

Pioneer Cables Limited

Annual Report 1999

Contents

Company Profile
Notice of Meeting
Chairman's Review
Directors' Report
Pattern of Shareholdings
10 Years at a Glance
Auditors' Report
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Accounts

Company Profile

Board of Directors	Mr. Said Ahmed (Chairman) Mr. Rashid Zakaria Bawany (Chief Executive) Mr. Zakaria A, Bawany Mrs. Mobina A. Dada Mr. Zahid Zaheer Dr. Amjadl Waheed (Nominee of NIT) Ms. Aaliya K, Dossa (Nominee of NIT)
Company Secretary	Mr. Asif A, Sattar
Chief Accountant	Mr. Vail Muhammad A, Rehman
Legal Adviser	Mr. Rao M, Shakir Naqshbandi Advocate
Bankers	Bank Al-Habib Ltd. Muslim Commercial Bank Ltd. Bank Al-Falah Ltd. Albaraka Islamic Bank B.S.C. (E.C.)
Auditors	Rahim Iqbal Rafiq & Co, Chartered Accountants
Registered Office	27/3/1, Mauza Bairut, Main RCD Highway, Hub Chowki, Distt: Lasbela, Balochistan. Phones: 0202-32360, 0202-33679 Fax: 0202-32369
Head / Sales Office	1001-Uni Towers, I.I. Chundrigar Road, P.O, Box 6643, Karachi- 74000, Pakistan, Phones: 2416511-14, 2410553, 2413528 Fax: (92-21) 2415815, (92-21) 2411804 E-Mail: pioneer@bawany.com WEBSITE: http://www.bawany.com
Lahore Office	24/25 Associated Chambers, Patiata Ground, Link Mcleod Road, Lahore, Phones: (042) 7235741 -43 Fax: (042) 7235712

Islamabad Office

3rd Floor, Ally Plaza,
44 West Blue Area,
Islamabad,
Tel/Fax: (92-51) 822915
Mobile: 0351-7356342

Notice of Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the Shareholders of Pioneer Cables Limited will be held on Monday the 27th December, 1999 at 2,00 p.m. at the Liaison Office of the Company at Uni Towers, 10th Floor, Room No. 1001, I.I. Chundrigar Road, Karachi to transact the following business:

1. To confirm the minutes of Eighteenth Annual General Meeting held on Thursday the 17th December, 1998.
2. To receive, consider and adopt the Statement of Accounts for the year ended June 30, 1999 together with the Reports of the Directors and Auditors thereon.
3. To approve cash dividend as recommended by the Directors.
4. To appoint Auditors for the ensuing year and to fix their remuneration, Messrs. Rahim Iqbal Rafiq & Co, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
5. To transact any other business which may legally be transacted at an Annual General Meeting with the permission of the Chair.

By Order of the Board

ASIF A. SATTAR
Company Secretary

Karachi: November 22, 1999

NOTES:

1. The Share Transfer Books of the Company will be closed from 27th December, 1999 to 3rd January, 2000 (both days inclusive), Transfers received in order at the Shares Department of the Company at Uni Towers, 10th Floor, Room No, 1001, I.I. Chundrigar Road, Karachi by close of business on 24th December, 1999 will be treated in time.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote on his/her behalf.
3. The instrument appointing a proxy, together with the power of attorney under which it is signed or a notariially certified copy thereof, should be deposited at the Liaison Office / Shares Department of the Company not less than 48 hours before the time of holding of the meeting.
4. The members are requested to advise the change in address, if any.

Chairman's Review

Dear Shareholders

On behalf of the Board, it gives me great pleasure to welcome you at the 19th Annual General Meeting of the Company.

Company's Performance:

During the year under review, the economy has remained under recession. It has been plagued with huge debts, deficits of trade and balance of payments and enormous balance of irrecoverable rupee assets.

In the six monthly review that I made in February this year, I had forecasted a marginal improvement in the year end results. This has come true and the sales for the year ending June 30, 1999 at Rs. 239 million are considerably higher than the Rs. 189 million achieved last year, and show a 26% growth, but still not enough to generate operating surplus for your Company.

At the operating level, your Company has posted a notional loss of Rs. 0.716 million against Rs. 24.5 million losses in the previous year. The situation at the pre-tax level is a little better reducing the loss to Rs. 87,860/- only, mainly due to non-operating income of Rs. 0,628 million.

Your Company has not made provision for debts amounting to Rs. 11,982 million outstanding since 1995, as it has instituted legal suits for recovery and has been granted decree and award in one case while another is in process. The auditors have also commented in their report in this matter.

The administration expenses have been contained and are lower than the previous year.

However, the selling expenses for the year are Rs. 3.7 million higher than last year. This is primarily due to change in the selling policy, whereby your Company has discontinued the distribution arrangement and adopted direct selling for the Karachi area. This necessitated additional advertising & promotional expenses for your Company of about Rs. 2.0 million, and also include advertising cost associated with ISO 9002 Certification and disseminating of this information, This will hopefully improve the acceptance of the products of your Company and will result in higher sales in future years. It gives me great pleasure to inform you that your Company has now been awarded. ISO 9002 Certification covering its full range of manufacturing facility including XLPE Cables upto 33 KV High Voltage Cables which is the highest electrical rating manufacturing and testing facility in Pakistan to cover ISO 9002 Certification. This achievement represents great stride towards our quality management and higher commitment of our of employees. Direct selling has also resulted in increase of additional costs associated with transportation and handling of products in the Karachi area. However, there has been a proportionately larger sale in the northern region, as a result of which the handling & cartage charges for the year have increased by about Rs. 1.0 million.

The financial charges are well contained and despite higher sales have reduced from Rs. 9.01 million to Rs. 7.74 million.

Despite a loss, your Company has to suffer a taxation burden of Rs. 1.2 million. This is as a result of the Government's policy to charge a minimum turnover tax, even to loss making companies.

Dividend:

Under the circumstances, although the operating results of the Company do not warrant payment of any dividend, your Board has however agreed to draw down in the reserves of the Company and pay a 5% dividend to the Shareholders.

Y2K Compliance:

The Company has taken appropriate steps to ensure that all the systems are Y2K complaint. Contingencies of adequate stock have also been taken care of to ensure uninterrupted operations.

Future Prospects:

Due to the prevailing uncertainty it is extremely difficult to forecast the future prospects of your Company.

The domestic economy has been in slumber because of poor domestic demand as a result of the large cuts in Government's development expenditure, and erosion of the purchasing power of the rupee. Large segments of the industry continue to operate inefficiently in our unjust taxation system which puts more burden of taxes on local manufacturing than on the corresponding imported product. The orders booked for products of your Company are marginally higher than the previous year.

Until such time as the business environment changes, the prospects of future growth for the products of your Company remain under pressure.

Staff & Valued Customers:

Our relationship with the employees at all level remains satisfactory, I wish to record the Company's appreciation to all our valued customers for the confidence and support reposed in us.

Karachi: November 22, 1999

Said Ahmed
Chairman**Directors' Report**

Your Directors are pleased to submit 19th Annual Report and 16th since the Company was listed on Stock Exchange of Pakistan, alongwith audited accounts for the year ended June 30, 1999 and the Auditors Report thereon:

The operating results of your Company are summarised below:

	June 30, 1999	June 30, 1998
	Rupees	Rupees
Loss before taxation	(87,860)	(24,210,817)
Reversal of provision for doubtful debts	--	1,500,000
Taxation		
Current- minimum tax	(1,202,465)	(954,082)
Prior years' refunds	--	5,168,000
	-----	-----
	(1,202,465)	4, 213, 918
Loss after taxation	(1,290,325)	(18,496,899)
Balance brought forward from last year	(30,167,892)	(11,670,993)
Transfer from General reserve	1,775,000	--
Proposed dividend @ 5% (1998: Nil)	(1,773,750)	--
Unappropriated balance carried forward	(31,456,967)	(30,167,892)

The present Auditors M/s. Rahim Iqbal Rafiq & Co., Chartered Accountants retire and offer themselves for re-appointment.

The Chairman's Review covering the significant activities of the Company is provided with this Annual Report.

The pattern of shareholdings is annexed.

Karachi: November 22, 1999

On behalf of the Board
RASHID ZAKARIA BAWANY
Chief Executive**Pattern of Shareholdings
As At June 30, 1999**

No. of Shareholders	Shareholding			Total Shares held	
217	1	to	100	5,700	
263	101	to	500	49,985	
77	501	to	1,000	49,935	
125	1,001	to	5,000	233,012	
12	5,001	to	10,000	76,479	
4	10,001	to	15,000	47,085	
3	15,001	to	20,000	51,857	
1	20,001	to	25,000	23,650	
2	25,001	to	30,000	53,362	
1	35,001	to	40,000	35,561	
2	55,001	to	60,000	117,942	
2	60,001	to	65,000	125,345	

2	90,001	to	95,000	184,243
1	105,001	to	110,000	106,048
1	110,001	to	115,000	112,821
2	130,001	to	135,000	264,804
1	145,001	to	150,000	147,661
1	155,001	to	160,000	156,197
1	235,001	to	240,000	237,988
1	375,001	to	380,000	379,646
1	1,085,001	to	1,090,000	1,088,179

720
=====-----
3,547,500
=====**CATEGORIES OF SHAREHOLDERS**

S. No.	Categories	Number	Shares held	Percentage
1	Individuals	702	1,434,525	40.43
2	Investment Compan	3	59,053	1.67
3	Insurance Companie	2	15,750	0.44
4	Joint Stock Compani	5	27,157	0.77
5	Financial Institution	4	1,128,577	31.81
6	Associated Compan	3	752,009	21.20
7	Charitable Institutio	1	130,429	3.68
		720	3,547,500	100.00

10 Years at a Glance

	1998-99	1997-98	1996-97	*1995-96	1994	1993	1992	1991	(Rs in '000) 1990	1989
Sales	238,952	189,532	330,166	772,297	358,729	300,157	247,878	312,480	316,850	292,046
Profit/(loss) after tax	(1,290)	(18,497)	(12,332)	15,269	10,709	6,026	2,737	11,027	12,089	10,226
Tangible fixed assets	71,246	75,880	81,917	65,962	63,891	65,750	69,861	73,898	60,058	61,577
Long term investment/ deposits	444	11,324	11,324	11,314	11,304	11,233	11,219	11,251	2,553	2,513
Working capital	82,980	2,925	17,199	47,132	42,824	35,886	35,791	32,606	50,596	47,818
Net assets employed	154,670	90,129	110,440	124,408	118,019	112,869	116,871	117,755	113,207	111,908
Issued Capital	35,475	35,475	35,475	35,475	33,000	33,000	33,000	33,000	33,000	33,000
Reserve and retained earnings	42,768	45,832	64,329	76,661	71,849	64,440	64,189	64,452	53,483	46,832
Shareholders' equity	78,243	81,307	99,804	112,136	104,849	97,440	97,189	94,452	86,483	79,832
Long term loans	67,622	--	1,768	3,310	8,174	10,910	15,102	18,679	23,576	29,106
Deferred liabilities	8,805	8,822	8,868	8,962	4,996	4,519	4,580	4,624	3,148	2,970
Capital employed	154,670	90,129	110,440	124,408	118,019	112,869	116,871	117,755	113,207	111,908

Financial ratios:

Current assets: Current liabilities	1.87:1	1.02:1	1.07:1	1.19:1	1.37:1	1.37:1	1.49:1	1.43:1	1.66:1	1.78:1
Turnover: Total assets	0.96:1	0.75:1	96:1	2.08:1	1.53:1	1.42:1	1.31:1	1.61:1	1.67:1	1.68:1
Long term loans: Equity	0.86:1	N.A	0.02:1	0.03:1	0.08:1	0.11:1	0.16:1	0.20:1	0.27:1	0.36:1
Earning/Share after tax Rs. Net earning/Rupee	N.A	N.A	N.A	4.30	3.25	1.83	0.83	3.34	3.66	3.10

of sales Rs.	N.A	N.A	N.A	0.02	0.03	0.02	0.01	0.04	0.04	0.04
Break up value/share Rs.	22.06	22.92	28.13	31.61	31.77	29.53	29.45	28.62	2,621	24.19
Net return on equity %.	N.A	N.A	N.A	13.62	10.21	6.18	2.82	11.67	13.98	12.81
Net return on capital employed %	N.A	N.A	N.A	12.27	9.07	5.34	2.34	9.36	10.68	9.14
Net return on total assets %	N.A	N.A	N.A	4.11	4.56	2.86	1.44	5.68	6.38	5.90
Cash dividend/share %	5.00	--	--	22.50	10.00	17.50	--	17.50	17.50	15.00
Bonus issue/share %	--	--	--	--	7.50	--	--	--	--	--

* Figures are for eighteen months ended June 30, 1996.

Auditors' Report to the Members

We have audited the annexed Balance Sheet of PIONEER CABLES LIMITED as at June 30, 1999 and the related Profit and Loss Account and Statement of Changes in Financial Position, (cash flow statement) together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, except for the financial effects of the matter referred to in Note No. 14.1 to the accounts which if charged the loss would be higher for the year by Rs. 11.982 million, the Balance Sheet and Profit and Loss Account and Statement of Changes in Financial Position, (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999; and of the Loss and Changes in Financial Position (cash flow position) for the year then ended, and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi:
Date: November 23, 1999

RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS

Balance Sheet As At June 30, 1999

	Note	1999 Rupees	1998 Rupees
SHARE CAPITAL AND RESERVES			

Authorized Capital 4,000,000 ordinary shares of Rs. 10/- each		40,000,000	40,000,000
Issued, subscribed and paid up capital	3	35,475,000	35,475,000
General reserve	4	74,225,000	76,000,000
Unappropriated loss		(31,456,967)	(30,167,892)
		78,243,033	81,307,108
LONG TERM LOANS	5	67,622,351	--
DEFERRED LIABILITIES			
Taxation		8,500,000	8,500,000
Staff gratuity		304,574	321,966
		8,804,574	8,821,966
CURRENT LIABILITIES			
Current maturity of long term loans		--	1,767,632
Short term finances	6	19,948,099	86,351,893
Creditors, accrued and other liabilities	7	71,341,429	74,922,799
Taxation		2,156,547	954,082
Proposed dividend		1,773,750	--
		95,219,825	163,996,406
CONTINGENCIES AND COMMITMENTS	8		
		249,889,783	254,125,480
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	9	53,563,699	58,108,349
Capital work-in-progress	10	17,682,246	17,771,999
		71,245,945	75,880,348
LONG TERM INVESTMENT	11	--	10,900,000
LONG TERM SECURITY DEPOSITS		444,355	424,355
CURRENT ASSETS			
Stores and spares	12	265,603	276,333
Stock-in-trade	13	74,145,351	48,107,363
Trade debts	14	85,074,491	93,602,645
Loans, advances, deposits, prepayments and other receivables	15	17,397,191	18,160,544
Cash and bank balances	16	1,316,847	6,773,892
		178,199,483	166,920,777
		249,889,783	254,125,480

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

SAID AHMED
Director and Chairman

RASHID ZAKARIA BAWANY
Director and Chief Executive

**Profit And Loss Account
For The Year Ended June 30, 1999**

	Note	1999 Rupees	1998 Rupees
Sales-Net	17	238,952,429	189,531,567

Cost of sales	18	212,433,688	188,488,575
Gross profit		26,518,741	1,042,992
Administration expenses	19	12,717,622	13,431,088
Selling expenses	20	6,780,657	3,057,706
Financial charges	21	7,736,401	9,011,026
		27,234,680	25,499,820
Operating loss		(715,939)	(24,456,828)
Other income	22	628,079	246,011
Loss before taxation		(87,860)	(24,210,817)
Reversal of provision for doubtful debts/claims		--	1,500,000
		(87,860)	(22,710,817)
Taxation	23		
-- Current- minimum tax		(1,202,465)	(954,082)
-- Prior		--	5,168,000
		(1,202,465)	4,213,918
Loss after taxation		(1,290,325)	(18,496,899)
Appropriations:			
Transfer from General reserve		1,775,000	--
Proposed dividend 5% (1998: NIL)		(1,773,750)	--
		1,250	--
Unappropriated loss brought forward		(30,167,892)	(11,670,993)
Unappropriated loss carried forward		(31,456,967)	(30,167,892)

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

SAID AHMED
Director and Chairman

RASHID ZAKARIA BAWANY
Director and Chief Executive

Cash Flow Statement For The Year Ended June 30, 1999

Note	1999 Rupees	1998 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(87,860)	(22,710,817)
Adjustments for:		
Depreciation	6,071,555	6,558,162
Gain on disposal of operating fixed assets	(453,679)	(109,661)
Financial charges	7,736,401	9,011,026
Gain on sale of shares	(174,400)	--
Reversal of provision for doubtful debts/claims	--	(1,500,000)
	13,179,877	13,959,527
Operating profit / (loss) before working capital changes	13,092,017	(8,751,290)
Changes in working capital:		
Decrease / (Increase) in current assets		
Stores and spares	10,730	47,127
Stock-in-trade	(26,037,988)	25,670,264
Trade debts	8,528,154	55,800,228

Loans, advances, deposits, prepayments and other receivables	763,353	1,263,504
(Decrease)/Increase in current liabilities		
Creditors, accrued and other liabilities	588,941	(53,561,015)
	(16,146,810)	29,220,108
Cash generated from operations	(3,054,793)	20,468,818
Payment of tax	--	4,122,947
Payment of gratuity	(17,392)	(46,445)
Financial charges paid	(11,905,116)	(8,197,839)
	(11,922,508)	(4,121,337)
Net cash (used in) / from operating activities	(14,977,301)	16,347,481
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	801,000	260,000
Fixed capital expenditure	(1,784,473)	(671,697)
Proceed from sale of shares	11,074,400	--
Long term deposits	(20,000)	--
Net cash from / (used in) investing activities	10,070,927	(411,697)
	(4,906,374)	15,935,784
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing of long term loans	67,622,351	--
Repayment of long term loans	(1,767,632)	(1,542,000)
Dividends paid	(1,596)	(27,467)
Net cash used in financing activities	65,853,123	(1,569,467)
Net (decrease) / increase in cash and cash equivalents	60,946,749	14,366,317
Cash and cash equivalents at the beginning of the year	(79,578,001)	(93,944,318)
Cash and cash equivalents at the end of the year	24 (18,631,252)	(79,578,001)

SAID AHMED
Director and Chairman

RASHID ZAKARIA BAWANY
Director and Chief Executive

Notes To The Accounts For The Year Ended June 30, 1999

1. THE COMPANY AND ITS OPERATION

The Company is limited by shares incorporated in Pakistan on November 19, 1979 and quoted on Karachi & Lahore Stock Exchange. The principal activity of the Company is manufacturing and sale of cables, conductors and other allied items.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. a Basis for preparation

These accounts have been prepared in accordance with International Accounting Standards, as applicable in Pakistan.

Accounting Convention

The financial statements have been prepared under the historical cost convention,

2.2 Employees' Retirement Benefit

Gratuity Scheme

The Company operated an unfunded gratuity scheme upto the year 1990 covering its employees who completed prescribed qualifying period of service.

Provident Fund Scheme

The Company operates Provident Fund Scheme registered under the Income Tax Ordinance, 1979, for all its employees who are eligible for the benefit. Monthly contributions are made to cover obligations under the scheme.

2.3 Taxation

Current

Provision for current taxation is based on taxable income at current rates, after considering admissible tax credits, if any, or 0.5 percent of turnover, whichever is higher.

Deferred

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

2.4 Fixed Capital Expenditure

a. Operating assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation except lease hold land which is stated at cost.

Depreciation is charged to profit and loss account by applying reducing balance method at the rates specified in operating assets note.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

Minor renewals, replacements, maintenance, repairs and gain and loss on disposal of fixed assets are included in current year's profit & loss account. Major renewals and replacements are capitalized.

b. Capital work-in-progress

Capital work-in-progress is stated at cost and represents expenditure on fixed assets in the course of construction and installation, Transfers are made to relevant fixed assets category as and when assets become operative.

2.5 Long Term Investments

These are stated at cost. Provision for diminution in value of investment is made if such diminution is considered permanent.

2.6 Stores and Spares

These are valued as follows:

In hand	:	on moving average cost.
In transit	:	on cost comprising invoice value and other charges paid thereon upto the balance sheet date.

2.7 Stock-in-Trade

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

Raw and packing materials		on moving average basis
Work-in-process	:	at average manufacturing cost
Finished goods	:	at average manufacturing cost
Scrap stocks	:	at estimated realizable value
Stock-in-transit	:	at cost comprising invoice value plus expenses

incurred thereon upto the balance sheet date

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

2.8 Trade Debts

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

2.9 Revenue Recognition

-- Sales of products and services are recorded on delivery of products or performance of services.

-- Claims for cost escalation are recognized on actual receipt.

-- income from investment is credited to profit and loss account in the year in which it is received.

2.10 Foreign Currency Transactions

Assets and liabilities in foreign currencies are translated into Pak. Rupees at the rate of exchange prevailing at the date of balance sheet except those covered with the State Bank of Pakistan under forward exchange contract. Liabilities for import against L/C's are translated into Pak. Rupees at the rate of exchange prevailing at the date of preparation of balance sheet. Exchange gains or losses are included in current year's profit and loss account.

1999
Rupees

1998
Rupees

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

1998	1999		1999 Rupees	1998 Rupees
3,000,000	3,000,000	Ordinary Shares of Rs. 10/- each fully paid in cash	30,000,000	30,000,000
300,000	300,000	Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	3,000,000	3,000,000
247,500	247,500	Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	2,475,000	2,475,000
----- 3,547,500 =====	----- 3,547,500 =====		----- 35,475,000 =====	----- 35,475,000 =====

4. GENERAL RESERVE

Balance at the beginning of the year	76,000,000	76,000,000
Transfer to P & L appropriation account	(1,775,000)	--
	----- 74,225,000 =====	----- 76,000,000 =====

STATEMENT OF CHANGES IN EQUITY

	Share capital	General reserve	(Rupees in Thousands) Unappropriated (loss)/transfer	Total
Balance as at June 30, 1997	35,475	76,000	(11,671)	99,804
Loss for the year	--	--	(18,497)	(18,497)
	-----	-----	-----	-----
Balance as at June 30, 1998	35,475	76,000	(30,168)	81,307
Loss for the year	--	--	(1,290)	(1,290)

Transfer from General reserve	--	(1,775)	1,775	--
Proposed dividend	--	--	(1,774)	(1,774)
	-----	-----	-----	-----
Balance as at June 30, 1999	35,475	74,225	(31,457)	78,243
	=====	=====	=====	=====

5. LONG TERM LOANS**FOREIGN CURRENCY FROM PICIC**

Opening balance		1,767,632	3,309,632
Repaid during the year		(1,767,632)	(1,542,000)
		-----	-----
		--	1,767,632
Current maturity shown under current liabilities		--	(1,767,632)
		-----	-----
		--	--
From associated undertaking - interest free Pakistan Management & Services (Pvt.) Ltd.		67,622,351	--
		-----	-----
		67,622,351	--
		=====	=====
		1999	1998
		Rupees	Rupees

6. SHORT TERM FINANCES**Secured**

From Banks			
Morabaha Finance	(6.1)	10,000,000	8,000,000
Demand Finance	(6.2)	--	43,386,968
Running Finance	(6.3)	9,948,099	28,116,248
Documents against acceptance		--	6,133,326
		-----	-----
		19,948,099	85,636,542
		=====	=====

Unsecured

Interest free:			
From associated undertakings		--	715,351
		-----	-----
		19,948,099	86,351,893
		=====	=====

6.1 Morabaha Finance

The aggregate fund based limit is Rs. 10 million (1998: Rs. 10 million). Markup to be charged at the rate of 15.5% per annum (1998: 15.5% per annum).

6.2 Demand Finance

The aggregate fund based limit is Nil (1998: Rs. 43.4 million).

Mark-up is charged @ 14% per annum.

6.3 Running Finance

The aggregate fund based limit is Rs. 31.5 million (1998: Rs. 58.50 million). Mark-up on running finance is charged at the rate of 43 to 45 paisas per thousand rupees on daily product basis.

Securities

The above finances are secured by joint pari passu charge against hypothecation of current assets and lien over title of imported goods.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors			
-- Associated undertaking		48,351,330	54,946,767

-- Others	4,099,620	5,739,379
	-----	-----
	52,450,950	60,686,146
Accrued liabilities		
Mark-up on		
-- Short term finance - secured	--	4,168,715
Accrued charges	6,075,158	2,974,649
	-----	-----
	6,075,158	7,143,364
Other liabilities		
Unclaimed dividend	168,675	170,271
Withholding taxes	197,741	47,418
Workers' welfare fund	--	978,463
Others	12,448,905	5,897,137
	-----	-----
	12,815,321	7,093,289
	-----	-----
	71,341,429	74,922,799
	=====	=====

8. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Guarantees amounting to Rs. 12,579,953/- (1998: Rs. 15,771,578/-) given to Collector of Customs against partial exemption in import levies.

b) Bank and insurance guarantees amounting to Rs. 25,457,633/- (1998: Rs. 51,418,845/0 given to various parties for contract performance, tender bids etc.

Commitments in respect of:

LC's established for import of raw materials Rs. 17,305,478/- (1998: Rs. 3,204,794)

9. OPERATING FIXED ASSETS

Particulars	Cost			Rate %	Depreciation			Written Down Value As on 30-06-99
	As on 01-07-98	Additions/ (Deletions)	As on 30-06-99		As on 01-07-98	For the Year	As on 30-06-99	
Lease Hold Land	1,481,886	--	1,481,886	--	--	--	--	1,481,886
Factory Building								
on Lease Hold Land	22,459,131	--	22,459,131	10	13,487,475	897,166	14,384,641	8,074,490
Plant 8(Machinery	115,881,304	651,866	116,533,170	10	75,881,519	4,065,165	79,946,684	36,586,486
Office Premises	1,144,570	--	1,144,570	5	402,267	37,115	439.38	705,188
Furniture & Fixture	1,507,776	2,550	1,510,326	10	813,555	69,677	883,232	627,094
Electric Fittings	1,375,000	--	1,375,000	10	1,099,296	27,570	1,126,866	248,134
Office Equipments	4,010,087	169,290	4,179.38	10	1,953,038	222,634	2,175,672	2,003,705
Lab & Other Equipments	264,605	--	264,605	10	199.07	6.55	205,619	58,986
Fire Fighting Equipments	48,019	--	48.02	10	28,204	1,982	30,186	17.83
Sign Board	1,048,740	--	1,048,740	10	500,645	54,809	555,454	493,286
Fork Litter	2,076,581	--	2,076,581	10	1,054,433	102,215	1,156,648	919,933
Motor Vehicles	7,033,349	1,050,520 (1,328,905)	6,754,964	20	4,803,202 (981,504)	586,668	4,408,286	2,346,678
	-----	-----	-----	-----	-----	-----	-----	-----
Rupees- 1999	158,331,048	1,874,226 (1,328,905)	158,876,369		100,222,699 (981,584)	6,071,555	105,312,670	53,563,699
	-----	-----	-----	-----	-----	-----	-----	-----
Rupees- 1998	154,358,627	4,457,776 (485,355)	158,331,048		93,999,553 (335,016)	6,558,162	100,222,699	58,108,349
	=====	=====	=====	=====	=====	=====	=====	=====

9.1 Addition to Plant & machinery includes capitalization of capital work in progress amounting to

Rs. 89,753/- (1998: Rs. 3,955,832/-)

9.2 Depreciation for the year has been allocated as under '

	1999 Rupees	1998 Rupees
Cost of sales	5,100,651	5,594,960
Administration expenses	970,904	963,202
	-----	-----
	6,071,555	6,558,162
	=====	=====

9.3 Details of disposal of operating fixed assets

Particulars	Cast	Accumulated depreciation	Book Value	Sales proceeds	Profit/ (Loss)	Mode of disposal	Said to
Vehicles:							
Honda Integra Model 1987	598,045	485,169	112,876	350,000	237,124	Insurance Claim	Reliance Insurance Co, Ltd,
Suzuki FX Model 1987	87,000	80,274	6,720	31,000	24,274	Negotiation	Mr. Asif A. Sattar C-302, AI-Habib Aptt, Clifton, Karachi,
Nissan Sunny Model 1987	244,340	225,450	18,890	185,000	166110	Negotiation	Mr. Muhammad Zaheer Shoukat Bhatti 6-E, Plot No, 471, Orangi Town, Karachi.
Daewoo Racer Model 1993	366,125	178,669	187,456	225,000	37,544	Insurance Claim	Reliance Insurance Co. Ltd.
Motor Cycle Automac Safari Model 1996	33,395	12,022	21,373	10,000	(11,373)	Negotiation	Mr. Muhammad Sadiq Plot No. 1735/481, Baldia Town, Karachi,
Rupees - 1999	----- 1,328,905	----- 981,584	----- 347,321	----- 801,000	----- 453,679		
Rupees - 1998	485,355	335,016	150,339	260,000	109,661		

1999 Rupees	1998 Rupees
------------------------	------------------------

10. CAPITAL WORK-IN-PROGRESS

Plant and machinery	17,682,246	17,771,999
	=====	=====

11. LONG TERM INVESTMENT - AT COST

In associated undertaking Bawany Metals Limited - Unquoted 1,090,000 (1998: 1,090,000) ordinary shares of Rs. 10/- each Chief Executive: Mr. Zakaria A. Bawany	--	10,900,000
	=====	=====

12. STORES AND SPARES

Stores	232,973	230,953
Spares	32,630	45,380
	-----	-----
	265,603	276,333
	=====	=====

13. STOCK-IN-TRADE

Raw materials		24,918,951	23,319,503
Packing materials		629,605	266,166
Work-in-process		40,084,645	19,393,073
Finished goods		7,290,082	3,747,372
Others		1,222,068	1,381,249
		-----	-----
		74,145,351	48,107,363
		=====	=====

14. TRADE DEBTS - UNSECURED

Considered good	(14.1)	86,574,491	95,102,645
Less: Provision for doubtful debts / claims		(1,500,000)	(1,500,000)
		-----	-----
		85,074,491	93,602,645
		=====	=====

14.1 Included in the above are aggregate amounts equal to Rs. 11,982 million due from customers outstanding since 1995 against which the Company has instituted legal suits for recovery and has been granted decree and award in a case while others are under process.

The Company places its reliance on legal process and considers these debts as good, hence no provision has been made. Had the provision been made for these debts, the loss for the year would have been higher by Rs. 11.982 million.

14.2 No amount was due at the end of any month during the period from associated undertaking.

15. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances - unsecured

Considered good

-- Employees		223,662	218,950
-- Suppliers		92,880	1,455,258
--Income tax		3,718,987	3,448,258
-- Others		1,015,780	273,727
		-----	-----
		5,051,309	5,396,193

Deposits

-- Octroi, sales tax and excise duty		86,023	388,519
--------------------------------------	--	--------	---------

Prepayments		197,398	313, 371
-------------	--	---------	----------

Other receivables

-- Income tax refundable	(15.2)	12,062,461	12,062,461
		-----	-----
		17,397,191	18,160,544
		=====	=====

15.1 The maximum aggregate amount due from associated undertakings at the end of any month during the period was Nil (1998: Rs. 276,932/-).

15.2 This represents the refundable amount as worked out by the Company on the basis of completed assessment for the year 1997-98 as well as the appeal effect of the order passed by the Income Tax Appellate Tribunal for the assessment years 1988-89 to 1997-98.

16. CASH AND BANK BALANCES

In hand		248,426	180,147
With banks in:			
-- current accounts		1,068,421	6,593,745
		-----	-----
		1,316,847	6, 773,892

17. SALES - NET

Gross sales		291,888,099	229,747,526
Excise duty		13,805,795	15,756,206
Sales tax		37,589,314	23,174,952
Commission		1,540,561	1,284,801
		-----	-----
		52,935,670	40,215,959
		-----	-----
		238,952,429	189,531,567
		=====	=====

18. COST OF SALES

Raw and packing materials	(18.1)	210,159,960	161,718,032
Stores and spares		1,638,127	1,279,442
Salaries, wages and other benefits		12,931,627	11,934,193
Fuel, power and light		4,886,601	4,159,359
Rent, rates and taxes		220,304	149,212
Insurance		90,314	88,455
Repairs and maintenance		439,369	516,891
Vehicles running expenses		360,931	549,857
Depreciation	(9.2)	5,100,651	5,594,960
Others		840,086	871,232
		-----	-----
		236,667,970	186,861,633
Work in process			
-- Opening		19,393,073	20,162,307
-- Closing		(40,1184,645)	(19,393,073)
		-----	-----
		(20,691,572)	769,234
Cost of goods manufactured		215,976,398	187,630,867
Finished goods			
-- Opening		3,747,372	4,605,080
-- Closing		(7,290,082)	(3,747,372)
		-----	-----
		(3,542,710)	857,708
		-----	-----
		212,433,688	188,488,575
		=====	=====

18.1 Raw and Packing Materials Consumed

Opening stock			
-- Raw materials		23,319,503	46,214,435
-- Packing materials		266,166	669,596
-- Scrap		1,381,249	2,126,209
		-----	-----
		24,966,918	49,010,240
Purchases			
-- Raw materials		210,934,814	143,030,348
-- Packing materials		4,900,859	1,996,649
		-----	-----
		215,835,673	145,026,997
		-----	-----
		240,802,591	194,037,237
Closing stock			
-- Raw materials		24,918,951	23,319,503

-- Packing materials	629,605	266,166
-- Scrap	1,222,068	1,381,249
	-----	-----
	26,770,624	24,966,918
	-----	-----
Scrap sales	214,031,967	169,070,319
	(3,872,007)	(7,352,287)
	-----	-----
	210,159,960	161,718,032
	=====	=====

19. ADMINISTRATION EXPENSES

Salaries and other benefits	5,698,962	5,696,423
Directors' remuneration and fees	1,377,094	1,412,155
Rent, rates and taxes	73,064	73,063
insurance	203,776	191,674
Repairs and maintenance	190,904	216,187
Vehicles running	1,100,793	839,438
Entertainment	120,842	146,459
Travelling	387,898	746,331
Electricity and gas	319,934	648,567
Communications	969,829	895,014
Printing and stationery	282,325	263,392
Legal and professional	546,300	1,041,754
Fees and subscription	183,393	132,795
Donations (19.1)	200,000	100,500
Newspapers and periodicals	37,004	13,851
Audit fee	50,000	45,000
Depreciation (9.2)	970,904	963,202
Others	4,600	5,283
	-----	-----
	12,717,622	13,431,088
	=====	=====

19.1 Donations do not include payments to any institutions or fund in which any director or his spouse had any interest,

20. SELLING EXPENSES

Advertising and sales promotion	2,910,526	890,863
Performance bonds, cables jointing kits & other related expenses	1,230,232	1,214,286
Handling and cartage	1,850,061	818,045
Octroi on sales	789,838	134,512
	-----	-----
	6,780,657	3,057,706
	=====	=====

21. FINANCIAL CHARGES

Interest on long term loans	187,758	411,198
Mark-up on short term finances	7,431,668	8,462,533
Bank guarantee commission	2,050	--
Bank charges	114,925	75,011
Mark-up on refinance	--	62,284
	-----	-----
	7,736,401	9,011,026
	=====	=====

22. OTHER INCOME

Interest on loan to associated undertakings	--	40,350
Gain on disposal of operating fixed assets	453,679	109,661
Gain on sale of shares	174,400	--
Others	--	96,000

628,079	246,011
---------	---------

23. TAXATION

Income tax assessment of the Company has been finalized upto assessment year 1997-98 (Accounting year June 30, 1997)

The deferred tax liability determined as at June 30, 1999 was Rs. 8,604,024/- (1998: Rs. 8,531,868/-) against which provision of Rs. 8,500,000/- already exists in the accounts (1998: Rs. 8,500,000/-).

24. CASH AND CASH EQUIVALENTS

Cash and bank balances	1,316,847	6,773,892
Short term finances	(19,948,099)	(86,351,893)
	(18,631,252)	(79, 578, 001)

25. REMUNERATION OF DIRECTORS AND EXECUTIVES

	June 30, 1999		June 30, 1998	
	Directors	Executives	Directors	Executives
Meeting fees	3,000	--	3,500	--
Managerial remuneration	886,225	2,965,596	673,257	2,665,018
Other perquisites and benefits	487,869	1,645,276	735,398	1,331,130
Total	1,377,094	4,610,872	1,412.16	3,996,148
No. of Persons				
Meeting fees	4	--	5	--
Managerial remuneration	3	13	4	11

The Company for the purpose of its business has provided to its directors with free use Of Company owned and maintained cars and residential phones etc.

1999	1998
Rupees	Rupees

26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sale of goods including scrap	4,349,690	8,173,673
Purchases	158,766,811	117,176,978
Interest received on inter-company balances	--	40,350
Rent paid	60,000	60,000
Rent received	--	96,000
Net payments	165,362,248	144,065,564

27. CAPACITY AND PRODUCTION

The capacity and production of the Company's plant is not determinable due to production of various types and sizes of cables, wires and conductors etc.

28. EARNING PER SHARE - BASIC AND DILUTED

Net loss after tax	(1,290,325)	(18,496,899)
Weighted average number of ordinary shares	3,547,500	3,547,500
Earning per share	(0.36)	(5.21)

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

30. INTEREST RATE RISK EXPOSURE

(Figures in Rupees)

	Less than One Month	One month to one year	One Year and onward	Non-Interest bearing	Total
Financial Assets					
Long term Security Deposit	--	--	--	444,355	444,355
Trade Debts	--	--	--	85,074,491	85,074,491
Loans, Advances, Deposits & Other Receivables	--	--	--	17,199,793	17,199,793
Cash and Bank	--	--	--	1,316,847	1,316,847
	-----	-----	-----	-----	-----
	--	--	--	104,035,486	104,035,486
	=====	=====	=====	=====	=====
Financial Liabilities					
Long term Loans	--	--	--	67,622,351	67,622,351
Running Finance Creditors, Accrued & Other Liabilities	19,948,099	--	--	--	19,948,099
	--	--	--	71,260,110	71,260,110
	-----	-----	-----	-----	-----
	19,948,099	--	--	138,882,461	158,830,560
	=====	=====	=====	=====	=====
On Balance Sheet					
Gap(a)	(19,948,099)	--	--	(34,846,975)	(54,795,074)
	-----	-----	-----	-----	-----
	(19,948,099)	(19,948,099)	(19,948,099)	(54,795,074)	
	=====	=====	=====	=====	=====

(a) The On Balance Sheet Gap represents the net amounts of on balance sheet items.

(b) Effective rates of markup for financial liabilities are as follows:

	Rate of Interest
Short term Finances	Refer note 6.1 & 6.3

	1999 Rupees	1998 Rupees
	444,355	424,355
	85,074,491	93,602,648
	=====	=====

31. CREDIT RISK

The following financial assets of the company are exposed to credit risk

Long Term Deposits	444,355	424,355
Trade Debtors	85,074,491	93,602,648
	=====	=====

Major portion of credit to customers was subsequently realised.

32. OTHER INFORMATION

The Company do not foresee any impact of the year 2000 problem on its present computer system and on the records maintained as the equipment and software procured were Y2K Compliant.

33. FIGURES

-- Of previous year's have been reclassified and rearranged wherever necessary to facilitate comparison.

-- Have been rounded off to the nearest rupee.

SAID AHMED
Director and Chairman

RASHID ZAKARIA BAWANY
Director and Chief Executive

Let Us Fully Utilise The Energy We Have!

Energy needs to be brought to you safely and efficiently without current leakages and risk of short circuits.

Energy needs to be brought to you economically without recurring re-wiring costs and risk of increased power bills.

PIIONEER CABLES are energy efficient. A company devoted to product quality using Prime Grade Raw Materials and 99.9% pure Copper Rod. Every meter of cable manufactured is subject to stringent quality control tests to conform to international standards.

SURVEY: Samples Test of 3/.029 CU/PVC Market Survey.

	Standard	ST Value	Pioneer Cables	Brand X	Brand XX
1	Conductivity	100.00%	102.56	97.51	37.10
2	Resistivity	17.24	16.81	17.68	46.47
3	Cond. Resistance	13.76 Ohms/KM	12.90	13.57	35.66
4	Elog. PVC	125%	225	350	190
5	T/s PVC	12.5 N/sqmm	14.16	16.98	11.68
6	Overall Din	3.36 mm	3.50	3.50	3.65
7	Ins. Thick	0.889 mm	0.9-1.0	0.85-1.0	1.0-1.2
8	Lay Length,	40 to 47.7	42.0 R.H	103.0 R.H.	Straight
9	Dia of Strand	0.736 mm	0.74	0.72	0.71

COSTS : Brand xx/Brand x may cost less initially but increases Risk of damages and Current Leakages, causing continuous increased power bills and overload on our already scarce energy resources.

Make The Professionals Choice -- Your Choice