



**HALF YEARLY ACCOUNTS
FOR SIX MONTHS ENDED
DECEMBER 31,2018
(UN AUDITED)**

GULISTAN SPINNING MILLS LIMITED

GULISTAN SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Akhtar Mirza (Chairman) Mr. Sohail Maqsood (Chief Executive) Mr. Muhammad Ashraf Khan Mr. Akhtar Aziz Mr. Asif Akram Mr. Abid Sattar Mr. Muhammad Arif
AUDIT COMMITTEE	Mr. Akhtar Aziz (Chairman) Mr. Muhammad Akhtar Mirza Mr. Abid Sattar
HR & REMUNERATION COMMITTEE	Mr. Asif Akram (Chairman) Mr. Muhammad Akhtar Mirza Mr. Abid Sattar
CHIEF FINANCIAL OFFICER	Mr. Salman Ali Riaz
COMPANY SECRETARY	Mr. Muhammad Junaid Akhtar
AUDITORS	M/s. Baker Tilly Mehmood Idress Qamar Chartered Accountants Lahore.
LEGAL ADVISOR	Akhter Javed-Advocate 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, 8Aibak Block, New Garden Town, Lahore.
MILLS	Unit-II Jumber Khurd Tehsil Chunnian Dist. Kasur
WEB PRESENCE	http://www.gulshan.com.pk/corporate/gulistan.html

GULISTAN SPINNING MILLS LIMITED

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the Nine Month ended Dec 31, 2018.

Financial Results

Operating Indicators	Half Year Ended 31.12.2018	Half Year Ended 31.12.2017
	(Rupees)	(Rupees)
Sales	0	0
Gross (loss)/Profit	(11,816,322)	(14,857,123)
Pre Tax (loss)/Profit	(9,634,905)	(18,967,141)
Provision for Taxation	4,474,460	5,455,214
Earnings/(loss) Per Share	(0.35)	(0.92)

Overview:

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

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

Future Outlook:

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

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

KARACHI
5-Oct-18

CHIEF EXECUTIVE

GULISTAN SPINNING MILLS LIMITED

Condensed interim Balance Sheet

As at December 31, 2018

	Note	(UN - AUDITED)	(AUDITED)
		December 31, 2018	June 30, 2018
-----Rupees-----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	833,032,565	844,863,223
Long term investments	6	22,727,060	19,466,439
Long term deposits		2,061,925	2,061,925
CURRENT ASSETS			
Stores, spare parts and loose tools		2,550,990	2,550,990
Stock in trade	7	52,379,543	52,379,543
Trade debts		2,769,589	3,548,833
Loan and advances		70,264	-
Trade deposits, prepayments and other receivables		4,386,414	4,386,414
Accrued mark up		349,994	349,994
Tax refunds due from Government		6,607,367	6,607,367
Cash and bank balances	8	6,154,737	6,106,142
		75,268,899	75,929,282
		<u>933,090,449</u>	<u>942,320,870</u>
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2013: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital		146,410,000	146,410,000
Reserves		24,983,168	24,983,168
Unappropriated loss		(1,740,215,215)	(1,693,166,719)
		(1,568,822,047)	(1,521,773,551)
Surplus on revaluation of property, plant and equipment		366,526,407	351,794,393
Sub-Ordinate Loan		103,000,000	103,000,000
NON CURRENT LIABILITIES			
Long term financing	9		
Liabilities against assets subject to finance lease	10	-	-
Deferred liabilities		150,964,084	128,178,268
		150,964,084	128,178,268
CURRENT LIABILITIES			
Trade and other payables	11	430,522,677	430,220,759
Accrued mark up / interest	12	39,778,393	39,778,395
Short term borrowings	13	1,145,119,664	1,145,119,666
Current portion of non - current liabilities	9	260,934,641	260,934,641
Provision for taxation		5,066,630	5,068,299
		1,881,422,005	1,881,121,760
CONTINGENCIES AND COMMITMENTS			
	14		
		<u>933,090,449</u>	<u>942,320,870</u>

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

SOHAIL MAQSOOD
CHIEF EXECUTIVE

MAKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Condensed interim Profit & Loss Account (Un-Audited)

For the Half Year Ended December 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees -----	
Sales - net	-	-
Cost of sales	(11,816,322)	(14,857,123)
Gross loss	(11,816,322)	(14,857,123)
Other income	3,480,258	1,050,508
	(8,336,064)	(13,806,615)
Distribution cost	-	-
Administrative expenses	(1,298,493)	(621,888)
Other operating expenses	-	-
Finance cost	(348)	(4,538,638)
	(1,298,841)	(5,160,526)
	(9,634,905)	(18,967,141)
Share of (loss) / profit of associates		
Loss before taxation	(9,634,905)	(18,967,141)
Taxation		
-Current	-	-
-Deferred	4,474,460	5,455,214
	4,474,460	5,455,214
Loss for the period	(5,160,445)	(13,511,928)
Loss per share - basic and diluted	(0.35)	(0.92)

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

SOHAIL MAQSOOD
CHIEF EXECUTIVE

M.AKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Condensed interim Statement of Comprehensive Income (Un-Audited)

For the Half Year Ended December 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
		Rupees
Loss for the period	(5,160,445)	(13,511,928)
Items that may be reclassified to profit and loss account		
Un-realised gain on available for sale investment	-	-
Total comprehensive loss for the year	(5,160,445)	(13,511,928)

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

SOHAIL MAQSOOD
CHIEF EXECUTIVE

M.AKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED
Condensed interim Cash Flow Statement (Un-Audited)
For the Half Year Ended December 31, 2018

NOTE	December 31, 2018	December 31, 2017
----- Rupees -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,634,905)	(18,967,141)
Adjustments for:		
Depreciation on property, plant and equipment	11,830,655	25,758,362
Provision for staff retirement benefits - gratuity	-	2,880,000
Finance cost	348	3,879,727
Debtors reversal	(219,637)	(267,795)
Mark up accrued on defence saving certificates	(3,260,621)	(850,500)
Cash flows before changes in working capital	(1,284,160)	12,432,652
Changes in working capital	15 741,181	30,596,672
Cash generated from operations	(542,979)	43,029,324
Finance cost paid	(348)	(388,553)
Gratuity paid		(4,436,291)
Income taxes paid		(1,068,029)
	(348)	(5,892,873)
Net cash generated from operating activities	(543,327)	37,136,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	-
Mark up received	-	712,750
Net cash used in investing activities	-	742,750
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	-
Payment of liabilities against assets subject to finance lease	-	(1,278,242)
Short term borrowings	-	-
Net cash generated from / (used in) financing activities	-	(1,278,242)
Net increase / (decrease) in cash and cash equivalents	(543,327)	2,144,694
Cash and cash equivalents at beginning of the period	6,106,142	2,245,346
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,562,815	4,390,040

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

SOHAIL MAQSOOD
CHIEF EXECUTIVE

M.AKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Condensed interim Statement of Change in Equity (Un- Audited)

For the Half Year Ended December 31, 2018

	Reserves				Total
	Share capital	Capital	Unrealized Gain/(Loss) on remeasurement of available for sale investment	Revenue	
		Share Premium	on remeasurement of available for sale investment	Unappropriated profit	
----- Rupees -----					
Balance as at June 30, 2018	146,410,000	25,000,000	(16,832)	(1,745,495,178)	(1,574,102,010)
Total comprehensive loss for the year				(5,160,445)	(5,160,445)
Transfer from share of surplus on revaluation of property, plant and equipment of associates on account of disposal of investment - net of tax	-	-			-
Transfer from share of surplus on revaluation of property, plant and equipment of associates on account of incremental depreciation - net of tax	-	-			-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of tax	-	-		10,440,408	10,440,408
Balance as at December 31, 2018	146,410,000	25,000,000		(1,740,215,215)	(1,568,822,047)
				(1,740,215,215)	

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

SOHAIL MAQSOOD
CHIEF EXECUTIVE

MAKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited)

For the Half Year Ended December 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 During the period ended December 31, 2018 the Company has incurred a net loss after tax of Rs. 5.160 million and as on the said date its current liabilities exceed its current assets by Rs. 1,806.153 million and its accumulated loss compute to Rs. 1,740.215 million. As fully explained in note 14.1.1 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 elected Faysal Bank Limited as the restructuring agent and also has signed an indicative term sheet engulfing the principal terms and conditions of the restructuring with the said banking companies and financial institutions. As per the signed 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 has 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 the this equity injection will help the Company in overcoming the current working capital deficit and will assist in finalisation 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

- 2.1 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 the Company for the year ended 30 June, 2018.

The 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.

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2018

- 2.2 This condensed interim financial information comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2015 which have been subject to a review but not audited. This condensed interim financial information also include condensed interim profit and loss statement for the quarter ended December 31, 2018.

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, 2018.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES, 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 recognised 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, 2018, except as stated in note 3.3.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2018.

5 PROPERTY, PLANT AND EQUIPMENT

	December 31, 2018		June 30, 2018	
	Additions	Disposals	Additions	Disposals
Owned Assets	----- Cost in Rupees -----			
Plant and machinery	-	-	-	-
Electric installations	-	-	-	-
Factory equipment	-	-	-	-
Office equipments	-	-	-	-
Furniture and fixtures	-	-	-	-
Vehicles	-	-	-	-
	-	-	-	-

6 LONG TERM INVESTMENTS	Note	December 31, 2018	June 30, 2018
		----- Rupees -----	
		-	-
Defence saving certificates		22,727,060	19,466,439
		22,727,060	19,466,439

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2018

7 STOCK IN TRADE

The entire stock in trade except stock in transit are charge with banks. Stock in trade were charged with financial institutions along with all other securities as explained at note 12.1. Further as explained fully in note 14.1.1 of the financial information 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 in trade 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 in trade 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. Furthermore the most of the banks have not provided bank statements for the period ended December 31, 2018 to confirm the period end balances.

	December 31, 2018	June 30, 2018
	----- Rupees -----	
9 LONG TERM FINANCING		
Opening balance	171,428,572	171,428,572
Disbursement during the period / year	-	-
	171,428,572	171,428,572
Less: Repayments during the period / year	-	-
	171,428,572	171,428,572
Current portion		
Overdue installment	32,410,714	55,446,428
Amount payable within twelve month	46,071,428	46,071,428
Amount payable after December 31, 2018	92,946,430	69,910,716
	171,428,572	171,428,572
	-	-

- 9.1 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 14.1.1. 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, instalments due after the period ending December 31, 2018 have been grouped in current portion of non-current liabilities.

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2018

	December 31, 2018	June 30, 2018
	----- Rupees -----	
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance		17,199,239
Less: Repayments during the period / year		(1,278,242)
	-	15,920,997
Current portion		
Overdue installment		15,920,997
Amount payable within twelve month		
Amount payable after December 31, 2018		
	-	15,920,997
	-	-

- 10.1 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 lease liabilities after the amounts are reconciled with banks and financial institutions in accordance with the suit as mentioned in note 14.1.1. 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, instalments due after the period ending December 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.

11 TRADE AND OTHER PAYABLES

Trade and other payable include local LCs payable of Rs. 53,946,422 (June 30, 2018: Rs. 53,946,422) and against foreign bills payable of Rs. 107,629,451 (June 30, 2018: Rs. 107,629,451). 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. 14.1.1. The Company has not accounted for any further commission / interest / mark-up or penalty in respect of these LCs and bills payable. Furthermore information / records were not made available by the banking companies and financial institutions to confirm the period end balances of the outstanding amounts.

12 ACCRUED MARK UP / INTEREST

As explained in note 14.1.1 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. 594.11 millions (June 30, 2016: Rs. 541.26millions), Rs. 102.78 millions (June 30, 2016: Rs. 95.02 millions) and Rs. 0.94 million (June 30, 2016: Rs. 0.89million) 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 un accounted accrued markup / interest as at the period ended is approximately Rs. 1,047.38 millions (June 30, 2016: Rs. 637.185 millions). The exact amount of un accounted markup cannot be ascertained as the due to the ongoing litigation, several banking companies and financial institutions have not provided the relevant information / documents furthermore the banking companies and financial institutions were not available for confirmation of these balances.

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2018

13 SHORT TERM BORROWINGS	Note	December 31, 2018	June 30, 2018
		----- Rupees -----	
Short term borrowings	13.1	1,144,527,742	1,144,495,742
Book overdraft	13.2	591,922	623,923
		<u>1,145,119,664</u>	<u>1,145,119,665</u>

13.1 As fully explained in note 14.1.1 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 case 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. The management of the Company is negotiated the said banking companies and financial institutions for the restructuring / rescheduling of these loans and expects the loans to be restructured / rescheduled in due course. 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. However as at the year end banking companies and financial institutions have not provided confirmations amounting to Rs. 1,144,495,742 (June 30, 2018: Rs. 1,144,495,742) for reconciliations of the outstanding balances.

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.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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 stock in trade 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, 2018: Rs. 1,750,851,486/-) 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. 635,975,991/- is not provided in these financial statements due to the above stated reason.

14.1.2 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.

14.1.2 Bank guarantees issued on behalf of the Company	December 31, 2018	June 30, 2018
	----- Rupees -----	
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>

GULISTAN SPINNING MILLS LIMITED

Notes to the Condensed interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2018

14.1.3 There are no other material changes in contingencies as disclosed in the notes to the financial statements for the year ended June 30, 2018.

14.2 Commitments

There were no capital commitments as on balance sheet date.

15 CHANGES IN WORKING CAPITAL

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

December 31, 2018 December 31, 2017

----- Rupees -----

	December 31, 2018	December 31, 2017
	(0)	423,136
	-	(8,405,583)
	559,607	7,796,546
	(70,264)	(2,670,328)
	-	208,123
	(50,080)	1,065,519
	301,918	26,314,151
	741,181	24,731,564

16 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.

Transactions with associated companies

Sales of goods and services
Purchases of goods and services
Processing charges

December 31, 2018 December 31, 2017

----- Rupees -----

-
-
-

Remuneration to key management personnel

Remuneration and other benefits
Post employment benefits

- 2,120,730
- 3,587,141

17 APPROVAL OF FINANCIAL INFORMATION

The financial information were approved by the board of directors and authorised for issue on _____.

18 GENERAL

Figures have been rounded off to nearest Rupee.

SOHAIL MAQSOOD
CHIEF EXECUTIVE

M.AKHTAR MIRZA
DIRECTOR

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended December 31, 2018

	December 31, 2018 Rupees	JUNE 2018 Rupees
LONG TERM INVESTMENTS		
Investment in associated companies	-	-
Defence Saving Certificates	22,727,060.18	19,466,439
Other investments-Available for Sale		
	<u>22,727,060.18</u>	<u>19,466,439</u>
LONG TERM DEPOSITS		
Deposits refundable	-	-
Lease key money	3,038,662.00	3,038,662
Other security deposits	2,061,925.00	2,061,925
	<u>5,100,587.00</u>	<u>5,100,587</u>
Less: current portion shown in current assets	(3,038,662.00)	(3,038,662)
	<u>2,061,925.00</u>	<u>2,061,925</u>
STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	7,808,531	7,808,531
Spare parts	4,166,097	4,166,097
Loose tools	656,857	656,857
Stores in transit	-	-
Less: Provision for slow moving stores	(10,080,495)	(10,080,495)
	<u>2,550,990.40</u>	<u>2,550,991</u>
STOCK IN TRADE		
Raw material	43,644,278.00	43,644,278
Raw material in transit	-	-
Work in process	-	-
Finished goods	8,735,265.00	8,735,265
Waste	-	-
	<u>52,379,543.00</u>	<u>52,379,543</u>
TRADE DEBTS		
Related parties (unsecured - considered good)		
Paramount Spinning Mills Limited		
Gulistan Fibres Limited		
Gulistan Textile Mills Limited		
Paramount Spinning Mills Limited		
Gulshan Weaving Mills Limited		

Others

Against Yarn (unsecured - considered good)
 Against Processing (unsecured - considered good)
 Considered doubtful debt

2,171,411.45	3,170,292
598,178.00	598,178
	(219,637)
2,769,589.45	3,548,833
2,769,589.45	3,548,833

LOAN AND ADVANCES**Unsecured - considered good****Advances to:**

Suppliers

-

-

Staff

70,264.00

Contractors

-

-

70,264.00**-****TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**

Short term prepayments

891,655.00

891,655

Current portion of long term deposits

3,038,662.00

3,038,662

Other Receivables

456,097.00

456,097

4,386,414.00**4,386,414****MARK UP ACCRUED****Interest accrued on:**

Loan to related party

PLS term deposits

349,994.00

349,994

349,994.00**349,994****TAX REFUNDS DUE FROM GOVERNMENT**

Export rebate receivable

556,681.00

556,681

Sales tax refundable

6,050,685.99

6,050,686

6,607,366.99**6,607,367****CASH AND BANK BALANCES**

Cash in hand

1,500.00

1,500

Cash with banks on:

Saving account

52,687.00

52,687

Current accounts

1,738,180.12

1,689,585

Certificates of deposit

4,362,370.00

4,362,370

6,154,737.12**6,106,142**

ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Number of	Number of shares		
	shares			
	2015	2016		
	6,838,330	6,838,330	68,383,300.00	68,383,300
	7,802,670	7,802,670	78,026,700.00	78,026,700
	14,641,000	14,641,000	146,410,000.00	146,410,000

RESERVES

Capital reserve	25,000,000.00	25,000,000
Un Realized Gain on remeasurement of available for sale investme	(16,832.00)	(16,832)
	24,983,168.00	24,983,168

SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus on revaluation of property, plant and equipment	376,966,815.00	351,794,393
Share of surplus on revaluation of property, plant and equipment o	-	-
	376,966,815.00	351,794,393

DEFERRED INCOME

Gain on sale and lease back	-	-
Less : Amortization during the year	-	-
	-	-

LONG TERM FINANCING

From related party - unsecured	-	-
From banking companies - secured	-	-
	-	-

From banking companies - secured

Faysal Bank	21,428,572.00	21,428,572
PAIR Investment	150,000,000.00	150,000,000
	171,428,572.00	171,428,572
Less : current portion	171,428,572.00	171,428,572
	-	-

LONG TERM LOAN FROM DIRECTORS

Unsecure - from directors	103,000,000.00	103,000,000
Associated Undertaking	-	-
	103,000,000.00	103,000,000

LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening Balance	14,687,728.00	15,287,209
Addition	-	-
	<u>14,687,728.00</u>	<u>15,287,209</u>
Payment		(599,481)
	<u>14,687,728.00</u>	<u>14,687,728</u>
Current Maturity	14,687,728.00	14,687,728
	<u>-</u>	<u>-</u>

G F L LOAN	74,818,341.00	74,818,341
-------------------	---------------	------------

DEFERRED LIABILITIES

Staff retirement benefits - gratuity		
Deferred taxation	155,438,544.00	128,178,268.00
	<u>155,438,544.00</u>	<u>128,178,268.00</u>

Movement in staff retirement benefits - gratuity

Opening balance	511,751.00	511,751
Provided	-	
Paid		
Closing balance	<u>511,751.00</u>	<u>511,751</u>

Deferred taxation

Opening balance	325,998,008.00	348,923,302
Charge/adjust during the year		
(Reversed) /charge during the year	(6,153,275.37)	(13,058,558)
Surplus on revaluation		-
Effect of changes of rates enacted		(9,866,736)
Closing balance	<u>319,844,732.63</u>	<u>325,998,008</u>

TRADE AND OTHER PAYABLES

Creditors	162,693,854.02	163,784,624
Due to Associates		
Bills payable - Foreign	57,087,619.43	57,087,619
Other payable	154,334,906.80	150,781,500
Gratuity Payable	511,751.00	511,751
Accrued liabilities	7,136,853.83	7,275,764
Advance from waste customers/Processing	1,090,769.00	2,023,857
Advance from related parties	46,979,680.00	48,071,401
Unclaimed dividend	619,529.00	619,529
Tax deducted at source	67,714.34	64,714
	<u>430,522,677.42</u>	<u>430,220,759</u>

MARK UP ACCRUED ON LOANS

Mark up accrued on:		
Long term financing from Associated Undertaking	16,994,973.00	16,923,158
Liabilities against assets subject to finance lease		-
Payable to Associated Undertaking	22,783,420.00	22,855,237
	<u>39,778,393.00</u>	<u>39,778,395</u>

SHORT TERM BORROWINGS

From banking companies and other financial institutions - secured		
Short Term Loan	1,144,527,742.40	1,144,495,742
Temporary overdraft	591,921.95	3,080,511
	-	-
	<u>1,145,119,664.35</u>	<u>1,147,576,253</u>

PROVISION FOR TAXATION

Opening balance	5,068,299.00	5,068,299
Provided during the year	-	-
	<u>5,068,299.00</u>	<u>5,068,299</u>
Tax adjusted	(1,669.50)	
	<u>5,066,629.50</u>	<u>5,068,299</u>

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended December 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
Sales : Net		
Export		
Yarn	-	-
Indirect Export Yarn	-	-
Export Rebate	-	-
	-	-
Local		
Yarn		
Processing	9,000,000	
Waste		
Cotton	-	-
	9,000,000	-
Less :		
Sales Return	-	-
	-	-
Net Local Sales	-	-
	-	-
 COST OF SALES		
Raw material consumed		
Raw material sold		
Packing material consumed		
Stores and spare parts consumed		
Fuel and power consumed	100,000	
Yarn processing charges		
Salaries, wages and benefits	71,400	71,400
Insurance expense		
Repair and maintenance		
Depreciation	11,644,922	12,200,337
Others		77,693
	11,816,322	14,857,123
Work in process		
Opening stock	0	-
Closing stock	0	-
	0	-
Cost of goods manufactured	11,816,322	14,857,123
Finished stocks		
Opening stock	31,461,923	31,461,923
Finished goods purchased	0	-
Closing stock	(31,461,923)	(31,461,923)
	0	-
Cost of goods sold	11,816,322	14,857,123
Raw material consumed		
Opening stock	200,802,454	200,802,454
Purchases	-	-
	200,802,454	200,802,454
Raw Material Sold	-	-
Closing stock	(200,802,454)	(200,802,454)
	0	-

OTHER OPERATING INCOME**Income from financial assets**

Mark up on loans to related party	-	-
Profit on saving accounts	3,260,621	1,054,470
Foreign exchange gain on Import	-	-
Others	219,637	-
Gain on sale of fixed assets		
Amortization of surplus on sale and lease back	-	-
	3,480,258	1,054,470

DISTRIBUTION COST

Postage and telephone	-	-
Commission on export Sales	-	-
Commission on local Sales		
Foreign currency charges on export	-	-
Freight and handling - export		
Freight and handling - local	-	-
Export development surcharge	-	-
Others	-	-
	-	-

ADMINISTRATIVE EXPENSES

Directors' benefits		
Staff salaries and benefits	318,000	318,000
Rent, rates and taxes		
Printing and stationery		
Postage and telephone	22,800	
Electricity, gas and water		
Repair and maintenance		
Vehicles running and maintenance		
Advertising	35,400	
Traveling and conveyance	1,600	
Legal and professional	65,000	100,000
Auditors' remuneration	100,000	125,000
Fee and subscription	13,460	32,500
Insurance		
Depreciation	185,733	217,250
Others	556,500	7,500
	1,298,493	621,888

OTHER OPERATING EXPENSES

Workers' profit participation fund	-	-
Workers' welfare fund	-	-
Donations	-	-
Foreign Exchange loss on imports	-	-
Zakat	-	-
Impairment charged on the equity instruments of associated	-	-
	<u>-</u>	<u>-</u>

FINANCE COST

Mark up on:

Loan From Associates		
Liabilities against assets subject to finance lease		
Short term borrowings		
Workers' profit participation fund		
Bank charges and commission	348	65,417
	348	4,538,638
	<u>348</u>	<u>4,538,638</u>

TAXATION

Current	-	-
Deferred	(4,474,460)	5,292,690
	<u>(4,474,460)</u>	<u>(5,455,214)</u>

CHANGES IN WORKING CAPITAL

(Increase) / decrease in stores, spare parts and loose tools	(0)	(1,133,773)
(Increase) / decrease in stock in trade	-	-
(Increase) / decrease in trade debts	559,607	4,915,751
(Increase) / decrease in loan and advances	(70,264)	-
(Increase) / decrease in deposits, prepayments & other receiv	-	40,642
(Increase) / decrease in Tax refunds due from Government	(50,080)	118
(Decrease) / increase in trade and other payables	301,918	(453,234)
	<u>741,181</u>	<u>3,369,504</u>

GULISTAN SPINNING MILLS LTD.
Deferred Tax Working
For The Half Year Ended December-2018

	Acc. Base	Tax Base	Temporary difference	Local sales 100.00%	Deferred tax@ 30%
Taxable differences					
Owned assets except freehold land	687,613,749	64,218,843	623,394,906	623,394,906	187,018,472
Leased assets	23,530,817	-	23,530,817	23,530,817	7,059,245
Stores					
Stock in trade					
Debtors					
Provision for slow moving items	(4,411,626)	-	(4,411,626)	(4,411,626)	(1,323,488)
Provision for FPA	-	-	-	-	-
Provision for Electric duty payable	(1,906,625)	-	(1,906,625)	(1,906,625)	(571,988)
Staff retirement benefits - PnL	511,751	-	511,751	511,751	153,525
Staff retirement benefits - OCI	-	-	-	-	-
Net deferred tax liability	705,338,066	64,218,843	641,119,223	641,119,223	192,335,766
Net carried forward losses				128,178,268	38,453,480
				<u>769,297,491</u>	<u>230,789,246</u>
Deferred tax asset / liability already booked					-
Charge for the year					<u><u>230,789,246</u></u>

COMPONENTS OF DEFERRED TAX LIABILITY

ACCELERATED TAX DEP.	187,018,472
FINANCE LEASE	7,059,245
Revaluation surplus	319,844,732
STAFF GRAGUITY	(153,525)
CARRY FORWARD LOSSES	38,453,480
PROVISION FOR SLOW MOVING ITEMS	(1,323,488)
PROVISION FOR FPA	-
PROVISION FOR ELECTRIC DUTY PAYABLE	(571,988)
Net Deferred Tax	<u><u>550,326,928</u></u>

GULISTAN SPINNING MILLS LIMITED

Tax depreciation schedule

For the period ended December 31, 2018

Particulars	WDV 30.06.2018	Additions admissible for initial allowance	Additions not admissible for initial allowance	Transfer from/(to) lease	WDV of assets disposed of	Total assets	Rate% (Normal)	Initial 25%	Depreciation		
									Normal	Total	WDV 31.12.2018
BUILDING	18,339,990	-	-	-	-	18,339,990	10	-	916,999	916,999	17,422,990
PLANT AND MACHINERY	49,274,859	-	-	-	-	49,274,859	15	-	3,695,614	3,695,614	45,579,244
OFFICE EQUIPMENTS	520,687	-	-	-	-	520,687	15	-	39,051	39,051	481,635
FURNITURE AND FIXTURE	359,706	-	-	-	-	359,706	15	-	26,978	26,978	332,728
VEHICLES	434,860	-	-	-	-	434,860	15	-	32,615	32,615	402,246
ARMS	-	-	-	-	-	-	15	-	-	-	-
	68,930,101	-	-	-	-	68,930,101		-	4,711,258	4,711,258	64,218,843