

DIRECTORS' REPORT TO THE MEMBERS

The Directors of your Company are pleased to report the financial position and performance of your Company for the first quarter ended September 30, 2008.

In the backdrop of prevailing sluggish economic activity, high forex volatility, high mark-up for car financing, imposition of Federal Excise Duty and With-holding tax besides unsatisfactory law and order condition, sales of cars has declined drastically adversely affecting our turnover, which for the period under review aggregated Rs. 382.532 million as compared to Rs. 550.394 million for the corresponding period last year exhibiting a decline of 30.5%.

We expect stabilization of the market during the second half of the year, meanwhile, some of the cost impact is adjusted through price increase and improved productivity.

The Company very successfully produced the Suspension Parts for the New Generation Corolla cars which was successfully launched on schedule in August, 2008. Your Company is working to secure new business in the Passenger Cars, Two and Three Wheeler segments and Exports.

Work is progressing satisfactorily on the Press Plant for manufacture of various steel sheet metal parts for Automotives, Appliances and Defence and it's commissioning is expected before the close of the current calendar year.

We would like to convey our appreciation to all our Customers, Dealers, Bankers and Technical Collaborators for their continued support and confidence in the Company. We also want to appreciate the efforts of all our team members for their diligence and commitment.

On behalf of the Board of Directors.

Qazi Ebadullah Khan
Chief Executive

KARACHI

DATED : October 21, 2008