



**QUARTERLY ACCOUNTS  
FOR THREE MONTHS ENDED  
SEPTEMBER 30, 2014  
(UN-AUDITED)**

**GULISTAN SPINNING MILLS LIMITED**

# *Contents*

<b>COMPANY INFORMATION</b>	<b>2</b>
<b>DIRECTOR'S REPORT</b>	<b>3</b>
<b>CONDENSED INTERIM BALANCE SHEET</b>	<b>4</b>
<b>CONDENSED INTERIM PROFIT AND LOSS ACCOUNT</b>	<b>5</b>
<b>CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME</b>	<b>6</b>
<b>CONDENSED INTERIM CASH FLOW STATEMENT</b>	<b>7</b>
<b>CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>
<b>SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT</b>	<b>8-13</b>

## GULISTAN SPINNING MILLS LIMITED

---

### Company Information

<b>BOARD OF DIRECTORS</b>	Mr. Sohail Maqsood (Chairman) Mr. Tanveer Ahmed (Chief Executive) Mr. Riaz Ahmed Mr. Muhammad Shafiq Mr. Iftikhar Ali Mr. Muhammad Yousaf Mr. Umer Hayat Gill
<b>AUDIT COMMITTEE</b>	Mr. Riaz Ahmed (Chairman) Mr. Umer Hayat Gill Mr. Sohail Maqsood
<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Iftikhar Ali (Chairman) Mr. Tanveer Ahmed Mr. Sohail Maqsood
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Salman Ali Riaz
<b>COMPANY SECRETARY</b>	Mr. Javaid Iqbal
<b>AUDITORS</b>	M/s. Mushtaq & Company Chartered Accountants Karachi.
<b>LEGAL ADVISOR</b>	Akhter Javed-Advocate
<b>TAX CONSULTANT</b>	M/s. Sharif & Company-Advocate
<b>SHARE REGISTRAR OFFICE</b>	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835
<b>REGISTERED OFFICE</b>	2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
<b>REGIONAL OFFICE</b>	2nd Floor, Garden Heights, 8Aibak Block, New Garden Town, Lahore.
<b>MILLS</b>	Jumber Khurd Tehsil Chunnian Dist. Kasur
<b>WEB PRESENCE</b>	<a href="http://www.gulshan.com.pk/corporate/gulistan.html">http://www.gulshan.com.pk/corporate/gulistan.html</a>

**Director's Report to Shareholders**

The Directors of your Company are pleased to present unaudited financial statements of the Company for the first quarter ended September 30, 2014.

**Financial Results**

<b>Operating indicators</b>	<b>First Quarter Ended September 30, 2014 (Rupees)</b>	<b>First Quarter Ended September 30, 2013 (Rupees)</b>
Sales	Nil	73,495,203
Gross loss	(20,648,117)	(15,399,938)
Pre Tax loss	(26,068,679)	(21,888,404)
Provision for Taxation	3,076,637	3,462,496
Loss Per Share	(1.57)	(1.26)

The period under review has also been proved difficult period. Severe energy crises coupled with on-going financial impediments have obstructed the utilization of production capacities. The root cause for this underutilization had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. This hindered the Company's plan to achieve the desired production targets which badly affected our sales turnover as well as profitability of the Company.

The debt amortization profile, higher interest 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. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions have agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company.

**Future Outlook:**

We have been conscious of the issues that are affecting our profitability and are committed to plans to turn Company into profit by implementing the restructuring process (which is at advance stage) for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers. Moreover, present trend of increase in inflation, unpredictable abnormal hike in power costs and load shedding are likely to continue. All these factors may affect the profitability for the next quarter. In spite of these circumstances, the Management would be putting its best efforts to ensure continued growth, operational efficiency and optimum results for the Company and its valued stakeholders.

**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.

**Lahore**  
**October 31, 2014**

**TANVEER AHMED**  
**CHIEF EXECUTIVE**

**GULISTAN SPINNING MILLS LIMITED**

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS ON SEPTEMBER 30, 2014**

	Note	(UN - AUDITED)	(AUDITED)
		September-14	June-14
		-----Rupees-----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	1,519,009,755	1,531,854,852
Long term investments		11,160,735	10,735,485
Long term deposits		2,780,500	2,780,500
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		11,666,336	11,666,336
Stock in trade		231,521,043	232,264,378
Trade debts		23,037,535	23,037,535
Loan and advances		6,425,443	5,989,346
Trade deposits, prepayments & other receivables		11,408,145	12,081,245
Mark up accrued		13,510,401	13,052,447
Tax refunds due from Government		13,575,745	13,575,158
Cash and bank balances		5,348,288	5,325,857
		316,492,936	316,992,301
		<b>1,849,443,926</b>	<b>1,862,363,138</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
15,000,000 (June 30, 2014 : 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital	4	146,410,000	146,410,000
Reserves		24,998,903	24,998,903
Accumulated loss		(1,407,017,658)	(1,390,272,121)
		<b>(1,235,608,755)</b>	<b>(1,218,863,218)</b>
Surplus on revaluation of property, plant and equipment		770,796,502	777,043,007
<b>NON CURRENT LIABILITIES</b>			
Long term financing	5	-	-
Long Term Financing From Related Parties		177,818,341	177,818,341
Liabilities against assets subject to finance lease	6	-	-
Deferred liabilities		333,933,490	340,273,708
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	438,317,796	423,211,210
Mark up accrued on loans	8	18,772,438	16,841,346
Short term borrowings	9	1,147,576,253	1,147,576,253
Current portion of:			
- long-term financing	5	171,428,572	171,428,572
- liabilities against assets subject to finance lease	6	16,522,423	17,199,239
Provision for taxation		9,886,867	9,834,681
		1,802,504,348	1,786,091,300
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		
		<b>1,849,443,926</b>	<b>1,862,363,138</b>

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

Tanveer Ahmed  
Chief Executive

Sohail Maqsood  
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN - AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Note	QUARTER ENDED	
		September-14	September-13
RUPEES			
Sales - net		-	73,495,203
Cost of sales		<b>(20,648,117)</b>	(88,895,141)
<b>Gross (Loss) / profit</b>		<b>(20,648,117)</b>	(15,399,938)
Other operating income		<b>528,882</b>	534,259
		<b>(20,119,235)</b>	(14,865,679)
Distribution cost		-	-
Administrative expenses		<b>(4,318,989)</b>	(6,893,904)
Other operating expenses		-	(16,390)
Finance cost		<b>(1,630,455)</b>	(112,431)
		<b>(5,949,444)</b>	(7,022,725)
<b>(Loss) / profit before taxation</b>		<b>(26,068,679)</b>	(21,888,404)
Taxation		<b>3,076,637</b>	3,462,496
<b>(Loss) / Profit after taxation</b>		<b>(22,992,042)</b>	(18,425,908)
<b>(Loss) / Earnings per share - basic and diluted</b>	<b>11</b>	<b>(1.57)</b>	(1.26)

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

Note	QUARTER ENDED	
	Sep - 14	Sep - 13
	RUPEES	
(Loss) / profit after taxation	(22,992,042)	(18,425,908)
<b>Other comprehensive Income</b>	-	-
<b>Total Comprehensive (loss) / income for the quarter ended</b>	<b>(22,992,042)</b>	<b>(18,425,908)</b>

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

**CONDENSED INTERIM CASH FLOW STATEMENT (UN - AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	NOTE	QUARTER ENDED	
		Sep - 14	Sep - 13
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(26,068,679)	(21,888,404)
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment		12,845,099	13,996,683
Provision for staff retirement benefits - gratuity		1,440,000	1,500,000
Share of (loss) / profit of associates		-	-
Finance cost		1,630,455	(112,431)
Interest Income		(103,632)	(109,009)
Mark up accrued on defence saving certificates		(425,250)	(425,250)
		<u>(10,682,007)</u>	<u>(7,038,411)</u>
<b>Cash flows before changes in working capital</b>			
Changes in working capital	12	16,086,336	14,920,266
		<u>5,404,329</u>	<u>7,881,855</u>
<b>Cash generated from / (used in) operations</b>			
Finance cost paid		(66,933)	112,431
Staff retirement benefits paid - gratuity		(4,599,211)	(2,620,517)
Income taxes paid		(52,186)	(1,469,476)
		<u>(4,718,330)</u>	<u>(3,977,562)</u>
<b>Net cash generated from / (used in) operating activities</b>		<u>685,999</u>	<u>3,904,293</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment			(1,897,396)
Mark up received		13,247	190,021
<b>Net cash (used in) / generated from investing activities</b>		<u>13,247</u>	<u>(1,707,375)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		-	-
Payment of liabilities against assets subject to finance lease		(676,816)	(126,668)
Increase in short term borrowings		-	(1,326,541)
<b>Net cash (used in) / generated from financing activities</b>		<u>(676,816)</u>	<u>(1,453,209)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>22,431</u>	<u>743,709</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<u>2,245,346</u>	<u>2,512,907</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	13	<u>2,267,777</u>	<u>3,256,616</u>

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

**Tanveer Ahmed**  
Chief Executive

**Sohail Maqsood**  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Reserves		Unrealized gain/(loss) on remeasurement of available for sale investment	Unappropriated profit	Total
	Share capital	Share Premium			
-----Rupees-----					
<b>Balance as at July 01, 2013</b>	146,410,000	25,000,000		(1,384,734,157)	(1,213,324,157)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-		6,529,280	6,529,280
(Loss) for the quarter ended	-	-		(18,425,908)	(18,425,908)
<b>Balance as at September 30, 2013</b>	<b>146,410,000</b>	<b>25,000,000</b>		<b>(1,396,630,785)</b>	<b>(1,225,220,785)</b>
<b>Balance as at July 01, 2014</b>	<b>146,410,000</b>	<b>25,000,000</b>	(1,097)	(1,390,272,121)	(1,218,863,218)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-		6,246,505	6,246,505
(Loss) for the quarter ended	-	-		(22,992,042)	(22,992,042)
<b>Balance as at September 30, 2014</b>	<b>146,410,000</b>	<b>25,000,000</b>	<b>(1,097)</b>	<b>(1,407,017,658)</b>	<b>(1,235,608,755)</b>

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

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

**1. STATUS AND NATURE OF BUSINESS**

Gulistan Spinning Mills Limited (the company) was incorporated on 25 February, 1987 and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The company is principally engaged in manufacture and sale of yarn. The registered office of the company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi in the province of Sindh, Pakistan. The principal business of the company is to manufacture and sale of yarn. The manufacturing unit is located at District Kasur in the Province of Punjab.

**1.1 Going Concern Assumption**

During the current period the company has incurred a net loss after tax of Rs. 22.92 million and as on the said date its current liabilities exceed its current assets by Rs. 1,486.01 million and its accumulated loss compute to Rs. 1,407.01 million. As fully explained in note 10.1 of these financial statement the company is in litigation with several banking companies and financial institutions, as a consequence these banking companies and financial institutions have blocked and curtailed the working capital lines of the company and froze the funds in bank accounts, rendering the company not being able to operate in its normal course due to the liquidity crisis and has resulted in losses. These conditions along with 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 realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

- (a) the management of the company is negotiating an amicable settlement of the pending litigations with the banking companies and financial institutions. Series of meetings in this regards have also been held and the matter is being persuaded aggressively with the banks and financial institutions. The company has appointed leading financial institution for restructuring of financial debts of the company. As per the indicative term sheet the banking companies and financial institutions will release the blocked working capital lines and raw material in order to run the operations smoothly;
- (b) the management have made arrangements whereby third party cotton is being processed against processing fee for utilization of unutilized capacity in spinning segment;
- (c) the management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.
- (d) the management expects equity injection from the sponsoring directors and detailed plans about the timing and magnitude of the equity injection have been submitted to the banking companies and financial institutions. The management believes that this equity injection will help the company in overcoming the current working capital deficit and will assist in finalization of there structuring / rescheduling plans

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the Company Financial Position in the foreseeable future.

**2. BASIS OF PREPARATION**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June, 2014.

These condensed interim financial information are being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the quarter ended September 30, 2014.

**2.1 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of the financial statements for the period ended September 30, 2014 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2014.

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.

**2.2 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial information in conformity with approved accounting standards 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 recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of these condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2014.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

**3 PROPERTY, PLANT AND EQUIPMENT**

	September 30, 2014		June 30, 2014	
	Additions	Disposals	Additions	Disposals
<b>Owned Assets</b>	----- Cost in Rupees -----			
Buildings on Freehold land	-	-	-	-
Plant & Machinery	-	-	-	-
Electric Installations	-	-	1,842,284	-
Factory Equipment	-	-	410,000	-
Office Equipments	-	-	90,049	-
Furniture and Fixtures	-	-	-	-
Vehicles	-	-	-	560,000
<b>Leased Assets</b>				
Plant & Machinery	-	-	-	-
Vehicles	-	-	-	-
	-	-	2,342,333	560,000

**4 SHARE CAPITAL**

	September-14	June 30, 2014
	----- Rupees -----	
<b>Authorized Capital</b>		
15,000,000 Ordinary shares of Rs.10 each	150,000,000	150,000,000
<b>Issued, subscribed and paid-up capital</b>		
6,838,330 Ordinary shares of Rs.10 each fully paid up in cash	68,383,300	68,383,300
7,802,670 Ordinary shares of Rs.10 each issued as fully paid bonus shares	78,026,700	78,026,700
	146,410,000	146,410,000

**5 LONG TERM FINANCING**

Opening balance	<b>171,428,572</b>	171,428,572
Disbursement in the period / year	-	-
	<b>171,428,572</b>	171,428,572
Less: Repaid in the period / year	-	-
	<b>171,428,572</b>	171,428,572
Current portion		
Overdue installment	<b>78,482,142</b>	55,446,428
Amount payable within twelve month	<b>46,071,430</b>	46,071,428
Amount payable after 30 September 2015	<b>46,875,000</b>	69,910,716
	<b>171,428,572</b>	171,428,572
	-	-

These loans have been availed from financial institutions. Due to the pending litigations, but without subjudice to the Company's stance in the said litigation, the Company's financial arrangements with the banking companies and financial institutions are disputed and the Company will only make payments / adjustments of these finances after the amounts are reconciled with banks and financial institutions in accordance with the suit mentioned in note 10.1. In terms of provisions of International Accounting Standard (IAS) 1 'Presentation of Financial Statements', all liabilities under these finance agreements should be classified as current liabilities. Based on the above, instalments due after the quarter ending September 30, 2015 have been grouped in current portion of non-current liabilities.

**September-14          June 30, 2014**  
 ----- Rupees -----

**6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Opening balance	<b>17,199,239</b>	17,595,397
Assets acquired during the year	-	-
	<b>17,199,239</b>	17,595,397
Less: Repaid during the period / year	<b>(676,818)</b>	(396,158)
	<b>16,522,421</b>	17,199,239
Current portion		
Overdue installment	<b>16,051,595</b>	724,927
Amount payable within twelve month	<b>316,413</b>	15,975,103
Amount payable after 30 September 2015	<b>154,413</b>	499,209
	<b>16,522,421</b>	17,199,239
	-	-

Due to the pending litigations, but without subjudice to the Company's stance in the said litigation, the Company's financial arrangements with the banking companies and financial institutions are disputed and the Company will only make payments / adjustments of these lease liabilities after the amounts are reconciled with banks and financial institutions in accordance with the suit as mentioned in note 10.1. In terms of provisions of International Accounting Standard (IAS) 1 'Presentation of Financial Statements', all lease liabilities under these finance agreements should be classified as current liabilities. Based on the above, instalments due after the quarter ending September 30, 2015 have been grouped in current portion of non-current liabilities.

**7. TRADE AND OTHER PAYABLES**

Trade and other payable include local LC payable and against foreign bills payable. These amounts are payable to various financial institution and these payables are overdue and disputed under litigation with banking companies / financial institutions as detailed in Note No. 10.1.

**8. MARK UP ACCRUED ON LOANS**

The company has not accounted for finance cost aggregating and approximate to Rs.36,382,094/-, Rs.5,474,090/- and Rs. 33,054/- on outstanding balances in respect of short term borrowings, long term financing and liabilities against assets subject to finance lease respectively after going into litigation with the banking companies and financial institutions. The aggregate amount of unaccounted accrued markup / interest as at the period ended September 30, 2014 is approximately Rs. 455,277,479/-. The exact amount of unaccounted markup cannot be ascertained as the due to the ongoing litigation, described in note 10.1, the banking companies and financial institutions have not provided the relevant information / documents.

		September-14	June 30, 2014
		----- Rupees -----	
<b>9 SHORT TERM BORROWINGS</b>			
Short term borrowings	9.1	1,144,495,742	1,144,495,742
Book overdraft	9.2	3,080,511	3,080,511
		1,147,576,253	1,147,576,253

**9.1** As explained fully in note 10.1 of the financial statements the company is in litigation with several banking companies and financial institutions. These financial institutions have filed recovery suits against the company for the repayment of principal along with markup and other charges. As at the year end the various finance facilities available to the company have expired and may only be re negotiated in line with the on going restructuring / rescheduling with the banking companies and financial institution and the decision of the Honorable courts.

**9.2** This represents cheques issued by the company in excess of balance with banks which would have been presented for payments in subsequent period.

**10 CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

Banking companies and financial institutions including Silk Bank Limited, MCB Bank Limited, Habib Bank Limited, KASB Bank Limited, United Bank Limited, Bank of Punjab, Askari Bank Limited, National Bank of Pakistan, Bank Alfalah, Burj Bank, Pair Investment, Faysal Bank Limited, Al-Baraka Bank Limited and First Trust Modaraba have filed suits for recovery, sale of stocks under charge and injunction against the company in different Banking Courts, Civil Courts and High Courts. The aggregate amount claimed in the suits against the company is Rs. 1,750,851,496/- (June 30, 2013: Rs. 781,480,685/-) and permanent injunction. The company is strongly contesting its case before various courts. As per Legal Opinion, all the above matters are being contested by the Company on merits as well as various cogent factual and legal grounds available to the Company under law as reflected in the respective pleadings. However, the liability in respect of principal outstanding is fully provided where as the mark up amounting to Rs. 413,441,112/- (June 30, 2013: Rs. 226,495,509) is not provided in these financial statements due to the above stated reason.

The company has filed a suit in Honorable Lahore High Court jointly against several banking companies and financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The Honorable Lahore High Court vide its order sheet, reference C.M No. 1-C of 2013, dated November 27, 2013 has ordered not to disturb the present position of current assets and fixed assets of the company.

**GULISTAN SPINNING MILLS LIMITED**

	September-14	June-14
	----- Rupees -----	
<b>10.2 Bank guarantees issued on behalf of the company</b>		
Sui Northern Gas Pipelines Limited	20,362,200	20,362,200
Director of Excise and Taxation	8,957,572	8,957,572
	<b>29,319,772</b>	<b>29,319,772</b>

**10.3** There are no other material changes in contingencies as disclosed in the notes to the financial statements for the quarter ended September 30, 2014.

**10.4 Commitments**

Commitment in respect of capital and other expenditure amounting to Rs. NIL ( June 2014: Rs. NIL)

	QUARTER ENDED	
	September-14	September-13
	----- Rupees -----	
<b>11 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Earnings for the purpose of basic earnings per share	<b>(22,992,042)</b>	<b>(18,425,908)</b>

**Number of shares**

Weighted average number of ordinary shares outstanding during the period

<b>14,641,000</b>	<b>14,641,000</b>
-------------------	-------------------

(Loss) / Earning per share- basic and diluted (Rupees per share)

<b>(1.57)</b>	<b>(1.26)</b>
---------------	---------------

	September-14	September-13
	----- Rupees -----	

**12 CHANGES IN WORKING CAPITAL**

Decrease / (increase) in stores, spare parts and loose tools  
 Decrease / (increase) in stock-in-trade  
 Decrease / (increase) in trade debts  
 Decrease / (increase) in loan and advances  
 Decrease / (increase) in deposits, short-term prepayments and other receivables  
 Decrease / (increase) in sales tax refundable  
 (Decrease) / increase in trade and other payables

-	(1,100,842)
743,335	371,544
-	10,955,101
(436,097)	1,022,455
673,100	1,269,978
(588)	169,689
<b>15,106,586</b>	<b>2,232,341</b>
<b>16,086,336</b>	<b>14,920,266</b>

**13 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

	September 30, 2014	September 30, 2013
	----- Rupees -----	
Cash and bank balances	5,348,288	7,587,629
Book overdraft	(3,080,511)	(4,331,012)
	<u>2,267,777</u>	<u>3,256,617</u>

**14 RELATED PARTY TRANSACTIONS**

The related parties comprise holding company, subsidiaries and associated undertakings, companies with common directorship, other related group companies, directors of the company, key management personnel and post employment benefit plans.

	September 30, 2014	September 30, 2013
	----- Rupees -----	
<b>Associated Companies transaction in the period</b>		
Sales of goods and services	-	-
Purchases of goods and services	-	-
Processing charges	-	-
<b>Remuneration to Key management personnel</b>		
Remuneration and other benefits	653,976	1,179,213
Post employment benefits	1,415,332	3,401,102

**15 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorized for issue on October 31, 2014.

**16 PRESENTATION**

- All figures except June 30, 2014 figures appearing in the financial statements are unaudited.
- Figures have been rounded off to nearest Rupee.



**GULISTAN SPINNING MILLS LIMITED**  
2nd Floor, Finlay House, I.I. Chundigar Road, Karachi - Pakistan.