

Directors' Report

The Directors of your Company are pleased to issue this report on the financial position and performance of your Company for the 2nd quarter ended December 31, 2012.

Sales for the period was Rs. 1.45 billion as compared to Rs. 1.84 billion of the corresponding period of last year, thus registering a decline of 21%. The profit before tax has also declined from Rs. 275.66 million to Rs. 148.69 million, a decline of Rs.126.97 million or 46% as compared to corresponding period of last year.

The reason for this shortfall, primarily, could be attributed to the Government's inconsistent policy on the import of used passenger cars, which largely affected the domestic car assemblers. However, the favorable change in Government's stance by imposing restriction on the import of used cars beyond three years, has brought about a relief to the Auto industry; and the decision has been widely hailed.

The positive effects of this change in the used car policy has already started to come in favor of the locally assembled cars and the production volume has gradually started increasing to some extent, from January 2013. Resultantly, we expect the current financial year sales and profitability to be substantially lower than last year as the recovery in sales in the remainder part of the year would not make up for the loss incurred in the 1st half.

AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)

The 100% owned subsidiary of the Company which was established last year to produce the sheet metal parts at Port Qassim is progressing satisfactorily and on target. The contract for the installation of the presses has been awarded to M/s. Horiuchi Machinery Co. Ltd, Japan and their representatives have also visited the site. The installation is expected to be completed by September 2013.

The 1st batch of 5 trainees were sent to Ogihara Thailand in Aug 2012. They have completed their 6months training and are back. The 2nd batch of two engineers has now been sent for 3 months training in Thailand in the areas of Quality Control and Maintenance.

We would like to express our sincerest gratitude and appreciation to all our Customers, Dealers, Bankers and Foreign Technical collaborators for their unabated support and confidence in the Company. We are also thankful to all our team members who have worked devotedly to support our customers and the progress of the Company.

On behalf of the Board of Directors.

Fahim Kapadia

Chief Executive

Dated: February 19, 2013