

DIRECTOR'S REPORT

Your Directors are pleased to present the 17th Annual Report on the affairs of the company along with the Audited Financial Statements and Auditor's Report thereon for the year ended June 30, 2008.

Financial and operational results

The Company earned pretax profit of Rs.19.696 (M) after charging costs, expenses and depreciation for the year ended June, 2008.

	Rs. 000
Pre tax profit for the period	19,696
Provision for taxation	(18,847)
Profit after taxation	849
Un-appropriated profit brought forward	79,915
Profit available for appropriations	80,764
Transfer from surplus on revaluation of fixed assets	12,374
Un-appropriated profit carried forward	93,137

The earning per share is Rs. 0.12 (Par value Rs. 10/= per share)

Operational Review

During the period under review the company performance was satisfactory. Net sales during the year was Rs.1.889 billion (2007 : Rs.1.689 billion) against total cost of sales of Rs.1.711 billion (2007 : Rs.1.557 billion) giving a gross profit of Rs.178.789 million (2007 :Rs.132.194 million).

Investment and Sources of Financing

During the year 67.446 (M) were invested in the fixed assets. This is the part of the company's expansion/BMR plan to modernize and increase its Capacity by adding Auto coner, Draw frame & card machines. Lease facility and retained earnings were used to finance these expansions.

Future Outlook

Cotton crop season has already started with low sowing but a lot of help by timely rains and required weather which will improve the crop size. Low demand of US cotton and world wide crises like situation in banking sector are going to make adverse impact on international market. Few international buyers and under active Chinese market are making the cotton commodity market dull and downward slide in price is seen globally. Raw material cost, 31% increase in gas tariff and 30% increase in wages may affect the results of the company. Energy crises in the country had adversely effects the industrial growth of the country and overall slowed down manufacturing activity. Our Government should take necessary measure to remove the energy crises. Constant supply of utilities should be ensured to make industry competitive in world market. The growing competition in the international market and continuous increase in three major cost items like electricity, wages and markup will also have adverse impact on the industry. In order to counter these effects the industry and the Government have to look in to some radical measures to boost export, protect employment and improve law and order besides steps already taken in the past like LTF facility for EOP's at subsidized markup rates. The year under review was also a period of struggle for Pakistan textile industry which is facing tough competition from the prominent industry competitors like China, India etc. Your company is still confronting continuously with the number of unfavorable factors and challenges. Existing and future conditions are not encouraging for textile industry. In spite of inflationary trend and increasing mark up rates, By the grace of ALLAH your Directors are putting strenuous efforts to improve product quality, reduce its cost to make the company profitable.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

- a. The Financial Statement 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 judgement.
- d. International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.
- e. 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.
- i. The information about statutory payments on account of taxes, duties and levies is given in the notes to the accounts.
- j. There has been no trading of shares by Chief Executive, Directors, Financial Officer, Company Secretary, their spouses and minor children, during the year.
- k. During the year under review five (6) meetings of the Board of Directors were held.

Attendance by each Director is as follows:

<u>Name of Director</u>	<u>Attendance</u>
● Mian Muhammad Ahmed	5
● Mian Riaz Ahmed	4
● Mr. Shahzad Ahmed	6
● Mr. Kashif Riaz	5
● Mr. Naveed Ahmed	4
● Mr. Imran Ahmed	5
● Mr. Irfan Ahmed	4
● Mr. Shafqat Masood	6

Pattern of Shareholding

The pattern of shareholding as at June, 2008 is annexed.

Auditors

The Messrs M. Yousaf Adil Saleem And Company Chartered Accountants retire at the Annual General Meeting and being eligible, offer themselves for re appointment for the financial year ending June 30, 2009.

Thanks and appreciation

Your Directors feel pleasure in expressing the highly dedicated services rendered by the employees of the Company and wish to convey their thanks to the Company's bankers and financial institutions for their co-operation and support extended to the Company.

Dated: October 09, 2008

FOR AND ON BEHALF OF THE BOARD

**Kashif Riaz
CHIEF EXECUTIVE**