

GULISTAN TEXTILE MILLS LIMITED

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008 (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 more 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.46.749 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 :

	March 31, 2008		June 30, 2007	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
Owned Assets				
Free hold land	-	-	3,671,520	-
Building on free/leased hold land	-	-	30,126,115	-
Plant and machinery	31,888,199	7,050,000	35,857,861	30,665,460
Electric installation	7,096,944	-	7,120,864	-
Electric equipments	-	-	1,146,385	-
Office equipments	688,126	-	922,620	-
Mill equipments	334,800	-	1,020,340	-
Furniture and fixtures	266,700	-	915,360	-
Fire fighting equipment	-	-	360,250	-
Vehicles	3,176,496	-	2,019,308	6,379,350
Leased Assets				
Plant and machinery	189,297,227	-	120,710,897	-
Vehicles	-	-	12,078,515	367,000
	305,745,885	7,050,000	215,950,035	37,411,810

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

March 31, 2008	June 30, 2007		March 31, 2008	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. 2.580** million (June 30, 2007: 104.840 million)

Commitments for other than capital expenditures amount to **Rs. 212.946** million (June 30, 2007: 40.104 million)

	Quarter ended		Quarter ended	
	March 31, 2008		March 31, 2007	
	-----Rupees-----		-----Rupees-----	
8 COST OF SALES				
Opening stock		726,498,899	469,899,504	494,542,942
Cost of goods manufactured	8.1	1,148,313,754	3,384,885,486	770,780,982
Yarn purchase		2,901,600	6,883,130	2,047,500
Towel purchase		4,792,375	4,792,375	-
Waste purchase		-	-	-
		1,882,506,628	3,866,460,495	1,267,371,424
Closing stock		739,379,685	739,379,685	415,198,626
		1,143,126,942	3,127,080,810	852,172,798
8.1 COST OF GOODS MANUFACTURED				
Opening work in process		88,266,421	77,002,435	65,197,065
Raw material consumed		911,412,646	2,644,201,367	564,263,293
Overheads		243,741,507	758,788,505	211,757,004
		1,155,154,154	3,402,989,872	776,020,297
		1,243,420,575	3,479,992,307	841,217,362
Closing work in process		95,106,821	95,106,821	70,436,380
		1,148,313,754	3,384,885,486	770,780,982

	March 31, 2008	March 31, 2007
	-----Rupees-----	-----Rupees-----
9 TRANSACTIONS WITH RELATED PARTIES		
A) Purchases from related parties		
Stores	923,109	995,696
Raw materials	14,904,259	164,295,365
Yarn	163,350	22,556,979
Cloth	4,792,375	-
Electricity	6,118,540	1,912,890
Processing	113,129,668	98,075,602
B) Sales to related parties		
Stores	3,321,241	86,820
Machinery	-	1,700,000
Raw materials	-	700,252
Yarn	130,506,165	110,774,210

Transactions with related parties are carried out at arm's length price.

10 SEASONALITY

The textile business is an all year business however, major raw material purchase i.e. cotton take 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 April 30, 2008.

NASEER AHMAD
CHIEF EXECUTIVE

MUHAMMAD ABDULLAH
DIRECTOR