

Pakistan Cables Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

Towfiq H. Chinoy (Chairman)
Mustapha A. Chinoy
Haroun Rashid
Imtiaz Rasool
Syed Naseem Ahmad
Amjad Waheed
Sara Jawaid
Shahpur Channah
Aslam Sadruddin
Kamal A. Chinoy (Chief Executive)

COMPANY SECRETARY

Aslam Sadruddin

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISERS

Ghani Law Associates

BANKERS

ANZ Grindlays Bank
Bank of America N.T. & S.A.
Credit Agricole indosuez. The Global French Bank
Hongkong and Shanghai Banking Corporation
Muslim Commercial Bank Limited
Oman International Bank S.A.O.G.
Standard Chartered Bank

Registered Office. Factory and Marketing Office

B/2T Sindh Industrial Trading Estates
Manghopir Road. P.O. Box 5050 Karachi-75700
Telephone Nos: 2561170-5. Telex: 29132 PCL PK. Fax: 92-21-2564614

Regional Office

Lahore Co-operative Insurance Building. Shahra-e-Quaid-e-Azam
Telephone Nos: 7355783. 7120790 - 91. 353520. Fax: 7355480

Branch Offices

Multan Shershah Road. Telephone No. 583332.
Rawalpindi 445-A. Adamjee Street. Telephone No. 568895. Fax: 051-512797

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Wednesday the 8th December. 1999 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. 1999 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 dividend of 25%).
3. To appoint Auditors for the ensuing year and to fix their remuneration (Messrs. A. F. Ferguson & Co. Chartered Accountants. retire. and being eligible. have offered themselves for re-appointment).
4. To transact any other business which may legally be transacted at an Annual General Meeting.

**By Order of the Board
Asian Sadruddin
Finance Director and
Company Secretary**

Karachi: November 10th. 1999

NOTES:

1. 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 need not be a member of the Company.
2. The instrument appointing the proxy and the Power of Attorney or other authority under which it is signed. or a notarially 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.

HIGHLIGHTS

	<i>1998-99</i>	<i>1997-98</i>
	<i>Rs. Million</i>	<i>Rs. Million</i>
Sales	578.89	500.15
Profit after tax	9.25	832
Dividend	7.80	702
Net assets employed	137.02	147,529
Shareholders' fund	117.01	115,562
Net earning per share	Rs. 2.96	2.67
Net earning per rupee sales	Rs. 0.02	2

TEN-YEAR REVIEW

	<i>1998-99</i>	<i>1997-98</i>	<i>1996-97</i>	<i>*1995-96</i>	<i>1994</i>	<i>1993</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>	<i>1989</i>
	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>	<i>Rs</i>
	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>	<i>Million</i>
Sales	578,895	500,151	636,476	964,652	438,239	380,362	302,149	346,808	360,201	320,656
Operating profit	39,695	24,583	54,204	63,998	30,117	30,390	16,914	24,646	44,661	33,261
Profit before tax	13,218	11,321	20,751	35,058	21,150	15,954	8,242	12,908	31,010	18,369
Profit after tax	9,248	8,321	13,151	19,733	9,157	7,868	4,173	8,331	16,557	14,197
Dividend	7,805	7,024	10,927	14,829	8,585	7,805	2,178	8,580	8,580	7,920
Bonus Issue	--	--	--	--	--	--	2,178	2,640	--	--
Capital expenditure	10,015	2,628	6,569	64,762	3,145	0,741	1,142	1,376	2,096	17,214
Fixed assets at cost	262,971	252,531	246,532	244,126	179,055	175,979	175,420	180,772	180,383	179,669
Current assets less current liabilities	40,944	47,596	37,359	27,687	41,609	48,633	61,234	55,085	61,849	54,677
Current Assets: Current Liabilities	1.1:1	1.2:1	1.1:1	1.1:1	1.2:1	1.3:1	1.4:1	1.4:1	1.4:1	1.5:1
Shareholders' funds										
Issued capital	31,218	31,218	31,218	31,218	31,218	31,218	29,040	26,400	26,400	26,400
Reserve & retained earnings	85,787	84,344	83,047	80,823	75,919	75,347	77,462	78,107	78,356	70,379
Total Shareholders' fund	117,005	115,562	114,265	112,041	107,137	106,565	106,502	104,507	104,756	96,779
Long term Loans & Liabilities	20,016	31,967	38,203	47,582	21,708	37,568	47,105	55,413	67,563	76,712
Net Assets employed	137,201	147,529	152,468	159,623	128,845	144,133	153,607	159,920	172,319	173,491
Net Earnings as percentage of net assets employed	%	7	6	9	12	7	5	3	5	.10
Earning per rupee of sales	Rs.	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.02	0.05
Earning per share	Rs.	2.96	2.67	4.21	6.32	2.93	2.52	1.44	3.16	6.27
Cash Dividend per share	Rs.	2.50	2.25	3.50	4.75	2.75	2.50	0.75	3.25	3.25
Break-up value per share	Rs.	37.48	37.02	36.60	35.89	34.32	34.14	36.67	39.59	39.68

* Eighteen months ended June 30, 1996

CHAIRMAN'S REVIEW

On behalf of your Board, I am pleased to present to you the report for the year ended June 30th 1999.

BOARD CHANGES

The following directors were elected unopposed in the Extraordinary General Meeting of the Company held on May 17, 1999.

Mr. Towfiq H. Chinoy	Dr Amjad Waheed
Mr. Mustapha A. Chinoy	Ms Sara Jawaid
Mr. Haroun Rashid	Mr. Shahpur Channah
Mr. Imtiaz Rascal	Mr. Aslam Sadruddin
Syed Naseem Ahmad	Mr. Kamal A. Chinoy

The Board wishes to place on record its appreciation of the contribution made by the retiring directors especially Mr. Hanif Adamjee who was on the Board of your company for the last sixteen years and provided valuable guidance to the company throughout his tenure.

OPERATING PERFORMANCE

During the period under consideration, the country was affected by the economic fallout resulting from the nuclear explosion of May '98. The economy, which was already in recession prior to the explosion, was further crippled by uncertainty, lack of business confidence, foreign exchange restrictions and international sanctions. Commercial activity and industrial demand remained low, resulting in poor requirement for your company's products. KESC did not place any orders of note. However we were successful in securing some WAPDA business during the period.

In spite of these difficulties, I am pleased to inform you that net sales for the year is Rs 578.8 million which is 15.7% higher than last year's sales of Rs 500.1 million.

Gross profit of Rs 80.4 million is 14% of sales against Rs 60.6 million last year, which was 12% of the sales. Higher gross profit, both percentage wise as well as in rupee terms was mainly a result of higher volume of sales.

Operating profit for the year is Rs 39.7 million against Rs 24.6 million last year, showing considerable improvement. Due to the higher turnover, the requirement for working capital was greater, as a result of which financial charges have increased to Rs 28.8 million as compared to Rs 25.2 million last year. Profit before tax for the year is Rs 13.2 million against Rs 11.3 million last year while profit after tax is Rs 9.2 million, which is 11% higher than last year's net profit of Rs 8.3 million in spite of the payment of sales tax of Rs 6.4 million as discussed below.

SALES TAX

The company had filed an appeal in the Supreme Court in 1988 in respect of sales tax claimed by the department on Aluminium Rods for the period 1970 to 1980. During the year, the Supreme Court finally gave its judgment, dismissing our appeal, as a result of which sales tax of Rs 6.4 million has been paid and accounted for during the year.

YEAR 2000 COMPLIANCE

The company has examined all hardware and software in use and ensured that none of these will be affected by the millennium bug. Your company's performance is not dependent on the operations of associated companies using computers. It is also not dependent on any single major supplier. However suppliers have been asked to ensure that their systems will continue to work smoothly in the year 2000.

INDUSTRY CONCERNS

As highlighted previously as well. deduction of income tax at source has now become an acute issue for all engineering companies due to exorbitant increases over the years in the standard rates of deduction which are presently 5% on imports and an additional 3.5% on payments received. These deductions at source results in substantial refunds receivable from Tax Department. Genuine taxpayers can be saved from this problem if exemption certificates under Section 50(4) and 50(5) of the Income Tax Ordinance are issued to companies having assessed refunds. within 10 days of application and with a validity of 12 months.

In the engineering industry, Wire & Cables are the only items on which both excise duty and sales tax are levied. making a total levy of 26.5%, in addition to which a further 3% sales tax is also chargeable (for goods said to unregistered customers). This is too high and encourage tax evasion, affecting government revenue on the one hand and abetting the supply of substandard goods on the other hand by the manufacturers in the unorganized sector. In recognition of this, CBR has entered into an agreement with the All Pakistan Cables and Conductors Manufacturers Association. to withdraw Excise Duty from cables and retain only the Sales Tax levy, Regretfully this agreement has yet to be implemented.

DIVIDEND

For the current year. your directors recommended payment of dividend of Rs 2.50 per share (25%) compared to Rs 2.25 per share (22.5%)last year.

FUTURE PROSPECTS

The economy remains inherently weak. The agreements with the IMF and World Bank are in jeopardy as well, creating further uncertainty. Politically the country is in a state of flux in light of the military takeover. With this background. it is difficult to state unequivocally what the future holds for the company. However we take heart in the fact that we have some orders in hand from WAPDA and KESC which will assist in boosting our turnover.

STAFF

The total number of employees as on June 30th, 1999 was 290. Relationship with the employees at all levels remains warm and cordial. On behalf of the directors and employees, of the company, I express my gratitude to all our valued customers. distributors and banks for their confidence and support.

TOWFIQ H. CHINYOY
Chairman

Karachi: October 19, 1999

REPORT OF THE DIRECTORS

1. The Directors have pleasure in submitting their Report and Annual Audited Accounts for the year ended 30th June 1999.

Rs. '000

The net profit after tax amounted to	9,248
To this is added unappropriated profit brought forward from last year	344

	9,592
	=====

The Directors recommended:

Payment of Cash Dividend at the

rate of Rs. 2.50 per share (25%)	7,805
Transfer to General Reserve	1,500
Leaving unappropriated profit to be carried forward	287

	9,592
	=====

2. The following Directors were elected unopposed in the Extraordinary General Meeting of the company held on May 17th, 1999.

Mr Towfiq H. Chinoy	Dr Amjad Waheed
Mr Mustapha A. Chinoy	Ms Sara Jawaid
Mr Haroun Rashid	Mr Shahpur Channah
Mr Imtiaz Rasool	Mr Asian Sadruddin
Syed Naseem Ahmad	Mr Kamal A. Chinoy

3. The Chairman's Review on page 6 covers significant activities of your Company.

4. The pattern of shareholding is provided on page 9.

5. The present Auditors M/s. A. F. Ferguson & Co. retire and offer themselves for re-appointment.

On behalf of the Board

Karachi: October 7, 1999

KAMALA A. CHINOY
Director & Chief Executive

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1999

<i>No. of Shareholders</i>	<i>Shareholding</i>			<i>Total Shares held</i>	
392	1	to	100	15,882	
412	1	to	500	100,644	
111	501	to	1,000	82,656	
115	1,001	to	5,000	238,330	
6	5,001	to	10,000	37,390	
7	10,001	to	15,000	88,200	
1	15,001	to	20,000	15,300	
--	20,001	to	25,000	--	
2	25,001	to	30,000	54,212	
--	30,001	to	40,000	--	
1	40,001	to	45,000	43,843	
1	45,001	to	50,000	47,009	
--	50,001	to	60,000	--	
1	60,001	to	65,000	61,250	
--	65,001	to	85,000	--	
1	85,001	to	90,000	85,815	
1	90,001	to	95,000	90,552	
--	95,001	to	125,000	--	
1	125,001	to	130,000	129,869	
--	130,001	to	160,000	--	
1	160,001	to	165,000	162,853	
--	165,001	to	170,000	--	

1	170,001	to	175,000	173,710
--	175,001	to	290,000	--
1	290,001	to	295,000	292,230
--	295,001	to	300,000	--
1	300,001	to	305,000	304,400
--	305,001	to	475,000	--
1	475,001	to	480,000	478,299
--	480,001	to	615,000	--
1	615,001	to	620,000	619,356
--	620,001	to	3,121,800	--
-----				-----
1,058				3,121,800
=====				=====

<i>Category of shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	1,030	1,621,087	5,193
Investment Companies	2	705,171	2,259
Insurance Companies	6	334,610	1,072
Joint Stock Companies	10	318,788	1,021
Financial Institutions	5	116,738	374
Modaraba Companies	--	--	--
Others	5	25,406	0.81

	1,058	3,121,800	10,000
=====			

OTHERS

Aminia Muslim Girls School Trust	11,304
Pakistan Masonic Institution	1,135
The Pakistan Memon Educational & Welfare Society	12,229
Government of Pakistan. Corporate Law Authority	1
Administrator Abandoned Properties Organization	737

	25,406
=====	

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Cables Limited as at June 30. 1999 and the related profit and loss account. the statement of changes in equity and the cash flow statement. 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 and. after due verification thereof. 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;

(ii) the expenditure incurred during the year was for the purposes 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 changes in equity and cash flow statement together with the notes forming part thereof, 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 June 30, 1999 and of the profit, changes in equity and the cash flows 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.

Karachi: November 4, 1999

A.F. FERGUSON & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
SHARE CAPITAL AND RESERVES			
Authorised share capital 5,000,000 ordinary shares of Rs. 10 each		50,000	50,000
		=====	=====
Issued. subscribed and paid-up share capital 3,121,800 (1998: 3,121,800) ordinary shares of Rs. 10 each	3	31,218	31,218
Reserves Unappropriated profit	4	85,500 287	84,000 344
		-----	-----
		117,005	115,562
LIABILITY AGAINST AN ASSET SUBJECT TO A FINANCE LEASE			
LONGTERM LOANS	5	841	--
DEFERRED LIABILITY		--	14,000
Staff retirement benefits		-----	-----
		19,175	17,967
CURRENT LIABILITIES AND PROVISIONS			
Finances under mark-up arrangements	6	194,491	125,238
Current maturity of customs debentures		--	1,970
Current maturity of liability against an asset subject to a finance lease	5	135	--
Current maturity of long-term loans		--	7,000
Creditors. accrued expenses and other liabilities	7	120,244	165,791
Workers' profits participation fund	8	766	734
Workers' welfare fund		1,085	2,237
Dividends	9	9,305	8,392
		-----	-----
		326,026	311,362
CONTINGENCIES AND COMMITMENTS			
	10	--	--

463,047	458,891
=====	=====

The annexed notes form an integral part of these accounts.

	<i>Note</i>	<i>1999 Rs. '000</i>	<i>1998 Rs. '000</i>
TANGIBLE FIXED ASSETS			
Operating assets	11	78,703	84.40
Capital work-in-progress	12	814	278
		79,517	84,673
INVESTMENTS			
	13	12,961	12,961
LONG-TERM LOANS AND ADVANCES			
	14	1,854	997
LONG-TERM SECURITY DEPOSITS			
		915	1,302
DEFERRED TAXATION			
	15	830	--
CURRENT ASSETS			
Stores and spares	16	17,805	16.349
Stocks	17	203,885	150.602
Trade debts	18	84,563	122,978
Short-term loans and advances	19	2,181	2,925
Deposits and short-term prepayments	20	1,382	1,913
Income tax refundable		40,543	29,938
Other receivables	21	9,091	3,513
Cash and bank balances		7,520	30,740
		-----	-----
		366,970	358,958
		-----	-----
		463,047	458,891
		=====	=====

KAMALA. CHINOY
Director and Chief Executive

SYED NASEEM AHMAD
Director

TOWFIQ H. CHINOY
Director and Chairman

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30. 1999**

	<i>Note</i>	<i>1999 Rs. '000</i>	<i>1998 Rs. '000</i>
Net sales	23	578,895	500,151
Cost of goods said	24	498,448	439,529
		-----	-----
Gross profit		80,447	60,622
Selling, administration and general expenses	25	40,752	36,039
		-----	-----
Operating profit		39,695	24,583
Other income	26	9,753	13,700
		-----	-----
		49,488	38,283

Other charges	27	1,018	1,723
		-----	-----
		48,430	36,560
Financial charges	28	28,811	25,239
		-----	-----
		19,619	11,321
Sales tax	29	6,401	--
		-----	-----
Profit before taxation		13,218	11,321
Taxation	30	3,970	3,000
		-----	-----
Profit after taxation		9,248	8,321
Unappropriated profit brought forward		344	547
		-----	-----
Available for appropriation		9,592	8,868
		-----	-----
Appropriations			
Proposed final dividend 25% (1998: 22.5%)		7,805	7,024
Transfer to general reserve		1,500	1,500
		-----	-----
		9,305	8,524
		-----	-----
Unappropriated profit carried forward		287	344
		=====	=====
Basic earnings per share	31	Rs 2.96	Rs 2.67
		=====	=====

The annexed notes form an integral part of these accounts.

KAMALA A. CHINYO
Director and Chief Executive

SYED NASEEM AHMAD
Director

TOWFIQ H. CHINYO
Director and Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 1999

	<i>Issued. subscribed and paid-up share capital</i>	<i>Reserves</i>	<i>Unappropriated profit</i>	<i>Total</i>
	<i>Rs '000</i>			
Balance as at June 30, 1997	31,218	82,500	547	114,265
Profit for the year	--	--	8,321	8,321
Transfer to general reserve	--	1,500	(1,500)	--
Proposed dividend	--	--	(7,024)	(7,024)
	-----	-----	-----	-----
Balance as at June 30, 1998	31,218	84,000	344	115,562
Net profit for the year	--	--	9,248	9,248
Transfer to general reserve	--	1,500	(1,500)	--
proposed dividend	--	--	(7,805)	(7,805)
	-----	-----	-----	-----
Balance as at June 30, 1999	31,218	85,500	287	117,005
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

KAMALA CHINYOY
Director and Chief Executive

SYED NASEEM AHMAD
Director

TOWFIQ H. CHINYOY
Director and Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	32	(9,197)	69,465
Staff retirement benefits paid		(1,502)	(829)
Financial charges paid		(27,779)	(24,552)
Taxes paid		(15,405)	(15,547)
Long-term loans and advances (net)		(857)	517
Long-term security deposits (net)		387	(18)
		-----	-----
Net cash (outflow)/inflow from operating activities		(54,353)	29,036
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(10,015)	(2,628)
Sale proceeds on disposal of fixed assets		376	930
Investments in US dollar bonds		(6,900)	--
US dollar bonds encashed		6,928	660
Investment income received		791	607
Dividends received		639	593
		-----	-----
Net cash (outflow)/inflow from investing activities		(8,181)	162
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings less repayments		(22,970)	(7,000)
Lease rentals paid		(77)	--
Dividends paid		(6,892)	(7,731)
		-----	-----
Net cash (outflow) from financing activities		(29,939)	(14,731)
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(92,473)	14,467
Cash and cash equivalents at the beginning of the year		(94,498)	(108,965)
Cash and cash equivalents at the end of the year	33	----- ----- =====	----- ----- =====

The annexed notes form an integral part of these accounts.

KAMAL A. CHINYOY
Director and Chief Executive

SYED NASEEM AHMAD
Director

TOWFIQ H. CHINYOY
Director and Chairman

NOTES To AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999

1. LEGAL STATUS AND OPERATIONS

The company was incorporated in Pakistan as a private limited company in 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 manufacture of copper rods, wires, cables and conductors, Aluminium profiles and anodized fabrications.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company has established a pension fund scheme for all permanent employees who are in the management cadre and the executive directors. Contributions are payable to the fund on a monthly basis according to the actuarial recommendations at a rate of 10.4% of pensionable salaries of the employees with effect from January 1, 1999. The last actuarial valuation of this fund was carried out as of December 31, 1998 on the basis of the attained age method. The fund's liability for past services was Rs. 25.650 million as of December 31, 1998 against which the value of fund's assets was Rs. 31.567 million. The principal assumptions used in the valuation of the pension fund scheme as of December 31, 1998 by the actuary are:

- Expected rate of growth in future salaries: 13.5% per annum
- Expected rate of return on fund: 15.75% per annum

The company also operates an unfunded pension scheme for its executive directors.

In addition, the company operates an unfunded gratuity scheme for employees not covered by the pension scheme. Provision is made annually to cover the obligations in respect of those employees who have completed the initial qualifying period.

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.

2.3 Taxation

Current

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

Deferred

The company accounts for deferred taxation on all major timing differences using the liability method. However, deferred tax is not accounted for if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

2.4 Tangible fixed assets

Operating assets are stated at cost less accumulated depreciation and capital work-in-progress is stated at cost accumulated to the balance sheet date.

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions and deletions of operating assets during the year is charged at half the normal rate.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are included in income currently.

2.5 Fixed assets acquired under finance leases

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments. Finance charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to income applying the straight line method at the rates stated in note 11 below.

2.6 Investments

Investments are valued at the lower of cost and market value on portfolio basis. However, consistent with prior years individual investments are adjusted to recognise a decline other than temporary. Profits and losses on sale of investments during the year are included in income currently.

2.7 Capitalisation of borrowing cost

The borrowing cost during installation period, on loans obtained for a specific project, is capitalised as part of additions to fixed assets or included in capital work-in-progress.

2.8 Stores and spares

Stores and spares are valued at moving average cost, Items in-transit are valued at cost comprising invoice value plus other charges paid thereon.

2.9 Stocks

Raw and packing materials are valued at the lower of cost, calculated on a moving average basis, and net realisable value. Items of work-in-process are valued at average cost. Finished goods are valued at the lower of average cost and net realisable value. The basis of estimating the value of slow moving finished goods has been revised during the year to correspond to the company's existing policy of valuing finished goods. Previously the slow moving finished goods were not valued. Had the basis not been revised, profit before and after taxation for the year would have been lower by Rs. 3.09 million and Rs. 2.07 million respectively.

Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads.

Scrap stocks are valued at estimated realisable value.

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

2.10 Trade debts

Debts irrecoverable are written off and a provision is made on the balance based on an age analysis of the debts.

2.11 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pakistan rupees at the rates of exchange prevalent on the balance sheet date except those liabilities covered under forward exchange contracts which are translated at the contractual rates. Exchange gains and losses are included in income currently.

2.12 Revenue recognition

Sales of products and services are recorded on delivery of products or performance of services or when goods said are identified, segregated and are awaiting delivery. Claims for cost escalation are recognised on actual receipt.

**3. ISSUED, SUBSCRIBED AND PAID-UP
SHARE CAPITAL**

	<i>1999</i>	<i>1998</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
1,475,225 ordinary shares of Rs. 10 each fully paid in cash	14,752	14,752
174,775 ordinary shares of Rs. 10 each		

issued as fully paid for consideration other than cash	1,748	1,748
1,471,800 ordinary shares of Rs. 10 each issued as fully paid bonus shares	14,718	14,718
-----	-----	-----
3,121,800	31,218	31,218
=====	=====	=====
	1999	1998
	Rs. '000	Rs. '000

4. RESERVES

General reserve		
At the beginning of the year	84,000	82,500
Transfer from profit & loss account	1,500	1,500
	-----	-----
	85,500	84,000
	=====	=====

5. LIABILITY AGAINST AN ASSET SUBJECT TO A FINANCE LEASE

The company has acquired a vehicle under a finance lease agreement with a leasing company. The rentals are payable in quarterly installments under that lease agreement. The amounts of future payments for the lease and the period in which the lease payments will become due are:

	1999	1998
	Rs. '000	Rs. '000
Year to June 30, 2000	307	--
Year to June 30, 2001	307	--
Year to June 30, 2002	307	--
Year to June 30, 2003	307	--
Year to June 30, 2004	231	--
Year to June 30, 2005	53	--
	-----	-----
Minimum lease payments	1,512	--
Less: Finance charges not yet due	536	--
	-----	-----
	976	--
Less: Current maturity shown under current liabilities	135	--
	-----	-----
	841	--
	=====	=====

The present value of minimum lease payments have been discounted at an effective interest rate of 18.62% per annum. Repairs and insurance costs are to be borne by the lessee. The company intends to exercise its option to purchase the leased asset at the termination of the lease period.

6. FINANCES UNDER MARK-UP ARRANGEMENTS**Secured****Running Finances**

The company has arranged short-term running finances from banks. The facility for these running finances under mark-up arrangements amounts to Rs. 310 million (1998: Rs. 295 million). The mark-up on these running finances ranges between Rs. 0.2739 to Rs. 0.43 per Rs. 1,000 per diem. The facilities are available for various periods expiring between July 1, 1999 and May 31, 2000.

Term finance

The company has obtained a term finance facility of Rs. 27 million (1998: Rs. Nil) from a bank. earmarked out of the total running finance facility of Rs. 30 million. obtained from that bank. The mark-up on this term finance is Rs. 0.3904 per Rs. 1000 per diem.

Securities and other facilities

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

The facility for opening letters of credit and guarantees as at June 30, 1999 amounted to Rs. 467 million (1998: Rs. 525 million) of which the amount remaining unutilised as at that date was Rs. 357.172 million (1998: Rs. 314.471 million).

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
7. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		
Creditors	29,732	4,674
Bills payable	52,859	113,376
Accrued expenses	7,059	11,712
Advances received from customers	5,991	6,800
Import levies - customs duty	1,861	3,544
Sales tax	--	6,001
Interest on customs debentures - unsecured	--	117
Mark-up on short-term running finances - secured	6,541	5,419
Excise duty	--	66
Others- note 7.1	16,201	14,082
	-----	-----
	120,244	165,791
	=====	=====

7.1 'Others' includes an amount of Rs. 10,941 (1998: Rs. 10,941 million) received as part of sales proceeds from a customer which has not been credited to sales because a revenue levying authority had claimed this amount. However, the company's appeal against the authority's claim was upheld by the concerned appellate authorities. The levying authority has filed an appeal in the tribunal against the order of the appellate authorities. Therefore, as prudent accounting practice, the company has deferred recognition of the subject amount as a part of its sales, pending outcome of the tribunal's decision.

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
8. WORKERS' PROFITS PARTICIPATION FUND		
Balance at the beginning of the year	734	1,380
Interest on funds utilised in the company's business	34	88
Allocation for the year	721	637
	-----	-----
	1,489	2,105
Less: Amount paid to the fund	723	1,371
	-----	-----
Balance at the end of the year	766	734
	=====	=====
9. DIVIDENDS		
Unclaimed	1,500	1,368
Proposed final	7,805	7,024
	-----	-----
	9,305	8,392

=====

10. CONTINGENCIES AND COMMITMENTS**10.1 Contingent liabilities**

a) Bank guarantees amounting to Rs. 10,122 million (1998: Rs. 17,466 million) have been given to Collector of Customs against partial exemption of import levies. The company has also issued post- dated cheques in favour of the Collector of Customs in lieu of bank guarantees amounting to Rs. 3,058 million (1998: Rs. 0.181 million).

b) Bank guarantees amounting to Rs. 34,096 million (1998: Rs. 36,597 million) have been given to various parties for contract performance. tender deposits etc.

10.2 Commitments

The company has acquired certain motor vehicles. under operating lease agreements. Commitments for minimum lease payments under such non-cancellable operating leases entered into by the company are as follows:

<i>YEAR ENDED</i> <i>JUNE 30,</i>	<i>MINIMUM LEASE PAYMENTS</i>	
	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
1999	--	1,643
2000	473	1,409
2001	395	1,331
2002	144	612
	-----	-----
	1,012	4,995
	=====	=====

11. OPERATING ASSETS

	<i>Cost as at</i> <i>July 1,</i> <i>1998</i>	<i>Additions/</i> <i>(deletions)</i>	<i>Cost as at</i> <i>June 30,</i> <i>1999</i>	<i>Accumulated</i> <i>depreciation</i> <i>as at July 1,</i> <i>1998</i>	<i>Depreciation</i> <i>charge for</i> <i>the year/</i> <i>(depreciation</i> <i>on deletions)</i>	<i>Accumulated</i> <i>Depreciation</i> <i>as at June</i> <i>30, 1999</i>	<i>Net book</i> <i>value as</i> <i>at June</i> <i>30, 1999</i>	<i>Annual</i> <i>rate of</i> <i>depreciation</i> <i>as a %</i> <i>of cost</i>
	<i>Rupees '000</i>							
Buildings on leasehold land	15,215	--	15,215	8,244	540	8,784	6,431	5
Plant and machinery	222,812	7,834	230,646	149,591	12,624	162,215	68,431	8, 12 & 25
Office equipment and appliances	8,128	458 (42)	8,544	6,476	1,960 (42)	8,394	150	12 & 25
Furniture and fixtures	2,344	47	2,391	1,449	158	1,607	784	8, 12 & 25
Vehicles	3,859	1,140 (50)	4,949	2,203	807 (20)	2,990	1,959	12 & 20
Loose tools	173	--	173	173	--	173	--	20
Asset subject to finance lease:								
Vehicle	--	1,053	1,053	--	105	105	948	20
	-----	-----	-----	-----	-----	-----	-----	-----

As at June 30, 1999	252,531	10,532 (92)	262,971	168,136	16,194 (62)	184,268	78,703
As at June 30, 1998	246,532	6,101	252,531	152,268	15,926	168,136	84,395

11.1 The following fixed assets were disposed off during the year ended June 30, 1999.

<i>Assets</i>	<i>Original cost</i>	<i>Accumulated depreciation</i>	<i>Net book value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Purchaser</i>
	<i>Rupees '000</i>					
Vehicle Nissan Sunny	50	20	30	345	Insurance claim	New Jubilee Insurance Company Ltd. Jubilee Insurance House I.I. Chundrigar Road. Karachi.
Office equipment with net book value below Rs. 5,000 each	42	42	--	31	Various	Various
	92	62	30	376		

1999	1998
Rs. '000	Rs. '000

12. CAPITAL WORK-IN-PROGRESS

Plant and machinery	814	278
---------------------	-----	-----

13. INVESTMENTS

Quoted

In associated companies

International industries Limited 100,000 (1998: 100,000)

Fully paid ordinary shares of Rs. 10 each (Market value Rs. 2,425 million; 1998: Rs. 2,350 million)

2,350	2,350
-------	-------

New Jubilee Insurance Company Limited 361,987 (1998: 301,656)

Fully paid ordinary shares of Rs. 5 each (Market value Rs. 6,516 million; 1998: Rs. 4,715 million)

3,945	3,945
-------	-------

Sub-total (Market value Rs.8,941million (1998: Rs. 7,065 million)

6,295	6,295
-------	-------

Others

Foreign exchange bearer certificates

6,666	6,666
-------	-------

12,961	12,961
--------	--------

14. LONG-TERM LOANS AND ADVANCES

Considered good

193	75
-----	----

Executives - note 14.1

2,552	1,521
-------	-------

Other employees - note 14.1

2,745	1,596
-------	-------

Less: Recoverable within one year- note 19

Executives

79	48
----	----

Other employees

812	551
-----	-----

	891	599
	-----	-----
	1,854	997
	=====	=====
Amounts outstanding for periods exceeding three years included in above	--	11
	=====	=====

14.1 Interest free loans have been given to executives and employees for purchase of motor cars and motorcycles. These are repayable in thirty-six to sixty equal monthly installments.

14.2 The maximum aggregate amounts due from executives at the end of any month during the year was Rs. 0.244 million (1998: Rs. 0.126 million).

15. DEFERRED TAXATION

The net deferred tax asset as at June 30, 1999 arising due to net timing differences under the liability method is estimated at Rs. 2,510 million (1998: Rs. 0.436 million debit), which is due to debit/(credit) balances arising in respect of:

Rs. '000

Accelerated tax depreciation allowance	(6,828)
Provision for staff retirement and other benefits	6,680
Provision for doubtful debts	1,510
Provision for slow-moving stores and spares	573
Provision for import levies	558
Finance lease arrangements	17

	2,510
	=====

The net deferred tax asset of Rs. 0.436 million as at June 30, 1998 was not recognised because those timing differences were not expected to reverse in the foreseeable future.

The Institute of Chartered Accounts of Pakistan (ICAP) has adopted 'International Accounting Standard No. 12 'income Taxes' (Revised)' (IAS-12) which inter alia requires that a deferred tax asset should be recognised for all deductible temporary differences. According to the directives issued by ICAP, IAS-12 would now be applicable to the company with effect from the year ending June 30, 2003. As the company foresees that the deferred tax asset as at June 30, 1999 would start reversing in the following years therefore it has, as a matter of prudence, decided to recognise this deferred tax asset over a period of three years starting June 30, 1999, and has recognised an amount of Rs. 0.830 million as deferred tax asset as at June 30, 1999.

	<i>1999</i>	<i>1998</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
16. STORES AND SPARES		
Stores	719	562
Spares (including Rs. 0.626 million in-transit; 1998: Rs. 0.044 million)	18,995	17,599
	-----	-----
	19,714	18,161
Less: Provision for slow moving stores and spares	1,909	1,812
	-----	-----
	17,805	16,349

	=====	=====
17. STOCKS		
Raw materials (including Rs. 24.17 million in-transit; 1998: Rs. 18.57 million)- note 17.1	81,312	63,784
Work-in-process	42,533	42,401
Finished goods	76,129	43,435
Scrap	3,911	982
	-----	-----
	203,885	150,602
	=====	=====

17.1 This includes certain raw materials of an aggregate value of Rs. 3,833 million held by a third party for processing.

	1999	1998
	Rs. '000	Rs. '000
18. TRADE DEBTS		
Unsecured		
Considered good	11,503	8,594
Due from associated undertakings	73,060	114,384
	-----	-----
Others	84,563	122,978
Considered doubtful		
Others	5,035	3,589
	-----	-----
	89,598	126,567
Less: Provision for doubtful debts	5,035	3,589
	-----	-----
	84,563	122,978
	=====	=====

18.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 20.059 million (1998: Rs. 21.783 million).

	1999	1998
	Rs. '000	Rs. '000
19. SHORT-TERM LOANS AND ADVANCES		
Considered good		
Current portion of long-term loans - note 14		
Due from executives	79	48
Due from other employees	812	551
	-----	-----
	891	599
Short-term advances		
Due from executives	176	--
Due from other employees	644	767
	-----	-----
	820	767
Advances to suppliers	470	1,559
	-----	-----
	2,181	2,925

=====

19.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.524 million (1998: Rs. Nil).

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
	790	1,317
	592	596
	----- 1,382	----- 1,913
	=====	=====

20. DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits - considered good
Short-term prepayments

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
	377	314
	4,041	2,654
	--	419
	862	--
	2,711	--
	1,100	--
	--	126
	----- 9,091	----- 3,513
	=====	=====

21. OTHER RECEIVABLES

Due from an associated undertaking
- Dividend - note 21.1

Interest (net) receivable on foreign exchange
bearer certificates
Interest receivable on a US dollar deposit account
Due from the staff provident fund
Sales tax
Excise duty
Others

21.1 The maximum aggregate amount due from an associated undertaking at the end of any month during the year was Rs. 0.377 million (1998: Rs. 0.314 million).

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
	--	16,100
	3,594	10,770
	3,422	2,992
	504	878
	----- 7,520	----- 30,740
	=====	=====

22. CASH AND BANK BALANCES

In a US dollars deposit account
On current accounts
Cheques in hand
Cash in hand

23. NET SALES

Gross sales
Less: Commission
Discounts

	581,422	504,229
	222	831
	2,305	3,247
	----- 2,527	----- 4,078
	----- 578,895	----- 500,151
	=====	=====
	<i>1999</i>	<i>1998</i>

Rs. '000 *Rs. '000*

24. COST OF GOODS SOLD

Opening work-in-process	42,401	35,912
Raw materials and scrap		
Opening stock	647,661	60,519
Purchase of raw materials	449,739	362,117
Scrap sold	(578)	(7,494)
Closing stock	(85,223)	(64,766)

428,704 350,376

Stores and spares	9,715	7,798
Fuel and power	22,913	19,220
Salaries, wages and benefits - note 24.1	44,487	41,717
Rent, rates and taxes	356	337
Lease rentals	313	836
Insurance	11,803	1,868
Repairs and maintenance	4,927	3,583
Depreciation	14,768	14,970
Other expenses- note 24.2	2,587	4,030

101,869 94,359

572,974 480,647

(42,533) (42,401)

Cost of goods manufactured	530,441	438,246
Opening stock of finished goods	43435	44,655
Finished goods purchased	701	63
Closing stock of finished goods	(76,129)	(43,435)

498,448 439,529
=====

24.1 Details of salaries, wages and benefits

Salaries, wages and benefits	41,305	37,689
Provident fund contributions	1,141	1,030
Pension fund contributions	810	788
Provision for staff retirement benefits (unfunded)	1,231	2,210

44,487 41,717
=====

1999 **1998**
Rs. '000 **Rs. '000**

24.2 Details of other expenses

Communications and stationery	460	416
Training, travelling and entertainment	155	473
Motor car running	707	685
General works	1,265	2,456

2,587 4,030
=====

**25. SELLING, ADMINISTRATION
AND GENERAL EXPENSES**

Salaries, wages and benefits- note 25.1	20,313	18,181
Rent, rates and taxes	337	288
Insurance	597	484
Repairs and maintenance	1,052	844
Consultancy fee	1,170	800
Donations - note 25.2	110	23
Auditors' remuneration - note 25.3	759	344
Communications and stationery	2,459	2,321
Training, travelling and entertainment	2,986	3,232
Advertising and publicity	3,224	1,886
Lease rentals	999	1,330
Carriage and forwarding expenses	5,496	4,508
Liquidated damages for late deliveries	(4,367)	(1,958)
Provision for doubtful debts	1,458	271
Depreciation	1,426	956
Other expenses - note 25.4	2,733	2,529
	-----	-----
	40,752	36,039
	=====	=====

25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	16,996	15,129
Provident fund contributions	877	770
Pension fund contributions	961	929
Provision for staff retirement benefits (unfunded)	1,479	1,353
	-----	-----
	20,313	18,181
	=====	=====

25.2 Donations were not made to any donee in whom a director or his/her spouse had any interest at any time during the year.

	1999	1998
	Rs. '000	Rs. '000
25.3 Auditors' remuneration		
Audit fee	210	185
Tax services	434	115
Special certifications and audits of workers' funds	77	10
Out of pocket expenses	38	34
	-----	-----
	759	344
	=====	=====

	1999	1998
	Rs. '000	Rs. '000
25.4 Details of other expenses		
Subscriptions	119	235
Fuel and power	276	196
Bank service charges	1,856	1,121
Directors' fee	7	8
Legal and professional	184	544
Miscellaneous selling	51	68
General office	240	357
	-----	-----
	2,733	2,529
	=====	=====

26. OTHER INCOME

Sales of general scrap	343	626
Insurance Commission from - an associated undertaking	368	474
- an insurance company	333	299
Profit from special savings certificates-bearer	--	46
Interest (net) on foreign exchange bearer certificates	1,387	2,654
Interest on US dollars deposit accounts	372	980
Gain on disposal of fixed assets	346	886
Dividend income	702	689
Balances no longer payable written back	853	1,568
Exchange gain (net)	5,049	5,468
Sundries	--	10
	-----	-----
	9,753	13,700
	=====	=====

27. OTHER CHARGES

Diminution in the value of an investment	--	675
Workers' profits participation fund	721	637
Workers' welfare fund	297	411
	-----	-----
	1,018	1,723
	=====	=====

28. FINANCIAL CHARGES

Mark-up on running finances	26,712	20,920
under mark-up arrangements		
Interest on	158	276
- customs debentures	1,880	3,935
- long-term loans	34	88
- workers' profits participation fund	27	--
Finance charges on lease	--	20
Excise duty	-----	-----
	28,811	25,239
	=====	=====

29. SALES TAX

The sales tax authorities had in the past levied sales tax on aluminium rods extruded from aluminium billets, an intermediary product, used in the assimilation of conductors and cables. The company disputed the contention of the sales tax authorities and filed appeals against such assessments for the years 1970-71 to 1974-75 in the Appellate Tribunal and for the years 1975-76 to 1979-80 before the Commissioner of Sales Tax (Appeals), which were decided in the Company's favour. The authorities subsequently filed an appeal in the High Court of Sindh against the appellate order. The High Court upheld the appeal of the authorities for sales tax assessments for assessment years 1970-71 to 1979-80. The company had filed an appeal against the order of the High Court in the Supreme Court of Pakistan. The Supreme Court has now decided that sales tax is payable on the intermediary product and therefore sales tax amounting to Rs. 6.4 million has been paid and charged in the current year.

1999	1998
Rs. '000	Rs. '000

30. TAXATION

Current - for the year	4,800	6,000
- for prior years	--	(3,000)
	-----	-----

Deferred	(830)	--
	-----	-----
	3,970	3,000
	=====	=====

30.1 The Income Tax Appellate Tribunal (ITAT) has upheld the appeal of the company for tax credit under section 107 of the Income Tax Ordinance, 1979 relating to assessment years 1989-90 and 1990-91. Consequently, a tax credit of approximately Rs. 6 million will be available to the company. However, the Deputy Commissioner of Income Tax (DCIT) has not passed the required effect order in pursuance of the ITAT's decision. Therefore, on grounds of prudence the company has not recognised this tax credit till the receipt of the effect order from the DCIT.

	<i>1999</i>	<i>1998</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
31. BASIC EARNINGS PER SHARE		
Profit after taxation	9,248	8,321
	-----	-----
Number of shares 3,121,800 (1998: 3,121,800)		
Basic earnings per share	Rs. 2.96	Rs. 2.67
	-----	-----

32. CASH (USED IN)/GENERATED FROM OPERATIONS

Profit before taxation	13,218	11,321
Adjustment for non cash charges and others items:		
Depreciation	16,194	15,926
Provision for staff retirement benefits (unfunded)	2,710	3,563
Investment income	(1,759)	(3,680)
Diminution in the value of an investment	--	675
Gain on disposal of fixed assets	(346)	(886)
Dividend income	(702)	(689)
Financial charges	28,811	25,239
Exchange gain on US dollar bonds	(28)	--
Working capital changes - note 32.1	(67,295)	17,996
	-----	-----
	(9,197)	69,465
	=====	=====
	<i>1999</i>	<i>1998</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>

32.1 Working capital changes

(Increase)/decrease in current assets	(1,456)	(1,991)
Stores and spares	(53,283)	(9,516)
Stocks	38,415	37,617
Trade debts	744	(1,006)
Short-term loans and advances	531	(601)
Deposits and short-term prepayments	(4,547)	881
Other receivables (net)	-----	-----
	(19,596)	25,384
	=====	=====
Increase/(decrease) in current liabilities	(46,579)	(7,703)
Creditors, accrued expenses and other liabilities (net)	32	(646)
Workers' profits participation fund	(1,152)	961
Workers' welfare fund	-----	-----
	(67,295)	17,996

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

35. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

35.1 Remuneration of the chief executive, directors and executives

The aggregate amounts charged in these accounts for remuneration including all benefits to the chief executive, directors and executives of the company were as follows:

	1999 Rs. '000			1998 Rs. '000		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
Managerial remuneration	1,079	1,726	9,621	938	954	8,505
Retirement benefits	316	481	1,841	322	303	1,759
House rent and utilities	683	822	4,261	577	441	3,820
Medical expenses	42	111	441	48	58	410
Other	87	44	653	78	30	652
	-----	-----	-----	-----	-----	-----
	2,207	3,184	16,817	1,963	1,786	15,146
	-----	-----	-----	-----	-----	-----
Number of persons	1	2	44	1	2	39
	=====	=====	=====	=====	=====	=====

The chief executive, directors and certain executives of the company are provided with free use of cars. Remuneration of the chief executive and directors does not include amounts paid or provided for by the associated undertakings.

35.2 Remuneration to other directors

In addition to the above the aggregate amounts charged in these accounts for directors' fee to eight directors and consultancy fee to one director were Rs. 7,000 and Rs. Nil respectively (1998: eight directors and one director - Rs. 7,500 and Rs. 60,000 respectively).

	1999 Rs. '000	1998 Rs. '000
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36. SUMMARY OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales of goods including scrap	29,590	22,997
Purchase of goods and materials	11,576	3,260
Commission earned	368	474
Dividend income	702	689

37. 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.

38. CORRESPONDING FIGURES

Previous year's figures have been reclassified, wherever necessary, for the purposes of comparison.

KAMAL A. CHINYOY
Director and Chief Executive

SYED NASEEM AHMAD
Director

TOWFIQ H. CHINYOY
Director and Chairman