

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the half yearly (un-audited) accounts for the period ended December 31, 2006. During the period under review your company earned pretax profit of **Rs. 339.366 (m)** and after tax profit of **Rs. 294.295 (m)**.

The earning per share is **Rs. 16.28** (par value Rs.10/ = per share).

Your company earned good profits during the period inspite of crises in textile industry. This year is a difficult year for the textile industry due to increase in wages, mark-up rates and other factors.

We appreciate the reduction in gas prices and hope the Government will also give other incentives to help the textile industry.

Your management is trying hard to maintain the profits but next half year appears to be a difficult one.

Joint venture (JV) of Towel unit is doing good and JV earned **Rs. 41.494(m)** upto 31 December 2006.(2 months 21 days including). The expansion plan of JV is in full swing and we hope that all the 110 looms will be in operation by August 2007.

Labour / management relations remained cordial.

We further state that :

- a The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flow & changes in equity;
- b Proper books of Accounts have been maintained;
- c Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
- e There are no significant doubts upon the company's ability to continue as a going concern.
- f Internal auditor is continuously reviewing the existing system of internal control and procedures. The process of review will continue and any weakness in controls will have immediate attention of the management.
- g There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

I would like to thank to the employees of the Company for their hard work and Company's Bankers for their co-operation.

Karachi : the **February 24, 2007**

For and behalf of Board
Shahzad Ahmad
Chief Executive