

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