

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

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the company has presented condensed interim comprehensive income in the profit & loss account.

**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, 2009.

**4 PRESENTATIONS**

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.

**5 PROPERTY, PLANT AND EQUIPMENT**

		September 30, 2009	June 30, 2009
	Note	-----Rupees-----	
Operating assets	5.1	2,051,222,199	2,071,642,736
Capital work in progress - at cost		96,854,124	79,517,634
		<u>2,148,076,323</u>	<u>2,151,160,370</u>
<b>5.1 Operating assets</b>			
Opening book value		2,071,642,736	2,013,508,151
Additions during the period	5.2	3,526,698	83,455,016
Revaluation during the period		-	98,776,080
		<u>2,075,169,434</u>	<u>2,195,739,246</u>
Disposals during the period	5.2	(189,135)	(28,560,115)
Depreciation during the period		(23,758,100)	(95,536,395)
Closing book value		<u>2,051,222,199</u>	<u>2,071,642,736</u>

**5.2 Additions and disposals during the period**

	September 30, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
<b><u>Owned Assets</u></b>				
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	379,480	-	1,113,017	-
Furniture and fixtures	2,539,218	-	149,900	-
Vehicles	385,000	189,135	1,309,804	22,810
<b><u>Leased Assets</u></b>				
Plant and machinery	-	-	65,187,364	-
Vehicles	-	-	2,889,801	-
	<u>3,526,698</u>	<u>189,135</u>	<u>182,231,096</u>	<u>28,560,115</u>

			September 30, 2009	June 30, 2009
			-----Rupees-----	
<b>6</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	September 30, 2009	June 30, 2009		
	4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150
	12,486,375	12,486,375	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	124,863,750
	<u>17,258,090</u>	<u>17,258,090</u>		<u>172,580,900</u>

**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, 2009: Nil million)

Commitments for other than capital expenditures amount to Rs. 422.997 Million (June 30, 2009: 455.515 Million).

Export bills negotiated amounting to Rs.584.572 million (June 30, 2009 : Rs.660.982 million)

			September 30, 2009	September 30, 2008
			-----Rupees-----	
<b>8</b>	<b>SALES - Net</b>			
	<i>YARN &amp; WASTE</i>			
	Export sales		575,207,828	394,734,363
	Local sales		915,382,314	887,916,995
	Waste & Scrap sale		5,835,203	12,951,343
			<u>1,496,425,346</u>	<u>1,295,602,701</u>
	<i>RAW MATERIAL</i>			
	Cotton		33,894,847	28,774,271
	M.M.Fibre		682,950	2,102,364
			34,577,797	30,876,635
	Add: Export Rebate		61,249	8,778
			<u>1,531,064,392</u>	<u>1,326,488,114</u>
	Commission / Discounts		27,172,742	20,551,070
	Sales Tax adjustment		162,103	-
			<u>27,334,846</u>	<u>20,551,070</u>
			<u>1,503,729,546</u>	<u>1,305,937,044</u>

**9 TRANSACTIONS WITH RELATED PARTIES**

**Purchases from related parties**

Stores	11,855	209,255
Raw materials	67,130	612,369
Electricity	-	345,784
Processing	42,926,715	38,887,899

**Sales to related parties**

Stores sale/return (net)	19,995	62,098
Raw materials	682,950	-
Yarn	45,604,850	43,552,220

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, 2009 by the board of directors of the company.

**NASEER AHMAD**  
CHIEF EXECUTIVE

**TANVEER AHMAD**  
DIRECTOR