

Directors' Report to the Shareholders
For the quarter and nine months period ended September 30, 2015

The Directors are pleased to present their review report together with the un-audited financial information of the Company for the quarter and nine months period ended September 30, 2015.

	Nine months ended September 30	
	2015	2014
Sales Volume (M. Tonnes)	35,360	36,576
Net Sales Income (Rs M)	9,000	10,247
Operating Profit (Rs M)	881	724
Profit after tax (Rs M)	280	22
Earnings per share (Rs)	9.35	0.72

Volatility in major feedstock prices continued during the quarter, with prices rising from low to high and again to low levels by the end of quarter. This turbulence resulted in cautious buying from downstream industry affecting sales volume.

Afghan Transit Trade (ATT) is becoming a menace. During the year more than 2,500 tons of BOPP films have been imported through ATT and is hurting the domestic sales volume. Due to the rise in illegal imports and cautious buying as mentioned earlier, sales volume for the quarter and nine months period were down by 20% and 3% respectively compared to corresponding periods last year. Net Sales Income for the quarter and nine months was down by 12% and 24% respectively against corresponding periods last year.

Domestic margins during the quarter also remained under pressure due to volatility in feedstock prices and the lead time in feedstock delivery. Your Company being cognizant of these adverse factors partially offset this impact through continued focus on operational efficiencies and strict cost controls.

Distribution cost for the quarter and nine months period was lower by 37% and 21% against corresponding periods last year primarily on account of lower fuel cost and renegotiation of transportation contracts. Administrative expenses for the quarter and nine months period were higher on account of one off provision for doubtful receivables and professional service charges.

Finance cost excluding one off exchange loss was down by 36% and 19% for the quarter and nine months period respectively compared to the corresponding periods last year partially due to reduction in mark-up rates and predominantly due to exceptionally better operational cash flows including reduction in the operating working capital.

Company comfortably paid off the financial charges and the long term debts as per the repayment commitments in addition to reducing the short term financing.

Depreciation in Pak Rupee value in Q3 resulted in an approximately Rs 80 million one off exchange loss on liability for imported feedstock. Consequently, Loss after Tax for the quarter was Rs 31 million compared to Profit after Tax of Rs 42 million in Q3, 2014. Excluding the impact of adverse one off exchange rate fluctuation the Profit after Tax for the quarter would have been Rs 48 million. For the nine months period Profit after Tax was Rs 280 million compared to Rs 22 million for the same period last year.

Future Outlook

With regional raw material prices stabilizing towards the end of Q3, pressure on margins and volumes is expected to ease off in Q4 with better sales volume and profitability.

Your Company through this report would like to highlight and seek support from the relevant Ministries and Authorities in curbing the increasing volumes of illegal film imports. Particularly illegal imports through ATT are adversely affecting the revenue collection of the Government and damaging the local BOPP film industry which provides employment and import substitute, in addition to significantly contributing toward the National Exchequer.

We remain grateful to all our stakeholders for their continued support and trust reposed on the Company.