

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the first quarterly (un-audited) accounts for the period ended September 30, 2010. The results of first quarter are exceptionally good due to carry forward inventory at lower cost . But presently cotton prices are historically high and we expect the remaining year will be very tough.

Present year assessment.

Presently the yarn prices are also going up compensating the increase in cotton prices. But we think it will be difficult for the value added section to absorb such high prices in future. Your management is trying its best to maintain the profitability but it will be very difficult to maintain the profit trend of the first quarter.

Financial review.

Your company earned pretax profit of **Rs. 547.488 (m)** and after tax profit of **Rs. 505.052 (m)**.

The earning per share is **Rs. 27.94** (par value Rs.10/ = per share).

Future outlook.

BMR program of the company is underway and we are planning to increase the capacity by 6,000 spindles, which we hope will help to maintain the profitability of the company.

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 29th October, 2010

For and behalf of Board
Shahzad Ahmad
Chief Executive Officer