

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2010**

		(UN-AUDITED)	(AUDITED)
	NOTE	September 30, 2010	June 30, 2010
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
		-----Rupees-----	
Property, plant and equipment	5	2,335,812,613	2,320,229,285
Long term investments		1,527,658,090	1,499,843,480
Long term deposits		42,219,132	42,520,972
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		147,760,045	144,710,445
Stock in trade		3,968,567,916	3,765,348,313
Trade debts		1,402,039,188	1,417,133,243
Loans and advances		60,237,933	66,580,659
Trade deposits and short term prepayments		1,548,189	1,432,271
Other receivables		9,550,319	6,509,963
Tax refunds due from Government		148,827,124	117,678,213
Other financial assets		54,625,264	54,570,871
Cash and bank balances		58,338,390	62,624,746
		5,851,494,369	5,636,588,724
Non - current assets classified as held for sale		23,176,212	23,176,212
		<u>9,780,360,415</u>	<u>9,522,358,673</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
30,000,000 Ordinary shares of Rs. 10 each		300,000,000	300,000,000
<b>Issued, subscribed and paid up capital</b>			
	6	189,838,990	189,838,990
<b>Reserves</b>			
Reserves		583,001,394	583,001,394
Unappropriated profit		1,529,860,865	1,450,930,626
		2,112,862,259	2,033,932,020
		2,302,701,249	2,223,771,010
Surplus on revaluation of property, plant and equipment		511,553,336	511,553,336
Deferred income		131,236	131,236
<b>NON CURRENT LIABILITIES</b>			
<b>SPONSOR'S LOAN</b>			
loan from Director		263,800,000	263,800,000
Long term financing from Banks		503,225,332	534,387,709
Liabilities against assets subject to finance lease		321,867,075	352,110,479
<b>Deferred liabilities</b>			
Staff retirement benefits - gratuity		58,178,004	57,636,464
Deferred taxation		150,069,416	150,069,416
		208,247,420	207,705,880
<b>CURRENT LIABILITIES</b>			
Trade and other payables		585,867,805	459,216,717
Accrued mark up / interest		187,435,300	191,231,750
Short term borrowings		4,515,444,497	4,434,564,884
Current portion of non current liabilities		285,352,125	269,490,337
Provision for taxation		69,902,228	49,562,522
		5,644,001,955	5,404,066,211
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>9,780,360,415</u>	<u>9,522,358,672</u>

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

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

**SOHAIL MAQSOOD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2010**

	Share Capital	RESERVES			TOTAL	
		CAPITAL	REVENUE			
		Share Premium	General Reserve	Bonus Shares		Unappropriated Profit
-----Rupees-----						
<b>Balance as at July 01, 2009</b>	172,580,900	379,080,000	203,921,394	-	1,245,235,190	2,000,817,484
Total comprehensive income for the 1st Quarter	-	-	-	-	4,470,980	4,470,980
<b>Balance as at September 30, 2009</b>	<b>172,580,900</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,249,706,170</b>	<b>2,005,288,464</b>
<b>Balance as at July 01, 2010</b>	<b>189,838,990</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,450,930,626</b>	<b>2,223,771,010</b>
Total comprehensive income for the 1st Quarter	-	-	-	-	78,930,239	78,930,239
<b>Balance as at September 30, 2010</b>	<b>189,838,990</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,529,860,865</b>	<b>2,302,701,249</b>

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

**SOHAIL MAQSOOD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2010**

1st Quarter Ended	
September 30, 2010	September 30, 2009

-----Rupees-----

**A. CASH FLOWS FROM OPERATING ACTIVITIES:**

Profit before taxation	99,269,945	15,079,927
Adjustments for:		
Depreciation	25,985,177	23,758,100
Staff retirement benefits - gratuity (net)	541,540	623,680
Finance cost	242,360,778	231,833,214
Interest income	(620,709)	(403,546)
Share of profit of associated companies	(27,814,610)	-
Fair value of investment at fair value through profit and loss	-	(18,528,677)
Profit on sale of property, plant and equipment	-	(11,219)
Dividend income	-	(138)
<b>Profit before working capital changes</b>	<b>339,722,121</b>	<b>252,351,341</b>

**Movement in working capital**

**(Increase) / decrease in current assets**

Stores, spare parts and loose tools	(3,049,600)	(3,643,533)
Stock in trade	(203,219,603)	(272,490,301)
Trade debts	15,094,055	42,876,782
Loans and advances	6,342,726	(8,362,179)
Trade deposits and short term prepayments	(115,918)	732,473
Other receivables	(3,223,364)	3,198,933
Tax refunds due from Government	(8,710,628)	(4,930,900)
<b>Increase / (decrease) in current liabilities</b>	<b>(196,882,332)</b>	<b>(242,618,724)</b>

Trade and other payables

126,651,088 89,783,394

**Cash generated from / (used in) operating activities**

269,490,877 99,516,011

**Payments for:**

Finance cost	(246,157,229)	(215,136,954)
Income tax	(22,438,284)	(11,906,952)

**Net cash generated from / (used in) operating activities**

895,364 (127,527,895)

**B. CASH FLOWS FROM INVESTING ACTIVITIES:**

Sale proceeds of property, plant and equipment	-	2,200,354
Fixed capital expenditure	(41,568,506)	(20,863,189)
Dividend received	-	138
Interest received	803,717	669,100
(Increase)/Decrease in Long term deposits	301,840	185,920
<b>Net cash from / (used in) investing activities</b>	<b>(40,462,949)</b>	<b>(17,807,677)</b>
<b>Net cash outflow before financing activities</b>	<b>(39,567,585)</b>	<b>(145,335,572)</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Repayment of liabilities against assets subject to finance lease	(29,977,567)	(16,176,812)
Repayment of long term financing	(15,566,426)	(69,391,324)
Proceed from short term borrowings	80,879,613	238,474,587
<b>Net cash generated from / (used in) financing activities</b>	<b>35,335,619</b>	<b>152,906,451</b>

**Net increase in cash and cash equivalents**

(4,231,963) 7,570,878

Cash and cash equivalents at beginning of the period

68,141,276 62,067,992

**Cash and cash equivalents at end of the period**

63,909,313 69,638,869

**Cash and cash equivalents comprise of the following :-**

Cash and bank balances	58,338,390	64,273,794
Other financial assets - US Dollar Bonds	5,570,923	5,365,075
	<b>63,909,313</b>	<b>69,638,869</b>

**NON CASH TRANSACTIONS**

Purchase of fixed assets against finance lease	-	-
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**NASEER AHMAD**  
**CHIEF EXECUTIVE**

**SOHAIL MAQSOOD**  
**DIRECTOR**

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2010**

	NOTE	1st Quarter Ended	
		September 30, 2010	September 30, 2009
-----Rupees-----			
Sales - net	8	2,060,160,404	1,503,729,546
Cost of sales		1,697,578,798	1,234,884,446
<b>Gross profit</b>		<b>362,581,606</b>	268,845,100
Other operating income		(2,226,159)	(20,403,080)
Distribution cost		22,058,107	21,440,112
Administrative expenses		26,739,618	20,101,246
Other operating expenses		5,295,830	793,680
Finance cost		239,258,875	231,833,214
Share of profit of associated companies		(27,814,610)	-
		<b>263,311,661</b>	253,765,172
<b>Profit before taxation</b>		<b>99,269,945</b>	15,079,928
Provision for taxation			
- Current		20,339,706	10,608,948
<b>Profit after taxation</b>		<b>78,930,239</b>	4,470,980
Other comprehensive income		-	-
<b>Totoal comprehensive income</b>		<b>78,930,239</b>	4,470,980
Earnings / (loss) per share - basic and diluted		4.16	0.24

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**GULISTAN TEXTILE MILLS LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2010**

**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, 2010.

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 1st quarter ended September 30, 2010 which have been subjected to a review but not audited. These condensed interim financial statements also includes the condensed interim income statement for the 1st quarter ended September 30, 2010.

**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, 2010 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, 2010.

**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, 2010.

**5 PROPERTY, PLANT AND EQUIPMENT**

	Note	September 30, 2010	June 30, 2010
-----Rupees-----			
Operating assets	5.1	2,244,505,230	2,270,112,975
Capital work in progress - at cost		91,307,383	50,116,310
		<b>2,335,812,613</b>	<b>2,320,229,285</b>
<b>5.1 Operating assets</b>			
Opening written down value		2,270,112,975	2,071,642,735
Additions during the period	5.2	377,432	296,480,209
		<b>2,270,490,407</b>	<b>2,368,122,944</b>
Disposals during the period	5.2	-	(767,063)
Depreciation during the period		(25,985,177)	(97,242,906)
Closing written down value		<b>2,244,505,230</b>	<b>2,270,112,975</b>

**5.2 Additions and disposals during the period**

	September 30, 2010		June 30, 2010	
	Additions	Disposals	Additions	Disposals
-----Rupees-----				
<b>Owned Assets</b>				
Free hold land	-	-	98,776,080	-
Building on free / leased hold land	-	-	2,705,947	-
Plant and machinery	-	-	9,135,095	-
Electric installation	-	-	586,702	-
Electric equipments	60,053	-	377,385	-
Office equipments	262,319	-	1,113,017	-
Furniture and fixtures	-	-	149,900	-
Vehicles	55,060	-	1,309,804	767,063
<b>Leased Assets</b>				
Plant and machinery	-	-	65,187,364	-
Vehicles	-	-	2,889,801	-
	<b>377,432</b>	<b>-</b>	<b>182,231,096</b>	<b>767,063</b>

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			September 30, 2010	June 30, 2010
-----No. of Shares-----			-----Rupees-----	
September 30, 2010	June 30, 2010			
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	14,212,184	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,121,840	142,121,840
<u>18,983,899</u>	<u>18,983,899</u>		<u>189,838,990</u>	<u>189,838,990</u>

## 7 CONTINGENCIES AND COMMITMENTS

### Contingencies

There have been no significant change in the status of contingent liabilities since the last audited financial statements as on 30 June, 2010.

### Commitments

Other than capital expenditures amount to Rs. 201.748 million (June 30, 2010: 519.520 Million).

Export bills negotiated amounting to Rs.818.435 million (June 30, 2010 : Rs.812.356 million).

8 SALES - net			September 30, 2010	September 30, 2009
-----Rupees-----				
Export - Yarn			592,729,414	575,207,828
Local				
- Yarn			1,483,539,392	915,382,314
- Waste / scrap			11,898,313	5,835,203
			<u>2,088,167,118</u>	<u>1,496,425,345</u>
Local - Raw material				
- Cotton			-	33,894,847
- M.M.Fibre			-	682,950
			-	34,577,797
Add: Export rebate			-	61,249
			<u>2,088,167,118</u>	<u>1,531,064,391</u>
Commission / discounts			28,006,714	27,172,742
Sales tax adjustment			-	162,103
			<u>28,006,714</u>	<u>27,334,845</u>
			<u>2,060,160,404</u>	<u>1,503,729,546</u>

## 9 TRANSACTIONS WITH RELATED PARTIES

### Purchases from related parties

Stores	4,500	11,855
Raw materials	27,408,574	67,130
Electricity	2,385,041	-
Processing	47,977,767	42,926,715

### Sales to related parties

Stores sale/return (net)	-	19,995
Raw materials	-	682,950
Yarn	50,352,020	45,604,850

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 October 30, 2010 by the board of directors of the company.

## 11 GENERAL

All figures except June 30, 2010 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

SOHAIL MAQSOOD  
DIRECTOR