

DIRECTORS' REVIEW

By the Grace of Allah, the Company's financial results for the first quarter ended September 30, 2006 have shown a considerable improvement over last year. The improved performance is reflected in growth in sales and profit compared to corresponding period of last year. The net sales for the quarter are Rs. 1.1 billion which is 62% higher than sales for the corresponding period of last year. The increase in sales has been in all segments, but mainly in sales to projects in the commercial sector. Gross Profit also registered an improvement from Rs. 111.9 million to Rs. 181.5 million. The higher gross profit is attributed mainly due to increased sales revenue and better sales mix.

Selling, administration and other expenses are Rs. 53.2 million compared to Rs. 39.8 million. The increase is mainly due to higher expenses on account of advertising and publicity and other expenses resulting from higher sales. Financial cost rose from Rs. 14.8 million to Rs. 24.0 million, due to increase in borrowing rates and increase in working capital requirement due to higher sales which resulted in a higher utilization of working capital lines.

As a result of the above, your company ended the first quarter with a profit after tax of Rs. 72.8 million compared to Rs. 40.8 million and an earning per share of Rs. 7.46 compared to Rs. 4.18 in the corresponding period of last year.

The copper prices in the international market, which had increased by more than 100% last year, now seem to have stabilized somewhat but the gradual depreciating rupee and increasing interest rates are a cause of concern for the Company. However, in view of a good order book, the management of your company is hopeful of maintaining its growth momentum.

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and employees of the company and express their gratitude to the company's valued customers, distributors, bankers and all other partners for their support and the confidence reposed in us.

On behalf of the Board of Directors.

TOWFIQ H. CHINOY

Chairman

Karachi: October 31, 2006

BALANCE SHEET AS AT SEPTEMBER 30, 2006 (UNAUDITED)

| | Notes | September 30 2006 | June 30 2006 |
|---|-------|----------------------|------------------|
| | | Rs. '000 | Rs. '000 |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,052,721 | 995,226 |
| Long-term investments | | 40,354 | 37,401 |
| Long-term loans | | 2,200 | 1,208 |
| Long-term security deposits | | 2,314 | 2,314 |
| CURRENT ASSETS | | | |
| Stores and spares | | 23,147 | 20,138 |
| Stock-in-trade | | 1,176,405 | 984,364 |
| Trade debts | | 520,928 | 392,953 |
| Short-term loans and advances | | 13,532 | 11,818 |
| Short-term Deposits and short-term prepayments | | 6,272 | 2,936 |
| Other receivables | | 7,870 | 21,883 |
| Cash and bank balances | | 62,028 | 248,021 |
| | | 1,810,182 | 1,682,113 |
| CURRENT LIABILITIES | | | |
| Current portion of long-term loans | | 56,668 | 56,668 |
| Trade and other payables | | 811,071 | 865,989 |
| Short term borrowings | | 766,125 | 596,442 |
| Mark-up accrued on bank borrowings | | 12,529 | 8,581 |
| Taxation | | 50,275 | 8,729 |
| | | 1,696,668 | 1,536,409 |
| | | 113,514 | 145,704 |
| NET ASSETS EMPLOYED | | 1,211,103 | 1,181,853 |
| FINANCED BY | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 97,556 | 97,556 |
| General reserves | | 285,000 | 184,500 |
| Reserve for issue of bonus shares | | 48,778 | - |
| Unappropriated profit | | 73,809 | 174,088 |
| | | 505,143 | 456,144 |
| Surplus on revaluation of fixed assets - net of tax | | 550,754 | 551,339 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | | 80,832 | 84,999 |
| Deferred liability for staff gratuity | | 14,664 | 14,238 |
| Other long-term employee benefits | | 10,103 | 10,103 |
| Deferred tax liability - net | | 49,607 | 65,030 |
| | | 155,206 | 174,370 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 4 | | |
| | | 1,211,103 | 1,181,853 |

The annexed notes form an integral part of these accounts.

KAMAL A. CHINOY
Chief Executive

IRTIZA HUSSAIN
Director

ASLAM SADRUDDIN
Finance Director

PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2006 (UNAUDITED)

| | July to September 2006 Rs. 000 | July to September 2005 Rs. 000 (Restated) |
|---------------------------------|---|--|
| Net Sales | 1,067,702 | 659,783 |
| Cost of goods sold | <u>886,172</u> | <u>547,866</u> |
| Gross profit | 181,530 | 111,917 |
| Selling costs | 25,660 | 23,946 |
| Administrative expenses | 13,842 | 11,186 |
| Other operating expenses | 13,667 | 4,634 |
| | 53,169 | 39,766 |
| Other operating income | <u>3,037</u> | <u>3,022</u> |
| Operating profit | 131,398 | 75,173 |
| Finance cost | 24,027 | 14,849 |
| Share of profit from associates | <u>3,932</u> | <u>1,944</u> |
| Profit before taxation | 111,303 | 62,268 |
| Taxation | <u>38,500</u> | <u>21,500</u> |
| Profit after taxation | <u><u>72,803</u></u> | <u><u>40,768</u></u> |
| Basic earning per share | Rs. <u><u>7.46</u></u> | Rs. <u><u>4.18</u></u> |

The annexed notes form an integral part of these accounts.

KAMAL A. CHINYOY
Chief Executive

IRTIZA HUSSAIN
Director

ASLAM SADRUDDIN
Finance Director

CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2006 (UNAUDITED)

| | Notes | July to September 2006 Rs.'000 | July to September 2005 Rs.'000 |
|--|-------|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash flows from operations | 5 | (249,521) | (10,213) |
| Staff retirement benefits paid | | (233) | - |
| Financial charges paid | | (20,079) | (11,762) |
| Taxes paid | | (12,344) | (15,872) |
| Long-term loans and security deposits (net) | | (992) | 175 |
| Net cash outflow from operating activities | | (283,169) | (37,672) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (71,038) | (21,790) |
| Sale proceeds on disposal of fixed assets | | 538 | 1,730 |
| Interest received | | 1,229 | - |
| Dividends received | | 946 | 1,245 |
| Net cash outflow from investing activities | | (68,325) | (18,815) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of long-term loan | | (4,167) | - |
| Increase in short-term finance | | 180,941 | 101,380 |
| Dividends paid | | (15) | (15) |
| Net cash inflow from financing activities | | 176,759 | 101,365 |
| Net (decrease)/increase in cash and cash equivalents | | (174,735) | 44,878 |
| Cash and cash equivalents at beginning of the period | | 211,642 | (178,790) |
| Cash and cash equivalents at end of the period | 6 | 36,907 | (133,912) |

KAMAL A. CHINOY
Chief Executive

IRTIZA HUSSAIN
Director

ASLAM SADRUDDIN
Finance Director

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30 2006 (UNAUDITED)

| | Issued, subscribed and paid-up share capital | General reserves | Reserve for issue of bonus share | Unappro- priated Profit | Total |
|--|---|---------------------|--|-------------------------------|----------|
| | -----Rs.'000----- | | | | |
| Balance as at June 30, 2005 | 58,534 | 129,500 | - | 116,200 | 304,234 |
| Final cash dividend for the year ended June 30, 2005 | - | - | - | (23,414) | (23,414) |
| Transfer to reserve for issue of bonus shares | - | - | 19,511 | (19,511) | - |
| Transfer to general reserve | - | 55,000 | - | (55,000) | - |
| Transferred from surplus on revaluation of buildings | - | - | - | 557 | 557 |
| Transferred from surplus on revaluation of buildings by an associate | - | - | - | 28 | 28 |
| Profit for the period July 2005 to September 2005 | - | - | - | 40,768 | 40,768 |
| Balance as at September 30, 2005 | 58,534 | 184,500 | 19,511 | 59,628 | 322,173 |
| Bonus shares issued for the year ended June 30, 2005 | 19,511 | - | (19,511) | - | - |
| Interim Bonus shares issued for the year ended June 30, 2006 | 19,511 | - | - | (19,511) | - |
| Transferred from surplus on revaluation of buildings | - | - | - | 1,670 | 1,670 |
| Transferred from surplus on revaluation of buildings by an associate | - | - | - | 55 | 55 |
| Profit for the period October 2005 to June 2006 | - | - | - | 132,246 | 132,246 |
| Balance as at June 30, 2006 | 97,556 | 184,500 | - | 174,088 | 456,144 |
| Final cash dividend for the year ended June 30, 2006 | - | - | - | (24,389) | (24,389) |
| Transfer to reserve for issue of bonus shares | - | - | 48,778 | (48,778) | - |
| Transfer to general reserve | - | 100,500 | - | (100,500) | - |
| Transferred from surplus on revaluation of buildings | - | - | - | 557 | 557 |
| Transferred from surplus on revaluation of buildings by an associate | - | - | - | 28 | 28 |
| Profit for the period July 2006 to September 2006 | - | - | - | 72,803 | 72,803 |
| Balance as at September 30, 2006 | 97,556 | 285,000 | 48,778 | 73,809 | 505,143 |

KAMAL A. CHINOY
Chief Executive

IRTIZA HUSSAIN
Director

ASLAM SADRUDDIN
Finance Director

1. The company and its operation

The company is incorporated in Pakistan and is listed on the Karachi Stock Exchange. The company is engaged in the manufacture of copper rods, wires, cables and conductors and aluminium extrusion profiles.

2. Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

In accordance with the requirements of IAS, the comparative figures in the balance sheet reflect the end of immediately preceding financial year whereas the comparative figures in the profit & loss account, cash flow statement and statement of changes in equity reflect the corresponding period of the prior year.

3. Accounting policies

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of financial statements of the company for the year ended June 30, 2006.

4. Contingencies and Commitments

Contingencies

- a. Bank guarantees amounting to Rs.2.393 million (June 2006: Nil) have been given to Collector of Customs against partial exemptions of import levies. The company has also issued post-dated cheques amounting to Rs.50.938 million (June 2006: Rs.9.956 million) in this respect.
- b. Bank guarantees amounting to Rs. 242.553 million (June 2006: Rs. 172.004 million) have been given to various parties for contract performance, tender deposits etc.

Commitments

- a. Aggregate commitments for capital expenditure as at September 30, 2006 amounted to Rs.36.208 million (June 2006: Rs. 25.847 million).
- b. Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) at September 30, 2006 amounted to Rs. 579.448 million (June 2006: Rs. 889.088 million).

NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006 (UNAUDITED)

| | July to September 2006 Rs.'000 | July to September 2005 Rs.'000 |
|--|---|---|
| 5. Cash flows from operations | | |
| Profit before taxation | 111,303 | 62,268 |
| Adjustment for non cash charges and other items: | | |
| Depreciation | 13,543 | 7,016 |
| Provision for staff retirement benefits | 659 | 589 |
| Gain on disposal of fixed assets | (538) | (1,583) |
| Income from investment of associates | (3,932) | (1,944) |
| Interest on bank deposits | (1,030) | - |
| Financial charges | 24,027 | 14,849 |
| Working Capital Changes: | | |
| (Increase)/decrease in current assets | | |
| Stores and spares | (3,009) | (1,490) |
| Stock-in-trade | (192,041) | 81,782 |
| Trade debts | (127,975) | (115,020) |
| Short term loans & advances | (1,714) | (4,634) |
| Short term deposits & short term prepayments | (3,336) | (439) |
| Other receivables (net) | 13,814 | 6,995 |
| | (314,261) | (32,806) |
| Decrease in current liabilities | | |
| Trade and other payables - net | (79,292) | (58,602) |
| | (393,553) | (91,408) |
| | (249,521) | (10,213) |
| | September 2006 Rs.'000 | September 2005 Rs.'000 |
| 6. Cash and cash equivalents | | |
| Cash and bank balances | 62,028 | 16,460 |
| Short-term running finance | (25,121) | (150,372) |
| | 36,907 | (133,912) |

7. Transactions with related parties

The related parties comprise of associated companies, staff retirement plans, directors and key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their entitlement, are as under:

| | July to September 2006 Rs.'000 | July to September 2005 Rs.'000 |
|---|---|---|
| Sale of goods | 56,223 | 34,706 |
| Purchase of goods, services and materials | 20 | 12 |
| Commission earned | 85 | 213 |
| Insurance Premium | 3,599 | 2,917 |
| Insurance claim received | - | 330 |
| Dividend received | 946 | 1,245 |
| Share of profit of associated companies under the equity basis of accounting | 3,932 | 1,944 |
| Net charge in respect of staff retirement benefit plans | 2,992 | 2,836 |
| | July to September 2006 Rs.'000 | July to September 2005 Rs.'000 |

8. Fixed Assets

| | | |
|------------------|----------------|---------|
| Additions | 71,038 | 21,790 |
| Disposals (cost) | (1,126) | (2,819) |

9. Date of Authorization for Issue

These financial statements were authorized for issue on 31 October 2006 by the Board of Directors of the Company.

KAMAL A. CHINYOY
Chief Executive

IRTIZA HUSSAIN
Director

ASLAM SADRUDDIN
Finance Director