

**GULSHAN SPINNING MILLS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT (UN AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30,2007.**

**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 requirem

**3 SIGNIFICANT ACCOUNTING POLICES**

The accounting policies adopted for the preparation of the financial statements for the quarter ended 30 September 2007, are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2007.

**GULSHAN SPINNING MILLS LIMITED**  
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	<b>30 September 2007</b>	<b>30 June 2007</b>
	<b>Rupees</b>	
<b>4 FIXED ASSETS</b>		
Propety, Plant and Equipment	<b>4.01 1,430,137,065</b>	1,454,322,601
Capital Work in Progress includes leased gas generators	<b>10,544,817</b>	9,778,943
	<b>1,440,681,882</b>	1,464,101,544
	-	-
<b>4.01</b> Includes revaluation surplus on land amounting to Rs, 214,136,517. The cost of the land amounting to 33,863,443.		
<b>4.02 Propety, Plant and Equipment - Additions</b>		
<b>Owned :</b>		
Building - Factory	-	2,946,736
Building - Residential	-	1,619,239
Plant & Machinery	<b>10,634,641</b>	47,043,736
Electric Installation	<b>1,114,060</b>	10,763,747
Gas Power Generator		46,162,478
Mill Equipments	<b>812,500</b>	4,248,816
Office Equipments	<b>7,750</b>	876,130
Furniture & Fixtures	<b>368,733</b>	323,514
Vehicles	<b>54,000</b>	8,051,165
<b>Leased :</b>		
Plant & Machinery	-	56,947,729
Electric Installation	-	1,207,138
Vehicles	-	8,257,006
	<b>12,991,684</b>	188,447,434
<b>4.03 Disposals - Owned</b>		
Land	-	1,736,500
Plant & Machinery	<b>40,000</b>	86,649,229
Electric Installation	-	1,207,138
Mill Equipments	<b>68,040</b>	-
Vehicles	-	11,130,610
	<b>108,040</b>	100,723,477
<b>5 LONG TERM INVESTMENT</b>		
Associated Company	<b>103,123,282</b>	103,123,283
Others	<b>2,880,154</b>	2,879,754
	<b>106,003,436</b>	106,003,037

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30 September 2007	30 June 2007
Rupees	

**6 CONTINGENCIES AND COMMITMENTS**

Confirmed letters of credit in respect of		
- raw materials	130,229,239	288,741,145
- store and spares	7,019,846	1,901,049
- machinery	1,876,373	5,440,784
Commitments-Building and other civil works	503,401	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.

		First Quarter Ended 30 September	
		2007	2006
		Rupees	
<b>7 SALES</b>			
Local	7.1	159,086,277	161,882,382
Export	7.2	300,963,804	233,302,472
		<u>460,050,081</u>	<u>395,184,854</u>
<b>7.1 Local</b>		-	-
Yarn / Waste		159,840,451	162,736,186
<b>Less :</b>			
Commission		754,174	811,562
Sales Tax		-	42,242
		<u>754,174</u>	<u>853,804</u>
		<u>159,086,277</u>	<u>161,882,382</u>
<b>7.2 Export</b>		298,715,577	234,856,540
<b>Add:</b>			
Rebate		611,137	653,434
Exchange Gain		4,772,428	1,397,735
		<u>5,383,565</u>	<u>2,051,169</u>
<b>Less :</b>			
Commission		3,135,337	3,605,237
		<u>300,963,804</u>	<u>233,302,472</u>
<b>8 COST OF SALES</b>			
Stocks at the beginning		188,068,284	251,354,853
Cost of goods manufacture	8.1	479,363,638	411,015,452
		<u>667,431,922</u>	<u>662,370,305</u>
Stock at the end		275,870,707	328,839,015
		<u>391,561,215</u>	<u>333,531,290</u>
<b>8.1 COST OF GOODS MANUFACTURED</b>		-	-
Work in process at the beginning		34,676,521	39,090,138
Raw material consumed		329,834,375	289,092,701
Overheads		146,465,216	115,118,483
		<u>476,299,591</u>	<u>404,211,184</u>
		<u>510,976,112</u>	<u>443,301,322</u>
Work in process at the end		31,612,474	32,285,870
		<u>479,363,638</u>	<u>411,015,452</u>
<b>9 OTHER CHARGES</b>			
Workers profit participation fund		848,051	174,821
		<u>848,051</u>	<u>174,821</u>

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<b>30 September 2007</b>	<b>30 June 2007</b>
<b>Rupees</b>	

**11 TRANSACTION WITH ASSOCIATED COMPANIES**

Purchase of Electricity	<b>63,266</b>	19,617,710
Purchases of goods & services	<b>13,420,950</b>	61,453,050
Sales of goods & services	<b>149,755,860</b>	532,693,831

**12 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.

**13 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorized for issue on October 31,2007 by the Board of Directors of the Company.

**CHIEF EXECUTIVE**

**DIRECTOR**