

**GULISTAN TEXTILE MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

**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. The shares of the company are listed on Karachi and Lahore Stock Ex

**2 STATEMENT OF COMPLIANCE**

These financial statements, 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 Accountin

**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 year ended June 30, 2006.

**4 PRESENTATIONS**

All figures except June 30, 2006 figures appearing in the financial statements are unaudited. Figures have been rounded off to the nearest rupee.

**5 PROPERTY, PLANT & EQUIPMENTS**

	March 31,2007		June 30, 2006	
	Additions	Disposals	Additions	Disposals
<b><u>Own Assets</u></b>				
Revaluation of free hold land	-	-	236,264,340	-
Building on free/leased hold land	3,671,520	-	1,883,533	-
Plant & Machinery	13,775,022	15,350,000	109,292,368	17,890,000
Electric Installation	3,617,342	-	4,528,927	-
Electric Equipment	180,585	-	-	-
Office Equipments	242,520	-	-	-
Computers	130,100	-	34,700	-
Mill Equipments	881,500	-	619,108	-
Furniture & Fixtures	163,882	-	226,075	-
Vehicles	2,524,923	270,000	4,761,510	3,779,680
<b><u>Leased Assets</u></b>				
Plant & Machinery	14,935,420	-	123,109,231	-
Vehicles	10,811,289	-	5,883,000	-
	<b>50,934,103</b>	<b>15,620,000</b>	486,602,792	21,669,680
			<b>March 31, 2007</b>	June 30, 2006

**6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

	JUNE 30, 2006	March 31, 2007			
	4,771,715	4,771,715	Ordinary shares of Rs.10/ each fully paid in cash.	47,717,150	47,717,150
	8,496,085	9,822,865	Ordinary shares of Rs.10/ each issued as fully paid bonus shares.	98,228,650	84,960,850
	<b>13,267,800</b>	<b>14,594,580</b>		<b>145,945,800</b>	<b>132,678,000</b>

## 7 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. 11.730 million (June 30, 2006: 58.327 million)

Commitments for other than capital expenditures amount to Rs. 16.384 million (June 30, 2006: 76.492 million)

8 COST OF SALES		Quarter Ended	Nine Months Ended	Quarter Ended	Nine Months Ended
		March 31, 2007		March 31, 2006	
		-----Rupees-----		-----Rupees-----	
	Stock at beginning	668,395,926	423,836,956	494,542,942	319,960,391
	Cost of goods manufactured	890,777,178	2,772,807,442	770,780,982	2,241,260,955
	Yarn Purchase	1,896,300	29,554,479	2,047,500	4,251,059
	Towel Purchase	-	109,000	-	-
	Waste Purchase	-	23,128	-	-
		1,561,069,404	3,226,331,005	1,267,371,424	2,565,472,405
	Stock at end	582,982,191	582,982,191	415,198,626	415,198,626
		978,087,213	2,643,348,814	852,172,798	2,150,273,779
<b>8.01 COST OF GOODS MANUFACTURED</b>					
	Work in process at the beginning	69,702,493	54,890,567	65,197,065	70,699,261
	Raw material consumed	644,496,200	2,038,647,820	564,263,293	1,660,599,258
	Overheads	253,485,894	756,176,464	211,757,004	580,398,816
		897,982,094	2,794,824,284	776,020,297	2,240,998,074
		967,684,587	2,849,714,851	841,217,362	2,311,697,335
	Work in process at the end	76,907,409	76,907,409	70,436,380	70,436,380
		890,777,178	2,772,807,442	770,780,982	2,241,260,955

Nine Months Ended	
March 31, 2007	March 31, 2006

## 9 TRANSACTIONS WITH RELATED PARTIES

### A) Purchases from related parties

Stores	995,696	375,305
Raw materials	164,295,365	6,242,124
Yarn	22,556,979	26,500
Electricity	1,912,890	2,378,613
Processing (Conversion & Dying etc.)	98,075,602	6,203,074

### B) Sales to related parties

Stores/Scrap	86,820	505,370
Machinery	1,700,000	-
Raw materials	700,252	123,163,434
Yarn	110,774,210	6,040,100

### C) Mark-up allowed

On long term loan	15,238,027	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.

## 10 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorised for issue on April 30, 2007.

NASEER AHMAD  
CHIEF EXECUTIVE

RIAZ AHMED  
DIRECTOR