

DIRECTORS' REVIEW

Sales for the nine months period ended March 31, 2010 at Rs. 2.7 billion is at par with last year's nine months sales. Higher sales during the current quarter, mainly to Trade and Utility Segments, helped in offsetting the shortfall which had occurred during the first half of the year.

Gross profit of Rs. 255.0 million is 9.6% of sales against Rs. 377.1 million (14.2% of sales) in the same period of last year. Lower gross profit, both in rupee terms and percentage wise, is due to reduction in margins and increased cost of materials.

Selling and administrative expenses for the nine months are Rs. 140.6 million and are in line with last year's figure. Financial charges for the nine months are Rs. 115.0 million and are 37% lower than the same period of last year. Strict control on working capital and short term borrowing in US Dollars at low rates helped to reduce our financial charges.

The turnaround in operations and profitability, which started from 2nd quarter, continued in the 3rd quarter as well, in which the company achieved a sale of Rs. 0.98 billion and made a profit after tax of Rs. 12.6 million. As a result, for the nine months, the loss after tax was reduced to Rs. 7.4 million compared to the loss after tax at 31st December 2009 of Rs. 20.0 million. The profit after tax for the nine months last year (period ending 31st March 2009) was Rs. 22.6 million.

The economy of the country continues to remain sluggish. However, an encouraging volume of orders were received during the 3rd quarter despite the slowdown and weak investment climate. The rapidly fluctuating prices of copper in the international market continue to be a cause of concern for the company. The management of your company will make all efforts and continue to maintain the momentum achieved in the previous two quarters by increasing volumes, improving productivity and control its costs vigorously in order to optimize profitability from operations.

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: April 28, 2010

Condensed Interim Balance Sheet

As at 31 March 2010

	Note	Un-audited 31 March 2010	Audited 30 June 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,647,315	1,711,507
Investments in associates	5	122,529	117,418
Long-term loans		1,946	2,330
Long-term security deposits		2,259	2,494
CURRENT ASSETS			
Stores and spares		33,277	28,128
Stock-in-trade	6	979,809	657,915
Trade debts	7	768,671	323,219
Short-term loans and advances		12,016	8,858
Short-term deposits and prepayments		4,337	5,146
Other receivables	8	14,579	4,684
Advance tax - net of provisions		187,128	105,814
Cash and bank balances	9	10,880	40,221
		2,010,697	1,173,985
TOTAL ASSETS		3,784,746	3,007,734
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		214,623	214,623
General reserves		455,000	436,000
Unappropriated (loss) / profit		(4,544)	67,618
		665,079	718,241
Surplus on revaluation of land and buildings - net of tax		681,683	684,201
NON-CURRENT LIABILITIES			
Long-term loans		290,334	364,185
Deferred liability for staff gratuity		19,584	18,636
Other long-term employee benefits		13,974	14,117
Deferred tax liability - net		103,291	113,088
CURRENT LIABILITIES			
Current portion of long-term loans		110,368	115,577
Trade and other payables	10	528,778	446,731
Short-term borrowings	11	1,335,918	493,919
Mark-up accrued on bank borrowings		35,737	39,039
		2,010,801	1,095,266
TOTAL EQUITY AND LIABILITIES		3,784,746	3,007,734
CONTINGENCIES AND COMMITMENTS			
	12		-

The annexed notes 1 to 19 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 (Un-audited)

For the nine months period ended 31 March 2010

	Nine months period ended		Three months period ended		
	Note	31 March 2010 (Rupees in '000)	31 March 2009	31 March 2010 (Rupees in '000)	31 March 2009
Net sales		2,650,792	2,658,923	979,291	789,046
Cost of sales		(2,395,781)	(2,281,857)	(880,659)	(613,455)
Gross profit		255,011	377,066	98,632	175,591
Selling cost		(93,261)	(93,330)	(29,742)	(32,732)
Administrative expenses		(47,340)	(47,058)	(16,195)	(22,386)
		(140,601)	(140,388)	(45,937)	(55,118)
		114,410	236,678	52,695	120,473
Other operating expenses		(14,870)	(5,335)	1,170	(4,480)
Other operating income		5,667	15,029	3,331	9,380
		105,207	246,372	57,196	125,373
Finance cost		(115,007)	(183,108)	(44,259)	(62,190)
Share of profit from associates		6,911	(1,356)	3,288	(4,001)
		(2,889)	61,908	16,225	59,182
Impairment loss on investments		-	(18,601)	-	-
(Loss) / profit before taxation		(2,889)	43,307	16,225	59,182
Taxation	13	(4,500)	(20,700)	(3,600)	(19,000)
(Loss) / profit after taxation		(7,389)	22,607	12,625	40,182
		(Rupees)		(Rupees)	
(Loss) / earnings per share- basic and diluted		(0.34)	1.05	0.59	1.87

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

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 31 March 2010

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>31 March</u> <u>2010</u> <u>(Rupees in '000)</u>	<u>31 March</u> <u>2009</u>	<u>31 March</u> <u>2010</u> <u>(Rupees in '000)</u>	<u>31 March</u> <u>2009</u>
(Loss) / profit after tax for the period	(7,389)	22,607	12,625	40,182
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(7,389)</u>	<u>22,607</u>	<u>12,625</u>	<u>40,182</u>

The annexed notes 1 to 19 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 (Un-audited)

For the nine months period ended 31 March 2010

	Note	Nine months period ended	
		31 March 2010	31 March 2009
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(510,007)	423,431
Staff retirement benefits paid		(1,843)	(1,439)
Finance cost		(118,309)	(149,384)
Taxes paid		(95,611)	(44,171)
Long-term loans		384	(1,122)
Long term security deposits		235	-
Net cash used in operating activities		(725,151)	227,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(22,764)	(161,512)
Proceeds from disposal of fixed assets		1,153	2,745
Dividends received		1,800	600
Net cash used in investing activities		(19,811)	(158,167)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		-	58,991
Repayment of long-term loans		(79,060)	(47,976)
Increase / (decrease) in short-term finance		912,044	(129,723)
Dividends paid		(47,318)	(2)
Net cash flows from financing activities		785,666	(118,710)
Net decrease in cash and cash equivalents		40,704	(49,562)
Cash and cash equivalents at beginning of the period		(307,195)	(714,021)
Cash and cash equivalents at end of the period	15	(266,491)	(763,583)

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

KAMAL A. CHINYO
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended 31 March 2010

	Share capital	General reserve	Unappropriated profit	Total
	------(Rupees in '000)-----			
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)	-
<i>Changes in equity for the nine months period ended 31 March 2009</i>				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	2,518	2,518
Total comprehensive income for the nine months period ended 31 March 2009	-	-	22,607	22,607
Total recognised income and expense for the nine months period	-	-	25,125	25,125
Balance as at 31 March 2009	214,623	436,000	25,466	676,089
<i>Changes in equity for the three months period ended 30 June 2009</i>				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	838	838
Total comprehensive income for the three months period ended 30 June 2009	-	-	41,314	41,314
Total recognised income and expense for the six months period	-	-	42,152	42,152
Balance as at 30 June 2009	214,623	436,000	67,618	718,241
Final cash dividend for the year ended 30 June 2009	-	-	(48,290)	(48,290)
Transfer to general reserve for the year ended 30 June 2009	-	19,000	(19,000)	-
<i>Changes in equity for the nine months period ended 31 March 2010</i>				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	2,517	2,517
Total comprehensive loss for the nine months period ended 31 March 2010	-	-	(7,389)	(7,389)
Total recognised income and expense for the nine months period	-	-	(4,872)	(4,872)
Balance as at 31 March 2010	214,623	455,000	(4,544)	665,079

The annexed notes 1 to 19 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 (Un-audited)

For the nine months period ended 31 March 2010

1. INTRODUCTION

Pakistan Cables Limited (the Company) was incorporated in Pakistan as a private limited company on 22 April 1953 and in 1955 it was converted into a public limited company in which year it also obtained a listing on the Karachi Stock Exchange. The Company is engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds. 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.

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 2009 except for the following:

The Company has applied revised IAS 1 Presentation of Financial Statements (2007), which became effective for periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures only (condensed interim statement of comprehensive income).

IFRS 8 - Operating Segments also became effective for periods beginning on or after 1 January 2009 which requires an entity to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments.

Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures given in note 17 to these condensed interim financial statements.

The above changes had no impact on Company's profit for the period or prior periods.

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 2009.

4. PROPERTY, PLANT AND EQUIPMENT

	For the nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
Additions	22,764	161,512
Disposals (cost)	(1,542)	(5,406)

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 financial statements as of 31 December 2009 have been used for this purpose.

	Un-audited As at 31 March 2010	Audited As at 30 June 2009
	(Rupees in '000)	
International Industries Limited 480,000 (30 June 2009: 480,000) fully paid ordinary shares of Rs.10 each (market value at 31 March 2010: Rs. 28.214 million; market value at 30 June 2009: Rs.21.643 million)	40,928	39,899
New Jubilee Insurance Company Limited 500,000 (30 June 2009 : 500,000) fully paid ordinary shares of Rs.10 each (market value at 31 March 2010: Rs.40.855 million; market value at 30 June 2009: Rs.25.375 million)	81,601	77,519
	<u>122,529</u>	<u>117,418</u>

6. STOCK-IN-TRADE

		Un-audited As at 31 March 2010 (Rupees in '000)	Audited As at 30 June 2009
Raw materials [including Rs. 197.2 million in transit (30 June 2009: Rs.153.5 million)]	6.1	426,286	293,612
Work-in-process	6.2	215,021	159,919
Finished goods	6.2	298,387	185,718
Scrap		40,115	18,666
		<u>979,809</u>	<u>657,915</u>

- 6.1** This includes certain raw materials of an aggregate value of Rs. 9.7 million (30 June 2009: Nil) held by third parties.
- 6.2** Work-in-process and finished goods include items aggregating Rs.12.4 million (30 June 2009: Rs. 8.3 million) and Rs.29 million (30 June 2009: Rs. 13.8 million) respectively stated at their net realizable values as against their cost of Rs.17.7 million (30 June 2009: Rs.10.2 million) and Rs. 54.9 million (30 June 2009: Rs. 36.7 million) respectively.

7. TRADE DEBTS

		Un-audited As at 31 March 2010 (Rupees in '000)	Audited As at 30 June 2009
Considered good		768,671	323,219
Considered doubtful		12,809	14,907
		<u>781,480</u>	<u>338,126</u>
Provision for doubtful debts		(12,809)	(14,907)
		<u>768,671</u>	<u>323,219</u>

8. OTHER RECEIVABLES

Claim receivable		743	1,033
Receivable from staff provident fund		-	2,260
Sales tax receivable		13,836	-
Others		-	1,391
		<u>14,579</u>	<u>4,684</u>

9. CASH AND BANK BALANCES

With banks on current accounts		10,665	40,123
Cash in hand		215	98
		<u>10,880</u>	<u>40,221</u>

10. TRADE AND OTHER PAYABLES

	Un-audited As at 31 March 2010	Audited As at 30 June 2009
	(Rupees in '000)	
Creditors	226,959	173,191
Accrued expenses	49,879	18,451
Advances from customers	109,875	116,883
Deposits from distributors	8,388	7,500
Payable to staff pension fund	12,909	11,981
Payable to staff provident fund	1,313	-
Provision for import levies	90,350	71,522
Sales tax payable	-	15,196
Special excise duty payable	4,157	2,126
Workers' profit participation fund	18	6,498
Workers' welfare fund	2,591	2,591
Income tax deducted at source	1,484	1,809
Unclaimed dividend	6,062	5,090
Others	14,793	13,893
	<u>528,778</u>	<u>446,731</u>

11. SHORT-TERM BORROWINGS**Secured - from banking companies**

Running finance under mark-up arrangements	<i>11.1</i>	277,371	347,416
Term finance	<i>11.2</i>	350,000	-
Foreign currency import finance	<i>11.3</i>	708,547	146,503
		<u>1,335,918</u>	<u>493,919</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.2,295 million (30 June 2009: Rs. 2,195 million). The rate of mark-up on the running finance facilities ranges between 13.61% to 14.83% net of prompt payment rebate (30 June 2009: 13.98% to 16.11%). These facilities are expiring between 31 March 2010 to 31 October 2010 and are renewable.

11.2 Term finance

The amount outstanding against term finance facility as at 31 March 2010 available from certain banks was Rs. 350 million (30 June 2009: Nil) and is repayable in April 2010. This facility is a sub-limit of the overall facilities mentioned in note 11.1 above. Mark-up on term finance is agreed at each disbursement. At 31 March 2010, mark-up rate on the borrowing ranges between 13.20% to 13.41%.

11.3 Foreign currency import finance

The foreign currency import finance facilities are available from various banks, amounting to Rs.2,065 million (30 June 2009: Rs.1,982 million) and are repayable on different dates. This facility is a sub-limit of the overall facilities mentioned in note 11.1 above. These balances carry mark-up ranging from 2.00% to 2.30% per annum (30 June 2009: 2.98% to 4.64% per annum).

11.4 Other facilities

The facility for opening letter of credit and guarantee as at 31 March 2010 amounted to Rs.2,655 million (30 June 2009:Rs.2,938 million) of which the amount remaining unutilized as at that date was Rs.2,301 million (30 June 2009: Rs.2,398 million).

11.5 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.3.971 million (30 June 2009: Rs. 2.517 million) to the Collector of Customs against partial exemption of import levies.
- b) Bank guarantees amounting to Rs.269.423 million (30 June 2009: Rs.194.199 million) have been given to various parties for contract performance, tender deposits, etc.
- c) The tax authorities had made assessments for the tax years 2007 and 2008 in which various disallowances having tax impact of Rs.28 million were made. The Company filed appeal against these disallowances to the Commissioner of Income Tax. The Commissioner in his judgment allowed most of these disallowances. The department has now gone into appeal against this judgment while the Company has also filed appeal for the remaining disallowed amount. No provision has been made as the Company feels confident that these expenses will be allowed in appeals.

12.2 Commitments

- a) Aggregate commitments for capital expenditure at 31 March 2010 amounted to approximately Rs. 3.536 million (30 June 2009: Nil).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 31 March 2010 amounted to Rs. 83.270 million (30 June 2009: Rs. 265.887 million).

13. INCOME TAX

	For the nine months period ended	
	31 March 2010	31 March 2009
Current tax	14,297	1,348
Deferred tax	(9,797)	19,352
	<u>4,500</u>	<u>20,700</u>

14. CASH USED IN OPERATIONS

	For the nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
(Loss) / profit before taxation	(2,889)	43,307
<i>Adjustments for:</i>		
Depreciation	86,894	73,091
Provision for staff gratuity	2,790	3,490
Impairment loss on investments	-	18,601
Other long-term employee benefits	(143)	778
Gain on disposal of fixed assets	(1,091)	(2,137)
Income from investment in associates accounted for under the equity method of accounting	(6,911)	1,356
Finance cost	115,007	183,108
Working capital changes:		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(5,149)	604
Stock-in-trade	(321,894)	331,663
Trade debts	(445,452)	(173,035)
Short-term loans and advances	(3,158)	16,003
Deposits and short term prepayments	809	(2,337)
Other receivables	(9,895)	(3,278)
	(784,739)	169,620
<i>Increase / (decrease) in trade and other payables</i>	81,075	(67,783)
	(703,664)	101,837
	(510,007)	423,431

15. CASH AND CASH EQUIVALENTS

	Un-audited As at 31 March 2010	Un-audited As at 31 March 2009
	(Rupees in '000)	
Cash and bank balances	10,880	21,776
Running finance under mark-up arrangements	(277,371)	(785,359)
	(266,491)	(763,583)

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:

	For the nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
Transactions with related parties:		
<i>Associated undertaking</i>		
Sale of goods	340,219	241,793
Purchase of goods, services and materials	290	754
Commission earned	659	986
Insurance premium	5,467	6,635
Insurance claim received	2,394	282
Dividend received	1,800	600
Distribution expenses	7,131	5,830
Share of profit of associated companies under the equity basis of accounting	6,911	(1,356)

	For the nine months period ended	
	31 March 2010	31 March 2009
	(Rupees in '000)	
Other related parties		
Remuneration to key management personnel	16.1	30,436
Net charge in respect of staff retirement benefit plans	16.2	14,042
	Un-audited	Audited
	As at 31	As at 30
	March 2010	June 2009
	(Rupees in '000)	
Balances with related parties:		
Associated undertakings		
Trade debts (unsecured, considered good)	89,096	48,507
Trade and other payables	588	9
Other related parties		
Retirement benefit plans - payable	12,909	11,981
Staff provident fund - payable / (receivable)	1,313	(2,260)
Key management personnel - long term employee benefits	2,247	1,797

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 OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of single reportable segment.

17.1 Revenue from cables & wires represents 96% (March 2009 : 96%) of the total revenue of the company

17.2 99% (March 2009: 99%) sales of the Company relates to customers in Pakistan.

17.3 All non-current assets of the Company at 31 March 2010 are located in Pakistan.

17.4 The Company does not have any customer having sales of 10% or more during the nine months period ended 31 March 2010 (31 March 2009: Nil)

18. 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 2009

19. 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 28 April 2010.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director