



DIRECTORS' REPORT TO THE MEMBERS

BEGIN IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith un-audited financial statements of the Company for the first quarter ended September 30, 2008 together with the comparative figures for the corresponding period.

Performance Review

The Company during the first quarter of the financial year has suffered a loss before tax of Rs. 85.68 million and loss after tax of Rs. 87.14 million as compared to profit before tax of Rs. 17.285 million and profit after tax of Rs. 14.990 million for the corresponding period. The Company has suffered an operating loss of Rs. 19.847 million as compared to operating revenue of Rs. 43.611 million for the corresponding period. The main rationale of suffering an operating loss during the period is due to the current market situation and overall recession prevailing in the country. These factors have resulted in a loss per share of Rs. 1.59 during the period as compared to earnings per share of Re. 0.31 for the corresponding period.

Economic and Stock Market Review

Pakistan's economy endured a tough quarter, along with the global trend in developing economies during first quarter 2008-2009. Several global financial institutions were either acquired, bailed out, or even filed for bankruptcy. Market interventions by governments across the world were a key theme during first quarter 2008-2009. Pakistan's economic indicators have also not shown any major encouragement with a record trade and current account deficit being seen in first quarter 2008-2009, mainly due to high international crude oil prices and decline in foreign investor confidence. The Pak Rupee also lost nearly 15% of its value in the quarter alone, which has had a further negative impact on the economy. The government has approached several friendly countries and donor agencies in order to try and construct an economic reform program, as well as gain foreign currency funding.

The impact of the economic conditions has resulted in uncertainty for investors, which is affecting the overall volume of business in the economy. The Karachi Stock Exchange board took the extraordinary step of placing a floor on stock prices in order to avoid any major problem for the overall financial sector. The floor has had the desired effect of holding off any major systemic tremors in the financial sector, while also allowing time to the government and various stakeholders to try and work out ways to ease the impact once the floor is removed.



Future Outlook

Your company expects a tough year going forward, however, improvement over first quarter 2008-2009 numbers is expected. We believe that as the government works out ways to improve the country's economic performance, stock market volumes are also likely to improve. Your company is also in the process of exploring new ventures in order to try and diversify its portfolio of operations.

Acknowledgements

The Board of Directors of your Company wishes to place on record its gratitude to the Regulators, its bankers, Members, clients and business partners for their continued cooperation and support. Further, the Board appreciates the valuable, loyal, and commendable services rendered to the Company by its executives and staff members.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our company, country and nation.

For and on behalf of the Board of Directors

MUHAMMAD SOHAIL DAYALA
Chairman and Chief Executive Officer

Karachi, October 24, 2008