

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED SEPTEMBER 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.

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.

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the company has presented condensed interim comprehensive income in the profit and loss account.

2.1 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the period ended September 30, 2009 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2009.

3 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
Owned Assets	----- Rupees -----			
Buildings on Freehold land	-	-	-	-
Plant & Machinery	100,000	-	7,937,164	-
Electric Installations	498,491	-	3,219,181	-
Factory Equipment	15,000	-	1,037,968	-
Office Equipments	36,500	-	33,500	-
Furniture and Fixtures	-	-	17,800	-
Vehicles	-	-	205,680	-
Leased Assets	-	-	-	-
Plant & Machinery	-	-	-	-
Vehicles	1,239,000	-	6,156,000	-
	<u>1,888,991</u>	<u>-</u>	<u>18,607,293</u>	<u>-</u>

4 SHARE CAPITAL

	September 30, 2009	June 30, 2009
	----- 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>
6,471,670 Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>64,716,700</u>	<u>64,716,700</u>
	<u>133,100,000</u>	<u>133,100,000</u>
	September 30, 2009	June 30, 2009
	----- Rupees -----	

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, 2009.

Commitments

	Rupees (in millions)	
Letter of credit for:		
- Capital expenditure	-	-
- Other than Capital expenditure	-	-
- Bill discounted with recourse	<u>289,075,355</u>	<u>206,034,903</u>

6 COST OF SALES

	September 30, 2009	September 30, 2008
	----- Rupees -----	
Stocks at the beginning	179,430,537	138,727,674
Purchases	34,913,750	4,474,444
Cost of goods manufactured	<u>332,810,822</u>	<u>314,394,266</u>
	547,155,109	457,596,383
Stocks at the end	<u>(194,891,536)</u>	<u>(167,414,435)</u>
	<u>352,263,573</u>	<u>290,181,949</u>

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (UN-AUDITED)

	September 30, 2009	September 30, 2008
	----- Rupees -----	
6.10 Cost of goods manufactured		
Work in process at the beginning	14,119,019	14,080,684
Raw material consumed	239,500,426	261,512,922
Overheads	93,530,453	57,037,188
	333,030,879	318,550,110
	347,149,898	332,630,794
Work in process at the end	(14,339,076)	(18,236,528)
	<u>332,810,822</u>	<u>314,394,266</u>

7 EARNINGS PER SHARE - BASIC AND DILUTED

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 year)

1,833,852	8,050,957
-----------	-----------

Number of shares

Weighted average number of ordinary shares outstanding
during the period

13,310,000	13,310,000
------------	------------

Earning per share- basic and diluted (Rupees per share)

<u>0.14</u>	<u>0.60</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.

8 TRANSACTIONS WITH RELATED PARTIES

Purchases from Associates

Stores

400,391	151,700
---------	---------

Yarn

35,696,418	4,474,444
------------	-----------

Processing

8,476,397	1,937,672
-----------	-----------

Sales to Associates

Yarn

20,955,547	25,489,903
------------	------------

Cotton

37,704,800	-
------------	---

Waste

11,336,850	20,043,449
------------	------------

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

9 CHANGES IN WORKING CAPITAL

Decrease / (increase) in stores, spare parts and loose tools

(3,775,540)	(3,346,003)
-------------	-------------

Decrease / (increase) in stock-in-trade

36,385,835	(190,990,328)
------------	---------------

Decrease / (increase) in trade debts

(41,903,210)	40,189,851
--------------	------------

Decrease / (increase) in loan and advances

(12,797,647)	6,141,635
--------------	-----------

Decrease / (increase) in deposits, short-term prepayments and other receivables

(1,740,238)	500,311
-------------	---------

Decrease / (increase) in sales tax refundable

(476,560)	(1,003,074)
-----------	-------------

(Decrease) / increase in trade and other payables

308,591	102,694,417
---------	-------------

<u>(23,998,769)</u>	<u>(45,813,192)</u>
---------------------	---------------------

10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on October 31, 2009.

11 PRESENTATION

- All figures except 30 June, 2009 figures appearing in the financial statements are unaudited.

- Figures have been rounded off to nearest Rupee.

TANVEER AHMED
CHIEF EXECUTIVE

NASEER AHMED
DIRECTOR