



HALF YEARLY ACCOUNTS
FOR SIX MONTHS ENDED
DECEMBER 31, 2014
(UN-AUDITED)

Gulshan Spinning Mills Limited

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Company Information

BOARD OF DIRECTORS	Mr. Sohail Maqsood Mr. Tanveer Ahmed Mr. Riaz Ahmed Mr. Maqsood-ul-Haq Mr. Iftikhar Ali Mr. Muhammad Yousaf Mr. Hussain Athar	(Chairman) (Chief Executive)
AUDIT COMMITTEE	Mr. Hussain Athar Mr. Maqsood-ul-Haq Mr. Sohail Maqsood	(Chairman)
HR & REMUNERATION COMMITTEE	Mr. Maqsood-ul-Haq Mr. Tanveer Ahmed Mr. Hussain Athar	(Chairman)
CHIEF FINANCIAL OFFICER	Mr. Muhammad Shahid	
COMPANY SECRETARY	Mr. Javaid Iqbal	
AUDITORS	M/s. Baker Tilly Mehmood Idrees Qamar Chartered Accountants 188, D-1, Model Town Lahore	
LEGAL ADVISOR	M/s. Akhtar Javed - Advocate	
TAX CONSULTANT	M/s. Sharif & Company - Advocate	
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32411474, 32412754, Fax. 32424835	
REGISTERED OFFICE	2nd Floor Finlay House I.I. Chundrigar Road Karachi.	
MILLS	Unit I Tibba Sultan Pur, Distt. Vehari Unit II Jumber Khurd Tehsil Chunian Distt, Kasur Unit III Warburton Distt. Nankana Sahib	

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the half year ended December 31, 2014.

Financial Results:

Operating Indicators	Half Year Ended December 31, 2014	Half Year Ended December 31, 2013
	(Rupees)	(Rupees)
Sales	5,790,937	659,725,825
Gross (loss) / Profit	(53,348,335)	(185,595,357)
Pre Tax (loss) / Profit	(78,712,560)	40,268,926
Provision for Taxation	(10,226,738)	5,378,263
Earnings / (loss) Per Share	(3.08)	(2.05)

Overview:

The period under review has also been proved difficult. Challenges like severe energy crises coupled with on-going financial barriers have obstructed the optimum utilization of production capacities. Inaccessibility to the working capital facilities caused underutilization of production capacities, due to which the Company could not efficiently procure essential raw materials on time. This hindered the Company's plan to run the mills according to the installed capacities and resultantly could not achieve the desired production targets which further affected sales turnover as well as profitability. In spite of the ongoing adverse eventualities, the Management has attempted to use maximum probabilities to keep the Mills operational.

The Management is conscious of the issues that are affecting our operations and are committed to plans to turn Company into profitable entity by taking serious decisions for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers.

The debt amortization profile, higher financial cost and associated liquidity problems have forced the company to initiate restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. In this regard leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions has agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company.

Auditors Observation:

Auditors' Observation regarding going concern, liquidity issues and its repercussions, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive and with reconciliation of amounts, release of security in post re-profiling scenario, as per pending litigation with the Lahore High Court, the financial health of the Company will be improved which will enable the Company to purchase cost effective timely raw material, manage the resources properly, combat the pressures of local and global market and tackle with energy crises. A Scheme of Arrangement by the Creditors is in process of finalization and after its approval from Honourable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective banks. According to restructuring terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Future Outlook:

We have been conscious of the issues that are affecting our production and are committed to turn the Company into a profitable organization by implementing the restructuring process for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers. In spite of continued load shedding, the management is trying to implement its best efforts to ensure regain its growth, operational efficiency and optimum results for the Company and its valued stakeholders. This impediment is expected to be over in near future as the restructuring process is expected to be completed soon once the ongoing reconciliation & restructuring process is completed, we would be in better position to embark upon timely better priced procurement of the required raw materials. To increase profitability and improve performance, wide ranging and significant measures are being implemented by the Company focusing on cost reduction and increase in margins.

Acknowledgement:

We appreciate the efforts and with thanks place on record the continued support extended to us by our customers, suppliers and bankers. The valuable services rendered by our team of employees are gratefully acknowledged.

KARACHI
MARCH 10, 2015

TANVEER AHMED
CHIEF EXECUTIVE

**Auditor's Report to the Members on Review of
Condensed Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim balance sheet of GULSHAN SPINNING MILLS LIMITED as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-inafter referred to as the interim financial information) for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our Responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the interim profit and loss account and interim statement of comprehensive income for the quarter ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

Except for the matter stated in paragraph (c) below, we conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the 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.

Basis for adverse conclusion

- a) As described in note 1.3 to the condensed interim financial information, the financial information has been prepared on going concern basis. The condensed interim financial information of the company for the period ended December 31, 2014 reflects loss after taxation of Rs. 69,023,322 and so as of that date it has accumulated losses of Rs. 2,438,582,704 which resulted in net capital deficiency of 1,944,332,324 and its current liabilities exceeds its current assets by Rs. 2,575,372,001. The Company is facing operational and financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 15.1.1 to the condensed interim financial information and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various courts. These events indicate a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern and therefore the Company may not be able to release its assets and discharge its liabilities in the normal course of business. In our opinion the going concern assumption used in the preparation of these condensed interim financial information is inappropriate.
- b) Markup / interest on long-term finances, lease finances and short-term borrowings to the extent of Rs. 1,015,296,805, including balance aggregating Rs. 177,476,805 for the current period, has not been accrued in the condensed interim financial information; thereby decreasing loss for the current period by Rs. 177,476,805, shareholders' equity and current liabilities by Rs. 1,015,296,805 as fully detailed in note 12 to the condensed interim financial information.
- c) As mentioned in note 9, 10, 11, 12, and 13 confirmations and period end bank statements were not available in respect of cash at banks, long-term financing, liabilities against assets subject to finance lease, local LCs payable, foreign bills-payable, accrued markup / interest, and short-term borrowings respectively, due to pending litigations with these banks / financial institutions as referred in note 15.1.1.

Adverse conclusion

Based on our review, because of the significance of the matters referred in the preceding paragraph (a) to (c) and its effect on the interim financial information we believe that the accompanying interim financial information do not give a true and fair view of the state of company's affairs as at 31st December 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the half year ended December 31, 2014.

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants

Lahore
March 10, 2015

Name of Engagement Partner:
Bilal Ahmed Khan, ACA

Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2014

		Un-audited	Audited
		December 31, 2014	June 30, 2014
ASSETS		NOTE -----Rupees-----	
NON CURRENT ASSETS			
Property, plant and equipment	5	3,661,775,043	3,709,851,590
Long-term investment	6	93,821,492	92,044,601
Long-term deposits		8,476,563	8,666,608
		<u>3,764,073,098</u>	<u>3,810,562,799</u>
CURRENT ASSETS			
Stores, spares and loose tools		32,335,224	34,781,969
Stocks in trade	7	625,040,458	625,036,858
Trade debtors		90,537,971	137,758,235
Loans and advances		40,859,437	32,194,115
Deposit and prepayments		6,089,457	6,448,651
Short-term investment	8	9,014,190	9,014,190
Accrued markup / interest		70,757,584	67,862,517
Other receivables		15,505,644	15,288,764
Cash and bank balances	9	11,651,414	11,490,658
		901,791,379	939,875,957
		<u>4,665,864,477</u>	<u>4,750,438,756</u>
EQUITY AND LIABILITIES			
Share capital		222,250,380	222,250,380
Reserves		272,000,000	272,000,000
Accumulated loss		(2,438,045,204)	(2,390,322,759)
Shareholders' equity		(1,943,794,824)	(1,896,072,379)
SURPLUS ON REVALUATION OF LAND		1,943,026,968	1,963,790,345
SUBORDINATED LOAN		250,000,000	250,000,000
NON CURRENT LIABILITIES			
Long-term finances	10	70,167,476	71,896,635
Liabilities against assets subject to finance lease	10	-	-
Staff retirement benefits		23,073,297	27,914,581
Deferred liabilities		846,765,680	856,992,418
		940,006,453	956,803,634
CURRENT LIABILITIES			
Trade and other payables	11	583,427,836	588,896,543
Accrued markup / interest	12	8,417,700	2,518,511
Short-term borrowings	13	2,739,391,787	2,738,951,309
Current portion of non-current liabilities	14	133,989,673	133,989,673
Provision for taxation		11,398,884	11,561,120
		3,476,625,880	3,475,917,156
CONTINGENCIES AND COMMITMENTS	15	-	-
		<u>4,665,864,477</u>	<u>4,750,438,756</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

Condensed Interim Profit & Loss Account (Un-audited)
For the quarter and half year ended December 31, 2014

	Quarter ended		For the Half Year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Sales	(3,686,421)	373,677,680	5,790,937	659,725,825
Cost of sales	5,123,299	528,948,827	59,139,272	845,321,182
Gross loss	(8,809,720)	(155,271,147)	(53,348,335)	(185,595,357)
Distribution cost	2,171,478	2,845,777	3,327,238	5,021,932
Administrative expenses	12,213,703	11,606,218	28,363,412	25,550,921
Other operating expenses	(1,312,372)	3,027,264	565,328	3,027,264
Other operating income	(4,079,475)	(181,017,097)	(13,818,775)	(182,444,702)
	8,993,334	(163,537,838)	18,437,202	(148,844,585)
(Loss) / profit from Operations	(17,803,053)	8,266,691	(71,785,537)	(36,750,772)
Finance cost	1,567,787	1,305,076	6,798,374	1,860,125
Share of (profit) / loss of an associated Company / joint venture	(314,007)	1,278,950	128,649	1,658,029
(Loss) / profit before taxation	(19,056,833)	5,682,665	(78,712,560)	(40,268,926)
Taxation	(11,291,622)	3,192,587	(10,226,738)	5,378,263
(Loss) / profit after taxation	(7,765,212)	2,490,078	(68,485,822)	(45,647,189)
(Loss) / earning per share	(0.35)	0.11	(3.08)	(2.05)

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Condensed interim Statement of Comprehensive Income (Un-audited)
For the quarter and half year ended December 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees -----			
Loss after taxation	(7,765,212)	2,490,078	(68,485,822)	(45,647,189)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	<u>(7,765,212)</u>	<u>2,490,078</u>	<u>(68,485,822)</u>	<u>(45,647,189)</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

**Condensed interim Cash Flow Statement (Un-audited)
For the quarter and half year ended December 31, 2014**

	NOTE	Un-audited	Audited
		December 31, 2014	December 31, 2013
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	8,790,750	14,724,301
Adjustments for:			
Interest received		18,168	401,557
Finance cost paid		(899,185)	(1,860,125)
Tax paid		(162,235)	(1,137,217)
Gratuity paid		(6,148,356)	(5,801,119)
Cash generated from operating activities		1,599,141	6,327,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(149,704)	(2,345,693)
Advance for issue of shares in joint venture		-	(2,400,000)
Net cash used in operating activities		(149,704)	(4,745,693)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances - net		(1,729,159)	-
Repayment of lease finances		-	(582,851)
Repayment of loan from Chief Executive		-	(504,862)
Short-term borrowings - net		440,478	11,686,397
Net cash (used in) / generated from financing activities		(1,288,681)	10,598,684
Net increase in cash and Cash equivalents		160,756	12,180,388
Cash and cash equivalents- at beginning of the year		11,490,658	17,491,049
Cash and cash equivalents- at end of the year		11,651,414	29,671,437

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

Condensed Interim statement of change in equity (Un-audited)
For the quarter and half year ended December 31, 2014

	Share Capital Issued, subscribed and paid-up	Reserves		Unappropriated Profit	Total
		Share Premium	General Reserve		
-----Rupees-----					
Balance as at July 1, 2013 - restated	222,250,380	66,000,000	206,000,000	(2,303,748,350)	(1,809,497,970)
Loss for the period	-	-	-	(45,647,189)	(45,647,189)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(45,647,189)	(45,647,189)
Surplus on revaluation of operating fixed assets realised during the period (net of deferred taxat ion) on account of incremental depreciation.	-	-	-	25,588,191	25,588,191
Effect of item directly credited in the equity by an associated company	-	-	-	2,241,077	2,241,077
Balance as at December 31, 2013	<u>222,250,380</u>	<u>66,000,000</u>	<u>206,000,000</u>	<u>(2,321,566,271)</u>	<u>(1,827,315,891)</u>
Balance as at July 1, 2014	222,250,380	66,000,000	206,000,000	(2,390,322,759)	(1,896,072,379)
Loss for the year	-	-	-	(68,485,822)	(68,485,822)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(68,485,822)	(68,485,822)
Surplus on revaluation of operating fixed assets realised during the Period (net of deferred taxat ion) on account of incremental depreciation.	-	-	-	20,763,377	20,763,377
Balance as at December 31, 2014	<u>222,250,380</u>	<u>66,000,000</u>	<u>206,000,000</u>	<u>(2,438,045,204)</u>	<u>(1,943,794,824)</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

**Notes to the Condensed interim Financial Information (Un-audited)
For the half year ended December 31, 2014**

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Gulshan Spinning Mills Limited (the Company) was incorporated as a Public Limited Company in Pakistan under the Companies Ordinance, 1984. Its main business is manufacturing and sales of yarn. The shares of the Company are listed on Karachi and Lahore Stock Exchanges. The address of its registered office is 2nd Floor, Finlay House, I. I. Chundrigar Road, Karachi.
- 1.2 The Board of Directors of the Company in its meeting held on April 05, 2011 approved the scheme of merger by amalgamation of the Company and Gulistan Spinning Mills Limited with and into Paramount Spinning Mills Limited along with the approval of the share swap ratio in relation thereto. The Company on orders of Sindh High Court called Extra Ordinary General Meeting on August 1, 2011 in which the above said scheme was approved by the shareholders of the Company. No Objection Certificates from its creditors and lenders are pending for the said matter.
- 1.3 Going concern assumption

The Company, during the current period, has incurred loss before taxation amounting Rs. 78,712,560 and has accumulated loss of Rs. 2,438,045,204 as at December 31, 2014. Further, the Company's current liabilities exceeded its current assets by Rs. 2,574,834,501. This is mainly due to under utilisation of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 15.1.1 to this condensed interim financial information. These conditions along with other adverse key financial ratios and the pending litigations with the banking companies and financial institutions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realise its assets. This condensed interim financial information however, have been prepared under the going concern assumption due to following reasons:

(i) Restructuring / rescheduling of existing debt / loan facilities availed by the Company

- The Company alongwith its restructuring agent (a leading financial institutions) and all lending financial institutions & banks are in the process of finalising and approving the terms to restructure the outstanding debt obligations of the Company. An indicative term sheet of the restructuring terms is in the process of finalisation; immediately thereafter it will be signed by all parties and legal documentation will be executed to formalize the restructuring of outstanding debts of the Company, as disclosed in note 1.3 of audited annual financial statements. Salient features of this indicative term sheet are as follows:
 - The existing facilities will be restructured and consolidated into a long-term facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity through sale of assets of the Company for approximately Rs. 2,046,000,000 . Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;
 - Total accrued and outstanding markup due / payable till June 30, 2014 by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued markup period); and
 - markup rate shall be 5.00% per annum for the first 2 years of repayment tenor, however, a markup of 0.50% per annum shall be paid by the Company during the first year and markup at the rate of 1.00% will be paid in second year of the repayment tenor. Whereas the remaining differential markup amount for these periods will be accumulated and repaid on quarterly basis starting from second-year of the accrued markup period. For the remaining 6 years of the restructured facility, markup shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

(ii) the management has made arrangements whereby third party cotton is being processed against processing fee for utilisation of unutilised capacity.

(iii) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses. Such steps include, but not limited to, rightsizing of the men power, resource conservation, close monitoring of other fixed cost etc.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the profitability of the Company in the foreseeable future. Therefore, these financial statements do not include any adjustment that might result, should the Company not be able to continue as a going concern.

2. BASIS OF PRESENTATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2014.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2014.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

- The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.
- During the preparation of condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and key source of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2014.

	Notes	December/14 Un-audited Rupees	June/14 Audited Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,661,775,043	3,709,851,590
Capital work-in-progress			
- advance for land		989,505	989,505
- impairment allowance		(989,505)	(989,505)
		-	-
		<u>3,661,775,043</u>	<u>3,709,851,590</u>
5.1. Operating fixed assets			
Book value at beginning of the period / year		3,709,851,590	3,803,785,944
Additions during the period / year		235,602	3,293,453
Disposal of vehicles - at book value		(85,898)	(1,045,214)
Depreciation charge for the period / year		(48,226,251)	(96,182,593)
Book value at end of the period / year		<u>3,661,775,043</u>	<u>3,709,851,590</u>
Additions during the period / year:			
Plant and machinery		-	444,450
Electric Installations		-	2,318,003
Mills equipment		-	498,000
Office equipment		235,602	33,000
Furniture and fixture		-	-
		<u>235,602</u>	<u>3,293,453</u>

There has been no change in the status of matters as detailed in note 6.4 to the Company's published annual financial statements for the year ended June 30, 2014.

Gulshan Spinning Mills Limited

	Notes	December/14 Un-audited Rupees	June/14 Audited Rupees
6. LONG-TERM INVESTMENTS			
In Joint Venture	6.1	55,238,328	55,366,977
Available for sale	6.2	38,583,164	36,677,624
		<u>93,821,492</u>	<u>92,044,601</u>
6.1 Investment in Joint Venture			
-under equity method			
Gujranwala Energy limited			
7,500,000 (June 30, 2014: 7,500,000)			
Ordinary shares of Rs.10/- each - cost		75,000,000	75,000,000
Share of post acquisition of losses:			
As at July 1, 2014		(19,633,023)	(17,862,397)
Share of loss for the period / year		(128,649)	(1,770,626)
Balance at the end of the period / year		(19,761,672)	(19,633,023)
Carrying value of investment as at Dec 31, 2014		<u>55,238,328</u>	<u>55,366,977</u>
6.1.1 The Joint Venture Partners of GEL (i.e. the Company and Energy Infrastructure Holdings Limited) are responsible to the 50% each in respect of liabilities and obligations of GEL, including any obligation under the guarantees mentioned in note 6.2.3 and 6.2.4 of condensed interim financial information as at December 31, 2013.			
6.1.2 Share of profit / loss is based on un-audited financial statements as referred in the contents of note 7.2 of the audited annual financial statements.			
	Note	December/14 Un-audited Rupees	June/14 Audited Rupees
6.2 Held to maturity			
Defence saving certificates	6.2.1	21,000,000	21,000,000
Accrued interest thereon		17,583,164	15,677,624
		<u>38,583,164</u>	<u>36,677,624</u>
6.2.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21,000,000 (June 30, 2014: Rs. 21,000,000). These certificates are maturing on various dates by March 5, 2020. These carry markup at the effective rate of 18% per annum. accrued markup aggregating Rs. 17,583,540 (June 30, 2014: Rs. 15,677,624) is included in the carrying value. These are under lien with bank against guarantee to Rs. 19,504,000 (June 30, 2014: Rs.19,504,000).			
7. STOCK IN TRADE			
All of the current assets of the Company are under banks' charge as security of short-term borrowings (note 13). The Company filed a suit in the Lahore High Court against all banks / financial institution under section 9 of the financial institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before banking courts, civil courts and high courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 15.1.1.			
8. SHORT-TERM INVESTMENT		December/14 Un-audited Rupees	June/14 Audited Rupees
- At fair value through profit or loss	Note		
Gulistan Textile Mills Limited - Quoted			
600,946 (June 30, 2014: 600,946) ordinary shares of Rs. 10 each			
Equity held 3.17%	8.1	9,014,190	9,014,190
8.1 Refer contents of note 7.1 of audited annual financial statements as at June 30, 2014.			

9. CASH AND BANK BALANCES

Majority of the Company's bank accounts operations have been blocked by the respective banks due to ongoing litigations with these banks as detailed in note 15.1.1 to the condensed interim financial information. Further, due to litigation and blockage of bank accounts, complete bank statements for the current period ended December 31, 2014 and preceding financial year ended June 30, 2014 of various banks were not available to ensure balances with these banks.

10. LONG-TERM FINANCES AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

The Company filed suit in the Lahore High Court against all banks / financial institutions under section 9 of the financial institutions (Recovery of Finances) Ordinance, 2001 and lending banks and financial institutions has also filed suits before different courts for recovery of their long-term & short-term liabilities and lease finances through attachment and sale of company's hypothecated / mortgaged / charged stocks and properties as disclosed in note 15.1.1.

Due to the above mentioned litigations the Company's financial arrangements with these banking companies / financial institutions and lessors are disputed and these liabilities have become payable on demand so instalments due after the year ending June 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 "Presentation of Financial Statements".

11. TRADE AND OTHER PAYABLES

Trade and other payables include bills payable / letters of credit payable of Rs. 454,471,249 (June 30, 2014: Rs. 453,591,819), which represent payables to various financial institutions in respect of overdue letters of credit (Lcs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 15.1.1 so current status and balance confirmation of these bills payable could not be ascertained due to non availability of relevant documents. Further, no provision of any further commission / interest / markup or penalty in respect of overdue LC has been made in this condensed interim financial information. Amount of the un-provided commission / interest / markup or penalty is impracticable to determine as at the reporting date.

		December/14 Un-audited Rupees	June/14 Audited Rupees
12. ACCRUED MARKUP / INTEREST	Note		
- long-term finance	12.1	6,383,453	1,845,360
- against security deposit	12.2	2,034,247	673,151
		<u>8,417,700</u>	<u>2,518,511</u>

12.1 This represents markup payable to Gulistan Fibres Limited (an Associated Company) on long-term loan refers to contents of note 23.6 of audited annual financial statements.

During the period ended December 30, 2014, the Company has not provided markup / interest on its long-term finances, lease finances and short-term borrowings to the extent of Rs. 6,534,581, Rs. 36,911 and Rs. 170,905,313 respectively due to pending litigations with the financial institutions. Un-provided markup / interest upto the balance sheet date aggregated Rs.1,015,296,805. This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided markup / interest could not be ascertained because of non-availability of relevant information and documents due to on-going litigations with banks and financial institutions.

12.2 This represents markup charged at the rate of 12% on security deposit received for supply of yarn upto June 30, 2014 as referred in contents of note 27.2 of audited annual financial statements.

		December/14 Un-audited Rupees	June/14 Audited Rupees
13. SHORT-TERM BORROWINGS			
Short-term finance - secured	13.1	1,879,288,871	1,879,288,871
Running finance - secured	13.1	854,985,814	854,985,814
Temporary bank overdraft - unsecured	13.2	5,117,101	4,676,623
		<u>2,739,391,786</u>	<u>2,738,951,308</u>

13.1 The abovementioned balances are against expired finance facilities and have not been renewed by the respective banks / financial institutions. These banks & financial Institutions have filed suits before different civil courts, banking courts and high courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a suit in the Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 15.1.1.

Gulshan Spinning Mills Limited

Further, due to these litigations, bank statements for the current period ended December 31, 2014 and preceding financial year ended June 30, 2014 of various banks / financial institutions were also not available to ensure period end balances of these finance facilities.

13.2 These have arisen due to issuance of cheques in excess of balance at bank accounts.

	Note	December/14 Un-audited Rupees	June/14 Audited Rupees
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long-term finances:			
- overdue instalments		71,976,048	55,458,191
- instalments due within next twelve months		29,464,286	33,035,714
- instalments due after 31 Dec, 2015	14.1	12,946,429	25,892,858
		<u>114,386,763</u>	<u>114,386,763</u>
Liabilities against assets subject to finance lease			
- overdue instalments		19,450,033	19,296,956
- instalments due within next twelve months	14.1	153,077	306,153
		<u>19,603,109</u>	<u>19,603,109</u>
		<u>133,989,872</u>	<u>133,989,872</u>

14.1 Refer contents of note 10 to this condensed interim financial information.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Liabilities towards banks and financial institutions

- (a) Various banks and financial Institutions have filed suits before Civil Court, Lahore, Sindh High Court and Lahore High Court for recovery of their long-term and short-term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 3,770,429,000 (June 2014: Rs.3,770,429,000).

The management is strongly contesting the abovementioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. Since all the cases are pending before various Courts therefore the ultimate outcome of these cases can not be established.

- (b) The Company filed a global suit in the Lahore High Court (LHC) against all banks / financial institutions under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its order dated October 25, 2012 ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013 dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above mentioned order. The Divisional Bench passed order, dated November 27, 2013, that respondent bank will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013 will remain suspended meanwhile.

However, the Company alongwith its restructuring agent and all lending financial institutions & banks are in the process of finalising and approving the terms to restructure the outstanding debt obligations of the Company. An indicative term sheet of the restructuring terms is in the process of signing; immediately thereafter legal documentation will be executed to formalize the restructuring of outstanding debts of the Company as mentioned in note 1.3 of audited annual financial statements. The management expects that entire process will be completed in due course of time and these recovery suits will be settled accordingly.

15.1.2 There has been no change in the matter as detailed in note 31.1.2 to the Company's published annual financial statements for the year ended June 30, 2014.

15.1.3 Refer to contents note 6.1.1 to this condensed interim financial information.

15.1.4 Counter guarantees aggregating Rs. 78,518,000 (June 30, 2014: Rs. 78,518,000) given by the Company to various banks outstanding as at December 31, 2014 in respect of guarantees issued in favour of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited.

15.2 Commitments

15.2.1 Commitment against confirmed letters of credit outstanding at the period end was for Rs.Nil (June 30, 2014: Nil).

		(Un-audited) Half Year ended	
		December 31, 2014	December 31, 2013
		-----Rupees-----	
16.	Cash flows from operating activities		
	Profit before taxation	(78,712,560)	(40,268,926)
	Adjustments for non cash and other items :		
	Depreciation	48,226,251	48,103,941
	Provision of gratuity	1,307,072	7,771,839
	Finance cost	6,798,374	1,860,125
	Share of profit from associate/Joint venture	128,649	1,658,029
	Interest income	(4,818,775)	(2,773,131)
	Exchange loss - net	-	3,027,264
	Gain on reclassification of investment in an associated company to investment at fair value through profit or loss	-	(179,671,571)
	Working capital change	35,861,739	175,016,731
		<u>8,790,750</u>	<u>14,724,301</u>
16.1	Movement in working capital		
	Decrease / (increase) in current assets:		
	Stores, spare parts and loose tools	2,446,745	1,232,714
	Stocks in trade	(3,600)	24,980,204
	Trade debts	47,220,264	166,974,967
	Loans and advances	(8,475,277)	(2,236,408)
	Deposits and prepayments	359,194	518,485
	Other receivables	(216,880)	5,060,737
		<u>41,330,446</u>	<u>196,530,699</u>
	Decrease in trade and other payables	(5,468,707)	(21,513,968)
	Net cash used in operating activities	<u>35,861,739</u>	<u>175,016,731</u>

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risk: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk, management information and disclosures required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2014.

There have been no change in the risk management policies since the year end.

	(Un-audited) Half year ended	
	December 31, 2014	December 31, 2013
	-----Rupees-----	
18. RELATED PARTY TRANSACTIONS		
18.1. Significant transactions with related parties are as follows:		
Nature of transactions		
Purchases	-	11,100
Processing income	5,756,348	52,635,010
Adjustment of trade debts with loan from Chief Executive	-	74,495,138
Markup accrued	2,549,633	-
Loan from Chief Executive repaid	-	504,862
Amount received as advance for sale of yarn / cotton	-	7,955,147
Amount advance to joint venture for issue of shares	-	2,400,000
Remuneration and other benefits to key management personnel	-	5,558,748
	(Un-audited) Half year ended	
	December 31, 2014	June 30, 2014
	-----Rupees-----	

18.2. Period / year end balances are as follows:

Receivables from related parties

Long-term investment	55,238,328	59,379,574
Trade Debtors	36,369,148	39,574,463
Short-term investment	9,014,190	9,715,136
Other Receivables	68,574,766	117,519

Payable to related parties

Subordinate loan	250,000,000	250,000,000
Trade and other payables	70,167,476	9,701,964

19. OPERATING SEGMENT

This interim financial information has been prepared on the basis of a single reportable segment.

- (a) No (December 2013: Nil) sales of the Company are made to customers located outside Pakistan.
- (b) All non-current assets of the Company at December, 2014 and December, 2013 are located in Pakistan.

20. GENERAL

Figures have been rounded off to the nearest rupee except stated otherwise.

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on March 10, 2015.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director



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