



**QUARTERLY ACCOUNTS
FOR THREE MONTHS ENDED
SEPTEMBER 30, 2013
(UN-AUDTIED)**

Gulistan Textile Mills Limited

Contents

Company Information	02
Directors' Report	03
Condensed Interim Balance Sheet	04
Condensed Interim Profit & Loss Account	05
Condensed Interim Statement of Comprehensive Income	06
Condensed Interim Cash Flow Statement	07
Condensed Interim Statement of Changes in Equity	08
Selected Notes to the Condensed Interim Financial Statements	09

Company Information

BOARD OF DIRECTORS	Mr. Naseer Ahmed Mr. Muhammad Azhar Mr. Muhammad Zubair Mr. Seemab Ahmad Khan Mr. Muhammad Muzaffar Ali Mr. Muhammad Amir Iqbal Mr. Muhammad Badar Munir al Sami Alam
AUDIT COMMITTEE	Mr. Muhammad Badar Munir al Sami Alam (Chairman) Mr. Muhammad Muzaffar Ali Mr. Muhammad Amir Iqbal
HR & REMUNERATION COMMITTEE	Mr. Muhammad Muzaffar Ali (Chairman) Mr. Naseer Ahmed Mr. Muhammad Azhar
CHIEF FINANCIAL OFFICER	Mr. Zulfiqar Ali
COMPANY SECRETARY	Mr. Zulfiqar Ali
AUDITORS	M/s. Mushtaq & Company Chartered Accountants Karachi.
LEGAL ADVISOR	M/s. A.K. Brohi & Company-Advocate
TAX CONSULTANT	M/s. Sharif & Company-Advocate
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 32424826, 32412754, Fax. 32424835
REGISTERED OFFICE	2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.
REGIONAL OFFICE	2nd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore.
MILLS	Unit I - Sama satta, Distt. Bahawalpur Unit II & III Tibba Sultanpur, Distt. Vehari Unit IV - Ferozwatwan, Distt. Sheikhpura
WEB PRESENCE	http://www.gulistan.com.pk/corporate/gulistanT.html

Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the first quarter ended September 30, 2013.

Financial Results

Operating Indicators	1 st Quarter Ended September 30, 2013 Rupees	1 st Quarter Ended September 30, 2012 Rupees
Sales	611,202,191	638,282,905
Gross (loss)/Profit	(35,281,766)	(217,717,329)
Pre Tax (loss)/Profit	(99,708,647)	(380,293,768)
Provision for Taxation	7,561,018	7,842,930
Earnings/(loss) Per Share	(4.85)	(19.62)

The period under review has also been proved difficult period. Your Company continued to be in the grip of challenges; power outages coupled with on-going financial impediments have obstructed the optimum utilization of production capacities. The driving force for this underutilization had been non-availability of working capital facilities. Due to unilateral blockage of our working capital lines by the banks, the required working capitals were not at our disposal and the Company could not efficiently purchase sufficient raw material to run the installed capacities at optimum level. This hindered the Company's plan to achieve the desired production targets which badly affected our sales turnover, export orders as well as profitability of the company. In order to keep our production units operational we were bound to arrange third party processing.

The Company had to operate in an increasingly competitive global textile market when local cost of operations has continued to go up due to increased utility cost and inflationary pressures. Inflationary pressures burdened our cost of production despite Company's efforts to mitigate the effect by implementation of several cost cutting measures. Persistent and unprecedented energy crisis in the Country compelled the Company to generate required energy through higher cost substitutes.

The debt amortization profile, higher interest cost and associated liquidity problems have forced the company to consider restructuring of its debt obligations subject to reconciliation of financial obligations to ensure continued timely discharge of its commitments to its lenders. The debt restructuring process is being initiated Once achieved it would improve the company's financial health and liquidity of the Company.

Future Outlook:

The management of your company has adopted various approaches to diminish the financial impact caused by banks / financial institutions by freezing our short term financing facilities and blocking the export lines unilaterally. In this regard we made third party arrangements, whereby the company will process the cotton on agreed prices managing the cash flows to the best possible options available at this point of time. We have been conscious of the issues that are affecting our profitability and are committed to plans to turn Company into profit. Moreover, present trend of increase in inflation, unpredictable abnormal hike in power costs and load shedding are likely to continue. All these factors may affect the profitability for the next quarter. In spite of these circumstances, the Management would be putting its best efforts to ensure continued growth, operational efficiency and optimum results for the Company and its valued stakeholders.

Acknowledgement:

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

LAHORE
October 31, 2013

Naseer Ahmed
Chief Executive

Condensed Interim Balance Sheet (Un-Audited) as at September 30, 2013

ASSETS	NOTE	(UN-AUDITED)	(AUDITED)
		September 30, 2013	June 30, 2013
-----Rupees-----			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,897,024,315	5,925,853,508
Long term investments		142,461,398	156,977,548
Long term deposits		8,434,628	8,434,628
CURRENT ASSETS			
Stores, spare parts and loose tools		100,024,236	101,020,844
Stock in trade		1,053,250,926	1,118,659,118
Trade debts		324,005,585	297,738,825
Loans and advances		60,574,502	51,585,647
Trade deposits and short term prepayments		44,995,250	44,995,250
Other receivables		12,307,048	6,394,362
Tax refunds due from Government		41,326,815	42,826,838
Other financial assets		26,023,115	32,414,910
Cash and bank balances		44,912,373	38,879,197
		1,707,419,851	1,734,514,991
Non - current assets classified as held for sale		23,176,212	23,176,212
		7,778,516,404	7,848,956,887
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
30,000,000 (June 30, 2013 : 30,000,000) Ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid up capital		189,838,990	189,838,990
Reserves			
Reserves		583,001,394	583,001,394
Accumulated loss		(8,344,561,425)	(8,266,455,686)
		(7,761,560,031)	(7,683,454,292)
		(7,571,721,041)	(7,493,615,302)
Surplus on revaluation of property, plant and equipment		5,035,304,386	5,049,346,276
Deferred income		330,846	330,846
NON CURRENT LIABILITIES			
Long term financing from banking companies	6	-	-
Long term financing from related parties		423,800,000	423,800,000
Liabilities against assets subject to finance lease	7	-	-
Deferred liabilities			
Staff retirement benefits - gratuity		60,972,234	60,356,174
Deferred taxation		1,093,733,654	1,101,294,672
		1,154,705,888	1,161,650,846
CURRENT LIABILITIES			
Trade and other payables	8	1,627,170,169	1,600,184,103
Accrued mark up / interest	9	-	-
Short term borrowings	10	6,117,396,175	6,114,488,671
Current portion of non current liabilities		965,559,329	966,800,798
Provision for taxation		1,137,837	1,137,837
		8,711,263,510	8,682,611,409
Liabilities directly associated with non current assets classified as held for sale		24,832,812	24,832,812
CONTINGENCIES AND COMMITMENTS	11		
		7,778,516,404	7,848,956,887

The annexed notes form an integral part of these condensed interim financial statements.

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

Condensed Interim Profit and Loss Account (Un-audited)
for the 1st quarter ended September 30, 2013

	Quarter Ended	
	September 30, 2013	September 30, 2012
	-----Rupees-----	
Sales and processing	611,202,191	638,282,905
Cost of sales	(646,483,957)	(856,000,234)
Gross (loss) / profit	(35,281,766)	(217,717,329)
Distribution cost	(4,840,408)	(3,516,018)
Administrative expenses	(25,463,066)	(26,610,394)
Other operating expenses	(19,735,821)	(1,597,393)
Finance cost	(599,485)	(24,085,430)
Other operating income/(Loss)	728,048	6,716,752
Share of profit / (loss) of associated companies	(14,516,150)	(113,483,956)
	(64,426,881)	(162,576,439)
(Loss) / profit before taxation	(99,708,647)	(380,293,768)
Taxation		
- Current	-	-
- Deferred	7,561,018	7,842,930
	7,561,018	7,842,930
Loss for the period	(92,147,629)	(372,450,838)
EARNING PER SHARE (BASIC & DILUTED)	(4.85)	(19.62)

The annexed notes form an integral part of these condensed interim financial statements.

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the 1st quarter ended September 30, 2013**

	Quarter Ended	
	September 30, 2013	September 30, 2012
	-----Rupees-----	
Loss for the period	(92,147,629)	(372,450,838)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(92,147,629)	(372,450,838)

The annexed notes form an integral part of these condensed interim financial statements.

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

Condensed Interim Cash Flow Statement (Un-audited) for the 1st quarter ended September 30, 2013

	Quarter Ended	
	September 30, 2013	September 30, 2012
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	(99,708,647)	(380,293,768)
Adjustments for :		
Depreciation	37,136,167	37,516,965
Staff retirement benefits - gratuity (net)	616,060	(2,116,645)
Finance cost	599,485	24,085,430
Exchange loss foreign currency transaction	-	1,597,393
Interest income	(728,048)	(540,267)
Share of profit of associated companies	14,516,150	113,483,956
Amortization of gain on sale and lease back of assets	-	(26,825)
Gain on sale of investment shares	-	(6,149,660)
(Loss) / profit before working capital changes	(47,568,834)	(212,443,421)
Movement in working capital (Increase) / decrease in current assets		
Stores, spare parts and loose tools	996,607	3,413,986
Stock in trade	65,408,192	(73,681,967)
Trade debts	(26,266,760)	61,038,085
Loans and advances	(8,988,855)	51,523,176
Other receivables	(5,184,638)	-
Tax refunds due from Government	1,701,598	5,460,536
Net increase in current assets	27,666,144	47,753,816
Trade and other payables	26,986,066	101,072,427
Cash generated from operating activities	7,083,376	(63,617,178)
Payments for:		
Finance cost	(599,485)	(36,179,623)
Income tax paid	(201,575)	(691,991)
Net cash used in operating activities	6,282,317	(100,488,792)
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(8,306,974)	(917,305)
Sale proceeds of short term investment - shares	-	65,263,400
Interest received	-	793,418
Increase in long term deposits	-	(255,000)
Net cash used in investing activities	(8,306,974)	64,884,513
Net cash outflow before financing activities	(2,024,657)	(35,604,280)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of liabilities against assets subject to finance lease	(1,241,469)	-
Short term borrowings - net	2,907,504	41,249,937
Net cash generated from / (used in) financing activities	1,666,035	41,249,937
Net increase in cash and cash equivalents	(358,622)	5,645,657
Cash and cash equivalents at beginning of the period	71,294,107	85,346,520
Cash and cash equivalents at end of the period	70,935,486	90,992,177
Cash and cash equivalents comprise of the following :-		
Cash and bank balances	44,912,373	58,840,253
Other financial assets - US Dollar Bonds	26,023,115	32,151,924
	70,935,486	90,992,177
NON CASH TRANSACTIONS		
Purchase of fixed assets against finance lease	-	-

The annexed notes form an integral part of these condensed interim financial statements.

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the 1st quarter ended September 30, 2013

Share Capital	RESERVES			TOTAL	
	CAPITAL	REVENUE			
	Share Premium	General Reserve	Unappropriated Profit / (loss)		
-----Rupees-----					
Balance as at July 01, 2012	189,838,990	379,080,000	203,921,394	(7,604,677,485)	(6,831,837,101)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	14,565,440	14,565,440
Total comprehensive loss for the quarter	-	-	-	(372,450,838)	(372,450,838)
Balance as at September 30, 2012	189,838,990	379,080,000	203,921,394	(7,962,562,883)	(7,189,722,499)
Balance as at July 01, 2013	189,838,990	379,080,000	203,921,394	(8,266,455,686)	(7,493,615,302)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	14,041,890	14,041,890
Total comprehensive loss for the quarter	-	-	-	(92,147,629)	(92,147,629)
Balance as at September 30, 2013	189,838,990	379,080,000	203,921,394	(8,344,561,425)	(7,571,721,041)

The annexed notes form an integral part of these condensed interim financial statements.

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) for the 1st quarter ended September 30, 2013

1 STATUS AND NATURE OF BUSINESS

- 1.1 Gulistan Textile Mills Limited (the company) was incorporated on February 2, 1966 as a private company limited by shares and converted into public limited company on April 11, 1966. The shares of the company are listed on Karachi and Lahore Stock Exchanges in Pakistan. The company is principally engaged in the manufacture and sale of yarn. The registered office of the company is located at 2nd Floor, Finlay House, I. I. Chundrigar Road, Karachi, while mills are situated at Samma Satta, Tibba Sultan Pur and Feroz Wattwan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 'Interim Financial Reporting' as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of company as at and for the year ended June 30, 2013.

These condensed interim financial statements are being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the 1st quarter ended September 30, 2013. These condensed interim financial statements also include condensed interim profit and loss statement for the 1st quarter ended September 30, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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

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

5 PROPERTY, PLANT AND EQUIPMENT

		September 30, 2013	June 30, 2013
	Note	-----Rupees-----	
Operating fixed assets	5.1	5,888,759,841	5,925,853,508
Capital work in progress - at cost		8,264,474	-
		5,897,024,315	5,925,853,508
5.1 Operating assets			
Opening written down value		5,925,853,508	6,066,070,778
Additions during the period	5.2	42,500	10,816,210
		5,925,896,008	6,076,886,987
Disposals during the period	5.2	-	(2,844,226)
Depreciation during the period		(37,136,167)	(148,189,253)
		5,888,759,841	5,925,853,508
Closing written down value			

5.2 Additions and disposals during the period

	September 30, 2013		June 30, 2013	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
Owned Assets				
Building on free / leased hold land	-	-	9,648,094	-
Plant and machinery	-	-	579,500	-
Tools and equipments	42,500	-	269,211	-
Computers	-	-	162,400	-
Furniture and fixtures	-	-	115,005	-
Vehicles	-	-	42,000	(1,323,568)
Leased Assets				
Vehicles	-	-	-	(1,520,658)
	42,500	-	10,816,210	(2,844,226)
			September 30, 2013	June 30, 2013
			-----Rupees-----	

6 LONG TERM FINANCING FROM BANKING COMPANIES

Opening balance	532,648,334	532,648,334
Disbursement in the period / year	-	-
	532,648,334	532,648,334
Less: Repaid in the period / year	-	-
	532,648,334	532,648,334
Current portion		
Overdue installment	264,851,187	223,720,235
Amount payable within twelve month	154,571,238	154,571,238
Amount payable after 30 September 2014	113,225,909	154,356,861
	532,648,334	532,648,334
	-	-

6.1 Due to the pending litigations, but without prejudice to the Company's stance in the said litigation, the Company's financial arrangements with the banking companies and financial institutions are disputed and the Company will only make payments / adjustments of these finances after the amounts are reconciled with banks and financial institutions in accordance with the suit mentioned in note 11.1.1. In terms of provisions of International Accounting Standard (IAS) 1 'Presentation of Financial Statements', all liabilities under these finance agreements should be classified as current liabilities. Based on the above, installments due after the year ending September 30, 2014 have been grouped in current portion of non-current liabilities.

September 30, 2013	June 30, 2013
-----Rupees-----	

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	434,152,464	436,727,391
Assets acquired during the year	-	-
	434,152,464	436,727,391
Less: Repaid during the year	(1,241,469)	(2,574,927)
	432,910,995	434,152,464
Current portion		
Overdue installment	240,472,321	199,670,208
Amount payable within twelve month	134,562,061	108,903,315
Amount payable after 30 September 2014	57,876,613	125,578,941
	432,910,995	434,152,464
	-	-

7.1 Due to the pending litigations, but without prejudice to the Company's stance in the said litigation, the Company's financial arrangements with the banking companies and financial institutions are disputed and the Company will only make payments / adjustments of these lease liabilities after the amounts are reconciled with banks and financial institutions in accordance with the suit as mentioned in note 11.1.1. In terms of provisions of International Accounting Standard (IAS) 1 'Presentation of Financial Statements', all lease liabilities under these finance agreements should be classified as current liabilities. Based on the above, installments due after the year ending September 30, 2014 have been grouped in current portion of non-current liabilities.

8 TRADE AND OTHER PAYABLES

Trade and other payables include local LC payable and foreign bills payable. These amounts are payable to various financial institution, are overdue and disputed under litigation with banking companies / financial institutions as detailed in note 11.1.1.

9 ACCRUED MARK UP / INTEREST

As explained in note 11.1.1 several banking companies and financial institutions have filed recovery suits against the company. Since the financial arrangements of the company with these banking companies and financial institutions are disputed, the company has not provided for the mark-up / interest on short term borrowings, long term financing and liabilities against assets subject to finance lease to the extent of and approximate to Rs. 165,393,449 (June 30, 2013: Rs. 612,987,181), Rs. 14,390,148 (June 30, 2013: Rs. 61,847,494) and Rs. 15,749,097 (June 30, 2013: Rs. 63,770,076) on outstanding balances in respect of short term borrowings, long term financing and liabilities against assets subject to finance lease respectively. The aggregate amount of unaccounted accrued markup / interest as at the year ended June 30, 2013 is approximately Rs. 1,295,700,726 (June 30, 2013: Rs. 1,100,386,868). The exact amount of unaccounted markup cannot be ascertained as the due to the ongoing litigation, several banking companies and financial institutions have not provided the relevant information / documents.

10 SHORT TERM BORROWINGS

As fully explained in note 11.1.1 several banking companies and financial institutions have filed recovery suits against the company for the outstanding balances. The legal counsel of the company is of the opinion that the case pending adjudication are being contested on merits as well as various cogent factual and legal grounds, however the liability in respect of principal outstanding is fully provided. An amicable settlement of the case with the banking companies and financial institutions is currently being pursued, without prejudice to the respective contentions. The management of the company is pressing the said banking companies and financial institutions for the restructuring / rescheduling of these loans and expects the loans to be restructured / rescheduled in due course. As at the period end the various finance facilities available to the company have expired and may only be re negotiated in line with the on going restructuring / rescheduling with the banking companies and financial institution and the decision of the Honorable courts.

10.1 The short term borrowing includes a loan of Rs. 338.740 million received from spouse of director. The amount have been provided to support the operations & to meet the working capital requirement of the company, is unsecured & is interest free.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 The company had filed a suit in Honorable Lahore High Court jointly against financial institutions under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The Honorable Lahore High Court vide its order sheet, COS 128 of 2012 reference C.M No. 690-B of 2012, dated October 23, 2012 has ordered not to disturb the present position of current assets and fixed assets of the company. Since the matter remained sub judice in the Honorable Lahore High Court, the company had not acknowledged its liability until the amount of principal and mark up had been reconciled with the financial institutions in accordance with the above mentioned suit. Subsequently the Honorable Lahore High Court through its order dated September 11, 2013 has dismissed the case on legal grounds. Banking companies and financial institutions have also filed suits for recovery, sale of charged stocks and injunction against the company in different Banking Courts, Civil Courts and High Courts. The aggregate amount claimed in the suits against the company is Rs. 7,286,408,610. The company is strongly contesting its case before various courts. As per legal opinion, all the above matters are being contested by the Company on merits as well as various cogent factual and legal grounds available to the Company under law as reflected in the respective pleadings. However, the liability in respect of principal outstanding is fully provided whereas the mark up amounting to Rs. 1,295,700,726 is not provided in these financial statements due to the above stated reasons.

11.1.2 There have been no significant change in the status of contingent liabilities since the last audited financial statements as on June 30, 2013 except as disclose above in note 11.1.1.

11.2 Commitments

11.2.1 Commitments for other than capital expenditures amount to Rs. Nil (June 30, 2013: Rs.Nil).

11.2.2 Export bills negotiated at period end amount to Rs. Nil (June 30, 2013 : Rs.Nil).

September 30, 2013	September 30, 2012
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-----Rupees-----

12 TRANSACTIONS WITH RELATED PARTIES

Associated Companies transaction in the period

Sales of goods and services	-	5,697,126
Purchases of goods and services	-	9,043,336
Processing charges	26,278,195	22,008,873

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

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 31, 2013 by the board of directors of the company.

14 GENERAL

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

NASEER AHMED
Chief Executive

SEEMAB AHMED KHAN
Director



Gulistan Textile Mills Limited

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