

TRUSTED NOT TO COMPROMISE
a General Cable affiliate

POWERING TO EMPOWER

Half Yearly Accounts
for six months ended December 31, 2015



COMPANY INFORMATION

Directors	Mustapha A. Chinoy Syed Naseem Ahmad Sadiah Khan Roderick Macdonald Nargis Ghaloo Haroun Rashid Saqib H. Shirazi Kamal A. Chinoy	(Chairman) (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.	
Registered Office and Factory	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	
Head Office	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	
Regional Offices	Lahore: 042-37355783, 37120790-91 E-mail: lahore@pakistancables.com Rawalpindi: 051-5732724-25 E-mail: pindi@pakistancables.com	
Branch Offices	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	
Website	www.pakistancables.com	

DIRECTORS' REVIEW

Sales for the half year period ended December 31, 2015 at Rs. 3.3 billion is 6% lower than sales for the same period of last year. Gross profit of Rs. 459.1 million is 14.1% of sales against Rs. 422.1 million (12.1% of sales) in the same period of last year. The higher gross profit is attributed mainly due to a favourable sales mix and lower material costs.

Selling and administrative expenses are Rs. 291.0 million compared to Rs. 210.7 million. The increase is mainly due to higher expenses on account of advertising & publicity and carriage & forwarding expenses. Financial charges for the half year are Rs. 47.9 million compared to Rs. 78.5 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.

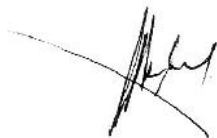
As a result of the above factors, your company ended the half year with a profit after tax of Rs. 86.0 million compared to a profit after tax of Rs. 87.2 million in the same period of last year.

Certain facets of Pakistan's economy are showing some positive signs driven by prudent monetary policy and precipitous decline in global commodity prices which has strengthened the external account position of the country. Despite these positive signs, your Company is under threat from Chinese imports as current government policies are not protecting local industry from such imports. The price of copper has dropped by almost 25% since January 2015, thus having a downward effect on our revenue. This also presents additional challenges such as maintaining profit margins. In view of the continuing uncertainty in commodity prices, it is difficult to predict the next six months. However, the management of your company will continue to make all efforts to improve profitability through cautious purchasing of raw materials, improved productivity and high levels of operational excellence.

We are pleased to inform the shareholders that during the current year we received the FPCCI Export Awards for the year 2014-15 for traditional as well as non-traditional products. The award was presented by the Prime Minister of Pakistan.

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: January 29, 2016

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan Cables Limited** ("the Company") as at 31 December 2015, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information 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 condensed interim financial information 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures of the condensed interim financial information for the quarter ended 31 December 2015, have not been reviewed by us and we do not express a conclusion on them.

Date: 29 January 2016

Karachi

KPMG Taseer Hadi & Co.


KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Pirani

CONDENSED INTERIM BALANCE SHEET (Unaudited)
As At 31 December 2015

	Note	(Unaudited) 31 December 2015	(Audited) 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,629,700	1,590,419
Intangible assets		4,386	5,397
Investment in an associated company		27,560	26,821
Long-term loans to staff		3,746	1,672
Long-term deposits and prepayments		14,593	20,840
Total non current assets		1,679,985	1,645,149
CURRENT ASSETS			
Stores and spares		46,490	45,091
Stock-in-trade	5	1,465,665	1,262,471
Trade debts	6	1,065,693	960,409
Short-term loans and advances		20,837	19,481
Short-term deposits and prepayments		26,105	25,314
Other receivables	7	28,828	1,568
Advance tax - net of provisions		237,281	196,443
Cash and bank balances	8	23,873	10,506
Total current assets		2,914,772	2,521,283
TOTAL ASSETS		4,594,757	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		89,517	179,892
		1,703,940	1,700,315
Surplus on revaluation of assets (land and buildings) - net of tax		820,129	822,900
NON-CURRENT LIABILITIES			
Long-term loan		43,750	50,000
Deferred liability for staff gratuity		26,846	24,835
Other long-term employee benefits		27,772	24,277
Deferred tax liability - net	9	25,418	50,040
Total non current liabilities		123,786	149,152
CURRENT LIABILITIES			
Current portion of long-term loan		6,250	-
Trade and other payables	10	954,098	821,588
Short-term borrowings	11	978,814	667,094
Mark-up accrued on bank borrowings		7,740	5,383
Total current liabilities		1,946,902	1,494,065
TOTAL EQUITY AND LIABILITIES		4,594,757	4,166,432
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 22 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

		Six months period ended		Three months period ended	
	Note	31 December 2015	31 December 2014	31 December 2015	31 December 2014
		(Rupees in '000)		(Rupees in '000)	
Net Sales		3,265,813	3,480,938	1,703,265	1,885,351
Cost of sales		(2,806,629)	(3,058,795)	(1,429,011)	(1,672,285)
Gross profit		459,184	422,143	274,254	213,066
Marketing, selling and distribution costs	13	(178,802)	(125,735)	(114,017)	(68,040)
Administrative expenses	14	(112,178)	(84,981)	(69,625)	(43,617)
		(290,980)	(210,716)	(183,642)	(111,657)
		168,204	211,427	90,612	101,409
Other expenses	15	(10,705)	(13,150)	(6,135)	(5,052)
Other income		12,935	8,002	4,351	3,729
		170,434	206,279	88,828	100,086
Finance costs		(47,866)	(77,609)	(20,317)	(41,559)
Share of profit / (loss) from associate		1,933	1,829	(534)	697
Profit before income tax		124,501	130,499	67,977	59,224
Taxation	16	(38,477)	(43,304)	(22,122)	(20,250)
Profit for the period		86,024	87,195	45,855	38,974
		(Rupees)		(Rupees)	
Earnings per share - Basic and diluted	17	3.02	3.06	1.61	1.37

The annexed notes from 1 to 22 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

	Six months period ended		Three months period ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)		(Rupees in '000)	
Profit after tax for the period	86,024	87,195	45,855	38,974
Other Comprehensive income:				
<i>Items that will not be reclassified to profit and loss account</i>				
Share of other comprehensive income from the associated company - actuarial gain / (loss) on a defined benefit obligation	23	(111)	-	-
Total comprehensive income - transferred to statement of changes in equity	<u>86,047</u>	<u>87,084</u>	<u>45,855</u>	<u>38,974</u>

The annexed notes from 1 to 22 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

		Six months period ended	
	Note	31 December 2015	31 December 2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	18	42,718	(170,564)
Payments to staff retirement benefits		-	(1,099)
Finance costs paid		(45,509)	(69,795)
Taxes paid - net		(103,965)	(16,515)
Long-term loans receivable		(2,074)	903
Long-term deposits and prepayments		6,247	1,965
Net cash flows from operating activities		(102,583)	(255,105)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(117,671)	(93,808)
Sales proceeds from disposal of fixed assets		4,113	1,876
Dividend received from an associate		1,440	1,152
Net cash flows from investing activities		(112,118)	(90,780)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in short-term finance		126,037	414,788
Dividends paid		(83,652)	(126,122)
Net cash flows from financing activities		42,385	288,666
Net decrease in cash and cash equivalents		(172,316)	(57,219)
Cash and cash equivalents at beginning of the period		(96,093)	(39,639)
Cash and cash equivalents at end of the period	19	(268,409)	(96,858)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

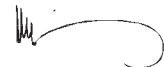
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2015

	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 six months period ended 31 December 2014					
- Profit for the period	-	-	-	87,195	87,195
- Other comprehensive income	-	-	-	(111)	(111)
	-	-	-	87,084	87,084
Transfer to general reserve for the year ended 30 June 2014	-	-	85,000	(85,000)	-
Transferred from surplus on revaluation of buildings during July 2014 to December 2014 - net of deferred tax	-	-	-	2,832	2,832
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 31 December 2014	284,623	527,800	708,000	90,093	1,610,516
Balance as at 01 July 2015	284,623	527,800	708,000	179,892	1,700,315
Total comprehensive income for the six months period ended 31 December 2015					
- Profit for the period	-	-	-	86,024	86,024
- Other comprehensive income	-	-	-	23	23
	-	-	-	86,047	86,047
Transfer to general reserve for the year ended 30 June 2015	-	-	94,000	(94,000)	-
Transferred from surplus on revaluation of buildings during July 2015 to December 2015 - net of deferred tax	-	-	-	2,965	2,965
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 31 December 2015	284,623	527,800	802,000	89,517	1,703,940

The annexed notes from 1 to 22 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 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 obtained a listing on the Karachi Stock Exchange. The Company is engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds.

The registered office of the Company is situated at B-21, S.I.T.E., Karachi, Pakistan.

2. BASIS OF PRESENTATION

These condensed interim financial statements of the Company for the six months period ended 31 December 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements 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. These condensed interim financial statements comprise of the balance sheet as at 31 December 2015 and profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the six months period ended 31 December 2015 which have been subjected to a review but not audited.

These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all numbers presented have been rounded off to the nearest thousand.

The comparative balance sheet presented in these condensed interim financial statements as at 30 June 2015 has been extracted from the audited financial statements of the Company for the year ended 30 June 2015, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statements for the six months period ended 31 December 2014 have been extracted from the reviewed financial information for the period then ended.

3. ACCOUNTING POLICIES AND ESTIMATES

3.1 Accounting Policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2015, except that IFRS 13 'Fair Value Measurement' became effective for financial periods beginning on or after 1 January 2015. The application of IFRS 13 does not have an impact on the financial statements as the carrying values of the company's financial instruments are not materially different from their fair values.

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

		Six months period ended	
		31 December	31 December
		2015	2014
		(Rupees in '000)	
Additions			
Plant and machinery		45,691	24,737
Office equipment and appliances		2,787	6,952
Vehicles		859	3,839
Capital work in progress		67,196	56,458
Others		1,138	1,822
		117,671	93,808
Disposals (cost)		(6,093)	(2,741)

		(Unaudited)	(Audited)
		31 December	30 June
		2015	2015
		(Rupees in '000)	
Raw materials [including Rs. 168.5 million in transit (30 June 2015: Rs. 159.4 million)]	5.1	582,460	643,386
Work-in-process	5.2	296,916	276,117
Finished goods	5.2	547,397	302,417
Scrap		38,892	40,551
		1,465,665	1,262,471

- 5.1 Raw material includes slow moving items carried at Rs. Nil million (30 June 2015: Rs. 1.927) as against their cost of Rs. 13.653 million (30 June 2015 : Rs.20.626 million).
- 5.2 Work-in-process and finished goods include slow moving items aggregating Rs. 10.6 million (30 June 2015: Rs. 12.3 million) and Rs. 12.9 million (30 June 2015: Rs. 15.6 million) respectively stated at their net realizable values against their cost of Rs. 14.1 million (30 June 2015: Rs. 15.5 million) and Rs. 32.5 million (30 June 2015: Rs. 31.5 million) respectively.

6. TRADE DEBTS

Considered good	1,065,693	960,409
Considered doubtful	75,331	59,900
	1,141,024	1,020,309
Provision of doubtful trade debts	(75,331)	(59,900)
	1,065,693	960,409

7. OTHER RECEIVABLES

Sales tax receivable - net	27,152	-
Custom duty refundable	1,178	-
Others	498	1,568
	28,828	1,568

8. CASH AND BANK BALANCES	(Unaudited)		(Audited)	
	31 December		30 June	
	2015		2015	
	(Rupees in '000)			
With banks in current accounts	22,469		10,285	
Cash in hand	1,404		221	
	<u>23,873</u>		<u>10,506</u>	
9. DEFERRED TAX LIABILITY - net				
Taxable temporary differences on				
Accelerated tax depreciation	79,005		89,581	
Surplus on revaluation of buildings on leasehold land	62,964		64,360	
Share of surplus on revaluation of land and buildings of the associated company	686		658	
	<u>142,655</u>		<u>154,599</u>	
Deductible temporary differences on				
Provision for staff retirement and other benefits	(8,063)		(7,460)	
Provision for doubtful trade debts	(22,599)		(17,970)	
Provision for slow-moving stores and spares	(1,682)		(1,965)	
Provision for import levies and other provisions	(84,893)		(77,164)	
	<u>(117,237)</u>		<u>(104,559)</u>	
	<u>25,418</u>		<u>50,040</u>	
10. TRADE AND OTHER PAYABLES				
Creditors	201,503		129,755	
Accrued expenses	244,604		195,134	
Salaries and wages	8,594		21,962	
Advances from customers	258,487		199,155	
Security deposits from distributors	8,448		8,448	
Payable to staff provident fund - related party	2,136		2,102	
Provision for import levies	174,308		161,570	
Payable to staff pension fund - related party	6,274		48,667	
Workers' profit participation fund	6,836		15,354	
Workers' welfare fund	11,217		7,291	
Sales tax payable	-		4,508	
Withholding tax payable	4,823		6,954	
Unclaimed dividend	13,215		11,479	
Others	13,653		9,209	
	<u>954,098</u>		<u>821,588</u>	
11. SHORT-TERM BORROWINGS				
	(Unaudited)		(Audited)	
	31 December		30 June	
	2015		2015	
	(Rupees in '000)			
From banking companies - Secured				
Running finance under mark-up arrangements	10.1	292,282	106,599	
Short term finance	10.2	686,532	125,000	
Foreign currency import finance		-	435,495	
		<u>978,814</u>	<u>667,094</u>	

11.1 Running finances under mark-up arrangements

The Company has arranged short-term running finances 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 7.00% to 8.01% net of prompt payment rebate (30 June 2015: 7.83% to 9.45% per annum). These facilities will expire between 31 December 2015 to 31 October 2016 and are renewable.

11.2 Short term finances

The amount outstanding against the short term finance facility as at 31 December 2015 available from banks was Rs. 686.5 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. 1,752 million (30 June 2015: Rs. 750 million). Mark-up rate on term finance is agreed at each disbursement and as at 31 December 2015, it ranged between 6.56% to 6.80% per annum. These are payable latest by 30 January 2016.

11.3 Other facilities

The facility for opening letters of credit and guarantees as at 31 December 2015 amounted to Rs. 2,774 million (30 June 2015: Rs. 2,757 million) of which the amount remaining unutilised as at that date was Rs. 2,317 million (30 June 2015: Rs. 2,404 million).

11.4 Securities

Above arrangements are secured by way of joint hypothecation over stocks, stores and spares and present and future trade debts of the Company.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 5.812 million (30 June 2015: Rs. 6.553 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 248.916 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 (which has been paid). 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.
- d) The Company received a show cause notice from the Sindh Revenue Board (SRB) in which it was alleged that the Company has not deducted/collected Sales tax on certain services/goods for the three years from July 2011 to June 2014. Management is of the view that sales tax where deductible/collectible has been done so and deposited in the government exchequer. However SRB has not acceded with the justifications and has issued an order in which they raised a liability of Rs. 42.7 million (in addition to which they have also mentioned that default surcharge shall also be leviable as relevant). An appeal has been filed with the Commissioner (Appeal) against the order passed by the Deputy Commissioner and the Company is confident that its plea is strong enough and can be easily explained at the appellate level. Accordingly provision for the above amount has not been made in these condensed interim financial statements.

12.2 Commitments

- a) Aggregate commitments for capital expenditure as at 31 December 2015 amounted to Rs. 174.717 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 31 December 2015 amounted to Rs. 46.321 million (30 June 2015: Rs. 25.461 million).

13. MARKETING, SELLING AND DISTRIBUTION COSTS

	Six months period ended	
	31 December 2015	31 December 2014
	(Rupees in '000)	
Salaries, wages and benefits	39,839	35,022
Rent, rates and taxes	5,660	4,609
Commission	4,396	1,079
Repairs and maintenance	1,155	654
Communication and stationary	1,242	1,065
Training, travelling and entertainment	5,954	5,587
Advertising and publicity	51,877	20,136
Carriage and forwarding expense	60,615	50,187
Depreciation	3,873	3,140
Subscription	681	565
Insurance	763	657
Other expenses	2,747	3,034
	178,802	125,735

14. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	65,366	57,984
Office rent	2,982	2,840
Insurance	1,214	807
Repairs and maintenance	3,861	1,308
Legal and Professional	3,709	2,943
Donations	248	1,750
Auditors' Remuneration	792	654
Communication and stationary	3,914	3,855
Provision of doubtful trade debts	15,431	144
Training, travelling and entertainment	3,727	2,692
Depreciation	5,328	5,370
Amortization of intangible assets	1,012	-
Other expenses	4,594	4,634
	112,178	84,981

15. OTHER EXPENSES

Liquidated damages for late deliveries	20	2,205
Workers' profits participation fund	6,759	7,072
Workers' welfare fund	3,926	3,873
	10,705	13,150

16. TAXATION

Current - for the year	63,127	63,590
Deferred - due to changes in temporary differences - net	(24,650)	(20,286)
	38,477	43,304

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Company intends to distribute sufficient cash dividend for the year ending 30 June 2016 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

17. EARNINGS PER SHARE - Basic and diluted

	Six months period ended		Three months period ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	86,024	87,195	45,855	38,974
	(Number of shares)		(Number of shares)	
Weighted average number of ordinary shares issued and subscribed at the end of the period	28,462,376	28,462,376	28,462,376	28,462,376
	(Rupees)		(Rupees)	
Earning per share				
- basic and diluted	3.02	3.06	1.61	1.37

18. CASH GENERATED FROM / (USED IN) OPERATIONS

	Six months period ended	
	31 December	31 December
	2015	2014
	(Rupees in '000)	
Profit before taxation	124,501	130,499
Adjustments for non cash charges and other items:		
- Depreciation	76,504	70,010
- Amortization	1,012	-
- Provision for staff gratuity	2,010	2,450
- Other long-term employee benefits	3,495	2,853
- Gain on disposal of fixed assets	(2,227)	(656)
- Share of profit from associate	(1,933)	(1,829)
- Finance costs	47,866	77,609
Working capital changes:		
<i>(Increase) / decrease in current assets</i>		
- Stores and spares	(1,399)	1,004
- Stock-in-trade	(203,194)	(263,049)
- Trade debts	(105,284)	(134,369)
- Short-term loans and advances	(1,356)	5,377
- Short term deposits and payments	(791)	1,632
- Other receivables	(27,260)	(44,703)
	(339,284)	(434,108)
<i>Increase/ (decrease) in current liabilities</i>		
Trade and other payables - net	130,774	(17,392)
	(208,510)	(451,500)
	42,718	(170,564)

19. CASH AND CASH EQUIVALENTS	As at 31 December 2015 (Rupees in '000)	As at 31 December 2014 (Rupees in '000)
Cash and bank balances	23,873	15,000
Running finance under mark-up arrangements	(292,282)	(111,858)
	<u>(268,409)</u>	<u>(96,858)</u>

20. 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:		Six months period ended	
		31 December 2015	31 December 2014
		(Rupees in '000)	
<i>Associated undertaking</i>			
Sale of goods		399,482	328,709
Purchase of goods and materials		39,361	37,480
Services obtained		5,994	7,415
Insurance premium expense		1,089	484
Insurance claim received		-	1,043
Interest received		-	858
Dividend received		1,440	1,152
Dividend paid		7,278	10,917
Directors' fee		880	790
Share of total comprehensive income of an associated company under the equity basis of accounting		1,956	1,718
Share of Surplus on revaluation of land and buildings of associated company		222	-
<i>Other related parties</i>			
Remuneration of key management personnel	20.1	53,614	46,516
Net charge in respect of staff retirement defined benefit plans	20.2	4,872	2,694
Contribution to the provident fund	20.2	4,962	4,294
Balances with related parties:		As at 31 December 2015 (Unaudited)	As at 30 June 2015 (Audited)
<i>Associated undertakings</i>		(Rupees in '000)	
Trade debts		163,700	128,492
Creditors		2,335	-
<i>Other related parties</i>			
Retirement benefit plans - Payable		8,410	50,769
Directors' fee - Payable		750	295

- 20.1 Remuneration of key management personnel are in accordance with terms of their employment.
- 20.2 Contributions to the defined contribution plan (provident fund) are made as per the terms of employment, whereas the charge for the defined benefit plan are as per the actuarial advice.
- 20.3 Dividend income is recorded at the rates announced by the investee company. Directors' fee is recorded as per the remuneration approved by the Board of Directors.
- 20.4 Other transactions are at agreed terms.

21. 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.

22. 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 January 2016.



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director

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