

GULISTAN TEXTILE MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2010

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 nine months period ended March 31, 2010 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 March 31, 2010.

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

	Note	March 31, 2010	June 30, 2009
		-----Rupees-----	
Operating assets	5.1	2,136,128,360	2,071,642,736
Capital work in progress - at cost		143,705,539	79,517,633
		2,279,833,899	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	136,773,491	83,455,016
Revaluation during the period		-	98,776,080
		2,208,416,227	2,195,739,246
Disposals during the period	5.2	(189,135)	(28,560,115)
Depreciation during the period		(72,098,732)	(95,536,395)
Closing written down value		2,136,128,360	2,071,642,736

5.2 Additions and disposals during the period

	March 31, 2010		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	425,166	-	2,705,947	-	
Plant and machinery	-	-	9,135,095	-	
Electric installation	-	-	586,702	-	
Electric equipments	223,000	-	377,385	-	
Office equipments	790,618	-	1,113,017	-	
Furniture and fixtures	2,678,810	-	149,900	-	
Vehicles	70,297	189,135	1,309,804	22,810	
Leased Assets					
Plant and machinery	130,746,600	-	65,187,364	-	
Vehicles	1,839,000	-	2,889,801	-	
	136,773,491	189,135	182,231,096	28,560,115	

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

			March 31, 2010	June 30, 2009
	December 31, 2009	June 30, 2009		
	4,771,715	4,771,715	47,717,150	47,717,150
	14,212,184	12,486,375	142,121,840	124,863,750
	<u>18,983,899</u>	<u>17,258,090</u>	<u>189,838,990</u>	<u>172,580,900</u>

March 31, 2010	June 30, 2009
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-----Rupees-----

7 CONTINGENCIES AND COMMITMENTS**Contingencies**

There have been no significant change in the status of contingent liabilities since the last half yearly financial statements as on 31 December, 2009.

Commitments

Other than capital expenditures amount to Rs. 271.884 million (June 30, 2009: 455.515 Million).

Export bills negotiated amounting to Rs.633.939 million (June 30, 2009 : Rs.660.982 million)

8 SALES - net

	March 31, 2010	March 31, 2009
	-----Rupees-----	
Export - Yarn	1,949,666,802	1,037,112,160
Local		
- Yarn	3,309,510,471	2,459,031,537
- Waste / scrap	38,009,862	29,449,946
	<u>5,297,187,135</u>	<u>3,525,593,643</u>
Local - Raw material		
- Cotton	33,894,847	126,904,047
- M.M.Fibre	1,277,356	14,668,725
	<u>35,172,203</u>	<u>141,572,772</u>
Add: Export rebate	395,465	153,707
	<u>5,332,754,803</u>	<u>3,667,320,122</u>
Commission / discounts	66,774,428	56,865,196
Sales tax adjustment	505,719	657,090
	<u>67,280,147</u>	<u>57,522,286</u>
	<u>5,265,474,656</u>	<u>3,609,797,836</u>

9 TRANSACTIONS WITH RELATED PARTIES**Purchases from related parties**

Stores	11,855	412,108
Raw materials	67,130	1,632,302
Yarn	-	150,738
Cloth purchase	14,598,926	33,526,667
Electricity	4,163,538	2,092,640
Processing	129,616,108	115,005,293

Sales to related parties

Stores sale/return (net)	19,995	(100,260)
Raw materials	682,950	46,887
Yarn	113,268,184	251,847,365

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 April 30, 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