



DIRECTORS' REVIEW

The Directors are pleased to report the performance of the company for the half year ended December 31, 2009. Financial results of the Company are as follows :

FINANCIAL RESULTS

	July- December 2009	July- December 2008	Increase
	Rupees in million	Rupees in million	%
Turnover	7,140	6,613	8.0
Gross Profit	2,052	1,029	99.4
Gross Profit % - Net turnover	36.3%	19.4%	
Profit from Operations	1,027	393	161.3
NPAT	672	242	177.7
Earning per share (restated) Rs.	24.46	8.80	177.9

The Company continued with its growth which looks strong when compared with the previous low performing year. The sales turnover, driven by our focused strategies increased by 8.0% during the first half of the year versus the prior period. All the flagship brands of the Company have shown an increase in sales and have contributed a share in the profit.

During the period under review, gross profit has almost doubled from 19.4% to 36.3% when compared to the difficult corresponding period of the year before. This increase is mainly attributable to reduction and stabilization in raw material prices. During last year's corresponding period, prices of all basic raw materials had registered unprecedented increases, resulting in high inflation. This was mainly due to the record high prices of crude oil in the international market. Further more, during the latter part of the current year it is estimated that currency devaluation will cause an upward inflation trend resulting once again in the increase of raw and packing material prices. Impact of this cost escalation is likely to affect our cost base in the second half of this financial period.

Administrative expenses also increased by 55.7% due to the increased amortization / depreciation because of SAP and related equipment during the period under review. Selling and distribution expenses increased by 58.7%, mainly due to increased marketing & sales promotion expenses alongwith other inflationary pressures.

Net Profit After Tax (NPAT) has increased to 11.9% of net sale as compared to 4.5 % of the former corresponding period; while shareholders earning also shows an increase to Rs. 24.46 per share as compared to Rs. 8.80 per share in the corresponding period.

The benefit of the lower cost materials has been partially passed to the consumers in the form of reduced prices. We hope this will help in increasing overall volumes of Company's products.

FUTURE PROSPECTS

Although the company has generally been successful in maintaining our profit standards, this may be short lived as greater challenges are likely to follow in the second half of the year. There is an anticipated increase in the cost base resulting in a reduction in margins, energy shortages and the nominal growth expected in the economy. Our determined focus will however be to achieving continue operational efficiencies, productivity initiatives and performance improvements to help offset these adverse impacts.

We believe that the key to success in achieving our business targets is resource optimization which can be obtained through maintenance of high quality standards, which we continue to pursue.

ACKNOWLEDGMENTS

On behalf of board of directors, I would like to thank our customers, shareholders, suppliers, bankers and all other stakeholders. I also appreciate and acknowledge the continued support, commitment, loyalty and hard work of our employees.

On behalf of Board of Directors


IQBAL ALI LAKHANI
Chairman

Karachi : January 28, 2010