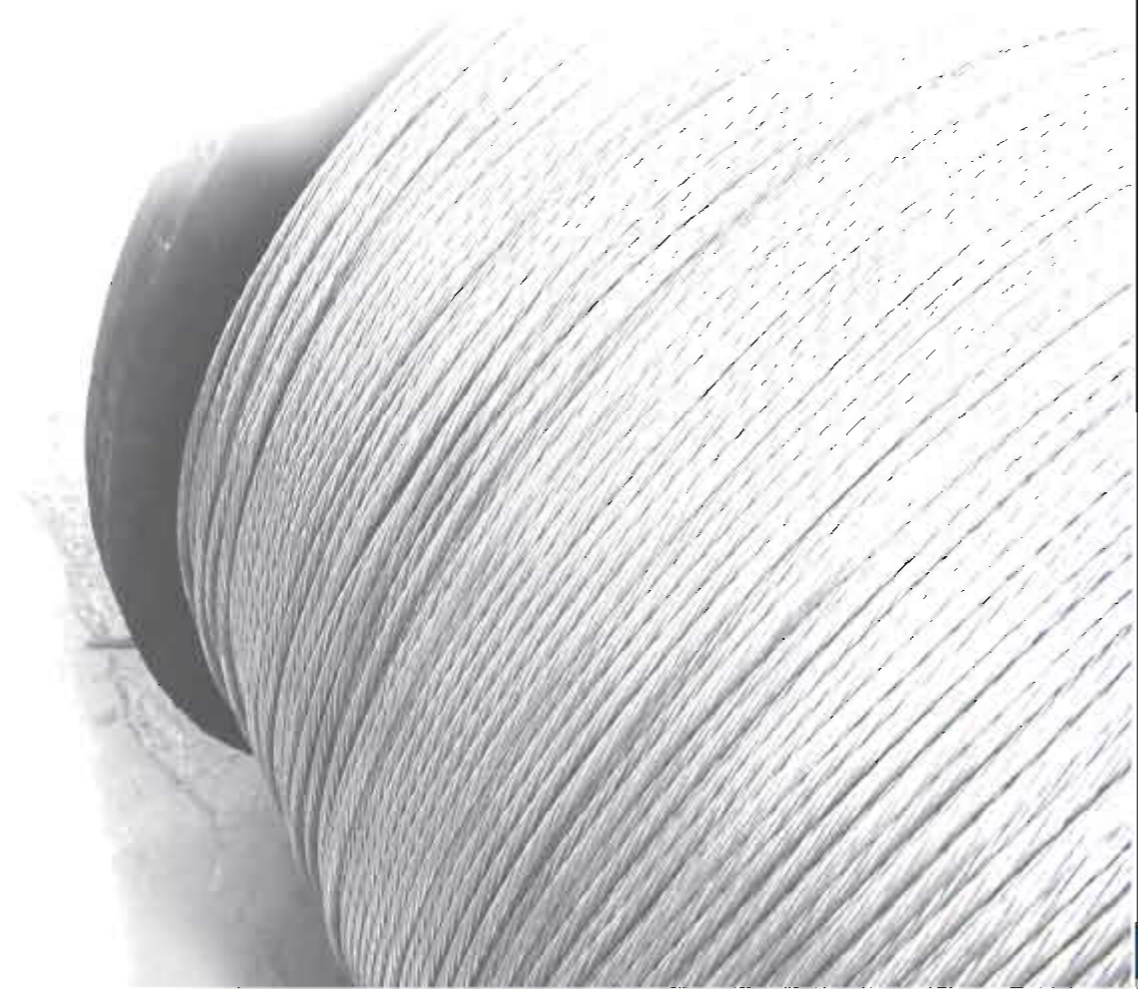




Pakistan Cables Limited

Annual Report 2005



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Board of Directors

Towfiq H. Chinoy	Chairman
Mustapha A. Chinoy	
Haroun Rashid	
Syed Naseem Ahmad	
Fuad Azim Hashimi	Representing NIT
Irfiza Hussain	Representing NIT
Ansar Hussain	Representing SLIC
Shahpur Channah	
Aslam Sadruddin	
Kamal A. Chinoy	Chief Executive

Audit Committee

Haroun Rashid
Mustapha A. Chinoy
Irfiza 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
M. A. Muqees Khan

System and Technology Committee

Kamal A. Chinoy
Aslam Sadruddin
Touseef ul Bari

Company Secretary

Aslam Sadruddin

Legal Advisor

Ghulam Ghous Law Associates

Auditors

Taseer Hadi Khalid & Co.
Chartered Accountants

Bankers

Standard Chartered Bank
Habib Bank Limited
Hong Kong and Shanghai Banking Corporation Limited
MCB Bank Limited
NDLC-IFIC 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
Web site: www.pakistancables.com

Regional Office

Lahore

Co-operative Insurance Building,
Shahra-e-Quaid-e-Azam, Lahore
Telephone Nos. (042) 7355783, 7120790-91, 7353520
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, Manshera Road,
Abbottabad
Telephone No. (0992) 383616
E-mail: abbotabad@pakistancables.com

Peshawar

Shop # 1 & 2, 1st Floor, Humaz Plaza,
Opp. Airport Runway, University Road,
Peshawar
Telephone No. (091) 5845068
E-mail: peshawar@pakistancables.com

Quetta

Shop # 1-26/36-1312,
Haji Fateh Khan Building,
Opp. Press Club, Sharah-e-Adalat, Quetta
E-mail: quetta@pakistancables.com



Sitting (L to R)

Mr. Haroun Rashid
Syed Naseem Ahmad
Mr. Towfiq H. Chinoy
(Chairman)

Mr. Irtiza Hussain
(Representing NIT)

Standing (L to R)

Mr. Aslam Sadruddin
(Finance Director)

Mr. Mustapha A. Chinoy

Mr. Kamal A. Chinoy
(Chief Executive)

Mr. Ansar Hussain
(Representing SLIC)

Mr. Fuad Azim Hashimi
(Representing NIT)

Mr. Shahpur Channah
(Deputy Chief Executive)

BOARD OF DIRECTORS

VISION

To be the **Company of first choice** for customers & partners for Wire and Cables and other engineering products.



05



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 interests**.

To assist in the **socio-economic** development of **Pakistan** by being good **corporate citizens**.

MISSION

06



Started manufacturing of General Wiring Cables with Natural Rubber Insulation.

Introduced General Wiring Cables with PVC Insulation for the first time in Pakistan.

Established Power Cables Factory for manufacture of Low Voltage Armoured Cables up to 3.3 KV for the first time in Pakistan.
Installed 2000 tons Aluminium Rod Extrusion plant with German technology.

Manufactured Field Communication Cables for use by Pakistan's Armed Forces.

Received the Top 25 Companies Award from Karachi Stock Exchange.

Launched Aluminium extruded sections comprising pipes & curtain railings.

Again Received Top 25 Companies Award from Karachi Stock Exchange.

Received Corporate Excellence Award by Management Association of Pakistan. Awarded to the 6 best-managed companies.

Established Anodizing Plant for manufacturing of Aluminium Doors & Window Sections.

Introduced for the first time in Pakistan Medium Voltage 15 KV XLPE cables fully type tested by KEMA, Holland for supply to KESC.

Setup a state-of-the-art plant to manufacture High Conductivity Oxygen Free Copper Rod.

Became the first ISO9002 certified cable manufacturer in Pakistan.

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

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

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

Introduced powder coated Aluminium Profiles.
Commemorated 50th Anniversary.

Achieved net sales of over Rs. 1 billion.

Achieved net sales of over Rs. 2 billion.

JOURNEY OVER THE YEARS

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.

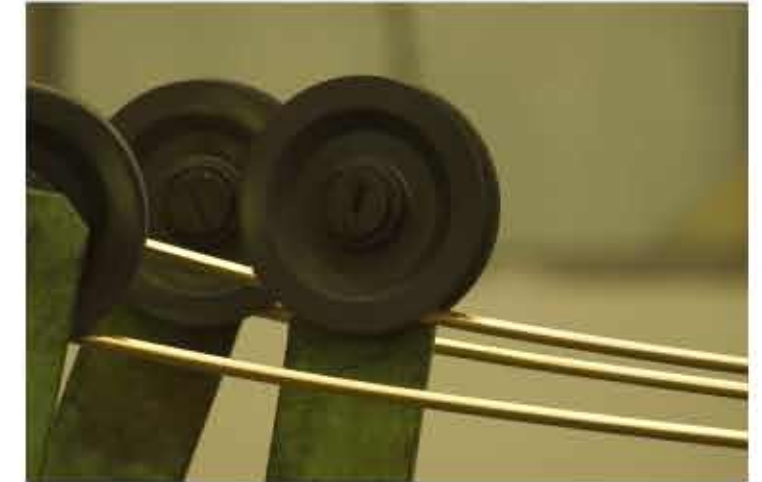
To cater to the requirements of Utilities, Projects and Industries, Low Voltage (LV) and Medium Voltage (MV) cables are manufactured which are subject to rigorous in-house quality checks. LV and MV cables have been fully type tested by KEMA - Holland in accordance with IEC 502.

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.

WIRE AND CABLES

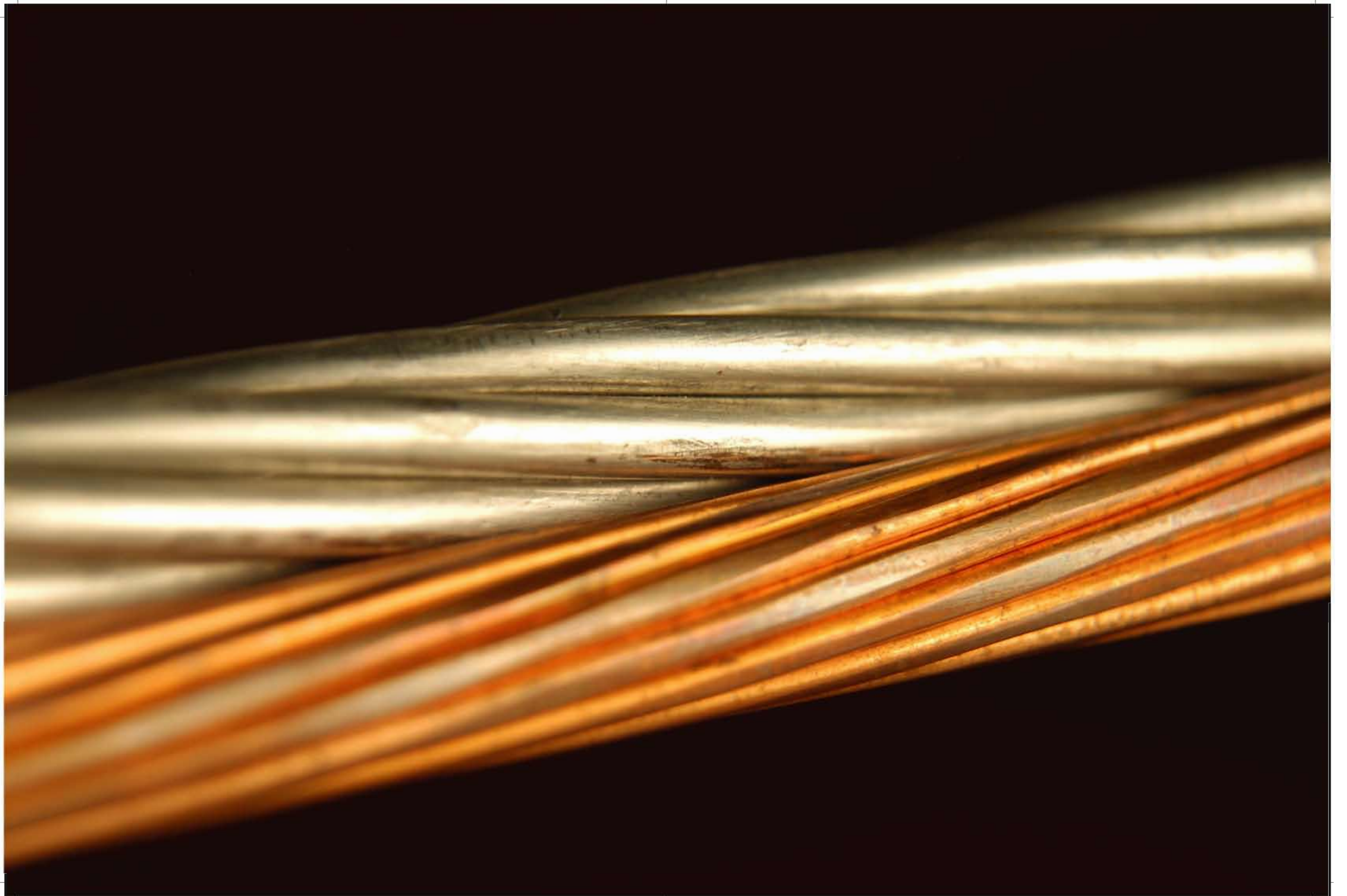




In 1996, PCL set up a plant to manufacture High Conductivity Oxygen Free 8mm COPPER ROD. This plant was supplied by Outokumpu Castform Oy, Finland and uses the upcast system of manufacturing rod. 8mm diameter rod is cast directly from the furnace. Oxygen Free Copper is particularly suited for drawing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

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.

COPPER ROD



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.



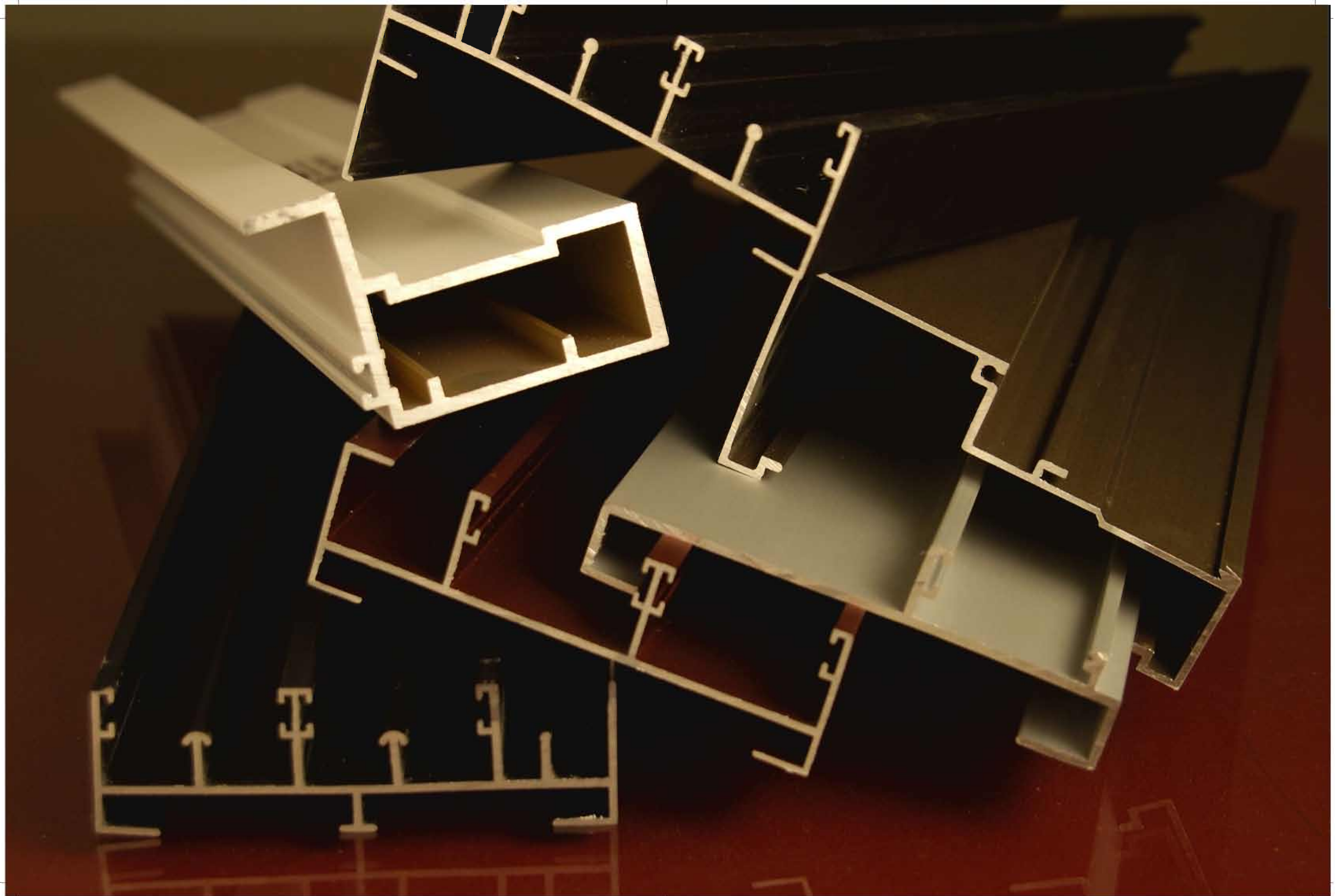
Pakistan Cables Limited has lately commissioned 'Powder Coating' facilities in their Aluminium Profile Business segment, and can now offer aluminium profiles / sections of any imaginable colour to match the taste of the customer.

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.

ALUM-EX



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 52nd Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Tuesday, the 18th October 2005 at 10:30 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, 2005 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 40% making a total of 65% for the financial year ended June 30, 2005.
3. To appoint Auditors for the ensuing year and to fix their remuneration (Messrs. Taseer Hadi Khalid & 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 M/s Taseer Hadi Khalid & Co.

SPECIAL BUSINESS

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

"Resolved that a sum of Rs. 19,511,250/- out of the free reserves of the company be capitalized and applied to issue of 1,951,125 Ordinary Share 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 October 18, 2005 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, 2005.

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.

The management however recommends that the net proceeds of these shares may be donated to a charitable institution.

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 deemed 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.

By Order of the Board
Aslam Sadruddin
 Finance Director and Company Secretary

KARACHI: September 23, 2005

NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 05, 2005 to October 18, 2005 (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/her 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

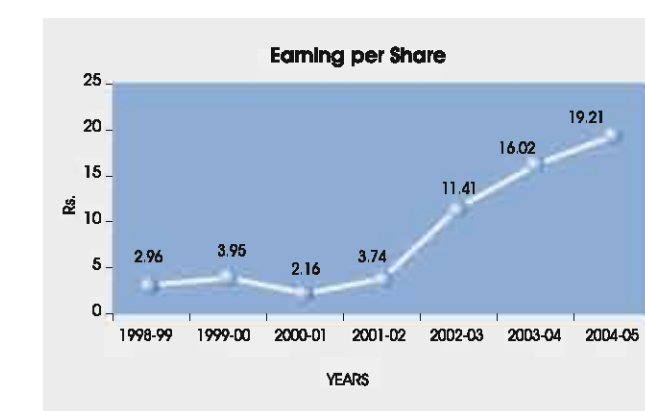
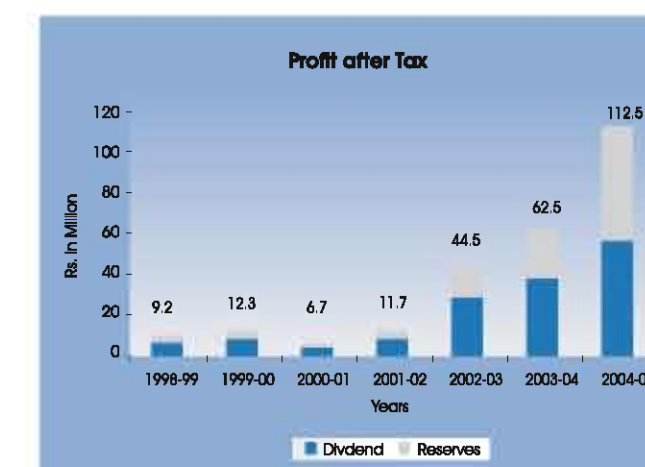
This statement sets out the material facts concerning the special Business to be transacted at the Annual General Meeting of the Company to be held on October 18, 2005.

The Directors consider it justified to capitalize a sum of Rs.19,511,250/- which they have set aside in reserve 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

	2004-2005 Rs. Million	2003-2004 Rs. Million	2002-2003 Rs. Million	2001-2002 Rs. Million	2000-2001 Rs. Million	1999-2000 Rs. Million	1998-1999 Rs. Million
Sales	2,019.3	1,279.9	910.9	799.9	763.7	721.3	578.9
Gross profit	319.5	184.3	141.7	98.0	86.7	86.4	80.4
Operating profit	207.1	104.6	73.2	39.6	34.8	40.4	39.7
Profit before tax	170.3	91.3	63.1	18.3	9.3	11.7	13.2
Profit after tax	112.5	62.5	44.5	11.7	6.7	12.3	9.2
Dividend	38.0	19.5	21.9	9.4	6.2	9.4	7.8
Bonus issue	19.5	19.5	7.8	-	-	-	-
Capital expenditure	124.5	29.3	11.2	6.0	4.8	13.8	10.0
Fixed assets at cost/revaluation	1,007.9	313.1	293.2	284.3	279.7	275.8	263.0
Current assets less current liabilities	112.1	105.8	77.1	62.7	55.8	44.4	40.9
Current assets : Current liabilities	1.1:1	1.2:1	1.2:1	1.2:1	1.1:1	1.1:1	1.1:1
Shareholders funds							
Issued capital	58.5	39.0	31.2	31.2	31.2	31.2	31.2
Reserve & retained earnings	227.7	149.4	114.2	91.5	89.2	88.7	85.8
Total Shareholders' fund	286.2	188.4	145.4	122.7	120.4	120.0	117.0
Surplus on revaluation of fixed assets	549.4	-	-	-	-	-	-
Long term loans & liabilities	46.4	21.2	20.4	19.9	14.2	15.4	20.0
Net assets employed	882.0	209.6	165.8	142.6	134.7	135.3	137.0
Debtors turnover (Times)	8.2	7.5	6.0	5.3	6.4	6.5	6.8
Inventory turnover (Times)	2.3	2.2	2.8	3.5	3.2	3.0	2.4
Total assets turnover (Times)	1.1	1.5	1.6	1.5	1.5	1.4	1.3
Interest coverage (Times)	5.6	8.1	4.4	1.7	1.3	1.4	1.5
Gross profit %	15.8	14.4	15.6	12.3	11.4	11.9	13.9
Return on capital employed %	23.5	49.7	49.2	30.6	29.8	31.9	30.8
Price earning ratio	10.1	8.6	4.8	4.8	10.1	5.1	6.4
Earning per rupee of sales Rs.	0.06	0.05	0.05	0.01	0.01	0.02	0.02
Earning per share Rs.	19.21	16.02	11.41	3.74	2.16	3.95	2.96
Cash dividend per share Rs.	6.50	5.00	7.00	3.00	2.00	3.00	2.50
Bonus issue per share Rs.	3.33	5.00	2.50	-	-	-	-
Market value per share Rs.	195.00	137.00	68.00	18.00	21.75	20.00	19.10
Break-up value per share Rs.	142.76	48.28	46.58	39.32	38.59	38.43	37.48
Value addition and its distribution							
Employees as remuneration	136.1	105.9	92.4	75.6	71.2	68.4	65.5
Government as taxes	484.4	305.6	289.3	240.9	239.7	227.7	185.0
Shareholders as dividends	57.6	39.0	29.7	9.4	6.2	9.4	7.8
Retained within the business	55.3	23.5	14.9	2.3	0.5	3.0	1.4





DIRECTORS' REPORT

The Directors are pleased to present the 52nd Annual Report along with the audited accounts of the company for the year ended June 30, 2005.

BOARD CHANGES

The following directors were elected unopposed with effect from May 10th, 2005 in the Extra Ordinary General Meeting of the Company held on May 10th, 2005:



Mr. Towfiq H. Chinoy
 Mr. Mustapha A. Chlnoy
 Mr. Haroun Rashid
 Syed Naseem Ahmad
 Mr. Nadeem Anwar – representing NIT
 Mr. Fuad A. Hashimi – representing NIT
 Mr. Ansar Hussain – representing SLIC
 Mr. Shahpur Channah
 Mr. Aslam Sadruddin
 Mr. Kamal A. Chinoy

During the year the following changes took place in the Board:

- i) Mr. Fuad A. Hashimi was appointed as NIT's nominee director on 02-10-2004 in place of Mr. Aziz Husain.
- ii) Mr. Ansar Hussain replaced Mr. Zafar Mahmood as State Life Insurance Corporation's nominee director on 10-05-2005.
- iii) Mr. Irtiza Hussain was appointed as NIT's nominee director on 13-06-2005 in place of Mr. Nadeem Anwar.

The Board wishes to place on record its warm appreciation for the valuable efforts and contributions made by retiring directors during the period they were on the Board. The Board also takes pleasure in welcoming the new directors and hopes to benefit from their vast experience.

GENERAL REVIEW

By the grace of Allah, the performance of the Company during the current financial year showed remarkable improvement over the achievements of last year. Net sales crossed the two billion rupee mark for the first time in the history of the company. Moreover, the profit after tax of Rs. 112.5 million is the highest ever achieved by the company.

During the year under review, the Company incurred capital expenditure amounting to Rs. 125 million. This expenditure was incurred mainly to upgrade and modernize the company's production units, particularly wire & cable making machinery, with a view to increase production capacity and minimize cost. With the installation of the new machines the company was able to achieve increased volume growth which contributed towards the increased profitability.

Pakistan Cables also manufacture aluminium sections under the brand name of Alum-Ex for use in the construction and architectural applications. The company uses imported raw materials for manufacturing these sections. The company also has a "Powder Coating" facility and offers aluminium section in various colours to meet customers' requirement. Besides local sales to various projects, housing schemes and industries, the company also exports these sections to various countries viz. Afghanistan, Kuwait, etc.

OPERATING PERFORMANCE

Your Company closed the financial year at new heights which can be assessed from the following information:

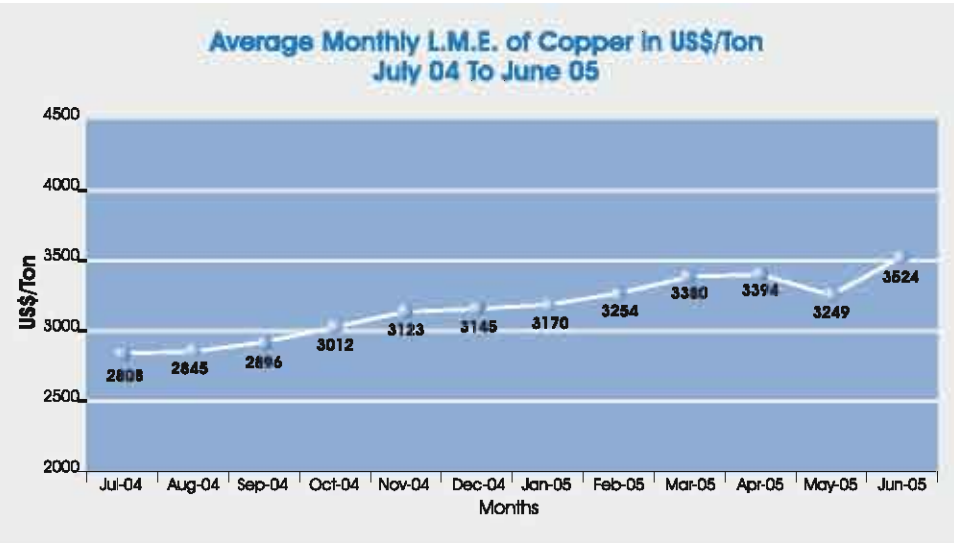
	2004-05	2003-04	Change
	Rs. in millions		
Sales	2,019	1,281	+ 58%
Gross Profit	319	186	+ 72%
Gross Profit Percentage	15.8%	14.5%	
Net Profit	113	63	+ 80%
Net Profit Percentage	5.6%	4.9%	

This increase in sale has been partially fed by rising raw material prices. However, the increase in demand was a big factor and with the benefit of the capital expenditure made during the year, we were able to process greater volumes. Moreover, the company continued its aggressive marketing stance leading to a growth in market share.

The main growth was in the wire and cable business and across all sectors of this business. However, the greater growth was in the Projects / Commercial segment as the company capitalized on increasing demand from the industrial sector particularly from the continuing investment in BMR and expansion in the textile industry.

Gross profit for the year amounting to Rs. 319 million is 15.8% of sales compared to last year's gross profit of Rs. 186 million which is 14.5% of sales. The higher gross profit is attributed mainly due to volume growth, better sales mix, increased productivity and cost savings initiatives. The copper prices, during the last quarter, reached the highest level for more than 16 years mainly on strong Chinese demand, sliding stockpiles, weakness of US Dollar and fund interest. These high prices had an adverse affect on our margins for the last quarter.





Operating profit for the year is Rs. 207.2 million against Rs. 107.9 million last year. The financial charges have increased mainly due to higher interest rates and borrowings. The interest rates started moving up during the last quarter in response to tightening of monetary policy by the State Bank to control rising inflation. The Central Bank increased its discount rate on April 11, 2005 from 7.5% to 9.0% after more than two years. The average rates at which the company borrowed money during the year were more than twice than what they were last year.

Net profit after tax touched of Rs. 112.5 million compared to Rs. 62.5 million last year, showing an increase of 80%. Earnings per share also increased from Rs. 10.68 to Rs. 19.21 in the current year.

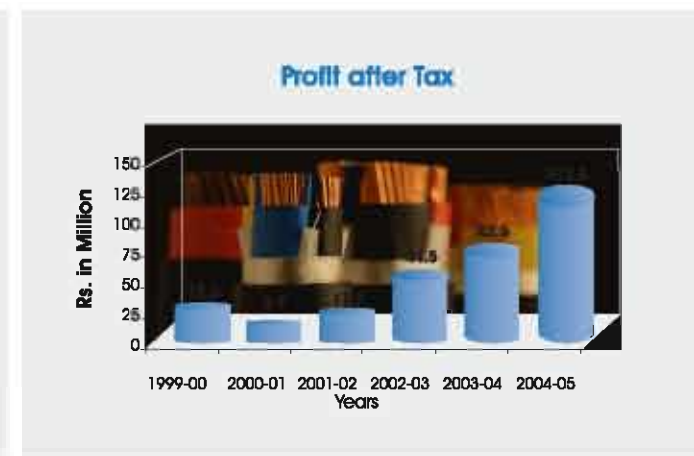
Your Company revalued its land & buildings during the year which has resulted in a surplus on revaluation of Rs. 549 million.

DIVIDENDS AND APPROPRIATION

For the current year, your Directors recommend payment of Rs. 4.0 per share (40%) as final cash dividend (2004: 30%) in addition to the interim dividend of Rs. 2.5 per share (25%) already paid (2004: 20%). Further more, the directors have also recommended issue of bonus shares in the proportion of ONE share for every THREE shares held (33.33%) (2004: 50%). The appropriation of profit will be as under:



	2004-05 Rs. '000
The net profit after tax amounted to	112,467
To this is added unappropriated profit brought forward from last year	12,099
	124,566
APPROPRIATIONS:	
Interim Dividend of Rs. 2.5 per share (25%)	14,633
Payment of final cash dividend at the rate of Rs. 3.0 per share (30%) for the year ended June 30, 2004	11,707
Transfer to Reserve for Issue of fully paid Bonus Shares for the year 2004-05	19,511
Transfer to General Reserve	55,000
Leaving unappropriated profit to be carried forward	23,715
	124,566
Earning per share	Rs. 19.21
Subsequent Effects	
Proposed final cash dividend of Rs. 4.0 per share for the year 2004-05	23,414
	23,414



Due to the recent changes in Companies Ordinance, 1984 and the requirements of International Accounting Standard 10, "Events after the balance sheet date", declaration of cash dividend is now required to be incorporated in the financial period in which it is declared. Therefore, the final cash dividend for the year 2004-05, announced on August 23, 2005 by the Board, shall be reflected in the financial statements for the year 2005-06.

TECHNOLOGY

The company was one of the first few companies in Pakistan to be certified ISO 9001:2000, and focuses on enhancing its Quality Control & Development facilities to meet the challenges from international players with the implementation of WTO in the year 2005. To further improve the end product, upgraded quality control equipment is being installed. The fully equipped and modern Quality Control Laboratory is manned by professional and skilled personnel. Production process and quality control systems are in place to meet the stringent standards required for competing in local and international markets.



SAFETY, HEALTH AND ENVIRONMENT

The Company maintains a strong commitment to safety, health and environmental performance in all its operations and this applies to the safety of everyone involved in or affected by our operations.

As a part of our continuing efforts to excel in safety, all new employees are given orientation on security, safety of men and machines and fire fighting. The company also ensures that all new machinery and equipment incorporate the latest technology in safety standards and are operated by a skilled and experienced team of professionals dedicated to the cause of safety. Various sessions on safety awareness were held and the company is pleased to report that it did not have a single reportable injury during the year.

Pakistan Cables' health and safety goal is zero injuries and illnesses. We strive for an incident free workplace and an environment that complies to our clear objective. We continue our efforts to train and educate our employees in safe and environmentally friendly occupational work practice and procedures.



FUTURE PROSPECTS

There has been a significant improvement in the macro economic environment of Pakistan which is a good indicator of developing business confidence. The consistency in the economic policies of the Government is an encouraging sign for the development of the economy including manufacturing and trading.

Your company is well positioned for growth and profitability. The company intends to further invest in plant & machinery for removal of bottlenecks, expansion, modernization and up-gradation of the manufacturing facilities during the next year to achieve desired synergies.

Our focus will remain on a long-term view of business, quality consciousness and operational efficiency through innovation in all areas. However, the increasing prices of raw materials mainly copper coupled with the increasing interest rates, is a cause of concern for the company.

The company carries forward a healthy order book into the next financial year and will continue to maintain an aggressive stance towards its market share, as it did during the current year.

COMMUNITY WELFARE

Pakistan Cables has always remained acutely conscious of its responsibility towards the society in which it operates. As a good corporate citizen, the Company made sizable contributions for projects in healthcare, education and social welfare to help improve the quality of life for the under privileged members of this community. Financial support was provided to several reputable and well-established institutions like Marie Adelaide Leprosy Centre, Aga Khan Health & Education Services, Pakistan Centre for Philanthropy, The Kidney Centre, etc. to carryout social welfare work.



CONTRIBUTION TO NATIONAL ECONOMY

During the year under review, your company's contribution to the Exchequer amounted to Rs. 484 million (2003-04:Rs. 306 million) as duties and taxes.

CORPORATE GOVERNANCE

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

- 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.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except otherwise mentioned in this report. Further, accounting estimates are based on reasonable and prudent judgments.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- 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 ____, while the pattern of shareholding is provided on page ____.

Following is the value of investments based on respective audited accounts for the year ended December 31, 2004:-

Provident Fund	Rs. 37,265 Million
Pension Fund	Rs. 28,465 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
1 Mr. Tawfiq H. Chinoy	06
2 Mr. Mustapha A. Chinoy	06
3 Mr. Haroun Rashid	04
4 Syed Naseem Ahmad	04
5 Mr. Aziz Hussain (Representing NIT resigned on 18-09-04) Mr. Fuad Azim Hashimi (Representing NIT appointed on 02-10-04)	02 04
6 Mr. Nadeem Anwar (Representing NIT resigned on 01-06-05) Mr. Iftikhar Hussain (Representing NIT appointed on 13-06-05)	04 04
7 Mr. Zafar Mahmood (Representing SUC resigned on 10-05-05) Mr. Anwar Hussain (Representing SUC elected on 10-05-05)	03 03
8 Mr. Shahpur Channah	06
9 Mr. Aslam Saadullah	06
10 Mr. Kamal A. Chinoy	06

Particulars of trading in the shares of the company by the Director, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children including shares gifted to/by them are given below:

	Transferor or Transferee	Office held/ Relationship	Number of Shares	Whether by Sale/ Purchase or Gift
Mr. Mustapha A. Chinoy	Transferor	Director	(30,153)	Gift
Mr. Shahpur Channah	Transferee	Director	932	Purchase
Mr. Kamal A. Chinoy	Transferor	Chief Executive	(30,152)	Gift



AUDITORS

The present auditors, M/s. Taseer, Had, Khalid & 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, 2006.

STAFF RELATIONS

The total number of employees as on June 30, 2005 was 360. The relationship with the employees at all levels remained cordial and conducive throughout the year. The company continues its efforts to improve the manpower quality through training and ongoing exposure to the work force at different levels. Several well structured workshops were organized to improve the morale and motivation of the employees. The company also invested a considerable amount of time and money on human resource developments in the fields of technology and business administration.

The Union-Management relations continued to be friendly and industrial peace prevailed during the year under review.

ACKNOWLEDGEMENT

We take pleasure in expressing appreciation and thank all the staff members for their commitment, loyalty and hard work throughout the year which enabled the company to achieve the good results. On behalf of the Board of Directors and employees of the company, we express our gratitude to all our valued customers, distributors and banks for their confidence and support.



On behalf of the Board



Tawfiq H. Chinoy
TOWFIQ H. CHINYOY
Chairman



Kamal A. Chinoy
KAMAL A. CHINYOY
Chief Executive

KARACHI: August 23, 2005



Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2005

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange 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 (NIT) 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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred in the Board on September 18, 2004 and June 01, 2005. Both were filled on October 02, 2004 and June 13, 2005 respectively.
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 of the Company. 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 appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.
8. All 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 Board arranged an orientation for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved the appointment of Head of Internal Audit. The Board has also approved the remuneration and conditions of employment of CFO, Company Secretary and Head of Internal Audit, as determined by the CEO.
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, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee comprising of three members. As per requirement of the Code of Corporate Governance majority of the members are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been 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 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



Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

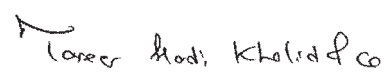
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Pakistan Cables Limited** to comply with the Listing Regulation of the Karachi Stock Exchange, where the Company is listed.

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: 23 August 2005


Taseer Hadi Khalid & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan Cables Limited** as at 30 June 2005 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 conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes stated in notes 2.5.1 and 2.18 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, 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 2005 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.

The financial statements of the Company for the year ended 30 June 2004 were audited by another firm of auditors, who had expressed an unqualified opinion on those financial statements vide their report dated 30 September 2004.

Karachi: 23 August 2005

Taseer Hadi Khalid & Co.
Taseer Hadi Khalid & Co.
 Chartered Accountants

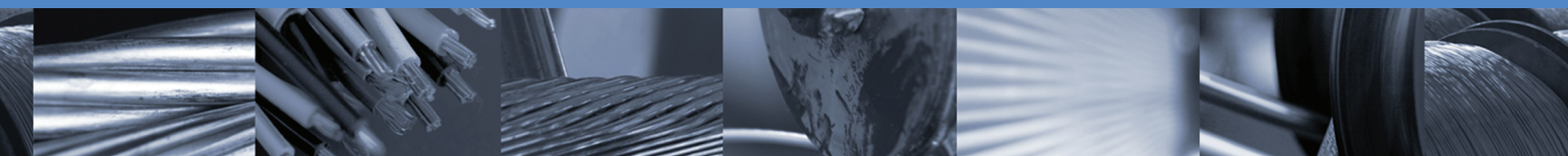


Balance Sheet

As at 30 June 2005

	Note	2005	2004 (Restated)
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	58,534	39,023
General reserves		184,500	129,500
Reserve for proposed issue of bonus shares		19,511	19,511
Unappropriated profit		23,715	12,099
		286,260	200,133
Surplus on revaluation of fixed assets - net of tax	4	549,414	-
Non-current liabilities			
Deferred liability for staff gratuity	5	13,496	13,667
Other long-term employee benefits		7,852	7,548
Deferred tax liability - net	6	25,013	-
Current liabilities			
Trade and other payables	7	463,101	266,127
Short term borrowings	8	439,561	340,850
Mark-up accrued on short term borrowings		6,549	1,715
Taxation		21,372	2,996
		930,583	611,688
Contingencies and commitments	9		
		1,812,618	833,036

The annexed notes from 1 to 39 form an integral part of these financial statements.



	Note	2005	2004
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	10	756,619	75,064
Long-term investments	11	9,110	9,110
Long-term loans and advances	12	1,973	1,268
Long-term security deposits		2,207	1,563
Deferred tax asset - net		-	16,277
Current assets			
Stores and spares	13	19,000	16,244
Stock-in-trade	14	723,868	499,325
Trade debts	15	246,216	171,067
Short-term loans and advances	16	4,907	3,077
Short-term deposits and prepayments	17	5,464	3,383
Other receivables	18	16,791	19,858
Cash and bank balances	19	26,463	16,800
		1,042,709	729,754
		1,812,618	833,036

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director



Profit and Loss Account

For the year ended 30 June 2005

	Note	2005	2004
(Rupees in '000)			
Net sales	20	2,019,306	1,281,152
Cost of goods sold	21	(1,699,828)	(1,095,617)
Gross profit		319,478	185,535
Selling costs	22	(70,010)	(48,619)
Administrative expenses	23	(37,992)	(28,564)
Other operating expenses	24	(12,889)	(9,173)
		(120,891)	(86,356)
Other operating income	25	8,567	8,735
Operating profit		207,154	107,914
Finance cost	26	(36,887)	(16,590)
Profit before taxation		170,267	91,324
Taxation	27	(57,800)	(28,800)
Profit after taxation		112,467	62,524
(Rupees)			
Earnings per share - basic and diluted	28	19.21	10.68

The annexed notes from 1 to 39 form an integral part of these financial statements.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Statement of Changes in Equity

For the year ended 30 June 2005

	Note	Share capital	General reserve	Reserve for proposed issue of bonus shares	Unappropriated profit (Restated)	Total
----- (Rupees in '000) -----						
Balance as at 30 June 2003 as previously stated		31,218	106,000	7,805	391	145,414
Change in accounting policy with respect to final dividend declared after the balance sheet date	2.18	-	-	-	17,170	17,170
Balance at 30 June 2003 as restated		31,218	106,000	7,805	17,561	162,584
Final dividend for the year ended 30 June 2003		-	-	-	(17,170)	(17,170)
Bonus shares issued during the year		7,805	-	(7,805)	-	-
Interim dividend		-	-	-	(7,805)	(7,805)
Net profit for the year		-	-	-	62,524	62,524
Transfer to reserve for proposed issue of bonus shares		-	-	19,511	(19,511)	-
Transfer to general reserve		-	23,500	-	(23,500)	-
Balance as at 30 June 2004 as restated		39,023	129,500	19,511	12,099	200,133
Final dividend for the year ended 30 June 2004		-	-	-	(11,707)	(11,707)
Bonus shares issued during the year		19,511	-	(19,511)	-	-
Interim dividend		-	-	-	(14,633)	(14,633)
Net profit for the year		-	-	-	112,467	112,467
Transfer to reserve for proposed issue of bonus shares		-	-	19,511	(19,511)	-
Transfer to general reserve		-	55,000	-	(55,000)	-
Balance as at 30 June 2005		58,534	184,500	19,511	23,715	286,260

The annexed notes from 1 to 39 form an integral part of these financial statements.



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director



ASLAM SADRUDDIN
Finance Director



Cash Flow Statement

For the year ended 30 June 2005

	Note	2005	2004
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	29	116,978	(159,154)
Staff retirement benefits paid		(2,103)	(1,651)
Finance cost paid		(32,053)	(16,267)
Taxes paid		(23,799)	539
Long term loans and advances (net)		(705)	924
Long term security deposits (net)		(644)	74
Net cash inflow / (outflow) from operating activities		57,674	(175,535)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(124,487)	(29,273)
Sale proceeds on disposal of fixed assets		1,433	2,238
Dividends received		2,138	1,845
Net cash outflow from investing activities		(120,916)	(25,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance (repaid) / obtained		(26,149)	155,457
Lease rentals paid		-	(257)
Dividends paid		(25,806)	(24,430)
Net cash (outflow) / inflow from financing activities		(51,955)	130,770
Net decrease in cash and cash equivalents		(115,197)	(69,955)
Cash and cash equivalents at beginning of the year		(63,593)	6,362
Cash and cash equivalents at end of the year	30	(178,790)	(63,593)

The annexed notes from 1 to 39 form an integral part of these financial statements.

KAMAL A. CHINOY
Chief Executive

HAROUN RASHID
Director

ASLAM SADRUDDIN
Finance Director

Notes to the Financial Statements

For the year ended 30 June 2005

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by 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 Accounting convention

These financial statements have been prepared under the historical cost convention except that the obligation under defined benefit scheme is stated at present value and land and buildings are stated at revalued amounts.

2.3 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 2005). 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 recognized 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.



2.4 Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. 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 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 utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

2.5 Property, plant and equipment

2.5.1 Owned

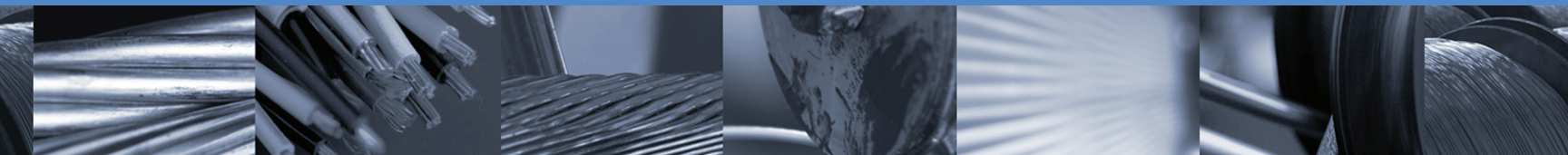
- Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except that buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, while land is stated at revalued amount. Capital work-in-progress is stated 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.

Up to the previous year, land and buildings were stated at cost less accumulated depreciation and impairment losses, if any. From the current year, the company has decided to revalue these assets and record them at revalued amounts at the year end. The valuation has been carried out by an independent professionally qualified valuer. There is no impact on the profit and loss account for the year due to the revaluation (however, the details of the carrying value of the above assets, had there been no revaluation, are given in note 10.1 to these financial statements). Surplus arising on revaluation is credited to the 'Surplus on revaluation of fixed assets' account.

- 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.

During the year the company changed the method of calculating depreciation on additions and disposal of property, plant and equipment. Previously, depreciation on additions and disposal of these assets during the year was charged at half the normal rates. However, from the current year depreciation on additions is charged from the month the asset is available for use, while in case of disposal it is charged upto the month of disposal. Had there been no change in the above method, profit before tax for the year would have been lower by Rs. 2.17 million.

- 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.

2.5.2 Leased

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

2.6 Long-term investments

The investments in associates are stated at cost less impairment losses, if any.

2.7 Borrowing costs

The borrowing costs incurred during the installation period of qualifying assets, on loans obtained for a specific project, are capitalized as part of additions to property, plant and equipment (up to the date the respective assets are available for intended use). All other borrowing costs are taken to the profit and loss account currently.

2.8 Stores and spares

Stores and spares are valued at weighted average cost. Items in-transit are valued at cost comprising invoice value and other charges paid thereon.

2.9 Stock in trade

These are valued at lower of cost and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. 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.

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

Scrap stocks are valued at estimated realizable value.

2.10 Trade debts and other receivables

These are stated net of provision for impairment, if any. Full provision is made against the impaired debts.

2.11 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.



2.12 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.

2.13 Revenue recognition

Sale of products are recorded on delivery of products or when goods sold are identified, segregated and awaiting delivery (when the significant risks and rewards of ownership of goods have been transferred to the buyer).

2.14 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received. Thereafter these are stated at their respective recoverable / settlement values or as stated other wise above. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

2.15 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.

2.16 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.

2.17 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.

2.18 Change in accounting policy relating to proposed dividend

The company during the year changed its accounting policy whereby cash dividend is now recognized as a liability in the period in which it is declared. Previously, the financial statements were adjusted for cash dividend proposed subsequent to the period-end. The change was considered necessary due to the revision of Fourth Schedule to the Companies Ordinance, 1984, whereby the requirements of International Accounting Standard 10, "Events after the balance sheet date", are now fully applicable. The comparative statements for 30 June 2004 have been restated to conform to the changed policy. Had there been no change in accounting policy, appropriation for final cash dividend proposed for the years ended 30 June 2005 and 30 June 2004 would have been higher by Rs. 23.414 million and Rs. 11.707 million respectively, while the reserves as of those dates would have been lower by Rs. 23.414 million and Rs.11.707 million, respectively. Opening unappropriated profit for 2003 has been increased by Rs. 17.17 million which is the amount of final cash dividend proposed for 2003.

3. SHARE CAPITAL

2005 (Number of shares)		2004		2005 (Rupees in '000)		2004	
Authorized							
<u>10,000,000</u>	<u>5,000,000</u>	Ordinary shares of Rs.10 each		<u>100,000</u>	<u>50,000</u>		
Issued, subscribed and paid up							
<u>1,475,225</u>	1,475,225	Ordinary shares of Rs. 10 each fully paid in cash		<u>14,752</u>	14,752		
<u>174,775</u>	174,775	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash		<u>1,748</u>	1,748		
<u>4,203,375</u>	2,252,250	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		<u>42,034</u>	22,523		
<u>5,853,375</u>	<u>3,902,250</u>			<u>58,534</u>	<u>39,023</u>		

3.1 At 30 June 2005, none of the associated companies of the company had any shareholding in the company.

4. SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax**Leasehold land**

Revaluation surplus over carrying value of Rs. Nil on 30 June 2005

Buildings

Revaluation surplus over carrying value of Rs. 4.467 million on 30 June 2005

Less: Related deferred tax liability

<u>501,750</u>	-
<u>73,329</u>	-
<u>(25,665)</u>	-
<u>47,664</u>	-
<u>549,414</u>	-



5. STAFF RETIREMENT BENEFITS - defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2005 for unfunded gratuity and funded pension schemes are as follows:

5.1 Movement in liability/ asset balance	2005		2004	
	Pension (Rupees in '000)	Gratuity (Rupees in '000)	Pension (Rupees in '000)	Gratuity (Rupees in '000)
Opening balance	(4,344)	13,667	(3,803)	13,287
Expense / (gain) recognized 21.2	5,714	1,932	(541)	2,031
Gratuity paid	-	(2,103)	-	(1,651)
Company's liability / (asset) at 30 June	<u>1,370</u>	<u>13,496</u>	<u>(4,344)</u>	<u>13,667</u>
5.2 Balance sheet reconciliation				
Fair value of plan assets	(103,321)	-	(106,868)	-
Present value of defined benefit obligations	104,691	13,496	102,524	13,667
Company's liability / (asset) at 30 June	<u>1,370</u>	<u>13,496</u>	<u>(4,344)</u>	<u>13,667</u>

5.3 The actual loss on pension plan assets was Rs. 1.437 million (2004: gain of Rs. 20.181 million) primarily due to the increase in the discount rate from 8% to 11.65%.

5.4 Principal actuarial assumptions are as follows:

	2005		2004	
	Pension -----%-----	Gratuity -----%-----	Pension -----%-----	Gratuity -----%-----
Expected rate of return on plan assets	11.65	-	8.00	-
Discount rate	11.65	11.65	8.00	8.00
Expected rate of salary increase	9.50	9.50	5.94	5.94
Pension increase	3.40	-	2.86	-

6. DEFERRED TAX LIABILITY - net

The net deferred tax liability as at 30 June 2005 arising due to net taxable temporary differences under the balance sheet liability method is estimated at Rs. 25.013 million (2004: deferred tax asset of Rs. 16.277 million) details of which are as follows:

	2005	2004
	(Rupees in '000)	
Taxable temporary differences		
Accelerated tax depreciation allowances	22,097	4,508
Surplus on revaluation of building	25,665	-
Deductible temporary differences		
Provision for staff retirement and other benefits	(7,014)	(7,425)
Provision for doubtful debts	(863)	(900)
Provision for slow-moving stores and spares	(702)	(598)
Provision for import levies	(10,341)	(8,033)
Others	(3,829)	(3,829)
Net deferred tax liability / (asset)	<u>25,013</u>	<u>(16,277)</u>

7. TRADE AND OTHER PAYABLES

Creditors	7.1	353,837	186,384
Accrued expenses		15,572	14,572
Advances from customers		28,876	16,647
Payable to staff provident fund		-	534
Payable to staff pension fund	5.1	1,370	-
Provision for import levies	7.2	29,546	22,950
Workers' profit participation fund	7.3	9,308	5,377
Workers' welfare fund		2,992	2,162
Tax deducted at source		1,792	670
Unclaimed dividends		3,183	2,649
Others	7.4	16,625	14,182
		<u>463,101</u>	<u>266,127</u>



7.1 This includes balance payable to the related parties amounting to Rs. 1.217 million (2004: Rs. 0.570 million).

7.2 Provision for import levies

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

	2005	2004
	(Rupees in '000)	
Opening balance	22,950	17,831
Charge for the year	7,689	5,119
Less: Payments	(1,093)	-
Closing balance	<u>29,546</u>	<u>22,950</u>

7.3 Workers' profit participation fund

Balance at beginning of the year		5,377	3,478
Mark-up on funds utilized in the company's business	26	201	449
Allocation for the year		9,107	4,928
		<u>14,685</u>	<u>8,855</u>
Less: Amount paid to the fund		(5,377)	(3,478)
Balance at end of the year		<u>9,308</u>	<u>5,377</u>

7.4 Others' includes an amount of Rs.10.941 million (2004: Rs.10.941) claimed by a revenue levying authority. The company's appeal against the authority's claim was upheld by the concerned appellate authorities. The levying authority has filed an appeal in the High Court against the order of the appellate authorities. Therefore, as a prudent accounting practice, the company has deferred the recognition of the above amount, pending the outcome of the decision.

8. SHORT TERM BORROWINGS

Secured - from banking companies

		2005	2004
		(Rupees in '000)	
Running finance under mark-up arrangements	8.1	205,253	80,393
Term finances	8.2	185,000	230,000
Foreign currency import finance	8.3	49,308	30,457
		<u>439,561</u>	<u>340,850</u>

8.1 Running finances

The company has arranged short-term running finances from certain banks. The overall facility for these running finances under mark-up arrangements amounts to Rs. 535 million (2004: Rs.475 million). The rates of mark-up on these running finance ranges between Rs.0.1923 to Rs.0.2466 per Rs.1,000 per diem net of prompt payment rebate (2004: Rs. 0.1096 to Rs. 0.1781 per Rs. 1,000 per diem). These facilities are expiring between 30 June 2005 to 31 March 2006.

8.2 Term finances

The amount outstanding against the term finance facility at 30 June 2005 available from banks was Rs.185 million (2004: Rs. 230 million) earmarked out of the running finance facilities of Rs. 450 million obtained from these banks. Mark-up on term finance is agreed at each disbursement and ranges between Rs.0.1638 to Rs.0.1816 per Rs.1,000 per diem (2004: Rs. 0.0701 to Rs. 0.1022 per Rs. 1,000 per diem).

8.3 Foreign currency import finance

Foreign currency import finance facilities are available from various banks, amounting to Rs. 75 million (2004: Rs. 130 million), carrying markup ranging from 4.98 percent to 6.99 percent per annum (2004: from 2.20 percent to 3.37 percent per annum). The total amount outstanding under these facilities as on 30 June 2005 amounted to Rs. 49.3 million (2004: Rs. 30.5 million).

8.4 Other facilities

The facility for opening letters of credit and guarantees at 30 June 2005 amounted to Rs.895 million (2004: Rs.648 million) of which the amount remaining unutilized at that date was Rs. 553.332 million (2004:Rs.391.715 million).

8.5 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.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- a) Bank guarantees amounting to Rs. 2.654 million (2004: Rs. 6.298 million) have been given to Collector of Customs against partial exemption of import levies. The company has also issued post dated cheques amounting to Rs.0.098 million (2004: Rs. 0.075 million) in this respect.
- b) Bank guarantees amounting to Rs. 67.042 million (2004: Rs. 60.948 million) have been given to various parties for contract performance, tender deposits, etc.

9.2 Commitments

- a) Aggregate commitments for capital expenditure as at 30 June 2005 amounted to Rs.49.902 million (2004: Rs. 51.732 million).



- b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) at 30 June 2005 amounted to Rs. 222.641 million (2004: Rs. 139.879 million).
- c) Commitments in respect of forward foreign exchange cover contracts outstanding at the balance sheet date amounted to Rs. 49.043 million (2004: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	COST/ REVALUATION						Rate	DEPRECIATION				Book value	
	As at 01 July 2004	Additions	Transfers	Revaluation	Deletions	As at 30 June 2005		As at 01 July 2004	For the year	Reversal on revaluation	On deletions	As at 30 June 2005	As at 30 June 2005
	(Rupees in '000)						%	(Rupees in '000)					
Leasehold land at revalued amount	-	-	-	501,750	-	501,750		-	-	-	-	-	501,750
Buildings on leasehold land at revalued amount	15,955	231	-	61,610	-	77,796	2.5 & 5	11,265	454	(11,719)	-	-	77,796
Plant and machinery	258,100	7,794	100,029	-	(1,351)	364,572	8,12 & 25	207,620	12,874	-	(686)	219,808	144,764
Office equipment and appliances	22,469	2,417	-	-	(77)	24,809	12 & 25	17,291	1,854	-	(65)	19,080	5,729
Furniture and fittings	3,480	235	-	-	(12)	3,703	8, 12 & 25	2,618	201	-	(12)	2,807	896
Vehicles	12,789	5,456	-	-	(610)	17,635	20	8,056	1,875	-	(583)	9,348	8,287
Loose tools	291	193	-	-	-	484	20	185	49	-	-	234	250
Capital work-in-progress - note 10.3	9,015	108,161	(100,029)	-	-	17,147		-	-	-	-	-	17,147
As at 30 June 2005	322,099	124,487	-	563,360	(2,050)	1,007,896		247,035	17,307	(11,719)	(1,346)	251,277	756,619
As at 30 June 2004	294,000	29,272	-	-	(1,174)	322,098		235,002	13,101	-	(1,069)	247,034	75,064

10.1 Revaluation of leasehold land and buildings were carried out as at 30 June 2005 by M/s. Iqbal A. Nanjee & Co, professional valuers on the basis of market value. The revaluation has resulted in a surplus of Rs. 575.079 million (before tax). This has been credited to Surplus on revaluation of fixed assets. Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

(Rupees in '000)

Land	-
Building	4,467

The details of surplus on revaluation of assets is given in note 4 to these financial statements.

10.2 Details of fixed assets disposed off during the year end are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Purchaser
	------(Rs. in '000)-----					
Plant and machinery						
Imaje inkjet printer	931	267	664	289	Trade-in	Industrad A-508, Block H Nazimabad, Karachi
Items of net book value below Rs.50,000 each	1,119	1,079	40	1,144	Various	Various
	2005	2,050	1,346	704	1,433	
	2004	1,174	1,069	105	2,238	

10.3 Capital work-in-progress

	2005 (Rupees in '000)	2004 (Rupees in '000)
Civil works	2,024	206
Plant and machinery	15,123	8,809
	17,147	9,015

11. LONG-TERM INVESTMENTS

	% of holding	2005	2004
Investments in related parties - at cost			
International Industries Limited 332,062 shares (2004: 126,500) fully paid ordinary shares of Rs. 10 each [market value of Rs. 34.866 million (2004: Rs. 20.873 million)]	0.78	5,165	5,165
New Jubilee Insurance Company Limited 911,685 (2004: 792,770) fully paid ordinary shares of Rs. 5 each [market value of Rs. 59.168 million (2004: Rs. 53.116 million)]	1.24	3,945	3,945
		9,110	9,110

12. LONG TERM LOANS AND ADVANCES

Considered good

Due from employees	12.1	3,151	2,273
Less: Recoverable within one year	16	(1,178)	(1,005)
		1,973	1,268



- 12.1** Mark-up free loans have been given to the employees for the 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.

13. STORES AND SPARES

	2005 (Rupees in '000)	2004
Stores	2,057	935
Spares (including Rs.0.949 million in transit; 2004: Rs. 0.856 million)	<u>18,948</u>	<u>17,019</u>
	21,005	17,954
Less: Provision for slow moving stores and spares	<u>(2,005)</u>	<u>(1,710)</u>
	<u>19,000</u>	<u>16,244</u>

14. STOCK-IN-TRADE

Raw materials (including Rs.66.151 million in transit; 2004: Rs. 99.608 million)	14.1	352,938	291,113
Work-in-process	14.2	182,101	121,525
Finished goods	14.2	183,698	82,780
Scrap		<u>5,131</u>	<u>3,907</u>
		<u>723,868</u>	<u>499,325</u>

- 14.1** This includes certain raw materials of an aggregate value of Rs. 4.104 million (2004: Rs. 7.946 million) held by third parties.

- 14.2** Work-in-process & finished goods include items aggregating Rs. 1.913 million (2004: Rs. 3.295 million) and Rs. 2.147 million (2004: Rs. 2.300 million) respectively stated at their net realizable values.

15. TRADE DEBTS

		2005 (Rupees in '000)	2004
Considered good			
Due from related parties	15.1	25,412	19,221
Others		<u>220,804</u>	<u>151,846</u>
		246,216	171,067
Considered doubtful			
Others		<u>2,467</u>	<u>2,570</u>
		248,683	173,637
Less: Provision for doubtful debts		<u>(2,467)</u>	<u>(2,570)</u>
		<u>246,216</u>	<u>171,067</u>

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

	2005 (Rupees in '000)	2004
Intermark (Private) Limited	23,515	15,523
Engro Chemical Pakistan Limited	1,718	67
International Industries Limited	118	-
Heritage Developments	61	-
Security Papers Limited	-	1,138
The Pakistan Security Printing Corporation (Private) Limited	-	2,493
	25,412	19,221

16. SHORT TERM LOANS AND ADVANCES

Considered good

Current portion of long term loans	12	1,178	1,005
Short term advances to employees		606	125
Advances to suppliers		3,123	1,947
		4,907	3,077

17. SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits - considered good	4,560	2,750
Prepayments	904	633
	5,464	3,383

18. OTHER RECEIVABLES

Sales tax	12,079	10,717
Claim receivable	1,068	1,082
Receivable from staff pension fund	3,488	8,059
Receivable from staff provident fund	82	-
Others	74	-
	16,791	19,858

19. CASH AND BANK BALANCES

With banks on current accounts	11,453	2,703
Remittances in transit	2,760	2,595
Cheques in hand	11,985	11,422
Cash in hand	265	80
	26,463	16,800



20. NET SALES

Gross sales
Less: Sales tax

Discounts

2005

2004

(Rupees in '000)

2,333,924
(303,491)

1,481,879
(194,689)

2,030,433
(11,127)

1,287,190
(6,038)

2,019,306

1,281,152

21. COST OF GOODS SOLD

Opening work-in-process
Raw material and metal scrap

Opening stock - raw material
Opening stock - metal scrap

Purchases of raw material

Scrap sales during the year

Closing stock - raw material
Closing stock - metal scrap

Stores and spares consumed
Fuel and power
Salaries, wages and benefits
Rent, rates and taxes
Insurance

Repairs and maintenance
Depreciation

Communication and stationery
Training, traveling and entertainment
General works

Cost of production

Closing work-in-process

Cost of goods manufactured

Opening stock of finished goods
Finished goods purchased

Closing stock of finished goods

121,525

72,903

291,113
3,907

150,546
5,787

295,020

156,333

1,765,425

1,196,999

2,060,445

1,353,332

(15,430)

(13,523)

(352,938)
(5,131)

(291,113)
(3,907)

(358,069)

(295,020)

(373,499)

(308,543)

1,686,946

1,044,789

22,699

14,199

37,605

32,675

77,612

65,970

1,304

349

1,594

1,553

5,993

3,529

14,926

10,799

416

421

3,084

2,216

5,654

3,299

170,887

135,010

1,979,358

1,252,702

(182,101)

(121,525)

1,797,257

1,131,177

82,780

47,191

3,489

29

1,883,526

1,178,397

(183,698)

(82,780)

1,699,828

1,095,617

21.1

21.1 Details of salaries, wages and benefits

2005
2004
(Rupees in '000)

Salaries, wages and benefits		71,932	62,805
Provident fund contributions		1,794	1,594
Provision/ (reversal) for pension fund obligation	21.2	2,205	(228)
Provision for staff retirement gratuity	21.2	1,681	1,799
		77,612	65,970

21.2 Retirement benefits

	Cost of goods sold (note 21.1)		Selling costs (note 22.1)		Administrative expenses (note 23.1)		Total	
	2005 (Rupees in '000)	2004	2005 (Rupees in '000)	2004	2005 (Rupees in '000)	2004	2005 (Rupees in '000)	2004
Pension								
Current service cost	2,108	2,084	1,436	1,290	1,918	1,575	5,462	4,949
Mark-up cost	3,133	2,834	2,135	1,754	2,851	2,142	8,119	6,730
Expected return on plan assets	(3,267)	(2,962)	(2,226)	(1,833)	(2,974)	(2,239)	(8,467)	(7,034)
Past service cost	924	-	841	-	630	-	2,395	-
Net actuarial gain	(693)	(2,184)	(472)	(1,351)	(630)	(1,651)	(1,795)	(5,186)
	2,205	(228)	1,714	(140)	1,795	(173)	5,714	(541)
Gratuity								
Current service cost	637	624	79	66	16	14	732	704
Mark-up cost	880	884	109	94	23	20	1,012	998
Net actuarial loss	164	291	20	31	4	7	188	329
	1,681	1,799	208	191	43	41	1,932	2,031



22. SELLING COSTS

2005
2004
(Rupees in '000)

Salaries, wages and benefits	22.1	22,928	17,221
Rent, rates and taxes		837	617
Insurance		158	152
Repairs and maintenance		601	321
Consultancy		1,122	1,420
Communication and stationery		1,324	1,305
Training, traveling and entertainment		4,097	3,266
Advertising and publicity		8,331	6,882
Carriage and forwarding expenses		20,556	11,080
Commission		1,477	1,236
Bad trade debts written off		17	-
Provision for doubtful trade debts		-	(94)
Depreciation		1,087	1,085
Subscriptions		295	250
Fuel and power		553	530
Liquidated damages for late deliveries		6,150	3,171
Others		477	177
		70,010	48,619

22.1 Details of salaries, wages and benefits

Salaries, wages and benefits		20,157	16,353
Provident fund contributions		849	817
Provision/ (reversal) for pension fund obligation	21.2	1,714	(140)
Provision for staff retirement gratuity	21.2	208	191
		22,928	17,221

23. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	23.1	26,427	17,732
Insurance		217	212
Repairs and maintenance		668	582
Legal and professional		1,597	1,317
Donations	23.2	1,626	1,427
Auditors' remuneration	23.3	480	893
Communications and stationery		2,654	2,569
Training, traveling and entertainment		2,301	1,785
Depreciation		1,294	1,217
Fuel and power		429	476
Others		299	354
		37,992	28,564

23.1 Details of salaries, wages and benefits

		2005	2004
		(Rupees in '000)	
Salaries, wages and benefits		23,523	17,076
Provident fund contributions		1,066	788
Provision/ (reversal) for pension fund obligation	21.2	1,795	(173)
Provision for staff retirement gratuity	21.2	43	41
		<u>26,427</u>	<u>17,732</u>

23.2 Donations include Rs.0.250 million (2004: Rs. 0.250 million) given to Pakistan Centre for Philanthropy, 28, street 56, F-6/4, Islamabad. Mr. Towfiq H. Chinoy, Chairman and Mr. Kamal A. Chinoy, Chief Executive of the company are the members of the Board of Directors of Pakistan Centre for Philanthropy.

23.3 Auditors' remuneration

	Taseer Hadi Khalid & Co. 2005	A.F.Ferguson & Co. 2004	
		(Rupees in '000)	
Audit fee	280	280	
Tax services	-	360	
Special certification and review of half yearly financial statements	190	190	
Out of pocket expenses	10	63	
	<u>480</u>	<u>893</u>	

24. OTHER OPERATING EXPENSES

Workers' profits participation fund	9,107	4,928
Workers' welfare fund	2,572	1,862
Exchange loss	1,210	122
Sales tax	-	2,261
	<u>12,889</u>	<u>9,173</u>

25. OTHER OPERATING INCOME

Income from related parties		
- Dividend	2,138	1,845
- Insurance commission	643	485
Income from non-financial assets		
- Sale of general scrap	2,061	967
- Gain on disposal of fixed assets	729	2,133
Others		
- Balance no longer payable written back	1,129	2,491
- Sales tax claim	1,600	-
- Bad debts recovered	246	793
- Others	21	21
	<u>8,567</u>	<u>8,735</u>



26. FINANCE COST

2005
(Rupees in '000)

		2005	2004
Mark-up on finances under mark-up arrangements		18,436	5,903
Mark-up on workers' profits participation fund	7.3	201	449
Usance charges		11,217	6,450
Bank charges		7,033	3,753
Finance charges on lease		-	35
		<u>36,887</u>	<u>16,590</u>

27. TAXATION

Current - for the year		44,158	32,040
- Prior year		(1,983)	(3,151)
Deferred		15,625	(89)
	27.1	<u>57,800</u>	<u>28,800</u>

27.1 Relationship between tax expense and accounting profit:

Profit before taxation		<u>170,267</u>	<u>91,324</u>
Tax at the applicable rate of 35% (2004: 35%)		59,593	31,963
Tax effect of expenses that are not allowable in determining taxable income		1,008	653
Tax effect of dividend income taxed at lower rate		(641)	(554)
Tax effect of export proceeds taxed at lower rate		(177)	(111)
Prior years' current tax charge		(1,983)	(3,151)
Tax charge		<u>57,800</u>	<u>28,800</u>

27.2 The income tax assessments of the company have been finalised upto and including the financial year ended 30 June 2003, while return has been filed for the financial year ended 30 June 2004 under the universal self assessment scheme.

28. EARNINGS PER SHARE - basic and diluted

Profit after taxation		<u>112,467</u>	<u>62,524</u>
		(Number of shares)	
Weighted average number of ordinary shares issued and subscribed at the end of the year		<u>5,853,375</u>	<u>5,853,375</u>
		(Rupees)	
Earnings per share - basic and diluted		<u>19.21</u>	<u>10.68</u>

29. CASH (UTILISED IN) / GENERATED FROM OPERATIONS

2005 2004
(Rupees in '000)

Profit before taxation	170,267	91,324
Adjustment for non cash charges and other items:		
- Depreciation	17,307	13,102
- Provision for staff retirement gratuity	1,932	2,031
- Other long-term employee benefits	304	468
- Gain on disposal of fixed assets	(729)	(2,133)
- Dividend income	(2,138)	(1,845)
- Finance cost	36,887	16,590
- Working capital changes	(106,852)	(278,691)
	29.1	
	116,978	(159,154)

29.1 Working capital changes

(Increase)/ decrease in current assets		
- Stores and spares	(2,756)	(4,062)
- Stocks	(224,543)	(222,898)
- Trade debts	(75,149)	(19,030)
- Short-term loans and advances	(1,830)	381
- Short term deposits and payments	(2,081)	(727)
- Other receivables (net)	3,067	(9,940)
	(303,292)	(256,276)
Increase/ (decrease) in current liabilities		
Trade and other payables (net)	196,440	(22,415)
	(106,852)	(278,691)

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

Cash and bank balances	26,463	16,800
Running finance under mark-up arrangements	(205,253)	(80,393)
	(178,790)	(63,593)



31. 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 2005, is as follows:

	Mark-up rate	Mark-up bearing maturity upto one year	Non-mark-up / profit bearing		Sub-total	Total 2005
			Maturity upto one year	Maturity after one year		
	%	------(Rupees in '000)-----				
Financial assets						
Loans and advances to employees	-	-	1,784	1,973	3,757	3,757
Deposits	-	-	4,560	2,207	6,767	6,767
Trade debts	-	-	246,216	-	246,216	246,216
Other receivables	-	-	1,142	-	1,142	1,142
Cash and bank balances	-	-	26,463	-	26,463	26,463
2005			280,165	4,180	284,345	284,345
2004			192,704	2,831	195,535	195,535
Financial liabilities						
Trade and other payables	-	-	391,009	-	391,009	391,009
Short term borrowings	5.9-9.0	439,561	-	-	-	439,561
Markup accrued on short term borrowings	-	-	6,549	-	6,549	6,549
2005			439,561	397,558	397,558	837,119
2004			340,850	231,879	231,879	572,729
Off-balance sheet items						
Letters of credit	-	-	270,162	-	270,162	270,162
Financial guarantees (including post dated cheques)	-	-	69,794	-	69,794	69,794

(ii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All the financial assets of the company, except cash in hand of Rs. 0.265 million (2004: Rs. 0.08 million), are exposed to credit risk. The company believes that it is not exposed to major concentration of credit risk. The company attempts to control the credit exposure by monitoring exposures, including transactions with specific customers, application of credit limit to certain customers and continuing assessment of the credit worthiness of the customers.

(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. At the year end the company had liabilities in foreign currencies aggregating Rs. 281.394 million (2004: Rs. 113.506 million). Out of these, liabilities amounting to Rs. 49.043 million (2004: Rs. Nil) are hedged through forward foreign exchange contracts. The purpose of these contracts is to neutralise foreign transaction risk.

(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 investments in associated companies are stated at cost (market value of which at 30 June 2005 amounted to Rs. 94.034 million; refer note 11), while the staff loans are valued at their original cost less repayments (note 12.1).

32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**32.1 Remuneration of the chief 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:

	2005			2004		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration	5,608	5,313	5,718	3,113	4,517	4,135
Retirement benefits	1,076	1,190	1,325	196	286	257
House rent, utilities and others	2,343	1,533	2,462	999	1,301	1,416
	9,027	8,036	9,505	4,308	6,104	5,808
Number of persons	1	2	7	1	2	5

The chief executive, directors and certain executives of the company are provided with free use of cars. The chief executive, directors and executives are also provided with medical facilities in accordance with their entitlements. Comparative figures have been adjusted to reflect the effect of change in the definition of executive in the revised Fourth Schedule to the Companies Ordinance, 1984.



32.2 Remuneration to other directors

In addition to the above, the aggregate amount charged in these financial statements for directors' fee paid to eight directors was Rs. 225 thousand (2004: eight directors - Rs. 230 thousand).

33. TRANSACTIONS WITH RELATED PARTIES

The company have related party relationship and transactions with the following companies:

- International Industries Limited
- New Jubilee Insurance Company Limited
- New Jubilee Life Insurance Company (Pakistan) Limited
- Intermark (Private) Limited
- Engro Chemical Pakistan Limited
- National Refinery Limited
- Security Papers Limited
- The Pakistan Security Printing Corporation (Private) Limited
- Heritage Developments

In addition, the company also have related party relationship with its executive officers and the provident and pension funds.

The details of transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment (details of which are given in note 32.1 to these financial statements), are as follows:

	2005	2004
	(Rupees in '000)	
Sale of goods	80,080	51,530
Discount	3,103	1,491
Purchase of goods, services and materials	95	715
Commission earned	643	485
Insurance premium	6,652	4,859
Claim received	14	59
Dividend income	2,138	1,845
Distribution expenses	1,939	1,065
Net charge in respect of staff retirement benefit plans	9,423	2,658

The company continues to have a policy whereby all transactions with related parties and associated undertakings, are based on commercial terms and conditions. Further, 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. Dividend income is recognised at the rate approved by the shareholders of the investee company.

34. 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 aluminum sections and types and sizes of cables and wires produced.

35. NUMBER OF EMPLOYEES

Total number of permanent employees at 30 June 2005 was 360 (2004: 289).

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final cash dividend of Rs. 4 per share for the year ended 30 June 2005, amounting to Rs.23.414 million in their meeting held on 23 August 2005 for approval by the members of the company in the Annual General Meeting to be held on 18 October 2005. These financial statements do not reflect this cash dividend payable, as explained in note 2.18.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 23 August 2005 by the board of directors of the company.

38. CORRESPONDING FIGURES

Previous year's figures have been reclassified, for the purposes of comparison due to the change in the Fourth Schedule to the Companies Ordinance, 1984.

39. GENERAL

Figures have been rounded off to the nearest thousand rupees.



KAMAL A. CHINOY
Chief Executive



HAROUN RASHID
Director



ASLAM SADRUDDIN
Finance Director



Pattern of Shareholding

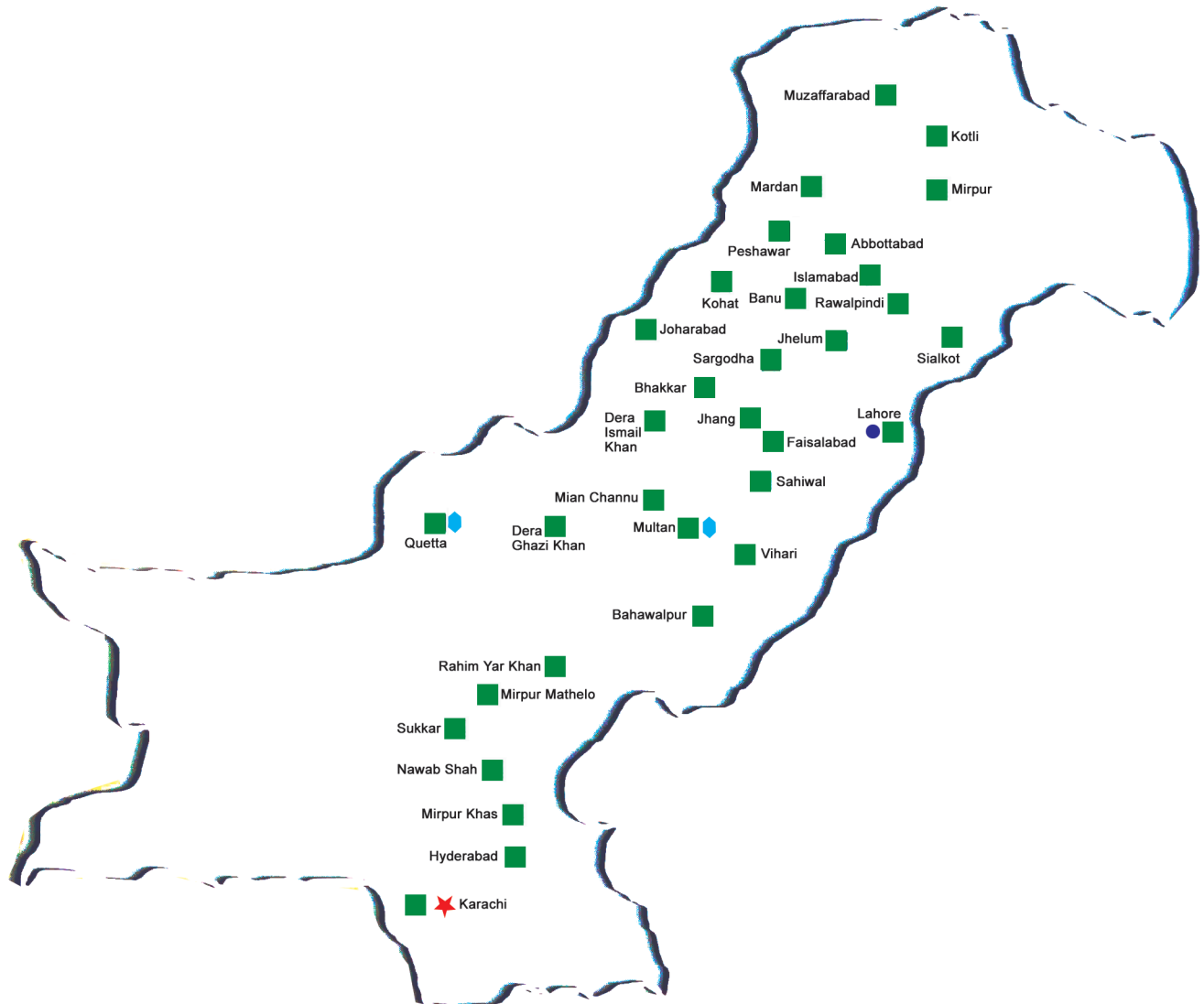
As at June 30, 2005

No. of Shareholders	From	Shareholding	To	Total Shares Held
379	1		100	15,902
376	101		500	99,696
140	501		1,000	104,302
186	1,001		5,000	410,021
25	5,001		10,000	180,128
9	10,001		15,000	83,172
5	15,001		20,000	100,103
4	20,001		25,000	90,616
3	25,001		30,000	110,537
-	30,001		35,000	-
1	35,001		40,000	39,262
-	40,001		80,000	-
1	80,001		85,000	81,114
-	85,001		100,000	-
1	100,001		105,000	103,953
1	105,001		110,000	109,700
-	110,001		175,000	-
1	175,001		180,000	177,558
-	180,001		190,000	-
1	190,001		195,000	190,124
-	195,001		200,000	-
1	200,001		205,000	200,277
2	205,001		210,000	410,778
-	210,001		335,000	-
1	335,001		340,000	335,142
-	340,001		455,000	-
1	455,001		460,000	457,926
-	460,001		545,000	-
1	545,001		550,000	547,930
-	550,001		970,000	-
1	970,001		975,000	973,792
-	975,001		1,030,000	-
1	1,030,001		1,035,000	1,031,342
-	1,035,001		5,853,375	-
1,141		Total		5,853,375

Categories of Shareholders	Number	Shares held	Percentage
<u>Associated Companies, Undertakings and Related Parties</u>	-	-	-
<u>NIT and ICP</u>	2		
National Bank of Pakistan Trustee Deptt.		973,792	16.64
Investment Corporation of Pakistan		6,076	0.10
<u>Directors, Chief Executive Officer, their Spouses and Minor Children</u>	9		
Mr. Towfiq H. Chinoy		103,953	1.78
Mr. Mustapha A. Chinoy		457,926	7.82
Mrs. Mustapha Chinoy		6,649	0.11
Mr. Kamal A. Chinoy		1,031,342	17.63
Mrs. Kamal Chinoy		18,333	0.31
Mr. Haroun Rashid		1	0.00
Mrs. Saadia Rashid		200,277	3.42
Syed Naseem Ahmad		1	0.00
Mr. Shahpur Channah		1,801	0.03
<u>Executives</u>	-	-	-
<u>Public Sector Companies and Corporations</u>	-	-	-
<u>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas, and Mutual Funds</u>	8	647,876	11.07
<u>Joint Stock Companies</u>	15	35,797	0.61
<u>Shareholders holding ten Percent or more voting Interest in the Company</u>	-	-	-
<u>Individuals</u>	1,101	2,321,587	39.66
<u>Others</u>	6		
Trustees of Aminia Muslim Girls School		21,195	0.36
Karachi Zarhosti Banu Mandal		19,515	0.33
Pakistan Masonic Institution		2,127	0.04
The Pakistan Memon Educational & Welfare Society		3,750	0.07
Government Of Pakistan, Corporate Law Authority (S.E.C.P.)		1	0.00
Administrator Abandoned Properties Organization		1,376	0.02
Total	1,141	5,853,375	100.00



PCL NETWORK



★ Head Office	● Regional Office
◆ Branch Office	■ Distribution / Dealer