

DIRECTORS' REVIEW

The sales for the first quarter once again crossed the Rs. 1.0 billion mark but was marginally lower than the sales for the corresponding period of last year by 3%. This is due to the decline in new industrial investment in the current quarter and the usual slackness in the market during the beginning of Ramadan.

Gross profit of Rs. 126.3 million is 12.2% of sales against Rs. 181.5 million (17.0% of sales) in the corresponding period of last year. The drop in the gross profit percentage resulted from reduced margins on supply of old WAPDA orders which have now been completed. Moreover, during the quarter we supplied thinner size cables of aluminium where margins are lower than the normal copper cables.

Selling and administrative expense are Rs. 51.4 million compared to Rs. 39.5 million. The increase is mainly due to higher expenses on account of advertising & publicity and carriage & forwarding. The rise in financial cost is due to increased working capital requirements due to rising raw material prices and enhanced borrowings related to capital expenditure.

As a result of the above factors, your company ended the first quarter with a profit after tax of Rs. 27.1 million compared to Rs. 72.8 million in the corresponding period.

While we are carrying forward a healthy order book there is uncertainty regarding the political and economic conditions which could impact your company's performance and results.

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 30, 2007

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2007

	Notes	September 30 2007 Rs. '000	June 30 2007 Rs. '000
NON CURRENT ASSETS			
Property, plant and equipment	4	1,305,017	1,215,459
Investments in associates		49,994	47,932
Long-term loans		2,190	2,289
Long-term security deposits		2,494	2,494
CURRENT ASSETS			
Stores and spares		29,120	26,508
Stocks-in-trade		1,223,615	1,133,430
Trade debts	5	727,181	504,951
Short-term loans and advances		15,072	11,250
Short-term deposits and prepayments		5,998	3,912
Other receivables		3,615	14,663
Advance tax - net of provisions		17,013	8,842
Cash and bank balances		13,597	7,391
		2,035,211	1,710,947
CURRENT LIABILITIES			
Current portion of long-term loans		87,620	87,620
Trade and other payables		600,212	525,889
Short term borrowings	6	1,249,920	938,890
Mark-up accrued on bank borrowings		23,926	15,911
		1,961,678	1,568,310
		73,533	142,637
NET ASSETS EMPLOYED		1,433,228	1,410,811
FINANCED BY			
SHARE CAPITAL AND RESERVES			
Share capital		195,112	146,334
General reserves		378,000	285,000
Unappropriated profit		28,056	171,423
		601,168	602,757
Surplus on revaluation of fixed assets - net of tax		548,423	549,004
NON-CURRENT LIABILITIES			
Long-term loans		163,854	135,784
Deferred liability for staff gratuity		16,097	14,840
Other long-term employee benefits		12,774	12,774
Deferred tax liability - net		90,912	95,652
		283,637	259,050
CONTINGENCIES AND COMMITMENTS	7		
		1,433,228	1,410,811

The annexed notes form an integral part of these accounts.


KAMAL A. CHINOY
 Chief Executive


IRTIZA HUSSAIN
 Director


ASLAM SADRUDDIN
 Finance Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	July to September 2007 Rs. 000	July to September 2006 Rs. 000
Net Sales	1,037,491	1,067,702
Cost of goods sold	<u>(911,142)</u>	<u>(886,172)</u>
Gross profit	126,349	181,530
Selling costs	<u>(33,842)</u>	<u>(25,660)</u>
Administrative expenses	<u>(17,590)</u>	<u>(13,842)</u>
	<u>(51,432)</u>	<u>(39,502)</u>
	74,917	142,028
Other operating expenses	<u>(11,544)</u>	<u>(13,667)</u>
Other operating income	<u>2,724</u>	<u>3,037</u>
	<u>(8,820)</u>	<u>(10,630)</u>
Operating profit	<u>66,097</u>	<u>131,398</u>
Finance cost	<u>(28,212)</u>	<u>(24,027)</u>
Share of profit from associates	<u>2,613</u>	<u>3,932</u>
Profit before taxation	40,498	111,303
Taxation	<u>(13,400)</u>	<u>(38,500)</u>
Profit after taxation	<u>27,098</u>	<u>72,803</u>
Earning per share - Basic and diluted	Rs. <u>1.39</u>	Rs. <u>3.73</u>

The annexed notes form an integral part of these accounts.



KAMAL A. CHINOY
Chief Executive



IRTIZA HUSSAIN
Director



ASLAM SADRUDDIN
Finance Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	Notes	July to September 2007 Rs.'000	July to September 2006 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash flows from operations	8	(151,531)	(249,521)
Staff retirement benefits paid		-	(233)
Financial charges paid		(20,197)	(20,079)
Taxes paid		(26,311)	(12,344)
Long-term loans and security deposits (net)		99	(992)
Net cash outflow from operating activities		(197,940)	(283,169)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(107,270)	(71,038)
Sale proceeds on disposal of fixed assets		60	538
Interest received		-	1,229
Dividends received		551	946
Net cash outflow from investing activities		(106,659)	(68,325)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan obtained		36,404	-
Repayment of long-term loan		(8,334)	(4,167)
Increase in short-term finance		151,618	180,941
Dividends paid		(28,295)	(15)
Net cash inflow from financing activities		151,393	176,759
Net (decrease)/increase in cash and cash equivalents		(153,206)	(174,735)
Cash and cash equivalents at beginning of the period		(50,428)	211,642
Cash and cash equivalents at end of the period	9	(203,634)	36,907



KAMAL A. CHINOY
Chief Executive



IRTIZA HUSSAIN
Director



ASLAM SADRUDDIN
Finance Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	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, 2006	97,556	184,500	-	174,088	456,144
Changes in equity for the quarter ended 30 September 2006					
Final cash dividend for the year ended June 30, 2006	-	-	-	(24,389)	(24,389)
Transfer to reserve for issue of bonus shares for the year ended June 30,2006	-	-	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
Net income recognized directly in equity	-	-	-	585	585
Profit for the period July 2006 to September 2006	-	-	-	72,803	72,803
Total recognized income for the quarter	-	-	-	73,388	73,388
Balance as at September 30, 2006	97,556	285,000	48,778	73,809	505,143
Changes in equity for the period from October 06 to June 07					
Bonus shares issued for the year ended June 30, 2006	48,778	-	(48,778)	-	-
Interim Bonus for the year ended June 30, 2007	-	-	-	(25,609)	(25,609)
Transferred from surplus on revaluation of buildings	-	-	-	1,670	1,670
Transferred from surplus on revaluation of buildings by an associate	-	-	-	80	80
Net income recognized directly in equity	-	-	-	1,750	1,750
Profit for the period October 2006 to June 2007	-	-	-	121,473	121,473
Total recognized income for the quarter	-	-	-	123,223	123,223
Balance as at June 30, 2007	146,334	285,500	-	171,423	602,757
Changes in equity for the quarter ended 30 September 2007					
Final cash dividend for the year ended June 30, 2007	-	-	-	(29,267)	(29,267)
Issuance of bonus shares for the year ended June 30, 2007	48,778	-	-	(48,778)	-
Transfer to general reserve	-	93,000	-	(93,000)	-
Transferred from surplus on revaluation of buildings	-	-	-	556	556
Transferred from surplus on revaluation of buildings by an associate	-	-	-	24	24
Net income recognized directly in equity	-	-	-	580	580
Profit for the period July 2007 to September 2007	-	-	-	27,098	27,098
Total recognized income for the period	-	-	-	27,678	27,678
Balance as at September 30, 2007	195,112	378,000	-	28,056	601,168



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 condensed interim 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.

3. Accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2007.

	July to September 2007 Rs.'000	July to September 2006 Rs.'000
4. Property, plant and equipment		
Additions	107,270	71,038
Disposals (cost)	(907)	(1,126)
	30 September 2007 Rs.'000	30 June 2007 Rs.'000
5. Trade debts		
Considered good	727,181	504,951
Considered doubtful	5,075	3,462
	732,256	508,413
Provision for doubtful debts	(5,075)	(3,462)
	727,181	504,951
6. Short term borrowings		
Secured - from banking companies		
Running finance under mark-up arrangements-note 6.1	217,231	57,819
Foreign currency import finance - note 6.2	1,032,689	881,071
	<u>1,249,920</u>	<u>938,890</u>

6.1 Running finances

The Company has arranged short-term running finance facilities from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs.1,835 million (30 June 2007: Rs.1,760 million). The rate of mark-up on the running finance facilities ranges between 10.5% to 11.0% net of prompt payment rebate (30 June 2007: 10.2% to 11.9%). These facilities expire between 30 September 2007 to 30 June 2008 and are renewable.

6.2 Foreign currency import finance

Foreign currency import finance facilities are available from various banks, amounting to Rs.1,790 million (30 June 2007: Rs.1,760 million). These balances carry mark up ranging from 5.7 % to 6.5% per annum (30 June 2007 : 5.8% to 6.4% per annum).

6.3 Other facilities

The facility for opening letters of credit and guarantees as at 30 September 2007 amounted to Rs.2,860 million (30 June 2007: Rs.2,790 million) of which the amount remaining unutilised as at that date was Rs.2,085.181 million (30 June 2007: Rs.1,830.610 million).

6.4 Securities

The above arrangements are secured by way of joint hypothecation over stocks, stores and spares and present and future trade debts of the Company.

7. Contingencies and Commitments

Contingencies

- a. The company has issued to the Collector of Customs post dated cheques amounting to Rs.16.562 million (June 2007:Rs.39.534 million) against partial exemption of import levies.
- b. Bank guarantees amounting to Rs.356.944 million (June 2007: Rs.323.814 million) have been given to various parties for contract performance, tender deposits etc.

Commitments

- a. Aggregate commitments for capital expenditure as at September 30, 2007 amounted to Rs.81.124 million (June 2007: Rs.128.711 million).
- b. Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) at September 30, 2007 amounted to Rs.340.418 million (June 2007: Rs.555.066 million).

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

	July to September 2007 Rs.'000	July to September 2006 Rs.'000
8. Cash flows from operations		
Profit before taxation	40,498	111,303
Adjustment for non cash charges and other items:		
Depreciation	17,661	13,543
Provision for staff retirement benefits	1,257	659
Gain on disposal of fixed assets	(10)	(538)
Income from investment of associates	(2,613)	(3,932)
Interest on bank deposits	-	(1,030)
Financial charges	28,212	24,027
Working Capital Changes:		
(Increase)/decrease in current assets		
Stores and spares	(2,612)	(3,009)
Stock-in-trade	(90,185)	(192,041)
Trade debts	(222,230)	(127,975)
Short term loans & advances	(3,822)	(1,714)
Short term deposits & short term prepayments	(2,086)	(3,336)
Other receivables (net)	11,048	13,814
	(309,887)	(314,261)
Increase/(decrease) in current liabilities		
Trade and other payables – net	73,351	(79,292)
	(236,536)	(393,553)
	(151,531)	(249,521)
	September 2007 Rs.'000	September 2006 Rs.'000
9. Cash and cash equivalents		
Cash and bank balances	13,597	62,028
Running finance under mark-up arrangements	(217,231)	(25,121)
	(203,634)	36,907

10. Transactions with related parties

The related parties comprise of associated companies, staff retirement plans, directors and key management personnel.

Transactions with related parties are as follows:


	July to September 2007 Rs.'000	July to September 2006 Rs.'000
Sale of goods	91,967	56,223
Purchase of goods, services and materials	6,352	20
Commission earned	188	85
Insurance premium expense	4,025	3,599
Insurance claim received	67	-
Dividend received	551	946
Distribution expenses	2,069	-
Share of profit of associated companies under the equity basis of accounting	2,613	3,932

In addition, at September 30, 2007, unsecured trade debts of Rs.109.704 million (June 30, 2007:Rs.75.221 million) and unsecured liability of Rs.3.198 million (June 30, 2007: Rs.Rs.1.552 million) was respectively due from and due to associated companies.


	July to September 2007 Rs.'000	July to September 2006 Rs.'000
Other related parties		
Remuneration to key management personnel	7,073	6,121
Net charge in respect of staff retirement benefit plans	3,139	2,992

11. Date of Authorization for Issue

These financial statements were authorized for issue on 30 October 2007 by the Board of Directors of the Company.


KAMAL A. CHINOY
 Chief Executive


IRTIZA HUSSAIN
 Director


ASLAM SADRUDDIN
 Finance Director