

DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED ON JUNE 30, 2007

1. A combined report had to be prepared for the 1st quarter and the 2nd quarter as the manifest half yearly accounts.
2. The overall loss of the period is Rs.19 million. This mainly consist of administrative and management expenses.
3. These accounts has to be audited by an independent auditor to meet with the requirements of the Companies Ordinance 1984 and other listing requirements, as the status of the present auditors is anfractuous because of pending litigation.
4. The anomity of the lack of audit became incumbent consequent upon the SECP's position denying and negating Annual Audited accounts for the year 2006 plus the company's status on capitalization. These actions of the SECP however have been challenged by the company through three pending constitutional petition no.D-453 of 2005 ,no.D-445 of 2007 & no.D-1014 of 2007 in the High Court of Sindh.
5. These audited accounts present a picture of assets and liabilities as they stand today, and consequent upon the outcome of the litigation position that has constrained to become the outcome, will under court order be adopted.

It is envisaged that the court will rule and adjudicate a resolution, between the positions taken by the company and by the regulators (SECP) in a manner it deems fit, that verdict ruling will see the passage and acceptability of these financial positions declared . Following the ruling of the high court your company is expected to resume it normal course of business toward identified business targets as projected in the 2006 Annual Audited and circulated accounts.

A special board resolution has been passed to see the passage of these accounts under extra – ordinary circumstances.

We take the opportunity to express our appreciation for the services render by the employees of the company.

KARACHI

**On Behalf of Board of Directors
M. Shahnawaz Agha
(Chairman & Chief Executive)**