



**QUARTERLY ACCOUNTS
FOR THREE MONTHS ENDED
SEPTEMBER 30, 2013
(UN-AUDTIED)**

Gulistan Spinning Mills Limited

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Company Information

BOARD OF DIRECTORS

Mr. Sohail Maqsood (Chairman)
Mr. Tanveer Ahmed (Chief Executive)
Mr. Muhammad Yousaf
Mr. Umer Hayat Gill
Mr. Riaz Ahmed
Mr. Muhammad Shafiq
Mr. Iftikhar Ali

AUDIT COMMITTEE

Mr. Muhammad Shafiq (Chairman)
Mr. Umer Hayat Gill
Mr. Sohail Maqsood

HR & REMUNERATION COMMITTEE

Mr. Sohail Maqsood (Chairman)
Mr. Tanveer Ahmed
Mr. Muhammad Shafiq

CHIEF FINANCIAL OFFICER

Mr. Aaqib Rauf

COMPANY SECRETARY

Mr. Javaid Iqbal

AUDITORS

M/s. Mushtaq & Co.
Chartered Accountants,
Karachi.

LEGAL ADVISOR

M/s. Akhter 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 : 32424826, 32412754
Fax: 32424835

REGISTERED OFFICE

2nd Floor, Finlay House,
I.I. Chundrigar Road, Karachi.

REGIONAL OFFICE

2nd Floor, Garden Heights,
8 Aibak Block, New Garden Town, Lahore.

MILLS

Jumber Khurd Tehsil Chunnain Distt. Kasur.

WEB PRESENCE

www.gulshan.com.pk/corporate/gulistan.html

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, 2013.

Financial Results

| Operating Indicators | 1 st Quarter Ended September 30, 2013 Rupees | 1 st Quarter Ended September 30, 2012 Rupees |
|---------------------------|---|---|
| Sales | 73,495,203 | 294,192,758 |
| Gross (loss)/Profit | (15,399,938) | (4,765,592) |
| Pre Tax (loss)/Profit | (21,888,404) | (23,181,011) |
| Provision for Taxation | 3,462,496 | (2,632,771) |
| Earnings/(loss) Per Share | (1.26) | (1.40) |

The period under review has also been proved difficult period though financial position of the Company is gradually improving. Severe energy crises coupled with on-going financial impediments have obstructed the optimum utilization of production capacities. The main reason for this underutilization has been non-availability of working capital facilities and resultantly the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. We were bound to arrange third party processing in order to keep our production units operational.

The Company had to operate in an increasingly competitive global textile market when local cost of operations has continued to go up due to increased utility cost and inflationary pressures. Inflationary pressures burdened our cost of production despite Company's efforts to mitigate the effect by implementation of several cost cutting measures. Persistent and unprecedented energy crisis in the Country compelled the Company to generate required energy through higher cost substitutes.

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 for better financial position, strengthening our operations through proficient acumen, improving manufacturing processes and offering better service to our customers.

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.

Condensed Interim Balance Sheet (Un-Audited) as at September 30, 2013

| | | (UN - AUDITED) September-13 | (AUDITED) June-13 |
|---|------|--------------------------------|------------------------|
| | Note | -----Rupees----- | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | 1,572,021,440 | 1,584,120,727 |
| Long term investments | | 10,263,478 | 9,838,228 |
| Long term deposits | | 1,273,000 | 1,273,000 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 16,454,126 | 15,353,284 |
| Stock in trade | | 237,729,993 | 238,101,537 |
| Trade debts | | 55,170,254 | 66,125,355 |
| Loan and advances | | 1,632,346 | 2,654,801 |
| Trade deposits, prepayments & other | | 9,303,862 | 10,573,840 |
| Mark up accrued | | 221,264 | 302,276 |
| Tax refunds due from Government | | 15,173,150 | 15,342,839 |
| Cash and bank balances | | 7,587,629 | 6,593,598 |
| | | 343,272,624 | 355,047,530 |
| | | <u>1,926,830,542</u> | <u>1,950,279,485</u> |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 15,000,000 (June 30, 2013 : 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 | | 25,000,000 | 25,000,000 |
| Accumulated loss | | (1,396,630,785) | (1,384,734,158) |
| | | <u>(1,225,220,785)</u> | <u>(1,213,324,158)</u> |
| Surplus on revaluation of property, plant and equipment | | 851,449,222 | 857,978,502 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 5 | - | - |
| Long term loan from directors | | 103,000,000 | 103,000,000 |
| Liabilities against assets subject to finance lease | 6 | - | - |
| Deferred liabilities | | 362,909,939 | 367,492,952 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 389,496,414 | 387,264,073 |
| Mark up accrued on loans | 8 | - | - |
| Short term borrowings | 9 | 1,246,114,751 | 1,247,190,971 |
| Current portion of: | | | |
| - long-term financing | 5 | 171,428,572 | 171,428,572 |
| - liabilities against assets subject to finance lease | 6 | 17,468,729 | 17,595,397 |
| Provision for taxation | | 10,183,700 | 11,653,176 |
| | | 1,834,692,166 | 1,835,132,189 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 10 | | |
| | | <u>1,926,830,542</u> | <u>1,950,279,485</u> |

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 first quarter ended September 30, 2013

| | Note | QUARTER ENDED | |
|--|------|---------------------|---------------------|
| | | September-13 | September-12 |
| | | RUPEES | |
| Sales - net | | 73,495,203 | 294,192,758 |
| Cost of sales | | (88,895,141) | (298,958,350) |
| Gross (Loss) / profit | | (15,399,938) | (4,765,592) |
| Other operating income | | 534,259 | 599,086 |
| | | (14,865,679) | (4,166,506) |
| Distribution cost | | - | (4,341,194) |
| Administrative expenses | | (6,893,904) | (7,616,138) |
| Other operating expenses | | (16,390) | (122,000) |
| Finance cost | | (112,431) | (3,257,525) |
| | | (7,022,725) | (15,336,857) |
| | | (21,888,404) | (19,503,363) |
| Share of (loss) / profit of associates | | - | (3,677,648) |
| (Loss) / profit before taxation | | (21,888,404) | (23,181,011) |
| Taxation | | 3,462,496 | 2,632,771 |
| (Loss) / Profit after taxation | | (18,425,908) | (20,548,240) |
| (Loss) / Earnings per share - basic and diluted | 11 | (1.26) | (1.40) |

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

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the first quarter ended September 30, 2013**

| | QUARTER ENDED | |
|---|----------------------------|----------------------------|
| | September-13 | September-12 |
| | RUPEES | |
| (Loss) / profit after taxation | (18,425,908) | (20,548,240) |
| Other comprehensive Income | - | - |
| Total Comprehensive (loss) / income for the year | <u>(18,425,908)</u> | <u>(20,548,240)</u> |

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

Condensed Interim Cash Flow Statement (Un-audited) for the first quarter ended September 30, 2013

| | Note | QUARTER ENDED | |
|---|------|--------------------|--------------------|
| | | September-13 | September-12 |
| | | RUPEES | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (21,888,404) | (23,181,011) |
| Adjustments for: | | | |
| Depreciation on property, plant and equipment | | 13,996,683 | 10,234,873 |
| Provision for staff retirement benefits - gratuity | | 1,500,000 | 1,718,250 |
| Share of (loss) / profit of associates | | - | 3,677,648 |
| Finance cost | | (112,431) | 3,257,525 |
| Interest Income | | (109,009) | (117,016) |
| Mark up accrued on defence saving certificates | | (425,250) | (482,070) |
| Cash flows before changes in working capital | | (7,038,411) | (4,891,801) |
| Changes in working capital | 12 | 14,920,266 | 9,311,006 |
| Cash generated from / (used in) operations | | 7,881,855 | 4,419,205 |
| Finance cost paid | | 112,431 | (2,881,751) |
| Staff retirement benefits paid - gratuity | | (2,620,517) | (595,874) |
| Income taxes paid | | (1,469,476) | (1,248,615) |
| Net cash generated from / (used in) operating activities | | 3,977,562 | (4,726,240) |
| | | 3,904,293 | (307,035) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Property, plant and equipment | | (1,897,396) | (897,744) |
| Mark up received | | 190,021 | 316,892 |
| Net cash (used in) / generated from investing activities | | (1,707,375) | (580,852) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | - | - |
| Payment of liabilities against assets subject to finance lease | | (126,668) | (1,024,152) |
| Increase in short term borrowings | | (1,326,541) | (5,415,516) |
| Net cash (used in) / generated from financing activities | | (1,453,209) | (6,439,668) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | 743,709 | (7,327,555) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | | 2,512,907 | 1,007,638 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 13 | 3,256,616 | (6,319,917) |

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

Condensed Interim Statement of Changes in Equity (Un-audited) for the first quarter ended September 30, 2013

| | Share capital | Reserves | Unappropriated profit | Total |
|---|--------------------|-------------------|------------------------|------------------------|
| | | Share Premium | | |
| -----Rupees----- | | | | |
| Balance as at July 01, 2012 | 146,410,000 | 25,000,000 | (1,321,282,501) | (1,149,872,501) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax | | | 6,833,109 | 6,833,109 |
| (Loss) for the quarter ended | - | - | (20,548,240) | (20,548,240) |
| Balance as at September 30, 2012 | 146,410,000 | 25,000,000 | (1,334,997,632) | (1,163,587,632) |
| Balance as at July 01, 2013 | 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) |
| Balance as at September 30, 2013 | 146,410,000 | 25,000,000 | (1,396,630,785) | (1,225,220,785) |

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

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) for the first quarter ended September 30, 2013

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.

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, 2013.

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, 2013.

2.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the period ended September 30, 2013 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2013.

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, 2013, except as stated in note 3.1.

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, 2013.

3 PROPERTY, PLANT AND EQUIPMENT

| | September 30, 2013 | | June 30, 2013 | |
|----------------------------|--------------------|-----------|------------------|----------------|
| | Additions | Disposals | Additions | Disposals |
| ----- Cost in Rupees ----- | | | | |
| Owned Assets | | | | |
| Buildings on Freehold land | - | - | - | - |
| Plant & Machinery | 692,605 | - | 358,030 | - |
| Electric Installations | 731,940 | - | 4,416,165 | - |
| Factory Equipment | 410,000 | - | - | - |
| Office Equipments | 7,500 | - | 13,000 | - |
| Furniture and Fixtures | - | - | - | - |
| Vehicles | - | - | - | 665,000 |
| Leased Assets | | | | |
| Plant & Machinery | - | - | - | - |
| Vehicles | - | - | - | - |
| | <u>1,842,045</u> | <u>-</u> | <u>4,787,195</u> | <u>665,000</u> |

- 3.1 During the year 2013 the Company revised its estimate of useful life of certain items of Property, Plant and equipment based on a valuation report by independent valuers M/S Maricon Consultants (Pvt) Limited. As per the independent valuers' report the depreciation rates for some items of Property, plant and equipment were excessive and needed revision. Keeping in view the assessment of the independent valuer the company has revised the depreciation rates of certain items of Property, plant and equipment as follows;

| Item of Property, Plant and Equipment | Depreciation rates (%) | |
|---------------------------------------|------------------------|----------|
| | Revised | Original |
| 1) Building on feehold land | 2.5 | 5 |
| 2) Plant and machinery | 2.5 | 5 |
| 3) Power house | 4.0 | 5 |

The change has been treated as a change in accounting estimate, applied prospectively, in accordance with the guidelines issued in the International Accounting Standard (IAS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Had the company not revised its estimate of useful life and depreciations rates of these items of Property, Plant and Equipment the depreciation charge for the period would have been higher by Rs. 7,115,469/- with a consequential decrease in the carryign value of items of Property, Plant and Equipment and an increase in the net loss after tax for the period by the same amount.

September-13 June 30, 2013
----- Rupees -----

4 SHARE CAPITAL

Authorized Capital

| | | |
|--|--------------------|--------------------|
| 15,000,000 Ordinary shares of Rs.10 each | <u>150,000,000</u> | <u>150,000,000</u> |
|--|--------------------|--------------------|

Issued, subscribed and paid-up capital

| | | |
|---|---------------------------|--------------------|
| 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 |
| | <u>146,410,000</u> | <u>146,410,000</u> |

September-13 June 30, 2013
----- Rupees -----

5 LONG TERM FINANCING

| | | |
|--|--------------------|--------------------|
| Opening balance | 171,428,572 | 180,000,000 |
| Disbursement in the period / year | - | - |
| | <u>171,428,572</u> | <u>180,000,000</u> |
| Less: Repaid in the period / year | - | (8,571,428) |
| | <u>171,428,572</u> | <u>171,428,572</u> |
| Current portion | | |
| Overdue installment | 32,410,714 | 9,375,000 |
| Amount payable within twelve month | 46,071,428 | 46,071,428 |
| Amount payable after 30 September 2014 | 92,946,430 | 115,982,144 |
| | <u>171,428,572</u> | <u>171,428,572</u> |
| | <u>-</u> | <u>-</u> |

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, 2014 have been grouped in current portion of non-current liabilities.

September-13 June 30, 2013
----- Rupees -----

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

| | | |
|--|-------------------|-------------------|
| Opening balance | 17,595,397 | 18,969,781 |
| Assets acquired during the year | - | - |
| | <u>17,595,397</u> | <u>18,969,781</u> |
| Less: Repaid during the year | (60,506) | (1,374,384) |
| | <u>17,534,891</u> | <u>17,595,397</u> |
| Current portion | | |
| Overdue installment | 15,161,520 | 14,627,448 |
| Amount payable within twelve month | 1,387,691 | 1,743,814 |
| Amount payable after 30 September 2014 | 985,680 | 1,224,135 |
| | <u>17,534,891</u> | <u>17,595,397</u> |
| | <u>-</u> | <u>-</u> |

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, 2014 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.35,870,065/-, Rs.5,015,037/- and Rs. 87,429/- 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 un accounted accrued markup / interest as at the period ended September 30, 2013 is approximately Rs. 267,437,310/-. The exact amount of un accounted 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-12 | June 30, 2013 |
|------|--------------------|---------------|
| Note | ----- Rupees ----- | |

9 SHORT TERM BORROWINGS

| | | | |
|-----------------------|-----|----------------------|----------------------|
| Short term borrowings | 9.1 | 1,241,783,739 | 1,230,298,928 |
| Book overdraft | 9.2 | 4,331,012 | 11,487,479 |
| | | <u>1,246,114,751</u> | <u>1,241,786,407</u> |

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**

The company has filed a suit in Honorable Lahore High Court jointly against 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 dated October 23, 2012 has ordered not to disturb the present position of current assets and fixed assets of the company. Since the matter is sub judice in the Honorable Lahore High Court, the company has not acknowledged its liability until the amount of principal and mark up is reconciled with the financial institutions in accordance with the above mentioned suit. Subsequently the Honorable Lahore High Court through its order dated September 11, 2013 has dismissed the case on legal grounds. Banking companies and financial institutions including Silk Bank Limited, Habib Bank Limited, KASB Bank Limited, Burj Bank Limited, Askari Bank Limited and others 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. 781,480,685/- (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. 267,437,310/- is not provided in these financial statements due to the above stated reason.

| | September-13 | June 30, 2013 |
|--|--------------------|---------------|
| | ----- Rupees ----- | |

10.2 Bank guarantees issued on behalf of the company

| | | |
|------------------------------------|-------------------|-------------------|
| Sui Northern Gas Pipelines Limited | 20,362,200 | 20,362,200 |
| Director of Excise and Taxation | 8,957,572 | 8,957,572 |
| | <u>29,319,772</u> | <u>29,319,772</u> |

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, 2013.

10.4 Commitments

Commitment in respect of capital and other expenditure amounting to Rs. NIL (June 2013: Rs. NIL)

| QUARTER ENDED | |
|--------------------|--------------|
| September-13 | September-12 |
| ----- Rupees ----- | |

11 EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|---|---------------------|---------------------|
| Earnings for the purpose of basic earnings per share | <u>(18,425,908)</u> | <u>(20,548,240)</u> |
| Number of shares | | |
| Weighted average number of ordinary shares outstanding | <u>14,641,000</u> | <u>14,641,000</u> |
| (Loss) / Earning per share - basic and diluted (Rupees per share) | <u>(1.26)</u> | <u>(1.40)</u> |

12 CHANGES IN WORKING CAPITAL

| | | |
|---|--------------------|--------------------|
| Decrease / (increase) in stores, spare parts and loose tools | <u>(1,100,842)</u> | 1,497,144 |
| Decrease / (increase) in stock-in-trade | 371,544 | 7,729,024 |
| Decrease / (increase) in trade debts | 10,955,101 | 10,437,204 |
| Decrease / (increase) in loan and advances | 1,022,455 | (3,802,219) |
| Decrease / (increase) in deposits, short-term prepayments and other receivables | 1,269,978 | (97,195) |
| Decrease / (increase) in sales tax refundable | 169,689 | (969,150) |
| (Decrease) / increase in trade and other payables | <u>2,232,341</u> | <u>(5,483,802)</u> |
| | <u>14,920,266</u> | <u>9,311,006</u> |

13 CASH AND CASH EQUIVALENTS

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

| | September-13 | September-12 |
|------------------------|--------------------|---------------------|
| | ----- Rupees ----- | |
| Cash and bank balances | 7,587,629 | 6,593,598 |
| Book overdraft | <u>(4,331,012)</u> | <u>(11,487,479)</u> |
| | <u>3,256,617</u> | <u>(4,893,881)</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-13 | September-12 |
|---|--------------------|------------------|
| | ----- Rupees ----- | |
| Associated Companies transaction in the period | | |
| Sales of goods and services | - | 52,607,032 |
| Purchases of goods and services | - | 8,853,000 |
| Processing charges | - | 450,743 |
| Remuneration to Key management personnel | | |
| Remuneration and other benefits | 1,179,213 | 1,100,382 |
| Post employment benefits | <u>3,401,102</u> | <u>3,025,204</u> |

15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on October 31, 2013.

16 PRESENTATION

- All figures except June 30, 2013 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 Chundrigar Road,
Karachi Pakistan.