VISION STATEMENT

To be recognized globally by producing a high quality cable to click the resources efficiently and effectively.

MISSION STATEMENT

Our mission is to be the leader among corporation. We will strive to achieve excellence in any endeavors we undertake. To fulfill this mission, we must be both responsive and anticipatory as we serve our major constituencies.

Management competence, customer service, technical progress, employee opportunity development, stockholders return, community well-being, national and international responsibilities.

PTCL CABLES

Pakistan Telephone Cables Limited

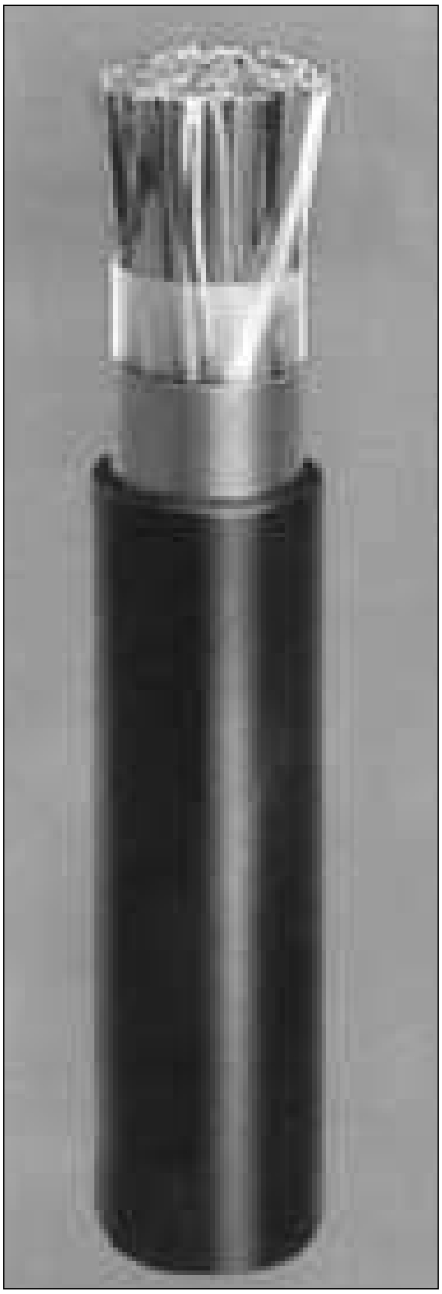
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

ANNUAL REPORT 2009

CONTENTS

OBJECTIVES & DEVELOPMENT STRATEGY



Pakistan Telephone Cables is principally engaged in the manufacturing of Telecommunication & Power Wire/Cables of various specifications and selling to consumers like M/s. Pakistan Telecommunication Company Limited (PTCL) Islamabad, Special Communication Organization (SCO) Rawalpindi, National Telecommunication Corporation, Pakistan Ordinance Factories, KESC & WAPDA and others.

PTCL objectives and development strategy are aimed at achieving sustainable productivity and profitability and highly standards of safety, occupational health and environmental care. This entails human resource re-engineering & development, and continuing growth through upgradation of existing as well as addition of new facilities. In the changing global environment and coming of WTO, corporate objective and development strategy has been defined to meet the challenges of business

Corporate Objectives

- Contribute in meeting the consumer's demand of Telecommunication Cables.
- Customer's satisfaction by providing best value and quality products.
- Achieving and maintaining a high standard of Occupational Health, Safety and Environment.
- Maintain modern management system conforming to international standards needed for an efficient organization.

Development Strategy

- Human resource development by upgrading training facilities and exposure to modern technologies / management techniques.

- Expansion of Industry by establishing new imported machinery.

COMPANY POLICY

- The objective of Pakistan Telephone Cables Limited (PTCL) is to engage efficiently in the production of Telecommunication and Power Wire/ Cables.

- In doing so the organization recognizes its responsibility towards its shareholders, customers, employees and to those to whom it does business.

- Employees are required to demonstrate honesty, devotion and fairness in all aspects of their duty performance and avoid conflicts of interests between their private financial activities and their professional role in the conduct of company business.

- The PTCL seeks to compete fairly within the framework of all applicable laws of Pakistan.

- PTCL is absolutely committed to provide product which consistently offer value in terms of price/quality and are at the same time safe for their intended use, to satisfy customer needs and expectations.

- PTCL is committed to ensure the reliability of its financial reporting and transparency of its economic/business transactions.

- The Board of Directors' ensures the execution of the above principles through its committee.

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

COMPANY PROFILE

Pakistan Telephone Cables limited was incorporated as a public limited company on June 08,1983. The company is listed on the Karachi and Lahore Stock Exchange. The company is engaged in the manufacturing of Telecommunication and Power Wire/Cables and supplies to various consumers such as M/s. Pakistan Telecommunication Company Limited (PTCL) Islamabad, National Telecommunication Company Limited and Special Communication Organization (SCO) Rawalpindi, WAPDA & KESC and others The company is located at survey Nos. 27/3/2 Mouza Bairut, Tehsil Hub District Lasbella Balochistan. The factory area is situated on Main RCD Highway.

The management of the company has taken over by AL- RAEE GROUP since July 1988, and manufacturing the Cables successfully.

CAPITAL

The company has a paid up capital of Rs. 210.00 Million.

CAPACITY

The annual production capacity of plant has enhanced to 2,500,000 CCKM with completion of development project.

STAFF

The company's Registered office is located in Hub Baluchistan. The company's total manpower strength is 52 persons. The majority staff are technical because the project is Hi-tech.

ENVIRONMENT

The company has a well-defined Environment Policy which pays a key role in its decision making process to ensure compliance with relevant laws and to achieve continues improvement.

The company has adopted a comprehensive Health, Safety and Environment Policy, which is a guideline to our business mechanics and decision-making processes.

INFORMATION TECHOLOGY

The Company manages its financial activities with the help of existing software package developed by **System Development Services**. The management has planned to modify its existing Computer Package in order to meet the requirement of Corporate, Financial and Management information. It aimed to train the employees to maintain, modify and enhance the existing computer based applications and also develop new application as per its requirements.

CORPORATE INFORMATION

Board of Directors

Raza Abdul Aziz Al Raee	Chairman / Chief Executive
Aijaz Abdul Aziz Al Raee	Director
Riyadh Abdul Aziz Al Raee	Director
Rabia Barkat Ali	Director
Abdullah Raza Al Raee	Director
Sumiah Saeedurrehman	Director
Asma Hafeez Al Raee	Director

Company Secretary

Muhammad Azhar Jamali

Chief Financial Officer

Aftab Safder Cheema

Audit Committee

Aijaz Abdul Aziz Al Raee	Chairman
Riyadh Abdul Aziz Al Raee	Member
Rabia Barkat Ali	Member
Aftab Safder Cheema	Secretary

Primary Bank

KASB Bank Limited
NIB Bank Limited
Soneri Bank Limited
Bank Al-Falah Limited
HBL Limited

Auditors

Rehman Sarfraz Rahim Iqbal Rafiq & Co
Chartered Accountants, Karachi.

Share Registrar
M/s.Technology Trades (Pvt) Ltd.
241-C, Block - 2,
P.E.C.H.S. off, Sharah-e-Qaideen
Karachi.
Ph# (92-21) 3439161-7
Fax# (92-21) 34391318

Registered Office
18th Mile RCD Highway 27/3/2
Mouza Bairut, Tehsil Hub
District Lasbella
Baluchistan.
Ph# 0853-363248, 363249
Fax# 0853-363245

Head Office
E-3, Block - 17, Al Raee Avenue,
Behind National Stadium,
Gulshan-e- Iqbal,
Karachi.

Phones Nos

92-21- 34815840	92-21- 34802940
34815841	34802941
34815842	
34815843	
34815844	

UAN 111-111-905

Fax	E-Mail	Website
92-21- 34802942	alraee@cyber.net.pk	www.ptclcables.com
34802943		

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of **PAKISTAN TELEPHONE CABLES LIMITED** will be held on Saturday, the 28th November' 2009 at 11:00 Hours at Registered Office 18th Mile RCD Highway 27/3/2 Mouza Bairut, Tehsil Hub, District Lasbella, Balochistan to transact the following business:

1. To confirm the minutes of the 25th Annual General Meeting of the Company held on Thursday, October 30th 2008.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Auditor's report thereon and Director's report for the year then ended.

3. To appoint Auditors for the next term i.e. year 2009-2010 and fix their remuneration. The retiring auditors M/s.Rehaman Sarfraz Rahim Iqbal Rafiq (Chartered Accounts) being eligible and offer themselves for reappointment.

4. To transact any other business with the permission of the chairman.

By Order of the Board

Muhammad Azhar Jamali
Company Secretary

Dated : November 06, 2009

Notes:

1. Share Transfer Books of the Company will remain closed from 21-11-2009 to 28-11-2009 (both days inclusive).

2. A member of the Company entitled to attend, speak and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. The completed proxy form must be deposited with the Registrars of the Company, M/s Technology Trade (Private) Ltd not less than 48 hours before the meetings.

3. Any individual Beneficial Owner of CDC, entitled to vote at the meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to notify any change in their addresses to the Company immediately.

5. Members are requested to immediately notify any change of address to the Company's Registers, M/s Technology Trade (Pvt) Limited.

6. The correspondence address of the Company's Registrar is as follows:-

   Technology Trade (Pvt) Ltd
   Dagia House, 241-C, Block-2,
   P.E.C.H.S Off: Shahra-e-Quaideen,
   Karachi.
   Ph # (92-21) 34391316-7 & 19

DIRECTORS' REPORTS

I am pleased to present the 26th Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2009.

FINANCIAL RESULTS

		(Rupees in 000) 2009	2008
Sales		125,242	783,544
Gross (Loss) / Profit		(40,084)	68,623
(Loss)/Profit before taxation		(113,541)	11,635
(Loss)/Profit after taxation		(107,414)	5,239
Interim Dividend		Nil	3,950
Accumulated Loss Brought Forward		(61,985)	(78,666)
Transfer from surplus on revaluation of fixed assets on a/c incremental dep.		11,429	15,392
Accumulated Loss Carried Forward		**(157,970)**	**(61,958)**
(Loss) / Earnings per share	Rs.	(5.11)	(0.25)

During the current year, we have witnessed decline in sales of cables owing to subdued demand of Telecommunication cables from principal buyer Pakistan Telecommunication Company Limited (PTCL) since its privatization by the Government. The PTCL had not given as much purchase orders since last two years as its previous management has the practice. The management of your company is negotiating with PTCL to get orders from there. As a result of management's efforts, the buyer has made contract with us for supply of cables during the current financial year on the basis as and when they need cables for the maintenance of current projects and future development projects as well. We are confident to receive huge quantity orders of cables in near future worth millions for various type of cables such as SS Aerial & PVC Cables & Drop Wire.

In addition to above, we have considerable value of orders from other customers of power cables and Telecommunication cables.

The sales has recorded at Rs. 125.242 million during the current year whereas it was at Rs. 783.544 million in last year .The decrease of sales is 85% in terms of value against last year sales which resulted into gross loss Rs. 40.084 million as compared to last year's gross profit of Rs. 68.623 million

The operative expenses and finance cost have been recorded at Rs. 56.606 million against last year Rs.67.631 million which resulted into loss before taxation Rs. 113.541 million in comparison to profit before taxation Rs. 11.346 million last year, thus making loss after taxation Rs.107.414 million against profit after taxation Rs.5.239 million in the year 2008.

OPERATING & FINANCIAL DATA

Key operating and financial data of last six years is annexed with this report.

ACCOUNTING AND COMPANY POLICIES

The accounting policies followed in preparation of these financial statements are the same as those of the published in annual financial statements for last year, except the employees benefit scheme of gratuity the provision is made annually to cover the obligation on the basis of actuarial valuation.

The company complies with the requirement of the Code of Corporate Governance for adaptation of significant policies.

TECHNOLOGY

Your Company realizes its commitment to quality and integral part of its values and vision, our product has to conform to stringent international specifications. In order to achieve this fine degree of control, extensive monitoring is conducted at every stage of process with the aid of modern and technologically sophisticated instruments. Quality Control laboratory which was earlier certified to ISO 9001 and has now been re-certified to ISO 9001: 2000 Quality Management System.

The company has a highly advanced Quality Assurance Laboratory which is equipped with the latest state of the art equipment and is manned by professional and skilled personal who are engaged to check process variables at every step of the manufacturing process to ensure that all our final products are in compliance with relevant international specifications.

MARKET LEADERSHIP

The main buyer of our manufactured telephone & Power cables are Pakistan Telecommunication Company Limited Islamabad, National Telecommunication Corporation (NTC), Special Communication Organization (SCO), KESC, WAPDA & others.

BUSINESS PROCESSES RE-ENGINEERING

The Company is continuously engaged in business process re-engineering activities to optimize its activities and benefit from the technological advances in operational, technical and engineering function. The company's strategy is to focus on finding new technology for improving and modernizing its various production processes to keep in line with the changing need of time.

HEALTH, SAFETY & ENVIRONMENT

Operational safety continues to receive the highest priority to keep it in compliance with internationally recognized safety management system. Up-gradation of firefighting, safety and personal protective equipment is done regularly to meet the international safety standards. The company ensures that all new machinery and equipment incorporate the latest technology in safety standards and are operated by a skilled and experienced team of professionals dedicated to the cause of safety.

MANAGEMENT AND WORKFORCE

The total manpower strength is 57, which comprises management, financial and technical professionals. The company enjoys proficient technical management aided by an equally experienced workforce. The company management has achieved harmonious industrial relations assuring a congenially and productive work environment.

INFRASTRUCTURE DEVELOPMENT

Your company is continuously working for the best maintenance of assets, and best efforts are being made to increase plant integrity and reliability.

CORPORATE SOCIAL RESPONSIBILITY

The company firmly believes that corporate sector should play an active role in the discharge of its responsibilities towards the society. Being fully aware of its social obligations, it continues to proactively contribute towards social welfare, healthcare, education and etc. to help improve the quality of life for the under privileged members of the country. During the year our social support activities were speeded up, and we extended support to a number of Charitable & religious institutions,

CORPORATE GOVERNANCE

The company is committed to high standards of corporate governance. The Board of Directors is accountable to the shareholders for good corporate governance. We have and shall continue to comply with the provisions of best practices set out in the code of corporate governance. The Company has been and shall remain committed to the conducting of its business in line with listing regulations of the Stock Exchange, which clearly defines the role and responsibilities of the Board of Directors and management.

STATEMENT BY BOARD OF DIRECTORS IN COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and change in equity.

The Board of Directors of the Company believes that proper books of account have been maintained.

International Accounting Standards have been followed in preparation of financial statements without any material departure.

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

The Board of Directors considered that the Company is as a going concern.

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

Outstanding taxes and levies:	**(Rupees in million)**
Income Tax Provision (Current)	NIL
Central Excise Duty	0.76

During the year five (5) meeting of the Board of Directors were held. Attendance of each Director was as follows.

Name of Director	No. of Meetings Attended
Mr. Raza Abdul Aziz Al Raee	05
Mr. Aijaz Abdul Aziz Al Raee	03
Mr. Riyadh Abdul Aziz Al Raee	03
Mr. Abdullah Raza Al Raee	05
Mrs. Rabia Barkat Ali	05
Mrs. Asma Hafeez	04
Mrs. Sumiah Rehman	03

Leave of absence was granted to directors who could not attend the board meeting.

The prescribed pattern of shareholding is attached with this report.

BOARD CHANGES

There was no change in the Board of Directors of the company during the financial year ended June 30, 2009.

FUTURE PROSPECTS

We are pleased to report that there are different tenders approx for Rs.279.758 million in pipe line for supply of Telecommunication and Power cables to various consumers such as Pakistan Telecommunication Company Limited (PTCL) Islamabad, National Telecommunication Company Limited and Special Communication Organization (SCO) Rawalpindi, Wapda & Discos. and K.E.S.C. for the year 2009-10. We are confident for better results in the year ahead.

APPOINTMENT OF AUDITORS

The existing Auditors Rehman Sarfraz Rahim Iqbal Rafiq (Chartered Accountants) have retired and offer themselves for re-appointment of Auditors of the Company for the year ending June 30, 2009.

ACKNOWLEDGEMENT

The directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and employees of the Company throughout the year in achieving best results.

On behalf of the Board of Directors and employees of the company, we express our gratitude to all our valued customers, bankers, shareholder for their enduring relationship and their continued support towards the prosperity of the company.

On behalf of the Board

Raza Abdul Aziz Al - Raee
Chief Executive

PTCL CABLES
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STAKEHOLDERS INFORMATION

Particulars	2009	2008	2007	2006	2005	2004
FINANCIAL POSITION						
Paid up Capital	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000	210,000,000
Surplus of Revaluation of Fixed Assets	103,554,926	110,938,741	132,105,699	144,457,721	47,096,817	51,464,083
Long term Loans	-		-	-	-	-
Assets Subject to Finance Lease	-	4,936,687	18,132,648	4,783,112	13,082,680	30,773,357
Fixed Assets at Cost and revaluation	451,760,729	451,648,729	434,199,479	353,404,671	182,914,573	179,921,986
Accumulated Depreciation	144,238,390	113,125,451	48,034,910	13,757,469	50,004,415	35,412,943
Current Assets	267,580,662	311,004,922	266,599,652	298,888,030	173,293,542	123,820,471
Current Liabilities	276,989,781	240,214,003	302,423,760	283,254,677	137,827,820	92,475,662
INCOME						
Sales	125,242,746	783,544,829	907,524,524	682,767,060	440,821,816	372,952,346
Other Income/(loss)	(16,850,274)	11,255,765	5,774,848	524,464	40,867	(2,773,519)
Reversal of Liabilities	-	-	-	-	-	-
Workers' profit participation fund	-	(612,355)	-	(281,189)	(517,951)	(197,744)
Pre-Tax Profit	(113,541,117)	11,634,750	(12,829,718)	5,342,585	9,841,078	3,757,142
Taxation/Deferred tax income	(107,414,147)	5,239,024	(14,497,518)	(8,191,387)	2,053,376	(22,878,165)
STATISTICS AND RATIOS						
Pre-Tax Profit to Sales %	(90.66)	1.48%	-1.41%	0.78%	2.23%	1.01%
Pre-Tax Profit to Capital %	(54.07)	5.54%	-1.60%	2.54%	4.69%	1.79%
Current Ratio	0.97:1	1.92:1	0.88:1	1.06:1	1.26:1	1.34:1
Paid-up Value per Share (Rs.)	10	10	10	10	10	10
Earning after Tax per Share (Rs.)	(5.115)	0.25	(1.301)	(0.136)	0.566	(0.911)
Cash Dividend %	-	5	-	-	-	-
Right Shares %	-	-	-	-	-	-
Retained Earnings per Share (Rs.)	(7.52)	(2.95)	(3.92)	(3.52)	(0.49)	(5.71)
Break-up Value per Share (Rs.)	2.48	7.05	6.08	6.48	5.09	4.29
Market Value per Share (Rs.)	3.25	10.00	10.00	10.00	10.00	14.80
SHARE PERFORMANCE						
Highest (Rs.)	11.53	26.55	20.15	13.25	12.95	18.95
Lowest(Rs.)	1.45	6.30	4.50	5.50	10.50	7.75
Turnover of share (Rs.)	225,500.00	4,052,000.00	993,500.00	151,500.00	21,500.00	551,500.00
PRODUCTION: Various Telephone cables						
Measured in Conductor Core KM.	232,504	555,192	992,383	794,627	574,412	610,328
Measured in Cable KM.	2,350	3,030	5,559	4,877	3,399	4,590
Drop Wire Measured in Conductor Core KM..	6,500	38,700	28,020	66,010	53,963	44,132

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

PAKISTAN TELEPHONE CABLES LIMITED
YEAR ENDED 30-06-2009

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors, at present the Board has five independent non -executive directors.

2. The directors have confirmed, where applicable, that none of them is serving as a director in more than ten listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is a member of a stock exchange.

4. No casual vacancy occurred during the year ended June 30, 2009.

5. The company has prepared a 'Statement of Ethics and Business Practices', during the last year which has been signed by the directors and employees of the company.

6. The Board had developed a vision and mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.

7. All the power of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.

8. The meeting of the Board were presided by the Chairmen. The Board met at least once in every quarter during the year ended June 30, 2009. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded, circulated in time.

9. The company has ensured that its directors are fully apprised their duties and responsibilities.

10. The Board of Directors has approved the appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment, as determined by CEO.

11. The directors' report for this year ended June 30, 2009 has been prepared in compliance with the requirement of the code and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and other executives do not hold any interest in the shares of the company, other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the code.

15. The Board has formed an audit committee. It comprises 3 members, all of whom are non-Executive Directors.

16. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the code. The terms of reference of the committee have been framed, approved by the Board and advised to the committee for compliance.

17. The Company has setup an effective internal audit function for the company.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all material principles contained in the Code have been complied with.

ON BEHALF OF THE BOARD

RAZA ABDUL AZIZ AL- RAEE
CHIEF EXECUTIVE

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No.: (021) 34549345-9
Fax No.: (021) 34548210
E-Mail : info@rsrir.com
Website www.rsrir.com
Other Offices at
Lahore - Islamabad

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 Telephone Cables Limited ("the Company")**, to comply with the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, 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 the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended **June 30, 2009.**

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi.
Date: 06 NOV 2009

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Tel. No.: (021) 34549345-9
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E-Mail : info@rsrir.com
Website www.rsrir.com
Other Offices at
Lahore - Islamabad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN TELEPHONE CABLES LIMITED** as at **June 30, 2009**, and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of 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;

   (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;

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business consultants and specialist legal advisers.

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Website www.rsrir.com
Other Offices at
Lahore - Islamabad

-:2:-

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30th June, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements for the year ended June 30, 2009 which indicates the effect and reason of significant fall in the sales of the Company for the year ended June 30, 2009 which is dependant on the Company's ability to secure substantial contracts in the subsequent periods to make up for the fall in sales and profits.

Karachi:
Dated: 06 NOV 2009

Rahman Sarfaraz Rahim Iqbal Rafiq
Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Waseem

BALANCE
AS ON

	Notes	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
AUTHORIZED CAPITAL		**220,000,000**	220,000,000
Issued, subscribed and paid-up			
21,000,000 Ordinary shares of Rs.10 each.	4	**210,000,000**	210,000,000
Accumulated loss		**(157,970,940)**	(61,985,738)
		52,029,060	148,014,262
Surplus on Revaluation of Fixed Assets	5	**103,554,926**	110,983,741
NON CURRENT LIABILITIES			
Long term loan from director	6	**95,521,938**	86,708,370
Liabilities against assets subject to finance lease	7	**-**	4,936,687
Deferred liabilities	8	**52,574,939**	62,095,316
CURRENT LIABILITIES			
Trade and other liabilities	9	**176,949,024**	125,341,264
Accrued markup	10	**14,976,292**	4,124,957
Short term borrowings	11	**77,583,256**	100,761,481
Current portion of non-current liabilities	12	**7,481,209**	6,038,801
Taxation	29	**-**	3,947,500
		276,989,781	240,214,003
CONTINGENCIES & COMMITMENTS	13		
		580,670,644	652,952,379

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

Chief Executive

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

SHEET
JUNE 30, 2009

	Notes	2009 Rupees	2008 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant & equipment	14	**307,522,339**	338,523,278
Intangible asset	14	**368**	629
Capital work in progress	14	**2,143,726**	-
Long term security deposits		**3,423,550**	3,423,550
CURRENT ASSETS			
Stores, spares and loose tools	15	**8,569,583**	8,843,736
Stock in trade	16	**210,617,045**	212,173,921
Trade debts un-secured considered good	17	**28,273,125**	57,934,873
Loans and advances	18	**4,614,915**	4,637,441
Trade deposits and prepayments	19	**4,696,467**	5,696,983
Interest Receivable			-
Other receivables	20	**5,194,118**	11,409,359
Advance tax		**4,329,523**	5,709,536
Cash and bank balances	21	**1,285,885**	4,599,073
		267,580,661	311,004,922
		580,670,644	**652,952,379**

Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Notes	2009 Rupees	2008 Rupees
Sales	22	**125,242,746**	783,544,829
Cost of Sales	23	**(165,327,097)**	(714,920,868)
Gross Profit / (Loss)		**(40,084,351)**	68,623,961
Administrative expenses	24	**23,261,681**	30,670,067
Selling and distribution cost	25	**2,124,627**	6,923,720
		(25,386,308)	(37,593,787)
		(65,470,659)	31,030,174
Finance cost	26	**(31,220,185)**	(30,038,834)
		(96,690,844)	991,340
Other income / (Charges)	27	**(16,850,274)**	11,255,765
		(113,541,118)	12,247,105
W.P.P.F @ 5%		**-**	(612,355)
Profit/(Loss) before taxation		**(113,541,118)**	11,634,750
Provision for taxation			
- Current		**-**	(3,947,500)
- Prior		**-**	1,217,149
- Deferred		**6,126,970**	(3,665,375)
		6,126,970	(6,395,726)
Profit/(Loss) after taxation		**(107,414,148)**	5,239,024
Profit/(Loss) per share-basic and diluted	31	**(5.11)**	0.25

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

Chief Executive

Director

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Accumulated Loss	Total
Balance as at 30th June, 2007	**210,000,000**	**(78,666,817)**	**131,333,183**
Profit for the year	-	5,239,024	5,239,024
Interim dividend		(3,950,465)	(3,950,465)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year- net of deferred taxation.	-	15,392,520	15,392,520
Balance as at 30th June, 2008	**210,000,000**	**(61,985,738)**	**148,014,262**
Loss for the year	-	(107,414,148)	(107,414,148)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation for the year- net of deferred taxation.	-	11,428,946	11,428,946
Balance as at 30th June, 2009	**210,000,000**	**(157,970,940)**	**52,029,060**

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

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	**(113,541,118)**	11,634,750
Adjustment for :		
Depreciation	**31,112,939**	33,018,602
Finance cost	**31,220,185**	30,038,834
Provision for gratuity	**1,692,827**	1,541,190
Provision for leave salary	**919,350**	852,600
Amortization of intangible assets	**261**	444
Workers' profit participation fund	**-**	612,355
Other Income / (Charges)	**16,850,274**	(11,255,765)
	81,795,836	54,808,260
Operating (Loss) / Profit before working capital changes	**(31,745,282)**	66,443,010
Changes in working capital		
(Increase)/ Decrease in current assets		
Stores, spares and loose tools	**274,153**	(2,664,990)
Stock-in-trade	**1,556,876**	(23,382,626)
Trade debts	**12,811,474**	10,101,106
Loans and advances	**22,526**	8,700,813
Trade deposits and prepayments	**1,000,516**	(241,157)
Other receivables	**6,215,241**	(4,651,209)
	21,880,786	(12,138,062)
Increase/(decrease) in current liabilities		
Trade and other payables	**51,607,760**	(39,559,906)
Cash generated from operations	**41,743,264**	14,745,042
Taxes paid	**(2,519,544)**	(7,885,931)
Gratuity paid	**(1,086,100)**	(1,591,923)
Leave salary paid	**(272,696)**	(535,261)
Finance cost paid	**(20,368,850)**	(30,221,444)
	(24,247,190)	(40,234,559)
Net cash generated / (used in) from operating activities	**17,496,074**	(25,489,517)

	Notes	2009 Rupees	2008 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(112,000)	(25,310,124)
Capital work in process		(2,143,726)	-
Long term security deposits		-	(265,000)
Net cash flow from investing activities		(2,255,726)	(25,575,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from director		10,459,000	61,443,248
Repayment of the director loan		(1,645,432)	(14,006,194)
Payment of long term lease liability		(3,494,279)	(6,282,852)
Short term running finance		-	13,246,769
Dividend paid		-	(3,825,306)
Worker profit participation fund paid		(694,600)	(10,984,191)
Net cash flow from financing activities		4,624,689	39,591,474
Net increase/ (decrease) in cash and cash equivalents		19,865,037	(11,473,167)
Cash and cash equivalents at the beginning of the year		(96,162,408)	(84,689,241)
Cash and cash equivalent at the end of the year		(76,297,371)	(96,162,408)

Cash and cash equivalents comprise:

	Notes	2009 Rupees	2008 Rupees
Cash and bank balances	21	1,285,885	4,599,073
Short term borrowings	11	(77,583,256)	(100,761,481)
		(76,297,371)	(96,162,408)

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

Chief Executive

Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1 STATUS AND NATURE OF BUSINESS

1.1 The company was incorporated on June 8, 1983 as public limited company under Companies Ordinance 1984 and is quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 18th Mile RCD Highway 27/3/2, Mouza Bairut, Tehsil Hub, District Lasbella, Baluchistan. The principal activity of the company is manufacturing and sale of telecommunication and Power Cables .

1.2 During the year the sales of the Company reduced by 85%, it incurred a net loss of Rs. 107.4 million (2008: profit of Rs. 5.23 million) and its equity stands reduced to Rs. 52 million (2008: Rs: 148 million).The demand for telephone cables from the principal customer remained subdued since privatization. Currently the new management of the customer has started the negotiation with the Company for orders and has floated tenders for purchases. The Company is actively participating in the process and expects that there will be a substantial increase in sales in the subsequent period. Some orders are in hand for production at the balance sheet date as disclosed in note 13c.

2 STATEMENT OF COMPLIANCE AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or Directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of said directives take precedence.

Amendments to published standards and new interpretations effective in current year

The following standards, interpretations and amendments in approved accounting standards are effective from current accounting period;

IFRS 7 – "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the disclosure requirements of IAS 32 – "Financial Instruments: Disclosure and Presentation". The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.

IAS 29 – "Financial Reporting in Hyperinflationary Economies" (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in hyperinflationary economies and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 13 – "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 – "IAS 19- The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction" (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such asset. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

IFRIC 4 – "Determining whether an Arrangement contains a Lease" (effective for annual periods beginning on or after 1 January 2006) and IFRIC 12 – "Service Concession Arrangements" (effective for annual periods beginning on or after 1 January 2008). However, the application of these interpretations have been deferred by the Securities and Exchange Commission of Pakistan (SECP), through circular 21 of 2009 dated 22 June 2009, for all companies till 30 June 2010, subject to the following:

a) The relaxation is available to companies till the conclusion of their agreements entered on or before 30 June 2010 with the government or other authority.

b) The relaxation from IFRIC 4 and IFRIC 12 is applicable to all companies and is not restricted to power sector. In case of power sector companies, the relaxation is available only in case where letter of intent or approval was issued by the government on or before 30 June 2010. In other cases, the date of agreement with the government or the other authority would determine the entitlement to the deferment and the same would be available till the conclusion of the existing agreement.

c) The requirement of IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" is mandatory so that the investors / users of financial statements have knowledge about the results with and without the exemption.

However, the companies are encouraged to comply with the said interpretations but the fact of compliance shall be disclosed in their financial statements. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

The following International Financial Reporting Standards, International Accounting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them:

Revised IAS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing Costs (effective for annual periods beginning on or after 01 January 2009) removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Amendments to IAS 32 - Financial instruments: Presentation and IAS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) - Puttable financial instruments and obligations arising on liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a proata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

Amendment to IFRS 2 - Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

Revised IFRS 3- Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquire to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) Interest to be measured at either fair value, or at its proportionate Interest In the Identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes In ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss.

IFRS 8 - Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's .chief operating decision maker. in order to assess each segment's performance and to allocate resources to them.

IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 January 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.

IFRIC 16 - Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging Instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a Company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability Is discharged, this is recognized In equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

IFRIC 18 - Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged Items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.

IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces It with a requirement to present dividends as income In the separate financial statements of the Investor.

IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing Insurance contracts (an insurer) to disclose information about those contracts.

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

Amendments to IAS 39 and IFRIC 9 - Embedded Derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value.

Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). Currently effective IFRSs requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for free hold land, building on free hold land, plant and machinery and electric generator which are stated at revalued amounts and measurement of certain financial instruments at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee's retirement benefit and other obligations

Gratuity scheme

The Company operates an unfunded gratuity scheme covering all its permanent employees who have completed prescribed period of service. Provision is made annually to cover the liability under the scheme.

Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn salary.

3.2 Taxation

Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The tax charge as calculated above is compared with turnover tax under section 113 of the Income tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.3 Property, Plant and Equipment

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any, except free hold land which is stated at cost. Free hold land, buildings, plant and machinery and electric generator were revalued and are shown at such revalued figures and additions subsequent to that date are recorded at cost.

Exchange differences in respect of foreign currency transactions relating to fixed assets are incorporated in the cost of relevant assets.

Depreciation on additions is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

Leased

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under the lease are accounted for as liabilities. Depreciation charge is based on written down value method at the rates used for similar class of owned assets.

The finance charge is calculated at the rate implicit in the lease.

3.4 Capital work-in-progress

All costs/expenditures incurred on specific assets during the implementation period are carried under this head. These are transferred to property, plant and equipment as and when the assets are available for use.

3.5 Stores, spares and chemicals

Usable stores and spares are valued at moving average cost while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values and other charges paid thereon.

3.6 Stock-in-trade

These are valued at lower of cost and net realizable value. The cost is computed by using the following methods :

Raw & packing materials	:	moving average
Work in process	:	Prime cost plus an appropriate allocation of manufacturing overheads.
Finished goods	:	moving average
Scrap stocks	:	estimated net realizable value.
Stock-in-transit	:	cost comprising invoice values plus other charges paid thereon.

3.7 Trade debts and other receivables

Receivables are measured at original invoice amount less an estimate made for doubtful receivable balances based on the review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.8 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.9 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognizing of the financial assets and financial liabilities are taken to profit and loss account currently.

3.10 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle liability simultaneously.

3.11 Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

3.12 Foreign currencies

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at each period end are translated into rupees at the rates prevailing on the balance sheet date. Exchange differences are included in the profit and loss account for the year.

3.13 Borrowing cost

Borrowing costs are charged to profit and loss account in the year when they are incurred, except to the extent that they are directly attributable to the construction of a qualifying assets in which case they are capitalized as part of the cost of that assets.

3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term finances under mark up arrangements. In the balance sheet, finances under mark up arrangements are included in current liabilities.

3.15 Revenue recognition

Sales are recorded on dispatch of goods to the customers.

	2009 Rupees	2008 Rupees
4 ISSUED SUBSCRIBED & PAID-UP CAPITAL		
21,000,000 ordinary shares of Rs. 10/- each fully paid in cash (2008 : 21,000,000)	**210,000,000**	210,000,000

5 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of fixed assets carried out in the year 1998, 2001 and 2005 adjusted only by surplus realized on disposal if any of revalued assets, incremental depreciation arising out of revaluation.

	2009 Rupees	2008 Rupees
Surplus on revaluation :	**159,470,178**	174,862,698
- As at July 01		
- Transferred to retained earnings in respect of incremental depreciation charged during the year	**(11,428,946)**	(15,392,520)
- Increase in value of surplus during the year	**-**	-
- As at June 30	**148,041,232**	159,470,178
Related deferred tax :		
- As at July 01	**48,486,437**	53,873,819
- on Incremental depreciation charged during the year	**(4,000,131)**	(5,387,382)
- on increase in value of surplus during the year	**-**	-
- As at June 30	**44,486,306**	48,486,437
	103,554,926	110,983,741

6 LONG TERM LOAN FROM DIRECTOR

This represents un-secured long-term, interest free loan received from the Director Mr.Raza Al-Raee payable on the convenience of the Company.

7 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009	2008
Opening balance	**10,975,488**	18,195,088
Obtained during the year	**-**	-
Paid during the year	**(3,494,279)**	(6,282,852)
	7,481,209	11,912,236
Adjustment of security deposit	**-**	(936,748)
	7,481,209	10,975,488
Current portion		
- Current maturity	**(7,481,209)**	(6,038,801)
	(7,481,209)	(6,038,801)
	-	4,936,687

7.1

	2009			2008		
	Minimum lease payments	Mark up	Present value	Minimum lease payments	Mark up	Present value
Within one year	**2,753,832**	**177,159**	**2,576,673**	6,949,164	791,996	6,157,168
After one year but not more than five years	-	-	-	4,921,082	102,762	4,818,320
	2,753,832	**177,159**	**2,576,673**	11,870,246	894,758	10,975,488

7.2 Finance Lease-Signifiant terms and conditions

S.No.	Name of Leasing of Company	Installments			Date of Expiry	I. R. R.
		Frequency	Amount	Number		
	SALE AND LEASE BACK					
1	Orix Leasing Pakistan Limited	Quarterly	913,500	16	31 Aug 2009	15%
2	Saudi Pak Leasing Company Limited	Monthly	274,597	48	09 Dec 2009	15%

7.3 Lease arrangements do not impose any restrictions on the Company concerning dividends, additional debts and further leasing.

8 DEFERRED LIABILITY

	Note	2009 Rupees	2008 Rupees
Deferred taxation			
Debit balance arising in respect of:			
- Liability against asset subject to finance lease		**2,618,423**	3,841,424
- Gratuity		**2,925,504**	2,713,149
Trade Debts		**5,145,000**	-
- Minimum tax		**10,715,540**	11,814,865
		21,404,467	18,369,438
Credit balance arising in respect of:			
- Accelerated tax depreciation		**21,134,516**	24,226,460
- Surplus on revaluation of fixed assets		**44,486,306**	48,486,437
		65,620,822	72,712,897
		44,216,355	54,343,459
Staff Gratuity	8.1	**8,358,584**	7,751,857
		52,574,939	62,095,316

8.1 Staff Gratuity Fund

	2009 Rupees	2008 Rupees
Present value of the defined benefit obligation	**7,574,105**	7,910,090
Unrecognized actuarial (loss)/gain	**784,479**	-
Liability / (asset) recognized in the accounts	**8,358,584**	7,910,090
Expense recognized		
Current service cost	**901,818**	852,708
Interest cost	**791,009**	688,482
Expense recognized in the income statement	**1,692,827**	1,541,190
Reconciliation for the year		
Opening net (asset)/liability	**7,751,857**	7,802,590
Expense as above	**1,692,827**	1,541,190
Contribution paid	**(1,086,100)**	(1,591,923)
Closing net liability/(asset)	**8,358,584**	7,751,857
Discount rate	10% per annum	10% per annum
Expected rate of eligible salary increase in future years	9% per annum	9% per annum
Average expected remaining working life time of employees	10 years	10 years

		2009 Rupees	2008 Rupees

9 TRADE AND OTHER PAYABLES

		2009 Rupees	2008 Rupees
Creditors		**84,628,425**	58,388,215
Accrued liabilities		**15,700,357**	13,489,885
Associated undertaking	9.1	**73,506,833**	50,189,460
Workers' Profit participation fund	9.2	**-**	612,159
Unclaimed Dividend		**2,294,232**	2,294,232
Withholding tax		**51,680**	22,842
Central Excise Duty		**767,497**	344,471
		176,949,024	125,341,264

9.1 This includes payable to Mr.Raza Al-Raee, Chief Executive, against acquisition of Al-Raee House amounting to Rs.14.25 million (2008: 14.25 million)

9.2 Workers' Profit Participation Fund

	2009 Rupees	2008 Rupees
Balance as at July 01,	**612,159**	21,604,583
Interest accrued during the year	**82,441**	851,261
	694,600	22,455,844
Allocation During the Year	**-**	612,355
Paid during the year	**(694,600)**	(10,984,191)
Waiver of Mark-up on Wppf.	**-**	(11,471,849)
	-	612,159

10 ACCRUED MARKUP

	2009 Rupees	2008 Rupees
Interest on loan- Associated Undertakings	**11,136,596**	3,381,051
Adjustment Interest receivable during the prior year	**-**	(1,418,473)
Accrued Markup- Running Finance	**3,839,696**	2,321,641
Bank Charges Paid During the Year	**-**	(159,262)
	14,976,292	4,124,957

11 SHORT TERM BORROWINGS

		2009 Rupees	2008 Rupees
FIM			
Soneri Bank Ltd.	11.1	**-**	19,066,233
NIB Bank	11.2	**-**	11,914,612
		-	30,980,845
Running finance			
KASB Bank Limited	11.3	**69,616,245**	69,780,636
KASB Bank Limited Cash Finance	11.3	**6,107,336**	-
Other Banks.		**1,859,675**	-
		77,583,256	69,780,636
		77,583,256	100,761,481

11.1 Soneri Bank Limited

The company obtained following credit facilities from Soneri Bank Limited

Finance For Imported Merchandize Under Pledge

Facility limit : Rs.100 million

Purpose : To finance procurement of raw material.

Markup : 6 months KIBOR +2.50 %

Margin : 10% excluding custom duties & Other taxes

Security : Pledge of Imported Raw Material
Personal Guarantee of two directors including Mr. Raza Al Raee.

Expiry : 30 Sept 2008

11.2 NIB Bank Limited

The company has obtained following credit facilities from NIB Bank Limited

Finance For Imported Merchandize Under Pledge

Facility limit : Rs.30 million

Purpose : To finance procurement of raw material.

Markup : 3 months KIBOR +1.5 % per annum payable on quarterly basis.

Security : Hypothecation charge over current assets, personal guarantee of Directors and pledge of imported goods.

11.3 KASB Bank Limited

The Company has obtained a running finance facility from KASB Bank Limited.

Running Finance Facility

Facility Limit : Rs. 70 million

Cash Finance Facility Limit: 6.7 million

Purpose : Working Capital Requirements

Mark up : 6 months KIBOR+3.5% p.a. with no floor no cap

Security : Ranking charge over all present & future movable assets and receivables

Margin : 25%

Letter of Credit - Sight

Facility Limit : Rs. 150 Million

Purpose : For Import of Raw Material

Repayment : Through customer's own sources on first presentation.

Security : Lien on import documents covering import of raw material.

Markup : As per Bank's schedule of Charges

	2009 Rupees	2008 Rupees
12 CURRENT PORTION OF NON CURRENT LIABILITIES		
Liability against assets subject to finance lease		
- Current maturity	**7,481,209**	6,038,801
	7,481,209	6,038,801

13 CONTINGENCIES & COMMITMENTS

a) Bank guarantee in respect of contracts for supply to customers as at June 30, 2009 amounting to Rs.34.57 million (2008: Rs.127.23 million).

b) During the year company filed a reference in Sindh High Court against demand of Rs. 1.510 Million raised by Custom Authority in respect of Custom Duty, Sales Tax & Federal Excise Duty on the ground that the Company is a commerical importer and not a manufacturer. The legal counsel of the Company is contesting the case and of the opinion that demand shall be set aside on merit.

c) The Company has contract on hand for manufacturing of Telephone Cables and Power Cables in year 2009-2010 amounting to Rs. 161.4 million.

14 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				Rate %	DEPRECIATION				Written down value as on June 30, 2009
	As on July 01, 2008	Inter transfer	Additions / (Deletions)	As on June 30, 2009		As on July 01, 2007	Inter transfer	For the Period	As on June 30, 2009	
TANGIBLE										
OWNED										
Land - free hold	24,060,045	-	-	24,060,045		-	-	-	-	24,060,045
Factory building on free hold land	49,470,251	-	-	49,470,251	10	12,142,434		3,595,121	15,737,555	33,732,696
Office premises(Al-Raee Houses)	52,500,000	-	-	52,500,000	10	10,697,635		4,026,074	14,723,709	37,776,291
Plant & machinery	248,998,624	-	-	248,998,624	10	62,011,518	-	18,009,123	80,020,641	168,977,983
Electric fittings	3,084,375	-	-	3,084,375	10	2,345,883		71,126	2,417,009	667,366
Furniture & fixture	3,023,563	-	-	3,023,563	10	1,949,782		103,418	2,053,200	970,363
Office equipment	1,998,101	-	112,000	2,110,101	10	527,119		147,203	674,322	1,435,779
		-					-			
Computer equipment	1,691,663	-	-	1,691,663	50	1,612,813		32,630	1,645,443	46,220
Tools and equipment	1,799,863	-	-	1,799,863	10	1,018,325		75,272	1,093,597	706,266
Telephone installations	206,708	-	-	206,708	10	111,210		9,198	120,408	86,300
Motor vehicles	16,057,693	-	-	16,057,693	20	7,134,826	-	1,655,136	8,789,962	7,267,731
		-					-			
Electric Generators	23,723,060	-	-	23,723,060	10	7,550,249	-	1,557,638	9,107,887	14,615,174
Forklifter	1,434,783	-	-	1,434,783	10	502,433		89,797	592,230	842,553
LEASED HOLD										
Motor Vehicle	-	-	-	-	20	-	-	-	-	-
Plant & Machinery	23,600,000	-	-	23,600,000	10	5,521,224	-	1,741,205	7,262,429	16,337,572
Rupees - June 30 '2009	451,648,729	-	112,000	451,760,729		113,125,451	-	31,112,939	144,238,390	307,522,339
Rupees - June 30 '2008	432,412,803		25,310,124 (2,619,500)	451,648,729		82,484,963		33,018,602 (2,378,114)	113,125,451	338,523,278
INTANGIBLE										
Computer Software	100,000		-	100,000	50	99,371		261	99,632	368

14.1 Depreciation for the period has been allocatedas follows.

	June 30, 2009	June 30, 2008
Cost of Goods Sold	**25,139,281**	26,200,786
Administration Expenses	**5,973,659**	6,817,816
	31,112,939	33,018,602

14.2

S.No.	Class of Fixed Assets	Element of Revaluation Surplus			TOTAL REVALUATION SURPLUS
		June 30, 1998	June 30, 2001	June 30, 2005	
1.	Land	1,157,273	720,182	19,060,045	20,937,500
2.	Factory Building	21,032,462	2,784,239	14,125,004	37,941,705
3.	Plant and Machinery	12,391,532	67,770,983	27,802,669	107,965,184
4.	Electric Generator	-	5,081,187	12,942,420	18,023,607
5.	Plant and Machinery-leased	-	-	26,100,613	26,100,613
		34,581,267	76,356,591	100,030,751	210,968,609

	2009 Rupees	2008 Rupees
14.3 CAPITAL WORK IN PROGRESS		
Civil work	**1,478,294**	3,357,970
Plant and machinery	**665,432**	17,142,630
	2,143,726	20,500,600
Less: Transfer to Plant & Machinery account	**-**	20,500,600
	2,143,726	-

15 STORES, SPARES AND LOOSE TOOLS

	2009 Rupees	2008 Rupees
Stores	**2,112,767**	2,378,872
Spares	**6,348,115**	6,342,242
Loose tools	**108,701**	122,622
	8,569,583	8,843,736

16 STOCK - IN - TRADE

	2009 Rupees	2008 Rupees
Raw material	**20,931,234**	47,191,337
Packing material	**1,635,329**	1,796,084
Work in process	**188,050,482**	163,186,501
	210,617,045	212,173,922

17 TRADE DEBTS

Debtors balances includes an amount of Rs.16.1 (2008:Rs. 30.08 million) which is considered good being due from Pakistan Telecommunication Company Limited (PTCL) having been deducted by said customer during the previous year on account of Liquidated Damages at the rate 10% of the invoice amount due to late delivery.

Company is of the opinion that amount will be recovered by them as delays in deliveries were caused by reasons beyond its control. It has accordingly submitted its application to PTCL for regularizing the late deliveries and refund of the amount so deducted. The customer has so for not responded to various requests of the Company for regularization of these amounts. Therefore the amount of Rs. 14.7 million out of Rs. 30.08 million pertaining to periods prior to year ended June 30, 2008 has been provided in these financial statements on prudent basis.

			2009 Rupees	2008 Rupees
18	**LOANS AND ADVANCES**			
	Loan to			
	- Employees		**1,657,864**	1,744,794
	- Associates		**2,000**	2,000
			1,659,864	1,746,794
	Advances - considered good			
	- Suppliers		**1,749,763**	2,539,783
	- Sales Tax		**1,205,288**	350,864
			2,955,051	2,890,647
			4,614,915	4,637,441
19	**TRADE DEPOSITS AND PREPAYMENTS**			
	Container Deposits		**3,705,562**	4,085,784
	Deposit with Lasbella Court	19.1	**675,000**	675,000
	Canteen deposit		**150,000**	150,000
	Rent deposit		**-**	408,000
	Prepayments		**165,905**	378,199
			4,696,467	5,696,983

19.1 This amount is deposited with Lasbella Court as bail for 23 employees involved in a brawl and were arrested near the factory in April, 2001. As the employees fled to their native villages upon release, the bail is deposited with the Court. On return of each employee the respective amount of bail against him is being retired.

		2009 Rupees	2008 Rupees
20	**OTHER RECEIVABLE**		
	L/G margin and L/C charges	**4,409,243**	11,400,325
	Others	**784,875**	9,034
		5,194,118	11,409,359
21	**CASH AND BANK BALANCES**		
	Cash in hand	**342,248**	79,214
	Cash at banks - current account	**925,088**	4,501,309
	- deposit account	**18,549**	18,550
		1,285,885	4,599,073
22	**SALES**		
	Sales	**146,533,996**	908,810,197
	Sales tax	**(20,038,837)**	(117,436,284)
	Federal excise duty	**(1,252,427)**	(7,829,084)
		125,242,746	783,544,829

		2009 Rupees	2008 Rupees
23 COST OF SALES			
Manufacturing expenses			
Raw material consumed	23.1	**140,247,297**	660,538,147
Packing material consumed	23.2	**1,361,995**	14,053,623
Store and spares consumed		**1,023,103**	2,224,128
Fuel, power and light		**5,662,303**	22,762,038
Salaries, wages and other benefits		**12,959,792**	20,875,888
Rent, rates and taxes		**231,400**	231,400
Insurance		**140,959**	583,083
Repairs and maintenance		**1,522,647**	3,978,915
Vehicles running		**1,032,645**	2,105,180
Printing and stationery		**246,130**	749,819
Telephone expenses		**62,500**	62,020
Depreciation		**25,139,280**	26,200,786
Others		**561,027**	1,173,277
		190,191,078	755,538,304
Work in process			
- Opening stock		**163,186,501**	122,569,065
- Closing stock		**(188,050,482)**	(163,186,501)
		(24,863,981)	(40,617,436)
Cost of goods manufactured		**165,327,097**	714,920,868
Finished goods			
- Opening Stock		**-**	-
- Closing Stock		**-**	-
		-	-
		165,327,097	714,920,868

23.1 Raw material consumed :

	2009 Rupees	2008 Rupees
Opening stock of raw material	**47,191,337**	60,622,350
- Purchases Raw materials	**114,456,874**	653,062,351
	161,648,211	713,684,701
Scrap sales	**(469,680)**	(5,955,217)
Closing stock of raw material	**(20,931,234)**	(47,191,337)
	140,247,297	660,538,147

23.2 Packing material consumed :

	2009 Rupees	2008 Rupees
Opening stock of packaging material	**1,796,083**	5,599,880
- Packing materials	**1,201,241**	10,249,827
	2,997,324	15,849,707
Closing stock of Packing Material	**(1,635,329)**	(1,796,084)
	1,361,995	14,053,623

			2009 Rupees	2008 Rupees
24	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		**7,662,078**	9,505,362
	Rent, rates and taxes		**687,040**	598,040
	Electricity, gas & other expenses		**936,872**	720,039
	Insurance		**814,954**	343,572
	Office maintenance		**392,827**	364,550
	Traveling, conveyance and entertainment		**2,155,852**	4,646,423
	Legal and professional		**304,520**	1,667,000
	Printing and stationery		**382,625**	908,641
	Postage, telegram, telephone and telex		**1,301,002**	1,209,234
	Subscriptions		**204,474**	956,079
	Depreciation		**5,973,659**	6,817,816
	Amortization of intangible asset		**261**	444
	Audit fee	24.1	**350,000**	350,000
	Others		**2,095,517**	2,582,867
			23,261,681	30,670,067
	24.1 Audit Remuneration			
	Auditors' Remuneration			
	- Audit fee		**200,000**	200,000
	- Special Reports and half yearly review		**150,000**	150,000
			350,000	350,000
			350,000	350,000
25	**SELLING AND DISTRIBUTION COST**			
	Carriage and forwarding		**1,251,405**	4,507,780
	"Bank charges on performance bonds, bid bonds, collection etc"		**263,197**	1,109,975
	Tender charges		**127,960**	259,055
	Advertising and sales promotion		**193,900**	738,159
	Others		**288,165**	308,751
			2,124,627	6,923,720
26	**FINANCE COST**			
	Markup on lease finance		**1,132,288**	1,894,631
	Exchange Loss		**(91,060)**	(84,736)
	Markup on Workers' Profit Participation Fund		**82,637**	851,261
	Markup on Associated loan		**9,180,021**	3,381,051
	Markup on short term finance		**20,213,947**	23,036,703
	Bank charges		**702,352**	959,924
			31,220,185	30,038,834

		2009 Rupees	2008 Rupees
27 OTHER INCOME / (CHARGES)			
Late Delivery Charges	27.1	**(16,850,274)**	-
Gain on sale of fixed assets		**-**	-
Mark-up from associated undertakings		**-**	
Waiver of WPPF Mark-up		**-**	11,471,849
		(16,850,274)	11,471,849

27.1 This represents amount written off during the year as refered to in detail in note 17.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	2009		2008	
	Chief Executive	Executives	Chief Executive	Executives
Basic salary	**773,032**	**1,034,483**	1,546,065	1,348,800
House rent	**347,865**	**465,517**	695,729	606,959
Conveyance allowance	**1,800**	**3,600**	3,600	7,200
Leave encashment	**-**	**250,000**	-	174,220
Utilities	**77,303**	**103,449**	154,606	134,880
Gratuity	**200,000**	**250,000**	200,000	174,220
Total	**1,400,000**	**2,107,049**	2,600,000	2,446,279
No. of persons	**1**	**2**	1	2

28.1 Company's owned and maintained cars have been provided to the Chief Executive, Director and two Executives.

29 TAXATION

The income tax assessments of the Company have been finalized upto and including the assessment year 2007.

30 RELATED PARTY TRANSACTIONS

Related parties comprises parent, subsidiary and associated companies, major shareholders, directors, companies with common directorship, key management staff and employees.

During the year company has under taken following transaction with its associated under taking which were entered into at arm's length prices using the comparable uncontrolled valuation method other than remuneration and benefits to executives under the terms of their employment.

- Balance outstanding due to Associate undertakings	**59,256,833**	35,939,460
- Balance outstanding due to Directors	**95,521,938**	86,708,370
- Rent charged to office premises	**-**	110,000
- Long term Loan received from director (interest free)	**10,459,000**	64,451,194
- Loan obtained from Agro Oil (Associate undertaking)	**24,663,033**	-
- Loan repaid to Agro Oil (Associate undertaking)	**3,345,660**	-
- Loan obtained from Plaza (Associate undertaking)	**2,000,000**	-

	2009 Rupees	2008 Rupees
31 EARNINGS PER SHARE		
Profit/(Loss) after tax	**(107,414,148)**	5,239,024
Number of ordinary shares	**21,000,000**	21,000,000
Earnings/(Loss) per share	**(5.11)**	0.25

32 PLANT CAPACITY

The capacity of plant of the Company is 2,500,000 core kilometers per annum. The company has started production of power Cables. The production capacity of power cables plant can not be determined as this depends on the relative proportions of the various sizes of cables and wires produced. Installation of Plant and machinery for this product line is not completed yet.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities reflected in the Financial Statements approximate to their fair values.

34 FINANCIAL RISK MANAGEMENT

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

- Capital Risk
- Credit Risk
- Liquidity Risk
- Market Risk

34.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The company finances its operations through equity, borrowings from Director (refer in note 6) and Associate undertakings (refer in note 9) and management of working capital through ready running finance lines with a view to maintaining an appropriate mix between various sources of finance.

34.2 Credit Risk

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

The carrying amount of financial assets represents the maximum credit exposure. To manage exposure to credit risk, the company applies credit limits to their customers. Cash is held only with banks with high quality credit worthiness.

	2009 Rupees	2008 Rupees
The maximum exposure to credit risk at the reporting date is as follows:		
Trade debts	**28,273,125**	57,934,873
Loans and advances	**4,614,915**	4,637,441
Trade deposits and prepayments	**4,696,467**	5,696,983
Other Receivables	**5,194,118**	11,409,359
Bank balances	**1,285,885**	4,599,073
	44,064,510	84,277,729
Maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is		
Corporate customers	**25,933,104**	54,719,084
Others	**2,340,021**	3,215,789
	28,273,125	57,934,873

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

	2009		2008	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Not past due	**-**	**-**	-	-
Past due 10 - 60 days	**11,687,386**	**-**	26,179,223	-
Past due 61days - 1 year	**-**	**-**	-	-
More than 1 year	**16,585,739**	**16,585,739**	31,755,650	30,080,724
Total	**28,273,125**	**16,585,739**	57,934,873	30,080,724

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors more than one year do not require any impairment except as provided in these financial statements, if any. None of the other financial assets are either past due or impaired.

34.3 Liquidity risk

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

Liabilities	Amount	Contractual	Up to one year	One month to three month	Three month to one year	One year to five years	Five years and above
				Rupees			
Trade and other liabilities	176,949,024	176,949,024	-	85,315,000	91,634,024	-	-
Accrued markup	14,976,292	14,976,292	-	14,976,292	-	-	-
Short term borrowings	77,583,256	89,220,744	77,583,256	-	-	-	-
Liablities against assets subject to finance lease	7,481,209	8,378,954	-	2,546,817	5,832,137	-	-
Long term loan from dierctor	95,521,938	95,521,938	-			95,521,938	
30-Jun-09	**372,511,719**	**385,046,952**	**77,583,256**	**102,838,109**	**97,466,161**	**95,521,938**	**-**
30-Jun-08	327,911,560	335,415,540	242,654,554	-	-	85,257,006	

34.4 Market risk

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

34.5 Currency risk

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

34.6 Exposure to currency risk

The Company is exposed to currency risk only on trade creditors for import of raw material which is dominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency is as follows:

	2009		2008	
	Rupees	**US Dollar**	Rupees	US Dollar
Creditors	**29,216,631**	**372,617**	243,082,121	3,529,731
Gross balance sheet exposure	**29,216,631**	**372,617**	243,082,121	3,529,731

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

Following are the significant exchange rate applied during the period:

	Average rates		**Balance sheet date rate**	
	2009	2008	**2009**	2008
	Rupees		**Rupees**	
US Dollars	**79.73**	63.35	81.30	68.20

Sensitivity analysis

A five percent strengthen / (weakening) of Rupee against US Dollar at 30 June would have increased / (decreased) equity and profit and loss account by Rs.2.921 million (2008: Rs.24.308 million). This analysis assumes that all other variables, in particulars interest rates, remaining constant. The analysis is performed on the same basis for 2008.

The effective interest/mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts Rs.0.8 million . This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

35 INTEREST RATE RISK

Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company has adopted appropriate policies to minimize its exposure to risk.

INTEREST RATE RISK EXPOSURE
Financial Assets and Financial Liabilities

	Interest / Markup bearing			Non - interest / Markup bearing			Total	
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	2009 Rupees	2008 Rupees
Financial Assets								
Long term deposits	-	-	-	-	3,423,550	3,423,550	**3,423,550**	**3,423,550**
Trade debts	-	-	-	28,273,125	-	28,273,125	**28,273,125**	**57,934,873**
Loans & Advances	2,000	-	2,000	4,612,915	-	4,612,915	**4,614,915**	**4,637,441**
Deposits	-	-	-	4,530,562	-	4,530,562	**4,530,562**	**5,318,784**
Other Receivable	-	-	-	5,194,118	-	5,194,118	**5,194,118**	**11,408,359**
Cash and bank balances	18,549	-	18,549	1,267,336	-	1,267,336	**1,285,885**	**4,599,073**
	20,549	-	**20,549**	**43,878,056**	**3,423,550**	**47,301,606**	**47,322,155**	**87,322,079**
Financial Liabilities								
Provision for gratuity	-	-	-	-	8,358,584	8,358,584	**8,358,584**	**7,751,857**
Liability against asset subject to finance lease	7,481,209	-	7,481,209	-	-	-	**7,481,209**	**10,975,488**
Short term borrowings	77,583,256		77,583,256	-	-	-	**77,583,256**	**100,761,481**
Loan from director	95,521,938		95,521,938			-	**95,521,938**	
Trade and other payables	59,251,925	-	59,251,925	117,697,099	-	117,697,099	**176,949,024**	**125,341,264**
	239,838,328	**-**	**239,838,328**	**117,697,099**	**8,358,584**	**126,055,683**	**365,894,011**	**244,830,090**
Balance sheet Gap	(239,817,779)	-	(239,817,779)	(73,819,043)	(4,935,034)	(78,754,077)	(318,571,856)	(157,508,011)

	2009	**2008**
Loans from associates	16.20% to 17.60%	13.20% to 14.50%
Liabilities against assets subject to finance lease	13.69% to 22.57%	13.69% to 22.57%
Short term borrowings	Kibor plus 1.5% to 3%	Kibor plus 1.5% to 3%

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 06, 2009 by the Board of Directors of the Company.

37 GENERAL

- Figures have been rounded off to the nearest rupee.

- Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison.

Chief Executive

Director

PTCL CABLES
Pakistan Telephone Cables Limited
In Technical Collaboration with Furukawa Electric Co. Ltd. of Japan

PATEREN OF SHAREHOLDING AS AT 30TH JUNE, 2009

Categories of Shareholders	Number	Shares held	Percentage
Director CEO & Other Spouse & Children			
Mr. Raza Abdul Aziz Al- Raee		4,268,714	
Mr. Aijaz Abdul Aziz Al- Raee		4,065,829	
Mr. Riyadh Abdul Aziz Al- Raee		4,048,529	
Mrs. Rabia Barkat Ali		714,000	
Mrs. Asma Hafeez Al- Raee		500	
Mrs. Sumiah Saeedurehman Al- Raee		500	
Mr. Abdullah s/o Raza Abdul Aziz Al -Raee		1,000	
	7	**13,099,072**	**62.37**
NBP & ICP			
M/s. National Bank of Pakistan		91,424	
M/s. National Bank of Pakistan		94,176	
Investment Corporation of Pakistan		300	
	3	**185,900**	**0.89**
Public Sector Comapnies		Nil	
Banks, DFI, Non Banking Finance Institution			
Bankers Equity		6000	
Bank Alfalah Limited		2000	
	2	**8,000**	**0.04**
Shareholders ten Percent or more voting interest in the Company			
Mr. Nisar Abdul Aziz Al- Raee	**1**	**3,601,028**	**17.15**
Indivials	**1504**	**3,998,900**	**19.04**
Others			
Perwaiz Trading Company Ltd.		71,100	
Pakistan Management & Service Ltd.		100	
Ismail Abdul Shakoor (Pvt)		2,500	
M.R Securitis (Pvt)		1,000	
HK Securities (Pvt) Ltd		1,000	
Time Securities (Pvt) Ltd		1,000	
M/S. Bawany Madina Foundation		16,000	
M/S.Madina Estate & Properties Ltd		9,700	
Pasha Securities (Pvt) Ltd		200	
Azee Securities (Pvt) Ltd		2,500	
Dervesh Securities (Pvt) Ltd		1,000	
Fairtrade Capital Securities (Pvt) Ltd		1,000	
	12	**107,100**	**0.51**
	1,529	**21,000,000**	**100.00**

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PATEREN OF SHAREHOLDING
FORM 34 U/S 236(1) & 464 OF COMPANIES ORDIANCE 1984
AS AT 30TH JUNE, 2009

Total No. of Shareholders	SHAREHOLDINGS From	To	Total Shares Held
1126	1	100	111,811
123	101	500	49,184
80	501	1000	74,906
133	1001	5000	352,099
32	5001	10000	230,800
10	10001	15000	124,500
5	15001	20000	85,500
3	20001	25000	72,500
2	25001	30000	58,500
1	30001	35000	35,000
1	45001	50000	50,000
2	55001	60000	116,900
1	70001	75000	70,500
1	75001	80000	76,500
2	90001	95000	185,600
1	105001	110000	107,000
1	710001	715000	713,500
1	2500001	2505000	2,502,600
1	3600001	3605000	3,601,028
1	4045001	4050000	4,048,029
1	4065001	4070000	4,065,329
1	4265001	4270000	4,268,214
1529			**21,000,000**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Financial Institutions	5	13,292,972	63.31
Individuals	1,512	7,599,928	36.19
Joint Stock Companies	12	107,100	0.51
	1,529	**21,000,000**	**100.00**

PTCL CABLES
Pakistan Telephone Cables Limited
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PROXY FORM

I,____

of ____

being a member of **Pakistan Telephone Cables Limited,** and a holder of ____ Ordinary Shares as per Share
(No. of Shares)
Register Folio No. ___________________________ and / or CDC Participant I.D. No. __________________________ and Sub Account No. _________________________

hereby appoint ____
(Name)

of ____

Who is also a member of Pakistan Telephone Cables Limited as my proxy to vote for me and my behalf at the 26th Annual General Meeting of the Company to be held on Saturday, November 28, 2009 at 11:00 Hours and any adjournment thereof.

Signed this ______________ day of ____________ 2009.

Signature on Rs. 5/= Revenue Stamp

WITNESSES:

1. Signature __________________
   Name __________________
   Address __________________
   ____
   CNIC or __________________
   Passport No. ________________

WITNESSES:

2. Signature __________________
   Name __________________
   Address __________________
   ____
   CNIC or __________________
   Passport No. ________________

Note :

1. The Proxy in order to be valid must be signed across a Five Revenue Stamp and should be deposited in the Registered Office of the Company or Share Registrar office not later than 48 hours before the time of Meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. CDC Shareholder and their Proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form.