

GULISTAN SPINNING MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 30, 2009 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

Gulistan Spinning Mills Limited (the company) was incorporated on 25 February, 1987 and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The company is principally engaged in manufacture and sale of yarn. The registered office of the company is situated at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi in the province of Sindh, Pakistan.

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 01 January 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

	(Unaudited)		(Audited)	
	December 31, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
Owned Assets				
Plant and Machinery	609,248	-	7,937,164	-
Electric Installations	1,738,295	-	3,219,181	-
Factory Equipment	331,152	-	1,037,968	-
Office Equipments	-	-	33,500	-
Furniture and Fixtures	50,000	-	17,800	-
Vehicles	10,850	452,447	205,680	-
Leased Assets				
Vehicles	1,239,000	-	6,156,000	-
	3,978,545	452,447	18,607,293	-

6 SHARE CAPITAL

	December 31, 2009	June 30, 2009
	----- Rupees -----	
Authorized Capital		
15,000,000 (June 30, 2009: 15,000,000) Ordinary shares of Rs.10 each	150,000,000	150,000,000
Issued, subscribed and paid-up capital		
6,838,330 (June 30, 2009: 6,838,330) Ordinary shares of Rs.10 each fully paid up in cash	68,383,300	68,383,300
7,802,670 (June 30, 2009: 6,471,670) Ordinary shares of Rs.10 each issued as fully paid bonus shares	78,026,700	64,716,700
	146,410,000	133,100,000

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7 CONTINGENCIES AND COMMITMENTS

	December 31, 2009	June 30, 2009
	-----Rupees in million-----	
Contingencies		
Bills discounted with recourse	290.630	206.035

Commitments

There is no major changes in commitments as have been disclosed in the audited financial statements for the year ended June 30, 2009.

8 COST OF SALES

	HALF YEAR ENDED		QUARTER ENDED	
	Dec - 09	Dec - 08	Dec - 09	Dec - 08
	----- Rupees -----		----- Rupees -----	
Finished goods - opening	179,430,537	138,727,674	194,891,536	167,414,435
Purchases	97,320,450	3,198,000	62,406,700	(1,276,444)
Cost of goods manufactured	694,337,476	606,445,115	361,526,654	292,050,849
	971,088,463	748,370,789	618,824,890	458,188,840
Finished goods - closing	(254,746,637)	(211,282,909)	(254,746,637)	(211,282,909)
	716,341,826	537,087,880	364,078,253	246,905,931

8.1 Cost of goods manufactured

	HALF YEAR ENDED		QUARTER ENDED	
	Dec - 09	Dec - 08	Dec - 09	Dec - 08
	----- Rupees -----		----- Rupees -----	
Work in process - opening	14,119,019	14,080,684	14,339,076	14,080,684
Raw material consumed	523,515,165	481,427,331	284,014,739	261,512,922
Overheads	172,489,848	123,151,510	78,959,395	57,037,188
	696,005,013	604,578,841	362,974,134	318,550,110
	710,124,032	618,659,525	377,313,210	332,630,794
Work in process - closing	(15,786,556)	(12,214,410)	(15,786,556)	(18,236,528)
	694,337,476	606,445,115	361,526,654	314,394,266

9 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of the basic earnings per share is based on the following data:

	HALF YEAR ENDED	
	Dec - 09	Dec - 08
Earnings - Rupees		
Earnings for the purpose of basic earnings per share (Profit after tax for the period)	17,824,468	4,485,857
Number of shares		
Weighted average number of ordinary shares outstanding during the period	14,641,000	14,641,000
Earning per share- basic and diluted (Rupees per share)	1.22	0.31

Earning per share- basic and diluted for the comparative period has been adjusted for the increase in the number of ordinary shares outstanding as a result of bonus issue.

10 TRANSACTIONS WITH RELATED PARTIES

Transaction with associates

	HALF YEAR ENDED	
	Dec - 09	Dec - 08
	----- Rupees -----	
Purchases	125,884,681	7,720,889
Sales	53,777,181	87,599,679
Processing charges	19,618,716	-

10.1 All material transactions with related parties are at arm's length.

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FOR THE HALF YEAR ENDED DECEMBER 30, 2009 (UN-AUDITED)**

11 CHANGES IN WORKING CAPITAL

Increase in stores, spare parts and loose tools
Increase in stock in trade
Decrease / (increase) in trade debts
Decrease / (increase) in loan and advances
Decrease / (increase) in deposits, short-term prepayments and other receivables
Increase in sales tax refundable
Increase in trade and other payables

HALF YEAR ENDED	
Dec - 09	Dec - 08
----- Rupees -----	
(2,510,209)	(8,430,429)
(166,149,876)	(149,964,718)
94,527,088	(18,691,228)
49,379,454	(2,283,585)
231,053	(1,458,950)
(2,586,781)	(2,828,675)
61,183,426	141,085,177
34,074,155	(42,572,408)

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on **March 01, 2010**.

13 PRESENTATION

- All figures except 30 June, 2009 figures appearing in the financial statements are unaudited.
- Figures have been rounded off to the nearest Rupee except otherwise stated.

TANVEER AHMED
CHIEF EXECUTIVE

NASEER AHMED
DIRECTOR