



Directors' Report

Dear Members – Assalam-o-Alekum

On behalf of my colleagues on the Board, I welcome you to the Twenty-eighth Annual General Meeting of the Company and present before you the annual report, alongwith the audited financial statements of the Company, for the year ended June 30, 2008.

During the year under review, Company earned rental income of Rs.2.196 million and the profit after tax amounted to Rs.0.613 million resulting in Earnings per share of Re.0.10, as shown in the accompanying financial statements.

The manufacturing operations of Urea Formaldehyde Division continued to remain closed on account of prevailing adverse conditions and arbitrary demand in respect of excise duty, vend fee and permit fee raised by the Government of Sindh.

As regards to the progress of pending litigations, the judgement of Honourable Supreme Court of Pakistan which had been reserved upon conclusion of hearing on March 16, 2006 is still awaited and the position in this regard has been explained in Note No. 12 of the Notes to the financial statements.

The Board of Directors considered the prevailing adverse conditions of Urea Formaldehyde industry and concluded that future course of action will be decided upon the finality of the pending cases as referred to above.

Auditors' Reservation on Going Concern

The auditors in their report to the members have expressed reservation about the Company's ability to continue as a going concern. The company maintains that since there has not been any material change from previous year, the financial statements for the year under review have been prepared on "going concern basis" and the reasons thereof have been more fully explained in Note No. 23.1 of the Notes to the financial statements.

Audit Committee

The Company has established an Audit Committee comprising of the following members:

Mr. Murtaza H. Habib	Chairman
Mr. Imran A. Habib	Member
Mr. Ali A. Rahim	Member

Election of Directors

During the year at an Extraordinary General Meeting held on April 3, 2008 Messrs. Murtaza H. Habib, Imran A. Habib, Raza Abbas Jaffery, Mansoob A. Akhtar, Ghulam Abbas Karjatwala, Ali A. Rahim and Ali Niaz Akhtar were elected as directors for a period of three years commencing from April 3, 2008.

Auditors

The auditors Messers. Hyder Bhimji & Company, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

The Audit Committee has recommended to consider the re-appointment of Messers. Hyder Bhimji & Company, Chartered Accountants, as auditors of the Company for the ensuing year.



Statements on Corporate and Financial Reporting Framework

1. The financial statements, prepared by the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements, changes if any have been adequately disclosed and accounting estimates are based on reasonable and prudent judgement.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The statement in respect of Company's ability to continue as a going concern has been explained in Note No. 23.1 of the Notes to the financial statements.
7. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for last six years in summarized form is given on page No. 10.
9. In view of the accumulated losses, the Company has not declared any dividend or bonus shares.
10. During the year four board meetings were held and the attendance of each Director was as follows:

Name of Director	Number of meetings attended
Mr. Muslim R. Habib	4
" Murtaza H. Habib	2
" Imran A. Habib	1
" Muhammad Shafi	1 (Resigned on February 9, 2008)
" Raza Abbas Jaffery	2
" Ali A. Rahim	3
" Ghulam Abbas Karjatwala	3
" Ali Niaz Akhtar	2
" Mansoob A. Akhtar	1 (Co-opted on February 9, 2008)

11. The pattern of shareholding and additional information regarding pattern of shareholding is given on page No. 27 and 28
12. The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company.

On behalf of the Board of Directors

Muslim R. Habib
Chairman & Chief Executive

Karachi: October 8, 2008