

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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COMPANY INFORMATION

- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**
Chairman
- Dewan Ghulam Mustafa Khalid**
Vice Chairman / Director
- Dewan Abdul Rehman Farooqui**
Chief Executive / Managing Director
- Dewan Muhammad Ayub Khalid**
Deputy Managing Director
- Dewan Mohammad Yousuf Farooqui**
- Dewan Asim Mushfiq Farooqui**
- Dewan Abdul Baqi Farooqui**
- Audit Committee** : **Dewan M. Yousuf Farooqui - Chairman**
Dewan M. Ayub Khalid - Member
Dewan Asim Mushfiq Farooqui - Member
- Auditors** : **Messrs Feroze Sharif Tariq & Co.**
Chartered Accountants
- Chief Financial Officer** : **Mr. Mohammad Nadeem**
- Company Secretary** : **Mr. Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**
Advocates
- Bankers** : **Muslim Commercial Bank Limited**
Habib Bank Limited
Bank Al-Falah Ltd.
Askari Commercial Bank Ltd.
- Registered Office** : **Dewan Centre**
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : **G / 11, S.I.T.E.**
Kotri,
Sind, Pakistan.



DIRECTORS' REPORT

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

BEGIN IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

The Board of Directors takes pleasure in presenting the Un-audited Financial Statements for the nine months ended March 31, 2006

During the period under review, your company made a profit before tax of Rs. 11.04 million as compared to the profit of Rs. 21.17 million for the corresponding period. Sales were increased from 410.18 million to 567.61 million, thus showing increase of 38.38 %, where as gross profit margin remains same levels. Financial expenses of the company have been increased by 23.32 million (2006: Rs 37,55 million, 2005: Rs 14,23 million). This results would have been far better if the financial charges not increased by more then 100% due to abnormal hike in mark up rates and escalation in fuel and power and freight cost.

During current year under review cotton prices remains on higher side this was mainly due to shortfall in cotton production against target production. Demand for cotton yarn from all over the world remained under pressure but no major changes in prices were observed. The Management of your company is determined to exert all out efforts to overcome this difficult situation through cost reduction derive and by improving the production of quality Yarn.

The Board is extremely grateful to our valued customers, who have placed their confidence in our products. We are also thankful to our financial institutions that have directly or indirectly helped us in our growth. The Board appreciated for team work, discipline of the employees of the company who have made it fine place to work

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, Muhammad may Allah peace be upon him, for continued showering of his Blessings, Guidance, Strength, Health & prosperity to us, our Company, Country and Nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole Muslim Ummah, Ameen, Summa-Ameen.

اِنَّ رَبِّيْ لَسَمِیْعُ الدَّعَآءِ (القرآن)
حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

For and on behalf of the Board of Directors

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director



BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2006

EQUITY AND LIABILITIES

CAPITAL & RESERVES

Authorized

15,000,000 (2005: 15,000,000) Ordinary Shares of Rs. 10/- each

Issued, Subscribed and Paid-up Capital

General Reserve - (Revenue Reserve)

Unappropriated Profit

Shareholders Equity

NON-CURRENT LIABILITIES

Redeemable Capital - Secured, Non-Participatory

Long Term Loan - Secured

Deferred Liabilities

Provision for Staff Gratuity

Deferred taxation

CURRENT LIABILITIES

Trade and Other Payables

Interest/ Profit/ Mark-up accrued on loans and other payables

Short Term Borrowings - Secured

Current portion of Long Term Loan

Current portion of Redeemable Capital

Provision for Income Tax

Contingencies and Commitments

ASSETS

NON-CURRENT ASSETS

Tangible Fixed Assets

Long Term Investment

Long Term Deposits

CURRENT ASSETS

Stores, Spares and Loose Tools

Stock-in-Trade

Trade Debts - Considered Good

Loans and Advances - Unsecured, Considered good

Trade Deposits, Prepayments and Statutory Balances - Considered good

Other Receivables - Unsecured, Considered good

Income Tax Refunds and Advances

Cash and Bank Balances

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

(UN-AUDITED)

Mar 31, 2006

(AUDITED)

June 30, 2005

(Rupees in '000')

	(UN-AUDITED) Mar 31, 2006	(AUDITED) June 30, 2005
Authorized	150,000	150,000
Issued, Subscribed and Paid-up Capital	51,659	46,962
General Reserve - (Revenue Reserve)	135,000	135,000
Unappropriated Profit	103,173	99,982
Shareholders Equity	289,832	281,945
Redeemable Capital - Secured, Non-Participatory	3,125	12,500
Long Term Loan - Secured	40,000	52,000
Deferred Liabilities		
Provision for Staff Gratuity	9,956	9,547
Deferred taxation	17,503	19,699
	27,459	29,246
Contingencies and Commitments		
	1,057,817	1,067,671
ASSETS		
NON-CURRENT ASSETS		
Tangible Fixed Assets	284,090	276,680
Long Term Investment	65,000	65,000
Long Term Deposits	85	85
CURRENT ASSETS		
Stores, Spares and Loose Tools	6,278	8,639
Stock-in-Trade	531,920	536,687
Trade Debts - Considered Good	86,923	88,701
Loans and Advances - Unsecured, Considered good	2,794	2,170
Trade Deposits, Prepayments and Statutory Balances - Considered good	24,126	22,124
Other Receivables - Unsecured, Considered good	3,796	3,507
Income Tax Refunds and Advances	49,529	60,355
Cash and Bank Balances	3,276	3,723
	708,642	725,906
	1,057,817	1,067,671

Dewan Abdul Rehman Farooqui
Chief Executive / Managing Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2006

	July 01, 2005 to March 31, 2006	July 01, 2004 to March 31, 2005	January 01, 2006 to March 31, 2006	January 01, 2005 to March 31, 2005
	(Rupees in '000')		(Rupees in '000')	
SALES - Net	567,613	410,185	143,727	45,775
COST OF SALES	(494,125)	(357,020)	(122,330)	(32,247)
GROSS PROFIT	73,488	53,165	21,397	13,528
Operating Expenses				
Distribution Costs and Selling Expenses	(11,466)	(7,223)	(3,434)	(1,238)
Administrative and General Expenses	(12,618)	(8,976)	(3,860)	(3,269)
	(24,084)	(16,199)	(7,294)	(4,507)
OPERATING PROFIT	49,404	36,966	14,103	9,021
Finance Cost	(37,545)	(14,228)	(13,486)	(6,696)
	11,859	22,738	617	2,325
Other Charges	(822)	(1,572)	(43)	(161)
PROFIT BEFORE TAXATION	11,037	21,166	574	2,164
Taxation				
- Current	(5,346)	(7,292)	(1,740)	(1,224)
- Deferred	2,195	(8,735)	361	(857)
	(3,150)	(16,027)	(1,378)	(2,081)
PROFIT AFTER TAXATION	7,887	5,139	(804)	83
Earning Per Share - Basic	1.53	1.09	(0.16)	0.02

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Abdul Rehman Farooqui
Chief Executive / Managing Director



CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2006

9 Months ended 9 Months ended
Mar 31, 2006 Mar 31, 2005
(Rupees in '000')

CASH FLOW FROM OPERATING ACTIVITIES

Profit before Taxation	11,037	21,165
Adjustment for Non-Cash and Other Items:		
Depreciation	14,348	14,545
Provision for Gratuity	2,359	2,502
Financial Expenses	37,545	14,228
	54,252	31,275
	65,289	52,440

Working Capital Changes

(Increase) / Decrease in Current Assets

Stores, Spares and Loose Tools	2,362	3,445
Stock-in-Trade	4,766	(53,183)
Trade Debts	1,778	34,786
Loans and Advances	(624)	305
Trade deposits, Prepayments & Statutory balances	(2,002)	8,287
Other Receivables	(289)	(9,439)

Increase / (Decrease) in Current Liabilities

Trade and Other Payables	(1,681)	33,896
Short Term Borrowings	(1,084)	(79,396)
	3,226	(61,299)

Taxes Refund / (Paid) -Net

Gratuity Paid	10,826	3,090
	(1,950)	(7,917)
	8,876	(4,827)

Net Cash Inflow/ (Outflow) from Operating Activities

CASH FLOW FROM INVESTING ACTIVITIES

Fixed Capital Expenditure	(21,759)	(26,394)
Sale Proceed of Fixed Assets	-	83
Net Cash Inflow/ (Outflow) from Investing Activities	(21,759)	(26,311)

CASH FLOW FROM FINANCING ACTIVITIES

Redeemable Capital - Net	(9,375)	(9,375)
Financial Expenses Paid	(38,704)	(17,929)
Long Term Loan Secured	(8,000)	64,000
Dividend Paid	-	(11)
Net Cash Inflow/ (Outflow) from Financing Activities	(56,079)	36,685

Net Increase in Cash and Cash Equivalents	(447)	(3,312)
Cash and Cash Equivalents at the Beginning	3,723	4,928
Cash and Cash Equivalents at the End	3,276	1,616

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Abdul Rehman Farooqui
Chief Executive / Managing Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2005

	Share Capital	General Reserve	Reserve for Bonus Shares	Un-appropriated Profit	Total
.....Rupees in '000'.....					
Balance as at July 01, 2004	42,693	135,000	--	95,711	273,404
Net Profit for the period	--	--	--	5,139	5,139
Transfer to reserve for bonus shares	--	--	4,269	(4,269)	--
Balance as at March 31, 2005	42,693	135,000	4,269	96,581	278,543
Balance as at July 01, 2005	46,963	135,000	--	99,982	281,945
Transfer to reserve for bonus shares	--	--	4,696	(4,696)	--
Net profit for the period	--	--	--	7,887	7,887
Bonus shares	4,696	--	(4,696)	--	--
Balance as at March 31, 2006	51,659	135,000	--	103,173	289,832

The annexed notes form an integral part of these financial statements

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Abdul Rehman Farooqui
Chief Executive / Managing Director



NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2006

1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan under the Companies Act 1913 (Now Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn.

2 BASIS OF PREPARATIONS

These financial statements are unaudited and have been prepared in accordance with the requirements of section 245 of the Companies Ordinance 1984 and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies and methods of computations followed in the preparation of these financial statements are the same as those of the last published annual financial statements for the June 30, 2005.

4 There is no significant change in Contingencies and Commitments during the period.

5 Figures for previous nine months have been rearranged wherever necessary for the purpose of comparison.

6 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 29, 2006 by the Board of Directors of the Company.

7 GENERAL

7.1 Figures have been rounded off to the nearest thousand of rupee.

7.2 In order to give better presentation certain comparative figures of Cash Flow statement have been rearranged.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Abdul Rehman Farooqui
Chief Executive / Managing Director