



Standalone Financial Statements

For the year ended June 30, 2015

Balance Sheet

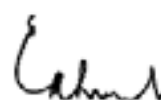
As at June 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	599,204	608,630
Intangible assets	8	8,256	-
Investment property	9	1,021	1,025
Long-term investments	10	4,065,195	3,653,907
Long-term loans and deposits	11	13,124	11,602
Long-term prepayment	12	-	3,780
Deferred tax asset - net	13	84,253	45,555
		4,771,053	4,324,499
CURRENT ASSETS			
Stores, spares and loose tools	14	84,299	84,270
Stock-in-trade	15	2,295,029	3,091,257
Trade debts - unsecured	16	1,118,354	873,476
Loans, advances, deposits, prepayments and other receivables	17	106,165	77,611
Short-term investments	18	3,104,278	1,751,523
Accrued profit on bank deposits		3,911	2,845
Income tax - net	19	139,141	293,468
Sales tax refundable		-	24,419
Cash and bank balances	20	507,726	384,675
		7,358,903	6,583,544
TOTAL ASSETS		12,129,956	10,908,043
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2014: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital	21	405,150	405,150
Reserves	22	10,366,720	9,013,589
		10,771,870	9,418,739
NON-CURRENT LIABILITIES			
Long term deposits		1,714	1,714
CURRENT LIABILITIES			
Trade and other payables	23	1,326,002	1,482,218
Short-term borrowings - secured	24	14,556	5,338
Accrued markup		55	34
Sales tax payable		15,759	-
		1,356,372	1,487,590
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		12,129,956	10,908,043

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
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VICE CHAIRMAN

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Revenue - net	26	15,548,791	11,625,789
Cost of sales	27	12,604,896	9,815,779
Gross profit		2,943,895	1,810,010
Distribution costs	28	(198,503)	(157,757)
Administrative expenses	29	(476,175)	(368,319)
		(674,678)	(526,076)
Other income	30	898,102	624,826
Operating profit		3,167,319	1,908,760
Finance costs	31	(4,749)	(4,611)
Other charges	32	(217,356)	(128,294)
		(222,105)	(132,905)
Profit before taxation		2,945,214	1,775,855
Taxation	33	(796,301)	(414,476)
Profit after taxation		2,148,913	1,361,379
		(Rupees)	
Basic and diluted earnings per share	34	26.52	16.80

The annexed notes from 1 to 46 form an integral part of these financial statements.



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Statement of Comprehensive Income

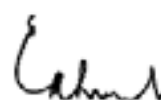
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Profit after taxation		2,148,913	1,361,379
Other comprehensive income			
<i>Item to be reclassified to profit and loss account in subsequent periods:</i>			
Gain on revaluation of available-for-sale investments		14,519	28,438
Total comprehensive income for the year		<u>2,163,432</u>	<u>1,389,817</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.



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Cash Flow Statement

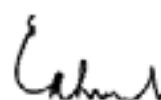
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,638,145	849,708
Finance costs paid		(4,728)	(4,585)
Retirement benefits paid		(3,529)	(3,331)
Income tax paid		(680,672)	(621,602)
Net cash generated from operating activities		1,949,216	220,190
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(119,239)	(106,452)
Long term loans and deposits		2,258	4,873
Dividends received		663,683	418,413
Profit received on bank deposits		100,430	98,447
Proceeds from disposal of property, plant and equipment		10,466	20,777
Investment in a subsidiary		(100)	(104,500)
Investment in equities		(396,669)	-
Redemption of short term investments		44,834	1,055,852
Net cash generated from investing activities		305,663	1,387,410
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(793,338)	(998,387)
Net cash used in financing activities		(793,338)	(998,387)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,461,541	609,213
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,129,337	1,520,124
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	3,590,878	2,129,337

The annexed notes from 1 to 46 form an integral part of these financial statements.



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VICE CHAIRMAN

Statement of Changes in Equity

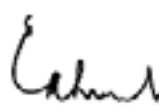
For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital reserves	General reserve	Unappropriated profit	Gain on changes in fair value of available -for-sale investments	
(Rupees in '000)						
Balance as at June 30, 2013	405,150	55,704	7,092,999	1,422,396	65,548	9,041,797
Profit for the year	-	-	-	1,361,379	-	1,361,379
Other comprehensive income	-	-	-	-	28,438	28,438
Total comprehensive income	-	-	-	1,361,379	28,438	1,389,817
Transfer to general reserve	-	-	814,000	(814,000)	-	-
<u>Transaction with owners, recorded directly in equity</u>						
Final dividend @ Rs. 7.50/- per share for the year ended June 30, 2013	-	-	-	(607,725)	-	(607,725)
Interim dividend @ Rs.2.50/- per share for the period ended December 31, 2013	-	-	-	(202,575)	-	(202,575)
Interim dividend @ Rs.2.50/- per share for the period ended March 31, 2014	-	-	-	(202,575)	-	(202,575)
	-	-	-	(1,012,875)	-	(1,012,875)
Balance as at June 30, 2014	405,150	55,704	7,906,999	956,900	93,986	9,418,739
Profit for the year	-	-	-	2,148,913	-	2,148,913
Other comprehensive income	-	-	-	-	14,519	14,519
Total comprehensive income	-	-	-	2,148,913	14,519	2,163,432
Transfer to general reserve	-	-	754,000	(754,000)	-	-
<u>Transaction with owners, recorded directly in equity</u>						
Final dividend @ Rs. 2.50/- per share for the year ended June 30, 2014	-	-	-	(202,575)	-	(202,575)
Interim dividend @ Rs. 3.75/- per share for the period ended December 31, 2014	-	-	-	(303,863)	-	(303,863)
Interim dividend @ Rs. 3.75/- per share for the period ended March 31, 2015	-	-	-	(303,863)	-	(303,863)
	-	-	-	(810,301)	-	(810,301)
Balance as at June 30, 2015	405,150	55,704	8,660,999	1,541,512	108,505	10,771,870

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Notes to the Financial Statements

For the year ended June 30, 2015

1. THE COMPANY AND ITS OPERATIONS

1.1 Thal Limited

Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges.

The Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The jute operations are located at Muzaffargarh, engineering operations at Karachi, papersack operations at Hub and Gadoon and laminate operations at Hub. The registered office of the Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

- 1.2** These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2. 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 (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement”.
- 3.2** These financial statements are presented in Pak Rupees which is also the Company’s functional currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) – Defined Benefit Plans: Employee Contributions
IAS 32 – Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities
IAS 36 – Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) Novation of Derivatives and
Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements.

In addition to the above standards and interpretations, certain improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company’s financial statements for the period.

Notes to the Financial Statements

For the year ended June 30, 2015

4.2 Current versus not-current classification

The Company presents assets and liabilities in balance sheet based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 Property, plant and equipment

(a) Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work-in-progress which are stated at cost.

Depreciation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated on straight line method at the rates specified in note 7 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leasehold land is amortised in equal installments over the lease period.

(b) Leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are recorded as a liability.

These financial charges relating to the lease are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged at the same rates as charged on the Company's owned assets.

Notes to the Financial Statements

For the year ended June 30, 2015

4.4 Intangibles

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any).

Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortized applying the straight line method at the rates stated in note 8.

4.5 Investment property

Investment property is stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on reducing balance method at the rate specified in note 9 to the financial statements.

4.6 Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

4.7 Investments

Subsidiaries and associates

Investment in shares of the Company's subsidiaries and associates is stated at cost. Provision is made for impairment, if any, in the value of investment.

Others

Held-to-maturity

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

Available-for-sale

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

Quoted

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.

Un-Quoted

These investments are recorded at cost less accumulated impairment losses, if any

Notes to the Financial Statements

For the year ended June 30, 2015

4.8 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted moving average cost method except for those in transit which are valued at actual cost. Provision is made annually for slow moving and obsolete items.

4.9 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of Net Realisable Value (NRV) and cost determined as follows:

Raw and packing materials	-	Purchase cost on weighted moving average basis
Work-in-process	-	Cost of materials, labour cost and appropriate production overheads
Finished goods	-	Cost of materials, labour cost and appropriate production overheads

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for impairment, if any.

4.11 Ijarah rentals

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

4.13 Taxation

(a) Current

The charge for current taxation in respect of certain income streams of the Company is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, 1% of turnover or 17% alternate corporate tax, whichever is higher. The Company had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 19 to the financial statements.

(b) Deferred

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

Notes to the Financial Statements

For the year ended June 30, 2015

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.16 Staff retirement benefits

Defined Contribution plan

Provident fund

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

Retirement benefit fund

The Company operates a funded scheme for retirement benefits for all employees on the basis of defined contribution on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

4.17 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay.

4.18 Provisions

General

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

Warranty obligations

The Company recognizes the estimated liability to repair or replace products under warranty at the balance sheet date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually.

4.19 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Profit on bank deposits are recognised on accrual basis.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease terms.

Notes to the Financial Statements

For the year ended June 30, 2015

4.20 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in profit and loss account of the current period.

4.21 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

4.22 Research and development expenditure

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense as incurred.

4.23 Dividends and appropriation to reserves

The Company recognises a liability for dividend to equity holder when it is authorized as per corporate laws in Pakistan. The transfer of reserves within the equity are recognized when these are approved as per the applicable laws.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgments, estimates and assumptions which are significant to the financial statements:

	Notes
determining the residual values, useful lives and impairment of property, plant and equipment	4.3 & 7
intangibles	4.4 & 8
valuation of inventories	4.8, 4.9, 14 & 15
provision against trade debts	4.10 & 16
provision for tax and deferred tax	4.13, 13, 19 & 33
warranty obligations	4.18 & 23.3
impairment of non financial assets	4.6
contingencies	25

Notes to the Financial Statements

For the year ended June 30, 2015

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of the above standards and amendments would not impact the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

For the year ended June 30, 2015

Operating fixed assets
Capital work-in-progress

	C O S T			D E P R E C I A T I O N			
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	Rate	As at July 01, 2014	As at June 30, 2015
	(Rupees in '000)				%	(Rupees in '000)	
Owned:							
Land - Freehold	5,012	-	-	5,012	-	-	-
- Leasehold	21,829	-	-	21,829	3	3,698	4,189
Building on freehold land							
- Factory building	270,035	-	-	270,035	10	149,814	161,838
- Non factory building	62,486	-	-	62,486	5-10	20,881	25,041
Railway sliding	792	-	-	792	5	712	716
Plant and machinery	1,020,324	41,084	-	1,061,408	10-30	688,587	751,464
Furniture and fittings	23,672	2,103	-	25,775	15-20	14,687	16,143
Vehicles	58,650	26,867	(11,264)	74,253	20	37,390	37,257
Office and mills equipment	51,183	5,346	(136)	56,393	10-30	32,260	35,673
Computer equipment	59,003	21,745	(1,347)	79,401	33.33	51,621	57,858
Jigs and fixtures	144,320	2,590	-	146,910	33.33	120,345	136,063
2015	1,717,306	99,735	(12,747)	1,804,294		1,119,995	1,226,242
							578,052

7.1.2 Fixed assets include moulds having book value of Rs. 0.327 million (2014: Rs. 0.210 million) in the possession of sub-contractors.

Notes to the Financial Statements

For the year ended June 30, 2015

	C O S T				Rate	D E P R E C I A T I O N				
	As at July 01, 2013	Additions	Disposals	As at June 30, 2014		As at July 01, 2013	Depreciation	On disposals	As at June 30, 2014	Written down value as at June 30, 2014
	(Rupees in '000)				%	(Rupees in '000)				
Owned:										
Land - Freehold	12,749	-	(650)	5,012	-	-	-	-	-	5,012
- Leasehold	14,742	(7,087)*	-	21,829	3	3,190	508	-	3,698	18,131
Building on freehold land										
- Factory building	270,035	-	-	270,035	10	136,455	13,359	-	149,814	120,221
- Non factory building	58,214	-	-	62,486	5-10	15,736	4,466	-	20,881	41,605
		4,272*	-							
Railway sliding	792	-	-	792	5	708	4	-	712	80
Plant and machinery	958,469	78,780	(12,472)	1,020,324	10-30	641,559	59,601	(11,894)	688,587	331,737
		(4,453)*	-				(679)*	-		
Furniture and fittings	22,079	1,617	(24)	23,672	15-20	13,516	1,358	(21)	14,687	8,985
		-					(166)*			
Vehicles	56,161	6,762	(4,273)	58,650	20	34,066	4,875	(1,556)	37,390	21,260
		-					5*			
Office and mills equipment	48,147	3,473	(437)	51,183	10-30	29,233	3,410	(383)	32,260	18,923
Computer equipment	56,243	3,157	(397)	59,003	33.33	45,272	6,683	(314)	51,621	7,382
Jigs and fixtures	-	7,125	-				(20)*			
	143,246	181*	(6,232)	144,320	33.33	109,271	17,125	(6,232)	120,345	23,975
2014	1,640,877	100,914	(24,485)	1,717,306		1,029,006	111,389	(20,400)	1,119,995	597,311
		-					-			

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
7.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	106,044	105,606
Distribution costs	28	969	776
Administrative expenses	29	7,508	5,007
		<u>114,521</u>	<u>111,389</u>

7.3 Fixed assets include fully depreciated assets amounting to Rs. 150.161 million (2014: Rs 35.033 million).

7.4 The following property, plant and equipment were disposed off during the year:

Particulars	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Gain Note 30	Mode of disposal	Particulars of buyers
(Rupees in '000)							

Vehicles

Toyota Corolla	168	-	168	948	780	Sold under company's car scheme	Mr. Ahmed Sheraz - Ex-Employee
Toyota Corolla	320	-	320	1,400	1,080	Sold under company's car scheme	Mr. Zaheer Abbas - Ex-Employee
Toyota Altis	1,809	1,212	597	597	-	Sold under company's car scheme	Mr. Sohail P. Ahmed - Director
Toyota Corolla	1,392	951	441	787	346	Sold under company's car scheme	Mr. Tariq Iqbal Ansari - Employee
Toyota Corolla	1,410	993	417	743	326	Sold under company's car scheme	Mr. Riyaz Y. Shroff - Ex Employee
Toyota Corolla	1,899	1,377	522	522	-	Sold under company's car scheme	Mr. Hussain Qaiser Rizvi - Employee
Toyota Corolla	1,355	1,061	294	294	-	Sold under company's car scheme	Mr. Ali Sajjad Dharamsey - Employee
Toyota Corolla	1,317	782	535	535	-	Sold under company's car scheme	Mr. Asif Rizvi - Chief Executive Officer
Suzuki Mehran	173	-	173	510	337	Sold under company's car scheme	Mr. Eijaz Raza - Employee
Suzuki Mehran	240	-	240	510	270	Sold under company's car scheme	Mr. Kashif Iqbal Butt - Ex- Employee
Toyota Corolla	250	-	250	1,400	1,150	Insurance Claim	M/s. Habib Insurance Co. Ltd a related party
Motor Cycle	70	9	61	62	1	Insurance Claim	M/s. Habib Insurance Co.ltd a related party
Motor Cycle	69	11	58	64	6	Insurance Claim	M/s. Habib Insurance Co.ltd a related party
Motor Cycle	69	18	51	52	1	Negotiation	Mr. Mohammad Saleem - Employee
Items having book value upto Rs. 50,000	723	419	304	1,922	1,618	Various	Various
	11,264	6,833	4,431	10,346	5,915		

Office and mill equipment

Items having book value upto Rs. 50,000	136	94	42	26	(16)	Various	Various
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Computer equipment

Items having book value upto Rs. 50,000	1,347	1,347	-	94	94	Various	Various
2015	12,747	8,274	4,473	10,466	5,993		
2014	24,485	20,400	4,085	20,778	16,693		

Notes to the Financial Statements

For the year ended June 30, 2015

2015
(Rupees in '000)

2014

7.5 Capital Work-In-Progress

Plant and machinery	-	4,769
Office and mills equipment	17,240	6,061
Vehicles	3,762	489
Computer equipment	150	-
	<u>21,152</u>	<u>11,319</u>

8. INTANGIBLE ASSETS

	C O S T				Rate %	A M O R T I Z A T I O N				
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015		As at July 01, 2014	Amortisation	On disposals	As at June 30, 2015	Written down value as at June 30, 2015
	(Rupees in '000)					(Rupees in '000)				
Softwares	-	6,195	-	6,195	33.33	-	852	-	852	5,34
Licenses	-	3,476	-	3,476	33.33	-	563	-	563	2,913
2015	<u>-</u>	<u>9,671</u>	<u>-</u>	<u>9,671</u>	-	<u>-</u>	<u>1,415</u>	<u>-</u>	<u>1,415</u>	<u>8,256</u>
2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note

2015

2014

(Rupees in '000)

8.1 The amortisation charge for the year has been allocated as follows:

Cost of sales	27	463	-
Distribution costs	28	4	-
Administrative expenses	29	948	-
		<u>1,415</u>	<u>-</u>

9. INVESTMENT PROPERTY

	COST	DEPRECIATION				
	As at June 30, 2015	As at July 01, 2014	Depreciation for the year Note 29	As at June 30, 2015	Written down value as at June 30, 2015	Depreciation Rate %
				</		

9.1 Investment property comprises of a godown held at Multan which has been let out. The fair value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2015 amounts to Rs. 62 million (2014: Rs. 32 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 Holding %	2014 Holding %	2015 (Rupees in '000)	2014 (Rupees in '000)
10. LONG-TERM INVESTMENTS					
Investments in related parties					
Subsidiaries, unquoted – at cost					
Noble Computer Services (Private) Limited		100	100	1,086	1,086
Pakistan Industrial Aids (Private) Limited		100	100	10,000	10,000
Habib METRO Pakistan (Private) Limited		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited		100	100	61,395	61,395
Thal Boshoku Pakistan (Private) Limited		55	55	104,500	104,500
Makro-Habib Pakistan Limited		100	100	223,885	223,885
Thal Power (Private) Limited		100	-	100	-
				3,190,189	3,190,089
Associates – at cost	10.1				
Quoted					
Indus Motor Company Limited		6.22	6.22	48,900	48,900
Habib Insurance Company Limited		4.63	4.63	561	561
Agriauto Industries Limited		7.35	7.35	9,473	9,473
Shabbir Tiles & Ceramics Limited		1.30	1.30	21,314	15,585
				80,248	74,519
Un-Quoted					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	10.2	25	25	284,105	284,105
Other investments - Available for sale					
Quoted - At fair value					
Habib Sugar Mills Limited				78,112	68,142
GlaxoSmithKline (Pakistan) Limited				328	279
Dynea Pakistan Limited				40,032	36,773
Allied Bank Limited				18,171	-
Habib Bank Limited				14,010	-
				150,653	105,194
Un- Quoted - At cost					
Sindh Engro Coal Mining Company Limited(SECMCL)	10.3			360,000	-
TOTAL				4,065,195	3,653,907

10.1 Although the Company has less than 20% equity interest in all of its associates except MHCCP, the management believes that significant influence over these associates exists by virtue of the Company's representation on the Board of Directors of the respective companies.

10.2 The Company holds a put option with respect to its holding in MHCCP whereby, if MHCCP does not achieve specified financial performance targets, the Company may require Metro Cash and Carry International Holding BV to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The put option is exercisable from June 27, 2014 to June 26, 2019 subject to certain conditions.

10.3 The Company has entered into a Shareholders Agreement with Engro Powergen Limited and Hub Power Company Limited for joint investment in SECMCL. The Company has made an investment of Rs. 360 million and also agreed to make an investment upto a total of Rs. 3 billion subject to certain conditions and regulatory approvals.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
11. LONG TERM LOANS AND DEPOSITS			
Loans to employees - unsecured, considered good			
Interest bearing		58	91
Interest free		264	183
Current portion	17	(151)	(101)
		<u>171</u>	<u>173</u>
Long-term deposits			
Security deposits		5,472	3,978
Utilities		2,010	2,010
Others		471	441
		<u>7,953</u>	<u>6,429</u>
Loan to A-One Enterprises (Private) Limited, a subsidiary company	11.1	5,000	5,000
		<u>13,124</u>	<u>11,602</u>

11.1 It represents interest free loan given to subsidiary company for operational requirements.

12. LONG TERM PREPAYMENT

	Note	2015 (Rupees in '000)	2014
Rent	12.1	3,780	7,560
Current portion	17	(3,780)	(3,780)
		<u>-</u>	<u>3,780</u>

12.1 Represents advance rent paid in respect of service centre upto June 2016.

13. DEFERRED TAX ASSET - net

Deferred tax comprises temporary differences relating to :

Provisions	146,622	113,521
Accelerated tax depreciation	(62,369)	(67,966)
	<u>84,253</u>	<u>45,555</u>

14. STORES, SPARES AND LOOSE TOOLS

Stores	22,593	21,440
Spares	61,619	62,689
Loose tools	87	141
	<u>84,299</u>	<u>84,270</u>

15. STOCK-IN-TRADE

Raw material			
- In hand	15.1	1,451,245	2,146,446
- In transit		401,582	314,131
Work-in-process		192,326	171,239
Finished goods		249,876	459,441
	15.2	<u>2,295,029</u>	<u>3,091,257</u>

15.1 Raw materials amounting to Rs. 9.577 million (2014: Rs. 13.218 million) are held with the sub-contractors.

15.2 Stock-in-trade includes items amounting to Rs. 592.848 million (2014: Rs. 793.164 million) carried at net realisable value. [Cost Rs. 648.972 million (2014: Rs. 841.973 million)].

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
16. TRADE DEBTS - unsecured			
Considered good	16.1	1,118,354	873,476
Considered doubtful		13,431	10,001
Provision for impairment	16.2	(13,431)	(10,001)
		-	-
		<u>1,118,354</u>	<u>873,476</u>
16.1 This includes amount due from following related parties:			
Indus Motor Company Limited		321,750	42,457
Shabbir Tiles & Ceramics Limited		7,511	1,768
Schneider Electric Pakistan (Private) Limited		-	9
		<u>329,261</u>	<u>44,234</u>
16.2 Reconciliation of provision for impairment of trade debts			
Balance at the beginning of the year		10,001	29,134
Charge for the year		5,726	-
Reversal for the year	30	(2,296)	(19,133)
		3,430	(19,133)
Balance at the end of the year		<u>13,431</u>	<u>10,001</u>
17. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good – unsecured			
Loans			
Current portion of long term loans to employees	11	151	101
Advances			
Suppliers		19,843	8,172
Employees		1,888	1,064
		<u>21,731</u>	<u>9,236</u>
Deposits			
Tender / Performance guarantee		53,856	33,257
Margin against letter of credit		231	1,775
Container deposits		3,775	2,012
		<u>57,862</u>	<u>37,044</u>
Short-term prepayments			
Current portion of long term prepayment	12	3,780	3,780
Insurance		5,332	6,755
Others		3,036	4,069
		<u>12,148</u>	<u>14,604</u>
Other receivables	17.1	14,273	16,626
		<u>106,165</u>	<u>77,611</u>
17.1 Other receivables			
Duty drawback		2,875	8,905
Rent		487	-
Workers' profit participation fund	17.1.1	7,750	5,505
Others	17.1.2	3,161	2,216
		<u>14,273</u>	<u>16,626</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
17.1.1 Workers' profit participation fund (WPPF)			
Receivable from / (payable to) WPPF at the beginning of the year		5,505	(3,495)
Allocation for the current year		(157,250)	(94,495)
Interest on funds utilised in the Company's business		-	(348)
Liability for WPPF		(151,745)	(98,338)
Paid during the year		159,495	103,843
Net receivable from WPPF		7,750	5,505

17.1.2 This includes receivable from the following related parties:

Pakistan Industrial Aids (Private) Limited	1,393	-
Indus Motor Company Limited	36	-
Agriautos Industries Limited	26	-
Habib Insurance Company Limited	10	-
Habib METRO Pakistan (Private) Limited	453	-
Noble Computer Services (Private) Limited	459	-
Habib Metropolitan Bank Limited	87	-
Auvitronics Limited	1	-
Thal Boshoku Pakistan (Private) Limited	78	850
	2,543	850

18. SHORT-TERM INVESTMENTS

Held-to-maturity - at amortised cost

Term deposit receipts	18.1	2,800,909	1,700,909
Accrued profit thereon		4,050	449
		2,804,959	1,701,358
Musharika certificate	18.2	100,000	50,000
Accrued profit thereon		37	165
		100,037	50,165
Treasury bills	18.3	196,747	-
Accrued profit thereon		2,535	-
		199,282	-
		3,104,278	1,751,523

18.1 These deposits include deposits amounting to Rs. 2,500 million (2014: 1,700 million) with Habib Metropolitan Bank Limited, a related party and carry profit rate ranging from 6.60% to 7.40% (2014: 6.50% to 9.75%) per annum and having maturity ranging from July 05, 2015 to July 30, 2015 out of which Rs. 0.909 million (2014: Rs. 0.909 million) is under lien against a letter of guarantee issued by the bank on behalf of the Company.

18.2 These carry profit rate at 6.75% (2014: 9.25%) per annum and having maturity upto September 29, 2015.

18.3 These carry profit rate ranging from 6.84% to 7.38% per annum and having maturity upto August 06, 2015.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
19. INCOME TAX - net			
Group Tax Relief adjustments	19.1	593,466	593,466
Income tax provision less tax payments – net		(454,325)	(299,998)
		139,141	293,468

19.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company adjusted its tax liabilities for the tax years 2008 to 2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Company is entitled to Group Relief under section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the Sindh High Court and with the Chairman ATIR which are under the process of hearings.

	Note	2015 (Rupees in '000)	2014
20. CASH AND BANK BALANCES			
With banks in:			
Current accounts	20.1	132,417	30,085
Deposit accounts	20.2	373,066	352,496
		505,483	382,581
In hand		2,243	2,094
		507,726	384,675

20.1 These include account maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 103.053 million (2014: 8.220 million).

20.2 These represent deposits with Habib Metropolitan Bank Limited, a related party. These carry markup at the rate 5.5% (2014: 8%) per annum.

Notes to the Financial Statements

For the year ended June 30, 2015

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015 Number of ordinary shares of Rs. 5/- each	2014		2015 (Rupees in '000)	2014 (Rupees in '000)
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares:	323,202	323,202
-	-	Opening balance	-	-
64,640,390	64,640,390	Issued during the year	323,202	323,202
		Closing balance		
		Shares issued under the Scheme of Arrangement for Amalgamation	56,198	56,198
11,239,669	11,239,669		405,150	405,150
81,029,909	81,029,909			

21.1 As at June 30, 2015: 7,512,043 (2014: 7,874,443) ordinary shares of Rs. 5/- each are held by related parties.

22. RESERVES

Capital reserves

Reserve on merger of former Pakistan Jute and
Synthetics Limited and former Thal Jute Mills Limited

Reserve on merger of former Pakistan Paper Sack
Corporation Limited and former Khyber Papers (Private) Limited

Revenue reserves

General reserve
Unappropriated profit

Gain on change in fair value of available for sale investments - net

Note	2015 (Rupees in '000)	2014 (Rupees in '000)
	13,240	13,240
	42,464	42,464
	55,704	55,704
	8,660,999	7,906,999
	1,541,512	956,900
	10,202,511	8,863,899
	108,505	93,986
	10,366,720	9,013,589

23. TRADE AND OTHER PAYABLES

Creditors	23.1	266,671	246,659
Accrued liabilities	23.2	588,796	420,311
Custom duty payable		10,875	81,981
Unclaimed salaries		7,733	7,878
Warranty obligations	23.3	179,853	117,642
Royalty payable	23.4	107,938	60,799
Workers' welfare fund		60,106	36,193
Security deposits		537	1,108
Unclaimed and unpaid dividend		60,376	43,413
Consideration payable against acquisition of shares of Makro-Habib Pakistan Limited		-	429,821
Other liabilities	23.5	43,117	36,413
		1,326,002	1,482,218

23.1 This includes amounts due to related parties:

Auvitronics Limited	8,574	-
Makro-Habib Pakistan Limited	1,750	1,105
Pakistan Industrial Aids (Private) Limited	5,425	4,166
Habib Insurance Company Limited	70	-
	15,819	5,271

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
23.2 This includes amounts due to related parties:			
Habib Insurance Company Limited		<u>591</u>	<u>758</u>
23.3 Warranty obligations			
Balance at the beginning of the year		117,642	94,904
Charge for the year	28	75,899	47,143
		193,541	142,047
Claims paid during the year		(13,688)	(24,405)
Balance at end of the year		179,853	117,642
23.4 Royalty payable			
Balance at the beginning of the year		60,799	74,228
Charge for the year	27	156,177	87,951
Paid during the year		(109,038)	101,380
Balance at the end of the year		107,938	60,799
23.5 Other liabilities			
Tax deducted at source		1,557	1,114
Employees Old-Age Benefits Institution		128	22
Advances from customers		26,182	24,950
Payable to provident fund		986	-
Payable to retirement benefit fund		4,538	4,353
Others		9,726	5,974
		43,117	36,413
24. SHORT TERM BORROWINGS - Secured			
Short-term running finance - Banks			
Related party		13,921	4,972
Others		635	366
	24.1	14,556	5,338
24.1 Available limits of the running finance facilities amount to Rs. 2,453 million (2014: Rs. 2,453 million). The facilities carry mark-up at rates ranging from one month to three months' KIBOR plus spreads of 0.75% to 0.90% (2014: 0.75% to 0.9%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Company's stock-in-trade and book debts. The facilities have a maturity till April 20, 2018.			

Notes to the Financial Statements

For the year ended June 30, 2015

	2015 (Rupees in '000)	2014
25. CONTINGENCIES AND COMMITMENTS		
25.1 Contingencies		
25.1.1 Letter of guarantees issued by banks on behalf of the Company.	12,310	19,349
25.1.2 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SRO's.	166,379	218,276
25.1.3 The Subsidiary company MHPL owns a retail store in Saddar Karachi. The Supreme Court of Pakistan, in its judgment released on December 18, 2009, cancelled the 90 years lease (for the area where Saddar store is located) granted by the Government of Pakistan (GoP) to the Army Welfare Trust (AWT) dated December 19, 2002 on the basis that it was granted without lawful authority. As a consequence, the Supreme Court of Pakistan also cancelled the sub-lease granted in favour of the MHPL by AWT dated July 31, 2006. MHPL was allowed three months from the date of judgment to remove its structures and installations from the subject land and hand-over the subject land's vacant possession to City District Government Karachi. MHPL filed a review petition against the judgment of the Supreme Court of Pakistan and GoP and AWT also filed review petitions on January 22, 2010. The matter has not been definitively decided up till now. During the year 2012, MHPL entered into an Operation Agreement with MHCCP whereby MHCCP was engaged to operate MHPL's AWT (Saddar) Store. Under the above referred Operation Agreement, MHPL is required to pay to MHCCP an Operation Fee of up to Rs. 792 million. Under the agreement between Metro BV and the Company, if the Review Petition filed by MHPL in the Supreme Court is definitively and conclusively decided adversely against MHPL prior to the payment of the entire amount of Rs. 792 million by MHPL to MHCCP, then MHPL is required to pay to MHCCP the balance of the Operation Fee (Rs. 792 million less the Operation Fee paid up to date of such decision of Review Petition). If MHPL fails to make such payment, the Company has agreed that it will make the payment of the same to MHCCP. However, no provision against the same has been considered necessary in these financial statements as the Company expects a favourable outcome of the review petition.	792,000	792,000
25.2 Commitments		
25.2.1 Letters of credit outstanding for raw material and spares	1,237,316	996,761
25.2.2 Commitments in respect of capital expenditure	-	12,294
25.2.3 Commitments for rentals under Ijarah finance agreements		
Within one year	2,209	8,662
After one year but not later than five years	220	2,643
	2,429	11,305
Represent Ijarah agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.429 million and are payable in monthly installments latest by September 2017. These commitments are secured by on-demand promissory notes of Rs. 11.834 million.		

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
26. REVENUE - net			
Export sales	26.1	930,322	1,075,530
Local sales	26.2	16,850,364	12,117,207
		17,780,686	13,192,737
Less: Sales tax		2,228,507	1,570,935
Sales discount		1,322	1,968
Sales returns		-	19
		2,229,829	1,572,922
Add: Duty drawback		(2,066)	5,974
		15,548,791	11,625,789

26.1 Export sales are stated net of export related freight and other expenses of Rs. 42.311 million (2014: Rs. 47.535 million).

26.2 Local sales are stated net of freight and other expenses of Rs. 59.111 million (2014: Rs. 51.951 million).

	Note	2015 (Rupees in '000)	2014
27. COST OF SALES			
Raw material consumed	27.1	10,486,649	8,286,247
Salaries, wages and benefits		1,076,825	1,010,573
Stores and spares consumed		140,096	132,534
Repairs and maintenance		90,348	77,658
Power and fuel		301,853	312,439
Rent, rates and taxes		3,755	1,828
Vehicle running and maintenance		9,024	10,349
Insurance		9,163	9,889
Communication		4,337	3,954
Travelling and conveyance		12,110	8,593
Entertainment		413	926
Printing and stationery		4,372	3,882
Legal and professional		1,064	1,293
Computer accessories		6,424	3,285
Provision for royalty	23.4	156,177	87,951
Depreciation	7.2	106,044	105,606
Amortisation	8.1	463	-
Research and development		2,517	3,521
Ijarah rentals		2,625	5,240
Technical assistance fee		-	17,226
Others		2,159	748
		12,416,418	10,083,742
Work-in-process			
Opening		171,239	176,847
Closing		(192,326)	(171,239)
		(21,087)	5,608
Cost of goods manufactured		12,395,331	10,089,350
Finished goods			
Opening		459,441	185,870
Closing		(249,876)	(459,441)
		209,565	(273,571)
		12,604,896	9,815,779
27.1 Raw material consumed			
Opening stock		2,146,446	1,653,805
Purchases		9,791,448	8,778,888
Closing stock		(1,451,245)	(2,146,446)
		10,486,649	8,286,247

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
28. DISTRIBUTION COSTS			
Salaries and benefits		55,641	49,088
Vehicle running expense		4,089	4,656
Utilities		1,753	1,660
Insurance		2,728	2,594
Rent, rates and taxes		8,182	8,454
Communication		1,489	1,733
Advertisement and publicity		7,447	5,075
Travelling and conveyance		7,341	6,678
Entertainment		139	260
Printing and stationery		316	361
Legal and professional		25	-
Computer accessories		209	235
Research and development		267	440
Depreciation	7.2	969	776
Amortisation	8.1	4	-
Provision for impairment of debts	16.2	5,726	-
Repairs and maintenance		1,154	262
Export expenses		23,412	24,793
Provision for warranty claims	23.3	75,899	47,143
Ijarah rentals		886	2,984
Others		827	565
		198,503	157,757
29. ADMINISTRATIVE EXPENSES			
Salaries and benefits		273,901	205,055
Vehicle running expense		12,682	11,593
Printing and stationery		2,522	2,799
Rent, rates and taxes		8,535	3,710
Utilities		5,740	5,376
Insurance		812	740
Entertainment		1,250	1,502
Subscription		2,058	1,790
Communication		3,204	3,539
Advertisement and publicity		593	286
Repairs and maintenance		6,282	6,046
Travelling and conveyance		18,271	17,169
Legal and professional		88,928	70,632
Computer accessories		3,673	3,128
Auditors' remuneration	29.1	3,597	3,117
Depreciation	7.2	7,508	5,007
Depreciation on investment property	9	4	7
Amortisation	8.1	948	-
Ijarah rentals		3,611	5,850
Charity and donations	29.2	29,968	17,988
Directors' fee and meeting expenses		1,146	2,199
Others		942	786
		476,175	368,319
29.1 Auditors' remuneration			
Audit fee		1,759	1,607
Half-yearly review		279	234
Taxation services		906	510
Other certification		337	304
Out of pocket expenses		316	462
		3,597	3,117

Notes to the Financial Statements

For the year ended June 30, 2015

29.2 Charity and donations

Charity and donations include the following donees in whom directors or their spouses are interested:

Name of donee	Address of donee	Name of directors/spouse	2015 (Rupees in '000)	2014
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	9,998	6,525
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	3,000	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	4,000	4,250
Anjuman -e- Behbood-Samat -e- Itfal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	36
Note			2015 (Rupees in '000)	2014

30. OTHER INCOME

Income from financial assets

Dividend income			
- Related parties		657,543	411,699
- Others		6,140	6,714
Profit on call deposit accounts and short term investments		106,591	89,654
Gain on redemption of investments at fair value through profit and loss		44,834	60,099
Reversal of provision for impairment of trade debt	16.2	2,296	19,133
Liabilities / provisions no longer payable / required written back		116	186
Exchange gain - net		3,554	73
		821,074	587,558

Income from non financial assets

Gain on disposal of property, plant and equipment	7.4	5,993	16,693
Rental income		6,535	4,706
Claim from suppliers / customers		14,119	12,735
Others		50,381	3,134
		77,028	37,268
		898,102	624,826

31. FINANCE COSTS

Mark-up / interest on:			
Short-term borrowings			
- Related party		41	53
- Others		582	107
Workers' profit participation fund		-	348
Bank charges and commission		4,126	4,103
		4,749	4,611

32. OTHER CHARGES

Workers' profits participation fund		157,250	94,495
Workers' welfare fund		60,106	33,799
		217,356	128,294

33. TAXATION

Current		822,067	442,381
Prior		12,932	(4,374)
Deferred		(38,698)	(23,531)
	33.1	796,301	414,476

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
33.1 Relationship between income tax expense and accounting profit			
Profit before tax		2,945,214	1,775,855
Tax at the rate of 33% (2014: 34%)	33.1.1	971,921	603,791
Super tax @ 3% of taxable income		78,882	-
		1,050,803	603,791
Tax effects of:			
Income taxed at reduced rates		(230,095)	(168,346)
Income tax under Final tax regime		(33,811)	(30,563)
Tax effect of inadmissible items		(3,528)	13,968
Prior years		12,932	(4,374)
		796,301	414,476

33.1.1 The Federal Government vide Finance Act 2015 has imposed a onetime super tax at the rate of 3% on income of companies for the tax year 2015. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Accordingly, provision of Rs. 78.882 million for Super tax has been made in these financial statements.

	2015 (Rupees in '000)	2014
34. BASIC AND DILUTED EARNINGS PER SHARE		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year after taxation	2,148,913	1,361,379
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	(Rupees)	
Basic and diluted earnings per share	26.52	16.80

	2015 (Rupees in '000)	2014
35. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,945,214	1,775,855
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	115,940	111,396
Finance costs	4,749	4,612
Profit earned on call deposit and short term investments	(106,591)	(89,654)
Liabilities / provisions no longer payable / required written back	(116)	(186)
Gain on revaluation of investments at fair value through profit and loss	(44,834)	(60,099)
Dividend income	(663,683)	(418,413)
Provision / (reversal) for impairment of debts - net	3,430	(19,133)
Provision for retirement benefits	3,595	2,985
Gain on disposal of property, plant and equipment	(5,993)	(16,693)
	(693,503)	(485,185)
	2,251,711	1,290,670
(Increase) / decrease in current assets		
Stores, spares and loose tools	13	(3,686)
Stock-in-trade	796,228	(634,821)
Trade debts	(248,308)	153,348
Loans, advances, deposits, prepayments and other receivables	(28,554)	46,435
Increase / (decrease) in current liabilities		
Trade and other payables	(173,123)	23,020
Sales tax payable	40,178	(25,258)
	386,434	(440,962)
	2,638,145	849,708

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	507,726	384,675
Short term investments	18	3,097,708	1,750,000
Running Finance	24	(14,556)	(5,338)
		<u>3,590,878</u>	<u>2,129,337</u>

37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, associates, and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in notes 38 in these financial statements, are as follows:

Relationship	Nature of transactions	2015 (Rupees in '000)	2014
Subsidiaries	Sales of goods	71	-
	Professional Services acquired	82,883	73,135
	Purchase of assets	41	175
	Purchase of goods	49,657	29,229
	Supplies purchased	31,110	24,430
	Sale of asset	-	43
	Rent received	5,025	3,351
	Investment in Subsidiary	100	104,500
	Service Fee	25,200	13,500
Associates	Sales of goods	8,303,593	4,442,763
	Insurance premium	28,162	33,197
	Purchase of assets	20,012	-
	Purchase of goods	122,654	63,028
	Insurance claim received	11,307	2,513
	Mark-up and bank charges paid	4,758	5,281
	Profit received on deposits	79,542	89,340
	Rent paid	800	400
Employee benefit plans	Contribution to provident fund	35,309	39,785
	Contribution to retirement benefit fund	3,319	2,902

There are no transactions with key management personnel other than under the terms of employment as disclosed in note 38 to the financial statements.

The receivable / payable balances with related parties as at June 30, 2015 are disclosed in the respective notes to the financial statements.

38. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2015			2014		
	Chief executive	Directors (Rupees in '000)	Executives	Chief executive	Directors (Rupees in '000)	Executives
Managerial remuneration	28,898	-	207,103	27,172	-	151,331
Company's contribution to provident fund	694	-	7,562	603	-	5,699
Company's contribution to retirement benefit fund	-	-	3,425	-	-	2,786
	<u>29,592</u>	<u>-</u>	<u>218,090</u>	<u>27,775</u>	<u>-</u>	<u>159,816</u>
Number of persons	1	-	92	1	-	68

38.1 The chief executive, directors and certain executives of the company are provided with free use of company maintained cars.

38.2 Four non executive directors (2014: Five) have been paid fees of Rs. 970,000 (2014: Rs. 1,070,000) for attending board and other meetings.

Notes to the Financial Statements

For the year ended June 30, 2015

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	140,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Actual Production		
Jute (Metric Tons)	25,247	27,260
Auto air conditioners (Units)	72,078	46,531
Wire harness (Units)	107,890	63,253
Paper bags (Nos. 000s)	95,148	81,924
Alternator (Units)	51,655	781
Starter (Units)	51,753	777
Reason for shortfall	Low demand	Low demand

39.1 The capacity of wire harness is dependent on product mix.

39.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

40. PROVIDENT FUND

	2015 unaudited	2014 Audited
	(Rupees in '000)	
Size of the fund	591,234	540,506
Percentage of investments made	93.44%	98.13%
Fair value of investments	552,462	530,400
Cost of investments made	522,181	479,550

40.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2015 (Unaudited)		2014 (Audited)	
	Investments (Rs '000)	investment as a % of size of the fund	Investments (Rs '000)	investment as a % o size of the fund
Government securities	266,929	45.15%	232,660	43.04%
Term finance certificates and Sukuks	99,099	16.76%	85,064	15.74%
Term deposit receipts and call deposits	27,224	4.60%	20,201	3.74%
Listed securities and mutual fund units	159,210	26.93%	192,475	35.61%

40.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Notes to the Financial Statements

For the year ended June 30, 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversee policies for managing each of these risks which are summarised below.

41.1 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.

Concentration of credit risk arises when a number of counterparties 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 economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts, short term investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2015	2014
	(Rupees in '000)	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 324.831 million (2014: Rs. 21.137 million) receivable from related parties.]	860,645	564,281
Past due but not impaired		
- Less than 90 days [includes Rs. 4.430 million (2014: Rs. 22.926 million) receivable from related parties.]	168,925	284,810
- 91 to 180 days [includes Rs. Nil (2014: Rs. 0.171 million) receivable from related parties.]	75,559	24,171
- 181 to 360 days [includes Rs. Nil (2014: Rs. Nil) receivable from related parties.]	13,225	214
	<u>1,118,354</u>	<u>873,476</u>
Bank balances and deposits		
Ratings		
A1+	491,339	365,309
A-1+	7,274	16,686
A-1	-	27
A2	6,870	-
P-1 *	-	559
	<u>505,483</u>	<u>382,581</u>

* This reflects rating assigned by an international rating agency to foreign banks

Short term investments

Ratings		
A1+	2,904,996	1,751,523
A-1+	199,282	-
	<u>3,104,278</u>	<u>1,751,523</u>

Notes to the Financial Statements

For the year ended June 30, 2015

41.2 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Year ended June 30, 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Long term deposits	-	-	-	1,714	1,714
Trade and other payables	972,777	-	-	-	972,777
Short-term borrowing - secured	14,556	-	-	-	14,556
Accrued markup	55	-	-	-	55
Sales tax payable	15,759	-	-	-	15,759
	30,370	-	-	1,714	1,004,861

Year ended June 30, 2014

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Long term deposits	-	-	-	1,714	1,714
Trade and other payables	1,118,366	-	-	-	1,118,366
Short-term borrowing - secured	5,338	-	-	-	5,338
Accrued markup	34	-	-	-	34
	1,123,738	-	-	1,714	1,125,452

41.3 Foreign Currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risks is as follows:

	2015	2014
Trade receivables (US Dollars)	418,857	317,894
Trade receivables (AED)	-	1,270,306
Trade receivables (SAR)	-	1,114,489
Trade and other payables (US Dollars)	1,649,767	1,138,002
Trade and other payables (JPY)	109,201	-
Trade and other payables (CHF)	1,481	-
Total (AED) - receivables	-	1,270,306
Total (SAR) - receivables	-	1,114,489
Total (CHF) - payables	1,481	-
Total (JPY) - payables	109,201	-
Total (US Dollars) - payables	1,230,910	820,108

The following significant exchange rates have been applied at the balance sheet date:

US Dollars	101.70	98.75
AED	27.69	26.83
SAR	27.12	26.28
JPY	0.82	-
CHF	109.64	-

Notes to the Financial Statements

For the year ended June 30, 2015

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AED, JPY, CHF and SAR's exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollars, AED, JPY, CHF & SARs rate %	Effect on profit or (loss) before tax (Rupees in '000)	Effect on equity
2015	+ 10	(12,544)	(9,152)
	- 10	12,544	9,152
2014	+ 10	(1,761)	(1,350)
	- 10	1,761	1,350

41.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the financial statements.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees in '000)
2015		
KIBOR	+ 100	3,568
KIBOR	- 100	(3,568)
2014		
KIBOR	+ 100	3,472
KIBOR	- 100	(3,472)

41.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

Notes to the Financial Statements

For the year ended June 30, 2015

42. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through equity and working capital.

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book value.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1 : Quoted prices in active markets for identical assets.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2015, the Company has only available-for-sale investments measured at fair value using level 1 valuation techniques.

44. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 27, 2015 has approved the following:

- (i) transfer of Rs. 1,136 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 5 per share for the year ended June 30, 2015 for approval of the members at the Annual General Meeting to be held on October 5, 2015.

45. GENERAL

45.1 The number of employees as at June 30, 2015 was 4,144 (2014: 5,061) and average number of employees during the year was 4,826 (2014: 5,897).

45.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

45.3 Figures have been rounded off to the nearest thousands.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 27, 2015 by the Board of Directors of the Company.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN