

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2009**

**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	March 31, 2009
		.....Rupees.....
Operating assets	4.1	550,412,284
Capital work in progress - at cost		21,106,281
		<u>571,518,565</u>
<b>4.1 Operating assets</b>		
Opening book value		548,191,460
Additions during the period	4.2	16,125,933
Revaluation during the period		5,902,400
		<u>570,219,793</u>
Depreciation during the period		(19,807,509)
Closing book value		<u>550,412,284</u>

**4.2 Additions and disposals during the period**

	March 31, 2008	Disposals	June 30, 2008
	<u>Additions</u>		<u>Additions</u>
	(.....Rupees.....)	(.....Rupees.....)	.....Rupees.....
<b>Owned Assets</b>			
Building on free hold land	-	-	14,855,920
Plant and machinery	6,482,895	-	4,948,416
Electric installations	2,316,266	-	1,657,497
Factory equipment	1,001,492	-	3,752,304
Office equipment	33,500	-	880,300
Furniture and fixtures	-	-	396,790
Vehicles	135,780	-	-
<b>Leased Assets</b>			
Vehicles	6,156,000	-	-
	<u>16,125,933</u>	-	<u>26,491,227</u>

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FOR THE PERIOD ENDED MARCH 31, 2009

<b>5</b>	<b>SHARE CAPITAL</b>	<b>March 31, 2009</b>
		.....Rupees.....
	<b>Authorized Capital</b>	
	15,000,000 (June 30, 2008 : 15,000,000)	
	Ordinary shares of Rs. 10 each	<b>150,000,000</b>
	<b>Issued, subscribed and paid-up capital</b>	
	6,838,330 (June 30, 2008: 6,838,330)	
	Ordinary shares of Rs.10 each fully paid up in cash	<b>68,383,300</b>
	6,471,670 (June 30, 2008: 5,261,670)	
	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>5.1 64,716,700</b>
		<b>133,100,000</b>

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

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**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

		<b>March 31, 2008</b>
		.....Rupees.....
	<b>Commitments</b>	
	Letter of credit for:	
	-capital expenditure	-
	-other than capital expenditure	-
		<b>-</b>

	Period Ended		Quarter ended
	March 31 2009 (.....Rupees.....)	March 31 2008	March 31 2009 (.....Rupees)
<b>7 TURNOVER - NET</b>			
Local	<b>376,366,059</b>	371,246,417	<b>137,167,816</b>
Export	<b>594,328,032</b>	519,573,027	<b>187,005,554</b>
	<b>970,694,091</b>	890,819,444	<b>324,173,370</b>
Less:			
Commission	<b>10,966,621</b>	8,977,664	<b>3,492,038</b>
	<b>959,727,469</b>	881,841,780	<b>320,681,332</b>

**8 EARNINGS PER SHARE - BASIC AND DILUTED**

Profit / (loss) after taxation	(Rupees)	<b>12,915,862</b>	5,379,928	<b>8,430,006</b>
Weighted average number of ordinary shares	(Numbers)	<b>13,310,000</b>	13,310,000	<b>13,310,000</b>
		<b>0.97</b>	0.40	<b>0.63</b>

8.1 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.

8.2 There is no dilutive effect on basic earning per share of the company.

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	Period Ended
	March 31, 2009 .....)
<b>9 CHANGES IN WORKING CAPITAL</b>	
(Increase) in stores, spare parts and loose tools	(3,017,865)
(Increase) in stock-in-trade	(303,199,982)
Decrease in trade debts	3,516,557
(Increase) in loan and advances	(229,644)
Decrease in deposits and short-term prepayments	199,422
(Increase) in other receivables	(1,646,064)
(Increase) in sales tax refundable	(2,334,247)
Increase in trade and other payables	35,365,067
	<u>(271,346,756)</u>
<b>10 CASH AND CASH EQUIVALENTS</b>	
Cash and bank balance	19,789,979
Temporary overdraft	(2,388,098)
	<u>17,401,881</u>
<b>11 TRANSACTIONS WITH RELATED PARTIES</b>	
<b>Purchases from Associates</b>	
Stores	151,700
Yarn	4,474,444
Electricity	4,748,587
Waste	495,593
Processing	4,190,075
Cotton	-
Scrap	-
Mark-up earned	1,557,432
<b>Sales to Associates</b>	
Yarn	71,611,083
Cotton	-
Stores	-
Waste	51,043,088
Processing	
<b>11.1</b> All material transactions with related parties are at arm's length.	
<b>12 DATE OF AUTHORIZATION FOR ISSUE</b>	
The financial statements were approved by the Board of Directors and authorized for issue on	
<b>13 GENERAL</b>	
Figures have been rounded off to nearest Rupee unless otherwise stated.	
There are no other significant activities since March 31, 2009 affecting the financial statements	

CHIEF EXECUTIVE

DIRECTOR