

## **DIRECTORS' REVIEW**

It is my pleasure to present the un-audited financial statements of the company for the first quarter ended September 30, 2007, together with an up-date on the company's performance.

### **OPERATING AND FINANCIAL RESULTS**

Sales revenue for the first quarter was Rs. 398.0 million as compared to Rs. 784.2 million during the same period last year. That means decrease of 49% which is mainly due to the reasons that:

- (i) Market was fully saturated during July and August and even September 2007,
- (ii) withdrawal of Sales tax incentive on our sales w.e.f. July 2007 which has taken this quarter to settle down affecting our budgeted sales targets, (iii) With the start of 15% GST on company's products, the management has reviewed the sales policy and revised price of the product in order to retain the existing customers and compete the un-interrupted imports of under invoiced and mis-declared material.

Thus sales during the months of July and August 2007 was lowest on record due to absorption of major changes in sales policy of the company. But after adjustment of major policy changes, the market responded positively in the month of September 2007.

We now expect normal sales in this quarter and expect recovery of lost profits in subsequent quarters. Further the period under review has also suffered because of the shrinkage in regular supply of tin plates to oil and ghee industries, who have restricted their production/packaging in last quarter due to abnormal increase in palm oil prices.

The gross profit was recorded at Rs. 61.6 million as against Rs. 123.7 million in the same corresponding period. As percentage of sales the gross profit decreased from 15.8% of the previous quarter to 15.5%.

The profit before tax for the quarter stood at Rs. 44.4 million as compared to Rs. 95.8 million for the corresponding period, last year. After making a provision for taxation of Rs. 1.9 million, the net profit after tax of your company was Rs. 42.4 million for the quarter under review against Rs. 91.8 million of the corresponding quarter in the previous year.

### **ACKNOWLEDGEMENT**

The Board places on record its gratitude to its shareholders, partners, customers, government authorities and the 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 odds.

on behalf of Borad of Directors

Sd/-  
**Abdullah Rafi**  
Chairman

Karachi : October 29, 2007