



Directors' Review

The Directors are pleased to present the Quarterly Accounts of the company for the quarter ended September 30, 2008.

Business Review

The impact of slow down of the economy has started having its impact on all sectors. As a result, sales increase for your company during the quarter dropped to 14.9% against an average of around 20% which was being achieved since the last many years. Cost increases during the same period has been in the range of 40-45%. This is due to 25% devaluation of Pak Rupee and local and international inflation ranging between 20 and 25%. Although, full impact of the cost increases is yet to come, our Gross Profit has reduced from 37% last year to 28% during the current year. Despite, very strict control on selling, distribution and administration expenses, our operating profit for the year declined by a massive 52%. This was compounded by almost 165% increase in finance cost resulting in decline in profit before taxation by a whopping 65%.

Future outlook

Devaluation of Pak Rupee, increase in minimum wages, huge increase in utility costs, local and international inflation are all resulting in increase in cost of production of your company. Despite, huge cost increases, the Ministry of Health continues to maintain prices of pharmaceutical products at 2001 levels. Although, some price increases were allowed on a few products, these are too little and too late. Pak Rupee continues to devalue and cost increases on all inputs have become a daily routine. Under such circumstances, it is becoming very difficult to operate our business. Pakistan Pharmaceutical Manufacturer's Association has already informed the Health Ministry that until and unless immediate price increases are not granted on all pharmaceutical products, a majority of the pharmaceutical companies will be forced to close down their operations. We hope that the Government acts on this matter before it is too late so that the people of Pakistan continue to receive essential medical supplies without any interruption.

On behalf of the Board

Karachi
Dated: October 28, 2008

Abid Hussain
Chief Executive Officer

**Profit and Loss Account (Un-Audited)**

For the quarter ended September 30, 2008

	2008 Sept. 30,(Rupees in '000).....	2007 Sept. 30,(Rupees).....
Net sales	292,682	254,654
Cost of sales	(211,016)	(160,442)
Gross profit	81,666	94,212
Selling and distribution expenses	(47,683)	(45,079)
Administration and general expenses	(10,431)	(10,555)
	23,552	38,578
Other operating income	4,650	1,949
	28,202	40,527
Other operating charges	(11,066)	(5,003)
Operating profit	17,136	35,524
Finance cost	(5,297)	(2,002)
Profit before taxation	11,839	33,522
Taxation - net	(4,683)	(11,739)
Profit after taxation	7,156	21,783
(Rupees).....	
Earnings per share	0.72	2.18

The annexed notes form an integral part of these accounts.



Balance Sheet As at September 30, 2008

	Note	2008 Sept. 30, (Un-Audited)(Rupees '000).....	2008 June 30, (Audited)
ASSETS			
Non-current Assets			
Property, Plant and Equipment		340,927	348,244
Long-term loans - considered good		3,346	3,277
Long-term deposits		954	954
Current assets			
Stores and spares		54,087	42,713
Stock-in-trade		217,681	197,025
Trade debts - unsecured		178,144	185,047
Loans and advances - considered good		29,759	19,749
Trade deposits, short-term prepayments and other receivables		11,641	9,999
Taxation recoverable		13,711	9,522
Cash and bank balances		2,580	3,217
		507,603	467,272
Total Assets		<u>852,830</u>	<u>819,747</u>
Equity and Liabilities			
Equity			
Share capital		100,000	100,000
Revenue reserves		226,990	244,834
		326,990	344,834
LIABILITIES			
Non current liabilities			
Long - term finance		8,333	16,666
Deferred tax liability - net		43,421	44,854
		51,754	61,520
current Liabilities			
Trade and other payables		316,357	259,726
Short-term borrowing - secured		136,005	132,056
Mark-up accrued		5,057	4,944
Current portion of long-term finance		16,667	16,667
		474,086	413,393
		525,840	474,913
Total Equity and Liabilities		<u>852,830</u>	<u>819,747</u>
Commitments	5		

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director

**Statement of Changes in Equity (Un-Audited)**

For the quarter ended September 30, 2008

	Issued Subscribed and paid-up Capital	Revenue Reserves		Sub Total	Total
		General Reserve	Unappro- priated Profit		
(Rupees in '000)					
Balance as at June 30, 2007	100,000	132,500	69,478	201,978	301,978
Profit after taxation for the year ended September 30, 2007	-	-	21,783	21,783	21,783
Balance as at September 30, 2007	<u>100,000</u>	<u>132,500</u>	<u>91,261</u>	<u>223,761</u>	<u>323,761</u>
Balance as at June 30, 2008	100,000	167,500	77,334	244,834	344,834
Cash dividend for the year ended June 30, 2008 declared subsequent to year end	-	-	(25,000)	(25,000)	(25,000)
Transfer to general reserve made subsequent to year end	-	45,000	(45,000)	-	-
Profit after taxation for the year ended September 30, 2008	-	-	7,156	7,156	7,156
Balance as at September 30, 2008	<u>100,000</u>	<u>212,500</u>	<u>14,490</u>	<u>226,990</u>	<u>326,990</u>

The annexed notes form an integral part of these accounts.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director



Cash Flow Statement (Un-Audited)
For the quarter ended September 30, 2008

	2008 Sept. 30,(Rupees in '000).....	2007 Sept. 30,
Cash flows from operating activities		
Cash generated from operations	23,562	54,316
Finance cost paid	(4,888)	(4,214)
Taxes paid	(10,305)	(2,968)
Decrease / (Increase) in long-term loans	(69)	236
Net cash inflow from operating activities	<u>8,300</u>	<u>47,370</u>
Cash flows from investing activities		
Fixed capital expenditure	(5,958)	(9,612)
Proceeds from disposal of property, plant and equipment	1,405	37
Net cash used in investing activities	(4,553)	(9,575)
Cash flows from financing activities		
Repayment of long-term finance	(8,333)	(8,333)
Dividends paid	-	(2)
Net cash inflow from / (used in) financing activities	<u>(8,333)</u>	<u>(8,335)</u>
Net Increase in cash and cash equivalents	<u>(4,586)</u>	<u>29,460</u>
Cash and cash equivalents at beginning of the year	(128,839)	(35,749)
Cash and cash equivalents at end of the period	<u><u>(133,425)</u></u>	<u><u>(6,289)</u></u>

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Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director