

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006

1 STATUS AND NATURE OF BUSINESS

The 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. Its main business is manufacturing and sale of yarn. 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 Sultanpur 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 and methods of computation followed for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the company for the period ended June 30, 2005.

4 INVESTMENT IN ASSOCIATES

The company did not accounting for investment in associates under equity method as necessitated by the "IAS-28 Investment in Associates". These are stated at fair value (quoted securities) and cost (unquoted securities) due to non availability of financial statements of unquoted associated companies as on December 31, 2005.

5 PRESENTATIONS

All figures except June 30, 2005 figures appearing in the financial statements are unaudited. Figures have been rounded off to the nearest rupee.

6 PROPERTY, PLANT & EQUIPMENTS

During the period the company had revalued its free hold land which resulted in a surplus on Rs. 184,539,824. The revaluation is carried by independent valuer M/s. Consultancy support & services, Karachi as on December 20, 2005. Following is the additions and disposals made during the period in property, plant and equipments.

	March 31,2006		June 30, 2005	
	Additions	Disposals	Additions	Disposals
<u>Own Assets</u>				
Land	-	-	18,098,144	-
Building on free/leased hold land	440,774	-	1,321,171	-
Plant & Machinery	84,746,751	5,200,000	149,657,400	5,975,000
Power House	-	-	-	-
Electric Installation	12,392,524	-	2,007,705	-
Electric Equipments	-	-	956,495	-
Office Equipments	439,750	-	1,161,391	-
Mill Equipments	1,579,715	-	3,117,069	-
Furniture & Fixtures	1,302,483	-	357,341	-
Fire Fighting Equipments	326,500	-	570,050	-
Air conditioners	1,013,586	-	-	-
Vehicles	3,781,530	3,495,180	2,382,182	2,578,043
<u>Leased Assets</u>				
Plant & Machinery	22,147,732	-	32,147,847	-
Vehicles	4,630,000	-	6,670,000	-
	132,801,345	8,695,180	218,446,796	8,553,043
			March 31, 2006	June 30, 2005

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	JUNE 30, 2005	March 31, 2006		
	4,771,715	4,771,715	Ordinary shares of Rs.10/ each fully paid in cash.	47,717,150
	7,864,285	8,496,085	Ordinary shares of Rs.10/ each issued as fully paid bonus shares.	84,960,850
	12,636,000	13,267,800		132,678,000
				126,360,000

8 CONTINGENT LIABILITIES/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. 52.546 million (June 30, 2005: Nil)

Commitments for other than capital expenditures amount to Rs. 36.012 million (June 30, 2005: 160.26 million)

9 COST OF SALES

	Quarter ended	Period ended	Quarter ended	Period ended
	March 31, 2006		March 31, 2005	
-----Rupees-----				
Stock at beginning	494,542,942	319,960,391	419,548,857	483,705,476
Cost of goods manufactured	770,780,982	2,241,260,955	684,560,101	2,085,269,780
Yarn Purchase	2,047,500	4,251,059	106,925	12,078,425
	1,267,371,424	2,565,472,405	1,104,215,883	2,581,053,681
Stock at end	415,198,626	415,198,626	331,769,683	331,769,683
	852,172,798	2,150,273,779	772,446,200	2,249,283,998

9.01 COST OF GOODS MANUFACTURED

Work in process at the beginning	65,197,065	70,699,261	46,528,164	88,019,452
Raw material consumed	564,263,293	1,660,599,258	542,167,149	1,573,470,127
Overheads	211,757,004	580,398,816	176,525,673	504,441,085
	776,020,297	2,240,998,074	718,692,821	2,077,911,212
	841,217,362	2,311,697,335	765,220,985	2,165,930,664
Work in process at the end	70,436,380	70,436,380	80,660,884	80,660,884
	770,780,982	2,241,260,955	684,560,101	2,085,269,780

Period ended	
31st Mar-,2006	31st Mar-,2005

10 TRANSACTIONS WITH RELATED PARTIES

A) Purchases from related parties

Stores	375,305	2,937,068
Raw materials	6,242,124	10,872,108
Yarn	26,500	1,434,000
Cloth	-	838,748
Electricity	2,378,613	33,469,943
Machinery	-	4,000,000
Processing (Conversion & Dying etc.)	6,203,074	311,670

B) Sales to related parties

Stores	505,370	-
Raw materials	123,163,434	64,522,237
Yarn	6,040,100	10,656,990

C) Mark-up allowed

On long term loan	2,639,280	-
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Transactions with related parties are carried out at arm's length price, determined in accordance with comparable uncontrolled price method.

11 SEASONALITY

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

12 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on April 29th , 2006.

13 GENERAL

Figures have been rounded off to the nearest of rupee.

NASEER AHMAD
CHIEF EXECUTIVE

ABDUL SHAKOOR
DIRECTOR