

## 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 1<sup>st</sup> quarter ended September 30, 2011.

#### **Financial Results:**

By the Grace of Almighty Allah, the financial results are showing a constant improvement in the financial position of the Company.

During this quarter, the Company's net sale has increased by 25.40% from Rs. 477.37 M to Rs. 598.62 M, gross profit by 42.17% from Rs.51.27 M to Rs. 72.89 M and pretax profit by 47.98% from Rs. 26.60 M to Rs. 39.36 M as compared to the same corresponding period of last financial year. The increase in sale is due to higher sales volume of Auto Rickshaws. The gross profit ratio has also increased from 10.74% to 12.18% and earning per share from Rs. 0.93 per share to Rs. 1.41 per share.

The Company produced 3,951 units of Auto Rickshaws during this period whereas the production of Auto Rickshaws during the corresponding period of last year was 2,951 units.

In addition to above, the production of wheel rims was 10,945 (September 30, 2010: 19,091 wheel rims). The reduction in production was on account of temporary closure of AL-Ghazi Tractors' and Millat Tractors' plants due to drastic reduction in booking of tractors by the buyers owing towards the imposition of general sales tax @16% on tractors.

#### **Future Outlook:**

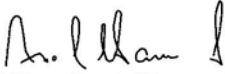
Your Company foresees a bright future in the time to come. It is hoped that the financial growth of the Company will continue at the same pace. Introduction of new models of auto rickshaw will remain in

place. Sales tax issue regarding tractor industry will also resolve soon to save this industry.

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: 15-10-2011

For and on behalf of the Board

  
Mian Asad Hameed  
(Chief Executive)