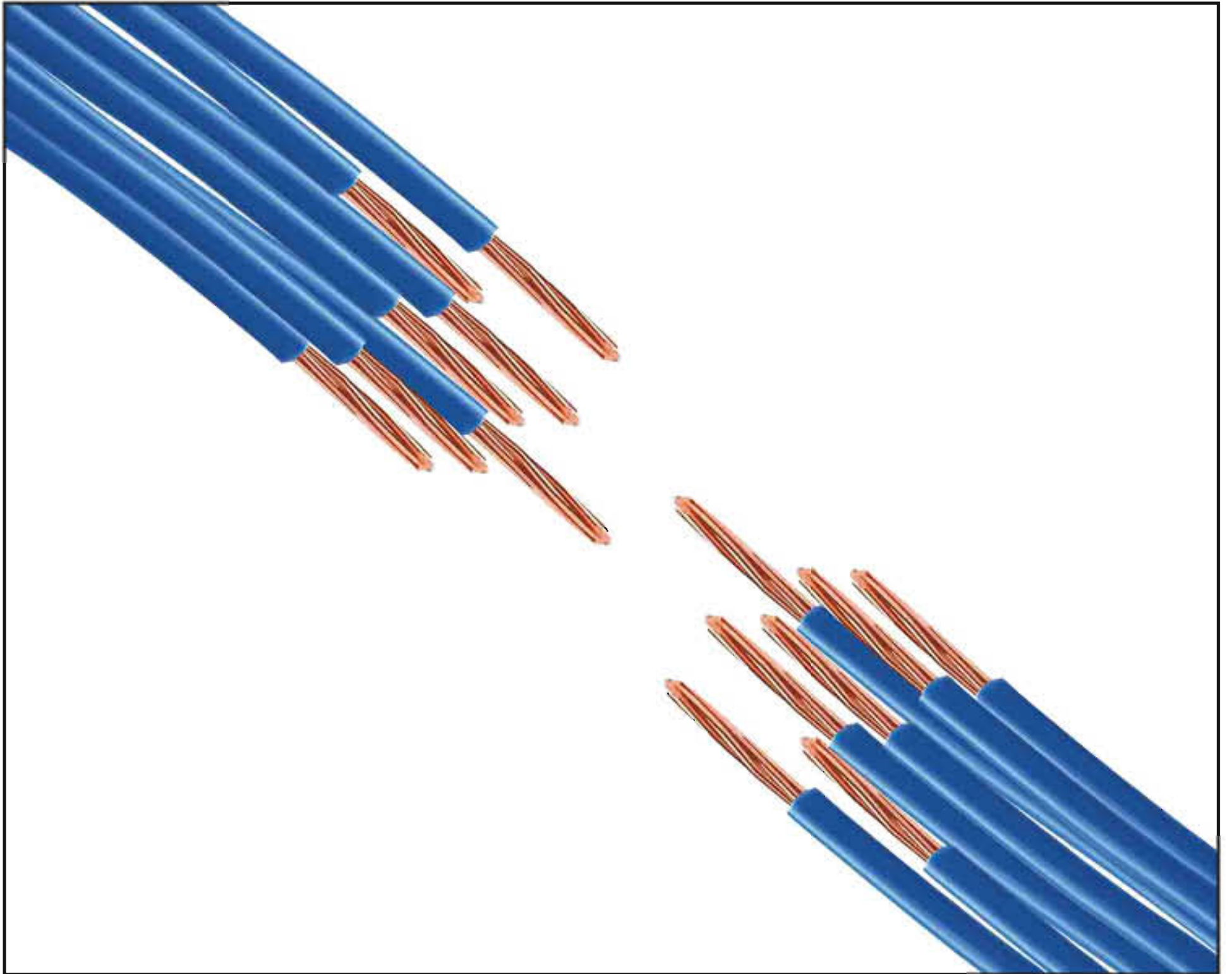


# ANNUAL REPORT 2007



Pakistan Cables Limited



Board of Directors .....	02
Company Information .....	03

### ABOUT US

Vision .....	06
Mission .....	07
Statement of Ethics and Business Practices .....	09
Journey Over The Years .....	10

### OUR PRODUCTS

Wires & Cables .....	15
Alum-Ex .....	17
Copper Rod .....	19

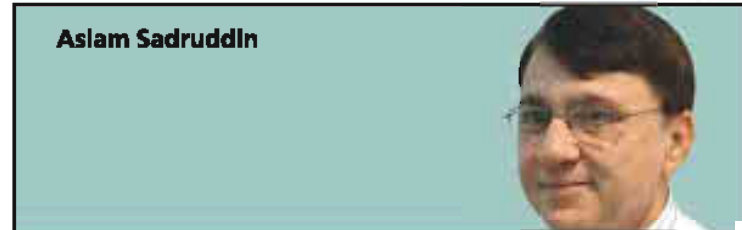
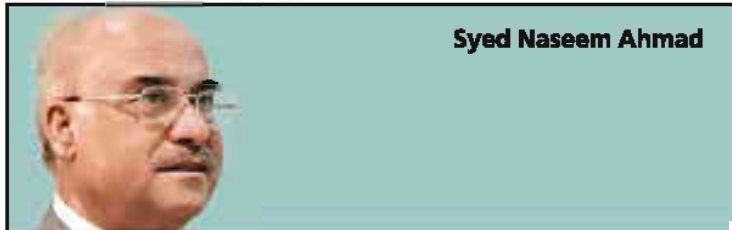
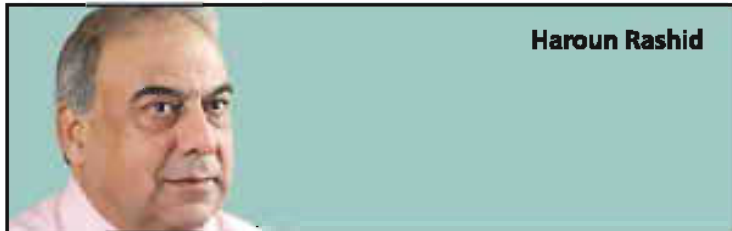
# CONTENTS

Notice of Meeting .....	20
Key Financial Data .....	22
Directors' Report .....	26
Statement of Compliance with the Code of Corporate Governance .....	36
Review Report to the Members .....	38

### FINANCIALS

Auditors' Report .....	41
Balance Sheet .....	42
Profit & Loss Account .....	44
Cash Flow Statement .....	45
Statement of Changes in Equity .....	46
Notes to the Financial Statements .....	47
Pattern of Shareholding .....	76
PCL Network .....	78

# BOARD OF DIRECTORS



# COMPANY INFORMATION

## Audit Committee

Haroun Rashid  
Mustapha A. Chinoy  
Irtiza Hussain

## Human Resource and Compensation Committee

Towfiq H. Chinoy  
Syed Naseem Ahmad  
Mustapha A. Chinoy

## Executive Management Committee

Kamal A. Chinoy  
Shahpur Channah  
Aslam Sadruddin  
S.M. Athar Farid  
Haroon Rashid Zaman

## System and Technology Committee

Kamal A. Chinoy  
Aslam Sadruddin  
Touseef ul Bari

## Company Secretary

Aslam Sadruddin

## Legal Advisor

Ghulam Ghous Law Associates

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Bankers

Standard Chartered Bank  
Bank AL Habib Limited  
Habib Bank Limited  
Hongkong and Shanghai Banking Corporation Limited  
MCB Bank Limited  
NIB Bank Limited  
Oman International Bank

## Registered Office, Factory and Marketing Office

B/21, Sindh Industrial Trading Estates, P. O. Box 5050, Karachi -75700  
Telephone Nos. (021) 2561170-75 Fax: (021) 2564614  
E-mail: info@pakistancables.com, sales@pakistancables.com  
Web site: www.pakistancables.com

## Regional Office

Lahore  
Co-operative Insurance Building,  
Shahrah-e-Quaid-e-Azam, Lahore  
Telephone Nos. (042) 7355783, 7353520, 7120790-91  
Fax: (042) 7355480  
E-mail: lahore@pakistancables.com

## Branch Offices

Rawalpindi  
455-A, Adamjee Street, Rawalpindi.  
Telephone Nos. (051) 5568895, 5512797 Fax: (051) 5587029  
E-mail: pindi@pakistancables.com

Multan  
1592, Quaid-e-Azam Shopping Centre No.1, Multan Cantt.  
Telephone No: (061) 4583332 Fax: (061) 4549336  
E-mail: multan@pakistancables.com

Abbottabad  
13-14, Sitara Market, Mansehra Road, Abbottabad.  
Telephone No. (0992) 383616 Fax: (0992) 385510  
E-mail: abbottabad@pakistancables.com

Peshawar  
Shop # 1 & 2, 1<sup>st</sup> Floor, Hurmaz Plaza,  
Opp. Airport Runway, University Road, Peshawar  
Telephone No. (091) 5845068 Fax: (091) 5846314  
E-mail: peshawar@pakistancables.com

Quetta  
Shop # 1-26/36-1312, Haji Fateh Khan Building  
Opp. Press Club, Sharah-e-Adalat, Quetta  
Telephone No. (081) 2843987 Fax: (081) 2843990  
E-mail: quetta@pakistancables.com



# MANAGEMENT TEAM



Mr. M. Siraj Cochinwala  
(Human Resource Manager)

Mr. Shahid B. Bhatti  
(Regional Manager)

Mr. Ahmad Bagia  
(Sales & Operation Manager)

Mr. Shahpur Channah  
(Deputy Chief Executive)

Mr. Iftikhar Ahmed  
(Engineering Manager)

Mr. Kamal A. Chinoy  
(Chief Executive)

Mr. A. Rahman Khokhar  
(National Sales Manager)

Mr. Aslam Sadruddin  
(Finance Director)

Mr. Moinuddin Silat  
(Procurement & Material  
Control Manager)


Mr. S. M. Athar Farid  
(Technical Manager)

Mr. Haroon Rashid Zaman  
(Works Manager)

Mr. Fayyaz A. Butt  
(Branch Manager)

# ABOUT US

Pakistan Cables Limited, the country's oldest and most reputable cable manufacturer, was established in 1953. In the subsequent five decades, Pakistan Cables has earned a reputation for itself as a market leader in the industry and as a company that does not compromise on quality. As a result, the company has gained a position as being the premier cable manufacturer in the country.

A red insulated wire and a bare copper wire are shown on the right side of the page. The red wire is at the top, and the copper wire is below it, with a loop at the bottom right.

TO BE THE COMPANY OF FIRST CHOICE FOR  
CUSTOMERS & PARTNERS FOR WIRE AND  
CABLES AND OTHER ENGINEERING PRODUCTS.

# VISION



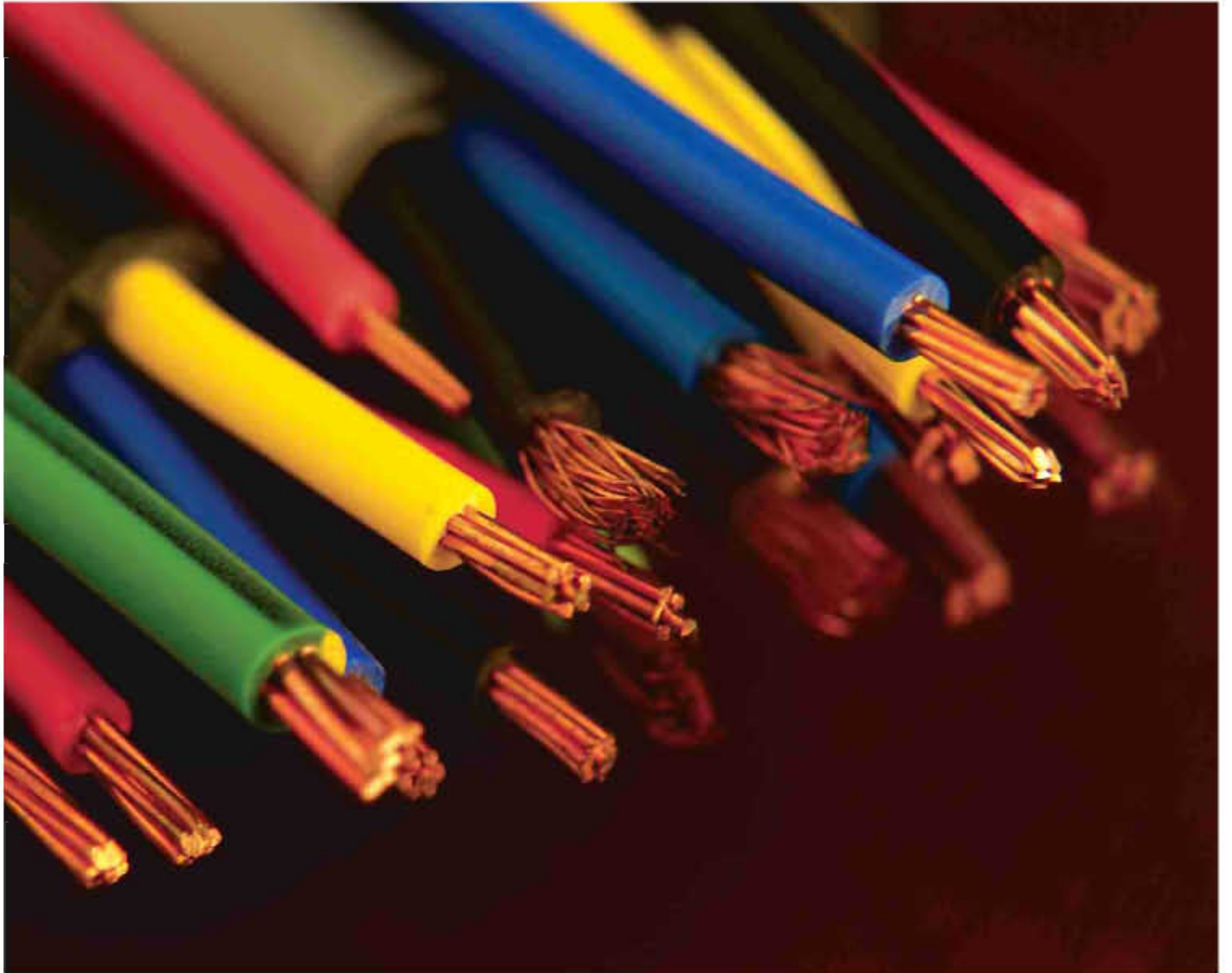


# MISSION

TO STRENGTHEN INDUSTRY LEADERSHIP IN THE  
MANUFACTURING AND MARKETING OF WIRE AND CABLES AND  
TO HAVE A STRONG PRESENCE IN THE ENGINEERING PRODUCTS  
MARKET WHILE RETAINING THE OPTIONS TO PARTICIPATE IN  
OTHER PROFITABLE BUSINESSES.

TO OPERATE ETHICALLY WHILE MAXIMIZING PROFITS AND  
SATISFYING CUSTOMERS NEEDS AND STAKEHOLDERS INTEREST.

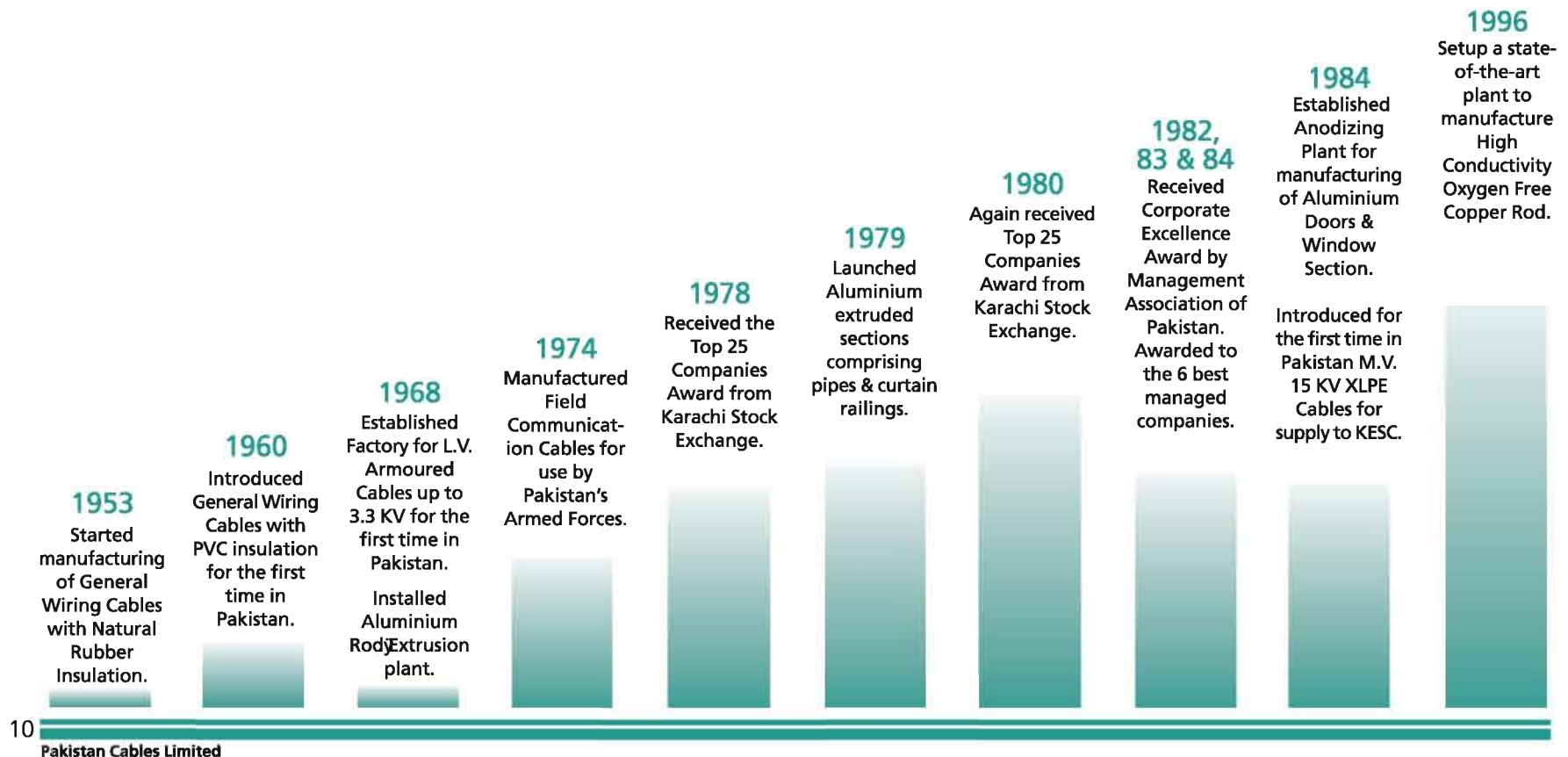
TO ASSIST IN THE SOCIO-ECONOMIC DEVELOPMENT OF PAKISTAN  
BY BEING GOOD CORPORATE CITIZENS.



# STATEMENT OF ETHICS AND BUSINESS PRACTICES

- The Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings showing respect for the interest of those with whom it has a relationship.
- The Company is committed to comply with all laws and regulations. The Board and Management are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility and not to transgress them. If in doubt they are expected to seek advice. The company believes in fair competition and supports appropriate competition laws.
- The Company does not support any political party or contributes funds to groups whose activities promote party interests. The Company will promote its legitimate business interests through trade associations.
- The Company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use, to satisfy customer needs and expectations.
- The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the environment.
- The Company recognizes its social responsibility and will contribute to community activities as a good corporate citizen.
- The Company is committed and fully adheres to the reliability of financial reporting and transparent transactions.
- The Company is committed to recruit and promote employees on merit and provides safe and healthy working conditions for all its employees. It also believes in maintaining good communications with employees.
- Employees must not use company information and assets for their personal advantage. Conflict of interest should be avoided and disclosed where they exist and guidance sought.
- It is the responsibility of the Board to ensure that the above principles are complied with, and Sub-committees constituted by the Board support their compliance.
- It is recognized that enforcement of laws and regulations is the responsibility of the Management.

# JOURNEY OVER THE YEARS



**1997**  
Became the first ISO9002 certified cable manufacturer in Pakistan.

**1998**  
Received Achievement Award for outstanding performance in 1996-97 presented by the President of Pakistan.

**2000**  
Became the first and only cable and aluminium manufacturer in Pakistan to be certified for the ISO 9001 : 2000 version.

**2001**  
Introduced LV XLPE cables fully type tested by KEMA, Holland for the first time in Pakistan.

**2003**  
Introduced powder coated Aluminium Profiles.  
Commemorated 50<sup>th</sup> Anniversary

**2004**  
Achieved net sales of over Rs. 1 billion.  
Selected for Top 25 Companies Award from Karachi Stock Exchange.

**2005**  
Achieved net sales of over Rs. 2 billion.

**2006**  
Achieved net sales of over Rs. 3 billion.  
Expanded the facility of manufacturing of Copper Rods with the installation of plant procured from the original supplier M/s. Outokumpu Castform, Finland.

**2007**  
Achieved net sales of over Rs. 4 billion.  
Received "Brands of the Year Award 2006" for Wire & Cables and Copper Rod.





# OUR PRODUCTS...

Pakistan Cables Limited provides a wide variety and range of products according to the needs of the domestic and industrial users.



# WIRES & CABLES

Pakistan Cables was established in 1953 in collaboration with BICC Plc UK. It is the country's oldest and the most reputed cable manufacturer. During the initial years the product range was then just, rubber insulated general wiring cables. In the subsequent five decades, PCL has earned a reputation as a market leader in the industry and as a premier company that is trusted not to compromise on product quality.

For lighting and general use, we manufacture General Wiring Cables in the range of 250/750 Volts. These cables are manufactured in conformity with national & international standards that provides safety and savings in electricity consumption because of the use of 99.99% pure copper, cable grade PVC and thorough quality tests, of every meter of cable.

To cater to the requirements of Utilities, Projects and Industries, Low Voltage (LV) and Medium Voltage (MV) cables are manufactured which are subject to rigorous in-house quality checks. LV and MV cables have been fully type tested by KEMA - Holland in accordance with IEC 502.

With the increasing power demand of the country, the use of overhead conductors for power transmission purposes has increased. PCL provides high quality overhead conductors to the utility companies WAPDA and KESC which are manufactured from EC grade Aluminium Rod and Copper Rod.

PCL also manufactures telephone, intercom, coaxial cables and numerous types of special cables which includes airfield lighting, control cables etc. as per the requirements of the customers.







# ALUM-EX

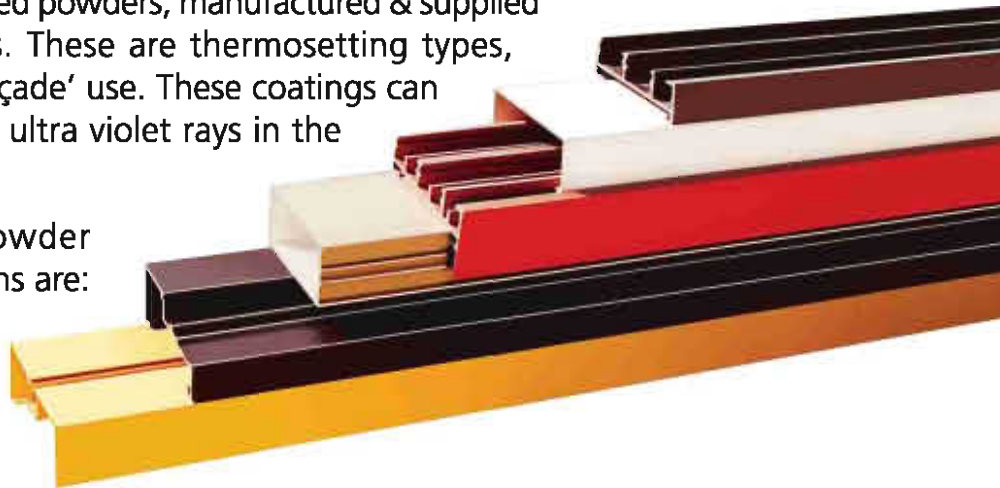
Alum-Ex is the brand name under which Pakistan Cables Ltd. manufactures aluminium sections for the construction and architectural industry.

We have the capability to offer six different colours of anodized sections.

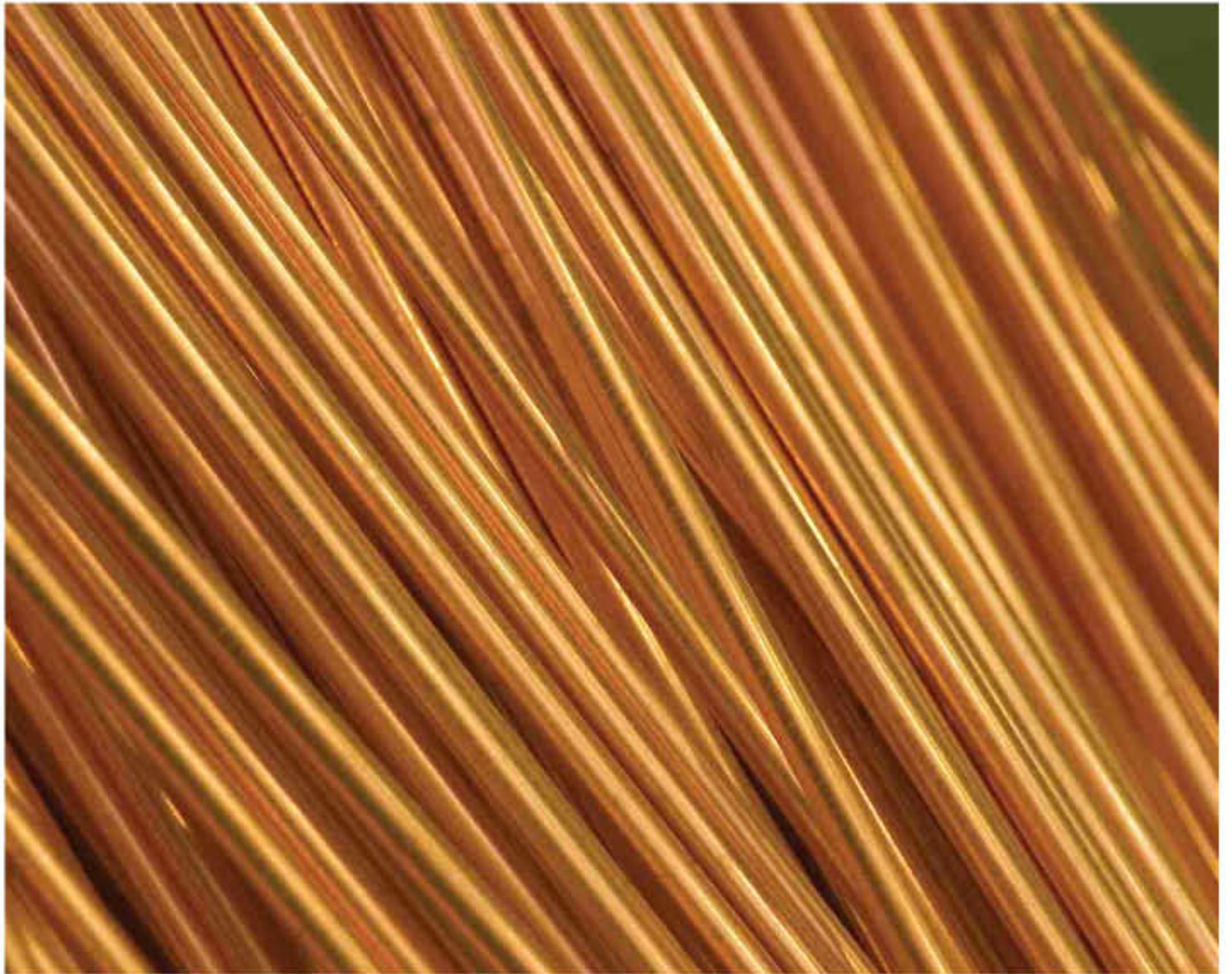
Pakistan Cables Limited has commissioned 'Powder Coating' facilities in their Aluminium Profile Business segment, and can now offer aluminium profiles in any imaginable colour to match the taste of the customer.

We use only polyester based powders, manufactured & supplied by reputable companies. These are thermosetting types, specially designed for 'façade' use. These coatings can withstand the rigours of ultra violet rays in the atmosphere.

The advantages of powder coated aluminium sections are: durability of finish in terms of gloss, colour retention, chalking, checking, cracking, flaking, blistering or substrate corrosion.



PCL continuously reviews and improves the effectiveness of its Quality Management System in line with objectives of achieving higher productivity, uncompromising quality and maximum customer satisfaction.



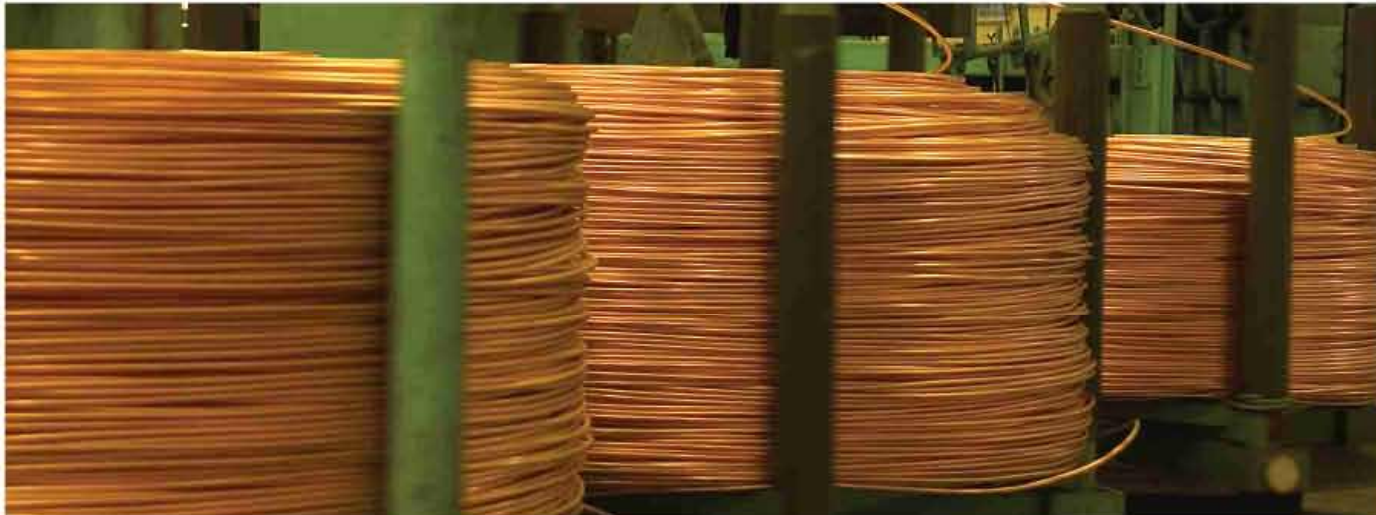


# COPPER ROD

In 1996, PCL set up a plant to manufacture High Conductivity Oxygen Free 8mm COPPER ROD. This plant was supplied by Outokumpu Castform Oy, Finland and uses the upcast system of manufacturing rod. 8mm diameter rod is cast directly from the furnace. Oxygen Free Copper is particularly suited for drawing into wires.

The company expanded its facility of manufacturing of copper rods with the installation of plant procured from the original supplier M/s. Outokumpu Castform, Finland. The plant was successfully commissioned in the month of February.

Numerous satisfied customers, particularly Enamel Wire Manufacturers will attest to the quality of our Rod. The raw material used is only LME registered "A" grade copper cathodes.



# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 54th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Friday, the 31st August 2007 at 11:00 a.m. at Council Hall of the Overseas Investors Chamber of Commerce and Industry, Chamber of Commerce Building, Talpur Road, Karachi, to transact the following business:

## Ordinary Business

1. To receive and consider the Statement of Accounts for the year ended June 30, 2007 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of dividend as recommended by the Directors. The Directors have recommended a final cash dividend of 20% making a total of 37.5% for the year ended June 30, 2007.
3. To appoint Auditors for the ensuing year and to fix their remuneration. KPMG Taseer Hadi & Co. Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment. As required by paragraph xxxix of the Code of Corporate Governance, the Board of Directors recommends, based on the recommendation of the Audit Committee the appointment of KPMG Taseer Hadi & Co.

## Special Business

4. To consider and if thought fit, pass the following resolution as ordinary resolution:

“Resolved that a sum of Rs. 48,778,130 out of the unappropriated profit of the company be capitalized and applied to issue of 4,877,813 Ordinary Shares of Rs. 10/- each and allotted as fully paid up Bonus Shares to the members who are registered in the books of the company on August 31, 2007 in the proportion of ONE new share for every THREE existing Ordinary Shares held and that such new shares shall rank pari passu with the existing Ordinary Shares of the company but shall not be eligible for final dividend in respect of the year ended June 30, 2007.

Further resolved that members entitled to a fraction of a share shall be given the sale proceeds of their fractional entitlement, for which purpose the Directors be and are hereby authorized to consolidate the fractions into whole shares and sell such shares in the stock market.

Further resolved that for the purpose of giving effect to the foregoing the directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions.”

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  
**Aslam Sadruddin**  
Finance Director and  
Company Secretary

KARACHI: August 08, 2007

## NOTES:

1. The Shares Transfer Books of the Company will remain closed from August 19, 2007 to August 31, 2007 (both days inclusive). No transfer will be accepted for registration during this period.
2. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must be a member of the Company.
3. The instrument appointing the proxy and the Power of Attorney or other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's Registered Office i.e. B/21, S.I.T.E., Karachi, not later than 48 hours before the time of the Meeting.
4. CDC Account Holders will have to follow the guidelines below as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan:

### A. For Attending the Meeting

- (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by showing their original National Identity Card (NIC) or original passport at the time of attending the Meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For Appointing Proxies

- (i) In case of individual, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his original NIC or original passport at the time of the Meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.

## STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984 PERTAINING TO SPECIAL BUSINESS

This statement sets out the material facts concerning the special Business to be transacted at the Annual General Meeting of the Company to be held on 31st August 2007.

### Agenda item 4

The Directors consider it justified to capitalize a sum of Rs. 48,778,130 for issue of bonus shares in the proportion of ONE ordinary share for every THREE ordinary shares held.

The Directors are not interested in this business except to the extent of their entitlement to bonus shares as shareholders.

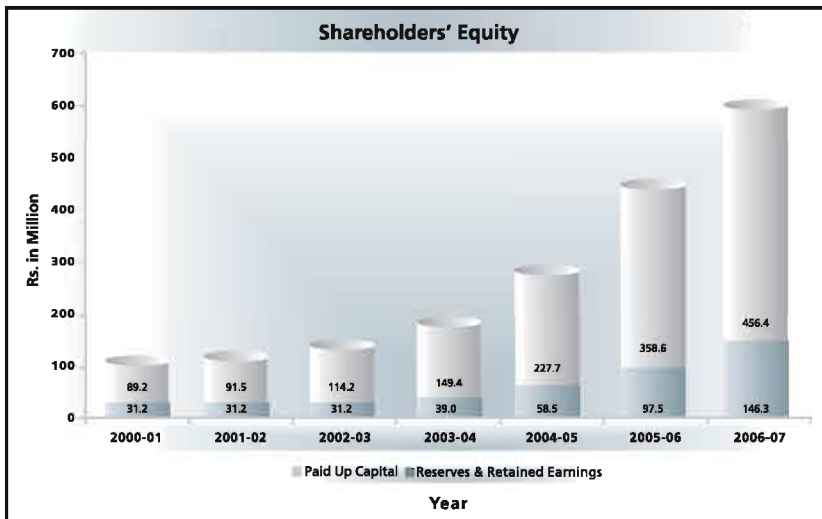
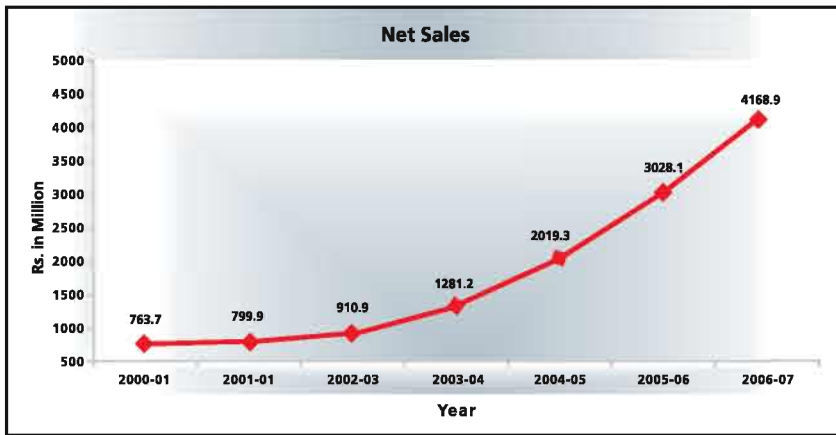


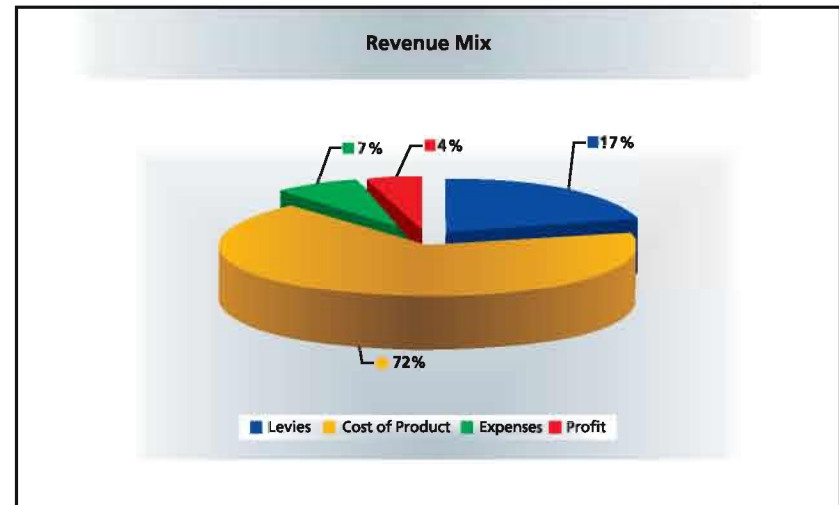
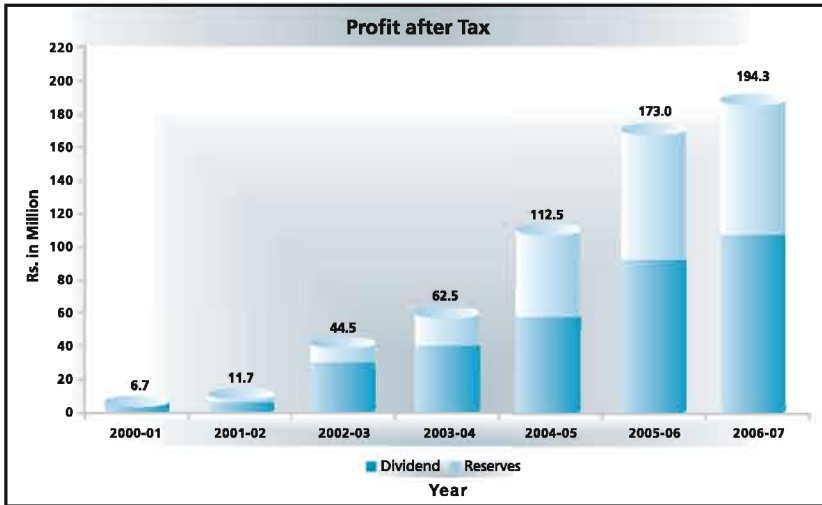
# KEY FINANCIAL DATA

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Sales	4,168.9	3,028.1	2,019.3	1,279.9	910.9	799.9	763.7
Gross profit	614.2	495.1	319.5	184.3	141.7	98.0	86.7
Operating profit	390.5	329.5	207.1	104.6	73.2	39.6	34.8
Profit before tax	293.3	261.2	170.3	91.3	63.1	18.3	9.3
Profit after tax	194.3	173.0	112.5	62.5	44.5	11.7	6.7
Dividend	54.8	24.4	38.0	19.5	21.9	9.4	6.2
Bonus issue	48.8	68.3	19.5	19.5	7.8	-	-
Capital expenditure	280.0	272.0	124.5	29.3	11.2	6.0	4.8
Fixed assets at cost/revaluation	1,429.6	1,274.9	1,007.9	313.1	293.2	284.3	279.7
Current assets less current liabilities	142.6	145.7	112.1	105.8	77.1	62.7	55.8
Current assets : Current liabilities	1.1:1	1.1:1	1.1:1	1.2:1	1.2:1	1.2:1	1.1:1
Shareholders' funds							
Issued capital	146.3	97.5	58.5	39.0	31.2	31.2	31.2
Reserve & retained earnings	456.4	358.6	227.7	149.4	114.2	91.5	89.2
Total Shareholders' fund	602.7	456.1	286.2	188.4	145.4	122.7	120.4
Surplus on revaluation of fixed assets	549.0	551.3	549.4	-	-	-	-
Long term Loans & Liabilities	259.0	174.4	46.3	21.2	20.4	19.9	14.2
Net Assets employed	1,410.8	1,181.8	881.9	209.6	165.8	142.6	134.6
Debt equity ratio	61:39	63:37	54:46	77:23	75:25	76:24	76:24

## KEY FINANCIAL DATA (Continued)

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Debtors turnover (Times)	8.3	7.7	8.2	7.5	6.0	5.3	6.4
Inventory turnover (Times)	3.1	2.6	2.4	2.2	2.8	3.5	3.2
Total assets turnover (Times)	1.4	1.1	1.1	1.5	1.6	1.5	1.5
Interest cover (Times)	3.6	4.4	5.6	8.1	4.4	1.7	1.3
Fixed assets turnover (Times)	3.4	3.0	2.7	17.1	15.3	13.4	11.6
Capital employed turnover (Times)	2.9	2.6	2.3	6.1	5.5	5.6	5.7
Gross profit %	14.7	16.3	15.8	14.4	15.6	12.3	11.4
Net profit %	4.7	5.7	5.6	4.9	4.9	1.5	1.0
Return on capital employed %	28.7	28.6	23.5	49.7	49.2	30.6	29.8
Return on total assets %	6.5	6.4	6.2	7.5	7.7	2.3	1.4
Price earning ratio	20.2	10.2	10.1	8.6	4.8	4.8	10.1
Earning per rupee of sales Rs.	0.05	0.06	0.06	0.05	0.05	0.01	0.01
Earning per share Rs.	13.28	17.73	19.20	16.02	11.41	3.74	2.16
Cash dividend per share Rs.	3.75	2.50	6.50	5.00	7.00	3.00	2.00
Bonus issue per share Rs.	3.33	7.50	3.30	5.00	2.50	-	-
Dividend (cash + bonus) yield %	34.70	76.40	36.7	53.6	35.3	16.7	9.2
Dividend payout %	53.3	54.0	51.1	62.4	66.7	80.3	92.5
Market value per share at year end Rs.	267.9	180.0	195.0	137.0	68.0	18.0	21.8
Market value per share high during the year Rs.	273.2	263.0	261.0	155.0	68.0	21.7	25.0
Market value per share low during the year Rs.	162.0	169.0	135.0	68.0	18.0	15.1	18.3
Break-up value per share including surplus on revaluation Rs.	78.70	103.3	142.8	-	-	-	-
Break-up value per share excluding surplus on revaluation Rs.	41.2	46.8	51.9	48.3	46.6	39.3	38.6
	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>
Value addition and its distribution							
Employees as remuneration	204.6	167.2	136.1	105.9	92.4	75.6	71.2
Government as taxes	838.1	755.2	484.4	305.6	289.3	240.9	239.7
Shareholders as dividends	103.6	92.7	57.6	39.0	29.7	9.4	6.2
Retained within the business	93.0	100.9	55.3	23.5	14.9	2.3	0.5







# DIRECTORS' REPORT

The Directors are pleased to present the 54th Annual Report along with the audited accounts of the company for the year ended June 30, 2007.

During the year your company has achieved sales of over Rs. 4 billion and profit after tax of Rs. 194 million which is the highest ever in the company's history.

The Company is primarily engaged in the manufacture of Conductors and Wire & Cables for transmission of electricity since 1953. In 1979, the Company started extrusion of Aluminium Profile sections, which was upgraded in 1984 to manufacture Anodized Aluminium Profile sections for architectural uses. In 1996, the Company set up a state of the art plant imported from Finland to manufacture high conductivity oxygen free Copper Rods.

In the current year our wire & cable production capacity increased as a result of balancing, modernization and replacement of machinery carried out in the current year & last year. During the year the Company incurred a capital expenditure of Rs. 280 million in addition to the amount of Rs. 272 million spent last year. Your company maintained its leadership in sales of wire & cables to Trade and Project segments of the industry. During the year we also received significant orders and had significant sales both to KESC as well as WAPDA.

## Operating Performance

During the year, the company registered growth in its sales and profitability as shown below:

	2006-07	2005-06	Increase %
	<b>Rs. in million</b>		
Sales	4,169	3,028	38
Gross Profit	614	495	24
Operating Profit	390	330	18
Net Profit	194	173	12
EPS	Rs. 13.28	Rs. 11.82	12

The Company continued to show a robust growth with net sales revenue of Rs. 4,169 million, which is 38% higher than last year. Strong sales performance was witnessed in all the segments of wire & cable business, particularly Trade and Utilities segments.

Gross profit for the year amounting to Rs. 614 million is 14.7% of sales compared to Rs. 495 million, which is 16.4% of sales. The lower gross profit percentage as compared to last year is mainly due to higher sales to Utilities Companies at lower margins and also due to increase in copper prices, all of which could not be passed on to customers. The average landed price of Copper was 53% higher than last year.

Copper prices on the London Metal Exchange showed exceptional volatility during this period, touching a high of US\$ 8,225 per metric ton and plunging to a low of US\$ 5,226. Although copper is well known for being volatile but the unpredictability was further fuelled by the fact that investment funds, hedge funds, etc. are large investors in this item which was already seeing a supply-demand imbalance in 2006. The price as on June 30, 2007 was US\$ 7,650 per metric ton.

The rise in financial cost is due to high interest rates, increased working capital requirement due to higher sales & rising raw material prices and enhanced borrowings related to capital expenditure.

As a result of the above factors, your company earned a record profit after tax of Rs. 194 million compared to Rs. 173 million last year, showing an increase of 12%. Earnings per share also increased from Rs. 11.82 to Rs. 13.28 in the current year.

## Dividends and Appropriation

For the current year, your Directors recommend payment of Rs. 2.0 per share (20%) as final cash dividend (2006: 25%) in addition to the interim dividend of Rs. 1.75 per share (17.5%) already paid (2006: 25% bonus shares). Further more, the directors have also recommended issue of bonus shares in the proportion of one share for every three shares held (33.33%) (2006: 50%). The appropriation of profit will be as under:

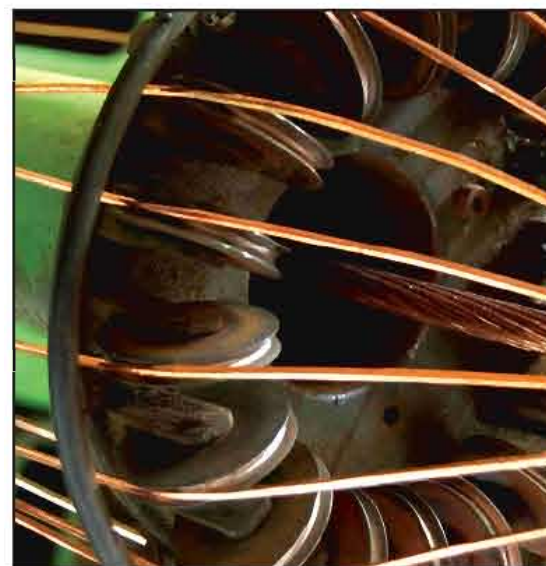
	2006-07 Rs. '000
The net profit after tax amounted to	194,276
To this is added un-appropriated profit brought forward from last year	174,088
Transfer from surplus on revaluation - Own	2,227
- Associate	108
	<u>370,699</u>

## Appropriations:

Payment of final cash dividend at the rate of Rs. 2.5 per share (25%) for the year ended June 30, 2006	24,389
Issuance of fully paid bonus shares for the year ended June 30, 2006	48,778
Transfer to General Reserve for the year ended June 30, 2006	100,500
Interim Dividend of Rs. 1.75 per share (17.5%) for the year 2006-07	25,609
Leaving un-appropriated profit to be carried forward	171,423
	<u>370,699</u>
Earning per share	Rs. <u>13.28</u>

## Subsequent Effects

Proposed final cash dividend of Rs. 2.0 per share for the year 2006-07	<u>29,267</u>
Proposed issue of bonus shares in the ratio of one share for every three shares held for the year 2006-07	<u>48,778</u>



Pakistan Cables' products available in Afghanistan also

## Business Risks and Challenges

The rupee remained stable against the US Dollar during the year, as a result of which the Company did not obtain any forward cover against its imports thereby saving on the forward cover premium but potentially exposing itself to foreign currency risk. However, the Company is continuously monitoring the exchange rate and in case of any anticipated major change in the exchange rate, forward cover will be obtained.

The management of the company is aware of the challenges posed by increasing competition and is taking all possible measures to meet these challenges. To sustain growth with commensurate profits, the company is continually reviewing its business strategy and motivating its staff by upgrading their skills to manage the targeted business objectives.

The company's products are related to construction and infrastructural spending. As Pakistan's economy grows at an encouraging rate and there is direct investment, foreign and domestic, in the country it will increase the demand for your company's products. Any slowdown in housing or industrial investment, or lack of resources applied towards electricity distribution by WAPDA and KESC, will naturally have a dampening effect.

The volatility in the price of metals, particularly copper, is such that it is highly unpredictable. Your company follows the policy of prudence in purchasing this essential raw material and while attempting to hedge purchases it does not indulge in any speculative practices.

## Technology

Pakistan Cables is committed to providing its customers with total quality excellence of product and service that fully meets expectations and is superior to that which can be obtained elsewhere. The company's Quality Management System was certified to ISO 9002 in 1997 by BVQI and upgraded to the more stringent ISO 9001:2000 standard thereafter. Pakistan Cables was one of the first companies in Pakistan to be certified so.

The company has a highly advanced Quality Assurance Laboratory which is equipped with the latest state of the art equipment and is manned by professional and skilled personnel who are engaged to check process variables at every step of the manufacturing process to ensure that all our final products are in compliance with the relevant international specifications. Pakistan Cables' medium and low voltage cables have been accepted as world class following the type testing and certification of its products by KEMA high voltage laboratory in the Netherlands.

## Business Process Re-engineering and Development:

Improvement in business processes is paramount for any industry to stay competitive in today's market place. The company is continuously engaged in business process re-engineering activities to optimize its activities and benefit from the technological advances in operational, technical and engineering functions. The company's strategy is to focus on finding new technology for improving and modernizing its various production process to keep in line with the changing need of time.





## Safety, Health & Environment

The Company conducts its business with the highest concern for the health and safety of its employees and other stakeholders associated with the Company's activities. Management is committed to promote safety culture through training sessions on handling of safety equipment, safety related rehearsals, fire fighting drills, incident investigation and reporting, etc. Medical facilities are provided free of charge to all employees and the Company operates an onsite dispensary with a full time doctor and compounders.

The Company is committed to strive for protection of a greener environment. It has initiated a green ecosystem at its premises as well as in its surroundings for a healthy environment. The plantation in the surroundings of the factory is being developed by the company and it proudly displays the sign "Clean and Green Environment maintained by Pakistan Cables Limited".

## Corporate Social Responsibility

The Company firmly believes that corporate sector should play an active role in the discharge of its responsibilities towards the society. Being fully aware of its social obligations, it continues to proactively contribute towards social welfare, development of human capital, healthcare, education and upliftment of socio-economic conditions to help improve the quality of life for the under privileged members of the country.

During the year the company made contributions in the areas of healthcare, education and other social welfare work. A substantial contribution has been made to the Aga Khan University to endow a Chair in memory of Mr. Amir Sultan Chinoy, the late Chairman. Financial support was provided to several reputable and well-established institutions like The Kidney Centre, Layton Rehmatullah Benevolent Trust, Aga Khan Education Services, SAARC Women Association, Al-Shifa Trust Eye Hospital, etc. to carryout social welfare work.

## Contribution to National Economy

The company's contribution to the National Exchequer by way of taxes, levies, sales tax, etc. amounted to Rs. 838 million during the year (2005-06 : Rs. 755 million).

## Board Changes

During the year Mr. Javaid Anwar was appointed as director on October 12, 2006 in place of Mr. Fuad Azim Hashimi. The Board wishes to place on record its warm appreciation for the valuable contributions made by Mr. Hashimi and takes pleasure in welcoming the new director and hopes to benefit from his vast experience. Mr. Javaid Anwar has been the Managing Director of BOC Gases (previous Pakistan Oxygen) for Sixteen (16) years.





## Corporate Governance

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance we are pleased to state that:

- a. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity.
- b. Proper books of accounts have been maintained by the company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

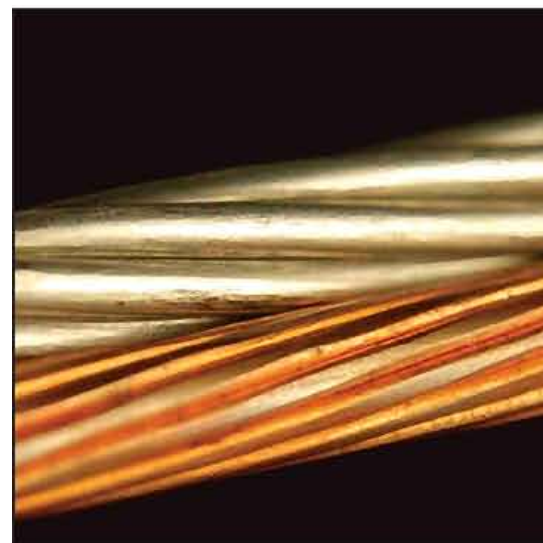
The key operating and financial data of last seven years is given on page 22, while the pattern of shareholding is provided on page 76.

The value of investments of provident and pension funds as per their audited accounts for the year ended December 31, 2006 are as follows:

Provident Fund	Rs. 30.360 Million
Pension Fund	Rs. 39.606 Million

During the year six (06) meetings of Board of Directors were held. Attendance by each Director is as follows:

Director	No. of meetings Attended
Mr. Towfiq H. Chinoy	06
Mr. Mustapha A. Chinoy	06
Mr. Haroun Rashid	04
Syed Naseem Ahmad	04
Mr. Ansar Hussain	03
Mr. Irtiza Hussain	06
Mr. Fuad Azim Hashimi (Resigned during the year)	01
Mr. Javaid Anwar (Appointed during the year)	03
Mr. Shahpur Channah	04
Mr. Aslam Sadruddin	06
Mr. Kamal A. Chinoy	06



The Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the company during the year.

## Auditors

The present auditors, KPMG Taseer Hadi & Co., have retired and being eligible, have offered themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their reappointment as auditors of the company for the year ending June 30, 2008.

## Training and Human Resource Development

The company recognizes that its human resource is the most valuable assets and therefore focuses on improving the technical and professional skills of its employees. All efforts are made to impart necessary training in their respective fields to improve productivity and quality. It aims to motivate its employees through proper placement, effective appraisal, employee recognition and promoting employees development programs. In-house training is conducted in addition to nominating employees for external courses to enhance professional competence.

## Staff Relations

The total number of employees as on June 30, 2007 was 460. The relationship with the employees at all levels remained cordial and conducive throughout the year. The Union-Management relations continued to be friendly and industrial peace prevailed during the year under review.

## Future Prospects

As mentioned earlier, your company's products are tied to demand for construction, housing, industrial investment and infrastructure; all basic engines driving the economy. The country's economy is expected to show a good level of growth on the back of the last few successful years. This augurs well for us.

However, we see a considerable softening of investment by the textile industry this year. We also see a changing pattern of demand for our products with greater emphasis on housing schemes.

Over the last two years we have made significant investments in areas that can help us achieve our goal to be a top tier growth company. The company intends to further invest in plant & machinery for removal of bottlenecks, expansion, and up-gradation of its manufacturing facilities during the current year to capitalize on new growth opportunities.

Furthermore, we have invested in a gas fed 2 MW combined heat power plant for in-house use. Considering the problems we had with power, or lack thereof, this will greatly assist us. The plant should be operational in October 2007.



We have also invested in a plant to manufacture our own PVC compound which should be on stream by end December 2007. The machinery is from Germany & Italy and we expect to be selling the PVC compound to other users as well.

While we hope to see continued growth in the coming year, one has to bear in mind the potentially negative effects of political uncertainty, national elections, civil disruptions and the like.

## Acknowledgement

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and employees of the company throughout the year in achieving new heights of success and commendable results. On behalf of the Board of Directors and employees of the company, we express our gratitude to all our valued customers, distributors, dealers and bankers for their enduring relationship and their continued support towards the prosperity of the company.

On behalf of the Board



Towfiq H. Chinoy  
**Chairman**



Kamal A. Chinoy  
**Chief Executive**

KARACHI: July 27, 2007



"Pakistan Cables - A great Company" says the Prime Minister while presenting the KSE Top 25 Companies Award for 2004 to Mr. Kamal A. Chinoy, PCL's Chief Executive



Finance Director of PCL with Chairman CBR & Members of Overseas Investors Chamber of Commerce and Industries Tax Sub-Committee





Chairman PCL presents 30 year Long Service Awards to Mr. M. Salim & Mr.A.Aziz Lalani



Ribbon Cutting Ceremony for renovated office by Begum Almas Amir Chinoy



PCL's new reception



Mr. Haroun Rashid, Director PCL, presenting a motorcycle to Mr. Rashid Salahuddin at the Dealers Convention 2006-07



Dealers Convention 2006-07



Prize Distribution Ceremony for high production achievers

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended 30 June 2007

This statement is being presented to comply with the Code of Corporate Governance as contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes two directors representing National Investment Trust Limited and one representing State Life Insurance Corporation.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non Banking Finance Company and none of them is a member of a stock exchange.
4. A casual vacancy occurring on the Board on October 12, 2006 was filled up by the directors within four days thereof.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and management employees of the Company.
6. The Board has developed a vision and a mission statement, overall corporate strategy and significant policies. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities.



10. The Board has approved the appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment, as determined by the CEO. No new appointment of CEO and company secretary was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed a Board Audit Committee. It comprises three members, of whom all are Non-Executive Directors including the chairman of the committee.
16. The meetings of the Board Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive

Date: 27 July 2007



# REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Pakistan Cables Limited** to comply with the Listing Regulation of the Karachi Stock Exchange, where the Company is listed.

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

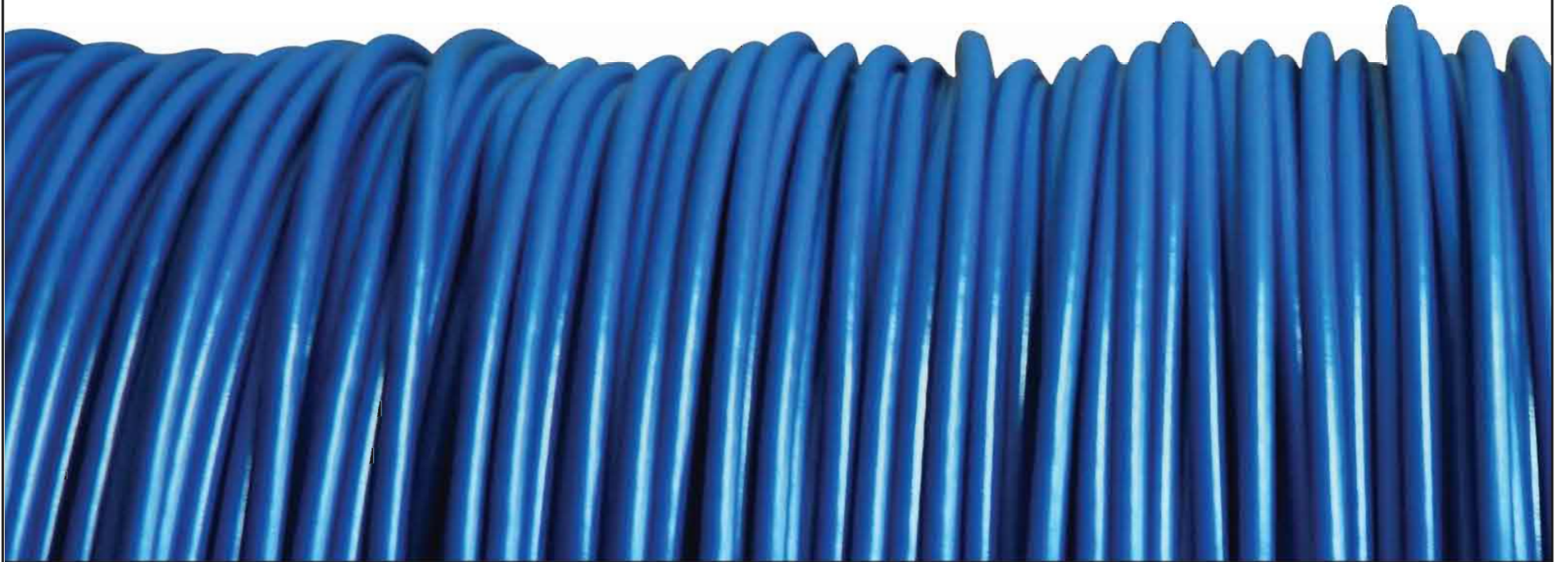
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express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

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

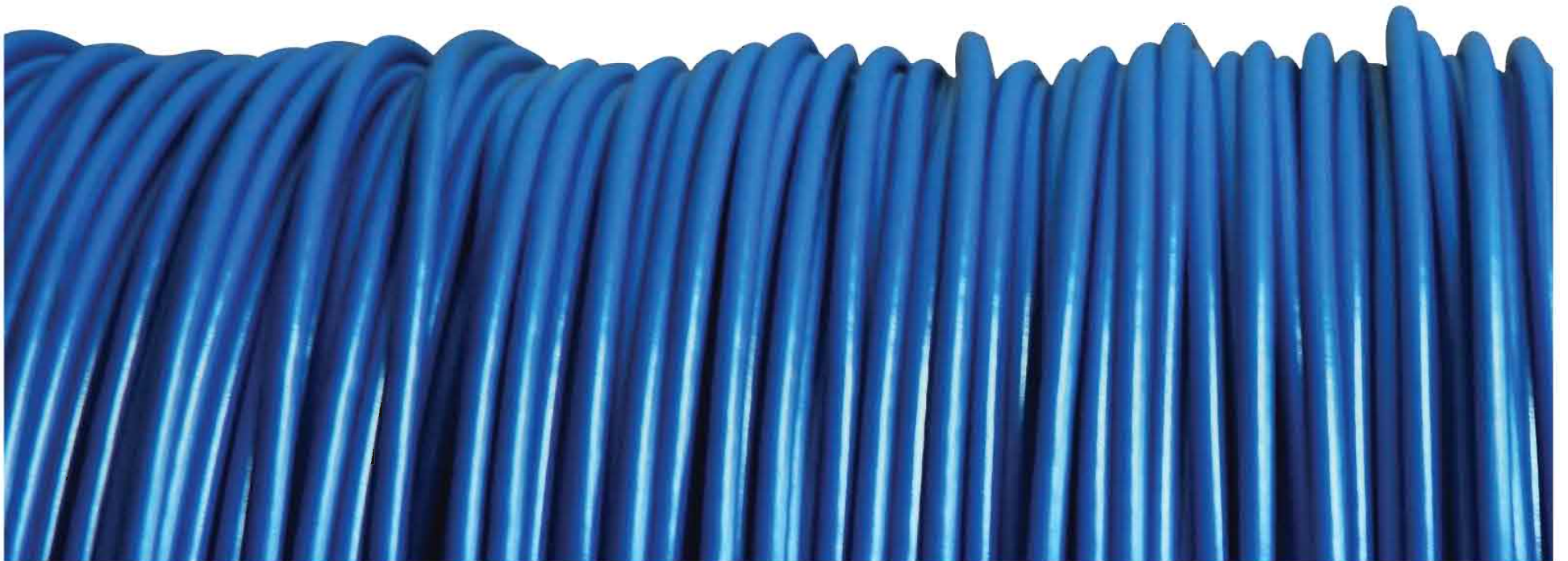
Karachi: 27 July 2007

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
**Chartered Accountants**

# FINANCIALS



The directors are pleased to present the 54th annual audited financial statements of the company for the year ended 30 June 2007.



# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pakistan Cables Limited** as at 30 June 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of 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, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: 27 July 2007

*KPMG Taseer Hadi & Co*  
KPMG Taseer Hadi & Co.  
Chartered Accountants



# BALANCE SHEET

As at 30 June 2007

	Note	2007	2006
<b>(Rupees in '000)</b>			
<b>EQUITY AND LIABILITIES</b>			
<u>Share capital and reserves</u>			
Share capital	4	146,334	97,556
General reserves		285,000	184,500
Unappropriated profit		171,423	174,088
		<u>602,757</u>	<u>456,144</u>
Surplus on revaluation of fixed assets - net of tax	5	549,004	551,339
<u>Non-current liabilities</u>			
Long-term loans	6	135,784	84,999
Deferred liability for staff gratuity	7	14,840	14,238
Other long-term employee benefits	8	12,774	10,103
Deferred tax liability - net	9	95,652	65,030
<u>Current liabilities</u>			
Current portion of long-term loans	6	87,620	56,668
Trade and other payables	10	525,889	865,989
Short term borrowings	11	938,890	596,442
Mark-up accrued on bank borrowings		15,911	8,581
Provision for tax - net of advance tax		-	8,729
Contingencies and commitments	12	1,568,310	1,536,409
		<u>2,979,121</u>	<u>2,718,262</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

## ASSETS

### Non-current assets

	Note	2007	2006
Property, plant and equipment	13	1,215,459	995,226
Investments in associates	14	47,932	37,401
Long-term loans	15	2,289	1,208
Long-term security deposits		2,494	2,314

### Current assets

Stores and spares	16	26,508	20,138
Stock-in-trade	17	1,133,430	984,364
Trade debts	18	504,951	392,953
Short-term loans and advances	19	11,250	11,818
Short-term deposits and prepayments	20	3,912	2,936
Other receivables	21	14,663	21,883
Advance tax - net of provisions		8,842	-
Cash and bank balances	22	7,391	248,021
		<b>1,710,947</b>	<b>1,682,113</b>

**2,979,121**

**2,718,262**



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive



Haroun Rashid  
Director

# PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2007

	Note	2007	2006
(Rupees in '000)			
Net sales	23	4,168,938	3,028,057
Cost of sales	24	<u>(3,554,727)</u>	<u>(2,532,936)</u>
Gross profit		614,211	495,121
Selling costs	25	<u>(119,897)</u>	<u>(98,781)</u>
Administrative expenses	26	<u>(64,439)</u>	<u>(51,595)</u>
		<u>(184,336)</u>	<u>(150,376)</u>
		429,875	344,745
Other operating expenses	27	<u>(62,876)</u>	<u>(24,171)</u>
Other operating income	28	<u>23,477</u>	<u>8,932</u>
		<u>(39,399)</u>	<u>(15,239)</u>
Operating profit		390,476	329,506
Finance cost	29	<u>(112,052)</u>	<u>(77,203)</u>
Share of profit from associates		<u>14,852</u>	<u>8,911</u>
		<u>(97,200)</u>	<u>(68,292)</u>
Profit before taxation		293,276	261,214
Taxation	30	<u>(99,000)</u>	<u>(88,200)</u>
Profit after taxation		<u>194,276</u>	<u>173,014</u>
(Rupees)			
Earnings per share - basic and diluted	31	<u>13.28</u>	<u>11.82</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive



Haroun Rashid  
Director

# CASH FLOW STATEMENT

For the year ended 30 June 2007

	Note	2007	2006
(Rupees in '000)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	(151,783)	352,431
Staff retirement benefits paid	7.3	(1,732)	(4,667)
Finance cost paid		(104,721)	(75,171)
Taxes paid		(85,917)	(61,275)
Long term loans		(1,081)	765
Long term security deposits (net)		(180)	(107)
Net cash flows from operating activities		<b>(345,414)</b>	211,976
<b>Cash flows from investing activities</b>			
Fixed capital expenditure	13	(280,029)	(271,981)
Sale proceeds on disposal of fixed assets	13.3	3,893	2,669
Interest received		1,421	50
Dividends received		4,288	3,277
Net cash flows from investing activities		<b>(270,427)</b>	(265,985)
<b>Cash flows from financing activities</b>			
Long term loan obtained		146,737	150,000
Repayment of principal amount		(65,000)	(8,333)
Net increase in short-term finance		321,008	325,755
Dividends paid		(48,974)	(22,981)
Net cash flows from financing activities		<b>353,771</b>	444,441
Net decrease in cash and cash equivalents		<b>(262,070)</b>	390,432
Cash and cash equivalents at beginning of the year		<b>211,642</b>	(178,790)
Cash and cash equivalents at end of the year	33	<b>(50,428)</b>	211,642

The annexed notes from 1 to 40 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive



Haroun Rashid  
Director



# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at 30 June 2005	58,534	129,500	116,200	304,234
<b>Changes in equity for the year ended 30 June 2006</b>				
Final cash dividend for the year ended 30 June 2005 at Rs. 4 per share	-	-	(23,414)	(23,414)
Bonus shares issued at 33% for the year ended 30 June 2005	19,511	-	(19,511)	-
Transfer to general reserve for the year ended 30 June 2005	-	55,000	(55,000)	-
Interim bonus shares issued at 25% during the year ended 30 June 2006	19,511	-	(19,511)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	2,227	2,227
Share of transfer from surplus on revaluation of building by an associate	-	-	83	83
Net income recognised directly in equity	-	-	2,310	2,310
Net profit for the year	-	-	173,014	173,014
Total recognised income for the year	-	-	175,324	175,324
Balance as at 30 June 2006	97,556	184,500	174,088	456,144
<b>Changes in equity for the year ended 30 June 2007</b>				
Final cash dividend for the year ended 30 June 2006 at Rs. 2.5 per share	-	-	(24,389)	(24,389)
Bonus shares at 50% issued for the year ended 30 June 2006	48,778	-	(48,778)	-
Transfer to general reserve for the year ended 30 June 2006	-	100,500	(100,500)	-
Interim dividend for the year ended 30 June 2007 at Rs. 1.75 per share	-	-	(25,609)	(25,609)
Transfer from surplus on revaluation of building - net of deferred tax	-	-	2,227	2,227
Share of transfer from surplus on revaluation of building by an associate	-	-	108	108
Net income recognised directly in equity	-	-	2,335	2,335
Net profit for the year	-	-	194,276	194,276
Total recognised income for the year	-	-	196,611	196,611
<b>Balance as at 30 June 2007</b>	<b>146,334</b>	<b>285,000</b>	<b>171,423</b>	<b>602,757</b>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive



Haroun Rashid  
Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

## 1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan as a private limited company on 22 April 1953 and in 1955 it was converted into a public limited company in which year it also obtained a listing on the Karachi Stock Exchange. The Company is engaged in the manufacturing of copper rods, wires, cables and conductors, and aluminium extrusion profiles.

The registered office of the Company is situated at B/21, S.I.T.E., Karachi, Pakistan.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the land and buildings are stated at revalued amounts.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's functional currency.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years are as follows:

#### 2.4.1 Income Taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### 2.4.2 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements (note - 7.5 ) for actuarial valuation of funded pension and unfunded gratuity schemes. Changes in these assumptions in future years may effect the liability under these schemes in those years.

#### 2.4.3 Trade and other debts

Impairment loss against doubtful trade and other debts is made on judgemental basis, for which provision may differ in the future years based on the actual experience. The difference in provision if any, would be recognised in the future years.

#### 2.4.4 Property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of land and buildings are based on a valuation carried out by external professional valuer of the Company. The Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

#### 2.5 New accounting standards, interpretations and amendments that are not yet effective

The following standards, interpretations and amendments in approved accounting standards are only effective for accounting periods beginning on or after 1 July 2007 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

- IAS 1 - Presentation of Financial Statements- Amendments Relating to Capital Disclosures;
- IAS 23 - Borrowing Costs (as revised);
- IAS 41 - Agriculture;
- IFRS 2 - Share-based Payments;
- IFRS 3 - Business Combinations;
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 6 - Exploration for and Evaluation of Mineral Resources;
- IFRIC 10 - Interim Financial Reporting and Impairment;
- IFRIC 11 - Group and Treasury Share Transactions;
- IFRIC 12 - Service Concession Arrangements;
- IFRIC 13 - Customer Loyalty Programmes;
- IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction;

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Investments in associates

Investments in associated companies are accounted for using equity basis of accounting, under which the investments in associates are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of the profit or loss of the associates after the date of acquisition. The Company's share of the profit or loss of the associates is recognised in the Company's profit or loss. Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associates arising from changes in the associates' equity that have not been recognised in the associates' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any is recognised in profit or loss.

#### 3.2 Staff retirement benefits

##### *Defined benefit plans*

The Company operates a defined benefit pension fund scheme for all permanent employees who are in the management cadre and the executive directors.

In addition, the Company operates an unfunded gratuity scheme, for all permanent employees other than those covered by the pension fund scheme.

The Company's obligation under the pension and gratuity schemes is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Actuarial valuations are conducted annually and the latest valuation was conducted at the balance sheet date (30 June 2007). Actuarial gains and losses arising during the year are included in income currently. Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognised immediately and remaining unrecognised past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested.

##### *Defined contribution plan*

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

#### 3.3 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

##### *Current*

Provision for current taxation in the accounts is based on taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates.



### *Deferred*

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

### 3.4 Property, plant and equipment

- Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except that buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, while land is stated at revalued amount. Capital work-in-progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Cost of leasehold land is not amortised since the lease is renewable at nominal price at the option of the lessee.
- Depreciation is charged to income applying the straight line method where by the cost of an asset is written off over its estimated useful life. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged upto the month of disposal.
- Surplus on revaluation of building to the extent of incremental depreciation charged there on is transferred from surplus on revaluation of building to retained earnings (unappropriated profit), net of deferred tax.
- Expenditure incurred subsequent to the initial acquisition of asset is capitalised only when it increases the future economic lives embodied in the items of above assets. All other expenditure is recognised in the profit and loss account as an expense is incurred.
- Gains and losses on disposal are included in income currently.

### 3.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except that those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

### 3.6 Stores and spares

Stores and spares are stated at lower of cost and net realisable value. Cost is determined using weighted average method. Items in-transit are valued at cost comprising invoice value and other charges paid thereon.

### 3.7 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses.

Items in-transit are valued at cost comprising invoice value plus other charges paid thereon up to the balance sheet date.

Scrap is valued at estimated realizable value.

### 3.8 Trade debts and other receivables

These are stated at cost less impairment, if any. Full provision is made against the impaired debts.

### 3.9 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and with banks, short-term running finances under mark-up arrangements and short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

### 3.10 Foreign currency translation

Transactions in foreign currencies are recorded in Pakistan rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses on translation are included in income currently.

### 3.11 Revenue recognition

Sales are recorded at invoice value on dispatch of goods to customers.

### 3.12 Financial instruments

All the financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial asset and financial liabilities is taken to income directly.

### 3.13 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised in the profit and loss account.

### 3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

### 3.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 4. SHARE CAPITAL

2007 (Number of shares)		2006 (Rupees in '000)	
<b>Authorized</b>			
<b>25,000,000</b>	<b>10,000,000</b>	<b>250,000</b>	<b>100,000</b>
<b>Issued, subscribed and paid up</b>			
<b>1,475,225</b>	<b>1,475,225</b>	<b>14,752</b>	<b>14,752</b>
<b>174,775</b>	<b>174,775</b>	<b>1,748</b>	<b>1,748</b>
<b>12,983,438</b>	<b>8,105,625</b>	<b>129,834</b>	<b>81,056</b>
<b>14,633,438</b>	<b>9,755,625</b>	<b>146,334</b>	<b>97,556</b>

4.1 At 30 June 2007, none of the associated companies of the company had any shareholding in the company.

#### 5. SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

	2007 (Rupees in '000)	2006 (Rupees in '000)
<b>- Own assets</b>		
<b>Leasehold land</b>		
Revaluation surplus over carrying value of Rs. Nil on 30 June	<b>501,750</b>	<b>501,750</b>
<b>Buildings</b>		
Revaluation surplus over written down value at beginning	<b>69,903</b>	<b>73,329</b>
Transferred to retained earnings (unappropriated profit) in respect of incremental depreciation charged during the year - net of deferred tax	<b>(2,227)</b>	<b>(2,227)</b>
Related deferred tax liability of incremental depreciation charged during the year	<b>(1,199)</b>	<b>(1,199)</b>
	<b>66,477</b>	<b>69,903</b>
Related deferred tax liability at beginning of the year	<b>(24,466)</b>	<b>(25,665)</b>
Less: Related to incremental depreciation	<b>1,199</b>	<b>1,199</b>
	<b>(23,267)</b>	<b>(24,466)</b>
	<b>544,960</b>	<b>547,187</b>
<b>- Associate's assets</b>		
Company's share of revaluation surplus	<b>4,044</b>	<b>4,152</b>
	<b>549,004</b>	<b>551,339</b>

## 6. LONG TERM LOANS

### From banking companies - secured

	Number of installments and commencement date	Installment amount (Rs. in '000)	Mark-up rate per annum	2007 (Rupees in '000)	2006 (Rupees in '000)
Loan 1	12 quarterly commencing from 15-Feb-06	4,167	3 months KIBOR plus 1.25%	25,000	41,667
Loan 2	5 half yearly commencing from 19-Nov-06	20,000	6 months KIBOR plus 1.25%	60,000	100,000
Loan 3	7 half yearly commencing from 27-Oct-07	7,143	6 months KIBOR plus 1.25%	50,000	-
Loan 4	12 quarterly commencing from 31-Jan-07	4,167	3 months KIBOR plus 1.25%	41,667	-
Loan 5	8 half yearly commencing from 17-Oct-08	5,842	6 months KIBOR plus 1.00%	46,737	-
				<u>223,404</u>	<u>141,667</u>
				<u>(87,620)</u>	<u>(56,668)</u>
				<u>135,784</u>	<u>84,999</u>
	Current portion shown under current liabilities				

6.1 All long term loans are secured against hypothecation of specific items of plant and machinery.



## 7. STAFF RETIREMENT BENEFITS - defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2007 for funded pension and unfunded gratuity schemes are as follows:

### 7.1 Actuarial assumptions

	2007		2006	
	Pension	Gratuity	Pension	Gratuity
	-----%		-----%	
Discount rate	11.00	11.00	11.00	11.00
Expected rate of salary increase	8.90	8.90	8.90	8.90
Expected rate of return on plan assets	11.00	-	11.00	-
Pension increase	2.80	-	2.80	-

### 7.2 Balance sheet reconciliation

	2007		2006	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)		(Rupees in '000)	
Fair value of plan assets	140,928	-	123,849	-
Present value of defined benefit obligations	<u>(142,611)</u>	<u>(16,821)</u>	<u>(126,471)</u>	<u>(14,238)</u>
	(1,683)	(16,821)	(2,622)	(14,238)
Unrecognised past service cost	<u>797</u>	<u>1,981</u>	-	-
Net liability	<u>(886)</u>	<u>(14,840)</u>	<u>(2,622)</u>	<u>(14,238)</u>

### 7.3 Changes in present value of defined benefit obligation

Obligation as at 1 July	126,471	14,238	104,691	13,496
Current service cost	3,230	1,002	6,197	844
Interest cost	13,779	1,479	12,033	1,522
Past service cost	797	1,981	-	-
Actuarial loss / (gain)	1,748	(147)	6,442	(739)
Benefits paid	<u>(3,414)</u>	<u>(1,732)</u>	<u>(2,892)</u>	<u>(885)</u>
Obligation as at 30 June	<u>142,611</u>	<u>16,821</u>	<u>126,471</u>	<u>14,238</u>

	2007		2006	
	Pension (Rupees in '000)	Gratuity	Pension	Gratuity
<b>7.4 Changes in fair value of plan assets</b>				
Fair value as at 1 July	123,849	-	103,321	-
Expected return on plan assets	13,843	-	12,087	-
Net actuarial gain	77	-	7,551	-
Benefits paid	(3,414)	-	(2,892)	-
Contribution to fund	6,573	-	3,782	-
Fair value as at 30 June	<u>140,928</u>	<u>-</u>	<u>123,849</u>	<u>-</u>
<b>7.5 Amounts recognised in the profit and loss account</b>				
Current service cost	3,230	1,002	6,197	844
Interest cost	13,779	1,479	12,033	1,522
Expected return on plan assets	(13,843)	-	(12,087)	-
Net actuarial loss / (gain)	<u>1,671</u>	<u>(147)</u>	<u>(1,109)</u>	<u>(739)</u>
	<u>4,837</u>	<u>2,334</u>	<u>5,034</u>	<u>1,627</u>
<b>7.6 Recognised asset / (liability)</b>				
Balance as on 1 July	(2,622)	(14,238)	(1,370)	(13,496)
Expense recognised	(4,837)	(2,334)	(5,034)	(1,627)
Payments during the year	6,573	1,732	3,782	885
Company's liability at 30 June	<u>(886)</u>	<u>(14,840)</u>	<u>(2,622)</u>	<u>(14,238)</u>
<b>7.7 Actual return on plan assets</b>	<u>13,920</u>	<u>-</u>	<u>19,638</u>	<u>-</u>
<b>7.8 Fund Investment Composition / fair value of plan assets (in percentage)</b>				
Debt instruments	93%	-	100%	-
Cash	7%	-	-	-

	2007	2006	2005	2004	2003
	(Rupees in '000)				
<b>7.9 Historical information</b>					
Fair value of plan assets	140,928	123,849	103,321	106,868	89,120
Present value of the defined benefit obligation	(159,432)	(140,709)	(118,187)	(116,191)	(98,604)
Deficit in the plan	<u>(18,504)</u>	<u>(16,860)</u>	<u>(14,866)</u>	<u>(9,323)</u>	<u>(9,484)</u>
<b>7.10 Experience adjustments</b>					
- on plan assets	-	6%	10%	12%	21%
- on plan liabilities	1%	4%	10%	7%	6%

## 8. OTHER LONG-TERM EMPLOYEE BENEFITS

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 3.512 million (2006: Rs. 1.787 million).

## 9. DEFERRED TAX LIABILITY - net

	Note	2007	2006
		(Rupees in '000)	
<b>Taxable temporary differences</b>			
Accelerated tax depreciation allowances		96,316	69,609
Surplus on revaluation of buildings	5	23,267	24,466
Share of income from associate		1,702	-
<b>Deductible temporary differences</b>			
Provision for staff retirement and other benefits		(7,484)	(7,274)
Provision for doubtful debts		(1,212)	(1,041)
Provision for slow-moving stores and spares		(2,556)	(2,358)
Provision for import levies		(14,797)	(14,991)
Others		-	(3,829)
		<u>95,236</u>	<u>64,582</u>
Share of an associate's deferred tax liability on surplus on revaluation of fixed assets		416	448
		<u>95,652</u>	<u>65,030</u>

## 10. TRADE AND OTHER PAYABLES

	Note	2007	2006
(Rupees in '000)			
Creditors	10.1	232,033	500,372
Accrued expenses	10.2	22,946	30,997
Advances from customers		188,785	244,389
Payable to staff pension fund	7.2	886	2,622
Payable to staff provident fund		80	-
Provision for import levies	10.3	42,277	42,832
Workers' profit participation fund	10.4	16,039	14,685
Workers' welfare fund		6,286	2,849
Income tax deducted at source		1,225	2,657
Unclaimed dividends		4,640	3,616
Others		10,692	20,970
		<u>525,889</u>	<u>865,989</u>

**10.1** This includes mark-up free unsecured balance of Rs. 1.552 million (2006: Rs. 0.987 million) payable to certain related parties.

**10.2** This includes an accrual of Rs. Nil (2006: Rs 0.80 million ) payable to a related party.

### 10.3 Provision for import levies

This represents provision for import levies on raw materials. The movement in this provision during the year is as follows:

	Note	2007	2006
(Rupees in '000)			
Balance as on 1 July		42,832	29,546
(Reversal) / charge for the year - net		(555)	14,512
Payments		-	(1,226)
Balance as at 30 June		<u>42,277</u>	<u>42,832</u>

### 10.4 Workers' profit participation fund

Balance as on 1 July		14,685	9,308
Mark-up on funds utilised in the Company's business	29	262	771
Allocation for the year		15,782	13,918
		<u>30,729</u>	<u>23,997</u>
Amount paid to the fund		(14,690)	(9,312)
Balance as at 30 June		<u>16,039</u>	<u>14,685</u>



## 11. SHORT TERM BORROWINGS

	Note	2007	2006
(Rupees in '000)			
<b>Secured - from banking companies</b>			
Running finance under mark-up arrangements	11.1	57,819	36,379
Foreign currency import finance	11.2	<u>881,071</u>	<u>560,063</u>
		<u>938,890</u>	<u>596,442</u>

### 11.1 Running finances

The Company has arranged short-term running finance facilities from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 1,760 million (2006: Rs.845 million). The rate of mark-up on the running finance facilities ranges between 10.2% to 11.9% net of prompt payment rebate (2006: 9.5% to 10.5%). These facilities expire between 30 June 2007 to 31 March 2008 and are renewable.

### 11.2 Foreign currency import finance

Foreign currency import finance facilities are available from various banks, amounting to Rs. 1,760 million (2006: Rs. 785 million). These balances carry mark up ranging from 5.86% to 6.46% per annum (2006 : 5.58 % to 6.51% per annum).

### 11.3 Other facilities

The facility for opening letters of credit and guarantees as at 30 June 2007 amounted to Rs. 2,790 million (2006: Rs.1,675 million) of which the amount remaining unutilised as at that date was Rs. 1,830.610 million (2006: Rs. 592.347 million).

### 11.4 Securities

The above arrangements are secured by way of joint hypothecation over stocks, stores and spares and present and future trade debts of the Company.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

- a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 39.534 million (2006: Rs. 9.956 million) against partial exemption of import levies.
- b) Bank guarantees amounting to Rs. 323.814 million (2006: Rs. 172.004 million) have been given to various parties for contract performance, tender deposits, etc.

### 12.2 Commitments

- a) Aggregate commitments for capital expenditure as at 30 June 2007 amounted to Rs. 128.711 million (2006: Rs. 25.847 million).
- b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) at 30 June 2007 amounted to Rs. 555.066 million (2006: Rs. 889.088 million).

## 13. PROPERTY PLANT AND EQUIPMENT

	Note	2007	2006
		(Rupees in '000)	
Operating assets	13.1	1,095,752	973,024
Capital work in progress	13.5	119,707	22,202
		<u>1,215,459</u>	<u>995,226</u>

### 13.1 Operating assets

	COST/ REVALUATION				Rate %	DEPRECIATION				Book value	
	As at 01 July 2006	Additions	Disposals	As at 30 June 2007		As at 01 July 2006	For the year	On disposals	As at 30 June 2007	As at 30 June 2007	
	(Rupees in '000)					(Rupees in '000)					
Leasehold land at revalued amount	501,750	-	-	501,750	-	-	-	-	-	-	501,750
Buildings on leasehold land at revalued amount	96,109	37,702	-	133,811	5	4,220	5,315	-	9,535		124,276
Plant and machinery	597,702	132,042	(2,396)	727,348	8, 12 and 25	243,622	46,240	(2,396)	287,466		439,882
Office equipment and appliances	29,579	7,636	(1,521)	35,694	12 and 25	20,306	3,533	(1,513)	22,326		13,368
Furniture and fittings	5,931	2,593	(778)	7,746	8, 12 and 25	3,038	530	(711)	2,857		4,889
Vehicles	21,081	2,481	(927)	22,635	20	8,204	3,686	(597)	11,293		11,342
Loose tools	567	70	-	637	20	305	87	-	392		245
<b>As at 30 June 2007</b>	<b>1,252,719</b>	<b>182,524</b>	<b>(5,622)</b>	<b>1,429,621</b>		<b>279,695</b>	<b>59,391</b>	<b>(5,217)</b>	<b>333,869</b>		<b>1,095,752</b>

	2006										
	COST/ REVALUATION				Rate %	DEPRECIATION				Book value	
	As at 01 July 2005	Additions	Disposals	As at 30 June 2006		As at 01 July 2005	For the year	On disposals	As at 30 June 2006	As at 30 June 2006	
(Rupees in '000)				(Rupees in '000)							
Leasehold land at revalued amount	501,750	-	-	501,750	-	-	-	-	-	501,750	
Buildings on leasehold land at revalued amount	77,796	18,313	-	96,109	5	-	4,220	-	4,220	91,889	
Plant and machinery	364,572	233,147	(17)	597,702	8, 12 and 25	219,808	23,831	(17)	243,622	354,080	
Office equipment and appliances	24,809	5,890	(1,120)	29,579	12 and 25	19,080	2,337	(1,111)	20,306	9,273	
Furniture and fittings	3,703	2,228	-	5,931	8, 12 and 25	2,807	231	-	3,038	2,893	
Vehicles	17,635	7,265	(3,819)	21,081	20	9,348	2,448	(3,592)	8,204	12,877	
Loose tools	484	83	-	567	20	234	71	-	305	262	
<b>As at 30 June 2006</b>	<b>990,749</b>	<b>266,926</b>	<b>(4,956)</b>	<b>1,252,719</b>		<b>251,277</b>	<b>33,138</b>	<b>(4,720)</b>	<b>279,695</b>	<b>973,024</b>	

13.2 Revaluation of leasehold land and buildings was carried out on 30 June 2005 by M/s. Iqbal A. Nanjee & Co., professional valuers on the basis of market value. The revaluation had resulted in surplus by Rs. 575.079 million (before tax). Had there been no revaluation, the carrying amount of leasehold land and buildings would have been as follows:

	2007	2006
	(Rupees in '000)	
Land	-	-
Building	57,799	21,986

13.3 Details of fixed assets disposed off during the year ended are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Purchaser
	----- (Rupees in '000) -----					
<b>Motor vehicle</b>						
Suzuki Cultus	555	268	287	415	Negotiation	M. A. Muqet Khan A-275, Block 14-B, North Karachi.
Items of net book value below Rs.50,000 each	5,067	4,949	118	3,478	Various	Various
	<b>2007</b>	<b>5,622</b>	<b>5,217</b>	<b>405</b>	<b>3,893</b>	
	<b>2006</b>	<b>4,956</b>	<b>4,720</b>	<b>236</b>	<b>2,669</b>	

13.4 Depreciation has been allocated as follows:

		2007	2006
		(Rupees in '000)	
Cost of sales	24	53,960	29,485
Selling costs	25	1,995	1,740
Administrative expenses	26	3,436	1,913
		<b>59,391</b>	<b>33,138</b>

13.5 Capital work-in-progress

Civil Works	15,123	3,046
Plant and machinery	104,584	19,156
	<b>119,707</b>	<b>22,202</b>

## 14. INVESTMENTS IN ASSOCIATES

	% of holding	2007 (Rupees in '000)	2006
International Industries Limited 441,642 (2006: 332,062) fully paid ordinary shares of Rs. 10 each [market value of Rs. 65.473 million (2006: Rs. 39.283 million)]	0.78	21,356	18,271
New Jubilee Insurance Company Limited 1,367,527 (2006: 1,094,022) fully paid ordinary shares of Rs. 5 each [market value of Rs.165.471 million (2006: Rs. 76.582 million)]	1.24	<u>26,576</u> <u>47,932</u>	<u>19,130</u> <u>37,401</u>

14.1 Associates are entities over which the Company has significant influence and no control. Company's two investee companies are considered to be its associates by virtue of common directorship.

### 14.2 Summarised financial information of associated companies

	Assets	Liabilities	Revenues	Profit after tax
	----- (Rupees in '000) -----			
2007	As at 31 March 2007		For the nine months period ended 31 March 2007	
International Industries Limited	8,793,868	6,589,754	7,279,424	475,158
	As at 31 March 2007		For the three months period ended 31 March 2007	
New Jubilee Insurance Company Limited	5,042,047	2,809,966	429,646	126,238
2006	As at 30 June 2006		For the year ended 30 June 2006	
International Industries Limited	5,247,290	3,247,692	7,673,815	533,558
	As at 31 December 2006		For the year ended 31 December 2006	
New Jubilee Insurance Company Limited	4,376,785	2,342,534	1,486,429	841,733

14.3 Financial impact for the Company of the results of operations of the associates for three months period ended 30 June 2007 is not considered to be material.



## 15. LONG TERM LOANS

		2007	2006
		(Rupees in '000)	
<b>Considered good - secured</b>			
Due from employees	15.1	3,472	2,130
Due from executive		13	-
		<u>3,485</u>	<u>2,130</u>
Recoverable within one year	19	(1,196)	(922)
		<u>2,289</u>	<u>1,208</u>

15.1 Mark-up free loans have been given to the employees for purchase of motor cars, motorcycles and other purposes as per the agreement with the workers' union. These are repayable in thirty-five to sixty equal monthly installments.

## 16. STORES AND SPARES

Stores		766	1,450
Spares (including Rs. 0.354 million in transit; 2006: Rs. 1.6 million)		<u>33,045</u>	<u>25,425</u>
		33,811	26,875
Provision against slow moving stores and spares		(7,303)	(6,737)
		<u>26,508</u>	<u>20,138</u>

## 17. STOCK-IN-TRADE

Raw materials (including Rs. 270.1 million in transit; 2006: Rs. 36.6 million)	17.1	534,174	629,000
Work-in-process	17.2	305,787	206,404
Finished goods	17.2	286,519	128,486
Scrap		6,950	20,474
		<u>1,133,430</u>	<u>984,364</u>

17.1 This includes certain raw materials of an aggregate value of Rs. 4.8 million (2006: Rs. 2.97 million) held by third parties.

17.2 Work-in-process and finished goods include items aggregating Rs. 12.9 million (2006: Rs. 2.5 million) and Rs. 13.5 million (2006: Rs. 5.6 million) respectively stated at their net realizable values as against their cost of Rs. 23.0 million (2006:Rs. 3.2 million) and Rs. 22.2 million (2006:Rs. 9.9 million) respectively.

## 18. TRADE DEBTS

		2007	2006
(Rupees in '000)			
<b>Considered good</b>			
Due from related parties	18.1	75,221	24,611
Others		429,730	368,342
		<u>504,951</u>	<u>392,953</u>
<b>Considered doubtful</b>			
Others		3,462	2,973
		<u>508,413</u>	<u>395,926</u>
Provision for doubtful debts		<u>(3,462)</u>	<u>(2,973)</u>
		<u>504,951</u>	<u>392,953</u>

18.1 The related parties from whom the debts are due are as under:

Engro Chemical Pakistan Limited		-	587
Heritage Developments		44	713
Intermark (Private) Limited		42,324	22,812
International Industries Limited		22,860	268
Shahtaj Sugar Mills Limited		-	26
Siemens Pakistan Engineering Limited		9,798	-
The Layton Rehmatullah Benevolent Trust		-	205
Pakistan Security Printing Corporation		195	-
		<u>75,221</u>	<u>24,611</u>

The above balances are mark up free and unsecured.

## 19. SHORT TERM LOANS AND ADVANCES

<b>Considered good</b>			
Current portion of long term loans	15	1,196	922
Short term advances to employees		329	792
Advances to suppliers		9,725	10,104
		<u>11,250</u>	<u>11,818</u>

## 20. SHORT TERM DEPOSITS AND PREPAYMENTS

	2007	2006
	(Rupees in '000)	
Deposits - considered good	3,223	2,135
Prepayments	<u>689</u>	<u>801</u>
	<u><u>3,912</u></u>	<u><u>2,936</u></u>

## 21. OTHER RECEIVABLES

Sales tax		12,763	18,164
Claim receivable		1,068	1,068
Receivable from staff pension fund - related party	21.1	797	1,724
Receivable from staff provident fund - related party		-	338
Others	21.2	<u>35</u>	<u>589</u>
		<u><u>14,663</u></u>	<u><u>21,883</u></u>

21.1 This represents payments on behalf of funds.

21.2 This includes an unsecured and mark-up free balance of Rs. 0.029 million (2006: Rs. 0.028 million) receivable from a related party.

## 22. CASH AND BANK BALANCES

With banks in current accounts		7,121	62,722
With banks in deposit accounts		-	185,000
Cash in hand		<u>270</u>	<u>299</u>
		<u><u>7,391</u></u>	<u><u>248,021</u></u>

## 23. NET SALES

Gross sales		4,810,838	3,492,213
Sales tax		<u>(624,949)</u>	<u>(447,739)</u>
		4,185,889	3,044,474
Discounts		<u>(16,951)</u>	<u>(16,417)</u>
		<u><u>4,168,938</u></u>	<u><u>3,028,057</u></u>

## 24. COST OF SALES

	2007	2006
	(Rupees in '000)	
Opening work-in-process	206,404	182,101
Raw material and metal scrap		
Opening stock - raw material	629,000	352,938
Opening stock - metal scrap	20,474	5,131
Purchases of raw material	649,474	358,069
	3,471,096	2,611,849
	4,120,570	2,969,918
Scrap sales during the year	(62,466)	(37,793)
Closing stock - raw material	(534,174)	(629,000)
Closing stock - metal scrap	(6,950)	(20,474)
	(541,124)	(649,474)
	(603,590)	(687,267)
	3,516,980	2,282,651
Stores and spares consumed	30,765	23,741
Fuel and power	53,663	47,500
Salaries, wages and benefits	120,138	92,454
Rent, rates and taxes	2,645	1,641
Insurance	2,453	2,099
Repairs and maintenance	20,348	9,848
Depreciation	53,960	29,485
Communication and stationery	729	603
Training, traveling and entertainment	5,481	5,058
General works	4,981	6,378
Cost of production	295,163	218,807
	4,018,547	2,683,559
Closing work-in-process	(305,787)	(206,404)
Cost of goods manufactured	3,712,760	2,477,155
Opening stock of finished goods	128,486	183,698
Finished goods purchased	-	569
	3,841,246	2,661,422
Closing stock of finished goods	(286,519)	(128,486)
	3,554,727	2,532,936

#### 24.1 Details of salaries, wages and benefits

	2007	2006
	(Rupees in '000)	
Salaries, wages and benefits	113,916	87,227
Provident fund contributions	2,351	2,009
Provision for pension fund obligation	1,687	1,817
Provision for staff retirement gratuity	2,184	1,401
	<u>120,138</u>	<u>92,454</u>

### 25. SELLING COSTS

Salaries, wages and benefits	25.1	30,621	29,378
Rent, rates and taxes		1,551	1,134
Insurance		228	187
Repairs and maintenance		4,818	2,353
Consultancy		60	980
Communication and stationery		1,833	1,842
Training, traveling and entertainment		5,159	4,951
Advertising and publicity		32,132	22,933
Carriage and forwarding expenses		38,386	30,875
Commission		1,394	1,126
Depreciation	13.4	1,995	1,740
Subscriptions		638	374
Fuel and power		623	574
Others		459	334
		<u>119,897</u>	<u>98,781</u>

#### 25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	28,072	26,791
Provident fund contributions	1,209	1,057
Provision for pension fund obligation	1,247	1,342
Provision for staff retirement gratuity	93	188
	<u>30,621</u>	<u>29,378</u>



## 26. ADMINISTRATIVE EXPENSES

		2007	2006
		(Rupees in '000)	
Salaries, wages and benefits	26.1	38,070	31,422
Insurance		379	375
Repairs and maintenance		6,703	2,964
Legal and professional		1,900	955
Donations	26.2	5,265	5,250
Auditors' remuneration	26.3	620	594
Communications and stationery		3,719	3,569
Provision for doubtful debts	26.4	682	1,238
Bad debts written off	26.4	-	14
Training, traveling and entertainment		2,975	2,453
Depreciation	13.4	3,436	1,913
Fuel and power		339	280
Others		351	568
		<u>64,439</u>	<u>51,595</u>

### 26.1 Details of salaries, wages and benefits

Salaries, wages and benefits	34,398	28,124
Provident fund contributions	1,712	1,385
Provision for pension fund obligation	1,903	1,875
Provision for staff retirement gratuity	57	38
	<u>38,070</u>	<u>31,422</u>

### 26.2 Donations include the following in which the directors have interest:

Name of Director	Name & address of Donee	Interest in Donee		
1. Mr. Aslam Sadruddin	Aga Khan University Foundation (AKUF) Stadium Road, Karachi	Member, National Committee AKUF	2,250	2,000
2. Mr. Irtiza Hussain	The Layton Rehmatullah Benevolent Trust, 37-C, Sunset Lane No. 4, Phase II, Extension, D.H.A., Karachi	Trustee	100	-
3. Mr. Towfiq H. Chinoy	Mohatta Palace Museum 7 Hatim Alvi Road, Clifton, Karachi	Trustee	-	250
4. Mr. Aslam Sadruddin	FOCUS Humanitarian Assistance, Mulji House 189, B/2 Garden East, Ibrahim Miller Road, Karachi	Director	-	200
			<u>2,350</u>	<u>2,450</u>

	2007	2006
	(Rupees in '000)	
<b>26.3 Auditors' remuneration</b>		
Audit fee	322	280
Fee for the review of half yearly financial statements	127	110
Special certification	120	155
Out of pocket expenses	51	49
	<u>620</u>	<u>594</u>

26.4 These have been reclassified from selling costs for more appropriate presentation.

## 27. OTHER OPERATING EXPENSES

Liquidated damages for late deliveries	27.1	39,845	4,118
Workers' profits participation fund		15,782	13,918
Workers' welfare fund		6,312	2,460
Exchange loss		937	3,675
		<u>62,876</u>	<u>24,171</u>

27.1 This has been reclassified from selling costs for more appropriate presentation.

## 28. OTHER OPERATING INCOME

Income from related parties - insurance commission		798	967
Income from non-financial assets			
- Sale of general scrap		6,589	3,538
- Gain on disposal of fixed assets		3,488	2,433
Others			
- Balance no longer payable written back		11,309	139
- Interest on term deposits		1,215	255
- Sales tax refund/claim		-	937
- Bad debts recovered		-	621
- Others		78	42
		<u>23,477</u>	<u>8,932</u>

## 29. FINANCE COST

Mark-up on finances under mark-up arrangements		73,461	38,685
Mark-up on long-term loans		21,060	7,392
Mark-up on workers' profits participation fund	10.4	262	771
Usance charges		8,405	22,521
Bank charges		8,864	7,834
		<u>112,052</u>	<u>77,203</u>

### 30. TAXATION

	2007	2006
	(Rupees in '000)	
Current - for the year	68,346	49,190
- Prior year	-	(558)
Deferred	<u>30,654</u>	<u>39,568</u>
30.1	<u>99,000</u>	<u>88,200</u>

#### 30.1 Relationship between tax expense and accounting profit:

Profit before taxation	<u>293,276</u>	<u>261,214</u>
Tax at the applicable rate of 35% (2006: 35%)	102,647	91,425
Tax effect of expenses that are not allowable in determining taxable income	-	815
Tax effect of share of profit from associates & dividend received from them	(3,166)	(2,955)
Tax effect of export proceeds taxed at lower rate	(481)	(527)
Prior years' tax charge	-	(558)
Tax charge	<u>99,000</u>	<u>88,200</u>

30.2 The income tax assessments of the Company have been finalised upto and including the financial year ended 30 June 2001, while returns filed for subsequent years upto the financial year ended 30 June 2006 by the Company are deemed to be assessed under section 120 of Income Tax Ordinance, 2001.

### 31. EARNINGS PER SHARE - basic and diluted

	(Rupees in '000)	
Profit after taxation	<u>194,276</u>	<u>173,014</u>
	(Number of shares)	
Weighted average number of ordinary shares issued and subscribed at the end of the year (2006: adjusted for the bonus issues during the year)	<u>14,633,438</u>	<u>14,633,438</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>13.28</u>	<u>11.82</u>

## 32. CASH GENERATED FROM OPERATIONS

		2007	2006
		(Rupees in '000)	
Profit before taxation		293,276	261,214
Adjustment for non cash charges and other items:			
- Depreciation	13.4	59,391	33,138
- Provision for staff retirement gratuity	7.5	2,334	6,661
- Other long-term employee benefits		2,671	2,251
- Gain on disposal of fixed assets		(3,488)	(2,433)
- Share of profit from associates		(14,852)	(8,911)
- Interest on bank deposits		(1,215)	(255)
- Finance cost		112,052	77,203
- Working capital changes	32.1	(601,952)	(16,437)
		<u>(151,783)</u>	<u>352,431</u>

### 32.1 Working capital changes

(Increase)/ decrease in current assets			
- Stores and spares		(6,370)	(1,138)
- Stocks		(149,066)	(260,496)
- Trade debts		(111,998)	(146,737)
- Short-term loans and advances		568	(6,911)
- Short-term deposits and payments		(976)	2,528
- Other receivables (net)		7,014	(4,886)
		<u>(260,828)</u>	<u>(417,640)</u>
(decrease)/ Increase in current liabilities			
Trade and other payables (net)		(341,124)	401,203
		<u>(601,952)</u>	<u>(16,437)</u>

## 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

Cash and bank balances	22	7,391	248,021
Running finance under mark-up arrangements	11	(57,819)	(36,379)
		<u>(50,428)</u>	<u>211,642</u>

## 34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### i) Mark-up / profit rate risk

Information about the company's exposure to mark-up / profit rate risk based on contractual repricing and maturity dates, whichever is earlier at 30 June 2007, is as follows:

		2007							
Mark-up rate %		Mark-up / profit bearing			Non-mark-up / profit bearing			Total	
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
		(Rupees in '000)							
<b>Financial assets</b>									
	Loans and advances to employees	-	-	-	-	1,196	2,289	3,485	3,485
	Deposits	-	-	-	-	3,223	2,494	5,717	5,717
	Trade debts	-	-	-	-	504,951	-	504,951	504,951
	Other receivables	-	-	-	-	1,103	-	1,103	1,103
	Cash and bank balances	-	-	-	-	7,391	-	7,391	7,391
		-	-	-	-	<b>517,864</b>	<b>4,783</b>	<b>522,647</b>	<b>522,647</b>
<b>Financial liabilities</b>									
	Long-term loans	11.09 - 11.46	87,620	135,784	223,404	-	-	-	223,404
	Trade and other payables	-	-	-	-	270,391	-	270,391	270,391
	Short term borrowings	5.58 - 11.90	938,890	-	938,890	-	-	-	938,890
	Mark-up accrued on bank borrowings	-	-	-	-	15,911	-	15,911	15,911
			<b>1,026,510</b>	<b>135,784</b>	<b>1,162,294</b>	<b>286,302</b>	<b>-</b>	<b>286,302</b>	<b>1,448,596</b>
	<b>On-balance sheet gap (a)</b>		<b>(1,026,510)</b>	<b>(135,784)</b>	<b>(1,162,294)</b>	<b>231,562</b>	<b>4,783</b>	<b>236,345</b>	<b>(925,949)</b>
<b>Off-balance sheet items</b>									
	Letters of credit	-	-	-	-	670,550	-	670,550	670,550
	Financial guarantees (including post dated cheques)	-	-	-	-	363,348	-	363,348	363,348



**2006**

	Mark-up rate  %	Mark-up / profit bearing			Non-mark-up / profit bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
								(Rupees in '000)
<b>Financial assets</b>								
Loans and advances to employees	-	-	-	-	922	1,208	2,130	2,130
Deposits	-	-	-	-	2,135	2,314	4,449	4,449
Trade debts	-	-	-	-	392,953	-	392,953	392,953
Other receivables	-	-	-	-	1,657	-	1,657	1,657
Cash and bank balances	-	185,000	-	185,000	63,021	-	63,021	248,021
		<b>185,000</b>	<b>-</b>	<b>185,000</b>	<b>460,688</b>	<b>3,522</b>	<b>464,210</b>	<b>649,210</b>
<b>Financial liabilities</b>								
Long-term loans	10.70 -10.85	56,668	84,999	141,667	-	-	-	141,667
Trade and other payables	-	-	-	-	555,955	-	555,955	555,955
Short term borrowings	5.60 - 10.50	596,442	-	596,442	-	-	-	596,442
Mark-up accrued on bank borrowings	-	-	-	-	8,581	-	8,581	8,581
		<b>653,110</b>	<b>84,999</b>	<b>738,109</b>	<b>564,536</b>	<b>-</b>	<b>564,536</b>	<b>1,302,645</b>
<b>On-balance sheet gap (a)</b>		<b>(468,110)</b>	<b>(84,999)</b>	<b>(553,109)</b>	<b>(103,848)</b>	<b>3,522</b>	<b>(100,326)</b>	<b>(653,435)</b>
<b>Off-balance sheet items</b>								
Letters of credit	-	-	-	-	910,649	-	910,649	910,649
Financial guarantees (including post dated cheques)	-	-	-	-	181,960	-	181,960	181,960

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

ii) Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continuously assessing the credit worthiness of counterparties.

Concentration of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

All the financial assets of the Company, except cash in hand of Rs. 0.270 million (2006: Rs. 0.299 million), are exposed to credit risk. The Company believes that it is not exposed to major concentration of credit risk. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy, obtaining securities where applicable and makes provision against those balances considered doubtful of recovery.

iii) Foreign exchange risk management and hedges of anticipated future transactions

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to foreign currency risk on sales and purchases that are entered in a currency other than Pak. Rupees. The company uses forward foreign exchange contracts to hedge its foreign currency risk, when considered appropriate. At the year end no balances denominated in foreign currency were receivable by the Company. At the year end the Company had liabilities in foreign currencies aggregating to Rs. 1,021.24 million (2006: Rs. 1,019.424 million).

iv) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except that at the year end, the fair value of investments in associated companies accounted for under the equity basis of accounting amounted to Rs. 230.944 million (2006: Rs. 115.865 million) as against the carrying value of Rs. 47.932 million (2006:Rs. 37.401 million).

v) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising fund to meet commitments associated with financial instruments. The Company closely monitors its liquidity and cash flow position. This includes maintenance of balance sheet ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

## 35. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

### 35.1 Remuneration of the chief executive, executive directors and executives

The aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, directors and executives of the company were as follows:

	2007			2006		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration (including performance bonus)	9,588	7,085	12,278	7,677	6,070	9,815
Retirement benefits	1,535	1,166	1,900	1,378	1,114	1,751
House rent, utilities and others	2,539	1,958	4,934	2,193	1,725	4,122
	<b>13,662</b>	<b>10,209</b>	<b>19,112</b>	<b>11,248</b>	<b>8,909</b>	<b>15,688</b>
Number of persons	1	2	12	1	2	11

The chief executive, executive directors and certain executives of the company are provided with free use of cars. The chief executive, executive directors and executives are also provided with medical facilities in accordance with their entitlements.

### 35.2 Remuneration to non-executive directors

In addition to the above, the aggregate amount charged in these financial statements for directors' fee paid to eight directors was Rs. 235 thousand (2006: seven directors - Rs. 220 thousand).

## 36. TRANSACTIONS WITH RELATED PARTIES

The details of transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment (comprising of the chief executive and directors, details of which are given in note 35.1 above to these financial statements), are as follows:

	2007	2006
	(Rupees in '000)	
<b>Associated companies</b>		
Sale of goods	278,831	127,947
Discount	5,387	5,457
Purchase of goods, services and materials	9,855	669
Commission earned	798	967
Insurance premium	8,175	8,204
Insurance claim received	305	393
Dividend received	4,288	3,277
Distribution expenses	4,417	3,055
Donations	2,350	2,450
Share of profit of associated companies under the equity basis of accounting	25.2	
Net charge in respect of staff retirement benefit plans	14,852	8,911
	10,109	9,486

Contributions to the defined contribution plan (provident fund) are made as per the terms of employment, whereas the charge for pension is recognised as per the actuarial advice. Share of profit of associated companies is recognised under the equity basis of accounting.

The details of balances with related parties are disclosed in notes 7, 8, 10.1, 10.2, 18.1, 21.1 and 21.2 to these financial statements.

### 37. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types of aluminium sections and types and sizes of cables and wires produced.

### 38. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 27 July 2007 have proposed for the year ended 30 June 2007, final cash dividend of Rs. 2.0 per share (2006: Rs. 2.5 per share) amounting to Rs. 29.267 million (2006: Rs. 24.389 million), bonus share issue in the proportion of one share for every three shares held amounting to Rs. 48.778 million (2006: Rs. 48.778 million) and appropriation to general reserves amounting to Rs. 93.000 million (2006: Rs. 100.500 million) for approval by the members of the Company in the Annual General Meeting to be held on 31 August 2007. The financial statements for the year ended 30 June 2007 do not include the effect of the proposed cash dividend, bonus issue and appropriation to general reserves, which will be recognised in the financial statements for the year ending 30 June 2008.

### 39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 27 July 2007 by the board of directors of the Company.

### 40. GENERAL


Figures have been rounded off to the nearest thousand rupees.



Towfiq H. Chinoy  
Chairman



Kamal A. Chinoy  
Chief Executive



Haroun Rashid  
Director

# PATTERN OF SHAREHOLDING

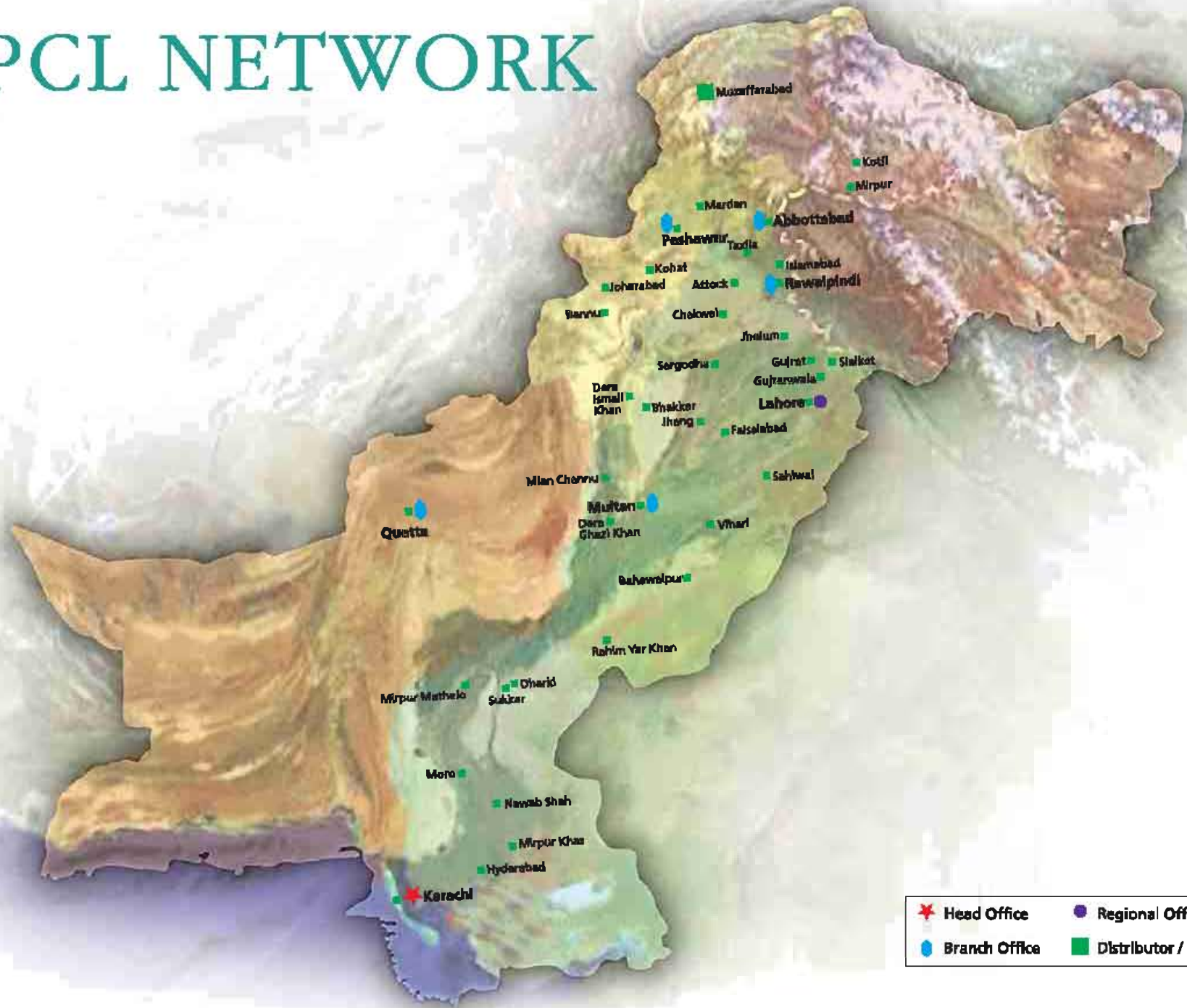
As at 30 June 2007

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
346	1	100	16,582
400	101	500	114,222
224	501	1,000	167,886
311	1,001	5,000	747,556
69	5,001	10,000	489,014
20	10,001	15,000	239,440
8	15,001	20,000	137,375
7	20,001	25,000	160,185
4	25,001	30,000	107,187
-	30,001	35,000	-
5	35,001	40,000	188,996
-	40,001	45,000	-
2	45,001	50,000	94,616
3	50,001	55,000	159,259
1	55,001	60,000	55,426
-	60,001	65,000	-
1	65,001	70,000	67,617
3	70,001	75,000	215,624
-	75,001	95,000	-
1	95,001	100,000	98,152
-	100,001	105,000	-
1	105,001	110,000	109,700
-	110,001	220,000	-
1	220,001	225,000	223,485
-	225,001	255,000	-
1	255,001	260,000	259,882
-	260,001	475,000	-
1	475,001	480,000	475,308
-	480,001	500,000	-
1	500,001	505,000	500,692
1	505,001	510,000	508,472
1	510,001	515,000	513,472
-	515,001	605,000	-
1	605,001	610,000	608,443
-	610,001	875,000	-
1	875,001	880,000	875,503
-	880,001	1,140,000	-
1	1,140,001	1,145,000	1,144,815
-	1,145,001	1,365,000	-
1	1,365,001	1,370,000	1,369,822
-	1,370,001	2,430,000	-
1	2,430,001	2,435,000	2,434,479
-	2,435,001	2,550,000	-
1	2,550,001	2,555,000	2,550,228
-	2,555,001	14,633,438	-
<b>Total</b>	<b>1,418</b>		<b>14,633,438</b>

<b>Categories of Shareholders</b>	<b>Number</b>	<b>Shares held</b>	<b>Percentage</b>
<b>Associated Companies, Undertakings and Related Parties</b>	-	-	-
<b>NIT and ICP</b>	2		
National Bank of Pakistan Trustee Deptt.		2,434,479	16.64
Investment Corporation of Pakistan		324	0.00
<b>Directors, Chief Executive Officer, their Spouses and Minor Children</b>	9		
Mr. Towfiq H. Chinoy		259,882	1.78
Mr. Mustapha A. Chinoy		1,144,815	7.82
Mrs. Mustapha Chinoy		16,621	0.11
Mr. Kamal A. Chinoy		2,550,228	17.44
Mrs. Kamal Chinoy		45,832	0.31
Mr. Haroun Rashid		1	0.00
Mrs. Saadia Rashid		500,692	3.42
Syed Naseem Ahmad		1	0.00
Mr. Shahpur Channah		4,501	0.03
<b>Executives</b>	-	-	-
<b>Public Sector Companies and Corporations</b>	-	-	-
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, and Mutual Funds</b>	12	1,676,270	11.46
<b>Joint Stock Companies</b>	21	211,963	1.45
<b>Shareholders holding ten Percent or more voting Interest in the Company</b>	-	-	-
<b>Individuals</b>	1,366	5,660,329	38.68
<b>Others</b>	8		
Trustees of Aminia Muslim Girls School		52,987	0.36
Karachi Zarhosti Banu Mandal		48,784	0.33
Pakistan Masonic Institution		5,317	0.03
The Pakistan Memon Educational & Welfare Society		9,375	0.07
Government Of Pakistan, Corporate Law Authority (S.E.C.P.)		1	0.00
Administrator Abandoned Properties Organization		3,436	0.02
Trustees of Gul Ahmed Textile Mills Ltd. Emp. Provident Fund		337	0.00
Kaymo Trading (FZE)		7,263	0.05
<b>Total</b>	<b>1,418</b>	<b>14,633,438</b>	<b>100.00</b>



# PCL NETWORK



- |   |               |   |                      |
|---|---------------|---|----------------------|
| ★ | Head Office   | ● | Regional Office      |
| ● | Branch Office | ■ | Distributor / Dealer |

# PROXY FORM

I \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **Pakistan Cables limited** hereby appoint:

\_\_\_\_\_ Folio No. \_\_\_\_\_  
of \_\_\_\_\_  
\_\_\_\_\_ (full address)

or failing him \_\_\_\_\_ Folio No. \_\_\_\_\_  
of \_\_\_\_\_  
\_\_\_\_\_ (full address)

as my Proxy to attend and vote on my behalf at the 54<sup>th</sup> Annual General Meeting of the Company to be held on 31<sup>st</sup> August 2007 and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Signed by the proxy holder



Signature of Member

In the presence of (Signature / name and address of witnesses)

1) \_\_\_\_\_  
2) \_\_\_\_\_

Shareholder's Folio No. \_\_\_\_\_ Number of Shares held \_\_\_\_\_

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. Such proxy must be a member of the company.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a corporation, its common seal should be affixed to the instrument.

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 Registered Office of the company not less than 48 hours before the time of holding the meeting.

CDC shareholders or their Proxies should bring their original National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification.

The Company Secretary  
Pakistan Cables Limited  
B/21, S.I.T.E.,  
Karachi-75700

AFFIX  
CORRECT  
POSTAGE

# PRODUCT RANGE

PRODUCT	SPECIFICATION	RANGE	USAGE
<b>GENERAL WIRING</b>	450 / 750 V & 300 / 500 V BSS - 6004 : 2000	a) SINGLE CORE 1mm <sup>2</sup> to 16 mm <sup>2</sup> b) MULTICORE 1 mm <sup>2</sup> to 10mm <sup>2</sup>	House wiring, Industrial lighting & Commercial buildings
<b>L. V. CABLES</b> COPPER OR ALUMINIUM CONDUCTOR XLPE OR PVC INSULATED	600 / 1000 V & 1900 / 3300 V BSS - 6346 : 1997	a) SINGLE CORE 25mm <sup>2</sup> to 1000 mm <sup>2</sup> Armoured / Unarmoured b) MULTICORE 16 mm <sup>2</sup> to 400 mm <sup>2</sup> Armoured / Unarmoured	Industrial Projects e.g. Textile, Fertilizer, Sugar, Refineries, Cement etc.
<b>M. V. CABLES</b> COPPER OR ALUMINIUM CONDUCTOR XLPE OR PVC INSULATED	11000 - 15000 V IEC - 502 : 1994	a) SINGLE CORE 16 mm <sup>2</sup> to 630 mm <sup>2</sup> b) MULTICORE 16 mm <sup>2</sup> to 300 mm <sup>2</sup>	Primary Cable of Utility Companies for distribution to Sub-Station
<b>CONDUCTORS</b> PACC/HDBC/ACSR/AAC	BSS : 6360 : 7884, 215	Upto 500 mm <sup>2</sup>	Overhead Transmission Lines
<b>CONTROL CABLES</b>	600 / 1000 V BSS - 6346	MULTICORE 1.5 mm <sup>2</sup> to 4.0 mm <sup>2</sup>	Industrial Control Wiring
<b>WELDING CABLES</b>	PCL design with synthetic rubber insulation	16 mm <sup>2</sup> to 300 mm <sup>2</sup>	Arc Welding Plant
<b>TELEPHONE CABLES</b> PVC / PE INSULATED	PCL Design	1 pair to 20 pairs Armoured / Unarmoured	Telecommunication
<b>SPECIAL CABLES</b> a) AIR FIELD LIGHTING CABLES b) COAXIAL CABLES c) SUBMERSIBLE CABLES d) MISCELLANEOUS OTHER CABLES	Civil Aviation Authority 5C - 2V 75 ohm, RG - 6, RG -11 - As per customers' requirements	- - - -	Airport Lighting Dish Antenna CC TV and Cable Wiring Water Submersible Pumps. -
<b>ALUMINIUM SECTIONS (Profiles)</b> Brand Alum-Ex	AAMA CLASS-1 & International Standard	a) Sections for sliding doors/windows b) Sections for hinged doors/windows c) Sections for fixed glazing/shop front d) Glass door sections e) Curtain wall sections f) Centrally pivoted window sections g) Swing Door sections h) Sections for casement/awning windows i) Double glazed openable doors/windows j) Double glazed sliding doors/windows k) Special sections to suit customers' specific needs	Architectural, Industrial & Commercial.
<b>High conductivity Oxygen free COPPER ROD</b>	ASTM B-49	8 mm Dia	Enamel wire manufacturing, Electrical/communication wires, cables, conductor & enamelled wire.



Pakistan Cables Limited

[www.pakistancables.com](http://www.pakistancables.com)

P.O. Box No.5050, B-21, S.I.T.E., Karachi-75700, Pakistan.

Telephones: 9221-2561170-75, Fax: 9221-2564614

e-mail: [info@pakistancables.com](mailto:info@pakistancables.com)