

PAKISTAN TELEPHONE CABLES LIMITED

ANNUAL REPORT

YEAR 2003

Vision Statement

To be recognized globally by producing a high quality cable to click the resources efficiently and effectively.

Mission Statement

Our mission is to be the leader among corporation. We will strive to achieve excellence in any endeavors we undertake. To fulfil this mission, we must be both responsive and anticipatory as we serve our major constituencies. Management competence, customer service, technical progress, employee opportunity development, stockholders return, community well-being, national and international responsibilities.

CONTENTS

VISION / MISSION
COMPANY INFORMATION
NOTICE OF THE MEETING
DIRECTORS REPORT
FINANCIAL POSITION AT GLANCE
STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE.
AUDITORS REPORT TO THE MEMBERS
BALANCE SHEET
PROFIT AND LOSS ACCOUNT.
CASH FLOW STATEMENT
NOTES TO THE ACCOUNTS
PATTERN OF SHAREHOLDING

CORPORATE INFORMATION

BOARD OF DIRECTORS	
RAZA ABDUL AZIZ AL-RAEE	CHAIRMAN / CHIEF EXECUIVE
AIJAZ ABDUL AZIZ AL-RAEE	DIRECTOR
RIYADH ABDUL AZIZ AL-RAEE	DIRECTOR
RABIA BARKAT ALI	DIRECTOR
MUHAMMAD KASHIF	DIRECTOR
SUMIAH SAEED-UR-REHMAN	DIRECTOR
ASMA HAFEEZ	DIRECTOR

AUDIT COMMITTEE

AIJAZ ABDUL AZIZ AL-RAEE	CHAIRMAN
RIYADH ABDUL AZIZ AL-RAEE	

RABIA BARKAT ALI
MUHAMMAD ISHAQ AHMED

SECRETARY

CHIEF FINANCIAL OFFICER/SECRETARY
MUHAMMAD ISHAQ AHMED

AUDITORS
MIS. KHALID MAJID REHMAN
SARFAAZ RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS, KARACHI.

BANKERS
PICIC COMMERCIAL BANK LIMITED
BANKAL-FALAH LIMITED
ABN-AMRO BANK LIMITED
MUSLIM COMMERCIAL BANK LIMITED

REGISTERED OFFICE/FACTORY
18TH MILE RCD HIGHWAY 27/3/2
MOUZA BAIRUT, TEHSIL HUB
DISTRICT LASBELLA
BALUCHISTAN.

LIAISON OFFICE
ROOM NO. 107,
ELAHI CENTRE, 2ND FLOOR,
PREEDY STREET, SADDAR
KARACHI.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of PAKISTAN TELEPHONE CABLES LIMITED will be held on Tuesday the 23rd December, 2003 at 14.30 Hours at Registered Office 18th Mile RCD Highway 27/3/2 Mouza Bairut, Tehsil Hub, District Lasbella, Baluchistan to transact the following business:

1. To confirm the minutes of the 19th Annual General Meeting of the Company held on Thursday the 24th October, 2002.
2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2003 together with the auditor's report thereon and Director's report for the year then ended.
3. To elect 7 (Seven) Directors as fixed under section 178 of the Companies Ordinance, 1984 for a period of three years.
4. To appoint auditors for the year 2003-2004 and to fix their remuneration.
5. To transact any other business with the permission of the chairman.

By order of the Board
(Muhammad Ishaq Ahmed)

Dated: 18th November, 2003

Company Secretary

Notes:

1. Share Transfer Books of the Company will remain close from 22-12-2003 to 29-12-2003 (both days inclusive).
2. All members are entitled to attend and vote at the meeting. A member may appoint a proxy who be a member of the Company.
3. The instrument appointing the proxy and other authority under which it is signed, or a notarially certified copy thereof, must be lodged at the company's Registered Office or Liaison Office duly revenue stamped of Rs. 5/- and signed not later than 48 hours before the time of the meeting.
4. Notice of intention of any person seeking election as a director of the company according to Section 178 of the Companies Ordinance 1984 must be received by the company at least 14 days before the Annual General Meeting.
5. Any change of address should be notified immediately to the company.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 Dated January 26, 2002 issued by the Securities & Exchange Commission of Pakistan.

FOR ATTENDING THE MEETING

- (i) In case of individuals, the account holder or sub-account holders and / or the persons whose securities in group and their registration details are up-loaded as per the regulations, shall authenticate his / her identity by showing his / her original national identity card (N.I.C.) 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 meeting.

FOR APPOINTING PROXIES

- (i) In case of individuals, the account holders or sub-account holders and / or the persons whose securities in Group account and their registration details are up-loaded as per the regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- (iii) Attested copies of NIC or Passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original NIC or original Passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / Power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

REPORTS OF DIRECTORS

The directors takes pleasure in presenting their 20th Annual Report on the performance alongwith the audited financial statement of the company for the year ended June 30, 2003.

PRINCIPAL ACTIVITIES

The company is principally engaged in the manufacturing and sales of Telecommunication Cables of various

specification to its principal consumer M/s. Pakistan Telecommunication Company Ltd., (PTCL) Islamabad and Ministry of Defence (SCO) Rawalpindi.

BUSINESS REVIEW

Review of Business activities of the company is as follows:

Company's sales suffered a decline by over 10% as compared to last year due to various reasons which also brought down its Gross Profit substantially. Tough competition by foreign manufacturers in Pakistan Telecommunications Company Ltd, International Tender led to reduction in selling prices as well as distribution of ordered quantity among local and foreign bidders. Price increase were also experienced in fuel, cost of raw materials and Stores & Spare consumed. The increase in quantity sold during the year as compared to last year was not helpful and generating higher profit for the reasons mentioned above.

Despite difficult conditions, the company manage to close the year with operating profit of Rs. 10.20 million which would have been higher, had the burden of increase the freight, handling, delivery and liquidated damages for delayed deliveies werenot borne by the company.

Under the circumstances the Chief Executive has volunteered to slash his salary from Rs.800,0007- per month to Rs. 100,0007- per month drawn during the year. This has resulted in reduction of administrative expenses by Rs. 8.40 million and increase in advances by the same amount which he shall repay to the company in due course of time.

EXPANSION OF PROJECT

The expansion plant is in progress at in estimated total outlay of Rs. 90.00 Million. Machinery valued at Rs. 34.62 million has already been imported from China under lease agreement with Orix Leasing Paksitan Ltd., civil works is heading as plant duly supported by Chinese Technical Assistance as well as from local professionals.

With the completion of expansion, the company would achieved the capability of Hi-Tech telephone cables producer and operate efficiently to reduce cost and accept orders for manufacturing increase quantity with increase in production capacity.

FINANCAL RESULT

The financial results are summarized as under:

	Year Ended 30-06-2003 Rupees	
Net Profit for the year before taxation		
Out of which the Directors have accounted for taxation as under:	3,757,142	
Current	-2,073,783	
Prior	-	
Deferred	(20.804,382)	-22,878,165
(Loss) after taxation		-19,121,023
Proposed divided NIL (2002 = 20% Rs. 2 per share)	-	
Accumulated Loss Brought Forward	-128,203,595	
Accumulated Loss Carried Forward	-147,324,618	

Earning per share (Loss Rs. 0.911) (2002: Profit Rs. 3.769)

PRODUCTION

The company produced 654460 Conductor Core Kilometer (CCKM) comprising of 4468 KM finished telecomm

cables during the year. The production is achieved 40.15% greater than the last year.

SALES

Sales during the year amounted to Rs. 372.95 Million (2002: Rs. 422.97 Million). Sale revenues decreased by 11.82% as compared to last year. The management has also expressed that the sales has increased in quantitative terms but in Rupee terms, it has gone down due to substantial decline in prices quoted in Tender (International) offered by Pakistan Telecommunication Company Ltd., Islamabad.

GROSS PROFIT

The gross profit for the year was considerably lower at 14.67% as compared with 31.38% for the previous year.

FINANCIAL REPORTING & FRAMEWORK

(i) The company has implemented the requirement of the Code of Corporate relevant of the year ended June 30, 2003. A prescribed statement by the management together with the auditors' review report thereon is annexed to this report.

(ii) Statement under clause six of the Code

a. The financial statement prepared by the management of the Company, present fairly, its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of accounts of the Company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable & prudent judgement.

d. International Accounting Standards have been followed in preparation of financial statements without any material departure.

e. The system of internal control is sound in design and have been effectively implemented and monitored.

f. There are no doubts about the Company's ability to continue is going concern.

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

g. Summarized key operating and financial data of last six years is tabulated. (Annexed).

	RUPEES
i. Outstanding taxes and levies:	
Income Tax Provision (Current)	2.073 Million
Income Tax Provision (Deferred)	20.804 Million
Workers' Profit Participation Fund	12.686 Million
Sales Tax	0.335 Million

j. The details of Board meeting held and attended by the directors is as follows:

Name of Director	No. of Meetings Attended
Mr. Abdul Aziz Al-Raee	1
Mr. Raza Abdul Aziz Al-Raee	4
Mr. Nisar Abdul Aziz Al-Raee	4
Mr. Riyadh Abdul Aziz Al-Raee	

	4
Mr. Ejaz Abdul Aziz Al-Rae	4
Mr. Mian Ghulam Abbas	1
Mr. Mr. Aqeel Ahmed	4
Mrs. Rabia Barkat AN	4
Mr. Muhammad Kashif	1
Mrs. Asma Hafeez Al-Rae	1
Mrs.Sumiah Saeed ur Rehman	1

k. The prescribed patern of share holding is included in Report.

SAFETY, HEALTHY AND ENVIRONMENT

The Company has been providing safety equipment to its employee to prevent any untoward incident. The Company has commitments to meet the environmental standards. It has also aimed to provide appropriate safety, healthy and environment training and information to all its employees, contractors and others who work and handle its product.

ISO CERTIFICATE

M/s. United Registrar of System Limited had awarded a certificate of ISO 9002 in September 03, 2001. It has conducted the second compliance audit in September 3, 2002. The audit results were satisfactory.

CREDIT RATING

The long term debt-equity ratio and the current ratio of the company as at June 30, 2003, was 1.34:1.

The management has decided to approach JCR-VIS Credit Rating Co. (Pvt) Ltd., to assess credit rating of the company which it expects would enhance cbmpany's credibility.

INFORMATION TECHNOLOGY

The Company manages its financial activities with the help of existing software package developed by System Development Services. The management has planned to modify its existing Computer Package in order to meet the requirement of Corporate, Financial and Management Information. It aimed to train the employees to maintain, modify and enhance the existing computer based applications and also develop new application as per its requirements.

COMPANY'S CONTRIBUTION IN DEVELOPMENT OF HUMAN RESOURCES

The management is committed to made vital changes in the procedure areas of recruitment, selection and performance appraisal system. The human resources section of the company have an aim to hire right professional for the right jobs who are educated and experience to achieve the goals.

BOARD OF DIRECTORS

The following changes have taken place since the last Director's Report.

INCOMING	OUTGOING
Asma Hafeez Al-Rae	Haji Abdul Aziz Al-Rae
Sumiah Saeed-ur-Rehman Al-Rae	Nisar Abdul Aziz Al-Rae
—	Mian Ghulam Abbas
Muhammad Kashif	Aqeel Ahmed

The Board wish to place on record its appreciation and gratitude to the outgoing Director for valuable services rendered by him.

AUDITOR

The present auditors Messrs Khalid Majid Rehman, Sarfraz, Rahim Iqbal Rafiq Chartered Accountants, being eligible have offered themselves for re-appointment for the year ended June 30, 2004.

FUTURE PROSPECTS

The company has orders in hand worth Rs. 268.971 million. The production and supply will be concluded by November¹ 2003. Further Four bids are under commercial and technical evaluation of PTCL & NTC. The Company is expecting award of contracts for Rs. 363.962 Million by December' 2003. The company has established a retail selling outlet for its product at Islamabad to increase its Market Share.

The Company would focus on cost-effective techniques for the management of RESOURCES. The company shall, with the completion of its expansion plants be able to execute orders for higher quantities as per schedule and expects to improve its competitiveness against foreign competition to end up with higher sale and higher profit. It shall be participate in Bids and competitive prices and market efforts to win its share and existing market.

The board is confident for above better results in year ahead in expectation of in industry friendly policies planted by the Government to increase competitive edge of manufacturers by reduction in cost of input.

ACKNOWLEDGEMENT

The Board would like to take the opportunity to express its appreciation to management committee, all officers and members of staff and workers of the company for their education and hard work throughout the year.

The board would also like to thank its valued customers, suppliers, contractors and all other shareholders for their continuous trust and support.

POLICY SUMMARY

Q The objective of Pakistan Telephone Cables Limited is to engage efficiently in the production of Telecommunication Cables.

Q In doing so the organization recognizes its responsibility towards its shareholders, customers, employees and to those to whom it does business.

Q Employees are required to demonstrate honesty, devotion and fairness in all aspects of their duty performance and avoid conflicts of interests between their private financial activities and their professional role in the conduct of company business.

Q The PTCL seeks to compete fairly within the framework of all applicable laws of Pakistan.

Q PTCL is absolutely committed to provide product which consistently offer value in terms of price/quality and are at the time safe for their intended use, to satisfy customer needs and expectations.

Q PTCL is committed to ensure the reliability of its financial reporting and transparency of its economic/business transactions.

Q The Board of Directors' ensures the execution of the above principles through its committee.

Financial Position at a Glance

Particulars	2003	2002	2001	2000	1999	1998	1997
FINANCIAL POSITION							

Paid Up Capital	210,000,000	210,000,000	210,000,000	210,000,000	30,000,000	30,000,000	30,000,000
Surplus of Revaluation of Fixed Assets	51,464,083	110,937,858	110,937,858	34,581,267	34,581,267	34,581,267	-
Long term Loans		-	4,500,000	36,673,750	193,449,734	47,174,862	93,161,010
Assets Subject to Finance Lease	30,773,357	1,482,316	258,465	-	-	-	-
Fixed Assets at Cost and revaluation	179,921,986	168,040,866	157,606,339	86,978,286	75,361,556	74,051,921	106,309,633
Accumulated Depreciation	35,412,943	22,324,676	5,741,482	17,946,936	10,405,524	3,454,069	4,385,250
Current Assets	123,820,471	132,567,580	95,957,764	78,684,484	77,745,122	83,721,619	87,242,052
Current Liabilities	92,475,662	95,287,760	98,434,882	68,335,254	86,752,975	204,753,592	241,960,260
INCOME							
Sales	372,952,346	422,968,936	326,962,004	527,776,762	83,910,552	42,745,523	55,178,569
Other Income/(loss)	-2,773,519	-238,275	93,198	332,928	136,809	1,545,570	2,495,722
Reversal of Liabilities	-	3,054,226	-	-	1,298,059	95,747,777	-
Workers' profit participation fund	-197,744	-4,988,288	-3,016,014	-	-	-	-
Pre-Tax Profit / (Loss)	3,757,142	94,777,466	57,056,418	39,656,082	-39,856,230	76,879,218	-4,661,944
Taxation	-22,878,165	-15,624,810	-1,634,810	-2,641,393	(41 9,912)	-739,323	-241,043
STATISTICS AND RATIOS							
Pre-Tax Profit to Sales %	-1.01	22.41	17.45	7.51	-47.5	179.85	-8.45
Pre-Tax Profit to Capital %	1.79	45.13	27.17	18.88	-132.85	256.26	-15.54
Current Ratio	1.34:1	1.39:1	0.97:1	1.15:1	0.90:1	0.41:1	0.36:1
Paid-up Value per Share (Rs.)	10	10	10	10	10	10	10
Earning afterTax per share (Rs.)	-0.911	3.769	2.639	1.763	-13.425	25.38	-1.634
Cash Dividend %	-	20	15	10	-	-	-
Right Shares %	-	-	-	-	600	-	-
Retained Earnings per Share (Rs.)	-5.71	(6.10)	-7.87	-8.92	-67.77	-54.34	-79.72
Break-up Value per Share (Rs.)	4.29	3.9	2.13	1.08	-57.77	-44.34	-69.72
Market Value per Share (Rs.)	14.8	8.75	3.55	2.75	2.5	2	3.5
SHARE PERFORMANCE							
Highest (Rs.)	18.95	10.25	9	3.5	2.75	2.25	3.5
Lowest (Rs.)	7.75	5.75	2.5	2	2	1.5	2
Turnover of share (Rs.)	551,500.00	85,000.00	59,500.00	44,000.00	22,500.00	1,000.00	9,000.00
PRODUCTION: Various Telephone cables/drop wire							
Measured in Conductor Core K.M.	610,328	466,948	456,820	575,927	1 60,155	49,897	100,042
Measured in Cable K.M.	4,590	3,189	2,677	1,771	1,229	625	1,153
Drop Wire Measured in Conductor Core K.M.	44,132	-	-	-	-1	-	-

Statement of Compliance with the Code of Corporate Governance

Pakistan Telephone Cables Limited
Year Ended 30-06-2003

This statement is being presented to comply with the code of Corporate Governance contained in Regulation of Karachi & Lahore Stock Exchanges 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 at least SIX independent non-executive directors.
2. The director 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 have defaulted in payment of any loan to a banking company, a DPI or an NBFIs or, being a member

of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board on during the current year.

5. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.

6. The Board had 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 of material transactions, have been taken by the Board. Appointment and determination and remuneration and terms and conditions of the employment of the CEO and other executive directors was approved by the members. All future appointments and determination of remuneration and terms & conditions of employment of CEO and other executive directors shall be recommended by the Board to the members for approval.

8. The meeting 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 meeting appropriated recorded and circulated.

9. The Board arranged in house orientation courses for its directors to apprise them of their duties and responsibilities

10. Chief Financial Officer (CFO)/ Company Secretary and Head of Internal Audit were appointed according to enactment of Code Of Corporate Governance. Remuneration and terms and conditions of employment in case of futuer appointments on these positions will be approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirement 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 other executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the code.

15. The Board has formed an audit committee. It comprises THREE member, to whom ONE is non-executive directors including the chairman of the company.

16. The meeting of the audit committee were held al least once every quarter prior to approval of interim and final results of the Company and as required by the code. The term of reference of the company have been formed and advised to the committee for compliance.

17. The Board has set-up internal audit functions for which resources are being provided to the internal audit department for its implementation and the personnel involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a full time basis.

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 the partners 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 except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines.

20. We confirm that all other material principles contained in the Code have been complied with.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Telephone Cables Limited to comply with the Regulation No. 37, (Chapter XI) and Clause 43, (Chapter XIII) of Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable for the year ended June 30, 2003.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi:
Dated: 18th November, 2003

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAKISTAN TELEPHONE CABLES LIMITED as at June 30, 2003, and the related profit & loss account cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit 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 of our opinion and, after the verification, we report that:

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

b) in our opinion;

i) the balance sheet and profit and loss account together with the notes thereon

have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change referred to in note 2.4 to the financial statements with which, we concur;

the expenditure incurred during the year was for the purpose of the Company's business; and

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 and profit and loss account 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 30th June, 2003 and of the loss for the year ended; and

d) in our opinion, Zakat deductible under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

PAKISTAN TELEPHONE CABLES LIMITED

	Note	2003 Rupees	2002 Rupees
EUQITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorised Capital		220,000,000	220,000,000
Issued, Subscribed and paid-up capital (21,000,000 ordinary shares of Rs. 107- each)	3	210,000,000	210,000,000
Accumulated loss		-120,008,740	-128,203,595
		89,991,260	81,796,405
SURPLUS ON REVALUATION OF FIXED ASSETS			
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	51,464,083	110,937,858
	5	30,773,357	1,482,316

DEFERRED LIABILITY	6	56,450,395	2,174,190
CURRENT LIABILITIES			
Short term finances	7	4,800,000	—
Current portion of long-term liabilities	8	15,751,977	534,556
Creditors		23,517,222	15,605,399
Accrued and other liabilities	9	30,707,870	21,522,995
Taxation		17,698,593	15,624,810
Proposed dividend		-	42,000,000
		92,475,662	95,287,760
CONTINGENCIES & COMMITMENTS	10		
		321,154,757	291,678,529

The annexed notes form 1 to 41 form an integral part of these financial statements.

	Note	2003 Rupees	2002 Rupees
PROPERTY AND ASSETS			
TANGIBLE ASSETS			
Operating fixed assets	11	144,496,942	145,691,190
Capital work in progress	12	45,036,842	4,304,405
INTANGIBLE ASSETS			
Computer software		12,500	25,000
LONG TERM SECURITY DEPOSITS		3,723,950	966,250
DEFERRED COST	13	4,064,052	8,12,104
CURRENT ASSETS			
Stores and spares	14	5,232,082	4,956,069
Stock-in-trade	15	55,604,841	79,775,837
Trade debts - unsecured considered good		6,410,143	12,083,150
Advances	16	45,365,067	11,407,838
Deposits and Prepayments	17	1,621,736	2,436,822
Other receivables	18	993,824	3,556,245
Cash and bank balances	19	8,592,778	18,351,619
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		321,154,757	291,678,529

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2003

	Note	2003 Rupees	2002 Rupees
Sales	20	372,952,346	422,968,936
Cost of sales	21	-318,243,143	-290,226,274
Gross Profit		54,709,203	132,742,662
Operating Expenses:			
Administration	22	21,939,026	22,595,474
Selling and distribution	23	22,558,873	12,220,634
		-44,497,899	-34,816,108
Operating profit		10,211,304	97,926,554
Financial charges	24	-3,483,259	-976,751
		6,728,045	96,949,803
Other income / (loss)	25	-2,773,159	-238,275
		3,954,886	96,711,528
Reversal of liabilities	26	-	3,054,226
		3,954,886	99,765,754

Workers' Profit Participation Fund		-197,744	(4,988,288)
Profit before taxation		3,757,142	94,777,466
Provision for taxation			
- Current		-2,073,783	-15,587,025
- Prior		-	-37,785
- Deferred		-20,804,382	-
		-22,878,165	-15,624,810
(Loss)/profit after taxation available for appropriation		-19,121,023	79,152,656
Proposed divided Rs. nil (2002: 20% Rs. 2 per share)		-	-42,000,000
		-19,121,023	37,152,656
Accumulated loss brought forward		-128,203,595	-165,356,251
Accumulated loss carried forward		-147,324,618	-128,203,595
Earnings per share - basic and diluted	30	-0.911	3.769

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2003

	Share Capital Rupees	Accumulated Loss Rupees	Total Rupees
Balance as at July 01, 2001	210,000,000	-165,356,251	44,643,749
Profit for the year	-	79,152,656	79,152,656
Dividend	-	-42,000,000	-42,000,000
Balance as at June 30, 2002	210,000,000	-128,203,595	81,795,405
Loss for the year	-	-19,121,023	-19,121,023
Transferred from Surplus on Revaluation of fixed assets on account of incremental depreciation charged in prior years	-	19,058,153	19,058,153
Transferred from Surplus on Revaluation of fixed assets on account of incremental depreciation for the year - net of deferred taxation	-	8,257,725	8,257,725
Balance as at June 30, 2003	210,000,000	-120,008,740	89,991,260

The annexed notes 1 to 41 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2003

	2003 Rupees	2002 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,757,142	94,777,466
Adjustment for:		
Depreciation	15,381,501	16,676,637
Amortization of deferred cost	4,060,052	4,060,052
Financial charges	3,473,259	976,751
Provision for gratuity	1,467,231	779,275
Amortization of Intangible assets	12,500	25,000
Reversal of liabilities	-	-3,054,226
Workers' profit participation fund	197,744	4,988,288
Other loss/(income)		

	2,773,159	-66,443
	27,365,446	24,385,334
Operating profit before working capital changes	31,122,588	119,162,800
Changes in working capital		
(Increase) / Decrease in current assets		
Stores and spares	-276,013	-2,942,500
Stock-in-trade	24,170,996	-20,069,527
Trade debts	5,673,007	288,249
Advances	-10,663,505	1,704,827
Deposits and Prepayments	815,086	-653,410
Other Receivables	-247,198	-1,848,257
	19,472,373	-23,520,618
Increase/(decrease) in current liabilities		
Creditors	7,911,823	7,998,172
Accrued and other liabilities	3,508,688	-24,454,620
	11,420,511	-16,456,448
Cash generated from operations	62,015,472	79,185,734
Taxes paid	-20,484,105	-3,122,045
Dividend paid	-36,323,813	-38,846,060
Gratuity paid	-153,305	-146,457
Financial charges paid	-1,844,288	976,751)
	-58,805,511	-43,091,313
Net cash generated from operating activities	3,209,961	36,094,421
	2003	2002
	Rupees	Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-59,781,558	-12,666,432
Long term security deposits	-2,757,700	-656,700
Sale proceeds of fixed assets	1,311,994	365,000
Net cash used in investing activities	-61,227,264	-12,958,132
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	-	-6,549,112
Lease finance obtained	50,764,000	-
Lease rentals paid against finance lease	-7,305,538	-887,411
Short term finances	4,800,000	-800,000
Net cash from financing activities	48,258,462	-8,236,523
Net increase / (decrease) in cash and cash equivalents	-9,758,841	14,899,766
Cash and bank balances at the beginning of the year	18,351,619	3,451,853
Cash and bank balances at the end of the year	8,592,778	18,351,619

The annexed notes from 1 to 41 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2003

1. THE COMPANY AND ITS OPERATION

The company is incorporated in Pakistan and quoted on the stock exchanges at Karachi and Lahore. The principal activity of the company is manufacturing and selling of telecommunication cables mainly to Pakistan Telecommunication Company Limited against contract secured by the company after participation in its international tender.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation

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

2.2 Accounting convention

The financial statements have been prepared under the 'historical cost convention' except certain fixed assets which are stated at revalued amount.

2.3 **Employee's benefit**

Long term

The Company operates as unfunded gratuity scheme covering all its permanent employees who have completed prescribed period of service. Provision is made annually to cover the liability under the scheme. Provision for the year amounting Rs.1,467,2317- (2002: Rs. 779,2757-) has been made in financial statement.

Short term

The Company short term benefits provide for its estimated liability towards leaves accumulated by employees on accrual basis using salary levels. An amount of Rs. 748,8957- (2002: Rs. 518,0097-) has been provided for in the account in this respect.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at current tax rate after taking into account tax credits, rebates and exemptions available, if any or half percent of turnover, whichever is higher.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements impact of change. However, previously the company, accounted for deferred taxation using the liability method on all timing differences. The change in accounting policy is made due to adoption of IAS-12 'Income Taxes'.

In accordance with the amendment introduced in Section 235 of the Companies Ordinance, 1984 and subsequent notification of SECP, amount equal to incremental depreciation for the year and incremental depreciation charged in previous years have been transferred to accumulated loss to record realization of surplus to the extent of incremental depreciation charged net of deferred taxation.

Had the policy not been changed, surplus on revaluation of fixed assets would have been higher by Rs. 35.308 million, profit after taxation for the year would have been decreased by Rs. 3.150 million and accumulated loss as on July , 2001 increased by

Rs. 32.158 million.

2.5 **Operating fixed assets**

Owned

Operating fixed assets are stated at cost less accumulated depreciation except free hold land which is stated at cost, buildings, plant and machinery and electric generator revalued in 1998 and 2001 by independent valuers, are shown at such revalued figures and additions subsequent to that date are recorded at cost. Depreciation is charged to income applying written down value method at the rates specified in note 11, whereby the cost of assets are depreciated over their useful lives without taking into account any residual value.

Exchange differences in respect of foreign currency transactions relating to fixed assets are incorporated in the cost of relevant assets.

During the year the management has changed the method of charging depreciation on additions and disposals of fixed assets. Under the new method, depreciation on additions is charged from the quarter in which the assets are put to use while no depreciation is charged in the quarter in which the assets are disposed. Previously, full year's depreciation was charged in the year of addition and depreciation was charged in the year in which the assets were disposed off.

The above change would result in a more accurate allocation of depreciation expenses to the accounting period in which the depreciable assets are utilized by the Company. This change has been accounted for as a change in accounting estimate. Had this estimate not been revised the profit for the year would have been lower by Rs. 2.237 million.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements and capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

- Leased

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under the lease are accounted for as liabilities. Depreciation charge is based on written down value method at the rates used for similar class of owned assets.

The finance charge is calculated at the rate implicit in the lease.

2.6 Capital work-in-progress

All costs/expenditures incurred on specific assets during the implementation period are carried under this head. These are transferred to operating assets as and when the assets are available for use.

2.7 Deferred Cost

Deferred cost is amortized in five years commencing from the financial year in which the cost was incurred.

2.8 Stores and spares

These are valued on average cost. Items in transit are valued at cost comprising

invoice values and other charges paid there on upto the balance sheet date.

2.9 Stock-in-trade

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

Raw & packing material	at average cost
Work in process	at average cost
Finished goods	at average cost
Scrap stocks	at estimated net realizable value
Stock-in-transit	at cost comprising invoice value plus other charges paid thereon upto the balance sheet date.

Cost of work-in-process and finished goods consist of prime cost and an appropriate portion of production overheads.

2.10 Trade debts

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

2.11 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.12 Financial Assets

Financial Assets are loans, advances, deposits, trade debts, other receivables, cash & banks. These are initially recognized at cost which represent fair value of consideration given for it and subsequent to initial recognition financial assets are carried at cost, if fair value is not materially different at the balance sheet date.

2.13 Financial Liabilities

Financial Liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are assets subject to finance lease, creditors, accrued and other liabilities.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

All financial liabilities are initially recognized at cost, which represent fair value of the consideration received at initial recognition. After initial recognition financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost.

2.14 Impairment of Assets

In accordance with IAS-36, Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

2.15 Foreign Currency translation

Foreign currency translations during the year are recorded at the exchange rate ruling on the transaction date. Foreign currency balances at the year end are translated at official rate ruling on the balance sheet date. Gain or loss on translation is taken to income currently.

2.16 Borrowing Cost

Borrowing costs are charged to the year they are incurred in.

2.17 Cash and cash equivalents

Cash comprises of cash in hand and demand deposits.

2.18 Revenue recognition

Sales are recorded on despatch of goods to the customers

	2003 Rupees	2002 Rupees
3. ISSUED SUBSCRIBED & PAID-UP CAPITAL		
21,000,000 ordinary shares of Rs. 10/- each fully paid in cash	210,000,000	210,000,000
	210,000,000	210,000,000

3.1 The Securities and Exchange Commission of Pakistan vide its letter no. CO 84/4/99 dated October 5, 1999 sanctioned the issue of eighteen million shares by the Company at 10% discount at a price of Rs. 9/- per share against its face value of Rs. 10/- per share in terms of Section 84 of the Companies Ordinance, 1984. The Company issued these 600% Right Shares as per approval given by the shareholders in Extra Ordinary General Meeting held on July 17, 1999.

4. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of fixed assets carried out in 1998 and 2001 adjusted only by surplus realised on disposal if any of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

	2003 Rupees	2002 Rupees
Balance as July 01	110,937,858	110,937,858
Surplus relating to incremental depreciation charged in prior years-transferred to retained earnings	-19,058,153	-
Surplus realized on disposal of revalued assets - net of deferred tax	-2,675,087	-
Related deferred tax liability	-1,440,432	-
	-4,115,519	-
Transferred to retained earnings in respect of incremental depreciation charged during the year - net of deferred tax	-5,582,638	-
Related deferred tax liability	-3,006,038	-
	-8,588,676	-

Surplus on revaluation of fixed assets as at June 30, 2003	79,175,510	110,937,858
Related deferred tax:		
on Revaluation as at July 01, 2002	32,157,897	-
on Disposal of revalued assets transferred to profit and loss account	-1,440,432	-
GTr frnerefnefilal efepf eeFatiorr charged during the years transferred to profit and loss account	-3,006,038	-
	-27,711,427	-
Balance as at June 30, 2003	51,464,083	110,937,858

	2003	2002
	Rupees	Rupees
5. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	2,016,872	414,783
Obtained during the year	51,814,000	2,489,501
Paid during the year	-7,305,538	-887,412
	46,525,334	2,016,872
Current portion	-15,751,977	-534,556
	30,773,357	1,482,316

Lessee has purchase option on successful completion of lease term. Lessee has assumed and is bearing from the commencement entire risk of loss or damage to the asset. No financial restriction is imposed by the lesser.

The future lease payments are as follows:

2002-2003	-	795,060
2003-2004	21,471,260	795,060
2004-2005	21,601,175	924,975
2005-2006	11,878,810	-
	54,951,245	2,515,095
Less: Financial charges allocated to future period	-11,016,621	-498,223
	43,934,624	2,016,872
Add: Lease deposits	2,590,710	-
	46,525,334	2,016,872

5.1 Finance Lease-Significant terms and conditions

S.No.	Name of Leasing Company	Installments Frequency	Amount	Number	Date of Expiry	I.R.R.
1	Orix Leasing Pakistan Limited	Quarterly	93,180	16	15 May 2004	13.69%
2	Orix Leasing Pakistan Limited	Monthly	35,195	36	20 Mar 2005	15.24%
3	SYNDICATE LEASE Orix Leasing Pakisan Limited Crescent LeasingCorp. Limited Security Leasing Corp. Limited	Quarterly	3,047,060	12	05 Dec 2005	15.00%
4	SYNDICATE LEASE Orix Leasing Pakisan Limited Crescent LeasingCorp. Limited Security Leasing Corp. Limited Atlas Investment Bank Limited	Quarterly	2,049,990	12	28 Nov 2005	15.00%

	2003	2002
	Rupees	Rupees
6. DEFERRED LIABILITY Deferred Taxation		

	Accelerated tax depreciation		25,250,852	-
	Surplus on revaluation of fixed assets		27,711,427	-
			52,962,279	2,174,190
	Staff Gratuity		3,488,116	2,174,190
			56,450,395	2,174,190
7.	SHORT TERM FINANCES			
	BinBak Industries - Unsecured (associated)	7.1	4,800,000	-
			4,800,000	-
	7.1 The loan is interest free with no fixed repayment terms			
8.	CURRENT PORTION OF LONG TERM LIABILITIES			
	Liability against assets subject to finance lease		15,751,977	534,556
			15,751,977	534,556
9.	ACCRUED AND OTHER LIABILITIES			
	Accrued liabilities			
	Expenses		9,354,144	10,233,669
	Sales Tax		335,097	-
			9,689,241	10,233,669
	Unclaimed Dividend		6,092,368	416,181
	Due to associated undertakings - Agro Oil Extraction Limited		2,239,737	-
	Workers' Profit participation fund	9.1	12,686,524	10,859,809
	Other liabilities		-	13,336
			30,707,870	21,522,995
9.1	Worker's Profit Participation Fund			
	Balance as at July 01		10,859,809	5,246,669
	Interest accrued during the year		1,628,971	624,852
			12,488,780	5,871,521
	Allocated during the year		197,744	4,988,288
			12,686,524	10,859,809

The Company has referred the matter to its legal Counsel to ensure compliance with the requirement of law relating to creation of fund and its distribution. The Company expects that it shall become complaints by March 2007.

10. CONTINGENCIES & COMMITMENTS

Commitments

Commitments in respect of contracts for supply to Pakistan Telecommunication Co. Limited as at

June 30, 2003 stood at Rs. 104.482 million (2002: Rs. 100.812 million).

L/C Commitments as June 30, 2003 Rs. 10.854 million (2002: Rs. Nil).

Bank guarantee given to Bawany Metals Limited Rs. 4.5 million (2002: Rs. Nil)

11. FIXED ASSETS

Particulars	COST & REVALUATION			Rate%	DEPRECIATION			Written down value as on June 30, 2003
	As on July 01, 2002	Additions/ (Deletions) Transfer	As on June 30, 2003		As on July 01, 2002	For the Year	As on June 30, 2003	
TANGIBLE OWNED								
Land -free hold	5,000,000	-	5,000,000		-	-	-	5,000,000
Factory building on free hold lan	1 30,931,717	-	30,931,717	10	3,093,172	2,783,855	5,877,027	25,054,690
Plant and machinery	103,988,300	12,036,588	102,235,496	10	10,398,830	9,255,502	18,935,978	83,299,518

		-13,789,392			-718,354			
Electric fittings	2,489,180	69,095	2,817,275	10	1,859,287	95,306	1,954,593	862,682
Furniture & fixture	2,898,803	1,850	2,900,653	10	1,065,806	183,485	1,249,291	1,651,362
Office equipment	689,291	159,400	803,691	10	353,246	46,887	381,705	421,986
		-45,000			-18,428			
Computer equipment	1,102,836	320,077	1,422,913	50	944,391	196,230	1,140,621	282,292
Tools and equipment	1,013,986	516,277	1,530,263	10	532,351	99,791	632,142	898,121
Telephone Installations	108,833	15,225	124,058	10	48,456	7,236	55,692	68,365
Motor vehicles	6,969,420	2,357,000	7,566,420	20	2,456,237	1,174,889	2,961,774	4,604,646
		-1,760,000			-669,352			
Electric Generator	10,000,000	3,312,000	1,000,000	10	1,000,000	90,000	190,000	810,000
		-12,312,000			-900,000			
LEASEHOLD								
Motor Vehicle	2,489,500	-	2,489,500	20	497,900	398,320	896,220	1,593,280
Plants Machinery	-	13,000,000	13,000,000	10	-	650,000	650,000	12,350,000
Electric Generator	-	8,000,000	8,000,000	10	-	400,000	400,000	7,600,000
Rupees • June 30, 2003	167,940,866	39,787,512	179,821,986		22,249,676	15,381,501	35,325,043	144,496,942
		-27,906,392			-2,306,134			
Rupees • June 30, 2002	157,506,339	10,851,527	167,940,866		5,691,482	16,676,637	22,249,676	145,691,190
		-417,000			-118,443			
Intangible Computer	100,000	-	100,000	50	75,000	12,500	87,500	12,500

11.1 Depreciation for the period has been allocated as follows:

	30 June 2003	30 June 2002
Cost of goods Sold	13,281,899	14,644,283
Administration Expenses	2,099,602	2,032,354
	15,381,501	16,676,637

11.2 Details of disposal of fixed assets

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (Loss)	Mode of Disposal	Particulars of buyers
Nissan Sunny S-7509	430,000	-231,856	198,144	200,000	1,856	Negotiation	Almas Ahsan 6 Nooruddin Hassan Building M.A.Jinnah Road, Karachi.
Nissan Patrol BC-0414	1,075,000	-215,000	860,000	1,029,000	169,000	Negotiation	Mozzam All Khan House No. A-29 Block 5, Clifton, Karachi.
Nissan Sunny H-7428	210,000	-195,006	14,994	14,994	-	Negotiation	Mrs. Shanaz Reyaz Gulshan-e-Iqbal, Karachi.
Honda CD 70 KCA-6781	45,000	-27,490	17,510	38,000	20,490	Negotiation	Ahsan Autos Shop No. 2, Akbar Road, Karachi.
Canon Photo Copier	45,000	-18,428	26,572	30,000	3,428	Exchange	Khan Office Products Noman Centre, Gulshan-e-Iqbal,
	1,805,000	-687,780	1,117,220	1,311,994	194,774		

12. CAPITAL WORK IN PROGRESS

	2003 Rupees	2002 Rupees
Building and Workers Colony	12.1	9,294,278
Plant and Machinery	12.2	35,742,564
		4,304,405

45,036,842 4,304,405

12.1 This represents the costs incurred on construction of new factory building and workers colony upto the balance sheet date.

12.2 This represents leased plant & machinery under installation including financial charges of Rs. 2.121 million paid till balance sheet date.

	2003 Rupees	2002 Rupees
13. DEFERRED COST		
Deferred cost as at July 01 ,	20,300,260	20,300,260
Addition during the year	-	-
	20,300,260	20,300,260
Less: Amortization	-12,176,156	-8,116,104
Accumulated as at July 01	-4,060,052	-4,060,052
During the year	-16,236,208	-12,176,156
	4,064,052	8,124,104
13.1 Deferred cost represents		
Preliminary expenses on ISO 9002 Certification	240,598	240,598
Discount on issuance of shares	20,059,662	20,059,662
	20,300,260	20,300,260
14. STORES AND SPARES		
Stores	1,351,959	1,212,050
Spares	3,880,123	3,744,019
	5,232,082	4,956,069
15. STOCK-IN-TRADE		
Raw material	40,354,916	52,344,494
Packing material	2,738,818	3,295,001
Work in process	12,511,107	24,136,342
	55,604,841	79,775,837
16. ADVANCES		
Advances - considered good		
Executives	11,255,051	1,316,517
Employees	425,120	171,418
Suppliers	9,384,151	6,103,263
IncomeTax	24,300,745	3,816,640
	45,365,067	11,407,838

16.1 The maximum aggregate amount due from executives at the end of any month during year was Rs. 11,255,051/- (2002: Rs. 1,316,517/-) This includes amount of Rs. 8.4 Million becoming due from the Chief Executive following voluntary decision to reduce his salary @ 700,000/- per month respectively w.e.f. July 01, 2002.

	2003 Rupees	2002 Rupees
17. DEPOSITS AND PREPAYMENTS		
Trade Deposits		
Performance Deposit	-	895,550
Container Deposits	550,079	701,754
	550,079	1,597,304
Deposit with Lasbella Court	17.1	675,000
Prepayments		396,657
	1,621,736	2,436,822

17.1 This amount is deposited with Lasbella Court as bail for 23 employees involved in a

brawl and were arrested near the factory in April 2001. As the employees fled to their native villages release, the bail deposited with the Court. On return of each employee the respective amount of ball against him is being retired.

18. OTHER RECEIVABLE		
Salestax refundable	-	487,345
Excise duty	13,637	31,565
L/C, margin and charges	697,661	2,459,947
Insurance claim	-	2,240,435
Others	110,000	336,953
Due from associated undertaking	172,526	-
	993,824	3,556,245
19. CASH AND BANK BALANCES		
Cash in hand	18,042	5,172
Cash at banks - current account	744,395	18,346,447
- deposit account	7,830,341	-
	8,592,778	18,351,619
20. SALES		
Sales	469,620,477	535,089,361
Less: Excise duty	35,362,979	42,296,896
Sales tax	61,305,152	69,823,529
	-96,668,131	-112,120,425
	372,952,346	422,968,936

2003
Rupees

2002
Rupees

21. COST OF SALES		
Raw and Packing material consumed:		
• Opening Stock		
Raw materials	52,344,494	28,630,520
Packing materials	3,295,001	693,955
	55,639,495	29,324,475
Purchases		
Raw materials	240,991,241	258,024,609
Packing material	11,030,506	11,683,715
	252,021,747	269,708,324
Scrap Sales	-10,052,993	-7,966,139
	241,968,754	261,742,185
	297,608,249	291,066,660
Closing stock		
Raw materials	40,354,916	52,344,494
Packing materials	2,738,818	3,295,001
	-43,093,734	-55,639,495
Raw and Packing material consumed:	254,514,515	235,427,165
Manufacturing expenses		
Store and spares consumed	4,113,122	3,940,366
Fuel, power and light	16,083,316	13,118,580
Salaries, wages and other benefits	14,293,410	13,160,427
Rent, rates and taxes	76,975	46,275
Insurance	307,968	151,880
Repairs and maintenance	1,410,118	969,029
Vehicles running	620,360	1,114,170
Printing and stationery	680,208	378,972
Telephone expenses	162,445	244,441
Depreciation	13,281,899	14,644,283
Others	1,073,572	785,193

	52,103,393	48,553,616
	306,617,908	283,980,781

Work in process		
Opening stock	24,136,342	30,381,835
Closing stock	-12,511,107	-24,136,342
	11,625,235	6,245,493
Cost of goods manufactured	318,243,143	290,226,274

	2003	2002
	Rupees	Rupees

22. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits	6,392,600	8,017,769
Rent, rates and taxes	37,600	35,269
Electricity, gas & other expenses	245,791	265,782
Insurance	349,518	247,910
Office maintenance	73,993	143,995
Travelling, conveyance and entertainment	3,120,984	3,207,020
Legal and professional	146,290	201,600
Auditors' Remuneration	435,000	473,500
Printing and stationery	667,096	244,247
Postage, telegram, telephone and telex	730,586	583,116
Subscriptions	526,993	250,300
Depreciation	2,099,602	2,032,354
Amortization of intangible asset	12,500	25,000
Amortization of deferred cost	4,060,052	4,060,052
Others	3,040,421	2,807,560
	21,939,026	22,595,474
22.1 Auditors' Remuneration		
Audit fee	125,000	85,000
Out of Pocket Expenses	20,000	20,000
Revaluation Certification charges	-	250,000
Half yearly review fee	40,000	-
Tax Constancy	250,000	118,500
	435,000	473,500
23. SELLING AND DISTRIBUTION		
Carriage and forwarding	6,592,746	6,920,000
Bank charges on performance bonds, bid bonds, collection etc.	2,490,410	4,123,710
Tender charges	198,980	98,570
Advertising and sales promotion	240,100	910,454
Liquidated damages deducted by PTCL	12,611,486	-
Others	425,151	167,900
	22,558,873	12,220,634

23.1 This represent deductions made by PTCL on account of delays in delivery of contract material beyond the date stipulated in the contract. Delays occurred due to breakdown at factory resulting in disruption of supply.

	2003	2002
	Rupees	Rupees

24. FINANCIAL CHARGES		
Markup on lease finance	1,706,222	214,476
Exchange (Gain)/Loss	-146,662	-18,628
Markup on Workers' Profit Participation Fund	1,628,971	624,852
Bank charges	294,728	156,051
	3,483,259	976,751
25. OTHER INCOME / (LOSS)		
Gain on sale of fixed assets		

	194,774	66,443
Loss on sale and lease back of fixed assets	-3,483,038	-
Insurance claim	-	-304,718
Profit on PLS Saving account	515,105	-
	-2,773,159	-238,275
26. REVERSAL OF LIABILITIES		
BEL - long term loan	-	3,054,226
	-	3,054,226

26.1 This represents CED and markup on BEL consortium loan, reversed upon final payment made as per settlement reached with BEL.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Basic Salary	771,876	288,000	1,589,419	771,876	288,000	1,384,825
House rent	347,340	129,600	715,239	347,340	129,600	574,746
Conveyance allowance	3,600	3,600	25,200	3,600	3,600	21,450
Bonus	-	-	-	-	-	263,400
Leave encashment	100,000	37,500	205,300	100,000	37,500	156,700
Utilities	77,184	28,800	158,942	77,184	28,800	138,475
Gratuity	100,000	37,500	205,300	100,000	37,500	156,700
Total	1,400,000	525,000	2,899,400	1,400,000	525,000	2,696,296
No. of persons	1	1	7	1	1	7

27.1 Company's owned and maintained cars have been provided to the Chief Executive, Director and five executives.

28. TAXATION

The assessment of the company have been completed upto Assessment Year 2002-2003. However the company has gone into appeal with appellate tribunal which is yet to be decided. The impact of dismissal of the appeal would increase the tax liability by Rs. 227,518.

Provision for current year tax liability is based on taxable income at current tax rate applicable to a public quoted family after taking into consideration tax credits, rebates, exemptions and set-off, of brought forward assessed losses.

28.1 Relationship between tax expense and accounting profit

Profit for the year	3,757,142
Tax at the rate 35%	1,315,000
Tax effect of expenses that are not deductible in determining taxable profit	7,915,252
Tax effect of expenses that are deductible in determining taxable profit	-7,156,468
Deferred tax adjustment	20,804,382
Tax charge for the current year	22,878,166
Tax charge for the current year	2,073,783
Deferred tax adjustment	20,804,382
	22,878,165

2003
Rupees

2002
Rupees

29. RELATED PARTY TRANSACTIONS

Transaction with Associated Undertakings

	Amount paid on behalf of Saudi Spinning & Weaving Industries Ltd.	172,526	-
	Amount received from Agro Oil Extraction Ltd.	2,239,739	-
	Short term finance from BinBak Industries	4,800,000	-
	Rent charged to Raza & Co.	24,000	24,000
30.	EARNINGS PER SHARE		
	Profit /(loss) after tax	-19,121,023	79,152,656
	Number of ordinary shares	21,000,000	21,000,000
	Earnings per share	-0.911	3.769

31. SHORT TERM FINANCE UNDER MARK UP ARRANGEMENT-SECURED

The company has obtained following credit facilities from PICIC Commercial Bank Limited. These facilities remained unutilized at the year end.

31.1 Running Finance

The limit under this head of finance is Rs. 5 million. This facility is secured against lien on deposits of the directors of the company. The rate of mark-up is 15% per annum of daily product basis.

31.2 Import L/C (Sight)

The limit under this head of finance is Rs. 20 million. This facility is secured against 10% cash margin. The rate of commission is 0.30% per quarter.

31.3 L/C USANCE (90 days)

The limit under L/C USANCE (90 days) is Rs. 10 million. This facility is secured against 10% cash margin. The rate of mark-up is as per "State Bank of Pakistan's Current Schedule of Charges".

31.4 UG (Performance and Bid bonds)

The limit is Rs. 106 million. This facility is secured against 15% lien over directors deposits, pari passu charge of factory land and building, pari passu hypothecation charge over movable/immovable assets including stock and receivables for Rs. 55 million and equitable mortgage over Managing Director's residential property valuing Rs. 16.5 million.

32. PLANT CAPACITY

Installed capacity as sanctioned by I.B.P. is 502,000 conductor core kilometers. During the year capacity has been achieved at 130.37% (2002:94.4%) against the installed capacity, as 654,460 (2002: 473,935) conductor core kilometre produced for various types of Telephone Cables. The production capacity is relation to past record achieved more than sanctioned capacity. The achievement is attributable to modification in the plant made locally which also resulted in enhancement of capacity to the tune of 1 million conductor core kilometers.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities reflected in the Financial Statements approximate to their fair values.

34. INTEREST RATE RISK EXPOSURE Financial Assets and Financial Liabilities

	Interest/Markup bearing			Non - Interest/Markup hearing			Total	
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	2003 Rupees	2002 Rupees
Financial assets							3,723,950	309,550
Long term deposits		-			3,723,950	3,723,950	6,410,143	12,371,399
Trade debts		-		6,410,143	-	6,410,143	45,365,067	14,923,233
Advances		-		45,365,067	-	45,365,067	1,225,079	1,650,000
Deposits		-		1,225,079	-	1,225,079	993,824	1,707,988
Other Receivable		-		993,824	-	993,824	8,592,778	3,451,853
Cash and bank balance	7,830,341	-	7,830,341	762,437	-	762,437	66,310,841	34,414,023
	7,830,341	-	7,830,341	54,756,550	3,723,950	58,480,500		
Financial Liabilities							-	7,349,112
Loans	-	-	-	-	-	-	3,488,116	2,174,190
Deferred liability - staf gratuity	-	-	-	-	3,488,116	3,488,116		
Liability against asset subject to finance lease	15,751,977	30,773,357	46,525,334				46,525,334	414,783
Creditors	-	-	-	23,517,222	-	23,517.22	23,517,222	7,607,227
Accrued & other liabilities	-	-	-	30,707,870	-	30,707,870	104,238,542	63,688,255
	15,751,977	30,773,357	46,525,334	54,225,092	3,488,116	57,713,208		

As at June 30, 2003, interest / mark-up rates per annum on financial assets and financial liabilities are as follow:

	2003
Liabilities against assets subject to finance lease	13.69% to 15.24%
Savings account	4.5% to 5%

35. CREDIT RISK EXPOSURE AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk faced when one party to a financial instrument fails to discharge its obligation and causes the other party to incur a financial loss. Following financial assets of the company are exposed to credit risk:

	2003 Rupees	2002 Rupees
Trade debts	6,410,143	12,083,150
Advance to Suppliers	9,384,151	6,103,263
	15,794,294	18,186,413

The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the company applies credit period limit to its major customers and suppliers.

36. FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company believes that it is not exposed to major foreign exchanges risk as at messages it exposure in this respect through necessary arrangements.

37. LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instrument. The management of the Company believes that it is not exposed to significant level of liquidity risk.

38. INTEREST RATE RISK

Liquidity risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Company has adopted appropriate policies to minimize its exposure to risk.

39. MAN POWER

Total number of employees including contractors employees as at June 30, 2003 was 146 (2002: 141).

40. DATE OF AUTHORISATION PER ISSUE

These financial statements were authorised for issue on November 18, 2003 by the Board of Directors of the Company. ?

41. GENERAL

- Figures have been rounded off to the nearest rupee.

PATTERN OF SHAREHOLDING

Total No. of Shareholders	Shareholding		Total Shares Held
	From	To	
49095	1	100	409,500
116	101	500	42,100
98	501	1000	81,700
146	1001	5000	319,400
23	5001	10000	178,500
8	10001	15000	100,300
3	15001	20000	52,500
1	20001	25000	25,000
1	25001	30000	27,500
1	30001	35000	34,000
1	40001	45000	40,700
1	45001	50000	50,000
1	50001	55000	54,900
1	55001	60000	60,000
1	60001	65000	62,500
1	65001	70000	69,000
1	90001	95000	90,500
1	100001	105000	100,700
1	160001	165000	162,900
1	180001	185000	181,000
1	185001	190000	185,600
4	200001	205000	804,714
1	1565001	1570000	1,567,486
1	2695001	2700000	2,700,000
4	3395001	3400000	13,600,000
4513			21,000,000

PATTERN OF SHAREHOLDING FORM "34"

SHAREHOLDER STATISTICS
AS AT 30TH JUNE, 2003

Categories of Shareholders	Number	Shares Held	Percentage
Associated Companies, undertakings and related parties			
Bin Bak Industries		1,567,487	
Pakistan Management & Services Ltd.		343,900	
Al-Hamra Ltd.		115,800	
1 & Z Enterprises		69,000	
	4	2,096,187	9.98
Director CEO & Other Spouse & Children			
Mrs. Sumiah Saeedurehman Al-Rae		500	
Mr. Raza Abdul Aziz Al-Rae		201,528	
Mrs. Asma Hafeez Al-Rae		500	
Mr. Eijaz Abdul Aziz Al-Rae		200,829	
Mr. Riyadh Abdul Aziz Al-Rae		200,829	
Mrs. Rabia Barkat AH		3,500	
Mr. Muhammad Kashif		500	
Mr. Abdullah		100,700	
	8	708,886	3.38
NBP & ICP			
Mis. National Bank of Pakistan		3600	
Investment Corporation of Pakistan		300	
	2	3,900	0.02
Executive			
Mr. Muhammad Ishaq Ahmed	1	500	
Public Sector Companies		Nil	
Banks, DPI, Non Banking Finance Institution			
Bankers Equity	1	7,300	0.03
Shareholders Ten Percent or more voting request in the Company		Nil	
Individual	4413	1,383,727	6.59
Mis. Central Depository Company of Pakistan Ltd.	81	16,484,100	79.45
Others			
Perwaiz Trading Company Ltd.		89,700	
Bawany Madina Foundation		16	
Madina Estates & Properties Ltd.		9,700	
	3	115,400	0.55
TOTAL	4,513	21,000,000	100.00