



Pakistan Cables

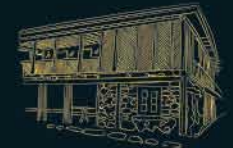
Pakistan Cables Limited Annual Report 2010



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Lighting up **Pakistan**



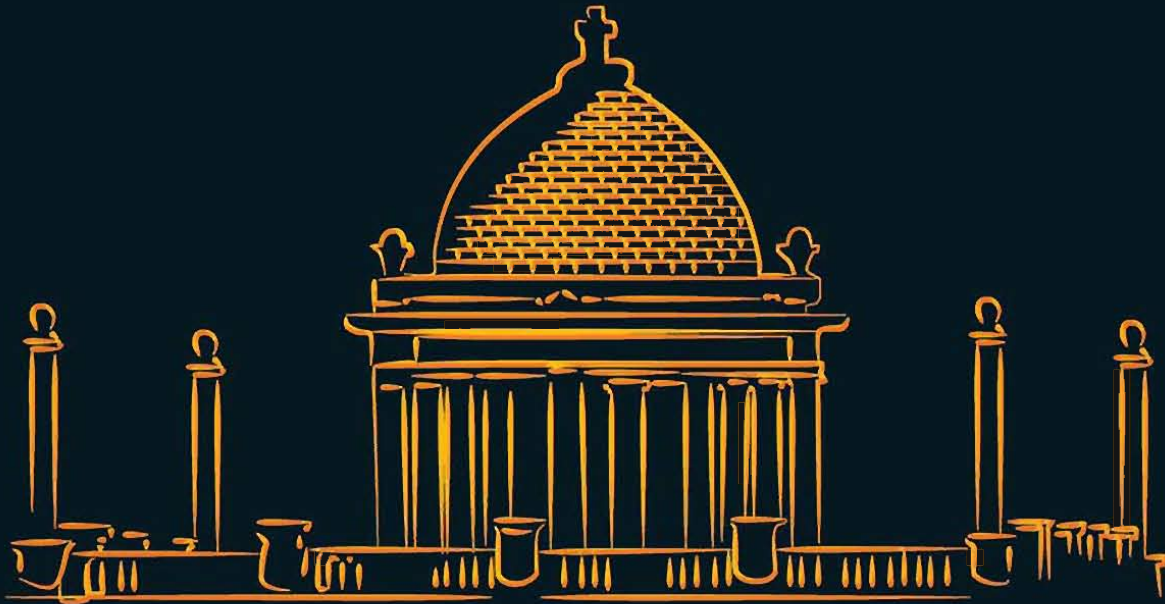
Lighting Up Pakistan, Electrifying Our Heritage, Illuminating Our Legacy

Since 1953, Pakistan Cables has been lighting up our country with the finest quality cables and wires. A pioneer in the cable industry, the company focuses on innovation and never compromises on quality.

It is because of this philosophy that our products have been trusted to be used in the construction and restoration of Pakistan's most precious, prestigious and treasured landmarks, monuments and buildings. This is a testament to the confidence that the country's builders and architects have in our products. Here we celebrate Pakistan Cables' association with our history and heritage.



Jahangir Kothari Parade, **Karachi**



This site is a reminder of the Karachi's diverse historical background and old world charm. Located in the historical Clifton area, this handsome pavilion overlooks the Arabian sea. It was built by Mr. Jehangir Kothari, an eminent Karachi citizen, who gifted it along with a handsome donation of Rs. 300,000 to the Municipality for the development of recreational facilities. Gizri limestone and Jodhpur stone were used in its construction. The foundation stone was laid by the Governor of Bombay, Sir George Lloyd on 10 February, 1919 and it was formally opened by Lady Lloyd on 5 January, 1920. This site was recently renovated and Pakistan Cables' wires have been used to electrify the project. We are proud of our association with this noble landmark.

Vision

To be the company of first choice for customers & partners for wire and cables and other engineering products.

Mission Statement

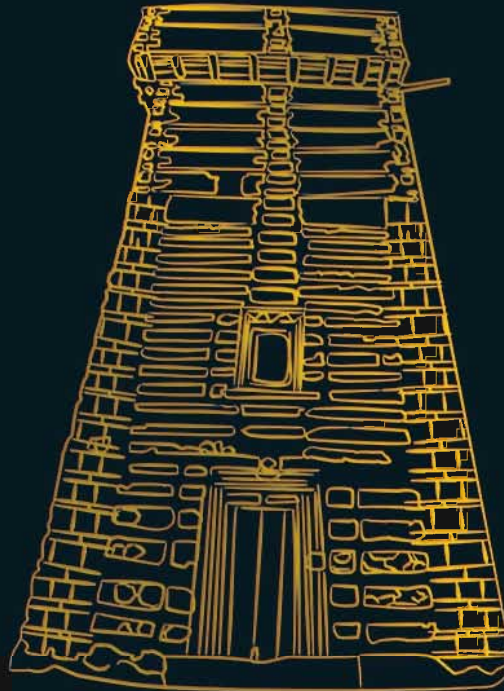
To strengthen industry leadership in the manufacturing and marketing of wire and cables and to have a strong presence in the engineering products market while retaining the options to participate in other profitable businesses.

To operate ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

To assist in the socio-economic development of Pakistan by being good corporate citizens.



Altit Fort, Hunza



The majestic and ancient Altit Fort, built in the 11th Century, is perched on the edge a cliff overlooking the Hunza river and picturesque town of Karimabad. Restored in 2003-4 by Aga Khan Cultural Service Pakistan, this fort is the known as the birthplace of the Hunza Kingdom. It was originally meant to be a palace but after architectural amendments it was transformed into a fort. The restoration project also included the town surrounding the Fort resulting in a rehabilitation of municipal services which encouraged the townspeople to move back into their ancestral homes. During the restoration, the Altit Fort was electrified using Pakistan Cables, with the comfort that a precious historical monument would be safe from electrical mishaps as a result of using the highest quality cables.

Statement of Ethics & Business Practices

The Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings showing respect for the interest of those with whom it has a relationship.

The Company is committed to comply with all laws and regulations. The Board and Management are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility and not to transgress them. If in doubt they are expected to seek advice. The company believes in fair competition and supports appropriate competition laws.

The Company does not support any political party or contribute funds to groups whose activities promote party interests. The Company will promote its legitimate business interests through trade associations.

The Company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use, to satisfy customer needs and expectations.

The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the environment.

The Company recognizes its social responsibility and will contribute to community activities as a good corporate citizen.

The Company is committed and fully adheres to the reliability of financial reporting and transparent transactions.

The Company is committed to recruiting and promoting employees on merit and provides safe

and healthy working conditions for all its employees. It also believes in maintaining good communications with employees.

Employees must not use company information and assets for their personal advantage. Conflict of interest should be avoided and disclosed where it exists and guidance sought.

It is the responsibility of the Board to ensure that the above principles are complied with, and sub-committees constituted by the Board support their compliance.

It is recognized that enforcement of laws and regulations is the responsibility of the Management.



Aitchison College, Lahore



Aitchison College, Lahore, is one of the most prestigious educational institutions of its kind in South Asia. Established in 1886, its campus is spread over almost 200 acres in the heart of the city. The foundation stone of the main building was laid by the Viceroy, the Earl of Dufferin and Ava on 3 November 1886. Aitchison College is the lineal descendant of the Wards School at Ambala and the Chiefs Colleges.

The College is named after the then Lt. Governor of the Punjab, Sir Charles Umpherston Aitchison. The ancient fulcrum of the campus is the majestic Old Building, around which are located the Junior, Preparatory and Senior Schools. Pakistan Cables is honored to have provided its products to an institution steeped in academic excellence and honor.

Company Information

BOARD OF DIRECTORS

Towfiq H. Chinoy	Non-Independent Non-Executive Director	Chairman	Director since 1996
Syed Naseem Ahmad	Independent Non Executive Director		Director since 1999
Javaid Anwar	Independent Non Executive Director		Director since 2006
Mustapha A. Chinoy	Non-Independent Non-Executive Director		Director since 1986
Ansar Hussain	Independent Non Executive Director		Director since 2005
M. Khalil Mian	Independent Non Executive Director		Director since 2008
Haroun Rashid	Non-Independent Non-Executive Director		Director since 1993
Saqib Shirazi	Independent Non Executive Director		Director since 2008
Shahpur Channah	Executive Director		Director since 1992
Aslam Sadruddin	Executive Director		Director since 1998
Kamal A. Chinoy	Executive Director	Chief Executive	Director since 1992

COMPANY SECRETARY

Aslam Sadruddin

LEGAL ADVISOR

Ghulam Ghous Law Associates

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

BANKERS

Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
MCB Bank Limited
HSBC Bank Middle East Limited
NIB Bank Limited
Oman International Bank

Registered Office, Factory and Marketing Office

B/21, Sindh Industrial Trading Estates,
P. O. Box 5050, Karachi -75700.
Telephone No.: (021) 32561170-75
Fax: (021) 32564614
E-mail: info@pakistancables.com
sales@pakistancables.com
URL: www.pakistancables.com

Regional Office

Lahore
Co-operative Insurance Building
Shahrah-e-Quaid-e-Azam, Lahore.
Telephone No.: (042) 37355783, 37353520, 37120790-91
Fax: (042) 37355480
E-mail: lahore@pakistancables.com

Branch Offices

Rawalpindi

455-A, Adamjee Street, Rawalpindi.
Telephone No.: (051) 5568895, 5512797
Fax: (051) 5587029
E-mail: pindi@pakistancables.com

Peshawar

Shop# 1 & 2, 1st Floor, Hurmaz Plaza,
Opp. Airport Runway, University Road, Peshawar.
Telephone No.: (091) 5845068
Fax: (091) 5846314
E-mail: peshawar@pakistancables.com

Multan

1592, Quaid-e-Azam Shopping Centre No.1,
Multan Cantt, Multan.
Telephone No.: (061) 4583332
Fax: (061) 4549336
E-mail: multan@pakistancables.com

Quetta

Shop# 1-26/36-1312, Haji Fateh Khan Building
Opp. Press Club, Sharah-e-Adalat, Quetta.
Telephone No.: (081) 2843987
Fax: (081) 2843990
E-mail: quetta@pakistancables.com

Abbottabad

13-14, Sitara Market, Mansehra Road, Abbottabad.
Telephone No.: (0992) 383616
Fax: (0992) 385510
E-mail: abbotabad@pakistancables.com



Our Products

Wires & Cables, Aluminium Sections, Copper Rod & PVC Compound







Wires & Cables

Pakistan Cables Limited, the country's oldest and most reputable cable manufacturer, was established over 5 decades ago in 1953 in collaboration with BICC, UK. In the subsequent five decades, Pakistan Cables has earned a reputation as a market leader in the industry and a company that does not compromise on quality. Consequently, the company has gained a position as being the premier cable manufacturer in the country. Pakistan Cables is listed on the Karachi Stock Exchange since 1955.

For lighting and general use, we manufacture General Wiring Cables in the range of 250/750 volts, in conformity with national & international standards. These cables provide safety and savings in electricity consumption because of the use of 99.99% pure copper, cable grade PVC and thorough quality tests on every meter of cable.

To cater to the requirements of Utilities, Projects and Industries, Pakistan Cables manufactures Low Voltage (LV) and Medium Voltage (MV) cables up to 15KV, with PVC and XLPE insulation. All our cables are subject to rigorous in-house quality checks. LV and MV cables have been fully type tested by KEMA-Holland in accordance with IEC 502.

With the increasing power demand in the country, the use of overhead conductors for power transmission purposes has increased. Pakistan Cables provides high quality overhead conductors to the utility companies, PEPCO and KESC, that are manufactured from EC grade Aluminium and Copper Rod.

We also manufacture telephone, intercom, coaxial, automobile and numerous types of special cables which include airfield lighting, control cables, and other items as per the requirement of customers.







Aluminium Sections

Alum-Ex is the brand name under which Pakistan Cables Ltd. manufactures aluminium sections for architectural, construction and industrial applications.

Alum-Ex sections are extruded from prime quality imported AA6063 billets. This is the internationally recommended alloy grade for architectural and structural applications. These sections are anodized on a fully automatic plant. We have the capability to offer six elegant colours of anodized sections.

In addition to anodized sections, powder coated Alum-Ex sections are also available in any imaginable colour to match the taste of the customers. We use only polyester based powders, manufactured & supplied by reputable companies. These are thermosetting types, specially designed for "façade" use. These coatings can withstand the rigors of Ultra Violet rays in the atmosphere.

The advantages of Alum-Ex aluminium sections are:

- (1) Scratch free and Corrosion Resistant
- (2) Strength & Durability
- (3) Uniform Colour & Smooth Finish
- (4) Colour Retention
- (5) Ultra-violet and Humidity Resistant







Copper Rod

In 1996, Pakistan Cables set up a plant to manufacture High Conductivity Oxygen Free 8mm Copper Rod. This plant was supplied by Outokumpu Castform Oy, Finland and uses the upcast system of manufacturing 8mm diameter. Our Copper Rod is cast directly from the furnace. Oxygen Free Copper is particularly suited for drawing into wires.

The company expanded its facility of manufacturing of copper rodes with the installation of plant procured from the original supplier (Outokumpu Castform Oy, Finland).

Numerous satisfied customers, particularly Enamel Wire Manufacturers will testify to the quality of our copper Rod. The raw material used is only LME registered "A" grade copper cathodes.





PVC Compound

In 2008 Pakistan Cables set up its own state-of-the-art PVC Compounding Plant. This plant is designed to provide premium quality PVC compounds for various applications. It has the most sophisticated machinery imported from Kraus Maffei (Germany) and Plasmec (Italy), including automated weighing and dosing systems supported by a polymer laboratory to enable development of customer specific formulations.

Pakistan Cables PVC compound plant ensures timely availability of raw materials for production. The plant also provides us with improved control of our manufacturing processes as the company continues to expand.

We produce flexible PVC compounds for insulation and sheathing of electric cables, and for sale to the local and export markets.

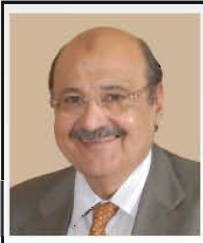


Rohtas Fort, Jhelum



The Rohtas Fort is a garrison fort built by the great Afghan king, Sher Shah Suri. This fort is made from ashlar stone and is about 5 km in circumference covering an area of 12.6 acres. It is the first example of the successful amalgamation of Pukhtun and Hindu architecture in the Indian Subcontinent. Sher Shah constructed the fort to block Emperor Humayun's return to India after defeating him in the Battle of Kanauj. The fort was designated a UNESCO world heritage site in 1997.

Board of Directors



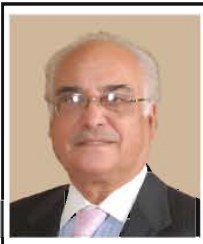
Mr. Tawfiq H. Chinoy (Chairman)

Non-Independent Non-Executive Director

is presently the Managing Director of International Industries Ltd., non-executive Chairman of New Jubilee Insurance Co. Ltd. & Packages Ltd. He is also Director of BOC Pakistan Ltd., New Jubilee Life Insurance Co. Ltd, IGI Investment Bank, HBL Asset Management Ltd., International Steels Limited and Pakistan Business Council. Mr Chinoy is Trustee of Mohatta Palace Gallery Trust and Director of Pakistan Centre for Philanthropy.

He has also served as a Member of the Engineering Development Board -Govt. of Pakistan, the Advisory Board of Ports & Shipping Sector, Ministry of Communications and as a Director of Port Qasim Authority and National Refinery Ltd. He has held various appointments at the Aga Khan Economic Planning Board and Sultan Mohammad Shah Aga Khan III Foundation School, Karachi.

He is on the Board of PCL since 17-5-1996.



Syed Naseem Ahmad

Independent Non Executive Director

has done his Masters' in Physics. He is presently Chairman Faysal Bank Ltd. and previously he was Chairman and Chief Executive of Philips Electrical Industries of Pakistan Ltd., Pakistan Security Printing Corporation, Security Papers Ltd. and Sicpa Inks Pakistan (Pvt.) Ltd. He has also held the position of President of Overseas Investors Chamber of Commerce & Industry, Vice-Chairman of Karachi Port Trust and Managing Director of PEPCO (for WAPDA re-structuring). He has also served on the Board of KESC, Wazir Ali Industries Ltd., Security Leasing (Pvt.) Ltd. and ABN AMRO Bank.

He is on the Board of PCL since 17-5-1999.



Mr. Javaid Anwar

Independent Non Executive Director

holds a Masters Degree in Chemical Tech from University of Punjab. Presently he is on the Board of Cherat Cement Co. Ltd., International Industries Ltd. and AGS Battery Ltd. Previously he was the Managing Director and CEO of BOC Pakistan Ltd. for 15 years and served on the Board of Siemens Pakistan Engineering Company Ltd., Pakistan and National Refinery Limited.

He is on the Board of PCL since 16-10-2006.



Mr. Mustapha A. Chinoy

Non-Independent Non-Executive Director

is a Bachelor of Science in Economics from Wharton School of Finance, University of Pennsylvania, USA.

He is presently CEO of Intermark (Pvt.) Ltd. He is on the Board of Galileo Pakistan (Pvt.) Ltd., Global E-Comm Services (Pvt.) Ltd., International Industries Ltd., International Steels Ltd. and Security Papers Ltd. He is also the Honorary Consul General of Greece. Previously he has served on the Board of Pak Chemicals Ltd. and Union Bank Ltd.

He is on the Board of PCL since 1-1-1986.

**Mr. Ansar Hussain**

Independent Non Executive Director

is a FCMA, M. Phil (Finance), LLB, MA (Economics) and Executive MBA. Presently he is on the Board of Nina Industries Ltd., Alpha Insurance Co. Ltd., Shahtaj Sugar Mills Ltd., Security Papers Ltd. and State Asset Management Co. Ltd. Previously he has served on the Board of Bawany Sugar Mills Ltd., PICIC Ltd. and First Dawood Investment Bank Ltd.

He is on the Board of PCL since 10-5-2005.

**Mr. M. Khalil Mian**

Independent Non Executive Director

is a Fellow Member of the Institute of Chartered Accountants of Pakistan and England & Wales.

He is also Director of JS Value Fund and Ferzsons Laboratories Ltd. In the past he has held important positions of Chairman Pakistan Credit Rating Agency Ltd., Investment Corporation of Pakistan, and Chairman of the Policy Board of Securities & Exchange Commission of Pakistan.

He has also served on the Board of The Bank of Punjab, Sui Northern Gas Pipeline Ltd., Privatization Board - Government of Pakistan and Punjab Privatization Board. He was the Senior Partner of A. F. Ferguson & Company - Chartered Accountant.

He is on the Board of PCL since 7-2-2008.

**Mr. Haroun Rashid**

Non-Independent Non-Executive Director

is a Fellow Member of the Institute of Chartered Accountants (England & Wales), Certified Investment Advisor & Securities Dealer, Securities Commission of Hong Kong. Presently he is Director of MCB Asset Management Co. Ltd., Public Procurement Regulatory Authority (PPRA) and Heritage Developments. Previously he has been Managing Director of Kashmir Edible Oils Ltd., ANZ Securities Asia Ltd - Hong Kong and Director of Financial Executives Institute - Hong Kong, Pakistan Agricultural Storage & Services Corporation Ltd., Union Bank Ltd and Fidelity Investment Bank Ltd. He has also been a Governor of Lahore General Hospital.

He has been on the Board of PCL since 17-5-1993.

**Mr. Saquib H. Shirazi**

Independent Non Executive Director

is a MBA from Harvard Business School. He is presently CEO Atlas Honda Ltd. He is also on the Board of Atlas Power Ltd., Shirazi Investment (Pvt.) Ltd., Shirazi Trading Company (Pvt.) Ltd., Shirazi Capital (Pvt.) Ltd., Cherat Papersack Ltd., and Pakistan Petroleum Ltd.

He is on the Board of PCL since 8-5-2008.





Mr. Shahpur Channah

Executive Director

Masters' in International Relations, from Karachi University, passed the Central Superior Services examination in 1976-77 and worked for a year in Cabinet Division, Government of Pakistan. He spent eleven years at Lever Brothers in various positions and joined Pakistan Cables' Marketing Department in 1989. Presently he is the Deputy Chief Executive.

He is on the Board of PCL since 3-12-1992.



Mr. Aslam Sadruddin

Executive Director

is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He is also a law graduate. Presently he is on the Board of The First Microinsurance Agency (Pvt.) Ltd. and a member of the National Committee - Aga Khan University Foundation. He is the Chairman of the International Professionals Network - Pakistan. Previously he has served on the Board of Aga Khan Health Services - Pakistan and FOCUS Humanitarian Assistance, Pakistan.

He joined the company in 1993 and is on the Board of PCL since 25-2-1998.



Mr. Kamal A. Chinoy (Chief Executive)

Executive Director

B.Sc. Economics from the Wharton School, University of Pennsylvania, USA and a 'Certified Director' having been Certified by the Pakistan Institute of Corporate Governance.

Presently, he is on the Board of International Industries Ltd., International Steels Ltd., Pakistan Security Printing Corp. Ltd., Atlas Insurance Company Ltd. and NBP Fullerton Asset Management Limited (NAFA).

He is the Honorary Secretary of the Management Association of Pakistan, and is on the Executive Committee of the Overseas Investors Chamber of Commerce & Industry and the International Chamber of Commerce. He is also on the Advisory Council of Citizens Archive of Pakistan and Admission Committee of Aga Khan University.

He is also the Honorary Consul General of Republic of Cyprus.

Previously, he has served as the Chairman of the Aga Khan Foundation, Pakistan and was on the Board of First International Investment Bank (now IGI Bank), Pakistan Centre for Philanthropy and Army Burn Hall Institutions.

He is on the Board of PCL since 31-5-1992.





Management Team

Standing (Starting left): Mr. Haroon Rashid Zaman (Works Manager), Mr. Kamal A. Chinoy (Chief Executive), Mr. Touseef ul Bari (Finance Manager), Mr. Shahid B. Bhatti (Regional Manager Central), Mr. Ahmad Bagia (Sales & Operation Manager), Mr. S. M. Athar Farid (Technical Manager), Mr. Moinuddin Silat (Materials Manager), Mr. Fayyaz A. Butt (Regional Manager North) **Sitting (Starting left):** Mr. Shahpur Channah (Deputy Chief Executive), Mr. Aslam Sadruddin (Finance Director), Mr. Iftikhar Ahmed (Engineering Manager)



Management Team

Mr. Kamal A. Chinoy (Chief Executive)

B.Sc. Economics from the Wharton School, University of Pennsylvania, USA. Joined PCL in 1992.

Mr. Shahpur Channah (Deputy Chief Executive)

M. A. International Relations, from Karachi University. Central Superior Services 1976/77. With PCL since 1989.

Mr. Aslam Sadruddin (Finance Director)

Fellow Member of the Institute of Chartered Accountants of Pakistan. Also a law graduate. Joined PCL in 1993.

Mr. Haroon Rashid Zaman (Works Manager)

Bachelor's degree in Mechanical Engineering from NED University, Karachi. Joined PCL in 2006.

Mr. S. M. Athar Farid (Technical Manager)

B.E. in Electrical Engineering from NED and MBA in Marketing from IBA. With PCL since 1976.

Mr. Ahmad Bagia (Sales & Operation Manager)

B.E. Metallurgy from NED University in 1979. Rejoined PCL in 2002.

Mr. Moinuddin Silat (Materials Manager)

Graduate in Commerce from S.M. College. Joined PCL in 2003.

Mr. Iftikhar Ahmed (Engineering Manager)

B.E. Electrical from NED University, MS in Communication Engineering from the US Navy Post Graduate School, Monterey California. Joined PCL in 2002.

Mr. Shahid B. Bhatti (Regional Manager Central)

Bachelor in Economics & Political Science from University of Punjab. Joined PCL in 1989.

Mr. Fayyaz A. Butt (Regional Manager North)

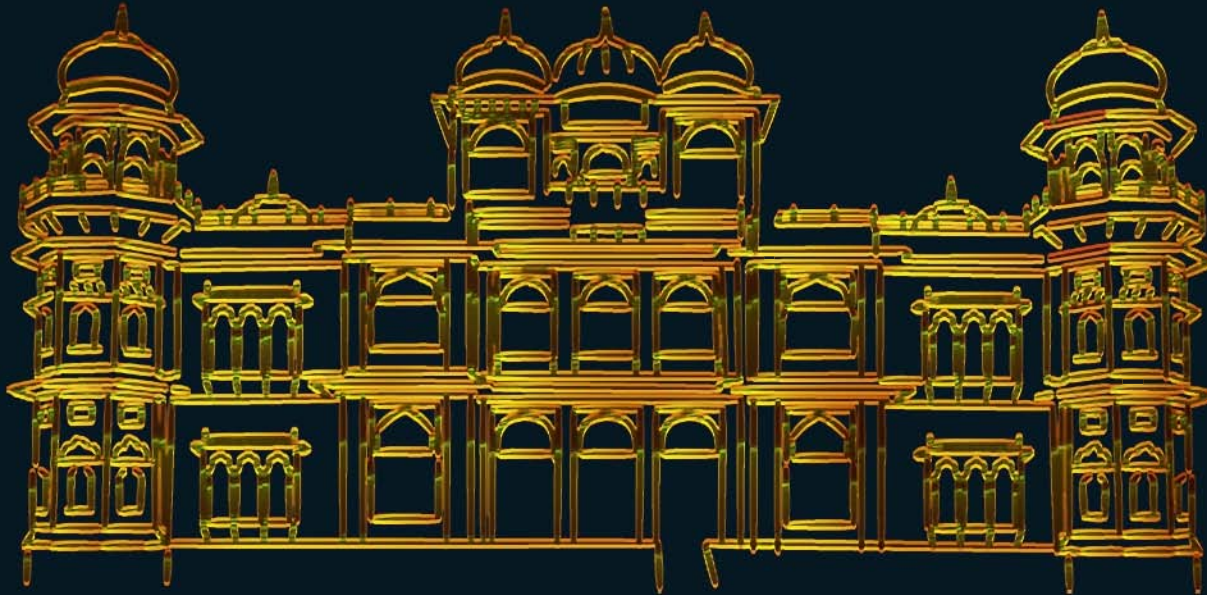
Graduated from Gordon College, Rawalpindi. Joined PCL in 2002.

Mr. Touseef ul Bari (Finance Manager)

Associate Member of the Institute of Chartered Accountants of Pakistan. Joined PCL in 2001.

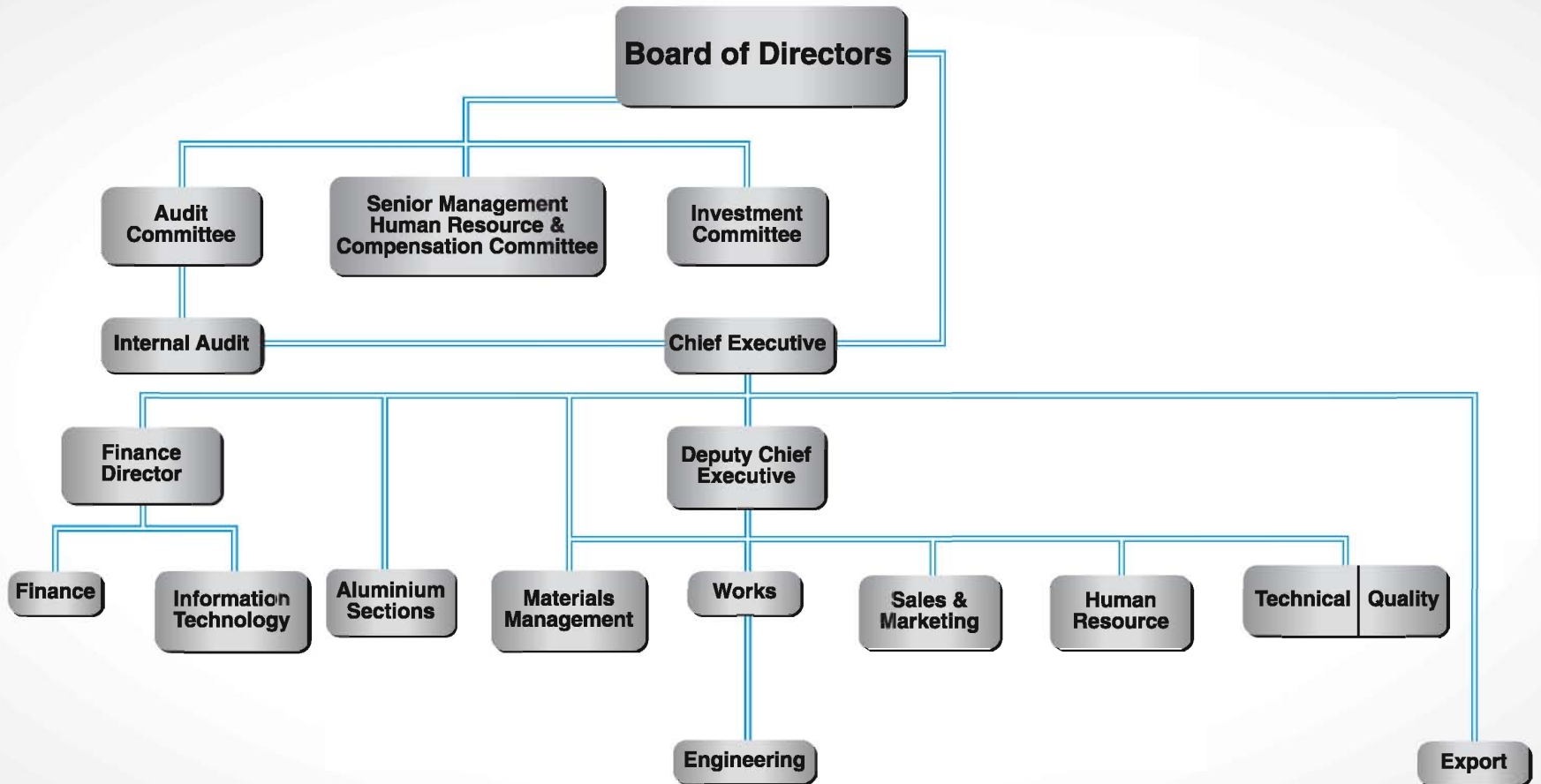


Mohatta Palace, Karachi



The Mohatta Palace was built in 1927 in Karachi by Shivrattan Mohatta, an ambitious Sikh businessman from Marwar. He built this enchanting palace in the tradition of the stone palaces of Rajasthan, using pink Jodhpur stone in combination with the local yellow stone from Gizri. After independence, Mr. Mohatta left Karachi for India and the Government of Pakistan acquired the building to house the Ministry of Foreign Affairs in 1947. Fatima Jinnah, the sister of the Quaid-e-Azam, moved into it in 1964 and subsequently her sister, Shireen Jinnah lived there till 1980, after which the palace was sealed. It was purchased by the Government of Sindh for restoration and was converted to a museum, which opened in 1999. Today, the Mohatta Palace Museum, rich with heritage and a repository of our cultural and historical assets, is a reminder of Karachi's past.

Organizational Structure



Parliament House, Islamabad



The Parliament House Building is a defining symbol of the city of Islamabad. The Senate and the National Assembly reside in the present Parliament House, which was inaugurated on May 28, 1986. The Hall was renovated in 1996 and inaugurated by the then Prime Minister of Pakistan, Mohtarma Benazir Bhutto.

Committees of the Board of Directors & Management

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Haroun Rashid Chairman
Mustapha A. Chinoy
M. Khalil Mian

SENIOR MANAGEMENT HUMAN RESOURCE AND COMPENSATION COMMITTEE

Towfiq H. Chinoy Chairman
Syed Naseem Ahmad
Mustapha A. Chinoy

INVESTMENT COMMITTEE

Towfiq H. Chinoy Chairman
Ansar Hussain
Aslam Sadruddin

COMMITTEES OF THE MANAGEMENT

MANAGEMENT COMMITTEE

Kamal A. Chinoy Chairman
Shahpur Channah
Aslam Sadruddin
Haroon Rashid Zaman

SYSTEM AND TECHNOLOGY COMMITTEE

Kamal A. Chinoy Chairman
Aslam Sadruddin
Touseef ul Bari

OPERATIONS COMMITTEE

Shahpur Channah Chairman
Aslam Sadruddin
Touseef ul Bari
Haroon Rashid Zaman
Iftikhar Ahmad
Muhammad Fayyaz
S.M. Athar Farid
Moinuddin Silat
Fahd K. Chinoy



Shigar Fort, Skardu



Located on the legendary route to the world's second highest mountain K-2 and known as Fong-Khar, which in the local language means the "Palace on the Rock" this 400-year old fort was restored by Aga Khan Cultural Service Pakistan. The former Palace of the Raja of Shigar has been transformed into a 20 room heritage guesthouse, with the grand audience hall serving as a museum of Balti culture.

Shareholders' Information

Annual General Meeting

The annual meeting of the shareholders will be held on **28th September 2010 at 11:00 a.m.** at Council Hall of the Overseas Investors Chamber of Commerce and Industry, Chamber of Commerce Building, Talpur Road, Karachi.

Any shareholder may appoint a proxy to attend and vote at the meeting on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC shareholders or their proxies are requested to bring copies of their National Identity Card along with the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Financial Calendar

The Company follows the period of July 01 to June 30 as the Financial Year.

For the Financial Year 2010-11, Financial Results will be announced as per the following tentative schedule:

1st Quarter ending September 30, 2010	Last week of October 2010
2nd Quarter ending December 31, 2010	Last week of January 2011
3rd Quarter ending March 31, 2011	Last week of April 2011
Year ending June 30, 2011	Second week of August 2011

Investor Relations Contact

Mr. Aslam Sadruddin (Finance Director and Company Secretary)

Email: finance@pakistancables.com Phone: (021) 32561170-5 Fax: (021) 32564614

In compliance with the requirements of section 204 (A) of Companies Ordinance 1984, THK Associates (Pvt.) Limited has been appointed as Share Registrar of the Company.

The address, contact numbers and timings of THK Associates (Pvt.) Limited is given below:

THK Associates (Pvt.) Limited

Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530

Telephone No.: (021) 111-000-322, Fax No.: (021) 35655595

Timings : 9:30 am to 12:30 pm & 2:30 pm to 4:30 pm (Monday to Friday)

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 57th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Tuesday the 28th September 2010 at 11.00 a.m. at Council Hall of the Overseas Investors Chamber of Commerce and Industry, Chamber of Commerce Building, Talpur Road, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Statement of Accounts for the year ended June 30, 2010 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of dividend as recommended by the Directors. The Directors have recommended a final cash dividend of 15% for the financial year ended June 30, 2010.
3. To appoint Auditors for the ensuing year and to fix their remuneration (KPMG Taseer Hadi & Co. Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment). As required by paragraph xxxix of the Code of Corporate Governance, the Board of Directors recommends, based on the recommendation of the Audit Committee the appointment of KPMG Taseer Hadi & Co.
4. To transact any other business which may legally be transacted at an Annual General Meeting.

By Order of the Board
Aslam Sadruddin
Finance Director and
Company Secretary

KARACHI: September 04, 2010

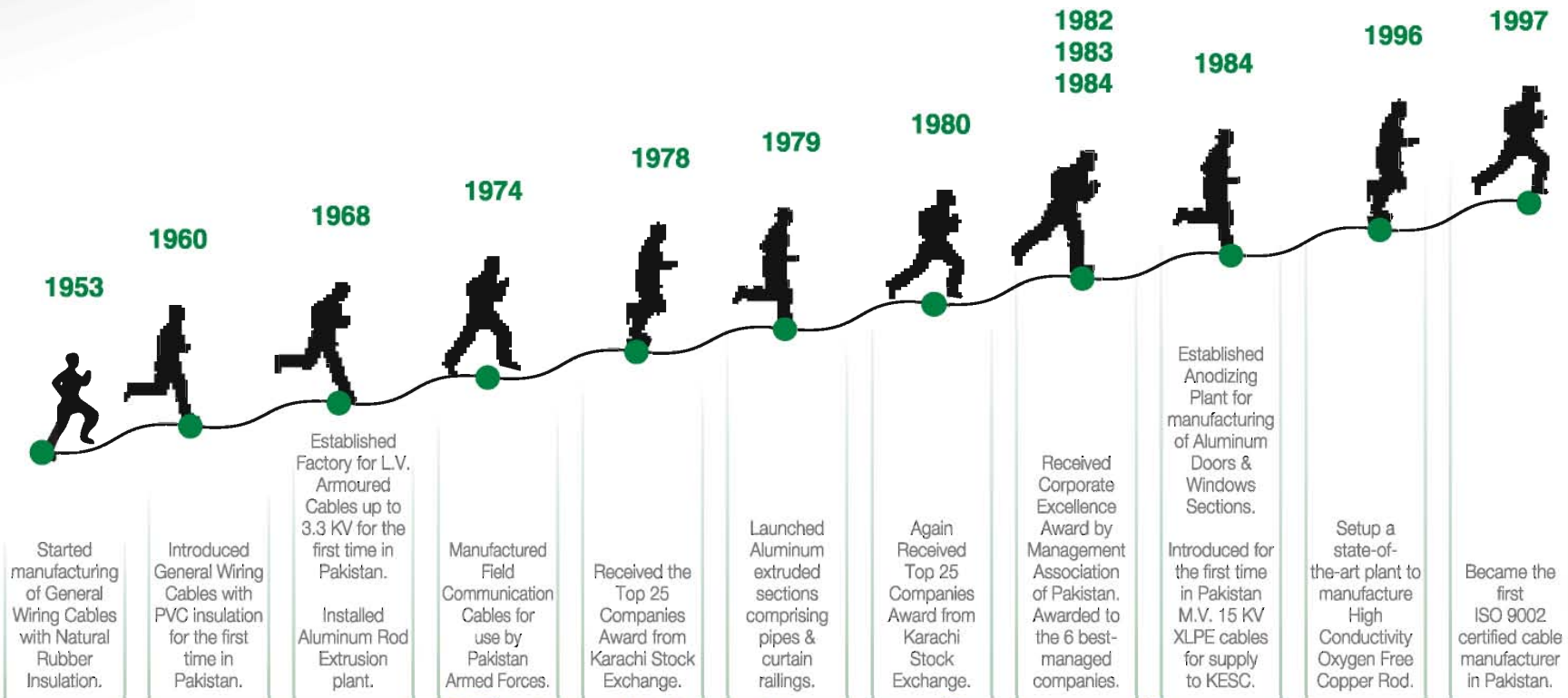


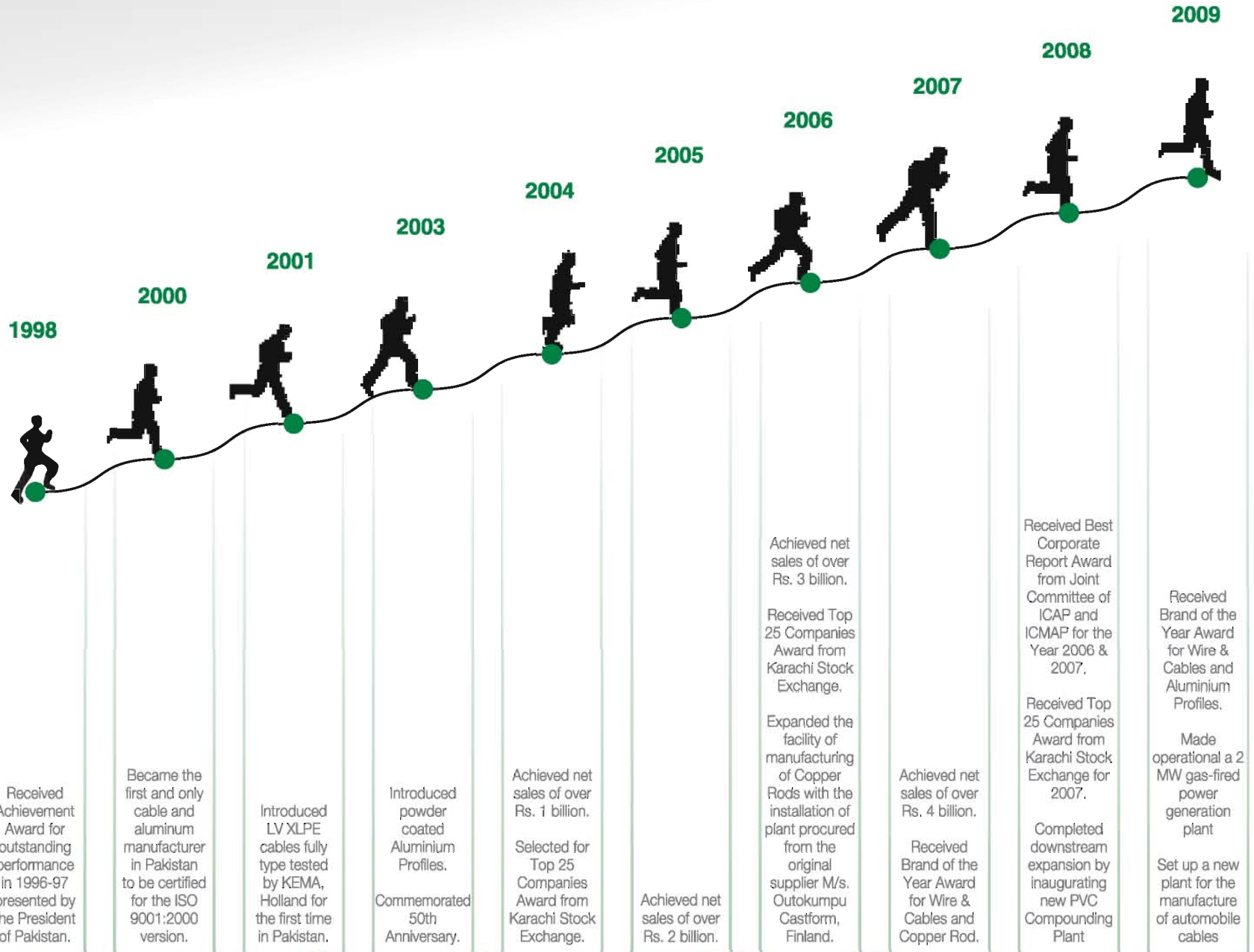
NOTES:

1. The Shares Transfer Books of the Company will remain closed from September 15th 2010 to September 28th, 2010 (both days inclusive). No transfer will be accepted for registration during this period.
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member of the Company.
3. The instrument appointing the proxy and the Power of Attorney or other authority under which it is signed, or a notorially certified copy thereof, must be lodged at the Company's Registered Office i.e. B/21, S.I.T.E., Karachi, not later than 48 hours before the time of the Meeting.
4. CDC Account Holders will have to follow the guidelines below as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan:
 - A. For Attending the Meeting
 - (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by showing their original National Identity Card (NIC) or original passport at the time of attending the Meeting.
 - (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
 - B. For Appointing Proxies
 - (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the Regulations, shall submit the proxy form as per above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
 - (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original NIC or original passport at the time of the Meeting.
 - (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.



Journey over the Years





Key Financial Data

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Financial Results							
Sales	3,798.8	3,352.3	3,794.9	4,168.9	3,028.1	2,019.3	1,279.9
Gross Profit	412.3	532.4	369.9	614.2	495.1	319.5	184.3
Operating profit	197.7	350.9	7.0	390.5	329.5	207.1	104.6
Profit before tax	52.3	101.8	53.6	293.3	261.2	170.3	91.3
Profit after tax	45.5	63.9	65.4	194.3	173.0	112.5	62.5
Earning before interest, tax, depreciation and amortization (EBITDA)	323.1	432.4	257.0	464.7	371.6	224.5	121.0
Dividend	32.2	48.3	-	54.8	24.4	38.0	19.5
Bonus Issue	-	-	19.5	48.8	68.3	19.5	19.5
Capital expenditure	30.2	169.9	338.4	280.0	272.0	124.5	29.3
Fixed assets at cost/revaluation	2,218.0	2,192.0	1,776.4	1,429.6	1,274.9	1,007.9	313.1
Current assets less current liabilities	41.4	78.7	2.7	142.6	145.7	112.1	105.8
Cash Flow from:							
Operating activities	(562.4)	630.2	31.8	(345.4)	211.9	57.7	(175.5)
Investing activities	(25.2)	(164.9)	(246.8)	(270.4)	(265.9)	(120.9)	(25.2)
Financing activities	556.8	(58.5)	(448.5)	353.7	444.4	(51.9)	(24.7)
Cash and cash equivalents	(338.0)	(307.2)	(714.0)	(50.4)	211.6	(178.8)	(324.0)
Shareholders' funds							
Issued capital	214.6	214.6	195.1	146.3	97.5	58.5	39.0
Reserve & retained earning	504.2	503.6	455.9	456.4	358.6	227.7	149.4
Total Shareholders' fund	718.8	718.2	651.0	602.7	456.1	286.2	188.4
Surplus on revaluation of fixed assets	680.8	684.2	687.6	549.0	551.3	549.4	-
Long term Loans & Liabilities	394.5	510.0	378.2	259.0	174.4	46.3	21.2
Net Assets employed	1,794.2	1,912.4	1,716.8	1,410.8	1,181.8	881.9	209.6
Liquidity							
Current Ratio	1:1	1.1:1	1:1	1.1:1	1.1:1	1.1:1	1.2:1
Acid Test Ratio	0.5:1	0.4:1	0.4:1	0.4:1	0.4:1	0.3:1	0.3:1
Financial Gearing							
Debt equity ratio	62:38	53:47	60:40	61:39	63:37	54:46	77:23
Interest coverage (Times)	1.3	1.4	1.4	3.6	4.4	5.6	8.1



		2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Capital efficiency								
Debtors turnover	(Times)	6.0	10.4	9.6	8.3	7.7	8.2	7.5
Inventory turnover	(Times)	3.4	4.3	3.4	3.1	2.6	2.4	2.2
Total assets turnover	(Times)	1.0	1.1	1.1	1.4	1.1	1.1	1.5
Creditor turnover	(Times)	15.1	14.1	36.2	15.3	5.1	4.8	15.0
Operating Cycle	No. of days	144.0	94.0	135.0	138.0	116.0	121.0	190.0
Fixed assets turnover	(Times)	2.3	2.0	2.3	3.4	3.0	2.7	17.1
Capital employed turnover	(Times)	2.1	1.8	2.2	2.9	2.6	2.3	6.1
Profitability								
Gross profit	%	10.9	15.9	9.7	14.7	16.3	15.8	14.4
Net profit	%	1.2	1.9	1.7	4.7	5.7	5.6	4.9
EBITDA margin	%	8.5	12.9	6.8	11.1	12.3	11.1	9.4
Return on capital employed	%	11.5	17.4	10.7	28.7	28.6	23.5	49.7
Return on Equity	%	6.3	8.9	10.0	32.2	37.9	39.3	33.2
Return on total assets	%	1.2	2.1	1.9	6.5	6.4	6.2	7.5
Investment								
Price earning ratio		24.1	11.4	36.4	20.2	10.2	10.1	8.6
Earning per rupee of sales	Rs.	0.01	0.02	0.02	0.05	0.06	0.06	0.05
Earning per share	Rs.	2.12	2.98	3.35	13.28	17.73	19.20	16.02
Cash dividend per share	Rs.	1.50	2.25	-	3.75	2.50	6.50	5.00
Bonus issue per share	Rs.	-	-	1.00	3.33	7.50	3.30	5.00
Dividend (cash+bonus) yield	% *	2.94	6.61	10.00	34.70	76.40	36.7	53.6
Dividend payout %		70.7	75.6	29.8	53.3	54.0	51.1	62.4
Dividend Cover	(Times)	1.4	1.3	3.4	1.9	1.8	2.0	1.6
Market value per share	Rs.	54.0	34.0	122.0	267.9	180.0	195.0	137.0
Market value per share high during the year	Rs.	63.0	120.8	276.0	273.2	263.0	261.0	155.0
Market value per share low during the year	Rs.	34.2	27.8	122.0	162.0	169.0	135.0	68.0
Break-up value per share including surplus on revaluation	Rs.	65.2	65.3	68.6	78.7	103.3	142.8	-
Break-up value per share excluding surplus on revaluation	Rs.	33.5	33.5	33.4	41.2	46.8	51.9	48.3
Value addition and its distribution		Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Employees as remuneration		251.8	239.8	229.2	204.6	167.2	136.1	105.9
Government as taxes		708.7	582.7	698.7	838.1	755.2	484.4	305.6
Shareholders as dividends		32.2	48.3	19.5	103.6	92.7	57.6	39.0
Provider of Finance		154.5	230.0	130.3	112.1	77.2	36.9	12.8
Society		0.2	1.5	1.0	5.3	5.3	1.6	1.4
Retained within the business		16.5	19.0	58.0	93.0	100.9	55.3	23.5

Horizontal Analysis of Financial Statements

	<u>2009-2010</u>	<u>% Change</u>	<u>2008-2009</u>	<u>% Change</u>	<u>2007-2008</u>	<u>% Change</u>
	Rs. '000	w.r.t. 2009	Rs. '000	w.r.t. 2008	Rs. '000	w.r.t. 2007
Balance Sheet						
Total equity	1,399,658	(0)	1,402,442	5	1,338,521	16
Total non-current liabilities	394,541	(23)	510,026	35	378,254	46
Total current liabilities	1,846,750	69	1,095,266	(33)	1,629,125	4
Total equity and liabilities	3,640,949	21	3,007,734	(10)	3,345,900	12
Total non-current assets	1,752,787	(4)	1,833,749	7	1,714,085	35
Total current assets	1,888,162	61	1,173,985	(28)	1,631,815	(5)
Total assets	3,640,949	21	3,007,734	(10)	3,345,900	12
Profit and Loss Account						
Net sales	3,798,847	13	3,352,328	(12)	3,794,949	(9)
Gross profit	412,349	(23)	532,355	44	369,880	(40)
Operating profit	197,708	(41)	332,335	4,676	6,959	(98)
Profit before tax	52,306	(49)	101,841	90	53,607	(82)
Profit after tax	45,506	(29)	63,921	(2)	65,397	(66)



<u>2006-2007</u>	<u>% Change</u>	<u>2005-2006</u>	<u>% Change</u>	<u>2004-2005</u>	<u>% Change</u>	<u>2003-2004</u>
Rs. '000	w.r.t. 2006	Rs. '000	w.r.t. 2005	Rs. '000	w.r.t. 2004	Rs. '000
1,151,761	14	1,007,483	21	835,674	344	188,426
259,050	49	174,370	276	46,361	119	21,215
1,568,310	2	1,536,409	65	930,583	49	623,395
<u>2,979,121</u>	<u>10</u>	<u>2,718,262</u>	<u>50</u>	<u>1,812,618</u>	<u>118</u>	<u>833,036</u>
1,268,174	22	1,036,149	35	769,909	641	103,837
1,710,947	2	1,682,113	61	1,042,709	43	729,199
<u>2,979,121</u>	<u>10</u>	<u>2,718,262</u>	<u>50</u>	<u>1,812,618</u>	<u>118</u>	<u>833,036</u>
4,168,938	38	3,028,057	50	2,019,306	58	1,279,916
614,211	24	495,121	55	319,478	73	184,299
390,476	19	329,506	59	207,154	99	104,161
293,276	12	261,214	53	170,267	86	91,324
194,276	12	173,014	54	112,467	80	62,524



Vertical Analysis of Financial Statements

	2009-2010		2008-2009		2007-2008	
	Rs. '000	%	Rs. '000	%	Rs. '000	%
Balance Sheet						
Total equity	1,399,658	38.44	1,402,442	46.63	1,338,521	40.00
Total non-current liabilities	394,541	10.84	510,026	16.96	378,254	11.31
Total current liabilities	1,846,750	50.72	1,095,266	36.41	1,629,125	48.69
Total equity and liabilities	3,640,949	100.00	3,007,734	100.00	3,345,900	100.00
Total non-current assets	1,752,787	48.14	1,833,749	60.97	1,714,085	51.23
Total current assets	1,888,162	51.86	1,173,985	39.03	1,631,815	48.77
Total assets	3,640,949	100.00	3,007,734	100.00	3,345,900	100.00
Profit and Loss Account						
Net sales	3,798,847	100.00	3,352,328	100.00	3,794,949	100.00
Gross profit	412,349	10.85	532,355	15.88	369,880	9.75
Operating profit	197,708	5.20	332,335	9.91	6,959	0.18
Profit before tax	52,306	1.38	101,841	3.04	53,607	1.41
Profit after tax	45,506	1.20	63,921	1.91	65,397	1.72



2006-2007		2005-2006		2004-2005		2003-2004	
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
1,151,761	38.66	1,007,483	37.06	835,674	46.10	188,426	22.62
259,050	8.70	174,370	6.41	46,361	2.56	21,215	2.55
1,568,310	52.64	1,536,409	56.52	930,583	51.34	623,395	74.83
2,979,121	100.00	2,718,262	100.00	1,812,618	100.00	833,036	100.00
1,268,174	42.57	1,036,149	38.12	769,909	42.47	103,837	12.46
1,710,947	57.43	1,682,113	61.88	1,042,709	57.53	729,199	87.54
2,979,121	100.00	2,718,262	100.00	1,812,618	100.00	833,036	100.00
4,168,938	100.00	3,028,057	100.00	2,019,306	100.00	1,279,916	100.00
614,211	14.73	495,121	16.35	319,478	15.82	184,299	14.40
390,476	9.37	329,506	10.88	207,154	10.26	104,161	8.14
293,276	7.03	261,214	8.63	170,267	8.43	91,324	7.14
194,276	4.66	173,014	5.71	112,467	5.57	62,524	4.89



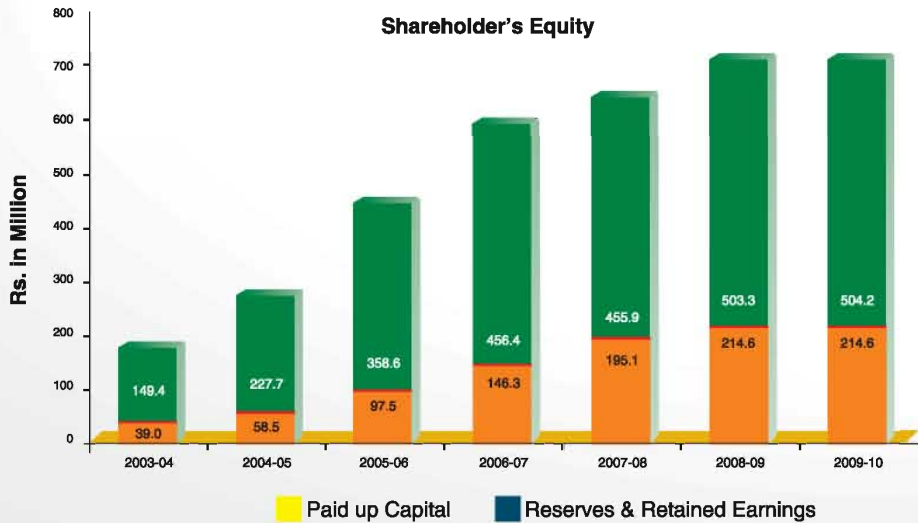
Net Sales and Gross Profit



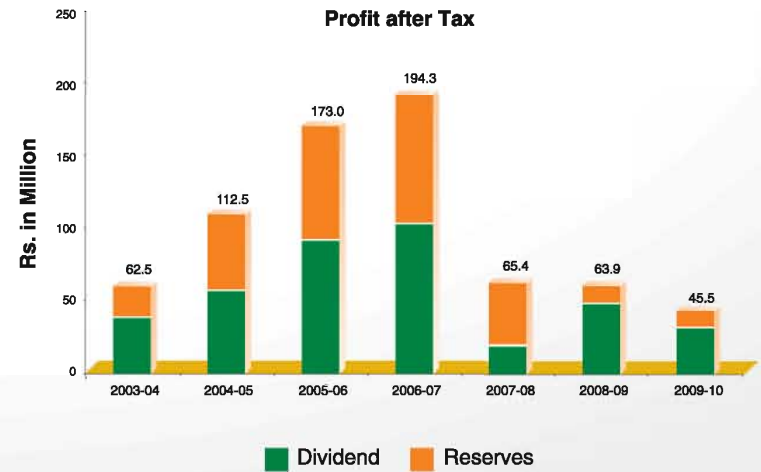
Earning per Share vs Paid-up Capital

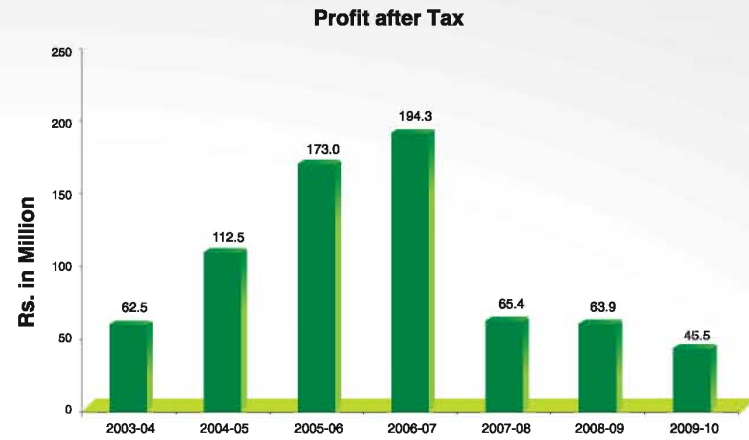
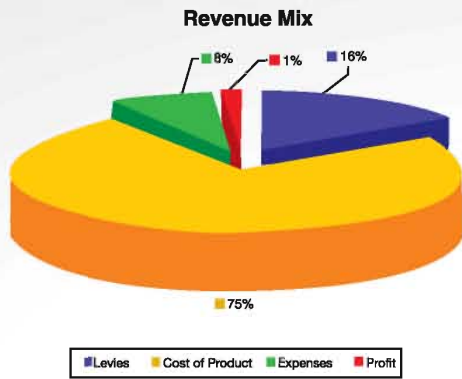


Shareholder's Equity



Profit after Tax

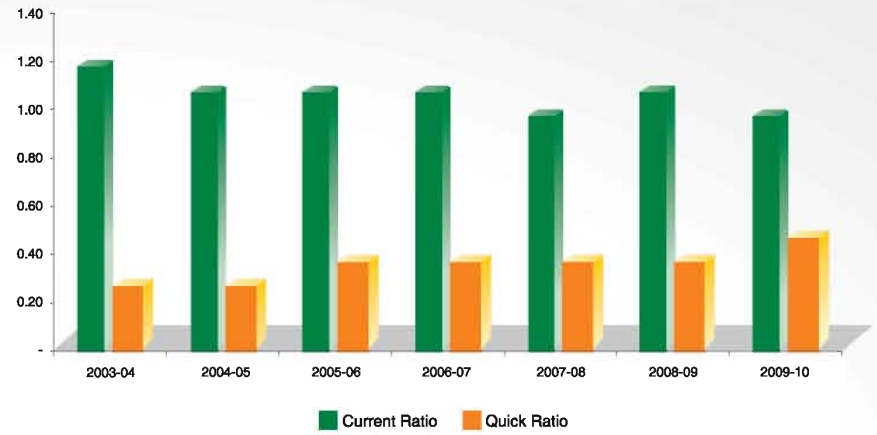




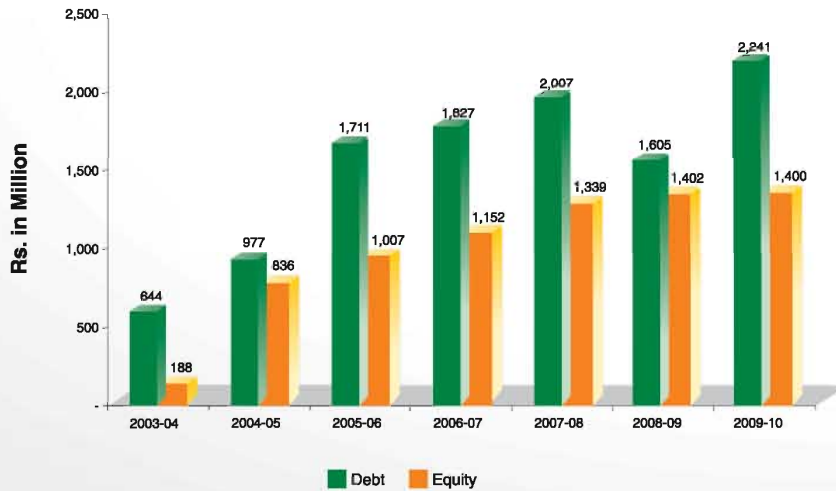
Profitability



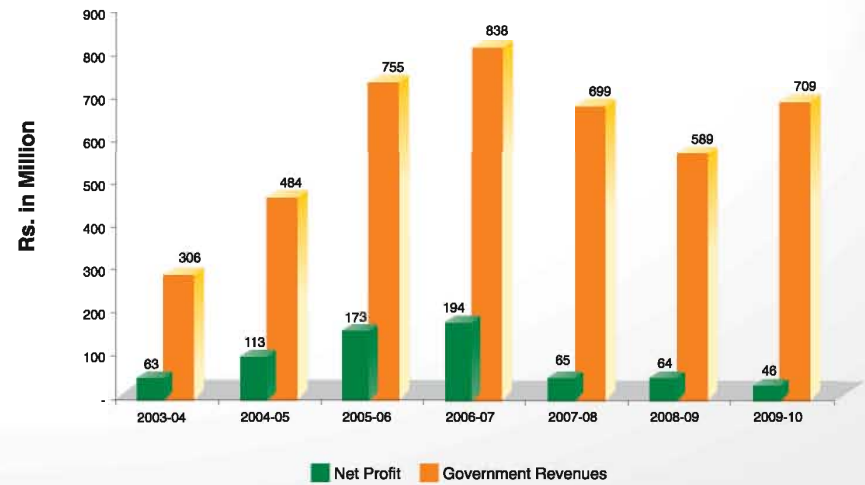
Liquidity



Debt and Equity



Net Profit and Government Revenues



Directors' Report

The Directors are pleased to present the 57th Annual Report along with the audited accounts of the Company for the year ended June 30, 2010.

The Company is engaged in the manufacture of Conductors, Cables and Wires for transmission of electricity since 1953. In 1979, the Company started extrusion of Aluminium Rod from billets, which was upgraded in 1984 to manufacture Anodized Aluminium Profile sections for architectural applications. In 1996, the Company set up a state of the art plant to manufacture high conductivity oxygen free Copper Rod. Due to the increased requirement of rods for manufacturing wire & cables as a result of growing customer demand, the production capacity of the plant has been regularly enhanced over recent years. In 2008, the company set up a PVC Compounding Plant to manufacture high quality electric cable grade PVC compound.

Investment of General Cable Corporation in Pakistan Cables

M/s General Cable Corp, through their subsidiary GK Technologies Inc, Highland Heights, Kentucky, USA is desirous of investing in the equity of Pakistan Cables Limited by way of purchase of 7,000,000 ordinary shares, which will be 24.6% of the increased share capital, at a price of the rupee equivalent of USD 1 per share. The Board of Directors of the Company has principally approved this investment subject to the fulfillment of all the legal requirements in this respect including but not limited to confirmation from the Securities and Exchange Commission of Pakistan. The Extraordinary General Meeting of the Members of the Company will be held on August 24, 2010 to approve the issue of these shares.

General Cable is one of the largest cable companies in the world with revenues of US\$ 4.4 billion and 44 manufacturing units in 22 countries around the world. It is worth recalling that Pakistan Cables was the pioneering company in Pakistan's cable industry, when it was established in 1953 in partnership with BICC UK, (at the time one of the largest cable companies in the world). Now, once again, another industry giant has expressed confidence in your company. This is a reaffirmation of our commitment to quality, ethics and management best practices and also an indication of the future potential of Pakistan's electrical capital goods industry.

The Company foresees numerous benefits from this development. Most immediately, our link with General Cables will allow us to offer a complete range of wire and cable products, including items that were previously not manufactured or available in Pakistan. Further benefits in a number of business areas include technical advice, sourcing of raw materials, manufacturing best practices and exports.

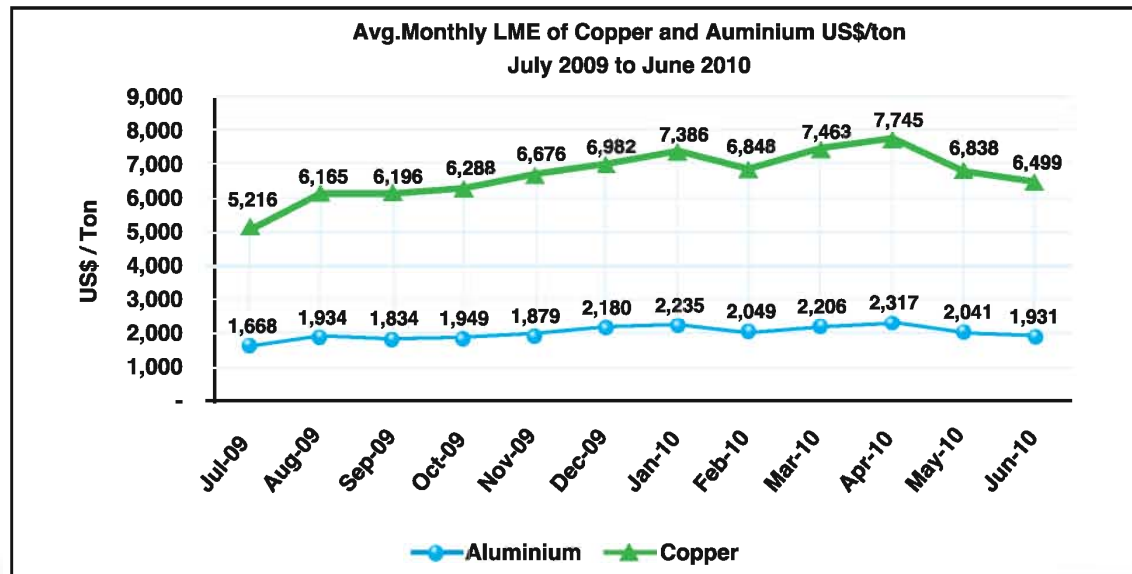


Global Copper & Aluminium Scenario

The prices of cables, copper rod and aluminium extrusions are closely linked to the global markets for Copper and Aluminium. Both base metals are traded on the London Metal Exchange (LME), the world's premier non-ferrous metals market. The LME is a highly liquid market and in 2009 achieved volumes of 111.9 million lots, equivalent to \$7.4 trillion annually and \$29 billion on an average business day. The price of both these metals is therefore determined at the LME and any fluctuations in Copper or Aluminium prices have a direct effect on the pricing of our products.

During this financial year, copper prices trended upward from an average of \$5,216 per ton in July 2009 to an average of \$7,745 per ton in April 2010. The upward trend in copper prices witnessed during this period reflected the higher demand for copper, as the global economic recovery gained traction. Subsequently copper fell to \$6,499 per ton in the month of June 2010.

The trend for Aluminium prices was similar to Copper, with prices increasing between July 2009 and April 2010 and then trending downwards thereafter.



Overview of National Economy

The financial year 2010 remained challenging for the Pakistani economy, despite a modest recovery. The economy displayed GDP growth of 4.1% in fiscal 2010, as compared to GDP growth of 1.2% in the previous year.

The Agricultural sector grew at an estimated 2.0% during the year against 4.0% in the previous year and a growth target of 3.8%. This sector was hampered by lower availability of water, inadequate water storage capacity and inefficient utilization of available water. In contrast to the Agricultural sector, the Manufacturing sector grew by 5.2% with Large Scale Manufacturing growing by 4.4% and the Services sector by 4.6%.

Although there was an improvement in the economy, political and security concerns remained high. Deteriorating law and order situation resulted in the outflow of troubled areas and considerable stress on the state of government finances, as the government had to accommodate displaced people and rebuild affected areas. Security concerns were coupled with severe energy shortages, persistent though eased inflationary pressures, lower availability of water resources and high government borrowing to overcome a low tax to GDP ratio. Furthermore, the rupee continued to weaken during the course of the fiscal year, from around Rs. 82/US\$ to around Rs. 85/US\$.

The IMF had extended US\$7.6 billion to Pakistan in late 2008 under a standby arrangement. This amount was further increased to US\$11.3 billion and extended through end-2010. Total disbursements under the arrangement so far are US\$7.27 billion.

Inflationary pressures eased from an average of 20.8% in fiscal 2009 to 10.3% in December 2009, allowing the State Bank to cut its discount rate to 12.5%. The discount rate was subsequently increased to 13% in July 2010, on the back of increasing inflationary pressures after they had eased earlier in the year.

Segment Highlights

Cables & Wires

Pakistan Cables has established itself as a key player with more than 57 years of experience in the wire & cables business and can rightly claim to be the No.1 Company of its kind in the country. Our business is driven by the strength, growth prospects and activity in the end market in which our products are used. Our product strategy is to manufacture an extensive array of high quality wires & cables to meet the diverse, dynamic and time-sensitive needs of our customers.



During the financial year, the Company maintained its leadership position in the market for cables and wires in Pakistan. Pakistan Cables' Trade Network's footprint extends to over 55 towns. The Company also continued to win large orders from a number of significant commercial projects. Some of the landmark projects in which Pakistan Cables' products were used during the financial year included Byco Petroleum, International Steels Limited, Tetra Pak Pakistan, Coca Cola Beverages, Engro Fertilizers, Fauji Cement Company, Ennar Petrotech Services and various projects led by electrical contractors including Descon Engineering, Areva T&D and Siemens.

Pakistan Cables also continued to focus on innovation. During the year, Pakistan Cables successfully developed and supplied Triple Extruded 15kv Medium Voltage aluminium cables to KESC and other customers.

Aluminium Sections

Alum-Ex sales remained strong throughout the year, as the company took advantage of recently enhanced production capacity and improved efficiencies. The Company is committed to providing the highest quality aluminium sections in the country. This is underlined by the confidence in our products from Pakistan's leading architects and contractors. During the year some of the significant projects in which Alum-Ex sections were used included Army Housing Schemes - Karachi & Lahore, Basic Health Unit - Azad Kashmir, Safari Villas - Islamabad, Citizen Building - Karachi and CBR Building - Islamabad.

PVC Compound & Copper Rod

Pakistan Cables' PVC Compound & Copper Rod are primarily used for in-house consumption and is sold to commercial customers as and when there is excess capacity available.

Market Share

There is no independent source that identifies the market shares of cable manufacturers in Pakistan. Furthermore, Pakistan Cables is the only cable manufacturer that is a listed public limited company. As a result, the information of our competitors is not publicly available and it is therefore not possible to present any credible market share information in this report.

Manufacturers of cables in Pakistan can be broadly divided between the organized and unorganized sector. While the unorganized sector has a fair chunk of the overall market share of house wiring, Pakistan Cables has strong brand recall and customer loyalty within the organized sector. Similarly, the company is the preferred brand in sales of cables to industries, commercial projects, housing developments, government organizations, builders, institutions and the general public. Moreover, your Company's products often command a significant premium due to the high quality materials and quality oriented nature of the Company.



Operating Performance

The country's economy grew by only 4.1% in 2009-10 against 1.2% in the previous year. Despite the improvement in performance the economy was hampered by political uncertainty, unstable law & order situation, high inflation yet easing inflation, unfavorable balance of trade, acute energy and water shortages, high interest rates and currency depreciation.

Commercial activity and industrial demand for your Company's products continued to remain subdued during the year, although there was improvement over the previous year. Despite adverse economic factors, the Company's sales for the year are reasonably satisfactory. Your Company achieved sales of Rs. 3.8 billion which is 13% higher than last year's sales of Rs. 3.4 billion. The growth in sales compared to last year is a function of higher sales volumes and also due to increases in the price of our products, reflecting higher copper and aluminium prices.

Gross profit for the year amounted to Rs. 412.3 million (10.9% of sales), compared to gross profit in the previous year of Rs. 532.4 million (15.9% of sales). The lower gross profit percentage as compared to last year is due to orders taken at low margins as a result of tough competition in the market, devaluation of rupee against the dollar which increased the cost of our inputs and increase in copper prices, all of which could not be passed on to customers.

Financial charges of Rs. 154.5 million for the year were considerably lower than amount of Rs. 230.0 million, incurred in the previous year. The company was able to reduce interest expense by availing import finance facilities offering lower interest rates.

As a result of the above factors, your company earned a profit after tax of Rs. 45.5 million compared to Rs. 63.9 million in the same period of last year.



Dividends and Appropriations

For the current year, your Directors recommend payment of Rs. 1.50 per share (15%) as final cash dividend (2009: 22.5%). The appropriation of profit will be as under:

	2009-10
	Rs. '000
The net profit after tax amounted to	45,506
To this is added un-appropriated profit brought forward from last year	67,618
Transfer from surplus on revaluation	3,356
	<hr/>
	116,480
	<hr/> <hr/>
APPROPRIATIONS:	
Payment of Final cash dividend at the rate of Rs. 2.25 per share (22.5%) for the year ended June 30, 2009	48,290
Transfer to General Reserve for the year ended June 30, 2009	19,000
Leaving un-appropriated profit to be carried forward	49,190
	<hr/>
	116,480
	<hr/> <hr/>
Earning per share	Rs. 2.12
	<hr/> <hr/>
Subsequent Effects	
Proposed final cash dividend of Rs. 1.50 per share for the year 2010	32,194
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Transfer to General Reserve	16,500
	<hr/> <hr/>



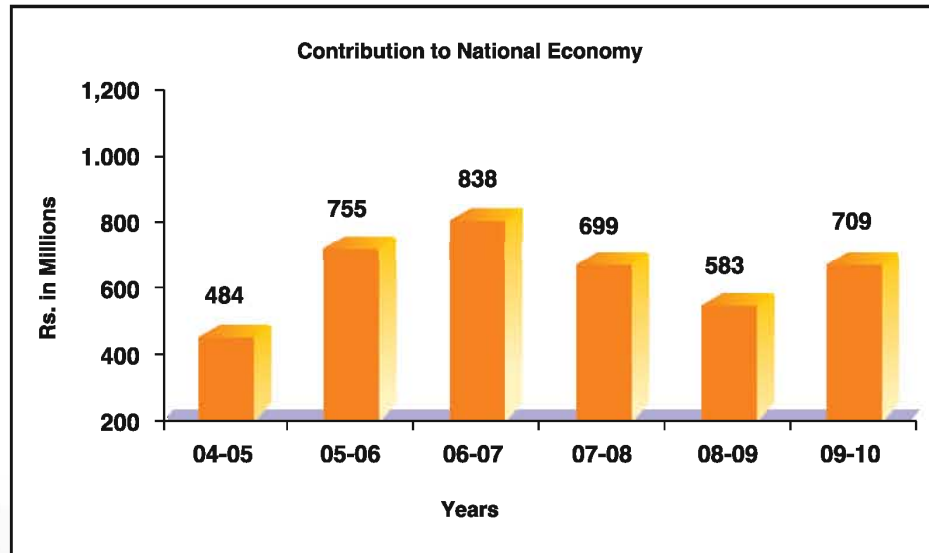
Cash Flow & Liquidity

The Company is constantly monitoring cash flow to ensure overall liquidity. During the financial year, Pakistan Cables cash flow from operations remained restricted due to higher working capital requirements, as the value of inventory increased substantially due to higher cost of copper and Trade Debts were elevated due to exceptionally high sales in the last month of the financial year.

Pakistan Cables is committed to reducing its long term debt position through scheduled repayments. Moreover, the Company intends to pay down debt from the cash inflow resulting from the issuance of shares to General Cable. The Company also closely monitors interest and foreign exchange rates to take advantage of any potential saving or hedging opportunities.

Contribution to National Economy

The Company's contribution to the National Exchequer by way of taxes, levies, sales tax, etc. amounted to Rs. 709 million during the year (2008-09 : Rs. 583 million.)



Corporate Governance

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance we are pleased to state that:

- a. The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity.
- b. Proper books of accounts have been maintained by the company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The key operating and financial data of last seven years is given on page 33, while the pattern of shareholding is provided on page 113.

The value of investments of provident and pension funds as per their accounts for the year ended December 31, 2009 are as follows:

Provident Fund	Rs. 200.931 Million
Pension Fund	Rs. 160.260 Million



During the year six (06) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Director	No. of meetings Attended
Mr. Towfiq H. Chinoy	05 / 06
Mr. Mustapha A. Chinoy	06 / 06
Syed Naseem Ahmad	03 / 06
Mr. Javed Anwar	06 / 06
Mr. Ansar Hussain	05 / 06
Mr. M. Khalil Mian	03 / 06
Mr. Haroun Rashid	06 / 06
Mr. Saquib H. Shirazi	05 / 06
Mr. Shahpur Channah	06 / 06
Mr. Aslam Sadruddin	06 / 06
Mr. Kamal A. Chinoy	06 / 06

The Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children did not carry out any transactions in the shares of the Company during the year.

Corporate Social Responsibility

At Pakistan Cables, Corporate Social Responsibility encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. We believe that we need to make a conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base. For example, the Company informs and educates electricians about electrical safety and precautions through regular communications.

The Company continues to play an active role in supporting social sector programs and has always been at the forefront in its recognition and responsibility towards meeting society needs. During the year, Pakistan Cables ran a consumer promotion scheme through which consumers had the opportunity to win free energy savers with the purchase of our cables. As a result of this scheme, the Company distributed 12,000 energy savers throughout Pakistan. Not only were our consumers benefiting from lower energy consumption due to the use of high quality cables, but we provided them additional benefits in the form of energy savers. Pakistan Cables was therefore able to contribute to lowering the heavy load on our country's burdened energy system. In addition, the Company has also sponsored "The Amir Sultan Chinoy Chair" for the Institute of Educational Development at the Aga Khan University Hospital.

The Company also gave large discounts on its products to charitable organizations and philanthropic projects throughout the year.



Quality & Technology

Pakistan Cables is committed to strive for product quality, excellent customer service, innovation and efficiencies. The Company reiterates its commitment to consistently deliver enhanced value to customers, through continual improvement of its product and processes. This is reflected in the fact that during the year, the Company satisfactorily complied with all the requirements of the ISO 9001:2008, upgrading to the latest version of the quality management system for all its products as certified by BVQI, UK.

The Company has a highly advanced Quality Assurance Laboratory which is equipped with the latest state of the art equipment and is manned by professional and skilled personnel who are engaged to check process variables in every step of manufacturing process, to ensure that all our final products are in compliance with the relevant international specifications. Pakistan Cables is the only cable manufacturer in Pakistan with medium and low voltage cables that have been accepted as world class following the type testing and certification of its products by KEMA high voltage laboratory in Netherlands.

Business Process Improvement and Development

Improvement in business processes is paramount for any industry to stay competitive in today's market place. The Company is continuously engaged in business process re-engineering activities to optimize its activities and benefit from the technological advances in operational, technical and engineering functions. Current initiatives are underway that will improve efficiencies and excess wastages in the near future.

The Company has invested in a 2 MW tri-generation plant and a state of the art PVC Compounding plant. These plants will ensure that the company has uninterrupted power supply and availability of key raw materials at lower input costs.

Your Company, during the year, successfully carried out production of specific types of cable grade PVC Compound. Pakistan Cables also developed Low Smoke Flame Retardant (LSFR) cables.

Information Technology

Pakistan Cables continued its efforts to modernize and strengthen Company's IT infrastructure and services during the year. As part of a comprehensive disaster recovery plan for Company's information systems, a disaster recovery site has been established within factory premises. Backup of all critical IT systems will be deployed in real-time at this DR site to ensure availability of systems in case of disastrous situations at the main site.

In pursuance to its commitment to increase knowledge of operating computers and business applications, the Company has provided trainings of Microsoft Windows and Microsoft Office to 40 employees of various departments.



Safety, Health & Environment

Protecting the health and safety of our people and ensuring a healthy working environment is of great importance to Pakistan Cables. The Company is committed to working towards designing a workplace that minimizes work related risks and occupational health and safety. Your Company also lays great stress on environment protection. Plant operations are strictly controlled to maintain safe environment for workers as well as the surrounding community. Several measures have been taken to control pollution and to maintain a clean, green and healthy environment which includes prevention of process gas emission into the atmosphere, recycling of waste heat and continuous efforts to improve greenery and maintain a clean environment in and around the factory through horticulture, better housekeeping, etc. All potentially hazardous material is monitored by the Company to ensure that best practices are followed in environmental protection. For example, any anodizing waste is neutralized prior to discharge.

In-line with management's objective, work has been initiated during the course of the year on the development of a comprehensive Health, Safety & Environment Management System. Awareness sessions were conducted on the introduction and requirements for OHSAS 18001 and ISO 14001 and these sessions were followed up with in-depth training sessions. The Company is currently in the process of implementing our new HSE system on the factory floor.



Mr. Kamal A Chitroy, Chief Executive, speaking to PCL employees at the launch of the Company's new HSE System

In addition to our HSE initiatives, medical facilities are also provided to all employees and the Company operates an on-site dispensary with a full time doctor.

As the Company has its own Power Plant, with waste heat recovery and vapor absorption chillers, it is able to more efficiently utilize gas and electricity, thus ensuring energy conservation.

In July 2010, it was announced that Pakistan Cables was amongst 58 companies in Pakistan to receive the prestigious award from the National Forum for Environment & Health's at 7th Annual Environment Excellence Awards. This award is a reflection of your Company's commitment to Health, Safety & Environment, and our mission to be a good corporate citizen and assist in the socio economic development of Pakistan.



Training & Human Resource Development

Attracting and retaining the best talent is critical in enhancing and sustaining any company's performance. We strongly believe that employees are our greatest assets and therefore continue to work for its development. The main focus is on Human Resource Development, taking into account the industry norms and accomplishments. The Company continues to motivate its employees through proper placement, effective appraisal, employee recognition and skills development programs to develop the most competent and challenging work force.

Your Company attaches great importance to training and development of its employees. The Human Resource Development activities focus on multi-skill training and enhancing managerial competencies. Competency mapping for identification of skill gaps and training were initiated during the year. Various training programs were conducted using various methods to impart the best instructional techniques, like on the job, in-house training, job rotation, seminars, workshops, etc.

Staff Relations

The total number of employees as on June 30, 2010 was 444. The relationship with the employees at all levels remained cordial and conducive throughout the year. The Union-Management relations continued to be friendly and industrial peace prevailed during the year under review.

The two-year agreement with the workers union expired on 31st December 2009 and a new agreement has been negotiated with the CBA, which is valid till December 31st, 2011.

Auditors

The present auditors, M/s. KPMG Taseer, Hadi & Co., have retired and being eligible, have offered themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their reappointment as auditors of the company for the year ending June 30, 2011.

Business Risk and Challenges

Volatility in prices of Metals

Your Company is exposed to fluctuations in the prices of metals, particularly of copper, which have historically affected our operating results. To the extent higher copper prices result in increase in the costs of our product, we attempt to reflect the increase in the prices we charge our customers. Similarly, a reduction in copper prices is reflected through lower prices of our cables. While we historically have been able to pass on all or part of these cost increases to our customers, we may be unable to do so at times, due to prevailing slowdown and competition. In addition, as copper prices increase, our customers may delay or decrease their purchases of our wire and cable, which could adversely affect the demand for our products. The Company has comprehensive risk management, procurement and hedging strategies that ensure that fluctuations in the prices of copper and aluminium do not expose it to losses.



Foreign Exchange Risk

Your Company is also exposed to foreign exchange risk as most of the raw materials purchased are imported and are denominated in foreign currency, mainly US Dollars. Any sharp fall in the value of Rupee against the US Dollar will increase the cost of our inputs, resulting in lower margins. At present, foreign exchange for imports is without the benefit of forward cover, due to State Bank of Pakistan regulations, which increases the uncertainty in costing our materials.

High Interest Rates

Interest rates continue to remain elevated resulting in high borrowing cost. Your Company has availed Long Term Loans for financing its new projects. The high interest rates on these loans may have a direct impact on the profitability of the company. However, the Company intends to pay down debt from the proceeds of the General Cable investment, which should result in lower borrowing costs.

Low quality cables from un-organized sector

The influx of low quality cables from the unorganized sector has increased substantially during the last few years. This affects mainly the House-wiring and some of the low voltage segment as it is fed by low tech unscrupulous backyard manufacturers mainly using scrap or low quality raw material. Unless proper quality standards are enforced, this could affect our sales.

Risk Associated with Inventory

Our business requires us to maintain certain levels of inventory. We must identify the right mix and quantity of products to keep in our inventory to meet customer orders. Failure to do so could adversely affect our sales and profit. However, if our inventory levels are too high, we are at risk that unexpected changes in circumstances, such as shift in market demand or drop in prices, could have material adverse impact on the net realizable value of our inventory.

Increase in Competition

Your company operates in a highly competitive industry. To the extent existing or future competitors seek to gain or retain market share by reducing prices, we may also be required to lower our prices, thereby adversely affecting our financial results.

Downturn in Capital Spending by Customers

Majority of our products are used in construction, maintenance and operation of facilities, engineering, energy, infrastructure, petrochemical, textile and fertilizer industries. The demand of our products also depends on the capital spending levels of end-users. Many of them defer capital expenditures or cancel projects during economic downturns. Until the economy of the country recovers, the demand for our products may remain weak, which could have an adverse affect on our results.



Overall, your Company is vigilant and aware of the risks it faces and has put in place an encompassing risk management system in order to avoid, mitigate or transfer risks, where possible.

Future Prospects

While the Company had benefited from sustained economic growth up until 2007, the last few years have remained challenging. The year under review continued to witness uncertain demand for cables due to political and economic uncertainty, deteriorating law & order situation, inflationary pressures, high interest rates, water shortages and the energy crisis. Despite these factors, our outlook for the coming year is cautiously optimistic. The State Bank of Pakistan's Economic Survey reveals that GDP is expected to grow 4.5% in 2010-11, which is a slight improvement over the recently concluded year. The Manufacturing sector is expected to grow 5.6%, while Services and Agriculture are forecasted to grow 4.7% and 3.8%, respectively.

The most immediate impediments to sustained growth will be the energy crisis, and stubborn inflation. There is, however, an expectation that Pakistan's energy sector is well placed to make progress in the coming years. The installed power generation capacity is expected to grow by over 2,100 MW in 2010-11 due to the addition of 420 MW from rental power plants, 1,241 MW from IPPs, 298 MW of hydro power, 44 MW of wind power and 116 MW from KESC. Moreover, the U.S. has identified the Pakistan energy sector as a priority area and over the past year has earmarked \$185 million for this sector under the US Signature Energy Programme for Pakistan.

Such investments in the energy sector are expected to have a positive effect on your Company. With regards to the other impediment, namely inflation, Pakistan being a net importer of oil, will continue to remain sensitive to international oil prices. Most recently, persistent inflation, has been addressed by the State Bank with a 500 basis point rate hike, taking the benchmark discount rate to 13%. Ongoing inflation and high interest rates may continue to hamper the economy, although there is an optimistic view from the State Bank that inflation could reduce to 9.5% in the coming year.

The strategy of your company is to continue to concentrate on the development of its core business and to realize benefits from investments made in state of the art wire & cable machinery and new projects viz. Tri-Generation Power Plant, PVC Compounding Plant and also on balancing, modernization and replacement of some of machines. However, there remains considerable competition within the Pakistani wire & cable industry. Consequently, margins could be under pressure.

The Management of your Company is fully aware of the challenges that lie ahead and is taking all possible measures to face those challenges by adopting an aggressive marketing strategy, continuing to strive for operational excellence, prudently utilizing funds and adopting better controls to reduce costs. Our focus will remain on providing best-in-class customer services and through this effort retain existing customers and acquire new business. Moreover, we expect to benefit from our new association with General Cable, which will give us access to the latest technology in the business, better management techniques, a wider product offering, improved procurement opportunities and general goodwill that comes from being linked to a company of such scale and repute.



Excellence Awards

Pakistan Cables received an award from the National Forum for Environment & Health's at 7th Annual Environment Excellence Awards, which is recognition of the Company's focus on Health, Safety and Environment issues.

The Company also won the "Putting the Consumer First Award". The Award Ceremony was held in Karachi by Helpline Trust. Helpline Trust is an institution that works for good governance, health / education improvement and consumer rights. According to Helpline Trust, Pakistan Cables has won this award because it has demonstrated considerable commitment to its consumers, as well as the community within which it operates.



Acknowledgement

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 throughout the year. 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 and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

On behalf of the Board



TOWFIQ H. CHINYOY
Chairman

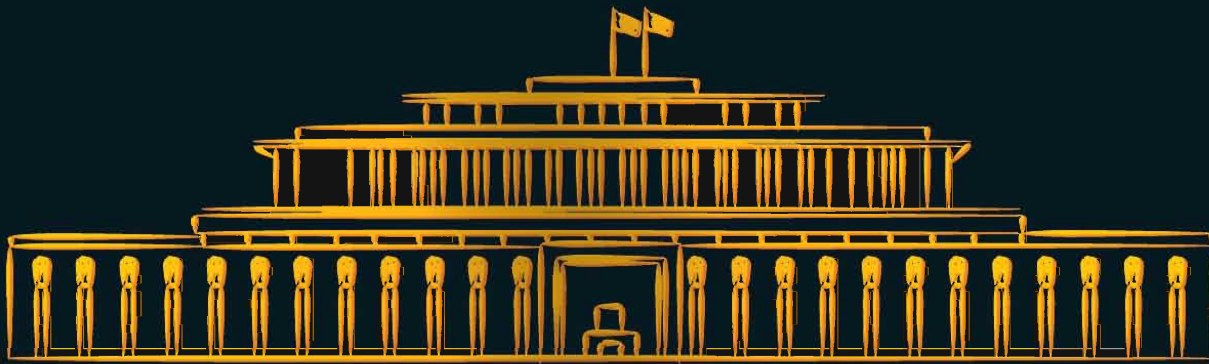


KAMAL A. CHINYOY
Chief Executive

KARACHI: August 10, 2010



Aiwan-e-Sadr, Islamabad



The Aiwan e Sadr, located on Constitution Avenue in North-eastern Islamabad, is the official residence and the principal workplace of the President of Pakistan. It was first used in 1988 by the then president Ghulam Ishaq Khan.

The Audit Committee of the Board

CONSTITUTION

The Audit Committee (the Committee) is a Committee of the Board constituted by a resolution of the Board dated June 28, 2002. The Terms of Reference of the Committee is as under:-

MEMBERSHIP

The Committee shall be appointed by the Board and shall comprise of not less than three members majority of whom shall be non-executive Directors. Two members shall constitute a quorum. In case if any member is out of country then he can appoint any other director as his replacement for the period, however, such replacement should be in a manner that the majority of the members of the committee shall always consist of non-executive directors. The period of appointment shall be determined by the Board who shall have the powers to remove members or add new members at anytime.

The Chairman of the Committee who should be a non executive director, shall be appointed by the Board.

FREQUENCY OF MEETINGS

Meetings of the Committee shall be held not less than four times a year.

ATTENDANCE AT MEETINGS

The Committee, at its discretion, may require the Chief Executive, Finance Director and other Senior Management to attend meetings and provide information and explanations relevant to the Company and its operations as outlined below. The Committee may, again at its discretion, ask the company's external auditors to attend meetings and answer questions relating to the company's financial controls and audit procedures. The committee may also invite other non-executive Directors to its meetings as appropriate.

SPECIFIC AND GENERAL AREAS OF ACTIVITY WHICH THE COMMITTEE IS REQUIRED TO MONITOR AND OVERSEE ON BEHALF OF THE BOARD

The Audit Committee shall;

- a. be responsible for recommending to the Board of Directors the appointment of external auditors by the company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements,



- b. determine appropriate measures to safeguard the listed company's assets,
- c. review preliminary announcements of results prior to publication,
- d. review quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with listing regulations and other statutory and regulatory requirements.
- e. Facilitate the external audit and conduct discussion with external auditors on major observations arising from interim and final audits and on any matter that the auditors may wish to highlight (in the absence of management, where necessary),
- f. review of management letter issued by external auditors and management's response thereto,
- g. ensure coordination between the internal and external auditors of the company,
- h. review the scope and extent of internal audit and ensure that the internal audit function has adequate resources and is appropriately placed within the company,
- i. consider major findings of internal investigations and management's response thereto,
- j. ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective,
- k. review the company's statement on internal control systems prior to endorsement by the Board of Directors,
- l. institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body,
- m. determine compliance with relevant statutory requirements,
- n. monitor compliance with the best practices of corporate governance and identify significant violations thereof, and
- o. consider any other issue or matter as may be assigned by the Board of Directors.

REPORTING PROCEDURES

The Committee shall report to the Board through its Chairman, it may raise any matter within its terms of reference and may make comments and make proposals. The Secretary shall circulate the minutes of meetings of the Committee after their approval by the committee Chairman to all members of the Board.



Management Committee

The mission of the management Committee is to support the Chief Executive Officer to determine and implement the business policies within the strategy approved by the Board of Directors.

MEMBERS

Chief Executive Officer	Chairman
Deputy Chief Executive	Member
Director Finance	Member
Works Manager	Member

ROLE OF THE COMMITTEE

The Committee is responsible for the following:

- Review matters / suggestions arising from Operations Committee meetings and take decisions as necessary to improve efficiencies, operations, safety, reduce costs etc.
- Discuss, define and update HR policies.
- Approve parameters for annual increments and ex-gratia.
- Approve all promotions and transfers relating to management staff.
- Assign tasks to the Operations Committee and expand (or subtract) their charter.
- Review & propose annual budget to the BOD.
- Review company strategy and its implementation. Implement changes as required within the guidelines approved by the BOD.
- Explore new avenues for business.
- Take on any other tasks assigned to it by the CEO or Board Committees.
- Deal with issues arising from Internal Audit investigations.

COMMITTEE PROCEDURES

Formal meetings will be conducted on a monthly basis or more frequently as circumstances dictate.

The Director Finance is the Secretary of the Management Committee. A record will be maintained of the minutes of the formal and informal meetings of the Management Committee. Minutes of the meeting will be circulated to all members of the Management Committee within seven days of the meeting.

In order to form a quorum at least 2 members need to be present including the Chief Executive.



Operations Committee

The mission of the Operations Committee is to support the Management Committee in implementing the business policies within the strategy approved by the Board of Directors.

MEMBERS

Deputy Chief Executive	Chairman
Director Finance	Vice Chairman
Manager Finance	Member/Secretary
Works Manager	Member
Engineering Manager	Member
Human Resources/ I. R. Manager	Member
Manager Technical	Member
Manager Materials	Member
Product Manager GWC	Member

ROLE OF THE COMMITTEE

The Committee is responsible for the following:

- Review in detail, ways to cut costs and recommend the same to the Management Committee.
- Review in detail, ways to improve efficiencies and recommend the same to the Management Committee.
- Review progress of departments towards their respective annual budgets (expenses, output, sales etc).
- Review progress of departments towards their respective annual goals.
- Review safety measures and recommend improvements to the Management Committee.
- Review and monitor the supply chain and ensure raw material availability for all products.
- Review and monitor work in progress and finished goods and take actions to control these.
- Define and monitor Key Management Indicators for each department.
- Review staff training needs.
- Identify capital investment projects and propose the same to the Management Committee.

COMMITTEE PROCEDURES

Formal meetings are to be conducted on a monthly basis or more frequently as circumstances dictate.

The Manager Finance is the Secretary of the Operations Committee. A record will be maintained of the minutes of the Operations Committee. Minutes of the meeting will be circulated to all members of the Operations Committee within seven days of the meeting. On approval, the minutes of the meeting are sent to all members of the Management Committee.

The Operations Committee may form sub committees as and when deemed necessary. The Operations Committee may invite other members as and when deemed necessary and may exempt members from meetings if they are deemed superfluous.

In order to form a quorum for the meeting, at least four members shall be present. In the absence of the Chairman, Director Finance will chair the meeting.



Statement of Compliance with the code of Corporate Governance For the year ended June 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes two directors representing National Investment Trust Limited and one representing State Life Insurance Corporation.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs and none of them is a member of a stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and management employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of the listing regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities.



10. No new appointment of CFO, Company Secretary and Head of Internal audit was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.


TAWFIQ H. CHINOY
Chairman


KAMAL A. CHINOY
Chief Executive

Date: August 10, 2010



Review Report to the members on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Pakistan Cables Limited** ("the Company") to comply with the Listing Regulation of the Karachi Stock Exchange.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 10 August 2010



financial statements



Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan Cables Limited** ("the Company") as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as described in note 2.5 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2010 and of the profits, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 10 August 2010

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem



Balance Sheet As at 30 June 2010

	Note	2010 (Rupees in '000)	2009
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	4	214,623	214,623
General reserves		455,000	436,000
Unappropriated profit		49,190	67,618
		718,813	718,241
Surplus on revaluation of land and buildings - net of tax	5	680,845	684,201
Non-current liabilities			
Long-term loans	6	260,958	364,185
Deferred liability for staff gratuity	7	18,224	18,636
Other long-term employee benefits	8	15,177	14,117
Deferred tax liability - net	9	100,182	113,088
Total non current liabilities		394,541	510,026
Current liabilities			
Current portion of long-term loans	6	103,226	115,577
Trade and other payables	10	508,894	446,731
Short term borrowings	11	1,214,652	493,919
Mark-up accrued on bank borrowings		19,978	39,039
Total current liabilities		1,846,750	1,095,266
Contingencies and commitments	12		
Total equity and liabilities		3,640,949	3,007,734

The annexed notes from 1 to 40 form an integral part of these financial statements.



	Note	2010 (Rupees in '000)	2009
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,625,394	1,711,507
Investments in associates	14	123,200	117,418
Long-term loans	15	1,928	2,330
Long-term security deposits		2,265	2,494
Total non current assets		1,752,787	1,833,749
Current assets			
Stores and spares	16	32,150	28,128
Stock-in-trade	17	982,719	657,915
Trade debts	18	636,040	323,219
Short-term loans and advances	19	11,630	8,858
Short-term deposits and prepayments	20	3,209	5,146
Other receivables	21	1,251	4,684
Advance tax - net of provisions		210,769	105,814
Cash and bank balances	22	10,394	40,221
Total current assets		1,888,162	1,173,985
Total assets		3,640,949	3,007,734



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director

Profit and Loss Account For the year ended 30 June 2010

	Note	2010 (Rupees in '000)	2009
Net sales	23	3,798,847	3,352,328
Cost of sales	24	(3,386,498)	(2,819,973)
Gross profit		412,349	532,355
Selling costs	25	(118,590)	(125,555)
Administrative expenses	26	(67,691)	(70,573)
		(186,281)	(196,128)
		226,068	336,227
Other operating expenses	27	(36,377)	(9,908)
Other operating income	28	8,017	24,617
		28,360	14,709
		197,708	350,936
Finance expenses	29	(154,484)	(230,007)
Share of profit / (loss) from associates		9,082	(487)
Impairment loss on investments		-	(18,601)
		52,306	101,841
Profit before income tax		(6,800)	(37,920)
Taxation	30	45,506	63,921
Profit for the year			
			(Rupees)
Earnings per share - basic and diluted	31	2.12	2.98

The annexed notes from 1 to 40 form an integral part of these financial statements.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director



Statement of Comprehensive Income For the year ended 30 June 2010

	2010	2009
	(Rupees in '000)	
Profit after tax for the year	45,506	63,921
Other comprehensive income	-	-
Total comprehensive income for the year	<u>45,506</u>	<u>63,921</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director



Cash Flow Statement

For the year ended 30 June 2010

	Note	2010 (Rupees in '000)	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	(261,992)	901,608
Staff retirement benefits paid	7.4	(2,873)	(1,477)
Finance expenses paid		(173,545)	(219,043)
Taxes paid		(124,661)	(49,897)
Long term loans		402	(923)
Long term security deposits		229	-
Net cash flows from operating activities		<u>(562,440)</u>	<u>630,268</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(30,209)	(169,852)
Sale proceeds on disposal of fixed assets	13.1.2	1,707	3,577
Dividends received		3,300	1,350
Net cash flows from investing activities		<u>(25,202)</u>	<u>(164,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		-	208,991
Repayment of principal amount		(115,577)	(59,285)
Net increase / (decrease) in short-term finance		719,715	(208,220)
Dividends paid		(47,341)	(3)
Net cash flows from financing activities		<u>556,797</u>	<u>(68,517)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(30,845)</u>	<u>406,826</u>
Cash and cash equivalents at beginning of the year		<u>(307,195)</u>	<u>(714,021)</u>
Cash and cash equivalents at end of the year	33	<u>(338,040)</u>	<u>(307,195)</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Asiam Sadruddin
Finance Director



Statements of Changes in Equity For the year ended 30 June 2010

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 01 July 2008	195,112	378,000	77,852	650,964
Total comprehensive income for the year- profit for the year ended 30 June 2009	-	-	63,921	63,921
Transactions with owners recorded directly in equity - Bonus shares issued at 10% for the year ended 30 June 2008	19,511	-	(19,511)	-
Transfer to general reserve for the year ended 30 June 2008	-	58,000	(58,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	3,356	3,356
Balance as at 30 June 2009	214,623	436,000	67,618	718,241
Total comprehensive income for the year-Profit for the year ended 30 June 2010	-	-	45,506	45,506
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2009	-	-	(48,290)	(48,290)
Transfer to general reserve for the year ended 30 June 2009	-	19,000	(19,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	3,356	3,356
Balance as at 30 June 2010	214,623	455,000	49,190	718,813

The annexed notes from 1 to 40 form an integral part of these financial statements.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director

Notes to the Financial Statements

For the year ended 30 June 2010

1. LEGAL STATUS AND OPERATIONS

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.

M/s General Cable Corp., a company incorporated in the United States of America (USA) is desirous of investing in equity of the Company through their subsidiary GK Technologies Inc, by way of purchase of 7,000,000 ordinary shares, which is 24.6% of the increased share capital at a subscription price of rupee equivalent of USD 1 per share.

The Board of Directors of the Company in their meeting held on 28 June 2010 has principally approved the said investment subject to the fulfilment of all the legal requirements in this respect including but not limited to confirmation from the Securities and Exchange Commission of Pakistan and the Members of the Company. The Extraordinary General Meeting of the Company will be held on 24 August 2010 to approve the said investment.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the land and building are stated at revalued amounts, less accumulated depreciation and impairment losses, if any.



2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is the Company's functional currency. All financial information presented in Pakistani rupee has been rounded off to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years are as follows:

2.4.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.2 Staff retirement benefits and staff compensated absences

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of funded pension and unfunded gratuity schemes (note 7.1) and compensated absences. Changes in these assumptions may effect the liability under these schemes in current and future years.

During the year, the Company has changed its method of estimating of accrual for staff compensated absences. Previously the management determined this accrual based on leave balances of employees at the year end. Had this change not been made, the profit for the year ended 30 June 2010 and charge for taxation would have been lower by Rs. 1.204 million and 0.648 million respectively and liability for other long term employee benefits would have been higher by Rs. 1.852 million.

The effect of the abovementioned change on future period is not disclosed because it is impracticable to estimate that effect.

2.4.3 Trade and other debts

Impairment loss against doubtful trade and other debts is made on judgemental basis, for which provision may differ in the future years based on the actual experience. The difference in provision if any, would be recognised in the future years.



2.4.4 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge on its plant and equipment. The estimates for revalued amounts of land and buildings are based on a valuation carried out by external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

2.4.5 Stock in trade

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade with a corresponding effect on the profit and loss account of those future years.

2.5 Changes in accounting policies

Starting 1 July 2009, the Company has changed its accounting policies in the following areas:

- IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

The company has opted to present two statements; a profit and loss account (income statement) and a statement of comprehensive income. Comparative information has also been represented so that it is in conformity with the revised standard. As this change only impacts presentation aspects, there is no impact on the earnings per share.

- IFRS 8 - Operating Segments (effective from 1 January 2009). This standard requires the Company to determine and present operating segments based on the information that is provided internally to the Company's Chief Operating Decision Maker, that is, the organisation's function which allocates resources to and assesses performance of its operating segments. Management has determined that the Company has a single reportable segment and therefore the adoption of the said IFRS has only resulted in some entity wide disclosures.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the change in accounting policies only affect presentation / disclosures of financial statements, there is no impact on profit for the year and earnings per share.



2.6 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010:

- Improvements to IFRSs 2009 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010) . The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is unlikely to have an impact on Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in the recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant impact on the Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraphs 7 – 13 of IAS 17, taking account of the fact that land normally has an indefinite economic life. The amendment is unlikely to have an impact on Company's financial statements.
- Improvements to IFRSs 2009 – Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.



- Improvements to IFRSs 2009 – Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendments provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters of IFRS that will permit entities not to reassess the determination of whether an arrangement contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the Company's operations.
- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities. The amendment is not relevant to the Company's operations.
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. The amendment is not relevant to the Company's operations.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Company's operations.



- Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards effective. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011.
- Improvements to IFRSs 2010 – Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2010 – Amendments to IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on the Company's financial statements.
- IAS 24 Related Party Disclosures (revised 2009) (effective for accounting periods beginning on or after 1 January 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on the Company's financial statements other than increase in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.



- Improvements to IFRSs 2010 – IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that IAS 8 is not applicable to changes in accounting policies occurring during the period covered by an entity's first IFRS financial statements; introduce guidance for entities that publish interim financial information under IAS 34 Interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assets used in certain rate-regulated activities. The amendment is not relevant to the Company's operations.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2011). The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. These amendments would result in increase in disclosures in the financial statements of the Company.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.
- Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures. The amendment is not likely to have an impact on Company's financial statements other than increase in disclosure.
- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. The amendment is not relevant for the Company's operation.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

3.1 Investments in associates - equity method

Investments in associates where the Company has significant influence but not control over the financial and operating policies are accounted for using equity basis of accounting, under which the investments in associates are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of the profit or loss of the associates after the date of acquisition, less impairment losses, if any. The Company's share of the profit or loss of the associates is recognised in the Company's profit or loss. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associates arising from changes in the associates' equity that have not been recognised in the associates' profit or loss. The Company's share of those changes is recognised directly in equity of the Company. Gain / (loss) on sale of above investments, if any, are recognised in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any is recognised in the profit and loss account.

3.2 Staff retirement benefits

Defined benefit plans

The Company operates a defined benefit funded pension scheme for all permanent employees who are in the management cadre and the executive directors. In addition, the Company operates an unfunded gratuity scheme, for all permanent employees other than those covered by the pension fund scheme.

The Company's obligation under the pension and gratuity schemes is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Actuarial valuations are conducted annually and the latest valuation was conducted at the balance sheet date (30 June 2010). Actuarial gains and losses arising during the year are included in income currently. Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognised immediately and remaining unrecognised past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested.

Defined contribution plan

The Company also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic pay and dearness allowance.



3.3 Financial liabilities

Financial liabilities include long-term loan, short-term borrowings, trade and other payables and mark-up accrued on bank borrowings. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest rate method, where applicable. The Company derecognises the financial liabilities when it ceases to be a party to the contractual provisions of such instruments.

3.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates.

Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised. The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

3.5 Property, plant and equipment

- Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except that buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, while land is stated at revalued amount (less impairment losses, if any). Capital work-in-progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Cost of leasehold land is not amortised since the lease is renewable at nominal price at the option of the lessee.
- Depreciation is charged to income applying the straight line method where by the cost of an asset is written off over its estimated useful life. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged upto the month of disposal.
- Surplus on revaluation of building to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building to retained earnings (unappropriated profit), net of deferred tax.



- Expenditure incurred subsequent to the initial acquisition of asset is capitalised only when it increases the future economic lives embodied in the items of above assets. All other expenditure is recognised in the profit and loss account as an expense is incurred.
- Gains and losses on disposal are included in income currently.

3.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

3.7 Stores and spares

Stores and spares are stated at lower of cost and net realisable value. Cost is determined using weighted average method. Items in-transit are valued at cost comprising invoice value and other charges paid thereon.

3.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses.

Items in-transit are valued at cost comprising invoice value plus other charges paid thereon up to the balance sheet date.

Scrap is valued at estimated realizable value.

3.9 Financial assets other than investments

Financial assets includes trade debts, other receivables, loans, advances and deposits. These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The Company derecognises the financial assets when it ceases to be a party to the contractual provisions of such assets.



3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Short term running finances that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.11 Foreign currency translation

Transactions in foreign currencies are recorded in Pakistan rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses on translation are included in income currently.

3.12 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable. The Company records revenue from sale of goods on dispatch of goods to its customers.

3.13 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.



Non-financial assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.16 Dividends and reserve appropriation

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.



4. SHARE CAPITAL

2010 (Number of shares)		2009	2010 (Rupees in '000)		2009
Authorised					
<u>30,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs. 10 each	<u>300,000</u>	<u>250,000</u>	
Issued, subscribed and paid up					
1,475,225	1,475,225	Ordinary shares of Rs. 10 each fully paid in cash	14,752	14,752	
174,775	174,775	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	1,748	1,748	
19,812,376	19,812,376	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	198,123	198,123	
<u>21,462,376</u>	<u>21,462,376</u>		<u>214,623</u>	<u>214,623</u>	

4.1 At 30 June 2010, an associated company held 1,929,818 shares (2009: Nil) ordinary shares of Rs.10 each of the Company.



5. SURPLUS ON REVALUATION OF LAND AND BUILDINGS - net of tax

Own assets	2010	2009
	(Rupees in '000)	
Leasehold land		
Balance as at July 01	613,250	613,250
Surplus on revaluation carried out as at 30 June 2008	<u>-</u>	<u>-</u>
	613,250	613,250
Buildings		
Revaluation surplus over written down value at beginning	109,155	114,318
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(3,356)	(3,356)
Related deferred tax liability of incremental depreciation charged during the year	(1,807)	(1,807)
	103,992	109,155
Related deferred tax liability at beginning of the year	(38,204)	(40,011)
Less: Related to incremental depreciation	1,807	1,807
	(36,397)	(38,204)
	<u>680,845</u>	<u>684,201</u>



6. LONG-TERM LOANS - Secured

	2010 (Rupees in '000)	2009
Loans from banking companies	364,184	479,762
Current portion shown under current liabilities	<u>(103,226)</u>	<u>(115,577)</u>
	<u>260,958</u>	<u>364,185</u>

6.1 All long term loans are secured against hypothecation of specific items of plant and machinery except for one loan which is secured against equitable mortgage charge over property.

6.2 The rate of mark-up on these loans ranges from 13.30% to 14.10% (2009:14.49% to 16.55%). The maturity period of these loans ranges between 27 October 2010 to 16 June 2014 (2009: 31 October 2009 to 16 June 2014).

7. STAFF RETIREMENT BENEFITS - defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2010 for funded pension and unfunded gratuity schemes are as follows:

7.1 Actuarial assumptions

	2010		2009	
	Pension	Gratuity	Pension	Gratuity
	-----%-----		-----%-----	
Discount rate	13	13.00	12.50	12.50
Expected rate of salary increase	10.85	10.85	10.36	10.36
Expected rate of return on plan assets	13	-	12.50	-
Pension increase	4.15	-	3.69	-

7.2 Balance sheet reconciliation

		2010		2009	
		Pension	Gratuity	Pension	Gratuity
		(Rupees in '000)		(Rupees in '000)	
Fair value of plan assets	7.3	219,391	-	185,133	-
Present value of defined benefit obligations	7.4	<u>(233,256)</u>	<u>(18,224)</u>	<u>(197,114)</u>	<u>(18,636)</u>
Net liability		<u>(13,865)</u>	<u>(18,224)</u>	<u>(11,981)</u>	<u>(18,636)</u>



7.3 Changes in fair value of plan assets

	2010		2009	
	Pension (Rupees in '000)	Gratuity (Rupees in '000)	Pension (Rupees in '000)	Gratuity (Rupees in '000)
Fair value as at 1 July	185,133	-	156,408	-
Expected return on plan assets	23,493	-	21,078	-
Net actuarial gain	4,974	-	(12,022)	-
Benefits paid	(4,497)	-	(5,682)	-
Contribution to fund	10,288	-	25,351	-
Fair value as at 30 June	<u>219,391</u>	<u>-</u>	<u>185,133</u>	<u>-</u>

7.4 Changes in present value of defined benefit obligation

Obligation as at 1 July	197,114	18,636	170,568	16,890
Current service cost	10,434	1,464	9,662	1,325
Interest cost	24,366	2,155	22,236	2,143
Actuarial loss / (gain)	5,839	(1,158)	330	(245)
Benefits paid	(4,497)	(2,873)	(5,682)	(1,477)
Obligation as at 30 June	<u>233,256</u>	<u>18,224</u>	<u>197,114</u>	<u>18,636</u>

7.5 Amounts recognised in the profit and loss account

Current service cost	10,434	1,464	9,662	1,325
Interest cost	24,366	2,155	22,236	2,143
Expected return on plan assets	(23,493)	-	(21,078)	-
Net actuarial loss / (gain)	865	(1,158)	12,352	(245)
	<u>12,172</u>	<u>2,461</u>	<u>23,172</u>	<u>3,223</u>

7.6 Recognised liability

Balance as on 1 July	(11,981)	(18,636)	(14,160)	(16,890)
Expense recognised	(12,172)	(2,461)	(23,172)	(3,223)
Payments during the year	10,288	2,873	25,351	1,477
Company's liability at 30 June	<u>(13,865)</u>	<u>(18,224)</u>	<u>(11,981)</u>	<u>(18,636)</u>

7.7 Actual return on plan assets

	<u>28,467</u>	<u>-</u>	<u>9,056</u>	<u>-</u>
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7.8 Fund investments composition / fair value of plan assets (in percentage)

Debt instruments	87%	-	22%	-
Equity	5%	-	5%	-
Mutual funds	-	-	23%	-
Cash	8%	-	50%	-

7.9 Historical information	2010	2009	2008	2007	2006
	----- (Rupees in '000) -----				
Fair value of plan assets	219,391	185,133	156,408	140,928	123,849
Present value of the defined benefit obligation	(251,480)	(215,750)	(187,458)	(159,432)	(140,709)
Deficit in the plan	<u>(32,089)</u>	<u>(30,617)</u>	<u>(31,050)</u>	<u>(18,504)</u>	<u>(16,860)</u>

7.10 Experience adjustments

- on plan assets	2%	-6%	-2%	-	6%
- on plan liabilities	2%	-	7%	1%	4%

8. OTHER LONG -TERM EMPLOYEE BENEFITS

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 2.750 million (2009: Rs. 1.797 million).

9. DEFERRED TAX LIABILITY - net	2010	2009
	(Rupees in '000)	
Taxable temporary differences		
Accelerated tax depreciation	178,957	190,137
Surplus on revaluation of building	5 36,397	38,204
	<u>215,354</u>	<u>228,341</u>
Deductible temporary differences		
Provision for staff retirement and other benefits	(8,668)	(8,997)
Provision for doubtful debts	(4,483)	(5,218)
Provision for slow-moving stores and spares	(2,795)	(2,326)
Provision for import levies	(34,055)	(25,033)
Carried forward tax losses etc.	(65,171)	(73,679)
	<u>(115,172)</u>	<u>(115,253)</u>
	<u>100,182</u>	<u>113,088</u>



10. TRADE AND OTHER PAYABLES

		2010 (Rupees in '000)	2009
Creditors	10.1	224,021	173,191
Accrued expenses		25,570	18,451
Advances from customers		93,851	116,883
Deposits from distributors		8,422	7,500
Payable to staff pension fund	7.2	13,865	11,981
Payable to staff provident fund		1,430	-
Provision for import levies	10.2	97,301	71,522
Sales tax payable		5,794	15,196
Special excise duty payable		5,674	2,126
Workers' profit participation fund	10.3	3,121	6,498
Workers' welfare fund		2,100	2,591
Income tax deducted at source		1,309	1,809
Unclaimed dividend		6,040	5,090
Others		20,396	13,893
		<u>508,894</u>	<u>446,731</u>

10.1 This includes mark-up free unsecured balance of Rs. 0.130 million (2009: Rs. 0.009 million) payable to a related party.

10.2 Provision for import levies

This represents provision for import levies on raw materials. The movement in this provision during the year is as follows:

	2010 (Rupees in '000)	2009
Balance as on 1 July	71,522	58,552
Charge for the year - net	25,779	12,970
Balance as at 30 June	<u>97,301</u>	<u>71,522</u>

10.3 Workers' profit participation fund

Balance as on 1 July		6,498	395
Mark-up on funds utilised in the Company's business	29	224	22
Allocation for the year		2,875	6,476
		<u>9,597</u>	<u>6,893</u>
Amount paid to the fund		<u>(6,476)</u>	<u>(395)</u>
Balance as at 30 June		<u>3,121</u>	<u>6,498</u>

11. SHORT TERM BORROWINGS

2010
2009
(Rupees in '000)

From banking companies - secured

Running finance under mark-up arrangements	11.1	348,434	347,416
Short Term finance	11.2	100,000	-
Foreign currency import finance	11.3	766,218	146,503
		<u>1,214,652</u>	<u>493,919</u>

11.1 Running finance under mark-up arrangements

The Company has arranged short-term running finance facilities from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 2,195 million (2009: Rs. 2,195 million). The rate of mark-up on the running finance facilities ranges between 13.60% to 14.84% per annum net of prompt payment rebate (2009: 13.98% to 16.11% per annum). These facilities will expire between 30 June 2010 to 31 October 2010 and are renewable.

11.2 Short term finance

The amount outstanding against short term finance facility as at 30 June 2010 available from certain banks was Rs. 100 million (30 June 2009: Nil) earmarked out of the total running finance facilities of Rs.500 million obtained from these banks. Mark up on these finances are agreed on each disbursement.

11.3 Foreign currency import finance

Foreign currency import finance facilities are available from various banks amounting to Rs. 1,945 million (2009: Rs. 1,982 million) and are repayable on different dates. This facility is a sub limit of the overall facility mentioned in note 11.1 above. These balances carry mark-up ranging from 2.00% to 2.39% per annum (2009 : 2.98% to 4.64% per annum).

11.4 Other facilities

The facility for opening letters of credit and guarantees as at 30 June 2010 amounted to Rs. 2,975 million (2009: Rs. 2,938 million) of which the amount remaining unutilised as at that date was Rs. 2,626 million (2009: Rs. 2,398 million).

11.5 Securities

The 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.4.887 million (2009: Rs. 2.517 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 191.157 million (2009: Rs. 194.199 million) have been given to various parties for contract performance, tender deposits, etc.

12.2 Commitments

- a) Aggregate commitments for capital expenditure as at 30 June 2010 amounted to Rs. 1.892 million (2009: Nil).
- b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 June 2010 amounted to Rs. 158.6 million (2009: Rs. 265.887 million).

13. PROPERTY, PLANT AND EQUIPMENT

		2010	2009
		(Rupees in '000)	
Operating assets	13.1	1,623,402	1,708,731
Capital work-in-progress	13.2	1,992	2,776
		<u>1,625,394</u>	<u>1,711,507</u>



13.1 Operating assets

	2010									
	Cost / revaluation				Depreciation				Net book value as at 30 June 2010	Rate %
	As at 01 July 2009	Additions	(Disposals)	As at 30 June 2010	As at 01 July 2009	For the year	(Disposal)	As at 30 June 2010		
(Rupees in '000)										
Lease hold land at revalued amount	613,250	-	-	613,250	-	-	-	-	613,250	-
Building on leasehold land at revalued amount	238,123	-	-	238,123	11,838	11,907	-	23,745	214,378	5
Plant and machinery	1,249,891	23,452	(2,639)	1,270,704	419,180	91,527	(2,646)	508,061	762,643	8,12 & 25
Office equipment and appliances	49,838	4,019	(438)	53,419	31,927	6,702	(380)	38,249	15,170	12 & 25
Furniture and fittings	12,702	251	(2)	12,951	4,612	1,279	(2)	5,889	7,062	8,12 & 25
Vehicles	26,363	3,271	(1,395)	28,239	14,501	4,652	(1,395)	17,758	10,481	20
Loose tools	1,440	-	-	1,440	818	204	-	1,022	418	20
	2,191,607	30,993	(4,474)	2,218,126	482,876	116,271	(4,423)	594,724	1,623,402	

	2009									
	Cost / revaluation				Depreciation				Net book value as at 30 June 2009	Rate %
	As at 01 July 2008	Additions	(Disposals)	As at 30 June 2009	As at 01 July 2008	For the year	(Disposal)	As at 30 June 2009		
(Rupees in '000)										
Lease hold land at revalued amount	613,250	-	-	613,250	-	-	-	-	613,250	-
Building on leasehold land at revalued amount	236,285	1,838	-	238,123	-	11,838	-	11,838	226,285	5
Plant and machinery	844,373	405,518	-	1,249,891	342,213	76,967	-	419,180	830,711	8,12 & 25
Office equipment and appliances	45,870	4,975	(1,007)	49,838	26,646	6,287	(1,006)	31,927	17,911	12 & 25
Furniture and fittings	8,679	4,023	-	12,702	3,620	992	-	4,612	8,090	8,12 & 25
Vehicles	26,565	5,191	(5,393)	26,363	14,301	4,716	(4,516)	14,501	11,862	20
Loose tools	1,344	96	-	1,440	585	233	-	818	622	20
	1,776,366	421,641	(6,400)	2,191,607	387,365	101,033	(5,522)	482,876	1,708,731	



13.1.1 The latest revaluation of leasehold land and building was carried out on 30 June 2008 by M/s. Iqbal A. Nanjee & Co. professional valuers on the basis of market value. Had there been no revaluation, the carrying amounts of leasehold land and building would have been Nil (2009: Nil) and Rs. 110.389 million (2009: Rs. 117.132 million) respectively. At 30 June 2010, undepreciated surplus on land and building amounted to Rs. 717.242 million (2009: Rs. 722.405 million).

13.1.2 Details of fixed assets disposed off during the year are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Purchaser	Address
	(Rupees in '000)						
Office equipment & appliances							
APC UPS	198	(147)	51	155	Insurance Claim	New Jubilee Insurance Company Limited	A -202, Panama Centre, Karachi
Items of net book value below Rs. 50,000 each	4,276	(4,276)	-	1,552		Various	
	2010	(4,423)	51	1,707			
	2009	(5,522)	878	3,577			

13.1.3 Depreciation has been allocated as follows:

		2010	2009
		(Rupees in '000)	
Cost of sales	24	109,352	93,819
Selling costs	25	2,279	2,383
Administrative expenses	26	4,640	4,831
		<u>116,271</u>	<u>101,033</u>

13.2 Capital work-in-progress

	Cost			As at 30 June
	As at 01 July	Additions	(Transfers)	
	(Rupees in '000)			
30 June 2010				
Plant and Machinery	2,776	18,877	(19,661)	1,992
	<u>2,776</u>	<u>18,877</u>	<u>(19,661)</u>	<u>1,992</u>
30 June 2009				
Civil Works	4,392	495	(4,887)	-
Plant and Machinery	250,174	157,480	(404,878)	2,776
	<u>254,566</u>	<u>157,975</u>	<u>(409,765)</u>	<u>2,776</u>

14. INVESTMENTS IN ASSOCIATES - equity accounted for	% of holding		2010	2009
	2010	2009	(Rupees in '000)	
International Industries Limited (IIL) 480,000 (2009: 480,000) fully paid ordinary shares of Rs. 10 each [market value of Rs. 26.875 million (2009: Rs. 21.643 million)]	0.48	0.48	41,974	39,899
New Jubilee Insurance Company Limited (NJI) 600,000 (2009: 500,000) fully paid ordinary shares of Rs.10 each [market value of Rs. 35.820 million (2009: Rs. 25.375 million)]	0.76	0.76	81,226	77,519
			<u>123,200</u>	<u>117,418</u>

14.1 Associates are entities over which the Company has significant influence and no control. Company's two investee companies are considered to be its associates by virtue of common directorship.

14.2 Summarised financial information of associated companies

	International Industries Limited (IIL)		New Jubilee Insurance Company Limited (NJI)	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
(Rupees in '000)				
Assets	<u>13,401,408</u>	<u>9,335,776</u>	<u>7,141,949</u>	<u>6,034,586</u>
Liabilities	<u>9,096,715</u>	<u>5,463,478</u>	<u>4,372,975</u>	<u>3,852,755</u>
(Rupees in '000)				
	For the nine months ended 31 March 2010	For the year ended 30 June 2009	For the three months ended 31 March 2010	For the year ended 31 December 2009
Total revenue	<u>9,406,538</u>	<u>12,319,422</u>	<u>617,180</u>	<u>2,297,720</u>
Profit after tax	<u>640,497</u>	<u>374,809</u>	<u>147,968</u>	<u>656,464</u>



14.3 Above associates have been equity accounted for upto 31 March 2010. The financial impact for the quarter ended 30 June 2010 of the above associates are not considered to be material.

15. LONG-TERM LOANS

		2010	2009
		(Rupees in '000)	
Considered good - secured			
Due from employees		3,127	3,601
Due from executive		95	60
		<u>3,222</u>	<u>3,661</u>
Recoverable within one year	19	<u>(1,294)</u>	<u>(1,331)</u>
		<u>1,928</u>	<u>2,330</u>

15.1 Mark-up free loans have been given to the employees for purchase of motor cars, motorcycles and other purposes as per the agreement with the workers' union. These are repayable in thirty-five to sixty equal monthly instalments.

16. STORES AND SPARES

		2010	2009
		(Rupees in '000)	
Stores		3,017	1,030
Spares [including Rs. Nil in transit (2009 : Rs. 0.189 million)]		<u>37,120</u>	<u>33,745</u>
		<u>40,137</u>	<u>34,775</u>
Provision against slow moving stores and spares		<u>(7,987)</u>	<u>(6,647)</u>
		<u>32,150</u>	<u>28,128</u>

17. STOCK-IN-TRADE

Raw materials [including Rs. 229.1 million in transit (2009: Rs. 153.5 million)]	17.1	450,039	293,612
Work-in-process	17.2	165,476	159,919
Finished goods	17.2	322,249	185,718
Scrap		<u>44,955</u>	<u>18,666</u>
		<u>982,719</u>	<u>657,915</u>

17.1 This includes certain raw materials of an aggregate value of Rs. 1.8 million (2009:Nil) held by third parties.

17.2 Work-in-process and finished goods include slow moving items aggregating Rs. 10.7 million (2009: Rs. 8.3 million) and Rs. 7.1 million (2009: Rs. 13.8 million) respectively stated at their net realizable values as against their cost of Rs. 14.6 million (2009: Rs. 10.2 million) and Rs. 13.9 million (2009: Rs. 36.7 million) respectively.



18. TRADE DEBTS - unsecured		2010	2009
		(Rupees in '000)	
Considered good			
Due from related parties	18.1	55,106	48,507
Others		<u>580,934</u>	<u>274,712</u>
		636,040	323,219
Considered doubtful			
Others		12,809	14,907
		<u>648,849</u>	<u>338,126</u>
Provision for doubtful debts	18.2	(12,809)	(14,907)
		<u>636,040</u>	<u>323,219</u>
18.1 The related parties from whom the debts are due are as under:			
Atlas Honda Limited		14	-
Cherat Cement Company Limited		17	17
Heritage Developments		40	19
Intermark (Private) Limited		51,892	47,556
International Industries Limited		2,520	250
Packages Limited		588	588
Pakistan Security Printing Corporation (Private) Limited		35	-
BOC Pakistan Limited		-	77
		<u>55,106</u>	<u>48,507</u>
The above balances are mark-up free and unsecured.			
18.2 Provision for doubtful debts			
Opening balance		14,907	12,568
(Reversal) / Provision made during the year		(1,865)	2,755
Write off from the provision		(233)	(416)
		<u>12,809</u>	<u>14,907</u>
19. SHORT-TERM LOANS AND ADVANCES - unsecured, considered good			
Current portion of long term loans	15	1,294	1,331
Short-term advances to employees		116	394
Advances to suppliers		10,220	7,133
		<u>11,630</u>	<u>8,858</u>



20. SHORT TERM DEPOSITS AND PREPAYMENTS2010
2009
(Rupees in '000)

Deposits - considered good	2,416	4,374
Prepayments	793	772
	<u>3,209</u>	<u>5,146</u>

21. OTHER RECEIVABLES

Claim receivable	511	1,033
Receivable from staff provident fund - related party	-	2,260
Others	740	1,391
	<u>1,251</u>	<u>4,684</u>

22. CASH AND BANK BALANCES

With banks in current accounts	10,222	40,123
Cash in hand	172	98
	<u>10,394</u>	<u>40,221</u>

23. NET SALES

Gross sales	4,497,510	3,941,372
Sales tax and special excise duty	(650,553)	(552,517)
	<u>3,846,957</u>	<u>3,388,855</u>
Discounts	(48,110)	(36,527)
	<u>3,798,847</u>	<u>3,352,328</u>



24. COST OF SALES

	2010	2009
	(Rupees in '000)	
Opening work-in-process	159,919	300,726
Opening stock - raw material	<u>293,612</u>	<u>295,113</u>
Opening stock - metal scrap	<u>18,666</u>	<u>13,871</u>
	312,278	308,984
Purchases of raw material	<u>3,360,527</u>	<u>2,133,653</u>
	3,672,805	2,442,637
Sales of scrap material during the year	<u>(39,323)</u>	<u>(46,438)</u>
Closing stock - raw material	<u>(450,039)</u>	<u>(293,612)</u>
Closing stock - metal scrap	<u>(44,955)</u>	<u>(18,666)</u>
	(494,994)	(312,278)
	(534,317)	(358,716)
	3,138,488	2,083,921
Stores and spares consumed	<u>26,050</u>	<u>30,648</u>
Fuel and power	<u>67,623</u>	<u>59,712</u>
Salaries, wages and benefits	24.1 <u>157,597</u>	<u>150,343</u>
Rent, rates and taxes	<u>782</u>	<u>1,027</u>
Insurance	<u>3,143</u>	<u>3,438</u>
Repairs and maintenance	<u>23,545</u>	<u>23,995</u>
Depreciation	13.1.3 <u>109,352</u>	<u>93,819</u>
Communication and stationery	<u>1,175</u>	<u>904</u>
Training, travelling and entertainment	<u>2,324</u>	<u>2,582</u>
General works	<u>8,762</u>	<u>5,599</u>
Cost of production	<u>400,353</u>	<u>372,067</u>
	3,698,760	2,756,714
Closing work-in-process	<u>(165,476)</u>	<u>(159,919)</u>
Cost of goods manufactured	3,533,284	2,596,795
Opening stock of finished goods	<u>185,718</u>	<u>408,896</u>
	3,719,002	3,005,691
Closing stock of finished goods	<u>(322,249)</u>	<u>(185,718)</u>
	3,396,753	2,819,973
Cost of goods used in capital project	<u>(360)</u>	<u>-</u>
Insurance claim	<u>(9,895)</u>	<u>-</u>
	3,386,498	2,819,973



24.1 Details of salaries, wages and benefits

	2010 (Rupees in '000)	2009
Salaries, wages and benefits	147,525	135,882
Provident fund contributions	3,310	3,208
Charge for pension fund obligation	4,356	8,147
Charge for staff retirement gratuity	2,406	3,106
	<u>157,597</u>	<u>150,343</u>

25. SELLING COSTS

Salaries, wages and benefits	25.1	41,766	40,889
Rent, rates and taxes		2,224	1,930
Insurance		422	501
Repairs and maintenance		481	296
Communication and stationery		1,934	1,814
Training, travelling and entertainment		4,788	4,949
Advertising and publicity		25,905	38,084
Carriage and forwarding expenses		34,243	32,355
Commission		2,639	508
Depreciation	13.1.3	2,279	2,383
Subscriptions		619	424
Fuel and power		942	784
Others		348	638
		<u>118,590</u>	<u>125,555</u>

25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	36,990	32,909
Provident fund contributions	1,639	1,568
Charge for pension fund obligation	3,088	6,353
Charge for staff retirement gratuity	49	59
	<u>41,766</u>	<u>40,889</u>



26. ADMINISTRATIVE EXPENSES

		2010	2009
		(Rupees in '000)	
Salaries, wages and benefits	26.1	52,467	48,902
Insurance		868	829
Repairs and maintenance		682	744
Legal and professional		2,982	1,665
Donations	26.2	150	1,500
Auditors' remuneration	26.3	760	695
Communications and stationery		3,252	3,635
Provision for doubtful debts		(1,865)	2,755
Bad debts written off		-	8
Training, travelling and entertainment		2,474	3,573
Depreciation	13.1.3	4,640	4,831
Fuel and power		626	667
Others		655	769
		<u>67,691</u>	<u>70,573</u>

26.1 Details of salaries, wages and benefits

Salaries, wages and benefits	45,237	38,069
Provident fund contributions	2,496	2,103
Charge for pension fund obligation	4,728	8,672
Charge for staff retirement gratuity	6	58
	<u>52,467</u>	<u>48,902</u>

26.2 Donations were not made to any donee in which the Company or a director or his spouse had any interest.

26.3 Auditors' remuneration

	2010	2009
	(Rupees in '000)	
Audit fee	420	350
Fee for the review of half yearly financial statements	140	127
Special certifications	112	120
Out of pocket expenses	88	98
	<u>760</u>	<u>695</u>



27. OTHER OPERATING EXPENSES		2010	2009
		(Rupees in '000)	
Liquidated damages for late deliveries		1,852	841
Workers' profits participation fund	10.3	2,875	6,476
Workers' welfare fund		2,100	2,591
Exchange loss		29,550	-
		<u>36,377</u>	<u>9,908</u>
28. OTHER OPERATING INCOME			
Income from a related party - insurance commission		659	986
Income from non-financial assets			
- Sale of general scrap		4,865	2,903
- Gain on disposal of fixed assets		1,656	2,699
Others			
- Balances no longer payable written back		347	-
- Exchange gain		-	18,009
- Others		490	20
		<u>8,017</u>	<u>24,617</u>
29. FINANCE EXPENSES			
Mark-up on finances under mark-up arrangements		86,905	173,431
Mark-up on long-term loans		59,534	51,008
Mark-up on workers' profits participation fund	10.3	224	22
Usance charges		-	135
Bank charges		7,821	5,411
		<u>154,484</u>	<u>230,007</u>
30. TAXATION			
Current - for the year		20,073	1,700
- prior year		(367)	-
Deferred		(12,906)	36,220
	30.1	<u>6,800</u>	<u>37,920</u>



30.1 Relationship between tax expense and accounting profit:

	2010	2009
	(Rupees in '000)	
Profit before taxation	<u>52,306</u>	<u>101,841</u>
Tax at the applicable rate of 35% (2009: 35%)	18,307	35,644
Tax effect of expenses that are not allowable in determining taxable income	53	7,035
Tax effect of share of profit from associates and dividend received from them	(2,271)	392
Tax effect of previous year's tax loss on which deferred tax has been recognised in current year	(8,005)	(7,271)
Tax effect of income charged at different rates	(917)	2,120
Prior years' tax reversal	(367)	-
Tax charge	<u>6,800</u>	<u>37,920</u>

30.2 The income tax assessments of the Company have been finalised upto and including the financial year ended 30 June 2009.

30.3 Return submitted under section 114 of the Income Tax Ordinance, 2001 for the tax year 2006 was selected for audit and returns for tax years 2007 and 2008 were amended under section 122 (5A) of the Income Tax Ordinance, 2001 by the Income Tax Officer (ITO). Expenses amounting to Rs. 87 million were disallowed by the taxation officer and were added back to income in respect of above mentioned tax years. However as a result of the appeal filed by the Company, the Commissioner (Appeals) has disagreed with the basis of disallowance by ITO in respect of add backs of Rs. 83 million. The department has now filed appeal with the Tribunal against the decision of Commissioner(Appeals), while the Company has also filed appeal with Tribunal for the tax years 2007 and 2008 for admissibility of the remaining expenses of Rs 4 million. The Company is confident of the favourable outcome of these appeals.

30.4 The assessment for the tax year 2009 has been recently finalized and expenses amounting to Rs. 24 million were disallowed by the assessing officer and were added back to income. These expenses have been disallowed on similar grounds as for tax years 2007 and 2008. The Company has filed appeal with the Commissioner (Appeals) against the assessment order and the Company is confident of favourable outcome of its appeal.



31. EARNINGS PER SHARE - basic and diluted2010
(Rupees in '000)

2009

Profit after taxation

45,50663,921

(Number of shares)

Weighted average number of ordinary shares issued
and subscribed at the end of the year21,462,37621,462,376

(Rupees)

Earnings per share - basic and diluted

2.122.98**32. CASH GENERATED FROM OPERATIONS**

(Rupees in '000)

Profit before taxation

52,306

101,841

Adjustment for non-cash charges and other items:

- Depreciation

13.1.3

116,271

101,033

- Provision for staff retirement gratuity

7.5

2,461

3,223

- Other long-term employee benefits

1,060

391

- Gain on disposal of fixed assets

(1,656)

(2,699)

- Share of (profit) / loss from associates

(9,082)

487

- Impairment loss on investments

-

18,601

- Finance expenses

154,484

230,007

- Working capital changes

32.1

(577,836)

448,724

(261,992)901,608**32.1 Working capital changes**

Decrease / (increase) in current assets

- Stores and spares

(4,022)

645

- Stock-in-trade

(324,804)

360,691

- Trade debts

(312,821)

74,156

- Short-term loans and advances

(2,772)

18,397

- Short term deposits and payments

1,937

(967)

- Other receivables (net)

3,433

(1,656)

(639,049)451,266

Increase / (decrease) in current liabilities

Trade and other payables (net)

61,213

(2,542)

(577,836)448,724

33. CASH AND CASH EQUIVALENTS

2010
(Rupees in '000)

2009

Cash and cash equivalents comprise of the following items:

Cash and bank balances	22	10,394	40,221
Running finance under mark-up arrangements	11	(348,434)	(347,416)
		<u>(338,040)</u>	<u>(307,195)</u>

34. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.



The maximum exposure to credit risk at the reporting date is as follows:

	2010 (Rupees in '000)	2009
Trade debts	636,040	323,219
Loans and advances	3,338	4,055
Deposits	4,681	6,868
Bank balances	10,222	40,123
Other receivables	1,251	2,424
	<u>655,532</u>	<u>376,689</u>

34.1.1 The maximum exposure to credit risk at the balance sheet date by geographic region was as follows:

Domestic (Pakistan)	628,640	331,519
Export Processing Zone	26,892	45,170
	<u>655,532</u>	<u>376,689</u>

34.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Dealers and distributors	287,627	110,628
End-user customers	348,413	212,591
	<u>636,040</u>	<u>323,219</u>

34.1.3 As at the year end the Company's most significant customers included a distributor from whom Rs. 66,652 million was due (2009: Rs. 47.56 million) and an end-user from whom Rs. 79.312 million was due (2009: Rs. 45.17 million) as at 30 June 2010.

34.1.4 Impairment losses and past due balances

The aging of trade debt balances at the balance sheet date was as follows:

	2010		2009	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	494,810	-	187,886	-
Past due 1-60 days	82,505	-	52,357	-
Past due 61 days -1 year	32,225	-	83,314	338
More than one year	39,309	12,809	14,569	14,569
Total	<u>648,849</u>	<u>12,809</u>	<u>338,126</u>	<u>14,907</u>



34.1.5 Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 18.2.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2010					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
------(Rupees in '000)-----						
Non-Derivative Financial liabilities						
Long term loans and mark up payable	371,192	(441,172)	(69,638)	(58,765)	(312,769)	-
Trade and other payables	306,274	(306,274)	(306,274)	-	-	-
Short-term borrowings and mark up payable	<u>1,227,622</u>	<u>(1,227,622)</u>	<u>(1,227,622)</u>	-	-	-
	<u>1,905,088</u>	<u>(1,975,068)</u>	<u>(1,603,534)</u>	<u>(58,765)</u>	<u>(312,769)</u>	<u>-</u>

	2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
------(Rupees in '000)-----						
Non-Derivative Financial liabilities						
Long term loans and mark up payable	491,710	(605,909)	(83,188)	(75,418)	(447,303)	-
Trade and other payables	241,004	(241,004)	(241,004)	-	-	-
Short-term borrowings and mark up payable	521,010	(521,010)	(521,010)	-	-	-
	<u>1,253,724</u>	<u>(1,367,923)</u>	<u>(845,202)</u>	<u>(75,418)</u>	<u>(447,303)</u>	<u>-</u>



34.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 6 and 11 to these financial statements.

34.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

34.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on trade debts, borrowings and sales that are denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	2010		2009	
	(Rupees in '000)	US Dollars	(Rupees in '000)	US Dollars
Trade debts	26,892	315,503	45,170	556,973
Creditors	(200,101)	(2,337,621)	(138,864)	(1,708,045)
Short term borrowings	(766,218)	(8,951,142)	(146,503)	(1,802,008)
Accrued mark-up on short term borrowings	(1,907)	(22,279)	(278)	(3,425)
Gross balance sheet exposure	(941,334)	(10,995,539)	(240,475)	(2,956,505)
Estimated forecast purchases	(158,563)	(1,852,371)	(265,887)	(3,270,443)
Gross exposure	(1,099,897)	(12,847,910)	(506,362)	(6,226,948)

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the net exposure due to existing restrictions by the State Bank of Pakistan.



Following are the significant exchange rates applied during the year:

	<u>Average rates</u>		<u>Balance sheet date rate</u>	
	2010	2009	2010	2009
	(Rupees)		(Rupees)	
US Dollars	84.35	79.73	85.60	81.30

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against US Dollar at 30 June would have increased / (decreased) equity and profit and loss account by Rs. 47.061 million (2009: Rs. 12.018 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for 2009.

34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	<u>Carrying amount</u>	
	2010	2009
	(Rupees in '000)	
Fixed rate instruments		
Financial liabilities	<u>766,218</u>	<u>146,503</u>
Variable rate instruments		
Financial liabilities	<u>812,618</u>	<u>827,178</u>

Foreign currency loans bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and the equity of the Company.



Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the equity and profit or loss as of 30 June 2010 by Rs. 1.316 million (2009: Rs. 2.56 million) . This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

34.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

35. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

35.1 Revenue from cables & wires represents 95% (2009 : 95%) of the total revenue of the company

35.2 99% (2009: 99%) sales of the Company relates to customers in Pakistan.

35.3 All non-current assets of the Company at 30 June 2010 are located in Pakistan.

35.4 The Company does not have any customer having sales of 10% or more during the year ended 30 June 2010 (2009: Nil)



Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2010	2009
	(Rupees in '000)	
Associated companies		
Sale of goods	<u>420,039</u>	<u>300,698</u>
Discount	<u>14,721</u>	<u>11,324</u>
Purchase of goods, services and materials	<u>472</u>	<u>920</u>
Commission earned	<u>659</u>	<u>986</u>
Insurance premium	<u>5,896</u>	<u>6,954</u>
Insurance claim received	<u>10,894</u>	<u>286</u>
Dividend received	<u>3,300</u>	<u>1,350</u>
Distribution expenses	<u>9,233</u>	<u>7,273</u>
Share of (loss) / profit from associated companies	<u>9,082</u>	<u>(487)</u>
Net charge in respect of staff retirement benefit plans	<u>19,617</u>	<u>30,051</u>

Details of balances with related parties are disclosed in notes 7, 8, 10.1, 14,18.1 and 28 to these financial statements. Key management personnel of the Company comprises of the Chief Executive Officer and other directors. Their remuneration are disclosed in note 36.1 and 36.2.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types of aluminium sections and types and sizes of cables and wires produced.

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 10 August 2010 have proposed for the year ended 30 June 2010, final cash dividend of Rs. 1.50 per share (2009: Rs. 2.25 per share) amounting to Rs. 32.194 million (2009 : Rs. 48.290 million) and appropriation to general reserves amounting to Rs.16.5 million (2009: Rs.19 million) for approval by the members of the Company in the Annual General Meeting to be held on 28 September 2010. The financial statements for the year ended 30 June 2010 do not include the effect of the proposed cash dividend and appropriation to general reserves, which will be recognised in the financial statements for the year ending 30 June 2011.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 10 August 2010 by the board of directors of the Company.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director

Pattern of Shareholding As at 30 June 2010

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
374	1	100	13,325
465	101	500	116,424
268	501	1,000	194,540
427	1,001	5,000	941,714
99	5,001	10,000	696,736
36	10,001	15,000	431,263
10	15,001	20,000	167,048
7	20,001	25,000	160,187
3	25,001	30,000	85,561
4	30,001	35,000	133,427
6	35,001	40,000	220,651
2	40,001	45,000	81,893
1	45,001	50,000	45,293
1	50,001	55,000	51,493
2	55,001	60,000	110,554
-	60,001	65,000	-
2	65,001	70,000	135,298
1	70,001	75,000	71,379
1	75,001	80,000	77,713
1	80,001	85,000	81,291
1	85,001	90,000	86,716
1	90,001	95,000	94,771
-	95,001	100,000	-
2	100,001	105,000	206,246
-	105,001	120,000	-
1	120,001	125,000	122,540
-	125,001	325,000	-
1	325,001	330,000	326,128
-	330,001	380,000	-
1	380,001	385,000	381,159
-	385,001	695,000	-
1	695,001	700,000	697,118
-	700,001	730,000	-
1	730,001	735,000	734,347
-	735,001	750,000	-
2	750,001	755,000	1,506,291
-	755,001	1,050,000	-
1	1,050,001	1,055,000	1,053,275
-	1,055,001	1,320,000	-
1	1,320,001	1,325,000	1,320,883
-	1,325,001	1,675,000	-
1	1,675,001	1,680,000	1,679,062
-	1,680,001	1,755,000	-
1	1,755,001	1,760,000	1,758,827
-	1,760,001	1,810,000	-
1	1,810,001	1,815,000	1,929,818
-	1,815,001	2,005,000	-
1	2,005,001	2,010,000	2,009,071
-	2,010,001	3,740,000	-
1	3,740,001	3,745,000	3,740,334
-	3,745,001	21,462,376	-
Total	1,728		21,462,376



PCL Network



Proxy Form

I _____
of _____
being a member of Pakistan Calbes Limited hereby appoint:

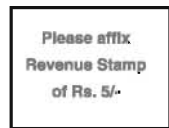
_____ Folio No. _____
of _____
_____ (full address)

of falling him _____ Folio No. _____
of _____
_____ (full address)

as my proxy to attend and vote on my behalf at the 57th Annual General Meeting of the Company to be held on 28th September 2010 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2010

Signed by the proxy holder



Signature of Member

In the presence of (Signature / name and address of witnesses)

1) _____
2) _____

Shereholder's Folio No. _____ Number of Shares held _____

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. Such proxy must be a member of the company.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

The instrument appointing a proxy, together with the Power of Attorney under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting.

CDC shareholders or their Proxies should bring their original National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their Identification.



**The Company Secretary
Pakistan Cables Limited
B/21, S.I.T.E.,
Karachi-75700**

**AFFIX
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POSTAGE**



Pakistan Cables

Head Office:

P.O.Box No. 5050, B-21, S.I.T.E., Karachi - 75700, Pakistan.

Tel: (92-21) - 32561170-75

Fax: (92-21) - 32564614

Email: info@pakistancables.com

URL: www.pakistancables.com