

CORPORATE INFORMATION

Board of Directors

Chairman / Chief Executive	Raza Abdul Aziz Al- Raee
Director	Aijaz Abdul Aziz Al- Raee
Director	Riyadh Abdul Aziz Al- Raee
Director	Rabia Barkat Ali
Director	Abdullah Raza Al- Raee
Director	Sumiah Saeedurrehman
Director	Asma Hafeez Al- Raee

Company Secretary	Muhammad Azhar Jamali
Chief Financial Officer	Aftab Safder Cheema

Audit Committee

Chairman	Aijaz Abdul Aziz Al-Raee
Member	Riyadh Abdul Aziz Al-Raee
Member	Rabia Barkat Ali
Secretary	Aftab Safder Cheema

Auditors	Rehman Sarfraz Rahim Iqbal Rafiq & Co Chartered Accountants, Karachi.
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Bankers	KASB Bank Limited NIB Bank Limited Soneri Bank Limited Bank Alfalah Limited
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Office	E-3, Block – 17, Al- Raee Avenue, Behind National Stadium, Gulshan-e- Iqbal, Karachi. UAN: 111-111-905 Tel: +92 21 4802940-1 Fax: +92 21 4802943 Email: info@ptclcables.com URL: www.ptclcables.com
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Registered Office/Factory	18 th Mile RCD Highway 27/3/2 Mouza Bairut, Tehsil Hub District Lasbella Baluchistan. Tel: +92 853 303388, 302331 Fax: +92 853 303389 Email: info@ptclcables.com
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DIRECTORS' REPORT

On behalf of Board of Directors' I am presenting the performance of the Company and Financial Statements (un-audited) for the half year ended December 31, 2007 along with review report to members from auditors.

The sales for the period under review are Rs. 553.64 million compared to Rs. 176.90 million corresponding period last year i.e. three time more than last year. It was attained by constant production and supply of cables to Pakistan Telecommunication Company Limited (PTCL), Islamabad and others buyers whereas, last year the situation was reverse.

The gross profit accordingly has increased to 7.45% as new contract were signed with better margin of profit. The administration, selling expenses and financial cost have been controlled.

Thus, the company earned profit after taxation Rs. 6.66 million. The Directors have decided to announce 5% (Rs. 0.50 per share) interim cash dividend to shareholders of the Company and have forgone their right of dividend i.e. 62.38% to accommodate shareholders in the profit.

For future prospect, we have orders for supply of cables for Rs. 230.354 million to various customers in the remaining financial year 2007-08 and we hope to get better result in the future.

In addition to this, we are pleased to report that there are different tenders worth Rs. 303.677 million in Pipe Lines for supply of cables to PTCL, SCO and others.

We would like to express our gratitude to the company's valued customers, bankers and all other partners for their support and the confidence reposed in us.

For and on behalf of the Board

RAZA ABDUL AZIZ AL-RAEE
Chief Executive

Karachi: February 27, 2008

Independent Auditor's Report

On Review of Condensed Interim Financial Information to the Members

We have reviewed the accompanying balance sheet of Pakistan Telephone Cables Limited as at December 31, 2007 and the related interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss accounts for the quarters ended December 31, 2007 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist 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 then 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.

Based on our review, with the exception of effect of the matters stated in note 7 and note 8, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of entity as at December 31 2007, and of its financial performance and its cash flows for the half year period then ended in accordance with the approved accounting standards as applicable in Pakistan.

Karachi
Dated: 27-02-2008

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

PAKISTAN TELEPHONE CABLES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2007

	Notes	Unaudited December 31, 2007 Rupees	Audited June 30, 2007 Rupees		Notes	Unaudited December 31, 2007 Rupees	Audited June 30, 2007 Rupees
<u>EQUITY AND LIABILITIES</u>				<u>ASSETS</u>			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
AUTHORIZED CAPITAL		220,000,000	220,000,000	Property, plant and equipment	7	333,427,968	349,927,840
				Intangible asset		882	1,073
				Capital work in progress		10,441,787	6,500,121
				Long term security deposits		3,388,550	4,115,298
Issued, subscribed and paid-up							
21,000,000 Ordinary shares of Rs.10 each.		210,000,000	210,000,000				
Accumulated loss		(64,313,176)	(78,666,817)				
		145,686,824	131,333,183				
Surplus on Revaluation of Fixed Assets		115,986,308	120,988,879				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term loan from director		48,837,176	39,743,316	Stores, spares and loose tools		7,696,878	6,178,746
Liabilities against assets subject to finance lease		8,065,551	10,857,120	Stock in trade		223,830,328	188,791,295
Deferred liabilities	4	57,965,294	63,656,844	Trade debts - secured considered good	8	100,616,106	68,035,979
CURRENT LIABILITIES				Loans and advances		24,349,758	13,338,254
Trade and other liabilities	5	225,793,490	186,647,692	Trade deposits and prepayments		6,182,260	5,455,827
Accrued markup		2,415,183	4,307,567	Interest accrued		1,418,473	1,418,473
Short term borrowings		117,313,309	87,514,712	Other receivables		10,129,007	6,758,150
Current portion of non-current liabilities		5,832,057	7,337,968	Advance tax		4,954,005	3,660,417
Taxation		5,608,269	4,619,663	Cash and bank balances		7,067,459	2,825,471
		356,962,308	290,427,602			386,244,274	296,462,612
COMMITMENT	6						
		733,503,461	657,006,944			733,503,461	657,006,944

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN TELEPHONE CABLES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Notes	<u>HALF YEAR ENDED DECEMBER 31,</u>		<u>QUARTER ENDED DECEMBER 31,</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Sales		553,639,916	176,901,579	329,337,505	139,078,216
Cost of goods sold	9	(512,374,756)	(175,234,281)	(305,717,633)	(132,256,798)
Gross profit		41,265,160	1,667,298	23,619,872	6,821,418
Administrative expenses		13,330,925	11,963,972	6,729,575	6,243,958
Selling and distribution cost		4,525,097	1,377,154	2,742,495	1,252,152
		(17,856,022)	(13,341,126)	(9,472,070)	(7,496,110)
		23,409,138	(11,673,828)	14,147,802	(674,692)
Finance cost		13,643,440	13,630,899	9,654,931	11,249,940
Other operating charges		75,000	75,000	75,000	75,000
		(13,718,440)	(13,705,899)	(9,729,931)	(11,324,940)
		9,690,698	(25,379,727)	4,417,871	(11,999,632)
Other income		-	3,277,163	-	1,745,073
		9,690,698	(22,102,564)	4,417,871	(10,254,559)
Workers' Profit Participation Fund		(484,535)	-	(484,535)	-
Profit/(Loss) before taxation		9,206,163	(22,102,564)	3,933,336	(10,254,559)
Provision for taxation					
- Current		5,608,269	884,508	3,762,780	695,391
- Prior		(1,217,150)	-	(1,217,150)	-
- Deferred		(1,842,337)	(817,964)	(174,208)	(611,006)
		(2,548,782)	(66,544)	(2,371,422)	(84,385)
Profit/(loss) after taxation		6,657,381	(22,169,108)	1,561,914	(10,338,944)
Earning /(loss) per share-basic and diluted		0.32	(1.06)	0.07	(0.49)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN TELEPHONE CABLES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	<u>HALF YEAR ENDED DECEMBER 31,</u>	
	<u>2007</u>	<u>2006</u>
	<u>Rupees</u>	<u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	9,206,163	(22,102,564)
Adjustment for :		
Depreciation	16,660,311	18,578,286
Finance cost	13,643,440	13,630,899
Amortization of intangible assets	251	429
Other income	-	(3,277,163)
	30,304,002	28,932,451
Operating profit before working capital changes	39,510,165	6,829,887
Changes in working capital		
(Increase)/ Decrease in current assets		
Stores, spares and loose tools	(1,518,132)	203,296
Stock-in-trade	(35,039,033)	(14,725,668)
Trade debts	(32,580,127)	(8,928,018)
Loans and advances	(11,011,504)	(22,064,316)
Trade deposits and prepayments	(726,433)	194,735
Other receivables	(3,370,857)	(8,967,818)
	(84,246,086)	(54,287,789)
Increase/(decrease) in current liabilities		
Trade and other payables	38,965,652	5,479,312
Cash used in operations	(5,770,269)	(41,978,590)
Taxes paid	(4,515,955)	(5,282,397)
Gratuity paid	(1,155,523)	(403,605)
Finance cost paid	(15,535,824)	(11,836,876)
	(21,207,302)	(17,522,878)
Net cash used in operating activities	(26,977,571)	(59,501,468)

HALF YEAR ENDED DECEMBER 31,

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure

Long term security deposits

Net cash used in investing activities

2007	2006
<u>Rupees</u>	<u>Rupees</u>
(4,102,166)	(10,024)
726,748	-
(3,375,418)	(10,024)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term finance obtained

Payment of long term lease liability

Net cash from/used in financing activities

9,093,860	1,505,000
(4,297,480)	(3,020,249)
4,796,380	(1,515,249)

Net (decrease) in cash and cash equivalents

(25,556,609)	(61,026,741)
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Cash and cash equivalents at the beginning of the year

(84,689,241)	(85,032,681)
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Cash and cash equivalents at the end of the year

(110,245,850)	(146,059,422)
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Cash and cash equivalents comprise:

Cash and bank balances

Short term borrowings

7,067,459	16,404,406
(117,313,309)	(162,463,828)
(110,245,850)	(146,059,422)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN TELEPHONE CABLES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Share Capital	Accumulated Loss	Total
Balance as at July 01, 2006	210,000,000	(82,299,921)	127,700,079
Loss for the half year ended December 31, 2006		(22,169,108)	(22,169,108)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the half year		8,551,400	8,551,400
Balance as at December 31, 2006	210,000,000	(95,917,629)	114,082,371
Balance as at July 01, 2007	210,000,000	(78,666,817)	131,333,183
Profit for the half year ended December 31, 2007	-	6,657,381	6,657,381
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the half year	-	7,696,260	7,696,260
Balance as at December 31, 2007	210,000,000	(64,313,176)	145,686,824

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 STATUS AND NATURE OF BUSINESS

The company was incorporated on June 08, 1983 as a public limited company under the Companies Ordinance, 1984 and is quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 18th Mile RCD Highway 27/3/2, Mouza Bairut, Tehsil Hub, District Lasbella, Baluchistan. The principal activity of the company is manufacturing and selling of telecommunication cables mainly to Pakistan Telecommunication Company Limited.

2 STATEMENT OF COMPLIANCE AND BASIS OF MEASUREMENT

2.1 Basis of preparations

These unaudited financial statements are subject to limited scope review by the auditors and are submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards-34 (Interim Financial Reporting) as applicable in Pakistan.

2.2 Basis of measurement

These unaudited financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery and electric generator which are stated at revalued amounts and measurement of certain financial instruments at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2007.

- 4** This includes gratuity payable to staff on retirement which has been calculated in accordance with the actuarial valuation report reference number L-2411/07 dated October 24, 2007 prepared by Nauman Associates.

5 TRADE AND OTHER PAYABLES	Notes	December 31, 2007 Rupees
Creditors		145,705,407
Accrued liabilities	5.1	13,583,432
Associated undertaking	5.2	39,189,460
Workers' Profit Participation Fund	5.3	22,940,378
Unclaimed dividend		2,169,073
Withholding tax		183,367
Sales tax		2,022,373
		<u>225,793,490</u>

- 5.1** This includes rentals payable to the Chief Executive amounting to Rs.2.80 million (June 30, 2007 : Rs.2.80 million).

- 5.2** This includes payable to Mr. Raza Al-Raee, Chief Executive, against acquisition of Al-Raee House amounting to Rs.14.25 million (June 30, 2007 : Rs.14.25 million) and Rs.24.93 million (June 30, 2007 : Rs.Nil) payable to Agro Oil Extraction Industries Limited .

**December 31,
 2007
 Rupees**

5.3 Workers' Profit Participation Fund

Balance as at July 01,	21,604,583
Interest accrued during the period	851,260
	22,455,843
Allocated during the period	484,535
	22,940,378

The Company has complied with the requirement of Companies (Workers' Participation) Act, 1968 by constituting Workers' Profit Participation Fund vide registered trust deed number 2253 executed on November 26, 2007. However the amount of fund and interest accrued thereon to date will be transferred to the aforementioned Fund for distribution among entitled employees in the next quarter.

6 COMMITMENT

Bank guarantee in respect of contracts for supply to customers as at December 31, 2007 amounting to Rs.128.33 million (June 30, 2007: Rs. 101.29 million).

7 PROPERTY, PLANT AND EQUIPMENT

Addition and disposal to property, plant and equipment during the period amounted to Rs.160,500/- and nil, respectively.

It includes property owned by the Chief Executive of the Company who entered into sale agreement with the Company in respect of the said property. Out of the agreed sale price of the property amounting to Rs.52.5 million, the Company paid an amount of Rs.38.25 million to the seller in year 2006. Balance consideration of Rs.14.25 million is to be paid against execution of conveyance deed by the seller in favour of the Company for transfer of title of the property to the Company which is expected to be completed by June 2008. The possession of the property is with the Company and used as its office premises.

8 TRADE DEBTS

Debtors balances include an amount of Rs. 14.7 million due from Pakistan Telecommunication Company Limited (PTCL) having deducted by the said customer during prior years on account of late deliveries.

The management of the Company is of the opinion that the above amount will be recovered by them because delays have been caused by reasons beyond their control. It has accordingly submitted its application to PTCL for regularizing the late deliveries and refund of the amount so deducted. No provision has been made against the said amount in view of the fact that PTCL had previously decided matters of refunds on similar grounds.

HALF YEAR ENDED DECEMBER 31,

	Notes	2007 Rupees	2006 Rupees
9 COST OF GOODS SOLD			
Manufacturing expenses			
Raw material consumed	9.1	496,933,086	150,986,077
Packing material consumed	9.2	11,000,036	1,209,506
Store and spares consumed		1,399,005	385,674
Fuel, power and light		15,131,873	6,233,702
Salaries, wages and other benefits		11,231,914	4,739,158
Rent, rates and taxes		101,800	129,600
Insurance		316,687	179,914
Repairs and maintenance		2,163,791	449,566
Vehicles running		1,326,145	776,780
Printing and stationery		391,486	201,012
Telephone expenses		33,000	34,320
Depreciation		13,152,300	14,555,118
Others		708,223	415,461
		553,889,346	180,295,888
Work in process			
Opening stock		122,569,065	62,163,582
Closing stock		(164,083,655)	(67,225,189)
		(41,514,590)	(5,061,607)
Cost of goods manufactured		512,374,756	175,234,281
Finished goods			
Opening stock		-	-
Closing stock		-	-
		-	-
		512,374,756	175,234,281
9.1 Raw material consumed :			
Opening stock of raw material		60,622,350	66,308,519
Raw materials purchases		496,965,038	161,514,144
		557,587,388	227,822,663
Scrap sales		(3,993,247)	(490,442)
Closing stock of raw material		(56,661,055)	(76,346,144)
		496,933,086	150,986,077
9.2 Packing material consumed :			
Opening stock of packing material		5,599,880	6,780,967
Packing materials purchases		8,485,774	835,942
		14,085,654	7,616,909
Closing stock of packing material		(3,085,618)	(6,407,403)
		11,000,036	1,209,506

10 RELATED PARTY TRANSACTIONS

Related parties comprises parent, subsidiary and associated companies, major shareholders, directors, companies with common directorship, key management staff and employees.

During the year company has under taken following transaction with its associated under taking which were entered into at arm's length prices using the comparable uncontrolled valuation method other than remuneration and benefits to executives under the terms of their employment.

**December 31,
 2007
 Rupees**

Maximum balances due from / (to) at any month end

The Plaza and companies (Private) Limited	806,450
The Chief Executive-Mr.Raza Al-Raee	(49,139,316)
Agro Oil Extraction Industries Limited	(24,934,552)

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors at their meeting held on February 27, 2008.

12 POST BALANCE SHEET EVENT

The Board of Directors in their meeting held on February 27, 2008 have proposed an interim cash dividend of 0.5 paisa per share. 13,099,072 shares held by the Directors are not eligible for the said dividend entitlement.

13 GENERAL

Figures have been rounded off to nearest rupee.

CHIEF EXECUTIVE

DIRECTOR