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COMPANY PROFILE

Board of Directors	:	Muhammad Yunus Tabba (Chairman) Muhammad Sohail Tabba (Chief Executive) Muhammad Ali Tabba Javed Yunus Tabba Ms. Marium Razzak Ilyas Ismail Mrs. Neelofar Hameed (NIT Nominee)
Chief Financial Officer & Company Secretary	:	Abdul Sattar Abdullah
Audit Committee	:	Muhammad Ali Tabba Javed Yunus Tabba Ilyas Ismail
Auditors	:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Registered Office/Factory	:	200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, NWFP. Phone No. :0938-270212-13 Fax No. :0938-270311 E-mail Address :secretary@gtmlfactory.com
Liaison Office	:	APTMA House, Tehkal Payan, Jamrud Road, Peshawar. Phone No. :091-5701496 Fax No. :091-840273 E-mail Address: secretary@gadoontextile.com
Karachi Office	:	6-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350. Phone No. :021-34397701-03 Fax No. :021-34382436, 34536229 E-mail Address: secretary@gadoonho.com
Share Registrar	:	Central Depository Company of Pakistan Ltd CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi Ph # 021-111-111-500 Fax # 021-34326027 Email Address: info@cdcpak.com
Bankers	:	Bank Al Habib Limited Bank Alfalah Limited (Islamic Banking) Barclays Bank PLC, Pakistan Citibank N.A. Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan United Bank Limited



DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to place before you the financial statements of the Company for the Third Quarter and Nine Months ended on March 31, 2010.

Financial Results:

The salient features are given below:

	Nine Months Ended		Favourable/ (Unfavourable) %	Quarter Ended		Favourable/ (Unfavourable) %
	31-3-2010 (Rs. in 000)	31-3-2009 (Rs. in 000)		31-3-2010 (Rs. in 000)	31-3-2009 (Rs. in 000)	
Sales (net)	7,155,055	5,265,715	35.88	2,606,328	1,677,578	55.36
Gross Profit	1,096,712	566,685	93.53	525,189	120,108	337.26
Finance Cost	219,783	527,638	58.35	83,339	144,686	42.40
Profit/(Loss) Before Tax	572,069	(349,263)	263.79	333,357	(83,705)	498.25
Profit/(Loss) After Tax	478,992	(389,603)	222.94	307,044	(96,566)	417.96
Earnings/(Loss) Per Share	20.44	(16.62)		13.10	(4.12)	

By the Grace of Almighty Allah, your Company achieved another milestone in operating performance. As the above figures show, the Company achieved a record turnover of Rs.2,606.33 million during the quarter under review (2009:Rs.1,677.58 million), showing a remarkable jump of 55.36%. The gross margin during the third quarter pegged at Rs.525.19 million (2009:Rs.120.11 million), registering an increase of 337.26%. The after tax profit for the quarter shows an unprecedented rise at Rs.307.04 million (2009: after tax loss Rs.96.57 million). Cumulative after tax profit for nine months stands at a staggering figure of Rs.478.99 million (2009: Loss after tax Rs.389.60 million).

These one-off encouraging financial results were possible due to favourable yarn market and inventory gain. With well-focussed raw material planning and procurement policies in place, the Company took full advantage of the situation by purchasing the annual inventory consumption early in the season before prices started skyrocketing.

The gross margin would have been still higher, had there been no curtailment/load-shedding of gas, which substantially affected the cost of production due to alternative use of expensive furnace oil.

Future Outlook:

Despite Government's measures such as imposition of quota restriction on export of cotton yarn, the prices of raw cotton are soaring. Ginners are out to take full benefit of a short crop and higher global prices. Operating in these conditions, we may not be in a comfortable position on supply side at the end of the current season. Other constraints such as electricity and gas and ocean and surface freight will continue to impact our margins.

Acknowledgements:

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

For and on behalf of the Board

MUHAMMAD SOHAIL TABBA
Chief Executive

Karachi: April 21, 2010



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2010 (UNAUDITED)

	Note	As at	
		March 31, 2010	June 30, 2009
(Rupees)			
NON CURRENT ASSETS			
Property, plant and equipment	3	2,722,000,253	2,760,661,857
Long term loans		3,963,623	704,608
Long term deposits		7,272,958	7,266,614
Long term investments		66,666,667	66,666,667
		2,799,903,501	2,835,299,746
CURRENT ASSETS			
Stores, spares & loose tools		181,062,966	154,690,825
Stock in trade		2,684,016,334	1,951,187,094
Trade debts		1,275,750,473	671,114,277
Loans & advances		160,877,225	106,304,816
Trade deposits and short term prepayments		2,578,738	1,800,856
Other receivables		87,865,598	79,023,563
Income tax refundable due from the government		40,819,674	125,392,614
Cash and bank balances		81,645,042	118,907,931
		4,514,616,050	3,208,421,976
		7,314,519,551	6,043,721,722
SHARE CAPITAL AND RESERVES			
Authorised			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Capital & Reserves			
Issued, subscribed and paid up		234,375,000	234,375,000
Capital reserves - Share premium		103,125,000	103,125,000
Revenue reserves			
General reserve		1,000,000,000	1,000,000,000
Un-appropriated profit		1,115,511,241	636,519,294
		2,115,511,241	1,636,519,294
		2,453,011,241	1,974,019,294
NON CURRENT LIABILITIES			
Long term finance	4	639,067,498	897,974,249
Deferred liabilities		268,914,256	215,658,317
		907,981,754	1,113,632,566
CURRENT LIABILITIES			
Current portion of:			
Long term finance		17,813,504	8,906,751
Short term borrowings		1,731,309,908	1,809,758,487
Trade and other payables		2,006,874,596	975,903,482
Provision for taxation		109,310,843	59,058,635
Accrued mark up		88,217,705	102,442,507
		3,953,526,556	2,956,069,862
CONTINGENCIES AND COMMITMENTS			
	5	7,314,519,551	6,043,721,722

The annexed notes form an integral part of these financial statements

MUHAMMAD SOHAIL TABBA
Chief Executive

MUHAMMAD ALI TABBA
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE THIRD QUARTER ENDED MARCH 31, 2010 (UNAUDITED)

Note	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
----- Rupees -----				
Sales-net	7,155,054,921	5,265,715,112	2,606,328,088	1,677,578,037
Cost of sales	6,058,343,424	4,699,030,197	2,081,138,756	1,557,470,016
Gross profit	1,096,711,497	566,684,915	525,189,332	120,108,021
Other operating income	1,681,507	1,515,196	900,052	386,474
	1,098,393,004	568,200,111	526,089,384	120,494,495
Selling & distribution cost	216,275,134	145,400,716	74,314,436	43,920,677
Administrative expenses	41,946,073	42,806,776	14,514,974	13,381,128
Other operating expenses	48,319,830	201,617,716	20,564,276	2,211,237
	306,541,037	389,825,208	109,393,686	59,513,042
	791,851,967	178,374,903	416,695,698	60,981,453
Finance cost	219,783,352	527,637,688	83,339,063	144,686,209
Profit / (loss) before taxation	572,068,615	(349,262,785)	333,356,635	(83,704,756)
Taxation				
Current	50,252,209	38,606,453	21,741,863	12,554,951
Deferred	42,824,459	1,734,084	4,570,768	306,180
	93,076,668	40,340,537	26,312,631	12,861,131
Net Profit / (loss) for the period	478,991,947	(389,603,322)	307,044,004	(96,565,887)
Basic and diluted earning /(loss) per share				
before taxation	<u>24.41</u>	<u>(14.90)</u>	<u>14.22</u>	<u>(3.57)</u>
after taxation	<u>20.44</u>	<u>(16.62)</u>	<u>13.10</u>	<u>(4.12)</u>

The annexed notes form an integral part of these financial statements.

MUHAMMAD SOHAIL TABBA
Chief Executive

MUHAMMAD ALI TABBA
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THIRD QUARTER ENDED MARCH 31, 2010 (UNAUDITED)

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- Rupees -----			
Profit /(loss) for the period	478,991,947	(389,603,322)	307,044,004	(96,565,887)
Other comprehensive income:				
Unrealised appreciation /(diminution) on remeasurement of available for sale investment to fair value-net		705,674		804,026
Adjustment on sale of available for sale investment				
Total Comprehensive income for the period	<u>478,991,947</u>	<u>(388,897,648)</u>	<u>307,044,004</u>	<u>(95,761,861)</u>

The annexed notes form an integral part of these financial statements

MUHAMMAD SOHAIL TABBA
Chief Executive

MUHAMMAD ALI TABBA
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD QUARTER ENDED MARCH 31, 2010 (UNAUDITED)

	<----- Capital reserves ----->				<----- Revenue reserves ----->			Grand total
	Issued, subscribed and paid-up share capital	Share premium	Unrealised gain on available for sale investments	Sub Total	General reserves	Unappropriated profit	Sub Total	
Balance as at July 01, 2008	234,375,000	103,125,000	1,668,800	104,793,800	1,000,000,000	975,115,842	1,975,115,842	2,314,284,642
Total comprehensive income for the period			705,674	705,674		(389,603,322)	(389,603,322)	(388,897,648)
Balance as at March 31, 2009	234,375,000	103,125,000	2,374,474	105,499,474	1,000,000,000	585,512,520	1,585,512,520	1,925,386,994
Balance as at June 30, 2009	234,375,000	103,125,000		103,125,000	1,000,000,000	636,519,294	1,636,519,294	1,974,019,294
Total comprehensive income for the period						478,991,947	478,991,947	478,991,947
Balance as at March 31, 2010	234,375,000	103,125,000		103,125,000	1,000,000,000	1,115,511,241	2,115,511,241	2,453,011,241

The annexed notes form an integral part of these financial statements



CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE THIRD QUARTER ENDED MARCH 31, 2010 (UNAUDITED)

	March 31, 2010	March 31, 2009
	(Rupees)	
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	572,068,615	(349,262,785)
Adjustments for		
Depreciation	208,909,464	227,177,654
Gain on disposal of fixed assets	(222,153)	(430,964)
Profit on deposits	(580,829)	(312,896)
Provision for gratuity	26,340,282	22,500,000
Finance cost	218,304,619	372,199,958
	<u>452,751,383</u>	<u>621,133,752</u>
Operating cash flow before working capital changes	1,024,819,998	271,870,967
(Increase) / decrease in current assets		
Stores, spares & loose tools	(26,372,141)	(1,824,569)
Stock in trade	(732,829,240)	331,779,712
Trade debts	(604,636,196)	289,451,512
Loans and advances	(3,779,425)	18,577,306
Trade deposits and short term prepayments	(777,882)	13,466
Other receivables	(8,842,035)	(11,224,877)
	<u>(1,377,236,919)</u>	<u>626,772,550</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,031,007,693	(330,385,501)
	<u>(346,229,226)</u>	<u>296,387,049</u>
Changes in working capital		
Cash (used in) / generated from operation	678,590,773	568,258,016
Gratuity paid	(15,908,802)	(13,688,358)
Income tax refunded / (paid) net	32,425,313	(42,374,591)
Finance cost paid	(232,529,422)	(326,526,515)
	<u>(216,012,911)</u>	<u>(382,589,464)</u>
Net Cash (used in) / generated from operating activities A	<u>462,577,862</u>	<u>185,668,552</u>



	March 31, 2010	March 31, 2009
	(Rupees)	
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(171,470,684)	(12,838,961)
Long term loans recovered / (paid)	(1,934,381)	4,136,467
Long term deposits	(6,344)	(67,900)
Profit received from bank deposits	610,838	303,791
Sale proceeds from disposal of fixed assets	1,444,977	815,555
Net cash used in investing activities	B (171,355,594)	(7,651,048)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(36,580)	(66,497)
Short term borrowings-net	(42,909,632)	(1,710,632,480)
Payment of long term finance	(250,000,000)	-
Net cash generated from / (used in) financing activities	C (292,946,212)	(1,710,698,977)
Net decrease in cash & cash equivalents (A+B+C)	(1,723,943)	(1,532,681,473)
Cash & cash equivalent at the beginning of the period	(647,940,923)	(1,446,981,730)
Cash & cash equivalent at the end of the period	<u>(649,664,866)</u>	<u>(2,979,663,203)</u>
Cash & cash equivalent		
Cash and bank balances	81,645,042	80,762,704
Short term borrowings	(731,309,908)	(3,060,425,908)
	<u>(649,664,866)</u>	<u>(2,979,663,204)</u>

The annexed notes form an integral part of these financial statements



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THIRD QUARTER ENDED MARCH 31, 2010 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a Public Limited Company under the Companies Ordinance, 1984 and listed on Karachi and Islamabad Stock Exchanges. The registered office of the Company and its manufacturing facilities are located at Gadoon Amazai Industrial Estate, Gadoon, District Swabi, NWFP. Principal activity of the Company is manufacturing and sale of yarn.
- 1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

- 2.1 These unaudited interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in compliance with requirement of Section 245 of the Companies Ordinance, 1984 and presented as per the requirement of the listing regulations of the Stock Exchanges.
- 2.2 These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the Company.
- 2.3 The accounting convention, policies and methods of computation followed in the preparation of these financial statements are the same as those of the published annual financial statements for the year ended June 30, 2009.

	Notes	March 31, 2010	June 30, 2009
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	2,717,337,960	2,753,743,357
Capital work in progress	3.2	4,662,293	6,918,500
		<u>2,722,000,253</u>	<u>2,760,661,857</u>



3.1 Details of additions and disposals are as under

	March 31, 2010 ----- Rupees -----		March 31, 2009 ----- Rupees -----	
	Additions/ transfers	Disposals at Book value	Additions/ transfers	Disposals at Book value
Power plant building	-	-	7,895,574	-
Plant and machinery	164,023,989	977,847	23,452,227	-
Electrical installation	8,500,000	-	-	-
Computer equipment	171,550	-	99,369	-
Office equipment	18,000	-	23,000	-
Vehicles	1,013,350	244,977	-	384,591
	<u>173,726,889</u>	<u>1,222,824</u>	<u>31,470,170</u>	<u>384,591</u>

3.2 Details of additions and transfers are as under

Civil works	4,308,792	-	864,050	7,895,574
Plant and machinery	157,458,989	164,023,989	11,852,561	23,452,227
Electrical installation	8,500,000	8,500,000	-	-
	<u>170,267,781</u>	<u>172,523,989</u>	<u>12,716,611</u>	<u>31,347,801</u>

4. This includes facility of Rs. 800 million secured against ranking hypothecation charge over fixed assets of the Company for an amount of Rs. 1,067 million. During the period, Rs. 250 million were repaid and the remaining amount was repayable in lumpsum at December 31, 2010. However, the Company has rescheduled it for a period of additional seven months and therefore the fresh maturity is July 31, 2011. All other terms of previous agreement remain unchanged.

5. CONTINGENCIES AND COMMITMENTS

- 5.1 During the year ended June 30, 2009, the Company was charged by Sui Northern Gas Pipeline Limited (SNGPL) with an additional amount of Rs. 103 million on account of under billing of gas. The Company paid Rs. 52 million out of Rs. 103 million to avoid disconnection of gas supply and lodged complaint with Oil and Gas Regulatory Authority (OGRA) against SNGPL. On January 21, 2010, OGRA gave its decision and partly admitted the plea of the Company and allowed partial relief. The Company has filed an appeal against the unfavourable part of the decision.

The company has paid Rs.52 million which has been taken to profit and loss account of last year ended June 30, 2009.



5.2 Contingencies

	March 31, 2010	June 30, 2009
	(Rupees)	
Export bills discounted	414,106,569	558,203,611
Indemnity bonds in favour of collector of custom against imports	2,590,000	1,890,000
Post dated cheques in favour of collector of custom against imports	39,691,703	13,097,315

5.3 Status of contingencies other than mentioned above are same as disclosed in the last published annual financial statements for the year ended June 30, 2009

5.4 Commitments

Letters of credit opened by banks for:

Plant and machinery	48,841,926	87,199,256
Raw material	362,731,105	150,880,487
Stores and spares	81,338,275	13,530,460
Foreign currency forward contracts	1,494,753	28,281,382
Investment in a Joint Venture Project	358,333,333	358,333,333

6 COST OF SALES

	Nine Months Ended		Quarter Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- Rupees -----		----- Rupees -----	
Opening stock- finished goods	318,497,166	207,213,333	177,636,880	351,215,560
Cost of goods manufactured (6.1)	5,880,364,296	4,825,505,198	2,044,019,914	1,539,942,790
	6,198,861,462	5,032,718,531	2,221,656,794	1,891,158,350
Closing stock-finished goods	(140,518,038)	(333,688,334)	(140,518,038)	(333,688,334)
	<u>6,058,343,424</u>	<u>4,699,030,197</u>	<u>2,081,138,756</u>	<u>1,557,470,016</u>

6.1 Cost of goods manufactured

Opening stock - Work in process	56,917,984	67,234,603	59,342,932	59,463,163
Raw and packing material consumed	4,366,576,311	3,424,056,135	1,529,565,839	1,056,875,120
Other manufacturing expenses	1,517,218,888	1,391,947,792	515,460,030	481,337,840
	5,883,795,199	4,816,003,927	2,045,025,869	1,538,212,960
	5,940,713,183	4,883,238,530	2,104,368,801	1,597,676,123
Closing stock - Work in process	(60,348,887)	(57,733,333)	(60,348,887)	(57,733,333)
	<u>5,880,364,296</u>	<u>4,825,505,197</u>	<u>2,044,019,914</u>	<u>1,539,942,790</u>



7. TRANSACTIONS WITH RELATED PARTIES

Name of Related Parties	Nature of Transaction	Nine Months Ended	
		March 31, 2010	March 31, 2009
(Rupees)			
a. Associated companies			
Lucky Cement Limited (Common Directorship)	Purchase of cement	382,625	359,400
Fazal Textile Mills Limited (Common Directorship)	Purchase of raw material	-	122,000
	Doubling charges	576,000	-
	Sale of yarn	237,703,807	92,785,765
Yunus Textile Mills Limited (Common Directorship)	Sale of yarn	198,185,880	558,892,686
Lucky Knits (Pvt) Limited (Common Directorship)	Sale of yarn	271,599,288	129,900,172
b. Other associated undertakings			
Lucky Textile Mills	Sale of yarn	392,367,300	436,598,181
Aziz Tabba Foundation	Donation	-	563,529
c. Benefits to key management personnels		3,535,000	3,626,000

8 APPROVAL OF FINANCIAL STATEMENTS

These condensed financial statements were approved by the Board of Directors of the Company and authorized for issue on April 21, 2010.

9 FIGURES

Have been rounded off nearest to Rupee.

MUHAMMAD SOHAIL TABBA
Chief Executive

MUHAMMAD ALI TABBA
Director