

GULISTAN TEXTILE MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2011

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, 2011.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore 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 1st Quarter ended September 30, 2011 which have been subjected to a review but not audited.

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, 2011.

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 judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements 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.

Judgements 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, 2011.

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, 2011.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2011	June 30, 2011
		-----Rupees-----	
Operating fixed assets	5.1	2,372,671,442	2,398,750,639
Capital work in progress - at cost		43,870,601	21,688,584
		2,416,542,042	2,420,439,223
5.1 Operating assets			
Opening written down value		2,398,750,639	2,270,112,975
Additions during the period	5.2	131,280	235,678,068
		2,398,881,919	2,505,791,043
Disposals during the period	5.2	-	(1,360,862)
Depreciation during the period		(26,210,477)	(105,679,542)
Closing written down value		2,372,671,442	2,398,750,639

5.2 Additions and disposals during the period

	September 30, 2011		June 30, 2011	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
Owned Assets				
Free hold land	-	-	-	-
Building on free / leased hold land	-	-	15,140,234	-
Plant and machinery	-	-	128,474,199	-
Electric installation	-	-	40,527,934	-
Electric equipments	-	-	537,100	-
Office equipments	91,280	-	1,620,648	-
Mill equipments	-	-	4,985,117	-
Furniture and fixtures	40,000	-	1,042,755	-
Fire fighting equipment	-	-	411,802	-
Vehicles	-	-	2,873,278	1,360,862
Leased Assets				
Plant and machinery	-	-	39,200,000	-

Vehicles

-	-	865,000	-
<u>131,280</u>	<u>-</u>	<u>235,678,068</u>	<u>1,360,862</u>

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

-----No. of Shares-----			September 30, 2011	June 30, 2011
			-----Rupees-----	
September 30, 2011	June 30, 2011			
4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150	47,717,150
14,212,184	14,212,184	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,121,840	142,121,840
<u>18,983,899</u>	<u>18,983,899</u>		<u>189,838,990</u>	<u>189,838,990</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

There have been no significant change in the status of contingent liabilities since the last audited financial statements as on 30 June, 2011.

Commitments

Other than capital expenditures amount to Rs. 43.491 million (June 30, 2011: 82.323 Million).
Export bills negotiated amounting to Rs. 884.937 million (June 30, 2011 : Rs.1,116 million).

8 SALES - net

	September 30, 2011	September 30, 2010
	-----Rupees-----	
Export - Yarn	572,526,675	592,729,414
Local		
- Yarn	1,238,621,483	1,483,539,392
- Waste / scrap	16,276,005	11,898,313
	<u>1,827,424,163</u>	<u>2,088,167,118</u>

9 TRANSACTIONS WITH RELATED PARTIES

Nature	Relationship	September 30, 2011	September 30, 2010
		-----Rupees-----	
Sales	Associated companies	39,909,960	50,352,020
Purchases	Associated companies	49,746,874	29,798,115
Processing charges	Associated companies	36,144,772	47,977,767

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 October 31, 2011 by the board of directors of the company.

11 GENERAL

All figures except June 30, 2011 figures appearing in the financial statements are un audited. Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR