

DIRECTORS' REPORT

The Directors of your company are pleased to welcome you to the twenty seventh Annual General Meeting of your Company and place before you the Annual Report with the Audited Financial Statements of the Company for the year ended June 30, 2009.

During the year, sales amounting to Rs.1,297 million were generated as against sales of Rs.1,262 million registered during the previous year showing an increase of 2.7%. By the grace of Almighty Allah, the Company posted net profit before taxation amounting to Rs.77.20 million as compared to Rs.64.63 million earned during the previous year showing a growth of 19.43%. That increase in profitability was mainly attributed to judicious procurement of raw materials, better marketing strategies and plant efficiency.

The summarized results are as under:

	2009 Rs. '000	2008 Rs. '000
Profit before taxation	77,196	64,632
Provision for taxation	<u>20,922</u>	<u>24,787</u>
Profit/(loss) after taxation	56,274	39,845
Un-appropriated profit brought forward	<u>141,006</u>	<u>101,161</u>
Un-appropriated Profit carried forward	<u>197,280</u>	<u>141,006</u>
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Resin Division

Sales of resin division amounted to Rs.733.199 million as compared to previous year's sales of Rs.688.219 million showing an improvement of 6.5%. This increase in sales revenue was attributed to price increase, while sales volume declined due to adverse economic, financial, electric outages and law and order situation that prevailed in the country.

Aminoplast Division

Total sales of aminoplast division during the year under review amounted to Rs.563.775 million as against Rs.573.755 million achieved during the previous year showing a decrease of 1.7%.

Moulding Compound Sales during the year remained under pressure mainly due to additional production capacity being added by our competitors and two new moulding compound plants, based on Chinese technology, were commissioned last year. The industry was also hit by adverse economic conditions and severe power outages.

Future Outlook

Resin sector which has been showing a strong growth for the last couple of years is expected to come under some pressure due to additional capacity for production of resin being added by our competitors and lower level of economic growth being witnessed in the Country.

Declining trend in our sales of Moulding Compound will continue and further decrease in Moulding sales volume is anticipated.

The Management being vigilant of the present situation is in the process of finalizing plans for taking necessary steps to safeguard our business interest in the market.

Corporate Governance

The Directors of your company confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan's Code of Corporate Governance for the following:

- a) The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statement and any departure therefrom has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern unless final decision comes against us in respect of the Vend Fee and Permit fee case mentioned earlier.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- h) We have prepared and circulated a statement of ethics and business practices to every Director and employee.
- i) The Board of Directors has adopted Vision and Mission statement.
- j) Information about taxes and levies is given in the notes to the accounts.
- k) Value of investment in the Company's provident fund scheme based on un-audited accounts for the year ended June 30, 2009 stands at Rs. 57.701 million.
- l) Statements are annexed in respect of the following:
 1. Key financial data for the last six years .
 2. Pattern of Shareholding.
- m) During the year under review, five meetings of the Board of Directors were attended as under:

Directors	Attended
Mr. Per Haga	5 (4 by alternate director)
Mr. Rafiq M. Habib	4 (1 by alternate director)
Mr. Shabbir Abbas	5
Mr. Alireza M. Alladin	5
Mr. Chew Teck Liong	4 (all by alternate director)
Mr. Donald John Jenkin	3
Mr. Farooq Hassan	3

Earning per share

Earning per share after taxation is Rs. 2.98 (2008: Rs. 2.11)

Vend Fee and Permit Fee

As regards Vend and Permit Fee case, Sindh High Court has already pronounced very strong and favorable decisions. Presently the case is pending with the learned Supreme Court of Pakistan. In view of the merits of the case and previous two favourable decisions of the Sindh High Court, the management is expecting a favourable decision from the apex Court and is making necessary efforts to continue as a going concern.

Appointment of Auditors

The retiring auditors M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountants, being eligible, offer themselves for re-appointment for the ensuing year. They have been given satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan.

Dividend

The Board of Directors is pleased to propose a dividend of Rs.0.75 per share (15%)

Acknowledgement

The Directors wish to acknowledge and appreciate the dedication and efforts of all of its employees and the management for achieving the results for the year. The support and cooperation received from the financial institutions, customers and other institutions associated with the Company is also gratefully acknowledged.

On behalf of the Board of Directors

SHABBIR ABBAS
Chief Executive Officer

Karachi: September 08, 2009