

DIRECTORS' REVIEW

Sales for the nine months period ended March 31, 2009 at Rs. 2.7 billion is 7% lower than sales for the same period of last year. The shortfall is mainly owing to the reduction in prices due to lower material costs and lower sales to utility companies.

The gross profit in the third quarter has been better than the previous two quarters and, as a result, gross profit for 9 months of Rs. 377.1 million is 14.2% of sales against Rs. 313.8 million (11.0% of sales) in the same period of last year. The higher gross profit is attributed mainly due to favourable sales mix and lower material costs.

Selling and administrative expenses have been restricted to Rs. 140.4 million compared to Rs. 145.7 million in the same period last year. The decrease is mainly due to lower expenses on account of carriage & forwarding and tighter control on expenses. In contrast however, financial charges are high and this is attributable to the sharp increase in interest rates and additional long term loans related to capital expenditure. The financial charges for the current year are Rs. 92.5 million higher than the same period last year. However, the interest rates have now started to decline which will help in curtailing this cost.

An impairment of Rs. 18.6 million has been incorporated in the accounts of the first half year on investments in associated companies.

Due to the high financial charges and the impairment loss, we ended with a profit after tax of Rs. 22.6 million compared to Rs. 64.2 million in the same period last year.

Copper prices, which had dropped to as low as \$ 2,770 a ton in the month of December 2008 from a high of US\$ 8,900 in July 2008, have now started to recover, and are presently trading around US\$ 4,500 per ton. However, your company continues to follow the principle of hedging raw material against orders.

Going forward, the signals are mixed. While the country's economy remains weak, there have been positive signs with regards to inflation and interest rates coming down. Furthermore the effective utilization of funds which are expected to come from bilateral and multilateral sources should further strengthen the economy. However, the security situation in the country remains an area of concern.

Your company will continue to make all efforts to improve profitability through improved productivity and high levels of operational excellence.

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, 2009

Condensed Interim Balance Sheet

As at 31 March 2009

	Note	Unaudited 31 March 2009	Audited 30 June 2008 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,731,380	1,643,567
Investments in associates - equity accounted for	5	117,299	137,856
Long-term loans		2,529	1,407
Long-term security deposits		2,494	2,494
CURRENT ASSETS			
Stores and spares		28,169	28,773
Stock-in-trade	6	686,943	1,018,606
Trade debts	7	570,410	397,375
Short-term loans and advances		11,252	27,255
Short-term deposits and prepayments		6,516	4,179
Other receivables		6,306	3,028
Advance tax - net of provision		100,440	57,617
Cash and bank balances	8	21,776	23,743
		1,431,812	1,560,576
TOTAL ASSETS		3,285,514	3,345,900
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		214,623	195,112
General reserves		436,000	378,000
Unappropriated profit		25,466	77,852
		676,089	650,964
Surplus on revaluation of fixed assets - net of tax		685,039	687,557
NON-CURRENT LIABILITIES			
Long-term loans	9	250,702	270,770
Deferred liability for staff gratuity		18,941	16,890
Other long-term employee benefits		14,504	13,726
Deferred tax liability - net		96,220	76,868
CURRENT LIABILITIES			
Current portion of long-term loans	9	90,369	59,286
Trade and other payables	10	381,492	449,277
Short-term borrowings	11	1,010,359	1,092,487
Mark-up accrued on bank borrowings		61,799	28,075
		1,544,019	1,629,125
TOTAL EQUITY AND LIABILITIES		3,285,514	3,345,900
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. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2009

Note	Nine months period ended		Three months period ended	
	31 March 2009 (Rupees in '000)	31 March 2008	31 March 2009 (Rupees in '000)	31 March 2008
Net sales	2,658,923	2,864,485	789,046	893,449
Cost of sales	(2,281,857)	(2,550,668)	(613,455)	(796,407)
Gross profit	377,066	313,817	175,591	97,042
Selling cost	(93,330)	(96,797)	(32,732)	(34,700)
Administrative expenses	(47,058)	(48,935)	(22,386)	(14,918)
	(140,388)	(145,732)	(55,118)	(49,618)
	236,678	168,085	120,473	47,424
Other operating expenses	(5,335)	(62,413)	(4,480)	(34,183)
Other operating income	15,029	49,905	9,380	45,327
	246,372	155,577	125,373	58,568
Finance cost	(183,108)	(90,584)	(62,190)	(30,603)
Share of profit from associates	(1,356)	8,223	(4,001)	2,511
	(184,464)	(82,361)	(66,191)	(28,092)
	61,908	73,216	59,182	30,476
Impairment loss on investments	5.1 (18,601)	-	-	-
Profit before taxation	43,307	73,216	59,182	30,476
Taxation	(20,700)	(9,000)	(19,000)	4,500
Profit after taxation	22,607	64,216	40,182	34,976
	(Rupees)		(Rupees)	
Earnings per share- basic and diluted	1.05	2.99	1.87	1.63

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 nine months period ended 31 March 2009

	Note	Nine months period ended	
		31 March 2009	31 March 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	423,431	(92,683)
Staff retirement benefits paid		(1,439)	(1,355)
Finance cost		(149,384)	(77,590)
Taxes paid		(44,171)	(71,443)
Long-term loans		(1,122)	740
Net cash flows from operating activities		<u>227,315</u>	<u>(242,331)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(161,512)	(295,482)
Proceeds from disposal of fixed assets		2,745	186
Dividends received		600	2,018
Proceeds from sale of shares		-	55,362
Net cash used in investing activities		<u>(158,167)</u>	<u>(237,916)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		58,991	114,357
Repayment of principal amount		(47,976)	(52,143)
(Decrease) / increase in short-term finance		(129,723)	411,340
Dividends paid		(2)	(28,809)
Net cash flows from financing activities		<u>(118,710)</u>	<u>444,745</u>
Net decrease in cash and cash equivalents		<u>(49,562)</u>	<u>(35,502)</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	14	<u><u>(763,583)</u></u>	<u><u>(85,930)</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 nine months period ended 31 March 2009

	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 nine months period ended 31 March 2008				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	1,668	1,668
Share of transfer from surplus on revaluation of building by an associate	-	-	63	63
Transfer from surplus on revaluation of an associate on sale of shares	-	-	974	974
	-	-	2,705	2,705
Profit after taxation for the nine months period ended 31 March 2008	-	-	64,216	64,216
Total recognised income and expense for the nine months period	-	-	66,921	66,921
Balance as at 31 March 2008	195,112	378,000	67,299	640,411
Changes in equity for the three months period ended 30 June 2008				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	559	559
Transfer from surplus on revaluation of building by an associate on sale of share	-	-	8,813	8,813
	-	-	9,372	9,372
Profit after taxation for the three months period ended 30 June 2008	-	-	1,181	1,181
Total recognised income and expense for the three months period	-	-	10,553	10,553
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 nine months period ended 31 March 2009				
Transfer from surplus on revaluation of building - net of deferred tax	-	-	2,518	2,518
Profit after taxation 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

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

Notes to Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 31 March 2009

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.

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.

	For the nine months period ended	
	31 March 2009	31 March 2008
4. PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000)	
Additions	161,512	295,482
Disposals (cost)	(5,406)	(1,877)

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 financial statements as of 31 December 2008 have been used for this purpose.

	Unaudited As at 31 March 2009	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 March 2009: Rs. 21.081 million; market value at 30 June 2008: Rs. 50.184 million)	39,930	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 March 2009: Rs. 29.200 million; market value at 30 June 2008: Rs. 84.22 million)	77,369	87,672
	<u>117,299</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, the management subsequently decided to abandoned its plan to dispose off these investments and hopes to benefit from the performance of these associated companies (as it is of the view that these benefits may 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 as a result of the above change.

6. STOCK-IN-TRADE		Unaudited As at 31 March 2009	Audited As at 30 June 2008
(Rupees in '000)			
Raw materials [including Rs. 37.2 million in transit (30 June 2008: Rs. 59.8 million)]	6.1	216,491	295,113
Work-in-process	6.2	217,909	300,726
Finished goods	6.2	235,635	408,896
Scrap		16,908	13,871
		686,943	1,018,606

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.11.6 million (30 June 2008: Rs. 12.7 million) and Rs. 16.9 million (30 June 2008: Rs. 19.2 million) respectively stated at their net realizable values as against their cost of Rs. 19.5 million (30 June 2008: Rs. 20 million) and Rs.55.5 million (30 June 2008: Rs. 33.6 million) respectively.

7. TRADE DEBTS		Unaudited As at 31 March 2009	Audited As at 30 June 2008
(Rupees in '000)			
Considered good		570,410	397,375
Considered doubtful		14,406	12,568
		584,816	409,943
Provision for doubtful debts		(14,406)	(12,568)
		570,410	397,375

8. CASH AND BANK BALANCES

With banks in current accounts	21,578	23,523
Cash in hand	198	220
	21,776	23,743

9. LONG -TERM LOANS

	Number of installments and commencement date	Installment amount (Rupees in '000)	Mark-up rate per annum	Unaudited As at 31 March 2009	Audited As at 30 June 2008
(Rupees in '000)					
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%	12,500	25,000

	Number of installments and commencement date	Installment amount (Rupees in '000)	Mark-up rate per annum	Unaudited As at 31 March 2009 (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	5 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	-
				341,071	330,056
Current portion shown under current liabilities				(90,369)	(59,286)
				250,702	270,770

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

10. TRADE AND OTHER PAYABLES

Creditors	53,567	94,536
Accrued expenses	37,916	35,765
Advances from customers	142,557	205,272
Deposits from distributors	7,500	10,000
Payable to staff pension fund	16,452	14,160
Provision for import levies	69,386	58,552
Sales tax payable	32,948	8,203
Special excise duty payable	3,436	3,377
Workers' profit participation fund	3,219	395
Workers' welfare fund	2,364	1,076
Tax deducted at source	1,273	1,416
Unclaimed dividend	5,092	5,094
Others	5,782	11,431
	381,492	449,277

11. SHORT-TERM BORROWINGS

Secured - from banking companies

Running finance under mark-up arrangements	11.1	785,359	737,764
Term finance	11.2	225,000	75,000
Foreign currency import finance		-	279,723
		1,010,359	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 12.87% to 17.75% net of prompt payment rebate (30 June 2008: 11.2% to 15.2%). These facilities are expiring between 31 March 2009 to 30 June 2009.

11.2 Term finance

The amount outstanding against term finance facility as at 31 March 2009 available from banks was Rs. 225 million (30 June 2008: Rs. 75 million) earmarked out of the total running finance facilities of Rs. 800 million obtained from these banks. Mark-up on term finance is agreed at each disbursement.

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. 2.947 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. 147.713 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 March 2009 amounted to approximately Rs. 1.860 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 March 2009 amounted to Rs. 96.669 million (30 June 2008: Rs. 267.525 million).

13. CASH GENERATED FROM OPERATIONS

	For the nine months period ended	
	31 March	31 March
	2009	2008
	(Rupees in '000)	
Profit before taxation	43,307	73,216
<i>Adjustments for:</i>		
Depreciation	73,091	53,842
Provision for staff gratuity	3,490	3,771
Impairment loss on investments	18,601	-
Other long-term employee benefits	778	(74)
Gain on disposal of fixed assets	(2,137)	(135)
Income from investment in associates accounted for under the equity method of accounting	1,356	(8,223)
Gain on sale of shares	-	(42,345)
Finance cost	183,108	90,584
Working capital changes: <i>(Increase) / decrease in current assets</i>		
Stores and spares	604	(2,546)
Stock-in-trade	331,663	(202,645)
Trade debts	(173,035)	(29,058)
Short-term loans and advances	16,003	(9,980)
Deposits and short term prepayments	(2,337)	(1,628)
Other receivables	(3,278)	(14,336)
	169,620	(260,193)
<i>Decrease in trade and other payables</i>	(67,783)	(3,126)
	101,837	(263,319)
	423,431	(92,683)

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	21,776	23,070
Running finance under mark-up arrangements	(785,359)	(109,000)
	(763,583)	(85,930)

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:

	For the nine months period ended	
	31 March 2009	31 March 2008
Transactions with related parties:	(Rupees in '000)	
Associated undertaking		
Sale of goods	241,793	241,567
Purchase of goods, services and materials	754	9,171
Commission earned	986	717
Insurance premium expense	6,635	7,895
Insurance claim received	282	16,037
Dividend received	600	2,018
Distribution expense	5,830	5,005
Share of profit/(loss) of associated companies under the equity basis of accounting	(1,356)	8,223
Gain on sale of shares	-	20,841
Other related parties		
Remuneration to key management personnel	15.1 26,169	22,338
Net charge in respect of staff retirement benefit plans	15.2 13,701	9,936
	Unaudited	Audited
Balances with related parties:	As at 31	As at 30
	March 2009	June 2008
(Rupees in '000)		
Associated undertakings		
Trade debts (unsecured, considered good)	70,065	70,606
Trade and other payables	652	1,831
Other related parties		
Retirement benefit plans - payable	10,715	13,349
Key management personnel - long term employee benefits	3,387	2,845

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 2008.

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 28 April 2009.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director