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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN / CHIEF EXECUIVE
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

RAZA ABDUL AZIZ AL-RAEE
AIJAZ ABDUL AZIZ AL-RAEE
RIYADH ABDUL AZIZ AL-RAEE
RABIA BARKAT ALI
MUHAMMAD KASHIF
SUMIAH SAEED-UR-REHMAN
ASMA HAFEEZ

AUDIT COMMITTEE

CHAIRMAN

AIJAZ ABDUL AZIZ AL-RAEE
RIYADH ABDUL AZIZ AL-RAEE
RABIA BARKAT ALI
AFTAB SAFDER CHEEMA

SECRETARY

CHIEF FINANCIAL OFFICER

AFTAB SAFDER CHEEMA

COMPANY SECRETARY

MOHAMMAD AZHAR JAMALI

AUDITORS

M/S. KHALID MAJID REHMAN
SARFARAZ RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS, KARACHI.

BANKERS

ASKARI COMMERCIAL BANK LIMITED
PICIC COMMERCIAL BANK LIMITED
KASB LTD.

LIAISON OFFICE

E-3, BLOCK-17, AL-RAEE AVENUE,
BEHIND NATIONAL STADIUM,
GULSHAN-E-IQBAL, KARACHI
PHONE: 4802940-1, 4815840-44

REGISTERED OFFICE/FACTORY

18TH MILE RCD HIGHWAY 27/3/2
MOUZA BAIRUT, TEHSIL HUB
DISTRICT LASBELLA
BALUCHISTAN

URL

www.paktelecables.com



DIRECTORS' REPORT

It is my pleasure to present the Directors Report and the un-audited accounts for the half-year ended on December 31, 2005 together with Review Report by the Auditors.

PERFORMANCE REVIEW

The sales during the half-year were Rs. 539.96 million as against Rs. 284.50 million registering an increase of 90% over correspondence period. This has been achieved with operation of second unit and increase in volume of telecommunication cables by 96 % as compared to last year. However, gross profit declined from 8.02% to 6.10% due to price hike of Copper Rod in international market i.e. London Metals Exchange (LME). The same trend was also witnessed in the prices of other related raw materials.

The net profit after taxation has been recorded for Rs. 14.73 million against the loss of Rs. 3.34 million in last year due to company's plan to retain focus on cost cutting and micro management to improve its financial health.

FUTURE PROSPECTS

We have three orders for supply of telephone cables to M/s. Pakistan Telecommunication Company Limited (PTCL) for Rs. 79.13 million, M/s. National Telecommunication Corporation for Rs. 23.90 million and M/s. Special Communication Organization for Rs. 100.50 million. In addition to this, supply against purchase order No.1291 is still continued. We are pleased to report that two tenders for Rs.1000.00 million approximately are under stage of negotiation with M/s. Pakistan Telecommunication Company Limited (PTCL) which is hopefully finalized by the end of third Quarter.

The board is optimistic about the better results in current financial year.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for the support of Banks and Shareholders of the Company. They would also like to particularly mention the dedication and devotion shown by the employees while performing their duties during the period and hope that the same spirit shall prevail in future as well.

For and on behalf of the Board

RAZA ABDUL AZIZ AL-RAEE
(Chief Executive)

Karachi: February 27, 2006



REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Pakistan Telephone Cables Limited** as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (herein-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2004 and 2005 have not been reviewed as we are required to review only the cumulative figures for the half yearly-ended December 31, 2005.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

1. Company has provided corporate guarantee on behalf of its associated company i.e. The Plaza Companies (Private) Limited to the Askari Commercial Leasing Limited amounting to Rs. 35.679 million in contravention of the provisions of the Companies Ordinance, 1984.
2. Company's compliance with the requirement of Companies Profits (Workers' Participation) Act, 1968 relating to creation of Fund and its distribution is still pending (refer Note 6.1).

Based on our review, except for the financial effect of the above matters referred to in para 1 and 2 above and Notes 10 and 11 to the financial statements, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
Dated: February 27, 2006

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered accountants

BALANCE
As at December

	Notes	Un-audited DEC, 31 2005 Rupees	Audited JUNE, 30 2005 Rupees
SHARE CAPITAL			
AUTHORIZED CAPITAL			
22,000,000 (June 30, 2005: 22,000,000) Ordinary shares of Rs.10/- each.		<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up			
21,000,000 (June 30, 2005: 21,000,000) Ordinary shares of Rs.10/- each.		<u>210,000,000</u>	<u>210,000,000</u>
Accumulated loss		<u>(130,317,916)</u>	<u>(151,228,644)</u>
		79,682,084	58,771,356
SURPLUS ON REVALUATION OF FIXED ASSETS			
		138,281,709	144,457,721
NON CURRENT LIABILITIES			
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	5	<u>12,818,070</u>	<u>4,783,112</u>
DEFERRED LIABILITY			
		<u>145,533,266</u>	<u>151,752,989</u>
		158,351,336	156,536,101
CURRENT LIABILITIES			
Short term running finance		<u>75,902,116</u>	<u>96,896,691</u>
Short term loans		-	23,460,000
Current portion of liabilities against subject to finance lease		<u>9,379,634</u>	<u>18,797,780</u>
Creditors		<u>78,686,945</u>	<u>84,231,593</u>
Accrued and other liabilities	6	<u>38,005,520</u>	<u>34,902,510</u>
Taxation		<u>29,689,928</u>	<u>24,966,103</u>
		<u>231,664,143</u>	<u>283,254,677</u>
Commitments	7	<u>607,979,272</u>	<u>643,019,854</u>

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

CHIEF EXECUTIVE



SHEET
31, 2005

	Notes	Un-audited DEC, 31 2005 Rupees	Audited JUNE, 30 2005 Rupees
FIXED ASSETS TANGIBLE			
PROPERTY PLANT AND EQUIPMENT	8	339,415,469	339,547,202
INTANGIBLE ASSETS			
Computer software		2,344	3,125
LONG TERM SECURITY DEPOSITS		5,831,498	4,581,498
CURRENT ASSETS			
Stores and spares		7,198,254	6,628,125
Stock in trade		127,670,484	150,315,364
Trade debts - secured considered good	9	5,950,642	41,364,833
Loans, Advances, deposits, prepayments and other receivables	10	120,550,240	99,084,375
Cash and bank balances		1,360,341	1,495,332
		262,729,961	298,888,029
		607,979,272	643,019,854

DIRECTOR



PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005

	Notes	QUARTER ENDED		HALF YEAR ENDED	
		October to Dec-2005 Rupees	October to Dec-2004 Rupees	July to Dec-2005 Rupees	July to Dec-2004 Rupees
Sales		295,145,526	164,682,121	539,964,643	284,500,295
Cost Of Sales	11	(284,516,268)	(159,764,986)	(507,029,713)	(261,665,566)
Gross Profit		10,629,258	4,917,135	32,934,930	22,834,729
OPERATING EXPENSES					
Administration		5,354,985	6,206,671	10,390,864	11,449,839
Selling and distribution		1,148,156	3,385,779	3,510,337	6,745,664
		(6,503,141)	(9,592,450)	(13,901,201)	(18,195,503)
Operating (loss) / profit		4,126,117	(4,675,315)	19,033,729	4,639,226
Financial charges		(5,562,543)	(4,557,379)	(6,905,056)	(5,511,354)
		(1,436,426)	(9,232,694)	12,128,673	(872,128)
Other income		2,134,412	178,692	2,134,412	178,692
W.P.P.F@ 5%		697,986	(9,054,002)	14,263,085	(693,436)
(Loss)/Profit before taxation		(88,188)	418,028	(766,443)	-
Provision for taxation		609,798	(8,635,974)	13,496,642	(693,436)
- Current		(213,429)	1,332,257	(4,723,825)	(1,447,632)
- Deferred		4,550,419	(1,199,038)	5,961,899	(1,199,038)
		4,336,990	133,219	1,238,074	(2,646,670)
(Loss)/Profit after taxation		4,946,788	(8,502,755)	14,734,716	(3,340,106)
Accumulated (loss) brought forward		(141,440,716)	(97,927,263)	(151,228,644)	(103,089,912)
Accumulated (loss) carried forward		(136,493,928)	(106,430,018)	(136,493,928)	(106,430,018)
Earning per share (basic & diluted)					
Rs/share		0.24	(0.40)	0.70	(0.16)

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

CHIEF EXECUTIVE

DIRECTOR



CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	HALF YEAR ENDED	
	Dec 31, 2005 Rupees	Dec 31, 2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,496,642	(693,436)
Depreciation	16,538,950	7,084,981
Interest on loan to associate	(2,134,412)	(178,692)
Loss on sales of fixed assets	246,644	-
Financial charges	6,905,056	5,511,354
	21,556,238	12,417,643
Operating profit before working capital changes	35,052,880	11,724,207
Changes in working capital		
Decrease/(Increase) in current assets		
Store & Spares	(570,129)	(192,991)
Stock-in-trade	22,644,880	(27,336,225)
Trade debts	35,414,191	21,829,640
Advances, deposits, prepayments and other receivables	(14,134,273)	(26,726,461)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(3,457,423)	11,607,305
	39,897,246	(20,818,732)
Cash generated from / (used in) operations	74,950,126	(9,094,525)
Taxes paid		
Gratuity paid	(5,197,180)	(60,949)
Financial charges paid	(257,825)	(677,516)
	(5,889,271)	(4,748,185)
Net cash used in operating activities	(11,344,276)	(5,486,650)
	63,605,850	(14,581,175)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(18,168,372)	(11,367,000)
Long term security deposits	(1,250,000)	(810,770)
Sale proceeds of fixed assets	1,515,292	-
Net cash used in investing activities	(17,903,080)	(12,177,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease finance obtain	12,500,000	-
Payment of lease rentals	(13,883,188)	(9,360,634)
Increase/(decrease) in short term finances	(23,460,000)	7,344,421
Running finance obtain	(20,994,574)	22,471,559
Net cash from financing activities	(45,837,762)	20,455,346
Net (decrease) / increase in cash and	(134,992)	(6,303,599)
Cash and Cash equivalent at the beginning of the period	1,495,332	7,348,003
Cash and bank balances at the end of the period	1,360,341	1,044,404

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

CHIEF EXECUTIVE

DIRECTOR



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

	<u>Share Capital</u>	<u>Accumulated Loss</u>	<u>Total</u>
Balance as at 30th July 01,2004	210,000,000	(103,089,912)	106,910,088
Loss for the six month to Dec 31,2004	-	(3,340,106)	(3,340,106)
Transfer from Surplus on Revaluation of fixed assets on account of incremental depreciation for the half year - net of deferred taxation	-	2,260,968	2,260,968
Balance as at Dec 31, 2004	210,000,000	(104,169,050)	105,830,950
Balance as at July 01, 2005	210,000,000	(151,228,644)	58,771,356
Profit for the six month to Dec 31, 2005	-	14,734,716	14,734,716
Transfer from Surplus on Revaluation of fixed assets on account of incremental depreciation for the Half year - net of deferred taxation	-	6,176,012	6,176,012
Balance as at Dec 31,2005	210,000,000	(130,317,916)	79,682,084

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

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2005

1 The company and its operations

The company is incorporated on June 08, 1983 in Pakistan is quoted on the Stock Exchanges of Karachi and Lahore. The principal activity of the company is manufacturing and selling of telecommunication cables mainly to Pakistan Telecommunication Company Limited against contract secured by the company after participation in it's international tender.

2 Basis of preparations

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

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, 2005.

4 Accounting convention

These financial statements have been prepared under the "historical cost convention", except certain fixed assets which are stated at revalued amount.

5 Lease Finance

During the period the company obtained lease finance amounting to Rs.12.5 million from Orix Leasing Pakistan Limited. The monthly rentals worked out on the Bench Mark Rate is Average Ask Rate of six months KIBOR+5.82 %. The rentals are to be reviewed on half yearly basis.

	December 31 2005	June 30 2004
6 Accrued and other liabilities		
Accrued liabilities		
- Expenses	14,458,680	13,731,677
- Sales Tax	3,248,786	2,655,007
	17,707,466	16,386,684
Unclaimed dividend	2,171,734	2,171,734
Workers' Profit Participation Fund	6.1 18,126,320	16,344,092
	38,005,520	34,902,510



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

	December 31 2005	June 30 2004
6.1 WORKERS' PROFIT PARTICIPATION FUND		
Balance as at July 01,	16,344,092	14,536,560
Interest accrued during the period	1,015,785	1,526,338
	17,359,877	16,062,898
Allocated during the period	766,443	281,194
	18,126,320	16,344,092

7 Commitments

Commitments in respect of contracts for supply to Pakistan Telecommunication Co. Limited as at Dec 31, 2005 stood at Rs.257.121 million (June 30, 2005: Rs 215.548 million).

Bank guarantee given to Bawany Metals Limited Rs. 21.5 million (June 30, 2005: Rs 21.5 million).

8 Additions and Disposals of Property, Plant and Equipment

Additions and disposals to fixed assets during the period amounted to Rs.18.16 million and Rs.2.7 million respectively.

9 Debtors

Debtors balances includes an amount of Rs. 3.7 million due from M/s Pakistan Telecommunication Company Limited (PTCL) represents amount deducted by said customer during the financial year ended June 30, 2004 on account of late delivery of supplies.

Company is of the opinion that amount will be recovered by them because delays were caused by reasons beyond its 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 the similar grounds.

10 Loans, Advances Deposits, Prepayments and other Receivables

The company gave short term loan to its associated concern during the year Rs.44.4 million carrying mark up @ 12.4% p.a.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005

	July to Dec- 2005	July to Dec- 2004
11 COST OF GOOD SOLD		
Material Consumed		
Opening Stock		
- Raw Material	56,056,704	50,795,974
- Packing Material	11,320,412	4,749,546
	67,377,116	55,545,520
Purchases		
- Raw Material	417,160,993	247,244,466
- Packing Material	16,147,306	9,757,177
	433,308,299	257,001,643
- Scrap	(4,210,240)	(5,026,320)
	429,098,059	251,975,323
	496,475,175	307,520,843
Closing Stock		
- Raw Material	41,740,208	59,829,787
- Packing Material	12,097,846	4,707,477
	(53,838,054)	(64,537,264)
Material Consumed	442,637,121	242,983,579
Manufacturing Expenses		
Store & Spares consumed	2,983,326	2,306,415
Fuel and Power	20,549,976	7,897,155
Salaries, wages and other benefits	11,295,778	8,003,935
Repairs & maintenance	1,715,577	1,292,190
Vehicle running & maintenance	776,609	611,830
Rent, rates & taxes	101,800	78,100
Telephone expenses	60,047	65,160
Insurance	341,054	254,415
Printing & stationery	752,604	563,228
Depreciation	15,401,174	6,077,327
Others	1,308,829	744,269
	55,286,774	27,894,024
	497,923,895	270,877,603
Work in Process		
- Opening Stock	82,938,248	23,508,151
- Closing Stock	(73,832,430)	(31,138,108)
	9,105,818	(7,629,957)
Cost of goods manufactured	507,029,713	263,247,646
Finished goods		
- Opening Stock	-	-
- Closing Stock	-	(1,582,080)
	-	(1,582,080)
	507,029,713	261,665,566



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2005

12 RELATED PARTY TRANSACTIONS

The related parties comprise of parties related to group companies, directors and their close family members executives and major shareholders of the company.

	Loan Outstanding Rs	Loan repaid Rs
Transaction With Associated Undertakings		
Loan to The Plaza and companies (Private) Limited	-	16,747,909
Loan to Agro Oil Extraction industries Limited	20,331,642	21,870,000
Loan to Al-Raee (Private) Limited	24,083,700	-

13 General

These financial statements were authorized for issue by the Board of Directors at their meeting held on February 27, 2006.

CHIEF EXECUTIVE

DIRECTOR