

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENT (UN AUDITED)
FOR THE PERIOD ENDED MARCH 31,2008.

1 CORPORATE INFORMATION

Gulshan Spinning Mills Limited (the company) was incorporated as a Public Limited Company and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The company is principally engaged in manufacture and sale of yarn. The registered office is located at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges. These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the published financial statements for the year ended June 30, 2007.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation except as described at Note 4, adopted for the preparation of these condensed interim financial statements for the half year ended March 31, 2008 are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2007.

4 CHANGE IN ACCOUNTING ESTIMATE

During the period,the management has changed its estimate with regards to depreciation of plant and machinery ,after detailed review by technical team of the company the average life of the plant and machinery has been re-estimated more as against past level of estimate,such an estimate is in compliance with IAS-16 Property, Plant and Equipment.Had there been no change in such an estimate the depreciation expense would have been higher by Rs.26.892 (million) and property plant and equipment of the company would have been lower by the same amount.

Naseer Ahmed
Chief Executive

Muhammad Abdullah
Director

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	31 March 2008	30 June 2007
	Rupees	
5 FIXED ASSETS		
Propety, Plant and Equipment	5.01 1,440,793,161	1,454,322,601
Capital Work in Progress includes leased gas generators	10,004,561	9,778,943
	1,450,797,723	1,464,101,544
	-	-
5.01 Includes revaluation surplus on land amounting to Rs, 214,136,517. The cost of the land amounting to 33,863,443.		
5.02 Propety, Plant and Equipment - Additions		
Owned :		
Building - Factory	223,061	2,946,736
Building - Residential	642,713	1,619,239
Plant & Machinery	14,579,084	47,043,736
Electric Installation	3,619,448	10,763,747
Gas Power Generator		46,162,478
Mill Equipments	3,615,536	4,248,816
Office Equipments	613,594	876,130
Furniture & Fixtures	906,846	323,514
Vehicles	1,005,000	8,051,165
Leased :		
Plant & Machinery	10,815,937	56,947,729
Electric Installation	-	1,207,138
Vehicles	4,205,000	8,257,006
	40,226,219	188,447,434
5.03 Disposals - Owned		
Land	-	1,736,500
Plant & Machinery	80,000	86,649,229
Electric Installation	-	1,207,138
Mill Equipments	68,040	-
Vehicles	-	11,130,610
	148,040	100,723,477

6 ISSUED,SUBSCRIBED AND PAID UP CAPITAL

During the period the company issued 1,391,500 (2007: 1.265.000) ordinary shares of Rs. 10/- each as fully paid bonus shares.

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Rupees	

7 CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit in respect of

- raw materials	146,332,013	288,741,145
- store and spares	534,799	1,901,049
- machinery	-	5,440,784
Commitments-Building and other civil works	-	698,657

There is no change in contingencies as reported in note 27.1 in the financial statements for the period ended 30 June 2007.

Quarter Ended January to March 2008		Half Year Ended July to March 2007	
Rupees			

8 COST OF SALES

Stocks at the beginning	361,218,402	363,367,114	188,068,284	251,354,853
Cost of goods manufacture	471,914,330	382,364,873	1,396,002,352	1,206,472,376
	<u>833,132,732</u>	<u>745,731,987</u>	<u>1,584,070,636</u>	<u>1,457,827,229</u>
Stock at the end	383,886,708	330,817,166	383,886,708	330,817,166
	<u>449,246,024</u>	<u>414,914,821</u>	<u>1,200,183,928</u>	<u>1,127,010,063</u>

8.1 COST OF GOODS MANUFACTURED

Work in process at the beginning	39,466,185	34,512,898	34,676,521	39,090,138
Raw material consumed	351,344,154	253,045,015	1,023,840,067	834,280,814
Overheads	122,549,181	126,700,032	378,930,953	364,994,496
	<u>473,893,335</u>	<u>379,745,047</u>	<u>1,402,771,021</u>	<u>1,199,275,310</u>
	<u>513,359,520</u>	<u>414,257,945</u>	<u>1,437,447,542</u>	<u>1,238,365,448</u>
Work in process at the end	41,445,190	31,893,072	41,445,190	31,893,072
	<u>471,914,330</u>	<u>382,364,873</u>	<u>1,396,002,352</u>	<u>1,206,472,376</u>

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10 TRANSACTION WITH ASSOCIATED COMPANIES

Purchase of Electricity	20,647,630	19,617,710
Purchases of goods & services	48,918,527	61,453,050
Sales of goods & services	420,474,676	532,693,831

11 PRESENTATION

All amounts have been rounded off to the nearest rupee.

All figures appearing the financial statements except 30 June 2007 figures are un audited.

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue on April 30 ,2008 by the Board of Directors of the Company.

Naseer Ahmed
Chief Executive

Muhammad Abdullah
Director