Balance Sheet

As at June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	608,630	612,471
Investment property	8	1,025	1,032
Long-term investments	9	3,653,907	3,520,969
Long-term loans and deposits	10	13,316	10,485
Long-term prepayment	11	3,780	7,560
Deferred tax asset - net	12	45,555	22,024
		4,326,213	4,174,541
CURRENT ASSETS			
Stores, spares and loose tools	13	84,270	80,584
Stock-in-trade	14	3,091,257	2,456,436
Trade debts - unsecured	15	873,476	1,007,691
Loans, advances, deposits, prepayments and other receivables	16	77,611	126,256
Short-term investments	17	1,751,523	1,804,641
Accrued profit on bank deposits		2,845	4,271
Income tax - net	18	293,468	109,873
Sales tax refundable		24,419	-
Cash and bank balances	19	384,675	727,492
		6,583,544	6,317,244
TOTAL ASSETS		10,909,757	10,491,785
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2013: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital	20	405,150	405,150
Reserves	21	9,013,589	8,636,647
		9,418,739	9,041,797
NON-CURRENT LIABILITIES			
Long term deposits		1,714	-
CURRENT LIABILITIES			
Trade and other payables	22	1,483,932	1,441,774
Short-term borrowings - secured	23	5,338	7,368
Accrued markup		34	7
Sales tax payable		-	839
		1,489,304	1,449,988
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		10,909,757	10,491,785

The annexed notes from 1 to 45 form an integral part of these financial statements.

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
Revenue - net	25	11,625,789	12,766,238
Cost of sales	26	9,815,779	10,424,754
Gross profit		1,810,010	2,341,484
Distribution costs	27	(157,757)	(176,038)
Administrative expenses	28	(368,319)	(341,239)
		(526,076)	(517,277)
Other income	29	624,826	587,822
Operating profit		1,908,760	2,412,029
Finance costs	30	(4,611)	(12,573)
Other charges	31	(128,294)	(172,685)
		(132,905)	(185,258)
Profit before taxation		1,775,855	2,226,771
Taxation	32	(414,476)	(602,476)
Profit after taxation		1,361,379	1,624,295
		(Rupees)	
Basic and diluted earnings per share	33	16.80	20.05

The annexed notes from 1 to 45 form an integral part of these financial statements.

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Statement of Comprehensive Income

For the year ended June 30, 2014

	2014	2013
	(Rupees in '000)	
Profit after taxation	1,361,379	1,624,295
Other comprehensive income		
Item to be reclassified to profit and loss account in subsequent periods:		
Gain on revaluation of available-for-sale investments	28,438	19,433
Total comprehensive income for the year	1,389,817	1,643,728

The annexed notes from 1 to 45 form an integral part of these financial statements.

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	851,422	2,019,288
Finance costs paid		(4,585)	(16,769)
Retirement benefits paid		(3,331)	(2,010)
Income tax paid		(621,602)	(730,351)
Net cash generated from operating activities		221,904	1,270,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(106,452)	(133,869)
Long term loans and deposits		3,159	(105)
Dividends received		418,413	396,691
Profit received on bank deposits		98,447	94,634
Proceeds from disposal of property, plant and equipment		20,777	9,584
Investment in a subsidiary		(104,500)	-
Disposal / (Purchase) of short term investments		1,055,852	(674,970)
Net cash generated from / (used in) investing activities		1,385,696	(308,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance repaid		-	(442,500)
Dividends paid		(998,387)	(616,286)
Repayment of liabilities against assets subject to finance lease		-	(259)
Net cash used in financing activities		(998,387)	(1,059,045)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		609,213	(96,922)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,520,124	1,617,046
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	2,129,337	1,520,124

The annexed notes from 1 to 45 form an integral part of these financial statements.

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Statement of Changes in Equity

For the year ended June 30, 2014

	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, 2012	368,318	55,704	5,987,999	1,566,073	46,115	8,024,209
Profit for the year	-	-	-	1,624,295	-	1,624,295
Other comprehensive income	-	-	-	-	19,433	19,433
Total comprehensive income	-	-	-	1,624,295	19,433	1,643,728
Issue of bonus shares in the ratio 2:10	36,832	-	-	(36,832)	-	-
Final dividend @ Rs. 5.75/- per share for the year ended June 30, 2012	-	-	-	(423,565)	-	(423,565)
Transfer to general reserve	-	-	1,105,000	(1,105,000)	-	-
Interim dividend @ Rs.2.50/- per share for the period ended December 31, 2012	-	-	-	(202,575)	-	(202,575)
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
Final dividend @ Rs. 7.5/- per share for the year ended June 30, 2013	-	-	-	(607,725)	-	(607,725)
Transfer to general reserve	-	-	814,000	(814,000)	-	-
Interim dividend @ Rs. 2.5/- per share for the period ended December 31, 2013	-	-	-	(202,575)	-	(202,575)
Interim dividend @ Rs. 2.5/- per share for the period ended March 31, 2014	-	-	-	(202,575)	-	(202,575)
Balance as at June 30, 2014	405,150	55,704	7,906,999	956,900	93,986	9,418,739

The annexed notes from 1 to 45 form an integral part of these financial statements

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

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 –(Revised)
IFRS 7 – Financial Instruments : Disclosures – (Amendments)
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment
IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments
IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

4.2 Current versus not-current classification

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

- Expected to be realised or intended to 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.

4.4 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 8 to the financial statements

4.5 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.

4.6 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.

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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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, or 1% of turnover 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 18 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.

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.

4.13 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.

4.14 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.

4.15 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.

4.16 Compensated absences

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

4.17 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 revised annually.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 Dividends and appropriation to reserves

The Company recongnises 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 reconized 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	4.2, 4.3 & 7
valuation of inventories	4.7, 4.8, 13 & 14
provision against trade debts	4.9 & 15
provision for tax and deferred tax	4.12, 12, 18 & 32
warranty obligations	4.17 & 22.4
impairment on non financial assets	4.5
contingencies	24

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	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 19 - Employee Contributions – (Amendment)	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014

The Company is currently evaluting the impact of the above revisions, amendments and adoption of the standards on the Group's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Company expects that such improvements to the standards will not have any 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	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

	Note	2014	2013
		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	597,311	611,871
Capital work-in-progress	7.5	11,319	600
		608,630	612,471

7.1 Statement of operating fixed assets

	COST					DEPRECIATION				
	As at July 01, 2013	Additions / transfers*	Disposals / transfers*	As at June 30, 2014	Rate	As at July 01, 2013	Depreciation / transfers*	On disposals / transfers*	As at June 30, 2014	Written down value as at June 30, 2014
	(Rupees in '000)				%	(Rupees in '000)				
Owned:										
Land - Freehold	12,749	- (7,087)*	(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	- 4,272*	-	62,486	5-10	15,736	4,466 679*	-	20,881	41,605
Railway sliding	792	-	-	792	5	708	4	-	712	80
Plant and machinery	958,469	78,780 (4,453)*	(12,472)	1,020,324	10-30	641,559	59,601 (679)*	(11,894)	688,587	331,737
Furniture and fittings	22,079	1,617 -	(24)	23,672	15-20	13,516	1,358 (166)*	(21)	14,687	8,985
Vehicles	56,161	6,762 -	(4,273)	58,650	20	34,066	4,875 5*	(1,556)	37,390	21,260
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 (20)*	(314)	51,621	7,382
Jigs and fixtures	143,246	7,125 181*	(6,232)	144,320	33.33	109,271	17,125 181*	(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

7.1.1 Additions include transfers from capital work-in-progress amounting to Rs. 73.133 million (2013: 58.385 million).

7.1.2 Fixed assets include moulds having book value of Rs. 0.210 million (2013: Rs. 1.467 million) in the possession of sub-contractors.

Notes to the Financial Statements

For the year ended June 30, 2014

	COST					DEPRECIATION				
	As at July 01, 2012	Additions/ transfers *	Disposals / transfers *	As at June 30, 2013	Rate %	As at July 01, 2012	Depreciation/ transfers*	On disposals/ transfers *	As at June 30, 2013	Written down value as at June 30, 2013
	Rupees in thousands					Rupees in thousands				
Owned:										
Land - Freehold	12,749	-	-	12,749	-	-	-	-	-	12,749
- Leasehold	14,742	-	-	14,742	3	2,246	944	-	3,190	11,552
Building on freehold land										
- Factory building	257,832	12,203	-	270,035	10	122,310	14,145	-	136,455	133,580
- Non factory building	25,201	33,013	-	58,214	5-10	13,823	1,913	-	15,736	42,478
Railway sliding	792	-	-	792	5	704	4	-	708	84
Plant and machinery	921,851	39,556 (1,735)*	(1,203) -	958,469	10-30	585,078	58,968 (1,318)*	(1,169) -	641,559	316,910
Furniture and fittings	19,856	2,223	-	22,079	15-20	12,110	1,406	-	13,516	8,563
Vehicles	51,705	4,908 7,199*	(7,651) -	56,161	20	30,230	5,415 3,440*	(5,019)	34,066	22,095
Office and mills equipment	39,808	5,049 3,290*	- -	48,147	10-30	22,964	3,270 2,999*	-	29,233	18,914
Computer equipment	52,377	5,765 (1,555)*	(344) -	56,243	33.33	38,002	9,128 (1,681)*	(177)	45,272	10,971
Jigs and fixtures	98,454	44,792	-	143,246	33.33	95,430	13,841	-	109,271	33,975
	1,495,367	147,509 7,199*	(9,198)	1,640,877		922,897	109,034 3,440*	(6,365)	1,029,006	611,871
Leased:										
Vehicles	7,199	- -	- (7,199)	-	20	3,401	39 -	- (3,440)	-	-
	7,199	-	- (7,199)*	-		3,401	39 -	- (3,440)*	-	-
2013	**1,502,566**	**147,509 7,199***	**(9,198) (7,199)***	**1,640,877**		**926,298**	**109,073 3,440***	**(6,365) (3,440)***	**1,029,006**	**611,871**

7.2 The depreciation charge for the year has been allocated as follows:

	Note	2014	2013
		(Rupees in '000)	
Cost of sales	26	105,606	103,452
Distribution costs	27	776	823
Administrative expenses	28	5,007	4,798
		111,389	109,073

7.3 Fixed assets include fully depreciated assets amounting to Rs. 35.033 million (2013: Rs 131.737 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 29	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Land							
Land - Free hold	650	-	650	5,500	4,850	Negotiation	Dynea Pakistan Limited, Karachi
Plant and machinery							
Electric motors	168	24	144	168	24	Negotiation	Siemens Pakistan Engineering Co.
Looms	8,893	8,663	230	11,250	11,020	Negotiation	Mr. Malik Abdul Hameed
Items having book value upto Rs. 50,000	3,411	3,207	204	265	61	Various	Various
	12,472	11,894	578	11,683	11,105		
Vehicles							
Toyota Corolla	2,212	258	1,954	1,954	-	Negotiation	Habib METRO Pakistan (Private) Limited - related party
Daihatsu Cuore	619	398	221	241	20	Sold under company's car scheme	Mr. Abul Hassan- Employee
Daihatsu Cuore	604	422	182	550	368	Negotiation	Mr. Mohammed Ilyas - Employee
Motor Cycle	69	5	64	64	-	Insurance Claim	Habib Insurance Company Limited - a related party
Items having book value upto Rs. 50,000	769	473	296	431	135	Various	Various
	4,273	1,556	2,717	3,240	523		
Office and mill equipment							
Items having book value upto Rs. 50,000	437	383	54	127	73	Various	Various
Furniture and fittings							
Items having book value upto Rs. 50,000	24	21	3	4	1	Negotiation	Azam Associates
Computer equipment							
Laptop	106	23	83	83	-	Negotiation	Habib METRO Pakistan (Private) Limited - related party
Items having book value upto Rs. 50,000	291	291	-	82	82	Various	Various
	397	314	83	165	82		
Jigs & Fixtures							
Items having book value upto Rs. 50,000	6,232	6,232	-	59	59	Various	Various
2014	24,485	20,400	4,085	20,778	16,693		
2013	9,198	6,365	2,833	9,584	6,751		

	2014	2013
	(Rupees in '000)	
7.5 Capital Work-In-Progress		
Plant and machinery	4,769	-
Office and mills equipment	6,061	600
Vehicles	489	-
	11,319	600

8. INVESTMENT PROPERTY

	COST	DEPRECIATION				
	As at June 30, 2014	As at July 01, 2013	Depreciation for the year (Note 28)	As at June 30, 2013	'Book value as at June 30, 2014	Depreciation Rate %
	(Rupees in '000)					
Freehold land	891	-	-	-	891	-
Building on freehold land	694	553	7	560	134	5
2014	**1,585**	**553**	**7**	**560**	**1,025**	
2013	1,585	545	8	553	1,032	

8.1 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, 2014 amounts to Rs.32.073 million (2013: Rs. 28.68 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.

9. LONG-TERM INVESTMENTS

	Note	2014	2013	2014	2013
		Holding %		(Rupees in '000)	
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 (HMPL)		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited		100	100	61,395	61,395
Thal Boshoku Pakistan (Private) Limited	9.1	55	-	104,500	-
Makro-Habib Pakistan Limited (MHPL)		100	100	223,885	223,885
				3,190,089	3,085,589
Associates – at cost	9.2				
Listed					
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	15,585	15,585
				74,519	74,519
Unlisted					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	9.3	25	25	284,105	284,105
Other investments - at fair value					
Available for sale - Quoted					
Habib Sugar Mills Limited				68,142	44,096
GlaxoSmithKline (Pakistan) Limited				279	185
Dynea Pakistan Limited				36,773	32,475
				105,194	76,756
TOTAL				3,653,907	3,520,969

9.1 The investment in subsidiary company has been made pursuant to a Joint Venture Agreement between the Company, Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan, for the manufacturing of Air Cleaner set assembly, Seat Track Sub Assembly and the Seat Side Frame Sub Assembly. The Company holds 55% shares in the subsidiary company under the joint venture arrangement.

9.2 Although the Company has less than 20% equity interest in all 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.

9.3 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.

	Note	2014	2013
10. LONG TERM LOANS AND DEPOSITS		(Rupees in '000)	
Loans to employees - unsecured, considered good			
Interest bearing		91	-
Interest free		183	69
Current portion	16	(101)	(69)
		173	-
Long-term deposits			
Security deposits		5,692	3,978
Utilities		2,010	2,001
Others		441	406
		8,143	6,385
Loan to A-One Enterprises (Private) Limited, a subsidiary company	10.1	5,000	4,100
		13,316	10,485

10.1 It represents interest free loan given to subsidiary company for operational requirements. The loan is recoverable after 2015.

11. LONG TERM PREPAYMENT			
Rent	11.1	7,560	11,340
Current portion	16	(3,780)	(3,780)
		3,780	7,560

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

12. DEFERRED TAX ASSET - net			
Deferred tax comprises temporary differences relating to :			
Provisions		113,521	104,166
Accelerated tax depreciation		(67,966)	(82,142)
		45,555	22,024
13. STORES, SPARES AND LOOSE TOOLS			
Stores		21,440	22,795
Spares		62,689	57,654
Loose tools		141	135
		84,270	80,584
14. STOCK-IN-TRADE			
Raw material			
- In hand	14.1	2,146,446	1,653,805
- In transit		314,131	439,914
Work-in-process		171,239	176,847
Finished goods		459,441	185,870
	14.2	3,091,257	2,456,436

14.1 Raw materials amounting to Rs. 13.218 million (2013: Rs. 8.399 million) are held with the sub-contractors.

14.2 Stock-in-trade includes items amounting to Rs. 793.164 million (2013: Rs. 484.391 million) carried at net realisable value. [Cost Rs. 841.973 million (2013: Rs. 500.872 million)].

15. TRADE DEBTS - unsecured			
Considered good	15.1	873,476	1,007,691
Considered doubtful		10,001	29,134
Provision for impairment	15.2	(10,001)	(29,134)
		-	-
		873,476	1,007,691

	Note	2014	2013
		(Rupees in '000)	
15.1 This includes amount due from following related parties:			
Indus Motor Company Limited		42,457	155,588
Habib Metropolitan Bank Limited		-	20
Shabbir Tiles & Ceramics Limited		1,768	2,960
Schneider Electric Pakistan (Private) Limited		9	-
		44,234	158,568
15.2 Reconciliation of provision for impairment of trade debts			
Balance at the beginning of the year		29,134	4,730
Charge for the year		-	24,404
Reversal for the year		(19,133)	-
	29	(19,133)	24,404
Balance at the end of the year		10,001	29,134
16. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good – unsecured			
Loans			
Current portion of long term loans to employees	10	101	69
Advances			
Suppliers		8,172	9,316
Employees		1,064	2,003
		9,236	11,319
Deposits			
Tender / Performance guarantee		33,257	38,895
Margin against letter of credit		1,775	-
Container deposits		2,012	8,100
		37,044	46,995
Short-term prepayment			
Current portion of long term prepayment	11	3,780	3,780
Insurance		6,755	7,968
Others		4,069	2,944
		14,604	14,692
Other receivables	16.1	16,626	53,181
		77,611	126,256
16.1 Other receivables			
Duty drawback		8,905	9,956
Custom duty refundable		-	38,000
Insurance claims receivable		-	10
Rent		-	100
Workers' profit participation fund	16.1.1	5,505	-
Others	16.1.2	2,216	5,115
		16,626	53,181
16.1.1 Workers' profit participation fund (WPPF)			
Payable to WPPF at the beginning of the year		(3,495)	(12,564)
Allocation for the current year		(94,495)	(118,495)
Interest on funds utilised in the Company's business		(348)	(211)
Liability for WPPF		(98,338)	(131,270)
Paid during the year		103,843	127,775
Net receivable from / (payable to) WPPF		5,505	(3,495)

	Note	2014	2013
		(Rupees in '000)	
16.1.2 This includes receivable from the following related parties:			
Agriautos Industries Limited		-	3
Habib Metropolitan Bank Limited		-	17
Noble Computer Services (Private) Limited		-	3,543
Thal Boshoku Pakistan (Private) Limited		850	-
		850	3,563
17. SHORT-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
Term deposit receipts	17.1	1,700,909	800,809
Accrued profit thereon		449	8,036
		1,701,358	808,845
Musharika certificate	17.2	50,000	-
Accrued profit thereon		165	-
		50,165	-
Designated at fair value through profit and loss account			
Open end mutual funds		-	995,796
		1,751,523	1,804,641

17.1 These deposits are with Habib Metropolitan Bank Limited, a related party and carry profit rate ranging from 6.50% to 9.75% (2013: 8.25% to 8.75%) per annum and having maturity ranging from July 28, 2014 to December 31, 2014 out of which Rs. 0.909 million (2013: Rs. 0.809 million) is under lien against a letter of guarantee issued by the bank on behalf of the Company.

17.2 These carry profit rate at 9.25% per annum and having maturity upto September 18, 2014.

	Note		
18. INCOME TAX - net			
Group Tax Relief adjustments	18.1	593,466	593,466
Income tax provision less tax payments – net		(299,998)	(483,593)
		293,468	109,873

18.1 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 Income Tax Appellate Tribunal against the Commissioner Inland Revenue (Appeal) (CIR) Order. The Appellate Tribunal has passed an order in favour of the Company for the above tax years; the CIR filed an appeal against the order of ITAT before the High Court of Sindh and with the Chairman ITAT for the tax year 2008 which is pending adjudication.

	Note		
19. CASH AND BANK BALANCES			
With banks in:			
Current accounts		30,085	88,026
Deposit accounts	19.1	352,496	637,545
		382,581	725,571
In hand		2,094	1,921
		384,675	727,492

19.1 These represent deposits with Habib Metropolitan Bank Limited, a related party. These carry markup at the rates ranging from 7% to 8% (2013: 7% to 10.25%) per annum.

20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		Note	2014	2013
Number of ordinary shares of Rs. 5/- each				(Rupees in '000)	
5,149,850	5,149,850	Fully paid in cash		25,750	25,750
		Issued as fully paid bonus shares:			
64,640,390	57,274,035	Opening balance		323,202	286,370
-	7,366,355	Issued during the year		-	36,832
64,640,390	64,640,390	Closing balance		323,202	323,202
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation		56,198	56,198
81,029,909	81,029,909			405,150	405,150

20.1 As at June 30, 2014: 7,874,443 (2013: 8,200,839) ordinary shares of Rs. 5/- each are held by related parties.

21. RESERVES

	2014	2013
Capital reserves		
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	13,240	13,240
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	55,704	55,704
Revenue reserves		
General reserve	7,906,999	7,092,999
Unappropriated profit	956,900	1,422,396
	8,863,899	8,515,395
Gain on change in fair value of available for sale investments - net	93,986	65,548
	9,013,589	8,636,647

22. TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors	22.1	248,373	308,902
Accrued liabilities	22.2	420,311	391,623
Custom duty payable		81,981	12,886
Unclaimed salaries		7,878	8,313
Warranty obligations	22.3	117,642	94,904
Royalty payable	22.4	60,799	74,228
Workers' profit participation fund	16.1.1	-	3,495
Workers' welfare fund		36,193	46,929
Security deposits		1,108	1,018
Unclaimed and unpaid dividend		43,413	28,925
Consideration payable against acquisition of shares of Makro-Habib Pakistan Limited	22.5	429,821	429,821
Other liabilities	22.6	36,413	40,730
		1,483,932	1,441,774

22.1 This includes amounts due to related parties:

	2014	2013
Auvitronics Limited	-	6,071
Makro-Habib Pakistan Limited	1,105	1,469
Pakistan Industrial Aids (Private) Limited	4,166	-
	5,271	7,540

22.2 This includes amounts due to related parties:

	2014	2013
Habib Insurance Company Limited	758	1,498

	Note	2014	2013
		(Rupees in '000)	
22.3 Warranty obligations			
Balance at the beginning of the year		94,904	84,879
Charge for the year	27	47,143	37,705
		142,047	122,584
Claims paid during the year		(24,405)	(27,680)
Balance at end of the year		117,642	94,904
22.4 Royalty payable			
Balance at the beginning of the year		74,228	90,470
Charge for the year	26	87,951	102,479
Paid during the year		(101,380)	(118,721)
Balance at the end of the year		60,799	74,228

22.5 Consideration payable against acquisition of shares of MHPL

During the year 2010, the Company acquired additional shares of MHPL at an aggregate purchase consideration of Rs. 1,376 million.

Under the terms of share purchase agreement, the Company paid an amount of Rs. 946 million towards the purchase consideration of the shares. However, the balance consideration amounting to Rs. 430 million was payable by the Company on the occurrence of the following events:

a) The Company determines that the Group tax relief for the years 2008 to 2010, as claimed by the Company, can be fully sustained or is unable to make such determination by June 2014; and

b) The Company determines that MHPL will not incur an impairment loss in case of closure of its Saddar store or is unable to make such determination about the impairment by June 2014.

Accordingly, the above contingent balance payment on account of Group Tax Relief and impairment of Saddar Store of MHPL as referred above amounting to Rs. 251 million and Rs. 179 million respectively has been recognized fully as a liability in these financial statements (including Rs. 49.253 million payable to Agriauto Industries Limited and Rs. 0.995 million payable to Auvitronics Limited – both related parties).

As per the share purchase agreement, the payment is due as on June 30, 2014.

22.7 Other liabilities			
Tax deducted at source		1,114	827
Employees Old-Age Benefits Institution (EOBI)		22	-
Advances from customers		24,950	30,395
Payable to retirement benefit fund		4,353	4,699
Others		5,974	4,809
		36,413	40,730
23. SHORT TERM BORROWINGS - Secured			
Short-term running finance - Banks			
Related party		4,972	6,948
Others		366	420
	23.1	5,338	7,368

23.1 Available limits of the running finance facilities amount to Rs. 2,453 million (2013: 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% (2013: 0.75% to 1%) 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 February 10, 2017.

	Note	2014	2013
		(Rupees in '000)	

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1	Letter of guarantees issued by banks on behalf of the Company.	19,349	59,759
24.1.2	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.	218,276	196,942
24.1.3	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

24.2 Commitments

24.2.1	Letters of credit outstanding for raw material and spares	996,761	882,288
24.2.2	Commitments in respect of capital expenditure	12,294	61,809
24.2.3	Commitments for rentals under Ijarah finance agreements		
	Within one year	8,662	13,876
	Later than one year but not later than five years	2,643	9,495
		11,305	23,371

Represent Ijarah agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 11.305 million and are payable in monthly installments latest by September 2017. These commitments are secured by on-demand promissory notes of Rs. 41.313 million.

		Note	2014	2013
			(Rupees in '000)	
25.	**REVENUE - net**			
	Export sales	25.1	1,075,530	1,326,458
	Local sales	25.2	12,117,207	13,026,910
			13,192,737	14,353,368
	Less: Sales tax		1,570,935	1,590,307
	Sales discount		1,968	7,131
	Sales returns		19	90
			1,572,922	1,597,528
	Add: Duty drawback		5,974	10,398
			11,625,789	12,766,238

25.1 Export sales are stated net of export related freight and other expenses of Rs. 47.535 million (2013: Rs. 65.445 million).

25.2 Local sales are stated net of freight and other expenses of Rs. 51.951 million (2013: Rs. 57.023 million).

26.	**COST OF SALES**			
	Raw material consumed	26.1	8,286,247	8,547,369
	Salaries, wages and benefits		996,011	926,751
	Stores and spares consumed		132,534	122,823
	Repairs and maintenance		77,658	78,145
	Power and fuel		312,439	277,190
	Rent, rates and taxes		1,828	1,936
	Vehicle running and maintenance		10,349	10,701
	Insurance		9,889	10,951
	Communication		3,954	3,491
	Travelling and conveyance		8,593	8,477
	Entertainment		926	436
	Printing and stationery		3,882	3,775
	Legal and professional		1,293	703
	Computer accessories		3,285	5,067
	Provision for royalty	22.4	87,951	102,479
	Depreciation	7.2	105,606	103,452
	Research and development		3,521	3,111
	Ijarah rentals		5,240	7,025
	Technical assistance fee		17,226	-
	Others		15,310	14,128
			10,083,742	10,228,010
	Work-in-process			
	Opening		176,847	168,264
	Closing		(171,239)	(176,847)
			5,608	(8,583)
	Cost of goods manufactured		10,089,350	10,219,427
	Finished goods			
	Opening		185,870	391,197
	Closing		(459,441)	(185,870)
			(273,571)	205,327
			9,815,779	10,424,754
	26.1 Raw material consumed			
	Opening stock		1,653,805	1,809,286
	Purchases		8,778,888	8,391,888
	Closing stock		(2,146,446)	(1,653,805)
			8,286,247	8,547,369

	Note	2014	2013
		(Rupees in '000)	
27. DISTRIBUTION COSTS			
Salaries and benefits		49,088	45,524
Vehicle running expense		4,656	4,365
Utilities		1,660	1,479
Insurance		2,594	2,339
Rent, rates and taxes		8,454	7,907
Communication		1,733	1,776
Advertisement and publicity		5,075	1,566
Travelling and conveyance		6,678	6,679
Entertainment		260	413
Printing and stationery		361	326
Legal and professional		-	13
Computer accessories		235	1,230
Research and development		440	268
Depreciation	7.2	776	823
Provision for impairment of debts	15.2	-	24,404
Repairs and maintenance		262	3,991
Export expenses		24,793	28,129
Provision for warranty claims	22.3	47,143	37,705
Ijarah rentals		2,984	3,015
Others		565	4,086
		157,757	176,038
28. ADMINISTRATIVE EXPENSES			
Salaries and benefits		205,055	174,522
Vehicle running expense		11,593	11,021
Printing and stationery		2,799	3,038
Rent, rates and taxes		3,710	3,032
Utilities		5,376	4,964
Insurance		740	867
Entertainment		1,502	1,855
Subscription		1,790	1,658
Communication		3,539	3,364
Advertisement and publicity		286	316
Repairs and maintenance		6,046	2,204
Travelling and conveyance		17,169	13,281
Legal and professional		70,632	71,177
Computer accessories		3,128	5,647
Auditors' remuneration	28.1	3,117	3,683
Depreciation	7.2	5,007	4,798
Depreciation on investment property	8	7	8
Ijarah rentals		5,850	8,428
Charity and donations	28.2	17,988	21,666
Directors' fee & meeting expenses		2,199	880
Others		786	4,830
		368,319	341,239
28.1 Auditors' remuneration			
Audit fee	28.1.1	1,607	1,600
Half-yearly review		234	225
Taxation services		510	1,076
Other certification		304	304
Out of pocket expenses		462	478
		3,117	3,683

28.1.1 This includes Rs. 182,000 (2013: Rs. 175,000) on account of special audit for tax purpose.

28.2 Charity and donations

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

Name of donee	Address of donee	Name of directors/spouse		
Mohammed Ali 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	6,525	7,217
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	5,250
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	4,250	4,250
Anjuman -e- Behbood-e- Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	36

	Note	2014	2013
29. OTHER INCOME		(Rupees in '000)	
Income from financial assets			
Dividend income			
- Related parties		411,699	390,793
- Others		6,714	5,898
Profit on call deposit accounts and short term investments		89,654	93,376
Gain on redemption (2013: revaluation) of investments at fair value through profit and loss		60,099	35,154
Reversal of provision for impairment of trade debt	15.2	19,133	-
Liabilities / provisions no longer payable / required written back		186	2,349
Exchange gain - net		73	-
		587,558	527,570
Income from non financial assets			
Gain on disposal of property, plant and equipment	7.4	16,693	6,751
Rental income		4,706	1,283
Claim from suppliers / customers		12,735	32,995
Others		3,134	19,223
		37,268	60,252
		624,826	587,822
30. FINANCE COSTS			
Mark-up / interest on:			
Long term finance			
- Related party		-	950
- Others		-	6,089
Short-term borrowings			
- Related party		53	634
- Others		107	78
Workers' profit participation fund		348	211
Finance lease		-	5
Bank charges and commission		4,103	4,606
		4,611	12,573
31. OTHER CHARGES			
Workers' profits participation fund		94,495	118,495
Workers' welfare fund		33,799	47,276
Exchange loss - net		-	6,914
		128,294	172,685
32. TAXATION			
Current		442,381	603,606
Prior		(4,374)	24,032
Deferred		(23,531)	(25,162)
	32.1	414,476	602,476
32.1 Relationship between income tax expense and accounting profit			
Profit before tax		1,775,855	2,226,771
Tax at the rate of 34% (2013: 35%)		603,791	779,370
Tax effects of:			
Income taxed at reduced rates		(168,346)	(154,827)
Income tax under Final tax regime		(30,563)	(50,818)
Tax effect of inadmissible items		13,968	4,719
Prior years		(4,374)	24,032
		414,476	602,476
33. 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		1,361,379	1,624,295
		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		16.80	20.05

34. CASH GENERATED FROM OPERATIONS

	Note	2014	2013
		(Rupees in '000)	
Profit before taxation		1,775,855	2,226,771
Adjustments for non-cash charges and other items:			
Depreciation		111,396	109,081
Finance costs		4,612	12,573
Profit earned on call deposit and short term investments		(89,654)	(93,376)
Liabilities / provisions no longer payable / required written back		(186)	(2,349)
Gain on revaluation of investments at fair value through profit and loss		(60,099)	(35,154)
Dividend income		(418,413)	(396,691)
Provision / (reversal) for impairment of debts - net		(19,133)	24,404
Provision for retirement benefits		2,985	2,764
Gain on disposal of property, plant and equipment		(16,693)	(6,751)
		(485,185)	(385,499)
		1,290,670	1,841,272
(Increase) / decrease in current assets			
Stores, spares and loose tools		(3,686)	14,585
Stock-in-trade		(634,821)	445,821
Trade debts		153,348	(190,565)
Loans, advances, deposits, prepayments and other receivables		22,016	(25,514)
Increase / (decrease) in current liabilities			
Trade and other payables		24,734	(63,272)
Sales tax payable		(839)	(3,039)
		(439,248)	178,016
		851,422	2,019,288

35. CASH AND CASH EQUIVALENTS

Cash and bank balances	19	384,675	727,492
Term deposits	17	1,750,000	800,000
Running Finance	23	(5,338)	(7,368)
		2,129,337	1,520,124

36. TRANSACTION 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 37 and 18.1 in these financial statements, are as follows:

Sales	4,442,763	5,292,917
Professional Services acquired	73,135	61,677
Insurance premium	33,197	35,502
Purchase of assets	175	-
Purchase of goods	92,257	111,466
Insurance claim received	2,513	3,718
Mark-up and bank charges paid	5,281	6,717
Profit received	89,340	97,509
Supplies purchased	24,430	20,603
Contribution to provident fund	39,785	33,473
Contribution to retirement benefit fund	2,902	2,998
Sales of assets	43	-
Rent paid	400	396
Rent received	3,351	-
Investment in a subsidiary	104,500	-

There are no transactions with key management personnel other than under the terms of employment as disclosed in note 37 to the financial statements.

The receivable / payable balances with related parties as at June 30, 2014 are disclosed in the respective notes to the financial statements.

37. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2014			2013		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	27,172	-	151,305	19,824	-	144,293
Company's contribution to provident fund	603	-	5,699	553	-	4,776
Company's contribution to retirement benefit fund	-	-	2,786	-	-	3,023
Other perquisites	-	-	26	-	-	208
	27,775	-	159,816	20,377	-	152,300
Number of persons	1	-	68	1	-	64

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

37.2 Five non executive directors (2013: Four) have been paid fees of Rs. 1,070,000 (2013: Rs. 275,000) for attending board meetings.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
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	-
Starter (Units)	90,000	-
Actual Production		
Jute (Metric Tons)	27,260	31,233
Auto air conditioners (Units)	46,531	49,508
Wire harness (Units)	63,253	60,354
Paper bags (Nos. 000s)	81,924	83,319
Alternator (Units)	781	-
Starter (Units)	777	-
Reason for shortfall / excess	Low demand	Low demand

38.1 The capacity of wire harness could not be determined as it is dependent on product mix.

38.2 The production capacity of Laminates Operations cannot be determined as this depends on the relative proportion of various types of products.

39. PROVIDENT FUND

	2014	2013
	(Rupees in '000)	
Size of the fund	582,822	475,528
Percentage of investments made	90.89%	99.00%
Fair value of investments	529,734	470,796
Cost of investments made	468,137	465,503

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

	2014		2013	
	Investments (Rs '000)	investment as a % of size of the fund	Investments (Rs '000)	investment as a % of size of the fund
Government securities	232,660	39.92%	105,752	22.24%
Term finance certificates and Sukuks	85,064	14.60%	43,728	9.20%
Term deposit receipts and call deposits	18,696	3.21%	224,487	47.21%
Listed securities and mutual fund units	193,314	33.17%	96,829	20.36%

39.2 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.

39.3 The above information is based on unaudited financial statements of the provident fund.

40. 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.

40.1 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:

	2014	2013
Trade debts	(Rupees in '000)	
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 21.137 million (2013: Rs. 70.794 million) receivable from related parties.]	564,281	658,531
Past due but not impaired		
- Less than 90 days [includes Rs. 22.926 million (2013: Rs. 86.364 million) receivable from related parties.]	284,810	211,962
- 91 to 180 days [includes Rs. 0.171 million (2013: Rs. 0.252 million) receivable from related parties.]	24,171	134,371
- 181 to 360 days [includes Rs. Nil (2013: Rs. 1.158) receivable from related parties.]	214	2,827
	873,476	1,007,691
Bank balances and deposits		
Ratings		
A1+	365,309	683,467
A-1+	16,686	42,012
A-1	27	-
A2	-	18
P-1 *	559	74
	382,581	725,571
* This reflects rating assigned by an international rating agency to foreign banks.		
Short term investments		
Ratings		
A1+	1,751,523	808,845
AA(+)	-	285,673
AA(f)	-	496,085
AAA(f)	-	214,038
	1,751,523	1,804,641

40.2 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, 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Short-term borrowing - secured	5,338	-	-	-	5,338
Trade and other payables	1,120,080	-	-	-	1,120,080
Accrued markup	34	-	-	-	34
	1,125,452	-	-	-	1,125,452

Year ended June 30, 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Short-term borrowing - secured	7,368	-	-	-	7,368
Trade and other payables	1,169,454	-	-	-	1,169,454
Accrued markup	7	-	-	-	7
	1,176,829	-	-	-	1,176,829

40.3 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:

	2014	2013
Trade receivables (US Dollars)	317,894	263,667
Trade receivables (Euros)	-	171,160
Trade receivables (AED)	1,270,306	1,340,877
Trade receivables (SAR)	1,114,489	-
Trade and other payables (US Dollars)	1,138,002	1,631,230
Total (Euros) - receivables	-	171,160
Total (US Dollars) - payables	820,108	1,367,563
Total (AED) - receivables	1,270,306	1,340,877
Total (SAR) - receivables	1,114,489	-
The following significant exchange rates have been applied at the balance sheet date:		
US Dollars	98.75	98.60
Euros	134.46	128.85
AED	26.83	26.85
SAR	26.28	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, Euro, AED 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, Euros, AED & SAR's rate	Effect on profit or (loss) before tax	Effect on equity
	%	(Rupees in '000)	
2014	+ 10	(1,761)	(1,350)
	- 10	1,761	1,350
2013	+ 10	(7,706)	(5,621)
	- 10	7,706	5,621

40.4 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
2014		
KIBOR	+ 100	3,472
KIBOR	- 100	(3,472)
2013		
KIBOR	+ 100	6,302
KIBOR	- 100	(6,302)

40.5 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.

41. 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.

42. 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, 2014, the Company has only available-for-sale investments measured at fair value using level 1 valuation techniques.

43. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 26, 2014 has approved the following:

(i) transfer of Rs. 754 million from unappropriated profit to general reserve; and

(ii) payment of cash dividend of Rs. 2.50 per share for the year ended June 30, 2014 for approval of the members at the Annual General Meeting to be held on September 29, 2014.

44. GENERAL

44.1 The number of employees as at June 30, 2014 was 5,061 (2013: 6,181) and average number of employees during the year was 5,897 (2013: 6,094).

44.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. No significant reclassifications / re-arrangements were made during the current year except as follows:

Reclassification from	Reclassification to	Rupees in '000
Stores, spares and loose tools	Property, plant and equipment	32,049

44.3 Figures have been rounded off to the nearest thousands.

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 26, 2014 by the Board of Directors of the Company.

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN