

Pakistan Cables Limited

Annual Report 2000

CONTENTS

Company Information
Notice of Meeting
Highlights
Ten-Year Review
Chairman's Review
Report of the Directors
Pattern of Shareholdings
Graphic Illustrations
Auditors' Report to the Members
Balance Sheet
Profit and Loss Account
Statement of Changes in Equity
Cash Flow Statement
Notes to and Forming Part of the Accounts

COMPANY INFORMATION

BOARD OF DIRECTORS

Towfiq H. Chinoy (Chairman)
Mustapha A. Chinoy
Haroun Rashid
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

Credit Agricole Indosuez
Habib Bank Limited
Hongkong and Shanghai Banking Corporation Limited
Muslim Commercial Bank Limited
Oman International Bank
Standard Chartered Bank
Standard Chartered Grindlays Bank Limited
Union Bank Limited

Registered Office, Factory and Marketing Office

B/21 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, Shakra-e-Quaid-e-Azam
Telephone Nos: 7355783, 7120790 - 91, 7353520, Fax: 7355480

Branch Offices

Multan Shershah Road, Telephone No. 583332, Fax: 549336

Rawalpindi 455-A, Adamjee Street, Telephone Nos. 5568895, 5512797, Fax: 5587029

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Thursday, the 23rd November, 2000 at 11:30 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, 2000 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 30%).
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
Aslam Sadruddin
Finance Director and
Company Secretary

KARACHI: October 31, 2000

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 9.11.2000 to 23.11.2000 (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 need not 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.

HIGHLIGHTS

		<i>1999-2000</i>	<i>1998-99</i>
		<i>Rs. Million</i>	<i>Rs. Million</i>
Sales		721.28	578.89
Profit after tax		12.32	9.25
Dividend		9.370	7.80
Net assets employed		135.309	137.021
Shareholders' fund		119.957	117.005
Net earning per share	Rs.	3.95	2.96
Net earning per rupee sales	Rs.	0.02	0.02

TEN-YEAR REVIEW

	<i>1999-2000</i>	<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>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	721,279	578,895	500,151	636,476	964,652	438,239	380,362	302,149	346,808	360,201
Operating profit	40,424	39,695	24,583	54,204	63,998	30,117	30,390	16,914	24,646	44,661
Profit before tax	11,717	13,218	11,321	20,751	35,058	21,150	15,954	8,242	12,908	31,010
Profit after tax	12,317	9,248	8,321	13,151	19,733	9,157	7,868	4,173	8,331	16,557
Dividend	9,365	7,805	7,024	10,927	14,829	8,585	7,805	2,178	8,580	8,580
Bonus Issue	--	--	--	--	--	--	--	2,178	2,640	--
Capital expenditure	13,781	10,015	2,628	6,569	64,762	3,145	0,741	1,142	1,376	2,096
Fixed assets at cost	275,823	262,971	252,531	246,532	244,126	179,055	175,979	175,420	180,772	180,383
Current assets less current liabilities	44,429	40,944	47,596	37,359	27,687	41,609	48,633	61,234	55,085	61,849
Current Assets:										
Current Liabilities	1.1:1	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
Shareholders' funds										
Issued capital	31,218	31,218	31,218	31,218	31,218	31,218	31,218	29,040	26,400	26,400
Reserve & retained earnings	88,739	85,787	84,344	83,047	80,823	75,919	75,347	77,462	78,107	78,356
Total Shareholders' fund	119,957	117,005	115,562	114,265	112,041	107,137	106,565	106,502	104,507	104,756
Long term Loans & Liabilities	15,352	20,016	31,967	38,203	47,582	21,708	37,568	47,105	55,413	67,563
Net Assets employed	135,309	137,021	147,529	152,468	159,623	128,845	144,133	153,607	159,920	172,319
Net Earnings as percentage										
of net assets employed	%	9	7	6	9	12	7	5	3	5
Earning per rupee of sales	Rs.	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.02
Earning per share	Rs.	3.95	2.96	2.67	4.21	6.32	2.93	2.52	1.44	3.16
Cash Dividend per share	Rs.	3.00	2.50	2.25	3.50	4.75	2.75	2.50	0.75	3.25
Break-up value per share	Rs.	38.43	37.48	37.02	36.60	35.89	34.32	34.14	36.67	39.59

* *Eighteen months ended June 30, 1996.*

CHAIRMAN'S REVIEW

On behalf of your Board, I am pleased to present the report for the year ended June 30, 2000.

OPERATING PERFORMANCE

The year under review was yet another period of uncertainty and turbulence. While the country was already feeling the effects of economic sanctions which followed the nuclear explosion, the IMF suspended its assistance due to the change of Government. This further depressed the

economy. Demand remained poor both in the industrial as well as the commercial sector. However, we were able to secure some business from KESC and WAPDA during the period.

In spite of these difficulties, I am pleased to inform you that your company achieved net sales of Rs. 721.3 million which was 24.6% higher than last year's sales of Rs. 578.9 million.

Gross profit for the year amounting to Rs. 86.4 million is 12% of sales compared to last year's gross profit of Rs. 80.4 million which was 14% of sales. While the gross profit has increased in rupee terms due to higher sales, the gross profit percentage has reduced mainly due to increase in prices of metals in the international market.

Operating profit for the year is Rs. 40.4 million against Rs. 39.7 million last year. The requirement for working capital was greater during the year due to the higher turnover and LC margins as a result of which financial charges have increased to Rs. 31.4 million as compared to Rs. 28.8 million last year. Profit before tax is Rs. 11.7 million against Rs. 13.2 million last year. The company won an appeal in the appellate Tribunal which resulted in a tax credit of Rs. 5.6 million. Thus the profit after tax is Rs. 12.3 million which is 33% higher than last year's profit of Rs. 9.2 million.

DIVIDEND

For the current year, your directors recommended payment of dividend of Rs. 3.00 per share (30%) compared to Rs. 2.50 per share (25%) last year.

INDUSTRY CONCERNS

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 1.5% sales tax is chargeable on goods sold to unregistered customers. This is too high and encourages 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 view of the above, we urge the government to withdraw the excise duty from cables. It is to be noted that this will also benefit KESC & WAPDA as they will pay 10% less, allowing them to procure more distribution equipment which will go a long way in improving the distribution system as well as reduction of line losses.

The rates of deduction of income tax under section 50(4) and 50(5) have over the years increased and the present rates of 6% on imports and another 3.5% on payments received are too high. These rates should be reduced for industry. Moreover, exemption certificates under Section 50(4) and 50(5) of the Income Tax ordinance should be issued to public limited companies within 10 days of application and with a validity of 12 months.

FUTURE PROSPECTS

The economy of the country continues to remain weak. The sharp fall in the value of the rupee in September and the imposition of 25% LC margin on imports have increased the cost of import for engineering companies. Lower margins are inevitable due to rising cost and continuous depreciation of rupee against dollar. We have started the year with a reasonable order book and the fact that your company has a strong position within the industry should be of great assistance in these trying times. The resumption of purchases by the utility companies is a positive development for the Cable industry.

STAFF

The total number of employees as on June 30th, 2000 was 295. Relationship with the employees of all levels remained warm and cordial. A two year agreement which is valid upto December 2001 was amicably negotiated with the CBA. On behalf of the directors and employees of the company, I express our gratitude to all our valued customers, distributors and banks for their confidence and support.

KARACHI: October 25, 2000

TOWFIQ H. CHINYOY
Chairman

REPORT OF THE DIRECTORS

1. The Directors have pleasure in submitting their Report and Annual Audited Accounts for the year ended 30th June 2000.

Rs. '000

The net profit after tax amounted to	12,317
To this is added unappropriated profit brought forward from last year	287

	12,604
	=====

The Directors recommended:

Payment of Cash dividend at the rate of Rs. 3.00 per share (30%)	9,365
Transfer to General Reserve	3,000
leaving unappropriated profit to be	
Carried Forward	239

	Rs. 12,604
	=====

2. The Chairman's review on page 6 covers significant activities of your company.

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

4. The present Auditors M/s. A.F. Ferguson & Co. retire and offer themselves for reappointment.

On behalf of the Board

Kamal A. Chinoy
Director & Chief Executive

Karachi: October 12, 2000

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2000

<i>No. of Shareholders</i>	<i>Shareholding</i>			<i>Total Shares held</i>	
390	1	to	100	15,759	
416	101	to	500	102,224	
109	501	to	1,000	80,796	
105	1,001	to	5,000	212,551	
10	5,001	to	10,000	64,106	
7	10,001	to	15,000	87,666	
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	--
-----				-----
1,052				3,121,800
=====				=====

Category of shareholders

	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	1,023	1,621,587	51.94
Investment Companies	2	705,171	22.59
Insurance Companies	6	334,610	10.72
Joint Stock Companies	10	318,788	10.21
Financial Institutions	5	106,330	3.41
Modaraba Companies	--	--	--
Others	6	35,314	1.13

	1052	3,121,800	100.00
=====			

OTHERS

Aminia Muslim Girls School Trust	11,304
Karachi Zarhosti Banu Mandal	10,408
Pakistan Masonic Institution	1,135
The Pakistan Memon Educational & Welfare Society	11,729
Government of Pakistan, Corporate Law Authority	1
Administrator Abandoned Properties Organization	737

	35,314
=====	

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan Cables Limited as at June 30, 2000 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.

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;

(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, 2000 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: October 31, 2000

A.F. FERGUSON & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rs. '000</i>	<i>1999</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 (1999: 3,121,800)			
ordinary shares of Rs. 10 each	3	31,218	31,218
Revenue reserves			
General reserves	4	88,500	85,500
Unappropriated profit		239	287
		-----	-----
		119,957	117,005

LIABILITY AGAINST AN ASSET SUBJECT TO A	5	680	841
DEFERRED LIABILITY			
Staff retirement benefits	6	14,672	19,175
CURRENT LIABILITIES AND PROVISIONS			
Finances under mark-up arrangements	7	191,395	194,491
Current maturity of liability against an assets subject to a finance lease	5	161	135
Creditors, accrued expenses and other liabilities	8	175,691	120,244
Workers profits participation fund	9	686	766
Workers welfare fund		1,256	1,085
Dividends	10	11,003	9,305
		-----	-----
		380,192	326,026
CONTINGENCIES AND COMMITMENTS	11	--	--
		-----	-----
		515,501	463,047
		=====	=====
TANGIBLE FIXED ASSETS			
Operating assets	12	75,848	78,703
Capital work-in-progress	13	930	814
		-----	-----
		76,778	79,517
INVESTMENTS	14	8,437	12,961
LONG-TERM LOANS AND ADVANCES	15	1,053	1,854
LONG-TERM SECURITY DEPOSITS		1,072	915
DEFERRED TAXATION	16	3,540	830
CURRENT ASSETS			
Stores and spares	17	18,919	17,805
Stocks	18	213,844	203,885
Trade debts	19	110,588	84,563
Short-term loans and advances	20	2,583	2,181
Current maturity of investments	14	4,699	--
Deposits and short-term prepayments	21	1,313	1,382
Other receivables	22	6,080	9,091
Income tax refundable		36,232	40,543
Cash and bank balances	23	29,635	7,520
		-----	-----
		424,621	366,970
		-----	-----
		515,501	463,047
		=====	=====

The annexed notes form an integral part of these accounts.

KAMAL A. CHINYO
Director and Chief Executive

IMTIAZ RASOOL
Director

HAROUN RASHID
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

2000

1999

	<i>Note</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Net sales	24	721,279	578,895
Cost of goods sold	25	634,834	498,448
		-----	-----
Gross profit		86,445	80,447
Selling, administration and general expenses	26	46,021	40,752
		-----	-----
Operating profit		40,424	39,695
Other income	27	4,766	9,753
		-----	-----
		45,190	49,448
Other charges	28	2,054	1,018
		-----	-----
		43,136	48,430
Financial charges	29	31,419	28,811
		-----	-----
		11,717	19,619
Sales tax		--	6,401
		-----	-----
Profit before taxation		11,717	13,218
Taxation	30	(600)	3,970
		-----	-----
Profit after taxation		12,317	9,248
Unappropriated profit brought forward		287	344
		-----	-----
Available for appropriation		12,604	9,592
Appropriations			
Proposed final dividend 30% (1999: 25%)		9,365	7,805
Transfer to general reserve		3,000	1,500
		-----	-----
		12,365	9,305
		-----	-----
Unappropriated profit carried forward		239	287
		=====	=====
Basic earnings per share	31	Rs. 3.95	Rs. 2.96
		=====	=====

The annexed notes form an integral part of these accounts.

KAMAL A. CHINYOY
Director and Chief Executive

IMTIAZ RASOOL
Director

HAROUN RASHID
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

<i>Issued, subscribed and paid-up share capital</i>	<i>Reserve</i>	<i>Unappropriated profit</i>	<i>Total</i>
---	----------------	----------------------------------	--------------

Rs. '000

Balance as at June 30, 1998	31,218	84,00	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
Net profit for the year	--	--	12,317	12,317
Transfer to general reserve	--	3,000	(3,000)	--
Proposed dividend	--	--	(9,365)	(9,365)
	-----	-----	-----	-----
Balance as at June 30, 2000	31,218	88,500	239	119,957
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

KAMAL A. CHINOY
Director and Chief Executive

IMTIAZ RASOOL
Director

HAROUN RASHID
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rs. '000</i>	<i>1999</i> <i>Rs. '000</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	32	77,489	(9,197)
Staff retirement benefits paid		(2,642)	(1,502)
Financial charges paid		(33,079)	(27,779)
Taxes paid		2,201	(15,405)
Long-term loans and advances (net)		801	(857)
Long-term security deposits (net)		(157)	387
		-----	-----
Net cash inflow/(outflow) from operating activities		44,613	(54,353)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(13,781)	(10,015)
Sale proceeds on disposal of fixed assets		1,364	376
Investments in US dollar bonds		--	(6,900)
US dollar bonds uncashed		--	6,928
Investment income received		--	791
Dividend received		817	639
		-----	-----
Net cash outflow from investing activities		(11,600)	(8,181)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings less repayments		--	(22,970)
Lease rentals paid		(135)	(77)
Dividends paid		(7,667)	(6,892)
		-----	-----
Net cash outflow from financing activities		(7,802)	(29,939)
		-----	-----
Net increase/(decrease) in cash and cash equivalents		25,211	(92,473)
		-----	-----
Cash and cash equivalents of the beginning of the year		(186,971)	(94,498)
		-----	-----

Cash and cash equivalents at the end of the year	33	(161,760)	(186,971)
		=====	=====

The annexed notes form an integral part of these accounts.

KAMAL A. CHINOY
Director and Chief Executive

IMTIAZ RASOOL
Director

HAROUN RASHID
Director

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

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 and aluminum profiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention.

2.3 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. The company also operates an unfunded pension scheme for its executive directors. Effective June 30, 2000 the liability of the unfunded scheme has been transferred to the pension fund.

In addition, the company operates an unfunded gratuity scheme for employees not covered by the pension fund scheme.

Consequential to the adoption of International Accounting Standard 19 'Employee Benefits' (revised 1998), the actuarial valuations for pension and gratuity schemes are based on the 'objected unit credit method'. Previously, the actuarial valuation was based on the 'attained age method' for the pension scheme and a provision for unfunded gratuity was made annually to cover the obligations in respect of those employees who had completed the initial qualifying period. The effect of such changes in estimates are set out in notes 6.5 and 6.6.

The 'projected unit credit method' is based on the following significant assumptions and is used for all the aforementioned schemes.

- discount rate - 14.76% per annum.
- expected rate of increase in salaries - 12.57% per annum
- expected rate of interest on investment - 14.76% per annum.

Actuarial valuations are conducted annually and the last valuation was conducted at the balance sheet date (June 30, 2000). Actuarial gains and losses arising during the year are included in income currently. The net liability of the company for retirement benefits is Rs. 15.035 million.

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.

2.4 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.

2.5 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 where by 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 capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in income currently.

2.6 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 12 below.

2.7 Investments

Investments are stated at the lower of cost and market value on portfolio basis. However, 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.

2.8 Capitalisation of borrowing cost

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

2.9 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.

2.10 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.

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.

2.11 Trade debts

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

2.12 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.

2.13 Revenue recognition

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	2000 <i>Rs '000</i>	1999 <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 =====

4. GENERAL RESERVE

At the beginning of the year	85,500	84,000
Transfer from profit and loss account	3,000	1,500
	----- 88,500 =====	----- 85,500 =====

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 as follows:

	2000	1999	2000	1999	2000	1999
	<i>Minimum lease payments</i>		<i>Financial charges</i>		<i>Present value of minimum lease payments</i>	
	<i>Rs. '000</i>		<i>Rs. '000</i>		<i>Rs. '000</i>	
Year to June 30, 2000	--	307	--	172	--	135
Year to June 30, 2001	307	307	146	146	161	161
Year to June 30, 2002	307	307	114	114	193	193
Year to June 30, 2003	307	307	77	77	230	230
Year to June 30, 2004	231	231	27	27	204	204
Year to June 30, 2005	53	53	--	--	53	53
Total	----- 1,205 =====	----- 1,512 =====	----- 364 =====	----- 536 =====	----- 841 =====	----- 976 =====

Less: Current maturity shown under current liabilities	161	135
	-----	-----
	680	841
	=====	=====

The present value of minimum lease payments has 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 at 5% of the leased amount.

6. RETIREMENT BENEFITS

	<i>2000</i> <i>Pension</i> <i>Rs. '000</i>	<i>2000</i> <i>Gratuity</i> <i>Rs. '000</i>
6.1 Movement in liability		
Opening balance - July 1, 1999	3,470	15,705
Reversal of liability/expenses recognised	(1,161)	1,403
Company's contribution to pension fund - note 6.1.1/ gratuity payments made	(1,946)	(2,436)
	-----	-----
	363	14,672
	=====	=====

6.1.1 This includes payments made during the year aggregating Rs. 0.206 million to beneficiaries of the unfunded pension scheme (note 2.3).

6.2 Balance sheet reconciliation

Plan assets	47,920	--
Obligation	48,283	14,672
Company's liability	-----	-----
- pension (current - included in 'others' under creditors, accrued expenses and other liabilities in note 8)	363	--
- gratuity (deferred)	--	14,672
	=====	=====

6.3 The actual return on pension plan assets was Rs. 7.3 million.

6.4 Since on actuarial valuation using the 'projected unit credit method' was not carried out at the beginning of the comparative period, therefore, it is impracticable to state the corresponding figures in notes 6.1 and 6.2.

6.5 The company's contribution to the funded pension plan is based on actuarial valuation using the 'projected unit credit method'. The actuarial valuation as of December 31, 1998 was based on the 'attained age method'. Had the method of estimation not been revised the liability as at June 30, 2000 would have been higher by Rs. 4.523 million and the profit after tax would have been lower by Rs. 3.4 million.

6.6 The provision for unfunded gratuity is based on actuarial using the 'projected unit credit method'. Previously the provision was made annually to cover the obligations in respect of those employees who had completed the initial qualifying period. Had the method of valuation not been revised the deferred liability for gratuity would have been higher by Rs. 0.970 million and the profit after tax would have been lower by Rs. 0.771 million.

7. 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. 395 million (1999: Rs. 310 million). The mark-up on these running finances ranges between Rs. 0.3014 to Rs. 0.3767 per Rs. 1,000 per diem net of prompt payment rebate. The facilities are available for various periods expiring between July 1, 2000 and May 31, 2001.

Term finance

The company has obtained term finance facility of Rs. 150 million (1999: Rs. 27 million) from banks, earmarked out of the total running finance facility of Rs. 150 million, obtained from banks. The mark-up on these term finances ranges between Rs. 0.2877 to Rs. 0.3014 per Rs. 1000 per diem.

Other facilities

The facility for opening letters of credit and guarantees as at June 30, 2000 amounted to Rs. 366.147 million (1999: Rs. 467.0 million) of which the amount remaining unutilised as at that date was Rs. 273.419 million (1999: Rs. 357.172 million).

Securities

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

8. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	27,426	29,732
Bills payable	106,081	52,859
Accrued expenses	13,302	7,059
Advances from customers	3,463	5,991
Import levies-customs duty	885	1,861
Sales tax	2,481	--
Mark-up on running and term finances-secured	4,881	6,541
Others - note 8.1	17,172	16,201
	-----	-----
	175,691	120,244
	=====	=====

8.1 'Others' includes an amount of Rs. 10.941 million (1999: 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.

9. WORKERS' PROFITS PARTICIPATION FUND

Balance at the beginning of the year	766	734
Interest on funds utilised in the company's business	38	34
Allocation for the year	631	721
	-----	-----
	1,435	1,489
Less: Amount paid to the fund	749	723
	-----	-----
Balance at the end of the year	686	766
	=====	=====

10. DIVIDENDS

Unclaimed	1,638	1,500
Proposed final	9,365	7,805

----- 11,003 =====	----- 9,305 =====
--------------------------	-------------------------

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingent liabilities

a) The Deputy Commissioner of Income Tax while finalising the assessment for the year ended June 30, 1998 has issued a demand for an additional liability on account of enhanced gross profit rate and certain other add backs. The company has filed an appeal with the CIT (Appeals), which appeal has been heard and a decision is awaited. The management being confident that the ultimate decision in respect of the aforementioned matters will be in the company's favour has not made any provision in the accounts aggregating Rs. 9.313 million.

b) Bank guarantees amounting to Rs. 16.234 million (1999: Rs. 10.122 million) have been given to Collector of Customs against partial exemptions 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. 9.889 million (1999: Rs. 3.058 million).

c) Bank guarantees amounting to Rs. 21.955 million (1999: Rs. 34.096 million) have been given to various parties for contract performance, tender deposits etc.

11.2 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 June 30,</i>	<i>MINIMUM LEASE PAYMENTS</i>	
	<i>2000 Rs. '000</i>	<i>1999 Rs. '000</i>
2000	--	473
2001	395	395
2002	114	144
	----- 539 =====	----- 1,012 =====

12. OPERATING ASSETS

	<i>Cost as at July 1, 1999</i>	<i>Additions/ (deletions)</i>	<i>Transfers</i>	<i>Cost as at June 30, 2000</i>	<i>Accumulated depreciation as at July 1, 1999</i>	<i>Depreciation charge for the year/(depreci- ation on deletions)</i>	<i>Transfers</i>	<i>Accumulated depreciation as at June 30, 2000</i>	<i>Net book value as at June 30, 2000</i>	<i>Annual rate of depreciation as a % of cost</i>
	<i>Rupees '000</i>									
Buildings on leasehold land	15,215	740	--	15,955	8,784	510	--	9,294	6,661	2.5 and 5
Plant and machinery	230,646	6,784	(5,874)	231,556	162,215	12,858	(2,121)	172,952	58,604	8, 12 and 25
Office equipment and appliances	8,544	2,535	5,874	16,937	8,394	1,599	2,121	12,098	4,839	12 and 25
		(16)				(16)				
Furniture and fixtures	2,391	220	--	2,611	1,607	156	--	1,763	848	8, 12 and 25
Vehicles	4,949	3,386	--	7,538	2,990	888	--	3,379	4,159	12 and 20
		(797)				(499)				
Lease tools	173	--	--	173	173	--	--	173	--	20

-----	-----
1,967	6,666
-----	-----
8,437	12,961
=====	=====

15. LONG-TERM LOANS AND ADVANCES

Considered good

Executives-note 15.1	287	193
Other employees-note 15.1	1,567	2,552
	-----	-----
	1,854	2,745

Less: Recoverable within one year-note 20

Executives	110	79
Other employees	691	812
	-----	-----
	801	891
	-----	-----
	1,053	1,854
	=====	=====

Amounts outstanding for periods exceeding three years included in above

149	--
=====	=====

15.1 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.

15.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.334 million (1999: Rs. 0.244 million).

16. DEFERRED TAXATION

The net deferred tax asset as at June 30, 2000 arising due to net timing differences under the liability method is estimated at Rs. 6.270 million (1999: Rs. 2.510 million) which is due to debit/(credit) balances arising in respect of:

	2000	1999
	Rs. '000	Rs. '000
Accelerated tax depreciation allowances	(7,173)	(6,828)
Provision for staff retirement and other benefits	6,323	6,680
Provision for doubtful debts	2,166	1,510
Provision for slow-moving stores and spares	721	573
Provision for import levies	586	558
Finance lease arrangements	36	17
Others	3,611	--
	-----	-----
	6,270	2,510
	=====	=====

The Institute of Chartered Accountants 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 ended June 30, 2003.

As the company foresees that the deferred tax asset as at June 30, 2000 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. 3.540 million (1999: Rs. 0.830 million) as deferred tax asset as at June 30, 2000.

17. STORES AND SPARES

Stores	804	719
Spares (including Rs. 0.206 million in transit; 1999: Rs. 0.626 million)	20,194	18,995
	-----	-----
	20,998	19,714
Less: Provision for slow moving stores and spares	2,079	1,909
	-----	-----
	18,919	17,805
	=====	=====

18. STOCKS

Raw materials (including Rs. 23.62 million in-transit; 1999: Rs. 24.17 million) - note 18.1	100,412	81,312
Work-in-process	53,662	42,533
Finished goods-note 18.2	58,260	76,129
Scrap	1,510	3,911
	-----	-----
	213,844	203,885
	=====	=====

18.1 This includes certain raw materials of an aggregate value of Rs. 2.510 million (1999: Rs. 3.833 million) held by third parties.

18.2 Include items aggregating Rs. 4.591 million (1999: Rs. 3.301 million) stated at their net realisable values.

19. TRADE DEBTS

Unsecured

Considered good		
due from associated undertakings	19,270	11,503
Others	91,318	73,060
	-----	-----
	110,588	84,563
Considered doubtful		
Others	6,251	5,035
	-----	-----
	116,839	89,598
Less: Provision for doubtful debts	6,251	5,035
	-----	-----
	110,588	84,563
	=====	=====

19.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 25.911 million (1999: Rs. 20.059 million).

20. SHORT-TERM LOANS AND ADVANCES

Considered good

Current portion of long-term loans-note 15		
Due from executives	110	79
Due from other employees	691	812

	801	891
Short-term advances		
Due from executives	187	176
Due from other employees	1,173	644
	1,360	820
Advances to suppliers	422	470
	2,583	2,181
	=====	=====

20.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.387 million (1999: Rs. 0.524 million).

21. DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits-considered good	832	790
Short-term prepayments	481	592
	1,313	1,382
	=====	=====

22. OTHER RECEIVABLES

Due from an associated undertaking		
- Dividend - note 22.1	543	377
Interest (net) receivable on foreign exchange bearer certificates	5,582	4,041
Due from the staff provident fund	--	862
Sales tax	--	2,711
Excise duty	673	1,100
Others	10	--
	6,808	9,091
	=====	=====

22.1 The maximum aggregate amount due from an associated undertaking at the end of any month during the year was Rs. 0.543 million (1999: Rs. 0.377 million).

23. CASH AND BANK BALANCES

In a US dollar deposit account	36	--
On current accounts	22,439	3,594
Remittances in transit	23	--
Cheques in hand	6,375	3,422
Cash in hand	762	504
	29,635	7,520
	=====	=====

24. NET SALES

Gross sales	724,160	581,422
Less: Commission	145	222
Discounts	2,736	2,305
	2,881	2,527
	721,279	578,895
	=====	=====

25. COST OF GOODS SOLD

Opening work-in-process	42,533	42,401
Raw materials and scrap		
Opening stock	85,223	64,766
Purchase of raw materials	539,501	449,739
Scrap sold	(6,613)	(578)
Closing stock	(101,922)	(85,223)
	-----	-----
	516,189	428,704
Stores and spares	12,810	9,715
Fuel and power	25,347	22,913
Salaries, wages and benefits-note 25.1	48,783	44,487
Rent, rates and taxes	434	356
Lease rentals	221	313
Insurance	1,676	1,803
Repairs and maintenance	4,617	4,927
Depreciation	14,789	14,768
Other expenses-note 25.2	2,818	2,587
	-----	-----
	111,495	101,869
	-----	-----
Closing work-in-process	670,217	572,974
	(53,662)	(42,533)
	-----	-----
Cost of goods manufactured	616,555	530,441
Opening stock of finished goods	76,129	43,435
Finished goods purchased	410	701
Closing stock of finished goods	(58,260)	(76,129)
	-----	-----
	634,834	498,448
	=====	=====

25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	45,480	41,305
Provident fund contributions	1,198	1,141
Pension fund contributions-note 25.3	925	810
Provision for staff retirement gratuity-note 25.3	1,180	1,231
	-----	-----
	47,783	44,487
	=====	=====

25.2 Details of other expenses

Communications and stationery	383	460
Training, travelling and entertainment	430	155
Motor car running	714	707
General works	1,291	1,265
	-----	-----
	2,818	2,587
	=====	=====

25.3 Retirement benefits*Cost of goods sold**Selling and administration**Total*

(note 25.1)

(note 26.1)

	<i>Pension 2000</i>	<i>Gratuity 2000</i>	<i>Pension 2000</i>	<i>Gratuity 2000</i>	<i>Pension 2000</i>	<i>Gratuity 2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>	<i>Rs. '000</i>
Current service cost	878	533	1,753	101	2,631	634
Interest cost	1,972	1,532	3,531	289	5,503	1,821
Expected return on plan assets	(2,782)	--	(3,544)	--	(6,326)	--
Settlement cost	3,684	--	(3,684)	--	--	--
Transitional obligation	(4,780)	(2,480)	(2,984)	(468)	(7,764)	(2,948)
Net actuarial costs	1,953	1,595	2,842	301	4,795	1,896
	-----	-----	-----	-----	-----	-----
	925	1,180	(2,086)	223	(1,161)	1,403
	=====	=====	=====	=====	=====	=====

25.3.1 Since an actuarial valuation using the 'projected unit credit method' was not carried out at the beginning of the comparative period, therefore, it is impracticable to state the corresponding figures in note 25.3.

26. SELLING, ADMINISTRATION AND GENERAL EXPENSES

Salaries, wages and benefits-note 26.1	18,955	20,313
Rent, rates and taxes	332	337
Insurance	550	597
Repairs and maintenance	1,018	1,052
Consultancy fee	888	1,170
Donations-note 26.2	299	110
Auditors' remuneration-note 26.3	360	759
Communications and stationery	2,715	2,459
Training, travelling and entertainment	3,228	2,986
Advertising and publicity	3,065	3,224
Lease rentals	268	999
Carriage and forwarding expenses	5,879	5,496
Liquidated damages for late deliveries	967	(4,367)
Provision for doubtful debts	1,234	1,458
Depreciation	1,433	1,426
Other expenses-note 26.4	4,830	2,733
	-----	-----
	46,021	40,752
	=====	=====

26.1 Details of salaries, wages and benefits

Salaries, wages and benefits	19,822	16,996
Provident fund contributions	996	877
	-----	-----
Pension fund contributions	1,178	961
Provision for unfunded - pensions	(3,264)	1,276
	-----	-----
- note 25.3	(2,086)	2,237
- gratuity - note 25.3	223	203
	-----	-----
	18,955	20,313
	=====	=====

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

26.3 Auditors' remuneration

Audit fee	230	210
Tax services	103	434
Special certifications and audits of workers' funds	--	77
Out of pocket expenses	27	38
	-----	-----
	360	759
	=====	=====

26.4 Details of other expenses

Subscriptions	266	119
Fuel and power	724	276
Bank service charges	2,952	1,856
Directors' fee	8	7
Legal and professional	505	184
Miscellaneous selling	59	51
General office	316	240
	-----	-----
	4,830	2,733
	=====	=====

27. OTHER INCOME

Sales of general scrap	307	343
Insurance commission from - an associated undertaking	321	368
- an insurance company	267	333
Interest (net) on foreign exchange bearer certificates	1,541	1,387
Interest on US dollar deposit account	--	372
Gain on disposal of fixed assets	1,066	346
Dividend income	983	702
Balances no longer payable written back	106	853
Appreciation in value of investments	175	--
Exchange gain (net)	--	5,049
	-----	-----
	4,766	9,753
	=====	=====

28. OTHER CHARGES

Workers' profits participation fund	631	721
Workers' welfare fund	233	297
Exchange loss	8	--
Sales tax	1,182	--
	-----	-----
	2,054	1,018
	=====	=====

29. FINANCIAL CHARGES

Mark-up on running and term finances under mark-up arrangements	31,252	26,712
Interest on		
- customs debentures	--	158
- long-term loan	--	1,880
- workers' profits participation fund	38	34
Finance charges on lease	129	27
	-----	-----
	31,419	28,811
	=====	=====

30. TAXATION

Current - for the year	4,200	4,800
- for prior year	(2,090)	--
Deferred	(2,710)	(830)
	-----	-----
	(600)	3,970
	=====	=====

31. BASIC EARNINGS PER SHARE

Profit after taxation	12,317	9,248
	=====	=====
Number of shares 3,121,800 (1999: 3,121,800)		
Basic earnings per share	Rs. 3.95	Rs. 2.96
	=====	=====

32. CASH GENERATED FROM/(USED IN) OPERATIONS

Profit before taxation	11,717	13,218
Adjustment for non cash charges and other items:		
Appreciation in value of investments	(175)	--
Depreciation	16,222	16,194
Provision for staff retirement benefits (unfunded)	(1,861)	2,710
Interest income	(1,541)	(1,759)
Gain on disposal of fixed assets	(1,066)	(346)
Dividend income	(983)	(702)
Financial charges	31,419	28,811
Exchange gain on US dollar bonds	--	(28)
Working capital changes-note 32.1	23,757	(67,295)
	-----	-----
	77,489	(9,197)
	=====	=====

32.1 Working capital changes

(Increase)/decrease in current assets

Stores and spares	(1,114)	(1,456)
Stocks	(9,959)	(53,283)
Trade debts	(26,025)	38,415
Short-term loans and advances	(402)	744
Deposits and short-term prepayments	69	531
Other receivables (net)	3,990	(4,547)
	-----	-----
	(33,441)	(19,596)

Increase/(decrease) in current liabilities

Creditors, accrued expenses and other liabilities (net)	57,107	(46,579)
Workers' profits participation fund	(80)	32
Workers' welfare fund	171	(1,152)
	-----	-----
	23,757	(67,295)
	=====	=====

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items as included in the balance sheet:

Cash and bank balances	29,635	7,520
Finances under mark-up arrangements	(191,395)	(194,491)
	-----	-----
	(161,760)	(186,971)
	=====	=====

34. FINANCIAL ASSETS AND LIABILITIES AS ON JUNE 30, 2000

(i) Financial assets and liabilities

	<i>Interest/mark-up bearing</i>			<i>Non-interest/mark-up bearing</i>			<i>Total</i>	<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>2000</i>	<i>1999</i>
	<i>Rs. '000</i>							
Financial assets								
Investments	46,099	1,967	6,666	--	6,470	6,470	13,136	12,961
Loans to employees	--	--	--	801	1,053	1,854	1,854	2,745
Deposits	--	--	--	832	1,072	1,904	1,904	1,705
Trade debts	--	--	--	110,588	--	110,588	110,588	84,563
Other receivables	--	--	--	6,135	--	6,135	6,135	5,280
Cash and bank balances	--	--	--	29,635	--	29,635	29,635	7,520
	-----	-----	-----	-----	-----	-----	-----	-----
2000	4,699	1,967	6,666	147,991	8,595	156,586	163,252	114,774
	=====	=====	=====	=====	=====	=====	=====	=====
1999	--	6,666	6,666	90,044	9,064	108,108	114,774	
	=====	=====	=====	=====	=====	=====	=====	=====
Financial liabilities								
Finances under mark-up arrangements	191,395	--	191,395	--	--	--	191,395	194,491
Liability against on assets subject to a finance lease	161	680	841	--	--	--	841	976
Creditors, accrued expenses and other liabilities	--	--	--	171,703	--	171,703	171,703	114,253
Dividends	--	--	--	11,003	--	11,003	11,003	9,305
	-----	-----	-----	-----	-----	-----	-----	-----
2000	191,556	680	192,236	182,706	--	182,706	374,942	319,025
	=====	=====	=====	=====	=====	=====	=====	=====
1999	194,626	841	195,467	123,558	--	123,558	319,025	
	=====	=====	=====	=====	=====	=====	=====	=====

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. All the financial assets of the company, except cash in hand, are exposed to credit risk. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to certain of its customers.

(iii) Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payable exist due to transactions with foreign undertakings. Foreign currency risks relating to some payables are covered through forward foreign exchange contracts.

(iv) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values other than a long-term marketable security which is stated at its cost

and which is lower than its market value.

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:

	2000			1999		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
Managerial remuneration	1,366	2,013	12,235	1,079	1,726	9,621
Retirement benefits	362	534	2,179	316	481	1,841
House rent and utilities	835	951	5,013	683	822	4,261
Medical expenses	125	90	445	42	111	441
Others	87	57	768	87	44	653
	-----	-----	-----	-----	-----	-----
	2,775	3,645	20,640	2,207	3,184	16,817
	=====	=====	=====	=====	=====	=====
Number of persons	1	2	56	1	2	44

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 seven directors was Rs. 8,000 (1999: eight directors - Rs. 7,000).

36. SUMMARY OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales of goods including scrap
Purchase of goods and materials
Commission earned
Dividend income

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

IMTIAZ RASOOL
Director

HAROUN RASHID
Director