

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2009**

ASSETS	NOTE	(UN-AUDITED)	(AUDITED)
		September 30, 2009	June 30, 2009
-----Rupees-----			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	2,148,076,323	2,151,160,369
Long term investments		1,411,433,476	1,411,433,476
Long term deposits		33,537,956	33,723,876
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		133,496,090	129,852,556
Stock in trade		4,370,492,227	4,098,001,926
Trade debts		1,159,302,467	1,202,179,249
Loans and advances		40,747,175	32,384,996
Trade deposits and short term prepayments		4,060,435	4,792,908
Other receivables		5,171,219	8,635,706
Tax refunds due from Government		97,066,887	80,229,034
Other financial assets		63,341,399	44,707,101
Cash and bank balances		64,273,794	56,808,538
		5,937,951,692	5,657,592,014
Non - current assets classified as held for sale		23,176,212	23,176,212
		<u>9,554,175,659</u>	<u>9,277,085,947</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	172,580,900	172,580,900
<b>Reserves</b>			
Reserves		583,001,394	583,001,394
Unappropriated profit		1,249,706,168	1,245,235,189
		1,832,707,562	1,828,236,583
		2,005,288,462	2,000,817,483
Surplus on revaluation of property, plant and equipment		511,553,336	511,553,336
Deferred income		262,471	262,471
<b>NON CURRENT LIABILITIES</b>			
Long term financing		371,118,150	372,652,328
Liabilities against assets subject to finance lease		313,031,019	335,940,341
<b>Deferred liabilities</b>			
Staff retirement benefits - gratuity		51,606,558	50,982,878
Deferred taxation		107,813,260	107,813,260
		159,419,818	158,796,138
<b>CURRENT LIABILITIES</b>			
Trade and other payables		596,793,350	507,009,956
Accrued mark up / interest		194,036,274	177,340,013
Short term borrowings		5,162,274,655	4,923,800,068
Current portion of long term financing		183,884,235	245,008,871
Provision for taxation		29,681,077	19,072,129
		6,166,669,591	5,872,231,038
<b>CONTINGENCIES AND COMMITMENTS</b>			
Liabilities directly associated with non current assets classified as held for sale	7	26,832,812	24,832,812
		<u>9,554,175,659</u>	<u>9,277,085,947</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 CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2009**

	1st Quarter Ended	
	September 30, 2009	September 30, 2008
	-----Rupees-----	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation	15,079,927	20,343,078
Adjustments for:		
Depreciation	23,758,100	23,881,129
Staff retirement benefits - gratuity (net)	623,680	876,982
Finance cost	231,833,214	133,639,994
Interest income	(403,546)	(434,933)
Fair value of investment at fair value through profit and loss	(18,528,677)	13,656,663
Profit / (loss) on sale of property, plant and equipment	(11,219)	-
Gain on sale and lease back of assets	-	-
Dividend income	(138)	-
<b>Profit before working capital changes</b>	<b>252,351,341</b>	<b>191,962,913</b>
<b>Movement in working capital (Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(3,643,533)	(3,396,069)
Stocks in trade	(272,490,301)	(719,769,414)
Trade debts	42,876,782	189,896,698
Loans and advances	(8,362,179)	(4,914,588)
Trade deposits and short term prepayments	732,473	(5,541,365)
Other receivables	3,198,933	1,912,738
Tax refunds due from Government	(4,930,900)	(4,653,257)
	(242,618,724)	(546,465,257)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	89,783,394	(42,808,725)
<b>Cash used in operating activities</b>	<b>99,516,011</b>	<b>(397,311,069)</b>
<b>Payments for:</b>		
Finance cost	(215,136,954)	(130,998,586)
Income Tax	(11,906,952)	(5,109,418)
<b>Net cash used in operating activities</b>	<b>(127,527,895)</b>	<b>(533,419,074)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale proceeds of property, plant and equipment	2,200,354	-
Fixed capital expenditure	(20,863,189)	(1,819,472)
Dividend received	138	-
Interest received	669,100	220,906
(Increase)/Decrease in Long term deposits	185,920	6,392,326
<b>Net cash outflow from investing activities</b>	<b>(17,807,677)</b>	<b>4,793,760</b>
<b>Net cash outflow before financing activities</b>	<b>(145,335,572)</b>	<b>(528,625,313)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of finance lease	(16,176,812)	(4,902,300)
Repayment of long term financing	(69,391,324)	(63,535,588)
Proceed from short term borrowings	238,474,587	595,295,762
<b>Net cash generated from financing activities</b>	<b>152,906,450</b>	<b>526,857,874</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,570,878</b>	<b>(1,767,439)</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>69,638,869</b>	<b>31,459,033</b>
<b>Cash and cash equivalents comprise of the following :-</b>		
Cash and bank balances	64,273,794	27,061,065
Other financial assets - US Dollar Bonds	5,365,075	4,397,968
	69,638,869	31,459,033
<b>NON CASH TRANSACTIONS</b>		
Purchase of fixed assets against finance lease	-	5,416,700

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

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

**TANVEER AHMAD**  
**DIRECTOR**

# **GULISTAN TEXTILE MILLS LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Abdul Shakoor (Chairman)  
Mr. Naseer Ahmed (Chief Executive)  
Mr. Tanveer Ahmed  
Mr. Muhammad Abdullah  
Mr. Riaz Ahmed  
Mr. Sohail Maqsood  
Mr. Muhammad Tanveer

### **AUDIT COMMITTEE**

Mr. Tanveer Ahmed (Chairman)  
Mr. Riaz Ahmed  
Mr. Sohail Maqsood

### **CHIEF FINANCIAL OFFICER**

Mr. Zulfiqar Ali

### **COMPANY SECRETARY**

Mr. Zameer Q. Siddiqui

### **AUDITORS**

M/s. Mushtaq & Company  
Chartered Accountants  
Karachi.

### **LEGAL ADVISOR**

M/s. A.K. Brohi & Company-Advocate

### **TAX CONSULTANT**

M/s. Sharif & Company-Advocate

### **BANKERS**

United Bank Limited, Muslim Commercial Bank, Standard Chartered Bank, Allied Bank Limited, Habib Bank Limited, Bank of Punjab National Bank of Pakistan Limited, Bank Al Falah Askari Commercail Bank

### **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**

1st Floor, Garden Hieghts, 8Aibak Block, New Garden Town, Lahore.

### **MILLS**

Unit I - Sama satta Distt. Bahawalpur  
Unit II & III Tibba Sultanpur Distt. Vehari  
Unit IV - Ferozwatwan Distt. Sheikhpura

**Gulistan Textile Mills Limited**  
**Directors Report**  
**For the 1st quarter ended**  
**30<sup>th</sup> September 2009**

Dear Shareholders  
Assalam o Alaikum

Your Directors are pleased to present financial statements for the first quarter ended on 30<sup>th</sup> September 2009.

**Operating and Financial Performance**

The Company registered growth of 15.15 % in net sales to Rs 197.79 million and 29.09 % in gross profit to Rs 60.58 million over same period last year. The gross profit margin remained at 17.88 %. Due to strict control on operating expenses, the said expenses reduced from 3.06 % of sales in first quarter last year to 2.76 % of sales in quarter under review. The operating profit observed 59.76 % increase on the back of improved gross profit and control on operating expenses. The Financial cost has shown substantial rise of 73.48 % attributed to increased borrowing requirements and rise in interest rate over corresponding period last year. Net profit before tax dropped by 25.87 % from Rs 20.34 million to Rs 15.08 million.

**Future Out look**

The Govt have announced Textile Policy for the revival of this sector but the statutory notification to give effect to various incentives / objectives of the policy are still eagerly awaited. The volume of the cotton crop is still uncertain. According to estimation we expect about 12 million cotton bales, out of which it is estimated about 1 million bales would be exported as the exporters are in the market to purchase it. Continuous deterioration in our currency would provide the exporter an edge in exporting the local cotton. The local requirement of cotton is about 13.5 million. The deficiency of 3.5 million bales would be met by import which is quite costly. This is the reason that in the beginning of the cotton season the prices were Rs. 3,400/- per mound. which is now around Rs. 3800/- per mound. Severe energy crises is being faced by the industry as the load shedding of gas which usually in the past started from December this year has started from the month of October. Under such adverse and beyond control circumstances nothing can be said about the future except that the Management would continue making its best efforts to keep the Company profitable by adopting all measures under its control and depending upon the relief provided by the Govt. to implement the textile policy

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

( Naseer Ahmed )  
Chief Executive

Karachi  
31-10-09

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

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.

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 & loss account.

**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 present accounting policies, related judgments, estimates and assumptions adopted in the preparation of these financial statements are the same as those applied in the preparation of the preceding annual financial statements for the year ended June 30, 2009.

**4 PRESENTATIONS**

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.

**5 PROPERTY, PLANT AND EQUIPMENT**

		September 30, 2009	June 30, 2009
	Note	-----Rupees-----	
Operating assets	5.1	2,051,222,199	2,071,642,736
Capital work in progress - at cost		96,854,124	79,517,634
		<u>2,148,076,323</u>	<u>2,151,160,370</u>
<b>5.1 Operating assets</b>			
Opening book value		2,071,642,736	2,013,508,151
Additions during the period	5.2	3,526,698	83,455,016
Revaluation during the period		-	98,776,080
		<u>2,075,169,434</u>	<u>2,195,739,246</u>
Disposals during the period	5.2	(189,135)	(28,560,115)
Depreciation during the period		(23,758,100)	(95,536,395)
Closing book value		<u>2,051,222,199</u>	<u>2,071,642,736</u>

**5.2 Additions and disposals during the period**

	September 30, 2009		June 30, 2009	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
<b><u>Owned Assets</u></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	379,480	-	1,113,017	-
Furniture and fixtures	2,539,218	-	149,900	-
Vehicles	385,000	189,135	1,309,804	22,810
<b><u>Leased Assets</u></b>				
Plant and machinery	-	-	65,187,364	-
Vehicles	-	-	2,889,801	-
	<u>3,526,698</u>	<u>189,135</u>	<u>182,231,096</u>	<u>28,560,115</u>

			September 30, 2009	June 30, 2009
			-----Rupees-----	
<b>6</b>	<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
	September 30, 2009	June 30, 2009		
	4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150
	12,486,375	12,486,375	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	124,863,750
	<u>17,258,090</u>	<u>17,258,090</u>		<u>172,580,900</u>

**7 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There have been no significant change in the status of contingent liabilities since the last audited financial statements.

**Commitments**

Commitments for capital expenditures amount to Rs. Nil (June 30, 2009: Nil million)

Commitments for other than capital expenditures amount to Rs. 422.997 Million (June 30, 2009: 455.515 Million).

Export bills negotiated amounting to Rs.584.572 million (June 30, 2009 : Rs.660.982 million)

			September 30, 2009	September 30, 2008
			-----Rupees-----	
<b>8</b>	<b>SALES - Net</b>			
	<i>YARN &amp; WASTE</i>			
	Export sales		575,207,828	394,734,363
	Local sales		915,382,314	887,916,995
	Waste & Scrap sale		5,835,203	12,951,343
			<u>1,496,425,346</u>	<u>1,295,602,701</u>
	<i>RAW MATERIAL</i>			
	Cotton		33,894,847	28,774,271
	M.M.Fibre		682,950	2,102,364
			34,577,797	30,876,635
	Add: Export Rebate		61,249	8,778
			<u>1,531,064,392</u>	<u>1,326,488,114</u>
	Commission / Discounts		27,172,742	20,551,070
	Sales Tax adjustment		162,103	-
			<u>27,334,846</u>	<u>20,551,070</u>
			<u>1,503,729,546</u>	<u>1,305,937,044</u>

**9 TRANSACTIONS WITH RELATED PARTIES**

**Purchases from related parties**

Stores	11,855	209,255
Raw materials	67,130	612,369
Electricity	-	345,784
Processing	42,926,715	38,887,899

**Sales to related parties**

Stores sale/return (net)	19,995	62,098
Raw materials	682,950	-
Yarn	45,604,850	43,552,220

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 31, 2009 by the board of directors of the company.

**NASEER AHMAD**  
CHIEF EXECUTIVE

**TANVEER AHMAD**  
DIRECTOR

**GULISTAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE IST QUARTER ENDED SEPTEMBER 30, 2009**

	NOTE	Quarter ended	Quarter ended
		September 30, 2009	September 30, 2008
-----Rupees-----			
Turnover - net		1,503,729,546	1,305,937,044
Cost of sales	8	1,234,884,446	1,097,671,662
<b>Gross profit</b>		<b>268,845,100</b>	<b>208,265,382</b>
Other operating (income)/loss		(20,403,080)	13,221,730
Distribution cost		21,440,112	21,795,965
Administrative expenses		20,101,246	18,193,927
Other operating expenses		793,680	1,070,688
Finance cost		231,833,214	133,639,994
		253,765,172	187,922,304
<b>Profit before taxation</b>		<b>15,079,927</b>	<b>20,343,078</b>
<i>Provision for taxation</i>			
-Current		10,608,948	2,972,447
<b>Profit after taxation</b>		<b>4,470,979</b>	<b>17,370,631</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>4,470,979</b>	<b>17,370,631</b>
Earnings per share - basic and diluted (Rupees)		0.26	1.01

*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 1ST QUARTER ENDED SEPTEMBER 30, 2009**

	RESERVES					TOTAL
	CAPITAL	REVENUE			Unappropriated Profit	
	Share Premium	General Reserve	Bonus Shares			
-----Rupees-----						
<b>Balance as at 01 July 2008</b>	160,540,380	379,080,000	203,921,394	-	1,255,693,413	1,999,235,187
Total comprehensive income 1st quarter ended Sep. 30, 2008	-	-	-	-	17,370,631	17,370,631
<b>Balance as at September 30, 2008</b>	<b>160,540,380</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,273,064,044</b>	<b>2,016,605,818</b>
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)	-	-
Profit for the Nine Months ended June 30, 2009	-	-	-	-	(15,788,335)	(15,788,335)
<b>Balance as at June 30, 2009</b>	<b>172,580,900</b>	<b>379,080,000</b>	<b>203,921,394</b>	<b>-</b>	<b>1,245,235,189</b>	<b>2,000,817,483</b>
Total comprehensive income 1st quarter ended Sep. 30, 2009	-	-	-	-	4,470,979	4,470,979
<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>1,249,706,168</b>	<b>2,005,288,462</b>

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

**TANVEER AHMAD**  
**DIRECTOR**