

GULISTAN SPINNING MILLS LIMITED

CASH FLOW STATEMENT (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30,2006

	30 Sept-2006 Rupees (UN-AUDITED)	30 Sept-2005 Rupees (UN-AUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,620,785	2,865,951
Adjustments for:		
Depreciation on property, plant and equipment	12,589,239	8,920,993
Provision for employees' benefits	643,500	643,500
Finance cost	20,141,791	16,211,046
Gain due to change in the fair value of investments available for sale	68,986	(425,069)
Provision for workers' profit participation fund	148,829	106,095
Dividend income	(34,010)	(24,271)
Gain on disposal of investments available for sale	(160,875)	-
Operating cash flows before changes in working capital	36,018,244	28,298,245
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,410,794)	(6,791,717)
Stock in trade	(67,139,110)	93,069,491
Trade debts	(57,657,086)	(19,316,525)
Loans and advances	17,402,463	(3,962,281)
Deposits and short term prepayments	(84,008)	565,108
Sales tax refundable	3,408,597	-
Other receivables	(2,027,275)	(3,146,960)
	(109,507,213)	60,417,116
Increase / (decrease) in trade and other payables	27,561,932	427,204
Cash generated by operations	(45,927,037)	89,142,565
Finance cost paid	(22,322,139)	(16,758,027)
Employees' benefits paid	(639,773)	(681,950)
Income taxes	(1,087,212)	9,248,853
	(24,049,124)	(8,191,124)
Net cash from / (used in) operating activities	(69,976,161)	80,951,440
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments available for sale	1,738,125	-
Purchase of property, plant and equipment	(8,252,044)	(9,985,120)
Long-term deposits	(1,985,883)	-
Dividends received	34,010	24,271
Net cash used in investing activities	(8,465,793)	(9,960,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term financing	(11,000,000)	(13,883,867)
Payment of liabilities against assets subject to finance lease	(1,752,819)	(3,801,287)
Proceeds from sale and lease back activity	39,717,639	-
(Decrease) / increase in Loan against Imported Machinery	-	11,742,125
(Decrease) / increase in short term-borrowings	29,213,827	(76,649,519)
Net cash from financing activities	56,178,647	(82,592,547)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,263,307)	(11,601,957)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	54,953,182	30,397,463
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	32,689,875	18,795,506

The annexed notes form an integral part of these financial statements

MUHAMMAD ABDULLAH
DIRECTOR

TANVEER AHMED
CHIEF EXECUTIVE