

DIRECTORS' REVIEW

Dear Shareholders,
Assalam-o-Alaikum

Your Directors are pleased to present before you un-audited accounts for the half year ended December 31, 2007. During the period, your Company has earned a pre-tax profit of Rs.101.452 million.

During the half year under review, sales of the Company increased by 15.52 % when compared with corresponding period of previous year. Net profit after tax of the Company increased by 6.57 % to Rs. 84.329 million when compared with the first half of the previous year.

During the half year under review the prices of raw cotton increased from Rs. 2,490 to Rs. 3,300 per mound. The Government of Pakistan increased minimum wages by 15 % from Rs. 4,000 to Rs. 4,600. This has resulted in a proportionate increase in salary & wages cost. Pak Rupee devalued against the US Dollar, causing exchange loss on dollar denominated loans being availed by the Company. Increase in yarn prices was, however, not proportionate to the increase in cost production due to lackluster demand and poor market conditions. The performance of the Company, in spite of the factors mentioned above, has been satisfactory.


The situation is not expected to improve in the remaining six months of the financial year. Severe load shedding by Sui gas and Wapda, poor law and order conditions and increase in KIBOR have contributed to increase in cost. Due to slowdown in economic growth in Pakistan as well as in western countries, we are unable to pass on this increase to our customers. Management is making all efforts to mitigate the effects of these negative developments.

With respect to the Auditor's qualification, we are of the view that as your Company is holding only 5.73 % (2007: 5.73 %) of total equity of the Company concerned, it does not exercise significant control over the Company concerned's policies and profits. So in lieu of prudence, your company is following its policy of valuing investment in Associated Companies at cost and booking profits/gains only after they are realized.

The basic earning per share of the Company for the six month ended December 31, 2007 is Rs. 4.50 as compared to Rs. 4.22 for corresponding period in previous year.

The relations between the workers and management remained cordial throughout the period. Your Directors wish to thank all workers and staff members for their hard work.

For and on behalf of the Board


(Sh. Nuseem Ahmad)
Chairman / Chief Executive

Dated: Feb 25, 2008