

GULISTAN TEXTILE 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 (Net)	7,261,680,062	5,265,474,656	37.91%
Gross Profit	1,155,011,300	918,172,489	25.79%
Pre Tax Profit	550,477,230	144,207,781	281.73%
Profit after Taxation	449,131,173	112,895,120	297.83%
Earnings Per Share	23.66	5.95	

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.

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

NASEER AHMED
CHIEF EXECUTIVE