

**GULSHAN SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT (UN AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2006.**

**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 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

**3 SIGNIFICANT ACCOUNTING POLICES**

The accounting policies adopted for the preparation of the financial statements for the period ended 30 September 2006, are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30

**4 FIXED ASSETS**

Propety, Plant and Equipment

4.01 1,436,755,988

Capital Work in Progress includes leased gas generators

58,555,711

1,495,311,699

Rup

4.01 Includes revaluation surplus on land amounting to Rs, 214,136,517. The cost of the land amounting to 33,863,443.

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

**Owned :**

Building - Factory	-
Building - Residential	-
Plant & Machinery	1,209,484
Electric Installation	226,320
Mill Equipments	595,031
Office Equipments	76,000
Furniture & Fixtures	14,900
Vehicles	-

**Leased :**

Plant & Machinery	-
Mill Equipments	-
Vehicles	320,000

2,441,735

**4.03 Disposals - Owned**

Plant & Machinery	29,303,733
Vehicles	-

29,303,733

**5 LONG TERM INVESTMENT**

Associated Company

111,309,880

Others

2,897,019

114,206,899

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30 September 2006
Rupee

**6 CONTINGENCIES AND COMMITMENTS**

Confirmed letters of credit in respect of

- store and spares
- machinery

Commitments-Building and other civil works

7,215,718  
23,422,462  
3,456,994

There is no change in contingencies as reported in the financial statements for the year ended 30 June 2006.

		First Quarter Ended 30 September	
		2006	2005
Rupees			
<b>7 SALES</b>			
Local	7.1	161,882,382	264,834,977
Export	7.2	233,302,472	236,844,043
		<u>395,184,854</u>	<u>501,679,020</u>
<b>7.1 Local</b>			
Yarn / Waste		162,736,186	265,521,514
<b>Less :</b>			
Commission		811,562	686,537
Sales Tax		42,242	-
		<u>853,804</u>	<u>686,537</u>
		<u>161,882,382</u>	<u>264,834,977</u>
<b>7.2 Export</b>		234,856,540	238,914,212
<b>Add:</b>			
Rebate		653,434	(38,240)
Exchange Gain/(Loss)		1,397,735	1,686,348
		<u>2,051,169</u>	<u>1,648,108</u>
<b>Less :</b>			
Commission		3,605,237	3,718,277
		<u>233,302,472</u>	<u>236,844,043</u>
<b>8 COST OF SALES</b>			
Stocks at the beginning		251,354,853	286,380,177
Cost of goods manufacture	8.1	411,015,452	458,439,962
		<u>662,370,305</u>	<u>744,820,139</u>
Stock at the end		328,839,015	312,347,106
		<u>333,531,290</u>	<u>432,473,033</u>
<b>8.1 COST OF GOODS MANUFACTURED</b>			
Work in process at the beginning		39,090,138	34,597,951
Raw material consumed		289,092,701	347,464,915
Overheads		115,118,483	106,268,836
		<u>404,211,184</u>	<u>453,733,751</u>
		<u>443,301,322</u>	<u>488,331,702</u>
Work in process at the end		32,285,870	29,891,740
		<u>411,015,452</u>	<u>458,439,962</u>
<b>9 OTHER CHARGES</b>			
Workers profit participation fund		174,821	295,452
		<u>174,821</u>	<u>295,452</u>

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30 September 2006
Rupee

**11 TRANSACTION WITH ASSOCIATED COMPANIES**

Purchase of Yarn	5,975,379
Purchase of Store	3,094,470
Purchase of Waste	-
Purchase of Cotton	-
Purchase of Viscose	-
Dyeing and Doubling charges	2,071,665
Purchase of Electricity	-
Sale of Yarn	37,615,039
Sale of Store	111,550
Sale of Waste	22,819,520
Sale of Cotton	136,002,605
Sale of Machinery	-
Dyeing and Doubling charges	31,293,790

**12 PRESENTATION**

All amounts have been rounded off to the nearest rupee.  
All figures appearing in the financial statements except 30 June 2006 figures are un audited.

**13 APPROVAL OF FINICAL STATEMENTS**

The financial statements were authorized for issue on 30october, 2006 by the Board of Directors of the Compnay.

**NASEER AHMED**  
**CHIEF EXECUTIVE**

**MOHAMMAD ABD**  
**DIRECTOR**

30 June 2006
<b>pes</b>

1,458,726,373

28,695,360  
1,487,421,733

-

35,472,802

3,091,371

145,004,922

5,154,356

6,606,671

1,201,680

2,529,564

2,652,500

3,862,632

609,455

5,726,530

211,912,483

74,103,160

1,881,000

75,984,160

111,309,880

2,897,019

114,206,899

30 June 2006
ees

3,472,957  
43,731,322  
3,456,994

30 June 2006
pes

35,296,850  
1,275,145  
80,819,520  
13,776,696  
775,425  
968,068  
51,239,883

122,200,411  
954,905  
75,809,126  
20,673,026  
450,000  
1,876,234

**ULLAH**