

GULSHAN SPINNING MILLS LIMITED

CASH FLOW STATEMENT (un Audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2007.

| | Sep-07 | Sep-06 |
|--|----------------------|-------------------|
| | Rupees | Rupees |
| 10 CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before taxation | 16,112,969 | 3,321,600 |
| Adjustments for non cash changes and other items: | | |
| Depreciation | 29,218,000 | 28,154,678 |
| Provision of gratuity | 1,677,300 | 1,335,000 |
| Finance cost | 51,307,259 | 45,503,352 |
| Profit on sale of fixed assets | (150,088) | (1,179,666) |
| Gain on remeasurement of investment | - | (2,102,642) |
| Amortization of deferred cost | 39,920 | - |
| Interest Income | (687,313) | (1,005,638) |
| Dividend income | (138) | (18,830) |
| Cash flow from operation before working capital changes | 97,517,909 | 74,007,854 |
| Movement in working capital | | |
| (Increase) / decrease in Current assets: | | |
| Stores , Spares & Loose tools | 17,346 | (2,188,375) |
| Stocks in tarde | (108,150,253) | (23,530,320) |
| Trade debtors | (67,462,127) | (8,538,735) |
| Loans and advances | (8,572,341) | 8,916,287 |
| Deposits and prepayments | (2,090,817) | 6,032,957 |
| Other receivables | 1,920,192 | (2,056,550) |
| | (184,338,001) | (21,364,738) |
| Increase / (decrease) in Current liabilities : | | |
| Trade and other payables | (76,792,131) | 30,086,658 |
| | (76,792,131) | 30,086,658 |
| Cash used in operations | (163,612,223) | 82,729,775 |
| (Payments)/ Receipts for : | | |
| Interest paid | (58,248,000) | (57,279,764) |
| Interest received | 831,546 | 938,100 |
| Dividend received | 138 | 18,830 |
| Tax paid | (2,896,915) | (3,985,296) |
| Gratuity paid | (1,780,169) | (983,816) |
| | (62,093,400) | (61,291,945) |
| Net cash used in operating activities | (225,705,623) | 21,437,829 |

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FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2007.

| | Sep-07 | Sep-06 |
|--|-------------------------|---------------------|
| | Rupees | Rupees |
| CASH USED IN OPERATIONS | 10 (225,705,623) | 21,437,829 |
| Cash flow from investing activities: | | |
| Addition to fixed assets | (5,648,649) | (34,864,978) |
| Long term deposits | 2,332,498 | (1,427,686) |
| Sale of investment | 5,960,996 | - |
| Net cash used in investing activities: | 2,644,845 | (36,292,664) |
| Cash flows from financing activities: | | |
| Term finance | (15,595,750) | (24,097,614) |
| Liabilities under finance lease obligation | - | 29,303,733 |
| Repayment liabilities under finance lease obligation | (6,643,222) | (7,015,623) |
| Syndicate term finance | (40,000,000) | (40,000,000) |
| Term finance from banks | - | 56,700,000 |
| Short term borrowings | 266,693,313 | (35,150,101) |
| Net cash from financing activities | 204,454,340 | (20,259,604) |
| Net increase / (decrease) in cash and Cash equivalents | (18,606,438) | (35,114,439) |
| Cash and cash equivalents at beginning of the year | 88,787,018 | 74,116,383 |
| Cash and cash equivalents at end of the period | 70,180,580 | 39,001,944 |