

Directors' Review

Sales for the half year ended December 31, 2007 are Rs. 2.0 billion and is marginally lower than sales for the corresponding period of last year by 2%. This is due to the decline in new industrial investment, economic slowdown and political uncertainty in the country. Moreover, WAPDA and KESC also did not place any significant orders during this period as compared to last year.

Gross profit of Rs. 216.8 million is 11.0% of sales against Rs. 326.7 million (16.3% of sales) in the corresponding period of last year. The drop in the gross profit percentage resulted from reduced margins because of increased competitiveness in the market as many new and expansion projects are being held back due to political uncertainty ahead of the elections. Moreover, during the current half, Medium Voltage cable sales to WAPDA were made against old orders carried forward from last year, which resulted in lower gross profit.

Selling and administrative expense are Rs. 96.1 million compared to Rs. 82.4 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 long term loans related to capital expenditure and increase in working capital.

The rupee declined against the US Dollar at the end of December and slumped to a six year low. As a result, we had to book an exchange loss of Rs. 18.4 million during the current half year as a lot of our borrowings were in foreign exchange.

Due to the above factors, your company ended the half year with a profit after tax of Rs. 29.2 million compared to Rs. 109.9 million in the corresponding period last year.

The rapidly fluctuating prices of copper in the international market and the declining rupee are a cause of concern. Even though we are carrying forward a reasonable order book, the next six months will depend on improved political conditions, revival of the economy and increase in industrial activity & infrastructure investment.

We are pleased to inform the shareholders that during the current year we have received the Brand of the year Award 2007, Best Corporate Report Award for 2006 and very recently the Top 25 Companies Award for the year 2006. The Directors would like to congratulate the management and employees of the company for achieving these awards by their hard work and dedication.

We would like to express our 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: January 30, 2008

Independent Auditors' Report on review of Condensed Interim Financial Statements to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Cables Limited** ("the Company") as at 31 December 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended 31 December 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 31 December 2006 and 31 December 2007 in the condensed interim profit and loss accounts have not been reviewed and we do not express a conclusion thereon.

Date: 30 January 2008

Karachi

KPMG Taseer Hadi & Co

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

Condensed Interim Balance Sheet (Unaudited)

As at 31 December 2007

	Note	(Unaudited) 31 December 2007	(Audited) 30 June 2007
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,389,136	1,215,459
Investments in associates	5	39,050	47,932
Long-term loans		1,921	2,289
Long-term security deposits		2,494	2,494
CURRENT ASSETS			
Stores and spares		30,865	26,508
Stock-in-trade	6	1,342,592	1,133,430
Trade debts	7	683,036	504,951
Short-term loans and advances		22,653	11,250
Short-term deposits and prepayments		6,741	3,912
Other receivables		31,691	14,663
Advance tax - net of provisions		37,191	8,842
Assets classified as held for sale	5	13,017	-
Cash and bank balances	8	16,615	7,391
		2,184,401	1,710,947
TOTAL ASSETS		3,617,002	2,979,121
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		195,112	146,334
General reserves		378,000	285,000
Unappropriated profit		30,776	171,423
		603,888	602,757
Surplus on revaluation of fixed assets - net of tax		547,845	549,004
NON-CURRENT LIABILITIES			
Long-term loans	9	152,246	135,784
Deferred liability for staff gratuity		16,919	14,840
Other long-term employee benefits		12,700	12,774
Deferred tax liability - net		88,462	95,652
CURRENT LIABILITIES			
Trade and other payables	10	691,291	525,889
Short-term borrowings	11	1,382,826	938,890
Current portion of long-term loans	9	97,620	87,620
Mark-up accrued on bank borrowings		23,205	15,911
		2,194,942	1,568,310
TOTAL EQUITY AND LIABILITIES		3,617,002	2,979,121
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

KAMAL A. CHINYO
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Profit and Loss Account (Unaudited)

For the six months period ended 31 December 2007

	Six months period ended		Three months period ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	(Rupees in '000)		(Rupees in '000)	
Net sales	1,971,036	2,002,426	933,545	934,724
Cost of sales	1,754,261	1,675,699	843,119	789,527
Gross profit	216,775	326,727	90,426	145,197
Selling cost	62,097	52,094	28,255	26,434
Administrative expenses	34,017	30,296	16,427	16,454
	96,114	82,390	44,682	42,888
	120,661	244,337	45,744	102,309
Other operating expenses	28,230	34,160	16,686	20,493
Other operating income	4,578	4,572	1,854	1,535
Operating profit	97,009	214,749	30,912	83,351
Finance cost	59,981	52,779	31,769	28,752
Share of profit from associates	5,712	6,402	3,099	2,470
Profit before taxation	42,740	168,372	2,242	57,069
Taxation	13,500	58,500	100	20,000
Profit after taxation	29,240	109,872	2,142	37,069
	(Rupees)		(Rupees)	
Earnings per share- basic and diluted	1.50	5.63	0.11	1.90

Earnings per share - basic and diluted for the comparative period has been adjusted for the increase in the number of ordinary shares outstanding as a result of bonus issue.

The annexed notes 1 to 17 form an integral part of these condensed interim 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 2007

	Note	Six months period ended	
		31 December 2007	31 December 2006
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(122,758)	(604,298)
Staff retirement benefits paid		(435)	(549)
Finance cost		(52,687)	(46,945)
Taxes paid		(49,039)	(32,864)
Long-term loans		368	(651)
Long-term security deposits - net		-	(80)
Net cash used in operating activities		<u>(224,551)</u>	<u>(685,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(209,562)	(112,074)
Proceeds from disposal of fixed assets		60	538
Dividends received		1,577	996
Interest received		-	1,421
Net cash used in investing activities		<u>(207,925)</u>	<u>(109,119)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		70,271	100,000
Repayment of long-term loans		(43,809)	(28,334)
Increase in short-term finance		364,236	235,033
Dividends paid		(28,698)	(23,775)
Net cash flows from financing activities		<u>362,000</u>	<u>282,924</u>
Net decrease in cash and cash equivalents		<u>(70,476)</u>	<u>(511,582)</u>
Cash and cash equivalents at beginning of the period		<u>(50,428)</u>	<u>211,642</u>
Cash and cash equivalents at end of the period	14	<u><u>(120,904)</u></u>	<u><u>(299,940)</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2007

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 1 July 2006	97,556	184,500	174,088	456,144
Changes in equity for the six months period ended 31 December 2006				
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	-	-	1,166	1,166
Total recognised income and expense for the six months period	-	-	111,038	111,038
Balance as at 31 December 2006	146,334	285,000	111,459	542,793
Changes in equity for the six months period ended 30 June 2007				
Interim dividend for the year ended 30 June 2007	-	-	(25,609)	(25,609)
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 2007	-	-	1,169	1,169
Total recognised income and expense for the six months period	-	-	85,573	85,573
Balance as at 30 June 2007	146,334	285,000	171,423	602,757
Changes in equity for the six months period ended 31 December 2007				
Final cash dividend for the year ended 30 June 2007	-	-	(29,267)	(29,267)
Bonus shares issued for the year ended 30 June 2007	48,778	-	(48,778)	-
Transfer to general reserve for the year ended 30 June 2007	-	93,000	(93,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,112	1,112
Share of transfer from surplus on revaluation of building by an associate	-	-	46	46
Profit after taxation for the six months period ended 31 December 2007	-	-	1,158	1,158
Total recognised income and expense for the six months period	-	-	30,398	30,398
Balance as at 31 December 2007	195,112	378,000	30,776	603,888

The annexed notes 1 to 17 form an integral part of these condensed interim 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 2007

1. INTRODUCTION

Pakistan Cables Limited ("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. The registered office of the Company is situated at B/21, S.I.T.E., Karachi, Pakistan.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 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 2007 and profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended 31 December 2007 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 2007 has been extracted from the audited financial statements of the Company for the year ended 30 June 2007, 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 2006 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 2007.

Assets held for sale

During the period, the Company classified a portion of its investments into non-current assets held for sale (refer note 5).

These assets held for disposal are expected to be recovered primarily through sale rather than through continued use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter, the assets are measured at the lower of their carrying amounts and fair value less cost to sell.

3.1 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the 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 for the year ended 30 June 2007.

		Six months period ended	
		31 December 2007	31 December 2006
		(Rupees in '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Additions	4.1	209,562	112,074
Disposals (cost)		(907)	(1,170)

4.1 The additions during the period include Rs.186.467 million in respect of capital work-in-progress for various projects.

5. INVESTMENTS IN ASSOCIATES

The 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 2007 have been used for this purpose.

		(Unaudited) 31 December 2007	(Audited) 30 June 2007
		(Rupees in '000)	
International Industries Limited 587,383 (30 June 2007: 441,642) fully paid ordinary shares of Rs.10 each (market value at 31 December 2007: Rs.82.879 million; market value at 30 June 2007: Rs.65.473 million)			
		22,933	21,356
New Jubilee Insurance Company Limited 683,763 (30 June 2007 :1,367,527) fully paid ordinary shares of Rs.10 (30 June 2007: Rs 5) each (market value at 31 December 2007: Rs.151.966 million; market value at 30 June 2007: Rs. 165.471 million)			
		29,134	26,576
		52,067	47,932
Investments classified as held for sale	5.1	(13,017)	-
		39,050	47,932

5.1 During the period, the Company decided to sell 25 percent of the above investments. Accordingly, this portion of investments has been classified as assets held for sale as required by International Financial Reporting Standard 5, Non-current Assets Held for Sale and Discontinued Operations'. The sale is expected to be finalised within the next six months.

6. STOCK-IN-TRADE

Raw materials [including Rs. 314.6 million in transit (30 June 2007: Rs. 270.1 million)]	6.1	611,144	534,174
Work-in-process		374,522	305,787
Finished goods		348,806	286,519
Scrap		8,120	6,950
		1,342,592	1,133,430

6.1 This includes certain raw materials of an aggregate value of Rs.2 million (30 June 2007: Rs.4.8 million) held by third parties.

7. TRADE DEBTS

Considered good		683,036	504,951
Considered doubtful		6,655	3,462
		689,691	508,413
Provision for doubtful debts		(6,655)	(3,462)
		683,036	504,951

8. CASH AND BANK BALANCES

With banks on current accounts		16,326	7,121
Cash in hand		289	270
		16,615	7,391

9. LONG -TERM LOANS

	Number of instalments and commencement date	Instalment amount (Rs. in '000)	Mark-up rate per annum	(Unaudited) 31 December 2007 (Rupees in '000)	(Audited) 30 June 2007
Loan 1	12 quarterly 15-Feb-06	4,167	3 months KIBOR plus 1.25%	16,667	25,000
Loan 2	5 half yearly 19-Nov-06	20,000	6 months KIBOR plus 1.25%	40,000	60,000
Loan 3	7 half yearly 27-Oct-07	7,143	6 months KIBOR plus 1.25%	42,857	50,000
Loan 4	12 quarterly 31-Jan-07	4,167	3 months KIBOR plus 1.25%	33,334	41,667
Loan 5	8 half yearly 17-Oct-08	10,000	6 months KIBOR plus 1%	80,000	46,737
Loan 6	6 half yearly 24-Feb-09	6,168	6 months KIBOR plus 1.25%	9.2 <u>37,008</u>	-
				<u>249,866</u>	<u>223,404</u>
Current portion shown under current liabilities				<u>(97,620)</u>	<u>(87,620)</u>
				<u>152,246</u>	<u>135,784</u>

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

9.2 Currently the loan is in US Dollars and is convertible into a local currency loan from 24 February 2008 and carries interest rate at 6 months LIBOR plus 1% per annum. The instalment details given above are for the local currency loan.

10. TRADE AND OTHER PAYABLES

Creditors	392,718	232,033
Accrued expenses	33,775	22,946
Advances from customers	190,747	188,785
Payable to staff pension fund	1,259	886
Payable to staff provident fund	715	80
Provision for import levies	51,021	42,277
Workers' profit participation fund	2,312	16,039
Workers' welfare fund	7,483	6,286
Tax deducted at source	1,051	1,225
Unclaimed dividend	5,209	4,640
Others	5,001	10,692
	<u>691,291</u>	<u>525,889</u>

11. SHORT-TERM BORROWINGS

Secured - from banking companies

Running finance under mark-up arrangements	11.1	137,519	57,819
Foreign currency import finance	11.2	1,245,307	881,071
		<u>1,382,826</u>	<u>938,890</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.1,835 million (30 June 2007: Rs.1,760 million). The rate of mark-up on the running finance facilities ranges between 10.55% to 11.21% net of prompt payment rebate (30 June 2007: 10.2% to 11.9%). These facilities are valid for periods between 30 June 2008 to 31 July 2008.

11.2 Foreign currency import finance

Foreign currency import finance facilities are available from various banks, amounting to Rs.1,869 million (30 June 2007: Rs.1,760 million). These balances carry mark up ranging from 5.39% to 6.53% per annum (30 June 2007: 5.86% to 6.46% per annum).

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- a) The Company has issued post-dated cheques amounting to Rs. 15.488 million (30 June 2007: Rs.39.534 million) to the Collector of Customs against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 322.564 million (30 June 2007: Rs. 323.814 million) have been given to various parties for contract performance, tender deposits, etc.

12.2 Commitments

- a) Aggregate commitments for capital expenditure at 31 December 2007 amounted to approximately Rs.143.198 million (30 June 2007: Rs.128.711 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 31 December 2007 amounted to Rs.222.193 million (30 June 2007: Rs. 555.066 million).

13. CASH USED IN OPERATIONS

	<u>Six months period ended</u>	
	<u>31 December</u>	<u>31 December</u>
	<u>2007</u>	<u>2006</u>
	<u>(Rupees in '000)</u>	
Profit before taxation	42,740	168,372
<i>Adjustments for:</i>		
Depreciation	35,834	27,895
Provision for staff gratuity	2,514	1,320
Other long-term employee benefits	(74)	804
Gain on disposal of fixed assets	(10)	(538)
Income from investment in associates accounted for under the equity method of accounting	(5,712)	(6,402)
Interest on bank deposits	-	(1,215)
Finance cost	59,981	52,779
Working capital changes: <i>(Increase) / decrease in current assets</i>		
Stores and spares	(4,357)	(5,653)
Stock-in-trade	(209,162)	(459,535)
Trade debts	(178,085)	(202,689)
Short-term loans and advances	(11,403)	(1,032)
Deposits and short term prepayments	(2,829)	(2,212)
Other receivables	(17,028)	16,243
<i>Increase / (decrease) in trade and other payables</i>	(422,864)	(654,878)
	164,833	(192,435)
	(258,031)	(847,313)
	<u>(122,758)</u>	<u>(604,298)</u>

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	16,615	22,332
Running finance under mark-up arrangements	(137,519)	(322,272)
	<u>(120,904)</u>	<u>(299,940)</u>

15. 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	
	31 December 2007	31 December 2006
Transactions with related parties:		
	(Rupees in '000)	
Associated undertaking		
Sale of goods	151,787	135,907
Purchase of goods, services and materials	8,653	240
Commission earned	388	362
Insurance premium expense	5,435	5,097
Insurance claim received	115	-
Dividend received	1,578	996
Distribution expenses	2,069	2,378
Share of profit of associated companies under the equity basis of accounting	5,712	6,402
Other related parties		
Remuneration to key management personnel	15.1 14,892	11,624
Net charge in respect of staff retirement benefit plans	15.2 6,604	5,949
Balances with related parties:	(Unaudited)	(Audited)
	31 December 2007	30 June 2007
	(Rupees in '000)	
Associated undertakings		
Trade debts (unsecured, considered good)	92,476	75,221
Creditors	416	1,552
Other receivables	15,976	-
Other related parties		
Retirement benefit plans - payable / (receivable)	1,089	(716)

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

15.2 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.

15.3 For investments in related parties, refer note 5.

16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2007.

17. 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 30 January 2008.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director