

GULISTAN TEXTILE MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

1 STATUS AND NATURE OF BUSINESS

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 30th June, 2009.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2009 which have been subjected to a review but not audited. These condensed interim financial statements also includes the condensed interim income statement for the quarter ended December 31, 2009.

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 30 June, 2009 except amendments in International Accounting Standard 1 (Revised), 'Presentation of Financial Statements' which became applicable from the financial periods beginning on or after January 01, 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the company's condensed interim financial information.

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 affects 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 30 June, 2009.

4.2 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, 2009.

5 PROPERTY, PLANT AND EQUIPMENT

		December 31, 2009	June 30, 2009
	Note	-----Rupees-----	
Operating assets	5.1	2,097,862,051	2,071,642,736
Capital work in progress - at cost		116,897,999	79,517,633
		2,214,760,050	2,151,160,369
5.1 Operating assets			
Opening written down value		2,071,642,736	2,013,508,151
Additions during the period	5.2	73,230,738	83,455,016
Revaluation during the period		-	98,776,080
		2,144,873,474	2,195,739,246
Disposals during the period	5.2	(189,135)	(28,560,115)
Depreciation during the period		(46,822,288)	(95,536,395)
Closing written down value		2,097,862,051	2,071,642,736

5.2 Additions and disposals during the period

	December 31, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
Owned Assets				
Free hold land	-	-	98,776,080	28,537,305
Building on free / leased hold land	-	-	2,705,947	-
Plant and machinery	-	-	9,135,095	-
Electric installation	-	-	586,702	-
Electric equipments	223,000	-	377,385	-
Office equipments	503,520	-	1,113,017	-
Furniture and fixtures	2,539,218	-	149,900	-
Vehicles	15,000	189,135	1,309,804	22,810
Leased Assets				
Plant and machinery	69,950,000	-	65,187,364	-
Vehicles	-	-	2,889,801	-
	73,230,738	189,135	182,231,096	28,560,115

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		-----Rupees-----	
December 31, 2009	June 30, 2009		
4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150
14,212,184	12,486,375	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,121,840
<u>18,983,899</u>	<u>17,258,090</u>		<u>189,838,990</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

An amount of Rs. 45.579 million (June 30, 2009 : Rs. 41.766 million) is payable to excise and taxation department, Government of Sindh, in respect of infrastructure fee. The company has not provided an amount of Rs. 13.976 million (June 30, 2009: Rs. 13.982) out of above total liability as the Company has filed an appeal before Honorable Sindh High Court against the levy of said fee on imports by the company. Pending the decision of appeal, Sindh High Court has directed that imports of the company be released against furnishing of bank guarantees. The company has provided bank guarantees amounting to Rs. 44.000 million (June 30, 2009 : Rs. 42.000 million).

Total guarantees issued by banks on behalf of the company in ordinary course of business amounting to Rs. 102.221 million (June 30, 2009 : Rupees. 85.191 million).

Commitments

Other than capital expenditures amount to Rs. 821.897 million (June 30, 2009: 455.515 Million).
Export bills negotiated amounting to Rs.672.270 million (June 30, 2009 : Rs.660.982 million)

8 SALES - net

		December 31, 2009	December 31, 2008
		-----Rupees-----	
Export - Yarn		1,458,630,711	723,342,362
Local			
- Yarn		1,833,039,722	1,605,106,257
- Waste / scrap		21,542,413	22,498,157
		<u>3,313,212,846</u>	<u>2,350,946,776</u>
Local - Raw material			
- Cotton		33,894,847	126,857,160
- M.M.Fibre		1,277,356	4,991,299
		<u>35,172,203</u>	<u>131,848,459</u>
Add: Export rebate		342,926	61,926
		<u>3,348,727,975</u>	<u>2,482,857,161</u>
Commission / discounts		47,770,150	34,850,382
Sales tax adjustment		351,467	594,330
		<u>48,121,617</u>	<u>35,444,711</u>
		<u>3,300,606,358</u>	<u>2,447,412,450</u>

9 TRANSACTIONS WITH RELATED PARTIES

Purchases from related parties

		December 31, 2009	December 31, 2008
		-----Rupees-----	
Stores		11,855	178,158
Raw materials		67,130	1,547,213
Yarn		-	4,956
Electricity		183,134	751,562
Processing		85,424,030	81,979,672

Sales to related parties

Stores sale/return (net)		19,995	(100,260)
Raw materials		682,950	-
Yarn		67,814,050	184,350,368

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

10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on March 01, 2010 by the board of directors of the company.

11 GENERAL

All figures except June 30, 2009 figures appearing in the financial statements are un audited. Figures have been rounded off to the nearest rupee, unless otherwise stated.

NASEER AHMAD
CHIEF EXECUTIVE

TANVEER AHMAD
DIRECTOR