

**DIRECTORS REPORT:
GULSHAN SPINNING MILLS LIMITED**

We are pleased to present the unaudited financial statements of the Company duly reviewed by the Auditors for the half year ended 31-12-2009.

FINANCIAL RESULTS:

During the half-year under review the operational results of the Company are provided below:

	31-12-2009	31-12-2008
Sales	1,398,602,043	1,128,378,360
Gross Profit	266,374,871	215,434,367
Pre Tax Profit	35,405,068	6,491,028
After Tax Profit	17,131,611	2,286,538
Earning per Share	0.92	0.12

The above figures depicts that during the period under review the total performance of the Company remained satisfactory.

Inspite of the fact that demand in textile sector, worldwide has increased but the condition of the spinning sector in Pakistan is still volatile as the prices of cotton the only ingredient of yarn is continuously increasing due to more demand and less supply particularly when the Government has also freely allowed the export of cotton.

FUTURE OUTLOOK

The Govt recently imposed quota restrictions on yarn export, which is against the principle of free trade. This would impede spinning sectors ability to honour its commitment to its foreign customers and generate the needed foreign exchange. It would also restrict it from availing export benefits both for self and for the country. We hope the Govt would seriously reconsider its policy, allow the export of yarn freely which is the spirit of free trade charter and save the spinning sector from its serious adverse impact so that the industry which is in turmoil for the last many years avail this global opportunity for its viability and for a bright future.

In such circumstances all that the Management can do and assure you is to vigorously focus on increasing company's efficiency and profit margins inspite of the challenges and restrictions, which are being faced presently. The Management, God willing keep no stone unturned to ensure continued growth, operational efficiency by producing the product of market acceptance.

ACKNOWLEDGEMENT:

We appreciate the efforts and with thanks place on record the continued support extended to us by our customers, suppliers and bankers. The valuable services rendered by our team of employees are gratefully acknowledged.

(Chief Executive)

**DIRECTORS REPORT:
PARAMOUNT SPINNING MILLS LIMITED**

We are pleased to present the unaudited financial statements of the Company duly reviewed by the Auditors for the half year ended 31-12-2009.

FINANCIAL RESULTS:

During the half-year under review the operational results of the Company are provided below:

	31-12-2009	31-12-2008
Sales	1,444,768,603	1,302,431,171
Gross Profit	229,166,035	194,646,733
Pre Tax Profit	43,203,502	24,524,126
After Tax Profit	30,279,038	20,973,007
Earning per Share	1.92	1.33

The above figures depicts that during the period under review the total performance of the Company remained satisfactory.

Inspite of the fact that demand in textile sector, worldwide has increased but the condition of the spinning sector in Pakistan is still volatile as the prices of cotton the only ingredient of yarn is continuously increasing due to more demand and less supply particularly when the Government has also freely allowed the export of cotton.

FUTURE OUTLOOK

The Govt recently imposed quota restrictions on yarn export, which is against the principle of free trade. This would impede spinning sectors ability to honour its commitment to its foreign customers and generate the needed foreign exchange. It would also restrict it from availing export benefits both for self and for the country. We hope the Govt would seriously reconsider its policy, allow the export of yarn freely which is the spirit of free trade charter and save the spinning sector from its serious adverse impact so that the industry which is in turmoil for the last many years avail this global opportunity for its viability and for a bright future.

The Govt. with its foresight for value-added textile sector had announced 3% duty drawback on export of apparels. Unfortunately this amount is yet to be paid. We are confident that it would be paid promptly to enable the industry to meet its working capital requirement and with stand the global competition. Pakistan has a significant benefit in textile regime to have the change of input right from the stage of cotton upto the made up garment and therefore if proper supply support by the Govt is provided we can contribute our humble bit in the earning of needed foreign exchange. The demand of processed yarn value added product is increasing. We are making all out efforts to increase its quantum of export to strength the foreign exchange earning.

In such circumstances all that the Management can do and assure you is to vigorously focus on increasing company's efficiency and profit margins inspite of the challenges and restrictions, which are being faced presently. The Management, God willing keep no stone unturned to ensure continued growth, operational efficiency by producing the product of market acceptance.

ACKNOWLEDGEMENT:

We appreciate the efforts and with thanks place on record the continued support extended to us by our customers, suppliers and bankers. The valuable services rendered by our team of employees are gratefully acknowledged.

(Chief Executive)