

DIRECTORS' REVIEW

Your Directors are pleased to present before you un-audited accounts for the half year ended 31 December, 2006. During the period, your Company has earned a pre-tax profit of Rs.101.377 million as compared to Rs.95.657 million during the corresponding period of the last year.

During the half year under review the sales of the Company has increased by 19.71% when compared with corresponding period of previous year, further, net profit after tax of the Company has increased by 2.15% to Rs.79.133 million as compared to the first half of the last year. Increase in Natural Gas Tariff by SNGPL, 33% Increase in Minimum Wage by Government of Pakistan and higher Interest Costs resulted in decrease in Net Profit margin to 2.69% compared to 3.15% during the corresponding period last year. The outlook for the remaining half year is also not promising as yarn prices remain under pressure. Hefty subsidies and support provided by the Governments of India, Bangladesh and China to their domestic textile industries, higher production costs and inflation rate in Pakistan and lower production of cotton in Pakistan make our Textile Industry uncompetitive in the international market. Our Government must take steps to provide a level playing field to textile industry in Pakistan for the healthy operation and progress of this crucial and important industry.

The basic earning per share of the Company for the six month ended December 31, 2006 is Rs.4.22 as compared to Rs.4.13 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. Rehman Naseem)
Director

February 24, 2007