

## DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of the company for the year ended June 30, 2008.

### Business Review

During the year, your company crossed a landmark achieving sales in excess of One Billion Rupees. Growth achieved during the year was 22.8% which was once again well ahead of the pharmaceutical market growth rate. The excellent growth was a result of increase in capacity of existing products as well as launch of new products. During the year under review, your company installed an ampoule production line. Sales of ampoules started in June 2008 and we are confident that it will make good contribution to the sales of the company in the coming years. Similarly, Stents launched by your company in May last year have started showing good results. The company also launched its first medical food product during the current year, initial results of which are quite promising.

The year under review witnessed unprecedented increase in cost of raw and packaging materials, utilities and wages. This combined with devaluation of Pak Rupee and political uncertainty is crippling the economy. Although full impact of the increased costs will be witnessed in the coming years, it did have some impact on the results of the current year. Gross Profit reduced from 35.3% last year to 33.1% during the current year and despite almost 23% increase in sales, we could only achieve profit equal to last year.

### Financial Results

	<i>(Rs. in 000)</i>
Profit before taxation	100,865
Provision for taxation	<u>33,009</u>
Profit after taxation	67,856
Unappropriated balance B/F	<u>9,478</u>
Total for appropriation	<u>77,334</u>

### Appropriations

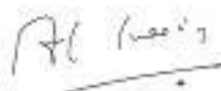
The directors propose to transfer a sum of Rs. 45 million in revenue reserve and also propose a dividend of Rs. 2.50 per share out of profits available for appropriation for the year ended June 30, 2008.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

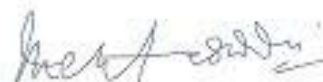
	Note	2008 ..... Rupees in '000 .....	2007
Net sales	18	1,054,864	858,763
Cost of sales	19	(706,092)	(555,981)
Gross profit		348,772	302,782
Selling and distribution expenses	20	(168,957)	(151,024)
Administrative and general expenses	21	(46,625)	(41,509)
		133,190	110,249
Other operating income	22	8,751	13,960
		141,941	124,209
Other operating charges	23	(33,377)	(15,333)
Operating profit		108,564	108,876
Finance cost	24	(7,699)	(8,658)
Profit before taxation		100,865	100,218
Taxation - net	25	(33,009)	(35,980)
Profit after taxation		67,856	64,238
		.....(Rupees).....	
Earnings per share	26	6.79	6.42

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 36 form an integral part of these financial statements.



**Abid Hussain**  
Chief Executive

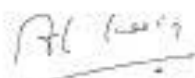


**Mehtabuddin Feroz**  
Director

## BALANCE SHEET AS AT JUNE 30, 2008

	Note	2008 ..... Rupees in '000 .....	2007
<b>ASSETS</b>			
<b>Non current assets</b>			
Property plant and equipment	3	348,244	305,666
Long-term loans - considered good	4	3,277	3,802
Long-term deposits		954	447
		<u>352,475</u>	<u>309,915</u>
<b>Current Assets</b>			
Stores and spares	5	42,713	28,896
Stock-in-trade	6	197,025	151,489
Trade debts - unsecured	7	185,047	131,530
Loans and advances - considered good	8	19,749	21,317
Trade deposits and short-term prepayments and other receivables	9	9,999	5,666
Taxation recoverable		9,522	-
Cash and bank balances	10	3,217	3,967
		<u>467,272</u>	<u>342,865</u>
<b>Total Assets</b>		<u><u>819,747</u></u>	<u><u>652,780</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	100,000	100,000
Revenue reserves		244,834	201,978
		<u>344,834</u>	<u>301,978</u>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Long-term finance	12	16,666	33,333
Deferred tax liability - net	13	44,854	23,400
		<u>61,520</u>	<u>56,733</u>
<b>Current liabilities</b>			
Trade and other payables	14	259,726	232,164
Short-term borrowing - secured	15	132,056	39,716
Mark-up accrued	16	4,944	3,827
Taxation payable		-	1,695
Current portion of long-term finance	12	16,667	16,667
		<u>413,393</u>	<u>294,069</u>
		<u>474,913</u>	<u>350,802</u>
<b>Total equity and liabilities</b>		<u><u>819,747</u></u>	<u><u>652,780</u></u>
Commitments	17		

The annexed notes 1 to 36 form an integral part of these financial statements.



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Chief Executive




**Mehtabuddin Feroz**  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Issued, subscribed and paid-up capital	Revenue reserves		Sub Total	Total
		General reserve	Unappro- priated profit		
..... (Rupees in 000') .....					
Balance as at June 30, 2006	100,000	102,500	57,740	160,240	260,240
Cash dividend for the year ended June 30, 2006 declared subsequent to year end	-	-	(22,500)	(22,500)	(22,500)
Transfer to general reserve made subsequent to year end	-	30,000	(30,000)	-	-
Profit after taxation for the year ended June 30, 2007	-	-	64,238	64,238	64,238
Balance as at June 30, 2007	100,000	132,500	69,478	201,978	301,978
Cash dividend for the year ended June 30, 2007 declared subsequent to year end	-	-	(25,000)	(25,000)	(25,000)
Transfer to general reserve made subsequent to year end	-	35,000	(35,000)	-	-
Profit after taxation for the year ended June 30, 2008	-	-	67,856	67,856	67,856
Balance as at June 30, 2008	100,000	167,500	77,334	244,834	344,834

Appropriations of dividend and transfer between reserves made subsequent to the year ended June 30, 2008 are disclosed in note 34 to these financial statements.

The annexed notes 1 to 36 form an integral part of these financial statements.

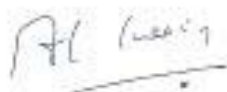
  
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Chief Executive

  
**Mehtabuddin Feroz**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		.....(Rupees in '000) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	30	62,687	143,754
Finance cost paid		(6,380)	(6,111)
Mark-up received		-	58
Taxes paid		(22,772)	(19,813)
Decrease in long-term loans		525	1,210
Increase in long-term deposits		(507)	-
Net cash inflow from operating activities		33,553	119,098
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(87,787)	(129,622)
Proceeds from disposal of property, plant and equipment		2,717	1,929
Net cash used in investing activities		(85,070)	(127,693)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance		(16,667)	50,000
Dividends paid		(24,906)	(22,417)
Net cash inflow from / (used in) financing activities		(41,573)	27,583
Net(decrease)/Increase in cash and cash equivalents		(93,090)	18,988
Cash and cash equivalents at beginning of the year		(35,749)	(54,737)
Cash and cash equivalents at end of the year	31	(128,839)	(35,749)

The annexed notes 1 to 36 form an integral part of these financial statements.



**Abid Hussain**  
Chief Executive



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Director