

PIONEER CABLES LTD

Annual Reports 2002

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VISION STATEMENT

To be an internationally recognised and preferred supplier of Wires, Cables and Conductors.

MISSION STATEMENT

PIONEER'S mission is to produce and supply quality Wires, Cables and Conductors and to remain oriented towards total satisfaction of its customers in a cost effective manner so as to maintain its position as a preferred supplier of its quality products with a focused strategy towards timely delivery and best service to its valued customers,

COMPANY PROFILE

Board of Directors

Mr. Zakaria A. Bawany	(Chairman)
Mr. Rashid Zakaria Bawany	(Chief Executive)
Mrs. Mobina A. Dada	
Mr. Zahid Zaheer	
Mr. Vali Muhammad A. Rehman	
Mr. Muhammad Ayub	(Nominee of N.I.T.)
Sayed Muzafar Ali Shah	(Nominee of N.I.T.)

Audit Committee

Mr. Zakaria A. Bawany (Chairman)
Mrs. Mobina A. Dada
Mr. Vali Muhammad A. Rehman
Sayed Muzafar Ali Shah

Company Secretary

Mr. Asif A. Sattar

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.G.)

Auditors

Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
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 22nd Annual General Meeting of the Shareholders of Pioneer Cables Limited will be held on Thursday the 24th October, 2002 at 4.30 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 21st Annual General Meeting held on Thursday the 20th December, 2001

2. To receive, consider and adopt the Statement of Accounts for the year ended June 30, 2002 together with the Reports of the Directors and Auditors thereon.
3. To appoint Auditors for the ensuing year and to fix their remuneration. Messrs. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.
4. To transact any other business which may legally be transacted at an Annual General Meeting with the permission of the chair.

By Order of the Board
Karachi: September 19, 2002

ASIF A. SATTAR
Company Secretary

Notes:

1. The Share Transfer Books of the Company will be closed from 24th October, 2002 to 31st October, 2002 (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 23rd October, 2002 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 22nd Annual General Meeting of the Company and to present Annual Report for the year ended June 30, 2002.

Company's Performance:

The industrial recession continued during the year. The cable industry as a whole is passing through difficult times due to numerous reasons. The two major clients of cable industry namely KESC and WAPDA are facing paucity of funds and the persistent sluggish activity in construction resulted in stiff competition and consequently, your Company could not fetch better prices of the products.

The results of your Company are highly unsatisfactory though sales of your Company registered an increase of 10%. The gross profit has declined to 1.53% as against 5.86% of last year. Administration expenses, selling expenses and financial charges have been contained. The Board of Directors has decided to make a provision for doubtful debts of Rs.7.15 million which have been outstanding since considerably long period. This year your Company has registered a pre-tax loss of Rs.17.7 million as against profit of Rs.0.23 million of last year. Despite these huge losses your

Company has to pay minimum turnover tax and as a result your Company ended at a post tax loss of Rs.19.81 million as against loss of Rs.1.58 million of last year.

Dividends:

Due to the accumulate losses, the Board of Directors has decided not to recommend any dividend this year.

Board of Directors:

Mr. Imran Hussain, the nominee of NIT resigned and Sayed Muzafar Ali Shah the second nominee of NIT has been co-opted in his place.

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing director and welcome the new director on the Board.

Future Prospects:

In my review of last year, I had mentioned that the cable industry is the only capital goods engineering industry, which is paying both sales tax and excise duty. There was expectation that the Government will withdraw the excise duty on cable industry in the recent budget, but unfortunately this did not happen.

The future of the cable industry remain uncertain. Your Company is facing losses since 1997 and has been continuously supported financially for its operations by an extended credit facility to the tune of Rs. 100 million from an associated undertaking and also by an interest free loan of more than Rs. 60 million from another associated company.

Owing to the insurmountable difficulties being faced by the Company, the management has sent a letter to the Karachi Stock Exchange expressing its desire for the delisting. Shareholders consent will be obtained before final decision in the matter.

Corporate Governance:

The Securities & Exchange Commission has spearheaded the Code of Corporate Governance to enhance transparency, visibility and credibility in the corporate sector. The code is being enforced through listing regulations of Karachi Stock Exchange (Guarantee) Limited. Accordingly, the Company has taken necessary steps to implement and follow these rules in its true essence.

In compliance with the listing regulations of the Stock Exchange (Code of Corporate Governance), the Board of Directors hereby declares that:

The financial statements for the year ended June 30, 2002, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

Proper books of accounts have been maintained.

Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2002 and accounting estimates are based on reasonable and prudent judgement.

International Accounting Standards (IAS), as applicable in Pakistan, have been followed

in preparation of financial statements and any departure there from has been adequately disclosed.

The system of internal control is sound and has been effectively implemented and monitored. The process of review will continue, and any weaknesses in controls will be removed.

There are no doubts upon the Company's ability to continue as a going concern. However, in view of the cumulative losses having exceeded the subscribed capital of the Company and diluted the reserves, the Company is facing some predicaments, which have been narrated in this report.

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

The share holdings of the sponsor directors have been shown on a cumulative basis instead of individual basis.

Key operating and financial data for last ten years in summarized form is annexed. Outstanding taxes and levies:

There are not outstanding taxes and levies other than those disclosed in note no. 20.

The value of Provident Fund investments based on unaudited accounts is Rs. 11,331,9457- (2001:audited Rs.9,421,537/-)

During the year three (3) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Name of Directors	No. of meetings Attended
Mr. Zakaria A. Bawany (Chairman)	1
Mr. Rashid Zakaria Bawany (Chief Executive)	3
Mrs. Mobina A. Dada	3
Mr. Zahid Zaheer	3
Mr. Vali Muhammad A. Rehman	3
Mr. Imran Hussain (Nominee of N.I.T.)	1
Mr. Muhammad Ayub (Nominee of N.I.T.)	-

Karachi: September 19, 2002

ZAKARIA A. BAWANY
Chairman

DIRECTORS' REPORT

Your Directors present 22nd Annual Report and 19th since the Company was listed on Stock Exchange of Pakistan, alongwith audited accounts for the year ended June 30, 2002 and the Auditors Report thereon:

The operating results of your Company are summarised below:

	June 30 2002 Rupees	June 30 2001 Rupees
Profit / (loss) Before Taxation	10,539,146	227,497
Provision for doubtful debts	7,148,373	-
Taxation		
Current	1,989,514	1,812,269
Prior	129,974	-
	211,488	1,812,269
Loss After Taxation	19,807,007	1,584,772
Balance brought forward from last year	33,035,792	31,451,020
Unappropriated balance carried forward	52,842,799	33,035,792

The present Auditors Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, 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

Karachi: September 19, 2002

RASHID ZAKARIA BAWANY
Chief Executive

10 YEARS AT A GLANCE

	2001-2002	2000-2001	1999-2000	1998-99	1997-98	1996-97	1995,96*	1994	1993	1992
Sales	394,735	359,071	306,027	238,952	189,532	330,166	772,297	358,729	300,157	247,878
Profit/floss) after tax	19,807	1,585	1,602	1,290	18,497	12,332	15,269	10,709	6,026	2,737
Tangible fixed assets	55,614	61,040	67,792	71,246	75,880	81,917	65,962	63,891	65,750	69,861
Long term Investments / Deposits	485	470	444	444	11,324	11,324	11,314	11,304	11,233	11,219
Working capital	9,530	23,931	20,413	15,358	2,925	17,199	47,132	42,824	35,886	35,791
Net assets employed	65,629	85,441	88,649	87,048	90,129	110,440	124,408	118,019	112,869	116,871
Issued capital	35,475	35,475	35,475	35,475	35,475	35,475	35,475	33,000	33,000	33,000
Reserve and retained earnings	21,382	41,189	44,370	42,768	45,832	64,329	76,661	71,849	64,440	64,189
Shareholders' equity	56,857	76,664	79,845	78,243	81,307	99,804	112,136	104,849	97,440	97,189
Long term loans	-	-	-	-	-	1,768	3,310	8,174	10,910	15,102
Deferred liabilities	8,772	8,777	8,804	8,805	8,822	8,868	8,962	4,996	4,519	4,580
Capital employed	65,629	85,441	88,649	87,048	90,129	110,440	124,408	118,019	112,869	116,871

Financial ratios:

Current assets:

Current liabilities	1.04:1	1.11:1	1.10:1	1.09:1	1.02:1	1.07:1	1.19:1	1.37:1	1.37:1	1.49:1
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Turnover: Total assets	1.41:1	1.15:1	1.05:1	0.96:1	0.75:1	0.96:1	2.08:1	1.53:1	1.42:1	1.31:1	
Long term loans; Equity	N.A	N.A	N.A	N.A	N.A	N.A	0.02:1	0.03:1	0.08:1	0.11:1	0.16:1
Earning/Share after tax	-5.58	-0.45	0.45	-0.36	-5.21	-3.48	4.3	3.25	1.83	0.83	
Net earning / Rupee of sales	N.A	N.A	0.01	N.A	N.A	N.A	0.02	0.03	0.02	0.01	
Break up value/share I	16.03	21.61	22.51	22.06	22.9	28.13	31.61	31.77	29.53	29.45	
Net return on equity	N.A	N.A	2.01	N.A	N.A	N.A	13.62	10.21	6.18	2.82	
Net return on capital employed	N.A	N.A	1.81	N.A	N.A	N.A	12.27	9.07	5.34	2.34	
Net return on total assets	N.A	N.A	0.55	N.A	N.A	N.A	4.11	4.56	2.86	1.44	
Cash dividend	-	-	-	5	-	-	22.5	10	17.5	-	
Bonus issue	-	-	-	-	-	-	-	7.5	-	-	

* Figures are for eighteen months ended June 30 1996

Statement of Compliance with Best Practices of Corporate Governance

The Company is in process of implementing all facets of the Code of Corporate Governance issued by the Karachi Stock Exchange and Lahore Stock Exchange and the Board feels pleasure in stating that provisions of the code, relevant for the year ended June 30, 2002, have been duly complied with.

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 as applicable to the Company for the year ended June 30, 2002 prepared by the Board of Directors of Pioneer Cables Limited, to comply with the Listing Regulation No.37 of the Karachi and Lahore Stock Exchanges (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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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, 2002.

Karachi:

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ

Dated: September 25, 2002

Chartered Accountants

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PIONEER CABLES LIMITED as at June 30, 2002

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 included examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in note 2.3 with which we concur;

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

and

(iii) the business conducted, 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, the balance sheet, profit and 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 2002, 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.

Karachi:

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ

Dated: September 19, 2002

Chartered Accountants.

BALANCE SHEET AS AT

Notes

2002
Rupees

2001
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		74,225,000	74,225,000
Unappropriated loss		52,842,799	33,035,792
		56,857,201	76,664,208

DEFERRED LIABILITIES

Taxation		8,500,000	277,347
Staff gratuity		272,397	8,500,000
		8,772,397	8,777,347

CURRENT LIABILITIES

Short term finances	4	863,560,597	100,556,863
Creditors, accrued & other liabilities		125,836,103	122,239,667
Taxation		1,989,514	4,558,353
		214,176,214	227,354,883

CONTINGENCIES AND COMMITMENTS

	6	279,805,812	312,796,438
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The annexed notes form an integral part of these financial statements.

JUNE 30, 2002

		2002 Rupees	2001 Rupees
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	7	55,614,312	61,040,293
		485,355	469,855
CURRENT ASSETS			
Stores and spares	8	1,118,931	494,840
Stock in trade	9	123,315,463	131,450,599
Trade debts	10	86,898,073	101,500,508
Loans, advances, deposits, prepayments and other receivables	11	11,098,542	15,865,179
Cash and bank balances	12	1,275,136	1,975,164
		233,706,145	251,286,290
		279,805,812	312,796,438

RASHID ZAKARIA BAWANY
Director and Chief Executive

MOBINA A.DADA
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2002**

	Note	2002 Rupees	2001 Rupees
Sales-Net	13	394,735,308	359,070,548
Cost of sales	14	388,676,786	338,019,368
Gross profit		6,058,522	21,051,180
Administration expenses	15	13,761,626	14,560,379
Selling expenses	16	5,496,446	7,938,086
		19,258,072	22,498,465
Operating loss		13,199,072	1,447,285
Financial charges	17	1,473,332	2,762,909
Other Income		4,133,736	4,454,552
Provision for doubtful debts		7,148,373	-
		4,487,969	1,691,643
		17,687,519	244,358
Workers' profit participation fund		-	12,218
Workers' welfare fund		-	4,643
		-	16,861
Profit/(loss) before taxation		17,687,519	227,497
Taxation:			
- Current		1,989,514	1,812,269
- Prior		129,974	-
		2,119,448	1,812,269
Loss after taxation		19,807,007	1,584,772
Unappropriated loss brought forward		33,035,792	31,451,020
Unappropriated loss carried forward		52,842,799	33,035,792
Loss per share - Basic and diluted	19	5.58	0.45

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

RASHID ZAKARIA BAWANY

Director and Chief Executive

MOBINA A. DADA

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2002

	2002	2001
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	17,687,519	227,497
ADJUSTMENT FOR:		
Depreciation	6,470,661	6,926,993
Gain on disposal of operating fixed assets	-	172,614
Financial charges	1,473,332	2,762,909
Workers profit participation fund	-	12,218
Workers welfare fund	-	4,643
Provision for doubtful debts	7,148,373	-
	15,092,366	9,534,149
Operating profit/(loss) before working capital changes	2,595,153	9,761,646
Changes in working capital:		
Decrease/ (Increase) in current assets		
Stores and spares	624,091	117,908
Stock in trade	8,135,136	15,904,471
Trade debts	7,454,062	17,904,072
Loans, advances, deposits, prepayments and other receivables	616,151	6,395,636
	15,581,258	27,546,815
(Decrease)/ Increase in current liabilities		
Creditors, accrued and other liabilities	4,188,906	20,693,005
	19,770,164	6,853,810
	17,175,011	2,907,836
Cash generated from operations		
Taxes paid	537,842	307,516
Gratuity paid	4,950	26,539
Financial charges paid	2,065,467	2,167,490
	2,608,259	2,501,545
Net cash generated from operating activities	14,566,752	406,291

CASH FLOW FROM INVESTING ACTIVITIES

Proceeds from disposal of fixed assets	-	688,100
Fixed capital expenditure	1,044,680	690,815
long term deposits	15,500	25,500
Net cash used in investing activities	1,060,180	28,215
	13,506,572	378,076

RASHID ZAKARIA BAWANY
Director and Chief Executive

MOBINA A. DADA
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002**

	Share Capital	General Reserve	Unappropriate Loss Profit / (loss)	Total
	Rs. In '000'	Rs. In '000'	Rs. In '000'	Rs. In '000'
Balance as at June 30, 2000	35,475	74,255	31,451	78,249
Loss for the year	-	-	1,585	1,585
Balance as at June 30, 2001	35,475	74,225	33,036	76,664
Loss for the year	-	-	19,807	19,807
Balance as at June 30, 2002	35,475	74,225	52,843	56,857

RASHID ZAKARIA BAWANY
Director and Chief Executive

MOBINA A. DADA
Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2002**

1. THE COMPANY AND ITS OPERATIONS

The company is incorporated in Pakistan and quoted on Karachi & Lahore Stock Exchanges. It has sought delisting from these Stock Exchanges vide its letter no. PCL/18980 of 6th August, 2002. The principal activity of the company is manufacturing and sale of cables, conductors and allied items.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

Accounting Conventions

These financial statements have been prepared under the historical cost convention.

2.2 Employee's retirement benefits

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 obligation 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

During the period the company has changed the accounting policy of accounting for deferred taxation and has recognised net deferred tax debit balance at June 30, 2002. As per the previous accounting policy, the net debit balance of deferred tax was not recognised. The change in policy has been made to comply with the requirement of the revised International Accounting Standard 12: Income Taxes, which became applicable for financial statements covering periods beginning on or after January 1, 2002

There has been no effect of the change in accounting policy on the financial statements except as disclosed in note - 20.

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 by applying reducing balance method at the rates specified in note 7 except for computers which are depreciated by using the straight-line method over three years. Previously computers were depreciated using reducing balance method.

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

Minor renewals, replacements, maintenance, repairs and gains and losses on disposal of fixed assets are included in current years profit and 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 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 there
on upto the balance sheet date.

2.6 Stock-in-trade

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

Raw 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.

2.7 Trade debts

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

2.8 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 capitalization of borrowing costs as part of the fixed assets commences when expenditure of 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.

2.9 Revenue recognition

Sales are recorded on delivery of goods to customers.

2.10 Foreign currency translation

Assets and liabilities in foreign currencies are translated into 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 Rupees at the rate of exchange prevailing at the date of balance sheet. Exchange gains or losses are included in the current year's profit and loss account.

	2002	2001
	Rupees	Rupees
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
3,000,000 (2001: 3,000,000) ordinary shares of Rs 10/- each fully paid in cash	30,000,000	30,000,000
547,500 (2001:547,500) Ordinary shares ofRs 10/-		

each issued as bonus shares		5,475,000	5,475,000
		35,475,000	35,475,000

4. SHORT TERM FINANCES

Secured

From banks			
Morabaha finance	4.1	-	10,000,000
Running finance	4.2	2,539,962	16,214,418
Documents against acceptance	4.3	21,608,902	8,489,094
		24,148,764	34,703,512

Unsecured

Associated company	4.4	62,201,833	65,853,351
		86,350,597	100,556,863

4.1 Morabaha Finances

The aggregate fund based limit is nil (2001 :Rs 10 million). Applicable mark-up rate is nil (2001:14.50%)

4.2 Running finance

The aggregate fund based rate limit is Rs 20 million (2001 :Rs 20 million). Applicable mark-up rate ranges between 13% to 14.50% per annum (2001: 14.5% to 15.695% per annum).

4.3 Documents against acceptance

The aggregate limit of facilities is Rs 60 million (2001: 50 million).

4.4 Associated company

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

Securities:

The above finances except from associated Company are secured as follows:

- Lien over title of imported goods.
- Registered hypothecation charge over movable and book debts each for Rs.30 million.

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

- Associated undertaking		113,460,177	109,209,663
- others		3,701,911	1,432,910
		117,367,088	110,642,573

Accrued Liabilities

- Mark-up on short term finance - secured		3,284	595,419
- Accrued charges		7,367,120	9,191,406

		7,370,404	9,786,825
Other liabilities			
- Unclaimed dividend		173,760	174,094
- Withholding taxes		60,210	122,780
- Worker welfare fund		178,585	178,585
- Workers profit participation fund (5.1)	5.1	-	12,218
- Others		891,056	1,322,592
		1,303,611	1,810,269
		125,836,103	122,239,667

5.1 Workers' profit participation fund

At the beginning of the period		12,218	172,165
Allocation for the period		-	12,218
		12,218	184,383
Amount paid to the fund		12,218	172,165
Balance at the end of the year		-	12,218

6. CONTINGENCIES AND COMMITMENTS

Contingencies

-Guarantee amounting to Rs.2,380,563/-(2001: Rs.14,570,826/-) given to the Collector of Customs against partial exemption in import levies.

- Bank and insurance guarantees amounting to Rs.38,127,115/- (2001 :Rs.28,354,6227) given to various parties for contract performance, tender bids etc.

Commitments in respect of :

- Contracts established for import of raw materials Rs.8,729,624/- (2001: L/C's Rs.14,599,480/-)

7 OPERATING FIXED ASSETS

Particulars	Cost			Depriciation			Written Down	
	As At 1 July 2001	Additions / Deletions	As At 30 June 2002	As At 1 July 2001	For The Year	As At 30 June 2002	Value As At 30-Jun-02	rate %
Lease Hold Land	1,481,886	-	1,481,886	-	744,773		1,481,886	
Factory Building On LeaseHold	23,579,372	-	23,579,372	16,131,640	4,513,843	16,876,413	6,702,959	10%
Plant & Machinery	135,033,458		135,538,148	90,399,721	31,822	94,914	40,624,584	10%
Office Premises	1,144,570	504,690	1,144,570	508,137	54,685	539,959	604,611	5%
Furniture & Fixture	1,514,526	-	1,550,026	1,003,177	20,099	1,057,862	492,164	10%
Electric Fittings	1,375,000	35,500	1,375,000	1,174,011	175,334	1,194,110	180,890	10%
Office Equipments	3,831,772	-	3,925,922	2,172,585	222,242	2,347,919	1,578,003	10%
Computers	1,095,053	94,150	1,134,893	468,100	7,028	690,342	444,551	33.33%
Lab & Other Equipments	289,605	39,840	289,605	219,327	1,445	226,355	63,250	10%
Fire Fighting Equipments	48,019	-	48,019	33,574	51,656	35,019	13,000	10%
Sign Board	1,178,740	-	1,178,740	662,178	74,515	713,834	464,906	10%
Fork Lifter	2,076,581	-	2,076,581	1,331,435	573,219	1,405,950	670,631	10%

Motor Vehicles	8,049,716	370,500	8,420,216	5,554,120	6,470,661	6,127,339	2,292,877	20%
Rupees 2002	180,698,298	1,044,680	181,742,978	119,658,005	6,926,993	126,128,666	55,614,312	
Rupees 2001	180,830,603	823,120	180,698,298	307,634	6,926,993	119,658,005	61,040,293	
		690,815		113,038,646				

7.1 During the year, the management re-estimated the remaining economic life of the computers and has changed the method of depreciation and its rate of depreciation accordingly.

7.2 Depreciation for the year has been allocated as under:

	2002	2001
	Rupees	Rupees
Cost of sales		
Administration expenses		5,901,370
	5,361,703	
	1,108,958	1,025,623
	6,470,661	6,926,993

8. STORES AND SPARES

Stores	1,038,189	440,260
Spares	80,742	54,580

9. STOCK-IN-TRADE

Raw materials		
- in hand	70,122,357	62,353,006
- in transit	3,065,118	2,615,659
Packing materials	1,115,058	852,676
Work-in-process	45,870,953	60,143,640
Finished goods	2,227,269	4,340,814
Others	914,708	1,144,804
	123,315,463	131,450,599

10. TRADE DEBTS UNSECURED

Considered good	10.1	86,898,073	101,500,508
Considered bad		13,270,084	6,121,711
		100,168,157	107,622,219
Less: Provision for doubtful debts		13,270,084	6,121,711
		86,898,073	101,500,508

10.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs.711,930/- (2001: Rs.41,350/-).

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

**Loans & advances-unsecured
Considered good**

- Employees	504,585	302
- Suppliers	64,176	1,104,629
- Income Tax	1,702,941	4,319,762
- Others	848,226	584,867
	3,119,928	6,311,230

Deposits

- Sales tax and Excise duty	564,578	635,470
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Prepayments

	310,374	281,153
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Other receivables

- Income tax refundable	7,103,662	8,637,326
	11,098,542	15,865,179

12. CASH AND BANK BALANCES

In hand	74,588	122,376
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With banks in :

- Current accounts	1,200,548	1,852,788
	1,275,136	1,975,164

2002	2001
Rupees	Rupees

13. SALES-NET

Gross sales	505,034,752	460,231,471
Excise duty	40,000,092	36,536,277
Sales tax	67,131,808	61,241,307
Commission	3,167,544	3,383,339
	110,299,444	101,160,923
	394,735,308	359,070,548

14. COST OF SALES

Raw and packing materials (14.1)	333,344,560	299,907,524
Stores and spares	2,960,919	3,419,895
Salaries, wages and other benefits	18,340,842	15,855,263
Fuel, power and light	8,235,937	6,879,074
Rent, rates and taxes	166,290	161,211
Insurance	116,045	91,436
Repair and maintenance	1,234,021	690,118
Vehicles running expenses	1,023,080	899,820
Depreciation (7.2)	5,361,703	5,901,370
Others	1,507,157	1,974,779

372,290,554 335,780,490

Work in process

- Opening	60,143,640	60,867,837
- Closing	45,870,953	60,143,640
	14,272,687	724,197
Cost of goods manufactured	386,563,241	336,504,687

Finished goods

- Opening	4,340,814	5,855,495
- Closing	2,227,269	4,340,814
	2,113,545	1,514,681
	388,676,786	338,019,368

14.1 Raw and packing materials consumed

Opening Stock

- Raw materials	62,353,006	46,446,874
- Packing materials	852,676	713,260
- Scrap	1,144,804	1,646,662
	64,350,486	48,806,796

Purchases

- Raw materials	334,098,543	308,426,731
- Packing materials	7,047,654	7,024,483
	341,146,197	315,451,214
	405,496,683	364,258,010

Closing stock

- Raw materials	70,122,357	62,353,006
- Packing materials	1,115,058	852,676
- Scrap	914,708	1,144,804
	72,152,123	64,350,486
	333,344,560	299,907,524

15. ADMINISTRATION EXPENSES

2002 2001
Rupees Rupees

Salaries and other benefits	6,056,463	6,057,263
Directors' remuneration and fees	1,474,720	1,483,625
Rent, rates and taxes	194,333	85,000
Insurance	289,193	310,997
Repairs and maintenance	222,739	347,899
Vehicle running	960,875	1,089,809
Entertainment	80,111	121,230
Traveling	114,094	719,843
Electricity and gas	413,400	426,320
Communication	967,115	1,095,227
Printing and stationery	436,120	306,818
Legal and professional	606,275	626,940
Fees and subscription	274,368	458,345

Auditors' remuneration	79,000	78,000
Donations	455,000	300,000
Newspapers and periodicals	28,862	27,440
Depreciation	1,108,958	1,025,623
	13,761,626	14,560,379

15.1 Auditors' Remuneration:

Audit fee	75,000	75,000
Out of pocket expenses	40,000	3,000
	79,000	78,000

15.2 Donations do not include payments to any institution in which any director and their spouse had any interest.

16. SELLING EXPENSES

Advertising and sales promotion	639,315	1,322,898
Performance bonds, cable jointing kits & other related expenses	1,659,717	3,862,653
Handling and cartage	3,197,414	2,752,535
	5,496,446	7,938,086

17. FINANCIAL CHARGES

Mark up on short term finances	1,055,737	2,261,130
Bank charges	417,595	501,779
	1,473,332	2,762,909

18. OTHER INCOME

Gain on disposal of fixed assets	-	172,614
Interest income	247,709	1,253,795
Scrap sales	3,886,027	3,028,143
	4,133,736	4,454,552

19. LOSS PER SHARE-BASIC

Net loss after tax	19,807,007	1,584,772
Weighted average number of ordinary shares	3,547,500	3,547,500
Loss per share	5.58	0.45

20. TAXATION

Income tax assessment has been finalized up to assessment year 2001-2002 (Accounting year June 30, 2001).

Deferred tax liability determined as at June 30, 2002 was Rs.5,706,091/- (June 30, 2001:

Rs. 10,446,558/-) against which provision of Rs.8,500,000/-(June 30, 2001: Rs. 8,500, 000/-)

already exists in the accounts. Deferred tax asset on account of unused tax losses amounted to about Rs. 11.9 million has been recognized to the extent of expected relief and taxable temporary differences in arriving at the deferred tax liability.

21. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 30 2002			June 30 2001		
	Chief Executive	Directors	Executives	Chief Executives	Directors	Executives
Meeting Fees	-	2,000			3,000	
Managerial remuneration	660,000	264,500	4,552,491	660,000	265,500	3,993,809
Other perquisites and benefits	363,000	185,220	2,275,219	363,000	192,125	1,913,575
	1,023,000	451,720	6,827,710	1,023,000	460,625	5,907,384
No. of Persons	1	2	18	1	2	16

The Company for the purpose of its business has provided to its Chief Executive, Directors and certain Executives with free use of company owned and maintained cars and residential phones.

22. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sale of goods including scrap	4,291,660	3,445,242
Purchases	146,134,027	148,926,956
Rent paid	60,000	60,000

23. 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.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

25. INTEREST RATE RISK EXPOSURE

	Intrest Bearing			Non-Intrest Bearing	Total
	Upto One Year	One Year To Five Years	Five Years and Onwards		
Financial Assets					
Long term security deposits	-	-	-	485,355	485,355
Trade debts	-	-	-	86,898,073	86,898,073
Loans .advances, deposits & other receivables	-	-	-	1,416,987	1,416,987
Cash and bank	-	-	-	1,275,136	1,275,136

Rupees 2002	-	-	-	90,075,551	90,075,551
Rupees 2001	-	-	-	105,936,995	105,936,995
Financial Liabilities					
Short term finances	2,539,862	-	-	83,810,735	86,350,597
Creditors, accrued & other liabilities	-	-	-	125,775,893	125,775,893
Rupees 2002	22,539,862	-	-	209,586,628	212,126,490
Rupees 2001	26,214,418	-	-	196,459,332	222,673,750

Effective rates of mark up for short term finance 13% to 14.50% per annum.

26. 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.100.168 million the debtors amounting to Rs.14.631 million (2001: OutofRs. 107.622 million the debtors amounting to Rs.13.324 million) are subject to credit risk.

27. NUMBER OF EMPLOYEES

Total number of employees as at year end were 202 (2001: 165)

28. GENERAL

Figures of previous years have been reclassified and rearranged wherever necessary to facilitate comparison.

Figures have been rounded off to the nearest rupee.

RASHID ZAKARIA BAWANY

Director and Chief Executive

MOBINAA.DADA

Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30 2002

No. Of Shareholders	Shareholding			Total Shares Held
327	1	to	100	10,713
250	101	to	500	48,343
71	501	to	1,000	48,306
121	1,001	to	5,000	225,283
13	5,001	to	10,000	84,799
4	10,001	to	15,000	48,915
4	15,001	to	20,000	68,496
2	20,001	to	25,000	48,650
2	25,001	to	30,000	53,362
1	35,001	to	40,000	35,561
2	55,001	to	60,000	116,642
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
1	130,001	to	135,000	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
809				3,547,527

CATEGORIES OF SHAREHOLDERS

CATEGORIES	NUMBER	SHARES HELD	PERCENTAGE %
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	3	-	23.47
N.I.T AND I.C.P	2	-	32.29
NATIONAL BANK OF PAKISTAN TRUSTEE DEPT. H.O (NIT) - 1,088,179	-	1,088,179	30.67
INVESTMENT CORPORATION OF PAKISTAN (ICP)	-	57,517	1.62
DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN	11	-	20.26
EXECUTIVES	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES. MODARABAS. AND MUTUAL FUNDS	11	-	2.3
HABIB BANK LTD MECLEOD ROAD BR	-	11,825	0.33
HABIB BANK LTD HEAD OFFICE	-	2,365	0.07
NATIONAL IND-CO-OP FINANCE CORP	-	26,208	0.73
NAEEM'S SECURITIES (PVT) LTD	-	118	0.01
NAEEM INVESTMENT TRUST (PVT) LTD	-	118	0.01
ADAMJEE INSURANCE COMPANY LTD	-	10,750	0.3
GULF INSURANCE COMPANY LTD	-	5,000	0.14
PECTO (PAKISTAN) LTD	-	118	0.01
PERWAIZ TRADING CORP (PVT) LTD	-	16,662	0.47
NATIONAL DEVELOPMENT LEASING CORP	-	8,320	0.23
N.H. SECURITY (PVT) LTD	-	36	0
SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE COMPANY	-	-	-
INDIVIDUALS	782	769,029	21.68

809

3,547,500

100