

Gulshan Spinning Mills Limited
Directors Report
For the 3rd quarter and 9 months ended
31th March 2007

Dear Shareholders
Assalam o Alaikum

Your Directors are pleased to present financial statements for the 3rd quarter and 9 months ended 31st March 2007.

Operating Performance

The Company has been successful in registering gross profit margins of Rs. 80.469 M and Rs. 213.403M during the 3rd quarter and first 9 months of current financial year as compared to Rs. 78.376 and Rs. 219.551 M during the corresponding periods last year. The reduction in sales in periods under review can be attributed to decline in quantity sold and selling prices. The Financial cost has increased by 6.8% and 14.2% during the 3rd quarter and 9 months of current financial year over the corresponding periods last years mainly on account of rising trend in KIBOR. The company has registered 11.7% growth in pre tax profit during the quarter. However for 9 months period pre tax profit has reduced by 60% because of huge financial cost.

Future Out look

Your company has been confronting continuously with the challenges of upsurge in input costs. The tough competition in the international market and continuous rise of financial cost and cotton rates may have further adverse impact on profitability of the current year.

Under these adverse circumstances your management is still making its best efforts to improve the company's results in line with the history.

We would like to thank our customers, suppliers and bankers for their continued support and would like to place on record appreciation for the valuable services of our employees.

For and On behalf of Board of Directors

Karachi
30-04-07

(Naseer Ahmed)
Chief Executive