

Annual Report 2011



PAKISTAN CABLES LIMITED

Celebrating our Stakeholders

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Celebrating our
Stakeholders

Celebrating our Stakeholders

Pakistan Cables is proud of its relationship with its partners and stakeholders. Having been in operation for over 58 years, we have made many friends along the way. Our friends and partners include investors, customers, shareholders, architects, electricians, retailers, distributors, consultants, contractors and various others from all walks of life.

In this Annual Report we have highlighted some of those stakeholders who have appreciated and supported our company. These include:

Our partners at General Cable

Our oldest exclusive dealers

One of Pakistan's premier architectural firms

An electrician who only uses the best wires

A social welfare organization that we are proud to be associated with; and

Pakistan's best security company

Vision

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



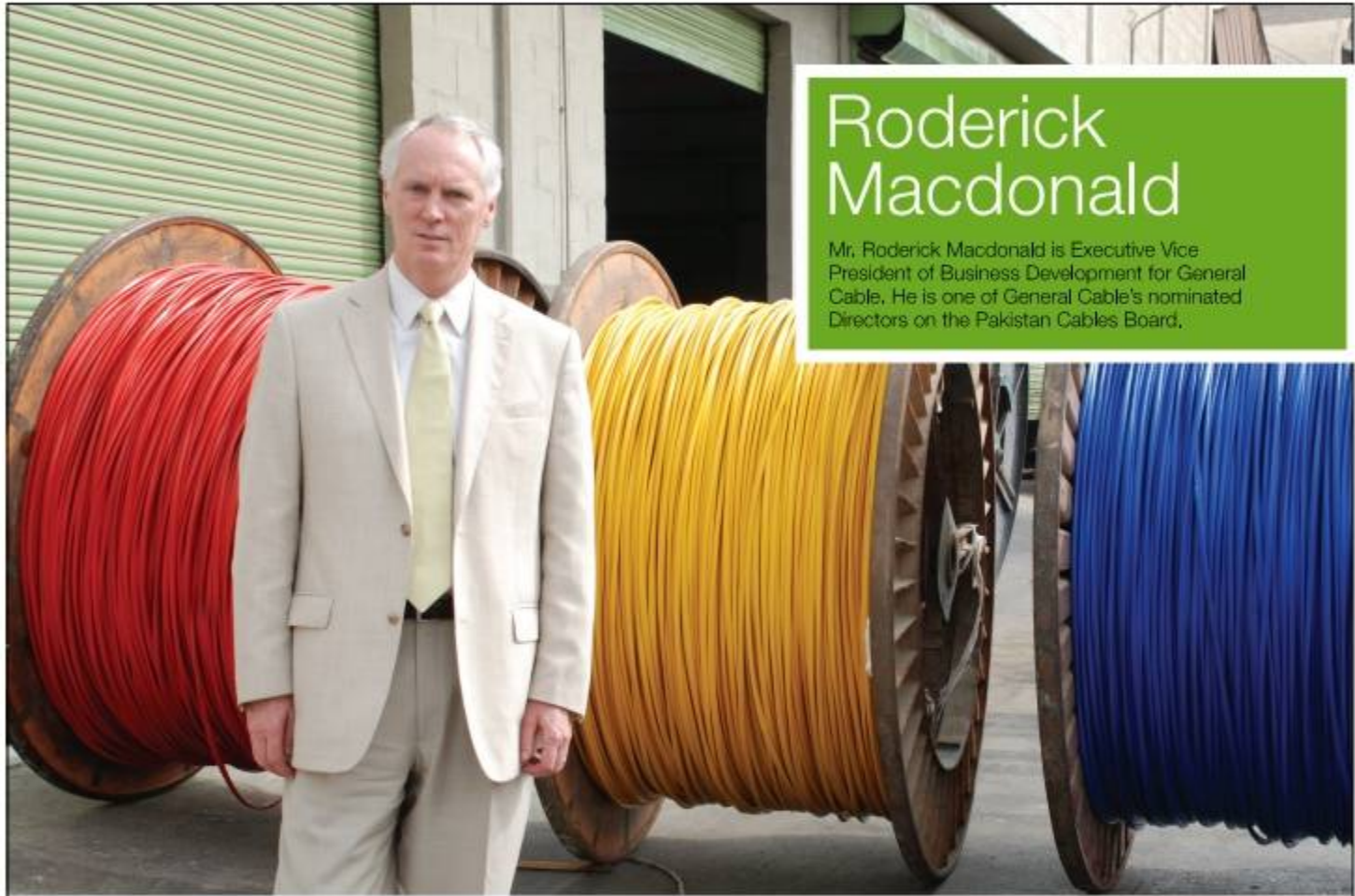


Mission

To strengthen industry leadership in the manufacturing and marketing of wires 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.



Roderick Macdonald

Mr. Roderick Macdonald is Executive Vice President of Business Development for General Cable. He is one of General Cable's nominated Directors on the Pakistan Cables Board.

“ We at General Cable believe in Pakistan's future and market potential. We identified Pakistan Cables as a partner because we share the same commitment to delighting our customers, high quality products, openness, strong business ethics and an appreciation that we can all learn from each other. We are pleased to say this partnership is living up to our most optimistic expectations.”

Statement of Ethics & 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 contribute 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.

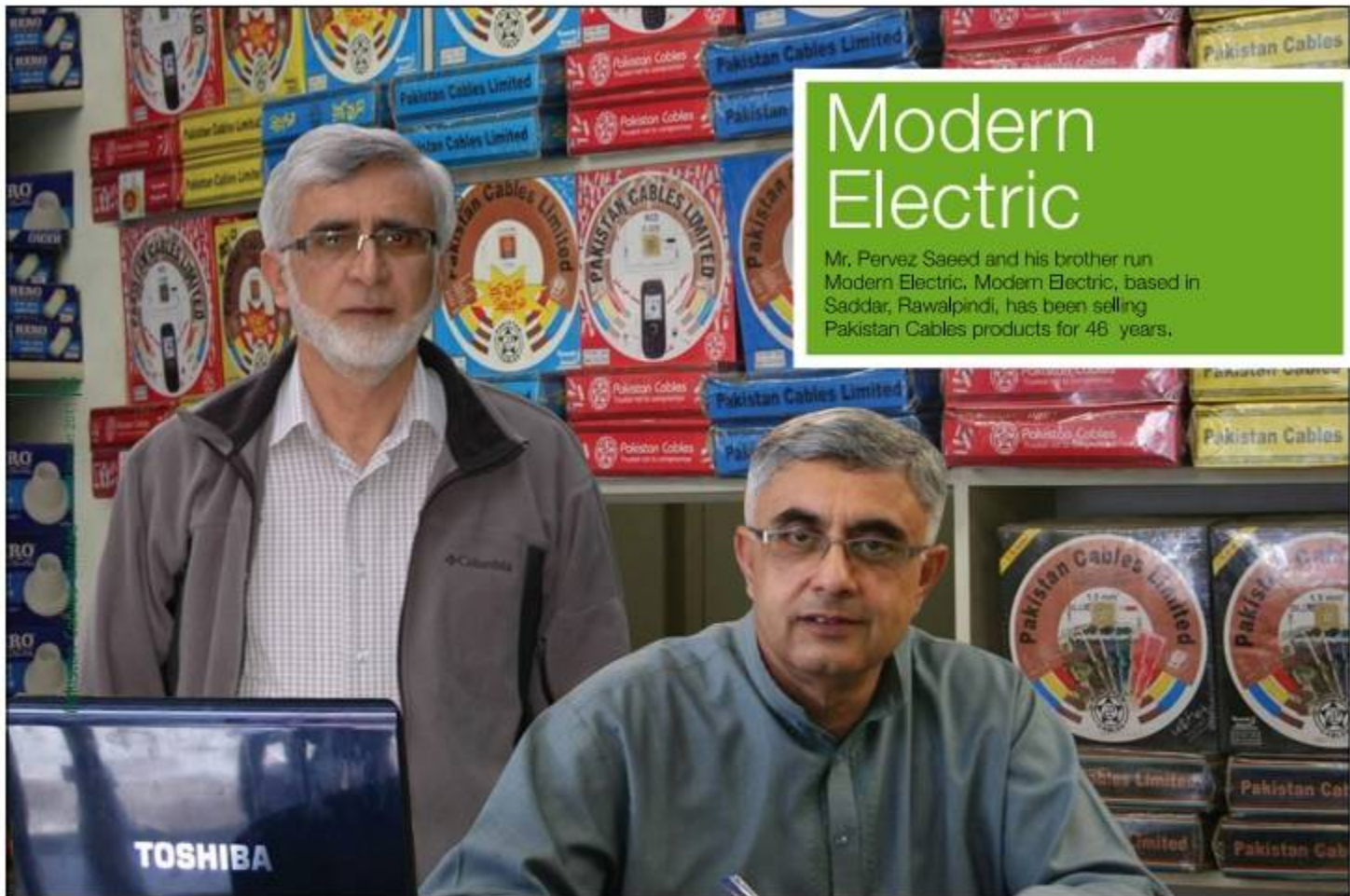
The Company is committed and **fully** adheres to the reliability of financial reporting and transparent transactions.

The Company is committed to recruiting and promoting employees on merit and provides safe and healthy working conditions for **all** its employees. It also believes in maintaining good communication with employees.

Employees must not use company information and assets for their personal advantage. Conflict of interest should be avoided and disclosed where it exists 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.



Modern Electric

Mr. Pervez Saeed and his brother run Modern Electric. Modern Electric, based in Saddar, Rawalpindi, has been selling Pakistan Cables products for 46 years.

“Pakistan Cables and Modern Electric have grown and thrived together. For 46 years, Modern Electric has exclusively sold Pakistan Cables products because we believe in offering the best quality electrical items to our customers.”

Company Information

BOARD OF DIRECTORS

Towfiq H. Chinoy	Non-Independent Non-Executive Director	Chairman	Director since 1996
Syed Naseem Ahmad	Independent Non-Executive Director		Director since 1999
Mustapha A. Chinoy	Non-Independent Non-Executive Director		Director since 1986
Ernest Kenneth Sy Cuyegkeng	Independent Non-Executive Director		Director since 2010
Roderick Macdonald	Independent Non-Executive Director		Director since 2010
Haroun Rashid	Non-Independent Non-Executive Director		Director since 1993
Saqib H. Shirazi	Independent Non-Executive Director		Director since 2008
Shahid Aziz Siddiqui	Independent Non-Executive Director		Director since 2010
Kamal A. Chinoy	Executive Director	Chief Executive	Director since 1992

COMPANY SECRETARY

Aslam Sadruddin

LEGAL ADVISOR

Ghulam Ghous Law Associates

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

BANKERS

Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
HSBC Bank Middle East 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: (021) 32561170-75
Fax: (021) 32564614
E-mail: info@pakistancables.com
sales@pakistancables.com
Web site: www.pakistancables.com

Branch Offices**Rawalpindi**

455-A, Adamjee Street, Rawalpindi.
Telephone: (051) 5125429, 5512797, 5125202
Fax: (051) 5587029
E-mail: pindi@pakistancables.com

Multan

1592, 2nd Floor, Quaid-e-Azam Shopping Centre
No. 1, Aziz Shaheed Road, Multan Cantt.
Telephone: (061) 4583332, 4504446
Fax: (061) 4549336
E-mail: multan@pakistancables.com

Abbottabad

13-14, Sitara Market, Mansehra Road, Abbottabad.
Telephone: (0992) 383616
Fax: (0992) 385510
E-mail: abbotabad@pakistancables.com

Regional Office**Lahore**

Co-operative Insurance Building,
Shahrah-e-Quaid-e-Azam, Lahore.
Telephone: (042) 37355783, 37353520, 37120790-91
Fax: (042) 37355480
E-mail: lahore@pakistancables.com

Peshawar

Shop # 1 & 2, 1st Floor, Hurmaz Plaza,
Opp. Airport Runway, Tambwan More,
University Road, Peshawar.
Telephone: (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: (081) 2843987
Fax: (081) 2843990
E-mail: quetta@pakistancables.com

Muzaffarabad

50-B, Commercial Area,
Upper Chattar, Muzaffarabad
Telephone: (05822) 432088
Fax: (05822) 432092
E-mail: muzaffarabad@pakistancables.com

OUR PRODUCTS

Wires & Cables

Aluminium Sections

Copper Rod

PVC Compound



WIRES & CABLES

Pakistan Cables Limited, the country's oldest and most reputable cable manufacturer, was established over 5 decades ago in 1953 in collaboration with BICC, UK. In the subsequent five decades, Pakistan Cables has earned a reputation as a market leader in the industry and a company that does not compromise on quality. Consequently, the Company has gained a position as being the premier cable manufacturer in the country. Pakistan Cables is listed on Karachi Stock Exchange since 1955. In 2010 General Cable Corporation, a Fortune 500 company and global leader in cable manufacturing invested in Pakistan Cables by taking up a 25% equity stake in the company.

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

To cater to the requirements of Utilities, Projects and Industries, Pakistan Cables manufactures Low Voltage (LV) and Medium Voltage (MV) cables up to 15KV, with PVC and XLPE insulation. All our cables 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 in the country, the use of overhead conductors for power transmission purposes has increased. Pakistan Cables provides high quality overhead conductors to the utility companies, PEPCO and KESC, which are manufactured from EC grade Aluminium and Copper Rod.

Pakistan Cables also has a state-of-the-art manufacturing facility dedicated to manufacturing wires for the automobile industry. This plant became operational in 2008.

We also manufacture telephone, intercom, coaxial and numerous types of special cables which include airfield lighting, control cables or other items as per the requirements of the customers.



ALUMINIUM SECTIONS

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

Alum-Ex sections are extruded from prime quality imported AA6063 billets. This is the internationally recommended alloy grade for architectural and structural applications. These sections are anodized on a fully automatic plant. We have the capability to offer six elegant colours of anodized sections.

In addition to anodized sections, powder coated Alum-Ex sections are also available in any imaginable colour to match the taste of the customers. 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 rigors of ultra violet rays in the atmosphere.

The advantages of Alum-Ex aluminium sections are:

- (1) Scratch free and Corrosion Resistant
- (2) Strength & Durability
- (3) Uniform Colour & Smooth Finish
- (4) Colour Retention
- (5) Ultra-violet and Humidity Resistant



COPPER ROD

In 1996, Pakistan Cables 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 8mm diameter. Our Copper 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 (Outokumpu Castform Oy, Finland).

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.



PVC
COMPOUND

In 2008 Pakistan Cables set up its own state-of-the-art PVC Compounding Plant. This plant is designed to provide premium quality PVC compounds for various applications. It has the most sophisticated machinery imported from Kraus Maffei (Germany) and Plasmec (Italy), including automated weighing and dosing systems supported by a polymer laboratory to enable development of customer specific formulations.

Pakistan Cables PVC compound plant ensures timely availability of raw materials for production. The plant also provides us with improved control of our manufacturing processes as the Company continues to expand.

We produce flexible PVC compounds for insulation and sheathing of electric cables, and other flexible PVC compounds for sale to the local and export markets.

A photograph of three people in an office setting. On the left, a man in a light blue shirt and tie sits in a black office chair. In the center, a woman with long dark hair sits behind a white table. On the right, an older man with a white beard, wearing a white kurta, sits in a black office chair. On the table is a wooden architectural model of a building. The background features a wall with horizontal wooden slats and a white wall with a window. A green text box is overlaid on the top right of the image.

Najmi Bilgrami Collaborative

Najmi Bilgrami Collaborative was incorporated in 2006 through the collaboration of two established architectural practices of Pakistan. The two firms have collectively designed over 3,000 projects.

“Two generations of architects at our firm have used and recommended Pakistan Cables’ wires and aluminium sections for our projects over the years. The quality and standards of the products are the reason we always chose Pakistan Cables.”

Board of Directors



Mr. Towfiq H. Chinoy (Chairman)
Non-Independent Non-Executive Director

is presently the Managing Director of International Industries Ltd. and International Steels Ltd., non-executive Chairman of New Jubilee Insurance Co. Ltd. & Packages Ltd. He is also Director of BOC Pakistan Ltd., New Jubilee Life Insurance Co. Ltd, IQI Investment Bank, HBL Asset Management Ltd. and Pakistan Business Council. Mr. Chinoy is Trustee of Mohatta Palace Gallery Trust and Director of Pakistan Centre for Philanthropy.

He has also served as a Member of the Engineering Development Board - Govt. of Pakistan, the Advisory Board of Ports & Shipping Sector, Ministry of Communications and as a Director of Port Qasim Authority and National Refinery Ltd. He has held various appointments at the Aga Khan Economic Planning Board.

He is on the Board of PCL since 17-5-1996.



Syed Naseem Ahmad
Independent Non-Executive Director

has done his Masters' in Physics. He is presently Chairman of the Board of Directors, Faysal Bank Ltd. and previously he was Chairman and Chief Executive of Philips Electrical Industries of Pakistan Ltd., Pakistan Security Printing Corporation, Security Papers Ltd. and Sicpa Inks Pakistan (Pvt.) Ltd. He has also served on the Board of Wazir Ali Industries Ltd., Security Leasing (Pvt.) Ltd. and ABN AMRO Bank.

He is on the Board of PCL since 17-5-1999.



Mr. Mustapha A. Chinoy
Non-Independent Non-Executive Director

is a Bachelor of Science in Economics from Wharton School of Finance, University of Pennsylvania, USA.

He is presently CEO of Intermark (Pvt.) Ltd. He is on the Board of Galileo Pakistan (Pvt.) Ltd., Global E-Comm Services (Pvt.) Ltd., International Industries Ltd., International Steels Ltd. and Security Papers Ltd. He is also the Honorary Consul General of Greece.

Previously he has served on the Board of Pak Chemicals Ltd. and Union Bank Ltd.

He is on the Board of PCL since 1-1-1986.



Mr. Ernest K. Cuyegkeng

Non- Executive Director – Nominee of GK Technologies Inc, USA (a subsidiary of General Cable Corporation, USA)

is the Chief Financial Officer and Executive Vice President of A. Soriano Corporation since 1990 and is the President of Phelps Dodge Philippines since 2000. He also serves as director of various corporations. A. Soriano Corporation, Phelps Dodge Philippines, Seven Seas Resort and Leisure, Inc., KSA Realty Corporation, Artha Land Corporation, Sumifru Singapore, Citrus Global and AB Capital. He is also a trustee of the Andres Soriano Foundation. He is a member of various business associations, the Management Association of the Philippines, Makati Business Club and Financial Executive Institute of the Philippines. Mr. Cuyegkeng holds a B.A in Economics and B.S in Business Administration from De La Salle University in 1968 and a Masters in Business Administration degree from Columbia Graduate School of Business, New York in 1970.

He is on the Board of PCL since 23-11-2010.



Mr. Roderick Macdonald, MBE

Non- Executive Director – Nominee of GK Technologies Inc, USA (a subsidiary of General Cable Corporation, USA)

is Executive Vice President of Business Development for General Cable. Prior to this he was Executive Vice President of Global Sales and Business Development. He joined General Cable in 1999 as Senior Vice President and General Manager of their Building Wire business. From 1994 he held various executive appointments within Commonwealth Industries including Present of Allflex Corporation. He began his career in military and government service. He served 25 years as an officer in the British Army which included leading soldiers in combat in Northern Island and the Falkland Islands. He ended his distinguished career as Brigadier. Mr. Macdonald holds a Bachelor of Science degree in Mechanical Engineering from the Royal Military College of Science and completed the Advanced Management Program at Harvard Business School. He is a Fellow of the Institute of Mechanical Engineers in the UK and a registered (Chartered) engineer in both the UK and Europe.

He is on the Board of PCL since 23-11-2010.



Mr. Haroun Rashid

Non-Independent Non- Executive Director

is a Fellow Member of the Institute of Chartered Accountants (England & Wales), Certified Investment Advisor & Securities Dealer, Securities Commission of Hong Kong. Presently he is Director of Arif Habib Investments Ltd., Public Procurement Regulatory Authority (PPRA) and Heritage Developments.

Previously he has been Managing Director of Kashmir Edible Oils Ltd., ANZ Securities Asia Ltd – Hong Kong and Director of Financial Executives Institute – Hong Kong, Pakistan Agricultural Storage & Services Corporation Ltd., Union Bank Ltd and Fidelity Investment Bank Ltd. He has also been a Governor of Lahore General Hospital.

He is on the Board of PCL since 17-5-1993.



Mr. Saquib H. Shirazi

Independent Non- Executive Director

is a MBA from Harvard Business School. He is presently CEO Atlas Honda Ltd. He is also on the Board of Atlas Power Ltd., Shirazi Investment (Pvt.) Ltd., Shirazi Trading Company (Pvt.) Ltd., Shirazi Capital (Pvt.) Ltd., Cherat Cement Ltd., and Pakistan Petroleum Ltd.

He is on the Board of PCL since 8-5-2008.



Mr. Shahid Aziz Siddiqui

Independent Non- Executive Director

is presently Chairman, State Life Insurance Corporation of Pakistan.

Mr. Siddiqui holds a Master's Degree from the Karachi University and a Post Graduate Degree in Development Economics from the University of Cambridge UK. Mr. Siddiqui topped the CSS examination of 1988. He has successfully completed all the parts of the Board Development Series conducted by Pakistan Institute of Corporate Governance (PICG) and is a Certified Board Director by PICG/IFC.

He has formerly held the positions of Managing Director, Rice Export Corporation of Pakistan, Chairman National Highways Authority, Director General, Ports and Shipping and Director Labor, Sindh.

He has also been the Commissioner Karachi Division and Deputy Commissioner of the Districts of Thatta, Sanghar and Larkana. In addition having held the position of Director Excise and Taxation and many other assignments in the Federal and Provincial Governments.

He is on the Board of PCL since 13-12-2010.



Mr. Kamal A. Chinoy

(Chief Executive)

is a B.Sc. Economics from the Wharton School, University of Pennsylvania, USA and is a 'Certified Director' having been Certified by the Pakistan Institute of Corporate Governance.

Presently, he is on the Board of International Industries Ltd., International Steels Ltd., Pakistan Security Printing Corp. Ltd., Atlas Battery Ltd. and NBP Fullerton Asset Management Limited (NAFA).

He is the President of the Management Association of Pakistan, and is on the Executive Committee of the Overseas Investors Chamber of Commerce & Industry and the International Chamber of Commerce. He is also on the Advisory Council of Citizens Archive of Pakistan, Management Committee of the Sind Club and Admission Committee of Aga Khan University.

He is also the Honorary Consul General of Republic of Cyprus.

Previously, he has served as the Chairman of the Aga Khan Foundation, Pakistan and was on the Board of First International Investment Bank (now IGI Bank), Pakistan Centre for Philanthropy and Army Burn Hall Institutions.

He is on the Board of PCL since 31-5-1992.



Standing (Starting left): Mr. Haroon Rashid Zaman (G.M. Engineering), Mr. M. Tanwir Aslam (Production Manager), Mr. Kamal A. Chinoy (Chief Executive), Mr. Touseef ul Bari (Finance Manager), Mr. Shahid B. Bhatti (Regional Manager Central), Mr. Ahmad Bagia (Sales & Operation Manager), Mr. S. M. Athar Farid (Technical Manager), Mr. Moiruddin Silat (Materials Manager), Mr. Fayyaz A. Butt (Regional Manager North) **Sitting (Starting left):** Mr. Shahpur Channah (Deputy Chief Executive), Mr. Aslam Sadruddin (Finance Director), Mr. Ittikhar Ahmed (Manufacturing Manager)

Management Team

Mr. Kamal A. Chinoy (Chief Executive)

B.Sc. Economics from the Wharton School, University of Pennsylvania, USA. Joined PCL in 1992.

Mr. Shahpur Channah (Deputy Chief Executive)

M. A. International Relations, from Karachi University. Central Superior Services 1976/77. With PCL since 1989.

Mr. Aslam Sadruddin (Finance Director)

Fellow Member of the Institute of Chartered Accountants of Pakistan. Also a law graduate. Joined PCL in 1993.

Mr. Haroon Rashid Zaman (G.M. Engineering)

Bachelors degree in Mechanical Engineering from NED University, Karachi. Joined PCL in 2006.

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

B.E. in Electrical Engineering from NED and MBA in Marketing from IBA. With PCL since 1976.

Mr. Ahmad Bagia (Sales & Operation Manager)

B.E. Metallurgy from NED University in 1979. Rejoined PCL in 2002.

Mr. Moinuddin Sifat (Materials Manager)

Graduate in Commerce from S.M. College. Joined PCL in 2003.

Mr. Itikhar Ahmed (Manufacturing Manager)

B.E. Electrical from NED University, MS in Communication Engineering from the US Navy Post Graduate School, Monterey California. Joined PCL in 2002.

Mr. Touseef-ul-Bari (Finance Manager)

Associate Member of the Institute of Chartered Accountants of Pakistan. Joined PCL in 2001.

Mr. Shahid B. Bhatti (Regional Manager Central)

Bachelor in Economics & Political Science from University of Punjab. Joined PCL in 1989.

Mr. Fayyaz A. Butt (Regional Manager North)

Graduated from Gordon College, Rawalpindi. Joined PCL in 2002.

Mr. M. Tanwir Aslam (Production Manager)

B.E. in Metallurgical Engineering from NED University. Lifetime member of Pakistan Engineering Council. Rejoined PCL in 2011.



SOS Children's Villages

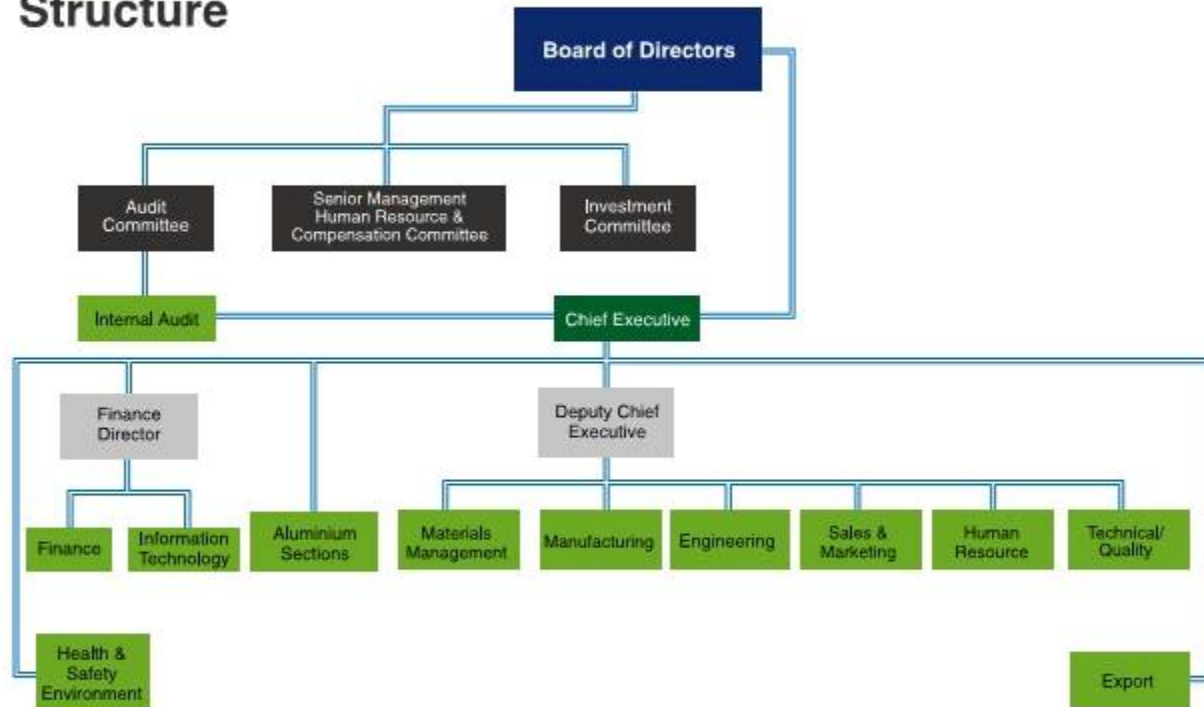
A social welfare organization with a noble cause, SOS Children's Villages have used Pakistan Cables as their cable brand of choice,

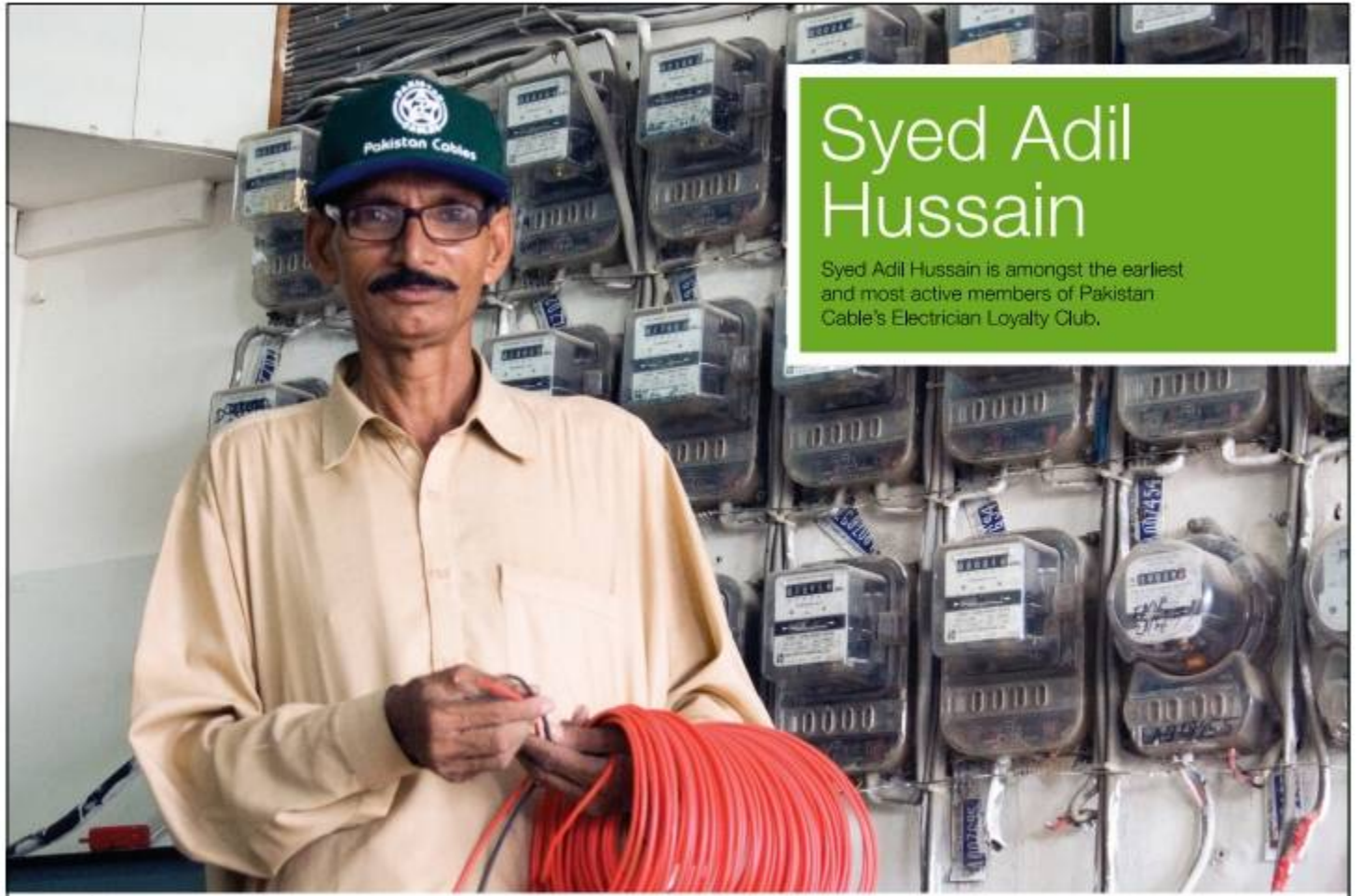
SOS CHILDREN'S VILLAGES OF SINDH



“ We at SOS Childrens Villages Pakistan, a front line global charitable organization for the care of orphaned and abandoned children, are deeply indebted to Pakistan Cables for having responded positively, over the years, with its support of our various construction projects as part of its CSR activities in the country. The success of our activities is totally dependent on the generosity of our donors and we look forward to on going support from Pakistan Cables in the future.”

Organizational Structure





Syed Adil Hussain

Syed Adil Hussain is amongst the earliest and most active members of Pakistan Cable's Electrician Loyalty Club.

“I have been using Pakistan Cables' wires since I started out in this field. For more than 30 years I have been recommending Pakistan Cables to engineers and customers. Quality construction and the use of 99.99% pure copper ensure safety and longevity. For me, there is no better wire.”

Phoenix Armour

Phoenix Armour pioneered the security business in Pakistan and have always used Pakistan Cables for the wiring of their alarm systems. They rely on the best to ensure reliability in emergency situations.



“ Phoenix Armour (Pvt.) Limited has been a proud and a satisfied customer of Pakistan Cables for almost two decades. Besides using Pakistan cables for our power distribution, data transmission and other requirements, we have been using Pakistan Cables for installation of Burglar Alarm Systems. During all these years we have found Pakistan Cables to be highly professional, prompt, courteous and above all never compromising on quality of the product. We can proudly grade our association with Pakistan Cables as ‘highly pleasant’.”

Shareholders' Information

Annual General Meeting

The annual meeting of the shareholders will be held on 28th September 2011 at 11:00 a.m. at the Auditorium, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi.

Any shareholder may appoint a proxy to attend and vote at the meeting on his or her behalf. Proxies should be filed with the Company at least 48 hours before the meeting time.

CDC shareholders or their proxies are requested to bring copies of their National Identity Card along with the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Financial Calendar

The Company follows the period of July 01 to June 30 as the Financial Year.

For the Financial Year 2011-12, Financial Results will be announced as per the following tentative schedule:

1st Quarter ending September 30, 2011	Last week of October 2011
2nd Quarter ending December 31, 2011	Last week of January 2012
3rd Quarter ending March 31, 2012	Last week of April 2012
Year ending June 30, 2012	Second week of August 2012

Investor Relations Contact

Mr. Aslam Sadruddin (Finance Director and Company Secretary)
Email: finance@pakistancables.com Phone: (021) 32561170-5 Fax: (021) 32564614

In compliance with the requirements of section 204 (A) of Companies Ordinance 1984, THK Associates (Pvt.) Limited has been appointed as Share Registrar of the Company.

The address, contact numbers and timings of THK Associates (Pvt.) Limited is given below:

THK Associates (Pvt.) Limited
Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530
Telephone No.: (021) 111-000-322, Fax No.: (021) 36655595
Timings : 9:30 am to 12:30 pm & 2:30 pm to 4:30 pm (Monday to Friday)

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 58th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Wednesday the 28th September 2011 at 11.00 a.m. at the Auditorium, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Statement of Accounts for the year ended June 30, 2011 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% for the financial year ended June 30, 2011.
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.
4. To transact any other business which may legally be transacted at an Annual General Meeting.

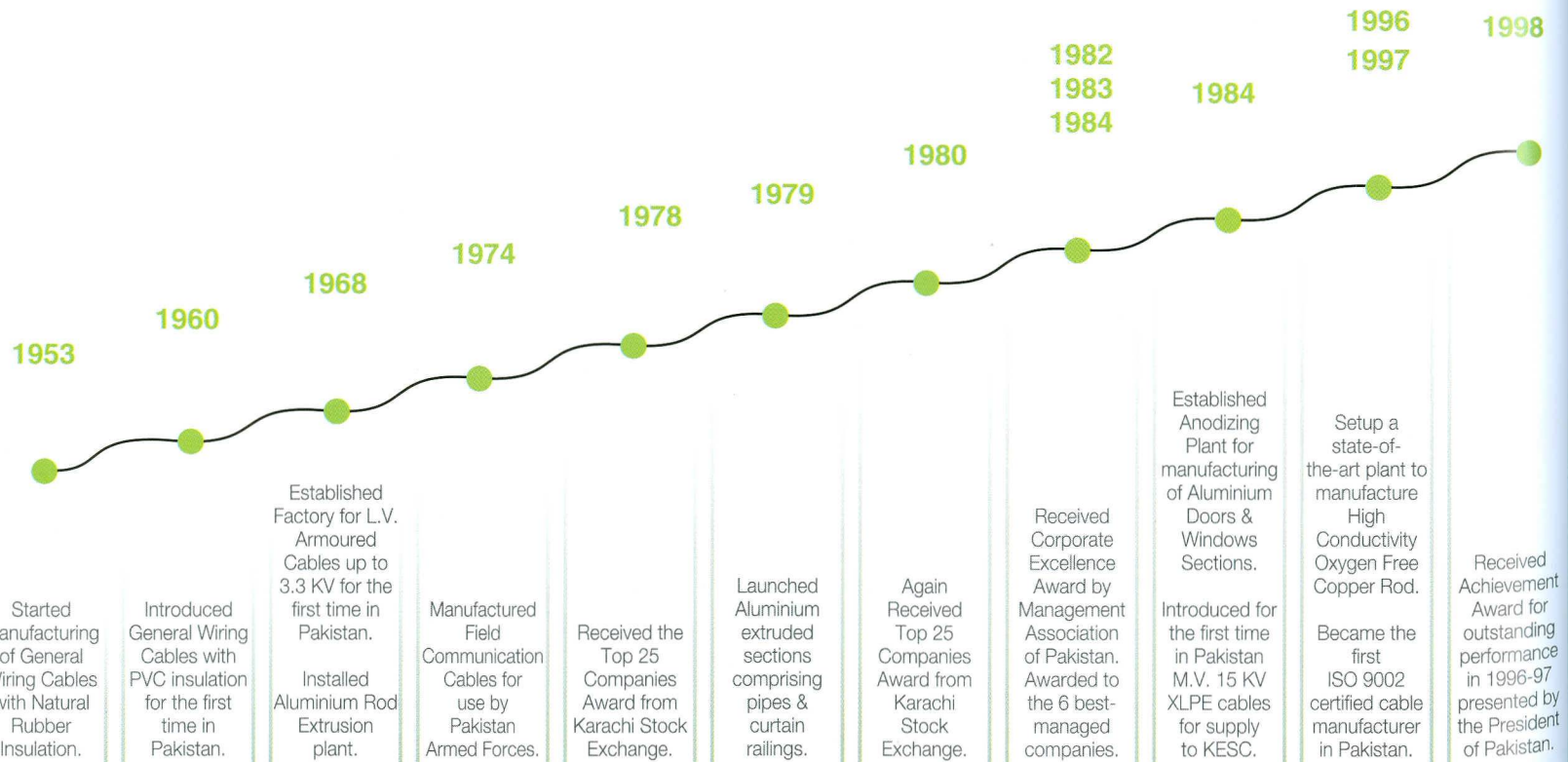
KARACHI: September 05, 2011

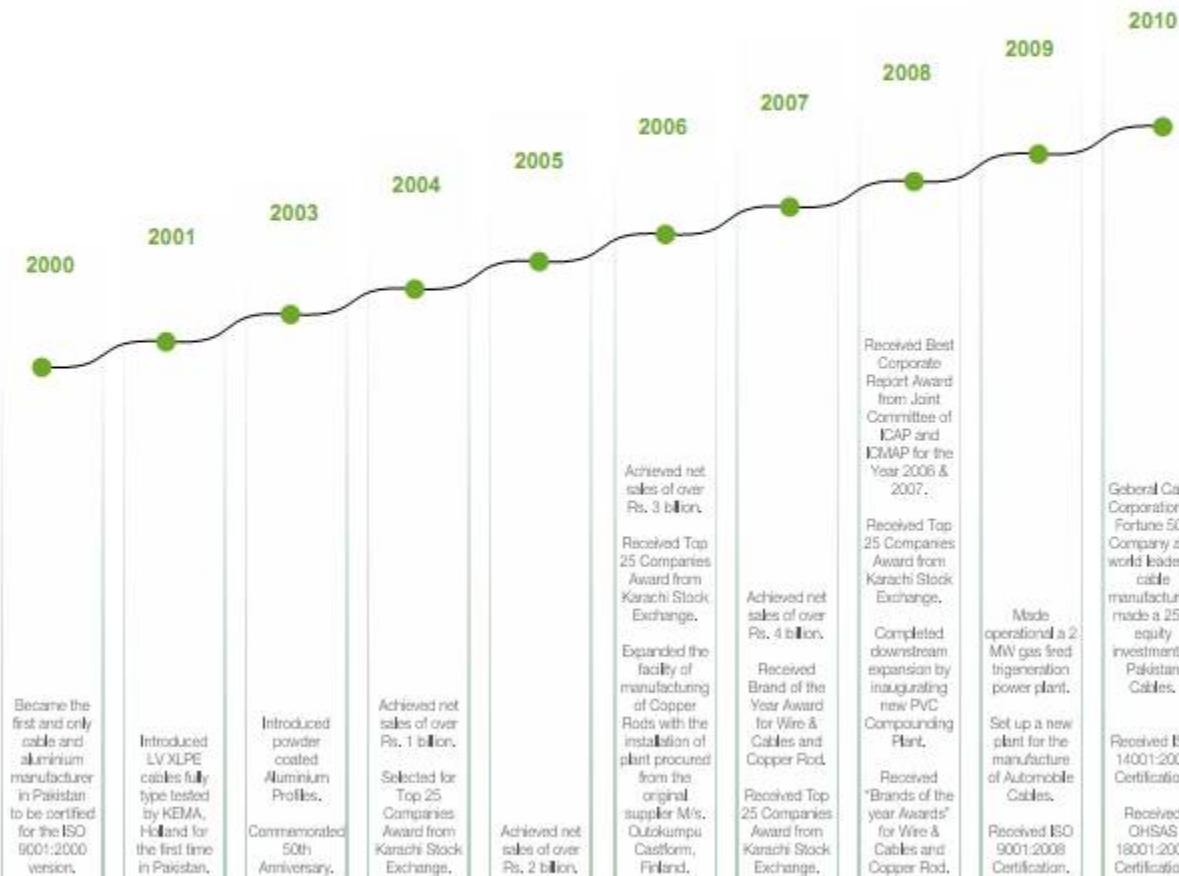
By Order of the Board
Aslam Sadruddin
Finance Director and
Company Secretary

NOTES:

1. The Shares Transfer Books of the Company will remain closed from September 15th, 2011 to September 28th, 2011 (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 up-loaded 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.

Journey over the Years





Key Financial Data

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Financial Results							
Sales	4,096.4	3,796.8	3,852.3	3,794.9	4,168.9	3,028.1	2,019.3
Gross Profit	519.6	412.3	532.4	369.9	614.2	495.1	319.5
Operating profit	250.7	197.7	350.9	7.0	390.5	329.5	207.1
Profit before tax	146.7	52.3	101.8	53.6	293.3	261.2	170.3
Profit after tax	85.7	45.5	63.9	65.4	194.3	173.0	112.5
Earning before interest, tax, depreciation and amortization (EBITDA)	361.0	323.1	432.4	257.0	464.7	371.6	224.5
Dividend	56.9	32.2	48.3	-	54.8	24.4	38.0
Bonus Issue	-	-	-	19.5	48.8	68.3	19.5
Capital expenditure	34.2	30.2	169.9	338.4	280.0	272.0	124.5
Fixed assets at cost/revaluation	2,254.0	2,218.0	2,192.0	1,776.4	1,429.6	1,274.9	1,007.9
Current assets less current liabilities	569.7	41.4	78.7	2.7	142.6	145.7	112.1
Cash Flow from:							
Operating activities	(4.0)	(562.4)	630.2	31.8	(345.4)	211.9	57.7
Investing activities	(27.3)	(25.2)	(164.9)	(246.8)	(270.4)	(265.9)	(120.9)
Financing activities	357.8	556.8	(58.5)	(448.5)	353.7	444.4	(51.9)
Cash and cash equivalents	(11.6)	(338.0)	(307.2)	(714.0)	(50.4)	211.6	(178.8)
Shareholders' funds							
Issued capital	284.6	214.6	214.6	195.1	146.3	97.5	58.5
Reserve & retained earning	1,088.9	504.2	503.6	455.9	456.4	358.6	227.7
Total Shareholders' fund	1,373.5	718.8	718.2	651.0	602.7	456.1	286.2
Surplus on revaluation of fixed assets	695.8	680.8	684.2	687.6	549.0	551.3	549.4
Long term Loans & Liabilities	199.3	394.5	510.0	378.2	259.0	174.4	46.3
Net Assets employed	2,268.7	1,794.2	1,912.4	1,716.8	1,410.8	1,181.8	881.9
Liquidity							
Current Ratio	1.4:1	1:1	1.1:1	1:1	1.1:1	1.1:1	1.1:1
Acid Test Ratio	0.5:1	0.5:1	0.4:1	0.4:1	0.4:1	0.4:1	0.3:1
Financial Gearing							
Financial Leverage	46:54	62:38	53:47	60:40	61:39	63:37	54:46
Debt to Equity ratio	09:91	22:78	27:73	22:78	18:82	15:85	05:95
Interest coverage (Times)	2.5	1.3	1.4	1.4	3.6	4.4	5.6

		2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Capital efficiency								
Debtors turnover	(Times)	8.6	6.0	10.4	9.6	8.3	7.7	8.2
Inventory turnover	(Times)	2.7	3.4	4.3	3.4	3.1	2.6	2.4
Total assets turnover	(Times)	1.1	1.0	1.1	1.1	1.4	1.1	1.1
Creditor turnover	(Times)	96.7	15.1	14.1	36.2	15.3	5.1	4.8
Operating Cycle	No. of days	174.0	144.0	94.0	135.0	138.0	116.0	121.0
Fixed assets turnover	(Times)	2.6	2.3	2.0	2.3	3.4	3.0	2.7
Capital employed turnover	(Times)	1.8	2.1	1.8	2.2	2.9	2.6	2.3
Profitability								
Gross profit	%	12.7	10.9	15.9	9.7	14.7	16.3	15.8
Net profit	%	2.1	1.2	1.9	1.7	4.7	5.7	5.6
EBITDA margin	%	8.8	8.5	12.9	6.8	11.1	12.3	11.1
Return on capital employed (ROCE)	%	15.4	18.5	27.0	17.9	47.0	53.6	62.3
ROCE including revaluation surplus	%	10.7	11.5	17.4	10.7	28.7	28.6	23.5
Return on Equity	%	6.2	6.3	8.9	10.0	32.2	37.9	39.3
Return on total assets	%	2.3	1.2	2.1	1.9	6.5	6.4	6.2
Investment								
Price earning ratio		13.7	25.5	11.4	36.4	20.2	10.2	10.1
Earning per rupee of sales	Rs.	0.02	0.01	0.02	0.02	0.05	0.06	0.06
Earning per share	Rs.	3.34	2.12	2.98	3.35	13.28	17.73	18.20
Cash dividend per share	Rs.	2.0	1.50	2.25	-	3.75	2.50	6.50
Bonus issue per share	Rs.	-	-	-	1.00	3.33	7.50	3.30
Dividend (cash+bonus) yield	% *	4.39	2.78	6.61	10.00	34.70	76.40	36.7
Dividend payout %		65.3	70.7	75.6	29.8	53.3	54.0	51.1
Dividend Cover	(Times)	1.5	1.4	1.3	3.4	1.9	1.8	2.0
Market value per share	Rs.	45.6	54.0	34.0	122.0	267.9	180.0	195.0
Market value per share high during the year	Rs.	58.9	63.0	120.8	276.0	273.2	263.0	261.0
Market value per share low during the year	Rs.	45.6	34.2	27.8	122.0	162.0	169.0	135.0
Break-up value per share including surplus on revaluation	Rs.	72.7	65.2	65.3	68.6	78.7	103.3	142.8
Break-up value per share excluding surplus on revaluation	Rs.	48.3	33.5	33.5	33.4	41.2	46.8	51.9
Value addition and its distribution		Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Employees as remuneration		271.0	251.8	239.8	229.2	204.6	167.2	136.1
Government as taxes		846.0	708.7	582.7	698.7	838.1	755.2	484.4
Shareholders as dividends		56.9	32.2	48.3	19.5	103.6	92.7	57.6
Provider of Finance		95.9	154.5	230.0	130.3	112.1	77.2	36.9
Society		2.0	0.2	1.5	1.0	5.3	5.3	1.6
Retained within the business		32.5	16.5	19.0	58.0	93.0	100.9	55.3

* Based on market value of June 30

Horizontal Analysis of Financial Statements

	<u>2010-2011</u>	<u>% Change</u>	<u>2009-2010</u>	<u>% Change</u>	<u>2008-2009</u>	<u>% Change</u>
	Rs. '000	w.r.t. 2010	Rs. '000	w.r.t. 2009	Rs. '000	w.r.t. 2008
Balance Sheet						
Total equity	2,068,366	48	1,399,658	(0)	1,402,442	5
Total non-current liabilities	199,299	(49)	394,541	(23)	510,026	35
Total current liabilities	1,539,111	(17)	1,846,750	69	1,095,266	(33)
Total equity and liabilities	<u>3,807,776</u>	<u>5</u>	<u>3,640,949</u>	<u>21</u>	<u>3,007,734</u>	<u>(10)</u>
Total non-current assets	1,698,948	(3)	1,752,787	(4)	1,833,749	7
Total current assets	2,108,828	12	1,888,162	61	1,173,985	(28)
Total assets	<u>3,807,776</u>	<u>5</u>	<u>3,640,949</u>	<u>21</u>	<u>3,007,734</u>	<u>(10)</u>
Profit and Loss Account						
Net sales	4,096,391	8	3,798,847	13	3,352,328	(12)
Gross profit	519,615	26	412,349	(23)	532,355	44
Operating profit	250,673	27	197,708	(41)	332,335	4,676
Profit before tax	146,682	180	52,306	(49)	101,841	90
Profit after tax	85,682	88	45,506	(29)	63,921	(2)

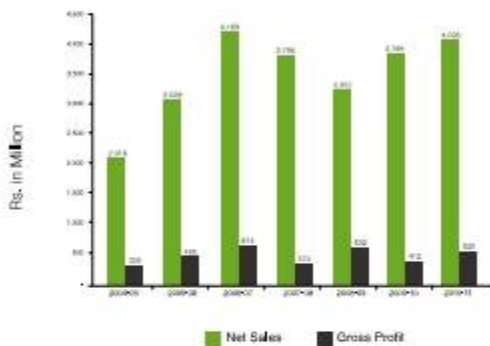
<u>2007-2008</u>	<u>% Change</u>	<u>2006-2007</u>	<u>% Change</u>	<u>2005-2006</u>	<u>% Change</u>	<u>2004-2005</u>
Rs. '000	w.r.t. 2007	Rs. '000	w.r.t. 2006	Rs. '000	w.r.t. 2006	Rs. '000
1,338,521	16	1,151,761	14	1,007,483	21	836,674
378,254	46	259,060	49	174,370	276	46,361
1,629,125	4	1,568,310	2	1,536,409	65	930,583
<u>3,345,900</u>	<u>12</u>	<u>2,979,121</u>	<u>10</u>	<u>2,718,262</u>	<u>50</u>	<u>1,812,618</u>
1,714,085	35	1,268,174	22	1,036,149	35	769,909
1,631,815	(5)	1,710,947	2	1,682,113	61	1,042,709
<u>3,345,900</u>	<u>12</u>	<u>2,979,121</u>	<u>10</u>	<u>2,718,262</u>	<u>50</u>	<u>1,812,618</u>
3,794,949	(9)	4,168,988	38	3,028,057	50	2,019,306
369,880	(40)	614,211	24	495,121	55	319,478
6,959	(98)	390,476	19	329,506	59	207,154
63,607	(82)	293,276	12	261,214	53	170,267
65,397	(66)	194,276	12	173,014	54	112,467

Vertical Analysis of Financial Statements

	2010-2011		2009-2010		2008-2009	
	Rs. '000	%	Rs. '000	%	Rs. '000	%
Balance Sheet						
Total equity	2,069,366	54.35	1,399,658	38.44	1,402,442	46.63
Total non-current liabilities	199,299	5.23	394,541	10.84	510,026	16.96
Total current liabilities	1,539,111	40.42	1,846,750	50.72	1,095,266	36.41
Total equity and liabilities	<u>3,807,776</u>	<u>100.00</u>	<u>3,640,949</u>	<u>100.00</u>	<u>3,007,734</u>	<u>100.00</u>
Total non-current assets	1,698,948	44.62	1,752,787	48.14	1,833,749	60.97
Total current assets	2,108,828	55.38	1,888,162	51.86	1,173,985	39.03
Total assets	<u>3,807,776</u>	<u>100.00</u>	<u>3,640,949</u>	<u>100.00</u>	<u>3,007,734</u>	<u>100.00</u>
Profit and Loss Account						
Net sales	4,096,391	100.00	3,798,847	100.00	3,352,328	100.00
Gross profit	519,615	12.68	412,349	10.85	532,355	15.88
Operating profit	250,673	6.12	197,708	5.20	332,335	9.91
Profit before tax	146,682	3.58	52,306	1.38	101,841	3.04
Profit after tax	85,682	2.09	45,506	1.20	63,921	1.91

2007-2008		2006-2007		2005-2006		2004-2005	
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
1,338,521	40.00	1,151,761	38.66	1,007,483	37.06	835,674	46.10
378,254	11.31	259,050	8.70	174,370	6.41	46,361	2.56
1,620,125	48.69	1,568,310	52.64	1,536,409	56.52	930,593	51.34
<u>3,345,900</u>	<u>100.00</u>	<u>2,979,121</u>	<u>100.00</u>	<u>2,718,262</u>	<u>100.00</u>	<u>1,812,618</u>	<u>100.00</u>
1,714,085	51.23	1,268,174	42.57	1,036,149	38.12	769,909	42.47
1,631,815	48.77	1,710,947	57.43	1,682,113	61.88	1,042,709	57.53
<u>3,345,900</u>	<u>100.00</u>	<u>2,979,121</u>	<u>100.00</u>	<u>2,718,262</u>	<u>100.00</u>	<u>1,812,618</u>	<u>100.00</u>
3,794,949	100.00	4,168,938	100.00	3,029,057	100.00	2,019,306	100.00
369,880	9.75	614,211	14.73	495,121	16.35	319,478	15.82
6,959	0.18	390,476	9.37	329,506	10.88	207,154	10.26
53,607	1.41	293,276	7.03	261,214	8.63	170,267	8.43
65,397	1.72	194,276	4.66	173,014	5.71	112,467	5.57

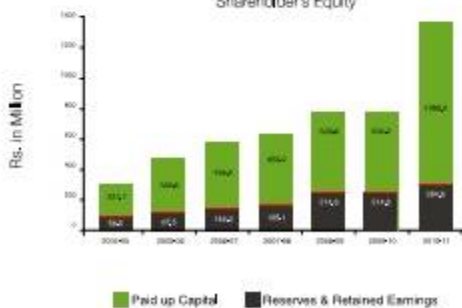
Net Sales and Gross Profit



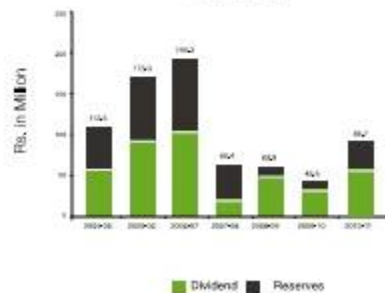
Earning per Share vs Paid-up Capital



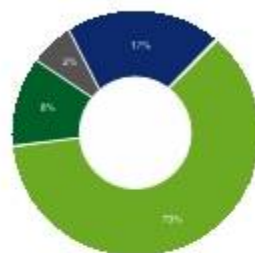
Shareholder's Equity



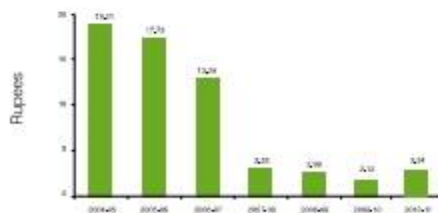
Profit after Tax



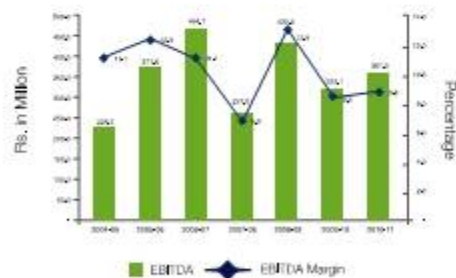
Revenue Mix

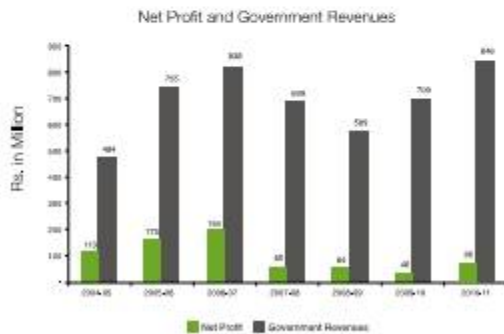
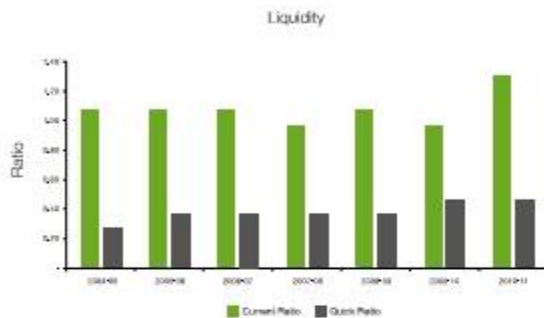
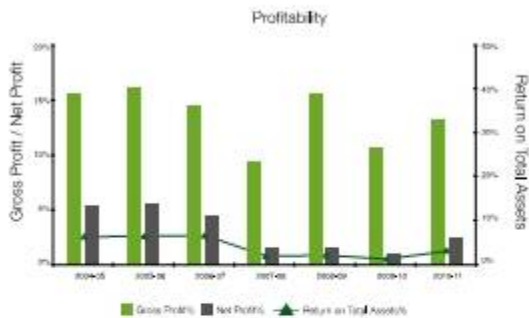


Earning Per Share



EBITDA & EBITDA Margin





Directors' Report

The Directors are pleased to present the 58th Annual Report along with the audited accounts of the Company for the year ended June 30, 2011.

The Company is engaged in the manufacturing Conductors, Cables and Wires for transmission of electricity since 1953. In 1979, the Company started extrusion of Aluminium Rod from billets, which was upgraded in 1984 to manufacture Anodized Aluminium Profile sections for architectural applications. In 1996, the Company set up a state-of-the-art plant to manufacture High Conductivity Oxygen Free (HCOF) Copper Rod. Due to the increased requirement of rods for manufacturing wire & cables as a result of growing customer demand, the production capacity of the plant has been regularly enhanced over recent years. In 2008, the Company set up a PVC Compounding Plant to manufacture high quality electric cable grade PVC compound. The Company also set up a 2-MW gas fired Tri-generation Power Plant, allowing it to be mostly self sufficient for its electricity needs.

Investment of General Cable Corporation in Pakistan Cables

In 2010, General Cable Corporation, through its subsidiary GK Technologies Inc, Highland Heights, Kentucky, USA decided to take a 24.6% equity stake in Pakistan Cables Limited. The transaction was completed on 23rd November 2010 through the issuance of 7,000,000 additional ordinary shares to GK Technologies Inc., at a subscription price of US\$ 1 per share. The proceeds of the share issuance were used to reduce the Company's debt.

General Cable is one of the largest cable companies in the world with annual revenues in 2010 of US\$ 4.9 billion and 47 manufacturing units in 22 countries around the world. It is worth recalling that Pakistan Cables was the pioneering company in Pakistan's cable industry, when it was established in 1953 in partnership with BICC UK, (at the time one of the largest cable companies in the world). Now, once again, another industry giant has expressed confidence in your company. This is a reaffirmation of our commitment to quality, ethics and management best practices and also an indication of the future potential of Pakistan's electrical capital goods industry.



Mr. Kamal Chisoy (CEO of Pakistan Cables), Mr. Gregory Kenney (CEO of General Cable), Mr. Shafiq Hakeem Kardar (former Governor of the State Bank of Pakistan) and Mr. Tawiq Chisoy (Chairman of Pakistan Cables) at the signing ceremony of General Cable's investment in Pakistan Cables.



General Cable's senior management team, including Mr. Gregory Kerney (CEO of General Cable) with the management team of Pakistan Cables.

There are various benefits to Pakistan Cable's recent association with General Cable. Our link with General Cable allows us to offer a complete range of wire and cable products, including items that were previously not manufactured or available in Pakistan. Further benefits in a number of business areas include technical advice, sourcing of raw materials, manufacturing best practices and exports.

Global Copper & Aluminium Scenario

The prices of cables, copper rod and aluminium extrusions are closely linked to the global markets for Copper and Aluminium. Both base metals are traded on the London Metal Exchange (LME), the world's premier non-ferrous metals market. The LME is a highly liquid market and in 2010 achieved volumes of 120.3 million lots, equivalent to

\$11.6 trillion. The price of both these metals is therefore determined at the LME and any fluctuations in Copper or Aluminium prices have a direct effect on the pricing of our products.

During this financial year, copper prices trended upward from an average of \$6,735 per ton in July 2010 to an average of \$9,888 per ton in February 2011, even crossing the \$10,000 per ton mark during certain days in February. Copper's rise to all time highs during the period was a reflection of strong demand from China along with other emerging markets and rising investor interest in the product. Subsequently copper fell to below \$9,000 per ton in the month of May 2011 before rebounding to \$9,500 per ton in July 2011. The fluctuations in copper prices during the financial year are reflective of the tremendous volatility that is prevalent in global copper markets.

The trend for Aluminium prices was similar to Copper, with prices generally following an upward trend during the period.



Overview of National Economy

The financial year 2010-11 remained challenging for the Pakistani economy due to the impact of devastating floods, along with the backdrop of power shortages, rising commodity prices and poor law and order. As a result the Pakistani economy was able to register modest GDP growth of 2.4%.

The Agricultural sector grew an estimated 1.2% during the year against a growth target of 3.0%. The primary reason for the underperformance was the effect of lower production due to floods but higher prices helped offset some of this underperformance. The performance of the Manufacturing sector was not unlike that of the Agricultural sector, as it remained the victim of power outages and lower domestic demand. LSM grew by 1.7% during the period July 2010 - March 2011 against a target of 4.9%. The slowdown in growth was exacerbated by persistent inflationary pressures, particularly in the first half of 2010-11.

From a positive perspective, exports crossed \$20 billion, registering a 28% growth in the first 10 months of the year, compared to the same period a year ago. Remittances were up to \$11.2 billion, resulting with external reserves touching a historic high of \$17.1 billion in April 2011.

Segment Highlights

Cables & Wires

Pakistan Cables has established itself as a key player with more than 58 years of experience in the wire & cables business and can rightly claim to be the leading cable and wire company in the country. Our business is driven by the strength, growth prospects and activity in the end markets where our products are used. Our product strategy is to manufacture an

extensive array of high quality wires & cables to meet the diverse, dynamic and time-sensitive needs of our customers. Our sales strategy is; (i) to continue to generate market awareness of our brand, (ii) to identify profitable markets and (iii) to penetrate targeted markets through cost benefit analysis and customized service offering.

During the financial year, the Company maintained its leadership position in the market for cables and wires in Pakistan. Pakistan Cables' Trade Network covers over 60 cities and towns across



Mr. Kamal Chiny and Mr. Shauqur Channah present cars to PCL's largest dealers in Karachi. (Al-Bayad Electric Store and Universal Electric Stores)



PCL dealers and the PCL sales team at the Pakistan vs. Australia World Cup cricket match in Colombo.

Pakistan. The Company also continued to win large orders from a number of significant commercial projects. Some of the landmark projects in which Pakistan Cables' products were used during the financial year included ENAR Petroleum, Deharki Sugar Mills, Ghani Glass, Aisha Steel Mills, Amreli Steels, Ibrahim Fibres and Packages Ltd.

Aluminium Sections

Alum-Ex continued to retain its position in the market. The Company is committed to providing the highest quality aluminium

sections in the country. This is underlined by the confidence in our products from Pakistan's leading architects and contractors. During the year some of the significant projects in which Alum-Ex sections were used included Army Housing - Karachi, Dolmen City - Karachi, IBA - Sukkur, Tetrapak Factory - Lahore, and Pakistan Planning & Management Institute - Islamabad.

PVC Compound & Copper Rod

Pakistan Cables' PVC Compound & Copper Rod is primarily used for in-house consumption and is sold to commercial customers as and when there is excess capacity available. Over the course of the year, Pakistan Cables saw considerable growth in PVC Compound sales by expanding its customer base across the country.

Market Share

There is no independent source that identifies the market shares of cable manufacturers in Pakistan. Furthermore, Pakistan Cables is the only cable manufacturer that is a listed public limited company. As a result, the financial information of our competitors is not publicly available and it is therefore not possible to present any market share information in this report.

Manufacturers of cables in Pakistan can be broadly divided between the organized and unorganized sector. While the unorganized sector has a fair chunk of the overall market share of house wiring, Pakistan Cables has high market share within the organized sector. Similarly, the Company also has a very strong presence in the sales of cables to industries, commercial projects, housing developments, government organizations, builders, institutions and the general public. Moreover, your Company's products often command a significant premium due to use of high quality materials and quality oriented nature of the Company.

Operating Performance

The country's economy grew by only 2.4% in 2010-11 against 4.1% in the previous year. The economy was hampered by the devastating effects of the floods, unstable law & order situation, high inflation yet easing inflation, acute energy and water shortages and high interest rates.

Commercial activity and industrial demand for your Company's products continued to remain subdued during the year. Despite adverse economic factors, the Company's results for the year are reasonably satisfactory, as shown below:

	2010-11	2009-10	Increase
	Rs. in million		%
Sales	4,096	3,799	8%
Gross Profit	520	412	26%
Gross Profit Percentage	12.7%	10.9%	
Profit Before Tax	147	52	180%
Profit Before Tax Percentage	3.6%	1.4%	
Profit After Tax	86	46	86%
Profit After Tax Percentage	2.1%	1.2%	
EPS - Rs.	3.34	2.12	58%

Your Company achieved sales of Rs. 4.1 billion which is 7.8% higher than last year's sales of Rs. 3.8 billion. The growth in sales compared to last year is primarily a reflection of higher copper prices, along with steady results in the retail and industrial markets for cables and wires.

Gross profit for the year amounted to Rs. 519.6 million (12.7% of sales), compared to last year's gross profit of Rs. 412.3 million (10.9% of sales). The higher gross profit is attributed mainly due to improved margins, better sales mix, productivity improvement and operational efficiencies.

Financial charges of Rs. 95.9 million for the year were considerably lower than the amount of Rs.154.5 million, incurred in the previous year. The Company was able to reduce interest expense due to the remittance from General Cable's investment, which allowed the Company to pay down some of its more expensive debt.

As a result of the above factors, your Company earned a profit before tax of Rs.146.7 million compared to Rs. 52.3 million in the same period of last year. The profit after tax for the year amounted to Rs. 85.7 million compared to Rs. 45.5 million in the previous year.

Dividends and Appropriations

For the current year, your Directors recommend payment of Rs. 2.00 per share (20%) as final cash dividend (2010: 15%). The appropriation of profit will be as under:

	2010-11 Rs. '000
The net profit after tax amounted to:	85,682
To this is added un-appropriated profit brought forward from last year	49,190
Transfer from surplus on revaluation - Own	3,416
	<u>138,288</u>
APPROPRIATIONS:	
Payment of Final cash dividend at the rate of Rs. 1.50 per share (15%) for the year ended June 30, 2010	32,194
Transfer to General Reserve for the year ended June 30, 2010	16,500
Leaving un-appropriated profit to be carried forward	89,594
	<u>138,288</u>
Earning per share	Rs. 3.34
Subsequent Effects	
Proposed final cash dividend of Rs. 2.00 per share for the year 2011	56,925
Transfer to General Reserve	<u>32,500</u>

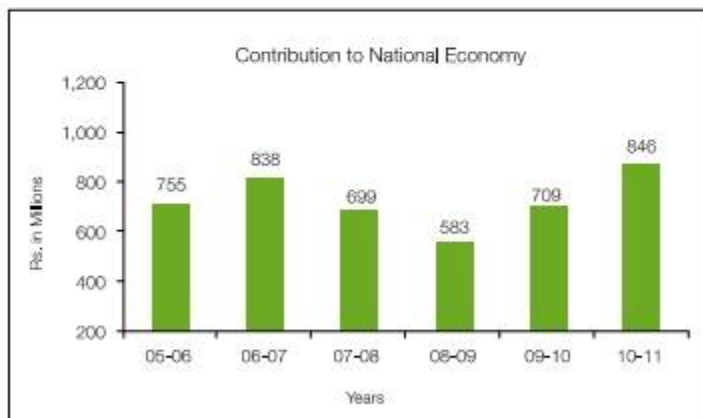
Cash Flow & Liquidity

The Company is constantly monitoring cash flow to ensure overall liquidity. During the financial year, Pakistan Cables net cash flow from operations was Rs. 4.2 million. The Company was able to manage its operating cash flows by ensuring better collections and recoveries of outstanding amounts over the course of the year. Tighter credit control was partially offset by higher inventory amounts due to rising raw material prices. In context of such a spike in copper prices, the overall operating cash flow position was satisfactory.

Cash flows from financing activities benefited from the proceeds from issuance of share to General Cable, which were used to pay down debt. The Company continued to monitor interest and foreign exchange rates to take advantage of any potential saving or hedging opportunities.

Contribution to National Economy

The Company's contribution to the National Exchequer by way of taxes, levies, sales tax, etc. amounted to Rs. 846 million during the year (2009-10 : Rs. 709 million.)





From left to right: Mr. Roderick Macdonald, Mr. Saqib Shirazi, Mr. Shahid A. Siddiqui and Mr. Mustapha Chinoy at a Board Meeting.

Board Changes

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

- i. Mr. Roderick Macdonald and Mr. Ernest K Cuyegkeng were appointed as nominee directors of GK Technologies on 23rd November 2010 in place of Mr. Javid Anwar and Mr. M. Khalil Mian (of NIT)
- ii. Mr. Shahid Aziz Siddiqui, was appointed as nominee director of State Life Insurance Company (SLIC) on 13th December 2010 in place of Mr. Ansar Hussain.

The Company wishes to place on record the valuable contribution made by the outgoing directors during the period they were on the Board. The Board also takes pleasure in welcoming the new directors and look forward to their contribution from their vast knowledge of the international cable industry.

The Board in its meeting held on 28 Jan, 2011 decided to decrease the number of directors from eleven to nine. Subsequently, in the Extra Ordinary General Meeting (EGM) held on 6th May, 2011 the following directors were elected unopposed with effect from 06 May, 2011:

1. Mr. Tawfiq H.Chinoy
2. Mr. Mustapha A. Chinoy
3. Mr. Haroun Rashid
4. Syed Naseem Ahmad
5. Mr. Saqib Shirazi
6. Mr. Roderick Macdonald - representing GK Technologies
7. Mr. Ernest K Cuyegkeng - representing GK Technologies
8. Mr. Shahid Aziz Siddiqui - representing SLIC
9. Mr. Kamal A. Chinoy

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 33, while the pattern of shareholding is provided on page 111.

The value of investments of provident and pension funds as per their accounts for the year ended December 31, 2010 are as follows:

Provident Fund	Rs. 225.527 Million
Pension Fund	Rs. 204.603 Million



Mr. Mustapha Chiray receiving a token of appreciation from Mr. Tariq Chiray, Chairman, for being a Director of Pakistan Cables for 25 years.

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

Director	No. of meetings Attended / No of meetings Eligible
Mr. Tawfiq H. Chinoy	05 / 06
Mr. Mustapha A. Chinoy	04 / 06
Syed Naseem Ahmad	02 / 06
Mr. Javid Anwar	03 / 03
Mr. Ansar Hussain	03 / 03
Mr. M. Khalil Mian	01 / 03
Mr. Haroun Rashid	04 / 06
Mr. Saqib H. Shirazi	04 / 06
Mr. Roderick Macdonald	03 / 03
Mr. Ernest Kenneth Sy Cuyegkeng	02 / 03
Mr. Shahid Aziz Siddiqui	01 / 03
Mr. Shahpur Channah	04 / 05
Mr. Aslam Sadruddin	05 / 05
Mr. Kamal A. Chinoy	06 / 06

Particulars of trading in the shares of the Company by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children are given below:

	Transferor or transferee	Office held/ relationship	Number of shares	Whether by sale/purchase or gift
Mr. Tawfiq H. Chinoy	Transferor	Director	(371,159)	Sale

Corporate Social Responsibility

At Pakistan Cables, Corporate Social Responsibility encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. We believe that we need to make a conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.

The Company continues to play an active role in supporting social sector programs and has always been at the forefront in its recognition and responsibility towards meeting society needs.

Over the course of the year, the Company made a substantial donation to the Amir Sultan Chinoy Foundation, which is an institution mandated to undertake charitable activities in Social Welfare, Education and Health. Pakistan Cables also sponsored "The Amir Sultan Chinoy Chair" for the Institute of Educational Development at the Aga Khan University Hospital.

In addition, the Company gave large discounts on its products to charitable organizations and philanthropic projects throughout the year which includes SOS Children Villages, Fatmid Foundation, Child Aid Association, Behbud Association, Adamjee Foundation, etc.

Quality & Technology

Pakistan Cables is committed to strive for product quality, excellent customer service, innovation and efficiencies. The Company reiterates its commitment to consistently deliver enhanced value to customers, through continual improvement of its products and processes. The Company satisfactorily complies with all the requirements of the ISO 9001:2008 for all its products as certified by BVQI, UK.

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

Business Process Improvement 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. Current initiatives are underway that will improve efficiencies and excess wastages in the near future. These initiatives have been enhanced by the involvement of General Cable and its focus on Lean Management.

The Company has invested in a 2 MW tri-generation plant and a state of the art PVC Compounding Plant. These plants will ensure that the Company has uninterrupted power supply and availability of key raw materials at lower input costs.

Information Technology

Pakistan Cables continued its efforts to modernize and strengthen the Company's IT infrastructure and services during the year. As part of a comprehensive disaster recovery plan for Company's information systems, a disaster recovery site has been established within factory premises. Backup of all critical IT systems will be deployed in real-time at this DR site to ensure availability of systems in case of disastrous situations at the main site.

Over the course of the year, Pakistan Cables upgraded its website. The new website has been designed to allow stakeholders easy access to a comprehensive amount of information on the Company. The website includes a media center, catalogues of products, technical information and a detailed historical timeline of the Company, amongst other features.

Safety, Health & Environment

Protecting the health and safety of our people and ensuring a healthy working environment is of great importance to Pakistan Cables. The Company is committed to working towards designing a workplace that minimizes work related risks and occupational health and safety. Your Company also lays great stress on environment protection. Plant operations are strictly controlled to maintain safe environment for workers as well as the surrounding community. Several measures have been taken to control pollution and to maintain a clean, green and healthy environment which includes prevention of process gas emission into the atmosphere,

recycling of waste heat and continuous efforts to improve greenery and maintain a clean environment in and around the factory through horticulture, better housekeeping, etc. All potentially hazardous material is monitored by the Company to ensure that best practices are followed in environmental protection. For example, any acidizing waste is neutralized prior to discharge.



Mr. Shahid Channa, Deputy Chief Executive receiving the 8th Annual Environment Award.

In-line with management's objective, Pakistan Cables received certification for OHSAS 18001:2007 (Occupational Health & Safety Management System) and ISO 14001:2004 (Environmental Management System) during the course of the year. Pakistan Cables is the only cable manufacturer in Pakistan to achieve these certifications. The Company was also amongst a handful of companies in Pakistan to receive the prestigious award from the National Forum for Environment & Health's at 7th and 8th Annual Environment Excellence Awards.

In addition to our HSE initiatives, medical facilities are also provided to all employees and the Company operates an on-site dispensary with a full time doctor.

As the Company has its own Power Plant, with waste heat recovery and vapor absorption chillers, it is able to more efficiently utilize gas and electricity, thus ensuring energy conservation.

Training & Human Resource Development

Attracting and retaining the best talent is critical in enhancing and sustaining any company's performance. We strongly believe that employees are our greatest assets and therefore continue to work for its development. The main focus is on Human Resource Development, taking into account the industry norms and accomplishments. The Company continues to motivate its employees through proper placement, effective appraisal, employee recognition and skills development programs to develop the most competent and challenging work force.

Your Company attaches great importance to training and development of its employees. The Human Resource Development activities focus on multi-skill training and enhancing managerial competencies. Competency mapping for identification of skill gaps and training were initiated during the year. Various training programs were conducted using various methods to impart the best instructional techniques, like on the job, in-house training, job rotation, seminars, workshops, etc.

Staff Relations

The total number of employees as on June 30, 2011 was 444. 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.

Auditors

The present auditors, M/s. 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, 2012.

Business Risk and Challenges

Volatility in prices of Metals

Your Company is exposed to fluctuations in the prices of metals, particularly of copper, which have historically affected our operating results. To the extent higher copper prices result in increase in the costs of our product, we attempt to reflect the increase in the prices we charge our customers. Similarly, a reduction in copper prices is reflected through lower prices of our cables. While we historically have been able to pass on all or part of these cost increases to our customers, we may be unable to do so at times, due to prevailing slowdown and competition. In addition, as copper prices increase, our customers may delay or decrease their purchases of our wire and cable, which could adversely affect the demand for our products. The Company has comprehensive risk management, procurement and hedging strategies that ensure that fluctuations in the prices of copper and aluminium do not expose it to losses.

Foreign Exchange Risk

Your Company is also exposed to foreign exchange risk as most of the raw materials purchased are imported and are denominated in foreign currency, mainly US Dollars. Any sharp fall in the value of Rupee against the US Dollar will increase the cost of our inputs, resulting in lower margins.

Low quality cables from un-organized sector

The influx of low quality cables from the unorganized sector has increased substantially during the last few years. This affects mainly the House-wiring and the low voltage segment as it is fed by low tech unscrupulous manufacturers using low quality and scrap raw material. Unless proper quality standards are enforced, this could affect our sales.

Risk Associated with Inventory

Our business requires us to maintain certain levels of inventory. We must identify the right mix and quantity of products to keep in our inventory to meet customer orders. Failure to do so could adversely affect our sales and profit. However, if our inventory levels are too high, we are at risk that unexpected changes in circumstances, such as shift in market demand or drop in prices, could have material adverse impact on the net realizable value of our inventory.

Increase in Competition

Your Company operates in a highly competitive industry. To the extent existing or future competitors seek to gain or retain market share by reducing prices, we may also be required to lower our prices, thereby adversely affecting our financial results.

Downturn in Capital Spending by Customers

Majority of our products are used in construction, maintenance and operation of facilities, engineering, energy, infrastructure, petrochemical, textile and fertilizer industries. The demand of our products also depends on the capital spending levels of end-users. Many of them defer capital expenditures or cancel projects during economic downturns. Until the economy of the country recovers, the demand for our products may remain weak, which could have an adverse affect on our results.

Overall, your Company is vigilant and aware of the risks it faces and has put in place an encompassing risk management system in order to avoid, mitigate or transfer risks, where possible.

Future Prospects

While the Company had benefited from sustained economic growth up until 2007, the last few years have remained challenging. The year under review continued to witness uncertain demand for cables. We expect the situation to remain similar until the economy begins to recover and construction activity picks up. Improved prospects of Pakistan's economy will depend on the implementation of measures to address key problems such as persistent inflation, the energy crisis, law & order, security issues and the budget deficit. The Economic Outlook of Pakistan adopted by the Annual Plan Coordination Committee shows that Pakistan's economy is still fragile and that next year's growth will depend on the implementation of economic reforms and policy. Growth of GDP for 2011-12 is targeted at 4.2% with contribution of agriculture, manufacturing and services sectors of 3.4%, 3.7% and 5.1%, respectively.

In this context, the strategy of your Company is to continue to concentrate on the development of its core business and to realize benefits from investments made in state of the art wire & cable machinery and projects viz. Tri-Generation Power Plant, PVC Compounding Plant and also on balancing, modernization and replacement of some of machines. However, there remains considerable competition within the Pakistani wire & cable industry. Consequently, margins could be under pressure.

The Management of your Company is fully aware of the challenges that lie ahead and is taking all possible measures to face those challenges by adopting an aggressive marketing strategy, continuing to strive for operational excellence, prudently utilizing funds and adopting better controls to reduce costs. Our focus will remain on providing best-in-class customer services and through this effort retain existing customers and acquire new business. Moreover, we are benefiting from our association with General Cable, through technical support, process engineering reviews and access to procurement data. In addition, Pakistan Cables is able to offer its customers a one-stop shop solution by making available through the General Cable network all those cables not manufactured in Pakistan.

Excellence Awards

Pakistan Cables received an award from the National Forum for Environment & Health at their 8th Annual Environment Excellence Awards, which is a recognition of the Company's focus on Health, Safety and Environment issues. This is the second consecutive year that your Company has won this award.



Mr. Aftab Sadrudin, Finance Director, receiving the Best Corporate Report Award from Dr. Iqbal Hussain at a ceremony held by ICAP/ICMAP

The Company also won the "Putting the Consumer First Award" for the second year running. The Award Ceremony was held in Karachi by Helpline Trust. Helpline Trust is an institution that works for good governance, health / education improvement and consumer rights. According to Helpline Trust, Pakistan Cables has won this award because it has demonstrated considerable commitment to its consumers, as well as the community within which it operates.

The Joint Committee of ICAP & ICMAP selected Pakistan Cables amongst the winners of the Best Corporate Report Award in the Engineering sector for the year 2009. The Best Corporate Report Awards are held annually to encourage better financial reporting, transparency and accountability. This is the third time that Pakistan Cables has been selected amongst the winners, highlighting the Company's commitment to its shareholders through transparent financial reporting and corporate governance best practices.

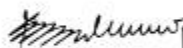
Acknowledgement

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. On behalf of the Board of Directors and Employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, dealers and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

On behalf of the Board



TOWFIQ H. CHINOI
Chairman



KAMAL A. CHINOI
Chief Executive

KARACHI: August 10, 2011

A photograph of an elderly man with a white beard, wearing a white shirt and a dark vest, standing in a warehouse. He is holding a circular logo for Pakistan Cables Limited. The background shows tall metal shelving units filled with stacks of red and white boxes. In the top right corner, there is a green box containing text.

Sehar Khan Khattak

Mr. Sehar Khan Khattak worked with Pakistan Cables and BICC since 1953 and retired in 1974. He then opened Pakistan Cables' Peshawar office and later started a Pakistan Cables dealership in Peshawar.

“ I am proud to have been involved with Pakistan Cables since its inception. Having been linked with the company for 58 years, my identity has been defined by the evolution of the company. There is a certain pride that comes with being identified with a rich tradition of quality and customer satisfaction.”

The Audit Committee of the Board

CONSTITUTION

The Audit Committee (the Committee) is a Committee of the Board constituted by a resolution of the Board dated June 28, 2002. The Terms of Reference of the Committee is as under:-

MEMBERSHIP

The Committee shall be appointed by the Board and shall comprise of not less than three members majority of whom shall be non-executive Directors. Two members shall constitute a quorum. In case if any member is out of country then he can appoint any other director as his replacement for the period, however, such replacement should be in a manner that the majority of the members of the committee shall always consist of non-executive directors. The period of appointment shall be determined by the Board who shall have the powers to remove members or add new members at anytime.

The Chairman of the Committee who should be a non executive director, shall be appointed by the Board.

FREQUENCY OF MEETINGS

Meetings of the Committee shall be held not less than four times a year.

ATTENDANCE AT MEETINGS

The Committee, at its discretion, may require the Chief Executive, Finance Director and other Senior Management to attend meetings and provide information and explanations relevant to the Company and its operations as outlined below. The Committee may, again at its discretion, ask the Company's external auditors to attend meetings and answer questions relating to the Company's financial controls and audit procedures. The committee may also invite other non-executive Directors to its meetings as appropriate.

SPECIFIC AND GENERAL AREAS OF ACTIVITY WHICH THE COMMITTEE IS REQUIRED TO MONITOR AND OVERSEE ON BEHALF OF THE BOARD

The Audit Committee shall:

- a. be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the listed company in addition to audit of its financial statements,

- b. determine appropriate measures to safeguard the listed Company's assets,
- c. review preliminary announcements of results prior to publication,
- d. review quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with listing regulations and other statutory and regulatory requirements.
- e. facilitate the external audit and conduct discussion with external auditors on major observations arising from interim and final audits and on any matter that the auditors may wish to highlight (in the absence of management, where necessary),
- f. review of management letter issued by external auditors and management's response thereto,
- g. ensure coordination between the internal and external auditors of the Company,
- h. review the scope and extent of internal audit and ensure that the internal audit function has adequate resources and is appropriately placed within the Company,
- i. consider major findings of internal investigations and management's response thereto,
- j. ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective,
- k. review the Company's statement on internal control systems prior to endorsement by the Board of Directors,
- l. institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body,
- m. determine compliance with relevant statutory requirements,
- n. monitor compliance with the best practices of corporate governance and identify significant violations thereof, and
- o. consider any other issue or matter as may be assigned by the Board of Directors.

REPORTING PROCEDURES

The Committee shall report to the Board through its Chairman, it may raise any matter within its terms of reference and may make comments and make proposals. The Secretary shall circulate the minutes of meetings of the Committee after their approval by the committee Chairman to all members of the Board.

Management Committee

The mission of the management Committee is to support the Chief Executive Officer to determine and implement the business policies within the strategy approved by the Board of Directors.

MEMBERS

Chief Executive Officer
Deputy Chief Executive
Director Finance

Chairman
Member
Member

ROLE OF THE COMMITTEE

The Committee is responsible for the following:

- Review matters / suggestions arising from Operations Committee meetings and take decisions as necessary to improve efficiencies, operations, safety, reduce costs etc.
- Discuss, define and update HR policies.
- Approve parameters for annual increments and ex-gratia.
- Approve all promotions and transfers relating to management staff.
- Assign tasks to the Operations Committee and expand (or subtract) their charter.
- Review & propose annual budget to the BOD.
- Review company strategy and its implementation. Implement changes as required within the guidelines approved by the BOD
- Explore new avenues for business.
- Take on any other tasks assigned to it by the CEO or Board Committees.
- Deal with issues arising from Internal Audit investigations.

COMMITTEE PROCEDURES

Formal meetings will be conducted on a monthly basis or more frequently as circumstances dictate.

The Director Finance is the Secretary of the Management Committee. A record will be maintained of the minutes of the formal and informal meetings of the Management Committee. Minutes of the meeting will be circulated to all members of the Management Committee within seven days of the meeting.

In order to form a quorum at least 2 members need to be present including the Chief Executive.

Operations Committee

The mission of the Operations Committee is to support the Management Committee in implementing the business policies within the strategy approved by the Board of Directors.

MEMBERS

Deputy Chief Executive	Chairman
Director Finance	Vice Chairman
Manager Finance	Member/Secretary
Manufacturing Manager	Member
Production Manager	Member
Engineering Manager	Member
Human Resources/ I. R. Manager	Member
Manager Technical	Member
Manager Materials	Member
Product Manager GWC	Member

ROLE OF THE COMMITTEE

The Committee is responsible for the following:

- Review in detail, ways to cut costs and recommend the same to the Management Committee.
- Review in detail, ways to improve efficiencies and recommend the same to the Management Committee.
- Review progress of departments towards their respective annual budgets (expenses, output, sales etc).
- Review progress of departments towards their respective annual goals.
- Review safety measures and recommend improvements to the Management Committee.
- Review and monitor the supply chain and ensure raw material availability for all products.
- Review and monitor work in progress and finished goods and take actions to control these.
- Define and monitor Key Management Indicators for each department.
- Review staff training needs.
- Identify capital investment projects and propose the same to the Management Committee.

COMMITTEE PROCEDURES

Formal meetings are to be conducted on a monthly basis or more frequently as circumstances dictate.

The Manager Finance is the Secretary of the Operations Committee. A record will be maintained of the minutes of the Operations Committee. Minutes of the meeting will be circulated to all members of the Operations Committee within seven days of the meeting. On approval, the minutes of the meeting are sent to all members of the Management Committee.

The Operations Committee may form sub committees as and when deemed necessary. The Operations Committee may invite other members as and when deemed necessary and may exempt members from meetings if they are deemed superfluous.

In order to form a quorum for the meeting, at least four members shall be present. In the absence of the Chairman, Director Finance will chair the meeting.

Statement of Compliance with the Code of Corporate Governance For the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 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.

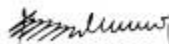
The Company has applied the principles contained in the Code in the following manner:

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 GK Technologies Inc. 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 are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 and none of them is a member of a stock exchange.
4. During the year three casual vacancies occurred in the Board on November 23, 2010 (two positions) and November 24, 2010. These were filled on November 23, 2010 (two positions) and December 13, 2010 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/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 CEO 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. No new appointment of CFO, Company Secretary and Head of Internal audit 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, 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. It comprises three members, of whom all 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 including the requirements relating to related party transactions have been complied with.



TOWFIQ H. CHINOY
Chairman



KAMAL A. CHINOY
Chief Executive

Date: August 10, 2011

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** ("the Company") to comply with the Listing Regulation of the Karachi Stock Exchange.

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.

Further, Sub-Regulation (xlii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 10 August 2011
Karachi.

FINANCIAL STATEMENTS

Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan Cables Limited** ("the Company") as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, 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, statement of comprehensive income, 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 2011 and of the profit, 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, 1990, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 10 August 2011

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

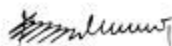
Balance Sheet

As at 30 June 2011

	Note	2011	2010
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	4	284,623	214,623
Share premium reserve		527,800	-
General reserves		471,500	455,000
Unappropriated profit		89,594	49,190
		1,373,517	718,813
Surplus on revaluation of land and buildings - net of tax	5	695,849	680,845
Non-current liabilities			
Long-term loans	6	26,875	260,958
Deferred liability for staff gratuity	7	21,103	18,224
Other long-term employee benefits	8	12,597	15,177
Deferred tax liability - net	9	138,724	100,182
Total non current liabilities		199,299	394,541
Current liabilities			
Current portion of long-term loans	6	84,083	103,226
Trade and other payables	10	481,990	508,894
Short term borrowings	11	964,655	1,214,652
Mark-up accrued on bank borrowings		8,383	19,978
Total current liabilities		1,539,111	1,846,750
Contingencies and commitments	12		
Total equity and liabilities		3,807,776	3,640,949

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

	Note	2011 (Rupees in '000)	2010
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,581,533	1,625,394
Investments in associates	14	111,877	123,200
Long-term loans	15	3,085	1,928
Long-term security deposits		2,453	2,265
Total non current assets		1,698,948	1,752,787
Current assets			
Stores and spares	16	24,972	32,150
Stock-in-trade	17	1,322,151	962,719
Trade debts	18	476,898	606,040
Short-term loans and advances	19	5,002	11,630
Short-term deposits and prepayments	20	3,669	3,209
Other receivables	21	17,813	1,251
Advance tax - net of provisions		215,493	210,789
Cash and bank balances	22	41,830	10,394
Total current assets		2,108,828	1,888,162
Total assets		3,807,776	3,640,949



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



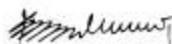
Aslam Sadruddin
Finance Director

Profit and Loss Account

For the year ended 30 June 2011

	Note	2011	2010
(Rupees in '000)			
Net sales	23	4,096,391	3,798,847
Cost of sales	24	(3,576,776)	(3,396,498)
Gross profit		519,615	412,349
Selling costs	25	(161,885)	(118,590)
Administrative expenses	26	(101,660)	(67,691)
		(263,545)	(186,281)
		256,070	226,068
Other operating expenses	27	(17,127)	(36,377)
Other operating income	28	11,730	8,017
		(5,397)	(28,360)
		250,673	197,708
Finance expenses	29	(95,932)	(154,484)
Share of profit from associates		7,941	9,082
Impairment loss on investments		(16,000)	-
Profit before income tax		146,682	52,306
Taxation	30	(61,000)	(6,800)
Profit for the year		85,682	45,506
(Rupees)			
Earnings per share - basic and diluted	31	3.34	2.12

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



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



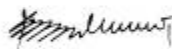
Aslam Sadruddin
Finance Director

Statement of Comprehensive Income

For the year ended 30 June 2011

	2011	2010
	(Rupees in '000)	
Profit after tax for the year	85,682	45,506
Other comprehensive income	-	-
Total comprehensive income for the year	<u>85,682</u>	<u>45,506</u>

The annexed notes from 1 to 40 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 2011

	Note	2011	2010
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	155,817	(261,992)
Gratuity paid	7,4	(828)	(2,873)
Finance expenses paid		(107,527)	(173,545)
Taxes paid - net		(50,146)	(124,661)
Long term loans		(1,157)	402
Long term security deposits		(188)	228
Net cash flows from operating activities		(4,029)	(562,440)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(34,217)	(30,209)
Sale proceeds on disposal of fixed assets	13.1,2	3,197	1,707
Interest received		418	-
Dividends received		3,264	3,300
Net cash flows from investing activities		(27,338)	(26,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		597,800	-
Repayment of long term loans		(253,226)	(115,577)
Net increase in short-term finance		45,047	719,715
Dividends paid		(31,774)	(47,341)
Net cash flows from financing activities		357,847	556,797
Net increase/(decrease) in cash and cash equivalents		326,480	(30,845)
Cash and cash equivalents at beginning of the year		(338,040)	(307,195)
Cash and cash equivalents at end of the year	33	(11,560)	(338,040)

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



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director

Statements of Changes in Equity

For the year ended 30 June 2011

	Share capital	Share premium reserve	General reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 01 July 2009	214,623	-	436,000	67,618	718,241
Total comprehensive income for the year ended 30 June 2010	-	-	-	45,506	45,506
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2009	-	-	-	(48,290)	(48,290)
Transfer to general reserve for the year ended 30 June 2009	-	-	19,000	(19,000)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	3,356	3,356
Balance as at 30 June 2010	214,623	-	455,000	49,190	718,813
Total comprehensive income for the year ended 30 June 2011	-	-	-	85,682	85,682
Transactions with owners recorded directly in equity					
Final cash dividend for the year ended 30 June 2010	-	-	-	(32,194)	(32,194)
Issue of 7,000,000 ordinary shares of Rs.10 each at share premium of Rs.75.4 per share	70,000	527,800	-	-	597,800
	70,000	527,800	-	(32,194)	565,606
Transfer to general reserve for the year ended 30 June 2010	-	-	16,500	(16,500)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	3,416	3,416
Balance as at 30 June 2011	284,623	527,800	471,500	89,594	1,373,517

The annexed notes from 1 to 40 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 2011

1. LEGAL STATUS AND OPERATIONS

The Pakistan Cables Limited (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, aluminium extrusion profiles and PVC compounds.

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

During the year, M/s. General Cable Corp., a Fortune 500 Company incorporated in the United States of America has invested in equity of the Company through their subsidiary GK Technologies Inc., by way of purchase of 7,000,000 ordinary shares, which is 24.6% of the increased share capital at a subscription price of rupee equivalent of USD 1 per share.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the land and building are stated at revalued amounts, less accumulated depreciation and impairment losses, if any.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is the Company's functional currency. All financial information presented in Pakistani rupee has been rounded off to the nearest thousand.

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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and staff compensated absences

Certain actuarial assumptions have been adopted as disclosed in these financial statements for actuarial valuation of funded pension and unfunded gratuity schemes (note 7.1) and compensated absences. Changes in these assumptions may effect the liability under these schemes in current and future 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 effect on the depreciation charge and impairment.

2.4.5 Stock in trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and stores and spares with a corresponding effect on the profit and loss account of those future years.

2.4.6 Investment in associates

The Company determines that a significant and prolonged decline in the fair value of its investment in associates below its cost is an objective evidence of impairment. The impairment loss is recognised when the carrying amount exceed the higher of fair value less cost to sell and value in use.

2.5 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards 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 increased disclosures in certain cases:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after 1 July 2012.
- IAS 19 Employee Benefits (amended 2011) effective for annual periods on or after 1 January 2013
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) effective for annual periods beginning on or after 1 January 2011.
- IAS 24 Related Party Disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.
- IFRS 7 Financial Instruments: Disclosures effective for annual periods beginning on or after 1 January 2011.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

3.1 Investments in associates - equity method

Investments in associates where the Company has significant influence but not control over the financial and operating policies 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, less impairment losses, if any. 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. Gain / (loss) on sale of above investments, if any, are recognised in the period of sale. 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 the profit and loss account.

3.2 Staff retirement benefits

Defined benefit plans

The Company operates a defined benefit funded pension 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 2011). 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 Financial liabilities

Financial liabilities include long-term loan, short-term borrowings, trade and other payables and mark-up accrued on bank borrowings. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest rate method, where applicable. The Company derecognises the financial liabilities when it ceases to be a party to the contractual provisions of such instruments.

3.4 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

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. The Company also recognises deferred tax liability on surplus on revaluation of fixed assets which is adjusted and the related surplus in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

3.5 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 (less impairment losses, if any). 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.

3.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these 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.

3.7 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.

3.8 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.

3.9 Financial assets other than investments

Financial assets includes trade debts, other receivables, loans, advances and deposits. These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method if applicable, less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The Company derecognises the financial assets when it ceases to be a party to the contractual provisions of such assets.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Short term running finances that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.11 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 Pakistani rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses on translation are included in income currently.

3.12 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable. The Company records revenue from sale of goods on dispatch of goods to its customers.

3.13 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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.

3.16 Dividends and reserve appropriation

Dividends and reserve appropriations are recognized in the period in which these are declared / approved.

4. SHARE CAPITAL

2011 (Number of shares)			2011 (Rupees in '000)	
Authorised				
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each	<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up				
<u>8,475,225</u>	<u>1,475,225</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>84,752</u>	<u>14,752</u>
<u>174,775</u>	<u>174,775</u>	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	<u>1,748</u>	<u>1,748</u>
<u>19,812,376</u>	<u>19,812,376</u>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>198,123</u>	<u>198,123</u>
<u>28,462,376</u>	<u>21,462,376</u>		<u>284,623</u>	<u>214,623</u>
<u>21,462,376</u>	<u>21,462,376</u>	Opening balance	<u>214,623</u>	<u>214,623</u>
<u>7,000,000</u>	<u>-</u>	Shares issued during the year	<u>70,000</u>	<u>-</u>
<u>28,462,376</u>	<u>21,462,376</u>		<u>284,623</u>	<u>214,623</u>

- 4.1 During the year, the company has issued 7,000,000 ordinary shares of Rs. 10/- each to G.K Technologies, Incorporated, U.S.A as mentioned in note 1.

5. **SURPLUS ON REVALUATION OF LAND AND BUILDINGS - net of tax**

	2011	2010
	(Rupees in '000)	
Own assets		
Leasehold land		
Balance as at July 01	613,250	613,250
Decrease in surplus on revaluation carried out as at 30 June 2011	(22,300)	-
	590,950	613,250
Buildings		
Revaluation surplus over written down value at beginning	103,992	109,155
Surplus arising on revaluation carried out as at 30 June 2011	62,645	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(3,416)	(3,356)
Related deferred tax liability of incremental depreciation charged during the year	(1,839)	(1,807)
	161,382	103,992
Related deferred tax liability at beginning of the year	(36,397)	(38,204)
Related deferred tax liability on revaluation carried out as at 30 June 2011	(21,925)	-
Less: Related to incremental depreciation charged during the year	1,839	1,807
	(56,483)	(36,397)
	695,849	680,845

6. LONG-TERM LOANS - Secured

	2011 (Rupees in '000)	2010
Loans from banking companies	110,958	364,184
Current portion shown under current liabilities	<u>(84,083)</u>	<u>(103,226)</u>
	26,875	260,958

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

6.2 The rate of mark-up on these loans ranges from 14.75% to 15.15% (2010:13.30% to 14.10%). The maturity period of these loans ranges between 03 August 2011 to 11 December 2013 (2010: 27 October 2010 to 16 June 2014).

7. STAFF RETIREMENT BENEFITS - defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2011 for funded pension and unfunded gratuity schemes are as follows:

7.1 Actuarial assumptions

	2011		2010	
	Pension	Gratuity	Pension	Gratuity
	%		%	
Discount rate	14	14	13	13
Expected rate of salary increase	11.75	11.75	10.85	10.85
Expected rate of return on plan assets	14	-	13	-
Pension increase	3.75	-	4.15	-

		2011		2010	
		Pension (Rupees in '000)	Gratuity	Pension (Rupees in '000)	Gratuity
7.2 Balance sheet reconciliation					
Fair value of plan assets	7.3	175,245	-	219,391	-
Present value of defined benefit obligations	7.4	(168,288)	(21,103)	(233,256)	(18,224)
Net asset / (liability)		6,957	(21,103)	(13,865)	(18,224)
7.3 Changes in fair value of plan assets					
Fair value as at 1 July		219,391	-	185,133	-
Expected return on plan assets		28,522	-	23,493	-
Net actuarial (loss) / gain		(4,900)	-	4,974	-
Benefits paid		(103,582)	-	(4,497)	-
Contribution to fund		35,814	-	10,288	-
Fair value as at 30 June		175,245	-	219,391	-
7.4 Changes in present value of defined benefit obligation					
Obligation as at 1 July		233,256	18,224	197,114	18,636
Current service cost		10,100	1,466	10,434	1,464
Interest cost		29,836	2,317	24,366	2,155
Actuarial loss / (gain)		(1,322)	(76)	5,839	(1,158)
Benefits paid		(103,582)	(828)	(4,497)	(2,873)
Obligation as at 30 June		168,288	21,103	233,256	18,224
7.5 Amounts recognised in the profit and loss account					
Current service cost		10,100	1,466	10,434	1,464
Interest cost		29,836	2,317	24,366	2,155
Expected return on plan assets		(28,522)	-	(23,493)	-
Net actuarial loss / (gain)		3,578	(76)	865	(1,158)
		14,992	3,707	12,172	2,461

7.6 Recognised asset / (liability)	2011		2010	
	Pension (Rupees in '000)	Gratuity (Rupees in '000)	Pension (Rupees in '000)	Gratuity (Rupees in '000)
Balance as on 1 July	(13,865)	(18,224)	(11,981)	(18,636)
Expense recognised	(14,992)	(3,707)	(12,172)	(2,461)
Payments during the year	35,814	828	10,288	2,873
Company's asset / (liability) at 30 June	<u>6,957</u>	<u>(21,103)</u>	<u>(13,865)</u>	<u>(18,224)</u>
7.7 Actual return on plan assets	23,622	-	28,467	-
7.8 Fund investments composition / fair value of plan assets (in percentage)				
Debt instruments	78%	-	87%	-
Equity	7%	-	5%	-
Cash	15%	-	8%	-

7.9 Historical information	2011	2010	2009	2008	2007
	(Rupees in '000)				
Fair value of plan assets	175,245	219,391	185,133	156,408	140,928
Present value of the defined benefit obligation	(189,391)	(251,480)	(215,750)	(187,458)	(159,432)
Deficit in the plan	<u>(14,146)</u>	<u>(32,089)</u>	<u>(30,617)</u>	<u>(31,050)</u>	<u>(18,504)</u>
7.10 Experience adjustments					
- on plan assets	-3%	2%	-6%	-2%	-
- on plan liabilities	10%	2%	-	7%	1%

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. 0.58 million (2010: Rs.2.750 million).

		2011	2010
		(Rupees in '000)	
9. DEFERRED TAX LIABILITY - net			
Taxable temporary differences			
Accelerated tax depreciation		165,563	178,957
Surplus on revaluation of building	5	56,483	36,397
		<u>222,046</u>	<u>215,354</u>
Deductible temporary differences			
Provision for staff retirement and other benefits		(7,386)	(8,668)
Provision for doubtful debts		(6,783)	(4,483)
Provision for slow-moving stores and spares		(3,687)	(2,795)
Provision for import levies		(43,307)	(34,055)
Carried forward tax losses etc.		(22,159)	(65,171)
		<u>(83,322)</u>	<u>(115,172)</u>
		<u>138,724</u>	<u>100,182</u>
10. TRADE AND OTHER PAYABLES			
Creditors	10.1	36,705	224,021
Accrued expenses		42,303	25,570
Advances from customers		224,086	93,851
Deposits from distributors		8,422	8,422
Payable to staff pension fund	7.2	-	13,865
Payable to staff provident fund		-	1,430
Provision for import levies	10.2	123,733	97,301
Sales tax payable		-	5,794
Special excise duty payable		8,206	5,674
Workers' profit participation fund	10.3	8,923	3,121
Workers' welfare fund		4,845	2,100
Income tax deducted at source		1,635	1,309
Unclaimed dividend		6,460	6,040
Others		16,670	20,396
		<u>481,990</u>	<u>508,894</u>

10.1 This includes mark-up free unsecured balance of Rs. 0.764 million (2010: Rs. 0.130 million) payable to a related party.

10.2 Provision for import levies

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

	2011 (Rupees in '000)	2010
Balance as on 1 July	97,301	71,522
Charge for the year - net	26,432	25,779
Balance as at 30 June	123,733	97,301

10.3 Workers' profit participation fund

Balance as on 1 July		3,121	6,498
Mark-up on funds utilised in the Company's business	29	106	224
Allocation for the year		8,823	2,875
		12,050	9,597
Amount paid to the fund		(3,127)	(6,476)
Balance as at 30 June		8,923	3,121

11. SHORT TERM BORROWINGS

From banking companies - secured

Running finance under mark-up arrangements	11.1	53,390	348,434
Short term finance		-	100,000
Foreign currency import finance	11.2	911,265	766,218
		964,655	1,214,652

11.1 Running finance under mark-up arrangements

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. 2,195 million (2010: Rs. 2,195 million). The rate of mark-up on the running finance facilities ranges between 14.52% to 15.65% per annum net of prompt payment rebate (2010: 13.60% to 14.84% per annum). These facilities will expire between 30 June 2011 to 31 March 2012 and are renewable.

11.2 Foreign currency import finance

Foreign currency import finance facilities are available from various banks amounting to Rs. 1,945 million (2010: Rs. 1,945 million) and are repayable on different dates upto 22 October 2011. This facility is a sub limit of the overall facility mentioned in note 11.1 above. These balances carry mark-up ranging from 1.75% to 3.5% per annum (2010 : 2.00% to 2.39% per annum).

11.3 Other facilities

The facility for opening letters of credit and guarantees as at 30 June 2011 amounted to Rs. 2,760 million (2010: Rs. 2,975 million) of which the amount remaining unutilised as at that date was Rs. 2,477 million (2010: Rs. 2,626 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

- The Company has issued to the Collector of Customs post dated cheques amounting to Rs.1.245 million (2010: Rs. 4.687 million) against partial exemption of import levies.
- Bank guarantees amounting to Rs. 269,232 million (2010: Rs. 191,157 million) have been given to various parties for contract performance, tender deposits, etc.

12.2 Commitments

- Aggregate commitments for capital expenditure as at 30 June 2011 amounted to Rs. 0.390 million (2010: Rs.1.892 million).
- Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 June 2011 amounted to Rs. 13.432 million (2010: Rs. 158.6 million).

13. PROPERTY, PLANT AND EQUIPMENT

		2011 (Rupees in '000)	2010
Operating assets	13.1	1,580,444	1,623,402
Capital work-in-progress	13.2	1,089	1,992
		1,581,533	<u>1,625,394</u>

13.1 Operating assets	2011										
	Cost / revaluation					Depreciation				Net book value as at 30 June 2011	Rate %
	As at 01 July 2010	Additions	Revaluation (Adjustment)	(Disposals) Surplus	As at 30 June 2011	As at 01 July 2010	For the year	(Adjustment) / (disposal)	As at 30 June 2011		
	(Rupees in '000)										
Lease hold land at revalued amount	613,250	-	(22,300)	-	590,950	-	-	-	-	590,950	-
Building on leasehold land at revalued amount	238,123	147	-	26,990	265,260	23,745	11,910	(35,655)	-	265,260	5
Plant and machinery	1,270,704	21,802	-	-	1,292,506	508,061	93,833	-	601,894	690,612	8,12 & 25
Office equipment and appliances	53,419	3,746	-	-	(255)	56,910	38,249	6,325	(255)	44,319	12 & 25
Furniture and fittings	12,951	2,676	-	-	15,627	5,889	1,425	-	7,314	8,313	8,12 & 25
Vehicles	28,239	6,744	-	-	(4,024)	30,959	17,758	4,748	(4,024)	18,482	20
Loose tools	1,440	5	-	-	1,445	1,022	182	-	1,204	241	20
	<u>2,218,126</u>	<u>35,120</u>	<u>(22,300)</u>	<u>26,990</u>	<u>(4,279)</u>	<u>2,253,657</u>	<u>594,724</u>	<u>118,423</u>	<u>(39,934)</u>	<u>673,213</u>	<u>1,580,444</u>

13.1.1	2010											
	Cost / revaluation					Depreciation				Net book value as at 30 June 2010	Rate %	
	As at 01 July 2009	Additions	Revaluation (Adjustment)	(Disposals) Surplus	As at 30 June 2010	As at 01 July 2009	For the year	(Disposal)	As at 30 June 2010			
	(Rupees in '000)											
Leasehold land at revalued amount	613,250	-	-	-	613,250	-	-	-	-	613,250	-	
Building on leasehold land at revalued amount	238,123	-	-	-	238,123	11,838	11,907	-	23,745	214,378	5	
Plant and machinery	1,249,891	23,452	-	-	(2,639)	1,270,704	419,180	91,527	(2,646)	508,061	762,643	8,12 & 25
Office equipment and appliances	48,838	4,019	-	-	(438)	53,419	31,927	6,702	(380)	38,249	15,170	12 & 25
Furniture and fittings	12,702	251	-	-	(2)	12,951	4,612	1,279	(2)	5,889	7,062	8,12 & 25
Vehicles	26,363	3,271	-	-	(1,395)	28,239	14,501	4,652	(1,395)	17,758	10,481	20
Loose tools	1,440	-	-	-	1,440	818	204	-	1,022	418	20	
	<u>2,191,607</u>	<u>30,893</u>	<u>-</u>	<u>-</u>	<u>(4,474)</u>	<u>2,218,126</u>	<u>482,876</u>	<u>116,271</u>	<u>(4,423)</u>	<u>694,724</u>	<u>1,623,402</u>	

The revaluation of leasehold land and building was carried out on 30 June 2011 by M/s. Iqbal A. Narjee & Co. professional valuers on the basis of market value. The valuation has resulted in additional net surplus of Rs. 40.345 million before tax.

Had there been no revaluation, the carrying amounts of leasehold land and building would have been Nil (2010: Nil) and Rs. 103.881 million (2010: Rs. 110.389 million) respectively. At 30 June 2011, undepreciated surplus on land and building amounted to Rs. 752.364 million (2010: Rs. 717.242 million).

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

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Purchaser	Address
	(Rupees in '000)						
Items of net book value below Rs. 50,000 each	4,279	(4,279)	-	3,197	negotiation / insurance	various	various
	2011	4,279	(4,279)	-	3,197		
	2010	4,474	(4,423)	51	1,707		

13.1.3 Depreciation has been allocated as follows:

		2011	2010
		(Rupees in '000)	
Cost of sales	24	111,755	109,352
Selling costs	25	1,894	2,279
Administrative expenses	26	4,774	4,640
		118,423	116,271

13.2 Capital work-in-progress

	Cost			
	As at 01 July	Additions	(Transfers)	As at 30 June
	(Rupees in '000)			
30 June 2011				
Plant and machinery	1,992	19,315	(20,218)	1,089
30 June 2010				
Plant and machinery	2,778	18,877	(19,661)	1,992

14. INVESTMENTS IN ASSOCIATES - equity accounted for

	% of holding		2011 (Rupees in '000)	2010
	2011	2010		
International Industries Limited (IIL) 576,000 (2010: 480,000) fully paid ordinary shares of Rs. 10 each [market value of Rs. 28,512 million (2010: Rs. 26,875 million)]	0.48	0.48	44,519	41,974
New Jubilee Insurance Company Limited (NJL) 750,000 (2010: 600,000) fully paid ordinary shares of Rs. 10 each [market value of Rs. 44,760 million (2010: Rs. 35,820 million)]	0.76	0.76	67,358	81,226
			111,877	123,200

- 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** During the year, an impairment of Rs.16 million has been recognized against investment in New Jubilee Insurance Company Limited.
- 14.3 Summarised financial information of associated companies**

	International Industries Limited (IIL)		New Jubilee Insurance Company Limited (NJL)	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	(Rupees in '000)			
Assets	14,027,287	13,401,408	8,720,137	7,141,949
Liabilities	9,284,551	9,086,715	5,677,284	4,372,975
	For the nine months ended 31 March 2011	For the year ended 30 June 2010	For the three months ended 31 March 2011	For the year ended 31 December 2010
	(Rupees in '000)			
Total revenue	11,796,579	13,471,783	663,062	2,451,227
Profit after tax	501,835	1,026,271	136,044	450,151

- 14.3.1** Above associates have been equity accounted for upto 31 March 2011. The financial impact for the quarter ended 30 June 2011 of the above associates are not considered to be material.

15. LONG-TERM LOANS

Considered good - secured

		2011 (Rupees in '000)	2010
Due from employees		4,072	3,127
Due from executive		706	95
		<u>4,778</u>	<u>3,222</u>
Recoverable within one year	19	(1,693)	(1,294)
		<u>3,085</u>	<u>1,928</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 instalments.

16. STORES AND SPARES

Stores		1,469	3,017
Spares [including Rs. 1.650 million in transit (2010: Nil)]		34,037	37,120
		<u>35,506</u>	<u>40,137</u>
Provision against slow moving stores and spares		(10,534)	(7,957)
		<u>24,972</u>	<u>32,180</u>

17. STOCK-IN-TRADE

Raw materials [including Rs. 207.4 million in transit (2010: Rs. 229.1 million)]	17.1	632,230	450,039
Work-in-process	17.2	192,229	165,476
Finished goods	17.2	453,858	322,249
Scrap		43,834	44,955
		<u>1,322,151</u>	<u>982,719</u>

- 17.1** This includes certain raw materials of an aggregate value of Rs. Nil (2010: Rs.1.8 million) held by third parties. Raw material includes slow moving items valued at Nil value as against their cost of Rs.3.083 million.
- 17.2** Work-in-process and finished goods include slow moving items aggregating Rs. 15.8 million (2010: Rs. 10.7 million) and Rs. 24.5 million (2010: Rs. 7.1 million) respectively stated at their net realizable values as against their cost of Rs. 19.2 million (2010: Rs. 14.6 million) and Rs. 41.5 million (2010: Rs. 13.9 million) respectively.

18. TRADE DEBTS - unsecured

		2011 (Rupees in '000)	2010
Considered good			
Due from related parties	18.1	45,139	55,106
Others		<u>431,759</u>	<u>580,934</u>
		476,898	636,040
Considered doubtful			
Others		19,379	12,809
		<u>496,277</u>	<u>648,849</u>
Provision for doubtful debts	18.2	<u>(19,379)</u>	<u>(12,809)</u>
		476,898	636,040

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

Atlas Honda Limited	1,208	14
Cheral Cement Company Limited	17	17
Heritage Developments	-	40
Intermark (Private) Limited	43,168	51,892
International Industries Limited	39	2,520
Packages Limited	588	588
Pakistan Petroleum Limited	119	-
Pakistan Security Printing Corporation (Private) Limited	-	35
	<u>45,139</u>	<u>55,106</u>

The above balances are mark-up free and unsecured.

18.2 Provision for doubtful debts

Opening balance	12,809	14,907
Provision / (Reversal) made during the year	6,570	(1,865)
Write off from the provision	-	(233)
	<u>19,379</u>	<u>12,809</u>

19. SHORT-TERM LOANS AND ADVANCES - unsecured, considered good

Current portion of long term loans	15	1,693	1,294
Short-term advances to employees		870	116
Advances to suppliers		<u>3,439</u>	<u>10,220</u>
		6,002	11,630

20. SHORT TERM DEPOSITS AND PREPAYMENTS

	2011	2010
	(Rupees in '000)	
Deposits - considered good	2,757	2,416
Prepayments	912	793
	<u>3,669</u>	<u>3,209</u>

21. OTHER RECEIVABLES

Claim receivable	9,477	511
Receivable from staff provident fund - related party	1,314	-
Receivable from staff pension fund - related party	6,957	-
Others	65	740
	<u>17,813</u>	<u>1,251</u>

22. CASH AND BANK BALANCES

With banks in current accounts	16,673	10,222
With banks in deposit accounts	25,000	-
Cash in hand	157	172
	<u>41,830</u>	<u>10,394</u>

23. NET SALES

Gross sales	4,908,036	4,497,510
Sales tax and special excise duty	(765,272)	(650,553)
	<u>4,142,764</u>	<u>3,846,957</u>
Discounts	(46,373)	(48,110)
	<u>4,096,391</u>	<u>3,798,847</u>

24. COST OF SALES

	2011	2010
	(Rupees in '000)	
Opening work-in-process	165,476	159,919
Opening stock - raw material	450,039	293,612
Opening stock - metal scrap	44,955	18,666
	494,994	312,278
Purchases of raw material	3,553,254	3,360,527
	4,048,248	3,672,805
Sales of scrap material during the year	(69,764)	(39,323)
Closing stock - raw material	(632,230)	(450,039)
Closing stock - metal scrap	(43,834)	(44,955)
	(676,064)	(494,994)
	(745,828)	(534,317)
	3,302,420	3,138,488
Stores and spares consumed	37,844	26,050
Fuel and power	70,276	67,823
Salaries, wages and benefits	174,354	157,597
Rent, rates and taxes	948	782
Insurance	3,566	3,143
Repairs and maintenance	26,192	23,545
Depreciation	111,755	109,352
Communication and stationery	1,348	1,175
Training, travelling and entertainment	3,727	2,324
General works	10,911	8,762
Cost of production	442,921	400,353
	3,910,817	3,698,760
Closing work-in-process	(192,229)	(165,476)
Cost of goods manufactured	3,718,588	3,533,284
Opening stock of finished goods	322,249	185,718
	4,040,837	3,719,002
Closing stock of finished goods	(453,858)	(322,249)
	3,586,979	3,396,753
Cost of goods used in capital project	-	(360)
Insurance claim	(10,203)	(9,895)
	3,576,776	3,386,498

24.1 Details of salaries, wages and benefits

	2011	2010
	(Rupees in '000)	
Salaries, wages and benefits	161,956	147,525
Provident fund contributions	3,605	3,310
Charge for pension fund obligation	5,158	4,356
Charge for staff retirement gratuity	3,635	2,406
	<u>174,354</u>	<u>157,597</u>

25. SELLING COSTS

Salaries, wages and benefits	25.1	51,202	41,766
Rent, rates and taxes		2,345	2,224
Insurance		527	422
Repairs and maintenance		470	481
Communication and stationery		2,292	1,934
Training, travelling and entertainment		5,848	4,788
Advertising and publicity		52,107	25,905
Carriage and forwarding expenses		42,509	34,243
Commission		741	2,639
Depreciation	13.1.3	1,894	2,279
Subscriptions		592	619
Fuel and power		1,007	942
Others		351	348
		<u>161,885</u>	<u>118,590</u>

25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	45,450	36,990
Provident fund contributions	1,795	1,639
Charge for pension fund obligation	3,885	3,088
Charge for staff retirement gratuity	72	49
	<u>51,202</u>	<u>41,766</u>

26. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	26.1	69,808	52,467
Insurance		893	868
Repairs and maintenance		674	682
Legal and professional		6,483	2,982
Donations		2,010	150
Auditors' remuneration	26.2	861	760
Communications and stationery	26.3	3,676	3,252
Provision for doubtful debts		6,570	(1,865)
Training, travelling and entertainment		3,931	2,474
Depreciation	13.1.3	4,774	4,640
Fuel and power		973	626
Others		1,007	655
		<u>101,660</u>	<u>67,691</u>

26.1 Details of salaries, wages and benefits

	2011	2010
	(Rupees in '000)	
Salaries, wages and benefits	61,322	45,237
Provident fund contributions	2,537	2,496
Charge for pension fund obligation	5,949	4,728
Charge for staff retirement gratuity	-	6
	<u>69,808</u>	<u>52,467</u>

26.2 Donations were not made to any donee in which the Company or a director or his spouse had any interest.

26.3 Auditors' remuneration

Audit fee	462	420
Fee for the review of half yearly financial statements	154	140
Special certifications	148	112
Out of pocket expenses	97	88
	<u>861</u>	<u>760</u>

27. OTHER OPERATING EXPENSES

Liquidated damages for late deliveries	508	1,852
Workers' profits participation fund	8,823	2,875
Workers' welfare fund	4,845	2,100
Exchange loss	2,951	29,550
	<u>17,127</u>	<u>36,377</u>

28. OTHER OPERATING INCOME

Income from a related party - insurance commission	796	659
Income from non-financial assets		
- Sale of general scrap	7,217	4,865
- Gain on disposal of fixed assets	3,197	1,656
Others		
- Balances no longer payable written back	102	347
- Others	418	490
	<u>11,730</u>	<u>8,017</u>

29. FINANCE EXPENSES

		2011	2010
		(Rupees in '000)	
Mark-up on finances under mark-up arrangements		60,244	86,905
Mark-up on long-term loans		31,098	59,534
Mark-up on workers' profits participation fund	10.3	106	224
Bank charges		4,484	7,821
		<u>95,932</u>	<u>154,484</u>

30. TAXATION

Current - for the year		44,383	20,073
- prior year		-	(367)
Deferred	30.1	16,617	(12,906)
		<u>61,000</u>	<u>6,800</u>

30.1 Relationship between tax expense and accounting profit:

Profit before taxation		146,682	52,306
Tax at the applicable rate of 35% (2010: 35%)		51,339	18,307
Tax effect of expenses that are not allowable in determining taxable income		7,351	53
Tax effect of share of profit from associates and dividend received from them		(1,963)	(2,271)
Tax effect of deferred tax relating to earlier years derecognized/(recognized) in current year		2,290	(8,006)
Tax effect of surcharge included in tax charge		2,287	-
Tax effect of income charged at different rates		(304)	(917)
Prior years' tax reversal		-	(367)
Tax charge		<u>61,000</u>	<u>6,800</u>

- 30.2** The income tax assessments of the Company have been finalised upto and including the financial year ended 30 June 2010.
- 30.3** Return submitted under section 114 of the Income Tax Ordinance, 2001 for the tax year 2006 was selected for audit and returns for tax years 2007 and 2008 were amended under section 122 (5A) of the Income Tax Ordinance, 2001 by the Income Tax Officer (ITO). Expenses amounting to Rs. 87 million were disallowed by the taxation officer and were added back to income in respect of above mentioned tax years. However, as a result of the appeal filed by the Company, the Commissioner (Appeals) allowed expenses of Rs.83 million to the Company. The department then filed appeal with the Tribunal against the decision of Commissioner (Appeals) while the Company also filed appeal with Tribunal for the tax years 2007 and 2008 for admissibility of the remaining expenses of Rs 4 million. During the year ended 30 June 2011, the Tribunal allowed remaining expenses of Rs.4 million on Company's appeal but reinstated disallowances of Rs.74 million in respect of department's appeal. The Company has now filed appeal in the High Court against this decision and is confident of the favourable outcome of its appeal.
- 30.4** The tax authorities have disallowed expenses of Rs. 24 million of the Company for the tax year 2009 and added back to income. These expenses were disallowed on similar grounds as used for tax years 2007 and 2008. The Company went into appeal with the Commissioner (Appeals) who has maintained these disallowances. The Company has now filed appeal with the Tribunal and is confident of the favourable outcome of the appeal.
- 30.5** The tax year 2008 has been recently reassessed under section 122(5A) and the department has added back expenses of Rs.4 million. The Company has filed appeal to the Commissioner (Appeals) and is confident that these disallowances will eventually be reversed.

31. EARNINGS PER SHARE - basic and diluted

	2011	2010
	(Rupees in '000)	
Profit after taxation	85,682	45,506
	(Number of shares)	
Weighted average number of ordinary shares issued and subscribed at the end of the year	25,681,554	21,462,376
	(Rupees)	
Earnings per share - basic and diluted	3.34	2.12

		2011	2010
		(Rupees in '000)	
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		146,682	52,306
Adjustment for non cash charges and other items:			
- Depreciation	13.1.3	118,423	116,271
- Provision for staff retirement gratuity	7.5	3,707	2,461
- Other long-term employee benefits		(2,580)	1,060
- Gain on disposal of fixed assets		(3,197)	(1,656)
- Interest on bank deposits		(418)	-
- Share of (profit) / loss from associates		(7,941)	(9,082)
- Impairment loss on investments		16,000	-
- Finance expenses		95,932	154,484
- Working capital changes	32.1	(210,791)	(577,836)
		<u>155,617</u>	<u>(261,992)</u>
32.1 Working capital changes			
Decrease / (increase) in current assets:			
- Stores and spares		7,178	(4,022)
- Stock-in-trade		(339,432)	(324,804)
- Trade debts		159,142	(312,821)
- Short-term loans and advances		5,628	(2,772)
- Short term deposits and payments		(460)	1,937
- Other receivables (net)		(16,562)	3,433
		<u>(184,506)</u>	<u>(639,049)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables (net)		(26,285)	61,213
		<u>(210,791)</u>	<u>(577,836)</u>
33. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprise of the following items:			
Cash and bank balances	22	41,830	10,394
Running finance under mark-up arrangements	11	(53,390)	(348,434)
		<u>(11,560)</u>	<u>(338,040)</u>

34. FINANCIAL INSTRUMENTS

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.1 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. Concentration of credit risk arises 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.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, bank balances and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery (and also obtains security / advance payments, wherever considered necessary). Cash is held only with reputable banks with high quality credit worthiness.

The maximum exposure to credit risk at the reporting date is as follows:

	2011 (Rupees in '000)	2010
Trade debts	476,898	636,040
Loans and advances	5,648	3,338
Deposits	5,210	4,681
Bank balances	41,673	10,222
Other receivables	17,813	1,251
	<u>547,242</u>	<u>655,532</u>

34.1.1 The maximum exposure to credit risk at the balance sheet date by geographic region was as follows:

Domestic (Pakistan)	524,926	628,640
Export Processing Zone	22,316	26,892
	<u>547,242</u>	<u>655,532</u>

34.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Dealers and distributors	170,874	287,627
End-user customers	306,024	348,413
	<u>476,898</u>	<u>636,040</u>

34.1.3 As at the year end the Company's most significant customers included a distributor from whom Rs. 43,167 million was due (2010: Rs. 66,652 million) and an end-user from whom Rs. 32,085 million was due (2010: Rs. 79,312 million).

34.1.4 Impairment losses and past due balances

The aging of trade debt balances at the balance sheet date was as follows:

	2011		2010	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	251,322	-	494,810	-
Past due 1-60 days	167,644	-	82,505	-
Past due 61 days -1 year	39,232	3,618	32,225	-
More than one year	38,079	15,761	39,309	12,809
	<u>496,277</u>	<u>19,379</u>	<u>648,849</u>	<u>12,809</u>

- 34.1.5** Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these financial statements. None of the other financial assets are past due or impaired. Movement of provision against trade debts is disclosed in note 18.2.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2011					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
Non-Derivative Financial liabilities	(Rupees in '000)					
Long term loans and mark up payable	114,092	(127,218)	(56,339)	(40,708)	(30,171)	-
Trade and other payables	119,484	(119,484)	(119,484)	-	-	-
Short-term borrowings and mark up payable	969,404	(969,404)	(969,404)	-	-	-
	<u>1,202,980</u>	<u>(1,216,106)</u>	<u>(1,145,227)</u>	<u>(40,708)</u>	<u>(30,171)</u>	<u>-</u>

	2010					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
Non-Derivative Financial liabilities	(Rupees in '000)					
Long term loans and mark up payable	371,192	(441,172)	(69,638)	(58,765)	(312,769)	-
Trade and other payables	306,274	(306,274)	(306,274)	-	-	-
Short-term borrowings and mark up payable	1,227,622	(1,227,622)	(1,227,622)	-	-	-
	<u>1,905,088</u>	<u>(1,975,068)</u>	<u>(1,603,534)</u>	<u>(58,765)</u>	<u>(312,769)</u>	<u>-</u>

34.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 6 and 11 to these financial statements.

34.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

34.3.1 Currency risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on trade debts, borrowings and sales that are denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	2011		2010	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Trade debts	22,316	260	26,892	316
Creditors	(8,576)	(100)	(200,101)	(2,338)
Short term borrowings	(911,265)	(10,590)	(766,218)	(8,951)
Accrued mark-up on short term borrowings	(3,482)	(40)	(1,907)	(22)
Gross exposure	(901,007)	(10,470)	(941,334)	(10,996)

Above exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the net exposure due to existing restrictions by the State Bank of Pakistan on obtaining cover against borrowing in US Dollars under FE 25.

Following are the significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2011	2010	2011	2010
	(Rupees)		(Rupees)	
US Dollars	85.85	84.35	86.05	85.60

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against US Dollar at 30 June would have increased / (decreased) equity and profit and loss account by Rs. 45,048 million (2010: Rs. 47,061 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for 2010.

34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	<u>Carrying Amount</u>	
	2011	2010
	(Rupees in '000)	
Fixed rate instruments		
Financial liabilities	911,265	<u>766,218</u>
Financial Asset	25,000	<u>-</u>
Variable rate instruments		
Financial liabilities	164,348	<u>812,618</u>

Foreign currency loans bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and the equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased /(decreased) the equity and profit or loss as of 30 June 2011 by Rs. 0.325 million (2010: Rs. 1.316 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

34.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus /new shares.

The Company is not subject to externally imposed capital requirements.

35. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

35.1 Revenue from cables & wires represents 97% (2010 : 95%) of the total revenue of the company

35.2 99% (2010: 99%) sales of the Company relates to customers in Pakistan.

35.3 All non-current assets of the Company at 30 June 2011 are located in Pakistan.

35.4 The Company does not have any customer having sales of 10% or more during the year ended 30 June 2011 (2010: Nil)

36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**36.1 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, executive directors and executives of the Company were as follows:

	2011			2010		
	Chief executive	Executive directors	Executives	Chief executive	Executive directors	Executives
	(Rupees in '000)					
Managerial remuneration (including performance bonus)	24,097	14,285	32,721	14,813	12,478	26,934
Retirement benefits	5,343	4,744	6,449	4,428	3,923	5,051
House rent, utilities and others	4,677	4,232	14,937	3,776	3,583	11,123
	34,117	23,261	54,107	23,017	19,984	43,108
Number of persons	1	2	29	1	2	24

Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 0.5 million in a financial year. 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.

36.2 Remuneration to non-executive directors

In addition to the above, the aggregate amount charged in these financial statements for directors' fee for eleven directors was Rs. 0.525 million (2010: eight directors - Rs. 0.510 million).

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company, key management employees and staff retirement funds. Contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (pension scheme) are in accordance with the actuarial advice. Remuneration of key management personnel are in accordance with their terms of employment. Other transactions are at agreed terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2011	2010
	(Rupees in '000)	
Sale of goods	448,611	420,039
Discount	12,136	14,721
Purchase of goods, services and materials	26,494	472
Commission earned	796	659
Insurance premium	6,357	5,896
Insurance claim received	1,784	10,894
Interest received - net	516	-
Dividend received	3,264	3,300
Distribution expenses	9,445	9,233
Share of profit from associated companies	7,941	9,082
Net change in respect of staff retirement benefit plans	22,929	19,617

Details of balances with related parties are disclosed in notes 7, 8, 10.1, 14, 18.1 and 28 to these financial statements. Key management personnel of the Company comprises of the Chief Executive Officer and other directors. Their remuneration are disclosed in note 36.1 and 36.2.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

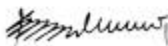
The production capacity of the plant cannot be determined as this depends on the relative proportions of the various types of aluminium sections and types and sizes of cables and wires produced.

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 10 August 2011 have proposed for the year ended 30 June 2011, final cash dividend of Rs. 2.00 per share (2010: Rs. 1.50 per share) amounting to Rs. 56.925 million (2010: Rs. 32.194 million) and appropriation to general reserves amounting to Rs. 32.500 million (2010: Rs.16.5 million) for approval by the members of the Company in the Annual General Meeting to be held on 28 September 2011. The financial statements for the year ended 30 June 2011 do not include the effect of the proposed cash dividend and appropriation to general reserves, which will be recognised in the financial statements for the year ending 30 June 2012.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 10 August 2011 by the board of directors of the Company.



Kamal A. Chinoy
Chief Executive



Haroun Rashid
Director



Aslam Sadruddin
Finance Director

Pattern of Shareholding

As at June 30, 2011

	No. of Shareholders	Shareholding		Total Shares Held
		From	To	
	444	1	100	12,563
	456	101	500	115,350
	259	501	1,000	186,889
	400	1,001	5,000	895,799
	99	5,001	10,000	691,640
	35	10,001	15,000	419,239
	8	15,001	20,000	134,823
	6	20,001	25,000	135,187
	3	25,001	30,000	85,561
	4	30,001	35,000	133,427
	5	35,001	40,000	184,651
	3	40,001	45,000	124,609
	1	45,001	50,000	45,293
	1	50,001	55,000	51,493
	2	55,001	60,000	110,554
	-	60,001	65,000	-
	2	65,001	70,000	135,298
	-	70,001	75,000	-
	1	75,001	80,000	77,713
	1	80,001	85,000	81,291
	-	85,001	90,000	-
	1	90,001	95,000	94,771
	-	95,001	100,000	-
	2	100,001	105,000	206,246
	-	105,001	120,000	-
	1	120,001	125,000	122,540
	-	125,001	165,000	-
	1	165,001	170,000	166,192
	-	170,001	325,000	-
	1	325,001	330,000	326,128
	-	330,001	405,000	-
	1	405,001	410,000	407,057
	-	410,001	695,000	-
	1	695,001	700,000	697,118
	-	700,001	730,000	-
	1	730,001	735,000	734,347
	-	735,001	750,000	-
	2	750,001	755,000	1,506,291
	-	755,001	1,050,000	-
	1	1,050,001	1,055,000	1,053,275
	-	1,055,001	1,320,000	-
	1	1,320,001	1,325,000	1,320,883
	-	1,325,001	1,675,000	-
	1	1,675,001	1,680,000	1,679,062
	-	1,680,001	1,755,000	-
	1	1,755,001	1,760,000	1,758,827
	-	1,760,001	2,005,000	-
	1	2,005,001	2,010,000	2,009,071
	-	2,010,001	2,015,000	-
	1	2,015,001	2,020,000	2,018,856
	-	2,020,001	3,740,000	-
	1	3,740,001	3,745,000	3,740,334
	-	3,745,001	6,995,000	-
	1	6,995,001	7,000,000	6,999,998
	-	7,000,001	28,462,376	-
Total	1,748		28,462,376	

Categories of Shareholders	Number	Shares held	Percentage
Associated Companies, Undertakings and Related Parties	3		
International Industries Limited		2,425,913	8.52
GK Technologies, Incorporated		6,999,998	24.59
NFI and ICP	3		
National Bank of Pakistan Trustee Deptt. NI(U) FUND		1,758,827	6.18
National Investment Trust Limited		46,293	0.16
Investment Corporation of Pakistan		432	0.00
Directors, Chief Executive Officer, their Spouses and Minor Children	10		
Mr. Tawfiq H. Chinoy		10,000	0.03
Mr. Mustapha A. Chinoy		1,679,062	5.90
Mrs. Mustapha Chinoy		24,377	0.09
Mr. Kamal A. Chinoy		3,740,334	13.14
Mrs. Kamal Chinoy		67,219	0.24
Mr. Haroun Rashid		1	0.00
Mrs. Saadia Rashid		734,347	2.58
Syed Naseem Ahmad		1	0.00
Mr. Roderick Macdonald		1	0.00
Mr. Ernest Kenneth Sy Cuyegkeng		1	0.00
Executives	5	59,508	0.21
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	14	2,546,679	8.95
Joint Stock Companies	26	288,487	1.01
Shareholders holding ten Percent or more voting Interest in the Company	-	-	-
Individuals	1,670	7,852,693	27.60
Others	17		
Trustees of Aminia Muslim Girls School		77,713	0.27
Mang. Com. Karachi Zarhoosi Banu Mandal		88,079	0.24
The Aga Khan University Foundation		28,061	0.10
Government Of Pakistan		1	0.00
Trustee - PPF Equity (Sub-Fund)		9,532	0.03
Trustee Gul Ahmed Textile Mills Ltd Emp P.F		713	0.00
Kaymo Trading (Fze)		15,052	0.05
The Pakistan Memon Edu & Welfare Society		13,750	0.05
Pakistan Masonic Institution		7,797	0.03
Karachi Zarhoosi Banu Mandal		3,469	0.01
Administrator Abandoned Prop.Org.		5,036	0.02
Total	1,748	28,462,376	100.00

PCL
Network



Proxy Form

I _____
of _____
being a member of Pakistan Cables Limited hereby appoint:

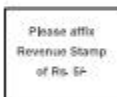
_____ Folio No. _____
of _____
(full address)

or failing him _____ Folio No. _____
of _____
(full address)

as my proxy to attend and vote on my behalf at the 58th Annual General Meeting of the Company to be held on 28th September 2011
and at any adjournment thereof.

As witness my hand this _____ day of _____ 2011

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 notari-ally 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

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