

GULISTAN TEXTILE MILLS LIMITED
 CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2007 (UN-AUDITED)

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 STATEMENT OF COMPLIANCE

These financial statements, duly reviewed by the auditors, are being submitted to the shareholders in compliance with the requirements of Section 245 the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting".

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, 2007.

4 PRESENTATIONS

All figures except June 30, 2007 figures appearing in the financial statements are un-audited. Figures have been rounded off to the nearest rupee, unless otherwise stated.

5 CHANGE IN ACCOUNTING ESTIMATE

PROPERTY, PLANT AND EQUIPMENTS

During this period the management of the company has changed its estimate of use full life & depreciation of plant & machinery, after detailed review by technical personnel of the company the average life of the plant & equipment has been re-estimated as against past estimate, such change in estimate is in compliance with IAS-16 "Property, Plant & Equipment".

Had there been no change in such an estimate the depreciation expense would have been higher by Rs.30.613 million, profit for the period and written down value of property, plant & equipment would have been lower by the same amount.

Following is the additions and disposals made during the period in property, plant and equipments :

	December 31, 2007		June 30, 2007	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
Owned Assets				
Free hold land	-	-	3,671,520.00	-
Building on free/leased hold land	-	-	30,126,115	-
Plant and machinery	5,357,747	7,050,000	35,857,861	30,665,460
Electric installation	6,162,950	-	7,120,864	-
Electric equipments	-	-	1,146,385	-
Office equipments	490,626	-	922,620	-
Mill equipments	334,800	-	1,020,340	-
Furniture and fixtures	266,700	-	915,360	-
Fire fighting equipment	-	-	360,250	-
Vehicles	1,198,815	-	2,019,308	6,379,350
Leased Assets				
Plant and machinery	128,684,475	-	120,710,897	-
Vehicles	-	-	12,078,515	367,000
	142,496,113	7,050,000	215,950,035	37,411,810

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

December 31, 2007	June 30, 2007		December 31, 2007	June 30, 2007
			-----Rupees-----	-----Rupees-----
4,771,715	4,771,715	Ordinary shares of Rs.10 each fully paid in cash.	47,717,150	47,717,150
11,282,323	9,822,865	Ordinary shares of Rs.10 each issued as fully paid bonus shares.	112,823,230	98,228,650
16,054,038	14,594,580		160,540,380	145,945,800

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. 3.933 million (June 30, 2007: 104.840 million)

Commitments for other than capital expenditures amount to Rs. 280.786 million (June 30, 2007: 40.104 million)

	Quarter ended December 31, 2007	Six months ended December 31, 2007	Quarter ended December 31, 2006	Six months ended December 31, 2006
	-----Rupees-----		-----Rupees-----	
8 COST OF SALES				
Opening stock	539,400,723	469,899,504	540,023,293	423,836,959
Cost of goods manufactured	8.1 1,157,719,492	2,236,571,732	951,010,080	1,882,030,264
Yarn purchase	2,459,030	3,981,530	5,101,200	27,658,176
Towel purchase	-	-	109,000	109,000
Waste purchase	-	-	-	23,128
	1,699,579,245	2,710,452,766	1,496,243,573	2,333,657,527
Closing stock	726,498,899	726,498,899	668,395,926	668,395,926
	973,080,346	1,983,953,867	827,847,647	1,665,261,601
8.1 COST OF GOODS MANUFACTURED				
Opening work in process	83,320,267	77,002,435	63,523,825	54,890,567
Raw material consumed	909,687,535	1,732,788,721	708,431,583	1,394,151,620
Overheads	252,978,111	515,046,997	248,757,165	502,690,570
	1,162,665,646	2,247,835,718	957,188,748	1,896,842,190
	1,245,985,913	2,324,838,153	1,020,712,573	1,951,732,757
Closing work in process	88,266,421	88,266,421	69,702,493	69,702,493
	1,157,719,492	2,236,571,732	951,010,080	1,882,030,264

9 TRANSACTIONS WITH RELATED PARTIES

A) Purchases from related parties

	December 31, 2007	December 31, 2006
	-----Rupees-----	
Stores	655,697	345,111
Raw materials	6,161,999	153,784,283
Yarn	-	22,556,979
Electricity	663,449	1,912,890
Processing (conversion and dyeing)	75,098,638	66,360,124

B) Sales to related parties

Stores	3,283,630	86,620
Machinery	-	1,700,000
Raw materials	-	538,132
Yarn	90,996,040	38,278,686

C) Long Term Loan

Loan obtained	-	195,643,396
Mark-up allowed	12,774,074	9,586,023

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

10 SEASONALITY

The textile business is an all year business however, major raw material purchase i.e. cotton takes place in the four months from October to January. This leads to higher figures being reflected in respect of stocks & bank borrowings during the period.

11 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on _____.

NASEER AHMAD
CHIEF EXECUTIVE

MUHAMMAD ABDULLAH
DIRECTOR