

# Directors' Report to the Shareholders

For the quarter and six months period ended June 30, 2014

The Directors are pleased to present their review report together with the un-audited financial statements of the Company for the quarter and half year ended June 30, 2014.

There was no reportable major injury during the period and the Company complied with the health and environment regulatory requirements.

	Six months ended June 30, 2014	Six months ended June 30, 2013
Sales Volume (M. Tonnes)	23,629	20,773
Net Sales Income (Rs M)	6,619	5,644
Operating Profit (Rs M)	416	566
(Loss) / Profit after tax (Rs M)	(21)	238
Earnings per share (Rs)	(0.68)	7.9

Sales volumes for the quarter and six months were higher by 6% and 14% respectively over corresponding periods last year. Consequently Net Sale Income for quarter and six months at Rs 3.4 billion and Rs 6.6 billion were higher by 8% and 17% respectively compared to corresponding periods last year.

In the outgoing quarter supply overhang kept the product prices low, resultantly escalation in input cost could not be fully pushed to the downstream industry. This adversely affected the margins for the quarter and H1. However this being a temporary situation was subsequently addressed in July by realigning the prices with the escalation in input cost.

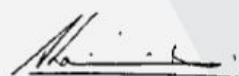
Administrative and Selling expenses were higher primarily on account of higher distribution cost and increase in fuel cost. Finance cost for quarter and six months was higher by Rs 167 million and Rs 233 million respectively compared to the same period last year on account of long-term borrowings for BOPP Line 4 and CPP Line 2 which in 2013 were part of capitalization cost.

Consequently, the Company incurred loss after tax for the quarter amounting to Rs 53 million against profit after tax of Rs 124 million in same period last year. For six months the Company made a loss after tax amounting to Rs 21 million against profit after tax of Rs 238 million in corresponding period last year.

## Future Outlook

With the adjustment in product prices to recover the escalation in feedstock prices, improved operational efficiencies of BOPP line 4 & CPP line2 and focus on value added products the Company is expected to steer back into profitable operations from Q3 2014.

We remain grateful to all our stakeholders for their continuous support during this difficult time.



Shahid Hussain  
Chief Executive

Karachi – August 13, 2014