PAKISTAN CABLES

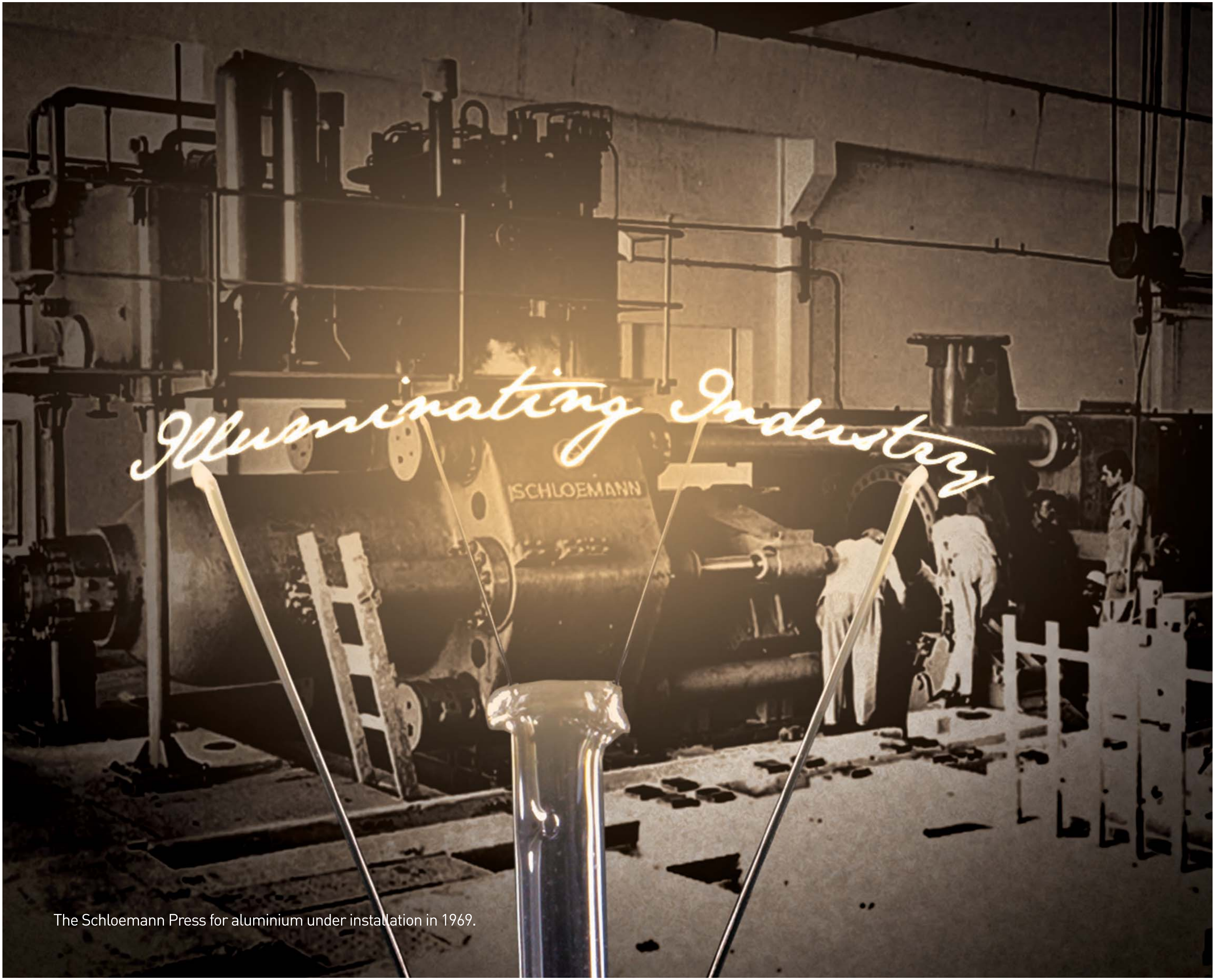
TRUSTED NOT TO COMPROMISE

a General Cable affiliate

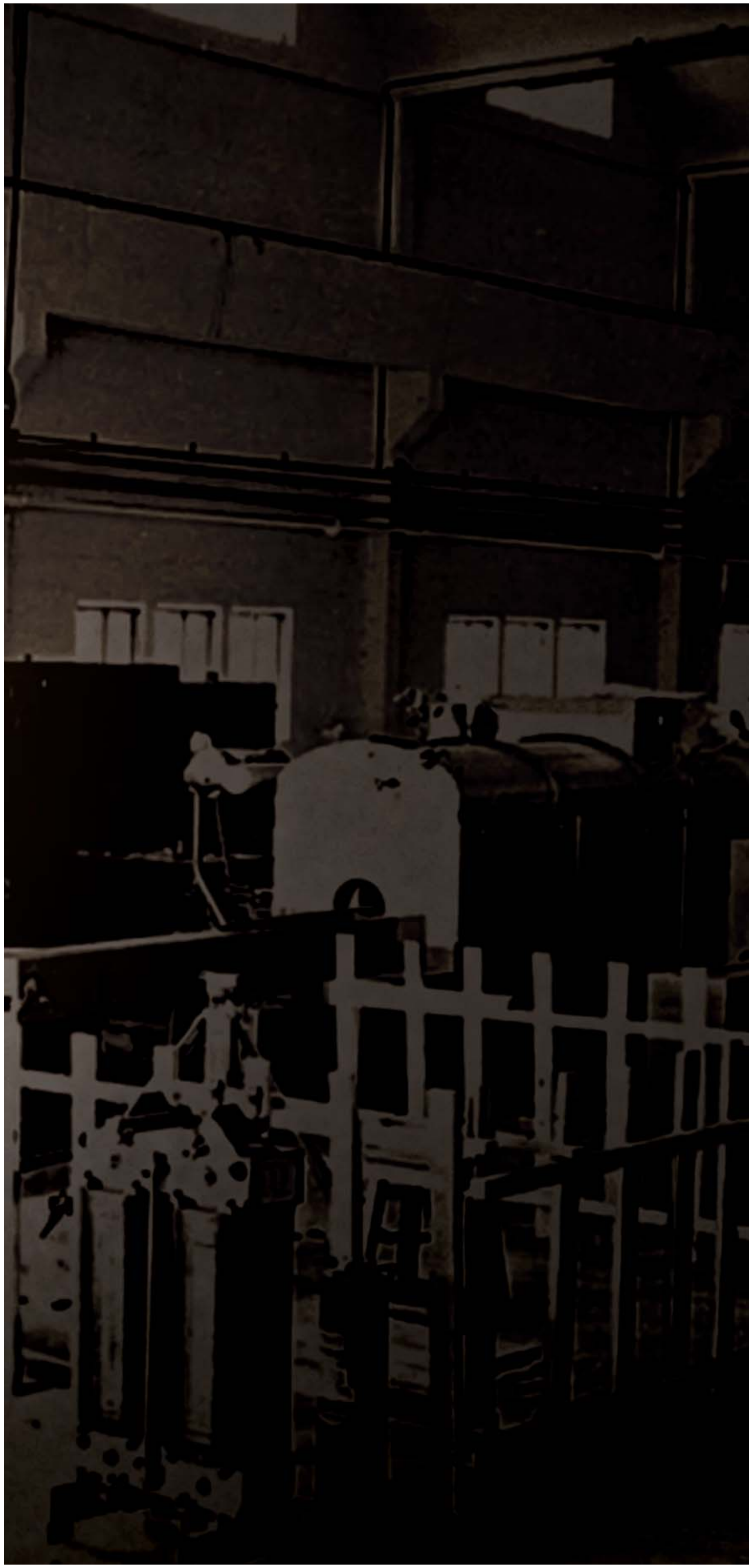
Annual Report 2013

Illuminating 60 brilliant years

Pakistan Cables is proud to illuminate a nation's potential. With a spark of energy ignited by the foundations of our proud history we revolutionize the beginning of a brighter tomorrow. When common goals meet, passions are realized and the static changes to a brilliant more vivid motion, where generations glow together.



The Schloemann Press for aluminium under installation in 1969.

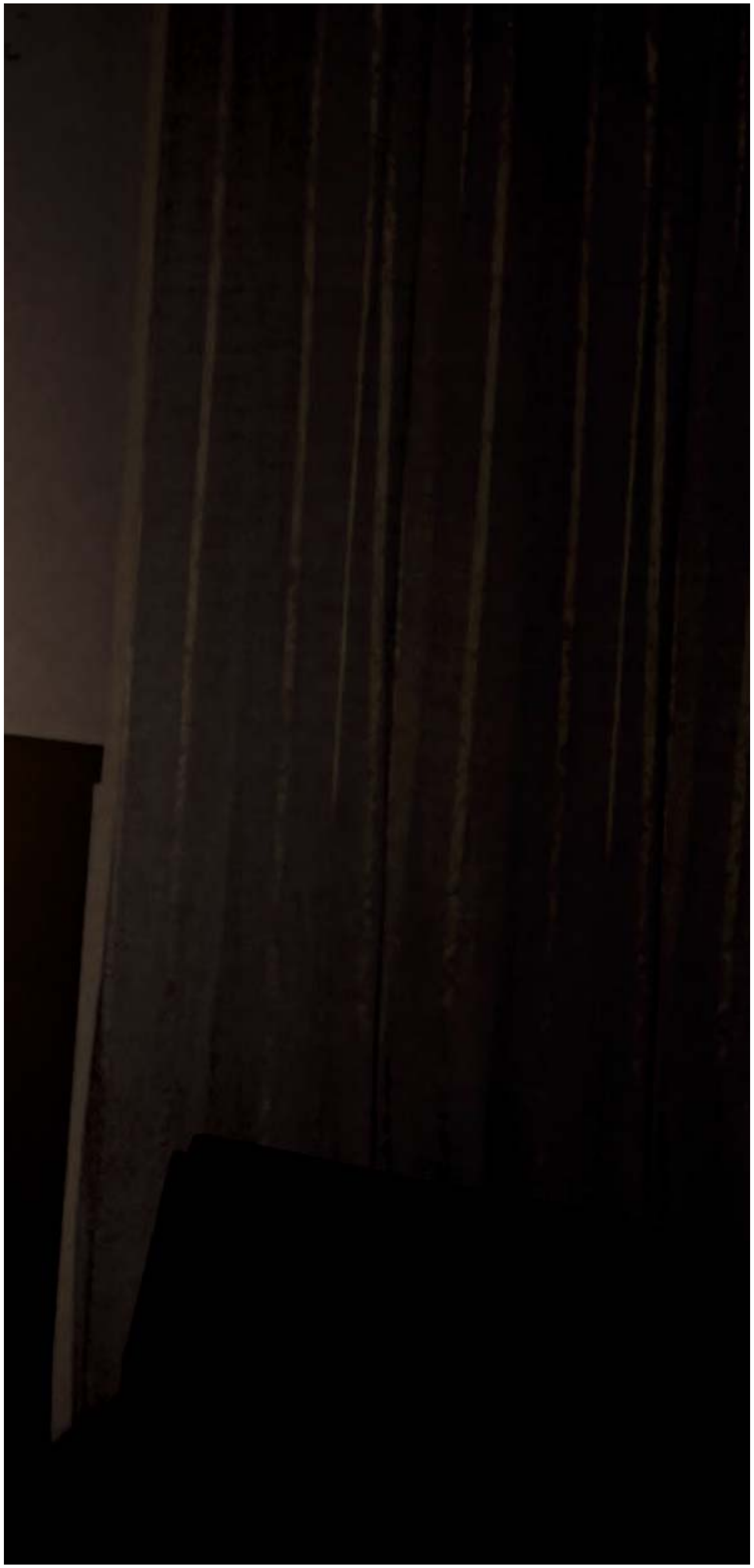


About Us

Pakistan Cables Limited, the country's oldest and most reputable cable manufacturer, was established over 6 decades ago in 1953 in collaboration with BICC, UK. In the subsequent six 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 has been 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.

Mr. Amir S. Chinoy (Late Founder) giving a speech to the PCL team in 1991.



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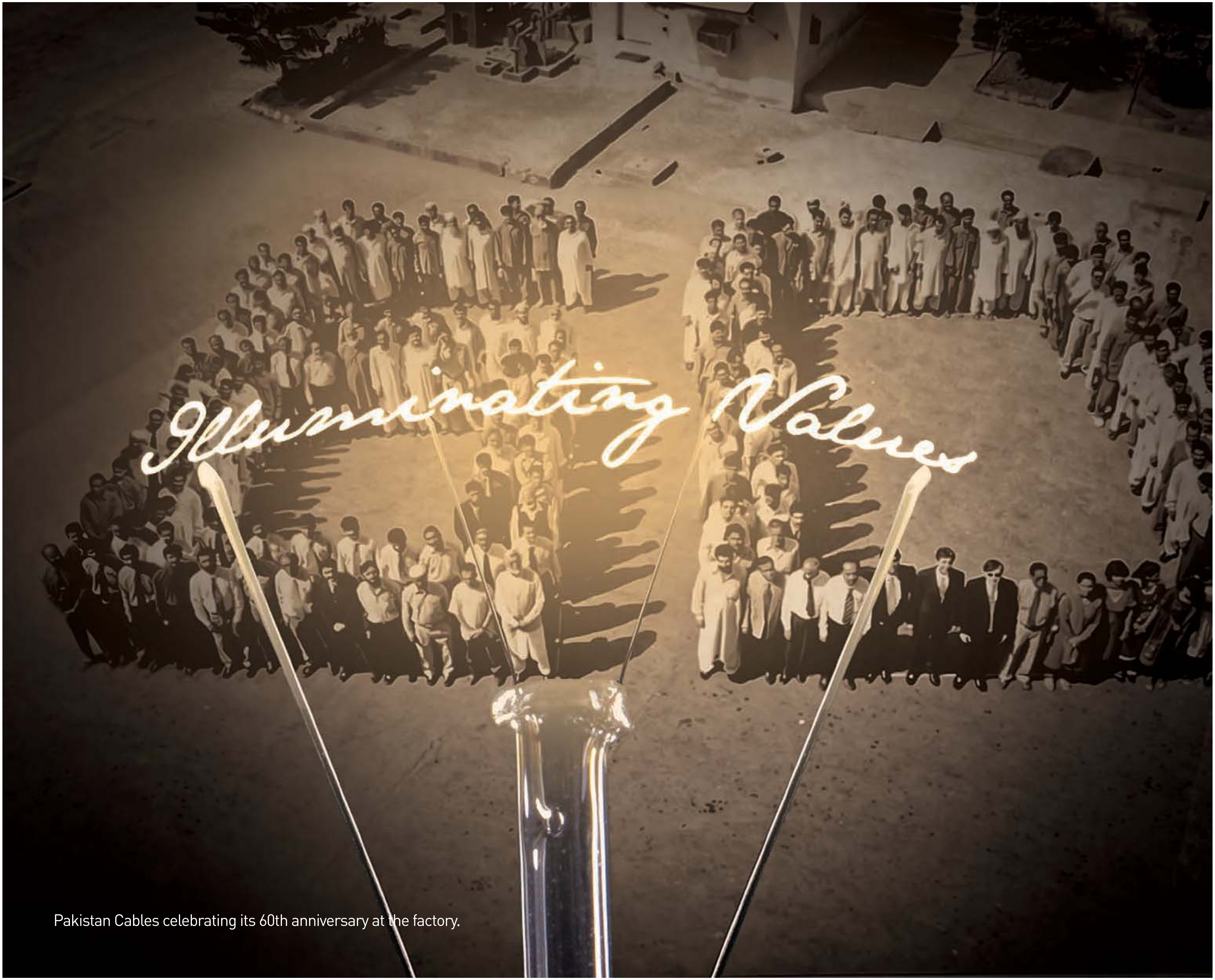


Pakistan Cables celebrating its 60th anniversary at the factory.

Vision

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

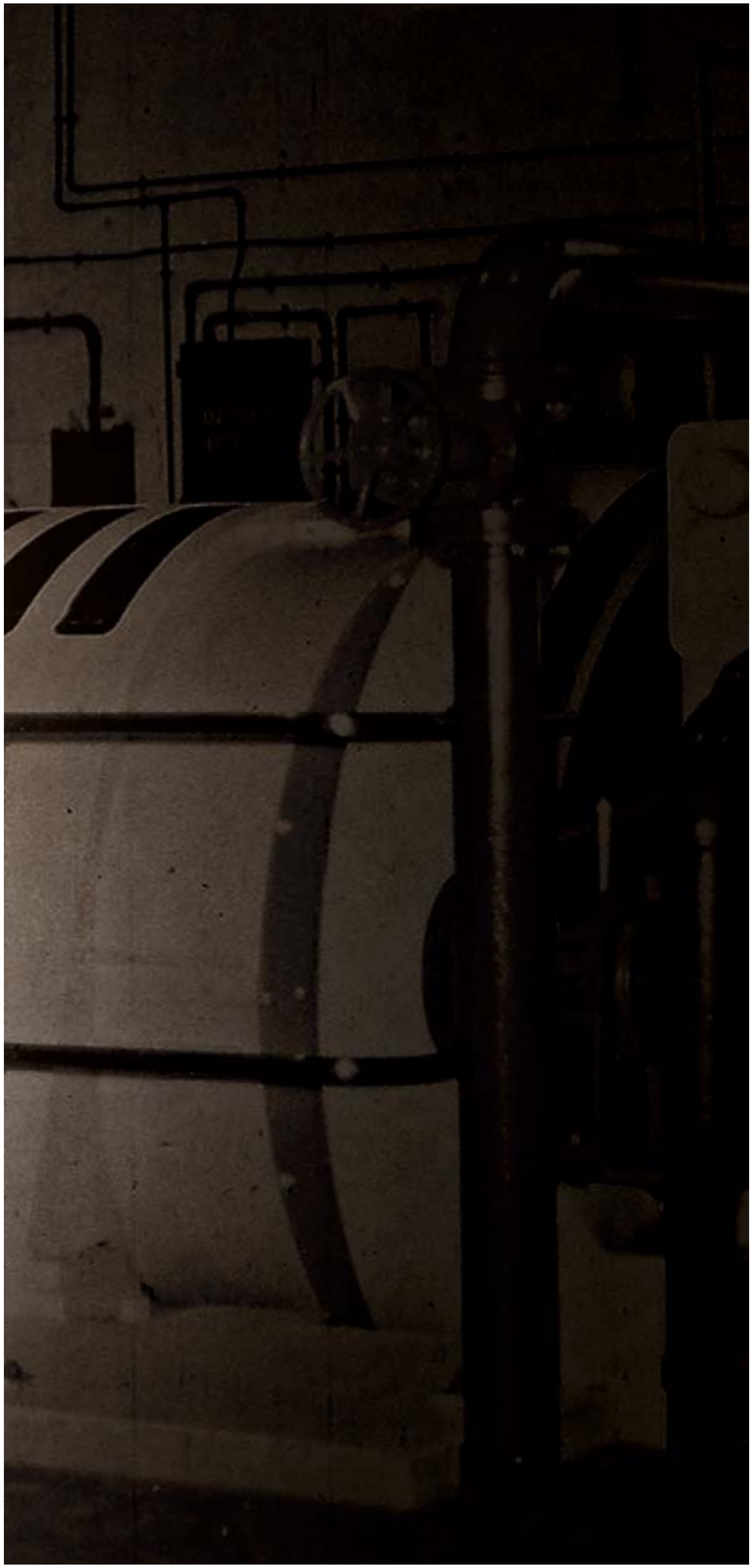
Mission

To strengthen industry leadership in the manufacturing and marketing of wire and cables and to have a strong presence in the engineering products market while retaining the options to participate in other profitable businesses.

To operate ethically while maximizing profits and satisfying customers' needs and stakeholders' interests.

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


Illuminating Enterprise



Code of Conduct

- This Code of Conduct applies to all employees of M/s Pakistan Cables Ltd (PCL) – hereby named as the "Company".
- For the purposes of this Code, "employees" refers to directors, executives, officers and employees of the Company.
- The Board and Management are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility and not to transgress them.
- All employees should be sure that they understand and abide by the spirit as well as the letter of this Code and that violation of any of the Code's provisions could result in disciplinary action.

Salient features of the Company's code of conduct are as below:

A. Business Ethics

i. 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 all stakeholders.

ii. The Company is dedicated to providing a safe and non discriminatory working environment for all employees.

iii. The Company does not support any political party or contributes funds to groups whose activities promote political interests.

iv. 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.

v. The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the environment.

B. Conflicts of Interest

i. Every employee should conduct his/ her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the Company.

ii. An employee should avoid any situation in which he or she, or a family member, might profit personally (directly or indirectly), from the Company's facilities, its products, or Company's relationship with its vendors or customers.

iii. An employee should not permit himself/ herself (or members of his/ her family) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the Company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways like key chains, calendars, etc. and attendance at conferences and seminars would not be considered a violation of this Code.

iv. In case an employee is offered or receives something of value which he/she believes may be impermissible under this Code, he /she should disclose the matter.

v. All employees should avoid any kind of bribery, extortion and all other forms of corruption.

vi. Conflict of interest should be avoided and disclosed where they exist and guidance should be sought from superiors.

C. Accounting Records, Controls & Statements

i. All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations.

ii. Employees are expected to sign only documents or records which they believe to be accurate and truthful.

D. Environment

i. The Company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation of the environment.

ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact Company's operations.

E. Regulatory Compliance

i. The Company is committed to make prompt public disclosure of "material information" regarding the Company as prescribed in the Karachi Stock Exchange Regulations.

ii. Where an employee is privy to the information, which is generally referred to as "material inside information," the same must be held in the strictest confidence by the employee involved until it is publicly released.

iii. The employees shall abide by the appropriate Competition Laws and shall not enter into understandings, arrangements, or agreements with competitors which have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers.

F. Personal Conduct

i. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on Company business.

ii. All employees should avoid any kind of bribery, extortion and all other forms of corruption.

iii. Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.

iv. Any legally prohibited or controlled substances if found in the possession of any employee will be confiscated and where appropriate, turned over to the authorities.

Company Information

Board of Directors

Mustapha A. Chinoy	Non-Independent Non-Executive Director	Chairman	Director since 1986
Syed Naseem Ahmad	Non-Independent Non-Executive Director		Director since 1999
Ernest Kenneth Sy Cuyegkeng	Non-Independent Non-Executive Director		Director since 2010
Roderick Macdonald	Non-Independent Non-Executive Director		Director since 2010
Haroun Rashid	Non-Independent Non-Executive Director		Director since 1993
Saquib H. Shirazi	Independent Non-Executive Director		Director since 2008
Shahid Aziz Siddiqi	Independent Non-Executive Director		Re-Appointed in 2012
Ms. Sadia Khan	Independent Non-Executive Director		Appointed in 2013
Kamal A. Chinoy	Executive Director	Chief Executive	Director since 1992

Company Secretary

Aslam Sadruddin

Legal Advisor

S S Shaikh & Co.

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

Standard Charterd Bank (Pakistan) Limited
Bank AL Habib Limited
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
NIB Bank Limited

Registered Office,

Factory and Marketing Office

B-21, Pakistan Cables Road,
Sindh Industrial Trading Estates,
P. O. Box 5050, Karachi -75700

Telephone Nos:	(021)32561170-75
Fax:	(021) 32564614
E-mail:	info@pakistancables.com
	sales@pakistancables.com
Web site:	www.pakistancables.com

Regional Offices

Lahore

Co-operative Insurance Building,
Shahrah-e-Quaid-e-Azam, Lahore.

Telephone Nos:	(042) 37355783, 37353520, 37120790-91
Fax:	(042) 37355480
E-mail:	lahore@pakistancables.com

Rawalpindi

455-A, Adamjee Street,
Rawalpindi.

Telephone Nos:	(051) 5125429, 5512797, 5125202
Fax:	(051) 5587029
E-mail:	pindi@pakistancables.com

Branch Offices

Multan

1592, Quaid-e-Azam Shopping Centre No.1,
Aziz Shaheed Road, Multan Cantt.

Telephone Nos:	(061) 4583332, 4504446
Fax:	(061) 4549336
E-mail:	multan@pakistancables.com

Peshawar

Shop # 1 & 2, 1st Floor, Hurmaz Plaza, Opp. Airport Runway,
Tambwan More, University Road, Peshawar.

Telephone No:	(091) 5845068
Fax:	(091) 5846314
E-mail:	peshawar@pakistancables.com

Abbottabad

13-14, Sitara Market, Mansehra Road, Abbottabad.

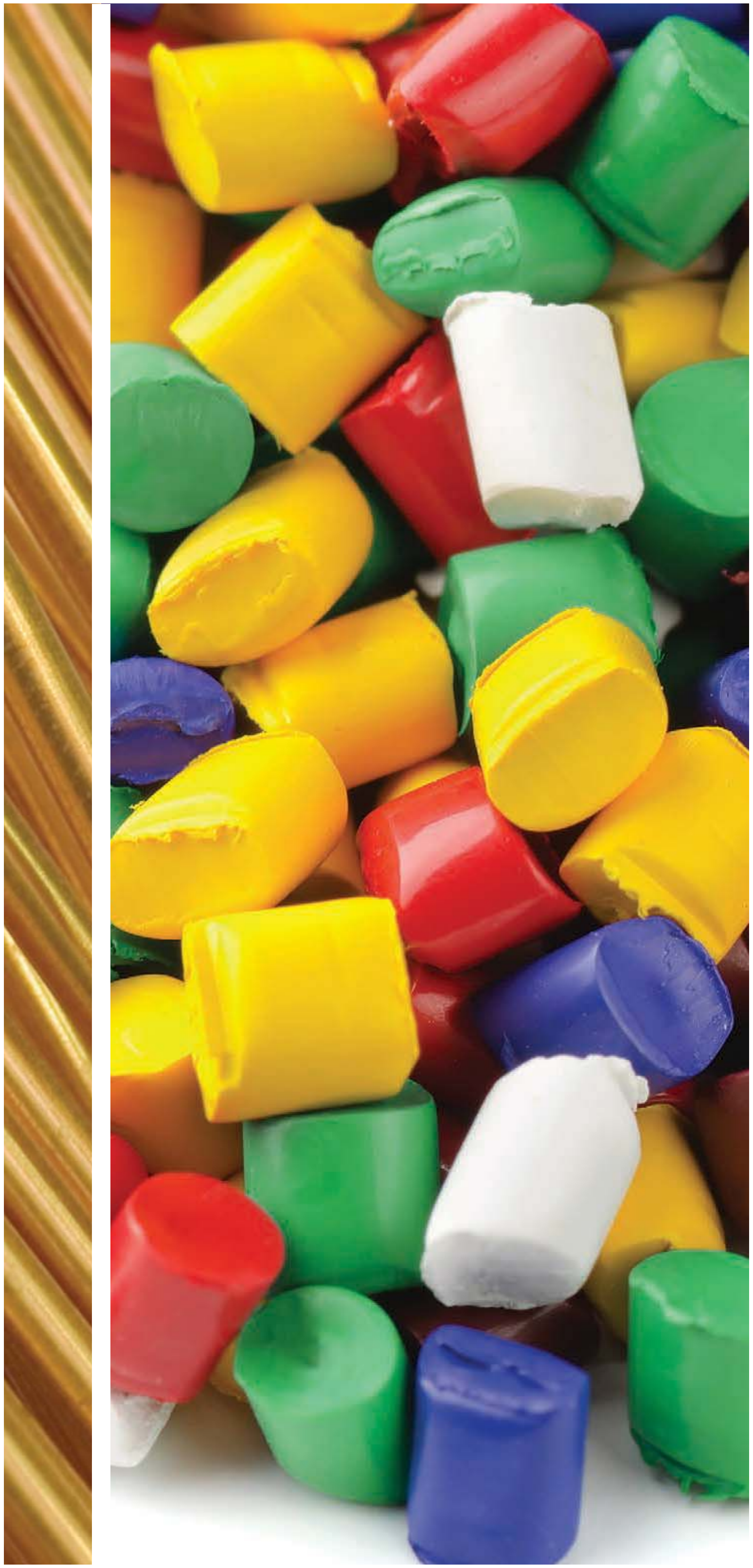
Telephone No:	(0992) 383616
Fax:	(0992) 385510
E-mail:	abbottabad@pakistancables.com

Muzaffarabad

50-1 B, Commercial Area, Upper Chattar, Muzaffarabad.

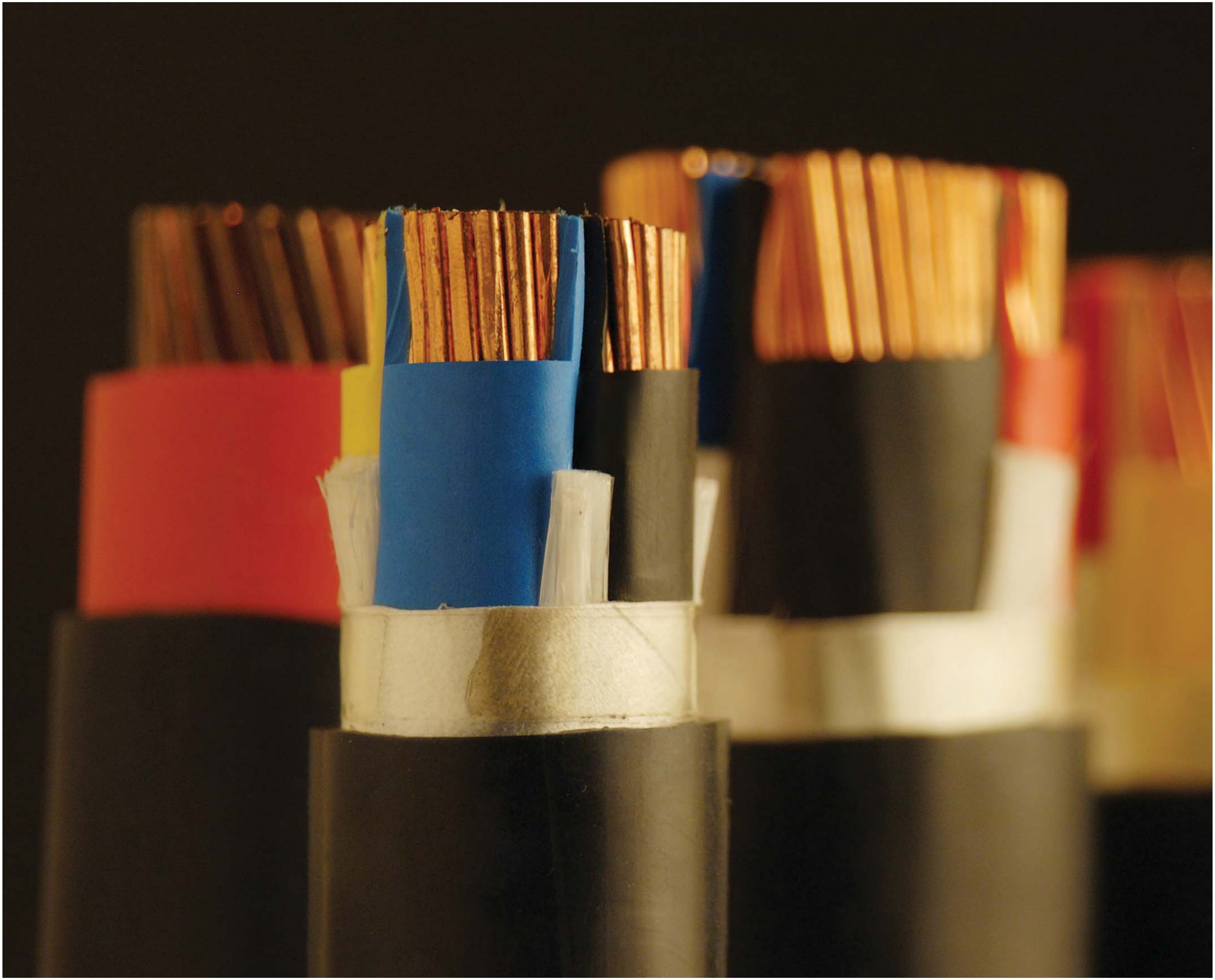
Telephone No:	(05822) 432088
Fax:	(05822) 432092
E-mail:	muzaffarabad@pakistancables.com





Our Products

Wires & Cables
Aluminium Sections
Copper Rod
PVC Compound



Wires & Cables

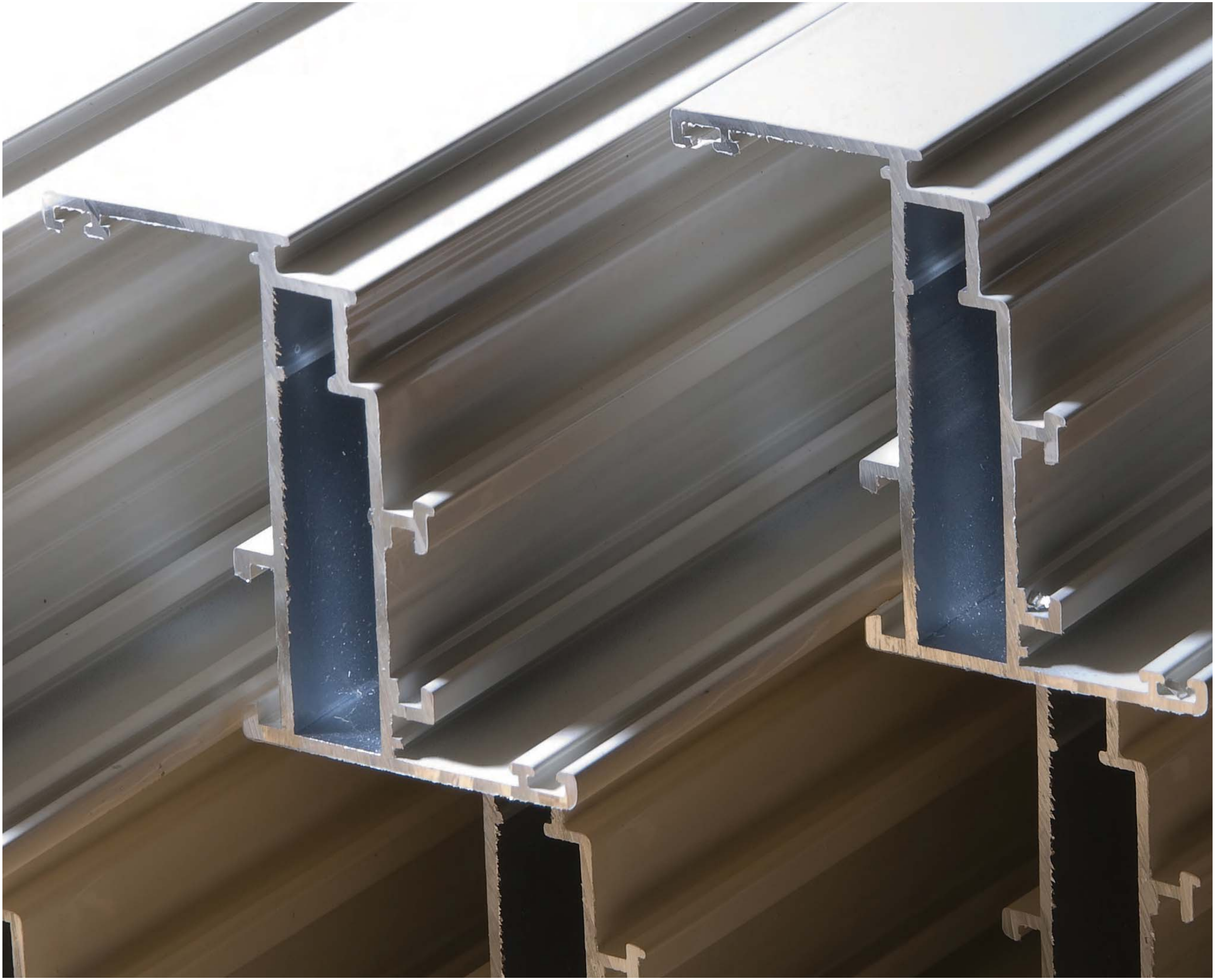
For lighting and general use, we manufacture General Wiring Cables in the range of 250/750 Volts, in conformity with national & international standards. These cables provide safety and savings in electricity consumption because of the use of 99.99% pure copper, cable grade PVC and thorough quality tests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

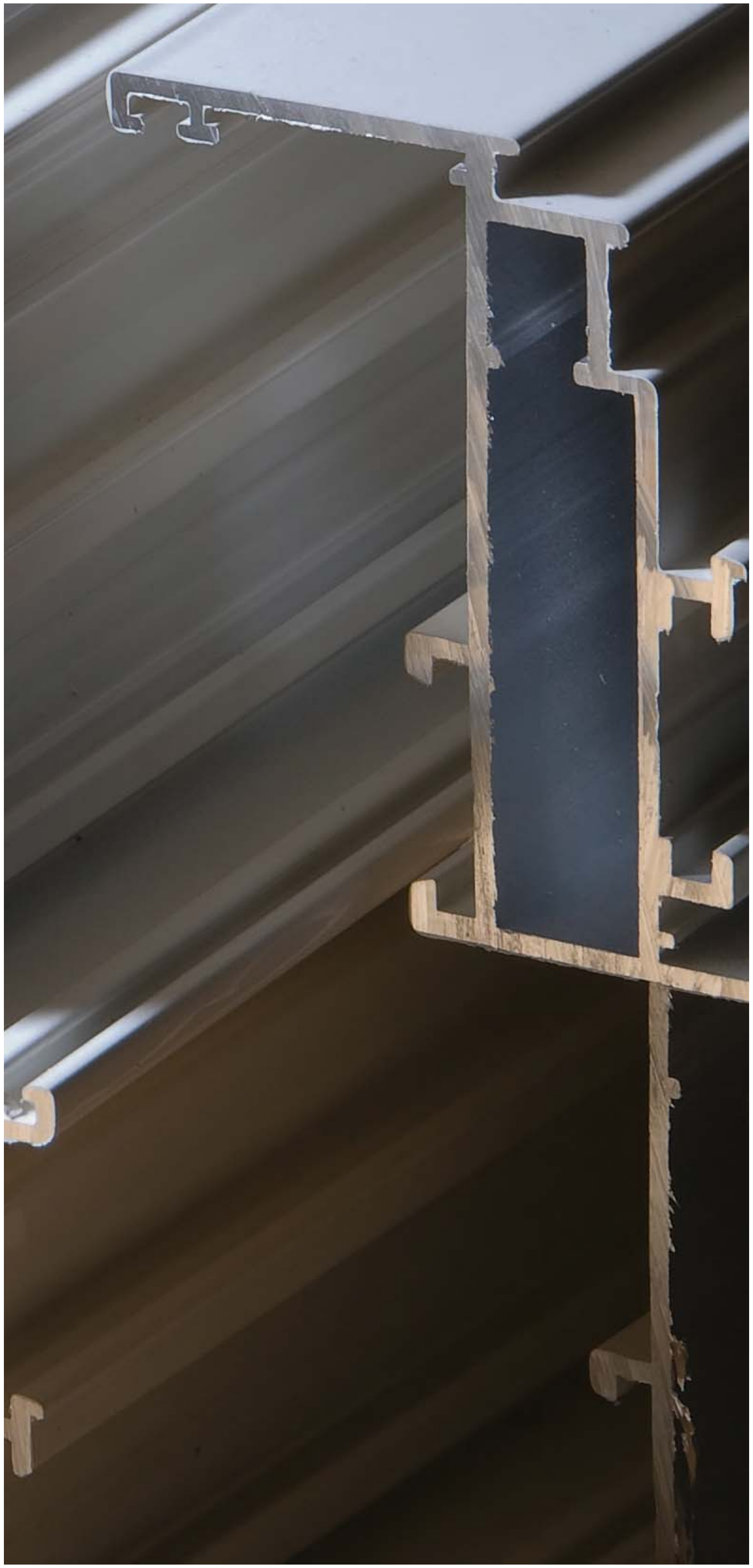
To cater to the requirements of Utilities, Projects and Industries, Pakistan Cables manufactures Low Voltage (LV) and Medium Voltage (MV) cables up to 15KV, with PVC and XLPE insulation. All our cables are subject to rigorous in-house quality checks. LV and MV cables have been fully type tested by KEMA - 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 "façde" use. These coatings can withstand the rigors of ultra violet rays in the atmosphere.

The advantages of Alum-Ex aluminium sections are:

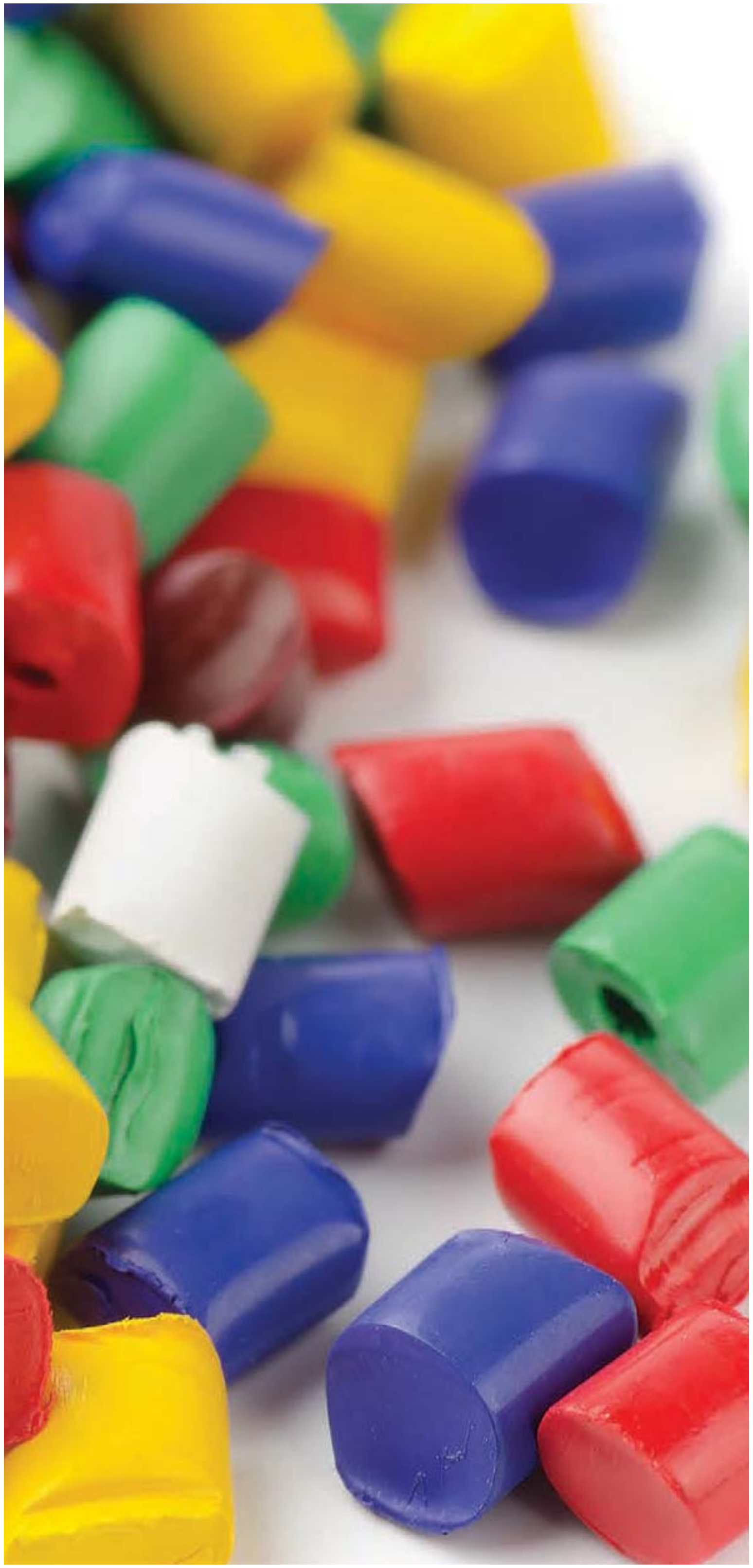
1. Scratch free and Corrosion Resistant
2. Strength & Durability
3. Uniform Colour & Smooth Finish
4. Colour Retention
5. Ultra-violet and Humidity Resistant

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.


Illuminating Success

Board of Directors

Mr. Mustapha A. Chinoy

(Chairman)

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. and the Chairman of Security Papers Ltd. He is on the Board of Travel Solutions (Pvt) Ltd., Binary Vibes (Pvt) Ltd., Global E-Comm Services (Pvt.) Ltd., International Industries Ltd., and International Steels 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.

Syed Naseem Ahmad

Non-Independent Non-Executive Director

has done his BSc (Hons) and 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 was also the Chairman of Engro Chemicals Ltd. and Vice Chairman of Karachi Port Trust. He has also served on the Board of Wazir Ali Industries Ltd., Security Leasing (Pvt.) Ltd., ABN AMRO Bank and RBS. He was also on the Board of Pak Arab Refinery and Sui Southern Gas Company.

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

Mr. Ernest K. Cuyegkeng

Non-Independent 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, such as A. Soriano Corporation, Phelps Dodge Philippines, Seven Seas Resort and Leisure, Inc., KSA Realty Corporation, Artha Land Corporation, Sumifru Singapore and Cirrus Global. 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.

Ms. Sadia Khan

Independent Non-Executive Director

is an MBA from INSEAD (France), a Master in Economics from Yale University (USA) and an undergraduate degree from Cambridge University (UK).

Ms. Khan has extensive experience in finance and management having worked with highly reputed institutions. She has worked as Corporate Analyst with Lehman Brothers USA, Consultant with United Nations Development Progarmme, Financial Economist with Asian Development Bank (Philippines), Executive Director with Securities & Exchange Commission of Pakistan and Head of Strategic Management with State Bank of Pakistan.

She is presently the CEO of Selar Enterprises (Pvt) Ltd., Director Delta Transport (Pvt) Ltd., United Arab Shipping Agency Company Pakistan, HBL Asset Management and Kashf Foundation.

She is on the Board of PCL since 18-1-2013.

Mr. Roderick Macdonald, MBE

Non-Independent 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 Alflex 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 and Chairman Audit Committee of MCB Arif Habib Savings & Investments Ltd., and a partner in Heritage Developments and Rashid Poultry.

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, Public Procurement Regulatory Authority (PPRA), 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 an MBA from Harvard Business School. He is presently CEO of 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 Siddiqi

Independent Non-Executive Director

is presently Chairman, Sui Southern Gas Company Limited (SSGCL) and State Life Insurance Corporation of Pakistan.

Mr. Siddiqi holds a Master's Degree from the Karachi University and a Post Graduate Degree in Development Economics from the University of Cambridge UK. Mr. Siddiqi topped the CSS examination of 1968. 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 of Pakistan Institute of Corporate Governance.

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 he has held the position of Director Excise and Taxation Sindh and many other assignments in the Federal and Provincial Governments.

He has been 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., Atlas Battery Ltd. and NBP Fullerton Asset Management Limited (NAFA). He is the President of the Management Association of Pakistan, and is a member of the executive committee of the International Chamber of Commerce (ICC) Pakistan. He is also on the Board of Governors of Army Burn Hall Institutions.

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), Atlas Insurance Ltd., Pakistan Security Printing Corp. (Pvt) Ltd., Pakistan Centre for Philanthropy and Admission Committee of the Aga Khan University.

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

Standing (Starting left): Mr. Shahid B. Bhatty (Manager Exports Afghanistan), Mr. Bakhtiar Mumtaz Siddiq (Regional Manager North), Mr. Shahzad Anwar (Manager Engineering), Mr. M. Yousuf Darbari (Factory HR and Admin Manager), Mr. Fahd K. Chinoy (National Sales & Marketing Manager), Mr. S.M. Athar Farid (Training Program Manager), Mr. Asim Muhammad Khan (Business Unit Head), Mr. Kamal A. Chinoy (Chief Executive), Mr. Hasan Irfaan (G.M. Operations), Mr. Aslam Sadruddin (Finance Director), Mr. Kashif Ahmed Zahidi (Manufacturing Manager), Mr. M. Tanwir Aslam (Production Manager), Mr. Moinuddin Silat (Materials Manager), Mr.Kaifee Siddiqui (G.M. HR & Admin), Mr. Azmatullah Bhalli (Regional Manager Central).

Management Team

Mr. Kamal A. Chinoy (Chief Executive)
B.Sc. Economics from the Wharton School, University of Pennsylvania, USA.
Joined PCL in 1992.

Mr. Aslam Sadruddin (Finance Director)
Fellow Member of the Institute of Chartered Accountants of Pakistan.
Also a Law graduate. Joined PCL in 1993.

Mr. Hasan Irfaan (G.M. Operations)
PGD in Advance Electronics From Philips International Institute, Netherlands.
Joined PCL in 2013.

Mr.Kaifee Siddiqui (G.M. HR & Admin)
Post graduate degrees in Law and Public Administration.
Joined PCL in 2012.

Mr. Shahzad Anwar (Manager Engineering)
B.E. in Mechanical Engineering from NED and MBA in Industrial Marketing from IBA.
Joined PCL in 2013.

Mr. M. Tanwir Aslam (Production Manager)
B.E in Metallurgical Engineering from NED University. Lifetime member of Pakistan Engineering Council. Rejoined PCL in 2011.

Mr. Azmatullah Bhalli (Regional Manager Central)
MBA from University of Oklahoma, USA.
Joined PCL in 1999.

Mr. Shahid B. Bhatty (Manager Exports Afghanistan)
Bachelor in Economics & Political Science from University of Punjab.
Joined PCL in 1989.

Mr. Fahd K. Chinoy (National Sales & Marketing Manager)
MBA from INSEAD, Fontainebleau, France and BA in Economics & Political Science from the University of Pennsylvania, USA. He is with PCL since 2008.

Mr. M. Yousuf Darbari (Factory HR and Admin Manager)
MBA from Common Wealth-AIOU and M.A. International Relations.
Joined PCL in 2012.

Mr. S.M. Athar Farid (Training Program Manager)
B.E. in Electrical Engineering from NED and MBA in Marketing from IBA.
With PCL since 1976.

Mr. Ahmed Raza Kamran (Sales Manager Afghanistan)
MBA in Marketing from University of Punjab.
Joined PCL in 2012.

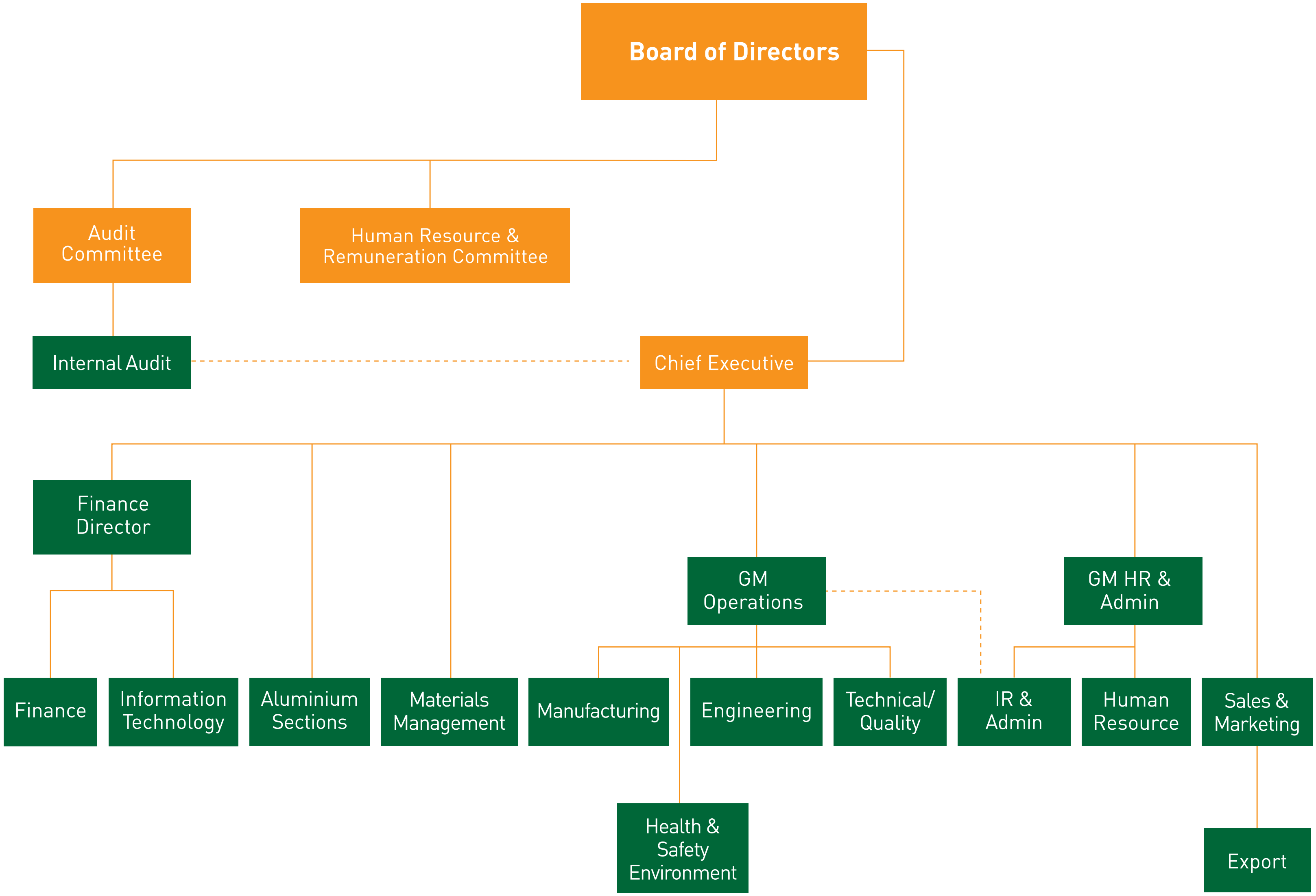
Mr. Asim Muhammad Khan (Business Unit Head)
B.E. in Civil Engineering from NED and MBA in Marketing from IBA.
Joined PCL in 2012.

Mr. Bakhtiar Mumtaz Siddiq (Regional Manager North)
MBA from IBA.
Joined PCL in 2012.

Mr. Moinuddin Silat (Materials Manager)
Graduate in Commerce from S.M. College.
Joined PCL in 2003.

Mr. Kashif Ahmed Zahidi (Manufacturing Manager)
B.E in Electrical Engineering from the Frederick Institute of Technology, Cyprus.
Joined PCL in 2013.

Organizational Structure



Committees of the Board of Directors & Management

Committees of the Board of Directors

Audit Committee

Haroun Rashid	Chairman
Mustapha A. Chinoy	
Roderick Macdonald	

Human Resource & Remuneration Committee

Syed Naseem Ahmad	Chairman
Mustapha A. Chinoy	
Saquib H. Shirazi	
Kamal A. Chinoy	

Committees of the Management

Management Committee

Kamal A. Chinoy	Chairman
Aslam Sadruddin	
Hasan Irfaan	
Kaifee Siddiqui	
Fahd K. Chinoy	

System and Technology Committee

Kamal A. Chinoy	Chairman
Aslam Sadruddin	
Waqas Mahmood	
Faisal Shaikh	
Noorallah Ali	

Operations Committee

Kamal A. Chinoy	Chairman
Aslam Sadruddin	
Hasan Irfaan	
Kaifee Siddiqui	
Shahzad Anwar	
M. Tanwir Aslam	
Fahd K. Chinoy	
M. Yousuf Darbari	
S.M. Athar Farid	
Asim Muhammad Khan	
Moinuddin Silat	
Kashif Ahmed Zahidi	


Illuminating Partners
Pakistan Cables

Shareholders' Information

Annual General Meeting

The annual meeting of the shareholders will be held on 26th September 2013 at 11:00 a.m. at Beach Luxury Hotel, M.T. Khan Road, 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 2013-14, Financial Results will be announced as per the following tentative schedule:

1st Quarter ending September 30, 2013	Last week of October 2013
2nd Quarter ending December 31, 2013	Last week of January 2014
3rd Quarter ending March 31, 2014	Last week of April 2014
Year ending June 30, 2014	Second week of August 2014

Investor Relations Contact

Mr. M. Ashfaq Alam (Assistant Manager Accounts)
Email: finance@pakistancables.com
Phone: (021) 32561170-5   Fax: (021) 32564614

In compliance with the requirements of section 204 (A) of The 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 are 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) 35655595
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 60th Annual General Meeting of the shareholders of Pakistan Cables Limited will be held on Thursday the 26th day of September 2013 at 11.00 a.m. at Beach Luxury Hotel, M.T. Khan Road, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Statement of Accounts for the year ended June 30, 2013 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of dividend as recommended by the Directors. The Directors have recommended a final cash dividend of 40% for the financial year ended June 30, 2013.
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 xxxv 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. as auditors for the ensuing year.
4. To transact any other ordinary business which may legally be transacted at an Annual General Meeting.

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

KARACHI: September 03, 2013

NOTES

1. The Shares Transfer Books of the Company will remain closed from September 13th, 2013 to September 26th, 2013 (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 his/her 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/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 along with proxy form to the Company.


ting Journey

1953

Pakistan Cables was established and started manufacturing General Wiring Cables with Natural Rubber Insulation.

PCL factory being built.

Late Chairman, Mr. Amir S. Chinoy meets guests at the opening ceremony of the PCL factory.

Mr. Habib Rahimtoola the Honourable Federal Minister for Commerce and Industry, cuts the tape at the factory entrance and declares it open.

map

1984

Established Anodizing plant for manufacturing of doors & window sections.

Introduced for the first time in Pakistan MV XLPE Cables for supply to KESC.

Drum of MV XLPE Cables.

1996

Set up state-of-the-art Outokumpu plant to manufacture High Conductivity Oxygen Free Copper Rod.

Mr. Kamal A. Chinoy, Chief Executive, receives Top 25 Companies Award from Mr. Shaukat Aziz (former Prime Minister of Pakistan).

2007

Achieved net sales of over Rs. 4 billion.

Received "Brands of the Year" Award for Wire & Cables and Copper Rod.

Received Top 25 Companies Award from Karachi Stock Exchange.

2008

Received Best Corporate Report Award from Joint Committee of ICAP and ICMAP for the Year 2006/07.

Received Top 25 Companies Award from Karachi Stock Exchange.

2008

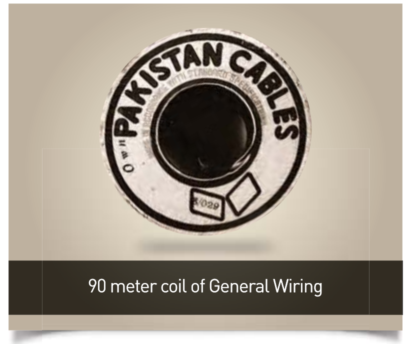
Completed upstream expansion by inaugrating new PVC Compounding Plant.

Received "Brands of the Year" Award for Wire & Cables and Copper Rod.

At the opening ceremony (from L to R) Mrs. John Dean, Mrs. Almas Chinoy, Mrs. M.G. Brown, Mrs. P.M. Beecheno, General Sir Ronald Scobie and Mr. John Dean.

1960

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



90 meter coil of General Wiring

1968

Established Factory for LV Armoured Cables up to 3.3 KV for the first time in Pakistan.

Installed Aluminium Rod Extrusion Plant.

Copper Rod Plant.

1997

Was the first cable manufacturer to recieve ISO 9002 certification.

Was the first cable manufacturer to receive ISO 9002 certification.

1998

Received Achievement Award for outstanding performance, presented by the President of Pakistan.

Mr. Kamal A. Chinoy, Chief Executive, receives Top 25 Companies Award from Mr. Shaukat Tareen (former Finance Minister of Pakistan)

Fully automated PVC Compounding Plant.

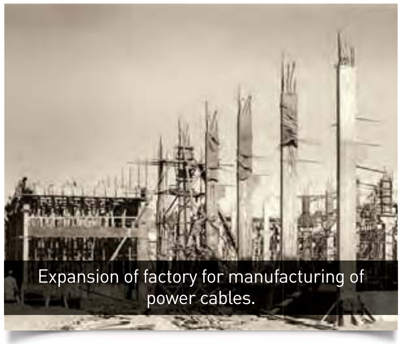
Mr. Aslam Sadruddin, Finance Director, receives Brand of the Year Award from Prime Minister Yusuf Raza Gilani.

2009

Made operational a 2 MW gas-fired tri-generation power generating plant.

Set up a new plant for the manufacture of automobile cables.

Received ISO 9001:2008 certification.

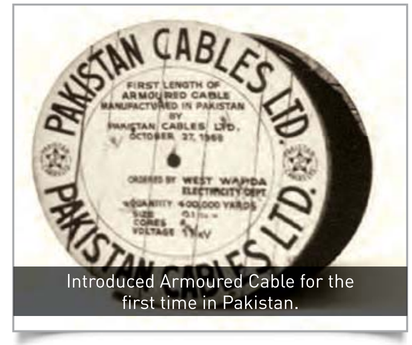


Expansion of factory for manufacturing of power cables.

Fomer President Ayub Khan visits PCL. The late Chairman, Mr. Amir S. Chinoy is second from the left.

1969

The Schloemann Press for processing aluminium cable was installed.



Introduced Armoured Cable for the first time in Pakistan.

2000

Was amongst the first 5 companies in Pakistan and was the first and only cable and aluminium manufacturer in Pakistan to be certified to ISO 9001:2000 version.

2001

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

2003

Introduced powder coated Aluminium Profiles.

Commemorated 50th Anniversary.

Selected for Top 25 Companies Award from Karachi Stock Exchange.

GE Janbacher gas fired generator installed at 2 MW power plant.

Multi-wire bunching machine at the new automobile cable plant.

2010

General Cable Corporation, a Fortune 500 company and world leader in cable manufacturing made an investment to take it 25% equity stake in Pakistan Cables.

Mr. Gregory B. Kenny, President General Cable at the signing ceremony along side Mr. Kamal A. Chinoy CEO Pakistan Cables.

1974

Manufactured Field Communication Cables used by Pakistan's Armed Forces.

1978-80

1978 - Receipt of Award of Top 25 Companies on the Karachi Stock Exchange.

1979 - Launched aluminium extruded sections.

1980 - Receipt of Award of Top 25 Companies on the Karachi Stock Exchange.

Receipt of Award of Top 25 Companies on the Karachi Stock Exchange in 1978.

1982-83

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

2004

Achieved net sales of over Rs. 1 billion.

2005

Achieved net sales of over Rs. 2 billion.

2006

Achieved net sales of over Rs. 3 billion.

Expanded capacity of Outokumpu Plant.

Received Top 25 Companies Award from Karachi Stock Exchange.

2011

Received ISO 14001:2004 Certification

Received OHSAS 18001:2007 Certification

2012

Achived net sales of over Rs. 5 billion.

Received Best Corporate Report Award from Joint Committee of ICAP and ICMAP for the Year 2010.

2013

Celebrated 60 brilliant years!


Ms. Diana C. Toman (VP, Assistant General Counsel & Assistant Secretary - General Cable), Mr. Roderick Macdonald and Mr. Kamal Chinoy during a tour of PCL's facilities in 2013.

Key Financial Data

	2012-2013 Rs. Million	2011-2012 Rs. Million	2010-2011 Rs. Million	2009-2010 Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million	2006-2007 Rs. Million
Financial Results							
Sales	6,164.6	5,344.6	4,096.4	3,798.8	3,352.3	3,794.9	4,168.9
Gross Profit	707.0	687.6	519.6	412.3	532.4	369.9	614.2
Operating profit	349.0	348.4	250.7	197.7	350.9	7.0	390.5
Profit before tax	266.0	240.9	146.7	52.3	101.8	53.6	293.3
Profit after tax	177.0	139.9	85.7	45.5	63.9	65.4	194.3
Earning before interest, tax, depreciation and amortization (EBITDA)	478.2	430.6	361.0	323.1	432.4	257.0	464.7
Dividend	113.9	92.5	56.9	32.2	48.3	-	54.8
Bonus Issue	-	-	-	-	-	19.5	48.8
Capital expenditure	33.0	35.9	34.2	30.2	169.9	338.4	280.0
Fixed assets at cost/revaluation	2,302.4	2,285.0	2,254.0	2,218.0	2,192.0	1,776.4	1,429.6
Current assets less current liabilities	958.6	816.7	569.7	41.4	78.7	2.7	142.6
Cash Flow from:							
Operating activities	114.5	496.8	(4.0)	(562.4)	630.2	31.8	(345.4)
Investing activities	(24.4)	26.7	(27.3)	(25.2)	(164.9)	(246.8)	(270.4)
Financing activities	(84.7)	(625.9)	357.8	556.8	(58.5)	(448.5)	353.7
Cash and cash equivalents	(108.5)	(113.9)	(11.6)	(338.0)	(307.2)	(714.0)	(50.4)
Shareholders' funds							
Issued capital	284.6	284.6	284.6	214.6	214.6	195.1	146.3
Reserve & retained earning	1,265.0	1,176.2	1,088.9	504.2	503.6	455.9	456.4
Total Shareholders' fund	1,549.6	1,460.8	1,373.5	718.8	718.2	651.0	602.7
Surplus on revaluation of fixed assets	688.7	691.6	695.8	680.8	684.2	687.6	549.0
Long term Loans & Liabilities	148.5	182.7	199.3	394.5	510.0	378.2	259.0
Net Assets employed	2,386.8	2,335.1	2,268.7	1,794.2	1,912.4	1,716.8	1,410.8
Liquidity							
Current Ratio	1.8:1	1.6:1	1.4:1	1:1	1.1:1	1:1	1.1:1
Acid Test Ratio	0.9:1	0.7:1	0.5:1	0.5:1	0.4:1	0.4:1	0.4:1
Financial Gearing							
Financial Leverage	38:62	42:58	46:54	62:38	53:47	60:40	61:39
Debt to Equity ratio	06:94	08:92	09:91	22:78	27:73	22:78	18:82
Interest coverage (Times)	4.1	4.6	2.5	1.3	1.4	1.4	3.6

		2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Capital efficiency								
Debtors turnover	(Times)	7.0	7.5	8.6	6.0	10.4	9.6	8.3
Inventory turnover	(Times)	5.4	3.7	2.7	3.4	4.3	3.4	3.1
Total assets turnover	(Times)	1.7	1.5	1.1	1.0	1.1	1.1	1.4
Creditor turnover	(Times)	99.2	16.8	96.7	15.1	14.1	36.2	15.3
Operating Cycle	No. of days	116.0	125.0	174.0	144.0	94.0	135.0	138.0
Fixed assets turnover	(Times)	4.4	3.6	2.6	2.3	2.0	2.3	3.4
Capital employed turnover	(Times)	2.6	2.3	1.8	2.1	1.8	2.2	2.9
Profitability								
Gross profit	%	11.5	12.9	12.7	10.9	15.9	9.7	14.7
Net profit	%	2.9	2.6	2.1	1.2	1.9	1.7	4.7
EBITDA margin	%	7.8	8.1	8.8	8.5	12.9	6.8	11.1
Return on capital employed (ROCE)	%	20.7	18.8	15.4	18.5	27.0	17.9	47.0
ROCE including revaluation surplus	%	14.8	13.2	10.7	11.5	17.4	10.7	28.7
Return on Equity	%	11.4	9.6	6.3	6.3	8.9	10.0	32.2
Return on total assets	%	4.9	3.8	2.3	1.2	2.1	1.9	6.5
Investment								
Price earning ratio		10.4	7.8	13.7	25.5	11.4	36.4	20.2
Earning per rupee of sales	Rs.	0.03	0.03	0.02	0.01	0.02	0.02	0.05
Earning per share	Rs.	6.22	4.92	3.34	2.12	2.98	3.35	13.28
Cash dividend per share	Rs.	4.00	3.25	2.00	1.50	2.25	-	3.75
Bonus issue per share	Rs.	-	-	-	-	-	1.00	3.33
Dividend (cash+bonus) yield*	%	6.17	8.52	4.40	2.94	6.61	10.00	34.70
Dividend payout	%	64.3	66.1	66.3	70.7	75.6	29.8	53.3
Dividend Cover	(Times)	1.6	1.5	1.5	1.4	1.3	3.4	1.9
Market value per share	Rs.	64.8	38.2	45.6	54.0	34.0	122.0	267.9
Market value per share high during the year	Rs.	82.0	47.3	68.9	63.0	120.8	276.0	273.2
Market value per share low during the year	Rs.	38.7	31.0	45.6	34.2	27.8	122.0	162.0
Break-up value per share including surplus on revaluation	Rs.	78.6	75.6	72.7	65.2	65.3	68.6	78.7
Break-up value per share excluding surplus on revaluation	Rs.	54.4	51.3	48.3	33.5	33.5	33.4	41.2

	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Value addition and its distribution							
Employees as remuneration	372.1	333.7	295.4	251.8	239.8	229.2	204.6
Government as taxes	1,169.8	1,008.3	846.0	708.7	582.7	698.7	838.1
Shareholders as dividends	113.9	92.5	56.9	32.2	48.3	19.5	103.6
Provider of Finance	86.0	67.7	95.9	154.5	230.0	130.3	112.1
Society	4.1	3.2	2.0	0.2	1.5	1.0	5.3
Retained within the business	67.5	51.5	32.5	16.5	19.0	58.0	93.0

* Based on market value of June 30

Horizontal Analysis of Financial Statements

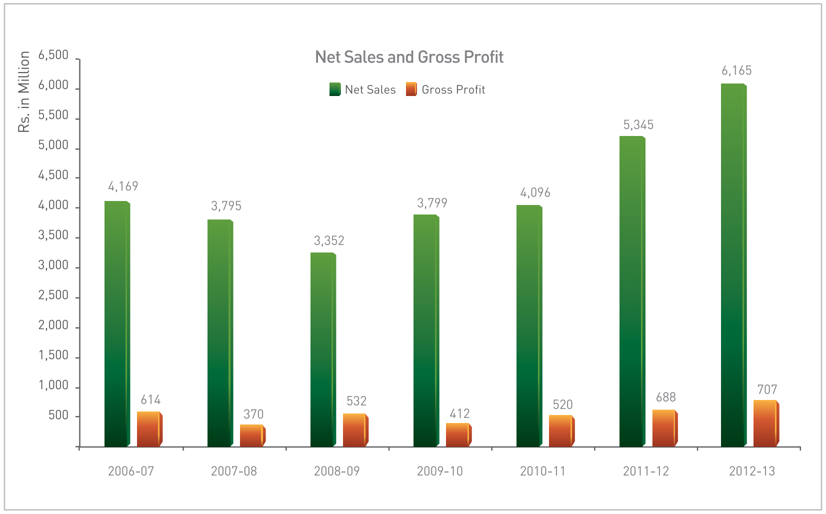
	2012-2013 Rs. '000	% Change w.r.t. 2012	2011-2012 Rs. '000	% Change w.r.t. 2011	2010-2011 Rs. '000	% Change w.r.t. 2010
Balance Sheet						
Total equity	2,238,354	4	2,152,397	4	2,069,366	48
Total non-current liabilities	148,455	(19)	182,748	(8)	199,299	(49)
Total current liabilities	1,205,257	(10)	1,344,012	(13)	1,539,111	(17)
Total equity and liabilities	3,592,066	(2)	3,679,157	(3)	3,807,776	5
Totoal non-current assets	1,428,231	(6)	1,518,462	(11)	1,698,948	(3)
Total current assets	2,163,835	0	2,160,695	2	2,108,828	12
Total assets	3,592,066	(2)	3,679,157	(3)	3,807,776	5
Profit and Loss Account						
Net sales	6,164,555	15	5,344,571	30	4,096,391	8
Gross profit	707,017	3	687,595	32	519,615	26
Operating profit	348,999	0	348,442	39	250,673	27
Profit before tax	266,045	10	240,956	64	146,682	180
Profit after tax	176,982	26	139,956	63	85,682	88

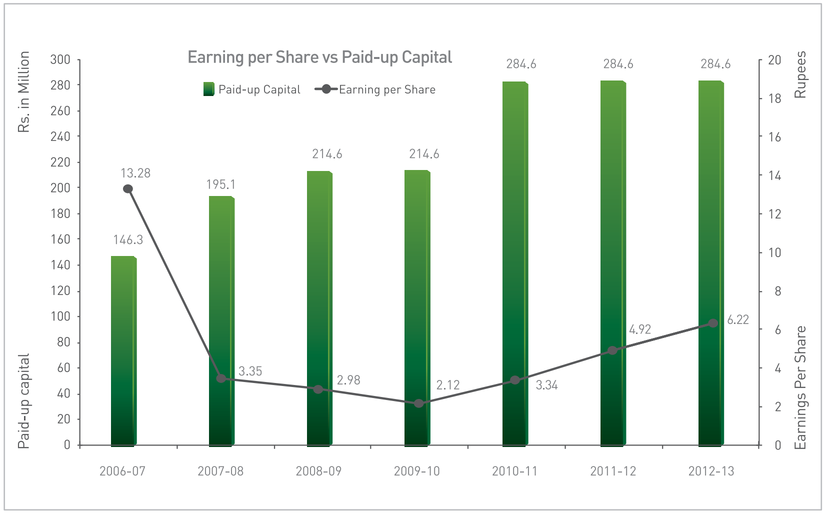
2009-2010 Rs. '000	% Change w.r.t. 2009	2008-2009 Rs. '000	% Change w.r.t. 2008	2007-2008 Rs. '000	% Change w.r.t. 2007	2006-2007 Rs. '000
1,399,658	(0)	1,402,442	5	1,338,521	16	1,151,761
394,541	(23)	510,026	35	378,254	46	259,050
1,846,750	69	1,095,266	(33)	1,629,125	4	1,568,310
3,640,949	21	3,007,734	(10)	3,345,900	12	2,979,121
1,752,787	(4)	1,833,749	7	1,714,085	35	1,268,174
1,888,162	61	1,173,985	(28)	1,631,815	(5)	1,710,947
3,640,949	21	3,007,734	(10)	3,345,900	12	2,979,121
3,798,847	13	3,352,328	(12)	3,794,949	(9)	4,168,938
412,349	(23)	532,355	44	369,880	(40)	614,211
197,708	(41)	332,335	4,676	6,959	(98)	390,476
52,306	(49)	101,841	90	53,607	(82)	293,276
45,506	(29)	63,921	(2)	65,397	(66)	194,276

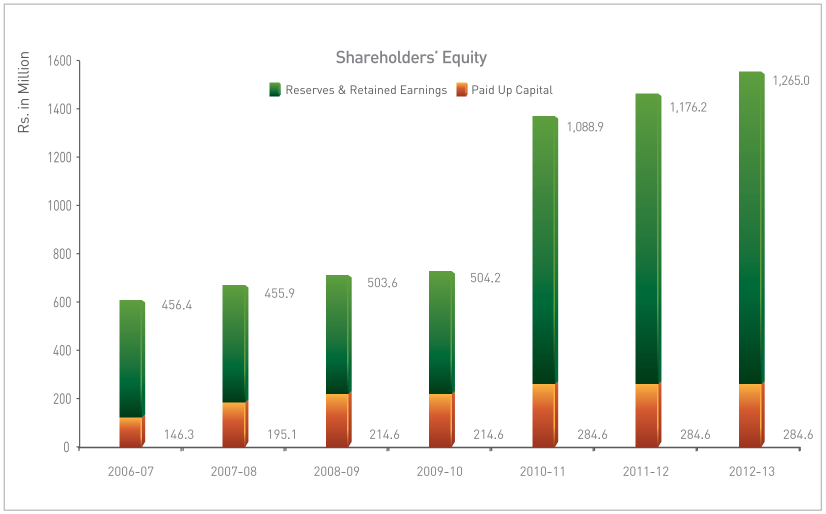
Vertical Analysis of Financial Statements

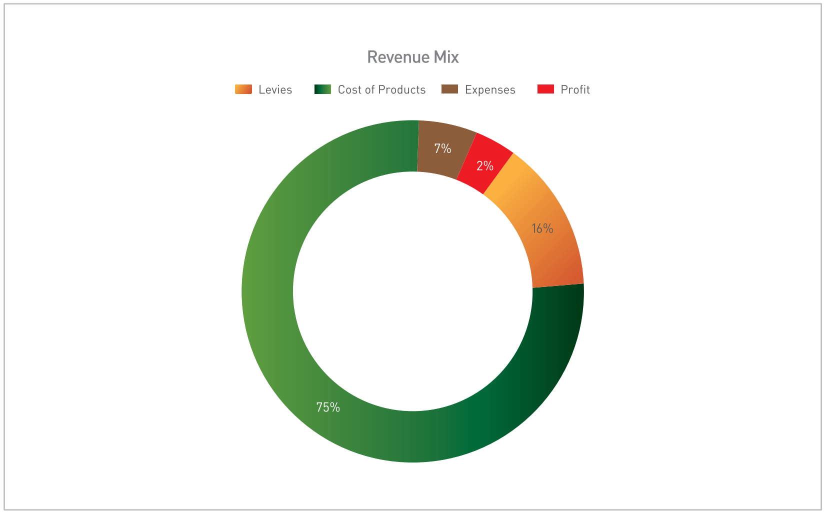
	2012-2013		2011-2012		2010-2011	
	Rs. '000	%	Rs. '000	%	Rs. '000	%
Balance Sheet						
Total equity	2,238,354	62.31	2,152,397	58.50	2,069,366	54.35
Total non-current liabilities	148,455	4.13	182,748	4.97	199,299	5.23
Total current liabilities	1,205,257	33.55	1,344,012	36.53	1,539,111	40.42
Total equity and liabilities	3,592,066	100.00	3,679,157	100.00	3,807,776	100.00
Total non-current assets	1,428,231	39.76	1,518,462	41.27	1,698,948	44.62
Total current assets	2,163,835	60.24	2,160,695	58.73	2,108,828	55.38
Total assets	3,592,066	100.00	3,679,157	100.00	3,807,776	100.00
Profit and Loss Account						
Net sales	6,164,555	100.00	5,344,571	100.00	4,096,391	100.00
Gross profit	707,017	11.47	687,595	12.87	519,615	12.68
Operating profit	348,999	5.66	348,442	6.52	250,673	6.12
Profit before tax	266,045	4.32	240,956	4.51	146,682	3.58
Profit after tax	176,982	2.87	139,956	2.62	85,682	2.09

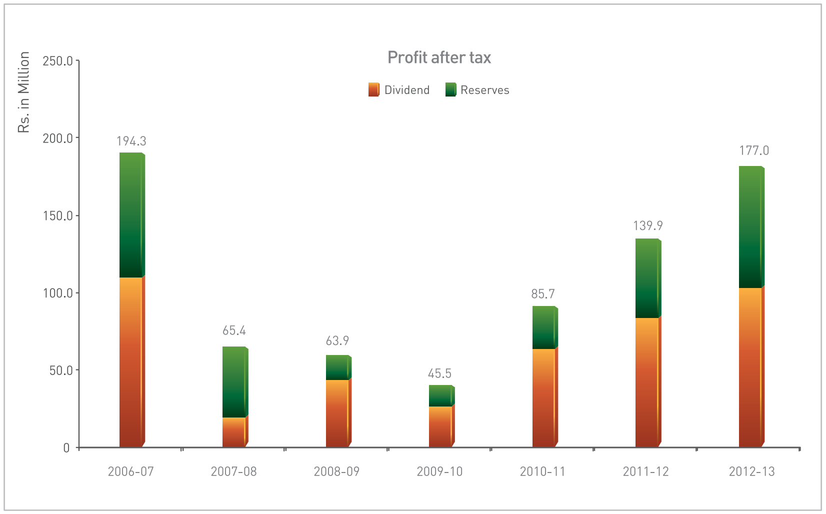
2009-2010		2008-2009		2007-2008		2006-2007	
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
1,399,658	38.44	1,402,442	46.63	1,338,521	40.00	1,151,761	38.66
394,541	10.84	510,026	16.96	378,254	11.31	259,050	8.70
1,846,750	50.72	1,095,266	36.41	1,629,125	48.69	1,568,310	52.64
3,640,949	100.00	3,007,734	100.00	3,345,900	100.00	2,979,121	100.00
1,752,787	48.14	1,833,749	60.97	1,714,085	51.23	1,268,174	42.57
1,888,162	51.86	1,173,985	39.03	1,631,815	48.77	1,710,947	57.43
3,640,949	100.00	3,007,734	100.00	3,345,900	100.00	2,979,121	100.00
3,798,847	100.00	3,352,328	100.00	3,794,949	100.00	4,168,938	100.00
412,349	10.85	532,355	15.88	369,880	9.75	614,211	14.73
197,708	5.20	332,335	9.91	6,959	0.18	390,476	9.37
52,306	1.38	101,841	3.04	53,607	1.41	293,276	7.03
45,506	1.20	63,921	1.91	65,397	1.72	194,276	4.66


Net Sales and Gross Profit
Net Sales
Gross Profit
Rs. in Million
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
4,169
614
3,795
370
3,352
532
3,799
412
4,096
520
5,345
688
6,165
707
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

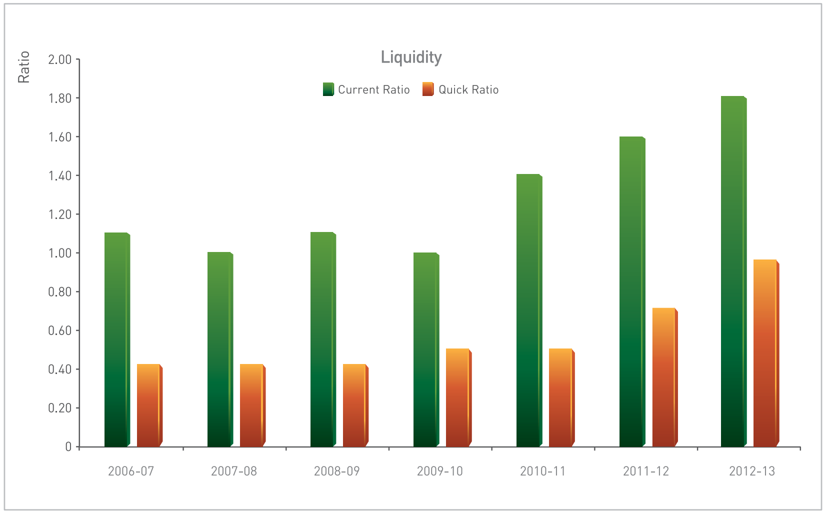

Earning per Share vs Paid-up Capital
Paid-up Capital
Earning per Share
Rs. in Million
Paid-up capital
Rupees
Earnings Per Share
300
280
260
240
220
200
180
160
140
120
100
80
60
40
20
0
20
18
16
14
12
10
8
6
4
2
0
146.3
13.28
195.1
3.35
214.6
2.98
214.6
2.12
284.6
3.34
284.6
4.92
284.6
6.22
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

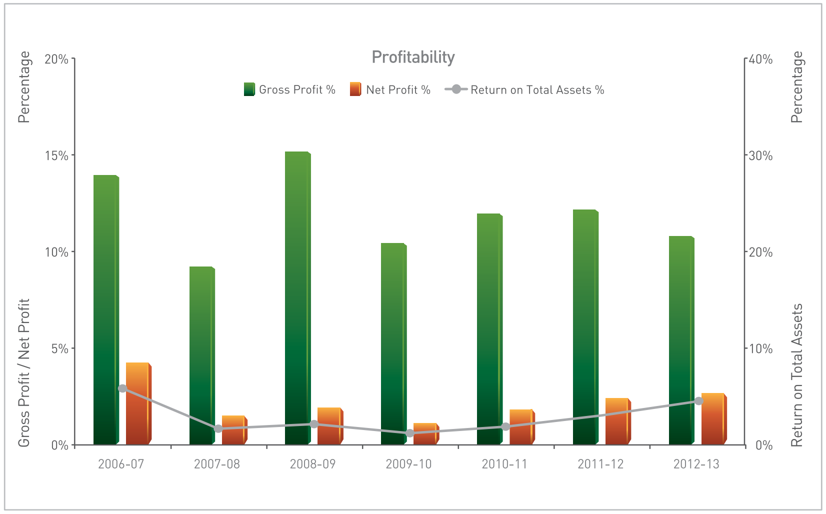

Shareholders' Equity
Reserves & Retained Earnings
Paid Up Capital
Rs. in Million
1600
1400
1200
1000
800
600
400
200
0
456.4
146.3
455.9
195.1
503.6
214.6
504.2
214.6
1,088.9
284.6
1,176.2
284.6
1,265.0
284.6
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

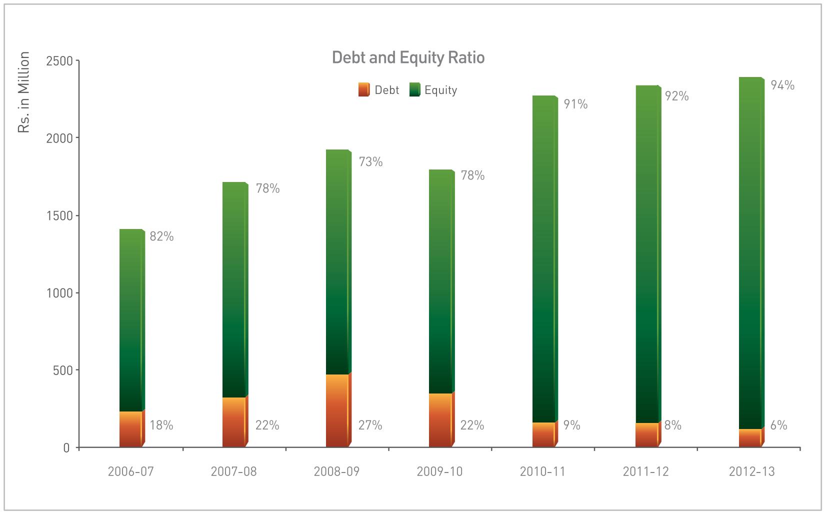

Revenue Mix
Levies
Cost of Products
Expenses
Profit
7%
2%
16%
75%

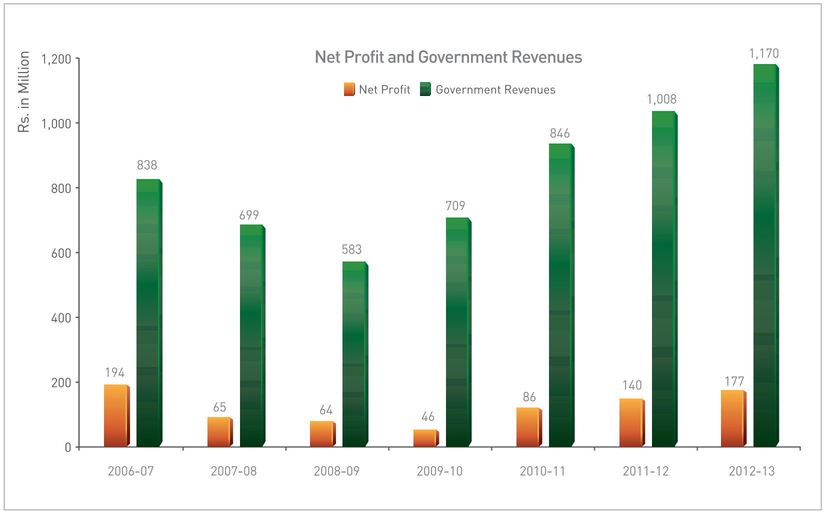

Profit after tax
Dividend
Reserves
Rs. in Million
250.0
200.0
150.0
100.0
50.0
0
194.3
65.4
63.9
45.5
85.7
139.9
177.0
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

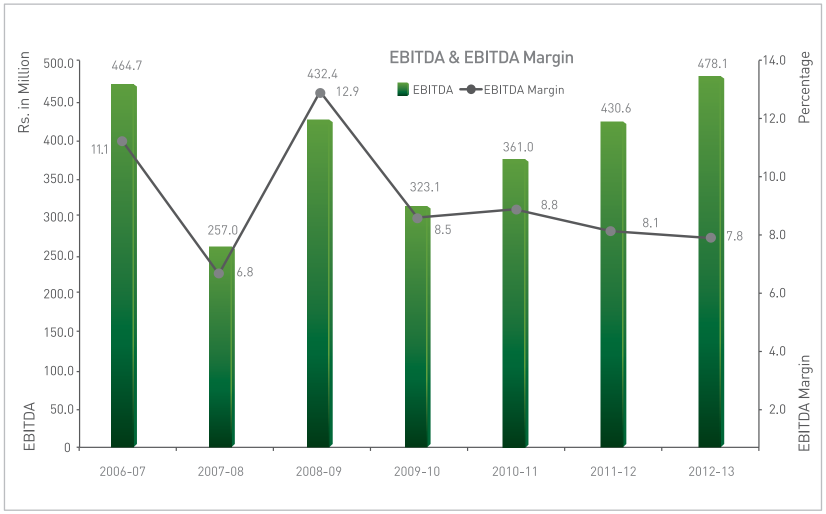

Earning Per Share
Rupees
25
20
15
10
5
0
13.28
3.35
2.98
2.12
3.34
4.92
6.22
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

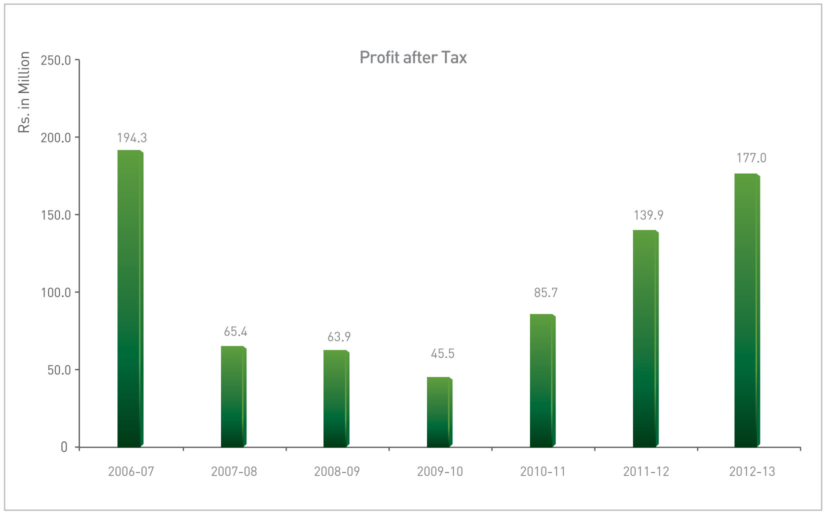

Liquidity
Current Ratio
Quick Ratio
Ratio
2.00
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13


Profitability
Gross Profit %
Net Profit %
Return on Total Assets %
Percentage
Gross Profit / Net Profit
Return on Total Assets
20%
15%
10%
5%
0%
40%
30%
20%
10%
0%
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13


Debt and Equity Ratio
Debt
Equity
Rs. in Million
2500
2000
1500
1000
500
0
82%
78%
73%
78%
91%
92%
94%
18%
22%
27%
22%
9%
8%
6%
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13


Net Profit and Government Revenues
Net Profit
Government Revenues
Rs. in Million
1,200
1,000
800
600
400
200
0
194
838
65
699
64
583
46
709
86
846
140
1,008
177
1,170
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13


EBITDA & EBITDA Margin
EBITDA
EBITDA Margin
Rs. in Million
EBITDA
Percentage
EBITDA Margin
500.0
450.0
400.0
350.0
300.0
250.0
200.0
150.0
100.0
50.0
0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
464.7
11.1
257.0
6.8
432.4
12.9
323.1
8.5
361.0
8.8
430.6
8.1
478.1
7.8
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13


Profit after Tax
Rs. in Million
250.0
200.0
150.0
100.0
50.0
0
194.3
65.4
63.9
45.5
85.7
139.9
177.0
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
2012-13

Directors' Report

The Directors are pleased to present the 60th Annual Report along with the audited accounts of the Company for the year ended June 30, 2013.

The Company is engaged in the manufacture of 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.

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.

General Cable is one of the largest cable companies in the world with annual revenues in 2012 of US$ 6.0 billion and 57 manufacturing units in 26 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.

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 2012 achieved record volumes with 159.7 million lots, equivalent to $14.5 trillion annually and 3.7 billion tons. 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.

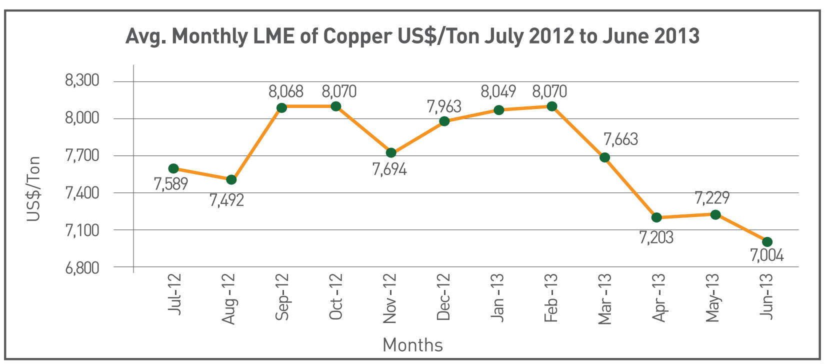
Ms. Zubeida Rahimtoola being presented with a bouquet by Ms. Farhana Shah at the PCL inaugartion ceremony

Mr. M. G. Brown, the first Chairman of Pakistan Cables, delivers his address at the Company inaugaration

From left to right: Shahpur Channah, Kamal A. Chinoy and Aslam Sadruddin Celebrating Golden Jubilee in 2003

Mr. Kamal A. Chinoy receives a momento of appreciation for cables supplied from the Chief of Naval Staff for the Bahria III project in 2007

Copper prices fluctuated widely during the year starting out at an average of $7,589 a ton in July 2012 and reaching average highs of $8,070 in October 2012 and February 2013. However, copper closed the year at its yearly lowest average of $7,004 in June 2013. Fluctuations at the beginning of the year can be attributed to concerns regarding the Euro debt crisis. Steady increases in prices in the middle of the year were primary due to a continuing US economic recovery and expectation from China to move into a recovery mode. The sharp decline in prices towards the end of the year was due to supply surpluses in the market.



Overview of National Economy

Several landmark events took place during the fiscal year 2012-13 with the most important being the national elections and the peaceful transfer of power. With a new government in place there are several changes expected in both political and economical fronts.

The real GDP grew by 3.6 % as seen in the Pakistan Economic Survey 2012-2013. This is slightly short of 3.7% growth in real GDP that was witnessed last year. The agricultural sector contributed 0.72% to GDP growth, whereas the industry and several sectors contributed 0.73% & 2.14% respectively.

Pakistan's new government and International Monetary Fund (IMF) have reached an agreement for a $5.3 billion new program under an Extended Fund Facility (EFF). The signing of this agreement has lifted a large cloud of uncertainty that has been hanging over Pakistan's economy.

The federal budget 2013-14 outlay is envisaged at Rs. 3.59 trillion. Given net revenue receipts of Rs. 1.92 trillion, the fiscal deficit is estimated at Rs.1.65 trillion or 6.3 % of the GDP. This is a 2.5 % reduction over the FY13 revised deficit estimate of Rs. 1.9 trillion and is a positive signal, since this will hamper inflation, which is currently expected to be around 8%.

There is optimism that the new government will take several concrete steps towards structural reforms. No sizeable capacity in the power sector has been added during the last 10 years. Considering the latest stance that the current government has taken against the energy crisis, there is expectation of significant developments in this sector.

Segment Highlights

Cables & Wires

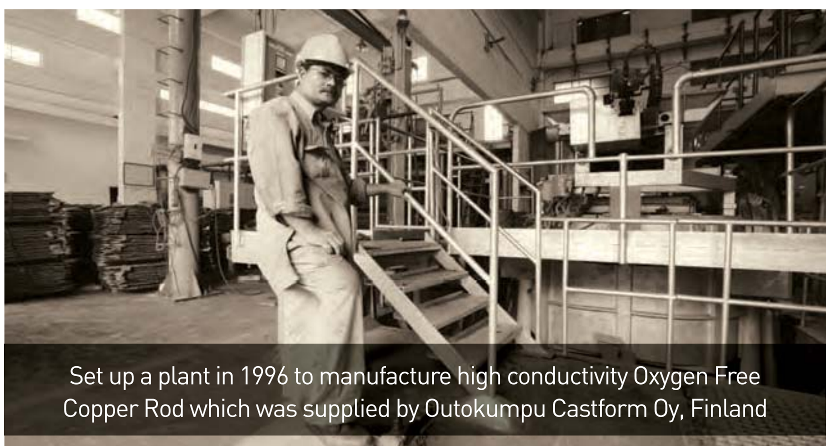
Pakistan Cables has established itself as a key player with more than 60 years of experience in the wire & cables business and can rightly claim to be the leading cable and wire company in the country. Our business is driven by the strength, growth prospects and activity in the end markets where our 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 110 cities and towns across Pakistan. The Company also continued to win large orders from a number of significant commercial projects.

Aluminium Sections

Alum-Ex continued to retain its position in the market. The Company is committed to provide the highest quality aluminium profiles and architectural sections in the country. This is underlined by the confidence in our products from Pakistan's leading architects and contractors.



Set up a plant in 1996 to manufacture high conductivity Oxygen Free Copper Rod which was supplied by Outokumpu Castform Oy, Finland

Begum Almas Chinoy inaugurating Pakistan Cables renovated office in 2007.

Operating Performance

The country's GDP growth remained at 3.6 percent against the target of 4.2 percent in the current financial year. The economy continued to face serious challenges like poor law & order situation, energy crisis, circular debt issue, lack of foreign investment and a host of other structural problems that have held back investment and posed severe threat to the growth momentum. Moreover, the rising foreign debt payments, mainly to the IMF, have swallowed over $ 4 billion from the country's foreign exchange reserves during the year adding pressure on the Rupee. However, in these difficult times, the economy has shown some signs of improvement like decline in inflation, increase in remittances and also marginal improvement in Large Scale Manufacturing (LSM).

Despite adverse economic factors and non-conducive business environment prevailing in the country, the Company registered a reasonable growth in its sales and profitability as shown below:

	2012-13	2011-12	Increase
	Rs. in million		%
Sales	6,165	5,345	15%
Gross Profit	707	688	3%
Gross Profit Percentage	11.5%	12.9%	
Profit Before Tax	266	241	10%
Profit Before Tax Percentage	4.3%	4.5%	
Profit After Tax	177	140	26%
Profit After Tax Percentage	2.9%	2.6%	
EPS – Rs.	6.22	4.92	26%

Your Company achieved sales of Rs. 6.2 billion, which is 15% higher than last year's sales of Rs. 5.3 billion. This is the highest ever sale in the history of the Company. The growth in sales compared to last year is mainly due to higher sales volumes. Strong sales performance was witnessed in all the segments of wire & cable business, particularly Trade and Project segments.

Gross profit for the year amounted to Rs. 707.0 million (11.5% of sales), compared to gross profit in the same period of last year of Rs. 687.6 million (12.9% of sales). The lower gross profit percentage as compared to last year is due to orders taken at low margins as a result of tough competition in the market, devaluation of rupee against the dollar which increased the cost of our inputs and also due to major fluctuation in copper prices during the year, all of which could not be passed on to customers.

Financial charges for the year are Rs. 86.0 million as compared to Rs. 67.7 million in the same period of last year. This is due to borrowing in Pak Rupees as against in US Dollars last year at low rates. However, borrowing in US Dollars resulted in an exchange loss of Rs. 36.8 million last year as a result of which the total finance cost during the same period last year, inclusive of exchange loss, was Rs. 104.5 million whereas the total financial cost during the current year inclusive of exchange loss is Rs. 87.4 million.

As a result of the factors outlined above, your Company was successful in achieving a profit before tax of Rs. 266.0 million as compared to Rs. 241.0 million in the same period of last year. The profit after tax for the year amounted to Rs. 177.0 million compared to Rs. 140.0 million in the previous year. Earnings per share also increased from Rs. 4.92 to Rs. 6.22 in the current year.

Dividends and Appropriations

For the current year, your Directors recommend payment of Rs. 4.00 per share (40%) as final cash dividend (2012: 32.5%). The appropriation of profit will be as under:

		2012-13 Rs. '000
The net profit after tax amounted to		176,982
To this is added un-appropriated profit brought forward from last year		144,420
Transfer from surplus on revaluation – Own		4,304
		325,706

Appropriations:

Payment of Final cash dividend at the rate of Rs. 3.25 per share (32.5%) for the year ended June 30, 2012		92,503
Transfer to General Reserve for the year ended June 30, 2012		51,500
Leaving un-appropriated profit to be carried forward		181,703
		325,706
Earning per share	Rs.	6.22

Subsequent Effects

Proposed final cash dividend of Rs. 4.00 per share for the year 2013	113,850
Transfer to General Reserve	67,500

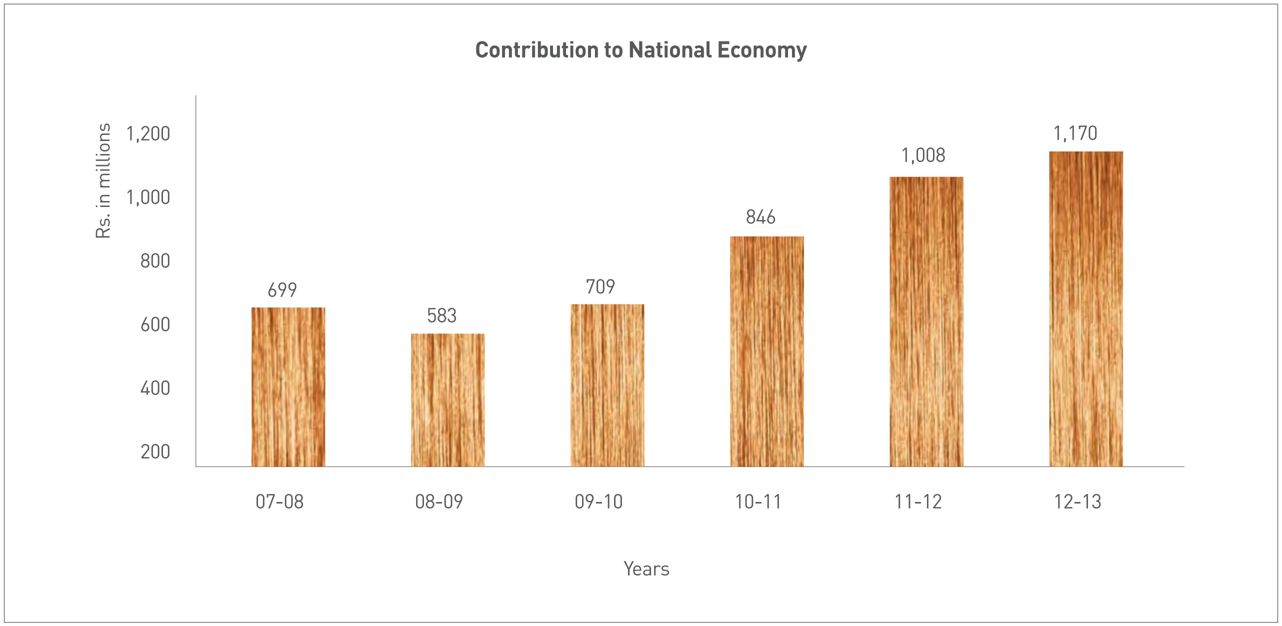
Cash Flow & Liquidity

The Company is constantly monitoring cash flow to ensure overall liquidity. During the financial year, Pakistan Cables net cash flow from operations was Rs.114.5 million. The Company was able to manage its operating cash flows by ensuring tight credit controls, better collections and recoveries of outstanding amounts over the course of the year.

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. 1,170 million during the year (2011-12: Rs.1,008 million).



Board Changes

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

i. Mr. Attaullah A. Rasheed was appointed as nominee director of State Life Insurance Corporation (SLIC) on 2nd August 2012 in place of Mr. Shahid Aziz Siddiqi who resigned on 31st July, 2012.

ii. Mr. Shahid Aziz Siddiqui, was again appointed as nominee director of State Life Insurance Corporation (SLIC) on 10th October 2012 in place of Mr. Attaullah A. Rasheed who resigned on 26th September, 2012.

iii. Mr. Towfiq H. Chinoy, Chairman, retired from the Board of Pakistan Cables Limited on 24th October, 2012. Mr. Mustapha A. Chinoy, the senior most director, was elected as the new Chairman of the Board on 31st October, 2012.

iv. Ms. Sadia Khan was appointed as director on 18th January 2013 to fill in the casual vacancy created due to retirement of Mr. Towfiq H. Chinoy.

The Company wishes to place on record the valuable contribution made by the outgoing Chairman and the 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 & experience.

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 its state of affairs fairly, 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 Financial Reporting 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.

The key operating and financial data of last seven years is given on page 35, while the pattern of shareholding is provided on page 115.

The value of investments of provident and pension funds as per their accounts for the year ended December 31, 2012 are as follows:

Provident Fund	Rs. 150.520 Million
Pension Fund	Rs. 200.589 Million

During the year five (5) meetings of the Board of Directors, four (4) meetings of the Audit Committee and two (2) meeting of the Human Resource and Remuneration Committee were held. Attendance by each Director is as follows:

Board of Directors Meetings

Directors	No. of meetings attended
Mr. Towfiq H. Chinoy	01 / 01
Mr. Mustapha A. Chinoy	04 / 05
Mr. Haroun Rashid	03 / 05
Syed Naseem Ahmad	05 / 05
Mr. Shahid Aziz Siddiqi	00 / 04
Mr. Saquib H. Shirazi	03 / 05
Mr. Attaullah A. Rasheed	01 / 01
Mr. Roderick Macdonald	04 / 05
Mr. Ernest Kenneth Sy Cuyegkeng	03 / 05
Ms. Sadia Khan	02 / 03
Mr. Kamal A. Chinoy	05 / 05

Audit Committee Meetings

Directors	No. of meetings attended
Mr. Haroun Rashid	03 / 04
Mr. Mustapha A. Chinoy	04 / 04
Mr. Roderick Macdonald	03 / 04

Human Resource and Remuneration Committee Meetings

Directors	No. of meetings attended
Mr. Towfiq H. Chinoy	00 / 01
Syed Naseem Ahmad	02 / 02
Mr. Mustapha A. Chinoy	02 / 02
Mr. Saquib H. Shirazi	01 / 01
Mr. Kamal A. Chinoy	02 / 02

Mr. Saquib H. Shirazi and Mr. Kamal A. Chinoy attended the Human Resource & Remuneration Committee (HRRC) meetings on invitation. Subsequently, both the directors were appointed as members of HRRC.

Four (4) Directors of the Company have the certification of Directors Training Program from the Pakistan Institute of Corporate Governance.

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

	Transferor or transferee	Office held / Relationship	Number of shares	Whether by Sale / Purchase or gift
Mr. Aslam Sadruddin	Transferee	Company Secretary	6,000	Purchase
Ms. Sadia Khan	Transferee	Director	10,000	Purchase

Corporate Social Responsibility

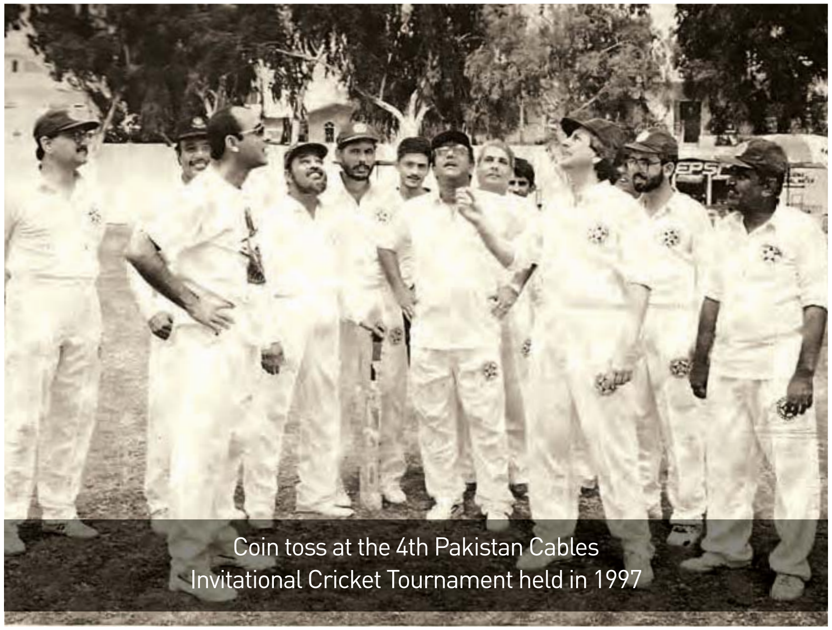
At Pakistan Cables, Corporate Social Responsibility encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. Being a good corporate citizen is part of the Company's core values and is defined in the Company's Mission Statement. We believe 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 has also made charitable donations to organizations such as SAARC Women's Association, Health Oriented Preventive Education (HOPE), Agha Khan Education Services, The Kidney Centre and several others.

In addition, the Company gave large discounts on its products to charitable organizations and philanthropic projects throughout the year.



Coin toss at the 4th Pakistan Cables Invitational Cricket Tournament held in 1997

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 product 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. In addition to this, Pakistan Cables products are also CE (Conformité Européenne) certified, PSQCA certified, ERDA (Electrical Research and Development Association), India, TUV SUD PSB Pte. Ltd., Singapore, and have also been successfully type tested in Pakistan's well reputed High Voltage & Short Circuit Laboratory in Rawat.

Quality Checking of Wire during Stranding Operation

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, improve lead times, lower inventories and reduce wastages. The Company is currently undergoing a transition towards becoming a lean enterprise in line with General Cable's mandate and the benefits of this program are already evident.

The Company is integrated upstream for two of its critical raw material inputs, in the form of state of the art copper rod and PVC compounding plants. The Company has also invested in a 2 MW tri-generation power plant. These plants ensure that the Company has uninterrupted power supply and availability of key raw materials at lower input costs.

Quality Control Laboratory 1972

Information Technology

Pakistan Cables is actively pursuing its commitments towards modernization of its information technology and communication infrastructure by providing emerging technologies that provides better services to facilitate business efficiency and corporate expansion.

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 anodizing waste is neutralized as per NEQ standards prior to discharge.

In-line with management's objective, Pakistan Cables is certified for OHSAS 18001:2007 (Occupational Health & Safety Management System) and ISO 14001:2004 (Environmental Management System). 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, 8th and 10th 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. During the course of the year 24 HSE trainings and 10 health and hygiene inspections were conducted. Water emissions and effluents were frequently tested and found in compliance with the NEQS (National Environmental Quality Standards).

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.

Mr. Kamal Chinoy, Mr. Shahpur Channah and Mr. Aslam Sadruddin announcing PCL's partnership with General Cable to the PCL team in 2010

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. 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. Several in-house training programs were held during the year on operation excellence, structured selling process, Performance Management System and Train the Trainer.

Staff Relations

The total number of employees as on June 30, 2013 was 430. 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.

The PCL team gathers together for a group picture in 2010

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, 2014.

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 and procurement 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 and Counterfeits from un-organized sector

The influx of low quality cables from the unorganized sector has increased substantially during the last few years. Low qualities cables come in the form of various brands and often are also counterfeits of Pakistan Cables' products. 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 and intellectual property laws 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 Company has responded to this challenge by undertaking an aggressive and proactive marketing strategy and despite uncertainty in demand has been able to increase sales both in terms of volume and value during 2012-13. The outlook for this year is positive because ongoing activity is expected in the following areas:

1. Upgrading of electrical infrastructure by transmission and distribution companies
2. Activity in the oil & gas sector
3. Activity in the food, beverages and textile sectors

Moreover, another encouraging indicator is that 48% of respondents in the Overseas Investors Chamber of Commerce and Industry's annual survey stated that they intend to carry out capital investment in the next six months.

The Economic Outlook of Pakistan adopted by the Annual Plan Coordination Committee shows that Pakistan's economy is expected to achieve 4.4% GDP growth in 2013-14 with contribution of agriculture, manufacturing and services sectors of 3.7%, 4.8% and 4.5% respectively.

In this context, the Company continues to remain proactive in marketing its products. In addition, 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. A critical analysis of inventories and wastages and the implementation of Lean manufacturing as a way of life within the Company will help the Company lower costs. However, as there is currently excess capacity in the cable industry in Pakistan and the outlook for additional business remains unclear, margins could continue to remains under pressure.

Our focus will remain on providing best-in-class customer services and through this effort retain existing customers and acquire new business. Moreover, we will continue to leverage our association with General Cable through technical support, process engineering reviews and procurement opportunities. 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

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 2011. The Best Corporate Report Awards are held annually to encourage better financial reporting, transparency and accountability. This is the fifth 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.

Mr. Aslam Sadruddin, Finance Director, receiving the Best Corporate Report Award at a ceremony held by ICAP/ICMAP.

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

MUSTAPHA A. CHINOY Chairman	KAMAL A. CHINOY Chief Executive

KARACHI: August 06, 2013

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 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 Chairman of Audit Committee shall communicate a synopsis of the proceedings of the Audit Committee Meeting in the next board meeting. The Secretary (who shall be the Internal Auditor) shall circulate the minutes of meetings of the Committee after their approval by the committee Chairman to all members of the Board and Finance Director.

Human Resource & Remuneration Committee

Constitution

The Human Resource & Remuneration Committee (HRRC) is a standing committee of the Board of Directors (BoD) mandated to consider and make recommendations to the Board of Directors on Pakistan Cables' major human resources management policies, strategies and plans.

Membership

HRRC shall consist of at least three directors. Majority of these members will be non-executive directors. The CEO may be included as a member. One of the three members will be appointed as Chairman by the Board. While the CEO may be a member of HRRC, he shall not be appointed Chairman of HRRC. The Head of HR, Pakistan Cables will act as Secretary to the Committee.

Frequency of Meetings

The HRRC shall meet as often as required for proper functioning of the Committee and / or proper review of and recommendations on HR affairs of Pakistan Cables. The HRRC will meet as often as required by the Chairman HRRC or as requested by the CEO.

Attendance at Meetings

The quorum will be two members. The CEO, being a member of the HRRC, shall not be a part of the proceedings of the HRRC where his compensation and performance are being discussed / evaluated. In the absence of the Chairman, the remaining members may appoint any other member as Chairman. HRRC may invite any employee / independent expert to attend its meeting. Secretary HRRC shall get the signature of each member attending the meeting on an attendance sheet and keep a record of the same.

Specific and General Areas of Activity Which the Committee is Required to Monitor and Oversee

The HRRC shall review major HR policy framework including compensation, assess organization structure and recommend to the board succession planning for business critical positions including that of the CEO.

The HRRC shall also recommend the recruitment, remuneration and evaluation of the CEO and his direct reports, including the Chief Financial Officer, Chief Internal Auditor and Company Secretary.

Reporting Procedures

The Committee shall report to the Board through its Chairman. It shall present the minutes, including findings and recommendations of the HRRC meeting to the Board.

Minutes of the meetings will be prepared by the Secretary and circulated to the Members of the committee within seven days of the meeting or prior to the subsequent Board meeting, whichever is earlier.

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	Chairman
• Finance Director	Member
• G.M. Operations	Member
• G.M. HR & Admin	Member
• National Sales & Marketing Manager	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 National Sales & Marketing Manager 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

• Chief Executive Officer	Chairman
• Finance Director	Vice Chairman
• National Sales & Marketing Manager	Member/Secretary
• Production Manager	Member
• General Manager HR & Admin	Member
• Manager Materials	Member
• G.M. Operations	Member
• Manufacturing Manager	Member
• Engineering Manager	Member
• Training Program Manager	Member
• Business Unit Head	Member
• Factory HR and Admin Manager	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 National Sales & Marketing Manager 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 30 June 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of The 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 CCG 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:

Category	Names
Independent Directors	Mr. Saquib H. Shirazi
	Mr. Shahid Aziz Siddiqi
	Ms. Sadia Khan
Executive Directors	Mr. Kamal A. Chinoy
Non-Executive Directors	Mr. Mustapha A. Chinoy
	Mr. Haroun Rashid
	Syed Naseem Ahmad
	Mr. Roderick Macdonald
	Mr. Ernest Kenneth Sy Cuyegkeng

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable) except. Mr. Shahid Aziz Siddiqi who has been given relaxation from the requirement of clause (ii) of Code of Corporate Governance by the Securities & Exchange Commission of Pakistan.
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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year three casual vacancies occurred in the Board on 31st July 2012, 26th September 2012 and 24th October, 2012. These were filled on 2nd August 2012, 10th October 2012 and 18th January 2013 respectively.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
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, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose 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 CCG and fully describes the salient matters required to be disclosed. The Company has complied with all the corporate and financial reporting requirements of the CCG except disclosing the information about name-wise details of Directors, their spouse(s) and minor children and shareholders holding five percent or more voting rights in the Company as mentioned in the Code of Corporate Governance due to security reasons. The Company has applied for relaxation before Securities and Exchange Commission of Pakistan for the above. However reply is yet to be received.
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 CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is a non-independent director.
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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resource & Remuneration Committee. It comprises four members and the chairman of the committee is a non-independent director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

MUSTAPHA A. CHINOY
Chairman

KAMAL A. CHINOY
Chief Executive

Date: August 06, 2013.

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 Regulations 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 (xiii a) of Listing Regulation No. 35 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.

We draw attention to paragraph 11 of the Statement of Compliance which describes the non compliance in respect of requirements relating to Directors' Report for disclosure of pattern of shareholding held by certain persons respectively. The Company has applied to the Securities and Exchange Commission of Pakistan (SECP) seeking relaxation from such compliance and currently waiting for the response in this regard.

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 2013.

KPMG Taseer Hadi & Co.

Date: August 06, 2013
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of **Pakistan Cables Limited** ("the Company") as at 30 June 2013 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 2013 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, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi &Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Date: August 06, 2013
Karachi

Balance Sheet
As at 30 June 2013

	Note	2013	2012
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	4	284,623	284,623
Share premium reserve		527,800	527,800
General reserves		555,500	504,000
Unappropriated profit		181,703	144,420
		1,549,626	1,460,843
Surplus on revaluation of land and buildings - net of tax	5	688,728	691,554
Non-current liabilities			
Long-term loans	6	-	3,125
Deferred liability for staff gratuity	7	26,871	23,334
Other long-term employee benefits	8	15,779	14,555
Deferred tax liability - net	9	105,805	141,734
Total non current liabilities		148,455	182,748
Current liabilities			
Current portion of long-term loans	6	3,125	23,750
Trade and other payables	10	619,809	768,664
Short term borrowings	11	575,790	544,685
Mark-up accrued on bank borrowings		6,533	6,913
Total current liabilities		1,205,257	1,344,012
Contingencies and commitments	12		
Total equity and liabilities		3,592,066	3,679,157

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

ASSETS

	Note	2013	2012
		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	13	1,401,668	1,495,289
Investments in associates	14	19,766	18,405
Long-term loans	15	3,613	2,201
Long-term security deposits		3,184	2,567
Total non current assets		1,428,231	1,518,462
Current assets			
Stores and spares	16	34,058	26,953
Stock-in-trade	17	1,011,004	1,246,909
Trade debts	18	878,367	715,687
Short-term loans and advances	19	17,821	6,848
Short-term deposits and prepayments	20	6,854	6,839
Other receivables	21	25,424	4,712
Advance tax - net of provisions		178,936	147,655
Cash and bank balances	22	11,371	5,092
Total current assets		2,163,835	2,160,695
Total assets		3,592,066	3,679,157

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Profit and Loss Account
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in '000)	
Net sales	23	6,164,555	5,344,571
Cost of sales	24	(5,457,538)	(4,656,976)
Gross profit		707,017	687,595
Selling costs	25	(223,860)	(189,255)
Administrative expenses	26	(123,726)	(106,639)
		(347,586)	(295,894)
		359,431	391,701
Other operating expenses	27	(25,687)	(58,993)
Other income	28	15,255	15,734
		(10,432)	(43,259)
		348,999	348,442
Finance expenses	29	(86,042)	(67,704)
Share of profit from associates		3,088	8,218
Impairment loss on investments		-	(48,000)
Profit before income tax		266,045	240,956
Taxation	30	(89,063)	(101,000)
Profit for the year		176,982	139,956
		(Rupees)	
Earnings per share - basic and diluted	31	6.22	4.92

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Statement of Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	(Rupees in '000)	
Profit after tax for the year	176,982	139,956
Other comprehensive income	-	-
Total comprehensive income for the year	176,982	139,956

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Cash Flow Statement
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	359,065	595,836
Gratuity paid	7.1.4	(1,329)	(459)
Finance expenses paid		(86,422)	(69,174)
Taxes paid - net		(154,792)	(30,152)
Long term loans		(1,412)	884
Long term security deposits		(617)	(114)
Net cash flows from operating activities		114,493	496,821
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(33,041)	(35,890)
Sale proceeds on disposal of fixed assets	13.1.2	6,920	3,043
Proceeds from sale of investments		-	56,852
Interest received		-	240
Dividends received		1,728	2,466
Net cash flows from investing activities		(24,393)	26,711
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(23,750)	(84,083)
Net increase / (decrease) in short-term finance		30,179	(485,561)
Dividends paid		(91,176)	(56,217)
Net cash flows from financing activities		(84,747)	(625,861)
Net increase / (decrease) in cash and cash equivalents		5,353	(102,329)
Cash and cash equivalents at beginning of the year		(113,889)	(11,560)
Cash and cash equivalents at end of the year	33	(108,536)	(113,889)

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Statements of Changes in Equity

For the year ended 30 June 2013

	Share capital	Share premium reserve	General reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at 01 July 2011	284,623	527,800	471,500	89,594	1,373,517
Total comprehensive income for the year ended 30 June 2012	-	-	-	139,956	139,956
Transactions with owners recorded directly in equity					
Final cash dividend for the year ended 30 June 2011	-	-	-	(56,925)	(56,925)
Transfer to general reserve for the year ended 30 June 2011	-	-	32,500	(32,500)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	4,295	4,295
Balance as at 30 June 2012	284,623	527,800	504,000	144,420	1,460,843
Total comprehensive income for the year ended 30 June 2013	-	-	-	176,982	176,982
Transactions with owners recorded directly in equity					
Final cash dividend for the year ended 30 June 2012	-	-	-	(92,503)	(92,503)
Transfer to general reserve for the year ended 30 June 2012	-	-	51,500	(51,500)	-
Transfer from surplus on revaluation of building - net of deferred tax	-	-	-	4,304	4,304
Balance as at 30 June 2013	**284,623**	**527,800**	**555,500**	**181,703**	**1,549,626**

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

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Notes to the Financial Statements
For the year ended 30 June 2013

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.

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, unless otherwise specified.

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, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- IAS 28 Investments in Associates and Joint Ventures (2011)-(effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments:
  Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to IAS 36 Impairment of Assets Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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 associate 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 associate 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 associate after the date of acquisition, less impairment losses, if any. The Company's share of the profit or loss of the associate is recognised in the Company's profit or loss. Distributions received from associate 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 associate arising from changes in the associate's equity that have not been recognised in the associate's 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 2013). 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.

- International Accounting Standard 16 'Property, Plant and Equipment' requires an annual review of the useful lives and depreciation method. Accordingly during the year the management carried out a review of the above and found the existing estimates of useful lives as adequate.

- 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 is probable that the future economic benefits associated with the expenditure will flow to the Company. 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

2013	2012		2013	2012
(Number of shares)			(Rupees in '000)	
Authorised				
30,000,000	30,000,000	Ordinary shares of Rs. 10 each	300,000	300,000
Issued, subscribed and paid up				
8,475,225	8,475,225	Ordinary shares of Rs. 10 each fully paid in cash	84,752	84,752
174,775	174,775	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	1,748	1,748
19,812,376	19,812,376	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	198,123	198,123
28,462,376	28,462,376		284,623	284,623

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

	2013	2012
	(Rupees in '000)	
Leasehold land		
Balance as at July 01	590,950	590,950
Buildings		
Revaluation surplus over written down value at beginning	154,774	161,382
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(4,304)	(4,295)
Related deferred tax liability of incremental depreciation charged during the year	(2,317)	(2,313)
	148,153	154,774
Related deferred tax liability at beginning of the year	(54,170)	(56,483)
Less: Related to incremental depreciation charged during the year	2,317	2,313
Less: Reduction in deferred tax liability due to change in future tax rate	1,478	-
	(50,375)	(54,170)
	688,728	691,554

6. LONG-TERM LOANS - Secured

	2013	2012
Loans from banking companies	3,125	26,875
Current portion shown under current liabilities	(3,125)	(23,750)
	-	3,125

6.1 This carries mark-up at the rate of 10.73% per annum (2012: 13.01% to 13.26% per annum) and is due to mature on 11 December 2013 (2012: 02 June 2013 to 11 December 2013). This is secured against hypothecation of specific items of plant and machinery.

7. STAFF RETIREMENT BENEFITS –

7.1 Defined benefit plans

The details of the actuarial valuation under the projected unit credit method as at 30 June 2013 for funded pension and unfunded gratuity schemes are as follows:

7.1.1 Actuarial assumptions

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
	---------------%	----------------	---------------%	----------------
Discount rate	11.00	11.00	13.25	13.25
Expected rate of salary increase	9.00	9.00	11.00	11.00
Expected rate of return on plan assets	11.00	-	13.25	-
Pension increase	1.00	-	3.00	-

7.1.2 Balance sheet reconciliation

		2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
		(Rupees in '000)		(Rupees in '000)	
Fair value of plan assets	7.1.3	222,100	-	201,036	-
Present value of defined benefit obligations	7.1.4	(210,909)	(26,871)	(196,324)	(23,334)
Net asset / (liability)		11,191	(26,871)	4,712	(23,334)

7.1.3 Changes in fair value of plan assets

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Fair value as at 1 July	201,036	-	175,245	-
Expected return on plan assets	25,809	-	24,331	-
Net actuarial gain / (loss)	8,161	-	(5,286)	-
Benefits paid	(15,369)	-	(6,619)	-
Contribution to fund	2,463	-	13,365	-
Fair value as at 30 June	222,100	-	201,036	-

7.1.4 Changes in present value of defined benefit obligation

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
	(Rupees in '000)		(Rupees in '000)	
Obligation as at 1 July	196,324	23,334	168,288	21,103
Current service cost	3,070	1,656	2,972	1,656
Interest cost	25,026	3,006	23,112	2,923
Actuarial loss / (gain)	1,858	204	8,571	(1,889)
Benefits paid	(15,369)	(1,329)	(6,619)	(459)
Obligation as at 30 June	210,909	26,871	196,324	23,334

7.1.5 Amounts recognised in the profit and loss account

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Current service cost	3,070	1,656	2,972	1,656
Interest cost	25,026	3,006	23,112	2,923
Expected return on plan assets	(25,809)	-	(24,331)	-
Net actuarial loss / (gain)	(6,303)	204	13,857	(1,889)
	(4,016)	4,866	15,610	2,690

7.1.6 Recognised asset / (liability)

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
Balance as on 1 July	4,712	(23,334)	6,957	(21,103)
Income / (Expense) recognised	4,016	(4,866)	(15,610)	(2,690)
Payments during the year	2,463	1,329	13,365	459
Company's asset / (liability) at 30 June	11,191	(26,871)	4,712	(23,334)

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
7.1.7 Actual return on plan assets	33,970	-	19,045	-

7.1.8 Fund investments composition / fair value of plan assets (in percentage)

	2013 Pension	2013 Gratuity	2012 Pension	2012 Gratuity
	---%---		---%---	
Debt instruments	86%	-	90%	-
Equity	5%	-	3%	-
Cash	9%	-	7%	-

7.1.9 Historical information

	2013	2012	2011	2010	2009
	---Rupees in '000---				
Fair value of plan assets	222,100	201,036	175,245	219,391	185,133
Present value of the defined benefit obligation	(237,780)	(219,658)	(189,391)	(251,480)	(215,750)
Deficit in the plan	(15,680)	(18,622)	(14,146)	(32,089)	(30,617)

7.1.10 Experience adjustments

	2013	2012	2011	2010	2009
- on plan assets	4%	-3%	-3%	2%	-6%
- on plan liabilities	1%	3%	10%	2%	-

7.2 Defined contribution plan

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2013 was Rs.6.779 million (2012: Rs. 6.309 million). The audit of the provident fund for the year ended 31 December 2012 is in progress. The net assets based on audited financial statements of Provident Fund as at 31 December 2011 was Rs. 157.5 million out of which 93% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. Currently all assets of the fund are valued at amortised cost except for investments made in equity securities.The fair value of equity securities amounts to Rs. 25.3 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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. Nil (2012: Rs.0.795 million).

9. DEFERRED TAX LIABILITY - net

		2013	2012
		(Rupees in '000)	
Taxable temporary differences			
Accelerated tax deprecation		126,311	149,971
Surplus on revaluation of building	5	50,375	54,170
		176,686	204,141
Deductible temporary differences			
Provision for staff retirement and other benefits		(9,135)	(8,167)
Provision for doubtful debts		(7,807)	(8,050)
Provision for slow-moving stores and spares		(3,467)	(3,527)
Provision for import levies and other taxes		(50,472)	(42,663)
		(70,881)	(62,407)
		105,805	141,734

10. TRADE AND OTHER PAYABLES

		2013	2012
Creditors	10.1	54,991	277,784
Accrued expenses		78,088	75,199
Advances from customers		266,427	223,654
Deposits from distributors		8,448	8,432
Payable to staff provident fund		221	1,299
Provision for import levies	10.2	115,627	96,893
Sales tax payable		-	11,337
Workers' profit participation fund	10.3	15,276	15,526
Workers' welfare fund		7,257	6,888
Income tax deducted at source		2,273	1,744
Unclaimed dividend		8,499	7,168
Others		62,702	42,740
		619,809	768,664

10.1 This includes mark-up free unsecured balance of Rs.Nil (2012: Rs. 0.328 million) payable to related parties.

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:

	2013	2012
	(Rupees in '000)	
Balance as on 1 July	96,893	123,733
Charge for the year - net	18,734	16,122
	115,627	139,855
Amount paid during the year	-	(42,962)
Balance as at 30 June	115,627	96,893

10.2.1 The Company along with many other companies had filed appeal against the levy of Infrastructure Cess at import stage by provincial Government. The case was initially decided by the High Court of Sindh in the year 2008 according to which this levy was applicable for the period from 28th December 2006 onwards while it was not applicable on consignments cleared prior to this date. The decision was challenged by both the department and the companies in the Supreme Court which referred back the matter to High Court in the year 2011. During the year 2012, the High Court passed an interim order through which all the appellant companies were required to pay 50% of the amount involved in this respect on the consignments cleared between 28th December 2006 to 30th May 2011 and to give bank guarantee for the balance amount. The guarantees submitted for the period prior to 28th December 2006 were also to be released by the department. Further, all consignments after 30th May 2011 are being released on the basis of 50% payment in cash and 50% in shape of bank guarantee. This is an interim arrangement and is subject to the final order by the High Court which may be issued in due course of time.

10.3 Workers' profit participation fund

		2013	2012
Balance as on 1 July		15,526	8,923
Mark-up on funds utilised in the Company's business	29	892	239
Allocation for the year	27	14,384	15,288
		30,802	24,450
Amount paid to the fund		(15,526)	(8,924)
Balance as at 30 June		15,276	15,526

11. SHORT TERM BORROWINGS

	Note	2013	2012
		(Rupees in '000)	
From banking companies - secured			
Running finance under mark-up arrangements	11.1	119,907	118,981
Short term finance	11.2	455,883	425,704
		575,790	544,685

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. 2,150 million (2012: Rs. 2,195 million). The rate of mark-up on the running finance facilities ranges between 10.51% to 11.41% per annum net of prompt payment rebate (2012: 12.91% to 14.04% per annum). These facilities will expire between 30 June, 2013 to 29 March, 2014 and are renewable.

11.2 **Short term finance**

The amount outstanding against the term finance facility as at June 30, 2013 available from banks was Rs. 455.9 million (30 June 2012: Rs. 425.7 million) earmarked out of the total running finance facilities of Rs. 1,726 million obtained from these banks. Mark-up on term finance is agreed at each disbursement.

11.3 **Other facilities**

The facility for opening letters of credit and guarantees as at 30 June 2013 amounted to Rs. 2,799 million (2012: Rs. 2,609 million) of which the amount remaining unutilised as at that date was Rs. 2,515 million (2012: Rs. 2,379 million).

11.4 **Securities**

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

12. CONTINGENCIES AND COMMITMENTS

12.1 **Contingencies**

a) The Company has issued to the Collector of Customs post dated cheques amounting to Rs. 5.127 million (2012: Rs. 4.808 million) against partial exemption of import levies.

b) Bank guarantees amounting to Rs. 281.124 million (2012: Rs.188.553 million) have been given to various parties for contract performance, tender deposits, import levies etc.

c) The Company received a show cause notice from the Collectorate (Large Taxpayers Unit, Karachi) in connection with the sales tax returns of the Company for the years 2008-9, 2009-10 and 2010-11 amounting to Rs. 251 million. The Company had submitted its response to the show cause notice through its authorised representative. Subsequently, the Company received an order from the department in this connection demanding Rs. 13.8 million as default surcharge on above amount. The management in consultation with its tax advisor is of the view that the department's notice is based on interpretation of the sales tax law which is against the spirit of the law. Further, tax advisor of the Company is of the view that there will be no adverse impact on the Company.

12.2 Commitments

a) Aggregate commitments for capital expenditure as at 30 June 2013 amounted to Rs. 8.568 million (2012: Rs.11.245 million).

b) Commitments under letters of credit for the import of raw materials, etc. (non-capital expenditure) as at 30 June 2013 amounted to Rs. 3.090 million (2012: Rs. 31.942 million).

13. PROPERTY, PLANT AND EQUIPMENT

		2013	2012
		(Rupees in '000)	
Operating assets	13.1	1,399,165	1,494,121
Capital work-in-progress	13.2	2,503	1,168
		1,401,668	1,495,289

13.1 Operating assets

	2013									
	Cost / revaluation				Depreciation				Net book value as at 30 June 2013	Rate %
	As at 01 July 2012	Additions	(Disposals)	As at 30 June 2013	As at 01 July 2012	For the year	(Disposals)	As at 30 June 2013		
	(Rupees in '000)									
Lease hold land at revalued amount	590,950	-	-	590,950	-	-	-	-	590,950	-
Building on leasehold land at revalued amount	265,260	-	-	265,260	13,263	13,263	-	26,526	238,734	5
Plant and machinery	1,305,206	18,634	(2,191)	1,321,649	697,339	98,882	(2,191)	794,030	527,619	8,12 & 25
Office equipment and appliances	62,759	5,054	(643)	67,170	49,596	5,673	(604)	54,665	12,505	12, 25 & 33
Furniture and fittings	17,225	341	(234)	17,332	8,851	1,568	(234)	10,185	7,147	8 & 12
Vehicles	42,174	7,644	(11,115)	38,703	20,495	6,647	(10,594)	16,548	22,155	20
Loose tools	1,467	33	(173)	1,327	1,376	69	(173)	1,272	55	33
	2,285,041	31,706	(14,356)	2,302,391	790,920	126,102	(13,796)	903,226	1,399,165	

	2012									
	Cost / revaluation				Depreciation				Net book	Rate
	As at 01 July 2011	Additions	(Disposals)	As at 30 June 2012	As at 01 July 2011	For the year	(Disposals)	As at 30 June 2012	value as at 30 June 2012	%
	---------- (Rupees in '000) ----------									
Lease hold land at revalued amount	590,950	-	-	590,950	-	-	-	-	590,950	-
Building on leasehold land at revalued amount	265,260	-	-	265,260	-	13,263	-	13,263	251,997	5
Plant and machinery	1,292,506	13,775	(1,075)	1,305,206	601,894	96,443	(998)	697,339	607,867	8,12 & 25
Office equipment and appliances	56,910	6,119	(270)	62,759	44,319	5,514	(237)	49,596	13,163	12, 25 & 33
Furniture and fittings	15,627	1,598	-	17,225	7,314	1,537	-	8,851	8,374	8 & 12
Vehicles	30,959	14,297	(3,082)	42,174	18,482	4,973	(2,960)	20,495	21,679	20
Loose tools	1,445	22	-	1,467	1,204	172	-	1,376	91	33
	2,253,657	35,811	(4,427)	2,285,041	673,213	121,902	(4,195)	790,920	1,494,121	

13.1.1 The revaluation of leasehold land and building was carried out on 30 June 2011 by M/s. Iqbal A. Nanjee & Co. professional valuers on the basis of market value. Had there been no revaluation, the carrying amounts of leasehold land and building would have been Nil (2012: Nil) and Rs. 90.581 million (2012: Rs. 97.226 million) respectively. At 30 June 2013, undepreciated surplus on land and building amounted to Rs. 739.103 million (2012: Rs. 745.724 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)-----------------------						
Vehicles							
KIA Sportage	2,000	(1,900)	100	1,334	Insurance	Jubilee General Insurance	I.I.Chundrigar Road, Karachi
Suzuki Liana	1,005	(905)	100	420	Negotiation	Mr. Fayyaz Butt	H.No.39, C/2, ST.No.2, Rah-e-Aman, New Lalazar, Rawalpindi
Suzuki Liana	1,109	(850)	259	520	Negotiation	Mr. Ahmed Bagia	129-C, C.P.Berar Society, Near T.V. Station, Karachi
Honda Motorcycle	68	(6)	62	67	Insurance	Jubilee General Insurance	I.I.Chundrigar Road, Karachi
Others							
Items of net book value below Rs. 50,000 each	10,174	(10,135)	39	4,579	negotiation / Write-off	Various	Various
2013	14,356	(13,796)	560	6,920			
2012	4,427	(4,195)	232	3,043			

13.1.3 Depreciation has been allocated as follows:

		2013	2012
		(Rupees in '000)	
Cost of sales	24	116,996	114,719
Selling costs	25	3,097	2,970
Administrative expenses	26	6,009	4,213
		126,102	121,902

13.2 **Capital work-in-progress**

	Cost			
	As at 01 July	Additions	(Transfers)	As at 30 June
30 June 2013	--------------------------(Rupees in '000)			----------------------
Plant and machinery	1,168	17,174	(15,839)	2,503
30 June 2012				
Plant and machinery	1,089	12,173	(12,094)	1,168

14. INVESTMENTS IN ASSOCIATE - equity accounted for

	% of holding		2013	2012
	2013	2012	(Rupees in '000)	
International Industries Limited (IIL) 576,000 (2012: 576,000) fully paid ordinary shares of Rs. 10 each [market value of Rs. 25.983 million (2012: Rs. 16.272 million)]	0.48	0.48	19,766	18,405

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

14.2 **Summarised financial information of associated companies**

	International Industries Limited (IIL)	
	31 March 2013	30 June 2012
	(Rupees in '000)	
Assets	12,415,062	15,066,233
Liabilities	7,202,949	9,888,558
	For the nine months ended 31 March 2013	For the year ended 30 June 2012
	(Rupees in '000)	
Total revenue	13,045,831	16,802,257
Profit after tax	394,115	325,810

14.3 Above associate has been equity accounted for upto 31 March 2013. The financial impact for the quarter ended 30 June 2013 of the above associate is not considered to be material.

15. LONG-TERM LOANS

		2013	2012
		(Rupees in '000)	
Considered good - secured			
Due from employees		5,022	3,356
Due from executive		559	378
		5,581	3,734
Recoverable within one year	19	(1,968)	(1,533)
		3,613	2,201

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

16. STORES AND SPARES

		2013	2012
		(Rupees in '000)	
Stores		1,739	1,861
Spares [including Rs. 0.626 million in transit (2012: Rs.0.334 million)]		42,515	35,170
		44,254	37,031
Provision against slow moving stores and spares		(10,196)	(10,078)
		34,058	26,953

17. STOCK-IN-TRADE

Raw materials [including Rs. 179.7 million in transit (2012: Rs. 434.9 million)]	17.1	431,790	633,739
Work-in-process	17.2	286,657	217,210
Finished goods	17.2	272,355	380,588
Scrap		20,202	15,372
		1,011,004	1,246,909

17.1 Raw material includes slow moving items valued at Nil value as against their cost of Rs. 5.664 million (2012: Rs.5.664 million).

17.2 Work-in-process and finished goods include slow moving items aggregating Rs. 12.3 million (2012: Rs. 11 million) and Rs. 15.0 million (2012: Rs. 17.7 million) respectively stated at their net realizable values as against their cost of Rs. 16.6 million (2012: Rs. 16.1 million) and Rs. 26.7 million (2012: Rs. 47.5 million) respectively.

18. TRADE DEBTS - unsecured

Considered good			
Due from related parties	18.1	79,365	114,686
Others		799,002	601,001
		878,367	715,687
Considered doubtful			
Others		22,961	23,000
		901,328	738,687
Provision for doubtful debts	18.2	(22,961)	(23,000)
		878,367	715,687

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

	2013	2012
	(Rupees in '000)	
Atlas Battery Limited	-	1,931
Atlas Honda Limited	4,108	382
Cherat Cement Company Limited	5,058	17
Fauji Fertilizer Company Limited	-	2,088
Sui Southern Gas Company	-	13,340
Intermark (Private) Limited	68,565	94,834
International Industries Limited	78	-
Packages Limited	518	1,178
Pakistan Petroleum Limited	630	368
International Steels Limited	6	548
Heritage Developments	327	-
Thatta Cement Company Ltd	75	-
	79,365	114,686

18.1.1 The above balances are mark-up free and unsecured. The aging of above balances at the balance sheet date is as follows:

	2013	2012
Not past due	75,491	112,677
Past due 1-180 days	3,361	389
Past due 181-365 days	513	1,620
	79,365	114,686

18.2 Provision for doubtful debts

	2013	2012
Opening balance	23,000	19,379
Provision made during the year	-	3,998
Write off from the provision	(39)	(377)
	22,961	23,000

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

		2013	2012
		(Rupees in '000)	
Current portion of long term loans	15	1,968	1,533
Short-term advances to employees		323	1,223
Advances to suppliers		15,530	4,092
		17,821	6,848

20. SHORT TERM DEPOSITS AND PREPAYMENTS

Deposits - considered good	4,468	5,327
Prepayments	2,386	1,512
	6,854	6,839

21. OTHER RECEIVABLES

Sales tax	14,206	-
Receivable from staff pension fund - a related party	11,191	4,712
Others	27	-
	25,424	4,712

22. CASH AND BANK BALANCES

With banks in current accounts	11,221	4,875
Cash in hand	150	217
	11,371	5,092

23. NET SALES

Gross sales	7,249,709	6,270,931
Sales tax	(989,527)	(860,030)
	6,260,182	5,410,901
Discounts	(95,627)	(66,330)
	6,164,555	5,344,571

24. COST OF SALES

	Note	2013	2012
		(Rupees in '000)	
Opening work-in-process		217,210	192,229
Opening stock - raw material		633,739	632,230
Opening stock - metal scrap		15,372	43,834
		649,111	676,064
Purchases of raw material		4,738,045	4,180,135
		5,387,156	4,856,199
Sales of scrap material during the year		(83,535)	(100,050)
Closing stock - raw material		(431,790)	(633,739)
Closing stock - metal scrap		(20,202)	(15,372)
		(451,992)	(649,111)
		(535,527)	(749,161)
		4,851,629	4,107,038
Stores and spares consumed		47,431	46,439
Fuel and power		125,415	87,050
Salaries, wages and benefits	24.1	222,024	201,370
Rent, rates and taxes		5,238	844
Insurance		4,740	3,588
Repairs and maintenance		35,631	32,000
Depreciation	13.1.3	116,996	114,719
Communication and stationery		1,036	1,136
Training, travelling and entertainment		4,265	5,729
General works		12,800	10,010
Cost of production		575,576	502,885
		5,644,415	4,802,152
Closing work-in-process		(286,657)	(217,210)
Cost of goods manufactured		5,357,758	4,584,942
Opening stock of finished goods		380,588	453,858
		5,738,346	5,038,800
Closing stock of finished goods		(272,355)	(380,588)
		5,465,991	4,658,212
Insurance claim		(8,453)	(1,236)
		5,457,538	4,656,976

24.1 Details of salaries, wages and benefits

		2013	2012
		(Rupees in '000)	
Salaries, wages and benefits		215,895	186,013
Provident fund contributions		4,101	3,928
(Reversal in) / charge for pension fund obligation		(2,691)	8,813
Charge for staff retirement gratuity		4,719	2,616
		222,024	201,370

25. SELLING COSTS

Salaries, wages and benefits	25.1	59,310	56,099
Rent, rates and taxes		2,325	2,403
Insurance		698	448
Repairs and maintenance		624	452
Communication and stationery		2,435	2,189
Training, travelling and entertainment		8,862	6,387
Advertising and publicity		61,522	66,278
Carriage and forwarding expenses		80,170	49,260
Commission		1,992	748
Depreciation	13.1.3	3,097	2,970
Subscriptions		1,120	731
Fuel and power		1,328	1,095
Others		377	195
		223,860	189,255

25.1 Details of salaries, wages and benefits

Salaries, wages and benefits	58,430	50,729
Provident fund contributions	1,389	1,339
(Reversal in) / charge for pension fund obligation	(656)	3,957
Charge for staff retirement gratuity	147	74
	59,310	56,099

26. ADMINISTRATIVE EXPENSES

	Note	2013	2012
		(Rupees in '000)	
Salaries, wages and benefits	26.1	90,789	76,276
Insurance		1,098	866
Repairs and maintenance		2,117	3,518
Legal and professional		4,800	2,208
Donations	26.2	4,083	3,200
Auditors' remuneration	26.3	924	893
Communications and stationery		4,179	3,999
Provision for doubtful debts / write off		105	3,998
Training, travelling and entertainment		4,463	4,510
Depreciation	13.1.3	6,009	4,213
Fuel and power		2,305	1,689
Others		2,854	1,269
		123,726	106,639

26.1 **Details of salaries, wages and benefits**

Salaries, wages and benefits	90,169	72,393
Provident fund contributions	1,289	1,043
(Reversal in) / charge for pension fund obligation	(669)	2,840
	90,789	76,276

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	520	475
Fee for the review of half yearly financial statements	187	170
Special certifications	162	153
Out of pocket expenses	55	95
	924	893

27. OTHER OPERATING EXPENSES

	Note	2013	2012
		(Rupees in '000)	
Liquidated damages for late deliveries		2,687	-
Workers' profits participation fund	10.3	14,384	15,288
Workers' welfare fund		7,257	6,888
Exchange loss		1,359	36,817
		25,687	58,993

28. OTHER INCOME

		2013	2012
Income from insurance commission		1,221	781
Income from non-financial assets			
- Sale of general scrap		7,674	6,274
- Gain on disposal of fixed assets		6,360	2,811
Others			
- Gain on sale of shares		-	5,628
- Others		-	240
		15,255	15,734

29. FINANCE EXPENSES

	Note	2013	2012
Mark-up on finances under mark-up arrangements		76,110	54,217
Mark-up on long-term loans		2,333	9,547
Mark-up on workers' profits participation fund	10.3	892	239
Bank charges		6,707	3,701
		86,042	67,704

30. TAXATION

		Note	2013	2012
Current	- for the year		126,310	120,237
	- prior year		(2,799)	(22,247)
Deferred	- due to changes in temporary differences - net		(32,840)	3,010
	- due to reduction in tax rate		(1,608)	-
		30.1	89,063	101,000

30.1 Relationship between tax expense and accounting profit:

	2013	2012
	(Rupees in '000)	
Profit before taxation	266,045	240,956
Tax at the applicable rate of 35% (2012: 35%)	93,116	84,335
Tax effect of expenses that are not allowable in determining taxable income	2,370	18,649
Tax effect of share of profit from associates and dividend received from them	(908)	(2,629)
Tax effect of deferred tax relating to earlier years derecognized / (recognised) in current year	-	23,107
Tax effect of income charged at different rates	(1,108)	(215)
Prior years' tax reversal	(2,799)	(22,247)
Tax effect of change in tax rate for future years	(1,608)	-
Tax charge	89,063	101,000

30.2 The income tax assessments of the Company have been finalised upto and including the financial year ended 30 June 2012.

30.3 Return submitted under section 114 of the Income Tax Ordinance, 2001 for the tax year 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.84 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.80 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 the Tribunal for admissibility of the remaining expenses of Rs.4 million. 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 hopeful of the favourable outcome of its appeal.

31. EARNINGS PER SHARE - basic and diluted

		2013	2012
		(Rupees in '000)	
Profit after taxation		176,982	139,956
		(Number of shares)	
Weighted average number of ordinary shares issued and subscribed at the end of the year		28,462,376	28,462,376
		(Rupees)	
Earnings per share - basic and diluted		6.22	4.92

32. CASH GENERATED FROM OPERATIONS

		2013	2012
		(Rupees in '000)	
Profit before taxation		266,045	240,956
Adjustment for non cash charges and other items:			
- Depreciation	13.1.3	126,102	121,902
- Provision for staff retirement gratuity	7.1.5	4,866	2,690
- Other long-term employee benefits		1,224	1,958
- Gain on disposal of fixed assets		(6,360)	(2,811)
- Interest on bank deposits		-	(240)
- Share of profit from associates		(3,088)	(8,218)
- Gain on sale of investments		-	(5,628)
- Impairment loss on investments		-	48,000
- Finance expenses		86,042	67,704
- Working capital changes	32.1	(115,766)	129,523
		359,065	595,836

32.1 **Working capital changes**

	Note	2013	2012
		(Rupees in '000)	
Decrease / (increase) in current assets			
- Stores and spares		(7,105)	(1,981)
- Stock-in-trade		235,905	75,242
- Trade debts		(162,680)	(238,789)
- Short-term loans and advances		(10,973)	(846)
- Short term deposits and payments		(15)	(3,170)
- Other receivables - net		(20,712)	13,101
		34,420	(156,443)
(Decrease) / Increase in current liabilities			
Trade and other payables - net		(150,186)	285,966
		(115,766)	129,523

33. CASH AND CASH EQUIVALENTS

	Note	2013	2012
Cash and cash equivalents comprise of the following items:			
Cash and bank balances	22	11,371	5,092
Running finance under mark-up arrangements	11	(119,907)	(118,981)
		(108,536)	(113,889)

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:

	2013	2012
	(Rupees in '000)	
Trade debts	878,367	715,687
Loans and advances	5,904	4,957
Deposits	7,652	7,894
Bank balances	11,221	4,875
Other receivables	11,218	4,712
	914,362	738,125

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

Domestic (Pakistan)	904,022	726,159
Exports / Export Processing Zone	10,340	11,966
	914,362	738,125

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	307,058	242,738
End-user customers	571,309	472,949
	878,367	715,687

34.1.3 As at the year end the Company's most significant customers included a distributor from whom Rs.68.565 million was due (2012: Rs. 94.835 million) and an end-user from whom Rs.105.310 million was due (2012: Rs. 74.598 million).

34.1.4 Impairment losses and past due balances

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

	2013		2012	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	601,139	-	492,745	-
Past due 1-60 days	169,239	-	179,818	-
Past due 61 days -1 year	105,179	-	46,639	3,515
More than one year	25,771	22,961	19,485	19,485
	901,328	22,961	738,687	23,000

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:

	2013					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
	--(Rupees in '000)--					
Non-Derivative Financial liabilities						
Long term loans and mark up payable	3,143	(3,293)	(3,293)	-	-	-
Trade and other payables	237,755	(237,755)	(237,755)	-	-	-
Short-term borrowings and mark up payable	582,304	(582,304)	(582,305)	-	-	-
	823,202	(823,352)	(823,353)	-	-	-

	2012					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years	More than five years
	--(Rupees in '000)--					
Non-Derivative Financial liabilities						
Long term loans and mark up payable	27,112	(29,557)	(13,511)	(12,736)	(3,310)	-
Trade and other payables	448,117	(448,117)	(448,117)	-	-	-
Short-term borrowings and mark up payable	551,362	(551,362)	(551,362)	-	-	-
	1,026,591	(1,029,036)	(1,012,990)	(12,736)	(3,310)	-

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:

	2013		2012	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Trade debts	10,340	105	11,966	127
Creditors	(24,526)	(248)	(243,063)	(2,580)
Short term borrowings	-	-	-	-
Accrued mark-up on short term borrowings	-	-	-	-
Gross exposure	(14,186)	(143)	(231,097)	(2,453)

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.

Following are the significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
US Dollars	97.23	90.44	98.80	94.20

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. 0.708 million (2012: Rs. 12.153 million). This analysis assumes that all other variables, in particular interest rates, remaining constant. The analysis is performed on the same basis for 2012.

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:

	Carrying amount	
	2013	2012
	(Rupees in '000)	
Variable rate instruments		
Financial liabilities	578,915	571,560

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 2013 by Rs. 0.348 million (2012: Rs. 0.528 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

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 98% (2012 : 97%) of the total revenue of the Company.

35.2 99% (2012: 99%) sales of the Company relates to customers in Pakistan.

35.3 All non-current assets of the Company at 30 June 2013 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 2013 (2012: Nil).

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

	2013	2012
	(Rupees in '000)	
Sale of goods	564,031	559,737
Discount	32,398	19,021
Purchase of goods, services and materials	52,332	53,836
Commission earned	2	781
Insurance premium	3,568	7,889
Insurance claim received	11,346	14,136
Interest received - net	839	761
Dividend received	1,728	2,466
Distribution expenses	-	7,591
Write off from the provision for doubtful debts	-	78
Share of profit from associated companies	3,088	8,218
Directors' fees	1,025	1,050
Liquidated damages	48	-
Net charge in respect of staff retirement benefit plans	2,763	21,920

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. NUMBER OF EMPLOYEES

The total number of employees as at year end were 430 and average number of employees were 436.

40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on 06 August 2013 have proposed for the year ended 30 June 2013, final cash dividend of Rs. 4.00 per share (2012: Rs. 3.25 per share) amounting to Rs.113.850 million (2012: Rs. 92.503 million) and appropriation to general reserves amounting to Rs.67.500 million (2012: Rs.51.500 million) for approval by the members of the Company in the Annual General Meeting to be held on 26 September 2013. The financial statements for the year ended 30 June 2013 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 2014.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 06 August 2013 by the board of directors of the Company.

Kamal A. Chinoy
Chief Executive

Haroun Rashid
Director

Pattern of Shareholding
as at June 30, 2013

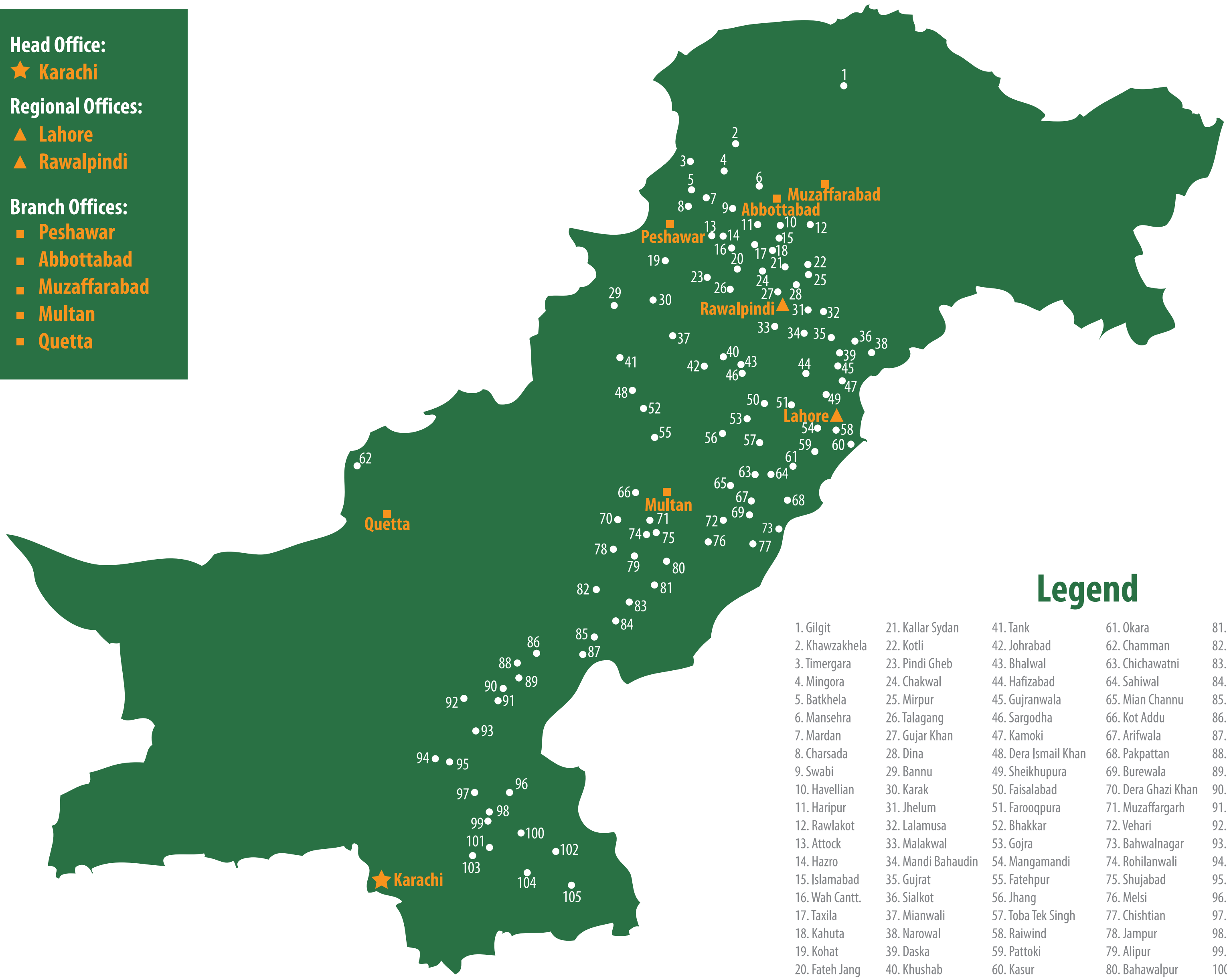
No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
570	1	100	12,465
442	101	500	120,061
251	501	1,000	188,750
397	1,001	5,000	887,108
95	5,001	10,000	669,747
31	10,001	15,000	374,917
10	15,001	20,000	172,834
9	20,001	25,000	206,347
4	25,001	30,000	112,561
3	30,001	35,000	99,054
4	35,001	40,000	149,487
2	40,001	45,000	81,893
-	45,001	50,000	-
1	50,001	55,000	51,493
3	55,001	60,000	167,054
-	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	325,000	-
1	325,001	330,000	326,128
-	330,001	730,000	-
1	730,001	735,000	734,347
-	735,001	750,000	-
1	750,001	755,000	753,200
-	755,001	795,000	-
1	795,001	800,000	799,499
-	800,001	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	1,755,000	-
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	2,425,000	-
1	2,425,001	2,430,000	2,425,913
-	2,430,001	2,525,000	-
1	2,525,001	2,530,000	2,529,271
-	2,530,001	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 **1,842**			**28,462,376**

PCL Network

Head Office:
★ Karachi

Regional Offices:
▲ Lahore
▲ Rawalpindi

Branch Offices:
■ Peshawar
■ Abbottabad
■ Muzaffarabad
■ Multan
■ Quetta



Legend

1. Gilgit
2. Khawzakhela
3. Timergara
4. Mingora
5. Batkhela
6. Mansehra
7. Mardan
8. Charsada
9. Swabi
10. Havellian
11. Haripur
12. Rawlakot
13. Attock
14. Hazro
15. Islamabad
16. Wah Cantt.
17. Taxila
18. Kahuta
19. Kohat
20. Fateh Jang
21. Kallar Sydan
22. Kotli
23. Pindi Gheb
24. Chakwal
25. Mirpur
26. Talagang
27. Gujar Khan
28. Dina
29. Bannu
30. Karak
31. Jhelum
32. Lalamusa
33. Malakwal
34. Mandi Bahaudin
35. Gujrat
36. Sialkot
37. Mianwali
38. Narowal
39. Daska
40. Khushab
41. Tank
42. Johrabad
43. Bhalwal
44. Hafizabad
45. Gujranwala
46. Sargodha
47. Kamoki
48. Dera Ismail Khan
49. Sheikhupura
50. Faisalabad
51. Farooqpura
52. Bhakkar
53. Gojra
54. Mangamandi
55. Fatehpur
56. Jhang
57. Toba Tek Singh
58. Raiwind
59. Pattoki
60. Kasur
61. Okara
62. Chamman
63. Chichawatni
64. Sahiwal
65. Mian Channu
66. Kot Addu
67. Arifwala
68. Pakpattan
69. Burewala
70. Dera Ghazi Khan
71. Muzaffargarh
72. Vehari
73. Bahwalnagar
74. Rohilanwali
75. Shujabad
76. Melsi
77. Chishtian
78. Jampur
79. Alipur
80. Bahawalpur
81. Ahmedpur
82. Rajanpur
83. Liaquatpur
84. Khanpur
85. Rahim Yar Khan
86. Deharkai
87. Sadiqabad
88. Mirpur Mathelo
89. Panu Aqil
90. Sukkur
91. Khairpur Mirus
92. Larkana
93. Mehrabpur
94. Dadu
95. Moro
96. Sanghar
97. Nawabshah
98. Shahdadpur
99. Tando Adam
100. Mirpur Khas
101. Tando Allahyar
102. Umarkot
103. Hyderabad
104. Jhudoo
105. Mithi

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 60th Annual General Meeting of the Company to be held on 26th September, 2013 and at any adjournment thereof.

As witness my hand this ______________________________ day of ____________ 2013

Signed by the proxy holder

Please affix
Revenue Stamp
of Rs. 5/-

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

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

The instrument appointing a proxy, together with the Power of Attorney under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting.

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

AFFIX
CORRECT
POSTAGE

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

Pakistan Cables Limited

Annual Report 2013

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S.I.T.E., Karachi-75700, Pakistan.

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