

DIRECTORS' REVIEW

By the Grace of Allah, net sales for the half year ended December 31, 2006 are Rs. 2.0 billion which is 50% 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 and to the Utility Companies. Gross profit of Rs. 326.7 million is 16.3% of sales against Rs. 231.5 million which was 17.3% of sales in the corresponding half year. The higher gross profit is attributed mainly due to increased sales revenue, better sales mix and improvement in productivity.

Selling, administration and other expenses are Rs. 116.6 million compared to Rs. 78.8 million last year. The increase is mainly due to higher expenses on account of advertising and publicity and other expenses resulting from higher sales. Financial costs rose from Rs. 34.5 million to Rs. 52.8 million due to increase in borrowing rates and increase in working capital requirement due to higher sales.

As a result of the above, your company ended with a profit after tax of Rs. 109.9 million compared to Rs. 80.6 million. Earning per share has increased to Rs. 7.51 compared to Rs. 5.51 in the corresponding period of last year (based on increased share capital.)

In view of the encouraging half yearly results, your Board is pleased to announce an interim dividend of 17.5%.

Copper prices, which had crossed \$ 8,000 a ton on the LME in July 2006, have tumbled to around \$ 6,300 a ton by end December 2006. The rapidly fluctuating prices of Copper is an area of concern as it creates uncertainty. The gradual declining rupee and increasing interest rates are also affecting the company's operations. However, the management of your company will continue to make all efforts to improve profitability through improved productivity and high levels of operational excellence.

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. CHINYOY
Chairman

Karachi: January 26, 2007

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Pakistan Cables Limited** at 31 December 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the financial statements) for the six months period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of profit and loss account for the three months period ended 31 December 2006 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2006.

Date: 26 January 2007

Karachi

**KPMG Taseer Hadi & Co.
Chartered Accountants**

Condensed Interim Balance Sheet (Unaudited)

As at 31 December 2006

	Note	31 December 2006	30 June 2006 (Audited)
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,079,405	995,226
Long-term investments	6	42,775	37,401
Long-term loans		1,859	1,208
Long-term security deposits		2,394	2,314
CURRENT ASSETS			
Stores and spares		25,791	20,138
Stocks-in-trade	7	1,443,899	984,364
Trade debts	8	595,642	392,953
Short term loans and advances		12,850	11,818
Short-term deposits and prepayments		5,148	2,936
Other receivables		5,434	21,883
Cash and bank balances	9	22,332	248,021
		2,111,096	1,682,113
CURRENT LIABILITIES			
Trade and other payables	10	674,169	865,989
Short-term borrowings	11	1,117,368	596,442
Current portion of long-term loans	13	80,479	56,668
Mark-up accrued on borrowings		14,415	8,581
Taxation		36,450	8,729
		1,922,881	1,536,409
		188,215	145,704
NET ASSETS EMPLOYED		1,314,648	1,181,853
FINANCED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	12	146,334	97,556
General reserves		285,000	184,500
Unappropriated profit		111,459	174,088
		542,793	456,144
Surplus on revaluation of land and building - net of tax		550,172	551,339
NON-CURRENT LIABILITIES			
Long-term loans	13	132,854	84,999
Deferred liability for staff gratuity		15,009	14,238
Other long-term employee benefits		10,907	10,103
Deferred tax liability - net		62,913	65,030
		221,683	174,370
CONTINGENCIES AND COMMITMENTS	14	1,314,648	1,181,853

The annexed notes from 1 to 19 form an integral part of these financial statements.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2006

	Six months period ended		Three months period ended	
	31 December 2006 (Rupees in '000)	31 December 2005	31 December 2006 (Rupees in '000)	31 December 2005
Net sales	2,002,426	1,338,789	934,724	679,006
Cost of goods sold	1,675,699	1,107,262	789,527	559,396
Gross profit	326,727	231,527	145,197	119,610
Selling cost	63,641	46,671	37,981	22,725
Administrative expenses	29,967	22,799	16,125	11,613
Other operating expenses	22,942	9,307	9,275	4,673
	116,550	78,777	63,381	39,011
Other operating income	4,572	3,901	1,535	879
Operating profit	214,749	156,651	83,351	81,478
Finance cost	52,779	34,501	28,752	19,652
Share of profit from associates	6,402	1,944	2,470	-
Profit before taxation	168,372	124,094	57,069	61,826
Taxation	58,500	43,500	20,000	22,000
Profit after taxation	109,872	80,594	37,069	39,826
Earnings per share- basic and diluted Rupees	7.51	5.51	2.53	2.72

The annexed notes from 1 to 19 form an integral part of these financial statements.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2006

	Note	Six months period ended	
		31 December 2006	31 December 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	(604,298)	169,950
Staff retirement benefits paid		(549)	(309)
Finance cost		(46,945)	(31,830)
Taxes paid		(32,864)	(37,459)
Long-term loans		(651)	302
Long term security deposits (net)		(80)	3
Net cash flows (used in) / from operating activities		(685,387)	100,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(112,074)	(181,444)
Sale proceeds on disposal of fixed assets		538	2,429
Dividends received		996	1,245
Interest received		1,421	-
Net cash used in investing activities		(109,119)	(177,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		100,000	139,300
Repayment of long-term loan		(28,334)	-
Increase in short-term finance		235,033	37,671
Dividends paid		(23,775)	(22,804)
Net cash flows from financing activities		282,924	154,167
Net (decrease) / increase in cash and cash equivalents		(511,582)	77,054
Cash and cash equivalents at beginning of the period		211,642	(178,790)
Cash and cash equivalents at end of the period	16	(299,940)	(101,736)

The annexed notes from 1 to 19 form an integral part of these financial statements.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Statements of Changes in Equity

For the six months period ended 31 December 2006

	Share capital	General reserve	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance as at 1 July 2005	58,534	129,500	116,200	304,234
Final cash dividend for the year ended 30 June 2005	-	-	(23,414)	(23,414)
Bonus shares issued for the year ended 30 June 2005	19,511	-	(19,511)	-
Transfer to general reserve for the year ended 30 June 2005	-	55,000	(55,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,113	1,113
Share of transfer from surplus on revaluation of building by an associate	-	-	28	28
Profit after taxation for the six months period ended 31 December 2005	-	-	80,594	80,594
Total recognised income and expense for the half year	-	-	81,735	81,735
Balance as at 31 December 2005	78,045	184,500	100,010	362,555
Interim bonus shares issued during the year ending 30 June 2006	19,511	-	(19,511)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,114	1,114
Share of transfer from surplus on revaluation of building by as associate	-	-	55	55
Profit after taxation for the six months period ended 30 June 2006	-	-	92,420	92,420
Total recognised income and expense for the half year	-	-	93,589	93,589
Balance as at 30 June 2006	97,556	184,500	174,088	456,144
Final cash dividend for the year ended 30 June 2006	-	-	(24,389)	(24,389)
Bonus shares issued for the year ended 30 June 2006	48,778	-	(48,778)	-
Transfer to general reserve for the year ended 30 June 2006	-	100,500	(100,500)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,113	1,113
Share of transfer from surplus on revaluation of building by an associate	-	-	53	53
Profit after taxation for the six months period ended 31 December 2006	-	-	109,872	109,872
Total recognised income and expense for the half year	-	-	111,038	111,038
Balance as at 31 December 2006	146,334	285,000	111,459	542,793

The annexed notes from 1 to 19 form an integral part of these financial statements.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Notes to Condensed Interim Financial Statements (Unaudited)

For the six months period ended 31 December 2006

1. INTRODUCTION

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 PRESENTATION

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 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.

These condensed interim financial statements comprise of the balance sheet as at 31 December 2006 and profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended 31 December 2006 which have been subjected to a review but not audit.

The comparative balance sheet presented in these condensed interim financial statements as at 30 June 2006 has been extracted from the audited financial statements of the Company for the year ended 30 June 2006, whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the six months period ended 31 December 2005 have been subjected to a review but not audited.

3. ACCOUNTING POLICIES

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

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2006.

5. PROPERTY, PLANT AND EQUIPMENT	<u>Six months period ended</u>	
	<u>31 December 2006</u>	<u>31 December 2005</u>
	<u>(Rupees in '000)</u>	
Additions	112,074	181,444
Disposals (cost)	<u>(1,170)</u>	<u>(3,765)</u>
	<u>110,904</u>	<u>177,679</u>
6. LONG-TERM INVESTMENTS		
<p>These investments in associated companies comprising International Industries Limited and New Jubilee Insurance Company Limited are accounted for under the equity method of accounting and latest available unaudited financial statements as of 30 September 2006 have been used for this purpose.</p>		
7. STOCK-IN-TRADE	<u>31 December 2006</u>	<u>30 June 2006</u>
	<u>(Rupees in '000)</u>	
Raw materials [including Rs.258.9 million in transit (30 June 2006: Rs.36.6 million)]	7.1 784,229	629,000
Work-in-process	511,672	206,404
Finished goods	143,769	128,486
Scrap	<u>4,229</u>	<u>20,474</u>
	<u>1,443,899</u>	<u>984,364</u>
7.1	This includes certain raw materials of an aggregate value of Rs.68.249 million (30 June 2006: Rs. 2.970 million) held by third parties.	
7.2	During the six months period ended 31 December 2006, the Company recognised a write-down of Rs. 25.024 million (30 June 2006: Rs. 3.6 million) against certain stock-in-trade items to adjust their carrying values to their net realisable values.	
8. TRADE DEBTS		
Considered good	595,642	392,953
Considered doubtful	<u>3,302</u>	<u>2,973</u>
	598,944	395,926
Provision for doubtful debts	<u>(3,302)</u>	<u>(2,973)</u>
	<u>595,642</u>	<u>392,953</u>
9. CASH AND BANK BALANCES		
With banks on current accounts	22,150	62,722
With banks in deposit accounts	-	185,000
Cash in hand	<u>182</u>	<u>299</u>
	<u>22,332</u>	<u>248,021</u>
10. TRADE AND OTHER PAYABLES		
Creditors	314,455	500,372
Accrued expenses	39,174	30,997
Advances from customers	161,107	244,389
Payable to staff pension fund	2,648	2,622
Payable to staff provident fund	997	-
Provision for import levies	120,177	42,832
Workers' profit participation fund	9,114	14,685
Workers' welfare fund	4,884	2,849
Tax deducted at source	1,159	2,657
Unclaimed dividend	4,231	3,616
Others	<u>16,223</u>	<u>20,970</u>
	<u>674,169</u>	<u>865,989</u>

11. SHORT TERM BORROWINGS		31 December	30 June
		2006	2006
		(Rupees in '000)	
Secured - from banking companies			
Running finance under mark-up arrangements	11.1	322,272	36,379
Foreign currency import finance	11.2	795,096	560,063
		<u>1,117,368</u>	<u>596,442</u>

11.1 Running finances under mark-up arrangements

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. 1,335 million (30 June 2006: Rs. 845 million). The rate of mark-up on the running finance facilities ranges between 9.5% to 12.05% net of prompt payment rebate (30 June 2006: 9.5% to 10.5%). These facilities are valid for periods between 31 March 2007 to 30 September 2007.

11.2 Foreign currency import finance

Foreign currency import finance facilities are available from various banks, amounting to Rs. 1,340 million (30 June 2006: Rs. 785 million). These balances carry mark up ranging from 5.85% to 6.87% per annum (30 June 2006: 5.58% to 6.51% per annum). These facilities are valid for periods between 31 March 2007 to 30 September 2007.

12. SHARE CAPITAL

The increase in subscribed, issued and paid up capital by Rs. 48.778 million is due to the issuance of bonus shares during the current period.

13. LONG TERM LOANS

Banking companies	Number of instalments and commencement date	Instalment amount (Rs. in '000)	Mark-up rate per annum	31 December 2006	30 June 2006
				(Rupees in '000)	
Standard Chartered Bank					
Loan 1	12 quarterly 15-Feb-06	4,167	3 months KIBOR plus 1.25%	33,333	41,667
Loan 2	12 quarterly 31-Jan-07	4,167	3 months KIBOR plus 1.25%	50,000	-
Habib Bank Limited					
Loan 1	5 half yearly 19-Nov-06	20,000	6 months KIBOR plus 1.25%	80,000	100,000
Loan 2	7 half yearly 27-Oct-07	7,143	6 months KIBOR plus 1.25%	50,000	-
				<u>213,333</u>	<u>141,667</u>
Current portion shown under current liabilities				<u>(80,479)</u>	<u>(56,668)</u>
				<u>132,854</u>	<u>84,999</u>

13.1 All long term loans are secured against hypothecation of specific items of plant and machinery.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- The Company has issued post-dated cheques amounting to Rs.14.429 million (30 June 2006: Rs.9.956 million) to the Collector of Customs against partial exemption of import levies.
- Bank guarantees amounting to Rs. 293.119 million (30 June 2006: Rs. 172.004 million) have been given to various parties for contract performance, tender deposits, etc.

14.2 Commitments

- Aggregate commitments for capital expenditure at 31 December 2006 amounted to approximately Rs.76.810 million (30 June 2006: Rs. 25.847 million).
- Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 31 December 2006 amounted to Rs. 741.596 million (30 June 2006: Rs. 889.088 million).

15. CASH GENERATED FROM OPERATIONS

	Six months period ended	
	31 December 2006	31 December 2005
	(Rupees in '000)	
Profit before taxation	168,372	124,094
Adjustment for non cash charges and other items:		
Depreciation	27,895	14,535
Provision for gratuity	1,320	1,177
Other long term employee benefits	804	1,094
Gain on disposal of fixed assets	(538)	(2,252)
Income from investment in associates accounted for under the equity method of accounting	(6,402)	(1,944)
Interest on bank deposits	(1,215)	-
Financial charges	52,779	34,501
Working capital changes:		
(Increase) / decrease in current assets		
Stores and spares	(5,653)	(6,650)
Stock in trade	(459,535)	(90,345)
Trade debts	(202,689)	(114,920)
Short term loans and advances	(1,032)	(10,368)
Deposits and short term prepayments	(2,212)	(2,315)
Other receivables (net)	16,243	15,447
(Decrease) / increase in current liabilities	(654,878)	(209,151)
Trade and other payables	(192,435)	207,896
	(847,313)	(1,255)
	(604,298)	169,950

16. CASH AND CASH EQUIVALENTS

	As at 31 December 2006	As at 31 December 2005
	(Rupees in '000)	
Cash and cash equivalents for the purpose of cash flow statement comprise of the following items:		
Cash and bank balances	22,332	12,181
Running finance under mark-up arrangements	(322,272)	(113,917)
	(299,940)	(101,736)

17. 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:

	Six months period ended		Three months period ended		
	31 December 2006	31 December 2005	31 December 2006	31 December 2005	
	(Rupees in '000)		(Rupees in '000)		
Transactions with related parties					
Associated undertaking					
Sale of goods	135,907	68,050	79,684	33,344	
Purchase of goods, services and materials	240	149	220	137	
Commission earned	362	431	277	218	
Insurance premium expense	5,097	5,212	1,498	2,295	
Insurance claim received	-	330	-	-	
Dividend received	996	1,245	50	-	
Distribution expenses	2,378	794	2,378	794	
Share of profit of associated companies under the equity basis of accounting	6,402	1,944	2,470	-	
Other related parties					
Remuneration to key management personnel	17.1	11,624	9,858	5,812	4,929
Net charge in respect of staff retirement benefit plans	17.2	5,949	5,985	2,957	3,149
Balances with related parties			31 December 2006	30 June 2006	
Associated undertaking					
Trade debts			65,188	24,611	
Trade creditors			2,773	987	
Accrued expenses			938	756	
Advance			1,483	-	
Other related parties					
Retirement benefit plans - payable			3,645	560	

17.1 Remuneration to key management personnel are in accordance with terms of their employment.

17.2 Contributions to the defined contribution plan (provident fund) are made as per the terms of employment, whereas the charge for pension scheme is made as per the actuarial advice.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the board of directors of the Company in their meeting held on 26 January 2007.

19. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed an interim dividend of Rs. 1.75 per share for the six months period ended 31 December 2006, amounting to Rs. 25.609 million in their meeting held on 26 January 2007. These condensed interim financial statements do not include the effect of the above appropriations which will be accounted for in the financial statements for the year ending 30 June 2007.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director