

**GULSHAN SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT (Un Audited)**  
**FOR THE THIRD QUARTER ENDED MARCH 31,2009.**

**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, 2009 are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2008.

**4 FIXED ASSETS**

Propety, Plant and Equipment

Capital Work in Progress includes leased gas generators

31 March 2009	30 June 2008
<b>Rupees</b>	

<b>4.01</b>	<b>1,421,200,620</b>	1,436,355,915
	<b>5,780,416</b>	6,876,281
	<b>1,426,981,036</b>	1,443,232,196
	-	-

**4.01 Revaluation of free hold land**

During the period the company has revalued its freehold land on the basis of present market value by an independent valuer M/s Consultancy Support and Services, which resulted revaluation surplus of Rs. 13,403,790. The surplus has been added to the value

**4.02 Propety, Plant and Equipment - Additions**

Building - Factory	-	5,466,881
Building - Residential	-	545,567
Plant & Machinery	<b>6,974,107</b>	18,285,057
Electric Installation	<b>2,432,198</b>	4,798,734
Gas Power Generator	<b>425,346</b>	-
Mill Equipments	<b>3,286,525</b>	5,108,645
Office Equipments	<b>189,450</b>	378,736
Furniture & Fixtures	<b>80,195</b>	1,348,906
Vehicles	<b>1,005,400</b>	105,000
<b>Leased :</b>		
Plant & Machinery	-	10,815,937
Vehicles	<b>8,553,000</b>	4,925,000
	<b>22,946,221</b>	51,778,463

**4.03 Disposals - Owned**

Plant & Machinery		80,000
Mill Equipments	-	68,040
Vehicles	<b>1,777,595</b>	-
	<b>1,777,595</b>	148,040

31 March 2009	30 June 2008
<b>Rupees</b>	

**5 CONTINGENCIES AND COMMITMENTS**

Confirmed letters of credit in respect of

- raw materials

- store and spares

<b>219,291,032</b>	242,033,548
<b>320,552</b>	4,133,395

There is no change in contingencies as reported in note 28.1 in the financial statements for the period ended 30 June 2008.

Quarter Ended January 09 to March 09		Nine Months Ended July 08 to March 09	
2009	2008	2009	2008
<b>Rupees</b>		<b>Rupees</b>	

<b>6 SALES</b>				
Export	6.1	230,105,448	367,333,160	1,039,454,436
Local	6.2	272,512,857	179,426,520	591,542,230
		<b>502,618,305</b>	546,759,681	<b>1,630,996,665</b>
				970,087,618
				490,657,336
				1,460,744,954
<b>6.1 Export</b>		<b>235,711,851</b>	378,659,095	<b>1,052,737,231</b>
				976,635,610
<b>Add:</b>				
Rebate		116,272	296,488	1,385,383
Exchange Gain		3,061,518	(2,881,700)	15,011,083
		<b>3,177,790</b>	(2,585,212)	<b>16,396,466</b>
				2,644,302
				5,695,463
				8,339,765
<b>Less :</b>				
Commission		8,784,192	8,740,723	29,679,261
		<b>230,105,448</b>	367,333,160	<b>1,039,454,436</b>
				970,087,618

<b>6.2 Local</b>				
Yarn / Waste		272,571,827	179,789,300	594,086,139
				492,653,586
<b>Less :</b>				
Commission		52,656	255,233	2,492,595
Sales Tax		6,314	107,547	51,314
		<b>58,970</b>	362,780	<b>2,543,909</b>
				1,759,911
				236,339
				1,996,250
		<b>272,512,857</b>	179,426,520	<b>591,542,230</b>
				490,657,336

	31 March 2009	31 March 2008
	Rupees	

**7 CASH FLOW FROM OPERATING ACTIVITIES**

**Net Profit / (Loss) before taxation** 15,064,469 43,331,004

**Adjustments :**

Depreciation	51,940,361	53,609,594
Provision of gratuity	6,276,039	5,730,300
Finance cost	252,002,127	179,765,941
Worker;s profit participation fund	-	-
Loss/(Profit) on sale of fixed assets	(223,794)	(162,997)
Deffred Income	-	-
Loss/(Gain) on remeasurement of investment	600,688	(355,792)
Loss/(Gain) on sale & lease back	420,000	-
Share of profit from associate	1,588,984	-
Gain on sale of investment	-	(13,920,719)
Amortization of deferred cost	65,044	110,846
Amortization of discount	-	-
Interest Income	(6,453,624)	(3,915,853)
Dividend income	(535)	(500)

**306,215,290** 220,860,820

**Cash frow from operation before working capital changes**

**321,279,759** 264,191,825

**Change in current assets**

Stores , Spares & Loose tools	(6,975,389)	(10,975,324)
Stocks in tarde	(975,859,995)	(345,364,358)
Trade debtors	(88,310,125)	(115,685,180)
Loans and advances	33,467,634	(21,667,749)
Deposits and prepayments	1,186,745	(758,916)
Other receivables	705,867	(358,446)

**(1,035,785,264)** (494,809,973)

**Change in current liabilities**

Trade and other payables 90,276,044 (165,616,234)

**Change in Working Capital**

**(624,229,461)** (660,426,207)

**Receipts / payments for**

Interest paid	(189,841,066)	(180,555,535)
Interest received	5,530,677	1,970,347
Dividend received	535	500
Dividend paid	(822)	(850)
Tax paid	(15,568,395)	(16,422,048)
Gratuity paid	(13,845,447)	(4,396,529)

**(213,724,518)** (199,404,115)

**Net cash used in operating activities**

**(837,953,979)** (595,638,498)

31 March 2009	30 June 2008
Rupees	

**8 TRANSACTION WITH ASSOCIATED COMPANIES**

Purchase of Electricity	3,412,184	23,681,912
Purchases of goods & services	19,485,453	56,647,205
Sales of goods & services	443,321,826	464,617,496

**9 PRESENTATION**

All amounts have been rounded off to the nearest rupee.

All figures appearing the financial statements except 30 June 2008 figures are un audited.

**10 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorized for issue on April 30 ,2009 by the Board of Directors of the Company.

**CHIEF EXECTIVE**

**DIRECTOR**