Group.

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies over the subsidiary and is excluded from consolidation from the date of disposal or cessation of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

The assets and liabilities of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of investment held by the Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

Details of Subsidiaries

<u>Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>%of Holding</u>
Gul Ahmed International Limited FZC	December 11, 2002	U.A.E	100%
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	U.K	100%
GTM USA - Indirect subsidiary	December 19, 2012	U.S.A	100%
Sky Home- Indirect Subsidiary	February 28, 2017	U.S.A	100%
Vantona Home Limited-Indirect Subsidiary	April 22, 2013	U.K	100%
JCCO 406 Limited-Indirect Subsidiary	September 29, 2017	U.K	100%
Ideas (Pvt) limited	December 27,2004 (Became subsidiary on Jan 01, 2021)	Pakistan	100%

All subsidiaries are engaged in distribution/trading of textile related products while ideas also carries out production of finished goods .

1.3 Addresses of all lands owned by the Group are as follows;

Area	Address
25.07 Acres	Plot No. HT-4, Landhi Industrial Area, Landhi, Karachi
14.9 Acres	Survey No. 82, Deh Landhi, Karachi
18.56 Acres	Plot No. H-7, Landhi Industrial Area, Landhi, Karachi
44.04 acres	P.U. No. 48, 49, 50, & 51, Deh Khjanto Tapo Landhi, Karachi
4.17 acres	Plot No. H-19 Landhi Industrial Area, Landhi Karachi
4,023.16 Sq. yards	Plot No. H-19/1, Landhi Industrial Area, Landhi , Karachi
6.83 acres	Plot 368, 369 & 446, Deh Landhi, Karachi
12 acres	Plot- HT 3/A, Landhi, Karachi
51.1 Acre	Plot No. H-5 and HT-6, Landhi Industrial Area, Karachi
2 Kanals and 19 Marlas	24-A, C-III, Gulberg, Lahore
9,677 sq. yards	Plot No. 65/1, Deh Dih, Tapo Ibrahim Hyderi, Karachi

1.4 Geographical locations and addresses of all factory building on rented premises are as follows;

Address
 Plot ST-17/1 and ST-17/3, Federal 'B' Area, Azizabad, Karachi.
 Plot# HT/8,KDA Scheme 3, Landhi Industrial area, Karachi.
 Plot W2/1-14,Western industrial zone, Port Qasim, Karachi
 295 5th ave, suit 702, NewYork - NY - 10016
 Grane Road Mill, Grane Road, Haslingden, BB4 5ES

1.5 As at December 31, 2021, the Group has 64 retail outlets, 30 fabric stores, 3 fair price shops, 4 whole sale shops and 6 franchises (June-2021:64 retail outlets, 29 fabric stores, 2 fair price shops, 5 whole sale shops and 6 franchises).

2 SCHEME OF ARRANGEMENT FOR THE REORGANIZATION / RE-ARRANGEMENT OF THE ASSETS, LIABILITIES, OBLIGATIONS AND UNDERTAKINGS

The Scheme of Arrangement dated May 5, 2021 involving the Gul Ahmed Textile Mills Limited (the Company), Ideas (Private) Limited (Ideas), Worldwide Developers (Private) Limited (WWDL), Grand Industries (Private) Limited (Grand) and Ghafooria Industries (Private) Limited (Ghafooria) has been sanctioned by honorable High Court of Sindh through order dated 29th October 2021. According to the Scheme with effect from the start of business on January 1, 2021 (the "Effective Date"),

- i) Retail Segment of the Company stands de merged from the company and has been amalgamated with and into Ideas, accordingly net assets of the retail segment aggregating to Rs. 1,133 million stands transferred to and vested in Ideas against which 113,279,100 ordinary shares of Rs 10 each of Ideas have been issued to the Company, and Ideas has become the wholly owned subsidiary of the Company after cancellation of existing share capital of Ideas.
- ii) The entire undertaking of WWDL, a subsidiary company, stands merged with and into the Company and in consideration thereof the Company has issued 29,838,102 ordinary shares of Rs 10 each in favour of the other shareholders of WWDL (other than the Company). Furthermore, as part of the arrangement, the loans provided to WWDL by its Directors stands adjusted / settled against the issuance of 4,733,350 shares of the Company to the said directors of WWDL;
- iii) One of the business / undertaking of Grand comprising certain immovable properties valued at Rs. 1,500 million stands merged with and into the Company against which the Company has issued 15,823,087 shares to Grand. Further, a business undertaking constituting certain immovable properties of Grand valued at Rs. 2,329,965 million has been merged with and into Ideas against which the Company has issued 24,578,160 shares to Grand and Ideas will issue bonus shares to the Company at later stage hence the value of the investment in Ideas is adjusted accordingly;
- iv) One of the business / undertaking of Ghafooria comprising an immovable property valued at Rs. 1,058 million stands merged with and into the Company against which the Company has issued 11,162,850 shares Ghafooria; and,

The valuation of the business / undertakings, properties and assets etc and swap ratios for issuance of shares, as mentioned above, are based on the reports of Independent Valuers and Consultant, i.e., Joseph Lobo (Private) Limited, Iqbal. A. Nanjee & Co (Private) Limited and A.F Ferguson & Co which are made part of the Scheme.

The amalgamation is a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The assets and liabilities acquired or transferred by the Company has been accounted for in the books at the values used to determine the swap ratios for issuing Company shares as mentioned in the Scheme. The difference in value of the net assets acquired and shares issued has been carried in the equity under the head "Amalgamation reserve". Consequently, corresponding figures of condensed interim statements of financial position as at June 30, 2021 are clubbed to include assets and liabilities acquired / transferred under the Scheme.

The summary of the net assets acquired / transferred as at January 01, 2021 , shares issued there against and computation of amalgamation reserve is as follows;

as follows,

As at effective date of scheme i.e , January 01, 2021					
WWDL	Grand	Ghafooria	Ideas	Total	
----- (Rupees '000') -----					
Assets acquired / (transferred)					
Property, plant and equipment	6,688,483	1,500,000	1,058,218	(1,976,915)	7,269,786
Right -of- use assets	-	-	-	(2,492,179)	(2,492,179)
Stock -in-trade	-	-	-	(6,005,005)	(6,005,005)
Receivable from Ideas Private Ltd	-	-	-	6,559,272	6,559,272
Cash and bank balances	1,290	-	-	(292,167)	(290,877)
Other assets	7,131	-	-	(1,384,317)	(1,377,186)
	6,696,904	1,500,000	1,058,218	(5,591,311)	3,663,811
Less: liabilities assumed / (transferred)					
Lease liability against right-of-use assets	-	-	-	(2,870,157)	(2,870,157)
Trade and other payables	399	-	-	(1,492,420)	(1,492,021)
Other liabilities	4,002	-	-	(95,943)	(91,941)
	4,401	-	-	(4,458,520)	(4,454,119)
Net assets acquired	6,692,503	1,500,000	1,058,218	(1,132,791)	8,117,930
Shares issued pursuant to the Scheme					
Shares issued to WWDL's shareholders /Grand / Ghafooria	(298,381)	(404,012)	(111,629)	-	(814,022)
Shares issued to Directors of WWDL	(47,334)	-	-	-	(47,334)
Impact of bonus shares allotted subsequently	(69,143)	(80,802)	(22,326)	-	(172,271)
	(414,857)	(484,815)	(133,954)	-	(1,033,627)
Value of investment in share issued by Ideas to GTML	-	-	-	3,462,756	3,462,756
Investment in WWDL eliminated	(2,295,000)	-	-	-	(2,295,000)
	3,982,646	1,015,185	924,264	2,329,965	8,252,059

3 BASIS OF PREPARATION

The condensed interim consolidated financial information comprise the consolidated statement of Financial Position of Gul Ahmed Textile Mills Limited, its direct subsidiary Worldwide Developers (Pvt.) Limited and its wholly owned subsidiary company Gul Ahmed International Limited (FZC), GTM (Europe) Limited which is the wholly owned subsidiary of Gul Ahmed International Limited (FZC), GTM USA Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Sky Home Corporation which is the wholly owned subsidiary of GTM (Europe) Limited, Vantona Home Limited which is the wholly owned subsidiary of GTM (Europe) Limited and JCCO 406 Limited which is the wholly owned subsidiary of GTM (Europe) Limited as at December 31, 2021 and the related consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof for the period then ended. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

These condensed interim consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements comprise of the condensed interim consolidated statement of Financial Position as at December 31, 2021 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months ended December 31, 2021.

The comparative statement of Financial Position, presented in these condensed interim consolidated financial statements, as at June 30, 2020 has been extracted from the audited financial statements of the Group for the year ended June 30, 2020 whereas the comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity for the nine months ended December 31, 2021 have been extracted from the condensed interim consolidated financial statements of the Group for the nine months ended December 31, 2020.

These condensed interim consolidated financial statements do not include all the information required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2020.

3.1 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the nine months ended December 31, 2021

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2021; however, these do not have any significant impact on these unconsolidated condensed interim financial statements.

(b) Standards, Interpretations and Amendments not yet effective

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on January 1, 2021 and are not likely to have an material impact on the unconsolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim un-consolidated financial statements requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2021.

The Group'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, 2021.

5 LONG TERM FINANCING - SECURED

Opening balance
Add: Long term finance obtained during the period / year
Less: Fair value differential - Government grant
Add: Unwinding of interest
Less: Repaid during the period / year

Less: Current portion shown under current liabilities

Un-Audited December 2021	Audited June 2021
-----Rupees in '000-----	
21,072,350	13,865,713
2,344,372	7,616,487
(54,398)	
121,091	
(1,220,762)	(409,850)
22,262,653	21,072,350
(2,681,925)	(2,500,941)
19,580,728	18,571,409

6 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Present value of lease payments as at July 01, 2020
Less: Prepayments as at July 01, 2020

Additions
Accretion of interest
Derecognition / Adjustment
Payments
As at December 31, 2021
Less: Current portion shown under current liabilities

Un-Audited December 2021	Audited June 2021
-----Rupees in '000-----	
3,847,443	2,610,061
-	-
3,847,443	2,610,061
393,555	1,709,294
206,584	350,438
(126,759)	(8,392)
(465,774)	(813,958)
3,855,049	3,847,443
654,995	411,526
3,200,054	3,435,917

6.1 Lease liabilities are payable as follows

Less than one year
Between one and 5 years
More than five years

Minimum Lease payments	Interest	Present value of minimum lease payments
-----Rs. 000s-----		
996,637	338,504	658,133
2,909,146	770,202	2,138,944
1,374,868	316,896	1,057,972
5,280,651	1,425,602	3,855,049

7 TRADE AND OTHER PAYABLES

- a) In the matter of charging of captive power tariff instead of Industry tariff rate, wherein there is no change in its status as disclosed in note 11.1.3 of the consolidated financial statements for the year ended June 30, 2020 except that the Government has filed an appeal in the Honorable High Court and Holding Company has appointed a legal counsel therefore.

8 CONTINGENCIES AND COMMITMENTS

Contingencies

The status of contingencies, as reported in the annual financial statements for the year ended June 30, 2021 remained unchanged during the current period except increase in amount for provisions required.

Guarantees

- (a) Guarantees of Rs. 1,792 million (June-2021: Rs. 1,526 million) has been issued by banks on behalf of the company which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by Associated Company amounting to Rs. 1,102 million (June-2021: Rs. 1,102 million).
- (b) Post dated cheques of Rs. 4,078 million (June-2021: Rs. 3,725 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 7,868 million (June-2021: Rs.4,885 million), including bills discounted from Associated Company amounting to Rs. 1,935 million (June-2021:Rs. 5,945 million).
- (d) Corporate guarantee of Rs 160.5 million (June-2021: Rs. 149.1 million) Rs.710.3 million (June-2021: 633.6 million) and Rs. 159.7 million (June-2021: 142.4 million) have been issued to various banks in favor of subsidiary companies - GTM (Europe) Limited - UK, Gul Ahmed International FZC- UAE and Skv Home Corporation- USA respectively.

Commitments

- (a) The Group is committed for capital expenditure as at June 30, 2021 of Rs. 4,872 million (June-2021: Rs. 5,312.5 million).

9 PROPERTY, PLANT AND EQUIPMENT

Note	Un-Audited December 2021	Audited June 2021
	Rupees in '000	
Operating fixed assets	39,392,581	34,035,591
Capital work in progress (CWIP)	6,211,089	6,166,218
	45,603,670	40,201,809

9.1 Additions during the period

Note	Un-Audited Half year ended December 2021	Half year ended December 2020
	Rupees in '000	
Land	-	-
Buildings and structures on leasehold land	1,156,724	747,691
Plant and machinery	3,272,512	1,810,966
Furniture and fixtures	50,785	14,826
Office equipment	278,599	53,774
Vehicles	96,256	15,495
	4,854,876	2,642,752

- 8.1.1 Additions to building and structure on leasehold land, plant and machinery and office equipment include transfers from capital work-in-progress amounting to Rs.71 million, Rs. 2,091 million and Rs.Nil million (Dec-2020: Rs. 668 million, Rs. 1,137 million, and Rs.41.3 million) respectively.

9.2 Disposals - operating fixed assets (at net book value)

	Un-Audited Half year ended December 2021	Half year ended December 2020
Plant and machinery	256,832	143,647
Vehicles	22,031	5,390
	278,862	149,037

	Note	Un-Audited	
		Half year ended December 2021	Half year ended December 2020
		Rupees in '000	
9.3 Depreciation charge during the period		1,626,584	1,292,242
9.4 Additions - capital work in progress (at cost)			
Machinery		1,020,515	4,232,495
Building		1,431,916	777,698
Others		-	27,135
		2,452,431	5,037,328
		Un-Audited	Audited
		December	June
		2021	2021
		Rupees in '000	
10 RIGHT OF USE ASSETS			
Recognition as at July 01,2020		3,302,289	2,323,849
Additions		393,555	1,709,294
Derecognition / Adjustment		(116,914)	(32,024)
Depreciation expense		(376,775)	(698,257)
Foreign currency retranslation difference		-	(573)
Net book value as at December 31, 2021		3,202,155	3,302,289
Gross carrying amount as at December 31, 2021			
Cost		4,074,223	4,651,388
Accumulated Depreciation		(872,040)	(1,349,071)
Foreign currency retranslation difference		(28)	(28)
		3,202,155	3,302,289
11 INTANGIBLE ASSETS			
Intangible - net book value	11.1 & 11.2	192,994	210,497
		192,994	210,497
		Un-Audited	Audited
		Half year ended	Half year ended
		December	December
		2021	2020
		Rupees in '000	
11.1 Additions - intangibles (at cost)			
Computer Software		1,030	-
11.2 Amortisation charge during the period		18,533	17,935
12 LONG TERM INVESTMENT			
		Un-Audited	Audited
		December	June
		2021	2021
		Rupees in '000	
Investment in Ideas (Pvt) Limited		2,329,965	0
Investment in mutual funds		3,526	-
Investment in Term Finance Certificate		70,000	70,000
		2,403,491	70,000
13 OTHER INCOME			
This includes Rs. 240.9 million on re-measurement of contingent liability of Gas Infrastructure Development Cess.			
		Un-Audited	Audited
		December	December
		2021	2020
		Rupees in '000	
14 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprises of:			
Cash and bank balances		1,356,584	818,220
Short term borrowings		(28,284,035)	(24,737,687)
		(26,927,451)	(23,919,467)
15 TAXATION			
Provision for current taxation has been made on the basis of normal tax liability, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001.			

16 SEGMENT INFORMATION

The Group's Operations have been divided in four segments based on the nature of process and internal reporting. Following are the four reportable business segments:

- a) **Spinning :** Production of different qualities of yarn using both natural and artificial fibers.
b) **Weaving:** Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced at right angles to form a fabric.
c) **Retail and Distribution:** On the retail front, Ideas by Gul Ahmed offers fabrics and made-ups, ranging from home accessories to clothing.
d) **Processing, Home Textile and** Processing of greige fabric into various types of finished fabrics for sale as well as to manufacture and sale of made-ups and home textile products.
e) **Subsidiary Companies.:** All subsidiaries are engaged in distribution/trading of textile related products except for worldwide Developers (Pvt) Limited which was incorporated to carry on real estate business and currently it has rented out certain portion of its property to the Company for warehousing purpose.

Transactions among the business segments are recorded at cost.

16.1 Segment profitability

Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total	
Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020
Rupees '000																											
20,568,298	10,621,944	2,701,421	2,066,099	-	-	32,829,635	28,743,489	13,771,262	11,094,069	303,482	122,562	1,934,061	1,182,440	-	-	163,822	128,365	-	-	726,272	802,714	-	-	(16,233,717)	(11,999,243)	56,764,536	42,634,074
14,387,019	9,243,589	2,283,700	1,725,171	-	-	31,656,131	25,885,590	9,994,336	8,087,737	259,602	113,309	1,760,791	1,122,432	-	-	113,954	90,922	-	-	564,532	770,319	-	-	(16,155,624)	(12,162,437)	44,784,441	34,785,711
6,181,279	1,378,355	497,721	340,927	-	-	1,173,504	2,857,899	3,776,926	3,006,331	43,880	9,253	173,270	60,008	-	-	49,868	37,443	-	-	161,740	32,395	-	-	(78,093)	163,194	11,980,095	7,848,363
174,154	117,550	62,048	104,059	-	-	1,797,443	1,530,886	3,193,492	2,317,107	21,926	24,382	102,366	58,152	-	-	34,034	26,667	106	1,584	112,760	85,685	-	2,280	(6,087)	(16,113)	5,492,242	4,252,239
6,007,125	1,260,805	435,673	236,869	-	-	(623,939)	1,327,013	689,224	21,954	(15,129)	70,904	1,856	-	-	15,834	10,776	(106)	(1,584)	48,980	(53,290)	-	(2,280)	(72,006)	179,307	6,487,853	3,596,124	
																										603,928	385,375
																										(220,749)	(475,615)
																										1,384,490	1,159,696
																										1,767,669	1,069,456
																										4,720,184	2,526,668
																										989,342	640,681
																										3,730,842	1,885,987

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Elimination Of Inter Segment Transactions		Total	
	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020	Dec-2021	Dec-2020
	Rupees '000																											
Depreciation and Amortisation Expense	541,107	489,656	230,055	169,819	-	-	637,823	436,471	604,498	530,142	2,866	3,180	1,221	252	-	-	3,591	3,325	-	-	731	700	-	-	-	-	2,021,892	1,633,545

16.2 Segment assets and liabilities

	Spinning		Weaving		Retail and Distribution		Processing, Home Textile and Apparel		Ideas (Private) Limited		Gul Ahmed International Limited (FZC)-UAE		GTM (Europe) Limited - UK		JCCO 406 Ltd.		Vantona Home Ltd.		GTM USA Corp.		SKY Home Corporation		Worldwide Developers (Private) Limited		Unallocated		Total Group	
	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021	Un-Audited Dec-2021	Audited June - 2021
	Rupees '000																											
Assets	22,940,895	23,565,307	5,357,779	4,831,057	-	-	44,495,324	48,635,043	17,442,501	9,347,774	520,075	477,409	2,569,479	1,067,616	22	76,525	438,490	383,998	3,113	816	726,388	507,132	-	4,417,144	24,693,200	19,431,278	119,187,265	112,741,099
Elimination of intragroup balances																											(3,313,980)	(3,736,805)
																											115,873,316	109,004,294
Liabilities	12,373,086	10,418,058	4,764,759	4,578,826	-	-	16,691,455	11,729,605	13,102,786	6,405,038	15,565	47,290	2,130,877	1,327,259	-	-	816,953	109,668	11,523	13,333	1,203,962	428,544	-	453,754	32,389,894	49,550,622	83,500,861	78,656,959
Elimination of intragroup balances																											(2,097,122)	(1,655,889)
																											81,403,739	77,001,070
Segment Capital Expenditure	1,205,318	4,153,188	216,624	1,416,276	-	-	2,270,589	3,546,692	245,116	281,167	-	606	10,801	2,733	-	-	-	-	-	-	-	-	-	-	709,960	6,904,209	4,413,292	16,023,704

16.3 Unallocated items represent those assets and liabilities which are common to all segments and these include long term deposits, other receivables, deferred liabilities, certain common borrowing and other corporate assets and liabilities.

16.4 Based on judgement made by management, Processing, Home Textile and Apparel segments have been aggregated into single operating segment as the segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

16.5 Information about major customer

Revenue from major customer whose revenue exceeds 10% of gross sales is Rs.7,167 million (December-2020: Rs. 7,172 million).

16.6 Information by geographical area

	Revenue		Non-current assets	
	For the half year ended (Un-audited)		Un-Audited	Audited
	Dec - 2021	Dec - 2020	Dec - 2021	Dec - 2020
-----Rupees in '000-----				
Pakistan	31,938,742	18,128,657	52,081,652	48,595,094
Germany	6,656,572	9,367,191	-	-
United States	6,303,631	4,873,859	5,089	5,427
Netherlands	1,344,662	2,212,549	-	-
Italy	1,085,977	551,916	-	-
United Kingdom	2,715,433	1,301,910	119,283	201,794
Spain	455,541	350,697	-	-
France	-	1,997,568	-	-
Sweden	855,264	720,865	-	-
China	262,748	285,916	-	-
United Arab Emirates	498,254	116,101	28,018	27,073
Other Countries	4,647,712	2,726,845	-	-
Total	56,764,536	42,634,074	52,234,042	48,829,388

17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise subsidiaries, associated companies, companies where directors also hold directorship, directors of the Group and key management personnel. The Group in the normal course of business carried out transaction with various related parties.

Relationship with the Group	Nature of transactions	Un-Audited	
		Dec - 2021	Dec - 2020
		Rupees in '000	
Associated Companies and other related parties	Purchase of goods	23,500	240
	Sale of goods	-	-
	Sale of services rendered	611	1,051
	Sale of fixed assets	-	2,202
	Gain on disposal of fixed assets	-	183
	Rent paid	480	21,557
	Fees paid	2,000	2,250
	Donation paid	-	4,000
	Bills discounted	7,987,649	5,945,004
	Markup and other bank charges	103,221	60,066
	Holding Company's contribution to provident fund	129,847	109,104
	Dividend paid	17,516	-
Relationship with the Group	Nature of outstanding balances	Un-Audited	Audited
		Dec - 2021	Jun - 2021
		Rupees in '000	
Associated companies and others related parties	Deposit with banks	56,474	52,393
	Borrowings from Banks	1,701,704	975,464
	Bank guarantee	1,102,612	1,102,162
	Trade and other payables	49,300	29,385
	Advance to supplier	5,470	779,381
	Trade debts	1,390	3,681
	Accrued mark-up	30,709	752
	Loans to key management personnel & executive	175,292	137,249
	Payable to Holding Company's employee's provident fund	25,743	31,942

There are no transactions with directors of the Holding Company and key management personnel other than under the terms of employment for the period ending December 31, 2021 amounting to Rs. 715.9 million (2020: Rs.1,044 million) on account of remuneration.

18 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Holding Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- 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 are unobservable inputs for the asset or liability inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities of the Holding Company are either short term in nature or are repriced periodically therefore; their carrying amounts approximate their fair values.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Holding Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at year end the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. Long term investments in subsidiaries represent the investment in unquoted shares of companies carried at cost. The Holding Company does not expect that unobservable inputs may have significant effect on fair values.

19 CORRESPONDING FIGURES

For better presentation and due to revisions in the Companies Act 2017, certain re-classification have been made in the corresponding figures including following;

Reclassification from component	Reclassification to component	Amount Rs '000
Distribution	Administration	222,790
Administrative cost	Cost of goods sold	5,721
Other income	Other expenses	54,200

20 DATE OF AUTHORISATION

These financial statements were authorised for issue on 24th February 2022 by the Board of Directors of the Group.

21 GENERAL

- 21.1 Allocations for the workers' profit participation fund, workers' welfare fund and taxation are provisional and final liability including liability for deferred taxation will be determined on the basis of annual results.
- 21.2 Figures have been rounded off to the nearest thousand rupees.

MOHOMED BASHIR
Chairman

MOHAMMED ZAKI BASHIR
Chief Executive Officer

ABDUL ALEEM
Chief Financial Officer