

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



CONTENTS

Company Information.....	2
Director's Report.....	3
Balance Sheet.....	4
Profit and Loss Account.....	5
Cash Flow Statement.....	6
Statement of Changes in Equity.....	7
Notes to the Accounts.....	8



COMPANY INFORMATION

- Board of Directors** :
- Dewan Zia-ur-Rehman Farooqui**
Chairman
 - Dewan Ghulam Mustafa Khalid**
Vice Chairman / Director
 - Dewan Muhammad Ayub Khalid**
Chief Executive / Managing Director
 - Dewan Mohammad Yousuf Farooqui**
Deputy Managing Director
 - Dewan Abdul Rehman Farooqui**
 - Dewan Asim Mushfiq Farooqui**
 - Mr. Shahid Anwar (NIT)**
- Audit Committee** :
- Dewan Mohammad Yousuf Farooqui - Chairman**
 - Dewan Abdul Rehman Farooqui - Member**
 - Dewan Asim Mushfiq Farooqui - Member**
- Auditors** :
- Feroze Sharif Tariq & Co.**
Chartered Accountants
4/N/H, Block-6, P.E.C.H.S.
Karachi.
- 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
Union Bank Limited
- Registered Office** : **Dewan Centre**
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : **A-30, S.I.T.E.,**
Hyderabad Sind,
Pakistan.



DIRECTORS' REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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. 17.81 million as compared to the profit of Rs. 14.67 million for the corresponding period. Sales were increased from 537.55 million to 822.43 million, thus showing increase of 53.00 %, where as gross profit margin remains same levels. Financial expenses of the company have been increased by 10.25 million (2006: Rs 25,49 million, 2005: Rs 15.24 million). This results would have been far better if the financial charges not increased by more then 67% due to abnormal hike in markup 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, 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.

إِن سَأَلْتُمُوهُ لَسَمِعَ الدَّعَاءَ (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

	(UN-AUDITED) Mar 31, 2006	(AUDITED) June 30, 2005
	(Rupees in '000')	
EQUITY AND LIABILITIES		
CAPITAL & RESERVES		
Authorized		
10,000,000 (2005: 10,000,000) Ordinary Shares of Rs. 10/- each	100,000	100,000
Issued, Subscribed and Paid-up Capital	31,218	28,380
General Reserve - (Revenue Reserve)	45,000	45,000
Unappropriated Profit	86,118	78,109
Shareholders Equity	162,336	151,489
NON-CURRENT LIABILITIES		
Redeemable Capital - Secured, Non-Participatory	15,396	61,583
Deferred Liabilities		
Provision for Staff Gratuity	23,890	21,785
Deferred taxation	31,104	29,577
	54,994	51,362
CURRENT LIABILITIES		
Trade and Other Payables	551,247	669,840
Interest/ Profit/ Mark-up accrued on loans and other payables	8,747	3,215
Short Term Borrowings - Secured	241,971	265,313
Current portion of Redeemable Capital	61,583	61,583
Provision for Income Tax	61,009	55,570
	924,557	1,055,521
Contingencies and Commitments		
	1,157,283	1,319,955
ASSETS		
NON-CURRENT ASSETS		
Tangible Fixed Assets	392,864	411,100
Long Term Investment	40,000	40,000
Long Term Deposits	560	560
CURRENT ASSETS		
Stores, Spares and Loose Tools	9,981	13,590
Stock-in-Trade	551,339	699,503
Trade Debts - Considered Good	65,891	41,368
Loans and Advances - Unsecured, Considered good	4,268	7,833
Trade Deposits, Prepayments and Statutory Balances - Considered good	19,710	19,366
Other Receivables - Unsecured, Considered good	1,185	996
Income Tax Refunds and Advances	66,942	81,974
Cash and Bank Balances	4,543	3,665
	723,859	868,295
	1,157,283	1,319,955

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
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	822,426	537,550	123,996	192,285
OST OF SALES	(747,170)	(484,139)	(109,478)	(174,116)
ROSS PROFIT	<u>75,256</u>	<u>53,411</u>	<u>14,518</u>	<u>18,169</u>
Operating Expenses				
Distribution Costs and Selling Expenses	(13,326)	(11,938)	(2,274)	(3,603)
Administrative and General Expenses	(17,307)	(10,473)	(4,699)	(4,896)
	<u>(30,633)</u>	<u>(22,411)</u>	<u>(6,973)</u>	<u>(8,499)</u>
OPERATING PROFIT	<u>44,623</u>	<u>31,000</u>	<u>7,545</u>	<u>9,670</u>
Other Operating Income	-	-	-	-
	<u>44,623</u>	<u>31,000</u>	<u>7,545</u>	<u>9,670</u>
Finance Cost	(25,490)	(15,238)	(6,839)	(6,073)
	<u>19,133</u>	<u>15,762</u>	<u>706</u>	<u>3,597</u>
Other Charges	(1,320)	(1,088)	(49)	(248)
PROFIT BEFORE TAXATION	<u>17,813</u>	<u>14,674</u>	<u>657</u>	<u>3,349</u>
Taxation				
- Current	(5,439)	(3,515)	(147)	(972)
- Deferred	(1,527)	(5,935)	(4,448)	(1,761)
	<u>(6,966)</u>	<u>(9,450)</u>	<u>(4,595)</u>	<u>(2,733)</u>
PROFIT AFTER TAXATION	<u>10,847</u>	<u>5,224</u>	<u>(3,938)</u>	<u>616</u>
Earning Per Share - Basic	<u>3.47</u>	<u>1.84</u>	<u>(1.26)</u>	<u>0.22</u>

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2006

	9 Months ended March 31, 2006	9 Months ended March 31, 2005
(Rupees in '000')		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	17,813	14,674
Adjustment for Non-Cash and Other Items:		
Depreciation	30,482	31,852
Provision for Gratuity	3,940	3,747
Financial Expenses	25,490	15,238
	59,912	50,837
Working Capital Changes	77,725	65,511
(Increase) / Decrease in Current Assets		
Stores, Spares and Loose Tools	3,609	3,919
Stock-in-Trade	148,164	1,522
Trade Debts	(24,524)	5,974
Loans and Advances	3,564	2,903
Trade deposits, Prepayments & Statutory balances	(344)	22,185
Other Receivables	(189)	7,331
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	(118,586)	40,992
Short Term Borrowings	(23,343)	(42,486)
	(11,649)	42,340
Taxes Refund / (Paid)- Net	15,032	(2,614)
Gratuity Paid	(1,835)	(3,796)
	13,197	(6,410)
Net Cash Inflow/ (Outflow) from Operating Activities	79,273	101,441
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(12,243)	(39,668)
Net Cash Inflow/ (Outflow) from Investing Activities	(12,243)	(39,668)
CASH FLOW FROM FINANCING ACTIVITIES		
Redeemable Capital - Net	(46,187)	(46,188)
Financial Expenses Paid	(19,958)	(18,602)
Dividend Paid	(7)	(443)
Net Cash Inflow/ (Outflow) from Financing Activities	(66,152)	(65,233)
Net Increase in Cash and Cash Equivalents	878	(3,460)
Cash and Cash Equivalents at the Beginning	3,665	6,496
Cash and Cash Equivalents at the End	4,543	3,036

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2006

	Share Capital	General Reserve	Reserve for Bonus Shares	Un-appropriated Profit	Total
.....(Rupees in '000').....					
Balance as at July 01, 2004	25,800	45,000	--	74,166	144,966
Net Profit for the period	--	--	--	5,224	5,224
Transfer to reserve for bonus shares		--	2,580	(2,580)	--
Balance as at March 31, 2005	25,800	45,000	2,580	76,810	150,190
Balance as at July 01, 2005	28,380	45,000	--	78,109	151,489
Transfer to reserve for bonus shares	--	--	2,838	(2,838)	--
Net profit for the period	--	--	--	10,847	10,847
Bonus shares	2,838	--	(2,838)	--	--
Balance as at March 31, 2006	31,218	45,000	--	86,118	162,336

The annexed notes form an integral part of these financial statements

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
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 Stock Exchange. 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 year ended 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 Muhammad Ayub Khalid
Chief Executive / Managing Director