

Gulshan Spinning Mills Limited
Directors' Report
For the 3rd Quarter ended 31st March 2008

Dear Shareholders
Assalam o Alaikum

Your Directors are pleased to present financial statements for the 3rd quarter ended March 31, 2008.

Operating Performance

The company registered net sales of Rs 546.76 million in 3rd quarter and Rs.1,460.74 million for the nine months of current year as compared to Rs.495.38 million and Rs.1,340.41million respectively in the same period of the last year. The increase in sales is mainly attributable to increased price of our end product as a consequence of increase in the input cost. You would be pleased to note that even in the difficult circumstances, the company has so far i.e in three quarters of the year earned profit before tax Rs.43.33 million and net profit of Rs.30.40 million after charging tax of Rs.12.92 million.

Future Out look

In our recent reports to you, we comprehensively brought to your notice the problems of textile industry on account of continuous increasing input cost and declining competitive position in the international market. May we reiterate that rising interest rates, higher cotton prices, loss of production due to frequent power and gas load shedding, increasing labor costs have deteriorated our competitive position in the world market. The impact of cost increase due to stiff competition couldn't possibly be passed on to the purchaser. We avail this opportunity to urge upon our new elected democratic Government to take necessary steps to reduce the cost of doing business as early as possible to arrest any further decline in textile exports as this is the only solution to increase exports which will ultimately reduce the trade deficit.

Despite of very tough conditions, your management is making its best efforts to achieve the optimum production efficiency and quality standards at reduced costs through needed balancing and modernization programme.

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

(Naseer Ahmed)
Chief Executive

Karachi
30-04-08