

GULISTAN SPINNING MILLS LIMITED
NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31,2007 (UN-AUDITED)

1 STATUS AND ACTIVITIES

Gulistan Spinning Mills Limited (the company) was incorporated on 25 February, 1987 and its shares are listed on Karachi and Lahore Stock exchange in Pakistan. The company is principally engaged in manufacture and sale of yarn

2 BASIS OF PREPARATION

These interim, financial statements ("the financial statements") have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan and are in compliance with International Accounting Standard (IAS) 34 "Interim Financial Reporting"

2.1 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted in the preparation of these financial statements are the same as those applied in the preparation of annual published financial statements for the year ended June 30, 2006.

3 SHARE CAPITAL

	March 31 2007	June 30 2006
	(.....Rupees.....)	
Authorised Capital		
15,000,000 (June 30,2006 :15,000,000)		
Ordinary shares of Rs, 10 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		
6,838,330 (June 30,2006:6,838,330)		
Ordinary shares of Rs.10 each fully paid up in cash	68,383,300	68,383,300
4,161,670 (June 30,2006:3,161,670)		
Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>41,616,700</u>	<u>31,616,700</u>
	<u>110,000,000</u>	<u>100,000,000</u>

3.1 The company has issued 1,000,000 (2006:Nil) fully paid Bonus shares

4 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material changes in contingencies as disclosed in the notes to the financial statements for the year ended June 30,2006

Commitments

- against letter of credit for:

	March 31 2007	June 30 2006
	(.....Rupees.....)	
capital expenditure (in millions)	1.941	-
other than capital expenditure(in millions)	<u>91.832</u>	<u>5.412</u>

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	March 31 2007		June 30 2006	
	Additions	Disposals	Additions	Disposals
	Cost		Cost	
5 OPERATING FIXED ASSETS				
Owned Assets	(.....Rupees.....)		(.....Rupees.....)	
Free hold land	-	-	-	-
Buildings on lease hold land				
Plant& Machinery	11,194,586	-	13,280,404	12,500,000
Electric Installations	4,722,970	-	-	-
Factory Equipment	2,748,194	-	1,517,081	-
Office Equipments	113,000	-	565,400	-
Furniture and Fixtures	164,410	-	275,118	-
Vehicles	60,600	472,765	588,090	476,500
Leased Assets				
Plant& Machinery	40,317,659	-	12,500,000	-
Gas power house	-	-	72,649,180	-
	<u>59,321,419</u>	<u>472,765</u>	<u>101,375,273</u>	<u>12,976,500</u>
	Quarter ended	Quarter ended	Period ended	Period ended
	March 31	March 31	March 31	March 31
	2007	2006	2007	2006
6 SALES	(.....Rupees.....)		(.....Rupees.....)	
Local	59,018,591	51,432,874	178,645,469	164,598,448
Export	198,138,008	173,732,503	530,111,660	469,624,680
	<u>257,156,599</u>	<u>225,165,377</u>	<u>708,757,130</u>	<u>634,223,128</u>
Less:				
Commission	3,721,802	3,645,029	9,585,357	10,018,417
Export rebate				
	<u>253,434,797</u>	<u>221,520,348</u>	<u>699,171,772</u>	<u>624,204,711</u>
7 COST OF SALES				
Stocks at the beginning	150,259,996	73,168,480	69,209,420	63,318,665
Purchases	19,129,500	6,552,000	34,871,222	6,552,000
Cost of goods manufactured	217,519,362	180,204,114	659,344,079	536,979,356
	<u>386,908,858</u>	<u>259,924,594</u>	<u>763,424,720</u>	<u>606,850,021</u>
Stocks at the end	(168,193,244)	(72,518,080)	(168,193,244)	(72,518,080)
	<u>218,715,614</u>	<u>187,406,514</u>	<u>595,231,476</u>	<u>534,331,941</u>

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8 PROVISION FOR TAXATION

Current Taxation	2,890,414	3,048,705	7,863,941	6,644,076
Deferred Taxation (income)/expenses	(548,354)	-	(3,145,936)	(2,943,286)
	<u>2,342,060</u>	<u>3,048,705</u>	<u>4,718,005</u>	<u>3,700,790</u>

		March 31	June 30
		2007	2006
8.1 Deferred Taxation		(.....Rupees.....)	
Opening Balance		4,727,392	2,209,892
(Reversed)/provided during the period		(3,145,936)	2,517,500
		<u>1,581,456</u>	<u>4,727,392</u>

The principal temporary difference arise from depreciation on non current assets

	Quarter	Quarter	Period	Period
	ended	ended	ended	ended
	March 31	March 31	March 31	March 31
	2007	2006	2007	2006
	(.....Rupees.....)			

9 EARNINGS/(LOSSES) PER SHARE-(BASIC AND DILUTED)

Net Profit after taxation for the period attributable to ordinary shareholders	(716,959)	874,943	854,595	5,196,500
Weighted average number of ordinary shares outstanding during the period	11,000,000	11,000,000	11,000,000	11,000,000
	<u>(0.07)</u>	<u>0.08</u>	<u>0.08</u>	<u>0.47</u>

9.01 Number of shares in issue during the period ended March 31, 2007 have been restated for the effect of bonus issue in the current period.

9.02 There is no dilutive effect on basic earning per share of the company.

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		Period ended March 31 2007	Period ended March 31 2006
10	TRANSACTIONS WITH RELATED PARTIES		
		(.....Rupees.....)	
	Purchases from Associates		
	Stores	582,837	494,538
	Yarn	23,282,500	6,552,000
	Electricity	2,400,959	24,507,811
	Machinery	6,500,000	-
	Processing	2,021,348	1,079,069
	Scrap	-	21,600
	Mark-up earned	2,899,925	2,589,465
	Sales to Associates		
	Yarn	43,628,515	18,126,600
	Cotton	8,079,102	-
	Stores	67,729	735,231
	Waste	32,946,043	35,650,575
	Processing	170,949	525,580

10.1 All material transactions with related parties are at arm's length.

11 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the Board of Directors and authorised for issue on April 30, 2007.

12 RE-ARRANGEMENT AND RE-CLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purposes of comparison.

13 OTHERS

-Figures have been rounded off to nearest Rupee.

-There are no other significant activities since June 30,2006 affecting the financial statements

RIAZ AHMED
DIRECTOR

TANVEER AHMED
CHIEF EXECUTIVE