

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Siddiqsons Tin Plate Limited has pleasure in presenting Second Annual Report after listing with Karachi Stock Exchange (Guarantee) Ltd. and Audited Financial Statements of the company together with Auditor's Report thereon for the year ended June 30th, 2007.

### GENERAL REVIEW

With the improvement of sales in the 4th quarter your company has recorded net sales of Rs.3.4 billion as against Rs.3.0 billion during the same period last year. Although, there is an increase of 17% in sales volume and 11% in sales value but decrease in average selling price has reduced profit as accumulated dead/slow moving stocks cleared to avoid additional price increase of 15% due to expiry of Sales Tax exemption on finished products w.e.f. 30th June 2007.

The price trend of raw material (TMBP) did not have much variation during the year but prices of Tin Ingot averaged US\$11.363 per ton, as against earlier prices of US\$7,714/- The Gross Profit of the company recorded for this year is Rs.408.3 million as compared to Rs.493.5 million during the same period last year.

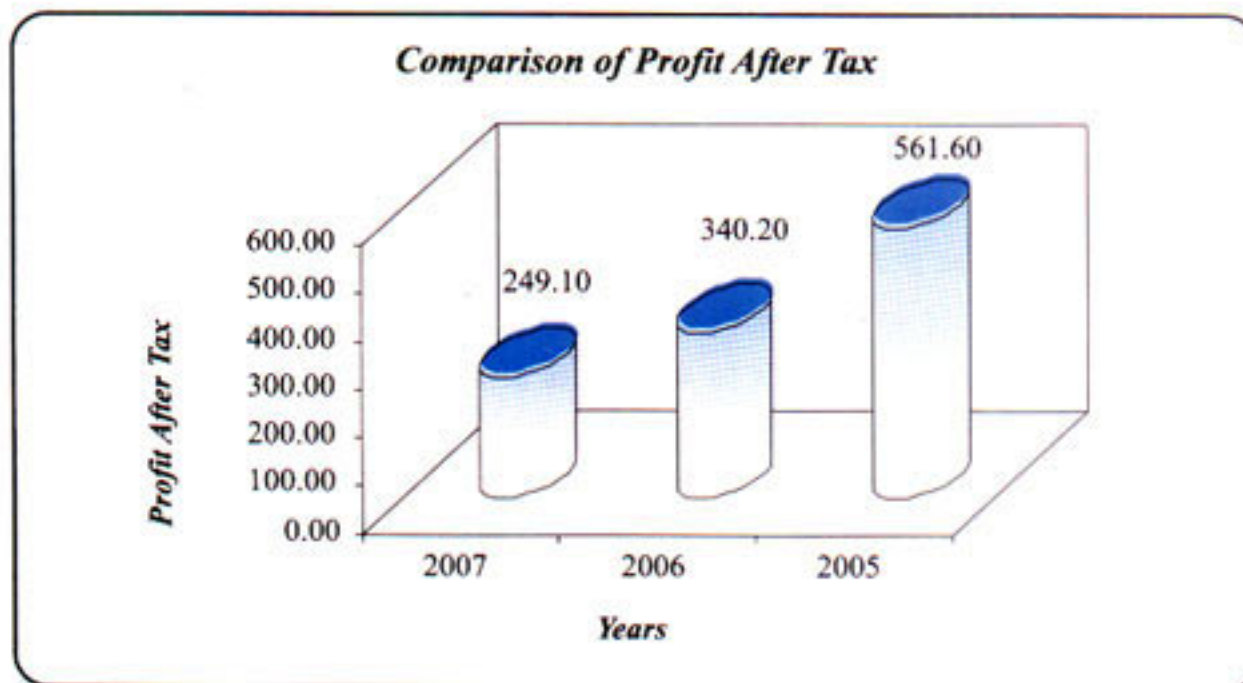
The plant has continued to operate satisfactorily throughout the year but production restricted to 46766 MT as compared to 56772 during the same period last year. The plant capacity under utilized by 61% this year due to heavy dumping of imported tinsplate in the market for which antidumping process has been initiated. We are positive that market will settle down in next 3 to 4 months after sales tax imposition has acceptability. Your company will be able to generate better results.

### FINANCIAL OVERVIEW

Following are the comparative financial results for the year 2007 with 2006 and 2005.

	2007		2006		2005	
	Rupees	% of Sales	Rupees	% of Sales	Rupees	% of Sales
Sales	3,384.0	100.00%	3,042.1	100.00%	3,485.5	100.00%
Gross Profit	408.3	12.07%	493.5	16.22%	730.7	20.96%
Profit before tax	266.0	7.86%	355.8	11.70%	579.1	16.61%
Profit after tax	249.1	7.36%	340.2	11.18%	561.6	16.11%
Earning per Share (in Rupees)	3.17		4.33		7.15	

## GRAPHIC PRESENTATION



## **AUDITORS**

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants are retiring and have offered themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the company for the year ending June 30th, 2008, at a fee to be mutually agreed.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The requirement of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2007 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance signed by the Chief Executive Officer is separately included in this Annual Report.

## **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

The Board has adopted the statement of Ethics and Business Practices. All employees have been informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

## **COMPLIANCE WITH THE BEST PRACTICES OF TRANSFER PRICING**

The "Statement of compliance with the best practices of Transfer Pricing" is annexed.

## **CORPORATE AND FINANCIAL REPORTING FRAME WORK**

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Significant deviations from last year's operating results have been disclosed in the Directors' Report.
- The key operating and financial data for the last five (5) years in summarized form is annexed with the report.

## **BOARD OF DIRECTORS MEETING**

During the year under report, the Board of Directors met four (4) times. The numbers of meetings attended by each director during the year is shown below:

<b>Name of Directors</b>	<b>No. of Meeting Attended</b>
Mr. Abdullah Rafi	3
Mr. Tariq Rafi	3
Mr. Mohammad Mohsin	2
Mr. Ibrahim Shamsi	3
Mr. S. Walliullah Shah	3
Mr. Jean Peirre Gugenheim	0
Mr. Satoru Oki	1

\* Overseas directors attended the meetings either in person or through alternate directors.

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

## **AUDIT COMMITTEE**

The management of your Company believes in Good Corporate Governance, implemented through a well defined and efficiently applied system of check and balance, and the provision of transparent, accurate and timely financial information.

The Audit Committee comprises of three (3) directors of whom two (2) are non-executive directors including the chairman of the committee. The committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

## **PATTERN OF SHAREHOLDING**

The total numbers of Company's shareholders as at June 30, 2007 was 4,287. The pattern of shareholding as at June 30, 2007 along with necessary disclosures as required under the Code of Corporate Governance is annexed with the report.

## **ACKNOWLEDGE**

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission, shareholders, partners, customers, government authorities, autonomous bodies and the financial institution for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring services rendered by the staff of the Company.

**Tariq Rafi**  
Chief Executive Officer  
Karachi, September 11, 2007