

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007

- 1 The Company is limited by shares incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Stock Exchanges in Pakistan. The principal business of the Company is manufacturing and sale of yarn. The registered office of the company is located at 29-K.M. Sheikhpura Road, Tehsil Jaranwala, District Faisalabad, in the Province of Punjab.

- 2 These financial statements have been prepared under "historical cost convention" as modified by the staff retirement benefits carried at present value determined through actuarial valuation and certain property, plant and equipment and investments carried at revalued amount. These financial statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and section 245 of the Companies Ordinance 1984.

- 3 The accounting policies and method of computation adopted for the preparation of these quarterly accounts are the same as those applied in the preparation of preceding annually published accounts of the company for the year ended June 30, 2007.

	SEP 30, 2 0 0 7 RUPEES	SEP 30, 2 0 0 6 RUPEES
4 COST OF SALES		
Cost of goods manufactured (note 4.1)	134,101,102	110,422,955
Finished goods		
Opening	2,735,751	8,366,730
Closing	(13,720,581)	(5,095,806)
	(10,984,830)	3,270,924
	123,116,272	113,693,879

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FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2007

	SEP 30, 2 0 0 7 RUPEES	SEP 30, 2 0 0 6 RUPEES
4.1 COST OF GOODS MANUFACTURED		
Raw material (note 4.1.1)	102,118,543	80,895,067
Stores and spares	910,466	1,604,359
Packing material	2,126,232	1,204,624
Salaries and wages	8,410,700	8,220,029
Retirement benefits	313,957	300,000
Fuel and power	15,447,769	12,422,527
Repair and maintenance	123,525	156,768
Postage and telecommunication	14,924	12,216
Vehicle running and maintenance	65,877	56,408
Insurance	335,502	335,502
Depreciation	4,550,000	4,947,991
Others	153,457	220,894
	134,570,952	110,376,385
Work-in-process		
Opening	2,174,037	2,758,490
Closing	(2,643,887)	(2,711,920)
	(469,850)	46,570
	134,101,102	110,422,955
4.1.1 RAW MATERIAL CONSUMED		
Opening	10,275,083	2,057,752
Purchases	92,831,223	79,900,104
	103,106,306	81,957,856
Closing	(987,763)	(1,062,789)
	102,118,543	80,895,067

5 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 29-10-2007 by the Board of directors of the company.

6 FIGURES:

-have been rounded off to the nearest Rupee.

-of prior year have been rearranged and regrouped wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR