

Directors' Review

The half year under review was a difficult period due to economic slowdown which resulted in overall slackness in the market coupled with decline in new industrial investment. Your company achieved net sales of Rs. 1.87 billion for the half year which is 5% lower than the sales in the corresponding half year.

Gross profit of Rs. 201.5 million is 10.8% of sales against Rs. 216.8 million (11.0% of sales) in the corresponding period of last year. The marginal drop in gross profit percentage resulted mainly due to higher trade discounts offered during the current half year.

Selling and administrative expenses are Rs. 85.3 million compared to Rs. 96.1 million for last half year. The lower expense is due to management's concerted efforts to keep a tight control on expenses. The unprecedented rise in financial cost is due to the sharp increase in interest rates brought about by tight liquidity in the market and the need to contain inflation.

In compliance with the Internal Accounting Standards, the company has booked an impairment loss of Rs. 18.6 million during the current quarter on its investments in associated companies, International Industries Limited and New Jubilee Insurance Company. As a result of booking this loss, your company ended the half year with a loss after tax of Rs. 17.6 million compared to a profit after tax of Rs. 29.2 million in the corresponding period.

The country is faced with an economic slowdown as well as a high inflation rate, severe energy shortage, depreciation of the rupee, increase in cost of borrowing and liquidity crunch which are all causes of concern for your company. Every effort is being made to keep the expenses under control and increase sales. Even though we are carrying forward a reasonable order book, the next six months will depend on revival of the economy and increase in industrial activity & infrastructure investment.

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. CHINYOY
Chairman

Karachi: January 29, 2009

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Cables Limited** ("the Company") as at 31 December 2008 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 for interim financial reporting. 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 International Standards on Auditing 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 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 2007 and 31 December 2008 in the condensed interim profit and loss accounts have not been reviewed and we do not express a conclusion thereon.

Date: 29 January 2009

Karachi

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

Condensed Interim Balance Sheet

As at 31 December 2008

	Note	Unaudited 31 December 2008	Audited 30 June 2008 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,749,972	1,643,567
Investments in associates - equity accounted for	5	121,300	137,856
Long-term loans		1,856	1,407
Long-term security deposits		2,494	2,494
CURRENT ASSETS			
Stores and spares		30,384	28,773
Stock-in-trade	6	853,913	1,018,606
Trade debts	7	718,749	397,375
Short-term loans and advances		13,936	27,255
Short-term deposits and prepayments		6,879	4,179
Other receivables		6,960	3,028
Advance tax - net of provision		90,469	57,617
Cash and bank balances	8	11,439	23,743
		1,732,729	1,560,576
TOTAL ASSETS		3,608,351	3,345,900
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		214,623	195,112
General reserves		436,000	378,000
Unappropriated (loss) / profit		(15,555)	77,852
		635,068	650,964
Surplus on revaluation of fixed assets - net of tax		685,878	687,557
NON-CURRENT LIABILITIES			
Long-term loans	9	269,369	270,770
Deferred liability for staff gratuity		18,377	16,890
Other long-term employee benefits		14,503	13,726
Deferred tax liability - net		77,357	76,868
CURRENT LIABILITIES			
Current portion of long-term loans	9	75,869	59,286
Trade and other payables	10	424,205	449,277
Short-term borrowings	11	1,345,203	1,092,487
Mark-up accrued on bank borrowings		62,522	28,075
		1,907,799	1,629,125
TOTAL EQUITY AND LIABILITIES		3,608,351	3,345,900
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 18 form an integral part of these condensed interim 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 2008

	Note	Six months period ended		Three months period ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		(Rupees in '000)		(Rupees in '000)	
Net sales		1,869,877	1,971,036	1,002,384	933,545
Cost of sales		(1,668,402)	(1,754,261)	(916,569)	(843,119)
Gross profit		201,475	216,775	85,815	90,426
Selling cost		(60,598)	(62,097)	(31,313)	(28,255)
Administrative expenses		(24,672)	(34,017)	(13,847)	(16,427)
		(85,270)	(96,114)	(45,160)	(44,682)
		116,205	120,661	40,655	45,744
Other operating expenses		(855)	(28,230)	1,896	(16,686)
Other operating income		5,649	4,578	4,938	1,854
		120,999	97,009	47,489	30,912
Finance cost		(120,918)	(59,981)	(70,619)	(31,769)
Share of profit from associates		2,645	5,712	1,815	3,099
		(118,273)	(54,269)	(68,804)	(28,670)
		2,726	42,740	(21,315)	2,242
Impairment loss on investments	5.1	(18,601)	-	(18,601)	-
(Loss) / profit before taxation		(15,875)	42,740	(39,916)	2,242
Taxation	13	(1,700)	(13,500)	6,700	(100)
(Loss) / profit after taxation		(17,575)	29,240	(33,216)	2,142
		(Rupees)		(Rupees)	
(Loss) / earnings per share- basic and dilut		(0.82)	1.36	(1.55)	0.10

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 18 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 2008

	Note	Six months period ended	
		31 December 2008	31 December 2007
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(249,114)	(242,720)
Staff retirement benefits paid		(1,027)	(435)
Finance cost		(86,471)	(52,687)
Taxes paid		(34,063)	(49,039)
Long-term loans		(449)	368
Net cash used in operating activities		<u>(371,124)</u>	<u>(344,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(152,642)	(209,562)
Proceeds from disposal of fixed assets		1,132	60
Dividends received		600	1,577
Net cash used in investing activities		<u>(150,910)</u>	<u>(207,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		58,991	70,271
Repayment of long-term loans		(43,809)	(43,809)
(Decrease) / increase in short-term finance		(254,723)	364,236
Dividends paid		(4)	(28,698)
Net cash flows from financing activities		<u>(239,545)</u>	<u>362,000</u>
Net decrease in cash and cash equivalents		<u>(761,579)</u>	<u>(190,438)</u>
Cash and cash equivalents at beginning of the period		<u>(714,021)</u>	<u>(50,428)</u>
Cash and cash equivalents at end of the period	15	<u><u>(1,475,600)</u></u>	<u><u>(240,866)</u></u>

The annexed notes 1 to 18 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 2008

	Share capital	General reserve	Unappropriated profit	Total
	------(Rupees in '000)-----			
Balance as at 30 June 2007	146,334	285,000	171,423	602,757
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)	-
Changes in equity for the six months period ended 31 December 2007				
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	-	-	29,240	29,240
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
Changes in equity for the six months period ended 30 June 2008				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,115	1,115
Share of transfer from surplus on revaluation of building by an associate	-	-	17	17
Transfer from surplus on revaluation of building by an associate on sale of share	-	-	9,787	9,787
Profit after taxation for the six months period ended 30 June 2008	-	-	36,157	36,157
Total recognised income and expense for the six months period	-	-	47,076	47,076
Balance as at 30 June 2008	195,112	378,000	77,852	650,964
Bonus shares issued for the year ended 30 June 2008	19,511	-	(19,511)	-
Transfer to general reserve for the year ended 30 June 2008	-	58,000	(58,000)	-
Changes in equity for the six months period ended 31 December 2008				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,679	1,679
Profit after taxation for the six months period ended 31 December 2008	-	-	(17,575)	(17,575)
Total recognised income and expense for the six months period	-	-	(15,896)	(15,896)
Balance as at 31 December 2008	214,623	436,000	(15,555)	635,068

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Notes to Condensed Interim Financial Statements (Unaudited)

For the six months period ended 31 December 2008

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 2008 and profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended 31 December 2008 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 2008 has been extracted from the audited financial statements of the Company for the year ended 30 June 2008, 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 2007 have been subjected to a review but not audited.

3. ACCOUNTING POLICIES AND ESTIMATES

3.1 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 2008.

3.2 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 2008.

	<u>For the six months period ended</u>	
	31 December 2008	31 December 2007
4. PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000)	
Additions	152,642	209,562
Disposals (cost)	(1,606)	(907)

5. INVESTMENTS IN ASSOCIATES - equity accounted for

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 2008 have been used for this purpose.

	Unaudited As at 31 December 2008	Audited As at 30 June 2008 (Restated)
	(Rupees in '000)	
International Industries Limited 480,000 (30 June 2008: 400,000) fully paid ordinary shares of Rs.10 each (market value at 31 December 2008: Rs. 22.066 million; market value at 30 June 2008: Rs. 50.184 million)	39,981	50,184
New Jubilee Insurance Company Limited 500,000 (30 June 2008 : 500,000) fully paid ordinary shares of Rs.10 each (market value at 31 December 2008: Rs. 49.080 million; market value at 30 June 2008: Rs. 84.22 million)	81,319	87,672
	<u>121,300</u>	<u>137,856</u>

- 5.1** On 30 June 2008, the Company had decided to sell 400,000 shares of International Industries Limited and 125,000 shares of New Jubilee Insurance Company Limited (carrying value as of the above date being Rs. 71.239 million). Accordingly, these shares were classified as 'Asset Held for Sale' as required under International Financial Reporting Standard (IFRS) 5 - Non-current Asset Held for Sale and Discontinued Operations.

However, currently the management has decided to abandon its plan to dispose off these investments and intends to benefit from the performance of these associates (as it is of the view that these benefits eventually would exceed the benefits it could have derived from their disposal). Accordingly, as required under International Accounting Standard (IAS) 28, "Investments in Associates", these investments are being accounted for under the equity method of accounting and the balance of Rs. 71.239 million previously classified as 'Asset Held for Sale' as of 30 June 2008 has been reclassified as 'Equity accounted for investments'. However, the effect in the profit and loss account of the previous period due to the above change in plan and reclassification is not material. A loss of Rs 18.6 million has been recognised in the current period as a result of the above change.

6. STOCK-IN-TRADE	Unaudited As at 31 December 2008	Audited As at 30 June 2008
Raw materials [including Rs. 89.8 million in transit (30 June 2008: Rs. 59.8 million)]	6.1 285,407	295,113
Work-in-process	6.2 259,435	300,726
Finished goods	6.2 294,889	408,896
Scrap	14,182	13,871
	<u>853,913</u>	<u>1,018,606</u>

6.1 This includes certain raw materials of an aggregate value of Rs. Nil (30 June 2008: Rs. 0.2 million) held by third parties.

6.2 Work-in-process and finished goods include items aggregating Rs.10.2 million (30 June 2008: Rs. 12.7 million) and Rs. 10.9 million (30 June 2008: Rs. 19.2 million) respectively stated at their net realizable values as against their cost of Rs. 23.6 million (30 June 2008: Rs. 20 million) and Rs. 35.6 million (30 June 2008: Rs. 33.6 million) respectively.

7. TRADE DEBTS	Unaudited As at 31 December 2008 (Rupees in '000)	Audited As at 30 June 2008
Considered good	718,749	397,375
Considered doubtful	7,654	12,568
	<u>726,403</u>	<u>409,943</u>
Provision for doubtful debts	(7,654)	(12,568)
	<u>718,749</u>	<u>397,375</u>

8. CASH AND BANK BALANCES

With banks on current accounts	11,332	23,523
Cash in hand	107	220
	<u>11,439</u>	<u>23,743</u>

9. LONG -TERM LOANS

	Number of installments and commencement date	Installment amount (Rupees in '000)	Mark-up rate per annum	Unaudited As at 31 December 2008 (Rupees in '000)	Audited As at 30 June 2008
Loan 1	12 quarterly 15-Feb-06	4,167	3 months KIBOR plus 1.25%	-	8,333
Loan 2	5 half yearly 19-Nov-06	20,000	6 months KIBOR plus 1.25%	-	20,000
Loan 3	7 half yearly 27-Oct-07	7,143	6 months KIBOR plus 1.25%	28,571	35,714
Loan 4	12 quarterly 31-Jan-07	4,167	3 months KIBOR plus 1.25%	16,667	25,000

	Number of installments and commencement date	Installment amount (Rupees in '000)	Mark-up rate per annum	Unaudited As at 31 December 2008 (Rupees in '000)	Audited As at 30 June 2008
Loan 5	6 half yearly 17-Oct-09	13,333	6 months KIBOR plus 1%	80,000	80,000
Loan 6	6 half yearly 13-Aug-09	12,000	6 months KIBOR plus 1.25%	60,000	60,000
Loan 7	6 half yearly 29-Jul-09	6,667	6 months KIBOR plus 1.25%	40,000	36,009
Loan 8	6 half yearly 05-Nov-09	4,167	6 months KIBOR plus 1.25%	25,000	25,000
Loan 9	8 half yearly 02-Dec-09	8,750	6 months KIBOR plus 1.00%	70,000	40,000
Loan 10	8 half yearly 11-Jun-10	3,125	6 months KIBOR plus 1.25%	25,000	-
				345,238	330,056
				(75,869)	(59,286)
				269,369	270,770
Current portion shown under current liabilities					

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

10. TRADE AND OTHER PAYABLES

Creditors	63,333	94,536
Accrued expenses	42,356	35,765
Advances from customers	211,847	205,272
Deposits from distributors	7,500	10,000
Payable to staff pension fund	14,137	14,160
Payable to staff provident fund	867	-
Provision for import levies	66,168	58,552
Sales tax payable	-	8,203
Special excise duty payable	4,429	3,377
Workers' profit participation fund	147	395
Workers' welfare fund	1,134	1,076
Tax deducted at source	1,709	1,416
Unclaimed dividend	5,090	5,094
Others	5,488	11,431
	424,205	449,277

11. SHORT-TERM BORROWINGS

Secured - from banking companies

Running finance under mark-up arrangements	11.1	1,245,203	737,764
Term finance	11.2	100,000	75,000
Foreign currency import finance		-	279,723
		1,345,203	1,092,487

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. 2,210 million (30 June 2008: Rs.2,210 million). The rate of mark-up on the running finance facilities ranges between 15.6% to 17.7% net of prompt payment rebate (30 June 2008: 11.2% to 15.2%). These facilities are valid for periods between 31 December 2008 to 30 June 2009.

11.2 Term finance

The amount outstanding against term finance facility as at 31 December 2008 available from banks was Rs. 100 million (30 June 2008 Rs. 75 million) earmarked out of the total running finance facilities of Rs. 300 million obtained from these banks. Mark-up on term finance is agreed at each disbursement. At 31 December 2008, mark up rate on the borrowing was 16.42 % per annum and was repayable by 13 January 2009.

11.3 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.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- a) The Company has issued post-dated cheques amounting to Rs. 4.770 million (30 June 2008: Rs. 12.571 million) to the Collector of Customs against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 220.018 million (30 June 2008: Rs. 233.493 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 2008 amounted to approximately Rs. 1.339 million (30 June 2008: Rs. 98.961 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 31 December 2008 amounted to Rs. 198.824 million (30 June 2008: Rs. 267.525 million).

13. INCOME TAX

		<u>For the six months period ended</u>	
		<u>31 December</u>	<u>31 December</u>
		<u>2008</u>	<u>2007</u>
		<u>(Rupees in '000)</u>	
Current tax	13.1	<u>1,211</u>	20,690
Deferred tax		<u>489</u>	<u>(7,190)</u>
		<u><u>1,700</u></u>	<u><u>13,500</u></u>

- 13.1 In view of the taxable loss for the period, provision under presumptive tax regime on export sales has been made in these condensed interim financial statements.

14. CASH USED IN OPERATIONS

	For the six months period ended	
	31 December 2008	31 December 2007
	(Rupees in '000)	
(Loss) / profit before taxation	(15,875)	42,740
<i>Adjustments for:</i>		
Depreciation	46,000	35,834
Provision for staff gratuity	2,514	2,514
Impairment loss on investments	18,601	-
Other long-term employee benefits	777	(74)
Gain on disposal of fixed assets	(895)	(10)
Income from investment in associates accounted for under the equity method of accounting	(2,645)	(5,712)
Finance cost	(120,918)	(59,981)
 Working capital changes:		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(1,611)	(4,357)
Stock-in-trade	164,693	(209,162)
Trade debts	(321,374)	(178,085)
Short-term loans and advances	13,319	(11,403)
Deposits and short term prepayments	(2,700)	(2,829)
Other receivables	(3,932)	(17,028)
	(151,605)	(422,864)
 <i>(Decrease) / increase in trade and other payables</i>		
	(25,068)	164,833
	(176,673)	(258,031)
	(249,114)	(242,720)

15. CASH AND CASH EQUIVALENTS

	Unaudited	Audited
	As at 31 December 2008	As at 30 June 2008
	(Rupees in '000)	
Cash and bank balances	11,439	16,615
Running finance under mark-up arrangements	(1,245,203)	(137,519)
	(1,233,764)	(120,904)

16. 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:

	<u>For the six months period ended</u>	
	31 December 2008	31 December 2007
Transactions with related parties:	(Rupees in '000)	
<i>Associated undertaking</i>		
Sale of goods	188,712	151,787
Purchase of goods, services and materials	563	8,653
Commission earned	753	388
Insurance premium expense	5,586	5,435
Insurance claim received	46	115
Dividend received	600	1,578
Distribution expenses	4,579	2,069
Share of profit of associated companies under the equity basis of accounting	2,645	5,712
<i>Other related parties</i>		
Remuneration to key management personnel	16.1 16,523	14,892
Net charge in respect of staff retirement benefit plans	16.2 7,397	6,604
	Unaudited	Audited
	As at 31	As at 30
Balances with related parties:	December 2008	June 2008
	(Rupees in '000)	
<i>Associated undertakings</i>		
Trade debts (unsecured, considered good)	104,791	70,606
Trade and other payables	139	1,831
<i>Other related parties</i>		
Retirement benefit plans - payable	15,004	13,349
Key management personnel - long term employee benefits	3,387	2,845

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

16.2 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.

16.3 Other transactions are at agreed terms.

16.4 For investments in related parties, refer note 5.

17. 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 2008.

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 29 January 2009.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director