

DIRECTORS' REVIEW

By the Grace of Allah, your company continued to show robust growth with a turnover of Rs. 3.1 billion which is 46% higher than the corresponding period of last year. The increase in sales is mainly in Trade, Projects and Utilities segments. Better margins have enabled your company to earn a gross profit of Rs. 500.3 million which is 50% more than the corresponding period of previous year.

Selling, administration and other expenses are Rs. 173.9 million compared to Rs. 121.3 million last year. The increase is mainly due to higher expenses on account of advertising and publicity and other expenses resulting from higher sales. The rise in financial cost from Rs. 53.3 million to Rs. 86.2 million is due to high interest rates, increased working capital requirement due to higher sales and enhanced borrowings related to capital expenditure.

Profit before tax at Rs. 261.9 million is 53% higher than the previous year and profit after tax of Rs. 171.9 million is 52% higher than the corresponding period of last year. Earning per share for the nine months is Rs. 11.75

Copper prices, which had tumbled down to \$ 5,225 a ton in early February '07, have again climbed up to around \$ 7,000 a ton at end March '07 and thereafter touched a peak of \$ 8,000 a ton on 17-04-07. These high prices could have an adverse affect on the margins of the last quarter. Moreover, the increasing financial charges are also a cause of concern for the company. However, in view of good order book and increased market opportunities resulting from improved business environment, the management of your company is confident of meeting the above challenges.

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: April 24, 2007

Pakistan Cables Limited
Condensed Interim Balance Sheet (Unaudited)

As at 31 March 2007

	Note	31 March 2007	30 June 2006 (Audited)
(Rupees in '000)			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,104,210	995,226
Long-term investments	6	47,404	37,401
Long-term loans		2,421	1,208
Long-term security deposits		2,394	2,314
CURRENT ASSETS			
Stores and spares		30,197	20,138
Stocks-in-trade	7	1,186,928	984,364
Trade debts	8	742,254	392,953
Short term loans and advances		13,226	11,818
Short-term deposits and prepayments		5,030	2,936
Other receivables		2,104	21,883
Cash and bank balances	9	11,815	248,021
		1,991,554	1,682,113
CURRENT LIABILITIES			
Trade and other payables	10	522,787	865,989
Short-term borrowings	11	1,117,520	596,442
Current portion of long-term loans		80,479	56,668
Mark-up accrued on borrowings		29,238	8,581
Taxation		55,254	8,729
		1,805,278	1,536,409
		186,276	145,704
NET ASSETS EMPLOYED		1,342,705	1,181,853
FINANCED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	12	146,334	97,556
General reserves		285,000	184,500
Unappropriated profit		148,509	174,088
		579,843	456,144
Surplus on revaluation of land and building - net of tax		549,585	551,339
NON-CURRENT LIABILITIES			
Long-term loans	13	124,521	84,999
Deferred liability for staff gratuity		14,901	14,238
Other long-term employee benefits		10,907	10,103
Deferred tax liability - net		62,948	65,030
		213,277	174,370
CONTINGENCIES AND COMMITMENTS	14	1,342,705	1,181,853

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Aslam Sadruddin
Finance Director

Pakistan Cables Limited

Condensed Interim Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2007

	Nine months period ended		Three months period ended	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	(Rupees in '000)		(Rupees in '000)	
Net sales	3,111,753	2,138,538	1,109,327	799,749
Cost of goods sold	2,611,443	1,804,810	935,744	697,548
Gross profit	500,310	333,728	173,583	102,201
Selling cost	101,557	70,944	37,916	24,273
Administrative expenses	47,154	37,126	17,187	14,327
Other operating expenses	25,169	13,196	2,227	3,889
	173,880	121,266	57,330	42,489
Other operating income	9,532	6,571	4,960	2,670
Operating profit	335,962	219,033	121,213	62,382
Finance cost	86,155	53,253	33,376	18,752
Share of profit from associates	12,136	5,620	5,734	3,676
Profit before taxation	261,943	171,400	93,571	47,306
Taxation	90,000	58,600	31,500	15,100
Profit after taxation	171,943	112,800	62,071	32,206
Earnings per share- basic and diluted	<i>Rupees</i> 11.75	7.71	4.24	2.20

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Aslam Sadruddin
Finance Director

Pakistan Cables Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the nine months period ended 31 March 2007

	Note	Nine months period ended	
		31 March 2007	31 March 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	(513,625)	87,588
Staff retirement benefits paid		(1,315)	(885)
Finance cost paid		(65,498)	(48,656)
Taxes paid		(45,525)	(60,797)
Long-term loans		(1,213)	647
Long term security deposits		(80)	(7)
Net cash used in operating activities		(627,256)	(22,110)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(151,293)	(234,575)
Sale proceeds on disposal of fixed assets		3,160	2,473
Dividends received		2,100	1,909
Interest received		1,421	-
Net cash used in investing activities		(144,612)	(230,193)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		100,000	147,553
Repayment of long-term loan		(36,667)	(4,167)
Increase in short-term finance		330,575	209,991
Dividends paid		(48,749)	(22,918)
Net cash flows from financing activities		345,159	330,459
Net (decrease) / increase in cash and cash equivalents		(426,709)	78,156
Cash and cash equivalents at beginning of the period		211,642	(178,790)
Cash and cash equivalents at end of the period	16	(215,067)	(100,634)

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Aslam Sadruddin
Finance Director

Pakistan Cables Limited

Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2007

	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)	-
Interim bonus shares issued during the year ended 30 June 2006	19,511		(19,511)	
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,670	1,670
Share of transfer from surplus on revaluation of building by an associate	-	-	56	56
Profit after taxation for the nine months period ended 31 March 2006	-	-	112,800	112,800
Total recognised income and expense for the nine months	-	-	114,526	114,526
Balance as at 31 March 2006	97,556	184,500	113,290	395,346
Transfer from surplus on revaluation of building - net of deferred tax	-	-	557	557
Share of transfer from surplus on revaluation of building by as associate	-	-	27	27
Profit after taxation for the three months period ended 30 June 2006	-	-	60,214	60,214
Total recognised income and expense for the quarter	-	-	60,798	60,798
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)	-
Interim dividend for the year 30 June 2007	-	-	(25,609)	(25,609)
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,671	1,671
Share of transfer from surplus on revaluation of building by an associate	-	-	83	83
Profit after taxation for the nine months period ended 31 March 2007	-	-	171,943	171,943
Total recognised income and expense for the nine months	-	-	173,697	173,697
Balance as at 31 March 2007	146,334	285,000	148,509	579,843

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Aslam Sadruddin
Finance Director

Pakistan Cables Limited

Notes to Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 31 March 2007

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.

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 judgments, 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 judgments made by management in applying the Company's accounting policies and the key sources of estimation 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

	Nine months period ended	
	31 March 2007	31 March 2006
	(Rupees in '000)	
Additions	151,293	234,575
Disposals (cost)	(4,660)	(4,314)

6. LONG-TERM INVESTMENTS

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 financial statements as of 31 December 2006 have been used for this purpose.

7. STOCK-IN-TRADE		31 March	30 June
		2007	2006
		(Rupees in '000)	
Raw materials [including Rs.69.3 million in transit (30 June 2006: Rs.36.6 million)]	7.1	622,743	629,000
Work-in-process		372,137	206,404
Finished goods		188,742	128,486
Scrap		3,306	20,474
		<u>1,186,928</u>	<u>984,364</u>

7.1 This includes certain raw materials of an aggregate value of Rs.25.3 million (30 June 2006: Rs. 2.970 million) held by third parties.

7.2 During the nine months period ended 31 March 2007, the Company recognized a write-down of Rs.33.389 million (30 June 2006: Rs. 3.6 million) against certain stock-in-trade items to adjust their carrying values to their net realizable values.

8. TRADE DEBTS

Considered good		742,254	392,953
Considered doubtful		3,302	2,973
		<u>745,556</u>	<u>395,926</u>
Provision for doubtful debts		(3,302)	(2,973)
		<u>742,254</u>	<u>392,953</u>

9. CASH AND BANK BALANCES

With banks on current accounts		11,570	62,722
With banks in deposit accounts		-	185,000
Cash in hand		245	299
		<u>11,815</u>	<u>248,021</u>

10. TRADE AND OTHER PAYABLES

Creditors		204,217	500,372
Accrued expenses		40,135	30,997
Advances from customers		144,199	244,389
Payable to staff pension fund		2,708	2,622
Provision for import levies		55,519	42,832
Sales tax payable		34,721	-
Workers' profit participation fund		14,064	14,685
Workers' welfare fund		5,361	2,849
Tax deducted at source		323	2,657
Unclaimed dividend		4,865	3,616
Others		16,675	20,970
		<u>522,787</u>	<u>865,989</u>

11. SHORT TERM BORROWINGS

		31 March 2007	30 June 2006
		(Rupees in '000)	
Secured - from banking companies			
Running finance under mark-up arrangements	<i>11.1</i>	226,882	36,379
Foreign currency import finance	<i>11.2</i>	890,638	560,063
		<u>1,117,520</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.1,660 million (30 June 2006: Rs. 845 million). The rate of mark-up on the running finance facilities ranges between 10.69% to 12.37% net of prompt payment rebate (30 June 2006: 9.5% to 10.5%). These facilities are valid upto 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.1,665 million (30 June 2006: Rs. 785 million). These balances carry mark up ranging from 5.85% to 6.78% per annum (30 June 2006: 5.58% to 6.51% per annum).

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 period.

13. LONG TERM LOANS

	Number of instalments and commencement date	Instalment amount (Rs. in '000)	Mark-up rate per annum	31 March 2007	30 June 2006
				(Rupees in '000)	
From Banking Companies					
Loan 1	12 quarterly 15-Feb-06	4,167	3 months KIBOR plus 1.25%	29,166	41,667
Loan 2	5 half yearly 19-Nov-06	20,000	6 months KIBOR plus 1.25%	80,000	100,000
Loan 3	7 half yearly 27-Oct-07	7,143	6 months KIBOR plus 1.25%	50,000	-
Loan 4	12 quarterly 31-Jan-07	4,167	3 months KIBOR plus 1.25%	<u>45,834</u>	-
				205,000	141,667
Current portion shown under current liabilities				<u>(80,479)</u>	<u>(56,668)</u>
				<u>124,521</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

- a) The Company has issued post-dated cheques amounting to Rs.32.703 million (30 June 2006: Rs.9.956 million) to the Collector of Customs against partial exemption of import levies.
- b) Bank guarantees amounting to Rs.331.148 million (30 June 2006: Rs. 172.004 million) have been given to various parties for contract performance, tender deposits, etc.

14.2 Commitments

- a) Aggregate commitments for capital expenditure at 31 March 2007 amounted to approximately Rs.135 million (30 June 2006: Rs. 25.847 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 31 March 2007 amounted to Rs. 273.658 million (30 June 2006: Rs. 889.088 million).

15. CASH GENERATED FROM OPERATIONS

	Nine months period ended	
	31 March 2007	31 March 2006
	(Rupees in '000)	
Profit before taxation	261,943	171,400
Adjustment for non cash charges and other items:		
Depreciation	42,375	22,416
Provision for gratuity	1,979	2,860
Other long term employee benefits	804	-
Gain on disposal of fixed assets	(3,226)	(2,287)
Income from investment in associates accounted for under the equity method of accounting	(12,136)	(5,620)
Interest on bank deposits	(1,215)	-
Financial charges	86,155	53,253
Working capital changes: (Increase) / decrease in current assets		
Stores and spares	(10,059)	(5,125)
Stock in trade	(202,564)	(181,460)
Trade debts	(349,301)	(184,924)
Short term loans and advances	(1,408)	(16,675)
Deposits and short term prepayments	(2,094)	(2,733)
Other receivables (net)	19,573	14,566
	(545,853)	(376,351)
(Decrease) / increase in current liabilities		
Trade and other payables	(344,451)	221,917
	(890,304)	(154,434)
	(513,625)	87,588

16. CASH AND CASH EQUIVALENTS

	As at 31 March 2007	As at 31 March 2006
	(Rupees in '000)	
Cash and cash equivalents for the purpose of cash flow statement comprise of the following items:		
Cash and bank balances	11,815	10,640
Running finance under mark-up arrangements	(226,882)	(111,274)
	(215,067)	(100,634)

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:

	Nine months period ended	
	31 March 2007	31 March 2006
	(Rupees in '000)	
Associated undertaking		
Sale of goods	212,340	98,888
Purchase of goods, services and materials	365	612
Commission earned	768	727
Insurance premium expense	6,656	7,081
Insurance claim received	61	422
Dividend received	2,100	1,909
Distribution expenses	3,362	794
Share of profit of associated companies under the equity basis of accounting	12,136	5,620

In addition, at 31 March 2007, unsecured trade debts of Rs.53.804 million (30 June 2006:Rs.24.611 million) and unsecured liability of Rs.0.181 million (30 June 2006: 0.987 million) was respectively due from and due to associated companies.

	Nine months period ended	
	31 March 2007	31 March 2006
	(Rupees in '000)	
Other related parties		
Remuneration to key management personnel	17,436	14,787
Net charge in respect of staff retirement benefit plans	8,889	9,027

At 31 March 2007, Rs.1.692 million were due to the retirement benefits plans (30 June 2006:Rs.0.560 million).

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the board of directors of the Company in their meeting held on 24 April 2007.

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Aslam Sadruddin
Finance Director