

**GULSHAN SPINNING MILLS LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED MARCH 31, 2010**

**1 CORPORATE INFORMATION**

The company was incorporated as a Public Limited Company in Pakistan under the Companies Ordinance, 1984. Its main business is manufacture and sale of yarn. The shares of the company are listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office is located at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.

**2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Financial Reporting Standard (IAS 34) "Interim Financial Reporting" as applicable in Pakistan. Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of this standard, the requirement of the Companies Ordinance 1984 or the requirements of the said directives take the precedence.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of the financial statements for the third quarter ended March 31, 2010 are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2009.

**4 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets  
Capital Work in Progress

March 31 2010	June 30 2009
Un-Audited	Audited
----- Rupees -----	

<b>4.01</b>	Operating fixed assets	1,393,842,961	1,416,972,164
	Capital Work in Progress	1,379,425	1,789,505
		<u>1,395,222,386</u>	<u>1,418,761,669</u>
		-	-
<b>4.01</b>	<b>Operating fixed assets</b>		
	Book value at the beginning of the period / year	1,416,972,164	1,436,202,499
<b>4.02</b>	Addition during the period / year	27,164,315	37,941,647
	Revaluation of free hold land during the period / year	-	13,403,790
		<u>1,444,136,479</u>	<u>1,487,547,936</u>
	Less :		
	Disposal during the period / year at book value	-	1,777,595
<b>4.03</b>	Depreciation charged during the period / year	<u>50,293,519</u>	<u>68,798,177</u>
		<u>50,293,519</u>	<u>70,575,772</u>
		<u>1,393,842,961</u>	<u>1,416,972,164</u>
		-	-
<b>4.02</b>	<b>Addition during the period / year</b>		
	<b>Owned :</b>		
	Building - Factory	935,196	3,937,484
	Building - Residential	-	2,426,307
	Plant & Machinery	13,444,665	8,163,712
	Electric Installation	2,932,174	6,835,064
	Gas Power Generator	874,164	2,437,332
	Mill Equipments	1,990,482	4,088,578
	Office Equipments	368,905	368,505
	Furniture & Fixtures	2,119,229	126,265
	Vehicles	-	1,005,400
	<b>Leased :</b>		
	Vehicles	<u>4,499,500</u>	<u>8,553,000</u>
		<u>27,164,315</u>	<u>37,941,647</u>
<b>4.03</b>	<b>Disposals - Owned</b>		
	Vehicles	-	1,777,595
		-	1,777,595

**5 SHARE CAPITAL**

During the period the company issued 1,683,715 (June 30, 2009 : 1,530,650) ordinary shares of Rs. 10/- each as fully paid bonus shares.

<b>March 31 2010</b>	<b>June 30 2009</b>
<b>Un-Audited</b>	<b>Audited</b>
----- Rupees -----	

## 6 CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit in respect of

- raw materials	<b>869,541,433</b>	178,641,641
- store and spares	<b>25,116,347</b>	10,975,005

There is no change in contingencies as reported in note 28.2 in the financial statements for the year ended 30 June 2009.

	Quarter ended		Nine Months ended	
	<b>March 31 2010</b>	March 31 2009	<b>March 31 2010</b>	March 31 2009
	Un-Audited		Un-Audited	
	----- Rupees -----		----- Rupees -----	
<b>7 SALES</b>				
Export	<b>7.1 401,376,698</b>	230,105,448	<b>1,249,665,706</b>	1,039,454,436
Local	<b>7.2 551,309,727</b>	272,512,857	<b>1,101,622,762</b>	591,542,230
	<b>952,686,425</b>	502,618,305	<b>2,351,288,468</b>	1,630,996,665
	-	-	-	-
<b>7.1 Export</b>	<b>409,553,230</b>	238,773,368	<b>1,272,950,347</b>	1,067,748,314
<b>Add:</b>				
Rebate	<b>30,981</b>	116,272	<b>151,461</b>	1,385,383
Exchange Gain	-	-	-	-
	<b>30,981</b>	116,272	<b>151,461</b>	1,385,383
<b>Less :</b>				
Commission	<b>8,207,513</b>	8,784,192	<b>23,436,102</b>	29,679,261
	<b>401,376,698</b>	230,105,448	<b>1,249,665,706</b>	1,039,454,436
<b>7.2 Local</b>	<b>551,502,054</b>	272,571,827	<b>1,104,193,508</b>	594,086,139
Yarn / Waste				
<b>Less :</b>				
Commission	<b>192,327</b>	52,656	<b>2,570,746</b>	2,492,595
Sales Tax	-	6,314	-	51,314
	<b>192,327</b>	58,970	<b>2,570,746</b>	2,543,909
	<b>551,309,727</b>	272,512,857	<b>1,101,622,762</b>	591,542,230



<b>March 31 2010</b>	<b>June 30 2009</b>
<b>Un-Audited</b>	<b>Audited</b>
----- Rupees -----	
<b>5,000,101</b>	4,600,429
<b>106,606,035</b>	75,650,912
<b>479,129,345</b>	636,704,628

**9 TRANSACTION WITH ASSOCIATED COMPANIES**

Purchase of Electricity  
Purchases of goods & services  
Sales of goods & services

**10 PRESENTATION**

All amounts have been rounded off to the nearest rupee.  
All figures appearing the financial statements except 30 June 2009 figures are un audited.

**11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorized for issue on April 30 , 2010 by the Board of Directors of the Company.

**Chief Executive**

**Director**