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Quarterly Report 2015
for the period ended September 30, 2015



COMPANY INFORMATION

Directors	Mustapha A. Chinoy (Chairman) Syed Naseem Ahmad Diana C. Toman Sadiah Khan Roderick Macdonald Nargis Ghaloo Haroun Rashid Saqib H. Shirazi Kamal A. Chinoy (Chief Executive)
Company Secretary	Marazban G. Talati
Legal Advisor	Barrister M. Jamshid Malik
Bankers	Standard Chartered Bank (Pakistan) Ltd. Bank Al-Habib Ltd. Habib Bank Ltd. Meezan Bank Ltd. MCB Bank Ltd. NIB Bank Ltd.
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DIRECTORS' REVIEW

Sales for the first quarter are Rs. 1.56 billion, which is 2% lower than the same period of last year. Gross profit of Rs. 184.9 million is 11.8% of sales against Rs. 209.1 million (13.1% of sales) in the same period of last year. Lower gross profit, both in rupee terms and percentage wise, is due to lower sales. Since most of our manufacturing expenses are of semi variable nature, the lower sales resulted in lower gross profit.

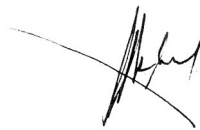
Selling, Marketing and Administrative expenses are Rs. 107.3 million compared to Rs. 99.1 million in the same period of last year. The increase is mainly due to higher expenses on account of carriage & forwarding due to higher freight rates and multiple dispatches. Finance cost for the quarter are Rs. 27.5 million compared to Rs. 36.9 million in the same period of last year. Lower financial charges are mainly due to reduction in interest rates and lower inventory compared to same period of last year.

As a result of the above factors, your company ended the first quarter with a profit after tax of Rs. 40.1 million compared to Rs. 48.2 million in the same period of last year.

A slowdown in the Chinese economy has put serious pressure on commodity prices. Copper prices, which were at around \$ 6,000 a ton in June 2015, tumbled down and went below \$ 5,000 a ton during the current quarter. The rapidly fluctuating price of copper is an area of concern as it creates uncertainty. The rupee has lost more than two 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 which could impact the company's performance and results. However, your company will continue to make all efforts to improve profitability through increased sales, improved productivity and high levels of operational excellence.

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the Management and Employees of the Company 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 28, 2015

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
As At 30 SEPTEMBER 2015

	<i>Note</i>	(Unaudited) 30 September 2015	(Audited) 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
(Rupees in '000)			
Property, plant and equipment	4	1,609,381	1,590,419
Intangible assets		4,892	5,397
Investment in an associated company		28,147	26,821
Long-term loans		3,765	1,672
Long-term deposits and prepayments		17,717	20,840
Total non current assets		1,663,902	1,645,149
CURRENT ASSETS			
Stores and spares		43,788	45,091
Stock-in-trade	5	1,331,347	1,262,471
Trade debts	6	1,091,741	960,409
Short-term loans and advances		16,954	19,481
Short-term deposits and prepayments		30,446	25,314
Other receivables	7	27,635	1,568
Advance tax - net of provisions		138,398	196,443
Cash and bank balances	8	20,115	10,506
Total current assets		2,700,424	2,521,283
TOTAL ASSETS		4,364,326	4,166,432
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		284,623	284,623
Share premium reserve		527,800	527,800
General reserves		802,000	708,000
Unappropriated profit		42,180	179,892
		1,656,603	1,700,315
Surplus on revaluation of assets (land and buildings) net of tax		821,659	822,900
NON-CURRENT LIABILITIES			
Long-term loan		50,000	50,000
Deferred liability for staff gratuity		25,840	24,835
Other long-term employee benefits		24,277	24,277
Deferred tax liability - net		41,567	50,040
Total non current liabilities		141,684	149,152
CURRENT LIABILITIES			
Trade and other payables	9	926,790	821,588
Short-term borrowings	10	726,137	667,094
Mark-up accrued on bank borrowings		6,066	5,383
Proposed dividend payable		85,387	-
Total current liabilities		1,744,380	1,494,065
TOTAL EQUITY AND LIABILITIES		4,364,326	4,166,432
CONTINGENCIES AND COMMITMENTS			

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



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	<i>Note</i>	July to September 2015	July to September 2014
(Rupees in '000)			
Net Sales		1,562,548	1,595,587
Cost of Sales		(1,377,618)	(1,386,510)
Gross profit		184,930	209,077
Marketing, Selling and Distribution costs	12	(64,785)	(57,695)
Administrative expenses	13	(42,553)	(41,364)
		(107,338)	(99,059)
		77,592	110,018
Other expenses	14	(4,570)	(8,098)
Other income		8,584	4,273
		81,606	106,193
Finance costs		(27,549)	(36,050)
Share of profit from associate		2,467	1,132
Profit before income tax		56,524	71,275
Taxation		(16,355)	(23,054)
Profit for the period		40,169	48,221
(Rupees)			
Earning per share - basic and diluted		1.41	1.69

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



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	July to September 2015	July to September 2014
	(Rupees in '000)	
Profit after tax for the period	40,169	48,221
Items that will not be reclassified to profit and loss account		
Share of other comprehensive income from the associated company	23	- (111)
Total comprehensive income - transferred to statement of changes in equity	<u>40,192</u>	<u>48,110</u>

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



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	<i>Note</i>	30 September 2015	30 September 2014
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	(1,541)	(258,469)
Gratuity paid		-	(1,052)
Finance costs paid		(26,866)	(24,709)
Taxation - net		33,183	16,377
Long-term loans receivable		(2,093)	732
Long-term deposits and prepayments		3,123	2,835
Net cash flows from operating activities		5,806	(264,286)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(57,834)	(40,409)
Sale proceeds from disposal of fixed assets		2,594	-
Net cash flows from investing activities		(55,240)	(40,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in short-term finance		50,218	271,431
Net increase / (decrease) in cash and cash equivalents		784	(33,264)
Cash and cash equivalents at beginning of the period		(96,093)	(39,639)
Cash and cash equivalents at end of the period	16	(95,309)	(72,903)

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



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	Share capital	Share premium reserve	General reserves	Unappro- priated Profit	Total
	----- (Rupees in '000) -----				
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
Transactions with owners recorded directly in equity					
Final cash dividend for the year ended 30 June 2014 @ Rs.4.50 per share	-	-	-	(128,081)	(128,081)
Balance as at 30 September 2014	<u>284,623</u>	<u>527,800</u>	<u>708,000</u>	<u>49,703</u>	<u>1,570,126</u>
Balance as at 01 July 2015	284,623	527,800	708,000	179,892	1,700,315
Total comprehensive income for the period from July 2015 to September 2015	-	-	-	40,192	40,192
Transfer to general reserve for the year ended 30 June 2015	-	-	94,000	(94,000)	-
Transfer from surplus on revaluation of buildings - net of deferred tax	-	-	-	1,483	1,483
Transactions with owners recorded directly in equity					
Final cash dividend for the year ended 30 June 2015 @ Rs.3.00 per share	-	-	-	(85,387)	(85,387)
Balance as at 30 September 2015	<u>284,623</u>	<u>527,800</u>	<u>802,000</u>	<u>42,180</u>	<u>1,656,603</u>

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



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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 2015.

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 2015.

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 2015	30 September 2014
		(Rupees in '000)	
Additions		57,834	40,409
Disposals (cost)		(4,206)	-
		(Unaudited)	(Audited)
		30 September	30 June
		2015	2015
		(Rupees in '000)	
5. STOCK-IN-TRADE			
Raw materials [including Rs. 149.5 million in transit (30 June 2015: Rs. 159.4 million)]	5.1	578,561	643,386
Work-in-process	5.2	289,308	276,117
Finished goods	5.2	439,728	302,417
Scrap		23,750	40,551
		1,331,347	1,262,471

- 5.1 Raw material includes slow moving items carried at Rs. 1.927 million (30 June 2015 : Rs.1.927) as against their cost of Rs.13.913 million (30 June 2015 : Rs.20.626 million).
- 5.2 Work-in-process and finished goods include slow moving items aggregating Rs. 9.4 million (30 June 2015: Rs. 12.3 million) and Rs. 15.5 million (30 June 2015: Rs. 15.6 million) respectively stated at their net realizable values against their cost of Rs. 12.4 million (30 June 2015: Rs. 15.5 million) and Rs. 30.6 million (30 June 2015: Rs. 31.5 million) respectively.

		(Unaudited) 30 September 2015	(Audited) 30 June 2015
		(Rupees in '000)	
6. TRADE DEBTS			
Considered good		1,091,741	960,409
Considered doubtful		55,894	59,900
		1,147,635	1,020,309
Provision for doubtful trade debts		(55,894)	(59,900)
		1,091,741	960,409
7. OTHER RECEIVABLES			
Sales tax receivable		25,358	-
Dividend receivable		1,440	-
Others		837	1,568
		27,635	1,568
8. CASH AND BANK BALANCES			
With banks in current accounts		19,256	10,285
Cash in hand		859	221
		20,115	10,506
9. TRADE AND OTHER PAYABLES			
Creditors		231,791	129,755
Accrued expenses		205,191	195,134
Salaries and wages		7,486	21,962
Advances from customers		227,834	199,155
Security deposits from distributors		8,448	8,448
Payable to staff provident fund - related party		1,774	2,102
Provision for import levies		167,686	161,570
Payable to staff pension fund - related party		38,435	48,667
Workers' profit participation fund		3,132	15,354
Workers' welfare fund		8,806	7,291
Sales tax payable		-	4,508
Withholding tax payable		1,595	6,954
Unclaimed dividend		11,479	11,479
Others		13,133	9,209
		926,790	821,588
10. SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance under mark-up arrangements	10.1	115,424	106,599
Short term finances	10.2	610,713	125,000
Foreign currency import finance		-	435,495
		726,137	667,094

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 2015: Rs. 2,150 million). Rate of mark-up on these running finance facilities ranges between 7.51% to 8.49% net of prompt payment rebate (30 June 2015: 7.83% to 9.45% per annum). These facilities will expire between 31 October 2015 to 31 July 2016 and are renewable.

10.2 Short term finances

The amount outstanding against the short term finance facility as at 30 September 2015 available from banks was Rs. 610.7 million (30 June 2015: Rs. 125 million) earmarked out of the total running finance facilities obtained from the banks. Total facility available under this arrangement amounts to Rs. 1,900 million (30 June 2015: 750 million). Mark-up rate on term finance is agreed at each disbursement and as at 30 September 2015 it ranged between 6.73% to 7.27% per annum. These are payable latest by 28 October 2015.

10.3 Other facilities

The facility for opening letters of credit and guarantees as at 30 September 2015 amounted to Rs. 2,824 million (30 June 2015: Rs. 2,757 million) of which the amount remaining unutilised as at that date was Rs. 2,470 million (30 June 2015: Rs. 2,404 million).

10.4 Securities

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. 5.707 million (30 June 2015: Rs. 6.553 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 259.087 million (30 June 2015: Rs. 269 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 sales tax advisor of the Company is of the view that there will be no adverse impact on the Company. 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 2015 amounted to Rs. 93.821 million (30 June 2015: Rs. 111.463 million).
- b) Commitments under letter of credit for the import of raw material, etc., (non-capital expenditure) as at 30 September 2015 amounted to Rs. 46.030 million (30 June 2015: Rs. 25.461 million).

		Three months period ended	
		30 September 2015	30 September 2014
		(Rupees in '000)	
12. MARKETING, SELLING AND DISTRIBUTION COSTS			
Salaries, wages and benefits	18,493	16,428	
Rent, rates and taxes	2,783	2,231	
Commission	2,520	21	
Repairs and maintenance	419	258	
Communication and stationary	557	497	
Training, travelling and entertainment	3,107	2,531	
Advertising and publicity	4,616	8,062	
Carriage and forwarding expense	28,446	24,178	
Depreciation	1,946	1,543	
Insurance	388	297	
Other expenses	1,510	1,649	
	64,785	57,695	
13. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	31,285	28,748	
Office rent	1,420	1,420	
Insurance	388	469	
Repairs and maintenance	1,016	644	
Legal and Professional	2,235	1,216	
Donations	-	150	
Auditors' Remuneration	289	157	
Communication and stationary	2,500	2,524	
Reversal of doubtful trade debts	(4,006)	-	
Training, travelling and entertainment	2,056	1,301	
Depreciation	2,679	2,640	
Amortization	505	-	
Other expenses	2,186	2,095	
	42,553	41,364	
14. OTHER EXPENSES			
Liquidated damages for late deliveries	-	2,205	
Workers' profits participation fund	3,055	3,858	
Workers' welfare fund	1,515	2,035	
	4,570	8,098	
15. CASH USED IN OPERATIONS			
Profit before taxation	56,524	71,275	
<i>Adjustments for non cash charges and other items:</i>			
- Depreciation	38,030	35,884	
- Amortization	505	-	
- Provision for staff gratuity	1,005	1,225	
- Gain on disposal of fixed assets	(1,752)	-	
- Share of profit from associate	(2,467)	(1,132)	
- Finance costs	27,549	31,426	
Working capital changes:			
<i>(Increase) / decrease in current assets</i>			
- Stores and spares	1,303	(7,671)	
- Stock-in-trade	(68,876)	(339,787)	
- Trade debts	(131,332)	(20,707)	
- Short-term loans and advances	2,527	(2,897)	
- Short term deposits and payments	(5,132)	(3,997)	
- Other receivables - net	(24,627)	(60,844)	
	(226,137)	(435,903)	
Increase/ (Decrease) in current liabilities			
Trade and other payables - net	105,202	38,756	
	(120,935)	(397,147)	
	(1,541)	(258,469)	

	Three months period ended	
	30 September 2015	30 September 2014
	(Rupees in '000)	
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	20,115	25,668
Running finance under mark-up arrangements	(115,424)	(98,571)
	<u>(95,309)</u>	<u>(72,903)</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	176,301	148,662
Purchase of goods and services	21,527	23,473
Insurance premium expense	1,089	484
Insurance claim received	-	600
Interest received	-	858
Directors' fee	600	350
Share of total comprehensive income of an associated company under the equity basis of accounting	2,490	1,021
Share of Surplus on revaluation of land and buildings of associated company	276	-

Other related parties

Remuneration to key management personnel	17.1	20,768	15,802
Net charge in respect of staff retirement benefit plans	17.2	4,256	3,285

	(Un-audited) 30 September 2015	(Audited) 30 June 2015
	(Rupees in '000)	
Balances with related parties:		
<i>Associated undertakings</i>		

Trade debts (unsecured, considered good)	110,308	128,492
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Other related parties

Retirement benefit plans - Payable	40,209	50,769
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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 2015.

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 28 October 2015.



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

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