

## DIRECTORS' REPORT

The Directors take great pride in presenting the 54th Annual Report of your Company, along with Audited Financial Statements and Auditors Report thereon for the year ended June 30, 2011. Briefs of financial results for the period under review are as under:

Financial Review	Rs.'000
Profit after taxation	2,131,259
Un-appropriated profit brought forward	1,107,225
Profit available for appropriation	3,238,484
Earning per share Rs.	117.92

### Present Year assessment.

Despite all odds 2010/11 has been a good year for Pakistan's textile industry. Your company made record profits in the last two years. This expectation was quite justified as textile exports have shown remarkable increase in 2010-11. The country's textile exports increased 35% from \$10.221 billion in 2009-10 to \$13.805 billion during the fiscal year 2010-11. The value added textile products also saw 30% growth in exports to \$6.3 billion during the year 2010-11 with the export prices revised upwards following the cotton price trend.

Your Company has performed very well and earned a net profit Rs. 2,131 millions, which is highest in the history of the company. Net sales increased to highest level of Rs.18,254 millions.

During the year Rs. 171.649 millions were invested in the fixed assets. This is part of the company's BMR plan and to enhance its captive power plants capacity. Depreciation cash flow, long term loan and retained earnings were used to finance this expansion

### Dividend.

Your Directors are pleased to recommend 100.00% cash divined for the year, apart from 50.00% interim dividend

### Future Outlook

Steep fall in cotton prices creating uncertainty. The cotton market has dropped in recent past from Rs. 13,000 per mound (37.32 kgs) to 6,500 within a span of two or three months.

In order to fully utilize the business potential we have an expansion and modernization plan of Rs 1,300 millions. This is part of company's expansion/BMR plan to increase its spinning capacity by 16,672 spindles with necessary back process.

### Corporate and Financial Reporting Framework:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- The Financial Statement prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.
- Internal Auditors 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.

- f There are no significant doubts upon the company's ability to continue as a going concern.
- g There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h Key operating and financial data for last six years is annexed.
- l The information about statutory payments on account of taxes, duties and levies is given in the notes to the accounts.
- j During the period under review, there has been no trading in shares of the Company by the CEO, Directors, Financial Officer, Company Secretary, their spouses and minor children.
- k During the year under review five (5) meetings were held.

Attendance by each Director is as follows:

Name of Director	Attendance
1 Mian Mohammad Ahmed	4
2 Mian Riaz Ahmed	3
3 Mr. Shahzad Ahmed	4
4 Mr. Naveed Ahmed	5
5 Mr. Imran Ahmed	5
6 Mr. Irfan Ahmed	4
7 Mr. Kashif Riaz	4
8 Mr. Shafqat Masood	5
9 Mr. Shahwaiz Ahmed	1
10 Mr. Farooq Hassan	5

#### Pattern of shareholding

The pattern of shareholding as at June 30, 2011 is annexed.

#### Thanks & Gratitude

Your Directors are pleased to put on record their appreciation and gratitude to the executives, officers, staff members and workers of the company in performance of their duties. Your Directors would also like to put on record their profound and sincere gratitude to valued customers, regulators, external auditors, bankers and our shareholders.

For and behalf of the Board  
Karachi: September 30, 2011.

Shahzad Ahmad  
Chief Executive