

GULISTAN SPINNING MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2010 (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 nine months ended March 31, 2010 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 March 31, 2010.

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)	
	March 31, 2010		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
Owned Assets				
Plant and Machinery	1,904,294	-	7,937,164	-
Electric Installations	2,024,857	-	3,219,181	-
Factory Equipment	526,227	-	1,037,968	-
Office Equipments	-	-	33,500	-
Furniture and Fixtures	61,000	-	17,800	-
Vehicles	10,850	452,447	205,680	-
Leased Assets				
Plant and Machinery	-	-	-	-
Vehicles	1,239,000	-	6,156,000	-
	5,766,228	452,447	18,607,293	-

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6 SHARE CAPITAL

	March 31, 2010	June 30, 2009
	----- Rupees -----	
Authorized Capital		
15,000,000 (June 30, 2009: 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, 2009: 6,838,330)	<u>68,383,300</u>	68,383,300
Ordinary shares of Rs.10 each fully paid up in cash		
7,802,670 (June 30, 2009: 6,471,670)	<u>78,026,700</u>	64,716,700
Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>146,410,000</u>	<u>133,100,000</u>

7 CONTINGENCIES AND COMMITMENTS

	March 31, 2010	June 30, 2009
	-----Rupees in million-----	
Contingencies		
Bills discounted with recourse	<u>216.595</u>	<u>206.035</u>
Commitments		

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

	NINE MONTHS ENDED		QUARTER ENDED	
	Mar - 10	Mar - 09	Mar - 10	Mar - 09
	----- Rupees -----			
8 TURNOVER - NET				
Local	<u>662,879,866</u>	371,246,417	<u>274,436,458</u>	148,019,890
Export	<u>680,462,136</u>	519,573,027	<u>212,713,465</u>	210,481,375
	<u>1,343,342,002</u>	890,819,444	<u>487,149,923</u>	358,501,265
Less:				
Commission	<u>(12,986,710)</u>	(8,977,664)	<u>(4,412,654)</u>	(3,191,098)
	<u>1,330,355,292</u>	881,841,780	<u>482,737,269</u>	355,310,167

9 EARNINGS PER SHARE - BASIC AND DILUTED

	NINE MONTHS ENDED	
	Mar - 10	Mar - 09
The calculation of the basic earnings per share is based on the following data:		
Earnings - Rupees		
Earnings for the purpose of basic earnings per share		
(Profit after tax for the period)	<u>32,363,534</u>	<u>4,485,857</u>
Number of shares		
Weighted average number of ordinary shares outstanding during the period	<u>14,641,000</u>	<u>14,641,000</u>
Earning per share- basic and diluted (Rupees per share)	<u>2.21</u>	<u>0.31</u>

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.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

10 TRANSACTIONS WITH RELATED PARTIES

Transaction with associates

		NINE MONTHS ENDED	
		Mar - 10	Mar - 09
		----- Rupees -----	
Purchases		174,894,943	7,720,889
Sales		224,460,441	87,599,679
Processing charges		26,831,035	-

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

11 CHANGES IN WORKING CAPITAL

		NINE MONTHS ENDED	
		Mar - 10	Mar - 09
		----- Rupees -----	
Increase in stores, spare parts and loose tools		2,288,480	(3,017,865)
Increase in stock in trade		(24,545,257)	(303,199,982)
Decrease / (increase) in trade debts		27,000,058	3,516,557
Decrease / (increase) in loan and advances		56,459,613	(229,644)
Decrease / (increase) in deposits, short-term prepayments and other receivables		(4,876,362)	(546,642)
Increase in sales tax refundable		(4,707,141)	(3,234,247)
Increase in trade and other payables		(12,692,177)	35,365,067
		38,927,214	(271,346,756)

12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on **April 30, 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.

CHIEF EXECUTIVE

DIRECTOR