



**QUARTERLY ACCOUNTS**  
**FOR THREE MONTHS ENDED**

**SEPTEMBER 30, 2017**

**UN-AUDITED**

**GULSHAN SPINNING MILLS LIMITED**

# GULSHAN 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 Sep 30, 2018.

### Financial Results

Operating Indicators	Third Quarter Ended 30.09.2018	Third Quarter Ended 30.09.2017
	(Rupees)	(Rupees)
Sales	0.00	0
Gross (loss)/Profit	(11,833,895)	(15,640,908)
Pre Tax (loss)/Profit	(13,448,680)	(17,821,628)
Provision for Taxation	3,769,081	3,898,681
Earnings/(loss) Per Share	(1.05)	(1.33)

### 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

CHIEF EXECUTIVE



**GULSHAN SPINNING MILLS LIMITED**  
**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Muhammad Akhtar Mirza (Chairman)  
Mr. Sohail Maqsood (Chief Executive)  
Mr. Muhammad Ashraf Khan  
Mr. Abid Sattar  
Mr. Iftikhar Ali  
Mr. Hussain Ather  
Mr. Muhammad Maqbool Anjum

**AUDIT COMMITTEE**

Mr. Hussain Ather (Chairman)  
Mr. Muhammad Maqbool Anjum  
Mr. Muhammad Akhtar Mirza

**HR & REMUNERATION COMMITTEE**

Mr. Iftikhar Ali (Chairman)  
Mr. Abid Sattar  
Mr. Muhammad Akhtar Mirza

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Shahid

**COMPANY SECRETARY**

Mr. Muhammad Junaid Akhtar

**AUDITORS**

M/s. Baker Tilly Mehmood Idress Qamar  
Chartered Accountants  
Lahore.

**LEGAL ADVISOR**

Akhtar Javed-Advocate

**TAX CONSULTANT**

M/s. Sharif & Company-Advocate

**SHARE REGISTRAR OFFICE**

M/s. Hameed Majeed Associates (Pvt) Ltd.  
Karachi Chamber  
Hasrat Mohani Road Karachi  
Ph. 32424826, 32412754, Fax. 32424835

**REGISTERED OFFICE**

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

**REGIONAL OFFICE**

2nd Floor, Garden Heights,  
8Aibak Block, N. Tibba Sultan Pur, Distt. Vehari  
Lahore. Jumber Khurd Tehsil Chunnian Distt, Kasur  
Warburton Distt. Nankana Sahib

**MILLS**

Unit-I Tibba Sultanpur, Dist. Vehari  
Unit-II Jumber Khurd Tehsil Chunnian Dist. Kasur  
Unit-III Warburton Dist. Nankana Sahib

**WEB PRESENCE**

<http://www.gulshan.com.pk/corporate/gulshan.html>

**GULSHAN SPINNING MILLS LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30 , 2018**

		September/18 Rupees	June/18 Rupees
<b>ASSETS</b>	<b>NOTE</b>		
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	2,089,915,580	2,101,317,712
Long term investment	5	133,960,707	132,302,532
Long term deposits		8,476,563	8,476,563
		<u>2,232,352,850</u>	<u>2,242,096,807</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		11,814,020	11,814,020
Stocks in trade		99,200,095	99,200,095
Trade debtors		28,286,011	32,510,762
Loans and advances		84,916,480	83,314,144
Deposit and prepayments			
Short term investment		5,646,915	5,646,915
Accrued mark up / interest		60,850,777	62,688,063
Other Receivables		8,167,596	7,813,322
Cash and bank balances		12,394,677	12,475,326
		311,276,571	315,462,647
		<u>2,543,629,420</u>	<u>2,557,559,454</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		222,250,380	222,250,380
Reserves		272,000,000	272,000,000
Unappropriated profit		(2,964,476,081)	(2,866,228,637)
Shareholders' equity		(2,470,225,701)	(2,371,978,257)
<b>SURPLUS ON REVALUATION OF LAND</b>		983,536,745	955,034,725
<b>SUBORDINATE LOAN</b>		250,000,000	250,000,000
<b>NON CURRENT LIABILITIES</b>			
Long term finances			-
Staff retirement benefits		21,714,771	
Deferred liabilities		342,340,108	285,234,278
		364,054,879	285,234,278
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	519,093,660	541,593,973
Accrued mark up / interest	8	18,899,265	18,899,265
Current portion of non-current liabilities		132,070,141	132,070,142
Short term borrowings	9	2,735,016,374	2,736,039,198
Provision for taxation		11,184,059	10,666,130
		3,416,263,497	3,439,268,708
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
		<u>2,543,629,420</u>	<u>2,557,559,454</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

**GULSHAN SPINNING MILLS LIMITED****Condensed interim profit & loss account (Un-Audited)**

For the first quarter ended September 30, 2018

	<b>For the first quarter ended</b>	
	<b>September/18 Rupees</b>	<b>September/17 Rupees</b>
Sales	-	-
Cost of Sales	<b>11,833,895</b>	15,640,908
Gross (loss) / Profit	<b>(11,833,895)</b>	(15,640,908)
Distribution Cost	<b>140,120</b>	175,150
Administrative Expenses	<b>3,132,018</b>	3,497,313
Other Operating Expenses		
Other Operating Income	<b>(1,659,905)</b>	(1,498,331)
	<b>1,612,233</b>	2,174,132
(Loss) / Profit from Operations	<b>(13,446,128)</b>	(17,815,040)
Finance Cost	<b>2,552</b>	6,588
Share of Loss of an associated Company/joint venture		
(Loss) / profit before taxation	<b>(13,448,680)</b>	(17,821,628)
Taxation	<b>3,769,081</b>	3,898,681
(Loss) / profit after taxation	<b>(17,217,760)</b>	(21,720,309)
(Loss) earning per share	<b>(1.05)</b>	(1.33)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

**GULSHAN SPINNING MILLS LIMITED**  
**Condensed interim Statement of Comprehensive Income-(Un Audited)**  
**For the first quarter ended September 30, 2018**

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	<b>September/18</b> <b>Rupees</b>	September/17 Rupees
<b>Loss after taxation</b>	<b>(17,217,760)</b>	(21,720,309)
<b>Other comprehensive income / (loss)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Gain / (loss) on re-remeasurement of staff retirement benefit obligation	-	-
Impact of deferred tax	-	-
	-	-
Total comprehensive loss for the period	<u><b>(17,217,760)</b></u>	<u>(21,720,309)</u>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

**Chief Executive**

**Director**

**GULSHAN SPINNING MILLS LIMITED**  
**Condensed interim Cash Flow Statement (Un-Audited)**  
For the first quarter ended September 30, 2017

	NOTE	September/18 Rupees	September/16 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11</b>	<b>(2,107,851)</b>	5,522,494
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		<b>12,158,325</b>	12,576,389
<b>Receipts/Payments for</b>			
Interest received		<b>1,659,905</b>	1,498,331
Dividend received		-	-
Finance cost paid		<b>(2,552)</b>	(6,588)
Tax paid		-	-
Tax refund		-	-
Workers' profit participation paid		-	-
Worker's welfare fund		-	-
Gratuity paid		-	-
<b>Net cash generated from / (used) operating activities</b>		<b>11,707,828</b>	19,590,626
<b>Net increase in cash and Cash equivalents</b>		<b>11,707,828</b>	19,590,626
<b>Cash and cash equivalents at beginning of the year</b>		<b>12,475,326</b>	<b>1,490,784</b>
<b>Cash and cash equivalents at end of the year</b>		<b>24,183,154</b>	<b>21,081,410</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director



**GULSHAN SPINNING MILLS LIMITED**  
**Condensed Interim statement of change in equity (Un-audited)**  
For the first quarter ended September 30, 2018

	Share Capital Issued, subscribed and paid-up	Reserves		Unappropriated Profit	Total
		Share Premium	General Reserve		
-----Rupees-----					
<b>Balance as at July 1, 2018</b> (as re-stated)	222,250,380	66,000,000	206,000,000	(2,861,051,290)	(1,941,067,045)
<b>Total comprehensive loss for the period ended September 30, 2018</b>					
Loss for the period				(15,264,586)	(15,264,586)
Other comprehensive loss				15,330,735	-
	-	-	-	66,149	(15,264,586)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation ) on account of incremental depreciation.				22,689,759	22,689,759
Effect of item directly credited in the equity by an Associated Company				(27,933,255)	(27,933,255)
<b>Balance as at September 30, 2018</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,866,228,637)</b>	<b>(1,961,575,127)</b>
<b>Balance as at July 1, 2018</b>	222,250,380	66,000,000	206,000,000	(2,866,228,637)	(2,344,045,002)
<b>Total comprehensive loss for the year ended September 30, 2018</b>					
Loss for the year				(17,217,760)	(17,217,760)
Other comprehensive income				-	-
	-	-	-	(17,217,760)	(17,217,760)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation ) on account of incremental depreciation.				8,389,244	8,389,244
Effect of item directly credited in the equity by an Associated Company					-
<b>BALANCE AS AT SEPTEMBER 30 , 2017</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,875,057,153)</b>	<b>(2,352,873,519)</b>

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive

Director

**GULSHAN SPINNING MILLS LIMITED****Notes to the Condensed Interim Financial Information (Un-audited)****For the first quarter ended September 30, 2018****1. THE COMPANY AND ITS OPERATIONS**

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

**1.3 Going concern assumption**

The Company, during the current period, has incurred loss before taxation amounting Rs.3.79 million and has accumulated loss of Rs.2,853 million as at September 30, 2016. Further, the Company's current liabilities exceeded its current assets by Rs.3,134 million. This is mainly due to under utilisation of capacity because of insufficiency of working capital lines. All the working capital lines and other finances have been blocked by respective banks and financial institutions due to litigations with these lenders as detailed in note 10.1.1 to this condensed interim financial information. These conditions along with other adverse key financial ratios and the pending litigations with the banking companies and financial institutions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realise its assets. This condensed interim financial information however, have been prepared under the going concern assumption due to following reasons:

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

- The Company alongwith its restructuring agent (a leading financial institutions) and all lending financial institutions & banks are in the process of finalising and approving the terms to restructure the outstanding debt obligations of the Company. An indicative term sheet of the restructuring terms is in the process of finalisation; immediately thereafter it will be signed by all parties and legal documentation will be executed to formalize the restructuring of outstanding debts of the Company. Salient features of this indicative term sheet are as follows:
- The existing facilities will be restructured and consolidated into a long term facility and aggregate principal outstanding will be repaid over 8 years. The sponsors will inject equity through sale of assets of the Company for approximately Rs.2,046 million. Balance of the outstanding facility amount will be repaid in instalments over a period of 8 years on quarterly basis as per the agreed repayment schedule;
- Total accrued and outstanding mark-up due / payable till June 30, 2016 by the Company to its existing lenders will be repaid starting immediately after the expiry of 8 years time period of principal repayment on quarterly basis over a 2 years period (accrued mark-up period); and
- Mark-up rate shall be 5.00% per annum for the first 2 years of repayment tenor, however, a mark-up of 0.50% per annum shall be paid by the Company during the first year and mark-up at the rate of 1.00% will be paid in second year of the repayment tenor. Whereas the remaining differential mark-up amount for these periods will be accumulated and repaid on quarterly basis starting from second-year of the accrued mark-up period. For the remaining 6 years of the restructured facility, mark-up shall be charged and repaid on quarterly basis at the rate of 5.00% per annum.

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

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

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

## 2. BASIS OF PRESENTATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

## 3. ACCOUNTING ESTIMATES AND JUDGMENTS

- The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2016.
- The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.
- Estimation and judgements made by the management in the preparation of this condensed interim financial information were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2016:

## 4. PROPERTY, PLANT AND EQUIPMENT

		September/18 Un-audited Rupees	September/17 Un-audited Rupees
Operating fixed assets	4.1	2,089,915,580	2,138,917,896
Capital work-in-progress			
- advance for furniture & fixture		-	-
- advance for land		-	-
- impairment allowance		-	-
		-	-
		<b>2,089,915,580</b>	<b>2,138,917,896</b>
		-	-
		<b>September/18 Un-audited Rupees</b>	<b>September/17 Un-audited Rupees</b>
4.1 Operating fixed assets			
Book value at beginning of the period / year		2,136,787,731	2,184,077,946
revaluation		(34,713,826)	(34,713,826)

Disposal of vehicles - at book value		
Depreciation charge for the period / year	(12,158,325)	(12,576,389)
Book value at end of the period / year	<u>2,089,915,580</u>	<u>2,136,787,731</u>
<b>Additions during the period / year:</b>		
Plant and machinery	-	-
Electric Installations	-	-
Gas power generators		
Mills equipment	-	-
Office equipment	-	-
Furniture and fixture	-	-
	<u>-</u>	<u>-</u>
	34,713,826	34,713,826

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

## 5. LONG TERM INVESTMENTS

	Note	September/18 Un-audited Rupees	September/17 Un-audited Rupees
In Associated Company	5.1	-	-
In Joint Venture	5.2	-	-
Available for sale	5.3	58,676,779	52,319,922
- Investment on order of court		75,283,928	75,283,928
		<u>133,960,707</u>	<u>127,603,850</u>

### 5.1 Investment in an Associate - Gulistan Textile Mills Limited

Refer to contents note 7.1 of the Company's published annual financial statements for the year ended June 30, 2018

	September/18 (Un-audited) Rupees	September/17 (Un-audited) Rupees
7,500,000 (June 30, 2014: 7,500,000) Ordinary shares of Rs.10/- each	75,000,000	75,000,000
As at July 1,	(19,779,465)	(19,779,465)
Share of loss for the year	(55,220,535)	(55,220,535)
	<u>(75,000,000)</u>	<u>(75,000,000)</u>
Carrying value of investment	<u>-</u>	<u>-</u>

5.2.1 Refer to contents note 7.2 of the Company's published annual financial statements for the year ended June 30, 2014

	Note	September/18 (Un-audited) Rupees	September/17 (Un-audited) Rupees
5.3 Held to maturity			
Defence saving certificates	5.3.1 & 2	21,000,000	21,000,000
Accrued interest thereon		37,676,779	31,319,922
		<u>58,676,779</u>	<u>52,319,922</u>

- 5.3.1 This represents investment in Defence Savings Certificates, which are maturing on various dates by March 5, 2020. These carrying mark-up at the effective rate of 18% per annum.
- 5.3.2 These are under lien with bank against guarantee to Rs. 19.504 millions (June 30,2014: Rs. 19.504 millions)

## **6 LONG TERM FINANCES AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured**

Due to the pending litigations as detailed in note 10.1.1 to this condensed interim financial information, the Company's financial arrangements with the banking companies and financial institutions have been disputed and the Company will only make payments / adjustments of all the finances after the amounts are reconciled with these banks and financial institutions in accordance with the above mentioned suit. In terms of provisions of International Accounting Standard 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 twelve months period ending September 30, 2016 under long term finance agreements and lease finance agreements have been grouped under current portion of non-current liabilities.

## **7 TRADE AND OTHER PAYABLES**

Trade and other payables include bills payable / letters of credit payable, which represent payable to various financial institutions in respect of letters of credit (LCs) issued by the financial institutions in favour of various local and imported raw material suppliers. The Company is in litigation with banks and financial institutions as detailed in note 10.1.1 and payments / adjustments will be made upon the outcome of final decision of the litigation.

## **8 ACCRUED MARK-UP / INTEREST**

During the three months ended September 30, 2016, the Company has not provided mark-up / interest on its long term finances, lease finances and short term borrowings to the extent of Rs.2.2655 million, Rs.0.306 million and Rs.61.20 million respectively due to pending litigations with the financial institutions. Un-provided mark-up / interest upto the balance sheet date aggregated Rs.1,232.03 million.

## **9 SHORT TERM BORROWINGS - Secured**

The abovementioned balances are against finance facilities which were expired during the period and have not been renewed by the respective banks / financial institutions and these banks & financial Institutions have filed suits before different Civil Courts, Banking Courts and High Courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The Company had also filed a suit in the Lahore High Court for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs as more fully detailed in note 10.1.1.

## **10. CONTINGENCIES AND COMMITMENTS**

### **10.1 Contingencies**

#### **10.1.1 Liabilities towards banks and financial institutions**

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

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

- (b) Various banks and financial Institutions have filed suits before Civil Court, Lahore, Sindh High Court and Lahore High Court for recovery of their long term and short term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs.3,770.429 million (June 2016: Rs.3,770.429 million).

Since the matters are pending before various courts, the Company has not acknowledged its financial liabilities towards these banks / financial institutions until the amounts of principal and mark-up / interest are reconciled with these financial institutions in accordance with the abovementioned suits. However, the liability in respect of principal outstanding has been accounted for to the full extent where as mark-up / interest to the extent of Rs.927.060 million has not been accounted upto to the reporting date.

The management is strongly contesting the abovementioned cases and is hopeful for a favourable decision. Since all the cases are pending before various Courts therefore the ultimate outcome can not be established.

- 10.1.2 There has been no change in the matter as detailed in note 31.1.2 to the Company's published annual financial statements for the year ended June 30, 2016.
- 10.1.3 Refer to contents note 7.2.5 to the Company's published annual financial statements for the year ended June 30, 2016.
- 10.1.4 Counter guarantees aggregating Rs.78.518 million (June 30, 2016: Rs.78.518 million) given by the Company to various banks outstanding as at September 30, 2016 in respect of guarantees issued in favour of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited.

## 10.2 Commitments

- 10.2.1 Commitment against confirmed letters of credit outstanding at the period end was for Rs.Nil (June 30, 2016: Nil).

	Note	For the first quarter ended	
		September/18 (Un-audited)	September/17 (Un-audited)
		Rupees	Rupees
<b>11. Cash flows from operating activities</b>			
Profit before taxation		<b>(13,448,680)</b>	(17,821,628)
<b>Adjustments for ;</b>			
Depreciation		<b>12,998,182</b>	12,998,182
Provision of gratuity			
Finance cost		<b>2,552</b>	6,588
Share of profit from associate/Joint venture			
Interest income		<b>(1,659,905)</b>	(1,498,331)
Working capital change		-	11,837,682
		<b>(2,107,851)</b>	<b>5,522,494</b>
<b>Movement in working capital</b>			
Stores, spare parts and loose tools		-	-
Stocks in trade		-	-
Trade debts	=		12,192,967
Loans and advances			(71,000)
Deposits and prepayments		-	-
Other receivables			(284,285)
		-	11,837,682

Increase/(decrease) in trade and other payable

**Net cash used in operating activities**

-	11,837,682
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**12. TRANSACTIONS WITH RELATED PARTIES**

	<b>For the first quarter ended</b>	
	<b>September/18</b>	<b>September/17</b>
	<b>(Un-audited)</b>	
	<b>Rupees</b>	<b>Rupees</b>
<b>Nature of transaction</b>		
<b>Nature of relationship</b>		
Processing income	-	-
Gratuity	-	-
Associated Company		
Defined benefit plan		

**13. OPERATING SEGMENT**

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

- (a) Nil (September 2016: Nil) of sales of the Company are made to customers located outside Pakistan.
- (b) All non-current assets of the Company at September, 2014 and September, 2013 are located in Pakistan.

**14. GENERAL**

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

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on October 31, 2016.

**CHIEF EXECUTIVE**

**DIRECTOR**