

DIRECTORS' REVIEW

Sales for the first quarter are Rs. 563.3 million which is 35% lower than the sales in the same period of last year. The shortfall is mainly due to lower production owing to non-availability of copper rod as well as increased vigilance in these difficult economic times to avoid credit problems.

Gross profit of Rs. 50.0 million is 8.9% of sales against Rs. 115.7 million (13.3% of sales) in the same period of last year. Lower gross profit is mainly due to lower sales as mentioned above. Since most of our manufacturing expenses are of semi variable nature, the lower sales resulted in lower gross profit.

Selling and administrative expenses have been controlled and are Rs. 41.6 million compared to Rs. 40.1 million in the same period of last year. Financial charges for the quarter are Rs. 32.6 million and are 35% lower than the same period of last year.

Due to the reduced sales, your company ended the first quarter with a loss of Rs. 31.7 million compared to profit of Rs. 15.6 million in the same period of last year.

The economy of the country continues to remain sluggish. However, an encouraging volume of orders were received during the first quarter despite the slowdown and weak investment climate. In view of a good order book, the management of your company will continue to make all out efforts to improve profitability through improved productivity and high levels of operational excellence.

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. CHINOY
Chairman

Karachi: October 27, 2009

Condensed Interim Balance Sheet (Unaudited)

As at 30 September 2009

	Note	(Unaudited) 30 September 2009	(Audited) 30 June 2009
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,688,315	1,711,507
Investments in associates	5	118,173	117,418
Long-term loans		2,243	2,330
Long-term security deposits		2,494	2,494
CURRENT ASSETS			
Stores and spares		30,016	28,128
Stock-in-trade	6	945,086	657,915
Trade debts	7	419,672	323,219
Short-term loans and advances		9,879	8,858
Short-term deposits and prepayments		6,788	5,146
Other receivables	8	45,946	4,684
Advance tax - net of provisions		128,997	105,814
Cash and bank balances	9	5,712	40,221
		1,592,096	1,173,985
TOTAL ASSETS		3,403,321	3,007,734
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		214,623	214,623
General reserves		455,000	436,000
Unappropriated profit		(30,576)	67,618
		639,047	718,241
Surplus on revaluation of land and buildings - net of tax		683,361	684,201
NON-CURRENT LIABILITIES			
Long-term loans		345,518	364,185
Deferred liability for staff gratuity		18,972	18,636
Other long-term employee benefits		14,117	14,117
Deferred tax liability - net		113,088	113,088
CURRENT LIABILITIES			
Current portion of long-term loans		111,410	115,577
Trade and other payables	10	343,475	446,731
Short-term borrowings	11	1,053,964	493,919
Mark-up accrued on bank borrowings		32,079	39,039
Dividend payable		48,290	-
		1,589,218	1,095,266
TOTAL EQUITY AND LIABILITIES		3,403,321	3,007,734
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 16 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 & Loss Account (Unaudited)

For the quarter ended 30 September 2009

	July to September 2009 Rs. 000	July to September 2008 Rs. 000
Net Sales	563,277	867,493
Cost of goods sold	<u>(513,238)</u>	<u>(751,833)</u>
Gross profit	50,039	115,660
Selling costs	<u>(25,498)</u>	<u>(29,285)</u>
Administrative expenses	<u>(16,059)</u>	<u>(10,825)</u>
	<u>(41,557)</u>	<u>(40,110)</u>
	8,482	75,550
Other operating expenses	(7,192)	(2,751)
Other operating income	831	711
	<u>2,121</u>	<u>73,510</u>
Finance cost	(32,598)	(50,299)
Share of profit from associates	<u>1,835</u>	<u>830</u>
Profit/(loss) before taxation	(28,642)	24,041
Taxation	<u>(3,101)</u>	<u>(8,400)</u>
Profit/(loss) after taxation	<u>(31,743)</u>	<u>15,641</u>
Earning per share - Basic and diluted	Rs. <u>(1.48)</u>	Rs. <u>0.73</u>

The annexed notes 1 to 16 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 (Unaudited)

For the quarter ended 30 September 2009

	July to September 2009 Rs. 000	July to September 2008 Rs. 000
Profit/(loss) for the period	(31,743)	15,641
Other comprehensive income	-	-
Total comprehensive income/(Loss) for the period	<u>(31,743)</u>	<u>15,641</u>

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended 30 September 2009

	Note	30 September 2009	30 September 2008
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	13	(500,877)	37,756
Staff retirement benefits paid		(595)	(514)
Financial charges paid		(39,558)	(32,815)
Taxes paid		(26,284)	(12,501)
Long-term loans		87	(632)
Net cash used in operating activities		<u>(567,227)</u>	<u>(8,706)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,569)	(114,406)
Proceeds from disposal of fixed assets		2	-
Dividends received		1,080	600
Net cash used in investing activities		<u>(4,487)</u>	<u>(113,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan obtained		-	33,991
Repayment of long-term loans		(22,834)	(8,333)
Increase/(decrease) in short-term finance		540,185	(4,723)
Dividends paid		(6)	(2)
Net cash flows from financing activities		<u>517,345</u>	<u>20,933</u>
Net decrease in cash and cash equivalents		<u>(54,369)</u>	<u>(101,579)</u>
Cash and cash equivalents at beginning of the period		<u>(307,195)</u>	<u>(714,021)</u>
Cash and cash equivalents at end of the period	14	<u>(361,564)</u>	<u>(815,600)</u>

The annexed notes 1 to 16 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 Changes in Equity (Unaudited)

For the quarter ended 30 September 2009

	Issued, subscribed and paid-up share capital	General reserves	Reserve for issue of bonus shares	Unappro- priated Profit	Total
	-----Rs.'000-----				
Balance as at 30 June 2008	195,112	378,000	-	77,852	650,964
Changes in equity for the quarter ended 30 September 2008					
Transfer to reserve for issuance of bonus shares for the year ended 30 June 2008	-	-	19,511	(19,511)	-
Transfer to general reserve	-	58,000		(58,000)	-
Transferred from surplus on revaluation of buildings	-	-	-	839	839
Total comprehensive income for the period from July 2008 to September 2008	-	-	-	15,641	15,641
	-	-	-	16,480	16,480
Balance as at 30 September 2008	195,112	436,000	19,511	16,821	667,444
Changes in equity for the period from October 08 to June 09					
Issuance of bonus shares	19,511	-	(19,511)	-	-
Transferred from surplus on revaluation of buildings	-	-	-	2,517	2,517
Total comprehensive income for the period from October 2008 to June 2009	-	-	-	48,280	48,280
	-	-	-	50,797	50,797
Balance as at 30 June 2008	214,623	436,000	-	67,618	718,241
Changes in equity for the quarter ended 30 September 2009					
Dividend payable for the year ended 30 June 2009	-	-		(48,290)	(48,290)
Transfer to general reserve	-	19,000	-	(19,000)	-
Transferred from surplus on revaluation of buildings	-	-	-	839	839
Total comprehensive income (loss) for the period from July 2009 to September 2009	-	-	-	(31,743)	(31,743)
	-	-	-	(30,904)	(30,904)
Balance as at 30 September 2009	214,623	455,000	-	(30,576)	639,047

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Notes to Condensed Interim Financial Statements (Unaudited)

For the quarter ended 30 September 2009

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

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.

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 are the same as those that applied to the financial statements for the year ended 30 June 2009.

	30 September 2009	30 September 2008
4. PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000)	
Additions	5,569	114,406
Disposals (cost)	(2)	-
5. INVESTMENTS IN ASSOCIATES		
	(Unaudited) 30 September 2009	(Audited) 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 30 September 2009: Rs.27.341 million; market value at 30 June 2009: Rs.21.643 million)	39,618	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 30 September 2009: Rs.27.905 million; market value at 30 June 2009: Rs.25.375 million)	78,555	77,519
	<u>118,173</u>	<u>117,418</u>
6. STOCK-IN-TRADE		
Raw materials [including Rs. 181.3 million in transit (30 June 2009: Rs. 153.5 million)]	430,369	293,612
Work-in-process	287,257	159,919
Finished goods	197,368	185,718
Scrap	30,092	18,666
	<u>945,086</u>	<u>657,915</u>
6.1	Work-in-progress and finished goods include slow moving items aggregating Rs.4.8 million (June 2009: Rs.8.3 million) and Rs.18.1 million (June 2009: Rs13.8 million) respectively stated at their net realizable values as against their cost of Rs. 6.9 million (June 2009: Rs. 10.2 million) and Rs.44.8 million (June 2009: Rs.36.7 million).	
7. TRADE DEBTS		
Considered good	419,672	323,219
Considered doubtful	14,890	14,907
	434,562	338,126
Provision for doubtful debts	(14,890)	(14,907)
	<u>419,672</u>	<u>323,219</u>
8. OTHER RECEIVABLES		
Claim receivable	873	1,033
Receivable from staff provident fund	342	2,260
Sales tax receivable	44,676	-
Others	55	1,391
	<u>45,946</u>	<u>4,684</u>
9. CASH AND BANK BALANCES		
With banks on current accounts	5,553	40,123
Cash in hand	159	98
	<u>5,712</u>	<u>40,221</u>

	(Unaudited) 30 September 2009	(Audited) 30 June 2009
	(Rupees in '000)	
10. TRADE AND OTHER PAYABLES		
Creditors	40,298	173,191
Accrued expenses	28,086	18,451
Advances from customers	161,568	116,883
Deposits from distributors	8,068	7,500
Payable to staff pension fund	12,061	11,981
Provision for import levies	77,483	71,522
Sales tax payable	-	15,196
Special excise duty payable	590	2,126
Workers' profit participation fund	35	6,498
Workers' welfare fund	2,591	2,591
Income tax deducted at source	829	1,809
Unclaimed dividend	5,084	5,090
Others	6,782	13,893
	<u>343,475</u>	<u>446,731</u>
11. SHORT-TERM BORROWINGS		
Secured - from banking companies		
Running finance under mark-up arrangements	367,276	347,416
Foreign currency import finance	686,688	146,503
	<u>1,053,964</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.2,195 million (30 June 2009: Rs.2,195 million). The rate of mark-up on the running finance facilities ranges between 14.16% to 15.17% net of prompt payment rebate (30 June 2009: 13.98% to 16.11%). These facilities are expiring between 30 September 2009 to 30 June 2010.

11.2 Foreign currency import finance

The foreign currency import finance facilities are available from various banks, amounting to Rs.1,945 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 2.28% to 3.40% per annum (30 June 2009: 2.98% to 4.64% per annum)

11.3 Other facilities

The facility for opening letter of credit and guarantees as at September 30, 2009 amounted to Rs.2,975 million (30 June 2009: Rs.2,938 million) of which the amount remaining unutilized as at that date was Rs.2,474 million (30 June 2009: Rs.2,398 million).

11.4 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

- The Company has issued post-dated cheques amounting to Rs. 2.798 million (30 June 2009: Rs.2.517 million) to the Collector of Customs against partial exemption of import levies.
- Bank guarantees amounting to Rs. 205.157 million (30 June 2009: 194.199 million) have been given to various parties for contract performance, tender deposits, etc.
- The tax authorities have recently passed assessment orders in respect of years 2007 and 2008 in which various disallowances have been made which has a tax impact of Rs.28 million. The Company has filed appeals to the Commissioner of Income Tax against these orders. So far no hearing has been made. No provision has been made as the Company feels confident that these expenses will ultimately be allowed in the appeals.

12.2 Commitments

- Aggregate commitments for capital expenditure at 30 September 2009 amounted to approximately Rs.7.123 million (30 June 2009: Nil).
- Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 30 September 2009 amounted to Rs.289.565 million (30 June 2009: Rs. 265.887 million).

13. CASH GENERATED FROM/(USED IN) OPERATIONS

	30 September 2009	30 September 2008
	(Rupees in '000)	
Profit/(loss) before taxation	(28,642)	24,041
<i>Adjustments for:</i>		
Depreciation	28,761	21,837
Provision for staff gratuity	930	1,257
Gain on disposal of fixed assets	(2)	-
Income from investment in associates accounted for under the equity method of accounting	(1,835)	(830)
Financial charges	32,598	50,299
Working capital changes: <i>(Increase) / decrease in current assets</i>		
Stores and spares	(1,888)	(2,453)
Stock-in-trade	(287,171)	(128,776)
Trade debts	(96,453)	(141,494)
Short-term loans and advances	(1,021)	12,527
Short term deposits and short term prepayments	(1,642)	(16,637)
Other receivables	(41,262)	1,605
	(429,437)	(275,228)
<i>Increase / (decrease) in trade and other payables</i>	(103,250)	216,380
	(532,687)	(58,848)
	<u>(500,877)</u>	<u>37,756</u>

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	5,712	8,946
Running finance under mark-up arrangements	(367,276)	(824,546)
	<u>(361,564)</u>	<u>(815,600)</u>

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are as follows:

	30 September 2009	30 September 2008
Transactions with related parties:		
	(Rupees in '000)	
Associated undertaking		
Sale of goods	84,313	107,895
Purchase of goods, services and materials	127	62
Commission earned	102	-
Insurance premium expense	5,191	4,727
Insurance claim received	1,409	11
Dividend received	1,080	600
Distribution expenses	2,249	2,500
Share of profit of associated companies under the equity basis of accounting	1,835	830
Other related parties		
Remuneration to key management personnel	8,442	7,443
Net charge in respect of staff retirement benefit plans	4,529	3,250
Balances with related parties:		
	(Unaudited)	(Audited)
	30 September	30 June
	2009	2009
	(Rupees in '000)	
Associated undertakings		
Trade debts	96,097	48,507
Advance to suppliers	222	-
Creditors	4,310	9

16. 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 27 October 2009.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director