



**QUARTERLY ACCOUNTS
FOR NINE MONTHS ENDED
MARCH 31, 2014
(UN-AUDITED)**

Gulistan Textile Mills Limited

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Company Information

BOARD OF DIRECTORS	Mr. Naseer Ahmed Mr. Muhammad Azhar Mr. Muhammad Zubair Mr. Seemab Ahmad Khan Mr. Muhammad Muzaffar Ali Mr. Muhammad Amir Iqbal Mr. Muhammad Badar Munir al Sami Alam
AUDIT COMMITTEE	Mr. Muhammad Badar Munir al Sami Alam (Chairman) Mr. Muhammad Muzaffar Ali Mr. Muhammad Amir Iqbal
HR & REMUNERATION COMMITTEE	Mr. Muhammad Muzaffar Ali (Chairman) Mr. Naseer Ahmed Mr. Muhammad Azhar
CHIEF FINANCIAL OFFICER	Mr. Zulfiqar Ali
COMPANY SECRETARY	Mr. Zulfiqar Ali
AUDITORS	M/s. Mushtaq & Company Chartered Accountants Karachi.
LEGAL ADVISOR	M/s. A.K. Brohi & Company-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	Unit I - Sama satta, Distt. Bahawalpur Unit II & III Tibba Sultanpur, Distt. Vehari Unit IV - Ferozwatwan, Distt. Sheikhpura
WEB PRESENCE	http://www.gulistan.com.pk/corporate/gulistanT.html

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the nine months period ended March 31, 2014.

Financial Results

Operating Indicators	Nine months Ended March 31, 2014 Rupees	Nine months Ended March 31, 2013 Rupees
Sales & processing	1,428,130,749	2,010,902,042
Gross (loss)/Profit	(527,511,263)	(574,401,337)
Pre Tax (loss)/Profit	85,856,408	(964,525,098)
Provision for Taxation	22,588,687	(23,528,788)
Earnings/(loss) Per Share	5.71	(49.57)

The period under review has also been proved difficult period. Your Company continued to be in the grip of challenges; power outages coupled with on-going financial impediments have obstructed the optimum utilization of production capacities. The driving force for this underutilization had been non-availability of working capital facilities. Due to unilateral blockage of our working capital lines by the banks, the required working capitals were not at our disposal and 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, export orders as well as profitability of the company. In order to keep our production units operational we were bound to arrange third party processing.

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.

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to consider restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. The debt restructuring process is being considered and in this regard matters are being taken with financial institutions. Once the restructuring is finalized it would improve the company's financial health and liquidity of the Company.

The learned single bench of honourable Sindh High Court in JM No. 1/2013 Titled "United Bank Limited v Gulistan Textile Mills Limited" ordered winding up of the company vide its order dated 20.12.2013. In response to our appeal, the Honourable Supreme Court of Pakistan vide its order dated February 25, 2014 has set aside the impugned judgment of Sindh High Court and directed the Sindh High Court to decide the case on merit.

Future Outlook:

The management of your company has adopted various approaches to diminish the financial impact caused by banks / financial institutions by freezing our short term financing facilities and blocking the export lines unilaterally. In this regard we made third party arrangements, whereby the company will process the cotton on agreed prices managing the cash flows to the best possible options available at this point of time. We have been conscious of the issues that are affecting our profitability and are committed to plans to turn Company into profit. Moreover, present trend of appreciation of Pak Rupee, 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 March 31, 2014

NOTE	(UN-AUDITED)	(AUDITED)	(AUDITED)	
	March 31, 2014	June 30, 2013	June 30, 2012	
-----Rupees-----				
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	5	5,832,069,725	5,925,853,508	6,075,718,871
Long term investments	6	6,484,977	156,977,548	584,554,467
Long term deposits		9,871,628	8,434,628	8,350,588
CURRENT ASSETS				
Stores, spare parts and loose tools		91,531,993	101,020,844	129,739,675
Stock in trade	7	873,435,216	1,118,659,118	1,196,782,464
Trade debts		227,203,574	297,738,825	521,420,668
Loans and advances		65,000,814	51,585,647	106,351,047
Trade deposits and short term prepayments		43,558,250	44,995,250	45,089,149
Other receivables		8,221,483	6,394,362	3,905,921
Other financial assets		23,744,497	32,414,910	142,579,503
Tax refunds due from Government		35,797,467	42,826,838	91,246,891
Cash and bank balances	8	46,825,474	38,879,197	53,213,369
		1,415,318,768	1,734,514,991	2,290,328,687
Non - current assets classified as held for sale		23,176,212	23,176,212	23,176,212
		7,286,921,310	7,848,956,887	8,982,128,826
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital				
30,000,000 (June 30, 2013 : 30,000,000) Ordinary shares of Rs. 10 each		300,000,000	300,000,000	300,000,000
Issued, subscribed and paid up capital				
		189,838,990	189,838,990	189,838,990
Reserves				
Reserves		583,001,394	583,001,394	583,001,394
Accumulated loss		(5,917,112,434)	(8,335,540,568)	(7,630,329,024)
		(5,334,111,040)	(7,752,539,174)	(7,047,327,630)
Surplus on revaluation of property, plant and equipment		(5,144,272,050)	(7,562,700,184)	(6,857,488,640)
		2,745,848,214	5,049,346,276	5,997,506,605
Deferred income		250,371	330,846	438,147
NON CURRENT LIABILITIES				
Long term financing from banking companies	9	241,648,378	-	-
Long term financing from related parties		423,800,000	423,800,000	423,800,000
Liabilities against assets subject to finance lease	10	5,046,273	-	-
Deferred liabilities		1,187,326,650	1,205,046,503	862,274,747
CURRENT LIABILITIES				
Trade and other payables	11	1,333,653,285	1,600,184,102	1,379,876,446
Accrued mark up / interest	12	24,008,292	25,689,225	25,339,547
Short term borrowings	13	5,439,320,272	6,114,488,671	6,054,722,175
Current portion of non current liabilities	14	1,004,226,609	966,800,798	969,375,725
Provision for taxation		1,232,204	1,137,837	101,451,262
		7,802,440,662	8,708,300,633	8,530,765,155
Liabilities directly associated with non current assets classified as held for sale		24,832,812	24,832,812	24,832,812
CONTINGENCIES AND COMMITMENTS				
	15			
		7,286,921,310	7,848,956,887	8,982,128,826

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

NASEER AHMED
Chief Executive

SEEMER AHMED KHAN
Director

Condensed Interim Profit and Loss Account (Un-audited) for the quarter and nine months period ended March 31, 2014

	Quarter Ended	Nine Months Period Ended	Quarter Ended	Nine Months Period Ended
	March 31, 2014		March 31, 2013	
-----Rupees-----				
Sales and processing income	295,037,978	1,428,130,749	667,868,211	2,010,902,042
Cost of sales	(400,691,186)	(1,955,642,012)	(793,109,146)	(2,585,303,378)
Gross loss	(105,653,208)	(527,511,263)	(125,240,936)	(574,401,337)
Other income	2,807,396	791,241,271	1,735,076	9,041,562
Distribution cost	(1,883,386)	(10,494,059)	(4,462,542)	(18,291,247)
Administrative expenses	(13,284,689)	(63,757,472)	(29,527,443)	(86,714,427)
Other operating expenses	9,594,109	(70,162,850)	(2,924,373)	(3,227,481)
Finance cost	(7,213,117)	(17,885,721)	(1,414,153)	(39,099,424)
Share of loss of associated companies	-	(15,573,498)	(17,748,673)	(251,832,743)
	(9,979,687)	613,367,671	(54,342,108)	(390,123,761)
Profit / (loss) before taxation	(115,632,895)	85,856,408	(179,583,044)	(964,525,098)
Taxation				
- Current	-	(94,367)	-	-
- Deferred	7,993,074	22,683,054	7,842,930	23,528,788
	7,993,074	22,588,687	7,842,930	23,528,788
Profit / (loss) for the period	(107,639,821)	108,445,095	(171,740,114)	(940,996,310)
Earnings / (loss) per share - basic and diluted	(5.67)	5.71	(9.05)	(49.57)

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

Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter and nine months period ended March 31, 2014

	Quarter Ended	Nine Months Period Ended	Restated	
			Quarter Ended	Nine Months Period Ended
	March 31, 2014		March 31, 2013	
	-----Rupees-----			
Profit / (loss) for the period	(107,639,821)	108,445,095	(171,740,114)	(940,996,310)
Items that may be reclassified to profit and loss account				
Un-realised gain on available for sale investment	232,298	6,484,977	-	-
Total comprehensive income / (loss) for the period	(107,407,523)	114,930,072	(171,740,114)	(940,996,310)

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

Condensed Interim Cash Flow Statement (Un-audited) for the nine months period ended March 31, 2014

	Nine Months Period Ended	
	March 31, 2014	March 31, 2013
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit / (loss) before taxation	85,856,408	(964,525,098)
Adjustments for :		
Depreciation	107,839,291	112,585,950
Staff retirement benefits - gratuity (net)	4,963,201	(3,425,875)
Finance cost	17,885,721	39,099,424
Exchange loss on foreign currency transaction	12,746,533	2,615,103
Interest income	(1,422,787)	(2,811,427)
Share of loss of associated companies	15,573,498	251,832,743
Bad debts written off	22,724,957	-
Gain on sale of investments under equity method	(784,010,610)	-
Profit on sale of property, plant and equipment	(5,727,398)	-
Loss on disposal of investment property	20,301,577	-
Provision for W.P.F	5,795,644	-
Provision for W.W.F	2,202,345	-
Amortisation of deferred income	(80,475)	(80,475)
Gain on sale of investment at fair value through profit and loss	-	(6,149,660)
(Profit) before working capital changes	(495,352,096)	(570,859,314)
Change in working capital		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	9,488,851	(1,130,252)
Stock in trade	245,223,902	52,239,856
Trade debts	47,810,294	224,669,570
Loans and advances	(13,415,167)	47,285,539
Trade deposits and short term prepayments	1,437,000	-
Other receivables	14,343,356	-
Tax refunds due from Government	8,483,145	9,077,551
Increase in current liabilities	313,371,381	332,142,263
Trade and other payables	263,591,173	160,261,659
Cash generated from operating activities	81,610,459	(78,455,392)
Finance cost paid	(19,566,654)	(52,211,328)
Income tax paid	(1,453,774)	(1,965,338)
Net cash generated from (used in) operating activities	60,590,030	(132,632,058)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale proceeds from property, plant and equipment	9,014,320	-
Fixed capital expenditure	(17,342,430)	(838,041)
Sale proceeds of investments at fair value through profit and loss	-	65,263,400
Interest received	758,433	948,403
Increase in Long term deposits	(1,437,000)	(84,040)
Net cash (used in) / generated from investing activities	(9,006,677)	65,289,722
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of liabilities against assets subject to finance lease	(2,733,962)	(482,759)
Repayment of long term financing	(15,068,682)	-
Proceed from long term financing	301,923,106	-
Short term borrowings-net	(336,427,951)	71,117,998
Net cash used in financing activities	(52,307,489)	70,635,239
Net decrease in cash and cash equivalents	(724,135)	3,292,901
Cash and cash equivalents at beginning of the period	71,294,107	85,346,520
Cash and cash equivalents at end of the period	70,569,971	88,639,421
Cash and cash equivalents comprise of the following :-		
Cash and bank balances	46,825,474	56,258,574
Other financial assets	23,744,497	32,380,847
	70,569,971	88,639,421

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

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months period ended March 31, 2014

	RESERVES				TOTAL
	Share capital	CAPITAL	REVENUE		
		Share premium	General reserve	Accumulated loss	
-----Rupees-----					
Balance as at July 01, 2012	189,838,990	379,080,000	203,921,394	(7,604,677,485)	(6,831,837,101)
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	-	-	(10,808,792)	(10,808,792)
Effect of retrospective application of provision of markup referred in note 12.2	-	-	-	(14,842,747)	(14,842,747)
Balance as at July 01, 2012 - as restated	189,838,990	379,080,000	203,921,394	(7,630,329,024)	(6,857,488,640)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	43,696,321	43,696,321
Transfer from share of surplus on revaluation of property, plant and equipment of associates on account of incremental depreciation - net of tax	-	-	-	48,160,341	48,160,341
Total comprehensive loss for the period	-	-	-	(940,996,310)	(940,996,310)
Balance as at March 31, 2013	189,838,990	379,080,000	203,921,394	(8,479,468,673)	(7,706,628,289)
Balance as at July 01, 2013 - as restated	189,838,990	379,080,000	203,921,394	(8,335,540,568)	(7,562,700,184)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	42,125,672	42,125,672
Transfer from share of surplus on revaluation of property, plant and equipment of associates on account of incremental depreciation - net of tax	-	-	-	33,105,666	33,105,666
Transfer from share of surplus on revaluation of property, plant and equipment of associates on account of disposal of investment - net of tax	-	-	-	2,228,266,724	2,228,266,724
Total comprehensive profit for the period	-	-	-	114,930,072	114,930,072
Balance as at March 31, 2014	189,838,990	379,080,000	203,921,394	(5,917,112,434)	(5,144,272,950)

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

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) for the nine months period ended March 31, 2014

1 STATUS AND NATURE OF BUSINESS

- 1.1 Gulistan Textile Mills Limited (the Company) was incorporated on February 2, 1966 as a private Company limited by shares and converted into public limited Company on April 11, 1966. The shares of the Company are listed on Karachi and Lahore Stock Exchanges in Pakistan. The Company is principally engaged in the manufacture and sale of yarn. The registered office of the Company is located at 2nd Floor, Finlay House, I. I. Chundrigar Road, Karachi, while mills are situated at Samma Satta, Tibba Sultan Pur and Feroz Wattwan.
- 1.2 The Company has accumulated loss compute to Rs. 5,917.112 million (June 30, 2013: Rs. 8,335.541 million) and as on the said date its current liabilities exceed its current assets by Rs. 6,387.122 million (June 30, 2013: Rs. 6,973.786 million). As fully explained in note 15.1.1 of these financial information 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. Further as explained in note 15.1.2 a petition for the winding up of the Company had been filed in the Honorable Sindh High court. The Honorable Sindh high court through its order no J.Misc no 1 of 2013 dated December 12, 2013 had ordered the winding up of the Company. Subsequently the Honorable Supreme Court of Pakistan vide its order dated February 25, 2014 has set aside the impugned judgment of Sindh High Court and remanded the matter. 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 realise its assets and discharge its liabilities in the normal course of business. These financial information, however, have been prepared under the going concern assumptions based on the following mitigating factors:
- 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 management have made arrangements whereby third party cotton is being processed against processing fee for utilisation of unutilised capacity in spinning segment;
 - 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.
 - 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 the this equity injection will help the Company in overcoming the current working capital deficit and will assist in finalisation of the restructuring / 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

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (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 Company as at and for the year ended June 30, 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 nine months period ended March 31, 2014 which have been subjected to a review but not audited. These condensed interim financial information also include condensed interim profit and loss statement for the quarter ended March 31, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.
- 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.
- 3.3 During the period, the Company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the Company to eliminate the corridor approach and recognise all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognise all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

Effects of the change in the accounting policy on the interim financial information are not quantifiable, hence the effects based on the relevant available actuarial valuation on the financial statements have been summarized below:

	As at	
	30-Jun-13	30-Jun-12
Impact on Balance Sheet		
Increase in the retirement benefits obligation	43,395,657	10,808,792
Decrease in accumulated profits	43,395,657	10,808,792

	For the Year ended	
	30-Jun-13	30-Jun-12
Impact on profit and loss account		
Increase in profit and loss account	432,635	-
Increase in other comprehensive income	33,019,500	4,312,826

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this 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 recognised prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements for the year ended June 30, 2013, except as stated in note 3.3.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information for the year ended June 30, 2013.

		31-Mar-14	30-Jun-13
	Note	-----Rupees-----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5,814,880,795	5,925,853,508
	Capital work in progress - at cost	17,188,930	-
		<u>5,832,069,725</u>	<u>5,925,853,508</u>

5.1 Operating assets

Opening written down value		5,925,853,508	6,066,070,778
Additions during the period	5.1	153,500	10,816,210
		<u>5,926,007,008</u>	<u>6,076,886,987</u>
Disposals during the period	5.1	(3,286,922)	(2,844,226)
Depreciation during the period		(107,839,291)	(148,189,253)
Closing written down value		<u>5,814,880,795</u>	<u>5,925,853,508</u>

5.1 Additions and disposals during the period

March 31, 2014		June 30, 2013	
Additions	Disposals	Additions	Disposals
-----Cost in Rupees-----		-----Cost in Rupees-----	
Owned Assets			
Building on free / leased hold land	-	-	9,648,094
Plant and machinery	111,000	-	579,500
Tools and Equipments	42,500	-	269,211
Computers	-	-	162,400
Furniture and fixtures	-	(302,558)	-
Vehicles	-	(2,984,364)	(1,323,568)
Leased Assets			
Vehicles	-	-	(1,520,658)
	<u>153,500</u>	<u>(3,286,922)</u>	<u>10,816,210</u>
			<u>(2,844,226)</u>

		31-Mar-14	30-Jun-13
	Note	-----Rupees-----	
6	LONG TERM INVESTMENTS		
	Investments in associates - under equity method	6.1	-
	Other investments - available for sale	6.2	15,573,498
	Investment property	6.3	-
		<u>6,484,977</u>	141,404,050
		<u>6,484,977</u>	<u>156,977,548</u>

		31-Mar-14	30-Jun-13
		-----Rupees-----	
Note			
6.1 Equity instruments of associated companies - equity method			
Quoted Companies			
Gulshan Spinning Mills Limited	6.1.1	-	15,573,498
Gulistan Spinning Mills Limited	6.1.1	-	-
Paramount Spinning Mills Limited	6.1.2	-	-
		-	15,573,498
Unquoted companies			
Gulshan Weaving Mills Limited	6.1.2	-	-
Gulistan Fibers Limited	6.1.1	-	-
		-	-
		-	15,573,498

6.1.1 During the period the Company has disposed off its entire investment in the associated companies to better support the operational activities and to meet its working capital requirements. Investments in these companies was accounted for under the equity method of accounting up till the date the companies remained associated undertakings as required by International Accounting Standard (IAS) 28, "Investments in Associates". The results incorporated in the financial information are based on the latest available financial statements of the associated companies. The gain arising on the disposal of these investments amounted to Rs.784,010,610 has been clubbed in the head "Other income" in the condensed interim profit and loss account.

6.1.2 During the period the Company has disposed off a part of its investment in these companies. The investment was previously accounted for under the equity method of accounting in line with the requirements of International Accounting Standard (IAS) 28, "Investment in Associates". After the partial disposal of the investment and due to the elimination of cross equity direct and indirect investment the Company ceases to have any significant influence over the investee and has categorized the remaining investment under "Available for sale Investments".

		31-Mar-14	30-Jun-13
		-----Rupees-----	
Note			
6.2 Other Investments - Available for sale			
Quoted Companies			
Paramount Spinning Mills Limited			
967,907 (June 30, 2013 : 2,847,907) fully paid ordinary shares of Rs. 10 each	6.1.2	-	-
Add: Adjustment arising from measurement to fair value (Market value as at March 31, 2014 : Rs. 6.70/- per share)		6,484,977	-
		6,484,977	-
Unquoted Companies			
Gulshan Weaving Mills Limited			
616,980 (June 30, 2013 : 6,552,755) fully paid ordinary shares of Rs. 10 each (Break up value as at March 31, 2014 : N/A)	6.1.2	-	-
		-	-
		6,484,977	-

6.3 Investment property

During the period the investment property was disposed off, to negate the on going financial crisis and to meet the working capital requirements. The gain arising out of the disposal of the investment has been presented in the head "Other income" in the condensed interim profit and loss account.

7 STOCK IN TRADE

- 7.1 Raw materials costing Rs. 547.433 Million (June 30, 2013 : 516.204 Million) have been stated at net realizable value of Rs. 547.433 Million (June 30, 2013 : 495.265 million) and finished goods costing Rs.291.534 million (June 30, 2013: 334.557 million) have been stated at net realisable value of Rs.264.665 million (June 30, 2012: 308.500 million). The amount charged to profit and loss in respect of stocks written down to their net realisable value is Rs.26.869 million (June 30, 2013 : Rs. 46.990 million).
- 7.2 The entire stock in trade except stock in transit are under charge with banks. Stock in trade were charged with financial institutions along with all other securities as explained at note 13.1. Further as explained fully in note 15.1.1 of the financial statements several banking companies and financial institutions have filed recovery suits against the Company. These banking companies and financial institutions, amongst other pleas, have pleaded that the charged stock be disposed and the financial arrangements with the said banking companies and financial institutions be settled by the proceeds as such realised. The ownership of the charged stock is disputed and will only be ascertained upon decision of the Honorable Courts. The legal counsel of the Company is of the opinion that the case pending adjudication are being contested on merits as well as various cogent factual and legal grounds. An amicable settlement of the case with the banking companies and financial institutions is currently being pursued, without prejudice to the respective contentions. The management of the Company is pressing the said banking companies and financial institutions for the restructuring / rescheduling of credit facilities and expects the same to be restructured / rescheduled in due course.

8 CASH AND BANK BALANCES

As explained fully in note 14.1.1 of these condensed interim financial information the Company is in litigation with several banking companies and financial institutions. Consequent to on going litigation these banks have blocked the bank accounts of the Company held with them.

	Note	31-Mar-14	30-Jun-13
-----Rupees-----			
9 LONG TERM FINANCING FROM BANKING COMPANIES			
Opening balance		532,648,334	532,648,334
Availed during the period / year	9.1	301,923,106	-
		834,571,440	532,648,334
Less: Repaid in the period / year		(15,068,682)	-
		819,502,758	532,648,334
Current portion			
Overdue installment		357,205,488	223,720,235
Amount payable within twelve month		184,708,602	154,571,238
Amount payable after 31 March 2015	9.2	35,940,290	154,356,861
		577,854,380	532,648,334
		241,648,378	-

- 9.1 During the period the Company got two short term facilities of cash finance and inland letter of credit amounting to an aggregate Rs. 301,923,106 from summit bank restructured to a Long term loan repayable in 28 installments beginning from 31 December 2013. Mark up is payable at 8 percent per annum payable on quarterly basis with grace period, for payment of mark-up, of three years. This loan is secured through a ranking charge by way of hypothecation over the hypothecated assets in favor of the banks in term of a letter of hypothecation of Rs. 402,564,141 which is to be upgraded to a first pari passu charge in. It is also secured through a first pari passu mortgage by way of a constructive deposit of title deed over the mortgaged properties with 180 days from the date of restructuring agreement.
- 9.2 These loans have been availed from financial institutions. Due to the pending litigations, but without sub-judice 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 15.1.1. 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, installments due after the period ending March 31, 2015 have been grouped in current portion of non-current liabilities. Furthermore information / records were not made available by the banking companies and financial institutions to confirm the period end balances of the outstanding amounts.

	31-Mar-14	30-Jun-13
Note	-----Rupees-----	
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	434,152,464	436,727,391
	<u>434,152,464</u>	<u>436,727,391</u>
Less: Repaid during the year	(2,733,962)	(2,574,927)
	<u>431,418,502</u>	434,152,464
Current portion		
Overdue installment	282,912,117	199,670,208
Amount payable within twelve month	78,141,084	108,903,315
Amount payable after 31 March 2015	65,319,028	125,578,941
	<u>426,372,229</u>	434,152,464
14	<u>5,046,273</u>	-

10.1 Due to the pending litigations, but without prejudice 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 15.1.1. 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, installments due after the period ending March 31, 2015 have been grouped in current portion of non-current liabilities.

11 TRADE AND OTHER PAYABLES

11.1 Trade and other payables include Rs. 784,640,595 (June 30, 2013 : Rs. 784,640,595) and Rs. 209,985,604 (June 30, 2013 : Rs. 197,239,071) against local LC payable and against foreign bills payable respectively. These amounts are payable to various financial institutions are overdue and disputed under litigation with banking companies / financial institutions as explained fully in note 15.1.1 of these condensed interim financial information. The Company has not accounted for any further commission / interest / mark-up or penalty in respect of these LCs and bills payable.

12 ACCRUED MARK UP / INTEREST

12.1 As explained in note 15.1.1 several banking companies and financial institutions have filed recovery suits against the Company. Since the financial arrangements of the Company with these banking companies and financial institutions are disputed, the Company has not provided for the mark-up / interest to the extent of and approximate to Rs. 495,519,195 (June 30, 2013: Rs. 612,987,181), Rs. 44,028,860 (June 30, 2013: Rs. 61,628,658) and Rs. 47,247,290 (June 30, 2013: Rs. 63,770,076) on outstanding balances in respect of short term borrowings, long term financing and liabilities against assets subject to finance lease respectively. The aggregate amount of unaccounted accrued mark-up / interest as at the period ended is approximately Rs.1,686,963,377 (June 30, 2013: Rs 1,100,386,868). The exact amount of unaccounted mark-up cannot be ascertained as due to the ongoing litigation.

12.2 As explained in note 9.1, during the period the Company got two short term facilities amounting to an aggregate Rs. 301,923,106 from Summit Bank restructured to a long term loan. And as further explained in Note 15.1.1, the Company and several banking companies and financial institutions were in litigation and the principal amount repayable was disputed. Accordingly, the Company was not providing mark-up on these loans before restructuring agreement. Subsequent to the restructuring, the Company has incorporated the un-accounted mark-up retrospectively and the comparative figures have been restated in accordance with the provisions of International Accounting Standard (IAS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Effects of incorporation of un-accounted mark-up on the financial statements as at the year ended June 30, 2012 and June 30, 2013 are stated below.

	As at	
Note	30-Jun-13	30-Jun-12
	-----Rupees-----	
Impact on Balance Sheet		
Increase in the accrued mark-up	25,689,225	14,842,747
Decrease in accumulated profits	25,689,225	14,842,747

		For the Year ended	
Note		30-Jun-13	30-Jun-12
		-----Rupees-----	
Impact on profit and loss account			
	Increase in finance cost for the period	10,846,478	14,842,747
13	SHORT TERM BORROWINGS		
From banking companies and financial institutions - secured			
	Short term borrowings	5,424,302,482	5,754,392,672
	Book overdraft	15,017,791	21,355,551
		5,439,320,272	5,775,748,223
From related parties - unsecured			
	Sponsors	-	338,740,448
		5,439,320,272	6,114,488,671
13.1	As fully explained in note 15.1.1 several banking companies and financial institutions have filed recovery suits against the Company for the outstanding balances. The legal counsel of the Company is of the opinion that the cases pending adjudication are being contested on merits as well as various cogent factual and legal grounds, however the liability in respect of principal outstanding is fully provided. An amicable settlement of the case with the banking companies and financial institutions is currently being pursued without prejudice to the respective contentions. As at the period end the various finance facilities available to the Company have expired and may only be renegotiated in line with the ongoing restructuring / rescheduling with the banking companies and financial institutions and the decision of the Honorable courts.		
13.2	This represents cheques issued by the Company in excess of balance with banks which would have been presented for payments in subsequent period.		
13.3	The amount had been received as loan from spouse of a director. The amount had been provided to support the operations and to meet the working capital requirements of the Company, was unsecured and interest free.		
	Note	31-Mar-14	30-Jun-13
14	CURRENT PORTION OF NON CURRENT LIABILITIES		
	Long term financing from banking companies	577,854,380	532,648,334
	Liabilities against assets subject to finance lease	426,372,229	434,152,464
		1,004,226,609	966,800,798
15	CONTINGENCIES AND COMMITMENTS		
15.1	Contingencies		
15.1.1	Banking companies and financial institutions including NIB Bank Limited, HSBC , NBP Leasing Limited, Silk Bank Limited, United Bank Limited, Habib Bank Limited, KASB Bank Limited, Soneri Bank Limited, J S Bank Limited, Summit Bank, Meezan Bank Limited, First Women Bank Limited, First Habib Modarba, Bank of Khyber, MCB Bank Limited, Pak Libya Holding Company, National Bank of Pakistan, Askari Bank Limited, Allied Bank Limited and The Bank of Punjab have also filed suits for recovery, sale of charged stocks 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. 8,338,792,807. 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 whereas the mark-up amounting to Rs. 1,686,963,377 is not provided in these financial statements due to the above stated reasons.		
15.1.2	A petition has been filed in the Honorable Sindh High Court by United Bank Limited seeking among other things the winding up of the Company, appointment of official liquidator and restricting the board of directors from functioning. The Honorable High Court through its order no J.Misc 1 of 2013 dated December 12, 2013 ordered the winding up of the Company and appointment of the official liquidator. Subsequently the Company has filed a petition in the Honorable Supreme Court of Pakistan challenging the ruling of the Honorable Sindh High Court. In response to the appeal filed by the Company, the Honorable Supreme Court of Pakistan vide its order dated February 25, 2014 has set aside the impugned judgment of Sindh High Court and remanded the matter. The legal counsel is of the opinion that the Company has several cogent factual and legal grounds for contesting its case and is very hopeful for a favorable decision.		

15.1.3 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.

15.1.3 There are no other material changes in contingencies as disclosed in the notes to the financial statements for the year ended June 30, 2013.

15.2 Commitments

There were no capital commitments as on balance sheet date.

16 TRANSACTIONS WITH RELATED PARTIES

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.

	March 31, 2014	March 31, 2013
-----Rupees-----		
Transactions with associated companies		
Sales of goods and services	-	29,974,126
Purchases of goods and services	-	26,139,512
Processing charges	70,157,234	66,498,247
Sale of Investments	782,010,610	-
Remuneration to Key management personnel	11,201,481	11,509,154

Transactions with related parties are carried out at arm's length price, determined in accordance with comparable uncontrolled price method.

17 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Nature of this reclassification is allocation of figures to proper head of accounts.

18 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information have been authorized for issue on April 25, 2014.

19 GENERAL

All figures except June 30, 2013 figures appearing in the financial information are un-audited. Figures have been rounded off to the nearest rupee.



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