

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of your Company are pleased to report the financial position and performance of your Company for the nine months ended March 31, 2009.

The sales achieved for the period was Rs. 1.627 billion as compared to Rs. 1.524 billion for the corresponding period last year registering an increase of Rs. 103 million i.e. 6.76%. The profit before tax however declined from Rs. 321.11 million to Rs. 213.05 million i.e. 33.65% as compared to last year attributable largely to increase in cost of sales because of substantial depreciation of Pak. Rupee against major international currencies especially Japanese Yen.

The declining sales trend persists in the auto industry thus affecting the sales volume during the nine months ending March 31, 2009, on the other hand, higher input cost and inventories resulting from lower production has suppressed the profitability. The Management has taken necessary measures through price corrections to improve sales revenue and reduce inventories to offset the decline in sales volume.

The third quarter has been the best in this fiscal year and it is expected that the last quarter of this year will follow suit. It appears that the Auto industry is showing some signs of stability, albeit well below its capacity. This improvement will reflect positively on our sales and margins. Stable sales in the Replacement Market, Two-Wheeler Industry and Tractor Parts will also complement profitability and margins.

The Sheet Metal Plant for Pressed Parts has been commissioned and it's performance will depend on the volume of business we can attract and the prices we can get in the recession scenario. The capacity utilization will improve in due course of time.

We would like to convey our appreciation to all our customers, dealers, bankers and foreign technical collaborators for their continued support and confidence in the Company. We are also highly appreciative of all our team members who have worked diligently.

On behalf of the Board of Directors.

Qazi Ebadullah Khan
Chief Executive

Dated: April 24, 2009