

**GULISTAN TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 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**

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

These condensed interim financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and in compliance with the requirements of section 245 of the Companies Ordinance 1984.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but a limited scope review have been performed by the external auditors of the company in accordance with the requirements of the Code of Corporate Governance and they have issued their report thereon.

**2.2 Accounting convention**

These condensed interim financial statements have been prepared under "Historical Cost Convention" except as disclosed in the company's accounting policies.

**3 ACCOUNTING POLICIES**

The present accounting policies, related judgments, estimates and assumptions adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding annual financial statements for the year ended June 30, 2008.

**4 PRESENTATIONS**

All figures except June 30, 2008 figures appearing in the financial statements are un-audited. Figures have been rounded off to the nearest rupee, unless otherwise stated.

**5 PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31, 2008	June 30, 2008
-----Rupees-----			
Operating assets	5.1	2,083,702,367	2,013,508,150
Capital work in progress - at cost		61,905,845	66,868,586
		<b>2,145,608,212</b>	<b>2,080,376,737</b>
<b>5.1 Operating assets</b>			
Opening book value		2,013,508,150	1,800,846,867
Additions during the period	5.2	43,422,632	304,111,769
Revaluation during the period		98,776,080	-
		<b>2,155,706,862</b>	2,104,958,636
Disposals during the period	5.2	(22,810)	(1,840,369)
Depreciation during the period		(71,981,685)	(89,610,117)
Closing book value		<b>2,083,702,367</b>	2,013,508,150

**5.2 Additions and disposals during the period**

	March 31, 2009		June 30, 2008	
	Additions	Disposals	Additions	Disposals
-----Rupees-----				
<b>Owned Assets</b>				
Free hold land	-	-	2,180,550	-
Building on free / leased hold land	102,309	-	3,424,841	-
Plant and machinery	391,928	-	92,563,147	1,545,257
Power House	-	-	-	-
Electric installation	171,709	-	-	-
Electric equipments	174,773	-	-	-
Office equipments	842,767	-	536,323	-
Mill equipments	-	-	1,395,400	-
Furniture and fixtures	96,620	-	437,701	-
Vehicles	3,761,254	22,810	3,077,920	295,112
<b>Leased Assets</b>				
Plant and machinery	37,881,271	-	200,495,887	-
	<b>43,422,632</b>	<b>22,810</b>	304,111,769	1,840,369

			March 31, 2009	June 30, 2008
-----Rupees-----				
<b>6</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	March 31, 2009	June 30, 2008		
	4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150
	12,486,375	11,282,323	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	112,823,230
	<b>17,258,090</b>	<b>16,054,038</b>		<b>172,580,900</b>

## 7 CONTINGENCIES AND COMMITMENTS

### Contingencies

There have been no significant change in the status of contingent liabilities since the last audited financial statements.

### Commitments

Commitments for capital expenditures amount to Rs. Nil (June 30, 2008: 15.853 million)

Commitments for other than capital expenditures amount to Rs. 226.117 Million (June 30, 2008: 28.849 Million).

	Quarter ended	Nine months period ended	Quarter ended	Nine months period ended
	March 31, 2009		March 31, 2008	
-----Rupees-----				
<b>8 SALES - Net</b>				
<i>YARN &amp; WASTE</i>				
Export sales	313,769,797	1,037,112,160	392,468,492	1,202,431,668
Local sales	853,925,280	2,459,031,537	948,285,390	2,471,944,839
Waste & Scrap sale	6,951,790	29,449,946	7,753,214	30,305,228
	<b>1,174,646,867</b>	<b>3,525,593,643</b>	1,348,507,096	3,704,681,734
<i>RAW MATERIAL</i>				
Imported cotton	46,887	126,904,047	-	3,075,450
Polyester	-	2,102,364	-	2,216,010
Acrylic	-	-	-	1,218,000
Viscose	9,677,426	12,566,361	42,140	186,140
	<b>9,724,313</b>	<b>141,572,772</b>	42,140	6,695,600
Add: Export Rebate	91,781	153,707	38,664	555,021
	<b>1,184,462,961</b>	<b>3,667,320,122</b>	1,348,587,900	3,711,932,355
Commission / Discounts	22,014,814	56,865,196	18,973,686	54,221,312
Local commission / Discounts	62,761	657,090	278,529	868,774
	<b>22,077,575</b>	<b>57,522,286</b>	19,252,215	55,090,086
	<b>1,162,385,386</b>	<b>3,609,797,836</b>	1,329,335,685	3,656,842,269

## 9 TRANSACTIONS WITH RELATED PARTIES

### Purchases from related parties

	March 31, 2009	March 31, 2008
-----Rupees-----		
Stores	412,108	923,109
Raw materials	1,632,302	14,904,259
Yarn	150,738	163,350
Cloth purchase	33,526,667	4,792,375
Electricity	2,092,640	6,118,540
Processing	115,005,293	113,129,668

### Sales to related parties

Stores sale/return (net)	(100,260)	3,321,241
Raw materials	46,887	-
Yarn	251,847,365	130,506,165

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, 2009 by the board of directors of the company.

NASEER AHMAD  
CHIEF EXECUTIVE

DIRECTOR