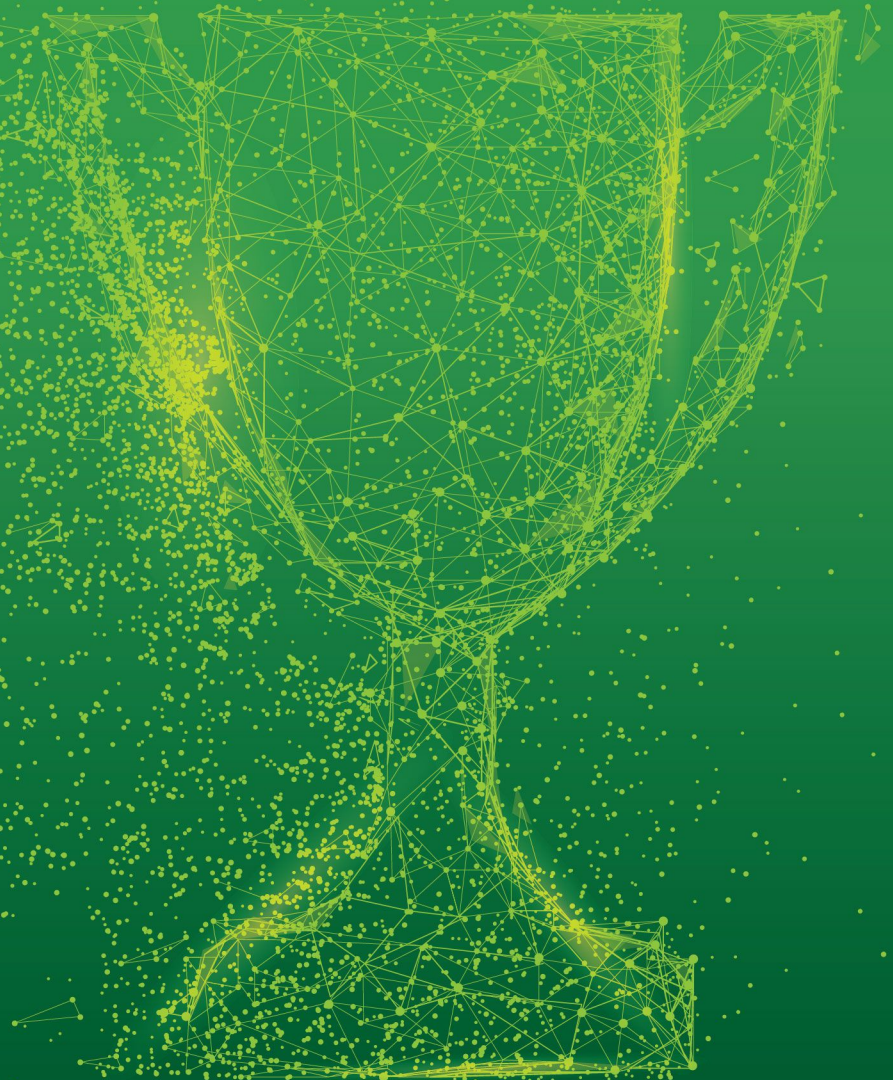




TRUSTED NOT TO COMPROMISE



Half Yearly Accounts
for six months ended December 31, 2019



COMPANY INFORMATION

Board of Directors

| | |
|--------------------------|-------------------------|
| Mr. Mustapha A. Chinoy | Chairman |
| Mr. Haroun Rashid | |
| Mr. Roderick Macdonald | |
| Ms. Sadia Khan | |
| Mr. Saquib H. Shirazi | |
| Ms. Spenta Kandawalla | |
| Mr. Farrukh Ahmad Hamidi | |
| Mr. Kamal A. Chinoy | |
| Mr. Fahd Kamal Chinoy | Chief Executive Officer |

Company Secretary

Ms. Nazifa Khan

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Mohammad Zeeshan Khan
c/o Orr, Dignam & Co.

Tax Advisors

A.F. Fergusons & Co.
Muhammad Bilal & Co.

Bankers

Standard Chartered Bank (Pakistan) Limited
Bank Al-Habib Limited
Habib Bank Limited
Meezan Bank Limited
MCB Bank Limited
Industrial and Commercial Bank of China Limited

Share Registrar

THK (Pvt.) Limited 1st Floor, 40-C,
Block-6, P.E.C.H.S., Karachi - 75400
Tel: +92 -21-34168270
Fax: +92-21-34168271
Email: secretariat@thk.com.pk

Registered Office

B-21 Pakistan Cables Road
Sindh Industrial Trading Estates,
Karachi -75700
P.O Box 5050
Tel: +92 -21- 32561170-5
Fax: +92-21-32564614
Email: info@pakistancables.com

Website: www.pakistancables.com



VISION

"To be the company of first choice for customers and partners for wires and cables and other engineering products."

MISSION

- To strengthen industry leadership in the manufacturing and marketing of wires and cables, and to have a strong presence in the engineering products market while retaining options to participate in other profitable businesses.
- To operate ethically, while maximizing profits and satisfying customers' needs and stakeholders' interests.
- To assist in the socio-economic development of Pakistan, by being good corporate citizens.



DIRECTORS' REVIEW

Sales revenue for the half year period ended December 31, 2019 stood at Rs. 5.2 billion which is 12% higher than the sales for the corresponding period of last year. Gross profit was recorded at Rs. 570.1 million for the half year compared to Rs. 635.1 million in the same period of last year.

Selling, Marketing and Administrative expenses and impairment loss on doubtful trade debts are Rs. 342.3 million compared to Rs. 404.7 million. The decrease is mainly due to lower expenses on account of advertising and publicity. Finance cost for the half year are Rs. 140.8 million compared to Rs. 75.3 million in the same period of last year. The rise in finance cost is a result of high interest rates and higher working capital requirements during the period.

As a result of the above factors, the Company ended the half year with a profit after tax of Rs. 69.7 million compared to a profit after tax of Rs. 116.5 million in the same period of last year.

With inflation persisting, there are no immediate signs of a reduction in interest rates. Without easing in borrowing costs, the private sector activity is expected to remain muted and primary growth drivers for business will hinge on the Public Sector Development Programme releases. The Company is cautiously optimistic that the Government will finalize policy measures to boost the construction sector in the medium term and as and when these come about the Company expects an uptick in activity. With higher borrowing costs and increased electricity and gas prices, the cost of doing business has increased substantially.

As a result of the above factors, the Company is emphasizing various cost control initiatives and efforts are underway to drive efficiencies, improve the cash cycle and critically review expenses.

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 during the period. On behalf of the Board of Directors and employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, dealers, bankers, vendors and all other stakeholders for the trust and confidence reposed in the Company.

On behalf of the Board of Directors



MUSTAPHA A. CHINOY
Chairman

Karachi: January 30, 2020

ڈائریکٹرز کا جائزہ

31 دسمبر 2019ء کو اختتام پذیر نصف سالہ مدت کے لئے سیلز ریونیو 5.2 بلین روپے ٹھہرا جو گذشتہ برس کی اسی مدت کے لئے سیلز سے 12 فی صد زیادہ ہے۔ مجموعی منافع 570.1 بلین روپے ریکارڈ ہوا جو گذشتہ برس 635.1 بلین روپے تھا۔

سیلنگ، مارکیٹنگ اور انتظامی اخراجات اور مشکوک تجارتی قرضوں پر امپیزمنٹ خسارہ 404.7 بلین روپے کے مقابلہ میں 342.3 بلین روپے رہا۔ یہ کمی ایڈورٹائزنگ اور تشہیر کی مد میں کم اخراجات کی وجہ سے یہ کمی واقع ہوئی۔ نصف سال کے لئے قرضوں پر لاگت 140.8 رہی جو گذشتہ برس اسی مدت میں 75.3 بلین روپے تھی۔ قرضوں پر لاگت میں اضافہ اس مدت کے دوران زیادہ شرح سود اور ورکنگ کیپٹل کی ضروریات میں اضافہ کی وجہ سے ہوا۔

مذکورہ بالا عوامل کی وجہ سے کمپنی نے نصف سال کا اختتام 69.7 بلین روپے منافع بعد از ٹیکس سے کیا جو گذشتہ برس کی اسی مدت میں 116.5 بلین روپے بعد از ٹیکس تھا۔

موجودہ افراط زر کے ساتھ شرح سود میں کمی کے کوئی امکانات نہیں ہیں۔ قرض لینے میں آسانی پیدا کئے بغیر نجی شعبہ کی سرگرمیاں معدوم رہنے کی توقع ہے اور کاروباری نمو کے ابتدائی عوامل نجی شعبہ میں ترقی کے پروگرام کے آغاز پر منحصر ہیں۔ کمپنی مکمل طور پر پر امید ہے کہ حکومت درمیانی مدت میں تعمیراتی شعبہ کی ترقی کے لئے پالیسی اقدامات کو حتمی شکل دے گی۔ اور جو وہی ان پر عمل درآمد ہوگا تو کمپنی اپنی سرگرمیوں میں مزید بہتری دیکھے گی۔ قرضوں پر زیادہ لاگت اور بجلی و گیس کی قیمتوں میں اضافہ کی وجہ سے کاروبار کرنے کی لاگت میں اضافہ ہوا۔ مذکورہ بالا عوامل کے نتیجے میں، کمپنی متعدد کاسٹ کنٹرول اقدامات کر رہی ہے تاکہ کارکردگی، کیش سائیکل میں بہتری لائی جاسکے اور اخراجات پر تنقیدی جائزہ لیا جاسکے۔

ڈائریکٹرز اس مدت کے دوران کمپنی کی انتظامیہ اور ملازمین کی انتھک محنت اور جذبہ پر اپنی مخلصانہ حوصلہ افزائی کو ریکارڈ پر رکھنا چاہتے ہیں۔ اپنے تمام معزز صارفین، ڈسٹری بیوٹرز، ڈیلرز، وینڈرز اور تمام دیگر سٹیک ہولڈرز کی جانب سے کمپنی پر بھروسہ اور اعتماد کی وجہ سے بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین شکر یہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

مصطفیٰ اے چنائے

چیئر مین

کراچی: 30 جنوری، 2020ء

Independent Auditor's Review Report

To the members of Pakistan Cables Limited Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Cables Limited** as at 31 December 2019 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the financial information for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

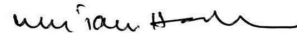
Other matter

The figures for the quarter ended 31 December 2019 and 31 December 2018 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 12 February 2020

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At 31 December 2019

| | (Unaudited) 31 December 2019 | (Audited) 30 June 2019 |
|--|------------------------------------|------------------------------|
| ASSETS | (Rupees in '000) | |
| Non-current assets | | |
| Property, plant and equipment | 6 3,481,491 | 3,379,023 |
| Right-of-use assets | 4.1 95,751 | - |
| Intangible assets | 9,157 | 9,097 |
| Investment in associated company | 7 47,373 | 44,392 |
| Long term loans receivable | 7,809 | 6,994 |
| Long term prepayments | - | 6,168 |
| Total non current assets | 3,641,581 | 3,445,674 |
| Current assets | | |
| Stores and spares | 56,043 | 58,393 |
| Stock-in-trade | 8 1,910,226 | 2,203,201 |
| Trade debts | 9 2,110,565 | 2,088,764 |
| Short term loans and advances | 10 21,890 | 47,180 |
| Short term deposits and prepayments | 44,808 | 72,502 |
| Other receivables | 11 700 | 30,791 |
| Advance tax net of provision | 373,978 | 397,107 |
| Cash and bank balances | 12 209,286 | 87,942 |
| Total current assets | 4,727,496 | 4,985,880 |
| Total assets | 8,369,077 | 8,431,554 |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Authorised share capital 50,000,000 (30 June 2019: 50,000,000) ordinary shares of Rs. 10 each | 500,000 | 500,000 |
| Issued, subscribed and paid-up capital | 355,779 | 355,779 |
| Capital reserves | | |
| Share premium reserve | 1,595,139 | 1,595,139 |
| Surplus on revaluation of assets (land and building) - net of tax | 1,619,831 | 1,623,241 |
| Revenue reserves | | |
| General reserve | 1,268,000 | 1,227,000 |
| Un-appropriated profit | 76,355 | 76,632 |
| Total shareholders' equity | 4,915,104 | 4,877,791 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Long-term loans | 13 722,500 | 680,625 |
| Lease liabilities | 4.1 34,601 | - |
| Deferred liability for staff gratuity | 31,481 | 31,280 |
| Other long-term employee benefits | 39,743 | 37,637 |
| Deferred tax liability | 14 79,760 | 95,581 |
| Total non current liabilities | 908,085 | 845,123 |
| Current liabilities | | |
| Current portion of long-term loans | 13 102,500 | 108,750 |
| Current portion of lease liabilities | 4.1 44,613 | - |
| Trade and other payables | 15 914,492 | 812,558 |
| Short term loans from banking companies | 16 1,091,766 | 1,498,488 |
| Contract liabilities | 320,066 | 222,502 |
| Unclaimed dividend | 26,255 | 26,091 |
| Mark-up accrued on bank borrowings | 46,196 | 40,251 |
| Total current liabilities | 2,545,888 | 2,708,640 |
| Contingencies and commitments | 17 | |
| Total equity and liabilities | 8,369,077 | 8,431,554 |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2019 (Unaudited)

| | Note | Six months period ended | | Three months period ended | |
|--|------|-------------------------|------------------|---------------------------|------------------|
| | | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| ----- (Rupees in '000) ----- | | | | | |
| Net sales | 18 | 5,171,349 | 4,637,769 | 2,949,714 | 2,837,465 |
| Cost of sales | | (4,601,296) | (4,002,652) | (2,618,918) | (2,437,867) |
| Gross profit | | 570,053 | 635,117 | 330,796 | 399,598 |
| Marketing, selling and distribution costs | 19 | (227,500) | (262,983) | (136,525) | (159,259) |
| Administrative expenses | 20 | (109,648) | (141,601) | (58,059) | (69,242) |
| Impairment (loss) / reversal on trade debts | | (5,154) | (141) | 214 | - |
| | | (342,302) | (404,725) | (194,370) | (228,501) |
| Finance cost | 21 | (140,825) | (75,346) | (57,719) | (44,547) |
| Other expenses | 22 | (7,269) | (13,081) | (6,026) | (10,363) |
| | | (148,094) | (88,427) | (63,745) | (54,910) |
| Other income | | 15,641 | 12,456 | 9,385 | 6,042 |
| Share of profit / (loss) from associate under equity basis of accounting | | 927 | 6,578 | (1,187) | 2,513 |
| Profit before tax | | 96,225 | 160,999 | 80,879 | 124,742 |
| Taxation | 23 | (26,550) | (44,507) | (22,490) | (38,591) |
| Profit for the period | | 69,675 | 116,492 | 58,389 | 86,151 |
| ----- (Rupees) ----- | | | | | |
| Earnings per share - basic and diluted | 24 | 1.96 | 3.31 | 1.64 | 2.42 |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


 Chief Executive


 Director


 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2019 (Unaudited)

| | Six months period ended | | Three months period ended | |
|---|-------------------------|---------------------|---------------------------|---------------------|
| | 31 December 2019 | 31 December 2018 | 31 December 2019 | 31 December 2018 |
| | (Rupees in '000) | | | |
| Profit after tax for the period | 69,675 | 116,492 | 58,389 | 86,151 |
| Other comprehensive income: | | | | |
| <i>Items that will not be reclassified to statement of profit or loss account</i> | | | | |
| Share of other comprehensive income / (loss) from the associated company | 4 | (326) | (1) | (56) |
| Total comprehensive income - transferred to statement of changes in equity | 69,679 | 116,166 | 58,388 | 86,095 |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.



 Chief Executive



 Director



 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019 (Unaudited)

| | Note | Six months period ended | |
|---|------|-------------------------|---------------------|
| | | 31 December 2019 | 31 December 2018 |
| (Rupees in '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 25 | 883,507 | 106,555 |
| Gratuity paid | | (2,664) | (995) |
| Finance cost paid | | (129,330) | (67,744) |
| Income tax paid | | (19,808) | (176,521) |
| Long-term loans receivable | | (815) | 157 |
| Long-term prepayments | | 6,168 | (11,617) |
| Net cash generated from / (used in) operating activities | | 737,058 | (150,165) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (205,981) | (570,849) |
| Proceeds from disposal of fixed assets | | 15 | 767 |
| Dividend received from an associate | | 1,728 | 3,744 |
| Net cash used in investing activities | | (204,238) | (566,338) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term loan obtained | | 90,000 | 500,000 |
| Repayment of long-term loans | | (54,375) | (34,375) |
| Lease rentals paid | | (4,965) | - |
| Movement in short-term loans from banking companies - net | | 307,317 | (786,523) |
| Proceeds against subscription of right shares | | - | 650,590 |
| Dividend paid | | (35,414) | (122,876) |
| Net cash generated from financing activities | | 302,563 | 206,816 |
| Net increase / (decrease) in cash and cash equivalents | | 835,383 | (509,687) |
| Cash and cash equivalents at beginning of the period | | (760,546) | 80,250 |
| Cash and cash equivalents at end of the period | 26 | 74,837 | (429,437) |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


 Chief Executive


 Director


 Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019 (Unaudited)**

| | Share Capital Issued, subscribed and paid-up capital | Advance against share capital | Capital Reserves | | Revenue Reserves | | Total |
|---|--|--|-----------------------------|--|--------------------|-------------------------------|------------------|
| | | | Share premium reserve | Surplus on revaluation of assets - net of tax | General reserve | Unappropri- ated profit | |
| (Rupees in '000) | | | | | | | |
| Balance as at 01 July 2018 | 284,623 | 487,905 | 527,800 | 1,104,333 | 1,138,000 | 215,336 | 3,757,997 |
| <i>Total comprehensive income for the period</i> | | | | | | | |
| - Profit | - | - | - | - | - | 116,492 | 116,492 |
| - Other comprehensive loss | - | - | - | - | - | (326) | (326) |
| Transfer to general reserve for the year ended 30 June 2018 | - | - | - | - | 89,000 | (89,000) | - |
| Transfer from surplus on revaluation of building - net of deferred tax | - | - | - | (5,410) | - | 5,410 | - |
| Share of surplus on revaluation of land and building of the associated company recognized during the period - net of deferred tax | - | - | - | (1,777) | - | - | (1,777) |
| <i>Transactions with owners of the Company - Contribution</i> | | | | | | | |
| Right shares 7,115,594 issued at the rate of Rs. 160 per share (Rs. 10 par value and Rs. 150 premium per share) | 71,156 | (487,905) | 1,067,339 | - | - | - | 650,590 |
| <i>Transactions with owners of the Company - Distribution</i> | | | | | | | |
| Final cash dividend for the year ended 30 June 2018 @ Rs. 3.50 per share | - | - | - | - | - | (124,523) | (124,523) |
| Balance as at 31 December 2018 | 355,779 | - | 1,595,139 | 1,097,146 | 1,227,000 | 123,389 | 4,398,453 |
| Balance as at 01 July 2019 | 355,779 | - | 1,595,139 | 1,623,241 | 1,227,000 | 76,632 | 4,877,791 |
| <i>Total comprehensive income for the period</i> | | | | | | | |
| - Profit | - | - | - | - | - | 69,675 | 69,675 |
| - Other comprehensive profit | - | - | - | - | - | 4 | 4 |
| Transfer to general reserve for the year ended 30 June 2019 | - | - | - | - | 41,000 | (41,000) | - |
| Transfer from surplus on revaluation of building - net of deferred tax | - | - | - | (6,622) | - | 6,622 | - |
| Share of surplus on revaluation of land and building of the associated company recognized during the period - net of deferred tax | - | - | - | 3,212 | - | - | 3,212 |
| <i>Transactions with owners of the Company - Distribution</i> | | | | | | | |
| Final cash dividend for the year ended 30 June 2019 @ Re. 1.00 per share | - | - | - | - | - | (35,578) | (35,578) |
| Balance as at 31 December 2019 | 355,779 | - | 1,595,139 | 1,619,831 | 1,268,000 | 76,355 | 4,915,104 |

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2019 (Unaudited)

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 Pakistan 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 11.15 acres of land at B/21, S.I.T.E., Karachi, Pakistan and head office of the Company is situated at 1st Floor, Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan. In addition it also has a land of 42 acres at K-23, Nooriabad, Sindh.

2. BASIS OF PRESENTATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements have been prepared under the historical cost convention except as disclosed elsewhere.

2.3 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. These condensed interim financial statements comprise of the statement of financial position as at 31 December 2019 and statement of profit or loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six months period ended 31 December 2019.

2.4 The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2019 has been extracted from the audited financial statements of the Company for the year ended 30 June 2019, whereas the comparative statement of profit or loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six months period ended 31 December 2018 have been extracted from the unaudited condensed interim financial statements for the period then ended.

2.5 These condensed interim financial statement does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2019.

2.6 These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all financial statements presented in Pakistani rupee have been rounded off to the nearest thousand, unless otherwise stated.

3. SIGNIFICANT 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 2019, except for lease accounting as a result of initial application of IFRS 16 as mention in note 4.1 below.

3.1 New standards, interpretations and amendments adopted by the Company

The company has initially adopted IFRS 16 'Leases', from 1st July 2019. The impact of adoption of this standard and the new accounting policy is disclosed in note 4.1 below. A number of other pronouncements are effective from 1 July 2019 as detailed in Company's annual audited financial statement as at and for the year ended 30 June 2019, but they do not have a material effect on these condensed interim financial statements and therefore have not been detailed.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, currently management considers that these pronouncements will not have any impact on the financial reporting of the Company and therefore, have not been disclosed in these condensed interim financial statements.

4. CHANGE IN ACCOUNTING POLICIES

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the period ended 31 December 2019 and are relevant to the Company.

4.1 IFRS 16 "Leases"

4.1.1 Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an arrangements contains a Lease", SIC-15 "Operating Leases - Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of lease". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A Lessee recognizes a right-of-use assets representing its right to use asset of the underlying asset and a lease liability representing its obligations to make lease payments. The accounting policies relating to Company's right-of-use assets and leases liabilities are as follows:

4.1.2 *Lease liabilities and right-of-use assets*

At the inception of contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From 1 July 2019, leases are recognized as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the Company's incremental borrowings rate.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured based on initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain measurements of the corresponding lease liability. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 14.23% per annum.

The Company has used modified retrospective approach upon adoption of IFRS 16 from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The impact of adoption of this standard is, therefore, recognised in the opening statement of financial position on 1 July 2019.

4.1.3 The impact of adoption of IFRS 16 on the condensed interim statement of financial position as at 31 December 2019 is as follows:

| | 31 December 2019 | 1 July 2019 |
|-------------------------------------|-----------------------------|----------------|
| | (Rupees in '000) | |
| Right-of-use assets | <u>95,751</u> | <u>98,579</u> |
| Lease liabilities | <u>79,214</u> | <u>71,358</u> |
| Deferred tax liability | <u>79,760</u> | <u>92,483</u> |
| Long-term prepayments | <u>-</u> | <u>-</u> |
| Short-term deposits and prepayments | <u>44,808</u> | <u>51,449</u> |

5. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended 30 June 2019 except for those related to IFRS 16 as explained in note 4.1.

The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statement as at and for the year ended 30 June 2019.

6. PROPERTY, PLANT AND EQUIPMENT

| | (Unaudited) 31 December 2019 | (Audited) 30 June 2019 |
|--------------------------|---|------------------------------|
| | (Rupees in '000) | |
| Operating fixed assets | 3,032,505 | 3,083,572 |
| Capital Work in progress | <u>448,986</u> | <u>295,451</u> |
| | <u>3,481,491</u> | <u>3,379,023</u> |

The costs of additions and disposals in property, plant and equipments during the period are as under:

| | Six months period ended | |
|--|---|------------------------------------|
| Note | (Unaudited) 31 December 2019 | (Unaudited) 31 December 2018 |
| | (Rupees in '000) | |
| Additions | | |
| Land | 4,603 | 505,648 |
| Plant and machinery | 8,580 | 26,639 |
| Office equipment and appliances | 5,827 | 4,664 |
| Vehicles | 11,402 | 17,852 |
| Capital work in progress | 165,665 | 13,841 |
| Furnitures and fixtures | 1,318 | 286 |
| Leasehold improvements | 6,631 | - |
| Others | 1,955 | 1,919 |
| | <u>205,981</u> | <u>570,849</u> |
| Disposals - Net book value | | |
| Vehicles [cost Rs. Nil (31 December 2018: Rs.1.497 million)] | <u>-</u> | <u>61</u> |
| Plant and machinery and others [cost Rs. 0.093 million (31 December 2018: Rs. 0.05 million)] | <u>-</u> | <u>-</u> |
| Transfer from CWIP | <u>18,049</u> | <u>40,973</u> |

6.1 This represents the purchase of plant and machinery, building and others.

7. INVESTMENT IN AN ASSOCIATED COMPANY - equity accounted for

7.1 This represents investment of 633,600 (30 June 2019: 576,000) fully paid ordinary shares of Rs. 10 each in International Industries Limited (IIL). The market value of investment as of 31 December 2019 amounted to Rs. 70.23 million (30 June 2019: Rs. 44.39 million).

7.2 Above associate has been equity accounted for up to 30 September 2019 as the condensed interim financial statements of IIL for the six months' period ended 31 December 2019 are unavailable. Management does not expect the results of operations for the three months ended 31 December 2019 to be material.

8. STOCK-IN-TRADE

| | (Unaudited) 31 December 2019 | (Audited) 30 June 2019 |
|--|------------------------------------|------------------------------|
| | (Rupees in '000) | |
| Raw materials [including Rs. 111.99 million in transit (30 June 2019: Rs. 255.07 million)] | 676,454 | 1,021,593 |
| Work-in-process | 570,898 | 543,260 |
| Finished goods | 650,625 | 598,511 |
| Scrap | 12,249 | 39,837 |
| | <u>1,910,226</u> | <u>2,203,201</u> |

8.1 Raw material includes slow moving items carried at Nil (30 June 2019: Nil) as against their cost of Rs. 11.16 million (30 June 2019: Rs. 15.37 million).

8.2 Work-in-process and finished goods include slow moving items aggregating Rs. 2.61 million (30 June 2019: Rs. 4.81 million) and Rs. 23.22 million (30 June 2019: Rs. 31.46 million) respectively stated at their net realizable values against their cost of Rs. 2.99 million (30 June 2019: Rs. 4.85 million) and Rs. 39.15 million (30 June 2019: Rs. 46.68 million) respectively.

8.3 Provision against raw material

| | | |
|----------------------------------|---------------|---------------|
| Balance as at 01 July | 15,367 | 25,456 |
| Reversal during the period - net | (4,211) | (10,089) |
| Balance as at 31 December | <u>11,156</u> | <u>15,367</u> |

9. TRADE DEBTS - unsecured

| | | |
|------------------------------------|------------------|------------------|
| Considered good | 2,110,565 | 2,088,764 |
| Considered doubtful | 66,314 | 62,297 |
| | <u>2,176,879</u> | <u>2,151,061</u> |
| Provision for doubtful trade debts | (66,314) | (62,297) |
| | <u>2,110,565</u> | <u>2,088,764</u> |

9.1 Provision for doubtful trade debts

| | | |
|--|---------------|---------------|
| Balance as on 1 July | 62,297 | 47,914 |
| Charge / (reversal) during the period - net | 5,154 | (84) |
| Trade debts balances written off during the period | (1,137) | (75) |
| Additional impairment on initial application of IFRS 9 | - | 14,542 |
| Balance as 31 December | <u>66,314</u> | <u>62,297</u> |

| 10. SHORT TERM LOANS AND ADVANCES | (Unaudited) 31 December 2019 | (Audited) 30 June 2019 |
|--|------------------------------------|------------------------------|
| | (Rupees in '000) | |
| Current portion of long term loans | 3,969 | 3,533 |
| Advances to: | | |
| - employees | 2,600 | 1,748 |
| - suppliers | 15,321 | 41,899 |
| | 17,921 | 43,647 |
| | <u>21,890</u> | <u>47,180</u> |
| 11. OTHER RECEIVABLES - unsecured, considered good | | |
| Insurance claim receivable | 500 | 500 |
| Receivable from Workers' profit participation fund - net | - | 30,126 |
| Others | 200 | 165 |
| | <u>700</u> | <u>30,791</u> |
| 12. CASH AND BANK BALANCES | | |
| With banks - in current accounts | 85,307 | 70,230 |
| - in profit and loss sharing account | 18,336 | 17,291 |
| - term deposit receipt (TDR) 12.1 | 105,000 | - |
| | <u>208,643</u> | <u>87,521</u> |
| Cash in hand | 643 | 421 |
| | <u>209,286</u> | <u>87,942</u> |
| 12.1 This represents term deposit receipt (TDR) placed with Bank Al Habib Limited maturing on 7 January 2020. This carry profit at the rate 12.50% (30 June 2019: Nil) per annum. | | |
| 13. LONG TERM LOANS - secured | | |
| Loan from conventional financial institutions | 825,000 | 789,375 |
| Current portion shown under current liabilities | (102,500) | (108,750) |
| | <u>722,500</u> | <u>680,625</u> |

13.1 Long term loans have been obtained for the purpose of capital expenditure and are secured against hypothecation of specific items of plant and machinery (charge of Rs. 700 million). Rate of mark-up on the loans at the period-end ranged between 13.78% to 14.73% per annum (30 June 2019: 10.96% to 13.55% per annum) at 6 months KIBOR plus 0.10% / 0.25% / 0.60% / 0.65% per annum. These loans are for five years from the date of disbursement and are repayable in eight half yearly equal principal instalments of Rs. 6.25 million, Rs. 9.38 million, Rs. 14.38 million, Rs. 4.38 million, Rs. 20 million and Rs. 11.25 million commencing from 06 November 2016, 09 August 2017, 24 November 2017, 22 February 2018, 21 August 2019 and 05 February 2021 respectively.

In addition to the above the Company has also obtained a long term loan of Rs. 500 million for capital expenditure which is secured against mortgage against the land at S.I.T.E and building thereon (charge of Rs. 1,333 million). Rate of mark-up on the above loan at the period-end is 13.53% at 6 months KIBOR plus 0.25% (30 June 2019: 11.62% plus 0.25%) per annum. It is repayable in six half yearly equal installments of Rs. 83.33 million commencing from 12 May 2021.

Total facility available to the Company under the above arrangement amounted to Rs. 2,200 million of which the amount remaining unutilized as at 31 December 2019 was Rs. 1,175 million (30 June 2019: Total facility available of Rs. 2,200 million of which the amount unutilized as at 30 June 2019 was Rs. 1,265 million).

| 14. DEFERRED TAX LIABILITY - net | (Unaudited) | (Audited) |
|--|-------------------------|------------------|
| | 31 December | 30 June |
| | 2019 | 2019 |
| | (Rupees in '000) | |
| Taxable temporary difference on: | | |
| Accelerated tax depreciation | 40,598 | 49,561 |
| Surplus on revaluation of building on leasehold land | 105,489 | 108,194 |
| Share of surplus on revaluation of land and building of the associated company | 1,657 | 1,090 |
| Share of profit of an equity accounted associated company | 6,494 | 6,614 |
| | 154,238 | 165,459 |
| Deductible temporary differences on: | | |
| Provision for staff retirement benefits | (9,140) | (9,081) |
| Lease assets net of leased liability | (3,098) | - |
| Impairment loss on doubtful trade debts | (19,231) | (18,066) |
| Provision for slow-moving stores and spares | (2,624) | (2,346) |
| Provision for import levies and other provisions | (40,385) | (40,385) |
| | (74,478) | (69,878) |
| Deferred tax liability - net | 79,760 | 95,581 |
| 15. TRADE AND OTHER PAYABLES | | |
| Creditors | 250,338 | 183,029 |
| Accrued expenses | 290,782 | 286,186 |
| Salary and wages payable | 11,374 | 3,069 |
| Provision for import levies | 278,238 | 259,144 |
| Sales tax payable | 51,558 | 55,742 |
| Security deposits from distributors and employees | 16,489 | 16,158 |
| Payable to staff provident fund - related party | 3,200 | 727 |
| Payable to staff pension fund - related party | 4,653 | 1,845 |
| Workers' profit participation fund | 3,861 | - |
| Workers' welfare fund | 1,961 | 3,604 |
| Withholding tax payable | 1,383 | 2,425 |
| Others | 655 | 629 |
| | 914,492 | 812,558 |

15.1 All the above liabilities are non-interest bearing except as disclosed in note 15.2 below.

15.2 Security deposits from distributors and employees

These deposits are placed in a separate bank account and comply with the requirement of section 217 of Companies Act, 2017. The break-up of security deposits is as follows:

| | | | |
|----------------------------|---------------|---------------|--------|
| Deposits from distributors | <i>15.2.1</i> | 5,973 | 5,973 |
| Deposits from employees | <i>15.2.2</i> | 10,516 | 10,185 |
| | | 16,489 | 16,158 |

15.2.1 This includes security deposit from distributors under mark-up arrangements amounting to Rs. 5 million (30 June 2019: Rs. 5 million) and carries mark-up at 6% per annum.

15.2.2 There are certain deposits from employees as a part of their employment contract with the Company and are non-interest bearing deposits.

| | | (Unaudited) 31 December 2019 | (Audited) 30 June 2019 |
|--|------|------------------------------------|------------------------------|
| 16. LOANS FROM BANKING COMPANIES - secured | | (Rupees in '000) | |
| Running musharka under Shariah arrangements | 16.1 | 10,672 | 6,065 |
| Running finances under mark-up arrangements | 16.2 | 123,777 | 842,423 |
| Running finances from banks | | 134,449 | 848,488 |
| Short term finances under mark-up arrangements | 16.3 | - | 650,000 |
| Export refinance under markup arrangement | 16.4 | 19,000 | - |
| Foreign currency import finance under mark-up arrangements | 16.5 | 938,317 | - |
| | | <u>1,091,766</u> | <u>1,498,488</u> |

16.1 Running musharka under Shariah arrangements

Running Musharaka under Shariah arrangement carries mark-up at 14.16% per annum (30 June 2019:13.37% per annum) and the available facility is Rs. 500 million (30 June 2019: Rs. 400 million). At 31 December 2019, the facility unutilised was Rs. 489 million.

16.2 Running finances under mark-up arrangements

The Company has also arranged short-term running finance facilities under mark-up arrangements from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 2,800 million (30 June 2019: Rs. 2,550 million). Rate of mark up on these running finance facilities under mark-up arrangements ranges between 13.71% to 14.66% net of prompt payment rebate (30 June 2019:13.12% to 13.96% per annum). These facilities will expire between 31 December 2019 to 31 July 2020 and are renewable.

16.3 Short term finances under mark-up arrangement

Amount outstanding against the short term finance facilities as at 31 December 2019 amounted to Rs. Nil (30 June 2019: Rs. 650.0 million) against the available facilities of Rs. 3,295 million (30 June 2019: Rs. 2,945 million). This includes facilities earmarked out of the total running finance facilities obtained from banks. Mark-up on short term finance is agreed at each disbursement and as at 31 December 2019, it was Nil (30 June 2019: 13.01% to 13.06% per annum).

16.4 Export refinance under markup arrangement

The amount outstanding against the Export Refinance facility as at 31 December 2019 available from banks was Rs. 19.0 million (30 June 2019: Nil). The rate of markup on Export Refinance Facility is 3.00% per annum (30 June 2019: Nil). Total facility available under this arrangements amounts to Rs. 115 million (30 June 2019: Rs. 115 million) which is a sub limit of above running finance limit.

16.5 Foreign currency import finance under markup arrangements

The Company also arranged foreign currency import finance from certain banks. The amount outstanding against the foreign currency import finance facility as at 31 December 2019 available from banks was Rs. 938.3 million (30 June 2019: Nil). Total facility available under this arrangement amounts to Rs. 2,945 million (30 June 2019: Rs. 2,250 million) which is a sub limit of above running finance limit and letters of credit.

16.6 Other facilities

The facility for opening letters of credit and guarantees as at 31 December 2019 amounted to Rs. 3,505 million including Rs. 1,005 million relating to the guarantees (30 June 2019: Rs. 3,175 million including Rs. 775 million relating to the guarantees) of which the amount remained unutilized as at that date was Rs. 2,317 million including Rs. 404 million relating to the guarantees (30 June 2019: Rs. 2,250 million including Rs. 291 million relating to the guarantees).

16.7 Securities

These above arrangements are secured by way of joint pari passu hypothecation over stocks, stores and spares and present and future trade debts of the company of Rs. 5,625 million and a ranking charges of Rs. 125 million, Rs. 197 million and Rs. 132 million for facilities availed from Bank AL-Habib, ICBC Bank and Meezan Bank respectively which will be upgraded to joint pari passu charge.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 8.93 million (30 June 2019: Rs. 13.21 million) against partial exemption of import levies.
- Bank guarantees amounting to Rs. 601.3 million (30 June 2019: Rs. 484 million) have been given to various parties for contract performance, tender deposits, import levies, etc.
- Return submitted under section 114 of the Income Tax Ordinance, 2001 for the tax year 2017, was amended under section 122(5A) of the Income Tax Ordinance, 2001 by the Income Tax Additional Commissioner Inland Revenue Audit (ACIR). ACIR added back expense on account of Infrastructure cess amounting to Rs. 31.32 million in taxable income of the company and also demanded Workers Welfare Fund (WWF) amounting to Rs. 13.92 million, despite the fact that same had already been deposited to Sindh Revenue Board in December 2017. Subsequent to period end the Company has filed an appeal to the Commissioner of Appeals Inland Revenue LTU, Karachi and expecting a favourable outcome of its appeal.

17.2 Commitments

- Aggregate commitments for capital expenditure as at 31 December 2019 amounted to Rs. 752.17 million (30 June 2019: Rs. 471.39 million).
- Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 31 December 2019 amounted to Rs. 52.45 million (30 June 2019: Rs. 27.12 million). These are in respect of the letters of credit opened before the period end but no shipment by then had been made.

18. NET SALES

| | Six months period ended | |
|-------------------|------------------------------------|------------------------------------|
| | (Unaudited) 31 December 2019 | (Unaudited) 31 December 2018 |
| | (Rupees in '000) | |
| Gross local sales | 5,993,039 | 5,415,972 |
| Export sales | 73,554 | 30,018 |
| | <u>6,066,593</u> | <u>5,445,990</u> |
| Sales tax | <u>(890,016)</u> | <u>(808,221)</u> |
| Discount | <u>(5,228)</u> | <u>-</u> |
| | <u>(895,244)</u> | <u>(808,221)</u> |
| | <u>5,171,349</u> | <u>4,637,769</u> |

18.1 Disaggregation of revenue

As required for the condensed interim financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets, major product lines and sales channels:

| | Six months period ended | |
|-------------------------------------|--------------------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| | 31 December | 31 December |
| | 2019 | 2018 |
| | (Rupees in '000) | |
| Primary geographical markets | | |
| Pakistan | 5,097,795 | 4,607,751 |
| Middle East | 33,332 | 7,768 |
| Africa | 19,599 | 4,336 |
| South America | 20,623 | - |
| Asia | - | 17,914 |
| | <u>5,171,349</u> | <u>4,637,769</u> |
| Major products lines | | |
| Wire and Cables | 5,024,018 | 4,536,496 |
| Aluminium profile business | 147,331 | 101,273 |
| | <u>5,171,349</u> | <u>4,637,769</u> |
| Sales channels | | |
| Goods sold: | | |
| - directly to consumers | 4,488,883 | 3,800,662 |
| - through intermediaries | 682,466 | 837,107 |
| | <u>5,171,349</u> | <u>4,637,769</u> |

19. MARKETING, SELLING AND DISTRIBUTION COSTS

| | | |
|--|----------------|----------------|
| Salaries, wages and benefits | 72,228 | 67,844 |
| Rent, rates and taxes | 1,384 | 9,192 |
| Commission | 1,950 | 738 |
| Repairs and maintenance | 1,439 | 816 |
| Communication and stationary | 2,082 | 2,195 |
| Training, travelling and entertainment | 12,959 | 10,491 |
| Advertising and publicity | 63,291 | 101,463 |
| Carriage and forwarding expenses | 50,973 | 57,127 |
| Depreciation | 13,316 | 5,932 |
| Subscriptions | 1,069 | 984 |
| Insurance | 1,071 | 883 |
| Fuel and power | 3,430 | 2,886 |
| Other expenses | 2,308 | 2,432 |
| | <u>227,500</u> | <u>262,983</u> |

20. ADMINISTRATIVE EXPENSES

| | | |
|--|----------------|----------------|
| Salaries, wages and benefits | 66,957 | 91,681 |
| Office rent | - | 3,654 |
| Insurance | 1,167 | 702 |
| Donations | 1,720 | 3,760 |
| Repairs and maintenance | 5,450 | 4,707 |
| Legal and professional | 6,031 | 12,329 |
| Auditors' remuneration | 1,310 | 1,149 |
| Communication and stationary | 5,287 | 5,888 |
| Training, travelling and entertainment | 3,687 | 3,906 |
| Depreciation | 8,777 | 5,120 |
| Amortization | 538 | 783 |
| Fuel and power | 3,241 | 2,153 |
| Other expenses | 5,483 | 5,769 |
| | <u>109,648</u> | <u>141,601</u> |

| | Six months period ended | |
|--|---|---|
| | (Unaudited) 31 December 2019 | (Unaudited) 31 December 2018 |
| | (Rupees in '000) | |
| 21. FINANCE COST | | |
| Mark-up on finances under mark-up arrangements | 74,614 | 46,815 |
| Mark-up on finances under a Shariah Compliance arrangement | 8,605 | 4,430 |
| Mark-up on long-term loans under mark-up arrangements | 53,883 | 20,484 |
| Interest expense on lease liability | 5,550 | - |
| Mark-up on distributors deposit | 150 | 150 |
| Exchange loss / (gain) | (5,002) | 1,054 |
| Bank charges | 3,025 | 2,413 |
| | <u>140,825</u> | <u>75,346</u> |
| 22. OTHER EXPENSES | | |
| Workers' profits participation fund | 5,168 | 8,645 |
| Workers' welfare fund | 1,961 | 3,814 |
| Liquidated damages for late deliveries | 140 | 622 |
| | <u>7,269</u> | <u>13,081</u> |
| 23. TAXATION | | |
| Current - for the period | 45,720 | 51,274 |
| - prior years - net | (2,783) | 12,557 |
| Deferred - due to changes in temporary differences - net | (16,387) | (19,324) |
| | <u>26,550</u> | <u>44,507</u> |
| 23.1 | The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 as amended through Finance Act, 2018 and requires every public company other than a scheduled bank or modaraba, that drives profit for a tax year but does not distribute at least 20 percent of its after tax profits within six months of the end of the tax year through cash. | |
| | The Company intends to distribute sufficient dividend for the accounting year ending 30 June 2020 to comply with the above stated requirement. Accordingly, no provision for taxation has been recognised in these interim financial statements. | |
| 24. EARNINGS PER SHARE - basic and diluted | | |
| Profit after taxation | <u>69,675</u> | <u>116,492</u> |
| | (Number of shares) | |
| Weighted average number of ordinary shares outstanding during the period | <u>35,578</u> | <u>35,141</u> |
| | (Rupees) | |
| Earnings per share - basic and diluted | <u>1.96</u> | <u>3.31</u> |

25. CASH GENERATED FROM OPERATIONS

| | Six months period ended | |
|---|---|---|
| | (Unaudited) 31 December 2019 | (Unaudited) 31 December 2018 |
| | (Rupees in '000) | |
| Profit before taxation | 96,225 | 160,999 |
| Adjustments for non cash charges and other items: | | |
| - Depreciation | 111,753 | 108,272 |
| - Amortization | 1,799 | 1,483 |
| - Provision for staff gratuity | 2,865 | 2,453 |
| - Other long-term employee benefits | 2,106 | 2,918 |
| - Gain on disposal of fixed assets | (15) | (706) |
| - Share of profit from associate | (927) | (6,578) |
| - Finance cost | 140,825 | 75,346 |
| Working capital changes: | | |
| <i>(Increase) / decrease in current assets</i> | | |
| - Stores and spares | 2,350 | 2,569 |
| - Stock-in-trade | 292,975 | (458,736) |
| - Trade debts | (21,801) | 202,356 |
| - Short-term loans and advances | 25,290 | 19,043 |
| - Short term deposits and payments | 473 | (5,659) |
| - Other receivables - net | 30,091 | 4,925 |
| | 329,378 | (235,502) |
| <i>Increase / (decrease) in current liabilities</i> | | |
| - Trade and other payables | 101,934 | 81,281 |
| - Contract liabilities | 97,564 | (83,411) |
| | 199,498 | (2,130) |
| | 528,876 | (237,632) |
| | 883,507 | 106,555 |

26. CASH AND CASH EQUIVALENTS

| | | |
|----------------------------|---------------|------------------|
| Cash and bank balances | 209,286 | 84,111 |
| Running finance from banks | (134,449) | (513,548) |
| | 74,837 | (429,437) |

27. TRANSACTIONS WITH RELATED PARTIES

Parties which are related to the Company in pursuit of IAS 24 'Related Party Disclosures' including associates, staff retirement benefit plans and key management personnel are considered for disclosure of related party transactions.

Transactions with related parties:

| Name of the related party | Relationship and percentage shareholding | Transactions during the period and period-end balances | Six months period ended | |
|---|--|--|------------------------------|------------------------------|
| | | | (Unaudited) 31 December 2019 | (Unaudited) 31 December 2018 |
| | | | (Rupees in '000) | |
| Intermark (Private) Limited | Associate | Sale of goods | 321,911 | 390,949 |
| | | Amount due at the period end | 215,483 | 230,229 |
| International Industries Limited | Associate | Sale of goods | 2,522 | 5,670 |
| | | Purchase of goods, services & materials | 9,095 | 1,198 |
| | | Sharing of rental office expenses | 305 | 270 |
| | | Dividend paid | 6,092 | 21,324 |
| | | Dividend received | 1,728 | 3,744 |
| | | Proportionate share of changes in equity | 4,709 | 6,252 |
| | | Amount due at the period end | 334 | 386 |
| International Steels Limited | Associate | Sale of goods | 24,833 | 4,458 |
| | | Purchase of goods, services & materials | 3,317 | - |
| | | Amount due at the period end | 15,170 | - |
| MCB Bank Limited | Common directorship | Repayments (net) | - | (31,626) |
| | | Bank service charges & mark-up | - | 4,300 |
| Askari Bank Limited | Common directorship | Sale of goods | 2,021 | - |
| | | Amount due at the period end | 2,364 | - |
| Cherat Cement Company Limited | Common directorship | Sale of goods | - | 913 |
| Atlas Autos (Private) Limited | Common directorship | Sale of goods | 3,653 | 2,617 |
| | | Amount due at the period end | 1,857 | 570 |
| Atlas Energy Limited | Common directorship | Sale of goods | 6,339 | - |
| | | Amount due at the period end | 4,528 | - |
| Atlas Power Limited | Common directorship | Sale of goods | 50 | 459 |
| Atlas Honda Limited | Common directorship | Sale of goods | 2,495 | 12,620 |
| | | Purchase of goods, services & materials | - | 192 |
| | | Amount due at the period end | 502 | 43 |
| Atlas Engineering Ltd | Common directorship | Sale of goods | 338 | - |
| | | Amount due at the period end | 395 | - |
| Jubilee Life Insurance Company Limited | Common directorship | Insurance premium | 1,825 | 1,791 |
| | | Insurance claim received | 1,500 | - |
| ICI Pakistan Limited | Common directorship | Sale of goods | 15 | 119 |
| | | Amount due at the period end | 17 | 48 |
| Pakistan Cables Limited - Staff Provident Fund | Staff retirement benefit plans | Net charge in respect of Staff retirement benefit plan | 9,232 | 8,318 |
| | | Retirement benefit plans - receivable / (payable) | (3,200) | 1,636 |
| Pakistan Cables Limited - Staff Pension Fund | Staff retirement benefit plans | Net charge in respect of Staff retirement benefit plans | 2,809 | 4,205 |
| | | Retirement benefit plans payable | 4,653 | 22,760 |
| Board of Directors (executive and non-executive) and Key Management Personnel | Key management personnel | Remuneration | 64,207 | 86,941 |
| | | Directors' fees | 1,425 | 1,300 |
| | | Loan receivable from the executive director (including interest) | - | 467 |
| | | Dividend paid | 11,873 | 27,614 |
| | | Directors' fee payable | 1,200 | 475 |
| Workers' Profit Participation | Staff benefit plan | Net charge in respect of staff benefit plan | 5,168 | 8,645 |
| | | Staff benefit plan (net) - Payable | 3,861 | 8,645 |

- 27.1 Remuneration of key management personnel are in accordance with their terms of employment.
- 27.2 Contributions to defined contribution plan (provident fund) are made as per the terms of employment and contribution to / charge for the defined benefit plan (pension scheme) are in accordance with the actuarial advice.
- 27.3 Share of profit of the associated company and dividend from them are as per the profit and dividend declared by them.
- 27.4 Other transactions are at agreed terms.

28. FAIR VALUES

Management assessed that the fair values of cash & cash equivalent, short-term loan, advances and deposits, other receivable, trade debts, trade payables, short term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

| Non financial assets measured at fair value | Date of valuation | Valuation approach and inputs used | Inter-relationship between significant unobservable input and fair value measurement |
|---|-------------------|---|--|
| <i>Revalued property, plant and equipment</i> | | | |
| - Land and building | 30 June 2019 | The valuation model is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. | The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs. |

29. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of single reportable segment.

- 29.1 Revenue from cables & wires represents 97% (30 June 2019: 97%) of total revenue of the company.
- 29.2 Sales represent local sales of Rs 5,097.80 million (31 December 2018: Rs 4,607.75 million) and export sales of Rs. 73.55 million (31 December 2018: Rs. 30.02 million). The export represents sales to South America, Middle East and Africa amounting to Rs. 20.62 million, Rs. 33.33 million and Rs. 19.60 million respectively. (31 December 2018: sales to Africa, Middle East and Asia regions amounting to Rs. 4.34 million, Rs. 7.77 million and Rs. 17.91 million respectively).
- 29.3 All non-current assets of the Company at 31 December 2019 are located in Pakistan. The Company does not have any customer having sales of 15% or more during the period ended 31 December 2019 (30 June 2019: Nil).

30. INTERIM DIVIDEND

The Board of Directors in their meeting held on 30 January 2020 have for the half year ended 31 December 2019, declared interim cash dividend of Rs. Nil per share (31 December 2018: Rs. 1.5 per share) amounting to Rs. Nil million (31 December 2018: Rs. 53.37 million). The financial statements for the half year ended 31 December 2019 do not include the effect of the declared interim cash dividend which will be recognised in the financial statements for the year ending 30 June 2020.

31. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 30 January 2020 by the Board of Directors of the Company.


Chief Executive


Director


Chief Financial Officer

Head Office

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