

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED DECEMBER 31, 2008

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.

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, 2008.

4 PRESENTATIONS

All figures except June 30, 2008 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

		December 31, 2008	June 30, 2008
	Note	-----Rupees-----	
Operating assets	5.1	2,104,800,511	2,013,508,150
Capital work in progress - at cost		52,780,965	66,868,586
		2,157,581,476	2,080,376,737
5.1 Operating assets			
Opening book value		2,013,508,150	1,800,846,867
Additions during the period	5.2	39,889,140	304,111,769
Revaluation during the period		98,776,080	-
		2,152,173,370	2,104,958,636
Disposals during the period	5.2	(22,810)	(1,840,369)
Depreciation during the period		(47,350,049)	(89,610,117)
		2,104,800,511	2,013,508,150

5.2 Additions and disposals during the period

	December 31, 2008		June 30, 2008	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
<u>Owned Assets</u>				
Free hold land	-	-	2,180,550	-
Building on free / leased hold land	40,800	-	3,424,841	-
Plant and machinery	391,928	-	92,563,147	1,545,257
Electric equipments	68,023	-	-	-
Office equipments	568,225	-	536,323	-
Mill equipments	-	-	1,395,400	-
Furniture and fixtures	79,140	-	437,701	-
Vehicles	859,753	22,810	3,077,920	295,112
<u>Leased Assets</u>				
Plant and machinery	37,881,271	-	200,495,887	-
	39,889,140	22,810	304,111,769	1,840,369
			December 31, 2008	June 30, 2008
			-----Rupees-----	
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	December 31, 2008	June 30, 2008		
	4,771,715	4,771,715	Ordinary shares of Rs. 10 each fully paid in cash	47,717,150
	12,486,375	11,282,323	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	124,863,750
	17,258,090	16,054,038		172,580,900
				160,540,380

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, 2008: 15.853 million)

Commitments for other than capital expenditures amount to Rs. 192.096 Million (June 30, 2008: 28.849 Million).

	Quarter ended	Six months period ended	Quarter ended	Six months period ended
	December 31, 2008		December 31, 2007	
	-----Rupees-----		-----Rupees-----	
8 COST OF SALES				
Opening stock	861,186,231	725,610,413	539,400,723	469,899,504
Cost of goods manufactured	8.1 1,161,131,445	2,374,382,847	1,157,719,492	2,236,571,732
Yarn / fabric purchase/return (net)	(57,928,370)	(37,932,293)	2,459,030	3,981,530
	<u>1,964,389,306</u>	<u>3,062,060,968</u>	<u>1,699,579,245</u>	<u>2,710,452,766</u>
Closing stock	1,080,537,430	1,080,537,430	726,498,899	726,498,899
	<u>883,851,876</u>	<u>1,981,523,538</u>	<u>973,080,346</u>	<u>1,983,953,867</u>
8.1 COST OF GOODS MANUFACTURED				
Opening work in process	108,563,923	93,339,514	83,320,267	77,002,435
Raw material consumed	858,760,982	1,817,162,756	909,687,535	1,732,788,721
Overheads	289,739,878	559,813,915	252,978,111	515,046,997
	<u>1,148,500,860</u>	<u>2,376,976,671</u>	<u>1,162,665,646</u>	<u>2,247,835,718</u>
	<u>1,257,064,783</u>	<u>2,470,316,185</u>	<u>1,245,985,913</u>	<u>2,324,838,153</u>
Closing work in process	95,933,338	95,933,338	88,266,421	88,266,421
	<u>1,161,131,445</u>	<u>2,374,382,847</u>	<u>1,157,719,492</u>	<u>2,236,571,732</u>

	December 31, 2008	December 31, 2007
	-----Rupees-----	
9 TRANSACTIONS WITH RELATED PARTIES		
Purchases from related parties		
Stores	178,158	655,697
Raw materials	1,547,213	6,161,999
Yarn	4,956	-
Electricity	751,562	663,449
Processing	81,979,672	75,098,638
Sales to related parties		
Stores sale/return (net)	(100,260)	3,283,630
Yarn	184,350,368	90,996,040
Mark up allowed		
On long term loans	-	12,774,074

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 February 28, 2009 by the board of directors of the company.

NASEER AHMAD
CHIEF EXECUTIVE

TANVEER AHMAD
DIRECTOR