

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 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 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, 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 year ended June 30, 2007.

4 PRESENTATIONS

All figures except June 30, 2007 figures appearing in the financial statements are unaudited. Figures have been rounded off to the nearest rupee.

5 PROPERTY, PLANT & EQUIPMENTS

	September 30,2007		June 30, 2007	
	Additions	Disposals	Additions	Disposals
Own Assets				
Free hold land	-	-	3,671,520	-
Building on free/leased hold land	-	-	30,126,115	-
Plant & Machinery	-	5,300,000	35,857,861	30,665,460
Electric Installation	364,542	-	7,120,864	-
Electric Equipment	-	-	1,146,385	-
Office Equipments	172,500	-	488,020	-
Computers	158,509	-	434,600	-
Mill Equipments	334,800	-	1,020,340	-
Furniture & Fixtures	266,700	-	915,360	-
Fire Fighting Equipments	-	-	360,250	-
Air conditioners	-	-	-	-
Vehicles	120,445	-	2,019,308	6,379,350
Leased Assets				
Plant & Machinery	-	-	120,710,897	-
Vehicles	-	-	12,078,515	367,000
	1,417,496	5,300,000	215,950,035	37,411,810
			september 30, 2007	June 30, 2007

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	JUNE 30, 2007	September 30, 2007		
	4,771,715	4,771,715	Ordinary shares of Rs.10/ each fully paid in cash.	47,717,150
	9,822,865	9,822,865	Ordinary shares of Rs.10/ each issued as fully paid bonus shares.	98,228,650
	14,594,580	14,594,580		145,945,800
				145,945,800

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

Commitments for other than capital expenditures amount to Rs. 29.698 million (June 30, 2007: 40.104 million)

8 COST OF SALES

		1st Quarter Ended	
		September 30, 2007	September 30, 2006
		-----Rupees-----	
Stock at beginning		469,899,504	423,836,956
Cost of goods manufactured	8.01	1,078,852,240	931,020,184
Yarn Purchase		1,522,500	22,556,979
Waste Purchase		-	23,128
		<u>1,550,274,244</u>	<u>1,377,437,247</u>
Stock at end		539,400,723	540,023,293
		<u>1,010,873,521</u>	<u>837,413,954</u>

8.01 COST OF GOODS MANUFACTURED

Work in process at the beginning		77,002,435	54,890,567
Raw material consumed		823,101,186	685,720,037
Overheads		262,068,886	253,933,405
		<u>1,085,170,072</u>	<u>939,653,442</u>
		1,162,172,507	994,544,009
Work in process at the end		83,320,267	63,523,825
		<u>1,078,852,240</u>	<u>931,020,184</u>

9 TRANSACTIONS WITH RELATED PARTIES

A) Purchases from related parties

Stores	209,255	58,785
Raw materials	612,369	145,968,020
Yarn	-	22,556,979
Electricity	345,784	1,912,890
Processing (Conversion & Dying etc.)	38,887,899	36,599,592

B) Sales to related parties

Stores/Scrap	62,098	28,200
Machinery	-	1,700,000
Yarn	43,552,220	13,408,100

C) Mark-up allowed

On long term loan	6,395,591	4,723,802
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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 **October 31, 2007**.

NASEER AHMAD
CHIEF EXECUTIVE

MUHAMMAD ABDULLAH
DIRECTOR