

SAZGAR ENGINEERING WORKS LIMITED

DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 2nd quarter and half year ended December 31, 2014:

Financial Results:

The financial results for the period under review are showing a growing trend in sales and profitability of the company respectively. The sales of 2nd quarter has increased by 11.73% from Rs. 528.45 M to Rs.590.44 M, gross profit by 6.29% from Rs. 54.24 M to Rs. 57.65M and pre-tax profit by 28.92% from Rs. 21.46 M to Rs. 27.66 M compared with corresponding period of last year.

The half year sales has increased by 16.63% from Rs. 964.11 M to Rs. 1,124.46 M, gross profit by 12.17% from Rs. 96.26 M to Rs.107.97 M, and pre-tax profit by 23.08% from Rs. 38.51 M to Rs. 47.39M compared with the corresponding period of last year.

The increase in sales and profitability of the company is due to the rise in sales volumes of auto rickshaw, tractor wheel rims and home appliances during the period under review.

During the 2nd quarter and half year, the Company produced 3,247 & 6,434 units of Auto Rickshaws whereas during the corresponding periods of last year, the production was 3,302 and 6,478 units respectively.

The production of wheel rims was 26,269 & 42,341 in 2nd quarter and half year whereas the production of wheel rims during the same corresponding periods was 19,523 and 26,055 respectively.

Interim Cash Dividend:

The directors of your company are pleased to declare an interim cash dividend of Rs. 1.00 per ordinary share i.e. 10% for the period ended December 31, 2014 (December 31, 2013: 10%).

Change of Director:

Mr. Muhammad Suleyman Khan resigned from directorship of the company w.e.f. 18.02.2015. The casual vacancy was filled in through the appointment of Mr. Ahsan Ejaz as director of the company for the remainder of the term of Mr. Muhammad Suleyman Khan.

SAZGAR ENGINEERING WORKS LIMITED

Future Outlook:

Your company has introduced new models of auto rickshaws subsequent to the period under review and received a positive response from the market. The company has also put in place a comprehensive advertisement plan to target its prospective customers along with a test drive facility with a slogan **آؤ - چلاؤ - ذمہ بنائؤ** .

The first test drive facility has been initiated from Lahore where a large number of people are visiting on daily basis. The results so far are very encouraging for the company.

It is hoped that the advertisement plan of the company will help not only to maintain the existing market share but also help to increase the sales volume of auto rickshaw in future period.

Moreover the decision of Government to freeze the sales tax rate on tractors at 10% has positively affected the sale of tractors and resultantly the company is receiving increased orders from tractor assemblers and it is expected that this trend will continue in future as well.

The directors would like to place on record their appreciation for the untiring efforts, teamwork and dedication shown by the company's employees during the period under review. They would also like to express their gratitude to the valued shareholders, customers, suppliers and financial institutions for their co-operation, constant support and trust on the Company.

For and on behalf of the Board

Lahore
Dated: 18-02-2015


Mian Asad Hameed
(Chief Executive)