

## GULSHAN SPINNING MILLS LIMITED

### Director's Report to Shareholders

The Directors of your Company are pleased to present unaudited financial statements of the Company for the third quarter ended March 31, 2011.

### Financial Results

Operating indicators	Nine Month Ended March 31, 2011	Nine Month Ended March 31, 2010	Variance (%)
	(Rupees)	(Rupees)	
Sales	3,873,016,094	2,377,295,315	63%
Gross Profit	946,863,852	480,600,197	97%
Pre Tax Profit	449,506,879	80,180,659	460%
Profit after Taxation	400,169,783	42,838,360	834%
Earnings Per Share	18.01	1.93	

During the period under review abnormally high levels of volatility in cotton and yarn prices were observed. The 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 quarter 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.

The process for Merger of your Company and Gulistan Spinning Mills Limited into Paramount Spinning Mills Limited has been initiated and in this regard Board of Directors of all the companies in their respective meetings has approved the scheme of arrangement for the proposed merger. The petition for the said merger is under process which will be filed with honorable Sindh High court in due course of time.

### Future Outlook:

Cotton prices both in domestic and international markets are expected to remain highly volatile during the remaining quarter of the financial year. Decreasing trend in yarn prices is being expected. Moreover, present trend of increase in inflation, borrowing costs, unpredictable abnormal hike in power costs and load shedding are likely to continue. All these factors may affect the profitability for the next quarter. In spite of these circumstances, the Management would be putting 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**  
April 30, 2011

**TANVEER AHMED**  
CHIEF EXECUTIVE