

PAKISTAN CABLES LIMITED.

Annual Reports 2002

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Company Information

BOARD OF DIRECTORS

Executive Directors

- 1, Kamal A, Chinoy (Chief Executive)
- 2, Shahpur Channah (Deputy Chief Executive)
3. Aslam Sadruddin (Finance Director)

Non-Executive Directors

1. Towfiq H, Chinoy (Chairman)
2. Mustapha A, Chinoy
3. Haroun Rashid
4. Syed Naseem Ahmed
5. Aziz Husain
6. Behram Hasan
7. Zafar Mahmood

BOARD AUDIT COMMITTEE

- 1, Haroun Rashid (Chairman)
- 2, Mustapha A, Chinoy (Member)
- 3, Aziz Husain (Member)

BOARD HUMAN RESOURCE AND COMPENSATION COMMITTEE

- 1 Towfiq H. Chinoy (Chairman)
- 2 Syed Naseem Ahmed (Member)
- 3 Mustapha A. Chinoy (Member)

COMPANY SECRETARY

Aslam Sadruddin

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR

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

REGISTERED OFFICE, FACTORY AND MARKETING OFFICE

B/21, Sindh Industrial Trading Estates,
Manghopir Road, P. O. Box 5050, Karachi-75700
Telephone Nos. 2561170-75, Fax: 92-21-2564614
E-mail: pakcables@cyber.net.pk
Web site: www.pakcables.com

REGIONAL OFFICE

Lahore

Co-operative Insurance Building, Shahra-e-Quaid-e-Azam, Lahore
Telephone Nos. (042) 7355783,7120790-91,7353520, Fax: 7355480

BRANCH OFFICES

Multan

1592, Quaid-e-Azam Shopping Centre No.1, Multan Cantt,
Telephone No. (061) 583332, Fax: 549336

Rawalpindi

455-A, Adamjee Street, Rawalpindi,
Telephone Nos. (051) 5568895,5512797, Fax: 5587029

Abbottabad

13-14, Sitara Market, Mansehra Road, Abbottabad,
Telephone No. (0992)383616

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 49th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Thursday, the 31 st October, 2002 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 30,2002 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). As required by paragraph xxxix of the Code of Corporate Governance, the Board of Directors recommends the appointment of Messrs, A, F, Ferguson & Co,

4. To transact any other business which may legally be transacted at an Annual General Meeting.

By Order of the Board

Aslam Sadruddin

Finance Director and
Company Secretary

KARACHI: September 26,2002

NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 18, 2002 to October 31,2002 (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 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,

4. CDC Account Holders will have to follow the guidelines below as laid down in circular 1 dated January 26,2000 issued by Securities and Exchange Commission of Pakistan;

A, For Attending the Meeting

(i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

B. For Appointing Proxies

(i) In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement.

Q) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form,

(iv) The proxy shall produce his original NIC or original passport at the time of the Meeting.

(v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company,

	2001-2002 Rs. Million	2000-2001 Rs. Million
Sales	799.86	763.68
Profit after tax	11.66	6.73
Dividend	9.36	6.24
Net assets employed	141.19	134.67
Shareholders' fund	122.74	120.45
Net earning per share	Rs. 3.74	2.16
Net earning per rupee sales	RS. 0.01	0.01

Ten-Year Review

	2001-2002 Rs. Million	2000-2001 Rs. Million	1999-2000 Rs, Million	1998-99 Rs. Million	1997-98 Rs, Million	1996-97 Rs. Million	1995-96 Rs, Million	1994 Rs. Million	1993 Rs. Million	1992 Rs. Million
Sales	799.86	763.683	721.279	578.895	500,151	636.476	964.652	438.239	380.362	302,149
Operating profit	39.61	34,816	40,424	39,695	24,583	54,204	63,998	30,117	30.39	16,914
Profit before tax	18.348	9,281	11,717	13,218	11,321	20,751	35,058	21.15	15,954	8,242
Profit after tax	11.663	6,733	12,317	9,248	8,321	13,151	19,733	9,157	7,868	4,173
Dividend	9.365	6,244	9,365	7,805	7,024	10,927	14,829	8,585	7,805	2,178
Bonus issue	-	-	-	-	-	-	-	-	-	2,178
Capital expenditure	5.965	4,847	13,781	10,015	2,628	6,569	64,762	3,145	0.741	1,142
Fixed assets at cost	284.314	279,697	275,823	262,971	252,531	246,532	244,126	179,055	175,979	175,42
Current assets less current liabilities	61.234	55.82	44,429	40,944	47,596	37,359	27,687	41,609	48,633	61,234
Current assets:										
Current liabilities	1.2:1	1.1:1	1,1:1	1,1:1	1,2:1	1,1:1	1,1:1	1,2:1	1,3:1	1,4:1
Shareholders' funds										
Issued capital	31.218	31,218	31,218	31,218	31,218	31,218	31,218	31,218	31,218	29,04
Reserve & retained earnings	91.526	89,228	88,739	85,787	84,344	83,047	80,823	75,919	75,347	77,462
Total shareholders' fund	122,744	120,446	119,957	117,005	115,562	114,265	112,041	107,137	106,565	106,502
Long term loans & liabilities	18.448	14.22	15,352	20,016	31,967	38,203	47,582	21,708	37,568	47,105
Net assets employed	141.192	134,666	135,309	137,021	147,529	152,468	159,623	128,845	144,133	153,607
Net earnings as percentage										

of net assets employed %	8	5	9	7	6	9	12	7	5	3
Earning per rupee of sales Rs,	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01
Earning per share Rs,	3.74	2.16	3.95	2.96	2.67	4.21	6.32	2.93	2.52	1.44
Cash dividend per share Rs,	3	2	3	2.5	2.25	3.5	4.75	2.75	2.5	0.75
Break-up value per share Rs,	39.32	38.59	38.43	37.48	37.02	36.6	35.89	34.32	34.14	36.67

* Eighteen months ended June 30,1996.

Directors' Report

The Directors have pleasure in presenting their Annual Report together with the company's audited accounts for the year ended June 30,2002.

BOARD CHANGES

The following directors were elected unopposed with effect from May 16th, 2002 in the Extraordinary General Meeting of the Company held on May 16th, 2002:

Mr. Towfiq H, Chinoy
 Mr. Mustapha A, Chinoy
 Mr. Haroun Rashid
 Syed Naseem Ahmad
 Mr. Aziz Husain - representing NIT
 Mr. Behram Hasan - representing NIT
 Mr. Zafar Mahmood - representing SLIC
 Mr. Shahpur Channah
 Mr. Aslam Sadruddin
 Mr. Kamal A, Chinoy

During the year the following changes took place in the Board:

- i) Mr. Behram Hasan replaced Syed Zubair Ahmed as NIT's nominee director on the Board of your company on 11-02-2002.
- ii) Mr. Zafar Mahmood replaced Mr. M. Saeed Akhter as State Life Insurance Corporation's nominee director effective 16-5-2002.

The Board wishes to place on record its warm appreciation for the valuable contributions made by the retiring directors and takes pleasure in welcoming the new directors.

OPERATING PERFORMANCE

Commercial activity and industrial demand during the current year remained low, KESC did not place any major order during the year, however, we were successful in securing some business from WAPDA,

In spite of these conditions, we are pleased to inform you that your company achieved net sales of Rs, 799.9 million which is 5% higher than the last year's sales of Rs. 763,7 million mainly due to higher sales to WAPDA as compared to last year,

Gross profit of Rs, 98.0 million is 12% of sales against Rs, 86,7 million last year which was 11% of sales. Higher gross profit was mainly due to higher volume of sales and also to better control over manufacturing cost,

Operating profit for the year is Rs, 39,6 million against Rs. 34,8 million last year, Financial charges for the year are Rs, 25,2 million which have been substantially reduced from the last year's charge of Rs, 31,7 million. This reduction is mainly due to strict control on borrowings as well as the downward trend of mark-up on bank borrowings. Moreover, the company negotiated various short term loans at low rates which played a major role in reducing our financial charges significantly. Profit before tax for the year is Rs. 18,3 million against Rs. 9.3 million last year while the profit after tax of Rs, 11.7 million is an improvement of 75% as compared to Rs, 6,7 million last year,

DIVIDENDS AND APPROPRIATION

For the current year, your Directors recommend payment of Rs, 3,00 per share (30%) compared to Rs. 2,00 per share (20%) last year. The appropriation of profit will be as under:

	2002	2001
	Rs. '000	Rs. '000
The net profit after tax amounted to	11,663	6,733

To this is added unappropriated profit brought forward from last year

228	239
11,891	6,972

The Directors recommend:

Payment of Cash dividend at the rate of Rs, 3,00 per share (30%)

9,365	6,244
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Transfer to General Reserve

2,500	500
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Leaving unappropriated profit to be carried forward

26	228
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11,891	6,972
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Earning per share

3.74	2.16
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CORPORATE GOVERNANCE

During the year, the Stock Exchange made certain amendments in its listing regulations in order to establish a framework of good corporate governance, Your company has taken necessary measures to comply with the new statutory requirements and we are pleased to state that:

a, The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity,

b, Proper books of accounts have been maintained by the company,

c, Appropriate accounting policies have been applied in preparation of financial statements and these policies are consistently applied except otherwise mentioned in this report, Further, accounting estimates are based on reasonable and prudent judgments,

d, International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements,

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern,

g. There has been no material departure from the best practice of corporate governance, as detailed in the listing regulations.

h. There are no outstanding statutory payments, however, there are some disputed cases which are appearing in note 12,1 of the financial statements,

The key operating and financial data of last ten years is given on page 7, while the pattern of shareholding is provided on page 12,

The following is the value of investments based on respective audited accounts for the year ended December 31,2001,

Provident Fund

Pension Fund

Rs. 34,530 Million

Rs. 30,130 Million

During the year four (04) meetings of Board of Directors were held, Attendance by each Director is as follows:

Directors	No. of meetings attended
Mr, Towfiq H, Chinoy	4
Mr, Mustapha A. Chinoy	4
Mr, Haroun Rashid	2
Syed Naseem Ahmed	4
Mr, Aziz Husain	4
Mr, M, Saeed Akhter	2
Syed Zubair Ahmed	1
Mr, Behram Hasan	2

Mr. Shahpur Channah	4
Mr. Aslam Sadruddin	4
Mr. Kamal A. Chinoy	3

Mrs. Kamal A. Chinoy has purchased 3000 shares of the company since the changes in listing regulations of the Karachi Stock Exchange.

INDUSTRY CONCERNS

In the Capital Goods Industry, Electric Wire & Cables are still the only item 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 sold to unregistered customers. This is extremely high and only serves to encourage tax evasion, affecting government revenues on the one hand and abetting the supply of substandard goods on the other hand by unscrupulous manufacturers in the unorganized sector. We urge the government to promote a culture of production & thus use, of quality cables. This can be done by withdrawing excise duty on Electric Wire & Cables, as they have done for Enamel Wire, which will reduce the incentive for backyard manufacturers of spurious quality cables.

Not only will the government gain in the form of increased sales tax collection, but the public will also benefit by savings on their electricity bills.

FUTURE PROSPECTS

The government policy is aimed at increasing sustainable growth in the domestic economy via restoration of investor confidence, removal of infrastructure bottlenecks and lowering of interest rates, which is quite encouraging. However, political stability, continuity of policy direction and strong international geo-political situation needs to be maintained. Any social or political unrest, change in Pakistan's new found international support, continuation of the standoff with India could divert the attention and undermine the government's efforts to rebuild the economy. Your company's success is inextricably linked to the country's broad based economic recovery and the future needs to be viewed in that context. In this regard we would view it with cautious optimism.

STAFF RELATIONS

The total number of employees as on June 30th, 2002 was 281. The continued competition in the cable industry places considerable stress on the management and staff and they need to be commended for their respective contribution to the performance of your company during the year. The relationship with the employees at all levels remained warm and cordial. A two year agreement with the CBA was amicably negotiated which is valid upto December 2003. On behalf of the Board of Directors and employees of the company, we express our gratitude to all our valued customers, distributors and banks for their confidence and support.

AUDITORS

The present auditors M/s. A.F. Ferguson & Co, retire and offer themselves for reappointment, The Board of Directors has recommended their reappointment for the year ending June 30,2003.

On behalf of the Board

TOWFIQ H. CHINOY
Chairman

KAMALA A. CHINOY
Chief Executive

KARACHI: August 23,2002.

Pattern of Shareholding as at June 30, 2002

No. of Shareholders	From	Shareholding To	Total Shares Held
407	1	100	16,050
407	101	500	102,413
104	501	1,000	79,011
116	1,001	5,000	248,684
11	5,001	10,000	76,910
8	10,001	15,000	99,437
1	15,001	20,000	15,300
-	20,001	40,000	-

	1	40,001	45,000	43,261
	1	45,001	50,000	47,009
-		50,001	60,000	-
	1	60,001	65,000	61,250
-		65,001	80,000	-
	1	80,001	85,000	81,206
-		85,001	90,000	-
	1	90,001	95,000	90,552
-		95,001	125,000	-
	1	125,001	130,000	129,869
		130,001	160,000	-
	1	160,001	165,000	162,853
-		165,001	170,000	-
	1	170,001	175,000	173,710
-		175,001	290,000	-
	1	290,001	295,000	292,230
-		295,001	300,000	-
	1	300,001	305,000	304,400
-		305,001	475,000	-
	1	475,001	480,000	478,299
-		480,001	615,000	-
	1	615,001	620,000	619,356
-		620,001	3,121,800	-
	1,066	TOTAL		3,121,800

Categories of Shareholders	Number	Shares held	Percentage
Associated Companies, Undertakings and Related Parties		1	
Pak Chemicals Limited		304,400	9.75
NTandICP		2	
National Bank of Pakistan Trustee Deptt, Investment Corporation of Pakistan		619,356 81,206	19.84 2.6
Directors, Chief Executive Officer, their Spouses and Minor Children	8	802,897	25.72
Executives	—		
Public Sector Companies and Corporations			
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds		9	406,840 13.04
Joint Stock Companies	10	14,821	0.47
Shareholders holding ten percent or more voting interest in the Company	-	-	-
Individuals	1,029	864,461	27.69
Others	7		
Aminia Muslim Girls School Trust		11,304	0.36
Karachi Zarhosti Banu Mandal		10,408	0.34
Pakistan Masonic Institution		1,135	0.04
The Pakistan Memon Educational & Welfare Society		2,000	0.06
Government of Pakistan, Corporate Law Authority (S.E.C.P.)		1	0
Administrator Abandoned Properties Organization		737	0.02
H.P. Byramji & Sons		2,234	0.07
TOTAL	1,066	3,121,800	100

Mission Statement

TO strengthen industry
the manufacturing and
wire and cables and to h
presence in the engineer
market while retaining th

to participate in other pr
businesses.

TO operate ethically whi
profits and satisfying cu
and stakeholders interes

TO assist in the socio-e
development of Pakista
good corporate citizens.

**Statement of Compliance with Best
Practices of Corporate Governance**

The Company is in process of implementing all facets of the Code of Corporate Governance issued by the Karachi Stock Exchange and we feel pleasure in stating that except for the 3rd requirement contained in clause xix(i) all the provisions of the code, relevant for the year ended June 30,2002 have been duly complied with,

KAMALA.CHINYOY

Director and Chief Executive

HAROUN RASHID

Director

ASLAM SADRUDDIN

Finance Director

**Review Report to the Members on Statement
of Compliance with Best Practices of Code of
Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Cables Limited to comply with the Listing Regulation No, 37 of the Karachi Stock Exchange where the company is listed,

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30,2002,

A.F. FERGUSON & CO,

Chartered Accountants

Karachi: September 20,2002

Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Cables Limited as at June 30,2002 and the related profit and loss account, statement of changes in equity and 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 accounts have been kept by the company as required by the

Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 3 to the accounts with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in

accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2002 and of the profit, its changes in equity and 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.

Balance Sheet as at June 30, 2002

	Note	2002 Rs. '000	2001 Rs. '000
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(2001:3,121,800)			
ordinary shares of Rs. 10 each	4	31,218	31,218
Revenue reserves			
General reserve	5	91,500	89,000
Unappropriated profit		26	228
		122,744	120,446
LIABILITY AGAINST AN ASSET SUBJECT TO			
A FINANCE LEASE	6	257	487
DEFERRED LIABILITY			
Staff retirement benefits - gratuity	7	13,541	13,733
Other long term employee benefits		4,650	2,957
CURRENT LIABILITIES AND PROVISIONS			
Finances under mark-up arrangements	8	132,188	220,195
Current maturity of liability against an asset subject to a finance lease	6	230	193
Creditors, accrued expenses and other liabilities	9	230,849	129,883
Workers' profits participation fund	10	1	582
Workers' welfare fund		1,390	1,497
Dividends	11	11,234	8,029
		376,956	360,379
CONTINGENCIES AND COMMITMENTS			
	12	—	—
		518,148	498,002

The annexed notes form an integral part of these accounts,

	Note	2002 Rs. '000	2001 Rs,'000
TANGIBLE FIXED ASSETS			
Operating assets	13	59,590	65,791
LONG-TERM INVESTMENTS	14	9,110	7,355
LONG-TERM LOANS AND ADVANCES	15	1,560	2,186
LONG-TERM SECURITY DEPOSITS		1,361	1,314
DEFERRED TAXATION	16	8,337	5,157
CURRENT ASSETS			
Stores and spares	17	15,711	18,511
Stocks	18	201,867	214,269
Trade debts	19	149,618	119,431
Short-term loans and advances	20	1,536	2,397
Current maturity of long-term investments	14	—	1,967
Deposits and short-term prepayments	21	2	1,555
Other receivables	22	9,722	6,322
Income tax refundable		54,029	37,171
Cash and bank balances	23	3,889	14,576
		438,190	416,199
		518,148	498,002

KAMALA.CHINYO
Director and Chief Executive

HAROUN RASHID-
Director

AS^M SADRUDDIN
Finance Director

	Note	2002 Rs. '000	2001 Rs,'000
Net sales	24	799,860	763,683
Cost of goods sold	25	701,822	676,958
Gross profit		98,038	86,725
Selling, administration and general expenses	26	58,428	51,909
Operating profit		39,610	34,816
Other income	27	5,546	6,895
		45,156	41,711
Other charges	28	1,574	744
		44	40,967
Financial charges	29	25,234	31,686
Profit before taxation		18,348	9,281
Taxation	30	7	2,548
Profit after taxation		12	6,733
Unappropriated profit brought forward		228	239
Available for appropriation		11,891	6,972
Appropriations			
Proposed final dividend - 30% (2001:20%)		9,365	6,244
Transfer to general reserve		2,500	500
		11,865	6,744
Unappropriated profit carried forward		26	228
Basic earnings per share	31	Rs. 3.74	Rs.2,16

**Statement of Changes in Equity
for the year ended June 30, 2002**

	Issued, subscribed and paid-up share capital	General reserve	Unappropriated profit	Total
	Rupees in '000			
Balance as at June 30,2000	31,218	88,500	239	119,957
Net profit for the year	-	-	6,733	6,733

Transfer to general reserve	-	500	(500)	-
Proposed dividend	-	-	(6,244)	(6,244)
Balance as at June 30,2001	31,218	89,000	228	120,446
Net profit for the year	-	-	11,663	11,663
Transfer to general reserve	-	2,500	(2,500)	-
Proposed dividend	-	-	(9,365)	(9,365)
Balance as at June 30,2002	31,218	91,500	26	122,744

The annexed notes form an integral part of these accounts,

**Cash Flow Statement
for the year ended June 30, 2002**

	Note	2002 Rs. '000	2001 Rs. '000
Cash flow from operating activities			
Cash generated from/(used in) operations	32	138,915	(5,112)
Staff retirement benefits paid		(987)	(2,789)
Financial charges paid		(28,764)	(28,960)
Taxes paid		(26,723)	(5,104)
Long-term loans and advances (net)		626	(1,133)
Long-term security deposits (net)		(47)	(242)
Net cash (outflow)/inflow from operating activities		83,020	(43,340)
Cash flow from investing activities			
Fixed capital expenditure		(5,965)	(4,847)
Sale proceeds on disposal of fixed assets		261	1,664
Foreign exchange bearer certificates encashed		1,967	4,699
Investment income received		2,407	6,410
Dividends received		1,983	934
Net cash inflow from investing activities		653	8,860
Cash flow from financing activities			
Lease rentals paid		(193)	(161)
Dividends paid		(6,160)	(9,218)
Net cash outflow from financing activities		(6,353)	(9,379)
Net (decrease)/increase in cash and cash equivalents		77,320	(43,859)
Cash and cash equivalents at the beginning of the year		(205,619)	(161,760)
Cash and cash equivalents at the end of the year	33	(128,299)	(205,619)

**Notes to and forming part of the Accounts
for the year ended June 30, 2002**

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 aluminium profiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention and basis of preparation

These accounts have been prepared under the historical cost convention and in accordance with the requirements of the Companies Ordinance, 1984, and the International Accounting Standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of the IASC, as adopted in Pakistan.

2.2 Staff retirement benefits

Defined benefit plans

The company has established a pension fund scheme, which is a final salary plan, for all permanent employees who are in the management cadre and the executive directors,

In addition, the company operates an unfunded gratuity scheme, which is a final salary plan, for employees not covered by the pension fund scheme,

The actuarial valuations for pension and gratuity schemes are based on the 'projected unit credit method' which uses the following significant assumptions:

- discount rate -11 % per annum

- expected rate of increase in salaries - 8,9% per annum

- expected rate of interest on investment -11 % per annum

Actuarial valuations are conducted annually and the last valuation was conducted at the balance sheet date (June 30,2002), Actuarial gains and losses arising during the year are included in income currently, The net liability of the company for retirement benefits is Rs, 10.293 million (2001: Rs.11.654 million),

Defined contribution plan

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

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 temporary differences using the balance sheet liability method, However, deferred tax is not accounted for if it can be established with reasonable probability that these 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 capitalised 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 13 below,

2.6 Long-term investments

Effective from July 1, 2001 the investments in associates are stated at cost, Impairment losses are recognised whenever the carrying amount of investment exceeds its recoverable amount, An impairment loss is recognised in income currently.

Previously investments were stated at the lower of cost and market value determined on a portfolio basis, However, individual investments were adjusted to recognise a decline in market value other than temporary,

Profit and losses on sales of investment during the year are included in income currently. The reason and effect of this change in accounting policy are stated in note 3 below.

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.

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

Consistent with the prior years trade debts are carried at original invoice amount less an estimate for doubtful receivables based on review of age analysis of outstanding debts, Bad debts are written off when identified.

2.11 Foreign currencies

Transactions in foreign currencies are recorded in Pakistan rupees at the rates of exchange

approximating those prevalent on the date of transaction except if such transactions are covered through forward foreign exchange contracts in which case they are recorded at the contracted rate.

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

2.12 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. REASON AND EFFECT OF CHANGE IN ACCOUNTING POLICY

Effective July 1,2001 the International Accounting Standard-25 'Accounting for Investments' has been

superseded, The company has therefore changed its accounting policy of valuing its investments in associates on the basis of the International Accounting Standard-28 'Accounting for investments in Associates' and now states these investments at cost, An impairment loss is recognised in income currently,

The change in accounting policy has not had any effect on the profit for the year and the carrying value of the company's investments in associates,

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

		2002 Rs. '000	2001 Rs,'000
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		

3,121,800	issued as fully paid bonus shares	14,718	14,718
		31,218	31,218

5. GENERAL RESERVE

At the beginning of the year	89,000	88,500
Transfer from profit and loss account	2,500	500
	91,500	89,000

6. 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 instalments 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:

	2002	2001	2002	2001	2002	2001
	Minimum Lease Payments		Financial Charges		Present Value Of Minimum Lease Payments	
	Rs. In '000					
Year to June 30,2002	-	307	-	114	-	193
Year to June 30,2003	307	307	77	77	230	230
Year to June 30,2004	284	284	27	27	257	257
Total	591	898	104	218	487	680
Less: Current maturity shown under current liabilities					230	193
					257	487

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.

7. STAFF RETIREMENT BENEFITS**- Defined benefit plans**

	2002		2001	
	Pension Rs.'000	Gratuity Rs.'000	Pension Rs.'000	Gratuity Rs.'000
7.1 Movement in liability				
Opening balance	(2,079)	13,733	363	14,672
(Reversal of liable/expense recognised	(1,169)	795	(2,079)	1,850
Company's contribution to pension fund/ gratuity payments	-	(987)	(363)	(2,789)
	(3,248)	13,541	(2,079)	13,733
7.2 Balance sheet reconciliation				
Plan assets	(64,991)		(55,121)	
Obligation	70,082	13,541	53,042	13,733
	5,091	13,541	(2,079)	13,733
Unrecognised past service cost (unvested)	(8,339)	-	-	-
Company's (asset) / liability				
- pension	(3,248)	-	(2,079)	
- gratuity		13,541		13,733

7.3 The actual return on pension plan assets was Rs. 11,244 million (2001: Rs.8.2 million),

8. FINANCES UNDER MARK-UP ARRANGEMENTS

Secured
Running finances

The company has arranged short-term running finances from banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 395 million (2001: Rs. 395 million). The mark-up on these running finances ranges between Rs. 0,3356 to Rs. 0,3836 per Rs 1,000 per diem net of prompt payment rebate. These facilities are expiring between June 30,2002 to March 31,2003.

Term finances

The amount outstanding against the term finance facility as at June 30,2002 available from banks was Rs. 125 million (2001 :Rs. Nil) earmarked out of the total running finance facilities of Rs. 210 million obtained from these banks. Mark-up on term finance is agreed at each disbursement and ranges

between Rs. 0,2027 to Rs. 0,2397 per Rs. 1,000 per diem.

Other facilities

The facility for opening letters of credit and guarantees as at June 30,2002 amounted to Rs. 402,489 million (2001; Rs. 414,147 million) of which the amount remaining unutilised as at that date wasRs. 322.696 million (2001: Rs. 312,788 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,

	2002	2001
	Rs. '000	Rs. '000
9. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		
Creditors	29,833	29,624
Bills payable	152,622	60,381
Accrued expenses	9,719	4,209
Advances from customers	7,512	3,901
Customs duty-note 9,1	3,293	969
Sales tax	4,922	4,564
Mark-up on running and term finances - secured	4,077	7,607
Others - note 9,2	18,871	18,628
	230,849	129,883

9.1 This represent a provision for custom duty on raw materials aggregating Rs. 3,293 million which is paid on demand by the custom authorities. The movement in this provision during the year is as follows:

	2002	2001
	Rs. '000	Rs. '000
Opening balance	969	885
Expense for the year	2,384	91
Less: Payments	60	7
Closing balance	3,293	969

9.2 'Others' includes an amount of Rs. 10,941 million (2001: 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 a 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.

	2002	2001
	Rs. '000	Rs. '000
10. WORKERS' PROFITS PARTICIPATION FUND		
Balance at the beginning of the year	582	686
Interest on funds utilised in the company's business	39	55
Allocation for the year	998	504
	1,619	1,245
Less: Amount paid to the fund	554	663
Balance at the end of the year	1,065	582
11. DIVIDENDS		
Unclaimed	1,869	1,785
Proposed final	9,365	6,244
	11,234	8,029

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingent liabilities

a) The Deputy Commissioner of Income Tax (DCIT) 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 had filed an appeal with the CIT (Appeals) which was decided against the company. The company had therefore filed an appeal with the Income Tax Appellate Tribunal which has set aside the assessment relating to additional liability relating to certain add backs whereas other matters have been decided in the company's favour including gross profit rate,

b) Bank guarantees amounting to Rs. 7,187 million (2001: Rs. 15,067 million) have been given to

Collector of Customs against partial exemptions of import levies, The company has also issued post dated cheques amounting to Rs. 0.605 million (2001: Rs. 0.605 million) in this respect.

c) The company has given bank guarantees amounting to Rs. 1.8 million (2001: Rs. 1.8 million) and has also issued post-dated cheques in favour of the Collector of Customs, in lieu of bank guarantees, amounting to Rs. 11.06 million (2001: Rs. 11,06 million) in respect of import levies of aluminium rods. The custom authorities have taken a view that these rods fall within the definition of wire and are subject to higher rate of duty, The aforementioned amounts represent the differential amount of duty, The custom authorities had sought encashment of these cheques and guarantees, however, the company has obtained stay on encashments of these from the High Court of Sindh,

d) The Additional Collector, Sales Tax and Central Excise has raised a demand of Rs. 55,947 million (2001: Rs. 55,947 million) as additional tax on the sales tax liability of Rs. 6,401 million (2001: Rs. 6,401 million) for aluminium rods extruded from aluminium billets. The issue of sales tax on aluminium rods, an intermediary product used in the assimilation of conductors and cables, was pending with the Supreme Court, The principal amount of sales tax was fully discharged by the company immediately on receiving the Supreme Court decision. The company has filed an appeal against the demand for additional tax by the Additional Collector which was neither raised at the time of initial assessment nor during the course of litigation, The High Court of Sindh has passed an interim order restraining the Sales Tax Collectorate from taking any coercive action, The management, based on the advise of the lawyer, is confident that the company will not incur any financial liability, therefore no provision has been made in these accounts,

e) Bank guarantees amounting to Rs. 18,942 million (2001: Rs. 12,542 million) have been given to various parties for contract performance, tender deposits etc.

f) Counter claims made by a debtor not acknowledged by the company amounted to Rs. 7.5 million,

13. OPERATING ASSETS

	Cost as at July 2001	Additions/ (disposals)	Cost as at June 30, 2002	Accumulated depreciation as at July, 2001	Depreciation charge for the year/(depreciation on disposals)	Accumulated depreciation as at June 30, 2002	Net book value as at June 30, 2002	Annual rate of depreciation as a % of cost
RUPEES IN '000								
Owned:								
Buildings on leasehold land	15,955-		15,955	9,823	529	10,352	5,6032.5 and 5	
Plant and machinery	233,867	3,251	237,118	184,280	8,226	192,506	44,6128.12 and 25	
Office equipment and appliances	18,009	1,171 (1,013)	18,167	13,502	1,525 (1,013)	14,014	412 and 25	
Furniture and fixtures	2,864	304 (53)	3,115	1,958	225 (53)	2,130	9858,12 and 25	
Vehicles	7,776	1,239 (282)	8,733	3,643	1,337 (169)	4,811	3,92212 and 20	
Loose tools	173-		173	173-		173-		20
Asset subject to finance lease								
Vehicle	1,053-		1,053	527	211	738	315	20
As at June 30,2002	279,697	5,965 (1,348)	284,314	213,906	12,053 (1,235)	224,724	59,590	
As at June 30,2001	275,823	5,777 (1,903)	279,697	199,975	14,996 (1,065)	213,906	65,791	

13.1 The following fixed assets were disposed off during the year ended June 30,2002,

Assets	Original cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Purchaser/insurance company
RUPEES IN '000						
Vehicles						
Suzuki Mehran	282	169	113	250	Insurance claim	New Jubilee Insurance Company Limited - on associated undertaking

Other items of net book value below Rs, 5,000 each	1,066	1,066-	11 Various	Various
	1,348	1,235	113	261
2001	1,903	1,065	838	1,664

14. LONG-TERM INVESTMENTS

	Note	2002 Rs. '000	2001 Rs,'000
Quoted			
In associated companies			
International Industries Limited 110,000 (2001:110,000) fully paid ordinary shares of Rs,10 each (Market value Rs, 5,165 million; 2001: Rs, 3,410 million)		5,165	3,410
New Jubilee Insurance Company Limited 599,449 (2001:521,260) fully paid ordinary shares of Rs, 5 each (Market value Rs. 26,975 million; 2001: Rs. 17.593 million)		3,945	3,945
Sub-total (Market value Rs, 32.140 million; 2001: Rs, 21,003 million)		9,110	7,355
Others			
Foreign exchange bearer certificates		-	1,967
Less: Current maturity shown under current assets		-	1,967
		9,110	7,355

15. LONG-TERM LOANS AND ADVANCES

Considered good			
Executives-note 15.1		596	685
Other employees-note 15.1		1,939	2,691
		2,535	3,376
Less: Recoverable within one year - note 20			
Executives		182	263
Other employees		793	927
		975	1,190
		1,560	2,186
Amounts outstanding for periods exceeding three years included in above		106	-

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 instalments,

15.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs, 0.661 million (2001: Rs, 0.709 million),

15.3 The fair value adjustment on adoption of IAS 39 arising in respect of staff loans is not considered material and hence not recognised.

16. DEFERRED TAXATION

The net deferred tax asset as at June 30, 2002 arising due to net temporary differences under the balance sheet liability method is estimated at Rs, 11,518 million (2001: Rs, 8.392 million) which is due to debit/(credit) balances arising in respect of:

	Note	2002 Rs. '000	2001 Rs,'000
Accelerated tax depreciation allowances		(4,110)	(4,974)
Provision for staff retirement and other benefits		6,866	6,140
Provision for doubtful debts		2,939	2,109
Provision for slow-moving stores and spares		604	712
Provision for import levies		1,335	522
Finance lease arrangements		55	54
Others		3,829	3,829
		11,518	8,392

The Institute of Chartered Accountants of Pakistan (ICAP) has adopted 'International Accounting Standard No. 12 'Income Taxes' (Revised)' (IAS-12) which interalia 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. Therefore, the deferred tax asset balance is being recognised over a period of three years starting 2001. During the year ended June 30, 2002 the company has recognised an amount of Rs. 3,180 million (2001: Rs. 1,617 million) as income. The deferred tax asset recognised as at June 30, 2002 aggregates Rs. 8,337 million (2001: Rs. 5,157 million).

Note	2002 Rs. '000	2001 Rs, '000
17. STORES AND SPARES		
Stores	516	701
Spares (including Rs. 0,166 million in-transit; 2001: Rs. 0,206 million)	16,922	19,844
	17,438	20,545
Less: Provision for slow moving stores and spares	1,727	2,034
	15,711	18,511
18. STOCKS		
Raw materials (including Rs. 26,796 million in-transit; 2001 :Rs. 23,611 million)-note 18,1	99,584	96,178
Work-in-process	45,359	61,725
Finished goods-note 18,2	55,871	53,973
Scrap	1,053	2,393
	201,867	214,269

18.1 This includes certain raw materials of an aggregate value of Rs. 3,876 million (2001: Rs. 3,214 million) held by third parties,

18.2 Include items aggregating Rs. 4,673 million (2001: Rs. 3,467 million) stated at their net realisable values,

Note	2002 Rs. '000	2001 Rs, '000
19. TRADE DEBTS Unsecured		
Considered good		
Due from associated undertakings	14,952	19,965
Others	134,666	99,466
	149,618	119,431
Considered doubtful		
Others	8,135	6,026
	157,753	125,457
Less: Provision for doubtful debts	8,135	6,026
	149,618	119,431

19.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 18.150 million (2001: Rs. 37.161 million),

Note	2002 Rs. '000	2001 Rs, '000
20. SHORT-TERM LOANS AND ADVANCES		
Considered good		
Current portion of long-term loans - note 15		
Due from executives	182	263
Due from other employees	793	927
	975	1,190
Short-term advances		
Due from executives	136	39
Due from other employees	192	206
	328	245
Advances to suppliers	233	962
	1,536	2,397

20.1 The maximum aggregate amount of short-term advances due from executives at the end of any month during the year was Rs. 0.136 million (2001: Rs. 0,609 million),

Note	2002 Rs. '000	2001 Rs, '000
21. DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits - considered good	1,343	796
Short-term prepayments	475	759

	1,818	1,555
22. OTHER RECEIVABLES		
Due from an associated undertaking		
- Dividend-note 22.1	-	651
Interest (net) receivable on foreign exchange bearer certificates	-	1,874
Excise duty	1,404	451
Claim receivable	3,173	-
Others	5,145	3,346
	9,722	6,322

22.1 The maximum aggregate amount due from an associated undertaking at the end of any month during the year was Rs, 0,782 million (2001: Rs. 0,651 million),

Note	2002 Rs. '000	2001 Rs,'000
23. CASH AND BANK BALANCES		
On current accounts	1,756	10,356
Cheques in hand	2	3,637
Cash in hand	237	583
	3,889	14,576
24. NET SALES		
Gross sales	803	765,596
Less: Commission	1,644	764
Discounts	1,006	1,149
	2,650	1,913
	799,860	763,683

Note	2002 Rs. '000	2001 Rs,'000
25. COST OF GOODS SOLD		
Opening work-in-process	61,725	53,662
Raw materials and scrap		
Opening stock	98,571	101,922
Purchase of raw materials	590,005	576,899
	688,576	678,821
Less: Scrap sold	7,416	7,657
Closing stock	100,637	98,571
	108,053	106,228
	580,523	572,593
Stores and spares	11,953	14,195
Fuel and power	26,521	23,167
Salaries, wages and benefits - note 25,1	50,074	48,545
Rent, rates and taxes	455	420
Lease rentals	113	181
Insurance	1,547	1,414
Repairs and maintenance	1,903	2,271
Depreciation	10,187	13,185
Other expenses - note 25,2	4,058	4,646
	106,811	108,024
	749,059	734,279
Less: Closing work-in-process	45,359	61,725
Cost of goods manufactured	703,700	672,554
Opening stock of finished goods	53,973	58,260
Finished goods purchased	20	117
	757,693	730,931
Less: Closing stock of finished goods	55,871	53,973
	701,822	676,958
25.1 Details of salaries, wages and benefits		
Salaries, wages and benefits	48,451	46,572
Provident fund contributions	1,449	1,370
Pension fund contributions - note 25,3	(508)	(963)
Provision for staff retirement gratuity - note 25,3	682	1,566
	50,074	48,545

	Note	2002 Rs. '000	2001 Rs,'000
25.2 Details of other expenses			
Communications and stationery		327	400
Training, travelling and entertainment		633	533
Motor car running		636	660
General works		2,462	3,053
		4,058	4,646

25.3 Retirement benefits

	Cost Of Goods Sold (note 25.1)		Selling and Administration (note 26.1)		Total	
	2002	2001	2002	2001	2002	2001
Pension						
Current service cost	1,567	1,484	2,043	1,721	3,610	3,205
Interest cost	3,183	3,255	4,150	3,776	7,333	7,031
Expected return on plan assets	(3,310)	(3,243)	(4,314)	(3,761)	(7,624)	(7,004)
Past service cost	1,091-		1,422-		2,513-	
Net actuarial (gain)/loss	(3,039)	(2,459)	(3,962)	(2,852)	(7,001)	(5,311)
	(508)	(963)	(661)	(1,116)	(1,169)	(2,079)

During the year the company has recognised a sum of Rs. 2,513 million, being the vested portion of past service costs. In accordance with the actuarial valuation the unvested past service cost is to be recognised over the average remaining vesting period of 6.93 years starting from the year ending June 30,2003,

	Cost Of Goods Sold (note 25.1)		Selling and Administration (note 26.1)		Total	
	2002	2001	2002	2001	2002	2001
Gratuity						
Current service cost	621	612	103	111	724	723
Interest cost	1,591	1,666	265	301	1,856	1,967
Net actuarial (gain)/loss	-1,530	-712	-255	-128	-1,785	-840
	682	1,566	113	284	795	1,850

	Note	2002 Rs. '000	2001 Rs,'000
26. SELLING, ADMINISTRATION AND GENERAL EXPENSES			
Salaries, wages and benefits - note 26.1		24,534	22,199
Rent, rates and taxes		502	454
Insurance		391	341
Repairs and maintenance		1,514	869
Legal and professional		3,054	2,499
Donations - note 26.2		297	302
Auditors' remuneration - note 26.3		525	845
Communications and stationery		2,897	3,033
Training, travelling and entertainment		3,805	2,713
Advertising and publicity		2,922	2,820
Lease rentals		83	214
Carriage and forwarding expenses		8,375	6,958
Liquidated damages for late deliveries		876	624
Bad debts written off		8	-
Provision for doubtful debts		2,221	2,547
Depreciation		1,866	1,811
Other expenses - note 26.4		4,558	3,680
		58,428	51,909
26.1 Details of salaries, wages and benefits			
Salaries, wages and benefits		23,871	21,957
Provident fund contributions		1,211	1,074
Pension fund contributions - note 25.3		(661)	(1,116)
Provision for unfunded gratuity - note 25.3		113	284
		24,534	22,199

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,

	Note	2002 Rs. '000	2001 Rs,'000
26.3 Auditors' remuneration			
Audit fee		255	255
Tax services		243	441
Special certifications and audits of workers' funds		-	80
Out of pocket expenses		27	69
		525	845

	Note	2002 Rs. '000	2001 Rs,'000
26.4 Details of other expenses			
Subscriptions		238	162
Fuel and power		966	994
Bank service charges		2,901	2,077
Directors' fee		12	8
Miscellaneous selling		63	67
General office		378	372
		4,558	3,680

27. OTHER INCOME			
Sales of general scrap		284	386
Insurance commission from - an associated undertaking		207	340
- an other company		286	421
Interest (net) on foreign exchange bearer certificates		533	2,702
Gain on disposal of fixed assets		148	826
Dividend income		1,332	1,042
Balances no longer payable written back		956	166
Appreciation in value of investments		1,755	885
Exchange gain (net)		-	74
Miscellaneous		45	53
		5,546	6,895

28. OTHER CHARGES			
Workers' profits participation fund		998	504
Workers' welfare fund		570	240
Exchange loss		6	-
		1,574	744

29. FINANCIAL CHARGES			
Mark-up on running and term finances under mark-up arrangements		25,078	31,482
Interest on workers' profits participation fund		39	55
Finance charges on lease		117	149
		25,234	31,686

	Note	2002 Rs. '000	2001 Rs,'000
30. TAXATION			
Current - for the year		9,865	4,165
Deferred		(3,180)	(1,617)
		6,685	2,548

30.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>18,348</u>	
Tax at the applicable rate of 35%		6,422	
Tax effect of expenses that are not allowable in determining taxable income		609	
Tax effect of dividend income taxed at different rate		(400)	
Net effect of deferred tax relating to prior years recognised currently and current year carried forward to next year		54	
Tax charge		<u>6,685</u>	

31. BASIC EARNINGS PER SHARE			
Profit after taxation		<u>11,663</u>	<u>6,733</u>
Number of shares 3,121,800 (2001:3,121,800)			
Basic earnings per share		<u>Rs. 3.74</u>	<u>Rs.2,16</u>

32. CASH GENERATED FROM OPERATIONS

Profit before taxation	18,348	9,281
Adjustment for non cash charges and other items:		
Appreciation in value of investments	(1,755)	(885)
Depreciation	12,053	14,996
Provision for staff retirement gratuity	795	1,850
Other long term employees benefits	1,693	540
Interest income	(533)	(2,702)
Gain on disposal of fixed assets	(148)	(826)
Dividend income	(1,332)	(1,042)
Financial charges	25,234	31,686
Working capital changes - note 32.1	84,560	(58,010)
	138,915	(5,112)

	2002	2001
Note	Rs. '000	Rs,'000
32.1 Working capital changes		
(Increase)/decrease in current assets		
Stores and spares	2,800	408
Stocks	12,402	(425)
Trade debts	(30,187)	(8,843)
Short-term loans and advances	861	186
Deposits and short-term prepayments	(263)	(242)
Other receivables (net)	(5,925)	(3,114)
	(20,312)	(12,030)
Increase/(decrease) in current liabilities		
Creditors, accrued expenses and other liabilities (net)	104,496	(46,117)
Workers' profits participation fund	483	(104)
Workers' welfare fund	(107)	241
	84,560	(58,010)

33. CASH AND CASH EQUIVALENTS

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

Cash and bank balances	3,889	14,576
Finances under mark-up arrangements	(132,188)	(220,195)
	(128,299)	(205,619)

34. FINANCIAL ASSETS AND LIABILITIES AS ON JUNE 30,2002

(I) Financial assets and liabilities

	Effective interest/mark-up rate %	Maturity upto one year	Interest/mark-up bearing		Non-interest Mark-up Bearing		Total 2002	Total 2001
			Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year		
RUPEES IN '000								
FINANCIAL ASSETS								
Investments	-	-	-	-	-	9,110	9,110	9,322
Loans to employees	-	-	-	-	975	1,560	2,535	3,376
Deposits	-	-	-	-	1,343	1,361	2,704	2,110
Trade debts	-	-	-	-	149,618	149,618	149,618	119,431
Other receivables	-	-	-	-	3,685	3,685	3,685	3,792
Cash and bank balances	-	-	-	-	3,889	3,889	3,889	14,576
2002	-	-	-	-	159,510	12,031	171,541	152,607
2001	-	-	1,967	-	1,967	139,785	10,855	150,640
FINANCIAL LIABILITIES								
Finances under mark-up arrangements	7.4-14.0	-	132,188-	-	132,188-	-	-	132,188
liability against an asset subject to a finance lease	-	19	230	257	487-	-	-	487
Creditors, accrued expenses and other liabilities	-	-	-	-	213,617-	213,617	213,617	117,799
Dividends	-	-	-	-	11,234	11,234	11,234	8,029

2002	-	132,416	257	132,675	224,851 -	224,851	357,526	346,703
2001	-	220,388	487	220,875	125,828 -	125,828	346,703	
Off-balance sheet items								
Letters of credit					51,864	51,864	51,864	
Financial guarantees including post dated cheques	-	-	-	-	39,594	39,594	39,594	

(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 and hedges of anticipated future transactions

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at the year end the company had liabilities in foreign currencies aggregating Rs, 152,622 million, Out of these, liabilities amounting to Rs, 52,591 million are hedged through forward foreign exchange contracts, These contracts have a maturity of three months from the balance sheet date. The purpose of these contracts is to neutralise foreign currency transaction risk,

(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 investment which is stated at its cost. Further, staff loans are valued at their original cost less repayments (note 15.3).

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:

	2002			2001		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	1,594	2,692	14,398	1,625	2,390	14,500
Retirement benefits	68	113	572	(9)	(12)	(138)
House rent and utilities	388	451	5,440	491	499	5,801
Medical expenses	6	79	583	32	158	555
Others	547	810	1,665	516	602	1,018
	2,603	4,145	22,658	2,655	3,637	21,736
Number of persons	1	2	61	1	2	63

The chief executive, directors and certain executives of the company are provided with free use of cars.

Note	2002 Rs. '000	2001 Rs. '000
36. SUMMARY OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Sales of goods including scrap		31,526
Purchase of goods, services and materials		5,367
Commission earned		208
Commission paid		1,510
Dividend income		1,557
	1,332	1,042

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. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 23,2002 by the board of directors of the company,

39. CORRESPONDING FIGURES

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

KAMALA.CHINYOY

Director and Chief Execut

HAROUN RASHID

Director

ASLAM SADRUDDIN

Finance Director