

## GULSHAN SPINNING MILLS LIMITED

### Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the company duly reviewed by the auditors for the half year December 31, 2010.

### Financial Results

| Operating indicators  | December 31, 2010 | December 31, 2009 | Variance (%) |
|-----------------------|-------------------|-------------------|--------------|
|                       | (Rupees)          | (Rupees)          |              |
| Sales                 | 2,334,930,562     | 1,416,209,043     | 65%          |
| Gross Profit          | 669,824,661       | 283,981,871       | 136%         |
| Pre tax Profit        | 343,968,027       | 35,405,068        | 872%         |
| Profit after taxation | 303,482,643       | 17,131,611        | 1,671%       |
| Earnings per share    | 13.65             | 0.77              |              |

At the beginning of the season the cotton prices were around Rs. 6,000/maund whereas today it is around Rs. 12,000/maund. It is therefore evident that during the period under review high level of volatility in cotton and yarn prices are observed. The above mentioned results would have been better if gas and electricity load shedding, rising trends of financial and energy costs would have remained in acceptable limits. Despite these factors, by the Grace of Allah the Almighty, the half year under review has been a satisfactory period due to best efforts of the Management and growth in demand for yarn due to which the Company has earned significant profits.

### Future Outlook:

Presently cotton prices both in domestic and international markets are sky high which would have its impact on the profitability of the company in the remaining half of the year. In addition, present trend of increase in inflation, borrowing costs, abnormal increase in power cost coupled with load shedding are expected to continue. All these factors apparently would also have adverse affect on the profitability in the remaining period of the year. The Management like in the past would make its best efforts to ensure continued growth operational efficiency and optimum results for the Company and its valued stakeholders.

### 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

**KARACHI**

**Date:28-02-2011**

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**DIRECTOR**