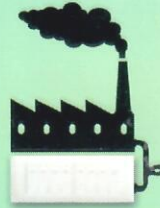




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## POWERING THE COUNTRY

**Quarterly Report 2014**  
for the period ended  
September 30, 2014

## COMPANY INFORMATION

<b>Directors</b>	Mustapha A. Chinoy (Chairman) Syed Naseem Ahmad Peter Campbell Sadia Khan Roderick Macdonald Raeesuddin Paracha Haroun Rashid Saqib H. Shirazi Kamal A. Chinoy (Chief Executive)
<b>Company Secretary</b>	Sana Shah
<b>Legal Advisor</b>	Barrister M. Jamshid Malik
<b>Bankers</b>	Standard Chartered Bank (Pakistan) Ltd. Bank Al-Habib Ltd. Habib Bank Ltd. HSBC Bank Middle East Ltd. MCB Bank Ltd. NIB Bank Ltd.
<b>Registered Office and Factory</b>	B-21, Pakistan Cables Road, Sindh Industrial Trading Estates, P.O. Box 5050, Karachi-75700 Tele: 021-32561170-75 Fax: 92-21-32564614 E-mail: info@pakistancables.com
<b>Head Office</b>	Arif Habib Center, 1st Floor, 23 M.T. Khan Road, Karachi. UAN: 111-CABLES (222 - 537) Fax: 92-21-32462111 E-mail: sales@pakistancables.com
<b>Regional Offices</b>	Lahore: 042-37355783, 37120790-91 E-mail: lahore@pakistancables.com  Rawalpindi: 051-5125429, 5512797 E-mail: pindi@pakistancables.com
<b>Branch Offices</b>	Multan: 061-4583332 E-mail: multan@pakistancables.com  Abbottabad: 0992-383616 E-mail: abbotabad@pakistancables.com  Peshawar: 091-5845068 E-mail: peshawar@pakistancables.com  Muzaffarabad: 05822-432088 E-mail: muzaffarabad@pakistancables.com  Quetta: 081-2843987 Email: quetta@pakistancables.com
<b>Website</b>	www.pakistancables.com

## DIRECTORS' REVIEW

Sales for the first quarter are Rs. 1.6 billion, which is 22% higher than the sales for the same period of last year. The increase in sales is mainly in Trade and Projects segments. Gross profit of Rs. 209.1 million is 13.1% of sales against Rs. 144.1 million (11.0% of sales) in the same period of last year. The higher gross profit is attributed mainly due to a favourable sales mix.

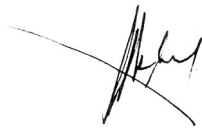
Selling and administrative expenses are Rs. 99.1 million compared to Rs. 77.0 million in the same period of last year. The increase is mainly due to higher expenses on account of advertising & publicity and carriage & forwarding expenses. Financial charges for the quarter are Rs. 31.4 million compared to Rs. 12.1 million in the same period of last year. The rise in financial cost is a result of increased working capital requirements.

As a result of the above factors, your company ended the first quarter with a profit after tax of Rs. 48.2 million compared to Rs. 37.1 million in the same period of last year. Earning per share has increased to Rs. 1.69 compared to Rs. 1.30.

The current political turmoil has affected business and industrial activities adversely and has resulted in a loss to the economy. The rupee has lost more than four percent against the dollar which will increase the cost of imported raw materials. Moreover, industrial activities are suffering due to the severe energy crisis and worsening law & order situation. Whilst there is uncertainty regarding the economic and political conditions which could impact the company's performance and results, your company is carrying forward a reasonable order book.

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 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: October 24, 2014

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT 30 SEPTEMBER 2014**

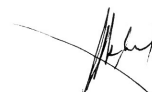
	Note	(Un-audited) 30 September 2014	(Audited) 30 June 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,566,662	1,562,137
Investment in associate		19,688	19,819
Long-term loans		2,116	2,848
Long-term deposits and prepayments		3,944	6,779
<b>CURRENT ASSETS</b>			
Stores and spares		59,952	52,281
Stock-in-trade	5	1,664,078	1,324,291
Trade debts	6	1,049,094	1,028,387
Short-term loans and advances		34,231	31,334
Short-term deposits and prepayments		25,457	21,459
Other receivables	7	88,560	26,564
Advance tax - net of provisions		207,699	257,272
Cash and bank balances	8	25,668	31,078
		3,154,739	2,772,666
<b>TOTAL ASSETS</b>		<b>4,747,149</b>	<b>4,364,249</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		284,623	284,623
Share premium reserve		527,800	527,800
General reserves		708,000	623,000
Unappropriated profit		49,703	213,258
		1,570,126	1,648,681
Surplus on revaluation of land and buildings - net of tax		812,119	813,534
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability for staff gratuity		25,391	25,217
Other long-term employee benefits		19,852	19,852
Deferred tax liability - net		82,414	92,557
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	892,115	853,359
Short-term borrowings	10	1,202,475	903,190
Mark-up accrued on bank borrowings		14,576	7,859
Proposed dividend payable		128,081	-
		2,237,247	1,764,408
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,747,149</b>	<b>4,364,249</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

11

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman

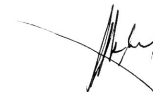
**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	<i>Note</i>	July to September 2014	July to September 2013
(Rupees in '000)			
Net Sales		1,595,587	1,305,073
Cost of Sales		<u>(1,386,510)</u>	<u>(1,160,925)</u>
Gross profit		209,077	144,148
Selling costs	12	<u>(57,695)</u>	<u>(40,026)</u>
Administrative expenses	13	<u>(41,364)</u>	<u>(36,980)</u>
		<u>(99,059)</u>	<u>(77,006)</u>
		110,018	67,142
Other operating expenses	14	(12,722)	(4,698)
Other income		<u>4,273</u>	<u>3,858</u>
		101,569	66,302
Finance cost		(31,426)	(12,051)
Share of profit from associate		<u>1,132</u>	<u>787</u>
Profit before taxation		71,275	55,038
Taxation		<u>(23,054)</u>	<u>(17,944)</u>
Profit after taxation		<u>48,221</u>	<u>37,094</u>
(Rupees )			
Earning per share - basic and diluted		<u>1.69</u>	<u>1.30</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	July to September 2014	July to September 2013
	(Rupees in '000)	
Profit after tax for the period	48,221	37,094
<b>Items that will not be reclassified to profit or loss</b>		
Share of other comprehensive income from associate	(111)	-
Total comprehensive income for the period	48,110	37,094

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	<i>Note</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	15	(255,634)	250,157
Gratuity paid		(1,052)	-
Finance cost paid		(24,709)	(14,091)
Taxation - net		16,377	(81,420)
Long-term loans		732	348
Net cash (used in) / generated from operating activities		<u>(264,286)</u>	154,994
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(40,409)	(23,274)
Proceeds from disposal of fixed assets		-	610
Net cash used in investing activities		(40,409)	(22,664)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in short-term Finance		271,431	(38,255)
Dividends paid		-	(13)
Net cash flows generated from / (used in) financing activities		<u>271,431</u>	(38,268)
Net (decrease) / increase in cash and cash equivalents		(33,264)	94,062
Cash and cash equivalents at beginning of the period		(39,639)	(108,536)
Cash and cash equivalents at end of the period	16	<u>(72,903)</u>	<u>(14,474)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman

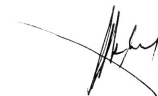
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Share capital	Share premium reserve	General reserves	Unappro- priated Profit	Total
	----- (Rupees in '000) -----				
Balance as at 01 July 2013	284,623	527,800	555,500	181,703	1,549,626
Total comprehensive income for the period from July 2013 to September 2013	-	-	-	37,094	37,094
Transfer to general reserve for the year ended 30 June 2013	-	-	67,500	(67,500)	-
Transfer from surplus on revaluation of buildings - net of deferred tax	-	-	-	1,099	1,099
<b>Transactions with owners recorded directly in equity</b>					
Final cash dividend for the year ended 30 June 2013 @ Rs.4.00 per share	-	-	-	(113,850)	(113,850)
<b>Balance as at 30 September 2013</b>	<u>284,623</u>	<u>527,800</u>	<u>623,000</u>	<u>38,546</u>	<u>1,473,969</u>
Balance as at 01 July 2014	284,623	527,800	623,000	213,258	1,648,681
Total comprehensive income for the period from July 2014 to September 2014	-	-	-	48,110	48,110
Transfer to general reserve for the year ended 30 June 2014	-	-	85,000	(85,000)	-
Transfer from surplus on revaluation of buildings - net of deferred tax	-	-	-	1,416	1,416
<b>Transactions with owners recorded directly in equity</b>					
Final cash dividend for the year ended 30 June 2014 @ Rs.4.50 per share	-	-	-	(128,081)	(128,081)
<b>Balance as at 30 September 2014</b>	<u>284,623</u>	<u>527,800</u>	<u>708,000</u>	<u>49,703</u>	<u>1,570,126</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**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 got listed 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, Pakistan Cables Road, 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 2014.

**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 2014.

**4. PROPERTY, PLANT AND EQUIPMENT**

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

	<u>Three months period ended</u>	
	<u>30 September 2014</u>	<u>30 September 2013</u>
	(Rupees in '000)	
Additions	40,409	23,274
Disposals (cost)	-	(607)
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>30 September</b>	<b>30 June</b>
	<b>2014</b>	<b>2014</b>
	(Rupees in '000)	
<b>5. STOCK-IN-TRADE</b>		
Raw materials [including Rs. 235.0 million in transit (30 June 2014: Rs. 269.0 million)]	841,872	634,010
Work-in-process	280,270	251,211
Finished goods	500,719	415,877
Scrap	41,217	23,193
	<u>1,664,078</u>	<u>1,324,291</u>

- 5.1 Work-in-process and finished goods include slow moving items aggregating Rs. 12.9 million (June 2014: Rs. 9.9 million) and Rs. 6.4 million (June 2014: Rs. 17.2 million) respectively stated at their net realizable values as against their cost of Rs. 15.7 million (June 2014: Rs. 12.9 million) and Rs. 10.9 million (June 2014: Rs. 28.3 million) respectively.

	(Un-audited) 30 September 2014	(Audited) 30 June 2014
(Rupees in '000)		
<b>6. TRADE DEBTS</b>		
Considered good	1,049,094	1,028,387
Considered doubtful	40,901	38,315
	<u>1,089,995</u>	<u>1,066,702</u>
Provision for doubtful debts	(40,901)	(38,315)
	<u><u>1,049,094</u></u>	<u><u>1,028,387</u></u>
<b>7. OTHER RECEIVABLES</b>		
Sales tax	79,584	18,868
Insurance claim receivable	7,432	7,432
Dividend receivable	1,152	-
Others	392	264
	<u>88,560</u>	<u>26,564</u>
<b>8. CASH AND BANK BALANCES</b>		
With banks in current accounts	25,459	30,977
Cash in hand	209	101
	<u>25,668</u>	<u>31,078</u>
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	299,411	273,729
Accrued expenses	124,676	93,271
Salaries and wages	8,364	10,514
Advances from customers	194,778	203,305
Deposits from distributors	8,448	8,448
Payable to staff provident fund - a related party	1,363	1,490
Provision for import levies	144,899	138,012
Payable to staff pension fund - a related party	17,745	16,401
Workers' profit participation fund	3,964	21,616
Workers' welfare fund	12,584	10,549
Tax deducted at source	2,809	2,479
Unclaimed dividend	10,141	10,141
Others	62,933	63,404
	<u>892,115</u>	<u>853,359</u>
<b>10. SHORT-TERM BORROWINGS</b>		
<b>From banking companies - Secured</b>		
Running finance under mark-up arrangements	10.1 98,571	70,717
Short term finance	10.2 1,103,904	832,473
	<u>1,202,475</u>	<u>903,190</u>

**10.1 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. 2,150 million (30 June 2014: Rs.2,150 million). The rate of mark-up on these running finance facilities ranges between 11.17% to 11.77% per annum net of prompt payment rebate (30 June 2014: 11.14% to 11.88% per annum). These facilities will expire between 31-October-2014 to 31-July-2015 and are renewable.

**10.2 Short term finance**

The amount outstanding against the term finance facility as at September 30, 2014 available from banks was Rs. 1,103.9 million (30 June 2014: Rs. 832.5 million) earmarked out of the total running finance facilities of Rs. 1,849 million (30 June 2014: Rs.1,528 million) obtained from these banks. Mark-up on term finance is agreed at each disbursement and as at 30 September 2014 ranges from 10.43% per annum to 10.69% per annum (30 June 2014: 10.41% per annum to 10.59% per annum). These are payable latest by 18 November 2014.

**10.3 Other facilities**

The facility for opening letter of credit and guarantees as at September 30, 2014 amounted to Rs. 2,676 million (30 June 2014: Rs. 2,748 million) of which the amount remaining unutilized as at that date was Rs. 2,418 million (30 June 2014: Rs.2,522 million).

**10.4 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.

**11. CONTINGENCIES AND COMMITMENTS****11.1 Contingencies**

- a) The Company has issued to the Collector of Customs post-dated cheques amounting to Rs. 9.191 million (30 June 2014: Rs. 5.483 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 219.883 million (30 June 2014: Rs. 198.403 million) have been given to various parties for contract performance, tender deposits, import levies etc.
- c) The Company received a show cause notice from the Large Taxpayers Unit, Karachi demanding an amount of Rs. 251 million pertaining to the sales tax returns of the Company for the years 2008-9, 2009-10 and 2010-11. The Company had submitted its response to the show cause notice through its authorised representative. Subsequently, the Company received an order from the department in this connection demanding Rs. 13.8 million as default surcharge on above amount. The management in consultation with its tax advisor is of the view that the department's notice is based on interpretation which is against the spirit of the law. The Company filed an appeal against the above order with Commissioner (Appeals) which also upheld the order previously passed by the department. However, the tax advisor of the Company is of the view that there will be no adverse impact on the Company. Subsequently the Company has filed an appeal against Commissioner (Appeals) order at appellate tribunal.

**11.2 Commitments**

- a) Aggregate commitments for capital expenditure as at 30 September 2014 amounted to approximately Rs. 37.038 million (30 June 2014: Rs. 27.996 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) as at 30 September 2014 amounted to Rs. 37.919 million (30 June 2014: Rs. 26.032 million).

	<b>Three months period ended</b>	
	<b>30 September 2014</b>	<b>30 September 2013</b>
	<b>(Rupees in '000)</b>	
<b>12. SELLING COST</b>		
Salaries, wages & benefits	16,428	13,123
Rent, rates & taxes	2,231	568
Commission	21	405
Repairs and maintenance	258	123
Communication and stationary	497	577
Training, travelling & entertainment	2,531	2,271
Advertising and publicity	8,062	2,638
Carriage and forwarding expense	24,178	18,307
Depreciation	1,543	963
Insurance	297	283
Other expenses	1,649	768
	<b>57,695</b>	<b>40,026</b>
<b>13. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages & benefits	28,748	24,748
Office rent	1,420	-
Insurance	469	604
Repairs and maintenance	485	681
Legal and Professional	1,216	1,528
Donations	150	-
Auditors' Remuneration	157	190
Communication and stationary	2,524	1,892
Provision for doubtful debts	-	2,805
Training, travelling & entertainment	1,460	1,256
Depreciation	2,640	1,518
Other expenses	2,095	1,758
	<b>41,364</b>	<b>36,980</b>
<b>14. OTHER OPERATING EXPENSES</b>		
Liquidated damages for late deliveries	2,205	36
Workers' profits participation fund	3,858	2,985
Workers' welfare fund	2,035	1,677
Exchange loss	4,624	-
	<b>12,722</b>	<b>4,698</b>
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	71,275	55,038
<i>Adjustments for:</i>		
Depreciation	35,884	32,065
Provision for staff gratuity	1,225	1,214
Gain on disposal of fixed assets	-	(135)
Income from investment in associate accounted for under the equity method of accounting	(1,132)	(787)
Financial charges	31,426	12,051
Working capital changes: <i>(Increase) / decrease in current assets</i>		
Stores and spares	(7,671)	(1,249)
Stock-in-trade	(339,787)	(93,466)
Trade debts	(20,707)	159,443
Short-term loans and advances	(2,897)	(11,645)
Short term deposits and short term prepayments	(1,162)	(1,879)
Other receivables	(60,844)	(19,596)
	<b>(433,068)</b>	<b>31,608</b>
Increase in trade and other payables	38,756	119,103
	<b>(394,312)</b>	<b>150,711</b>
	<b>(255,634)</b>	<b>250,157</b>

	<u>Three months period ended</u>	
	<u>30 September 2014</u>	<u>30 September 2013</u>
<b>16. CASH AND CASH EQUIVALENTS</b>	(Rupees in '000)	
Cash and bank balances	25,668	10,776
Running finance under mark-up arrangements	(98,571)	(25,250)
	<u>(72,903)</u>	<u>(14,474)</u>

**17. 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:

**Transactions with related parties:***Associated undertaking*

Sale of goods	148,662	143,473
Discount	-	5,645
Purchase of goods and services	23,473	17,596
Insurance premium expense	484	-
Insurance claim received	600	-
Interest received	858	-
Directors' fee	350	225
Share of profit of associated companies under the equity basis of accounting	1,021	787

*Other related parties*

Remuneration to key management personnel	17.1	15,802	14,957
Net charge in respect of staff retirement benefit plans	17.2	3,285	2,193

(Un-audited)	(Audited)
30 September	30 June
2014	2014
(Rupees in '000)	

**Balances with related parties:***Associated undertakings*

Trade debts (unsecured, considered good)	127,660	135,509
--	---------	---------

*Other related parties*

Retirement benefit plans - Payable	19,108	17,891
------------------------------------	--------	--------

- 17.1 Remuneration to key management personnel are in accordance with terms of their employment.
- 17.2 Contributions to the defined contribution plan (provident fund) are made as per the terms of employment, whereas the charge for pension scheme is made as per the actuarial advice.
- 17.3 Other transactions are at agreed terms.

**18. FINANCIAL RISK MANAGEMENT**

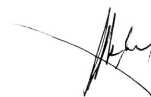
The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statement as at and for the year ended 30 June 2014.

**19. 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 24 October 2014.



KAMAL A. CHINOY  
Chief Executive



MUSTAPHA A. CHINOY  
Chairman



**Factory**

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