



DIRECTORS' REPORT

The Directors are pleased to present the Annual Report with the audited financial statements of the Company for the year ended June 30, 2009.

OPERATING RESULTS

The Year ended June 30, 2009 was a turbulent year, as the global economic crisis spilled into Pakistan, impacting economic fundamentals severely. This combined with the overall law and order situation of the country made running of our operations quite a challenge.

Our cost base remained under pressure on account of many factors including material cost increase driven by high inflation, rupee devaluation, rising commodity and oil prices, high borrowing costs as well as a sharp increase in energy costs. Furthermore, severe power outages, added substantially to our costs during the year.

Starting from a lowered production base due to the factory incident of late 2007, your Company registered a growth of 55.9% in its sales from Rs. 8.977 billion to Rs. 13.995 billion during the year ended June 30, 2009. All four Business Cares – Fabric, Personal, Oral & Surface showed growth. Considerable upward changes in selling prices were made in the second and third quarter of the year, which partially offset the escalating raw material costs. A scaling down in selling prices in some of our brands is now underway in order to pass on to the consumer some of the benefit of stabilizing costs.

In a highly competitive business environment, your Company successfully attained its growth objective by optimum utilization of resources combined with a continued focus on product quality and innovation. Cost curtailing measures, development of its volume base and continued aggressive marketing programs & integration of all business strategies helped the Company to fulfill its objectives. Optimum utilization of funds also contributed to increased profit which has demonstrated an upward trend of 14.8% to Rs. 1.195 billion from Rs. 1.041 billion, resulting in increased Earnings Per Share to Rs. 31.40 compared to the corresponding EPS of Rs. 28.44 for prior year.

Operating Results	2008-09	2007-08	Increased By
	Rs. in million	Rs. in million	
Gross revenues	13,995	8,977	55.9%
Gross profit	2,702	2,097	28.8%
Operating profit	1,195	1,041	14.8%
Profit after tax	750	679	10.5%
Earnings per share – Rupees	31.40	28.44	10.4%

Profit and Appropriations	Rs. in thousand
Profit after tax	749,966
Un-appropriated profit brought forward	7,916
Profit available for appropriation	757,882
Appropriations:	
Proposed cash dividend @ 115% i.e. Rs. 11.50 per share (2008: @ 100% i.e. Rs. 10 per share)	274,704
Reserve for proposed issue of bonus shares @ 15% i.e. 3 shares for every 20 shares (2008: @ 1 share for every 4 shares)	35,831
Transfer to general reserve	440,000
Un-appropriated profit carried forward	7,347

CASH FLOWS

Volume growth during the year resulted in significant increase in operating cash flows. This was partially offset by higher investments in plant and equipment. Overall, the year witnessed a net increase in cash amounting to Rs. 431.729 million for the Company.

HUMAN RESOURCE

The Company continues to invest in its employees through various initiatives. These include regular staff training programs and continuing professional education to enable them to handle rising business challenges and issues.

STRIVING TOWARDS A HEALTHIER SOCIETY AND C.S.R.

In accordance with the past practice, your Company continued with its efforts for the betterment of the community as a whole by sponsoring various events throughout the year. Free dental clinics and dental health months are implemented in the key cities. In order to increase awareness about oral health and hygiene. Specialized oral health programs such as 'Bright Smile Bright Future' are being conducted. Towards honouring its corporate social responsibility, your Company contributed in cash as well as in kind for the relief of internally displaced persons (IDPs).

RECOGNITION

Company's achievements and overall performance have been recognized by Management Association of Pakistan and was awarded "Corporate Excellence Certificate" in 26th Corporate Excellence Award Ceremony. This is for the 5th time Company has achieved this award. The Karachi Stock Exchange also recognized your Company in March of this year among top 25 performing companies and presented awards for 2006 & 2007. Earlier similar awards have been presented for the past 3 consecutive years. This shows management's continued commitment and dedication in achieving the desired operating results and in promoting the Company's goodwill.

SAP IMPLEMENTATION

The Company's ERP system's (SAP) implementation is in process and is expected to meet its go-live target date of August 2009. Implementation of SAP in a record time of seven months will enhance the Company's ability to address day to day business challenges in a more efficient manner through timely availability and use of business information.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that your Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Frame Work:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of these financial statements International Accounting Standards, as applicable in Pakistan, have been followed.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring Internal Controls will continue as an on going process with the objective to further strengthen the controls and bring in improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.



- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The summary of key operating and financial data of the Company of last six years is annexed in this report.
- Information about taxes and levies is given in the notes to the accounts.
- The valuation of investment made by the staff retirement benefit funds based on their respective audited accounts is as follows:

	2008-09
	Rs. in million
Provident Fund	177.84
Gratuity Fund	57.90

- The board held four (4) meetings during the year. Attendance by each Director was as follows:

	Attended
Mr. Iqbal Ali Lakhani	3
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	3
Mr. A. Aziz H. Ebrahim	4
Mr. Peter Justin Skala	2
Mr. Peter John Graylin	4

Leave of absence was granted to directors who could not attend some of the Board meetings.

PATTERN OF SHAREHOLDINGS

- A statement showing pattern of shareholding of the Company and additional information as at June 30, 2009 is included in the report.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

ACKNOWLEDGEMENTS

We take pleasure by thanking members of the management, other employees and staff for their continued commitment to the success of the Company. We also value the support and cooperation of our customers, suppliers, bankers and all stakeholders and wish to record our thanks and gratitude.

On behalf of Board of Directors

IQBAL ALI LAKHANI
Chairman

Karachi: July 31, 2009