



DIRECTORS' REVIEW

The Directors are pleased to present the financial statements of the Company together with auditors' review report thereon for the half year ended December 31, 2008.

The Company's gross sales increased from Rs 4.24 billion to Rs 6.61 billion for the period under review registering a growth of 55.79% over the corresponding period last year.

The Gross Profit percentage to net sale has declined to 18.76% as compared to 30.47% in corresponding period due to significant cost increases, continuing inflationary pressure, severe Rupee depreciation, higher borrowing cost and unprecedented energy crises. Despite these escalating cost pressures, the management has been able to curtail expenses during the period, in terms of percentage to net sale, selling and distribution cost has reduced from 13.80% to 10.10%, while administrative expenses have reduced from 0.98% to 0.88%.

The volume growth of your Company was substantial. However, with rising raw material costs, the working capital requirements also grew unprecedentedly which was further impacted by the upward surge in interest rates. These factors resulted in increased stock-in-trade as well.

Net profit after tax (NPAT) has declined to 4.58% of net sale as compared to 9.75% of corresponding period. However, in absolute term the Gross Profit has reduced by 3.86% from the last year. Share-holders' earning also decreased to Rs. 10.12 per share as compared to re-stated value of Rs. 13.79 per share in the corresponding period.

To further enhance the efficient use of Management Information System, an agreement for SAP implementation has been signed by the Company and preliminary phase of implementation process has started.

FUTURE PROSPECTS

While the management of your company will continue to enhance the overall working efficiencies the future prospects will largely depend on government policies on the exchange rate regime and lowering the cost of borrowing, which is exceedingly high.

ACKNOWLEDGMENTS

The management takes this opportunity to express appreciation and thank all employees for their commitment, loyalty and hard work. We also acknowledge the support and cooperation received from our esteemed customers, suppliers, bankers and stakeholders.

On behalf of Board of Directors

IQBAL ALI LAKHANI

Chairman

Karachi : January 29, 2009