

GULSHAN SPINNING MILLS LIMITED
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENT (Un-Audited)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30 , 2010

1 CORPORATE INFORMATION

The company was incorporated as a Public Limited Company in Pakistan under the Companies Ordinance, 1984. Its main business is manufacture and sale of yarn. The shares of the company are listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office is located at 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements are unaudited but subject to limited scope review by the external auditors. These are required to be presented to the shareholders under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS - 34 "Interim Financial Reporting", as applicable in Pakistan. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements for the year ended June 30, 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended June 30, 2010.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statement requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates were same as those applied to the financial statements for the year ended June 30, 2010.

5 FIXED ASSETS

Propety, Plant and Equipment
 Capital Work in Progress includes leased gas generators

	30 September 2010	30 June 2010
Rupees		
5.01	1,369,668,414	1,384,946,423
	989,505	989,505
	1,370,657,919	1,385,935,928

5.01 Propety, Plant and Equipment - Additions

Owned :

Building - Factory	-	2,930,646
Plant & Machinery	-	27,645,957
Electric Installation	-	3,528,948
Gas Power Generator	-	12,828,749
Mill Equipments	248,000	1,460,742
Office Equipments	17,943	351,305
Furniture & Fixtures	-	2,494,625
Vehicles	548,728	-

Leased :

Vehicles	-	4,487,000
	814,671	55,727,972

5.02 Disposals - Owned

Land	-	17,248,200
Building - Factory	-	2,201,013
Vehicles	-	1,888,000
	-	21,337,213

6 CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit in respect of

- raw materials	588,996,171	771,848,486
- store and spares	3,287,053	15,413,874

Guarantees issued on behalf of the company

- in favour of collector of Customs and Excise & Land against deffred	104,927,374	95,406,000
- Other guarantees	214,600	818,600

There is no change in contingencies as reported in note 28.1 & 28.2 in the financial statements for the year ended 30 June 2010.

7 SALES

Export **7.1**
 Local **7.2**

	First quarter ended July to September #REF! 2009	Rupees
7.1 Export	615,749,585	431,989,040
	301,605,682	248,636,104
	917,355,267	680,625,144
7.1 Export	615,715,045	431,957,854
Add: Rebat	34,540	31,186
	615,749,585	431,989,040
7.2 Local	301,605,682	248,636,104
Yarn / Waste	-	-
	301,605,682	248,636,104

8 CASH FLOW FROM OPERATING ACTIVITIES

Net Profit / (Loss) before taxation

Adjustments :

Depreciation
Provision of gratuity
Finance cost
Worker;s profit participation fund
Loss/(Gain) on remeasurement of investment
Interest Income
Dividend income

Cash flow from operation before working capital changes

Change in current assets

Stores , Spares & Loose tools
Stocks in trade
Trade debtors
Loans and advances
Deposits and prepayments
Other receivables

Change in current liabilities

Trade and other payables

Change in Working Capital

Receipts / payments for

Interest paid
Interest received
Dividend received
Tax paid
Gratuity paid

Net cash used in operating activities

First quarter ended July to September #REF! 2009	
Rupees	

53,971,385 8,501,102

16,092,679	16,554,545
2,484,876	2,311,455
104,927,495	92,548,753
2,760,219	447,426
-	(90,326)
(974,870)	(1,319,900)
-	(138)

125,290,399 110,451,815

179,261,783 118,952,917

-

(3,462,314)	(3,695,064)
(292,842,812)	55,299,015
127,162,901	42,062,592
27,581,966	(13,958,442)
111,679	(1,307,524)
(3,858,878)	688,139

(145,307,457) 79,088,717

76,027,524 (106,979,374)

(69,279,933) (27,890,657)

(101,541,025)	(121,671,532)
974,868	723,439
-	138
(11,661,171)	(9,408,496)
(2,188,456)	(2,794,703)

(114,415,783) (133,151,154)

(4,433,933) (42,088,895)

First quarter ended July to September #REF! 2009	
Rupees	

75,710,244 39,661,319

70,070,071 143,143,139

10 PRESENTATION

All amounts have been rounded off to the nearest rupee.

All figures appearing the financial statements except 30 June 2010 are un audited.

11 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue on October 30 , 2010 by the Board of Directors of the Company.

Chief Executive

Director