

GULISTAN SPINNING MILLS LIMITED

BALANCE SHEET AS ON SEPTEMBER 30, 2010

		SEPT 30, 2010	JUNE 30, 2010
Note	(UN - AUDITED)	(AUDITED)	
-----Rupees-----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	540,012,261	545,896,931
Long term investments		46,407,408	40,853,618
Long term deposits		7,442,302	7,442,303
CURRENT ASSETS			
Stores, spare parts and loose tools		42,064,611	40,696,548
Stock in trade		686,925,711	644,142,043
Trade debts		280,333,573	279,290,362
Loan and advances		72,131,959	76,550,334
Trade deposits, prepayments & other receivables		13,915,015	7,830,224
Mark up accrued		12,716	156,604
Tax refunds due from Government		13,343,589	21,991,618
Cash and bank balances		73,616,446	102,975,596
		1,182,343,620	1,173,633,329
Non Current asset classified as held for sale		10,297,284	10,297,284
		1,786,502,875	1,778,123,465
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (2010 : 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital	4	146,410,000	146,410,000
Reserves		25,000,000	25,000,000
Unappropriated profit		183,001,238	163,824,055
		354,411,238	335,234,055
Surplus on revaluation of property, plant and equipment		84,231,069	84,231,069
Deferred income		284,378	379,170
NON CURRENT LIABILITIES			
Long term financing		-	-
Long term loan from directors		103,000,000	103,000,000
Liabilities against assets subject to finance lease		31,013,195	36,618,752
Deferred liabilities		36,711,670	36,817,074
CURRENT LIABILITIES			
Trade and other payables		128,067,482	160,436,701
Mark up accrued on loans		34,294,415	32,350,496
Short term borrowings		943,338,603	902,580,254
Current portion of:			
- long-term financing		3,330,250	6,660,500
- liabilities against assets subject to finance lease		33,394,734	36,307,471
Provision for taxation		4,554,278	13,636,360
		1,146,979,762	1,151,971,782
Liabilities directly associated with non - current assets classified as held for sale		29,871,563	29,871,563
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		1,786,502,875	1,778,123,465

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY (UN - AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Share capital	Reserves		Unappropriated profit	Total	
	Share Premium	Fair value			
-----Rupees-----					
Balance as at July 01, 2009	133,100,000	25,000,000	(105,075)	110,597,923	268,592,848
Effect of change in fair value of investments available for sale	-	-	8,793	-	8,793
Profit for the year	-	-	-	1,833,852	1,833,852
Balance as at September 30, 2009	133,100,000	25,000,000	(96,282)	112,431,775	270,435,493
Balance as at July 01, 2010	146,410,000	25,000,000	-	163,824,055	335,234,055
Profit for the period ended				19,177,183	19,177,183
Balance as at September 30, 2010	146,410,000	25,000,000	-	183,001,238	354,411,238

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

CASH FLOW STATEMENT (UN - AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	NOTE	SEPT 30, 2010	SEPT 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		23,731,461	3,961,216
Adjustments for:			
Depreciation on property, plant and equipment		6,073,607	5,801,115
Provision for staff retirement benefits - gratuity		1,250,000	750,000
Finance cost		43,146,172	43,658,758
Amortization of surplus on sale and lease back		(94,792)	(94,792)
Mark up accrued		(497,927)	(599,679)
Dividend income		-	(138)
Cash flows before changes in working capital		73,305,711	53,476,480
Changes in working capital	8	(80,277,369)	(23,998,769)
Cash generated from / (used in) operations		(6,971,658)	29,477,711
Finance cost paid		(41,202,253)	(41,915,852)
Staff retirement benefits paid - gratuity		(1,355,404)	(1,233,097)
Income taxes paid		(3,941,539)	(2,192,776)
		(46,499,196)	(45,341,725)
Net cash from / (used in) operating activities		(53,470,854)	(15,864,014)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(188,936)	(2,631,075)
Purchase of investment		(5,250,980)	-
Mark up received		641,815	734,441
Dividend received		-	138
Net cash used in investing activities		(4,798,101)	(1,896,496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long term financing		(3,330,250)	(6,703,375)
Payment of liabilities against assets subject to finance lease		(8,518,294)	(6,602,240)
Increase in short term borrowings		46,722,176	14,927,269
Net cash from financing activities		34,873,632	1,621,654
NET INCREASE IN CASH AND CASH EQUIVALENTS		(23,395,323)	(16,138,856)
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER		96,833,469	57,693,334
CASH AND CASH EQUIVALENTS AT END OF QUARTER		73,438,146	41,554,478

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

PROFIT AND LOSS ACCOUNT (UN - AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	SEPT 30, 2010	SEPT 30, 2009
Sales - net		455,427,832	415,572,121
Cost of sales	6	373,091,707	352,263,573
Gross profit		82,336,125	63,308,548
Other operating income		592,719	694,609
		82,928,844	64,003,157
Distribution cost		8,919,270	10,360,330
Administrative expenses		5,476,729	5,912,853
Other operating expenses		1,958,022	110,000
Finance cost		43,146,172	43,658,758
		59,500,193	60,041,941
		23,428,651	3,961,216
Share of profit of associates		302,810	-
Profit before taxation		23,731,461	3,961,216
Taxation		4,554,278	2,127,364
Profit after taxation		19,177,183	1,833,852
Earnings per share - basic and diluted	7	1.31	0.13

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED SEPTEMBER 30, 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.

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, 2010 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2010.

3 PROPERTY, PLANT AND EQUIPMENT

	September 30, 2010		June 30, 2010	
	Additions	Disposals	Additions	Disposals
Owned Assets	----- Rupees -----			
Buildings on Freehold land	-	-	-	-
Plant & Machinery	-	-	3,157,564	-
Electric Installations	-	-	7,681,860	-
Factory Equipment	-	-	1,210,597	-
Office Equipments	-	-	50,000	-
Furniture and Fixtures	-	-	80,570	-
Vehicles	-	-	-	-
Leased Assets				
Plant & Machinery	-	-	-	-
Vehicles	-	-	1,239,000	-
	<u>-</u>	<u>-</u>	<u>13,419,591</u>	<u>-</u>

4 SHARE CAPITAL

	September 30, 2010	June 30, 2010
	----- 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	-	<u>8,866,697</u>
- Other than Capital expenditure	-	<u>150,847,157</u>

GULISTAN SPINNING MILLS LIMITED

NOTES TO THE ACCOUNTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UN-AUDITED)

6 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings (Rupees)

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

19,177,183 1,833,852

Number of shares

Weighted average number of ordinary shares outstanding
during the period

14,641,000 14,641,000

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

1.31 **0.13**

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, September 30,
2010 2009
----- Rupees -----

7 TRANSACTIONS WITH RELATED PARTIES

Purchases
Processing
Sales

13,080,625 36,096,809
1,768,302 1,937,672
124,490,015 69,997,197

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

September 30, September 30,
2010 2009
----- 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

(1,368,063)	(3,775,540)
(42,783,668)	36,385,835
(1,043,211)	(41,903,210)
4,418,375	(12,797,647)
(6,084,791)	(1,740,238)
(1,046,792)	(476,560)
(32,369,219)	308,591
(80,277,369)	(23,998,769)

9 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on October 30, 2010.

10 PRESENTATION

- All figures except 30 June, 2010 figures appearing in the financial statements are unaudited.
- Figures have been rounded off to nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR