

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2011 (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.

2 BASIS OF PREPARATION

The Interim Financial Statements ("the financial statements") have been prepared in accordance with directives issued by the Securities and Exchange Commission of Pakistan and are in compliance with requirements of the Companies Ordinance, 1984 and International Financial Reporting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan.

2.1 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the period ended September 30, 2011 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2011.

3 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2011		June 30, 2011	
	Additions	Disposals	Additions	Disposals
----- Rupees -----				
Owned Assets				
Buildings on Freehold land			9,833,079	-
Plant & Machinery	2,412,732	-	4,694,762	-
Electric Installations	304,909	-	8,106,949	-
Factory Equipment	636,658	-	2,978,672	-
Office Equipments	-	-	33,800	-
Furniture and Fixtures	-	-	128,300	-
Vehicles	-	-	65,944	-
Leased Assets				
Plant & Machinery	-	-	-	-
Vehicles	-	-	2,928,000	-
	<u>3,354,299</u>	<u>-</u>	<u>28,769,506</u>	<u>-</u>

4 SHARE CAPITAL

	September 30, 2011	June 30, 2011
----- Rupees -----		
Authorised Capital		
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 Ordinary shares of Rs.10 each fully paid up in cash	<u>68,383,300</u>	<u>68,383,300</u>
7,802,670 Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>78,026,700</u>	<u>78,026,700</u>
	<u>146,410,000</u>	<u>146,410,000</u>

5 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material changes in contingencies as disclosed in the notes to the financial statements for the period ended September 30, 2010

Commitments

Letter of credit for:		
- Capital expenditure	-	1,554,210
- Other than Capital expenditure	<u>91,768,985</u>	<u>79,066,217</u>

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6 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings (Rupees)

Earnings for the purpose of basic earnings per share
(Profit after tax for the year)

(33,510,492)	18,796,027
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Number of shares

Weighted average number of ordinary shares outstanding
during the period

14,641,000	14,641,000
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(Loss)/Earning per share- basic and diluted (Rupees per share)

(2.29)	1.28
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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.

September 30, 2011	September 30, 2010
----- Rupees -----	

7 TRANSACTIONS WITH RELATED PARTIES

Purchases
Processing
Sales

-	13,080,625
1,346,387	1,768,302
99,076,356	124,490,015

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

September 30, 2011	September 30, 2010
----- Rupees -----	

8 CHANGES IN WORKING CAPITAL

Decrease / (increase) in stores, spare parts and loose tools
Decrease / (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
Decrease / (increase) in sales tax refundable
(Decrease) / increase in trade and other payables

131,859	(3,775,540)
7,577,215	36,385,835
(49,192,181)	(41,903,210)
23,060,137	(12,797,647)
(1,511,987)	(1,740,238)
(7,476,812)	(476,560)
18,726,004	308,591
(8,685,765)	(23,998,769)

9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on October 31, 2011.

10 PRESENTATION

- All figures except 30 June, 2011 figures appearing in the financial statements are unaudited.
- Figures have been rounded off to nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR