

Directors' Report to the Shareholders
For the quarter and six months period ended June 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 half year ended June 30, 2015.

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

	Six months ended June 30	
	2015	2014
Sales Volume (M. Tonnes)	25,013	23,629
Net Sales Income (Rs M)	6,257	6,619
Operating Profit (Rs M)	703	416
Profit / (Loss) after tax (Rs M)	312	(21)
Earnings per share (Rs)	10.39	(0.68)

After a sharp decline witnessed in the regional raw material prices and margins in Q4 2014 and Q1 2015, the market showed significant improvement in Q2 2015. Supply shortages from raw material manufacturers pushed the margins to better levels. The Company through product and timely price rationalization was able to improve its margins as well, in line with the regional trend.

Further, with improvement in operational efficiencies, controls over working capital, and cost rationalization, the Company achieved its best ever quarterly (Q2) financial result in its history.

Sale volumes for the quarter and half year were higher by 15% and 6% respectively over the corresponding periods last year. Net Sales Income for the quarter was up by 8% against same period last year while on year to date basis it was down by 5% against corresponding period last year on account of lower prices in Q1 in line with regional trend.

Distribution cost for the quarter and half year was lower by 11% against corresponding periods last year, despite higher sale volumes, primarily on account of lower fuel cost. Administrative expenses for the quarter and half year were higher on account of one off provision for doubtful receivables and professional charges. Finance cost was down by 51% and 14% for the quarter and half year respectively compared to the corresponding periods last year due to reduction in borrowings from financial institutions as a result of higher cash inflows from operations, improved working capital and lower markup rates.

Consequently, Profit after Tax for the quarter was Rs 460 million against Loss after Tax of Rs 53 million in Q2, 2014. For the half year it was Rs 312 million against a Loss after Tax of Rs 21m for same period last year.

Anti-dumping duty on import of BOPP Films will be expiring in August 2015. However, the National Tariff Commission has initiated its sunset review investigation against alleged threat and imports at uneconomical prices, post submission of our sunset review application.

Illegal imports through Afghan Transit Trade and other means have significantly increased, negatively affecting the volumes for domestic manufacturers of BOPP and CPP films. The matter has been raised with the relevant authorities and the Company is continuously following up to curb this menace.

Future Outlook

Better regional margin levels over raw material witnessed in Q2 2015 are expected to taper down with the normalization of raw material supplies. Moreover, with the lowering of crude oil prices we may see further decline in raw material prices.

Your Company is closely monitoring the trend and is managing its working capital accordingly. Declining trend in regional margins is expected to bring the profitability to normal levels. In addition, focus on improving operational efficiency, product, prices and cost rationalization shall continue going forward.

We remain grateful to all our stakeholders for their continued support.