

DIRECTORS' REVIEW

The Directors are pleased to present the accounts of the company for the quarter ended September 30, 2011.

Business Review

Sales for the quarter grew by 15.7% compared with the same period last year. The increase in sales is lower compared to what was being achieved during the last few years. This is mainly due to non-availability of goods to sell. Since we are operating at 100% of our capacity for the last three years, our ability to increase top line is limited to improvement in sales mix, increase in selling prices and sale of imported products. During the current quarter no price increase has been received on any of our products hence there has been no impact on this account. Also because of new requirement by the Government for registration of all medical devices, sales of our imported medical devices have come under pressure. The increase therefore represents improvement in sales mix and some volume increases as during the last year, our sales were impacted because of flood in the country.

Despite 15.7% increase in sales, Profit before tax for the period reduced by a massive 33.4% compared with the same period last year. Cost of producing infusion solutions is to a great extent related to oil prices and any increase in oil prices directly results in increase of our cost of production. We are unable to pass on this increase in cost to our customers as prices are controlled by the Government. The impact of the increase therefore results in a direct impact on our bottom line. All efforts were made to control our selling and administration expenses as well as finance cost. However, this was not sufficient to control the decline in the bottom line.

Future Outlook

Local inflation continues to be in double digits. Utilities prices (electricity, gas, diesel and petrol) are being regularly increased due to devaluation and increase in international oil prices. Pak Rupee is on a continuous decline against most currencies. Polyethylene and dextrose prices which are major raw materials for your company are continuously rising with the increase in oil prices. All this is having a direct impact on the cost of our products which are witnessing constant increases. Many of our products have become unfeasible and it is becoming more and more difficult to continue production of the same. Despite working at 100% capacity we are unable to increase our capacities as this is economically not viable. Under such circumstances if immediate and substantial price increases are not granted it will be difficult to continue operation of your company. We are doing whatever is possible within our means to rectify the situation. However, the Government also needs to realize the same and treat infusion solutions separately from other pharmaceutical products. If God forbid, this industry collapses, there will be a major setback for the entire health sector of the country as no operation can take place without availability of these products. Prices of infusion solutions in Pakistan according to our information are one of the lowest in the world and therefore the country will have to spend huge amount of foreign exchange for import of products which can be easily manufactured within the country if supporting environment is created.

On behalf of the Board

Karachi
Dated: October 18, 2011

Abid Hussain
Chief Executive Officer.

**CONDENSED PROFIT AND LOSS ACCOUNT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Note	2011 Sept.30	2010 Sept.30
------(Rupees in '000)-----			
Net sales		403,227	348,440
Cost of sales		<u>(327,974)</u>	<u>(262,638)</u>
Gross profit		75,253	85,802
Selling and distribution expenses		(46,962)	(44,354)
Administrative and general expenses		<u>(15,439)</u>	<u>(14,511)</u>
		12,852	26,937
Other operating income		<u>6,777</u>	<u>2,552</u>
		19,629	29,489
Other operating charges		<u>(2,544)</u>	<u>(6,909)</u>
Operating profit		17,085	22,580
Finance cost		<u>(5,378)</u>	<u>(4,990)</u>
Profit before taxation		11,707	17,590
Taxation - net		<u>(3,953)</u>	<u>(6,390)</u>
Profit after taxation		<u><u>7,754</u></u>	<u><u>11,200</u></u>
------(Rupees)-----			
Earnings per share		<u><u>0.78</u></u>	<u><u>1.12</u></u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

**CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2011**

	Note	2,011 Sept.30 (Un-Audited) -----(Rupees in '000)----	2,011 40,724 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	274,133	282,959
Long-term loans - considered good		5,870	5,205
Long-term deposits		743	743
		<u>280,746</u>	<u>288,907</u>
Current assets			
Stores and spares		50,139	45,704
Stock-in-trade		317,498	267,400
Trade debts - unsecured		138,886	165,661
Loans and advances - considered good		24,807	23,998
Trade deposits, short-term prepayments and other receivables		25,453	14,362
Taxation		38,609	25,448
Cash and bank balances		8,768	7,940
		<u>604,160</u>	<u>550,513</u>
Total assets		<u><u>884,906</u></u>	<u><u>839,420</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		100,000	100,000
Revenue reserves		331,576	323,822
Shareholders' equity		<u>431,576</u>	<u>423,822</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net		21,493	23,425
Current liabilities			
Trade and other payables		285,833	254,594
Short-term borrowings - secured		140,811	130,424
Mark-up accrued		5,193	7,155
		<u>431,837</u>	<u>392,173</u>
Total equity and liabilities		<u><u>884,906</u></u>	<u><u>839,420</u></u>
CONTINGENCIES AND COMMITMENTS			
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Chief Executive

Director

**CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Issued, subscribed and paid-up capital	Revenue reserves		Sub total	Total
		General reserve	Unappro- priated profit		
----- (Rupees in '000) -----					
Balance as at June 30, 2010	100,000	227,500	67,318	294,818	394,818
Transfer to general reserve made subsequent to year end	-	40,000	(40,000)	-	-
Profit after taxation for the period ended September 30, 2010	-	-	11,200	11,200	11,200
Balance as at September 30, 2010	<u>100,000</u>	<u>267,500</u>	<u>38,518</u>	<u>306,018</u>	<u>406,018</u>
Balance as at June 30, 2011	100,000	267,500	56,322	323,822	423,822
Transfer to general reserve made subsequent to year end	-	30,000	(30,000)	-	-
Profit after taxation for the period ended September 30, 2011	-	-	7,754	7,754	7,754
Balance as at September 30, 2011	<u>100,000</u>	<u>297,500</u>	<u>34,076</u>	<u>331,576</u>	<u>431,576</u>

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Chief Executive

Director

**CONDENSED CASH FLOW STATEMENT (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

Note	2011 Sept.30	2010 Sept.30
	-----(Rupees in '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	22,868	(8,697)
Finance cost paid	(7,226)	(6,472)
Taxes paid	(19,047)	(15,362)
Increase in long-term loans	(665)	249
Decrease in long-term deposits	-	
Net cash generated from operating activities	<u>(4,070)</u>	<u>(30,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	<u>(7,907)</u>	<u>(1,869)</u>
Proceeds from disposal of property, plant and equipment	<u>2,440</u>	<u>54</u>
Net cash outflow on investing activities	(5,467)	(1,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	<u>-</u>	<u></u>
Dividends paid	<u>(22)</u>	<u>(34)</u>
Net cash outflow on financing activities	<u>(22)</u>	<u>(34)</u>
Net increase in cash and cash equivalents	<u>(9,559)</u>	<u>(32,131)</u>
Cash and cash equivalents as at the beginning of the year	<u>(122,484)</u>	<u>(129,136)</u>
Cash and cash equivalents as at the end of the period	<u><u>(132,043)</u></u>	<u><u>(161,267)</u></u>

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Chief Executive

Director