



TRUSTED NOT TO COMPROMISE
a General Cable affiliate

Quarterly Report 2013
for the period ended September 30, 2013

Illuminating Experience

COMPANY INFORMATION

Directors

Mustapha A. Chinoy (Chairman)
Haroun Rashid
Syed Naseem Ahmad
Saqib H. Shirazi
Roderick Macdonald
Ernest Kenneth Sy Cuyegkeng
Shahid Aziz Siddiqi
Ms. Sadia Khan
Kamal A. Chinoy (Chief Executive)

Company Secretary Aslam Sadruddin

Legal Advisor S S Shaikh & Co.

Bankers

Standard Chartered Bank (Pakistan) Ltd.
Bank Al-Habib Ltd.
Habib Bank Ltd.
HSBC Bank Middle East Ltd.
MCB Bank Ltd.
NIB Bank Ltd.

Registered Office, Factory and Marketing Office

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DIRECTORS' REVIEW

Sales for the first quarter are Rs. 1.3 billion, which is 4% higher than the same period of last year. Gross profit of Rs. 144.1 million is 11.0% of sales against Rs. 146.6 million (11.6% of sales) in the same period of last year. Lower gross profit, both in rupee terms and percentage wise, is due to reduction in margins owing to strong competition in the market and high cost of input.

Selling and administrative expenses are Rs. 77.0 million compared to Rs. 83.0 million in the same period of last year. The decrease is mainly due to lower expenses on account of advertising and publicity. Financial charges for the quarter are Rs. 12.1 million and are 34% lower than the same period of last year. Strict control on working capital and short term borrowing in Pak rupees at low rates helped to reduce our finance cost. However, the interest rates have started moving up in response to increase in the discount rate by State Bank of Pakistan in the month of September.

As a result of the above factors, your company ended the first quarter with a profit after tax of Rs. 37.1 million compared to Rs. 32.2 million in the first quarter of last year. Earning per share has increased to Rs. 1.30 compared to Rs. 1.13.

The economy of the country is passing through its most challenging period, where numerous external and internal factors, including energy crisis, inflation, law and order situation and accumulated debt crisis, are creating instability. The sharp fall in the value of rupee has increased the cost of imports resulting in lower margins. Whilst there is uncertainty regarding the economic 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 29, 2013

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
As At 30 SEPTEMBER 2013

	Note	(Un-audited) 30 September 2013 (Rupees in '000)	(Audited) 30 June 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,392,402	1,401,668
Investments in associate		19,257	19,766
Long-term loans		3,265	3,613
Long-term security deposits		3,184	3,184
CURRENT ASSETS			
Stores and spares		35,307	34,058
Stock-in-trade	5	1,104,470	1,011,004
Trade debts	6	718,924	878,367
Short-term loans and advances		29,466	17,821
Short-term deposits and prepayments		8,733	6,854
Other receivables	7	46,316	25,424
Advance tax - net of provisions		232,011	178,936
Cash and bank balances	8	10,776	11,371
		2,186,003	2,163,835
TOTAL ASSETS		3,604,111	3,592,066
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		284,623	284,623
Share premium reserve		527,800	527,800
General reserves		623,000	555,500
Unappropriated profit		38,546	181,703
		1,473,969	1,549,626
Surplus on revaluation of land and buildings - net of tax		687,629	688,728
NON-CURRENT LIABILITIES			
Deferred liability for staff gratuity		28,085	26,871
Other long-term employee benefits		15,779	15,779
Deferred tax liability - net		95,404	105,805
CURRENT LIABILITIES			
Current portion of long-term loans		3,125	3,125
Trade and other payables	9	738,899	619,809
Short-term borrowings	10	442,878	575,790
Mark-up accrued on bank borrowings		4,493	6,533
Dividend payable		113,850	-
		1,303,245	1,205,257
TOTAL EQUITY AND LIABILITIES		3,604,111	3,592,066

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOI
Chief Executive



MUSTAPHA A. CHINOI
Chairman

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	<i>Note</i>	July to September 2013	July to September 2012
		(Rupees in '000)	(Rupees in '000)
Net Sales		1,305,073	1,260,852
Cost of Sales		(1,160,925)	(1,114,231)
Gross profit		144,148	146,621
Selling costs	12	(40,026)	(53,228)
Administrative expenses	13	(36,980)	(29,736)
		(77,006)	(82,964)
		67,142	63,657
Other operating expenses		(4,698)	(4,009)
Other income		3,858	6,170
		66,302	65,818
Finance cost		(12,051)	(18,135)
Share of profit from associate		787	1,197
Profit before taxation		55,038	48,880
Taxation		(17,944)	(16,700)
Profit after taxation		37,094	32,180
		(Rupees)	
Earning per share - basic and diluted		1.30	1.13

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KAMAL A. CHINOY
Chief Executive



MUSTAPHA A. CHINOY
Chairman

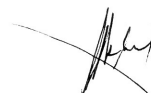
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	July to September 2013	July to September 2012
	(Rupees in '000)	(Rupees in '000)
Profit after tax for the period	37,094	32,180
Other comprehensive income	-	-
Total comprehensive income for the period	<u>37,094</u>	<u>32,180</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY
Chief Executive



MUSTAPHA A. CHINOY
Chairman

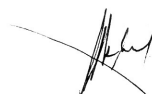
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	<i>Note</i>	30 September 2013	30 September 2012
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	<i>14</i>	250,157	8,358
Finance cost		(14,091)	(17,315)
Taxation		(81,420)	(42,278)
Long-term loans		348	269
Net cash generated from / (used in) operating activities		154,994	(50,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(23,274)	(3,587)
Proceeds from disposal of fixed assets		610	4,590
Net cash flows generated from / (used in) investing activities		(22,664)	1,003
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (Decrease) in short-term Finance		(38,255)	117,535
Dividends paid		(13)	-
Net cash flows generated from / (used in) financing activities		(38,268)	117,535
Net increase in cash and cash equivalents		94,062	67,572
Cash and cash equivalents at beginning of the period		(108,536)	(113,889)
Cash and cash equivalents at end of the period	<i>15</i>	(14,474)	(46,317)

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Chief Executive



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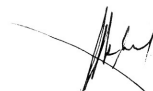
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	Issued subscribed and paid-up share capital	Share premium reserve	General reserves	Unappro- priated Profit	Total
	-(Rupees in '000)-				
Balance as at 30 June 2012	284,623	527,800	504,000	144,420	1,460,843
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2012	-	-	-	(92,503)	(92,503)
Transfer to general reserve for the year ended 30 June 2012	-	-	51,500	(51,500)	-
Transferred from surplus on revaluation of buildings	-	-	-	1,075	1,075
Total comprehensive income for the period from July 2012 to September 2012	-	-	-	32,180	32,180
Balance as at 30 September 2012	284,623	527,800	555,500	33,672	1,401,595
Transferred from surplus on revaluation of buildings	-	-	-	3,229	3,229
Total comprehensive income for the period from October 2012 to June 2013	-	-	-	144,802	144,802
Balance as at 30 June 2013	284,623	527,800	555,500	181,703	1,549,626
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2013	-	-	-	(113,850)	(113,850)
Transfer to general reserve for the year ended 30 June 2013	-	-	67,500	(67,500)	-
Transferred from surplus on revaluation of buildings	-	-	-	1,099	1,099
Total comprehensive income for the period from July 2013 to September 2013	-	-	-	37,094	37,094
Balance as at 30 September 2013	284,623	527,800	623,000	38,546	1,473,969

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOI
Chief Executive



MUSTAPHA A. CHINOI
Chairman

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

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, 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 2013.

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 2013.

4. PROPERTY, PLANT AND EQUIPMENT

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

	Three months period ended	
	30 September 2013	30 September 2012
	(Rupees in '000)	
Additions	23,274	3,587
Disposals (cost)	(607)	(7,465)
	(Un-audited)	(Audited)
	30 September	30 June
	2013	2013
	(Rupees in '000)	

5. STOCK-IN-TRADE

Raw materials [including Rs. 158.1 million in transit (30 June 2013: Rs. 179.7 million)]
Work-in-process
Finished goods
Scrap

416,469	431,790
295,238	286,657
377,518	272,355
15,245	20,202
<u>1,104,470</u>	<u>1,011,004</u>

- 5.1 Work-in-progress and finished goods include slow moving items aggregating Rs. 14.5 million (June 2013: Rs.12.3 million) and Rs. 16.4 million (June 2013: Rs. 15.0 million) respectively stated at their net realizable values as against their cost of Rs. 17.6 million (June 2013: Rs. 16.6 million) and Rs. 28.7 million (June 2013: Rs.26.7 million).

(Un-audited)	(Audited)
30 September	30 June
2013	2013

(Rupees in '000)

6. TRADE DEBTS

Considered good	718,924	878,367
Considered doubtful	25,767	22,961
	744,691	901,328
Provision for doubtful debts	(25,767)	(22,961)
	718,924	878,367

7. OTHER RECEIVABLES

Sales tax receivable	26,769	14,206
Receivable from staff pension fund - a related party	10,768	11,191
Others	8,779	27
	46,316	25,424

8. CASH AND BANK BALANCES

With banks in current accounts	10,535	11,221
Cash in hand	241	150
	10,776	11,371

9. TRADE AND OTHER PAYABLES

Creditors	105,771	54,991
Accrued expenses	116,424	78,088
Advances from customers	305,285	266,427
Deposits from distributors	8,448	8,448
Payable to staff provident fund	1,358	221
Provision for import levies	120,429	115,627
Workers' profit participation fund	2,985	15,276
Workers' welfare fund	8,934	7,257
Tax deducted at source	6,422	2,273
Unclaimed dividend	8,486	8,499
Others	54,357	62,702
	738,899	619,809

10. SHORT-TERM BORROWINGS

Secured - from banking companies

Running finance under mark-up arrangements	25,250	119,907
Short term finance	417,628	455,883
	442,878	575,790

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 2013: Rs.2,150 million). The rate of mark-up on the running finance facilities ranges between 10.09% to 10.66% per annum net of prompt payment rebate (30 June 2013: 10.51% to 11.41%). These facilities will expire between 31-Oct-2013 to 31-July-2014 and are renewable.

10.2 Short term finance

The amount outstanding against the term finance facility as at September 30, 2013 available from banks was Rs. 417.6 million (30 June 2013: Rs. 455.9 million) earmarked out of the total running finance facilities of Rs. 1,688 million (30 June 2013: Rs.1,726 million) obtained from these banks. Mark-up on term finance is agreed at each disbursement.

10.3 Other facilities

The facility for opening letter of credit and guarantees as at September 30, 2013 amounted to Rs. 2,837 million (30 June 2013: Rs.2,799 million) of which the amount remaining unutilized as at that date was Rs. 2,578 million (30 June 2013: Rs.2,515 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. 6.018 million (30 June 2013: Rs. 5.127 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 207.040 million (30 June 2013: Rs.281.124 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 Collectorate (Large Taxpayers Unit, Karachi) in connection with the sales tax returns of the Company for the years 2008-9, 2009-10 and 2010-11 amounting to Rs. 251 million. 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 of the sales tax law which is against the spirit of the law. Further, tax advisor of the Company is of the view that there will be no adverse impact on the Company. However, the Company has filed an appeal against the above order through its tax advisor.

11.2 Commitments

- a) Aggregate commitments for capital expenditure at 30 September 2013 amounted to approximately Rs. 12.034 million (30 June 2013: Rs.8.568 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non capital expenditure) at 30 September 2013 amounted to Rs. 44.242 million (30 June 2013: Rs. 3.090 million).

		Three months period ended	
		30 September	30 September
		2013	2012
		(Rupees in '000)	
12. SELLING COST			
Salaries, wages & benefits	13,123	14,908	
Rent, rates & taxes	568	641	
Commission	405	19	
Repairs and maintenance	123	168	
Communication and stationary	577	605	
Training, travelling & entertainment	2,271	1,338	
Advertising and publicity	2,638	16,917	
Carriage and forwarding expense	18,307	16,848	
Depreciation	963	776	
Insurance	283	183	
Other expenses	768	825	
	40,026	53,228	

13. ADMINISTRATIVE EXPENSES

Salaries, wages & benefits	24,748	22,382
Repairs and maintenance	681	398
Donations	-	150
Legal and Professional	1,528	1,061
Auditors Remuneration	190	175
Communication and stationary	1,892	1,739
Provision for doubtful debts	2,805	-
Training, travelling & entertainment	1,256	1,181
Depreciation	1,518	1,412
Insurance	604	359
Other expenses	1,758	879
	36,980	29,736

		Three months period ended	
		30 September	30 September
		2013	2012
		(Rupees in '000)	

14. CASH GENERATED FROM OPERATIONS

Profit before taxation	55,038	48,880
<i>Adjustments for:</i>		
Depreciation	32,065	31,040
Provision for staff gratuity	1,214	1,313
Gain on disposal of fixed assets	(135)	(4,451)
Income from investment in associate accounted for under the equity method of accounting	(787)	(1,197)
Financial charges	12,051	18,135

Working capital changes:

(Increase) / decrease in current assets

Stores and spares	(1,249)	(7,011)
Stock-in-trade	(93,466)	(206,126)
Trade debts	159,443	178,874
Short-term loans and advances	(11,645)	(4,930)
Short term deposits and short term prepayments	(1,879)	(39,286)
Other receivables	(19,596)	(30,362)
	31,608	(108,841)
Increase in trade and other payables	119,103	23,479
	150,711	(85,362)
	250,157	8,358

		Three months period ended	
		30 September 2013	30 September 2012
		(Rupees in '000)	
15. CASH AND CASH EQUIVALENTS			
Cash and bank balances		10,776	16,354
Running finance under mark-up arrangements		(25,250)	(62,671)
		(14,474)	(46,317)

16. 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:

	Three months period ended	
	30 September 2013	30 September 2012
Transactions with related parties:	(Rupees in '000)	
Associated undertaking		
Sale of goods	143,473	116,183
Discount	5,645	4,680
Purchase of goods and services	17,596	5,587
Insurance premium expense	-	3,568
Insurance claim received	-	11,346
Directors' fee	225	225
Share of profit of associated companies under the equity basis of accounting	787	1,197
Other related parties		
Remuneration to key management personnel	16.1 14,957	14,311
Net charge in respect of staff retirement benefit plans	16.2 2,193	2,271

	(Un-audited)	(Audited)
	30 September 2013	30 June 2013
Balances with related parties:		
(Rupees in '000)		

Associated undertakings

Trade debts (unsecured, considered good)	96,870	79,365
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Other related parties

Retirement benefit plans - receivable / (payable)	9,410	5,072
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16.1 Remuneration to key management personnel are in accordance with terms of their employment.

16.2 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.

16.3 Other transactions are at agreed terms.

17. FINANCIAL RISK MANAGEMENT

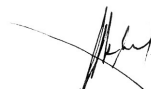
The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statement as at and for the year ended 30 June 2013.

18. 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 29 October 2013.



KAMAL A. CHINOI
Chief Executive



MUSTAPHA A. CHINOI
Chairman



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