

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 1st quarter ended September 30, 2009.

Brief overview:

The country is passing through a very difficult time. Rising terrorist activities, heavy load-shedding and deteriorating internal law and order situation has made the business conditions worse. The pace of development of the country is severely under pressure.

Under these conditions, your Company has focused on expanding its customers' base by adding more products into production line to provide various options to the customers to buy Company's products as per their purchasing power. This is successfully resulting in increasing the Company's sales volume and profitability.

Financial Results:

By the Grace of Almighty Allah, the financial results of the Company for the period under review are showing improved financial position compared with corresponding period of last year. During this quarter, the Company's net turnover has increased by 101.79% from Rs. 186.656 to Rs. 376.665 M, gross profit by 79.91% from Rs.25.57 M to Rs. 46.011 M and pretax profit by 371.94% from Rs. 5.50 M to Rs. 25.943M as compared to the same corresponding period of last financial year. The increase in turnover and profitability of the Company during the period under review is due to higher sales volume of Auto Rickshaw and Wheel Rims.

The Company produced 2,346 units of Auto Rickshaws during this period whereas the production of Auto Rickshaws during the corresponding period was 810 units showing a substantial increase in production capacity utilization of the plant.

In addition to above, the production of wheel rims was 24,957 (September 30, 2008: 19,185 wheel rims). The increase in production is on account of increased orders placed by the tractors' assemblers.

Future Outlook:

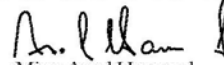
Your Company is looking for a bright future. It is hoped that the sale volume of Auto Rickshaws and Wheel Rims will rise in the periods to come. INSHA ALLAH the Company will maintain its market leadership by supplying the quality products to its customers.

Moreover, your Company is also looking for introduction of a new model of Auto Rickshaw at a lower price. The management of your Company estimates that this model will facilitate to boost the sales volumes of the Company.

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 reposed in your Company.

Lahore
Dated: 29-10-2009

For and on behalf of the Board,


Mian Asad Hameed
(Chief Executive)