



## Directors' Review

The un-audited financial statements of your Company together with the auditors review report thereon for the half year ended December 31, 2006 is presented along-with an update on the Company's performance.

	2006	2005
	Rupees in million	
Turnover	307.450	255.989
Gross profit	84.581	76.793
Operating profit	16.148	17.685
Profit before taxation	15.196	17.352
Taxation	4.664	7.374
Profit after tax	10.532	9.978

Gross sales for the first six months shows a growth of 20% from Rs.255.989 million to Rs.307.450 million. Net sales grew by 22% from Rs.199.014 million to Rs.242.172 million.


An increase in sugar prices and the impact of additional duty of 10% plus 5% regulatory duty imposed on the import of sugar from October 2006 adversely affected the comparable growth of our gross profit, which could only increase by 10%. The early onset of winter and the shift in the fasting month of Ramzan had a major impact on our sales in the second quarter reducing our operating profit by 9% from Rs.17.685 million in 2005 to Rs.16.148 million in 2006. Increase in fuel prices also had its impact.

The Company is investing to further improve and expand its production capacity by adding new packing lines and overhauling existing machinery. We are also increasing the storage capacity at our factory to meet the expected increase in demand for Tang during 2007.

The next half year appears to be promising with world sugar prices showing a declining trend. We are also reorganising our sales and distribution network to perform more effectively and efficiently.

Your Company is grateful to all our customers, shareholders, bankers, leasing and insurance companies for their continuing support. We also wish to thank our staff for their contribution and look forward to their continued support.

On behalf of the Board of Directors

  
IQBAL ALI LAKHANI  
Chairman

Karachi: January 26, 2007