

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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COMPANY INFORMATION

- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**
Chairman
- Dewan Ghulam Mustafa Khalid**
Chief Executive / Managing Director
- Dewan Muhammad Ayub Khalid**
Resident Director
- Dewan Mohammad Yousuf Farooqui**
- Dewan Mohammad Hamza Farooqui**
- Dewan Abdul Rehman Farooqui**
- Mr. Iqbal Naeem Pasha**
- Audit Committee** : **Dewan Mohammad Yousuf Farooqui - Chairman**
Dewan Muhammad Ayub Khalid - Member
Dewan Abdul Rehman Farooqui - Member
- Auditors** : **Messrs Faruq Ali & Co.**
Chartered Accountants
- Chief Financial Officer** : **Mr. Mohammad Nadeem**
- Company Secretary** : **Mr. Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**
Advocates
- Legal Advisor** : **A. K. Brohi & Co. Advocates**
- Bankers** : Muslim Commercial Bank Limited
Citibank N.A.
Habib Bank Limited
Standard Chartered Bank
Union Bank Limited
Meezan Bank Limited
ABN Amro Bank
United Bank Limited
Bank Al Falah Ltd.
- Registered Office** : **Dewan Centre**
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : H/20 & H/26, S.I.T.E.,
Kotri, District Dadu,
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 1st quarter ended September 30, 2006.

The results for the 1st quarter under review remain steady as compared to the corresponding period of the last year. The sales during the period increased from Rupees 529.30 million to Rupees 714.19 million, the net profit before tax increased from Rupees 9.46 million to Rupees 13.18 million. The Markup rates remain at higher side resulting in reducing overall profitability of the company.

Despite high prices of raw cotton, your company had succeeded to earn gross profit of Rupees 96.04 million as compared to the gross profit of Rupees 80.23 million in the corresponding period. This is mainly due to managements continued efforts in reducing cost. The Management of the company is putting all possible efforts to increase the profitability by aggressive marketing, cutting down expenses and availing best mode of financing from financial institutions.

Your directors wish to thank institutions, customers, individual & staff members associated with the company for their continued support and cooperation & hope to get the same in future.

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.

اِنَّ رَبِّيْ لَسَمِیْعُ الدَّعٰءِ۔ (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
Chief Executive / Managing Director



BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2006

EQUITY AND LIABILITIES

Sep 30, 2006 June 30, 2006

RUPEES

SHARE CAPITAL AND RESERVES

Authorized capital (30,000,000 ordinary shares of Rs. 10/- each)	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital	122,769,180	122,769,180
Reserves and surplus	<u>1,685,108,924</u>	<u>1,623,315,185</u>
	1,807,878,104	1,746,084,365

NON CURRENT LIABILITIES

Long term financing - Secured	33,000,000	37,125,000
Redeemable capital - Secured (non - participatory)	--	--
Liabilities against assets subject to finance lease	144,591,792	155,969,792
Deferred liability for staff gratuity	26,715,756	26,684,483
Deferred taxation	42,041,781	42,041,781

CURRENT LIABILITIES

Trade and other payables	739,281,812	684,188,360
Markup accrued	47,392,180	38,621,811
Short term borrowings - Secured	1,445,096,879	1,421,992,916
Current portion of long term financing	20,625,000	20,625,000
Current portion of redeemable capital	75,000,000	100,000,000
Current portion of lease liabilities	41,451,530	41,752,433
Taxes payable - Net	13,998,972	17,130,723
	<u>2,382,846,373</u>	<u>2,324,311,243</u>

CONTINGENCIES AND COMMITMENTS

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<u>4,437,073,806</u>	<u>4,332,216,664</u>

ASSETS

NON CURRENT ASSETS

Property, plant and equipment	1,233,406,107	1,231,462,207
Available for sale investment - at fair value	1,220,178,668	1,168,034,280
Long term deposits	12,508,115	12,508,115

CURRENT ASSETS

Stores and spares	38,001,962	39,839,461
Stock in trade	1,498,621,209	1,456,861,908
Trade debtors - Considered good	364,588,705	355,689,105
Advances - Considered good	48,642,015	52,595,664
Short term deposits and current account balances with statutory authorities	15,185,832	13,863,607
Cash and bank balances	5,941,193	1,362,317
	<u>1,970,980,916</u>	<u>1,920,212,062</u>
	<u>4,437,073,806</u>	<u>4,332,216,664</u>

The annexed notes form an integral part of these financial statements.

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

	July 01, 2006 to Sep 30, 2006	July 01, 2005 to Sep 30, 2005
RUPEES		
Sales	714,193,948	529,302,718
Sales tax, duties and commission	<u>(7,202,446)</u>	<u>(6,713,155)</u>
Sales - Net	706,991,502	522,589,563
Cost of sales	<u>610,946,675</u>	<u>442,363,379</u>
Gross profit	96,044,827	80,226,184
OPERATING EXPENSES		
Distribution cost	<u>19,002,638</u>	<u>17,984,775</u>
Administrative expenses	<u>6,230,530</u>	<u>5,564,748</u>
	<u>25,233,168</u>	<u>23,549,522</u>
OPERATING PROFIT	70,811,659	56,676,662
OTHER CHARGES		
Finance cost	<u>56,908,439</u>	<u>46,662,281</u>
Donation	25,000	50,000
Worker's profit participation fund	<u>693,911</u>	<u>498,219</u>
	<u>57,627,350</u>	<u>47,210,500</u>
Profit before taxation	13,184,309	9,466,162
Taxation		
Current	3,534,958	2,646,514
Profit after taxation	<u>9,649,351</u>	<u>6,819,648</u>
Earnings per share - Basic and diluted	<u>0.79</u>	<u>0.56</u>

The annexed notes form an integral part of these financial statements.

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

	July 01, 2006 to Sep 30, 2006	July 01, 2005 to Sep 30, 2005
RUPEES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation	13,184,309	9,466,162
Adjustment for :		
Depreciation	25,012,696	22,667,636
Provision for gratuity	1,828,926	2,629,745
Finance cost	56,908,439	46,662,281
Cash flow before working capital changes	96,934,370	81,425,824
<i>(increase) / Decrease in current assets</i>		
Stores & spares	1,837,499	2,291,969
Stock in trade	(41,759,301)	236,081,210
Trade debtors	(8,899,600)	57,675,724
Advances - Considered good	3,953,649	7,156,034
Short term deposit and current account balances with statutory authorities	(1,322,225)	(7,275,756)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	55,093,452	(296,840,601)
Short term borrowings	23,103,963	(23,960,891)
	32,007,437	(24,872,311)
Taxes - Net	(6,666,709)	16,064,273
Gratuity paid	(1,797,653)	(1,717,800)
	(8,464,362)	14,346,473
Net cash inflow from operating activities	120,477,445	70,899,986
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(26,956,596)	(32,720,839)
Decrease in long term deposits	--	--
Net cash outflow from investing activities	(26,956,596)	(32,720,839)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(4,125,000)	--
Term finance certificates	(25,000,000)	(25,000,000)
Finance lease repayment	(11,678,903)	25,898,565
Financial charges paid	(48,138,070)	(37,863,357)
Dividend paid	--	--
Net cash outflow from financing activities	(88,941,973)	(36,964,792)
Net decrease in cash and cash equivalents	4,578,876	1,214,355
Cash and cash equivalents at beginning of the Year	1,362,317	3,261,755
Cash and cash equivalents at the end of Year	5,941,193	4,476,110

The annexed notes form an integral part of these financial statements.

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

	Issued Subscribed and Paid up Capital	General reserve	Reserve for bonus shares	Unrealized gain due to change in fair value of Investments	Unappropriated profit	Total
RUPEES						
Balance as on 1st July 2005						
- as restated	111,608,340	333,000,000	--	1,547,265,859	316,829,529	2,308,703,728
Net profit for the period	--	--	--	--	6,819,648	6,819,648
Balance as on 30th September, 2005						
- as restated	<u>111,608,340</u>	<u>333,000,000</u>	<u>--</u>	<u>1,547,265,859</u>	<u>323,649,177</u>	<u>2,315,523,376</u>
Balance as on 1st July, 2006	122,769,180	333,000,000	--	958,034,280	332,280,905	1,746,084,365
Net profit for the year	--	--	--	--	9,649,351	9,649,351
Un-realised gain due to change in fair value of investment	--	--	--	52,144,388	--	52,144,388
Balance as on 30th September, 2006	<u>122,769,180</u>	<u>333,000,000</u>	<u>--</u>	<u>1,010,178,668</u>	<u>341,930,256</u>	<u>1,807,878,104</u>

The annexed notes form an integral part of these financial statement.

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



NOTES TO THE ACCOUNTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting"

In order to comply with the requirements of the above IAS, these financial statements include the following:

- Balance sheet as at September 30, 2006, with comparative balance sheet as at June 30, 2006.
 - Profit and loss account for the 1st quarter ended September 30, 2006, with comparable profit and loss account for the comparable interim period, i.e., 1st quarter ended September 30, 2005
 - Cash flow statement and statement of changes in equity for the three months ended September 30, 2006, with a comparative statement for the comparable three months ended September 30, 2005.
2. These financial statements are un-audited and are being submitted to the shareholders under the requirement of Section 245 of the Companies Ordinance, 1984
3. The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the company for the preceding year ended June 30, 2006.

	September 30, 2006	June 30, 2006
4. <u>Redeemable Capital Secured, Non-Participatory</u>		(Rupees)
Balance at beginning	100,000,000	200,000,000
Less: Repaid during the period	25,000,000	100,000,000
	<u>75,000,000</u>	<u>100,000,000</u>
Less: Installments due within the following twelve months	75,000,000	100,000,000
	<u>-</u>	<u>-</u>

5. There have been no significant changes in contingencies during the period, while commitments for capital expenditures stand at Rs. 12 million.
6. Capital expenditures incurred during the period materially represent those incurred for civil works at plant.
7. During the period, the aggregate of the transactions made by the company with its associated companies were purchases of Rs. 27.08 million and sales of Rs. 30.67 million.
8. Comparative figures have been re-arranged/re-grouped, wherever necessary, in order to facilitate comparison.
9. These financial statements were authorized for issue on October 31, 2006, by the board of directors of the company.

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director