

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

	Share Capital	Share Premium	General Reserves	Un- appropriated Profit	Share Holders Equity
Balance as at 01-10-04	126,500,000	66,000,000	206,000,000	132,246,783	530,746,783
Profit for the year	-	-	-	39,021,370	39,021,370
Dividend for the year 2004				(9,487,500)	(9,487,500)
Balance as at 30-06-05	126,500,000	66,000,000	206,000,000	161,780,653	560,280,653
Balance as at 01-07-05	126,500,000	66,000,000	206,000,000	161,780,653	560,280,653
Profit / (loss) for year	-	-	-	4,723,612	4,723,612
Balance as at June 30, 2005	126,500,000	66,000,000	206,000,000	166,504,265	565,004,265

The annexed notes form an integral part of these accounts.

NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

1. INTRODUCTION

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements for the period ended 30 September, 2005 are the same as those applied in the preparation of the nine months annual audited financial statements for the ended June 30, 2005.

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Financial Reporting (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 requirements of the Companies Ordinance, 1984 or their requirements of the said directives take the precedence.

3. PRESENTATION

All amounts have been rounded off to the nearest rupee.
All figures appearing in the financial statements except 30 June, 2005 figures are un-audited.

4. OPERATING FIXED ASSETS

Additions

Owned:

Building	735,299
Electric installation	682,960
Plant & machinery	9,142,703
Furniture & fixtures	795,821
Mill Equipments	4,237,557
Office Equipments	45,600

30 SEP. 2005

RUPEES

15,640,049

GULSHAN SPINNING MILLS LIMITED

	AS	AT
	30-09-2005	30-06-2005
5. SHARE CAPITAL		
Authorized Capital		
15,000,000 Ordinary shares of Rs.10/- each	150,000,000	150,000,000
Issued, subscribed and paidup capital		
9,300,000 Ordinary shares of Rs.10/- each fully paid in cash	93,000,000	93,000,000
3,350,000 Ordinary shares of Rs.10/- each issued as fully paid bonus shares	33,500,000	33,500,000
12,650,000	126,500,000	126,500,000
6. SHORT TERM BORROWINGS		
Demand finance	-	53,263,141
Finance against import of material	159,163,692	117,481,894
Running finance under mark up arrangements	919,058,200	881,863,316
	1,078,221,892	1,052,608,351
7. CONTINGENCIES AND COMMITMENTS		
Confirmed letters of credit	212,207,656	85,812,363
Guarantees issued on behalf of the company	34,148,023	34,148,023
Commitments-Building & other civil works	4,260,111	4,760,636
	250,615,790	124,720,022
1ST QUARTER 30 SEP. 2005		
8. SALES		
Local	265,521,514	
Export	240,562,320	
Less:		
Commission	4,404,814	
Freight & Export charges	10,384,720	
	14,789,534	
	491,294,300	
9. COST OF SALES		
Stocks at the beginning	286,380,177	
Cost of goods manufactured	458,439,962	
	744,820,139	
Stocks at the end	312,347,106	
Cost of sales	432,473,033	

GULSHAN SPINNING MILLS LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

	30 SEP. 2005 RUPEES
10. CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before taxation	8,317,784
Adjustments for non cash changes & other items:	
Depreciation	24,652,465
Provision for gratuity	885,351
Finance cost	43,237,846
Gain on remeasurement of investment	2,095,382
Interest income	594,167
Dividend income	14,646
Cash flow from operation before working capital changes	79,797,641
Movement in working capital (Increase) / decrease in current assets	
Stores, spares & loose tools	(14,465,649)
Stock in trade	50,908,483
Trade debtors	(54,651,876)
Loans and advances	(12,136,102)
Deposits and prepayments	(13,009,483)
Other receivables	(7,079,563)
	(50,434,190)
Increase / (decrease) in current liabilities	
Trade and other payables	(21,726,769)
Cash used in operations	7,636,682
Payments / Receipts for:	
Interest paid	(15,075,307)
Interest received	654,731
Dividend received	14,646
Tax refund / (paid)	11,462,422
Gratuity paid	(178,461)
	(3,121,969)
Net cash used in operating activities	4,514,713
11. RELATED PARTY TRANSACTIONS	
a) Sales of goods & services	54,074,918
b) Purchases of goods & services	47,251,905
c) Electricity power purchased	18,433,014
12. APPROVAL OF FINANCIAL STATEMENTS	

The financial statements are authorized for issue on October 31, 2005 by the Board of Director of the Company.

As per directives of SECP the comparative figures of the previous quarter are not given in this statement.

NASEER AHMED
Chief Executive

MOHAMMAD ABDULLAH
Director