

DIRECTORS REPORT:
GULISTAN TEXTILE MILLS LIMITED

We are pleased to present the un-audited 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 (Net) | 3,300,606,358 | 2,447,412,450 |
| Gross Profit | 582,698,214 | 465,888,912 |
| Pre Tax Profit | 75,138,940 | 13,287,810 |
| After Tax Profit | 55,961,006 | 5,828,681 |
| Earning per Share | 2.95 | 0.31 |

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

In spite 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 honor 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 in spite of the challenges and restrictions, which are being faced presently. The Management, God Willing make 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)