

## 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, 2012.

#### Financial Results:

The financial results of your company for the quarter under review are showing an adverse effect of the prevailing business conditions. During this quarter, the Company's net sale has dropped by 26.42% from Rs. 598.62 M to Rs. 440.44 M, gross profit by 37.48% from Rs.72.89 M to Rs. 45.57 M and pretax profit by 57.76% from Rs. 39.36 M to Rs. 16.63 M as compared to the same corresponding period of last financial year. The gross profit ratio has also decreased from 12.18% to 10.35 % and earnings per share from Rs. 1.41 per share to Rs. 0.47 per share.

The Company produced 2,650 units of Auto Rickshaws during this period whereas the production of Auto Rickshaws during the corresponding period of last year was 3,951 units.

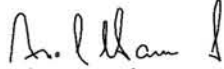
In addition to above, the production of wheel rims was 16,645 during this period whereas the production of wheel rims during the corresponding period of last year was 10,945. The increase in production showing the improvement in orders from the tractor assemblers placed during the period under review.

#### Future Outlook:

Your Company hopes that the economic conditions of the country will improve and Government will take strong measures to improve the law and order situation and to resolve the energy crises in foreseeable future. Under the circumstances, your company is making best possible efforts to increase its sales volume through expanded sales network and introduction of new models of Auto Rickshaw.

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

  
Mian Asad Hameed  
(Chief Executive)

Lahore  
Dated: 20-10-2012