



**HALF YEARLY ACCOUNTS**

**FOR SIX MONTHS ENDED**

**DECEMBER 31, 2018**

**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 Dec 31, 2018.

### Financial Results

Operating Indicators	Half Year Ended 31.12.2018	Half Year Ended 31.12.2017
	(Rupees)	(Rupees)
Sales	0	8,400,000
Gross (loss)/Profit	(24,392,903)	(21,821,121)
Pre Tax (loss)/Profit	(27,151,919)	(10,356,410)
Provision for Taxation	-	22,948,812
Earnings/(loss) Per Share	(1.22)	(1.50)

### 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  
05 Oct, 2018

CHIEF EXECUTIVE



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

<b>BOARD OF DIRECTORS</b>	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
<b>AUDIT COMMITTEE</b>	Mr. Hussain Ather(Chairman) Mr. Muhammad Maqbool Anjum Mr. Muhammad Akhtar Mirza
<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Iftikhar Ali (Chairman) Mr. Abid Sattar Mr. Muhammad Akhtar Mirza
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Shahid
<b>COMPANY SECRETARY</b>	Mr. Muhammad Junaid Akhtar
<b>AUDITORS</b>	M/s. Baker Tilly Mehmood Idriss Qamar Chartered Accountants Lahore.
<b>LEGAL ADVISOR</b>	Akhtar Javed-Advocate  Bank Ltd., Askari Commercail Bank, Dawood Islamic, Faysal Bank J.S. Bank, Silk Bank, Soneri Bank, NIB Bank Ltd., HSBC Bank M/East
<b>SHARE REGISTRAR OFFICE</b>	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835
<b>REGISTERED OFFICE</b>	2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
<b>REGIONAL OFFICE</b>	2nd Floor, Garden Heights, 8Aibak Block, New Garden Town, Lahore.
<b>MILLS</b>	Unit-I Tibba Sultanpur, Dist. Vehari Unit-II Jumber Khurd Tehsil Chumnia Dist. Kasur Unit-III Warburton Dist. Nankana Sahib
<b>WEB PRESENCE</b>	<a href="http://www.gulshan.com.pk/corporate/gulshan.html">http://www.gulshan.com.pk/corporate/gulshan.html</a>

**GULSHAN SPINNING MILLS LIMITED**  
**BALANCE SHEET**  
**AS AT DECEMBER 31 , 2018**

		December/18 Rupees	June/18 Rupees
<b>ASSETS</b>	<b>NOTE</b>		
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	2,076,921,123	2,101,317,712
Long term investment	5	135,666,527	132,302,532
Long term deposits		8,476,563	8,476,563
		<u>2,221,064,213</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		25,711,001	32,510,762
Loans and advances		91,366,525	83,314,144
Deposit and prepayments		8,056,271	5,646,915
Accrued mark up / interest		54,913,625	62,688,063
Other Receivables		5,961,942	7,813,322
Cash and bank balances		12,406,428	12,475,326
		<u>309,429,907</u>	<u>315,462,647</u>
		<u>2,530,494,120</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		(2,844,148,035)	(2,866,228,637)
Shareholders' equity		<u>(2,349,897,655)</u>	<u>(2,371,978,257)</u>
<b>SURPLUS ON REVALUATION OF LAND</b>		991,925,989	955,034,725
<b>SUBORDINATE LOAN</b>		250,000,000	250,000,000
<b>NON CURRENT LIABILITIES</b>			
Loan from the chief Executive		-	
Long term finances			
Liabilities against assets subject to finance lease	6	-	
Staff retirement benefits		17,552,641	
Deferred liabilities		338,571,027	285,234,278
		<u>356,123,668</u>	<u>285,234,278</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	576,072,298	541,593,973
Accrued mark up / interest	8	18,889,265	18,899,265
Unclaimed dividend			1,037,103
Current portion of non-current liabilities		133,305,564	132,070,142
Short term borrowings	9	2,735,501,926	2,735,002,095
Provision for taxation		11,148,639	10,666,130
		<u>3,474,917,691</u>	<u>3,439,268,708</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
		<u>2,723,069,693</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 Half Year ended December 31, 2018

	<b>For the Half Year ended</b>	
	<b>December/18 Rupees</b>	<b>December/17 Rupees</b>
Sales		-
Cost of Sales	24,392,903	27,837,359
Gross (loss) / Profit	(24,392,903)	(27,837,359)
Distribution Cost	350,302	350,302
Administrative Expenses	5,775,379	5,967,363
Other Operating Expenses		
Other Operating Income	(3,369,484)	(33,019,921)
	2,756,197	(26,702,256)
(Loss) / Profit from Operations	(27,149,100)	(1,135,103)
Finance Cost	2,819	7,400
Share of Loss of an associated Company/joint venture		
(Loss) / profit before taxation	(27,151,919)	(1,142,503)
Taxation		7,797,362
(Loss) / profit after taxation	(27,151,919)	(8,939,865)
(Loss) earning per share	(1.22)	(1.50)

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 Half Year ended December 31, 2018**

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	<b>December/18</b>	December/17
	<b>Rupees</b>	Rupees
<b>Loss after taxation</b>	<b>(27,151,919)</b>	(8,939,865)
<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	-	-
	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(27,151,919)</u></b>	<b><u>(8,939,865)</u></b>

**Chief Executive**

**Director**

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

	NOTE	December/18 Rupees	December/17 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11</b>	<b>(45,304,038)</b>	1,540,012
<b>Receipts / Payments for</b>			
Interest received		66,987	66,987
Finance cost paid		(2,819)	(19,049)
Tax paid		(128,023)	(128,023)
Gratuity paid		(5,530,152)	(3,573,433)
<b>Net cash generated from / (used) operating activities</b>		<b>(50,898,045)</b>	<b>(2,113,505)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure			
Net cash used in investing activities:		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - net			
Short term borrowings - net		4,592,250	(4,461,769)
<b>Net cash from financing activities</b>		<b>4,592,250</b>	<b>(4,461,769)</b>
<b>Net increase in cash and Cash equivalents</b>		<b>(46,305,795)</b>	<b>(6,575,275)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>12,406,428</b>	18,981,703
<b>Cash and cash equivalents at end of the year</b>		<b>(33,899,367)</b>	<b>12,406,428</b>

Chief Executive

Director



**GULSHAN SPINNING MILLS LIMITED**  
**Condensed Interim statement of change in equity (Un-audited)**  
**For the Half Year ended December 31, 2018**

	Share Capital Issued, subscribed and paid-up	Reserves		Unappropriated Profit	Total
		Share Premium	General Reserve		
-----Rupees-----					
<b>Balance as at July 1, 2015</b> (as re-stated)	222,250,380	66,000,000	206,000,000	(2,659,970,836)	(2,211,307,261)
<b>Total comprehensive loss for the period ended September 30,2015</b>					
Loss for the year				(205,942,890)	(39,143,669)
Other comprehensive income				-	-
	-	-	-	(205,942,890)	(39,143,669)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation ) on account of incremental depreciation.				40,957,517	40,957,517
correction of error					-
Effect of item directly credited in the equity by an Associated Company				-	-
<b>Balance as at June 30,2016</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,824,956,209)</b>	<b>(2,209,493,414)</b>
<b>Balance as at July 1, 2016</b>	222,250,380	66,000,000	206,000,000	(2,824,956,209)	(2,330,705,829)
<b>Total comprehensive loss for the year ended September 30,2014</b>					
Loss for the year				(27,151,919)	(27,151,919)
Other comprehensive income				-	-
	-	-	-	(27,151,919)	(27,151,919)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation ) on account of incremental depreciation.				7,960,093	7,960,093
correction of error					-
Effect of item directly credited in the equity by an Associated Company				-	-
<b>BALANCE AS AT DECEMBER 31 , 2018</b>	<b>222,250,380</b>	<b>66,000,000</b>	<b>206,000,000</b>	<b>(2,844,148,035)</b>	<b>(2,349,897,655)</b>

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Chief Executive

Director

**GULSHAN SPINNING MILLS LIMITED****Notes to the Condensed Interim Financial Information (Un-audited)****For the Half Year ended December 31, 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.33.30 million and has accumulated loss of Rs.2,850 million as at December 31, 2016. Further, the Company's current liabilities exceeded its current assets by Rs.601.8 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, 2014 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, 2015.
- 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

		<b>December/18 Un-audited Rupees</b>	June/18 Audited Rupees
Operating fixed assets	4.1	<b>2,076,921,123</b>	2,230,576,259
Capital work-in-progress			
- advance for furniture & fixture		-	-
- advance for land		-	-
- impairment allowance		-	-
		-	-
		<b>2,076,921,123</b>	2,230,576,259
		-	-
		<b>December/18 Un-audited Rupees</b>	December/16 Un-audited Rupees

### 4.1 Operating fixed assets

Book value at beginning of the period / year	2,102,073,905	2,128,029,995
Additions during the period / year	-	-
Disposal of vehicles - at book value	-	-
Depreciation charge for the period / year	(25,152,782)	(25,956,090)
Book value at end of the period / year	<u>2,076,921,123</u>	<u>2,102,073,905</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>

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	December/18 Un-audited Rupees	June/18 Audited Rupees
In Associated Company	5.1	-	-
In Joint Venture	5.2		
Available for sale	5.3	60,382,599	48,087,364
Investment on order of court		75,283,928	75,283,928
		<u>135,666,527</u>	<u>123,371,292</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, 2014

	December/18 (Un-audited) Rupees	June/18 (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,	(19,633,023)	(17,862,397)
Share of loss for the year	-	(1,770,626)
	<u>(19,633,023)</u>	<u>(19,633,023)</u>
Carrying value of investment	<u>55,366,977</u>	<u>55,366,977</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	December/18 (Un-audited) Rupees	June/16 (Audited) Rupees
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**5.3 Held to maturity**

Defence saving certificates	5.3.1 & 2	<b>21,000,000</b>	21,000,000
Accrued interest thereon		39,382,599	27,087,364
		<b><u>60,382,599</u></b>	<b><u>48,087,364</u></b>

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 30,2016: 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, 2014 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 December 31, 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.3.267 million, Rs.0.016 million and Rs.85.961 million respectively due to pending litigations with the financial institutions. Un-provided mark-up / interest upto the balance sheet date aggregated Rs.927.060 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, 2014.
- 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 December 31, 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, 2015: Nil).

	For the Half Year ended	
	December/18	December/17
Note	(Un-audited)	
	Rupees	Rupees
<b>11. Cash flows from operating activities</b>		
Profit before taxation	<b>(27,151,919)</b>	(1,142,503)
<b>Adjustments for ;</b>		
Depreciation	<b>25,996,365</b>	24,362,433
Provision of gratuity	-	4,480,425
Finance cost	<b>2,819</b>	555,049
(Gain) / loss on sale of operating fixed assets	-	-
Share of profit from associate/Joint venture	-	379,079
Loss on re-measurement of investment at fair value through profit or loss	-	-
Interest income	-	(1,427,605)
Reversal of impairment loss equity investments	-	-
Working capital change	<b>(36,288,921)</b>	77,936,937

**Movement in working capital**

Stores, spare parts and loose tools	-	275,136
Stocks in trade	-	7,018,923
Trade debts	<b>6,799,761</b>	50,453,435
Loans and advances	<b>(8,052,381)</b>	(4,606,090)
Deposits and prepayments	<b>(2,409,356)</b>	209,543
Other receivables	<b>1,851,380</b>	4,661,493
	<b>(1,810,596)</b>	58,012,440
Increase/(decrease) in trade and other payable	<b>(34,478,325)</b>	19,924,497
<b>Net cash used in operating activities</b>	<b>(36,288,921)</b>	<b>77,936,937</b>

**12. TRANSACTIONS WITH RELATED PARTIES**

Nature of transaction	Nature of relationship	For the Half Year ended	
		December/18 (Un-audited)	December/17 (Un-audited)
		Rupees	Rupees
Purchases	Associated Company	-	-
Sales	Associated Company	-	-
Processing income	Associated Company	-	26,278,195
Gratuity	Defined benefit plan	-	4,480,425

**13. OPERATING SEGMENT**

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

- (a) Nil (December 2016: Nil) of sales of the Company are made to customers located outside Pakistan.
- (b) All non-current assets of the Company at December, 2016 and December, 2015 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 Mar 28, 2016.

**CHIEF EXECUTIVE**

**DIRECTOR**