

GULISTAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

	SHARE CAPITAL	SHARE PREMIUM	UNAPPROPRIATED PROFIT	TOTAL
Balance as at 30 June, 05	100,000,000	25,000,000	100,214,161	225,214,161
Profit / (loss) for the quarter	-	-	1,337,674	1,337,674
Balance as at 30 September, 05	100,000,000	25,000,000	101,551,834	226,551,834

The annexed notes form an integral part of these financial statements.

NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

1. STATUS AND NATURE OF BUSINESS

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

2. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statement for the period ended 30 September, 2005 are the same as those applied in the preparation of the annual audited financial statements for the year ended 30 June, 2005.

The financial statements comply with the requirements of the Companies Ordinance, 1984 and International Financial Reporting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan.

3. All figures except June 30, 2005 figures appearing in the financial statements are unaudited. Figures have been rounded off to the nearest rupee.

4. OPERATING FIXED ASSETS

	ADDITIONS		DISPOSALS	
	30-09-05	30-06-05	30-09-05	30-06-05
OWN ASSETS				
Free hold land	-	2,034,900	-	-
Plant & Machinery	7,750,541	108,840,545	-	800,000
Electric Installation	853,814	245,790	-	-
Mill Equipments	60,000	8,100,496	-	-
Office Equipments	3,700	643,017	-	-
Furniture & Fixture	41,446	257,350	-	-
Vehicles	-	-	-	425,000
LEASED ASSETS				
Vehicles	-	1,769,000	-	-
	8,709,501	121,891,098	-	1,225,000

GULISTAN SPINNING MILLS LIMITED

		AS	AT
		30-09-2005	30-06-2005
5. SHARE CAPITAL			
Authorized Capital			
10,000,000	Ordinary shares of Rs.10/- each	100,000,000	100,000,000
Issued, subscribed and paidup capital			
6,838,330	Ordinary shares of Rs.10/- each fully paid in cash	68,383,300	68,383,300
3,161,670	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	31,616,700	31,616,700
10,000,000		100,000,000	100,000,000
6. COMMITMENTS			
	For Capital expenditure (in millions)	20.000	70.706
		for the quarter ended 30-09-2005	
7. COST OF SALES			
	Stocks at the beginning	63,318,665	
	Cost of goods manufactured	169,730,589	
		233,049,254	
	Stocks at the end	(72,837,013)	
		160,212,241	
8. TRANSACTIONS WITH RELATED PARTIES			
Purchases from associates			
	Stores	230,000	
	Electricity	11,198,063	
	Processing	432,100	
	Scrap	21,600	
Sales to associates			
	Yarn	14,724,050	
	Stores	66,893	
	waste	10,765,835	
	Processing	525,580	

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

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on 29 October, 2005.

As per directives of SECP the Comparative figures of the previous quarter are not given in this statement.

TANVEER AHMED
Chief Executive

MOHAMMAD ABDULLAH
Director