

Directors' Report

Dear Shareholders,

Your Directors feel pleasure in presenting the reviewed accounts for the half year ended December 31, 2010. Your company earned a pretax profit of **Rs. 1,105 (m)** and after tax profit of **Rs. 1,048 (m)** which is highest in the history of the company. Earning per share is **Rs. 57.96** (par value Rs. 10/= per share)

Present year assessment.

The prices of the cotton and yarn are all time high but the margins are good. We are in the process of an extensive BMR programme for approximately Rs. 600 (m) and also expansion of around 21,792 spindles is in pipeline with approximate cost of Rs. 1,100 (m). We hope profitability will be maintained in the coming months.

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 these 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 other 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 25th February, 2011

For and behalf of Board
Shahzad Ahmad
Chief Executive Officer