

DIRECTORS' REVIEW

On behalf of the Board of Directors of your Company, I have pleasure to present the half-yearly financial statement of your Company duly reviewed by the auditors of the Company for the period ended December 31, 2006.

OPERATING AND FINANCIAL RESULTS

During the period under review, your Company net sale was recorded at Rs. 1,461.3 millions as compared to Rs. 1,724.5 millions during the same period last year. That means decrease of 15% which is mainly due to decline in sales of 2nd quarter of current financial year. This decline in sales was basically due to delay in arrival of required material and heavy influx of imported material at lower price in local market as well as slump in international prices. This is despite of all effort of the management with the Government Authorities for stopping under invoicing and mis-declaration at customs stage.

As a result of decline in Sales, the stock was accumulated and, therefore, production was restricted to 23727 M/Tons as compared to 32399 M/Tons during the same period last year. The profit after tax for the second quarter of current financial year recorded to Rs. 154.6 million as compared to Rs. 232.4 million during the same period last year, means a decrease of 33%.

This has resulted in drop in Earning per share for the period at Rs. 1.97 as compared to Rs. 3.26 per share of previous period.

FUTURE OUTLOOK

The future strategy of your Company will be to consolidate its position through close monitoring of its procurement and marketing strategy and by improving its performance. In the mean time I am pleased to inform you that international prices have also starting going up which mean our stocks will fetch better prices during the second half of the current financial year. Revaluation of ITP of the Secondary ETP is under active consideration of the Customs Department due to which imports have already started declining. Moreover Management is reinitiating anti dumping cases against various countries. We hope all these efforts will result in better returns for the partners.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to thanks to all our partners, customers, suppliers, distributors, shareholders, bankers, leasing and insurance companies for their continuing support.

On behalf of the Board of Directors

Karachi : February 24, 2007

Abdullah Rafi
Chairman