

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Siddiqsons Tin Plate Limited (STPL) is pleased to present its First Annual Report after listing with Karachi Stock Exchange (Guarantee) Limited together with audited accounts of the Company for the year ended June 30, 2006.

General Review

Your company has recorded net sales of Rs.3.0 billion as compared to Rs.3.4 billion during the same period last year, thus there is a decline of 12.72% which is mainly attributed to resettlement of steel prices in international market. The year 2004-05 was exceptional for adjustment and all steel related industries due to scarcity of material and high rise prices of steel in international market. Therefore, your company had also made record sales and profit during 2004-05 but this year 2005-06 your company has registered a steady progress and overall results are better but comparable with normal year of 2003-04.

The plant has continued to operate satisfactorily throughout the year but production was 56772 M/Tons as compared to 55878 M/Tons during the same period last year means a slight increase of 1.6%. The Plant has suffered another year of capacity underutilization due to uninterrupted influx of underinvoiced and misdeclared imported tinplate in the market. Your management is however, continuously making efforts with the government functionaries to stop underinvoicing and misdeclaration at import stage as this is the major threat to all domestic industries at present.

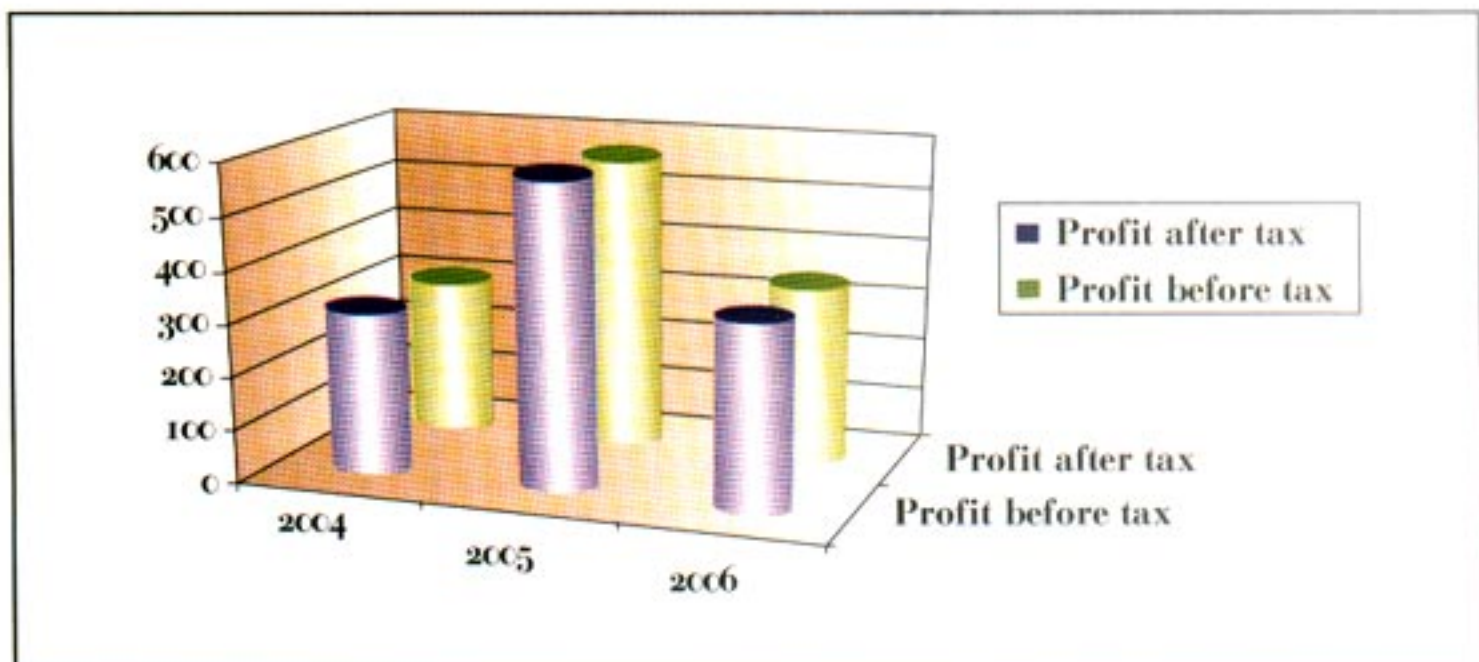
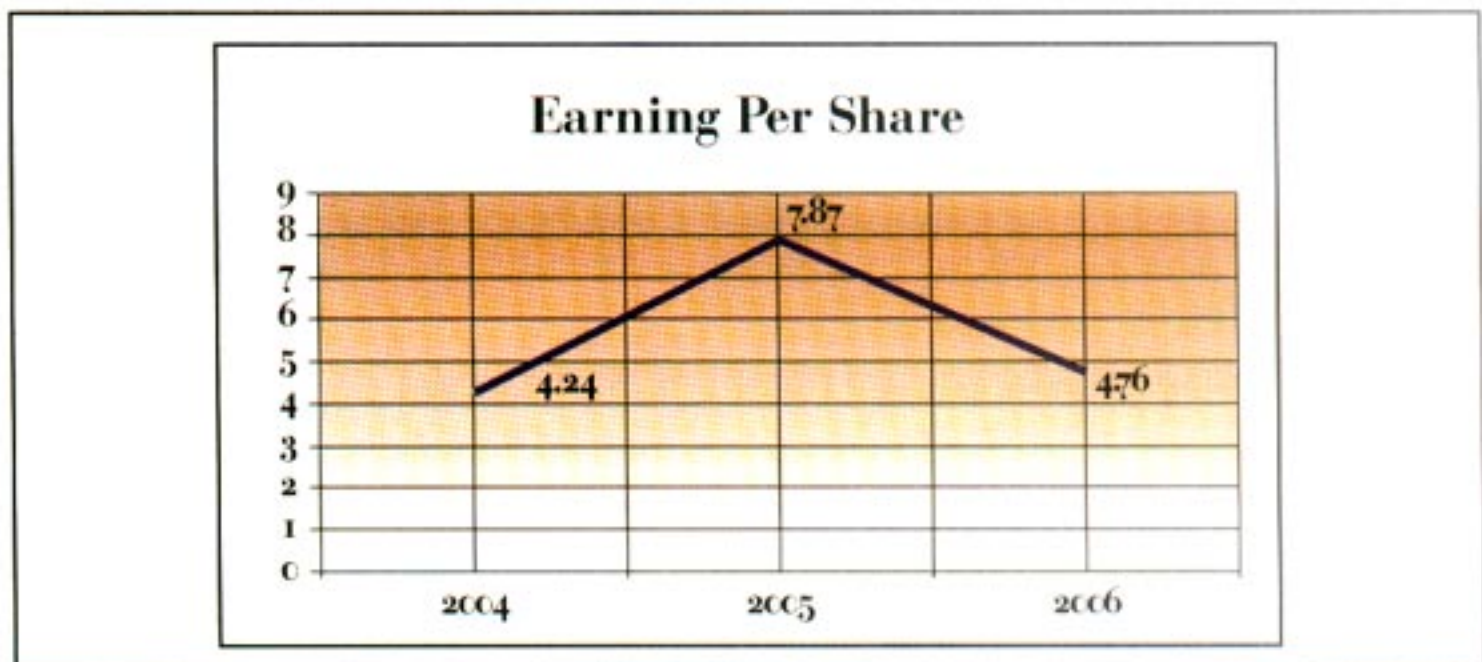
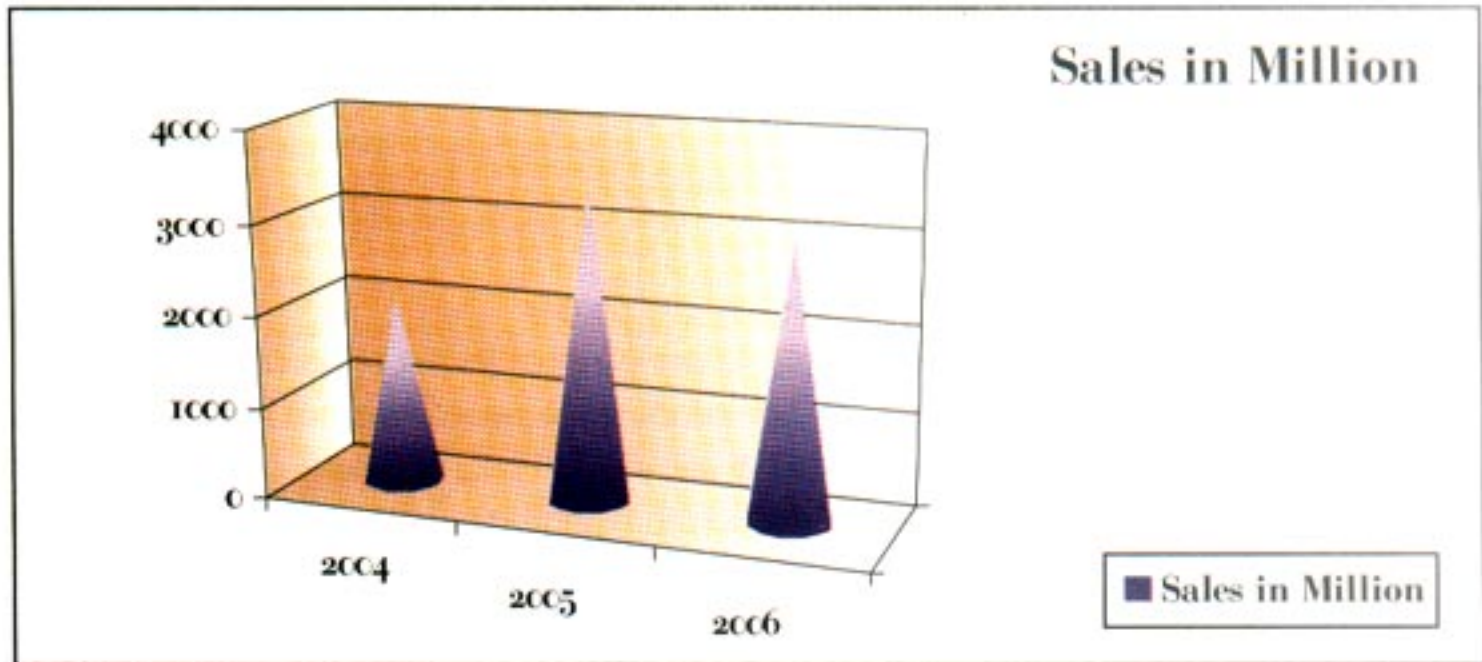
In furtherance of our saving measures initiated last year the fuel cost was proposed to be curtailed through conversion of Diesel Generators to KESC which are got implemented towards the end of 2005-06. The advantage of this cost saving measure will be reflected next year's financial statement.

Financial Overview

Following are the comparative financial results for the year 2006 with 2005 and 2004.

	2006		2005		2004	
	Rupees	% of Sales	Rupees	% of Sales	Rupees	% of Sales
Sales	3,042.1	100.00%	3,485.5	100.00%	2,116.8	100.00%
Gross Profit	493.2	16.21%	730.7	20.96%	426.1	20.13%
Profit before tax	355.4	11.68%	579.1	16.61%	313.1	14.79%
Profit after tax	339.9	11.17%	561.6	16.11%	302.5	14.29%
Earning per Share (in Rupees)	4.76		7.87		4.24	

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, 2007, 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, 2006 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, 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.

Material Changes

The major development to record in the current financial year is switching over the power generation from diesel power generation to KESC, through this development company curtailed its power generation expenses upto Rs.37.6 M approximately.

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 16, 2006