



## Directors' Review

The un-audited financial statements of the Company for the third quarter ended March 31, 2007 together with results for the nine months to that date are presented along-with an update on the Company's performance.

Gross sales for the nine months were Rs.510.013 million as compared to Rs.433.828 million registering an increase of 18% over the last nine months. Net sales increased from Rs.339.576 million last year to Rs. 401.766 also registering an increase of 18%.

The gross profit margin however recorded a fall from 41% of net sales to 34%, due mainly to higher cost of sugar in the international markets and imposition of 10% customs duty plus 5% regulatory duty domestically effective 14th October 2006.

The operating profit for the nine months was Rs.24.997 million as compared to Rs.45.042 million last year, a decrease of 45%. This was due to higher cost of sales and higher selling and distribution expenses which were incurred to counter increase in competition from other powdered beverages. The net profit after taxation also decreased from Rs.28.015 million to Rs.15.819 million.

While your Company has continued to effectively face the competitive challenge and build on customer loyalty, price revisions to recover enhanced costs have not been possible. Nonetheless the Company is adhering to its plans of spending on advertising and promotions and also strengthening its sales and distribution network.

We are grateful to all our customers, shareholders, bankers and insurance Company for their continuing support. We also thank our staff for their contribution to the improvement of the Company's performance and look forward to their continued support.

On behalf of the Board of Directors

IQBAL ALI LAKHANI  
Chairman

Karachi: April 24, 2007