

DIRECTOR'S REPORT

Dear Share Holders,

The reviewed accounts for the half year ended December 31, 2005. are being presented. Your company earned pretax profit of Rs.9.684 (M) and after tax profit of Rs. Rs.5.980 (M) during the half year under review. The main reason of reduction in quarterly profit was due to increase in cotton prices and low prices of yarn.

During the period under review an amount of approximately Rs.104.326 (M) has been invested on BMR of the machinery, construction of new building etc. This BMR will help to produce better quality yarn and will also help to reduce the cost of production.

We hope that result of the next quarter will be better as the prices of yarn are improving .The trend in cotton is bullish for the next quarter and your mill has covered cotton stocks for two quarter. The earning per share is Rs.0.87(par value Rs.10/-per share)

We further state that:

- a) The Financial Statements prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and 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 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.

.The Labour management relations remained cordial and we would like to thanks the employees of the company for their hard work and Company's bankers for their cooperation.

Karachi

Dated:

FOR AND ON BEHALF OF THE BOARD

Kashif Riaz

CHIEF EXECUTIVE