

# GULISTAN SPINNING MILLS LIMITED

## CASH FLOW STATEMENT(UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	September 30, 2007	September 30, 2006
Note	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,256,124	2,620,785
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	11,162,479	12,589,239
Provision for employee benefits	750,000	643,500
Finance cost	20,493,770	20,141,791
Gain on disposal of Long term investment	-	(160,875)
Amortization of surplus on sale & lease back	(94,792)	-
Unrealized gain due to change in fair value of investments available for sale	-	68,986
Dividend income	(396)	(34,010)
<b>Cash flows before changes in working capital</b>	<b>34,567,185</b>	<b>35,869,415</b>
Changes in working capital	(24,487,203)	(81,796,452)
<b>Cash generated from operations</b>	<b>10,079,982</b>	<b>(45,927,037)</b>
Finance cost paid	(20,117,063)	(22,322,139)
Employee benefits paid	(1,016,564)	(639,773)
Income taxes	(1,618,011)	(1,087,212)
<b>Net cash from operating activities</b>	<b>(22,751,638)</b>	<b>(24,049,124)</b>
	<b>(12,671,656)</b>	<b>(69,976,161)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,610,552)	(8,252,044)
Proceeds from disposal of Long Term Investments	-	1,738,125
Long-term deposits	500,311	(1,985,883)
Dividends received	396	34,010
<b>Net cash used in investing activities</b>	<b>(7,109,845)</b>	<b>(8,465,793)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long-term financing	(11,152,000)	(11,000,000)
Payment of liabilities against assets subject to finance lease	(7,488,163)	(1,752,819)
Proceeds from sale and lease back activity	-	39,717,639
Increase /(decrease) in short-term borrowings	20,987,129	29,213,827
<b>Net cash from financing activities</b>	<b>2,346,966</b>	<b>56,178,647</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(17,434,535)</b>	<b>(22,263,307)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>69,656,656</b>	<b>54,953,182</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>52,222,121</b>	<b>32,689,875</b>

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

**TANVEER AHMED**  
**CHIEF EXECUTIVE**