

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008

1 STATUS AND ACTIVITIES

Gulistan Spinning Mills Limited ("the company") was incorporated on 25 February, 1987 and its shares are listed on Karachi and Lahore Stock exchange in Pakistan. The company is principally engaged in manufacture and sale of yarn.

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 accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2008.

3.1 CHANGE IN ACCOUNTING ESTIMATE

During the period, the management has changed its estimate with regards to depreciation of plant and machinery .after detailed review by technical team of the company the average life of the plant and machinery has been re-estimated more as against past level of estimate, such an estimate is in compliance with IAS-16 Property, Plant and Equipment.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2008	June 30, 2008
(.....Rupees.....)			
Operating assets	4.1	554,405,154	548,191,460
Capital work in progress - at cost		22,754,066	20,133,398
		<u>577,159,220</u>	<u>568,324,858</u>
4.1 Operating assets			
Opening book value		548,191,460	551,812,396
Additions during the period	4.2	12,958,206	26,491,227
Revaluation during the period		5,902,400	-
		<u>567,052,066</u>	<u>578,303,623</u>
Depreciation during the period		(12,646,912)	(30,112,163)
Closing book value		<u>554,405,154</u>	<u>548,191,460</u>

4.2 Additions and disposals during the period

	December 31, 2008		June 30, 2008	
	Additions	Disposals	Additions	Disposals
(.....Rupees.....)				
Owned Assets				
Building on free hold land	-	-	14,855,920	-
Plant and machinery	5,582,943	-	4,948,416	-
Electric installations	333,088	-	1,657,497	-
Factory equipment	787,676	-	3,752,304	-
Office equipment	33,500	-	880,300	-
Furniture and fixtures	-	-	396,790	-
Vehicles	65,000	-	-	-
Leased Assets				
Vehicles	6,156,000	-	-	-
	<u>12,958,206</u>	<u>-</u>	<u>26,491,227</u>	<u>-</u>

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	December 31, 2008	June 30, 2008
	(.....Rupees.....)	
5 SHARE CAPITAL		
Authorized Capital		
15,000,000 (June 30, 2008 : 15,000,000)		
Ordinary shares of Rs. 10 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		
6,838,330 (June 30, 2008: 6,838,330)		
Ordinary shares of Rs.10 each fully paid up in cash	68,383,300	68,383,300
6,471,670 (June 30, 2008: 5,261,670)		
Ordinary shares of Rs.10 each issued as fully paid bonus shares	5.1 <u>64,716,700</u>	<u>52,616,700</u>
	<u>133,100,000</u>	<u>121,000,000</u>

5.1 The company has issued 1,210,000 (June 30, 2008:1,100,000) shares during the period as fully paid Bonus shares

6 CONTINGENCIES AND COMMITMENTS**Contingencies**

There are no material changes in contingencies as disclosed in the notes to the financial statements for the period ended June 30,2008

	December 31, 2008	June 30, 2008
	(.....Rupees.....)	
Commitments		
Letter of credit for:		
-capital expenditure	-	5,226,408
-other than capital expenditure	-	58,666,800
	-	<u>63,893,208</u>

	Half year ended		Quarter ended	
	December 31 2008	December 31 2007	December 31 2008	December 31 2007
	(.....Rupees.....)		(.....Rupees.....)	
7 TURNOVER - NET				
Local	239,198,243	223,226,527	126,583,632	115,937,789
Export	407,322,478	309,091,652	160,082,866	158,632,400
	<u>646,520,721</u>	<u>532,318,179</u>	<u>286,666,498</u>	<u>274,570,189</u>
Less:				
Commission	7,474,584	5,786,566	705,311	3,957,554
	<u>639,046,137</u>	<u>526,531,613</u>	<u>285,961,187</u>	<u>270,612,635</u>
8 COST OF SALES				
Stocks at the beginning	138,727,674	93,925,911	167,414,435	124,153,979
Purchases	3,198,000	13,273,000	(1,276,444)	3,406,000
Cost of goods manufactured	8.1 <u>606,445,115</u>	<u>483,464,474</u>	<u>292,050,849</u>	<u>240,719,673</u>
	748,370,789	590,663,385	458,188,840	368,279,652
Stocks at the end	<u>(211,282,909)</u>	<u>(141,921,879)</u>	<u>(211,282,909)</u>	<u>(150,259,996)</u>
	<u>537,087,880</u>	<u>448,741,506</u>	<u>246,905,931</u>	<u>218,019,656</u>
8.1 Cost of goods manufactured				
Work in process at the beginning	14,080,684	11,715,199	18,236,528	13,886,771
Raw material consumed	481,427,331	393,844,509	219,914,409	198,346,634
Overheads	123,151,510	87,600,784	66,114,322	38,182,286
	<u>604,578,841</u>	<u>481,445,292</u>	<u>286,028,731</u>	<u>236,528,919</u>
	618,659,525	493,160,491	304,265,259	250,415,690
Work in process at the end	<u>(12,214,410)</u>	<u>(9,696,017)</u>	<u>(12,214,410)</u>	<u>(9,696,017)</u>
	<u>606,445,115</u>	<u>483,464,474</u>	<u>292,050,849</u>	<u>240,719,673</u>
9 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit / (loss) after taxation	(Rupees) 4,563,136	3,676,402	(3,487,821)	2,945,278
Weighted average number of ordinary shares	(Numbers) 13,310,000	13,310,000	13,310,000	13,310,000
	<u>0.34</u>	<u>0.28</u>	<u>(0.26)</u>	<u>0.22</u>

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- 9.1 Number of shares in issue during the period ended December 31, 2008 have been restated for the effect of bonus issue in the current period.
- 9.2 There is no dilutive effect on basic earning per share of the company.

	Half year ended	
	December 31, 2008	December 31, 2007
	(.....Rupees.....)	
10 CHANGES IN WORKING CAPITAL		
Increase in stores, spare parts and loose tools	(8,430,429)	(7,216,853)
increase in stock-in-trade	(149,964,718)	(269,432,957)
Increase in trade debts	(18,691,228)	(26,694,848)
(Increase) / decrease in loan and advances	(2,283,585)	11,998,343
Increase in deposits and short-term prepayments	(59,478)	(548,742)
Increase in other receivables	(1,399,472)	(732,349)
Increase in sales tax refundable	(2,828,675)	(2,611,506)
(Decrease) / increase in trade and other payables	141,085,177	(38,605,590)
	(42,572,409)	(333,844,501)
11 CASH AND CASH EQUIVALENTS		
Cash and bank balance	75,123,021	65,278,363
Temporary overdraft	(238,796)	-
	74,884,225	65,278,363
12 TRANSACTIONS WITH RELATED PARTIES		
Purchases from Associates		
Stores	151,700	251,946
Yarn	4,474,444	13,273,000
Electricity	-	1,124,467
Waste	495,593	641,878
Processing	2,599,152	1,762,428
Cotton	-	59,918,568
Scrap	-	-
Mark-up earned	1,015,845	1,310,244
Sales to Associates		
Yarn	50,753,815	79,141,709
Cotton	-	-
Stores	-	62,200
Waste	36,845,864	24,177,160
Processing	-	204,184

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

13 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and authorized for issue on February 28, 2009.

14 GENERAL

Figures have been rounded off to nearest Rupee unless otherwise stated.

There are no other significant activities since December 31, 2008 affecting the financial statements

TANVEER AHMED
CHIEF EXECUTIVE

MUHAMMAD ABDULLAH
DIRECTOR