

## DIRECTORS' REVIEW

On behalf of the Board of Directors of your Company, I have pleasure to present the financial statements of the Company for the first quarter ended December 31, 2009.

### Operating and Financial Performance:

#### Sales performance

During the period under review, sales in quantitative terms is 21,000 M/Tons as compared to 12,000 M/tons during corresponding period last year. In other words sales quantity is 75% higher than the corresponding period last year. In term of amount the sales revenue are recorded at Rs.1,622 million as compared to Rs.1,062 million during the same period last year. That means your Company achieved a growth of 53% in sales revenue as compared to same period last year.

#### Gross profit

However gross profit of the Company is Rs.139 million which is 8.6% of sales revenue as compared to Rs.184 million which was 17.3% in corresponding period last year. Its means that there is 24% down fall in gross profit as compared to same period last year.

Down fall in the gross profit is mainly due to the following reasons:

#### Higher cost of goods sold

The tax exemption for your Company has expired on June 30, 2009. Now your Company is categorized in normal tax regime, Government allowed concessionary duty rate only on prime material. It affected to material costs, as a result cost of goods sold considerably increased. Further the Company has applied for concessionary rate on secondary material also. The management of the company is hopeful of positive response from the Government. Government has recently fixed ITP value at US\$ 885 after a long pursuit. We are positive that this will improve sales volume and average selling price.

#### Lower selling prices:

Though sales in quantitative term has increased by 75%, but the sales revenue has only increased by 53%. In other word the increase in sales revenue is lower than the increase in quantitative term due to average selling prices decline during the period under review. As import trade price was not fixed by the Government so the importers benefited and they made import of secondary material at lower prices. To compete in the market we were compelled to decrease selling price as a result sales revenue did not increase in the same proportion as increase in sales volume.

#### Net results

The tax exemption for your Company has expired on June 30, 2009. Therefore the Company has taken 13 million provision for taxation for the period under review.

Due to positive and upward move of stock market the Company has also booked 18.8 million profit on account of revaluation of investment in stock market during the period under review as compared to losses of Rs. 138 million in the corresponding period last year.

The bottom line and net results were good which still showed net profit after taxation of Rs.19 million during the period under review as compared to net loss of Rs.82 million in the corresponding period. It means that there is 124% increase in net profit after taxation as compared to the same period last year.

#### Earning per share

The earnings per share is Rs.0.25 as compared to loss per share of Rs.(1.04) in corresponding period last year.

#### Future Outlooks

We are confident that your Company has the potential to remain market leader and would be able to sustain all external and internal pressures by maintaining its history of achieving good results even in the most challenging circumstances.

#### Acknowledgement

The Board of Directors of the Company would like to place on record its gratitude to its shareholders, partners, customers, Government authorities, financial institutions whose co-operation & continued support has always been there. Board also acknowledges untiring efforts of the staff in keeping this Company in good shape despite all the odds.

On behalf of the Board of Directors

**ABDULLAH RAFI**  
Chairman

Karachi: February 20, 2010