

Directors' Review

The un-audited financial statements of the Company for the first quarter ended September 30, 2008 together with results for the three months to that date are presented along-with an update on the Company's performance.

The effects of slow down in the country's economy were also felt by the Company. Sales for the first time were lower at Rs.288 million as compared to Rs. 290 million for the same period last year.

The net sales revenue was also lower at Rs.224 million during the three months to September 30, 2008 as compared to Rs.231 million in the corresponding period last year, registering a decrease of 3%. Gross profit decreased substantially from Rs.89 million to Rs.63 million, a fall of 29%. This was mainly due to increase in the cost of inputs.

The operating profit of Rs.40 million earned during the last quarter turned into a loss of Rs. 26 million during the period under review.

The reasons for decrease in sales and profits can be attributed to the following factors :

1. Increase in the cost of raw materials.
2. The weather being not as hot as it had been in previous years.
3. The drastic devaluation of the Rupee versus all other currencies.
4. Galloping inflation that curbed purchasing power of end consumer.

The next quarter is also expected to be slow, as the weather remains elusive.

We are grateful to all our customers, distributors, shareholders, bankers, leasing and insurance companies for their continuing support.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "Iqbal Ali Lakhani".

IQBAL ALI LAKHANI
Chairman

Karachi: October 27, 2008