

Pioneer Cables Limited

Annual Report 2000

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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. Amjad Waheed (Nominee of N.I.T.)
Ms. Aaliya K. Dossa (Nominee of N.I.T.)

Company Secretary
Mr. Asif A. Sattar
Chief Accountant
Mr. Vali Muhammad A. Rehman
Legal Adviser
Mr. Rao M. Shakir Naqshbandi
Advocate

Bankers
Bank A1-Habib Ltd.
Muslim Commercial Bank Ltd.
Bank A1-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, Patiala Ground,
Link Mcleod Road, Lahore.
Phones: (042) 7235741 -43
Fax: (042) 7235712

Islamabad Office
Abbas Centre, Room No.12,
3rd Floor, 87 West Blue Area, Islamabad.
Tel/Fax: (92-51) 2822915
Mobile: 0303-7775553, 0303-7356342

NOTICE OF MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Shareholders of Pioneer Cables Limited will be held on Thursday the 21st December, 2000 at 3.00 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 Nineteenth Annual General Meeting held on Monday the 27th December, 1999.

2. To receive, consider and adopt the Statement of Accounts for the year ended June 30, 2000 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

ASIFA. SATTAR
Company Secretary

Karachi: November 14, 2000

Notes:

1. The Share Transfer Books of the Company will be closed from 21st December, 2000 to 2nd January, 2001 (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 20th December, 2000 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 notarially 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 to the 20th Annual General Meeting of the Company.

Company's Performance:

In the six monthly statement in February this year, I had predicted that the results of the second half of the year will be an improvement over the first half. This has indeed happened and the sales for the second half of the year are 40% more than the first half. The operating profit for the second half of the year is almost twice than that of the first half.

On an annual basis, the sales for the whole year at Rs. 306 million are considerably more than the Rs. 239 million achieved last year. The operating profit for the whole year at Rs. 11.387 million is substantially greater than the Rs. 7.0 million achieved last year. The administration and selling expenses have been contained at last year's level. The financial charges are almost half of those incurred in the previous year.

But for the need to provide Rs. 4.62 million for doubtful debts, the profit before tax for the year would have been Rs. 7.83 million. Although the Company has been able to get a decree from the Courts for this outstanding debt against a public quoted company, it could not be recovered as none of the assets of this company were free from encumbrances. Your Directors have therefore felt it prudent to provide for this doubtful debt and charge it against the year's profit.

Provision has not been made in the accounts for an overdue debt of another Rs. 6.378 million, which is also overdue since 1995 and relates to supplies made to yet another public company. The legal proceedings for the recovery of this amount have been instituted and have resulted in arbitration. The Company expects to get a favourable arbitration award and therefore no provision has been made for this amount in the accounts.

Had this provision been made the entire profit for the year would have been wiped out and resulted in a pretax loss of Rs. 3.173 million.

Despite very low profitability of Rs. 3.205 million your Company has had to suffer a minimum turnover tax of Rs. 1.543 million, leaving a surplus after taxation of Rs. 1.602 million only.

Dividend:

Your Directors propose not to draw down the reserve any further but to pay out all the earnings for the year. Hence a dividend of 4 1/2 % is being proposed

Meanwhile we must await better times for the investment environment in the Country to improve further. When this happens your Company will not be found lacking in its effort to secure the additional orders so badly needed.

Staff & Customers:

Our relationship with the employees at all level remains satisfactory.

To our valued customers, our message is that we appreciate their support and the confidence they have reposed in us.

Karachi: November 14, 2000

SAID AHMED
Chairman

DIRECTORS' REPORT

Your Directors are pleased to submit 20th Annual Report and 17th since the Company was listed on Stock Exchange of Pakistan, alongwith audited accounts for the year ended June 30, 2000 and the Auditors Report thereon:

The operating results of your Company are summarised below:

	<i>June 30, 2000</i>	<i>June 30, 1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit/(loss) before taxation	7,827,432	(87,860)
Provision for doubtful debts	(4,621,711)	--
Taxation		
Current	(1,543,619)	(1,202,465)
Prior	(59,780)	--
	-----	-----
	(1,603,399)	(1,202,465)
Profit / (loss) after taxation	1,602,322	(1,290,325)
Balance brought forward from last year	(31,456,967)	(30,167,892)
Transfer from General reserve	--	1,775,000
Proposed dividend @41/2% (1999: 5%)	(1,596,375)	(1,773,750)
Unappropriated balance carried forward	(31,451,020)	(31,456,967)

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.

On behalf of the Board

RASHID ZAKARIA BAWANY
Chief Executive

Karachi: November 14, 2000

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2000**

NO OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD	
250	1	to	100	7,163
258	101	to	500	50,465
73	501	to	1,000	48,323
121	1,001	to	5,000	225,694
13	5,001	to	10,000	84,799
4	10,001	to	15,000	48,915
4	15,001	to	20,000	68,469
2	20,001	to	25000	48,650
2	25,001	to	30000	53,362
1	35,001	to	40000	35,561
2	55,001	to	60000	117,642
2	60,001	to	65000	125,345
2	90,001	to	95000	184,243
1	105,001	to	110000	106,048
1	110,001	to	115,000	112,821
1	130,001	to	135000	130,429
1	150,001	to	155,000	153,186
1	155,001	to	160,000	156,197
1	235,001	to	240,000	237,988
1	460,001	to	465,000	464,021
1	1,085,001	to	1,090,000	1,088,179
-----			-----	-----
742			3,547,500	
=====			=====	

CATEGORIES OF SHAREHOLDERS

Categories	Number	Shares held	Percentage
Individuals	726	1,486,846	41.91
Investment Companies	3	58,753	1.66
Insurance Companies	2	15,750	0.44
Joint Stock Companies	4	25,136	0.71
Financial Institutions	4	1,128,577	31.81
Associated Companies	2	702,009	19.79
Charitable Institutions	1	130,429	3.68
	742	3,547,500	100.00

10 YEARS AT A GLANCE

	1999-2000	1998-99	1997-98	1996-97	*1995-96	1994	1993	1992	1991	1990
Sales	306,027	238,952	189,532	330,166	772,297	358,729	300,157	247,878	312,480	316,850
Profit/(loss) after tax	1,602	(1,290)	(18,497)	(12,332)	15,269	10,709	6,026	2,737	11,027	12,089
Tangible fixed assets	67,792	71,246	75,880	81,917	65,962	63,891	65,750	69,861	73,898	60,058
Long term investment/ deposits	444	444	11,324	11,324	11,314	11,304	11,233	11,219	11,251	2,553
Working capital	18,817	15,358	2,925	17,199	47,132	42,824	35,886	35,791	32,606	50,596
Net assets employed	87,053	87,048	90,129	110,440	124,408	118,019	112,869	116,871	117,755	113,207
Issued capital	35,475	35,475	35,475	35,475	35,475	33,000	33,000	33,000	33,000	33,000
Reserve and retained earnings	42,774	42,768	45,832	64,329	76,661	71,849	64,440	64,189	61,452	53,483
Shareholders' equity	78,249	78,243	81,307	99,804	112,136	104,849	97,440	97,189	94,452	86,483
Long term loans	--	--	--	1,768	3,310	8,174	10,910	15,102	18,679	23,576
Deferred liabilities	8,804	8,805	8,822	8,868	8,962	4,996	4,519	4,580	4,624	3,148
Capital employed	87,053	87,048	90,123	110,440	124,408	118,019	112,869	116,871	117,755	113,207

Financial ratios:

Current assets:										
Current liabilities	1.09:1	1.09:1	1.02:1	1.07:1	1.19:1	1.37:1	1.37:1	1.49:1	1.43:1	1.66:1
Turnover: Total assets	1.05:1	0.96:1	0.75:1	0.96:1	2.08:1	1.53:1	1.42:1	1.31:1	1.61:1	1.67:1
Long term loans: Equity	N.A	N.A	N.A	0.02:1	0.03:1	0.08:1	0.11:1	0.16:1	0.20:1	0.27:1
Earning/Share after tax Rs.	0.45	N.A	N.A	N.A	4.30	3.25	1.83	0.83	3.34	3.66
Net earning/Rupee of sales	Rs. 0.01	N.A	N.A	N.A	0.02	0.03	0.02	0.01	0.04	0.04
Break up value/share	Rs. 22.06	22.06	22.72	28.13	31.61	31.77	29.53	29.45	28.62	26.21
Net return on equity	% 2.05	N.A	N.A	N.A	13.62	10.21	6.18	2.82	11.67	13.98
Net return on capital employed	% 1.84	N.A	N.A	N.A	12.27	9.07	5.34	2.34	9.36	10.68
Net return on total assets	% 0.55	N.A	N.A	N.A	4.11	4.56	2.86	1.44	5.68	6.15
Cash dividend	% 4.50	5.00	--	--	22.50	10.00	17.50	--	17.50	17.50
Bonus issue	% --	--	--	--	--	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, 2000 and the related profit & loss account, cash flow statements of changes in equity together with the notes forming part thereof for the year then ended and we state that we 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, 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. 12.1 to the accounts which if charged the profit would be lesser for the year by Rs.6.378 million, the balance sheet, profit & loss account, cash flow statements 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 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 2000, and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible 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:

Dated: November 14, 2000

RAHIM IQBAL RAFIQ & COMPANY

Chartered Accountants.

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
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	74,225,000
Unappropriated loss		(31,451,020)	(31,456,967)
		78,248,980	78,243,033
DEFERRED LIABILITIES			
Taxation		8,500,000	8,500,000
Staff gratuity		303,886	304,574
		8,803,886	8,804,574
CURRENT LIABILITIES			
Short term finances	5	97,649,373	87,570,450
Creditors, accrued and other liabilities	6	101,107,710	71,341,429
Taxation		2,746,083	2,156,547
Proposed dividend		1,596,375	1,773,750
		203,099,541	162,842,176
CONTINGENCIES AND COMMITMENTS			
	7		
		290,152,407	249,889,783
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	8	67,791,956	53,563,699
Capital work-in-progress	9	--	17,682,246
LONG TERM SECURITY DEPOSITS			
		444,355	444,355
CURRENT ASSETS			
Stores and spares	10	376,932	265,603
Stock-in-trade	11	115,530,128	74,145,351
Trade debts	12	83,596,436	85,074,491
Loans, advances, deposits, prepayments and other receivables	13	22,125,463	17,397,191
Cash and bank balances	14	287,137	1,316,847
		221,916,096	178,199,483
		290,152,407	249,889,783

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, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Sales-Net	15	306,026,518	238,952,429
Cost of sales	16	274,973,875	212,433,688
		-----	-----
Gross profit		31,052,643	26,518,741
Administration expenses	17	14,440,498	12,717,622
Selling expenses	18	5,224,910	6,780,657
		19,665,408	19,498,279
		-----	-----
Operating profit		11,387,235	7,020,462
Financial charges	19	(3,822,835)	(7,736,401)
Other income	20	500,620	628,079
Provision for doubtful debts		(4,621,711)	--
		(7,943,926)	(7,108,322)
		-----	-----
		3,443,309	(87,860)
Workers' profit participation fund		172,165	--
Workers' welfare fund		65,423	--
		237,588	--
		-----	-----
Profit/(loss) before taxation		3,205,721	(87,860)
Taxation			
-- Current		1,543,619	1,202,465
- Prior		59,780	--
		1,603,399	1,202,465
		-----	-----
Profit / (loss) after taxation		1,602,322	(1,290,325)
		-----	-----
Appropriations:			
Transfer from general reserve		--	1,775,000
		(1,596,375)	(1,773,750)
		-----	-----
		(1,596,375)	1,250
Unappropriated loss brought forward		(31,456,967)	(30,167,892)
		-----	-----
Unappropriated loss carried forward		(31,451,020)	(31,456,967)
		=====	=====
Earning per share	25	0.45	(0.36)

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, 2000**

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	3,205,721	(87,860)
Adjustments for:		
Depreciation	7,830,191	6,071,555
Gain on disposal of operating fixed assets	(48,4661)	(4,53,679)
Financial charges	3,822,835	7,736,401
Workers' profit participation fund	172,165	--
Workers' welfare fund	65,423	--
Gain on sale of shares	--	(174,400)
Provision for doubtful debts	4,621,711	--
	-----	-----
	16,463,859	13,179,877
	-----	-----
Operating profit/(loss) before working capital changes	19,669,580	13,0923)17
Changes in working capital:		
Decrease / (Increase) in current assets		
Stores and spares	(111,329)	10,730

Stock-in-trade	(41,384,777)	(26,037,988)
Trade debts	(3,143,656)	8,528,154
Loans, advances, deposits, prepayments and other receivables	(7,687,984)	763,353
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	29,413,591	588,941
	(22,914,155)	(16,146,810)
Cash generated from operations	(3,244,575)	(3,054,793)
Refund of tax	2,054,369	--
Payment of gratuity	(688)	(17,392)
Financial charges paid	(3,822,835)	(11,905,116)
	(1,769,154)	(11,922,508)
Net cash (used in) / from operating activities	(5,013,729)	(14,977,301)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	67,000	801,000
Fixed capital expenditure	(4,394,736)	(1,784,473)
Proceed from sale of shares	--	11,074,400
Long term deposits	--	(20,000)
Net cash from / (used in) investing activities	(4,327,736)	10,070,927
	(9,341,465)	(4,906,374)
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing of short term loans	14,433,922	67,622,351
Repayment of long term loans	--	(1,767,632)
Repayment of short term loans	(4,355,000)	(66,403,794)
Dividends paid	(1,767,167)	(1,596)
Net cash used in financing activities	8,311,755	(5,50,671)
Net (decrease) / increase in cash and cash equivalents	(1,029,710)	(5,457,045)
Cash and cash equivalents at the beginning of the year	1,316,847	6,773,892
Cash and cash equivalents at the end of the year	287,137	1,316,847

SAID AHMED
Director and Chairman

RASHID ZAKARIA BAWANY
Director and Chief Executive

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

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. Basis of preparation

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

Accounting Convention

These 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 the 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

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 note 8.

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.

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 investments 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
Stock4n-transit	: at cost comprising invoice value plus expenses incurred thereon upto the balance sheet date

2.8 Trade Debts

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

2.9 Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred except those that are directly attributable to the acquisition of the fixed assets. The capitalisation of borrowing costs as part of the fixed assets commences when expenditure for the assets are being incurred, borrowing costs are being incurred and activity that are necessary to prepare assets for their intended use are in progress. Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the assets for their intended use are complete.

2.10 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.

2.11 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.

<i>2000</i>	<i>1999</i>
<i>Rupees</i>	<i>Rupees</i>

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

3,000,000 (1999: 3,000,000) Ordinary Shares of Rs. 10/- each fully paid in cash	30,000,000	30,000,000
547,500 (1999: 547,500) Ordinary shares of Rs.10/- each issued as bonus shares	5,475,000	5,475,000
	35,475,000	35,475,000

STATEMENT OF CHANGES IN EQUITY

	<i>Share capital</i>	<i>General reserve</i>	<i>Unappropriated Loss Profit / (Loss)</i>	<i>Total</i>
	<i>Rs. in '000'</i>	<i>Rs. in '000'</i>	<i>Rs. in '000'</i>	<i>Rs. in '000'</i>
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
Profit for the year	--	--	1,602	1,602
Proposed dividend	--	--	(1,596)	(1,596)
Balance as at June 30, 2000	35,475	74,225	(31,451)	78,249

4. GENERAL RESERVE

Balance	74,225,000	76,000,000
Transfer to P & L appropriation account	--	(1,775,000)
	74,225,000	74,225,000

2000
Rupees

1999
Rupees

5. SHORT TERM FINANCES**Secured:**

From Banks			
Morabaha Finance	(5.1)	10,000,000	10,000,000
Running Finance	(5.2)	4,478,646	9,948,099
Documents against acceptance	(5.3)	15,887,375	--
		30,366,021	19,948,099

Unsecured:

Associated company	(5.4)	67,283,352	67,622,351
		97,649,373	87,570,450

5.1 Morabaha Finance

The aggregate fund based limit is R~.10 million (1999:R~.10 million). Applicable mark-up rate ranges between 14.5% to 15.5% per annum (1999: 15.5% per annum).

5.2 Running Finance

The aggregate fund based limit is Rs. 10 million (1999: Rs. 31.5 million). Mark-up on running finances is charged at the rate of 15.695% per annum (1999: 15.695% -16.425% per annum).

5.3 Documents against acceptance

The aggregate limit of facilities is Rs. 50 million (1999:50 million).

5.4 Associated company

The loan represents the interest free facility extended by an associated company Pakistan Management and Services (Pvt) Limited.

Securities:

The above finances are secured as follows:

- Lien over title of imported goods.
- Registered hypothecation charge over movable and book debts for Rs.30 million.
- Registered pari passu hypothecation charge over current over current assets of the company for Rs 45 million.
- Registered hypothecation charge ranking 2nd over stocks of the company for Rs.10 million.

2000

1999

	<i>Rupees</i>	<i>Rupees</i>
6. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors		
- Associated undertaking	92,079,595	48,351,330
- Others	4,691,628	4,099,620
	-----	-----
	96,771,223	52,450,950
Accrued liabilities		
- Accrued charges	3,274,828	6,075,158
Other liabilities		
- Unclaimed dividend	175,258	168,675
- Withholding taxes	112,522	197,741
- Workers' welfare fund	173,942	--
- Workers' profit participation fund	172,165	--
- Others	427,772	12,448,905
	-----	-----
	1,061,659	12,815,321
	-----	-----
	101,107,710	71,341,429
	=====	=====

7. CONTINGENCIES AND COMMITMENTS**Contingencies**

- Guarantees amounting to Rs. 12,973,843/- (1999: Rs. 12,579,953/-) given to Collector of Customs against partial exemption in import levies.

- Bank and insurance guarantees amounting to Rs. 23,571,675/- (1999: Rs. 25,457,633/-) given to various parties for contract performance, tender bids etc.

Commitments in respect of:

- LC's established for import of raw materials RS. 22,231,930/- (1999: Rs. 17,305,478/-)

8. OPERATING FIXED ASSETS

Particulars	Cost			Rate	Depreciation			Written Down Value as on 30.06.2000
	Cost As on 01.07.99	Depreciation Additions/ (Deletions)	Value As on 30.06.2000		As on 01.07.99	For the Year	As on 30.06.2000	
Lease Hold Land	1,481,886	--	1,481,886	%	--	--	--	1,481,886
Factory Building								
on Lease Hold Land	22,453,131	1,120,241	23,573,372	10	14,384,641	919,473	15,304,114	8,275,258
Plant & Machinery	116,533,170	18,350,846	134,884,016	10	79,946,684	5,493,733	85,440,417	49,443,599
Office Premises	1,144,570	--	1,144,570	5	439,382	35,259	474,641	669,929
Furniture & Fixtures	1,510,326	4,200	1,514,526	10	883,232	63,129	946,361	568,165
Electric Fittings	1,375,000	--	1,375,000	10	1,126,866	24,813	1,151,679	223,321
Office Equipments	4,179,377	415,574	4,594,951	10	2,175,672	241,928	2,417,600	2,177,351
Lab & Other Equipments	264,605	--	264,605	10	205,619	5,899	211,518	53,087
Fire Fighting Equipments	48,019	--	48,019	10	30,186	1,783	31,969	16,050
Sign Boards	1,048,740	--	1,048,740	10	555,454	49,328	604,782	443,958
Fork Lifters	2,076,581	--	2,076,581	10	1,156,648	91,993	1,248,641	827,940
Motor Vehicles	6,754,964	2,186,121	8,818,336	20	4,408,286	902,853	5,206,924	3,611,412
		(122,749)				(104,215)		
Rupees- 2000	158,876,369	22,076,982	180,830,602		105,312,670	7,830,191	113,038,646	67,791,956
		(122,749)				(104,215)		
Rupees- 1999	158,331,048	1,874,226	158,876,369		100,222,699	(3,071,5)55	105,312,670	53,563,699
		(1,328,905)				(981.384)		
	=====	=====	=====		=====	=====	=====	=====

8.1 Addition to Plant & Machinery includes capitalization of capital work in progress amounting to Rs.17,682,246/- (1999: Rs.89,753/-)

8.2 Depreciation for the year has been allocated as under:

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Cost of sales	6,537,694	5,100,651
Administration expenses	1,292,497	970,904
	-----	-----
	7,830,191	6,071,555
	=====	=====

8.3 Details of disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sales proceeds	Profit / (loss)	Mode of disposal	Sold to
Vehicles:							
Suzuki Pick-up Model- 1991	122,749	104,215	18,534	67,000	48,466	Negotiation	Mr. Nusrat Iqbal S/o Mushtaq Ahmed

Rupees - 2000	122,749	104,215	18,534	67,000	48,466
Rupees - 1999	1,328,905	981,584	347,321	801,000	453,679

	2000	1999
	Rupees	Rupees

9. CAPITAL WORK-IN-PROGRESS

Plant and machinery	--	17,682,246
---------------------	----	------------

10. STORES AND SPARES

Stores	340,701	232,973
Spares	36,231	32,630
	376,932	265,603

11. STOCK-IN-TRADE

Raw materials	46,446,874	24,918,951
Packing materials	713,260	629,605
Work-in-process	60,867,837	40,084,645
Finished goods	5,855,495	7,290,082
Others	1,646,662	1,222,068
	115,530,128	74,145,351

12. TRADE DEBTS - UNSECURED

Considered good	(12.1)	83,596,436	85,074,491
Considered bad		6,121,711	1,500,000
		89,718,147	86,574,491
Less: Provision for doubtful debts		(6,121,711)	(1,500,000)
		83,596,436	85,074,491

12.1 Included in the above is an amount of RS.6.378 million (1999:Rs.11.982 million) due from a customer outstanding since 1995 against which the Company has instituted legal proceeding for recovery. 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 profit for the year would have been lesser by Rs. 6.378 million.

	2000	1999
	Rupees	Rupees

13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS**AND OTHER RECEIVABLES****Loans and advances- unsecured****Considered good**

(13.1)	405,740	--
- Employees	276,898	223,662
- Suppliers	230,505	92,880
- Income tax	2,684,410	3,718,987
- Others	532,304	1,015,780
	4,129,857	5,051,309

Deposits

- Octroi, sales tax and excise duty	7,462,849	86,023
I repayments	395,431	197,398

Other receivables

- Income tax refundable	10,137,326	12,062,461
	22,125,463	17,397,191

13.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs.438,750/- (1999: Nil)

14. CASH AND BANK BALANCES

In hand	52,323	248,426
With bank in:		
- current accounts	234,814	1,068,421
	287,137	1,316,847

15. SALES - NET

Gross sales		390,560,354	291,888,099
Excise duty		29,843,253	13,805,795
Sales tax		51,993,350	37,589,314
Commission		2,697,233	1,540,561
		-----	-----
		84,533,836	52,935,670
		-----	-----
		306,026,518	238,952,429
		=====	=====

16. COST OF SALES

Raw and packing materials	(16.1)	263,205,728	210,159,960
Stores and spares		2,383,524	1,638,127
Salaries, wages and other benefits		13,649,120	12,931,627
Fuel, power and light		6,097,995	4,886,601
Rent, rates and taxes		149,756	220,304
Insurance		89,642	90,314
Repairs and maintenance		380,262	439,369
Vehicles running expenses		495,915	360,931
Depreciation	(8.2)	6,537,694	5,100,651
Others		1,332,844	840,086
		-----	-----
		294,322,480	236,667,970
Work- in-process			
- Opening		40,084,645	119,393,073
- Closing		(60,867,837)	(40,084,645)
		-----	-----
		(20,783,192)	(20,691,572)
		-----	-----
Cost of goods manufactured		273,539,288	215,976,398
Finished goods			
-- Opening		7,290,082	3,747,372
- Closing		(5,855,495)	(7,290,082)
		-----	-----
		1,434,587	(3,528,710)
		-----	-----
		274,973,875	212,433,688
		=====	=====

16.1 Raw and Packing materials Consumed

Opening 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
Purchases			
-- Raw materials		280,213,261	210,934,814
-- Packing materials		7,722,912	4,900,859
		-----	-----
		287,936,173	215,835,673
Closing stock		314,706,797	240,802,591
- Raw materials		46,446,874	24,918,951
- Packing materials		713,260	629,605
- Scrap		1,646,662	1,222,068
		-----	-----
		48,806,796	26,770,624
		-----	-----
		265,900,001	214,031,9(37)
Scrap sales		(2,694,273)	(3,872,007)
		-----	-----
		263,205,728	210,159,960
		=====	=====

17. ADMINISTRATION EXPENSES

Salaries and other benefits		5,706,793	5,698,962
Directors' remuneration and fees		1,496,771	1,377,094
Rent, rates and taxes		73,031	73,064
Insurance		303,196	203,776
Repairs and maintenance		255,169	190,904
Vehicles running		1,036,454	1,100,793
Entertainment		78,512	120,842
Travelling		1,068,738	387,898
Electricity and gas		358,880	319,934
Communications		1,041,540	969,829
Printing and stationery		271,242	282,325
Legal and professional		341,050	546,300

Fees and subscription		836,195	183,393
Donations	(17.1)	203,000	200,000
Newspapers and periodicals		24,430	37,004
Audit fee		50,000	50,000
Depreciation	(8.2)	1,292,497	970,904
Others		3,000	4,600
		-----	-----
		14,440,498	12,717,622
		=====	=====

17.1 Donations do not include payments to any institution in which any director or his/her spouse had any interest.

18. SELLING EXPENSES

Advertising and sales promotion		808,093	2,910,526
Performance bonds, cables jointing kits & other related expenses		1,152,836	1,230,232
Handling and cartage		2,658,107	2,639,899
Bad debts expense		605,874	--
		-----	-----
		5,224,910	6,780,657
		=====	=====

19. FINANCIAL CHARGES

Interest on long term loans		--	187,758
Mark-up on short term finances		3,358,631	7,431,668
Bank charges		464,204	116,975
		-----	-----
		3,822,835	7,736,401
		=====	=====

20. OTHER INCOME

Gain on disposal of operating fixed assets		48,466	453,679
Gain on sale of shares		--	174,400
Mark-up on bank deposits		452,154	--
		-----	-----
		500,620	628,079
		=====	=====

21. TAXATION

Income tax assessment of the Company has been finalized upto assessment year 1998-99 (Accounting year June 30, 1998).

The deferred tax liability determined as at June 30, 2000 was Rs.10,246,360/- (1999: Rs. 8,604,024/-) against which provision of Rs. 8,500,000/- (1999: Rs. 8,500,000/-) already exists in the accounts.

22. REMUNERATION OF DIRECTORS AND EXECUTIVES

	June 30, 2000		June 30, 1999	
	Rupees		Rupees	
	Directors	Executives	Directors	Executives
Meeting fees	3,000	--	3,000	--
Managerial remuneration	913,440	3,067,684	886,225	2,965,596
Other perquisites and benefits	580,331	1,636,654	487,869	1,645,276
	-----	-----	-----	-----
	1,496,771	4,704,338	1,377,094	4,610,872
	=====	=====	=====	=====

No. of Persons

Meeting fees	3	--	4	--
Managerial remuneration	3	15	3	113

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.

	2000	1999
	Rupees	Rupees
23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Sale of goods including scrap	3,072,683	4,349,690
Purchases	184,105,596	158,766,811
Rent paid	60,000	60,000

24. 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.

25. EARNING PER SHARE - BASIC AND DILUTED

Net profit/(loss) after tax	1,602,322	(1,290,32,5)
Weighted average number of ordinary shares	3,547,500	3,547,500
Earning per share	0.45	(0.36)

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

liabilities is estimated to approximate their respective carrying amount.

27. INTEREST RATE RISK EXPOSURE

	<i>One year to five years</i>	<i>Upto one year</i>	<i>Five years and onward</i>	<i>Non-Interest bearing</i>	<i>Total</i>
Financial Assets					
Long term security deposit	--	--	--	444,355	444,355
Trade debts	--	--	--	89,718,147	89,718,147
Loans, advances, deposits & other receivables				19,045,622	19,045,622
Cash and bank	--	--	--	287,137	287,137
	--	--	--	109,495,261	109,495,261
Financial Liabilities					
Short term finance	30,366,021	--	--	67,283,352	97,649,373
Creditors, accrued & other liabilities	--	--	--	101,107,710	101,107,710
	30,366,021	--	--	168,391,062	198,757,083

(a) Please refer note 5 for effective rates of markup for financial liabilities.

28. CREDIT RISK

Credit risk is the risk faced when one party to a financial instrument fails to discharge its obligation and causes the other party to incur a financial loss. Out of total trade debtors of Rs.89.718 million the debtors amounting to Rs.22.903 million (1999: Out of Rs.86.575 million debtors amounting to Rs.22.908 million) are subject to credit risk.

29 NUMBER OF EMPLOYEES

Total number of employees as at year end were 182 (1999: 180)

30 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