



Directors' Report

The Directors are pleased to present the half yearly accounts of the company for the period ended December 31, 2008.

Business Review

Increase in sales during the half year was a healthy 18.6% which was in line with the increase attained by your company since last many years. We are constantly growing at a rate which is well ahead of the growth rate of the pharmaceutical market. The increase in sales was a result of new products as well as increase in volumes of existing products. Price increase on some products also helped us to achieve increase in our sales value.

Despite a healthy increase in sales, our profit before tax for the half year plunged by a whopping 82.6%. Against Rs. 50.6m profit before tax made last year, our PBT during the current period was only Rs. 8.8 million. Infact, if we look at the Oct - Dec quarter only, we suffered a loss after tax of Rs. 4.6 m compared to profit after tax of Rs. 11.0m in the same period last year. This sweeping change in the financial health of your company was due to the following:

- a. increase in world wide raw and packaging materials prices
- b. devaluation of Pak Rupee
- c. unprecedented local inflation which is hovering at almost 25% p.a. and
- d. Increase in interest rates

All the above factors have put tremendous pressure on the cost of operations of your company. Price increases on few products were allowed by the Health Ministry to your company during the year. However, the impact of this price increase was far below the increase in our cost of production.

Future Outlook

Some reduction in raw material prices is being seen in the International market due to reducing oil prices. However, local inflation and interest rates continue to remain at previous levels. Utility prices are constantly increasing which is also a major cost element of your company. Similarly, Pak Rupee versus Japanese Yen and other foreign currencies continues to loose value. All this is going to put further pressure on your company. We are constantly pleading with the Ministry of health to allow us price increase to compensate us for these abnormal cost increases. We hope that the Ministry of Health realizes the genuine problems of this important industry and take necessary steps to address our problems.

On behalf of the Board

Karachi.
Dated : February 10, 2009

Abid Hussain
Chief Executive Officer



Condensed Interim Balance Sheet As at December 31, 2008

	Note	2008 December 31 Unaudited (Rupees '000)	2008 June 30 Audited
ASSETS			
Non-current Assets			
Property, Plant and Equipment	4	339,056	348,244
Long-term loans - considered good		3,411	3,277
Long-term deposits		964	954
		<u>343,431</u>	<u>352,475</u>
Current assets			
Stores and spares		41,422	42,713
Stock-in-trade		259,433	197,025
Trade debts - unsecured		149,137	185,047
Loans and advances - considered good		22,753	19,749
Trade deposits and short-term prepayments and other receivables		13,033	9,999
Taxation recoverable		20,189	9,522
Cash and bank balances		2,565	3,217
		<u>508,532</u>	<u>467,272</u>
Total Assets		<u>851,963</u>	<u>819,747</u>
Equity and Liabilities			
Equity			
Share capital		100,000	100,000
Revenue reserves		222,421	244,834
		<u>322,421</u>	<u>344,834</u>
LIABILITIES			
Non current liabilities			
Long-term finance		8,333	16,666
Deferred tax liability - Net		41,477	44,854
		<u>49,810</u>	<u>61,520</u>
Current liabilities			
Trade and other payables		270,876	259,726
Short-term borrowing - secured		185,296	132,056
Mark-up accrued on borrowings		6,893	4,944
Current portion of long-term finance		16,667	16,667
		<u>479,732</u>	<u>413,393</u>
		<u>529,542</u>	<u>474,913</u>
Total Equity and Liabilities		<u>851,963</u>	<u>819,747</u>

Commitments

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The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Abid Hussain
Chief Executive

Mehtabuddin Feroz
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2008 (Un-Audited)

	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
Final dividend for the year ended June 30, 2007 declared subsequent to the year end	-	-	(25,000)	(25,000)	(25,000)
Transfer to general reserve made subsequent to the year end	-	35,000	(35,000)	-	-
Profit after taxation for the period ended December 31, 2007	-	-	32,795	32,795	32,795
Balance as at December 31, 2007	<u>100,000</u>	<u>167,500</u>	<u>42,273</u>	<u>209,773</u>	<u>309,773</u>
Balance as at June 30, 2008	100,000	167,500	77,334	244,834	344,834
Final dividend for the year ended June 30, 2008 declared subsequent to the year end	-	-	(25,000)	(25,000)	(25,000)
Transfer to general reserve made subsequent to the year end	-	45,000	(45,000)	-	-
Profit after taxation for the year ended December, 31, 2008	-	-	2,587	2,587	2,587
Balance as at December 31, 2008	<u>100,000</u>	<u>212,500</u>	<u>9,921</u>	<u>222,421</u>	<u>322,421</u>

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.

Condensed Interim Cash Flow Statement

For the half year ended December 31, 2008 (Un-Audited)

	July-December 2008	July-December 2007
	(Rupees in '000)	
Cash flows from operating activities		
Cash generated from operations	24,928	59,953
Finance cost paid	(9,564)	(4,785)
Taxes paid/ deducted at sources	(20,264)	(6,206)
(Increase)/decrease in long-term loans	(134)	87
(Increase)/decrease In long-term deposits	(10)	-
Net cash (outflow)/inflow from operating activities	(5,044)	49,049
Cash flows from investing activities		
Fixed capital expenditure	(18,969)	(31,001)
Proceeds from disposal of fixed assets	3,330	157
Net cash used in investing activities	(15,639)	(30,844)
Cash flows from financing activities		
Repayment of long-term finance	(8,333)	(8,333)
Dividends paid	(24,876)	(24,779)
Net cash (outflow)/inflow from financing activities	(33,209)	(33,112)
Net Decrease in cash and cash equivalents	(53,892)	(14,907)
Cash and cash equivalents at beginning of the period	(128,839)	(35,749)
Cash and cash equivalents at the end of the period	(182,731)	(50,656)

The annexed notes 1 to 8 form an integral part of these condensed interim financial statements.