

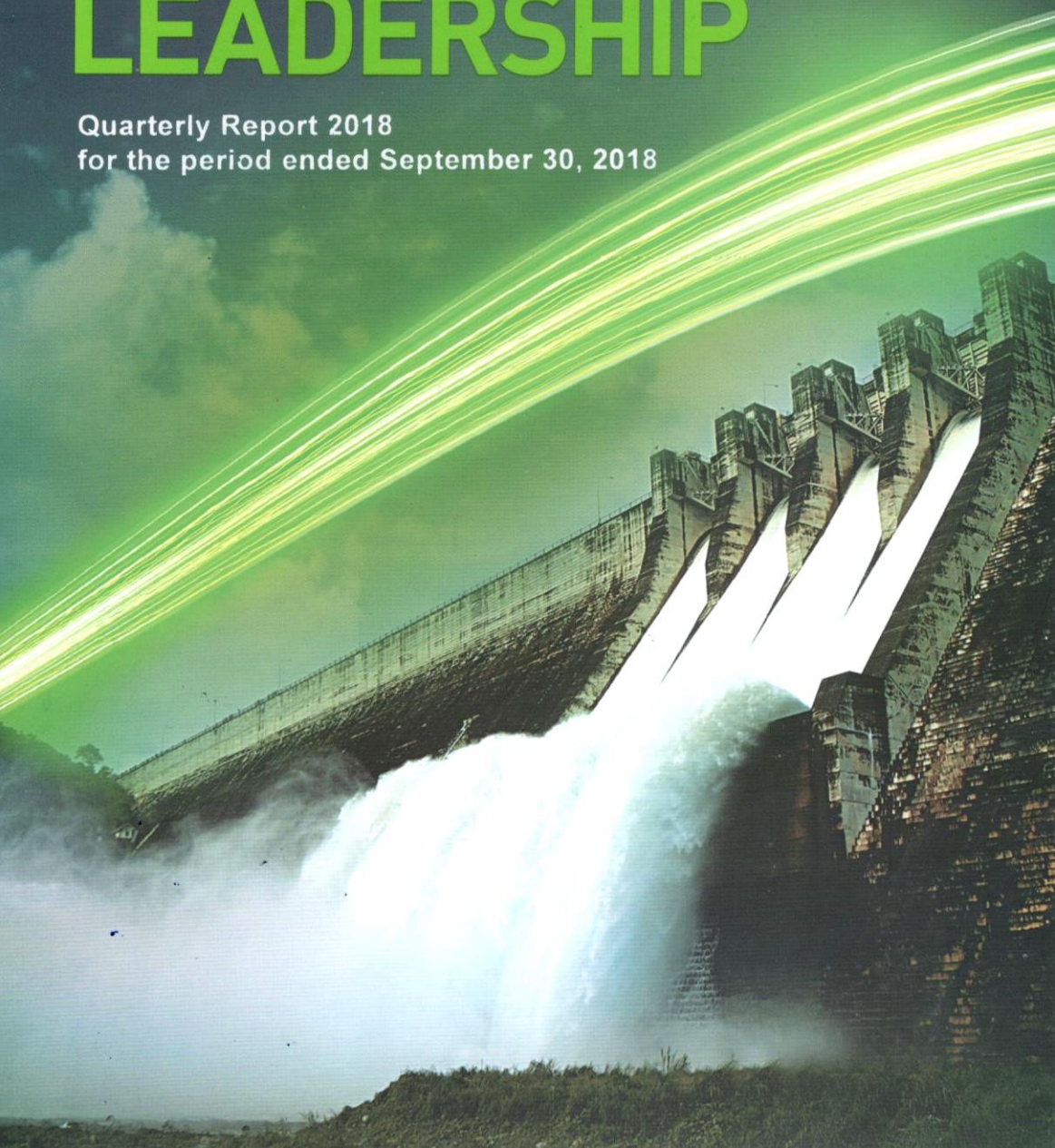


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# 65 YEARS OF LEADERSHIP

Quarterly Report 2018  
for the period ended September 30, 2018



## COMPANY INFORMATION

### Board of Directors

Mr. Mustapha A. Chinoy	Chairman
Mr. Haroun Rashid	
Mr. Roderick Macdonald	
Ms. Sadia Khan	
Mr. Saquib H. Shirazi	
Mr. Shoaib Mir	
Mr. Kamal A. Chinoy	Chief Executive
Mr. Fahd Kamal Chinoy	
Mr. Muhammad Ashfaq Alam	

### Company Secretary

Ms. Nazifa Khan

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisor

Barrister M. Jamshid Malik

### Tax Advisors

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

### Bankers

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

### Share Registrar

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

### Registered Office

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

Website: [www.pakistancables.com](http://www.pakistancables.com)

## DIRECTORS' REVIEW

Sales for the first quarter are Rs. 1.8 billion, which is 10% lower than the sales for the same period of last year. Gross profit of Rs. 235.5 million is 13.1% of sales against Rs. 292.9 million (14.7% 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. 176.2 million compared to Rs. 144.1 million in the same period of last year. The increase is mainly due to higher expenses on account of advertising and publicity. Finance cost for the quarter are Rs. 30.8 million compared to Rs. 33.1 million in the same period of last year.

As a result of the above factors, the Company ended the first quarter with a profit after tax of Rs. 30.3 million compared to Rs. 88.6 million in the same period of last year.

The country is facing an increasingly difficult economic situation, with political instability owing to the elections, high fiscal and current account deficits and low foreign exchange reserves. The rise in the international oil prices are draining the already low reserves of the country. The rising interest rates rupee depreciation and escalating energy costs are increasing the cost of doing business and could potentially impact profits. Moreover, adoption of fiscal austerity measures by the Government and cuts in the Public Sector Development Programme could result in a lower demand for wire and cable going forward.

In spite of the above uncertainties, the Company hopes to maintain sustained growth through cost control and improved efficiencies to increase productivity.

We are pleased to inform the shareholders that the Right shares issued by the company have been fully subscribed and the funds were received by the Company in July 2018.

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, 2018

## ڈائریکٹرز کا جائزہ

گذشتہ سال کے مقابلہ میں رواں سال کی پہلی سہ ماہی کے دوران سیلز 1.8 بلین روپے بحساب 10 فی صد کم ہوئی۔ گذشتہ سال میں 292.9 ملین روپے (14.7 فی صد سیلز) کے مقابلہ میں رواں سہ ماہی کے دوران 235.5 ملین روپے بحساب 13.1 فی صد مجموعی منافع درج کیا گیا۔ شرح اور رقم کے لحاظ سے مجموعی منافع میں کمی سیلز کی سطح میں کمی کی وجہ سے درج ہوا۔

فروخت، مارکیٹنگ اور انتظامی اخراجات گذشتہ سال کی اسی مدت میں 144.1 ملین روپے کے مقابلہ میں رواں برس 176.2 ملین روپے ہیں۔ یہ اضافہ تشہیر اور پبلسٹی کے اخراجات بڑھنے کی وجہ سے سامنے آیا۔ سہ ماہی کے دوران قرضوں کی لاگت گذشتہ برس کی اسی مدت میں 33.1 ملین روپے کے مقابلہ میں 30.8 ملین روپے ہے۔

مذکورہ بالا عوامل کے نتیجے میں کمپنی کی پہلی سہ ماہی میں گذشتہ سال کی اسی مدت میں 88.6 ملین روپے منافع بعد از ٹیکس کے مقابلہ میں 30.3 ملین روپے منافع بعد از ٹیکس درج کیا گیا۔

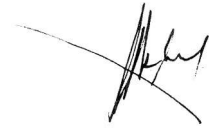
انتخابات، بلند مالیاتی اور کرنٹ اکاؤنٹ خسارہ اور زرمبادلہ کے کم ذخائر کی وجہ سے ملک بدترین معاشی بد حالی کا شکار ہے۔ تیل کی بین الاقوامی قیمتوں میں اضافہ ملک کے کم ذخائر پر مزید بوجھ ڈال رہی ہیں۔ بلند شرح سود، روپے کی قدر میں کمی اور توانائی پر بڑھتی ہوئی لاگت، کاروباری لاگت میں اضافہ کا باعث بن رہی ہے اور ممکنہ طور پر منافع پر اثر پڑے گا۔ مزید برآں، حکومت کی جانب سے کفایت شعاری کے اقدامات پر عمل درآمد اور نجی شعبہ کے ترقیاتی پروگراموں میں کمی کے باعث وائز اور کیبل کی طلب میں کمی کا اندیشہ ہے۔

مذکورہ بالا غیر یقینی کی صورت حال کے باوجود، کمپنی لاگت پر کنٹرول اور پیداوار میں بہتر کارکردگی کے ذریعے سازگار پیداوار برقرار رکھنے کے لئے پرامید ہے۔

ہم شیئر ہولڈرز کو آگاہ کرنے میں مسرت محسوس کرتے ہیں کہ کمپنی کی جانب سے جاری کئے گئے رائٹ حصص کو مکمل طور پر درج کر لیا گیا ہے اور کمپنی کو جولائی 2018ء میں اس کی مد میں رقم وصول ہوئیں۔

ڈائریکٹرز پر جائزہ مدت کے دوران کمپنی کے ملازمین اور انتظامیہ کی جانب سے کی گئی ان تھک محنت اور جذبہ کے اظہار پر اپنی مخلصانہ حوصلہ افزائی کا اظہار کرنا پسند کریں گے۔ کمپنی کے ملازمین اور بورڈ آف ڈائریکٹرز کی جانب سے ہمارے اپنے معزز صارفین، ڈسٹری بیوٹرز، ڈیلرز، بینکرز اور دیگر تمام سٹیک ہولڈرز کے کمپنی پر اعتماد اور بھروسہ کرنے پر دلجمعی سے شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



مصطفیٰ اے چنائے

چیئرمین

کراچی: 24 اکتوبر، 2018ء



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 SEPTEMBER 2018**

	<b>Note</b>	<b>(Unaudited) 30 September 2018</b>	<b>(Audited) 30 June 2018</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>(Rupees in '000)</b>			
Property, plant and equipment	4	2,270,246	2,186,084
Intangible assets		5,861	6,891
Investment in an associated company		96,862	96,926
Long-term loans receivable		5,469	5,721
Total non current assets		2,378,438	2,295,622
<b>Current assets</b>			
Stores and spares		58,699	64,264
Stock-in-trade	5	2,590,570	1,954,584
Trade debts	6	1,543,214	1,971,710
Short-term loans and advances		42,855	66,619
Short-term deposits and prepayments		48,135	50,185
Other receivables	7	97,917	9,509
Advance tax - net of provisions		297,962	185,675
Cash and bank balances	8	90,126	572,866
Total current assets		4,769,478	4,875,412
<b>Total assets</b>		<b>7,147,916</b>	<b>7,171,034</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		355,779	284,623
Advance against share capital		-	487,905
Capital reserves			
Share premium reserve		1,595,139	527,800
Surplus on revaluation of assets (land and building) - net of tax		1,101,531	1,104,333
Revenue reserves			
General reserve		1,227,000	1,138,000
Un-appropriated profit		34,589	215,336
Total shareholders' equity		4,314,038	3,757,997
<b>Non-current liabilities</b>			
Long-term loans	9	255,625	289,375
Deferred liability for staff gratuity		33,458	32,695
Other long-term employee benefits		35,051	35,051
Deferred tax liability - net		59,386	62,550
Total non current liabilities		383,520	419,671
<b>Current liabilities</b>			
Current portion of long-term loans	9	88,750	68,750
Trade and other payables	10	1,027,918	1,096,047
Loans from banking companies	11	1,165,246	1,779,139
Unclaimed dividend		23,152	23,776
Dividend payable		124,523	-
Mark-up accrued on bank borrowings		20,769	25,654
Total current liabilities		2,450,358	2,993,366
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<b>7,147,916</b>	<b>7,171,034</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	July to September 2018	July to September 2017
		(Rupees in '000)	
Net Sales		1,800,304	1,997,023
Cost of sales		(1,564,785)	(1,704,086)
<b>Gross profit</b>		<b>235,519</b>	<b>292,937</b>
Marketing, selling and distribution costs	13	(103,724)	(85,448)
Administrative expenses	14	(72,500)	(58,608)
		(176,224)	(144,056)
Finance costs		(30,799)	(33,142)
Other expenses	15	(2,718)	(8,746)
		(33,517)	(41,888)
Other income		6,414	5,679
Share of profit from associate		4,065	3,635
<b>Profit before income tax</b>		<b>36,257</b>	<b>116,307</b>
Taxation		(5,916)	(27,675)
<b>Profit for the period</b>		<b>30,341</b>	<b>88,632</b>
		(Rupees)	
			(Restated)
<b>Earnings per share - basic and diluted</b>	16	<b>0.85</b>	<b>2.90</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	July to September 2018	July to September 2017
	(Rupees in '000)	
Profit after tax for the period	30,341	88,632
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to statement of profit and loss account</i>		
Share of other comprehensive income / (loss) from the associated company	(270)	(151)
Total comprehensive income - transferred to statement of changes in equity	<u>30,071</u>	<u>88,481</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	30 September 2018	30 September 2017
<b>(Rupees in '000)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	17	(209,955)	(360,137)
Gratuity paid		(465)	(558)
Finance costs paid		(35,684)	(24,190)
Taxation - net		(121,350)	13,932
Long-term loans receivable		252	(2,480)
Net cash flows from operating activities		(367,202)	(373,433)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(138,521)	(58,888)
Proceeds from disposal of fixed assets		658	81
Net cash flows of investing activities		(137,863)	(58,807)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term loans		(13,750)	(9,375)
Net (decrease) / increase in short-term borrowings		(621,131)	266,370
Proceeds against subscription of right shares		650,590	-
Dividends paid		(622)	(21,922)
Net cash flows from financing activities		15,087	235,073
Net decrease in cash and cash equivalents		(489,978)	(197,167)
Cash and cash equivalents at beginning of the year		80,250	(245,999)
Cash and cash equivalents at end of the period	18	(409,728)	(443,166)

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Share capital	Advance against share capital	Capital Reserves		Revenue Reserves		Total
			Share premium reserve	Surplus on Revaluation of assets - Net of tax (Rupees in '000)	General reserve	Unappropriated Profit	
Balance as at 01 July 2017	284,623	-	527,800	1,103,112	926,000	270,023	3,111,558
Total comprehensive income for the period from July 2017 to September 2017	-	-	-	-	-	88,481	88,481
Transfer to general reserve for the year ended 30 June 2017	-	-	-	-	212,000	(212,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	(2,667)	-	2,667	-
Share of surplus on revaluation of land and building of the associated company recognized during 01 July 2017 to 30 September 2017	-	-	-	(91)	-	-	(91)
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended 30 June 2017 @ Rs. 2.00 per share	-	-	-	-	-	(56,925)	(56,925)
Balance as at 30 September 2017	284,623	-	527,800	1,100,354	1,138,000	92,246	3,143,023
Balance as at 01 July 2018	284,623	487,905	527,800	1,104,333	1,138,000	215,336	3,757,997
Total comprehensive income for the period from July 2018 to September 2018	-	-	-	-	-	30,071	30,071
Transfer to general reserve for the year ended 30 June 2018	-	-	-	-	89,000	(89,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	(2,705)	-	2,705	-
Share of surplus on revaluation of land and building of the associated company recognized during 01 July 2018 to 30 September 2018	-	-	-	(97)	-	-	(97)
Right shares 7,115,594 issued at the rate 160 per share (Rs. 10 par value and Rs. 150 premium per share)	71,156	(487,905)	1,067,339	-	-	-	650,590
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended 30 June 2018 @ Rs. 3.50 per share	-	-	-	-	-	(124,523)	(124,523)
<b>Balance as at 30 September 2018</b>	<b>355,779</b>	<b>-</b>	<b>1,595,139</b>	<b>1,101,531</b>	<b>1,227,000</b>	<b>34,589</b>	<b>4,314,038</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

**1. INTRODUCTION**

The Pakistan Cables Limited ("the Company") was incorporated in Pakistan as a private limited company on 22 April 1953 and in 1955 it was converted into a public limited company in which year it also obtained a listing on the Pakistan Stock Exchange. The Company is engaged in the manufacturing of copper rods, wires, cables and conductors, aluminium extrusion profiles and PVC compounds.

The registered office of the Company is situated at 11.15 acres of land at B/21, S.I.T.E., Karachi, Pakistan and head office of the Company is situated at 1st Floor, Arif Habib Centre, 23 M. T. Khan Road, Karachi, Pakistan.

**2. BASIS OF PRESENTATION**

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

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

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

- 2.1** These condensed interim financial statements are unaudited and are being submitted to the share holders as required section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. These condensed interim financial statements comprise of the statement of financial position as at 30 September 2018 and statement of profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the three months period ended 30 September 2018.
- 2.2** The comparative statement of financial position presented in these condensed interim financial statements as at 30 June 2018 has been extracted from the audited financial statements of the Company for the year ended 30 June 2018, whereas the comparative statement of profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the three months period ended 30 September 2017 have been extracted from the unaudited condensed interim financial statements for the period then ended.
- 2.3** These condensed interim financial statement does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2018.
- 2.4** These condensed interim financial statements are presented in Pakistan Rupee which is also the Company's functional currency and all financial statements presented in Pakistani rupee have been rounded off to the nearest thousand, unless otherwise stated.

**3. 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 2018.

**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 2018.

#### 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 2018	30 September 2017
		(Rupees in '000)	
Additions		138,521	58,888
Disposals (cost)		(1,433)	(118)
	Note	(Unaudited) 30 September 2018	(Audited) 30 June 2018
		(Rupees in '000)	
<b>5. STOCK-IN-TRADE</b>			
Raw materials [including Rs. 143.98 million in transit (30 June 2018 : Rs. 24.10 million)]	5.1	1,077,116	878,375
Work-in-process	5.2	594,385	503,424
Finished goods	5.2	840,740	523,037
Scrap		78,329	49,748
		<u>2,590,570</u>	<u>1,954,584</u>
<b>5.1</b> Raw material includes slow moving items carried at Rs. Nil (30 June 2018: Nil) as against their cost of Rs. 25.46 million (30 June 2018: Rs. 25.46 million).			
<b>5.2</b> Work-in-process and finished goods include slow moving items aggregating Rs. 7.90 million (30 June 2018: Rs. 17.25 million) and Rs. 22.20 million (30 June 2018: Rs. 23.21 million) respectively stated at their net realizable values against their cost of Rs. 8.90 million (30 June 2018: Rs. 18.24 million) and Rs. 44.40 million (30 June 2018: Rs. 38.68 million) respectively.			
<b>5.3 Provision against raw material</b>			
Balance as at 01 July		25,456	26,491
Reversal during the period - net		-	(1,035)
Balance as at 30 September		<u>25,456</u>	<u>25,456</u>
<b>6. TRADE DEBTS</b>			
<b>Unsecured and non-interest bearing</b>			
Considered good		1,543,214	1,971,710
Considered doubtful		48,055	47,914
		<u>1,591,269</u>	<u>2,019,624</u>
Provision for doubtful trade debts		(48,055)	(47,914)
		<u>1,543,214</u>	<u>1,971,710</u>
<b>7. OTHER RECEIVABLES</b>			
<b>Unsecured and non-interest bearing</b>			
<b>Considered good</b>			
Sales tax receivable		93,624	9,344
Dividend receivable from related party		3,744	-
Commission receivable from insurance company		384	-
Others		165	165
		<u>97,917</u>	<u>9,509</u>
<b>8. CASH AND BANK BALANCES</b>			
With banks - in current accounts (non-interest bearing)		74,680	557,447
- in profit and loss sharing account (interest bearing)		15,007	15,112
Cash in hand		439	307
		<u>90,126</u>	<u>572,866</u>

	(Unaudited) 30 September 2018	(Audited) 30 June 2018
<b>9. LONG TERM LOANS - secured</b>	<b>(Rupees in '000)</b>	
Loan from conventional financial institutions	344,375	358,125
Current portion shown under current liabilities	(88,750)	(68,750)
	<u>255,625</u>	<u>289,375</u>

- 9.1** Long term loans have been obtained for the purpose of capital expenditure and are secured against hypothecation of specific items of plant and machinery. Rate of mark-up on the loans at the period-end ranged between 7.16% to 8.70% per annum (30 June 2018: 6.59% to 7.16% per annum) at 6 months KIBOR plus 0.10% / 0.60% / 0.65% per annum. These loans are for five years from the date of disbursement and are repayable in eight half yearly equal principal instalments of Rs. 6.25 million, Rs. 9.38 million, Rs. 14.38 million, Rs. 4.38 million and Rs. 20.00 million commencing from 06 November 2016, 09 August 2017, 24 November 2017, 22 February 2018 and 21 August 2019 respectively. Total facility available to the Company under the above arrangement amounted to Rs. 600 million of which the amount remaining unutilized as at 30 September 2018 was Rs.165 million (30 June 2018: Total facility available of Rs. 600 million of which the amount unutilized as at 30 June 2018 was Rs. 165 million).

Above loans are secured against hypothecation charge of Rs. 580 million over the specific plant, machinery and equipment of the Company.

	Note	(Unaudited) 30 September 2018	(Audited) 30 June 2018
<b>10. TRADE AND OTHER PAYABLES</b>		<b>(Rupees in '000)</b>	
Creditors		149,349	175,743
Accrued expenses		275,467	317,079
Advances from customers		319,196	333,927
Provision for import levies		231,344	221,865
Security deposits from distributors and employees	10.2	14,839	15,104
Payable to staff provident fund - related party		3,554	2,829
Payable to staff pension fund - related party		20,688	18,586
Workers' profit participation fund		1,947	1,073
Workers' welfare fund		6,866	6,124
Withholding income tax payable		4,122	2,738
Others		546	979
		<u>1,027,918</u>	<u>1,096,047</u>

- 10.1** All the above liabilities are non-interest bearing except as disclosed in note 10.2 below:

**10.2 Security deposits from distributors and employees**

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

Deposits from distributors	5,973	5,973
Deposits from employees	8,866	9,131
	<u>14,839</u>	<u>15,104</u>

- 10.2.1** This includes security deposit from distributors under mark-up arrangements amounting to Rs. 5.0 million (30 June 2018: Rs. 5.0 million) and carries mark-up at 6% per annum.

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

	Note	(Unaudited) 30 September 2018 (Rupees in '000)	(Audited) 30 June 2018
<b>11. LOANS FROM BANKING COMPANIES</b>			
<b>Secured</b>			
Running musharka under Shariah arrangements		33,972	101,548
Running finance under mark-up arrangements		465,882	391,068
Running finance from banks	11.1	499,854	492,616
Short term finances under mark-up arrangements	11.2	665,392	1,278,966
Export refinance under mark-up arrangements	11.3	-	7,557
		<u>1,165,246</u>	<u>1,779,139</u>
<b>11.1 Running finance from banks</b>			
Running Musharaka under Shariah arrangement carries mark-up at 8.41% per annum (30 June 2018: 6.90% per annum) and the available facility is Rs. 400 million. At 30 September 2018, the facility unutilised was Rs. 366 million.			
The Company has also arranged short-term running finance facilities under mark-up arrangements from certain banks. Overall facility for these running finances under mark-up arrangements amounts to Rs. 2,550 million (30 June 2018: Rs. 2,408 million). Rate of mark up on these running finance facilities under mark-up arrangements ranges between 7.08% to 9.01% net of prompt payment rebate (30 June 2018: 6.65% to 7.92% per annum). These facilities will expire between 30 September 2018 to 30 June 2019 and are renewable.			
<b>11.2 Short term finances under mark-up arrangement</b>			
The amount outstanding against the short term finance facilities as at 30 September 2018 amounted to Rs. 665.39 million (30 June 2018: Rs. 1,278.97 million) against the available facilities of Rs. 3,185 million (30 June 2018: 3,203 million). This includes facilities earmarked out of the total running finance facilities for Rs. 1,745.0 million obtained from these banks and letter of credit facilities of Rs. 240.40 million. Mark-up on term finance is agreed at each disbursement and as at 30 September 2018, it ranged between 6.54% to 8.45% per annum (30 June 2018: 6.45% to 7.13% per annum). These are payable latest by 09 October 2018.			
<b>11.3 Export refinance under mark-up arrangements</b>			
The amount outstanding against the export refinance facility as at 30 September 2018 available from banks was Rs. Nil (30 June 2018 : Rs. 7.56 million). Rate of mark-up on export refinance facility is Nil (30 June 2018: 3.00%).			
<b>11.4 Other facilities</b>			
Facility for opening letters of credit and guarantees as at 30 September 2018 amounted to Rs. 2,935 million including Rs. 775 million relating to the guarantees (30 June 2018: Rs 2,817 million including Rs. 817 million relating to guarantees) of which the amount remaining unutilized as at that date was Rs. 2,500 million, including Rs. 427 million relating to the guarantees (30 June 2018: Rs. 2,323 million including Rs. 360 million relating to guarantees).			
<b>11.5 Securities</b>			
These above arrangements are secured by way of joint pari passu hypothecation over stocks, stores and spares and present and future trade debts of the company of Rs. 5,625 million.			
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
<b>12.1 Contingencies</b>			
a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 5.65 million (30 June 2018: Rs. 9.41 million) against partial exemption of import levies.			
b) Bank guarantees amounting to Rs. 348 million (30 June 2018: Rs. 457 million) have been given to various parties for contract performance, tender deposits, import levies, etc.			
<b>12.2 Commitments</b>			
a) Aggregate commitments for capital expenditure as at 30 September 2018 amounted to Rs. 147.73 million (30 June 2018: Rs. 36.51 million).			
b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 September 2018 amounted to Rs. 79.23 million (30 June 2018: Rs. 14.70 million). These are in respect of the letters of credit opened before the year end but no shipment by then had been made.			

		<b>Three months period ended</b>	
		<b>30 September 2018</b>	<b>30 September 2017</b>
<b>13. MARKETING, SELLING AND DISTRIBUTION COSTS</b>		<b>(Rupees in '000)</b>	
Salaries, wages and benefits	<b>33,340</b>	25,868	
Rent, rates and taxes	<b>4,507</b>	3,167	
Commission	<b>738</b>	-	
Repairs and maintenance	<b>362</b>	509	
Communication and stationary	<b>915</b>	1,101	
Training, travelling and entertainment	<b>5,234</b>	4,108	
Advertising and publicity	<b>30,882</b>	16,595	
Carriage and forwarding expenses	<b>22,161</b>	28,714	
Depreciation	<b>2,857</b>	2,451	
Subscriptions	<b>509</b>	686	
Insurance	<b>408</b>	451	
Other expenses	<b>1,811</b>	1,798	
	<b>103,724</b>	85,448	
<b>14. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	<b>46,807</b>	39,077	
Office rent	<b>1,718</b>	633	
Insurance	<b>240</b>	598	
Donations	<b>-</b>	600	
Repairs and maintenance	<b>2,280</b>	1,916	
Legal and professional	<b>7,707</b>	1,928	
Auditors' remuneration	<b>551</b>	405	
Communication and stationary	<b>4,300</b>	2,588	
Provision for doubtful trade debts	<b>141</b>	3,961	
Training, travelling and entertainment	<b>1,926</b>	1,354	
Depreciation	<b>2,427</b>	2,534	
Amortization	<b>680</b>	1,440	
Other expenses	<b>3,723</b>	1,574	
	<b>72,500</b>	58,608	
<b>15. OTHER EXPENSES</b>			
Workers' profits participation fund	<b>1,947</b>	6,245	
Workers' welfare fund	<b>742</b>	2,337	
Liquidated damages for late deliveries	<b>29</b>	164	
	<b>2,718</b>	8,746	
<b>16. EARNINGS PER SHARE - basic and diluted</b>			
Profit after taxation	<b>30,341</b>	88,632	
		<b>(Number of shares)</b>	
Weighted average number of ordinary shares outstanding during the period	<b>35,578</b>	(Restated) 30,553	
		<b>(Rupees)</b>	
Earnings per share - basic and diluted	<b>0.85</b>	(Restated) 2.90	



17. CASH USED IN OPERATIONS	Three months period ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Profit before taxation	36,257	116,307
Adjustments for non cash charges and other items:		
- Depreciation	54,359	50,943
- Amortization	1,030	1,440
- Provision for staff gratuity	1,227	1,046
- Gain on disposal of fixed assets	(658)	(69)
- Share of profit from associate	(4,065)	(3,635)
- Finance costs	30,799	33,142
Working capital changes:		
(Increase) / decrease in current assets		
- Stores and spares	5,565	4,429
- Stock-in-trade	(635,986)	(368,085)
- Trade debts	428,496	(33,993)
- Short-term loans and advances	23,764	(22,466)
- Short term deposits and payments	2,050	(9,186)
- Other receivables - net	(84,664)	(22,801)
	(260,775)	(452,102)
Increase / (decrease) in current liabilities		
Trade and other payables	(68,129)	(107,209)
	(328,904)	(559,311)
	<u>(209,955)</u>	<u>(360,137)</u>
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	90,126	48,156
Running finance from banks	(499,854)	(491,322)
	<u>(409,728)</u>	<u>(443,166)</u>
19. TRANSACTIONS WITH RELATED PARTIES		
Parties which are related to the Company in pursuit of IAS 24 'Related Party Disclosures' including associates, staff retirement benefit plans and key management personnel are considered for disclosure of related party transactions.		

## Transactions with related parties:

Name of the related party	Relationship and percentage shareholding	Transactions during the quarter and quarter-end balances	Three months period ended	
			30 September 2018	30 September 2017
			(Rupees in '000)	
Intermark (Pvt) Limited	Associate	Sale of goods	110,398	195,706
		Amount due at the quarter end	135,283	155,564
International Industries Limited	Associate	Sale of goods	3,211	620
		Purchase of goods, services & materials	1,198	53
		Sharing of rental office expenses	141	116
		Dividend receivable	3,744	1,152
		Proportionate share of changes in equity	3,795	3,484
		Amount due at the quarter end	778	724
International Steels Limited	Associate	Sale of goods	3,262	3,128
		Amount due at the quarter end	1,869	3,155
MCB Bank Limited	Common directorship	Repayments (net)	31,626	-
		Bank service charges & mark-up	4,300	-
Cherat Cement Company Limited	Common directorship	Sale of goods	913	-
		Amount due at the quarter end	1,068	-
Atlas Autos (Private) Limited	Common directorship	Sale of goods	2,130	4,532
		Amount due at the quarter end	2,350	-
Atlas Power Limited	Common directorship	Sale of goods	61	-
Atlas Honda Limited	Common directorship	Sale of goods	11,865	5,015
		Purchase of goods, services & materials	192	63
		Amount due at the quarter end	9,561	5,270
ICI Pakistan Limited	Common directorship	Sale of goods	-	30,752
		Amount due at the quarter end	-	5
Pakistan Cables Limited - Staff Provident Fund	Staff retirement benefit plans	Net charge in respect of Staff retirement benefit plan	4,194	3,540
		Retirement benefit plans (net)-Payable	3,554	3,010
Pakistan Cables Limited - Staff Pension Fund	Staff retirement benefit plans	Net charge in respect of Staff retirement benefit plans	2,102	838
		Retirement benefit plans (Payable)/ Receivable-(net)	(20,688)	26,774
Board of Directors (executive and non-executive) and Key Management Personnel	Key management personnel	Remuneration	49,301	47,309
		Directors' fees	700	550
		Loan receivable from the executive director (including interest)	567	949
		Director' fee payable	250	450

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

**20. 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 2018.

**21. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 24 October 2018 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

**Head Office:**

Arif Habib Center, 1st Floor,  
23 MT Khan Road, Karachi.

UAN: 021-111-CABLES (222 537)

Email: [info@pakistancables.com](mailto:info@pakistancables.com)

**Pakistan Cables Limited**

B-21, Pakistan Cables Road,  
SITE, PO Box 5050, Karachi - 75700  
Tel No: 021-32561170-75

**[www.pakistancables.com](http://www.pakistancables.com)**