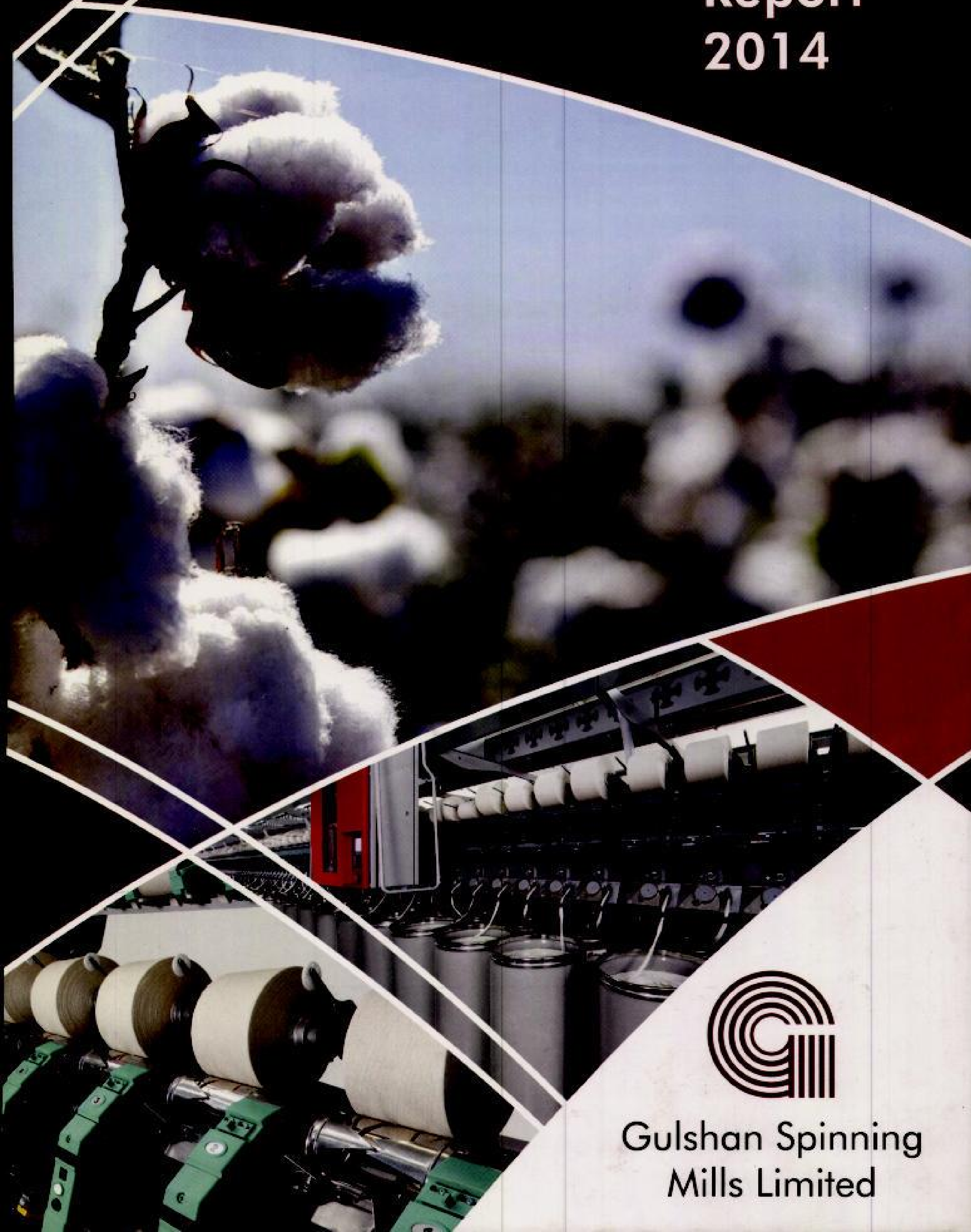
Annual Report 2014



Gulshan Spinning Mills Limited

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Sohail Maqsood (Chairman) Mr. Tanveer Ahmed (Chief Executive) Mr. Riaz Ahmed Mr. Muhammad Shafiq Mr. Iftikhar Ali Mr. Muhammad Yousaf Mr. Hussain Athar
AUDIT COMMITTEE	Mr. Hussain Athar (Chairman) Mr. Muhammad Shafiq Mr. Sohail Maqsood
HR & REMUNERATION COMMITTEE	Mr. Iftikhar Ali (Chairman) Mr. Tanveer Ahmed Mr. Sohail Maqsood
CHIEF FINANCIAL OFFICER	Mr. Muhammad Shahid
COMPANY SECRETARY	Mr. Javaid Iqbal
AUDITORS	M/s. Hameed Chaudhry & Company Chartered Accountants Karachi.
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, New Garden Town, Lahore.
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

Corporate Vision / Mission Statement

Vision

We aim at transforming GSML into a complete Textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversifications, value addition and cost effectiveness. We intend to fully equip the Company to acquire pioneering role in the economic development of the Country.

Mission

The Company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and environment friendly place of work to its employees and present itself as a reliable partner to all business associates.

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of **Gulshan Spinning Mills Limited** (the "Company") will be held at Trading Hall, Karachi Cotton Association Building, I.I. Chundrigar Road, Karachi on Friday, **October 31, 2014 at 11:00 a.m.**, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting of the Company.
2. To receive, consider and adopt the audited financial statements of the Company for the financial year ended on June 30, 2014 together with Director's and Auditor's Reports thereon.
3. To appoint Auditors of the Company for the next financial year 2014-15 and fix their remuneration. The retiring Auditors M/s Hameed Chaudhry & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

Javaid Iqbal
Company Secretary

Lahore:
Dated: October 10, 2014

NOTES:

1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from **24th October, 2014 to 31th October, 2014 (both days inclusive).**
2. A member entitled to attend and vote at the general meeting may appoint any other member as proxy and vote on his/her behalf. Duly completed proxies must be deposited with the Company at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. CDC account holders are requested to bring with them their CNIC alongwith participant ID & their account number at the time of meeting in order to facilitate identification. In case of a corporate entity, a certified copy of BOD resolution/valid power of attorney with specimen signatures of the nominee be produced at the time of meeting.
4. Members are requested to notify immediately changes of their addresses (if any) to our Shares Registrar M/s Hameed Majeed Associates (Pvt) Limited, Karachi Chamber, Hasrat Mohani Road, Karachi.

Directors' Report to the Sharesholders

The Directors of your Company are pleased to place their report together with the Auditor's Report and audited Financial Statements of the Company for the year ended June 30, 2014 at the Annual General Meeting of Company.

Overview

The year under review has also been proved difficult period. Severe energy crises coupled with on-going financial impediments have obstructed the utilization of production capacities. The root cause for this underutilization had been non-availability of working capital facilities which were blocked by the banks/financial institutions unilaterally, and resultantly the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. This hindered the Company's plan to achieve the desired production targets which badly affected our sales turnover as well as profitability of the Company. In spite of the ongoing adverse eventualities the Management is making all possible efforts to keep the Mills of the Company operational.

The debt amortization profile, higher interest cost and associated liquidity problems have forced the Company to initiate restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. The Company has initiated the debt restructuring process with the help of the key lending financial institutions. In this regard leading law firm has been appointed as transaction lawyer and restructuring plan/terms are in process of finalization and majority of financial institutions have agreed in principle to the restructuring process. Once achieved it would improve the company's financial health and liquidity of the Company.

The Management is conscious of the issues that are affecting our operations and are committed to plans to turn Company into profitable entity 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.

Operating & Financial Performance

Operating indicators	2014 Rupees	2013 Rupees
Sales	991,069,459	1,319,221,190
Cost of goods sold	1,323,592,067	1,411,621,267
Financial cost	6,661,350	40,996,208
Pre tax Loss	(208,802,457)	(212,081,087)
Provision for taxation	(6,057,046)	29,336,072
Loss after taxation	(202,745,411)	(241,417,159)

Future Outlook

The Company's Management in order to offset the effect of increased power cost and Rupee devaluation is trying hard to utilize the production capacity to its optimum level.

The high cost of production resulting from higher cotton prices, rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee, double digit inflation, and prolonged power cuts are posing serious threats to textile sector. On these fronts the situation is expected to remain volatile in the future.

Going forward, the Company is focusing on strategy to consolidate its customer base, rationalize production volume and achieve pricing targets to increase profitability. Bottle neck in achieving these miles stones was non-availability of working capital lines. This impediment is expected to be over in near future as the restructuring process is expected to be completed soon and this would result in better utilization of production capacities. 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.

Subsequent to the restructuring and other proposed measures mentioned above, the Management of your Company envisages for the continuing operations of the Company. With positive impact on finance costs, reduced costs, more effective management of resources and raw material procurement, the Company is expected to operate profitably, subject to impact, if any, of uncontrollable external circumstances including power crises and global market conditions.

Auditors' Observations

Auditors' Observation regarding going concern, the Management has approached the banks/financial institutions for speed up the process of negotiations and finalization of financial restructuring of its debts and is confident that outcome will be positive. It is worth noting that restructuring process is at advance stage and in this respect majority of the banks/financial institutions have agreed in principle to it. A Scheme of Arrangement by the Creditors is in process of finalization with the banks which is being drafted by the Transaction Lawyer and after its approval from Honourable Sindh High Court, a syndicated restructuring agreement is proposed to be executed between the Company and respective banks. According to restructuring terms all ongoing litigations by or against the Company will be withdrawn by the respective parties.

The Management is making utmost efforts to recover from the present financial crises and has made its best and maximum possible efforts to come out from the prevailing misfortunes. Reluctantly, the Management has to retrench most of their manpower strength and has taken steps towards resource conservations, effective utilizations of natural resources and raw materials. The Management therefore is of the view that after restructuring of debts going concern observation will be resolved.

Due to pending litigation in the High Court against the Company for recovery of amount, the Company has not provided accrued mark-up in these accounts. Consequently banks/financial institutions have not confirmed the amounts which are already disputed by the Company.

Directors' Report to the Sharesholders

The Company is very hopeful that with reconciliation of amounts, release of security in post re-profiling scenario, the financial health of the Company will be improved which will enable the Company to purchase cost effective timely raw material, manage the resources properly, combat the pressures of local and global market and tackle with energy crises.

Corporate Governance

Your Company has been complying with the rules & regulations of Securities and Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

Board meetings and attendance

Four (4) meetings of the Board of Directors were held and attendance thereof by each director is as follows:

Name of Director	No of meeting attended
Mr. Tanveer Ahmed	4
Mr. Riaz Ahmed	4
Mr. Sohail Maqsood	4
Mr. Hussain Ather (appointed on 05-10-2013)	4
Mr. Iftikhar Ali	4
Mr. Muhammad Shafiq	2
Mr. Muhammad Yousaf	4

Leaves of absence were granted to the members who could not attend the meetings.

Audit Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has established an Audit Committee. The names of its members are given in the Company information.

HR & Remuneration Committee

The Board of Directors of the Company in compliance with the Code of Corporate Governance has also established HR & Remuneration Committee. The names of its members are given in the Company information.

Internal Audit Function

The Board has implemented a sound and effective internal control system including operational, financial and compliance controls to carry on the business of the Company in a controlled environment in an efficient manner to address the Company's basic objectives.

Internal audit findings are reviewed by the Audit Committee, where necessary, action taken on the basis of recommendations contained in the internal audit reports.

Corporate Governance & Financial Reporting Framework

As required by the code of corporate governance, directors are pleased to report that:

- The financial statements prepared by the Management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Board is satisfied that there is no concern as regard to going concern under the Code and as duly explained in note 1.3 of Financial Statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- Key operating and financial data for the last six years is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2014 except for those disclosed in the financial statements.
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Director's Report, except for those disclosed in the financial statements.

Earnings/(Loss) Per Share

The loss per share of the Company for the period ended June 30, 2014 was Rs. (9.12) as compared to the previous year of Rs. (10.86)

Dividends

Due to circumstances discussed above, the Board of Directors does not recommend dividend for the year ended on June 30, 2014.

Corporate Social Responsibility

Your company is responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

Web presence

Annual and periodical financial statements of the Company are also available on the Company website www.gulshan.com.pk for information of the shareholders and others.

Directors' Report to the Sharesholders

Related Party Transactions

The transactions between the related parties were made at Arm's Length prices determined in accordance with the "comparable uncontrolled price method". The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of stock exchanges in Pakistan.

Trading in Company's Shares

During the year under review the trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children is as follows:

Name	Opening Balance as on 01.07.2013	Purchases	Sales	Closing Balance as on 30.06.2014
Mr. Hussain Ather	0	570	-	570

Statement on Value of Staff Retirement Benefit

As on June 30, 2014 deferred liability for gratuity is Rs. 27,914,581.

Auditors

Messrs Hameed Chaudhri & Company, Chartered Accountants being eligible have offered themselves for re-appointment. The Audit Committee has also recommended their appointment as External Auditors of the Company for the next financial year 2014-2015.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2014 including the information under the code of corporate of governance is annexed.

Acknowledgement

Finally, the Board avail this opportunity to thank our valued customers and financial institutions whose faith and support over the years has fostered a mutually beneficial relationship which played a pivotal role in improving our products services and contributions to the economy.

The Board also wishes to place on record its appreciation for the employees members of management team for their efforts, commitment and hard work and to the shareholders for the trust and confidence reposed in it.

On behalf of the board

Lahore:
Dated: October 09, 2014

TANVEER AHMED
Chief Executive

Statement of Compliance with the Code of Corporate Governance

year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board of Directors includes:

Category	Names
Independent Director	Mr. Hussain Athar
Executive Directors	Mr. Tanveer Ahmed and Riaz Ahmed
Non-Executive Directors	Mr. Sohail Maqsood, Mr. Muhammad Shafiq, Mr. Iftikhar Ali, Mr. Hussain Athar, and Mr. Muhammad Yousaf

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. One Casual vacancy occurring in the Board during the period under review was filled statutory period given in the code.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and term and conditions of employment of the chief executive officer and executive and non-executive directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company has arranged so far directors training program for one director and Two (2) Directors of the Company are exempt from directors training program due to 14 years of education and approximately over 14 years of experience on the board of a listed company.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. At present comprises three members, of whom two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. At present comprises of three board members of whom two are non-executive directors and chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function who are considered suitably qualified and experience for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with except compliance of i (b) and i (d) of the Code of Corporate Governance, 2012, which the Company has complied subsequent to the balance sheet date by appointing Mr. Hussain Athar as independent director and only two directors are now executive directors.

Lahore:
Dated: October 09, 2014

TANVEER AHMED
Chief Executive

Review Report to the members
on statement of compliance with best practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Gulshan Spinning Mills Limited** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Code was observed which is not stated in the Statement of Compliance:

i. During the year, no director of the Company has obtained certification under any director training program as required by clause (xi) of the Code.

ii. No mechanism for annual evaluation of the Board's own performance has been put in place as required by sub-clause (e) of clause (v) of the Code. Subsequent to the year end, the Board discussed and agreed on the process of evaluation based on which it's evaluation would be completed in the ensuing year.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement partner: Osman Hameed Chaudhri

KARACHI:
Date : October 09, 2014

Auditor's Report to the Members

We have audited the annexed balance sheet of **GULSHAN SPINNING MILLS LIMITED** (the Company) as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except for the matter stated in paragraph (c) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) As described in note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has incurred loss before taxation of Rs.208.80 million during the year ended June 30, 2014, shareholders' equity is negative by Rs.1,896.07 million and as of that date the Company's current liabilities exceed its current assets by Rs.2,536.04 million. The Company is facing operational and financial problems. Further, various banks and financial institutions have filed recovery suits against the Company as detailed in note 31.1.1 to the financial statements and the ultimate outcome of these suits cannot presently be determined because these matters are pending before various Courts. These events indicate a material uncertainty that may cause significant doubt on the Company's ability to continue as a going concern and therefore the Company may not be able to realise its assets and discharge its liabilities in the normal course of business. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate.

(b) Mark-up / interest on long term finances, lease finances and short term borrowings to the extent of Rs.837.82 million, including balance aggregating Rs.345.08 million for the current year, has not been accrued in the financial statements; thereby decreasing loss for the current year by Rs.345.08 million, shareholder's equity and current liabilities by Rs.837.82 million as fully detailed in note 28.2 to the financial statements.

(c) We have not received year end confirmation certificates from banks and financial institutions in respect of bank balances aggregating Rs.10.22 million (note 17), short term borrowings aggregating Rs.2,314.91 million (note 29) and long term finances from banking companies aggregating Rs.78.67 million (note 23 & 30). No confirmation certificates have been received in respect of lease deposits (note 8), liabilities against assets subject to finance lease (note 24 & 30), payables against over due letters of credit (note 27.1), accrued mark-up / interest (notes 28 & 14). Further, year-end bank statements from various banks and financial institutions in respect of bank balances and short term borrowings were also not available.

(d) Value of investment in Gujranwala Energy Limited under equity method as at June 30, 2014 and June 30, 2013 was determined based on the un-audited financial statements (note 7.2).

(e) in our opinion, except for the matters detailed in aforementioned paragraphs (a) to (d) proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(f) in our opinion:

(i) except for the matters detailed in aforementioned paragraphs (a) to (d) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 5 with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(g) in our opinion, because of the significance of the matters discussed in paragraph (a) to (d), above, the financial statements do not present fairly the financial position of the Company as at June 30, 2014 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan and requirements of the Companies Ordinance, 1984.

(h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement partner: Osman Hameed Chaudhri

KARACHI:
Date : October 09, 2014

BALANCE SHEET AS AT JUNE 30, 2014

ASSETS	Note	2014 Rupees	Re-stated 2013 Rupees	Re-stated July 1, 2012 Rupees
Non current assets				
Property, plant and equipment	6	3,709,851,590	3,803,785,944	3,895,756,389
Long term investments	7	92,044,601	91,490,350	102,027,608
Long term deposits	8	8,666,608	8,666,608	8,650,608
		3,810,562,799	3,903,942,902	4,006,434,605
Current assets				
Stores, spares and loose tools	9	34,781,969	40,974,753	44,358,051
Stock-in-trade	10	625,036,858	804,479,995	838,903,499
Trade debtors	11	137,758,235	371,254,332	527,477,129
Loans and advances	12	32,194,115	33,297,153	68,062,431
Deposits and prepayments	13	6,448,651	6,761,867	7,382,386
Accrued mark-up / interest	14	67,862,517	60,136,170	41,603,726
Short term investment	15	9,014,190	-	-
Other receivables	16	15,288,764	20,193,765	23,242,734
Cash and bank balances	17	11,490,658	17,491,049	22,551,549
		939,875,957	1,354,589,084	1,573,581,505
Total assets		4,750,438,756	5,258,531,986	5,580,016,110
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	18	222,250,380	222,250,380	222,250,380
Reserves	19	272,000,000	272,000,000	272,000,000
Accumulated loss		(2,390,322,759)	(2,245,164,142)	(2,048,098,963)
Total equity		(1,896,072,379)	(1,750,913,762)	(1,553,848,583)
Surplus on revaluation of operating fixed assets	20	1,963,790,345	2,439,343,504	2,494,635,540
Sub-ordinate loan	21	250,000,000	250,000,000	250,000,000
Non current liabilities				
Loan from the Chief Executive	22	-	75,000,000	75,000,000
Long term finances	23	71,896,635	-	-
Liabilities against assets subject to finance lease	24	-	-	-
Staff retirement benefit	25	27,914,581	48,778,581	35,524,191
Deferred taxation	26	856,992,418	609,126,648	601,532,490
		956,803,634	732,905,229	712,056,681
Current liabilities				
Trade and other payables	27	588,896,543	547,215,715	676,030,303
Accrued mark-up / interest	28	2,518,511	-	28,903,387
Short term borrowings	29	2,738,951,309	2,891,340,222	2,804,002,387
Current portion of non-current liabilities	30	133,989,673	135,216,093	150,941,854
Taxation - net		11,561,120	13,424,985	17,294,541
		3,475,917,156	3,587,197,015	3,677,172,472
Contingencies and commitments	31			
Total equity and liabilities		4,750,438,756	5,258,531,986	5,580,016,110

The annexed notes 1 to 49 form an integral part of these financial statements.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

PROFIT AND LOSS ACCOUNT
for the year ended June 30, 2014

	Note	2014 Rupees	Re-stated 2013 Rupees
Sales	32	991,069,459	1,319,221,190
Cost of sales	33	1,323,592,067	1,411,621,267
Gross loss		(332,522,608)	(92,400,077)
Distribution cost	34	9,876,668	29,747,666
Administrative expenses	35	55,036,159	69,380,416
Other expenses	36	600,946	2,175,845
Other income	37	(197,665,900)	(49,851,061)
		(132,152,127)	51,452,866
Loss from operations		(200,370,481)	(143,852,943)
Finance cost	38	6,661,350	40,996,208
		(207,031,831)	(184,849,151)
Share of loss of an Associated Company		-	(25,288,136)
Share of loss from Joint Venture		(1,770,626)	(1,943,800)
		(1,770,626)	(27,231,936)
Loss before taxation		(208,802,457)	(212,081,087)
Taxation	39	(6,057,046)	29,336,072
Loss after taxation		(202,745,411)	(241,417,159)
Basic and diluted loss per share	40	(9.12)	(10.86)

The annexed notes 1 to 49 form an integral part of these financial statements.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

STATEMENT OF COMPREHENSIVE INCOME
for the year ended June 30, 2014

	2014 Rupees	Re-sated 2013 Rupees
Loss after taxation	**(202,745,411)**	(241,417,159)
Other comprehensive income / (loss)		
Items that will not be reclassified to Profit or Loss:		
Gain / (loss) on re-measurement of staff retirement benefit obligation	**6,012,886**	(17,887,812)
Impact of deferred tax	**(1,843,551)**	5,219,449
	4,169,335	(12,668,363)
Total comprehensive loss	**(198,576,076)**	(254,085,522)

The annexed notes 1 to 49 form an integral part of these financial statements.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

CASH FLOW STATEMENT
for the year ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	103,440,709	28,764,105
Interest received		5,133,005	714,166
Finance cost paid		(4,142,839)	(69,899,595)
Income tax paid		(1,863,865)	(5,913,677)
Gratuity paid		(28,878,662)	(20,735,365)
Net cash generated from / (used in) operating activities		73,688,348	(67,070,366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,293,453)	(7,986,495)
Proceeds from sale of operating fixed assets		2,331,664	1,517,553
Long term deposits - net		-	(16,000)
Proceed from sale of rights		3,500,000	-
Net cash generated from / (used in) investing activities		2,538,211	(6,484,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from the Chief Executive repaid		(504,862)	-
Long term finances - net		71,896,635	(14,285,714)
Repayment of lease finances		(1,226,420)	(1,440,047)
Short term borrowings - net		(152,388,913)	87,337,835
Dividend paid		(3,389)	(3,117,266)
Net cash (used in) / generated from financing activities		(82,226,949)	68,494,808
Net decrease in cash and cash equivalents		(6,000,390)	(5,060,500)
Cash and cash equivalents - at beginning of the year		17,491,049	22,551,549
Cash and cash equivalents - at end of the year		11,490,659	17,491,049

The annexed notes 1 to 49 form an integral part of these financial statements.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended June 30, 2014

	Share capital	Reserves		Accumulated loss	Total
		Share premium	General reserve		
	---------- (Rupees) ----------				
Balance as at July 1, 2012 (as previously reported)	**222,250,380**	**66,000,000**	**206,000,000**	**(2,085,160,651)**	**(1,590,910,271)**
Effect of retrospective application of changes in accounting policies - note 5 (net of tax)	-	-	-	37,061,688	37,061,688
Balance as at July 1, 2012 (as re-stated)	**222,250,380**	**66,000,000**	**206,000,000**	**(2,048,098,963)**	**(1,553,848,583)**
Total comprehensive loss for the year ended June 30, 2013					
Loss for the year	-	-	-	(241,417,159)	(241,417,159)
Other comprehensive loss	-	-	-	(12,668,363)	(12,668,363)
	-	-	-	(254,085,522)	(254,085,522)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	52,195,308	52,195,308
Effect of item directly credited in equity by an Associated Company	-	-	-	4,825,035	4,825,035
Balance as at June 30, 2013 (re-stated)	**222,250,380**	**66,000,000**	**206,000,000**	**(2,245,164,142)**	**(1,750,913,762)**
Total comprehensive loss for the year ended June 30, 2014					
Loss for the year	-	-	-	(202,745,411)	(202,745,411)
Other comprehensive income	-	-	-	4,169,335	4,169,335
	-	-	-	(198,576,076)	(198,576,076)
Surplus on revaluation of fixed assets realised during the year (net of deferred taxation) on account of incremental depreciation	-	-	-	51,176,382	51,176,382
Effect of item directly credited in equity by an Associated Company	-	-	-	2,241,077	2,241,077
Balance as at June 30, 2014	**222,250,380**	**66,000,000**	**206,000,000**	**(2,390,322,759)**	**(1,947,248,761)**

The annexed notes 1 to 49 form an integral part of these financial statements.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

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 5, 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 year, has incurred loss before taxation amounting Rs.208.80 million and has accumulated loss of Rs.2,390.33 million as at June 30, 2014. Further, the Company's current liabilities exceeded its current assets by Rs.2,536.04 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 31.1.1 to the financial statements. 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. These financial statements, 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 their fixed costs 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 PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain classes of property, plant and equipment which have been included at revalued amounts, certain financial assets which are carried at fair values and staff retirement benefit which has been recognised at present value as determined by the Actuary.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

2.4 Initial application of standards, amendments or an interpretation to existing standards

2.4.1 Amendments to published standards effective in the current year

IAS 19, 'Employee benefits' was revised in June 2011. Revised standard eliminates the corridor approach and calculates finance costs on a net funding basis. IAS 19 (Revised) amends the accounting for the Company's defined benefit plans. The Company has applied this standard retrospectively and its impact on the Company's financial statements has been explained in note 5.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

2.4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments to published standards are not effective (although available for early adoption) for the financial year beginning on July 1, 2013 and have not been early adopted by the Company:

(a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-2012 cycle of annual improvements project that affect seven standards: IFRS 2, 'Share-based payment', IFRS3, 'Business combinations', IFRS8, 'Operating segments', IFRS13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24, 'Related party disclosures' and IAS 38, 'Intangible assets'. The Company does not expect to have material impact on its financial statements due to application of these amendments.

(b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on Company's financial statements.

(c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the reporting date. The Company shall apply this amendment from July 1, 2014 and does not expect to have a material impact on its financial statements.

(d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

(i) Estimate of useful lives and residual values of property, plant and equipment (note 4.1)

(ii) Net realisable values of stores, spares & loose tools and stock-in-trade (notes 4.4 and 4.5)

(iii) Provision for doubtful trade debts (note 4.6)

(iv) Provision for staff retirement benefit (note 4.9)

(v) Provision for taxation (note 4.11)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented, except as stated in note 5.

4.1 Property, plant and equipment

4.1.1 Owned

Property, plant and equipment except for freehold land, factory & residential buildings, plant & machinery, electric installations, gas power generators and capital work-in-progress are stated at cost less accumulated depreciation and impairmentloss, if any. Freehold land is stated at revalued amount whereas factory & residential buildings, plant & machinery, electric installations and gas power generators are stated at revalued amounts less accumulated depreciation and impairmentloss, if any. Capital work-in-progress is stated at cost less impairmentloss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation on assets is charged to income applying the reducing balance method at the rates stated in note 6.1 after taking into account residual values, if any. Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged up to the month of deletion.

The depreciation method and useful lives of items of operating fixed assets are reviewed at each reporting date and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future years.

Gains or losses on disposal or retirement of operating fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Surplus arising on revaluation of operating fixed assets is credited to the surplus on revaluation account. Valuations are performed frequently enough to ensure that the fair values of the revalued assets do not differ materially from its carrying amounts. The surplus on revaluation shall be held on the balance sheet till realization in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

4.1.2 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Depreciation is charged to income at the rates stated in note 6.1 applying reducing balance method to write-off the carrying amount of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to income currently.

4.2 Investments

4.2.1 Investment in an Associated Company

Investments in an Associated Companyis accounted for by using equity basis of accounting, under which the investments in Associated Company is initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companyafter the date of acquisition. The Company's share of profit or loss of the Associated Company is recognised in the Company's profit or loss. Distributions received from the Associated Company reduce the carrying amount of investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the Associated Companyarising from changes in the Associated Company's equity that have not been recognised in the Associated Company's profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Where Company's share of losses of an Associated Company equals or exceeds its interest in the Associate, the Company discontinues recognising its share of further losses except to the extent that Company has incurred legal or constructive obligation or has made payment on behalf of the Associate. If the Associate subsequently reports profits, the Company resumes recognising its share of those profit only after its share of the profit equals the share of losses not recognised.

4.2.2 Held to maturity

Investment with fixed maturity that the management has positive intent and ability to hold to maturity are classified as 'Held to maturity' and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

4.2.3 Investment in joint venture

Joint venture are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint control entity is accounted for by using the equity method and is recognised initially at cost. The financial statements include the Company's shares of the income and the expenses and equity movements of equity accounted investees, after adjustment to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

4.2.4 At fair value through profit and loss account

Investments which are acquired principally for the purpose of selling in the near term exhibiting short term profit taking are classified as investments at fair value through profit or loss. All transaction costs are recognised directly in profit and loss account. These are stated at fair value with any resulting gains or losses recognised directly in the profit and loss account.

4.3 Long term deposits

These are stated at cost which represents the fair value of the consideration given.

4.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence. Items in transit are stated at cost comprising invoice value plus other charges thereon accumulated upto the reporting date.

4.5 Stock-in-trade

Stock-in-trade is valued at lower of weighted average cost and net realizable value (NRV) except waste, which is valued at NRV.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

Cost of raw materials, packing materials and components represent invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads.

Goods in transit are valued at cost comprising of invoice value plus other charges accumulated upto the reporting date.

Net realizable value signifies the selling price in the ordinary course of business less cost of completionand cost necessary to be incurred to effect such sale.

4.6 Trade debtors and other receivables

Trade debtors are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks.

4.8 Interest / mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.9 Staff retirement benefit - Gratuity

The Company operates an unfunded gratuity scheme covering all of its permanent employees who have completed qualification period of one year for entitlementto gratuity. Provision is made on the basis of actuarial valuation. The recent actuarial valuation was carried-out on June 30, 2014 using the "Projected Unit Credit Method".

The amount recognised in the balance sheet represents the present value of the defined benefit obligationat the end of the reporting period. The amountarising as a result of re-measurements are recognised in the balance sheet immediately,with a charge or credit to other comprehensive incomein the periods in which they occur. Past-service cost, if any, are recognised immediately in profit and loss account.

4.10 Trade and other payables

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.11 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current taxation is based on taxability of certain incomestreams of the Companyunder presumptive / final tax regime at the applicable tax and the remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilitiesare measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

4.12 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent assets are not recognised and also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and only disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.13 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet includes deposits, trade debtors, loans & advances, accrued mark-up / interest, short term investment, other receivables, cash & bank balances, long term finances, liabilities against assets subject to finance lease, trade and other payables, accrued mark-up / interest and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

4.15 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairmentloss or reversal of provisions for impairmentlosses. If any indications exist, the recoverable amounts of such assets are estimated and impairmentlosses or reversals of impairmentlosses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.16 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the profit and loss account.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales are recognised on dispatch of goods to customers and export sales are recognised on bill of lading date.
- Interest income is accrued on a timeproportion basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from investments is recognised when the Company's right to receive dividend has been established.
- Gain or loss on sale of investments are accounted for when the commitment (trade date) for sale is made.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

4.18 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

4.19 Earnings / loss per share

The Company presents basic and diluted earnings / loss per share data for its ordinary shares. Basic earnings / loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

4.20 Segment Reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 46 to these financial statements.

4.21 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

5. RESTATEMENTS

5.1 Initial application of IAS 19 (Revised) - Employee benefits

IAS 19 (Revised) - 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for Company's defined benefit plans. The revised standard requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires "re-measurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (Revised), the Company's policy for 'Staff retirement benefit - Gratuity' stands amended as follows:

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in profit and loss account.

5.2 Interest on over due receivable balances of Associated Companies

The Company, during the year, has charged interest due receivable balances of its Associated Companies as per the instructions of the Securities and Exchange Commissionof Pakistan. The interest at the average rate of borrowings of the Company has been charged from July 2010 on each month-end balances of the respective Associated Company.

The changes in accounting policies have been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated. Effects of restatements are as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

	As at June 30, 2013			As at July 1, 2012		
	As previously reported	As restated	Re-statement	As previously reported	As restated	Re-statement
	---------- Rupees ----------			---------- Rupees ----------		
Effect on balance sheet						
Accrued mark-up / interest	1,550,427	60,136,170	58,585,743	1,081,782	41,603,726	40,521,944
Accumulated loss	(2,287,756,179)	(2,245,164,142)	42,592,037	(2,085,160,651)	(2,048,098,963)	37,061,688
Staff retirement benefit	26,195,363	48,778,581	22,583,218	30,638,287	35,524,191	4,885,904
Deferred taxation	615,716,160	609,126,648	(6,589,512)	602,958,138	601,532,490	(1,425,648)

	For the year ended June 30, 2013		
	As previously reported	As restated	Re-statement
Effect on profit and loss account	---------- Rupees ----------		
Cost of sales	1,411,763,629	1,411,621,267	(142,362)
Distribution cost	29,748,903	29,747,666	(1,237)
Administrative expenses	69,427,315	69,380,416	(46,899)
Other income	(31,787,262)	(49,851,061)	(18,063,799)
Taxation	29,280,487	29,336,072	55,585
Effect on other comprehensive income			
Re-measurement loss of staff retirement benefit obligation	-	(17,887,812)	(17,887,812)
Impact of deferred tax	-	5,219,449	5,219,449
Effect on loss per share			
Loss per share - basic and diluted	(11.68)	(10.86)	(0.82)

There was no cash flow impact as a result of the retrospective application of changes in accounting policies.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	6.1	**3,709,851,590**	3,803,785,944
Capital work-in-progress	6.6	-	-
		3,709,851,590	3,803,785,944

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

6.1 **Operating fixed assets**

	Owned										Leased		
	Land	Factory buildings	Residential buildings	Plant and machinery	Electric installations	Gas power generator	Mills equipment	Office equipment	Furniture and fixtures	Vehicles	Plant and machinery	Vehicles	Total
	Rupees												
At July 1, 2012													
Revaluation / cost	324,384,000	717,049,866	137,432,425	2,117,825,347	156,825,704	271,222,362	104,134,468	18,293,312	22,002,214	29,154,563	221,173,227	22,038,165	4,141,535,653
Accumulated depreciation	-	1,538	11,983,229	100,446,027	222,010	-	69,213,089	12,652,742	14,228,773	25,168,985	-	11,862,871	245,779,264
Net book value	**324,384,000**	**717,048,328**	**125,449,196**	**2,017,379,320**	**156,603,694**	**271,222,362**	**34,921,379**	**5,640,570**	**7,773,441**	**3,985,578**	**221,173,227**	**10,175,294**	**3,895,756,389**
Year ended June 30, 2013													
Opening net book value	324,384,000	717,048,328	125,449,196	2,017,379,320	156,603,694	271,222,362	34,921,379	5,640,570	7,773,441	3,985,578	221,173,227	10,175,294	3,895,756,389
Additions	-	-	-	4,416,610	2,373,235	-	953,600	230,090	12,960	-	-	-	7,986,495
Disposals													
- cost	-	-	-	-	-	-	-	-	-	2,197,000	-	-	2,197,000
- accumulated depreciation	-	-	-	-	-	-	-	-	-	(1,839,183)	-	-	(1,839,183)
	-	-	-	-	-	-	-	-	-	357,817	-	-	357,817
Depreciation charge	-	17,926,208	3,136,230	50,488,203	3,951,206	10,848,895	3,537,984	575,808	778,188	792,011	5,529,331	2,035,059	99,599,123
Closing net book value	**324,384,000**	**699,122,120**	**122,312,966**	**1,971,307,727**	**155,025,723**	**260,373,467**	**32,336,995**	**5,294,852**	**7,008,213**	**2,835,750**	**215,643,896**	**8,140,235**	**3,803,785,944**
At June 30, 2013													
Revaluation / cost	324,384,000	717,049,866	137,432,425	2,122,241,957	159,198,939	271,222,362	105,088,068	18,523,402	22,015,174	26,957,563	221,173,227	22,038,165	4,147,325,148
Accumulated depreciation	-	17,927,746	15,119,459	150,934,230	4,173,216	10,848,895	72,751,073	13,228,550	15,006,961	24,121,813	5,529,331	13,897,930	343,539,204
Net book value	**324,384,000**	**699,122,120**	**122,312,966**	**1,971,307,727**	**155,025,723**	**260,373,467**	**32,336,995**	**5,294,852**	**7,008,213**	**2,835,750**	**215,643,896**	**8,140,235**	**3,803,785,944**
Year ended June 30, 2014													
Opening net book value	324,384,000	699,122,120	122,312,966	1,971,307,727	155,025,723	260,373,467	32,336,995	5,294,852	7,008,213	2,835,750	215,643,896	8,140,235	3,803,785,944
Additions	-	-	-	444,450	2,318,003	-	498,000	33,000	-	-	-	-	3,293,453
Disposals													
- cost	-	-	-	-	-	-	-	-	-	1,500,000	-	1,851,500	3,351,500
- accumulated depreciation	-	-	-	-	-	-	-	-	-	(1,179,981)	-	(1,126,305)	(2,306,286)
	-	-	-	-	-	-	-	-	-	320,019	-	725,195	1,045,214
Depreciation charge	-	17,478,053	3,057,824	49,292,828	3,922,497	10,414,939	3,268,850	531,848	700,821	538,447	5,391,097	1,585,389	96,182,593
Closing net book value	**324,384,000**	**681,644,067**	**119,255,142**	**1,922,459,349**	**153,421,229**	**249,958,528**	**29,566,145**	**4,796,004**	**6,307,392**	**1,977,284**	**210,252,799**	**5,829,651**	**3,709,851,590**
At June 30, 2014													
Revaluation / cost	324,384,000	717,049,866	137,432,425	2,122,686,407	161,516,942	271,222,362	105,586,068	18,556,402	22,015,174	25,457,563	221,173,227	20,186,665	4,147,267,101
Accumulated depreciation	-	35,405,799	18,177,283	200,227,058	8,095,713	21,263,834	76,019,923	13,760,398	15,707,782	23,480,279	10,920,428	14,357,014	437,415,511
Net book value	**324,384,000**	**681,644,067**	**119,255,142**	**1,922,459,349**	**153,421,229**	**249,958,528**	**29,566,145**	**4,796,004**	**6,307,392**	**1,977,284**	**210,252,799**	**5,829,651**	**3,709,851,590**
Depreciation rate - per annum (%)		**2.5**	**2.5**	**2.5**	**2.5**	**4**	**10**	**10**	**10**	**20**	**2.5**	**20**	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

6.2 **Depreciation charge has been allocated as follows:**

	Note	2014 Rupees	2013 Rupees
Cost of goods manufactured	33.1	92,826,088	95,418,057
Distribution cost	34	2,123,836	2,827,070
Administrative expenses	35	1,232,669	1,353,996
		96,182,593	99,599,123

6.3 **The detail of vehicles disposed-off during the year is as follows:**

Particulars	Sold through negotiation to	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain
		Rupees				
Vehicles						
Suzuki Cultus	Mr. Muhammad Siddique, Ex-Employee	560,000	498,033	61,967	150,000	88,033
Toyota Corolla	Mr. Sarfaraz Khan, Ex-Employee	940,000	681,948	258,052	850,000	591,948
Toyota Corolla	Mr. Mudassar Riaz, Johar Town, Lahore	1,851,500	1,126,305	725,195	1,331,664	606,469
	June 30, 2014	**3,351,500**	**2,306,286**	**1,045,214**	**2,331,664**	**1,286,450**
	June 30, 2013	2,197,000	1,839,183	357,817	1,517,553	1,159,736

6.4 Leased assets include plant & machinery and gas power generators at net book value of Rs.117.635 million (2013: Rs.121.103 million) and vehicles at net book value of Rs.0.295 million (2013: Rs.0.369 million) which have not been transferred to owned assets due to non-availability of relevant documents. Lease liability in respect of these assets has been fully repaid but due to litigations with financial institutions as detailed in note 31.1.1 lessors have not issued relevant supporting documents for transfer of the ownership.

6.5 The Company has revalued its freehold land, factory and residential buildings, plant and machinery, electric installations and gas power generator on June 30, 2012. Had the operating fixed assets been recognised under the cost model, the carrying amount of each revalued class of operating fixed assets would have been as follows:

	2014 Rupees	2013 Rupees
Owned		
Freehold lands	14,878,743	14,878,743
Factory buildings	95,564,582	98,014,956
Residential buildings	64,879,181	66,542,750
Plant and machinery	595,154,461	609,969,380
Electric installations	51,842,923	50,842,845
Gas power generator	70,718,873	73,665,493
Leased		
Plant and machinery	73,072,385	74,946,036
	966,111,149	988,860,203

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		Note	2014 Rupees	2013 Rupees
6.6	**Capital work-in-progress**			
	Advance for land		989,505	989,505
	Less: impairment allowance		(989,505)	(989,505)
			-	-
7.	**LONG TERM INVESTMENTS**			
	In an Associate	7.1	-	-
	In Joint venture	7.2	55,366,977	58,637,603
	Others	7.3	36,677,624	32,852,747
			92,044,601	91,490,350

7.1 Investment in an Associate - Gulistan Textile Mills Limited

Previously, Gulistan Textile Mills Limited (GTM) was Associated Company based on the equity investment by GTM of more than 20% in paid-up capital of the Company, However, GTM, during the current year has disposed of major portion of its investment in the Company's paid-up capital due to which GTM is no more associate of the Company. The Company has reclassified its investment in GTM as 'Investment at fair value through profit or loss' (note 15). This has resulted in gain of Rs.179.672 million which has been recognised in profit and loss account as per provisions of IAS 28 'Investment in Associates'.

		2014 Rupees	2013 Rupees
7.2	**Investments in a Joint venture**		
	- under equity method		
	Gujranwala Energy Limited		
	7,500,000 (2013: 7,500,000) ordinary shares of Rs.10 each - **cost**	75,000,000	75,000,000
	Share of post acquisition losses:		
	As at July 1,	(17,862,397)	(15,918,597)
	Share of loss for the year	(1,770,626)	(1,943,800)
	As at June 30,	(19,633,023)	(17,862,397)
	Carrying value of investment as at June 30,	55,366,977	57,137,603
	Add: deposited for right shares	-	1,500,000
		55,366,977	58,637,603

7.2.1 This represent 50% interest in Gujranwala Energy Limited (GEL) a joint venture between the Company and Energy Infrastructure Holdings Limited for setting up 200 MW power project at Sungo-Wali Tehsil Wazirabad District Gujranwala. Un-audited financial statements for the year ended June 30, 2014 of GEL have been used by the managementto determine the value of its investments in joint venture under the equity method. Further, the audited financial statements for the years ended June 30, 2013, June 30, 2012 and June 30, 2011 of GEL were also not available and value of this investment of that years are based on un-audited financial statements. Following disclosures are also based on the abovementioned un-audited financial statements:

7.2.2 Arrangements for commercial operations date including the availability of finance and import of Engines is not finalised due to severe global and economical crises around the world. Even the largest bank of Pakistan, National Bank of Pakistan (the arranger), inspite of its best efforts could not arrange requisite finance within cut-out date i.e. June 15, 2009. Faced with such circumstances, GEL proposed amendments in Implementation Act and Power Purchase Agreement and sought extension in financial close date in prevailing force majeure. Neither such amendments was addressed nor the date of financial close extended. Consequently on these grounds GEL filed a suit in the High Court of Sindh at Karachi for redressal of its grievances. The matter is pending adjudication before the Honourable Court which had granted stay against encashment of guarantees. The sponsors are hopeful that their bonafide grievances would be addressed and they would take up the project.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

7.2.3 GEL in order to achieve the financial close, has mandated National Bank of Pakistan (NBP) to arrange Rs.14,135 million. The aforesaid mandate was executed on April 14, 2008. However, due to deteriorating law and order situation, circular debt issue, etc., the financial close could not be achieved within the envisaged time period. GEL, as a result thereof, approached Private Power & Infrastructure Board (PPIB) with the request to make certain amendments in the power purchase agreement to facilitate the financial close but PPIB did not respond positively towards the GEL's request and as a consequence thereof GEL has filed a petition in the Honourable High Court of Sindh to protect itself from the repercussions of non achieving the financial close with in stipulated time period including encashment of performance guarantee amounting to U.S. $ 1,000,000 extended to PPIB. The Honourable High Court has ordered the plaintiff (GEL) to keep alive guarantee and has restricted PPIB from en-cashing the guarantee till the adjudication of application filed by the GEL. The stay order is still in filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in the financial statements of GEL.

7.2.4 With reference to note 7.2.2 and 7.2.3 GEL has also extended commitment bank guarantee amounting to 3,000,000 Euro in favour of Wartsila, Finland (supplier of engines). During the financial year ended June 30, 2010, GEL could not raise the requisite funds and deposit initial mobilization advance with Wartsila and accordingly, Wartsila approached the concerned bank for encashment of guarantee. However, GEL filed a petition in Honourable Sindh High Court to protect encashment of such guarantee. The Honourable High Court has restricted Wartsila from en-cashing the guarantee till the adjudication of the application filed by GEL. The stay order is still in filed and the case is pending for adjudication. Accordingly, no related adjustment has been made in the financial statements of GEL.

7.2.5 The Joint Venture Partners of GEL (i.e. the Company and Energy Infrastructure Holdings Limited) are responsible to the extent of 50% each in respect of the liabilities and obligations of GEL, including any obligation under the guarantees mentioned under 7.2.3 and 7.2.4 above.

7.3 **Held to maturity** - Defence Saving Certificates

This represents investment in Defence Savings Certificates, having aggregate face value of Rs.21 million (2013: Rs.21 million). These certificates are maturing on various dates by March 5, 2020. These carry mark-up at the effective rate of 18% per annum. Accrued mark-up aggregating Rs.15.678 million (2013: Rs.11.852 million) is included in the carrying value.

These are under lien with a bank against guarantee amounting Rs.19.504 million (2013: Rs.19.504 million).

8. **LONG TERM DEPOSITS**

	Note	2014 Rupees	2013 Rupees
Utilities		**8,231,998**	8,231,998
Lease deposits		**3,744,785**	3,837,360
Others		**434,610**	434,610
		12,411,393	12,503,968
Less: transferred to current assets:			
- deposits pertaining to over due portion of lease liabilities		**3,674,960**	3,186,060
- deposits pertaining to lease liabilities to be paid-off within next twelve months		**69,825**	488,900
- deposits pertaining to lease liabilities to be paid-off after June 30, 2015 / June 30, 2014	24.3	**-**	162,400
		3,744,785	3,837,360
		8,666,608	8,666,608

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

9. STORES, SPARES AND LOOSE TOOLS	Note	2014 Rupees	2013 Rupees
Stores		51,491,272	54,304,457
Spare parts		9,209,617	12,000,774
Loose tools		2,853,755	3,539,164
Packing material		7,424,003	7,327,036
		70,978,647	77,171,431
Less: provision for obsolete inventory		36,196,678	36,196,678
		34,781,969	40,974,753

10. STOCK-IN-TRADE

	Note	2014 Rupees	2013 Rupees
Raw materials	10.1	468,862,729	596,949,351
Work in process		3,860,871	7,072,758
Finished goods	10.2	147,289,566	184,194,167
Waste		5,023,692	16,263,719
		625,036,858	804,479,995

10.1 Raw materials include items costing Rs.361.997 millionstated at their replacement cost aggregating Rs.274.298 million. The amount charged to the profit and loss account for the year in respect of raw materials written down to their replacement cost is Rs.87.699 million.

10.2 Finished goods include items costing Rs.170.801 million (2013: Rs.112.420 million) stated at their net realizable values aggregating Rs.144.365 million (2013: Rs.103.522 million). The amount charged to the profit and loss account for the year in respect of finished goods written down to their net realisable values is Rs.26.436 million (2013: Rs.8.898 million).

10.3 All of the current assets of the Company are under banks' charge as security of short term borrowings (note 29). The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various banks and financial institutions have also filed suits before Banking Courts, Civil Courts and High Courts for recovery of their financial liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 31.1.1.

11. TRADE DEBTORS - Unsecured	Note	2014 Rupees	2013 Rupees
Local			
considered good	11.1	137,758,235	371,254,332
considered doubtful		218,850,021	218,850,021
		356,608,256	590,104,353
Less: provision for doubtful debts		218,850,021	218,850,021
		137,758,235	371,254,332

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		Note	2014 Rupees	2013 Rupees
11.1	**These include following amounts which pertain to related parties:**			
	Gulshan Weaving Mills Limited		**15,022,576**	17,927,248
	Gulistan Textile Mills Limited		**16,122,533**	79,806,230
	Gulistan Fibres Limited		**-**	11,756,973
	Gulistan Spinning Mills Limited		**5,910,478**	26,870,519
			37,055,587	136,360,970
11.2	**The ageing of trade debtors pertaining to related parties is as follows:**			
	Not past due		**2,727,748**	5,962,061
	Past due 1-90 days		**11,199,681**	18,290,357
	Past due 90-180 days		**3,077,063**	29,352,357
	Past due 180-365 days		**20,051,095**	82,756,195
			37,055,587	136,360,970
12.	**LOANS AND ADVANCES**- Unsecured, considered good			
	Advances to:			
	- employees		**471,169**	1,491,599
	- suppliers		**31,702,946**	31,505,555
	- others		**20,000**	299,999
			32,194,115	33,297,153
13.	**DEPOSITS AND PREPAYMENTS**			
	Current portion of lease deposits	8	**3,744,785**	3,837,360
	Margins against letters of credit and bank guarantees		**2,229,030**	2,229,030
	Prepayments		**474,836**	695,477
			6,448,651	6,761,867

		Note	2014 Rupees	Re-stated 2013 Rupees
14.	**ACCRUED MARK-UP / INTEREST**			
	Mark-up / interest accrued on:			
	- term deposit receipts		**1,837,285**	1,550,427
	- over due receivable balances of Associated Companies	5.2	**66,025,232**	58,585,743
			67,862,517	60,136,170

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

15. SHORT TERM INVESTMENT

	Note	2014 Rupees	2013 Rupees
- At fair value through profit or loss			
Gulistan Textile Mills Limited - a related party			
600,946 ordinary shares of Rs. 10 each			
Equity held 3.17%	15.1	9,014,190	-

15.1 Refer contents of note 7.1 to the financial statements

15.2 The market value of investment in Gulistan Textile Mills Limited as at the year end is not available as trading in shares of the investee company has been suspended on the stock exchanges for the time being. Fair value of this investment is computed on the basis of latest available rate i.e. Rs.15 per share.

16. OTHER RECEIVABLES - Unsecured,

	2014 Rupees	2013 Rupees
considered good		
Sales tax adjustable	13,597,694	18,502,695
Rebate receivable	1,691,070	1,691,070
	15,288,764	20,193,765

17. CASH AND BANK BALANCES

	Note	2014 Rupees	2013 Rupees
Cash-in-hand		117,665	773,918
Balances with banks in:			
- current accounts	17.1	2,518,213	5,932,876
- deposit accounts	17.1 & 17.2	96,371	267,908
- term deposit receipts	17.1 & 17.3	8,758,409	10,516,347
		11,372,993	16,717,131
		11,490,658	17,491,049

17.1 Majority of the Company's bank accounts operations have been blocked by the respective bank due to on-going litigations with these banks as detailed in note 31.1.1 to the financial statements. Further, due to the litigation and blockage of bank accounts, bank statements for the year ended June 30, 2014 from various banks having balances aggregating to Rs.2.141 million were not available to ensure balances held with these banks. Further, year end balance confirmation of banks having balances aggregating Rs.10.215 million have also not been received due to litigation.

17.2 Deposits accounts carry mark-up at rates ranging from 5.50% to 12.00% (2013: 5.50% to 12.00%) per annum.

17.3 These carry mark-up at the rates ranging from 3.95% to 10.50% (2013: 3.95% to 10.50%) per annum. Term deposit receipts aggregating Rs.5.617 million are under banks' charge against guarantees aggregating Rs.55.069 million.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

18. SHARE CAPITAL

2014	2013		2014	2013
------ Numbers ------			Rupees	Rupees
		Authorized capital		
25,000,000	25,000,000	Ordinary shares of Rs.10 each	250,000,000	250,000,000
		Issued, subscribed and paid-up capital		
9,300,000	9,300,000	Ordinary shares of Rs.10 each issued as fully paid in cash	93,000,000	93,000,000
12,925,038	12,925,038	Ordinary shares of Rs.10 each issued as fully paid bonus shares	129,250,380	129,250,380
22,225,038	22,225,038		222,250,380	222,250,380

18.1 Ordinary shares held by the related parties at the year end:	2014	2013
	--- Numbers ---	
Gulistan Textile Mills Limited	2,112,655	7,112,655
Gulistan Spinning Mills Limited	10,302	10,302
	2,122,957	7,122,957

19. RESERVES	Note	2014 Rupees	2013 Rupees
Capital reserve			
Share premium	19.1	66,000,000	66,000,000
Revenue reserve			
General reserve		206,000,000	206,000,000
		272,000,000	272,000,000

19.1 This represents excess of consideration received on issue of ordinary shares over face value on ordinary shares issued.

20. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - Net	Note	2014 Rupees	2013 Rupees
Surplus on revaluation of the Company's operating fixed assets	20.1	1,963,790,345	2,267,045,992
Share of surplus on revaluation of fixed assets of an Associated Company		-	172,297,512
		1,963,790,345	2,439,343,504

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		2014 Rupees	2013 Rupees
20.1	**Surplus on revaluation of the Company's assets**		
	Balance at beginning of the year	2,759,309,696	2,825,117,309
	Less: transferred to accumulated loss on account of incremental depreciation for the year	64,045,731	65,807,613
		2,695,263,965	2,759,309,696
	Less: related deferred tax of:		
	- balance at beginning of the year	492,263,704	520,354,353
	- incremental depreciation for the year	(12,869,349)	(13,612,305)
	- effect of change in tax rate	252,079,265	(14,478,344)
	- balance at end of the year	731,473,620	492,263,704
	Balance at end of the year	1,963,790,345	2,267,045,992

20.2 The Company had revalued its freehold land on the basis of market value on February 3, 2009. Freehold land was revalued by an independent valuer - M/s. Consultancy Support and Services, Karachi and resulted in revaluation surplus of Rs.227.540 million.

20.3 The Company had revalued its freehold lands, factory buildings, residential buildings, leased and owned plant & machinery, electrical installations and gas power generator as on June 30, 2012. The revaluation exercise was carried-out by independent valuer - Maricon Consultants (Pvt.) Ltd., Engineers, Authorized Valuators of Pakistan Banking Association and Leasing Association of Pakistan, Beaumont Road, Karachi. Freehold land has been revalued on the basis of current market value whereas buildings, plant and machinery, electrical installations and gas power generator have been revalued on the basis of depreciated replacement values. The net appraisal surplus arisen on latest revaluation aggregating Rs.2,597.577 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

21. SUB-ORDINATE LOAN - Unsecured

This loan has been obtained from the Chief Executive and is sub-ordinated to the finances provided by secured creditors. This loan does not carry any mark-up and shall not be repaid without obtaining consent from secured creditors.

22. LOAN FROM THE CHIEF EXECUTIVE - Unsecured

The Company, its Chief Executive and Gulistan Textile Mills Limited (GTM) [a related party] entered into an agreement dated December 15, 2013 in order to adjust / extinguish liabilities and receivables amongst all three parties to the agreement. The Company, during the year ended June 30, 2011, obtained a loan of Rs.75 million from its Chief Executive, whereas, GTM has overdue balance of Rs.84.713 million as on the date of the agreement towards the Company against processing charges. Through execution of this agreement, GTM has agreed to transfer its equity investments valuing Rs.74.495 Million to the Chief Executive against adjustment of its receivable balance of GTM in the books of the Company against payable balance of the Chief Executive on account of 'interest free loan of Rs.75 million'. Remaining balance of Rs.0.505 million has been repaid by the Company on December 31, 2013.

23. LONG TERM FINANCES

	Note	2014 Rupees	2013 Rupees
From banking companies - Secured			
- Term finance - II	23.1	-	-
- Term finance - III	23.2	-	-
- Long term arrangement - Export oriented project (LTF - EOP) loans	23.3	-	-
From an Associated Company - Unsecured			
- Gulistan Fibres Limited	23.6	71,896,635	-
		71,896,635	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		Note	2014 Rupees	2013 Rupees
23.1	**Term finance - II**			
	Balance at beginning of the year		35,714,286	50,000,000
	Less: payment made during the year		-	14,285,714
			35,714,286	35,714,286
	Less: current portion:			
	- overdue instalments		14,285,714	-
	- instalments due within next twelve months		14,285,714	14,285,714
	- instalments due after June 30, 2015 / June 30, 2014	23.5	7,142,858	21,428,572
			35,714,286	35,714,286
	Balance at end of the year		-	-

23.1.1 The Company, during the financial year ended June 30, 2012, had entered into an agreement with Faysal Bank Limited of Rs.50 million to convert its short term debt into long term finance. This finance facility carried mark-up at the rate of 3 months KIBOR+ 2.50% per annum. Originally the principal amount under this finance agreement was repayable in 7 equal half yearly instalments ending on August 6, 2015, however, due to factors stated in note 23.5 below the whole amount has been grouped in current liabilities. This term finance is secured by way of 1st pari passu equitable mortgage and hypothecation charge over fixed assets of the Company upto Rs.100 million.

		Note	2014 Rupees	2013 Rupees
23.2	**Term finance - III**			
	Balance as at June 30,		75,000,000	75,000,000
	Less: current portion:			
	- overdue instalments		37,500,000	18,750,000
	- instalments due within next twelve months		18,750,000	18,750,000
	- instalments due after June 30, 2015 / June 30, 2014	23.5	18,750,000	37,500,000
			75,000,000	75,000,000
			-	-

23.2.1 The Company had availed a term finance of Rs.75 million from Standard Chartered Bank (Pakistan) Limited for balance sheet re-profiling of the Companyby terming out short term borrowings. This finance carried mark-up at the rate of 3 months KIBOR + 0.75% payable on quarterly basis. Originally this term finance was repayable in 16 equal quarterly instalments ending on May 31, 2016, however, due to factors stated in note 23.5 below the whole amount has been grouped in current liabilities. This term finance is secured against 1st pari passu charge over plant & machinery, ranking charge over present & future current and fixed assets of the Company.

		2014 Rupees	2013 Rupees
23.3	**LTF - EOP loans**		
	Balance as at June 30,	3,672,477	3,672,477
	Less: overdue instalments	3,672,477	3,672,477
		-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

23.3.1 The Company being eligible for LTF - EOP promulgated by State Bank of Pakistan (SBP) applied to National bank of Pakistan, United Bank Limited and Bank Alfalah Limited for restructuring for their existing loans and after approval, the banks had transferred their liabilities to this new loan account. This re-financed facility enabled the banks to obtain funds from SBP under the scheme at the specified rates and passed on the benefits to the Companyby way of rebated purchase price. Year-end balance represents payable to Bank Alfalah Limited. and was repayable in 2 quarterly instalments ended on September 30, 2012. This finance carries mark-up at the rate of 7% per annum. This loan is secured by way of 1st pari passu charge over fixed assets of the Company.

23.4 The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and lending banks have also filed suits before different Courts for recovery of their long term and short term liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties as fully disclosed in note 31.1.1. Due to these litigations, year-end confirmations of term finance - III and LTF - EOP loan have not been received.

23.5 Due to the abovementioned litigations the Company's financial arrangements with these banking companies are disputed and these liabilities have become payable on demand so instalments due after the year ending June 30, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of International Accounting Standard (IAS) 1 'Presentation of Financial Statement'.

		Note	2014 Rupees	2013 Rupees
23.6	**Loan from Gulistan Fibres Limited**			
	Loan created during the year	23.6.1	91,000,000	-
	Less: receivable balance adjusted		19,103,365	-
	Balance at end of the year		71,896,635	-

23.6.1 This loan has been created in accordance with the settlement agreement and agreement to sell dated December 30, 2013 executed between Silk Bank Limited (the Lender), Paramount Spinning Mills Limited (an Associated Company), Gulistan Spinning Mills Limited (an Associated Company), Gulistan Fibres Limited (an Associated Company) and the Company. As per these agreements, cash finance facility amounting Rs.91 million availed by Company has been adjusted by the Lender against mortgaged property of the Gulistan Fibres Limited under the debt-property swap arrangement. Accordingly, the Company has booked this loan as payable to Gulistan Fibres Limited by adjusting its short term borrowings (note 29).

This loan is unsecured and repayable within period of two years from the date of creation i.e. April 18, 2014. This loan carries mark-up at the half percent above the borrowing cost of the lending company and effective rate charged during the year is 12.66% per annum.

		Note	2014 Rupees	2013 Rupees
24.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE** Secured			
	Balance at beginning of the year		20,829,330	22,269,377
	Less: payments / adjustment made during the year		1,226,420	1,440,047
			19,602,910	20,829,330
	Less: current portion:			
	- over due instalments		19,296,757	17,763,219
	- instalments due within next twelve months		306,153	2,354,365
	- instalments due after June 30, 2014	24.3	-	711,746
			19,602,910	20,829,330
	Balance at end of the year		-	-

NOTES TO THE FINANCIAL STATEMENTS
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24.1 The Company had acquired plant & machinery and vehicles under finance lease arrangements from leasing companies / modarabas. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against title of the leased assets in the name of lessors.

24.2 The Company filed a suit in the Lahore High Court against all banks / financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. Further various lessors have also filed suits before High Courts for recovery of their lease finance through attachment and sale of charged properties as fully disclosed in note 31.1.1. Due to these litigations, year-end confirmations from all lessors have not been received.

24.3 Due to the abovementioned litigations the Company's lease finance arrangements with lessors are disputed and these liabilities have become payable on demand so instalments due after the year ending June 30, 2015 have been grouped in current portion of non-current liabilities in accordance with the requirements of IAS 1.

24.4 Due to the facts explained in notes 24.2 and 24.3 above the entire amounts of the lease finances have become payable on demand therefore, the amount of future finance cost are not ascertainable as at June 30, 2014 and June 30, 2013. The disclosure of future minimum lease payments is prepared according to existing repayment schedules and provided only to comply with the disclosure requirements of IAS - 17, 'Leases'. According to the existing repayment schedules the future minimum lease payments under these finance lease agreements are due as follows:

	June 30, 2014			June 30, 2013		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	Rupees					
Over due portion	20,249,584	952,827	19,296,757	18,760,141	996,922	17,763,219
Not later than one year	317,982	11,829	306,153	2,520,941	166,576	2,354,365
Later than one year but not later than five years	-	-	-	737,785	26,039	711,746
Minimum lease payments	20,567,566	964,656	19,602,910	22,018,867	1,189,537	20,829,330

25. **STAFF RETIREMNT BENEFITS**

The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

25.1 **Amount recognised in the balance sheet**

	2014 Rupees	Re-stated 2013 Rupees
Net liability at beginning of the year	48,778,581	35,524,191
Charge to profit and loss account	14,027,548	16,101,943
Re-measurement recognised in other comprehensive income	(6,012,886)	17,887,812
Payments made during the year	(28,878,662)	(20,735,365)
Net liability at end of the year	27,914,581	48,778,581

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		2014 Rupees	Re-stated 2013 Rupees
25.2	**Movement in the present value of defined benefit**		
	Balance at beginning of the year	**48,778,581**	35,524,191
	Current service cost	**10,421,927**	11,483,798
	Interest cost	**3,605,621**	4,618,145
	Benefits paid	**(28,878,662)**	(20,735,365)
	Re-measurement on obligation	**(6,012,886)**	17,887,812
	Balance at end of the year	**27,914,581**	48,778,581
25.3	**Expense recognised in profit and loss account**		
	Current service cost	**10,421,927**	11,483,798
	Interest cost	**3,605,621**	4,618,145
		14,027,548	16,101,943
25.4	**Re-measurement recognised in other comprehensive income**		
	Actuarial gain / (loss) on obligation	**6,012,886**	(17,887,812)

		2014	2013
25.5	**Actuarial assumptions used**		
	Discount rate	**13.25%**	10.50%
	Expected rate of growth per annum in future salaries	**12.25%**	9.50%
	Mortality rates (for death in service)	**SLIC 2001-2005**	EFU 61-66

25.6 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarises how the net defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions.

	Change in assum-ption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1.00%	26,063,131	30,015,464
Increase in future salaries	1.00%	30,067,535	25,984,202

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

25.7 Based on actuary's advice, the expected charge for the year ending June 30, 2015 amounts to Rs.7.565 million.

25.8 The weighted average duration of the scheme is 7 years.

25.9 **Historical information**

	2014	2013	2012	2011	2010
	Rupees in '000				
Present value of defined benefit obligation	27,915	48,779	35,524	33,218	28,231
Experience adjustment	6,013	(17,888)	1,196	1,628	1,898

25.10 **Expected maturity analysis of undiscounted retirement benefit plan**

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
As at June 30, 2014	4,986	3,501	13,809	323,180	345,476

26. **DEFERRED TAXATION** Net	**2014 Rupees**	Re-stated 2013 Rupees
The liability for deferred taxation comprises of temporary differences relating to:		
- accelerated tax depreciation allowances	**194,396,996**	187,638,413
- surplus on revaluation of operating fixed assets	**731,473,620**	492,263,704
- lease finances	**18,181,112**	18,165,828
- staff retirement benefit	**(8,558,611)**	(14,233,005)
- provision for obsolete stores	**(11,097,901)**	(10,561,756)
- provision for doubtful debts and advances	**(67,402,798)**	(64,146,536)
	856,992,418	609,123,648

26.1 Deferred tax asset in respect of the unused tax losses aggregating Rs.1,998.807 million(2013: Rs.1,737.485 million) has not been recognised in these financial statements being prudent. Management is of the view that recognition of deferred tax assets will be re-assessed as at June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

27. TRADE AND OTHER PAYABLES

	Note	2014 Rupees	2013 Rupees
Creditors		48,376,131	21,032,631
Bills payables / letters of credit payable	27.1	453,591,819	453,615,588
Security deposit	27.2	22,500,000	-
Accrued expenses		63,152,457	71,294,929
Withholding taxes payable		239,032	232,074
Unclaimed dividend		1,037,104	1,040,493
		588,896,543	547,215,715

27.1 This represents overdue bills payable / letters of credit payables to various financial institutions / banks 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 31.1.1 so current status and balance confirmation of these bills payable could not be ascertained due to non-availability of relevant documents. Further, no provision of any further commission / interest / mark-up or penalty in respect of overdue LCs has been made in the financial statements. Amount of the un-provided commission / interest / mark-up or penalty is impracticable to determine as at the reporting date.

27.2 This represent balance of security deposit amounting Rs.60 million received against supply of yarn upto June 30, 2014 as per agreed schedule. In case of default, mark-up at the rate of 12% is charged. Mark-up aggregating Rs.0.673 million has been charged during the year.

28. ACCRUED MARK-UP / INTEREST

	Note	2014 Rupees	2013 Rupees
Mark-up / interest accrued on:			
- long term finance	28.1	1,845,360	-
- against security deposit	27.2	673,151	-
		2,518,511	-

28.1 Represents mark-up payable to Gulistan Fibres Limited (an Associated Company) on long term loan - note 23.6.

28.2 During the year ended June 30, 2014, the Company has not provided mark-up / interest on its long term finances, lease finances and short term borrowings to the extent of Rs.12.464 million, Rs.1.289 million and Rs.331.325 million respectively due to pending litigations with the financial institutions. Further, as detailed in note 1.3, the managementis in the process of finalisation of restructuring of its debts and as per indicative restructuring term sheet total accrued and outstanding mark-up due / payable till June 30, 2014 will be repaid on quarterly basis over a period of 2 years immediatelyafter the completionof repayment term of principal i.e.8 years. Un-provided mark-up / interest upto the balance sheet date aggregated Rs.837.816 million.This non-provisioning is in contravention with the requirements of IAS 23 - Borrowing Costs. The exact amount of un-provided mark-up / interest could not be ascertained because of non-availabilityof relevant information and documents due to on-going litigations with banks and financial institutions.

28.3 Confirmations in respect of mark-up / interest accrued on long term finances, lease finances and short term borrowings have not been received due to pending litigations with the financial institutions / lenders.

29. SHORT TERM BORROWINGS

	Note	2014 Rupees	2013 Rupees
Short term finances - secured	29.1 & 29.3	1,879,288,871	2,028,942,312
Running finances - secured	29.2 & 29.3	854,985,815	855,246,649
Temporary bank overdraft - unsecured	29.5	4,676,623	7,151,261
		2,738,951,309	2,891,340,222

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

29.1 This represents aggregate amount of the short term finances under mark-up arrangements against expired facilities obtained from various banks / financial institutions. These finances are secured by way of ranking / hypothecation / floating charge over present & future current assets, pari passu charge over present & future fixed assets, charge over raw cotton & cotton yarn, lien on export letters of credit / sales contracts / documents, trust receipt and personal guarantees of sponsor directors.

29.2 This represents aggregate amount of running finances / working capital finances against expired facilities from various banks / financial institutions. These finance facilities are secured by way of ranking / hypothecation / floating charge over present & future current assets, pari passu charge over present & future fixed assets, charge over raw cotton & cotton yarn, lien on export letters of credit / sales contracts / documents, trust receipt and personal guarantees of sponsor directors.

29.3 The abovementioned balances are against expired finance facilities and these facilities have not been renewed by the respective banks / financial institutions. 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 31.1.1.

29.4 Year end balance confirmations aggregating Rs.2,314.905 million from the lending banks / financial institutions have not been received due to abovementioned litigation with them. Further, due to these litigations, bank statements for current financial year of all banks / financial institutions were also not available to ensure year end balances of these finance facilities.

29.5 These have arisen due to issuance of cheques in excess of balance at bank accounts.

30. **CURRENT PORTION OF NON-CURRENT LIABILITIES**	Note	2014 Rupees	2013 Rupees
Long term finances:			
- Term finance - II	23.1	**35,714,286**	35,714,286
- Term finance - III	23.2	**75,000,000**	75,000,000
- LTF - EOP loans	23.3	**3,672,477**	3,672,477
		114,386,763	114,386,763
Liabilities against assets subject to finance lease	24	**19,602,910**	20,829,330
		133,989,673	135,216,093

30.1 Refer contents of notes 23.4, 23.5, 24.2 and 24.3 to the financial statements.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Liabilities towards banks and financial institutions disclosed in notes 23, 24, 27.1, 28, 29 and 30.

(a) 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 (2013: Rs.2,958.844 million).

The management is strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. Since all the cases are pending before various Courts therefore the ultimate outcome of these cases can not be established.

(b) The Company filed a global suit in the Lahore Hign 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.

NOTES TO THE FINANCIAL STATEMENTS
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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.

31.1.2 The Company has not provided for Rs.12.519 million(2013: Rs.12.519 million)in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006 was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Supreme Court against the abovementioned judgement of the High Court. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

The above appeals were disposed-off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount.

As at June 30, 2014, the Company has provided bank guarantees aggregating Rs.19.504 million(2013: Rs.19.504 million)in favour of Excise and Taxation Department.

31.1.3 Refer contents of note 7.2.5.

31.1.4 Counter guarantees aggregating Rs.78.363 million (2013: Rs.78.318 million) given by the Company to various banks outstanding as at June 30, 2014 in respect of guarantees issued in favour of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited.

31.2 **Commitments**

There was no capital commitment as at June 30, 2014 and June 30, 2013.

32. **SALES**

	Note	2014 Rupees	2013 Rupees
Export sales		-	204,324,357
Local sales	32.1	991,069,459	1,114,896,833
		991,069,459	1,319,221,190

32.1 **Local sales** - net

	2014	2013
Sales	668,378,973	806,391,593
Processing income	342,499,597	316,312,470
	1,010,878,570	1,122,704,063
Less: sales tax	19,809,111	7,807,230
	991,069,459	1,114,896,833

32.2 Local sales include waste sales and cotton sales of Rs.28.136 million(2013: Rs.57.914 million)and Rs.0.855 million(2013: Rs.Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS
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		Note	2014 Rupees	Re-stated 2013 Rupees
33.	**COST OF SALES**			
	Stocks at beginning of the year (finished goods & waste)		200,457,886	175,701,275
	Cost of goods manufactured	33.1	1,254,087,279	1,374,737,359
	Yarn purchased		21,360,160	61,640,519
			1,275,447,439	1,436,377,878
			1,475,905,325	1,612,079,153
	Stocks at end of the year (finished goods & waste)		(152,313,258)	(200,457,886)
			1,323,592,067	1,411,621,267
33.1	**Cost of goods manufactured**			
	Raw materials consumed	33.2	666,724,535	754,155,340
	Processing charges		-	2,806,547
	Stores consumed		25,259,336	28,255,598
	Packing materials consumed		14,283,330	21,680,186
	Salaries and other benefits		149,058,356	178,526,456
	Gratuity		9,913,255	12,033,200
	Fuel and power		278,013,762	225,147,818
	Repair and maintenance		5,278,019	6,156,639
	Communication		267,763	297,359
	Travelling and conveyance		4,375,271	4,867,267
	Insurance		3,796,426	12,401,779
	Depreciation	6.2	92,826,088	95,418,057
	Yarn doubling charges		267,495	575,685
	Other manufacturing expenses		811,756	1,077,589
			1,250,875,392	1,343,399,520
	Work-in-process adjustment:			
	- opening		7,072,758	38,410,597
	- closing		(3,860,871)	(7,072,758)
			3,211,887	31,337,839
			1,254,087,279	1,374,737,359
33.2	**Raw materials consumed**			
	Stocks at beginning of the year		596,949,351	624,791,627
	Purchases - net		538,637,913	726,313,064
			1,135,587,264	1,351,104,691
	Stocks at end of the year		(468,862,729)	(596,949,351)
			666,724,535	754,155,340

NOTES TO THE FINANCIAL STATEMENTS
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34. DISTRIBUTION COST

	Note	2014 Rupees	Re-stated 2013 Rupees
Salaries and other benefits		2,424,000	2,424,000
Gratuity		269,590	104,544
Sales promotion expenses		-	32,004
Other selling expenses		-	55,178
Depreciation	6.2	2,123,836	2,827,070
Freight and handling:			
- Local		508,027	267,040
- Export		-	9,142,210
		508,027	9,409,250
Export development surcharge		-	759,075
Commission:			
- Local		4,551,215	3,369,594
- Export		-	10,766,951
		4,551,215	14,136,545
		9,876,668	29,747,666

35. ADMINISTRATIVE EXPENSES

	Note	2014 Rupees	Re-stated 2013 Rupees
Director's meeting fee		15,000	-
Salaries and other benefits		22,833,628	30,143,606
Gratuity		3,844,703	3,964,199
Rent, rates and taxes		3,392,199	3,539,966
Gas and electricity		391,709	473,623
Fee and subscriptions		3,692,941	3,047,934
Travelling and conveyance		5,143,012	7,481,694
Printing and stationery		389,647	392,884
Auditors' remuneration	35.1	1,145,000	1,145,000
Repair and maintenance		207,191	45,648
Entertainment		1,050,087	1,267,581
Insurance		484,871	1,877,841
Communication		541,125	562,499
Legal and professional charges		8,756,300	10,882,564
Computer expenses		420,695	216,125
Advertisement		78,700	52,400
Depreciation	6.2	1,232,669	1,353,996
Other administrative expenses		1,416,682	2,932,856
		55,036,159	69,380,416

NOTES TO THE FINANCIAL STATEMENTS
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		2014 Rupees	2013 Rupees
35.1	**Auditors' remuneration**		
	Audit fee	825,000	825,000
	Half yearly review	200,000	200,000
	Review report on Code of Corporate Governance	55,000	55,000
	Other services	50,000	50,000
	Certification	15,000	15,000
		1,145,000	1,145,000

		2014 Rupees	2013 Rupees
36.	**OTHER EXPENSES**		
	Loss on re-measurement of investment at fair value through profit or loss	600,946	-
	Exchange loss - net	-	2,175,845
		600,946	2,175,845

		Note	2014 Rupees	Re-stated 2013 Rupees
37.	**OTHER INCOME**			
	Income from financial assets			
	Interest on :			
	- term deposit receipts		830,035	773,638
	- deposit accounts		679,446	409,173
	- defence saving certificates		3,824,877	3,780,020
	Interest accrued on over due receivable balances of Associated Companies	5.2	11,349,871	18,063,799
	Gain on discontinuation of equity method on investment in an Associated Company	7.1	179,671,570	-
	Reversal of impairment loss on equity investment		-	25,664,695
			196,355,799	48,691,325
	Income from non-financial assets			
	Gain on sale of operating fixed assets	6.3	1,286,450	1,159,736
	Exchange gain - net		23,651	-
			1,310,101	1,159,736
			197,665,900	49,851,061

		Note	2014 Rupees	2013 Rupees
38.	**FINANCE COST**			
	Mark-up / interest on:			
	- long term finance		1,845,360	3,581,411
	- lease finances		197,819	119,749
	- security deposit	27.2	673,151	-
	- short term borrowings		1,675,185	31,716,637
		38.1	4,391,515	35,417,797
	Bank charges		2,269,835	5,578,411
			6,661,350	40,996,208

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

38.1 During the year ended June 30, 2014, the Company has not provided mark-up / interest aggregating Rs.12.464 million(2013: Rs.10.422 million), Rs.1.289 million (2013: Rs.0.663 million), Rs.331.325 million (2013: Rs.340.632 million) on its long term finances, lease finances and short term borrowings respectively.

39. TAXATION

	Note	2014 Rupees	Re-stated 2013 Rupees
Current	39.1	-	2,044,121
Deferred			
- relating to temporary differences		(5,399,835)	30,041,082
- resulting from reduction in tax rate		(657,211)	(2,749,131)
		(6,057,046)	27,291,951
		(6,057,046)	29,336,072

39.1 No provision for minimum tax due under section 113 of the Income Tax Ordinance, 2001 is incorporated, as the Company has suffered gross loss before depreciation and other inadmissible expenses.

40. LOSS PER SHARE

	2014 Rupees	Re-sated 2013 Rupees
Net loss for the year	(202,745,411)	(241,417,159)
	----- Number of shares -----	
Weighted average ordinary shares outstanding during the year	22,225,038	22,225,038
	-------- Rupees --------	
Basic loss per share	(9.12)	(10.86)

40.1 Diluted earning / loss per share

A diluted earnings / loss per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

		Note	2014 Rupees	Re-stated 2013 Rupees
41.	**CASH GENERATED FROM OPERATIONS**			
	Loss before taxation		**(208,802,457)**	(212,081,087)
	Adjustments for non-cash charges and other items:			
	Depreciation of operating fixed assets		**96,182,593**	99,599,123
	Provision of gratuity		**14,027,548**	16,101,943
	Finance cost		**6,661,350**	40,996,208
	Loss on re-measurement of investment at fair value through profit or loss		**600,946**	-
	Gain on sale of operating fixed assets		**(1,286,450)**	(1,159,736)
	Share of loss from an Associated Company		**-**	25,288,136
	Share of loss from joint venture		**1,770,626**	1,943,800
	Net exchange (gain) / loss		**(23,651)**	2,175,845
	Interest income		**(16,684,229)**	(23,026,630)
	Gain on discontinuation of equity method on investment in an Associated Company		**(179,671,570)**	-
	Reversal of impairment loss on equity investment		**-**	(25,664,695)
	Working capital changes	41.1	**390,666,003**	104,591,198
			103,440,709	28,764,105

		2014 Rupees	Re-stated 2013 Rupees
41.1	**Working capital changes**		
	Decrease in current assets:		
	Stores, spares and loose tools	**6,192,784**	3,383,298
	Stock-in-trade	**179,443,137**	34,423,504
	Trade debts	**159,000,959**	156,222,797
	Loans and advances	**1,103,038**	34,765,278
	Deposits and prepayments	**313,216**	620,519
	Other receivables	**4,905,001**	3,048,969
		350,958,135	232,464,365
	Increase / (decrease) in trade and other payables	**39,707,868**	(127,873,167)
		390,666,003	104,591,198

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees					
Managerial remuneration and other benefits	-	-	2,424,000	5,158,340	14,637,156	16,398,160
Gratuity	-	-	269,590	432,195	1,219,763	1,430,930
	-	-	2,693,590	5,590,535	15,856,919	17,829,090
No. of persons	1	1	1	5	10	17

42.1 Chief executive, directors and executives are also provided with free use of Company maintainedvehicles in accordance with Company's policy.

42.2 Meeting fees of Rs.15,000 (2013: Rs.Nil) was also paid to a director during the year.

43. CAPACITY AND PRODUCTION

		2014	2013
Numbers of spindles installed		44,784	44,784
Average number of spindles worked		26,649	26,712
Numbers of rotors installed		1,440	1,440
Average numbers of rotors worked		533	542
Number of shits worked per day		3	3
Total number of days worked		147	168
Installed capacity after conversion into 20's count	Kg.	18,140,662	18,140,662
Actual production after conversion into 20's count - note 43.1	Kg.	7,279,250	8,319,365

43.1 Financial institutions and banks have curtailed and blocked the short term limits, froze the funds in current accounts to clear mark-up & other dues and attempted to realize their securities. These factors created liquidity crises due to which the Company could not run its operations at normal capacity.

44. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

44.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company.

Credit risk mainly arises from deposits and margins, trade debtors, accrued mark-up / interest, short term investments, and balances with banks. The carrying amounts of financial assets that represent Company's maximum credit exposure as at the reporting date are as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

	2014 Rupees	Re-stated 2013 Rupees
Deposits and margins	14,640,423	14,732,998
Trade debtors	137,758,235	371,254,332
Accrued mark-up / interest	67,862,517	60,136,170
Short term investment	9,014,190	-
Bank balances	11,372,993	16,717,131
	240,648,358	462,840,631
The ageing of trade debtors at the reporting date is as follows:		
Not past due	6,988,854	99,984,184
Past due 1-90 days	38,869,918	99,708,810
Past due 91-180 days	21,005,228	67,249,875
Past due 181-365 days	46,248,495	63,251,061
Above one year	24,645,740	41,060,402
	137,758,235	371,254,332

Based on past experience and keeping in view subsequent realisations, provision for doubt full debts aggregating Rs.218.850 millionhas been kept as at the reporting date in respect of doubtful trade debtors and for other debtors there are reasonable grounds to believe that the amounts will be realised in short course of time.

The credit risk on deposits maintainedwith banks is limitedas such banks enjoy reasonably high credit rating. Accordingly, management does not expect any counter party to fail in meeting their obligations.

44.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Companyis facing difficulty in maintainingsufficient level of liquidity due to financial problems as all the banks and financial institutions have blocked / ceased their finance facilities and filed suits for recovery of these finances.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

	Carrying amount	Less than 1 year	Between 1 to 5 years
	Rupees		
June 30, 2014			
Long term finances	**186,283,398**	**114,386,763**	**71,896,635**
Liabilities against assets subject to finance lease	**19,602,910**	**19,602,910**	**-**
Trade and other payables	**588,657,511**	**588,657,511**	**-**
Accrued mark-up / interest	**2,518,511**	**2,518,511**	**-**
Short term borrowings	**2,734,274,686**	**2,734,274,686**	**-**
	3,531,337,016	**3,459,440,381**	**71,896,635**

	Carrying amount	Less than 1 year	Between 1 to 5 years
	Rupees		
June 30, 2013			
Loan from the Chief Executive	75,000,000	-	75,000,000
Long term finances	114,386,763	114,386,763	-
Liabilities against assets subject to finance lease	20,829,330	20,829,330	-
Trade and other payables	546,983,641	546,983,641	-
Short term borrowings	2,884,188,961	2,884,188,961	-
	3,641,388,695	3,566,388,695	75,000,000

In order to manage liquidity risk, the management along with leading financial institutions are negotiating with banks / financial institutions for restructuring of principal & mark-up / interest and rescheduling of repayment terms as detailed in note 1.3 to the financial statements and the managementenvisages that sufficient financial resources will be available to manage the liquidity risk.

44.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials, stores & spare parts, plant & machinery, export of goods and foreign currency bank accounts mainly denominatedin U.S. Dollars (U.S.$). The Company's exposure to foreign currency risk for U.S. Dollars is as follows:

	June 30, 2014		June 30, 2013	
	Rupees	**U.S.$**	Rupees	U.S.$
Bills payable / letters of credit payable	**47,241,439**	**475,366**	46,966,161	475,366
Banks balances	**(232,085)**	**(2,357)**	(232,387)	(2,357)
Net balance sheet exposure	**47,009,354**	**473,009**	46,733,774	473,009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

The following significant exchange rate applied during the year

	Average rate		Reporting date rate	
	2014	2013	**2014**	2013
U.S.Dollar to Rupee	**98.75**	94.56	**98.75 / 98.55**	98.80 / 98.60

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. Dollar with all other variables held constant, loss for the year would have been decreased / (increased) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of financial assets and liabilities.

	2014	2013
Effect on loss for the year	**Rupees**	Rupees
U.S. Dollar to Rupee	**4,670,964**	4,673,329

The weakened of the Rupee against U.S Dollars would have had an equal but opposite impact on loss for the year. The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

(b) **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Company arises from short & long term borrowings from banks, trade receivables from an Associated Company and deposits with banks. However, the Company is not providing for mark-up/ interest on its long term finances, liabilities against assets subject to finance lease and short term borrowings due to litigation with Banks and Financial Institutions as detailed in note 31.1.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

	2014	2013
	---- Carrying amount ----	
Fixed rate instruments	**Rupees**	Rupees
Financial assets	**45,532,404**	43,637,002
Financial liabilities	**3,672,477**	3,672,477
Variable rate instruments		
Financial assets	**37,055,587**	136,360,970
Financial liabilities	**2,936,488,517**	3,015,732,577

The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

Cash flow sensitivity analysis for variable rate financial liabilities is not presented as the Company is not providing for mark-up due to litigation with banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2014

44.4 Fair value of financial instruments and hierarchy

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

As at June 30, 2014 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in Defence Saving Certificates that are stated at amortised cost.

44.5 Capital risk management

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

45. RELATED PARTY TRANSACTIONS

Related parties comprise of Associated Companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company in the normal course of business carries-out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 42. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Nature of Transactions	2014 Rupees	Re-stated 2013 Rupees
Purchase of yarn	4,437,600	59,991,432
Processing charges	-	3,172,650
Purchase of store items	11,100	-
Purchase of lycra, polyester and viscose	-	4,784,742
Purchase of cotton	10,811,895	-
Sale of yarn	6,240,000	45,411,835
Sale of store items	1,548,490	-
Sale of waste	-	3,113,695
Processing income	73,564,797	108,018,270
Doubling / dyeing charges	854,839	448,656
Interest paid	-	22,759,774
Interest charged	1,845,360	-
Interest earned	11,349,871	18,063,799
Amount advanced to Joint Venture for right shares	2,400,000	-
Amount received against sale of right of Joint Venture	3,500,000	-
Long term loan created	91,000,000	-
Long term loan adjusted	19,103,365	-
Adjustment of trade debts with loan from Chief Executive	74,495,138	-
Loan from Chief Executive repaid	504,862	-

46. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment.

(a) Yarn sales represent 63.19% (2013: 71.23%) of the total sales of the Company.

(b) All of the Company's sales relate to customers in Pakistan.

(c) All non-current assets of the Company at June 30, 2014 and June 30, 2013 are located in Pakistan.

(d) The Company has earned revenues from three (2013: one) customers aggregating Rs.585.772 million (2013: Rs.354.688 million) during the year ended June 30, 2014 which constituted 59.11% (2013: 26.88%) of the total revenues.

47. NUMBER OF EMPLOYEES

	2014	2013
Number of employees as at June 30,		
- Permanent	235	1,358
- Contractual	8	123
Average number of employees during the year		
- Permanent	1,073	1,409
- Contractual	58	126

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 9, 2014 by the Board of Directors of the Company.

49. CORRESPONDING FIGURES

Prior year's figures have been restated consequent to the retrospective application of IAS 19 (Revised) and interest has been charged on over due receivable balances of Associated Companies from prior years, as more fully explained in note 5. Other corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

TANVEER AHMED
Chief Executive

SOHAIL MAQSOOD
Director

KEY OPERATING AND FINANCIAL DATA
for last six years

	2014	2013 Re-stated	2012 Re-stated	2011	2010	2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
OPERATING RESULTS						
Total number of spindle installed	44,784	44,784	44,784	44,784	44,784	44,784
Average number of spindles worked	26,649	26,712	31,126	40,373	43,396	42,190
Total number of rotors installed	1,440	1,440	1,440	1,440	1,440	1,440
Average number of rotors worked	533	542	1,428	1,428	1,428	1,428
Installed capcity after conversion into 20's	18,140,662	18,140,662	18,140,662	18,140,662	18,140,662	18,140,662
Actual production after conversion into 20's	7,279,250	8,319,365	11,373,290	15,161,179	17,402,720	17,666,666
Sales	991,069,459	1,319,221,190	3,191,016,654	5,100,805,673	3,757,221,328	2,613,487,435
Gross (loss)/profit	(332,522,608)	(92,400,077)	(1,445,806,268)	904,810,286	770,535,473	540,122,238
Operating (loss)/profit	(200,370,481)	(143,852,943)	(1,865,893,143)	715,663,615	612,702,162	404,497,540
Financial Expenses	6,661,350	40,996,208	434,203,221	470,141,557	459,220,193	383,369,919
(Loss)/Profit before tax	(208,802,457)	(212,081,087)	(2,560,205,624)	250,978,761	161,522,955	38,477,931
(Loss)/Profit for the year after taxation	(202,745,411)	(241,417,159)	(2,574,930,351)	179,272,423	128,567,407	22,907,631
Unappropreated profit carried forward	(2,390,322,759)	2,245,164,142	(2,048,098,963)	515,232,911	362,780,303	251,050,046
FINANCIAL POSITION						
Paid up capital	222,250,380	222,250,380	222,250,380	222,250,380	185,208,650	168,371,500
Share holder's equity	(1,896,072,379)	(1,750,913,762)	(1,553,848,583)	1,009,483,291	844,377,261	742,578,951
Long term loans	114,386,763	114,386,763	128,672,477	1,601,476	86,141,504	114,821,311
Obligation under finance lease	19,602,910	20,829,330	22,269,377	48,447,544	83,111,389	104,476,003
Deffered Liabilities	884,906,999	657,905,229	637,056,681	113,152,369	88,411,838	60,707,955
Current Liabilities	3,475,917,156	3,587,197,015	3,677,172,472	3,129,395,551	2,968,813,483	2,801,110,857
Fixed Assets	3,709,851,590	3,803,785,944	3,895,756,389	1,340,933,945	1,385,935,928	1,418,761,669
Long term investment	92,044,601	91,490,350	102,027,608	261,743,042	225,069,210	178,714,674
Long term deposits	8,666,608	8,666,608	8,650,608	10,496,976	13,266,818	13,874,538
Current Assets	939,875,957	1,354,589,084	1,573,581,505	3,235,720,552	2,905,886,858	2,678,802,143

PATTERN OF SHAREHOLDING
as at June 30, 2014

Number of Shareholders	Shareholding From	Shareholding To	Shares Held	Percentage
2,415	1	100	33,041	0.15
674	101	500	157,153	0.71
134	501	1,000	109,741	0.49
169	1,001	5,000	408,102	1.84
49	5,001	10,000	380,346	1.71
11	10,001	15,000	134,649	0.61
8	15,001	20,000	147,331	0.66
5	20,001	25,000	117,500	0.53
3	25,001	30,000	85,500	0.38
1	30,001	35,000	34,500	0.16
5	35,001	40,000	188,840	0.85
5	40,001	45,000	217,499	0.98
1	45,001	50,000	50,000	0.22
2	50,001	55,000	102,000	0.00
1	55,001	60,000	60,000	0.27
2	65,001	70,000	134,274	0.60
4	70,001	75,000	298,790	1.34
1	85,001	90,000	86,500	0.39
2	95,001	100,000	198,380	0.89
3	100,001	105,000	311,203	1.40
1	105,001	110,000	105,111	0.47
1	110,001	115,000	110,011	0.49
1	120,001	125,000	122,500	0.55
3	125,001	130,000	384,205	1.73
2	135,001	140,000	274,214	1.23
1	200,001	205,000	200,131	0.90
1	230,001	235,000	231,500	1.04
1	260,001	265,000	263,326	1.18
1	295,001	300,000	300,000	1.35
1	300,001	305,000	302,396	1.36
1	310,001	315,000	313,190	1.41
1	345,001	350,000	349,651	1.57
1	475,001	480,000	477,410	2.15
1	490,001	495,000	494,885	2.23
1	620,001	625,000	624,201	2.81
1	795,001	800,000	800,000	3.60
1	1,200,001	1,205,000	1,203,474	5.41
1	1,920,001	1,925,000	1,925,000	8.66
1	2,010,001	2,015,000	2,012,288	9.05
1	2,065,001	2,070,000	2,065,470	9.29
1	2,095,001	2,100,000	2,098,071	9.44
1	2,110,001	2,115,000	2,112,655	9.51
1	2,195,001	2,200,000	2,200,000	9.90
3,521			**22,225,038**	**99.54**

* Note: There is no shareholding in the slab not mentioned

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2014

Particulars	No. of Shares Holders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	10	3,008,406	13.54
Associated Companies, Undertakings and Related Parties	3	4,188,427	18.85
NIT & ICP	3	1,204,130	5.42
Banks, Development Finance Institutions, Non-Banking Financial Institutions	5	342,756	1.54
Insurance Companies	1	263,326	1.18
Joint Stock Companies	7	75,761	0.34
General Public (Local)	3,483	7,570,158	34.06
Other Companies	9	5,572,074	25.07
	3,521	**22,225,038**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2014

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	**SHARES**
Gulistan Spinning Mills Limited	10,302
Gulistan Textile Mills Limited	2,112,655
Peridot Products (Pvt.) Limited	2,065,470
B) NIT & ICP	
IDBP (ICP UNIT)	106
National Bank of Pakistan Trustee Department	550
CDC - Trustee National Investment (Unit) Trust	1,203,474
C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	
DIRECTORS	
Mr. Tanveer Ahmed	2,077,979
Mr. Riaz Ahmed	1,110
Mr. Muhammad Shafiq	500
Mr. Muhammad Yousuf	500
Mr. Sohail Maqsood	650
Mr. Iftikhar Ali	500
Mr. Hussain Ather	570

SPOUSE	
Mrs. Naureen Tanveer	926,597
D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
BANKS	
National Bank of Pakistan	313,865
NIB Bank Limited	19,496
Islamic Investment Bank Limited	9,345
Al-Faysal Investment Bank Limited	50
INSURANCE	
State Life Insurance Corporation of Pakistan	263,326
E) Other Companies	5,572,074
F) Joint Stock Companies	75,761
G) General Public (Local)	7,570,158
	22,225,038

G) SHAREHOLDERS HOLDING 05% OR MORE

OPAL (SMC-Private) Limited	2,200,000
Gulistan Textile Mills Limited	2,112,655
Mr. Mustafa Shaikh	2,098,071
Mr. Tanveer Ahmed	2,077,979
Peridot Products (Pvt.) Limited	2,065,470
Blessed Corporation (Pvt.) Ltd.	1,925,000
National Bank of Pakistan Trustee Department	1,203,474

H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN **NIL**

Form of Proxy
Gulshan Spinning Mills Limited

I/We ______________________________ being member of **Gulshan Spinning Mills Limited** holder of _____________ ordinary shares as per Share Register Filio No. ____________ and/or CRC participant I.D. No. ______________________ Account No ____________ hereby appoint Mr. ______________________________ who is also member of **Gulshan Spinning Mills Limited** vide Filio No. ______ or CDC participant I.D. No. _________ Account No. ________ or failing him/her of __________________ of Mr.______________________ who is also member of **Gulshan Spinning Mills Limited** vide Filio No. _____________ or CDC participant I.D. No. _________ Account No. ______________ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **October 31, 2014 at 11:00 a.m** and at any adjournment thereof.

As witness my/our hand this ___________ day of ___________ 2014

Signed by the said ____

In the presence of ____

Appropriate Revenue Stamp

Notes:

1. The Proxy in order to be valid must be duly stamped, signed and witnessed and be deposited with the Company not later than 48 hours before the time of holding of Meeting
2. The proxy must be a member of the Company.
3. Signature should agree with the specimen signature, registered with the Company.
4. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Card/Passport in original to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or passport.
5. Representative of corporate members should bring the usual documents required for such purpose.

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