

# GULISTAN SPINNING MILLS LIMITED

## CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED DECEMBER 31, 2005 (UNAUDITED)

	Half year ended	
	December 31 2005	December 31 2004
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,973,640	6,304,755
Adjustments for:		
Depreciation on property, plant and equipment	17,901,151	13,943,261
Provision for employees' benefits	1,287,000	727,463
Finance cost	32,799,938	16,518,869
Gain on disposal of property, plant and equipment	(17,282)	(60,871)
Loss / (gain) due to change in fair value of investments available for sale	243,818	(87,899)
Provision for workers' profit participation fund	340,951	334,058
Dividend income	(47,286)	(33,280)
	<b>52,508,290</b>	<b>31,341,601</b>
Operating profit before changes in working capital (Increase) / decrease in current assets	<b>57,481,930</b>	<b>37,646,356</b>
Store, spares and loose tools	(4,773,555)	1,608,621
Stock-in-trade	(82,822,483)	(246,034,890)
Trade debts	(28,989,457)	36,515,748
Loans and advances	(7,969,525)	(5,487,624)
Trade deposits and short-term prepayments	(479,277)	1,231,771
Other receivables	(4,956,520)	3,846,485
	<b>(129,990,817)</b>	<b>(208,319,889)</b>
Increase / (decrease) in trade and other payables	<b>17,893,524</b>	<b>(3,476,035)</b>
<b>Cash used in operations</b>	<b>(54,615,363)</b>	<b>(174,149,568)</b>
Finance cost paid	(34,221,297)	(13,833,063)
Employees' benefits paid	(969,024)	(180,794)
Income tax refunded / (paid)	6,631,684	(3,498,349)
Dividends paid	(2,236)	(7,086)
	<b>(28,560,873)</b>	<b>(17,519,292)</b>
<b>Net cash used in operating activities</b>	<b>(83,176,236)</b>	<b>(191,668,860)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	150,000	-
Purchase of property, plant and equipment	(57,003,420)	(17,050,062)
Increase in long-term investments	-	(448,000)
Long-term deposits	(858,763)	1,343,849
Dividend received	47,286	33,280
<b>Net cash used in investing activities</b>	<b>(57,664,897)</b>	<b>(16,120,933)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long-term financing	(37,217,200)	(2,883,867)
Payment of liabilities against assets subject to finance lease	(6,260,070)	(17,658,751)
Proceeds from long-term financing	3,040,000	-
Proceeds from leasing companies	12,500,000	-
Proceeds from long-term advances	48,531,937	-
Increase in loan against imported machinery	11,254,910	77,302,000
Increase in short-term borrowings	115,505,527	146,861,411
<b>Net cash from financing activities</b>	<b>147,355,104</b>	<b>203,620,793</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6,513,971</b>	<b>(4,169,000)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>30,397,463</b>	<b>20,421,396</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,911,434</b>	<b>16,252,396</b>

The annexed notes from 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR