

GULISTAN TEXTILE MILLS LIMITED
 CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 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, 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 EQUIPMENTS

Following is the additions and disposals made during the period in property, plant and equipments :

	September 30, 2008		June 30, 2008	
	Additions	Disposals	Additions	Disposals
	-----Rupees-----		-----Rupees-----	
<u>Owned Assets</u>				
Free hold land	40,800	-	2,180,550	
Building on free/leased hold land	-	-	3,424,841	-
Plant and machinery	-	-	92,563,147	36,300,000
Power House	-	-	-	-
Electric installation	378,574	-	-	-
Electric equipments	68,023	-	-	-
Office equipments	251,145	-	536,323	-
Mill equipments	-	-	1,395,400	-
Furniture and fixtures	60,740	-	437,701	-
Fire fighting equipment	-	-	-	-
Vehicles	43,730	-	3,077,920	1,415,575
<u>Leased Assets</u>				
Plant and machinery	-	-	200,495,887	-
Vehicles	-	-	-	-
	843,012	-	304,111,769	37,715,575

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2008	June 30, 2008		Sep. 30, 2008	June 30, 2008
			-----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	11,282,323	Ordinary shares of Rs.10/ each issued as fully paid bonus shares.	112,823,230	112,823,230
16,054,038	16,054,038		160,540,380	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** million (June 30, 2008: 15.853 million)

Commitments for other than capital expenditures amount to **Rs. 446.887** million (June 30, 2008: 28.849 million)

	Quarter ended Sep. 30, 2008 Rupees	Quarter ended Sep. 30, 2007 Rupees	
8 COST OF SALES			
Opening stock	725,610,413	469,899,504	
Cost of goods manufactured	8.1 1,213,251,402	1,067,273,137	
Yarn purchase	2,786,400	1,522,500	
Fabric purchase	17,209,677	-	
	1,958,857,893	1,538,695,141	
Closing stock	861,186,231	539,400,723	
	1,097,671,662	999,294,418	
8.1 COST OF GOODS MANUFACTURED			
Opening work in process	93,339,514	77,002,435	
Raw material consumed	936,054,058	823,101,186	
Overheads	292,421,753	250,489,783	
	1,228,475,811	1,073,590,969	
	1,321,815,325	1,150,593,404	
Closing work in process	108,563,923	83,320,267	
	1,213,251,402	1,067,273,137	
9 TRANSACTIONS WITH RELATED PARTIES		Sep. 30, 2008	Sep. 30, 2007
A) Purchases from related parties		----Rupees----	----Rupees----
Stores		26,850	209,255
Raw materials		66,502	612,369
Yarn		4,956	-
Cloth		17,209,677	-
Electricity		83,507	345,784
Processing		41,307,950	38,887,899
B) Sales to related parties			
Stores		4,500	62,098
Yarn		62,328,250	43,552,220
C) Mark-up allowed			
On long term loans		-	6,395,591

Transactions with related parties are carried out at arm's length price, determined in accordance with comparable uncontrolled price method.

10 CORRESPONDING FIGURES

Corresponding period's figures in respect of depreciation on plant & machinery has been restated, as a result of change in accounting estimate as reported in the year ended June 30, 2008 in accordance with International Accounting Standard (IAS 8), due to which corresponding profit have increased by Rs. 11,579,103.

11 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors on Oct 31, 2008.

NASEER AHMAD
CHIEF EXECUTIVE

TANVEER AHMAD
DIRECTOR