

**Gulistan Spinning Mills Limited**  
**Directors Report**  
**For the 3<sup>rd</sup> quarter and 9months ended**  
**31<sup>th</sup> March 2007**

Dear Shareholders  
Assalam o Alaikum

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

**Operating Performance**

The Company has earned gross profit of Rs.34.719 million and Rs.103.940 million during the 3<sup>rd</sup> quarter and first 9 months of current financial year as compared to Rs.34.113 and Rs.89.872 during the corresponding periods last year. The Company achieved net sales of Rs.699.171 million as compared to Rs.624.204 million sales of last year for the same period which accounts for 12.01 % increase..The Pre tax profit has declined from Rs.8.897 million to Rs.5.572 million which is mainly due to increase in input cost , power cost and cost of finance

**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

(Tanveer Ahmed)  
Chief Executive

Karachi  
30-04-07