

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2009**

		(UN-AUDITED)	(AUDITED)
	NOTE	December 31, 2009	June 30, 2009
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
		-----Rupees-----	
Property, plant and equipment	5	2,214,760,050	2,151,160,369
Long term investments		1,440,297,821	1,411,433,476
Long term deposits		37,858,428	33,723,876
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		126,536,410	129,852,556
Stock in trade		4,260,879,621	4,098,001,926
Trade debts		1,107,406,283	1,202,179,249
Loans and advances		28,921,080	32,384,997
Trade deposits and short term prepayments		4,249,989	4,792,908
Other receivables		6,695,311	8,635,706
Tax refunds due from Government		108,204,382	80,229,034
Other financial assets		58,290,355	44,707,101
Cash and bank balances		66,788,085	56,808,538
		5,767,971,515	5,657,592,015
Non - current assets classified as held for sale		23,176,212	23,176,212
		<u>9,484,064,025</u>	<u>9,277,085,948</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 (June 30, 2009: 20,000,000) Ordinary shares of Rs. 10 each		200,000,000	200,000,000
<b>Issued, subscribed and paid up capital</b>	6	189,838,990	172,580,900
<b>Reserves</b>			
Reserves		583,001,394	583,001,394
Unappropriated profit		1,283,938,106	1,245,235,190
		1,866,939,500	1,828,236,584
		2,056,778,490	2,000,817,484
Surplus on revaluation of property, plant and equipment		511,553,336	511,553,336
Deferred income		196,853	262,471
<b>NON CURRENT LIABILITIES</b>			
Long term financing		339,229,403	372,652,328
Liabilities against assets subject to finance lease		359,039,433	335,940,341
<b>Deferred liabilities</b>			
Staff retirement benefits - gratuity		48,533,796	50,982,878
Deferred taxation		102,666,681	107,813,260
		151,200,477	158,796,138
<b>CURRENT LIABILITIES</b>			
Trade and other payables		639,296,064	507,009,956
Accrued mark up / interest		184,097,771	177,340,013
Short term borrowings		4,985,174,123	4,923,800,068
Current portion of non current liabilities		208,340,750	245,008,871
Provision for taxation		24,324,513	19,072,129
		6,041,233,222	5,872,231,037
Liabilities directly associated with non current assets classified as held for sale		24,832,812	24,832,812
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>9,484,064,025</u>	<u>9,277,085,948</u>

*The annexed notes form an integral part of these condensed interim financial statements.*

**NASEER AHMAD**  
**CHIEF EXECUTIVE**

**TANVEER AHMAD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Share Capital	RESERVES			TOTAL	
		CAPITAL	REVENUE			
		Share Premium	General Reserve	Bonus Shares		Unappropriated Profit
-----Rupees-----						
<b>Balance as at July 01, 2008</b>	160,540,380	379,080,000	203,921,394	-	1,255,693,413	1,999,235,187
Transfer for issue of bonus shares	-	-	-	12,040,520	(12,040,520)	-
Issue of 1,204,052 ordinary shares of Rs.10 each fully paid as bonus shares	12,040,520	-	-	(12,040,520)	-	-
Total comprehensive income for the period	-	-	-	-	5,828,681	5,828,681
<b>Balance as at December 31, 2008</b>	<b>172,580,900</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,249,481,574</b>	<b>2,005,063,868</b>
<b>Balance as at July 01, 2009</b>	<b>172,580,900</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,245,235,190</b>	<b>2,000,817,484</b>
Transfer for issue of bonus shares	-	-	-	17,258,090	(17,258,090)	-
Issue of 1,725,809 ordinary shares of Rs. 10 each fully paid as bonus shares	17,258,090	-	-	(17,258,090)	-	-
Total comprehensive income for the period	-	-	-	-	55,961,006	55,961,006
<b>Balance as at December 31, 2009</b>	<b>189,838,990</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,283,938,106</b>	<b>2,056,778,490</b>

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**NASEER AHMAD**  
**CHIEF EXECUTIVE**

**TANVEER AHMAD**  
**DIRECTOR**

**GULSTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Half year ended	
	December 31, 2009	December 31, 2008
	-----Rupees-----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	75,138,940	13,287,810
Adjustments for:		
Depreciation	46,822,288	47,350,049
Staff retirement benefits - gratuity (net)	(2,449,082)	(3,723,260)
Finance cost	440,301,370	381,958,156
Interest income	(703,593)	(566,962)
Share of profit of associated companies	(28,864,345)	(21,947,962)
Fair value of investment at fair value through profit and loss	(14,124,799)	17,524,338
Profit on sale of property, plant and equipment	(11,219)	(17,190)
Amortization of gain on sale and lease back of assets	(65,618)	(65,618)
Dividend income	(111,191)	(395,595)
<b>Profit before working capital changes</b>	<b>515,932,751</b>	<b>433,403,766</b>
<b>Movement in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	3,316,146	(84,524)
Stock in trade	(162,877,696)	(1,316,651,395)
Trade debts	94,772,966	367,726,582
Loans and advances	3,463,916	7,098,740
Trade deposits and short term prepayments	542,920	1,006,765
Other receivables	2,023,913	410,746
Tax refunds due from Government	(13,683,069)	(8,058,785)
	(72,440,904)	(948,551,871)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	129,883,034	94,702,494
<b>Cash generated from / (used in) operating activities</b>	<b>573,374,881</b>	<b>(420,445,611)</b>
<b>Payments for:</b>		
Finance cost	(431,140,538)	(310,798,109)
Income tax	(33,364,405)	(14,556,573)
<b>Net cash generated from / (used in) operating activities</b>	<b>108,869,938</b>	<b>(745,800,293)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale proceeds of property, plant and equipment	200,354	19,639,893
Fixed capital expenditure	(23,035,662)	-
Sale proceeds of long term investment - shares	723,846	-
Dividend received	111,191	395,595
Interest received	620,075	(158,247)
Increase in Long term deposits	(4,134,552)	(2,748,081)
<b>Net cash from / (used in) investing activities</b>	<b>(25,514,748)</b>	<b>17,129,160</b>
<b>Net cash outflow before financing activities</b>	<b>83,355,190</b>	<b>(728,671,133)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of liabilities against assets subject to finance lease	(39,025,325)	(36,642,052)
Repayment of long term financing	(95,542,071)	(95,268,201)
Proceed from short term borrowings	61,374,055	873,688,930
<b>Net cash generated from / (used in) financing activities</b>	<b>(73,193,342)</b>	<b>741,778,677</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,161,848</b>	<b>13,107,545</b>
Cash and cash equivalents at beginning of the period	62,067,992	33,226,471
<b>Cash and cash equivalents at end of the period</b>	<b>72,229,840</b>	<b>46,334,016</b>
<b>Cash and cash equivalents comprise of the following :-</b>		
Cash and bank balances	66,788,085	41,223,310
Other financial assets - US Dollar Bonds	5,441,755	5,110,706
	<b>72,229,840</b>	<b>46,334,016</b>

*The annexed notes form an integral part of these condensed interim financial statements.*

**NASEER AHMAD**  
**CHIEF EXECUTIVE**

**TANVEER AHMAD**  
**DIRECTOR**

**GULSTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Half year ended	
	December 31, 2009	December 31, 2008
	-----Rupees-----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	75,138,940	13,287,810
Adjustments for:		
Depreciation	46,822,288	47,350,049
Staff retirement benefits - gratuity (net)	(2,449,082)	(3,723,260)
Finance cost	440,301,370	381,958,156
Interest income	(703,593)	(566,962)
Share of profit of associated companies	(28,864,345)	(21,947,962)
Fair value of investment at fair value through profit and loss	(14,124,799)	17,524,338
Profit on sale of property, plant and equipment	(11,219)	(17,190)
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<b>Profit before working capital changes</b>	<b>515,932,751</b>	<b>433,403,766</b>
<b>Movement in working capital</b>		
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Stores, spare parts and loose tools	3,316,146	(84,524)
Stock in trade	(162,877,696)	(1,316,651,395)
Trade debts	94,772,966	367,726,582
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Tax refunds due from Government	(13,683,069)	(8,058,785)
	(72,440,904)	(948,551,871)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	129,883,034	94,702,494
<b>Cash generated from / (used in) operating activities</b>	<b>573,374,881</b>	<b>(420,445,611)</b>
<b>Payments for:</b>		
Finance cost	(431,140,538)	(310,798,109)
Income tax	(33,364,405)	(14,556,573)
<b>Net cash generated from / (used in) operating activities</b>	<b>108,869,938</b>	<b>(745,800,293)</b>
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Dividend received	111,191	395,595
Interest received	620,075	(158,247)
Increase in Long term deposits	(4,134,552)	(2,748,081)
<b>Net cash from / (used in) investing activities</b>	<b>(25,514,748)</b>	<b>17,129,160</b>
<b>Net cash outflow before financing activities</b>	<b>83,355,190</b>	<b>(728,671,133)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of liabilities against assets subject to finance lease	(39,025,325)	(36,642,052)
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Proceed from short term borrowings	61,374,055	873,688,930
<b>Net cash generated from / (used in) financing activities</b>	<b>(73,193,342)</b>	<b>741,778,677</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,161,848</b>	<b>13,107,545</b>
Cash and cash equivalents at beginning of the period	62,067,992	33,226,471
<b>Cash and cash equivalents at end of the period</b>	<b>72,229,840</b>	<b>46,334,016</b>
<b>Cash and cash equivalents comprise of the following :-</b>		
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Other financial assets - US Dollar Bonds	5,441,755	5,110,706
	<b>72,229,840</b>	<b>46,334,016</b>

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**TANVEER AHMAD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	NOTE	Quarter ended	Half year ended	Quarter ended	Half year ended
		December 31, 2009		December 31, 2008	
		-----Rupees-----		-----Rupees-----	
Sales - net	8	1,796,876,812	3,300,606,358	1,141,475,406	2,447,412,450
Cost of sales		1,483,023,698	2,717,908,144	883,851,876	1,981,523,538
<b>Gross profit</b>		<b>313,853,115</b>	<b>582,698,214</b>	<b>257,623,530</b>	<b>465,888,912</b>
Other operating income		-	(19,420,633)	(2,994,946)	(3,429,879)
Distribution cost		28,357,535	49,797,648	22,345,327	44,141,292
Administrative expenses		21,175,778	41,277,024	16,161,230	34,355,157
Other operating expenses		3,988,137	6,202,444	2,796,987	17,524,338
Finance cost		229,136,996	458,567,136	248,318,162	381,958,156
Share of profit of associated companies		(28,864,345)	(28,864,345)	(21,947,962)	(21,947,962)
		253,794,101	507,559,274	264,678,798	452,601,102
<b>Profit / (loss) before taxation</b>		<b>60,059,014</b>	<b>75,138,940</b>	<b>(7,055,268)</b>	<b>13,287,810</b>
Taxation					
- Current		13,715,565	24,324,513	3,400,228	6,372,675
- Deferred		(5,146,579)	(5,146,579)	1,086,454	1,086,454
		8,568,986	19,177,934	4,486,682	7,459,129
<b>Profit / (loss) for the period</b>		<b>51,490,028</b>	<b>55,961,006</b>	<b>(11,541,950)</b>	<b>5,828,681</b>
Earnings / (loss) per share - basic and diluted		2.71	2.95	(0.61)	0.31

*The annexed notes form an integral part of these condensed interim financial statements.*

**NASEER AHMAD**  
**CHIEF EXECUTIVE**

**TANVEER AHMAD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

**1 STATUS AND NATURE OF BUSINESS**

Gulistan Textile Mills Limited (the company) was incorporated on February 2, 1966 as a private company limited by shares and converted into public limited company on April 11, 1966. The shares of the company are listed on Karachi and Lahore Stock Exchanges in Pakistan. The company is principally engaged in the manufacture and sale of yarn. The registered office of the company is located at 2nd Floor, Finlay House, I. I. Chundrigar Road, Karachi, while mills are situated at Samma Satta, Tibba Sultan Pur and Feroz Wattwan.

**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 half year ended December 31, 2009 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 December 31, 2009.

**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 January 01, 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**

		December 31, 2009	June 30, 2009
	Note	-----Rupees-----	
Operating assets	5.1	2,097,862,051	2,071,642,736
Capital work in progress - at cost		116,897,999	79,517,633
		<b>2,214,760,050</b>	<b>2,151,160,369</b>
<b>5.1 Operating assets</b>			
Opening written down value		2,071,642,736	2,013,508,151
Additions during the period	5.2	73,230,738	83,455,016
Revaluation during the period		-	98,776,080
		<b>2,144,873,474</b>	<b>2,195,739,246</b>
Disposals during the period	5.2	(189,135)	(28,560,115)
Depreciation during the period		(46,822,288)	(95,536,395)
Closing written down value		<b>2,097,862,051</b>	<b>2,071,642,736</b>

**5.2 Additions and disposals during the period**

	December 31, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
<b>Owned Assets</b>				
Free hold land	-	-	98,776,080	28,537,305
Building on free / leased hold land	-	-	2,705,947	-
Plant and machinery	-	-	9,135,095	-
Electric installation	-	-	586,702	-
Electric equipments	223,000	-	377,385	-
Office equipments	503,520	-	1,113,017	-
Furniture and fixtures	2,539,218	-	149,900	-
Vehicles	15,000	189,135	1,309,804	22,810
<b>Leased Assets</b>				
Plant and machinery	69,950,000	-	65,187,364	-
Vehicles	-	-	2,889,801	-
	<b>73,230,738</b>	<b>189,135</b>	<b>182,231,096</b>	<b>28,560,115</b>

**6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

		December 31, 2009		June 30, 2009	
		-----Rupees-----			
December 31, 2009	June 30, 2009				
4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150	47,717,150	
14,212,184	12,486,375	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,121,840	124,863,750	
<b>18,983,899</b>	<b>17,258,090</b>		<b>189,838,990</b>	<b>172,580,900</b>	

**7 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

An amount of Rs. 45.579 million (June 30, 2009 : Rs. 41.766 million) is payable to excise and taxation department, Government of Sindh, in respect of infrastructure fee. The company has not provided an amount of Rs. 13.976 million (June 30, 2009: Rs. 13.982) out of above total liability as the Company has filed an appeal before Honorable Sindh High Court against the levy of said fee on imports by the company. Pending the decision of appeal, Sindh High Court has directed that imports of the company be released against furnishing of bank guarantees. The company has provided bank guarantees amounting to Rs. 44.000 million (June 30, 2009 : Rs. 42.000 million).

Total guarantees issued by banks on behalf of the company in ordinary course of business amounting to Rs. 102.221 million (June 30, 2009 : Rupees. 85.191 million).

**Commitments**

Other than capital expenditures amount to Rs. 821.897 million (June 30, 2009: 455.515 Million).  
Export bills negotiated amounting to Rs.672.270 million (June 30, 2009 : Rs.660.982 million)

**8 SALES - net**

		December 31, 2009		December 31, 2008	
		-----Rupees-----			
Export - Yarn		1,458,630,711		723,342,362	
Local					
- Yarn		1,833,039,722		1,605,106,257	
- Waste / scrap		21,542,413		22,498,157	
		<b>3,313,212,846</b>		<b>2,350,946,776</b>	
Local - Raw material					
- Cotton		33,894,847		126,857,160	
- M.M.Fibre		1,277,356		4,991,299	
		<b>35,172,203</b>		<b>131,848,459</b>	
Add: Export rebate		342,926		61,926	
		<b>3,348,727,975</b>		<b>2,482,857,161</b>	
Commission / discounts		47,770,150		34,850,382	
Sales tax adjustment		351,467		594,330	
		<b>48,121,617</b>		<b>35,444,711</b>	
		<b>3,300,606,358</b>		<b>2,447,412,450</b>	

**9 TRANSACTIONS WITH RELATED PARTIES**

**Purchases from related parties**

		December 31, 2009		December 31, 2008	
		-----Rupees-----			
Stores		11,855		178,158	
Raw materials		67,130		1,547,213	
Yarn		-		4,956	
Electricity		183,134		751,562	
Processing		85,424,030		81,979,672	

**Sales to related parties**

Stores sale/return (net)		19,995		(100,260)	
Raw materials		682,950		-	
Yarn		67,814,050		184,350,368	

Transactions with related parties are carried out at arm's length price, determined in accordance with comparable uncontrolled price method.

**10 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on March 01, 2010 by the board of directors of the company.

**11 GENERAL**

All figures except June 30, 2009 figures appearing in the financial statements are un audited. Figures have been rounded off to the nearest rupee, unless otherwise stated.

**NASEER AHMAD**  
CHIEF EXECUTIVE

**TANVEER AHMAD**  
DIRECTOR