

GULISTAN SPINNING MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2009

		(Un-audited) March 31, 2009	(Audited) June 30, 2008
	Note	-----Rupees-----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	571,518,564	568,324,858
Long term investments		25,570,465	24,273,968
Long term deposits		9,813,686	9,438,485
CURRENT ASSETS			
Stores, spare parts and loose tools		31,402,581	28,384,716
Stock in trade		876,566,177	573,366,195
Trade debts		186,444,214	189,960,771
Loan and advances		31,433,994	31,204,349
Trade deposits and short term prepayments		1,218,879	1,418,301
Mark up accrued		2,317,767	924,296
Other receivables		626,821	374,228
Tax refunds due from Government		12,799,058	8,543,681
Cash and bank balances		19,789,979	85,525,197
		1,162,599,469	919,701,734
		<u>1,769,502,184</u>	<u>1,521,739,046</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (2008: 15,000,000) ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital	5	133,100,000	121,000,000
Reserves		24,893,055	24,915,809
Unappropriated profit		110,183,774	109,367,912
		268,176,829	255,283,721
Surplus on revaluation of property, plant and equipment		84,234,091	78,229,066
Deferred income		853,132	1,137,508
NON CURRENT LIABILITIES			
Long term financing		154,321,500	167,729,250
Liabilities against assets subject to finance lease		80,655,392	88,337,740
Deferred liabilities		20,512,939	22,304,254
CURRENT LIABILITIES			
Trade and other payables		167,024,025	131,658,959
Mark up accrued on loans		30,743,751	23,793,447
Short term borrowings		915,603,218	698,460,457
Current portion of:			
- long term financing		18,868,825	24,100,900
- liabilities against assets subject to finance lease		22,757,622	30,703,745
Provision for taxation		5,750,859	-
		1,160,748,301	908,717,507
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>1,769,502,184</u>	<u>1,521,739,046</u>

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

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

CASH FLOW STATEMENT (Un-Audited) FOR PERIOD ENDED MARCH 31, 2009

	Period Ended	
	March 31, 2009	March 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,829,208	15,323,298
Adjustments for:		
Depreciation on property, plant and equipment	19,807,509	19,064,979
Provision for staff retirement benefits - gratuity	2,350,000	2,250,000
Share of profit of associates	(1,216,626)	(576,925)
Finance cost	103,424,042	75,926,283
Amortization of surplus on sale and lease back	(284,376)	(284,376)
Dividend income	(1,462)	(1,274)
Cash flows before changes in working capital	141,908,296	111,701,985
Changes in working capital	9 (271,346,756)	(432,745,994)
Cash generated from / (used in) operations	(129,438,461)	(321,044,009)
Finance cost paid	(96,473,738)	(57,095,014)
Staff retirement benefits paid - gratuity	(3,303,801)	(2,025,765)
Income taxes paid	(1,921,130)	(5,679,695)
	(101,698,668)	(64,800,474)
Net cash from / (used in) operating activities	(231,137,129)	(385,844,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(10,942,815)	(8,326,234)
Long term deposits	(375,200)	548,741
Dividend received	1,462	1,274
Net cash used in investing activities	(11,316,554)	(7,776,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(18,639,825)	(41,822,234)
Payment of liabilities against assets subject to finance lease	(21,784,471)	(23,492,663)
Increase / (decrease) in short term borrowings	214,947,028	433,135,273
Net cash from financing activities	174,522,732	367,820,376
NET INCREASE IN CASH AND CASH EQUIVALENTS	(67,930,952)	(25,800,326)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	85,332,833	69,656,656
CASH AND CASH EQUIVALENTS AT END OF YEAR	17,401,882	43,856,330

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Abdul Shakoor (Chairman) Mr. Naseer Ahmed Mr. Tanveer Ahmed (Chief Executive) Mr. Sohail Maqsood Mr. Muhammad Abdullah Mr. Muhammad Younus Mr. Riaz Ahmed
AUDIT COMMITTEE	Mr. Riaz Ahmed (Chairman) Mr. Muhammad Abdullah Mr. Sohail Maqsood
CHIEF FINANCIAL OFFICER	Mr. Aqib Rauf
COMPANY SECRETARY	Mr. Zameer Q. Siddiqui
AUDITORS	M/s. Mushtaq & Co., Chartered Accountants, Karachi
LEGAL ADVISOR	M/s. Akhter Javed-Advocate
TAX CONSULTANT	M/s. Sharif & Company-Advocate
BANKERS	United Bank Limited Habib Bank Limited National Bank of Pakistan Limited
SHARE REGISTRAR OFFICE	M/s. Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber Hasrat Mohani Road Karachi Ph. 2424826, 2412754, Fax. 2424835
REGISTERED OFFICE	2nd Floor Finlay House I.I. Chundrigar Road, Karachi
REGIONAL OFFICE	58 Main Gulberg, Lahore
MILLS	Jumber Khurd Tehsil Chinnian Disst. Kasur

Gulistan Spinning Mills Limited
Directors Report
For the 3rd Quarter and 9 months ended 31th March 2009

Your Directors are pleased to present financial statements for the 3^d quarter and 9 months ended March 31, 2009.

Economic and Sector Environment

The Economic and business environment during the periods has been unfavorable on account of higher inflation, massive power shortage and weak demand from the US and Europe and Credit crunch for general consumers. Declining business volumes coupled with power shortages and higher financial cost severely affected the textile business.

Operating and Financial Performance

The Company despite difficult sector fundamentals has been successful in registering growth of 9% in sales and 24% in gross profit in accumulative 9months over same period last year. The gross profit margin improved to 16% from 14%. Due to strict control on operating expenses, such expenses as % of sales remained at the same level i.e.3.7%. The improved gross profit and control on operating expenses led to 27% rise in operating profit. The Financial cost has shown substantial rise of 30% over corresponding period last year mainly on account of higher short term borrowings to meet enhanced working capital requirements and higher KIBOR rate over corresponding period last year. In spite of better gross profit the bottom line is shrinked due to high financial charges.

Future Out look

The deteriorating economic and industry conditions such as rising interest rates, production loss due to massive power load shedding; dropping export orders due to global economic slowdown has made really it difficult to maintain profitability in Textile business. We strongly feel that if appropriate measures are not taken by the Government to reduce cost of doing business particularly financial cost then in present environment of shrinking profitability margins, it would be difficult for textile industry to be competitive. Government must chalk out a long term textile policy.

Under these adverse circumstances your management is making its best efforts to keep the company profitable through exercising better control on input costs and improvement in operating efficiencies.

We would like to thank our customers, suppliers and bankers for their continued support and would like to place on record appreciation for the valuable services of our employees.

For and On behalf of Board of Directors

(Tanveer Ahmed)
Chief Executive

Karachi
30-4-09

GULISTAN SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR PERIOD ENDED MARCH 31, 2009

	Share capital	Reserves		Reserve for issue of bonus shares	Unappropriated profit	Total
		Share Premium	Fair value			
-----Rupees-----						
Balance as at July 01, 2007	110,000,000	25,000,000	(80,366)	-	108,907,196	243,826,830
Transfer for issue of bonus shares	-	-	-	11,000,000	(11,000,000)	-
Issue of 1,100,000 ordinary shares of Rs. 10 each fully paid as bonus shares	11,000,000	-	-	(11,000,000)	-	-
Appreciation in fair value of available for sale investments	-	-	7,223	-	-	7,223
Profit for the nine month ended March 31, 2008	-	-	-	-	5,379,928	5,379,928
Balance as at March 31, 2008	121,000,000	25,000,000	(73,143)	-	103,287,124	249,213,981
Balance as at July 01, 2008	121,000,000	25,000,000	(84,191)	-	109,367,912	255,283,721
Transfer for issue of bonus shares	-	-	-	12,100,000	(12,100,000)	-
Issue of 1,210,000 ordinary shares of Rs. 10 each fully paid as bonus shares	12,100,000	-	-	(12,100,000)	-	-
Appreciation/(diminution) in fair value of available for sale investments	-	-	(22,754)	-	-	(22,754)
Profit for the nine month ended March 31, 2009	-	-	-	-	12,915,862	12,915,862
Balance as at March 31, 2009	133,100,000	25,000,000	(106,945)	-	110,183,774	268,176,829

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

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009**

1 STATUS AND ACTIVITIES

Gulistan Spinning Mills Limited ("the company") was incorporated on 25 February, 1987 and its shares are listed on Karachi and Lahore Stock exchange in Pakistan. The company is principally engaged in manufacture and sale of yarn.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standard (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provision of and directive issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements have been prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and in compliance with the requirements of section 245 of the Companies Ordinance 1984.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but a limited scope review have been performed by the external auditors of the company in accordance with the requirements of the Code of Corporate Governance and they have issued their report thereon.

2.2 Accounting convention

These condensed interim financial statements have been prepared under "Historical Cost Convention" except as disclosed in the company's accounting policies.

3 ACCOUNTING POLICIES

The accounting policies adopted in preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2008.

3.1 CHANGE IN ACCOUNTING ESTIMATE

During the period, the management has changed its estimate with regards to depreciation of plant and machinery ,after detailed review by technical team of the company the average life of the plant and machinery has been re-estimated more as against past level of estimate, such an estimate is in compliance with IAS-16 Property, Plant and Equipment.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2009
	Rupees.....
Operating assets	4.1	550,412,284
Capital work in progress - at cost		21,106,281
		<u>571,518,565</u>
4.1 Operating assets		
Opening book value		548,191,460
Additions during the period	4.2	16,125,933
Revaluation during the period		5,902,400
		<u>570,219,793</u>
Depreciation during the period		(19,807,509)
Closing book value		<u>550,412,284</u>

4.2 Additions and disposals during the period

	March 31, 2008		June 30, 2008
	<u>Additions</u>	<u>Disposals</u>	<u>Additions</u>
	(.....Rupees.....)	Rupees.....
Owned Assets			
Building on free hold land	-	-	14,855,920
Plant and machinery	6,482,895	-	4,948,416
Electric installations	2,316,266	-	1,657,497
Factory equipment	1,001,492	-	3,752,304
Office equipment	33,500	-	880,300
Furniture and fixtures	-	-	396,790
Vehicles	135,780	-	-
Leased Assets			
Vehicles	6,156,000	-	-
	<u>16,125,933</u>	-	<u>26,491,227</u>

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

5	SHARE CAPITAL	March 31, 2009
	Rupees.....
	Authorized Capital	
	15,000,000 (June 30, 2008 : 15,000,000)	
	Ordinary shares of Rs. 10 each	150,000,000
	Issued, subscribed and paid-up capital	
	6,838,330 (June 30, 2008: 6,838,330)	
	Ordinary shares of Rs.10 each fully paid up in cash	68,383,300
	6,471,670 (June 30, 2008: 5,261,670)	
	Ordinary shares of Rs.10 each issued as fully paid bonus shares	5.1 64,716,700
		133,100,000

5.1 The company has issued 1,210,000 (June 30, 2008:1,100,000) shares during the period as fully paid Bonus shares

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6 CONTINGENCIES AND COMMITMENTS**Contingencies**

There are no material changes in contingencies as disclosed in the notes to the financial statements for the period ended June

		March 31, 2008
	Rupees.....
	Commitments	
	Letter of credit for:	
	-capital expenditure	-
	-other than capital expenditure	-
		-

	Period Ended		Quarter ended
	March 31 2009 (.....Rupees.....)	March 31 2008	March 31 2009 (.....Rupees)
7 TURNOVER - NET			
Local	376,366,059	371,246,417	137,167,816
Export	594,328,032	519,573,027	187,005,554
	970,694,091	890,819,444	324,173,370
Less:			
Commission	10,966,621	8,977,664	3,492,038
	959,727,469	881,841,780	320,681,332

8 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation	(Rupees)	12,915,862	5,379,928	8,430,006
Weighted average number of ordinary shares	(Numbers)	13,310,000	13,310,000	13,310,000
		0.97	0.40	0.63

8.1 Number of shares in issue during the period ended December 31, 2008 have been restated for the effect of bonus issue in the current period.

8.2 There is no dilutive effect on basic earning per share of the company.

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2009

	Period Ended
	March 31, 2009)
9 CHANGES IN WORKING CAPITAL	
(Increase) in stores, spare parts and loose tools	(3,017,865)
(Increase) in stock-in-trade	(303,199,982)
Decrease in trade debts	3,516,557
(Increase) in loan and advances	(229,644)
Decrease in deposits and short-term prepayments	199,422
(Increase) in other receivables	(1,646,064)
(Increase) in sales tax refundable	(2,334,247)
Increase in trade and other payables	35,365,067
	<u>(271,346,756)</u>
10 CASH AND CASH EQUIVALENTS	
Cash and bank balance	19,789,979
Temporary overdraft	(2,388,098)
	<u>17,401,881</u>
11 TRANSACTIONS WITH RELATED PARTIES	
Purchases from Associates	
Stores	151,700
Yarn	4,474,444
Electricity	4,748,587
Waste	495,593
Processing	4,190,075
Cotton	-
Scrap	-
Mark-up earned	1,557,432
Sales to Associates	
Yarn	71,611,083
Cotton	-
Stores	-
Waste	51,043,088
Processing	
11.1 All material transactions with related parties are at arm's length.	
12 DATE OF AUTHORIZATION FOR ISSUE	
The financial statements were approved by the Board of Directors and authorized for issue on	
13 GENERAL	
Figures have been rounded off to nearest Rupee unless otherwise stated.	
There are no other significant activities since March 31, 2009 affecting the financial statements	

CHIEF EXECUTIVE

DIRECTOR

GULISTAN SPINNING MILLS LIMITED

PROFIT AND LOSS ACCOUNT (Un-Audited) FOR THE PERIOD ENDED MARCH 31, 2009

		Period ended Mar 31, 2009	Period ended Mar 31, 2008	Quarter ended Mar 31, 2009	Quarter ended Mar 31, 2008
	Note	-----Rupees-----			
Turnover - net	7	959,727,469	881,841,780	320,681,332	355,310,167
Cost of sales		808,040,782	759,128,941	270,952,902	310,387,435
Gross profit		151,686,688	122,712,839	49,728,431	44,922,731
Other operating income		3,312,993	3,919,156	789,941	1,310,086
		154,999,681	126,631,995	50,518,371	46,232,817
Distribution cost		15,228,178	15,590,943	3,318,155	6,266,523
Administrative expenses		15,647,736	14,876,973	5,280,814	5,830,368
Other operating expenses		4,087,143	1,857,916	702,257	381,991
Finance cost		103,424,042	79,559,790	31,058,661	29,739,024
		138,387,099	111,885,622	40,359,887	42,217,905
		16,612,581	14,746,373	10,158,484	4,014,912
Share of profit from associates		1,216,626	576,925	-	-
Profit before taxation		17,829,207	15,323,298	10,158,484	4,014,912
Taxation:					
Current		5,750,859	5,237,810	1,596,067	2,156,021
Deferred		(837,514)	4,705,560	132,411	155,366
		4,913,345	9,943,370	1,728,478	2,311,387
Profit after taxation		12,915,862	5,379,928	8,430,006	1,703,525
Earnings per share - basic and diluted	8	0.97	0.40	0.63	0.13

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

CHIEF EXECUTIVE

DIRECTOR