GUL AHMED TEXTILE MILLS LTD.

FINANCE DIVISION
Plot No. HT/3A, Landhi,
Karachi-75120
Pakistan

Telephones : (9221) 111-485-485
Fax No. : (9221) 3501 8836 & 38
Email : finance@gulahmed.com

GUL/SD/PSX /2/2017

February 28, 2017

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
KARACHI.

Dear Sir,

SUBJECT: FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 AND DECLARATION OF RIGHT SHARES

We have to inform you that the Board of Directors of our Company in their meeting held on Tuesday, February 28, 2017 at 2:30 p.m. at 23rd Floor, Centrepoint, Off: Shaheed-e-Millat Expressway, Near KPT Interchange, Korangi, Karachi has approved the following Half Yearly Accounts for the Half Year ended December 31, 2016 and recommended the following.

RIGHT SHARES:

The Board of Directors has also recommended to issue 20% Right Shares at a premium of Rs.15 per share (Total Rs.25/- per share) in proportion of 20 (Twenty) Right Shares for every 100 (Hundred) shares.

In this respect, we are enclosing herewith following documents as required for the purpose of Right Issue.

1. The Statement regarding purpose of right issue, benefit to the Company, use of funds and financial projections for three years duly signed by all the directors who were present in the meeting.
2. Board of Directors resolution for the issue of Right Shares.

The financial results of the Company for the half year ended December 31, 2016 are as under:-

The unconsolidated condensed interim profit and loss account of the Company is as follows:-

	Rs.000s			
	FOR THE HALF YEAR ENDED		FOR THE QUARTER ENDED	
	July to December 2016	July to December 2015	October to December 2016	October to December 2015
Sales	18,525,104	13,756,912	10,333,834	7,815,479
Cost of sales	15,220,208	10,558,467	8,480,455	5,869,145
Gross profit	3,304,896	3,198,445	1,853,379	1,946,334
Operating expenses	2,787,266	2,318,726	1,476,052	1,227,200
	517,630	879,719	377,327	719,134
Other income	100,522	47,398	44,622	(16,807)
Operating profit	618,152	927,117	421,949	702,327
Finance cost	424,645	478,641	191,989	200,884
Profit before taxation	193,507	448,476	229,960	501,443
Provision for taxation	110,525	25,875	50,731	(12,165)
Profit after taxation	82,982	422,601	179,229	513,608
		Re-stated		Re-stated
Earnings per share – basic and diluted (Rs.)	**0.28**	**1.61**	**0.60**	**1.95**

The consolidated condensed interim profit and loss account of the Company is as follows:

	Rs.000s			
	FOR THE HALF YEAR ENDED		FOR THE QUARTER ENDED	
	July to December 2016	July to December 2015	October to December 2016	October to December 2015
Sales	18,902,129	14,217,036	10,499,052	8,052,079
Cost of sales	15,454,213	10,836,666	8,578,353	6,008,277
Gross profit	3,447,916	3,380,370	1,920,699	2,043,802
Operating expenses	2,913,773	2,453,117	1,536,698	1,294,815
	534,143	927,253	384,001	748,987
Other income	100,522	47,398	44,622	(16,807)
Operating profit	634,665	974,651	428,623	732,180
Finance cost	425,292	487,843	192,122	209,117
Profit before taxation	209,373	486,808	236,501	523,063
Provision for taxation	114,093	26,330	54,299	(12,160)
Profit after taxation	95,280	460,478	182,202	535,223
		Re-stated		Re-stated
Earnings per share – basic and diluted (Rs.)	**0.32**	**1.75**	**0.61**	**2.03**

The Share Transfer Books of the Company will remain closed from March 24, 2017 to April 06, 2017 (both days inclusive) for determining entitlement to the Right Shares.

Transfers received at the Share Registrar of the Company FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi at the close of business on March 22, 2017 will be treated in time for the purpose of above entitlement to the transferees.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you.

Yours faithfully,

COMPANY SECRETARY

Encl: As above.

GUL AHMED TEXTILE MILLS LTD.

GulAhmed

FINANCE DIVISION
Plot No. HT/3A, Landhi,
Karachi-75120
Pakistan

Telephones : (9221) 111-485-485
Fax No. : (9221) 3501 8836 & 38
Email : finance@gulahmed.com

February 28, 2017

STATEMENT OF PURPOSE, BENEFITS, USE OF FUNDS AND FINANCIAL PROJECTIONS

Purpose of Right Issue	To generate funds to invest in process improvements, automation, efficiencies enhancement and meeting funds requirement for expansion of retail business.
Benefits to the Company	Margins would be improved with modified and efficient processes, extended retail network and at the same time, the Company's lenders would have more confidence on company due to better leverage ratio.
Use of Funds	Funds generated from right issue will be used primarily to help in consolidation/rationalization of multi located production and processing facilities, adding automation and efficiency in operations by replacing old technologies, meeting funds requirement for expanding retail business etc.
Financial Projections	**Rupees in millions** YEAR — 2017 / 2018 / 2019 Sales — 40,746,803 / 42,784,143 / 45,351,192 Profits — 1,448,386 / 1,818,326 / 2,267,560 EPS (Rupees) — 4.06 / 5.10 / 6.36 Paid up share Capital — 3,564,955 / 3,564,955 / 3,564,955
Note:	Giving due consideration to the existing performance, future outlook, perception of ongoing Government policies etc. the management is quite confident of achieving its targets both in export and local market. The funds raised though right issue are planned to be invested in projects which are expected to yield growth both in revenue as well as margin. Financial projections mentioned hereinabove are the outcome of how the Board assesses the operational and financial performance considering both the business scenario in the markets the Company operates, as well as state controlled monetary policies and fiscal measures. However, the Company or its directors do not accept any liability for any investment decisions by any person on the basis of the above financial projections.

Financial Projections (Rupees in millions):

YEAR	2017	2018	2019
Sales	40,746,803	42,784,143	45,351,192
Profits	1,448,386	1,818,326	2,267,560
EPS (Rupees)	4.06	5.10	6.36
Paid up share Capital	3,564,955	3,564,955	3,564,955

1. MR. MOHOMED BASHIR
2. MR. ZAIN BASHIR
3. MR. ZIAD BASHIR
4. MR. MOHAMMED ZAKI BASHIR
5. MR. S.M. NADIM SHAFIQULLAH
6. DR. AMJAD WAHEED
7. MR. EHSAN A. MALIK

FINANCE DIVISION
Plot No. HT/3A, Landhi,
Karachi-75120
Pakistan

Telephones : (9221) 111-485-485
Fax No. : (9221) 3501 8836 & 38
Email : finance@gulahmed.com

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF GUL AHMED TEXTILE MILLS LIMITED IN THEIR MEETING HELD ON FEBRUARY 28, 2017 AT 23RD FLOOR, CENTREPOINT, OFF: SHAHEED-E-MILLAT EXPRESSWAY, NEAR KPT INTERCHANGE, KORANGI, KARACHI.

Resolved that the ordinary paid up share capital of Gul Ahmed Textile Mills Limited (the "Company") be and is hereby increased from Rs. 2,970,796,040 to Rs. 3,564,955,250, by issue of further 59,415,921 ordinary shares to be offered as Right Shares at Rs. 25.00/- per share inclusive of Rs. 15.00/- as premium per share in the ratio of 20 Right Shares for every 100 existing ordinary share of Rs. 10/- each (i.e. 20 %) and that these Ordinary Right Shares be and are hereby offered to the Company's existing ordinary shareholders as provided under Section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the date as per Right Allotment letters to be issued. These shares shall rank paripassu in all respect with the existing ordinary shares of the Company.

Further Resolved that the following are the purpose of the Right issue, use of the proceeds of the Right issue and its benefits to the Company and the risk factors associated with the Right issue:

Purpose of the Right issue:

To generate funds to invest in process improvements, automation, efficiencies enhancement and meeting funds requirement for expansion of retail business.

Use of funds:

Funds generated from right issue will be used primarily to help in consolidation/rationalization of multi located production and processing facilities, adding automation and efficiency in operations by replacing old technologies, meeting funds requirement for expanding retail business etc.

Benefits to the Company:

Margins would be improved with modified and efficient processes, extended retail network and at the same time, the Company's lenders would have more confidence on company due to better leverage ratio.

Risk Factors associated with the Right issue:

There is no risk relating to Subscription / under subscription in prevailing circumstances, further directors will decide regarding allotment of shares in case of under subscription.

That the aforesaid offer shall be valid for payment up to such date as agreed with the Pakistan Stock Exchange;

That the fractional entitlements will be consolidated in the name of the Company Secretary and sold on the Pakistan Stock Exchange. The proceeds of such sale will be distributed to the members in accordance with their entitlements;

That the Chief Executive and / or Company Secretary be and are hereby singly authorized to appoint the Banker to collect the amount of subscription towards right shares;

That the Chief Executive and / or Company Secretary be and are hereby singly authorized to appoint consultant / advisor for Right Issue, announce book closure dates or any change therein and to prepare the schedule for issue of right shares and to make any amendment in the said schedule and to take all necessary actions required by Securities and Exchange Commission of Pakistan/ Pakistan Stock Exchange Limited/ Central Depository Company of Pakistan Limited or any other authority and to take all necessary action as may be required in this regard.

That the Chairman and Chief Executive be and are hereby authorized singly to dispose off the unsubscribed Right shares (if any) declined by the existing shareholders in the manner as he may deem fit.

That the Chief Executive be and is hereby authorized to negotiate with underwriters for allotment of unsubscribed portion of Right Shares to any / or all of the underwriter(s) if needed; and

That Bank Accounts for the purpose of right subscription be opened and operated by the Chairman and / or Chief Executive singly and to transfer the proceeds from said accounts to the other bank account operated by the Company"

1. MR. MOHOMED BASHIR
2. MR. ZAIN BASHIR
3. MR. ZIAD BASHIR
4. MR. MOHAMMED ZAKI BASHIR
5. MR. S.M. NADIM SHAFIQULLAH
6. DR. AMJAD WAHEED
7. MR. EHSAN A. MALIK