

DIRECTORS' REVIEW

Sales for the first quarter are Rs. 1.3 billion which is 69% higher than the same period of last year. The increase in sales has been in all segments but mainly in sales to Trade and Projects.

Gross profit of Rs. 135.4 million is 10.1% of sales against Rs. 108.1 million (13.7% of sales) in the same period of last year. Percentage-wise, the gross profit has decreased due to reduction in margins and increased cost of materials.

Selling and administrative expenses are Rs. 62.3 million compared to Rs. 55.3 million in the same period of last year. Financial charges for the quarter are Rs. 14.1 million and are 62% lower than the same period of last year. Short term borrowing in US Dollars at low rates helped to reduce our financial charges.

As a result of the above, your company ended the first quarter with a profit after tax of Rs. 28.8 million compared to Rs. 8.0 million in the same period of last year. Earning per share has increased to Rs. 1.01 compared to Rs. 0.37 in the same period of last year.

Copper Prices have tumbled to a one year low under US\$ 7,000 a ton in the month of September from a high of US\$ 9,600 a ton in July 2011. The rapidly fluctuating prices of copper in the international market and the declining rupee are a cause of concern. Going forward, the Company's business needs to be viewed in context of the weak economy and lack of investment. However, in view of a reasonable order book, the management of your company is confident of meeting the above challenges and will make all efforts to improve productivity and achieve 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: October 21, 2011

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2011

	Note	(Unaudited) 30 September 2011 (Rupees in '000)	(Audited) 30 June 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,556,302	1,581,533
Investments in associates	5	108,611	111,877
Long-term loans		3,195	3,085
Long-term security deposits		2,463	2,453
CURRENT ASSETS			
Stores and spares		26,700	24,972
Stock-in-trade	6	1,147,269	1,322,151
Trade debts	7	582,255	476,898
Short-term loans and advances		13,187	6,002
Short-term deposits and prepayments		5,857	3,669
Other receivables	8	4,970	17,813
Advance tax - net of provisions		237,270	215,493
Cash and bank balances	9	37,565	41,830
		2,055,073	2,108,828
TOTAL ASSETS		<u>3,725,644</u>	<u>3,807,776</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		284,623	284,623
Share premium reserve		527,800	527,800
General reserves		504,000	471,500
Unappropriated profit		30,051	89,594
		1,346,474	1,373,517
Surplus on revaluation of land and buildings - net of tax		694,773	695,849
NON-CURRENT LIABILITIES			
Long-term loans		26,875	26,875
Deferred liability for staff gratuity		21,815	21,103
Other long-term employee benefits		12,597	12,597
Deferred tax liability - net		140,733	138,724
CURRENT LIABILITIES			
Current portion of long-term loans		65,417	84,083
Trade and other payables	10	393,148	481,990
Short-term borrowings	11	955,340	964,655
Mark-up accrued on bank borrowings		11,547	8,383
Dividend payable		56,925	-
		1,482,377	1,539,111
TOTAL EQUITY AND LIABILITIES		<u>3,725,644</u>	<u>3,807,776</u>
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

CONDENSED INTRIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	July to September 2011 Rs. 000	July to September 2010 Rs. 000
Net Sales	1,339,247	790,846
Cost of goods sold	<u>(1,203,805)</u>	<u>(682,774)</u>
Gross profit	135,442	108,072
Selling costs	<u>(36,289)</u>	<u>(34,113)</u>
Administrative expenses	<u>(26,017)</u>	<u>(21,204)</u>
	<u>(62,306)</u>	<u>(55,317)</u>
	73,136	52,755
Other operating expenses	(16,639)	(8,600)
Other operating income	3,116	2,590
	<u>59,613</u>	<u>46,745</u>
Finance cost	(14,053)	(37,266)
Share of profit from associates	3,750	2,488
Impairment loss on investments	<u>(5,000)</u>	<u>-</u>
Profit before taxation	44,310	11,967
Taxation	<u>(15,500)</u>	<u>(4,000)</u>
Profit after taxation	<u>28,810</u>	<u>7,967</u>
Earning per share - Basic and diluted	Rs. <u>1.01</u>	Rs. <u>0.37</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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	July to September 2011 Rs. 000	July to September 2010 Rs. 000
Profit after tax for the period	28,810	7,967
Other comprehensive income	-	-
Total comprehensive income for the period	<u>28,810</u>	<u>7,967</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

CONDENSED INTRIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	<i>Note</i>	30 September 2011	30 September 2010
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	73,867	(194,619)
Staff retirement benefits paid		(430)	(57)
Financial charges paid		(10,890)	(22,756)
Taxes paid		(35,269)	(27,465)
Long-term loans		(110)	(717)
Long-term security deposits		(10)	(10)
Net cash generated from / (used in) operating activities		27,158	(245,624)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,250)	(6,026)
Proceeds from disposal of fixed assets		1,600	-
Interest received		240	-
Dividends received		-	1,200
Net cash used in investing activities		(3,410)	(4,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans		(18,666)	(18,667)
(Decrease) / increase in short-term finance		(158,544)	219,271
Dividends paid		(32)	(5)
Net cash flows (used in) / generated from financing activities		(177,242)	200,599
Net decrease in cash and cash equivalents		(153,494)	(49,851)
Cash and cash equivalents at beginning of the period		(11,560)	(338,040)
Cash and cash equivalents at end of the period	14	(165,054)	(387,891)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

KAMAL A. CHINYOY
Chief Executive

HAROUN RASHID
Director

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Issued, subscribed and paid-up share capital	Share premium reserve	General reserves	Unappro- priated Profit	Total
	-----Rs.'000-----				
Balance as at 30 June 2010	214,623	-	455,000	49,190	718,813
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2010	-	-	-	(32,194)	(32,194)
Transfer to general reserve for the year ended 30 June 2010	-	-	16,500	(16,500)	-
Transferred from surplus on revaluation of buildings	-	-	-	853	853
Total comprehensive income for the period from July 2010 to September 2010	-	-	-	7,967	7,967
Balance as at 30 September 2010	214,623	-	471,500	9,316	695,439
Transactions with owners recorded directly in equity - Issue of 7,000,000 ordinary shares of Rs.10 each at share premium of Rs.75.4 per share	70,000	527,800	-	-	597,800
Transferred from surplus on revaluation of buildings	-	-	-	2,563	2,563
Total comprehensive income for the period from October 2010 to June 2011	-	-	-	77,715	77,715
Balance as at 30 June 2011	284,623	527,800	471,500	89,594	1,373,517
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2011	-	-	-	(56,925)	(56,925)
Transfer to general reserve for the year ended 30 June 2011	-	-	32,500	(32,500)	-
Transferred from surplus on revaluation of buildings	-	-	-	1,072	1,072
Total comprehensive income for the period from July 2011 to September 2011	-	-	-	28,810	28,810
Balance as at 30 September 2011	284,623	527,800	504,000	30,051	1,346,474

KAMAL A. CHINYO
Chief Executive

HAROUN RASHID
Director

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For The Quarter Ended 30 September 2011

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 2011

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 2011.

4. PROPERTY, PLANT AND EQUIPMENT

The additions and disposals in property, plant and equipments during the quarter are as under:

	30 September 2011	30 September 2010
	(Rupees in '000)	

Additions	5,250	6,026
Disposals (cost)	(1,614)	-

5. INVESTMENTS IN ASSOCIATES

	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	

International Industries Limited 576,000 (30 June 2011: 576,000) fully paid ordinary shares of Rs.10 each (market value at 30 September 2011: Rs.23.063 million; market value at 30 June 2011: Rs.28.512 million)	45,039	44,519
New Jubilee Insurance Company Limited 750,000 (30 June 2011 :750,000) fully paid ordinary shares of Rs.10 each (market value at 30 September 2011: Rs.43.125 million; market value at 30 June 2011: Rs.44.760 million)	63,572	67,358
	<u>108,611</u>	<u>111,877</u>

- 5.1 During the period, an impairment of Rs.5 million has been recognized against investments in New Jubilee Insurance Company Limited.

6. STOCK-IN-TRADE

Raw materials [including Rs. 196.0 million in transit (30 June 2011: Rs. 207.4 million)]	429,746	632,230
Work-in-process	197,099	192,229
Finished goods	468,518	453,858
Scrap	51,906	43,834
	<u>1,147,269</u>	<u>1,322,151</u>

- 6.1 During the period, the Company recognised a write-down of Rs. 39.2 million (30 June 2011: Nil) against certain stocks-in trade items to adjust their carrying values to their net realizable values.

- 6.2 Work-in-process and finished goods include slow moving items aggregating Rs.15.1 million (June 2011: Rs.15.8 million) and Rs.25.3 million (June 2011: Rs. 24.5 million) respectively stated at their net realizable values as against their cost of Rs. 24 million (June 2011: Rs. 19.2 million) and Rs.62.5 million (June 2011: Rs.41.5 million).

7. TRADE DEBTS

Considered good	582,255	476,898
Considered doubtful	19,662	19,379
	<u>601,917</u>	<u>496,277</u>
Provision for doubtful debts	(19,662)	(19,379)
	<u>582,255</u>	<u>476,898</u>

8. OTHER RECEIVABLES

Claim receivable	-	9,477
Receivable from staff provident fund - related party	-	1,314
Receivable from staff pension fund - related party	2,329	6,957
Others	2,641	65
	<u>4,970</u>	<u>17,813</u>

9. CASH AND BANK BALANCES

	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	
With banks on current accounts	37,500	16,673
With banks on deposit accounts	-	25,000
Cash in hand	65	157
	<u>37,565</u>	<u>41,830</u>

10. TRADE AND OTHER PAYABLES

Creditors	36,797	36,706
Accrued expenses	49,376	42,303
Advances from customers	163,901	224,086
Deposits from distributors	8,422	8,422
Payable to staff provident fund	1,205	-
Provision for import levies	84,844	123,733
Sales tax payable	14,606	-
Special excise duty payable	-	8,206
Workers' profit participation fund	2,616	8,923
Workers' welfare fund	5,421	4,845
Income tax deducted at source	1,680	1,636
Unclaimed dividend	6,428	6,460
Others	17,852	16,670
	<u>393,148</u>	<u>481,990</u>

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

Running finance under mark-up arrangements	202,619	53,390
Foreign currency import finance	752,721	911,265
	<u>955,340</u>	<u>964,655</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 2011: Rs.2,195 million). The rate of mark-up on the running finance facilities ranges between 14.54% to 15.49% net of prompt payment rebate (30 June 2011: 14.52% to 15.65%). These facilities are expiring between 30 September 2011 to 31 March 2012.

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 2011: Rs.1,945 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 2.15% to 3.18% per annum (30 June 2011: 1.75% to 3.5% per annum).

11.3 Other facilities

The facility for opening letter of credit and guarantees as at September 30, 2011 amounted to Rs.2,760 million (30 June 2011: Rs.2,760 million) of which the amount remaining unutilized as at that date was Rs.2,588 million (30 June 2011: Rs.2,477 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

- a) The Company has issued post-dated cheques amounting to Rs. 2.154 million (30 June 2011: Rs.1.245 million) to the Collector of Customs against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 152.394 million (30 June 2011: Rs.269.232 million) have been given to various parties for contract performance, tender deposits, etc.

12.2 Commitments

- a) Aggregate commitments for capital expenditure at 30 September 2011 amounted to approximately Rs.0.874 million (30 June 2011: Rs.0.390 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 30 September 2011 amounted to Rs.20.062 million (30 June 2011: Rs. 13.432 million).

13. CASH GENERATED FROM/(USED IN) OPERATIONS

	30 September 2011	30 September 2010
	(Rupees in '000)	
Profit before taxation	44,310	11,967
<i>Adjustments for:</i>		
Depreciation	30,360	29,369
Provision for staff gratuity	1,140	930
Gain on disposal of fixed assets	(1,479)	-
Interest on bank deposits	(240)	-
Income from investment in associates accounted for under the equity method of accounting	(3,750)	(2,488)
Impairment loss on investments	5,000	-
Financial charges	14,053	37,266
Working capital changes:		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(1,728)	71
Stock-in-trade	174,882	(266,406)
Trade debts	(105,357)	(17,466)
Short-term loans and advances	(7,185)	(3,384)
Short term deposits and short term prepayments	(2,188)	(3,935)
Other receivables	14,859	(20,951)
	73,283	(312,071)
<i>Increase / (decrease) in trade and other payables</i>	(88,810)	40,408
	(15,527)	(271,663)
	<u>73,867</u>	<u>(194,619)</u>

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	37,565	15,190
Running finance under mark-up arrangements	(202,619)	(403,081)
	<u>(165,054)</u>	<u>(387,891)</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 2011	30 September 2010
Transactions with related parties:		
	(Rupees in '000)	
Associated undertaking		
Sale of goods	149,862	78,952
Discount	3,819	-
Purchase of goods, services and materials	13,296	997
Commission earned	-	226
Insurance premium expense	2,818	3,853
Insurance claim received	9,493	-
Interest paid - net	6	-
Dividend received	-	1,200
Distribution expenses	2,277	1,834
Share of profit of associated companies under the equity basis of accounting	3,750	2,488
Other related parties		
Remuneration to key management personnel	11,567	10,975
Net charge in respect of staff retirement benefit plans	7,351	7,894
Balances with related parties:		
	(Unaudited) 30 September 2011	(Audited) 30 June 2011
	(Rupees in '000)	
Associated undertakings		
Trade debts	95,897	45,139
Creditors	614	764

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 21 October 2011.

KAMAL A. CHINYO
Chief Executive

HAROUN RASHID
Director