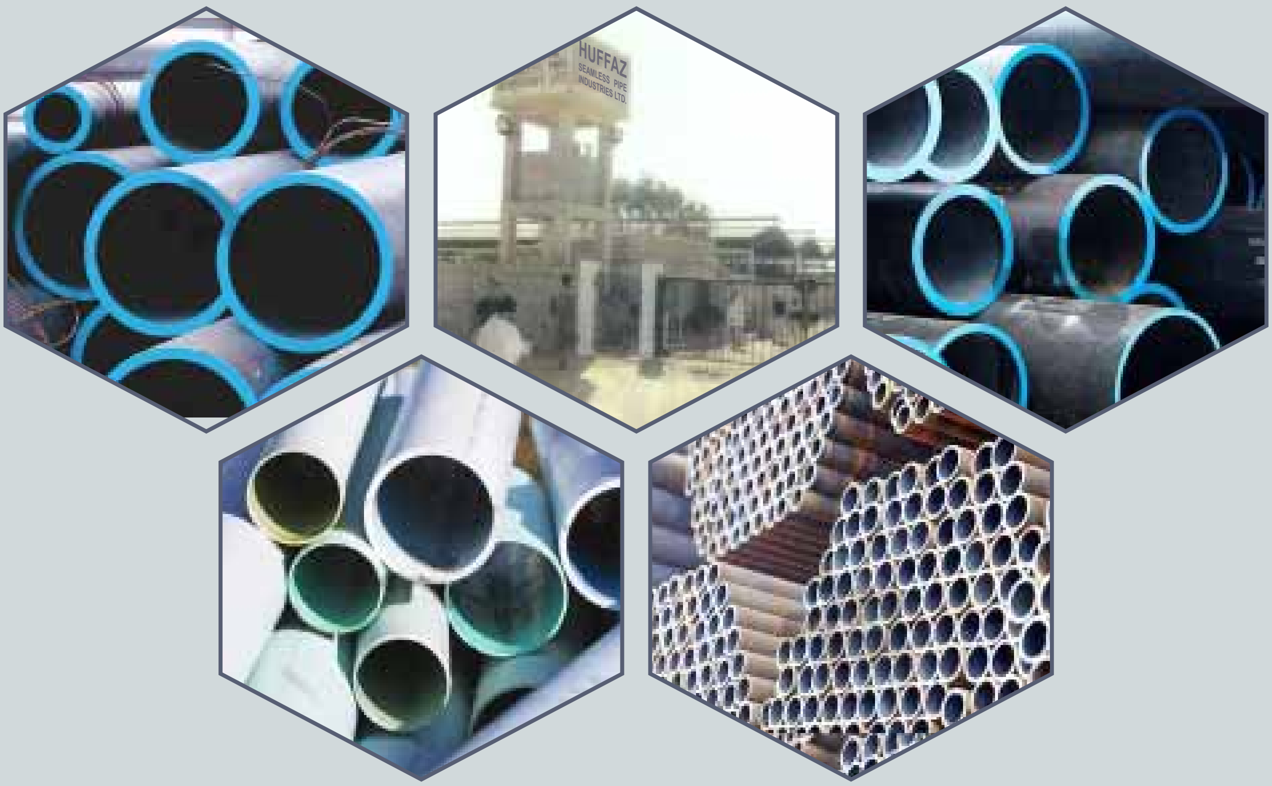
Annual Report
2009



Commitment Towards Quality!

Huffaz
Seamless Pipe Industries Limited

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Corporate Directory

Board of Directors:

Mr. Arshad Ahmed
Chairman

Hafiz Abdul Majid
Managing Director

Hafiz Abdul Haseeb
Executive Director

Directors:

Hafiz Abdul Waheed
Mrs. Farida Majid
Hafiz Abdul Sami
Hafiz Abdul Aleem
Mr. Muhammad Hafiz
Mr. Aamir Amin (Nominee NIT)

Company Secretary:

Mr. Abdul Hafeez Khan, FCMA

Chief Financial Officer:

Syed Zakir Ali, FCA, FCMA

Audit Committee:

Mr. Arshad Ahmed	–	Chairman
Mr. Hafiz Abdul Sami	–	Member
Mr. Aamir Amin	–	Member

External Auditors:

M/s. S.M. Suhail & Co.,Chartered Accountants,
1014, Uni Centre, I.I. Chundrigar Road,
Karachi.

Bankers:

Meezan Bank Limited
Saudi Pak Commercial Bank Limited
MCB Bank Limited
Sonari Bank Limited
Citibank Limited
NIB Bank Limited

Registered Office:

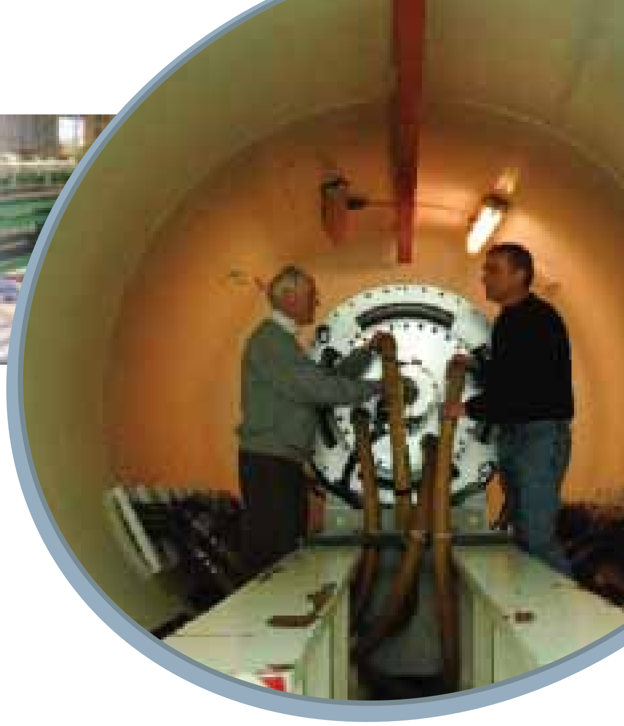
207-210, Second Floor, Mashriq Centre,
Block -14, Gulshan-e-Iqbal, Karachi.

Factory:

90 KM Super Highway,
Nooriabad Industrial Estate,
District Dadu, Sind.

Website:

www.huffaz.com.pk



Mission & Vision

Mission

To emerge as a leader among the responsible corporate citizens, benefiting all its stakeholders through innovation in its products and services.

Vision

To maintain its position as leader in providing seamless pipes and tubes and engineering goods and services in local market.

To explore export market and get benefit of competitive advantage of its internationally recognized products.

To introduce and adopt best practices within the company to achieve its objectives.

To maintain high standard and quality of its products while bringing cost effectiveness.

To provide adequate return to its investors.

To maintain congenial relationship with all of its stakeholders particularly employees, customers and suppliers.

To establish and maintain safe, healthy and environment-friendly systems.

Financial Summary

Financial Summary

	2009 Rs. In '000
Gross Sales	1,538,659
Net Sales	1,323,255
Profit Before Taxation	221,930
Taxation	78,804
Profit after Taxation	143,126
Shareholders' Equity	750,959
Total Assets	2,884,757
Capital Expenditures	269,300
Earning per share (Rs. Per share)	4.23
Number of Employees (Nos.)	244
Production Volume (M.Tons)	
Seamless Tubular Products	13,446
Machinery and its Components	453

Company's Profile

Company's Profile

Huffaz Seamless Pipe Industries (HSPI) manufacture seamless steel carbon and low alloy steel pipes/tubes from high quality, aluminum-killed vacuum degassed billets/ round bars. This project is jointly sponsored by a reputed Middle Eastern group and local sponsor directors on equity basis. Innovation in products, processes and systems, have helped HSPI in establishing a leading name in the manufacturing of seamless Steel Pipes/Tubes.

All the activities of the Company are based on rich experience, technical knowledge, competence, trust and quality. the foremost objective of HSPI is to supply products according to quality and lead-time desired by customers.

We have total quality focused approach which is reflected in our certifications i.e. ISO 9001 : 2000, ISO 14001 : 2004, OHSAS 18001 : 1999, API Q1, API 5L, API 5CT, and INVESTOR IN PEOPLE (IIP).

Beside fulfilling the entire demand of domestic market including major oil and gas organizations, we are exporting our products to USA, Australia, the Middle East, Iran and Bangladesh.

Product Range

Boiler Tubes

Heat Exchanger Tubes

High/Low Temperature Services Pipes/Tubes

Mechanical Tubes

Line Pipes

Structural Pipes/Tubes

Costing & Tubing

Line Pipes with 3 layer Polythene/Polyprpylene & Fusion Bonded Epoxy coating Pipes/Tubes for Couplings and Casing.

Size Range

- Outer Diameter : 6mm - 273 mm
- Wall Thickness : 0.75 mm - 25 mm
- Length : 1 - 19 Meter
- Production Capacity :62,500 MT per annum

Company's Profile

Production Standard:

ATM 53, ATSM A106, ASTM A210, ASTM, ASTM A213 ASTM, ASTM A333, ASTM A334, ASTM A213, ASTM, ASTM A333, ASTM A334, ASTM 3335, ASTM A519API 5L, API 5Lm API 5CT DIN 2391, DIN 2440, DIN 2441, DIN 2448, DIN 17175 A/2448 LIS G346m, JIS G3444 BS1387, BS 3059/1, BS 3059/2, BS 1775, BS6323, NFA49-112, NFA49, NFA 49-211 UNI 8863.

Any other standard as per requirement of the customers.

Delivery Conditions:

Plain and (squares cut or beloved), Threaded and Coupled.

Test Performed:

Destructive Test: Tensile, Flatening, Flaring, Bending N.D.T: Hydrostatic Test, Eddy Current Test, Chemical Analysis.

Other are required by the standard or customer.

Mill Test Certificate:

Pipes/tubes are delivered with certificates as per required standard.

Marketing:

On Pipes surface (Die Stamp or Paint Stencil)

On bundles (Metal Label or Plastic Labels)

Surface Protection:

Outside protective coating (Paint, Oil Varnish) Hot Dip Galvanizing

Other coating as per requirements of the customer.

Packaging:

In bundles special packing upon request.

Quality Assurance:

At **HSPI** we believe in strict Quality Control at every stage from sourcing of our raw material to our finished products. Our commitment to Quality, Health, Safety and Environment is reflected in our compliance with International Quality Standards.

HSPI aims to provide customers with products which give full satisfaction.

Company's Profile

Huffaz Engineering Works

Huffaz Engineering Works (HEW) has long been a key component in diverse expansion activities of HSPI. Due to its versatile manufacturing capabilities the works has managed to emerge as one of the key engineering product and service suppliers in the country. Equipped with facilities such as:

Machine Shop	Fabrication
Forging	Hard Chrome
Foundry	(Ferrous Treatment & Non-Ferrous)

We have managed to infiltrate key areas of engineering products market.

Following the foot steps of its parent company. HEW has maintained its resolve the deliver products and services at the right cost, time and quality. We believe the continuous and relentless efforts to ensure complete satisfaction of all our customers and other stakeholders.

Product & Services:

Pipe Flanges and Fittings for Pipe Lines, Boilers & Heat Exchanges.

Chain Sprocket, Gear and Worm Wheels.

Hi-tech Precision Mechanical Components.

Dies & Moulds.

Tube Bending & Intricate Fabrication.

Machinery Components for Various Application

Product Design & Development

HEW is equipped with most modern testing facilities including Spectrometers, Tensile Testing Machine various kinds of Hardness testers, Metallographic equipment and Non-Destructive Testing.

We test and certify carbon, alloy stainless steel rolled cast forged products for various industries across the country while providing invaluable service to our internal customer.

Environment, Health & Safety

Huffaz Seamless Pipe Industries Ltd. (HSPI) is committed to the preservation of the environment, safety and health of its personnel, customers, suppliers, the communities and all stakeholders with which it interacts.

In our process, products and services we adopt designs and technologies that are the most appropriate and eco-efficient available at a reasonable cost in order to preserve health and minimize the risk of accidents and environmental impacts.

We continuously review our operations to maximize the efficiency in the use of energy and material resources, the recycling of products-both at our own facilities and those of third parties and the minimization of waste, emissions and effluents.

Environment:

Huffaz Seamless Pipe Industries Ltd's (HSPI) environmental policy is based upon the principle of sustainable development.

Following the introduction of our Health, Safety and Environment (HSE) Policy we have been working on the implementation of an integrated Health, Safety and Environment management system. The management system is a set of processes and practices that help HSPI in constantly improving its environmental performance.

This management system follows the guidelines of international standards such as ISO 14000, applying eco-efficiency and integral safety concepts throughout the system, from product design and industrial investment up to operations and logistics.

HSPI adheres to worldwide sustainability principles and guidelines developed for the seamless pipe industry such as:

Investment in New Process and Products: Innovation is crucial for longer term industrial projects, therefore HSPI has established a plan to revamp all its mills and improve its processes and products.

Material Efficiency and Energy Intensity: HSPI continually reviews its operations to minimize the efficiency of energy resources, the re-use of bi-products and the appropriate treatment and disposal of waste, emissions and effluents.

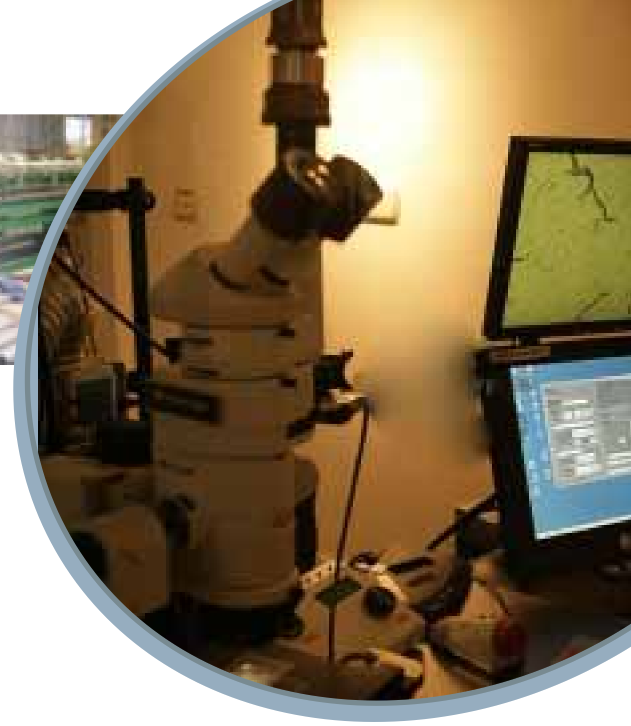
Waste Recycling: Waste can be recycled, but more importantly its properties can be saved and re-used.

Employee Training: HSPI continuously offers training to all employees. Education is a fundamental tool for achieving improvements in sustainability in the long term.

Health and Safety:

Huffaz Seamless Pipe Industries Ltd's (HSPI) believes all accidents can and must be prevented. We focus on education to stimulates better attitudes and behaviours; and on the use of state-of-the-art technology to create a safe working environment. Our processes are continuously analyzed to find the best practices to reduce risks in our operations.

As part of our Health, Safety and Environment (HSE) Policy we have been working on the implementation of an integrated Health, Safety and Environment management system. The management system includes a set of processes and procedures that help HSPI to constantly improve its Safety and Health programs, and is an essential element for securing the motivation and well being of its employees.

Research & Development

Research & Development

Research & Development is an essential part of our activities as we provide our customers with products and services that not only meet the challenges of usage under extreme pressure and temperatures and highly corrosive environments, but also serve high performance mechanical and structural applications.

Our Research & Development team develops in-house scientific advances in the field of metallurgy, alloy design, corrosion resistant materials, computational mechanics, fracture mechanics, surface and coating chemistry, as well as technology for automotive components and mechanical pipe applications and full-scale testing of premium connection, line pipe and OCTG.

Code of Conduct

Huffaz Seamless Pipe Industries Ltd's (HSPI) has a Code of Conduct incorporating guidelines and standards on integrity and transparency applicable to all its employees and its directors.

This Code of Conduct establishes the ethical principles that form the basis for relations between the company, its employee and third parties and provides means and instruments to give transparency to issues and problems that may have a bearing on the management of the Company.

International Certification

ISO 9001 : 2000, ISO 14001 : 2004,
OHSAS 18001 : 1999, API-5L-0375,
API 5CT-0586 AND INVESTOR IN PEOPLE (IIP).
certification are proof of HSP's superior quality standards and commitment to quality. Due to our superior quality standards and customer satisfaction the company was awarded the "Industrial Affairs Award 95" and "Pakistan Economic Excellency Award 1996-97"

Business Ethics & Practices

Huffaz Seamless Pipe Industries Limited (HSPI) as a manufacturer of high quality seamless tubular products and special precision shafting, recognizing the importance of codifying the ethical principles, which guide the Directors, Executives, Managers and other employees of the Company providing the information of services. HSPI Code of Ethics states the values to which we are committed, and embodies the ethical responsibilities of the plant operations in this changing information environment.

The principles of this code are expressed in broad statements to guide the ethical decision-making.

Our policy reflects by the following:

Honesty and integrity

HSPI's policy is to conduct business with honesty and integrity and be ethical in all its designs, showing respect for the interest of those with whom it has relationship.

Laws and Regulations

HSPI's complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The Company believes in fair competition, and support appropriate competition laws.

Politics

HSPI's does not support any political party nor contributes to the funds of groups whose activities promote party interests.

Quality Services

HSPI's is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

Social and Community Commitments

HSPI is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the company recognizes its social responsibilities and will endeavor to contribute to community activities, for betterment of society as a whole.

Reliable and Transparent Financial Records

HSPI believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.

Human Resource Development

HSPI is an equal opportunity employer. Its employee recruitment and promotional policies are unbiased and upon merit and excellence oriented. It believes in providing its employees and healthy conditions, and in maintaining good channels of communications. The Company expects its employees to abide by the code of ethics, whereby company information and assets are not used for any personal advantage and gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

Business Ethics & Practices

Our Commitment is reflected by the following:

As Shareholders and Directors

- Commit the necessary and appropriate resources.
- Foster a conducive environment through responsive policy.
- Maintain organizational effectiveness for the achievement of the Company goals.
- Encourage and support compliance with legal and industry requirements.

As Executives and Managers

- Ensure the profitability of operation while upholding social responsibilities; provide the direction and leadership for the organization.
- Ensure total customer satisfaction through excellent product and service.
- Protect the interest and assets of the Company.
- Promote a culture of excellence, conservation and continual improvement.
- Cultivate work ethics and harmony among colleagues and associates.
- Encourage initiatives and self-realization in employees through meaningful empowerment.
- Ensure and equitable way of working and reward system.
- Institute commitment to environmental, health and safety performance.

As Employees and Staff

- Devote productive time and effort.
- Observe Company policy and regulations.
- Promote and protect the interest of the Company.
- Exercise prudence in using Company resources.
- Observe cost-effective practices in daily activities.
- Strive for excellence and quality as way of life.

Notice is hereby given that the 26th Annual General Meeting of HUFFAZ SEMALESS PIPE INDUSTRIES LIMITED will be held on Saturday, October 31, 2009 at 04:30 p.m. at JUNAGAGH LAWN Opp. Mashriq Centre, Block-17, Gulsan-e-Iqbal, Karachi-75300 to transact the following business:-

ORDINARY BUSINESS:

1. To confirm the minutes of 25th Annual General Meeting held on October 17, 2008.
2. To receive, consider and adopt audited financial statements for the year ended Jun 30, 2009 together with directors' and auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2010 and fix their remuneration. The present auditors M/s. S.M. Suhail & Co., Chartered Accountants, retire and being eligible for reappointment.

SPECIAL BUSINESS:

4. To approve the issue of bonus shares in the proportion of 3 shares for every 10 shares held i.e. 30% as recommended by the Board of Directors and, if thought fit, to pass the following resolutions:

   "Resolved that a sum of Rs. 102.433 million out of the free reserve of the company be capitalized and be applied for the issue of 10.243 million ordinary shares of Rs. 10 each and allotted as fully paid-up bonus shares to the members of the company who are registered in the book of the company as at October 21, 2009, in the proportion of 03 shares for every 10 shares held and that such new shares shall rank pari-passu with the existing shares of the company."

   "Further resolved that in the event of any member holding shares which are not an exact multiple of ten, the Directors be and are hereby authorised to consolidate all such fractions of bonus shares and sell in the stock market and to pay the proceeds of sale when realized to the concerned shareholders."

   "Further resolved that for the purpose of giving effect to the above, the Directors be and are hereby authorized to take all necessary actions and to settle any question or difficulty that may arise with regard to the distribution of the said bonus shares or in the payment of sale proceeds of the fractional entitlements as they deem fit."

5. To consider any other business with the permission of the Chair.

By order of the Board

Karachi
Dated: October 10, 2009

(Abdul Hafeez Khan)
Company Secretary

NOTE:

(i) The share transfer books of the company will remain closed from October 21, 2009 to October 31, 2009 (both days inclusive).

(ii) A member entitled to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

(iii) A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant ID number and account/sub-account number along-with Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

(v) The members are requested to promptly notify the Company of any change in their addresses.

(vi) Members are requested not bring children along-with them, as children will not be allowed in the meeting.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984.

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of shareholders of Huffaz Seamless Pipe Industries Limited to be held at 04:30 p.m. on October 31, 2009 at Junagarh Lawn opp. Mushriq Centre, Block-17, Gulshan-e-Iqbal, Karachi.

The Directors have recommended capitalization of Rs. 102.433 million from the un-appropriated profit of the company to enable issue of bonus shares in the ratio of 03 shares for every 10 shares held. The Directors are interested in the business to the extent of their entitlement to bonus shares as shareholder.

Assalam-O-Alaikum Wa Rahmatullah Wa Barakatahu

The Board of Directors of Huffaz Seamless Pipe Industries Limited take pleasure in presenting the 26th Annual Report of the Company together with the annual audited financial statements and Auditors' Reports thereon for the year ended 30th June, 2009.

Overview of Economy and Market

The last year, a challenging one, witnessed a sharp downturn in Pakistan's economy due to domestic turbulence and link with global economic downturn. The economy saw a substantial hike in domestic inflation, and slow down in economic growth and a very substantial devaluation of the rupee against major currencies. The global financial crisis has had serious repercussions on market development. The global economy in 2009 is likely to contract by 1.3 percent, whereas the advanced economies are expected to contract by 3.8 percent, and accordingly the economy of Pakistan has also acquired compression of the external demand for goods and therefore export slowdown is a serious cause for concern.

As regards to economic growth and investment, the real GDP grew by 2.0 percent in 2008-09 against 4.1 percent last year and growth target of 4.5 percent. The total investment fell by 19.7 percent of GDP in 2008-09 and economic growth has slowed down considerably during the last three years. Inflation as measured by the changes in Consumer Price Index (CPI) stood at 22.3 percent, as against 10.3 percent last year.

Sharp decrease in oil prices slowed down the oil exploration projects, which affected the consumption of seamless pipes. However, due to orders related to preceding years, the turnover for the year has improved.

Sales, Marketing

The turnover during the year showed an increase of 29.20 percent as compared to last year. Although there were number of constraints, the Company continued to hold its position as a major local player in the country for the supply of seamless pipes and tubes. The continuing trust of customers is due to our quality of products and customer service which we are continuously trying to improve.

During the year we made exports of Rs. 3.292 million, only to introduce our products in international market. In the year of 2009-10, the company is planning to boost its export sales. We have also strengthened our Marketing team by inducting experienced personnel to explore new avenues and export market.

Production

Installation of Coating Plant will increase the demand of the products of your Company in many fields. During the year the production was 13,446 Metric tons as against 13,100 Metric tons in last year. This is further to inform you that the production of Special Precision Shafting was discontinued due to non availability of orders and to be operative as soon as the market demand improves.

Review of Operating Results

Despite difficult business conditions in 2009 your Company posted growth in profitability over 2008 and delivered strong financial results.

Due to increase in the cost of the steel billets during the year, the Company adopted cost saving measures, later the cost of steel billets became stable and hence cost saving measures increased the GP rate from 20.76 percent to 22.40 percent. The Company's operating profit also increased from Rs. 165.062 million to Rs. 239.419 million, 45.05 percent higher than 2008.

Profit before tax at Rs. 221.930 million and profit after tax at Rs. 143.126 million were higher than last year by 43.93 percent and 47.78 percent respectively.

Earning per share

The earning per share for the year is Rs. 4.23 per share (2007-08: Rs. 2.86 per share), which is 47.90 percent higher than the earning per share of last year. During the year total number of shares increased due to issuance of 30 percent bonus shares.

Revaluation of Factory land and buildings

The revised international accounting standard 16 requires an enterprise to carry out a review of residual values of assets, useful lives and depreciation method at each financial year end. Accordingly the management of the Company has carried out a review of the residual values of operating fixed assets during the year and has decided to revise its estimates in respect of residual values of Factory land and building. The factory land and building was physically inspected and valued by M/s. Iqbal A. Nanjee & Co., valuation consultants. The resulting surplus on revaluation has been incorporated in the books of accounts.

Increase in the remuneration of Chief Executive

The Board of Directors of the Company under section 199 of the Companies Ordinance, 1984 and Article 60 of the Article of Association of the Company, vide circular resolution dated 12.01.2009 increased the remuneration of Chief Executive by 15 percent (as applicable to other senior employees of the Company) from Rs. 316,250 per month to Rs. 363,688 per month with fringe benefits effective from 15.01.2009. There has been no increase in the remuneration of the Executive Director since 2004. However it is required to review in coming board meeting.

Establishment of Steel Making Plant

Steel round billets are the basic raw material of Seamless Pipe Industry. Presently, entire steel billets demand of the company is being fulfilled through imports from international market, the prices of which are increasing day by day, as well as additional cost i.e. increasing freight etc. have to be incurred. If the present scenario continues then our products may become non-competitive after few years as compared to rapidly growing supply of Chinese/imported products.

The only way to stay ahead of the competitors is to enhance the production capacity and to bring the cost of production down to a competitive level. In this regard, project plan to enhance the production capacity to 140,000 tons per year has already been made. In addition, certain machinery and equipment has already been purchased or is in the process of being procured. However, raw material i.e. steel billet of 180,000 tons per year approximately would become a major issue as has been in the past. Therefore, to stay in the business and as a matter of survival, it is essential to establish a Steel Mill by Huffaz itself or in collaboration with others to meet the requirement of steel.

The Board of Directors through the circular resolution 18 on the subject of approval for establishment of Steel Making Plant approved the investment of Rs. 8,848.432 million in the Steel Making Project of 1.0 Million Tons, which is the smallest economical unit. It was observed that Hafiz Abdul Majid, in his personal capacity and not as a representative of the Company has been planning for establishment of a Steel Mill and in this connection; he has already secured all the necessary contracts required to erect the steel mill. He has also incorporated a public limited company by the name of Integrated Steel Mills Limited. The establishment of steel mill is at an advanced stage and the project is ready to be launched. The directors decided to acquire the project from ISML and install the plant within Huffaz.

The following facts were also considered and approved by the Board:

1. The initial work on the project of Steel Making Plant was started and nearly completed by Integrated Steel Mills Limited at a cost of Rs. 33.375 Million (as per audited accounts of Integrated Steel Mills Limited) out of its own resources pocket for securing all the contracts and bringing the project to near its closure. So therefore Huffaz will have to reimburse the expenses borne by it up till now, before all the agreements of ISML, pertaining to Steel Making, can be assigned to Huffaz.
2. The land currently occupied by Huffaz contains 32 acres of land which belongs to Hafiz Abdul Majid. This land will be used by Huffaz for the Steel Making project. The current value of this land, as assessed by independent surveyors is around Rs.2,165,000/- per acre. The price of this land will have to be paid to Hafiz Abdul Majid.
3. 5 Acres of land belonging to Mr. Hafiz Abdul Waheed is also included in the land on which Steel Making Plant will be erected. Therefore price of that land will had to be paid to him as per the above formula.

The above considerations were not incorporated in the books of accounts of the Company yet and can be incorporated after financial closure of the project.

Capital investment:

In the meeting held on October 30, 2003, the Board of Directors passed the Capital Expenditure Budget of Rs. 4.400 billion being the estimated cost of BMR and Expansion Scheme with a timeline of December 31, 2009 being the two terms of the office of the Directors. This was inclusive of development of infrastructure, modernize and capacity enhancement of the existing Seamless pipe plant and installation of Coating Plant.

At present Pipe Coating Plant is in its final stage of installation and expected to be in commercial production subsequent to balance sheet date. Other work of BMR and Expansion Scheme is in progress and to be completed by end of 2010-2011.

As regards to diversification planning, the Board of Directors in the above mentioned meeting advised to install the Steel Making Plant and Seamless Pipe Plant capacity 140,000 MT. The feasibility of projects other than Steel Making is in process.

Capital Structure and Finance

Shareholders' fund at the year end stood at Rs. 1,713.584 million (2007-08: 1,136.552 million). This increase is due to surplus on revaluation of factory land and buildings and retained profit.

Proposal for issue of bonus shares and cash dividend

The Board of Directors is pleased to:	**Rupees in 000**
Propose issue of bonus shares @ 30 percent i.e. in the proportion of Three bonus shares for every ten shares	102,433

Issuance of Right Shares

In the Board meeting held on February 29, 2008, it was resolved to issue right shares in the ratio of 2 shares for 10 shares held at Rs. 35 each inclusive of premium of Rs. 25 per share. Letter of rights were issued on April 30, 2008 and it was traded in stock exchange during the period from May 10, 2008 to July 10, 2008. Last date of payment was July 10, 2008 and these shares were fully subscribed in the year 2009.

Accounting standards

Our accounting policies fully reflect the requirements of the Companies Ordinance, 1984 and such approved International Accounting Standards and International Financial Reporting Standards as notified under this Ordinance and directives issued from time to time by the Securities and Exchange Commission of Pakistan.

Treasury management

The purpose of treasury function is to ensure that adequate cost-effective funding is available to the Company at all times and that exposure to financial risk is minimised. Alhamdolillah the management tries its best to meet all the cash-flow out of operational in flows and therefore, we have not availed any funding facility except Coating Plant acquired on Musharikah Financing.

Management information system

The management appreciates the impact of information technology resources on the business management. The Company is in the process of implementing an ERP Solution to bring its systems and processes up to the standard of the international level of integration and efficiency.

Statement of Internal Controls

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievements of the Company's policies, aims and objective to evaluate the nature and extent of those risk and to manage them efficiently, effectively and economically. Management assumes the responsibility of establishing and maintaining adequate internal controls and procedures while Board of Directors is ultimately responsible for the internal control system. In this connection the Company has documented Procedures and Manuals, which incorporates and the internal controls applicable while conducting any transactions. These procedures are revised and updated as and when required.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organization's policies, aims and objective; it can therefore, only provide reasonable and no absolute assurance against material misstatements or loss. The system of internal controls being following by the Company is considered adequate and sound in design and is being effectively implemented and monitored.

Risk Management Framework

All Company activities involve combination of risks. The most important risk categories that the Company is exposed to are liquidity risk, market risk and operation risk. A well established risk governance for the effective management of risk at all levels is developed. It is the responsibility of all Company officers to identify, assess, mitigate and manage risk within the scope of their assigned responsibilities.

Safety, Health, Environment and Quality

The Company management is committed to safety, health and quality and sustaining its position as an environmentally friendly company. It takes great care of the community in which it operates. Environmental improvement and conservation of natural resources are part of Company policies and operations. In this regard the Company continues to hold certifications of ISO 9001:2000, ISO 14001, API SL-0375, API 5CT-0586, OHSAS and IIP (Investment in People, UK) from the international certification agencies, which is a proof of its commitment to safety, health, environment and quality.

Human resource

Our people remain our most valued asset. The Management encourages teamwork and realization of maximum potential to promote performance focussed culture. Focus of our Human Resource strategy is therefore, to develop and align intellectual capital to achieve our business goals.

Our hiring system stresses diversity, skills and innovative approach. We encourage continuous improvement at all levels and facilitate opportunities for growth to employees without discrimination.

Corporate Social Responsibility

Company management strongly believes that every business entity needs to contribute to the well-being of its surrounding communities for a better and prospering nation. In this connection we try to induct employees from surrounding rural and underdeveloped communities.

Auditors

The present auditors M/s. S.M. Suhail & Co., Chartered Accountants, retire and offer themselves for reappointment. The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

Corporate and Financial Reporting Framework

Management of the Company is committed to good corporate governance and complying with the requirements of the best practices of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan (SECP). The Board acknowledges its responsibility in respect of the Corporate and Financial Reporting framework and thus states that

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in Listing Regulations.
- The summary of key operating and financial data of the Company for last ten years is annexed to this report.
- Information about taxes and levies is given in the notes to the accounts.
- The value of non funded staff gratuity at close of the year was Rs. 44.738 million.
- During the year under review four meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Directors	Meetings held	Meetings attended
Hafiz Abdul Majid	04	04
Hafiz Abdul Waheed	04	04
Hafiz Abdul Sami	04	04
Hafiz Abdul Haseeb	04	04
Hafiz Abdul Aleem	04	04
Mr. Aamir Amin	04	03
Mr. Arshad Ahmed (U.K.)	04	02
Mr. Muhammad Hafiz (U.K.)	04	02
Mrs. Fareeda Majid	04	01

Leave of absence was granted to Directors who could not attend some of the board meetings.

Pattern of Shareholding

A statement of the pattern of shareholding of certain classes of shareholders as at June 30, 2009, whose disclosure is required under the reporting framework, is included in the report.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year except as below:

Purchases	No. of Shares
Hafiz Abdul Waheed (Director)	2,257,569
Hafiz Abdul Sami (Director)	75,000
Hafiz Abdul Aleem (Director)	34,522
Spouse of Hafiz Abdul Waheed	75,000
Company Secretary	50,447

Future Outlook and Challenges

We have an optimistic outlook for the year 2008-09. Sustained growth in national economy will impact very positively on pipe manufacturing industry in the next year. Consumption of pipes and tubes in the country will continue to increase in consistence with overall economic development.

The Company management is making all out efforts to improve the capacity utilization of its existing operation. We are also laying emphasis on our internal operational efficiencies by rationalization of the processes for improved quality, making all out efforts to reduce the cost of doing business.

Stakeholders

Customer satisfaction is vital for us to meet our long term objectives. We would like to express our thanks to our customers for their support and look forward to seeking their continuous patronage.

Our thanks also go to the financial institutions and shareholders for their continued support which is a key to success of the Company.

Our employees have contributed significantly to delivering a good result and continue to remain committed. Our long term growth has been possible as a result of their continuous commitment which has ensured a sound base for the Company. On behalf of the Directors we are pleased to record our appreciation.

On behalf of the Board of Directors

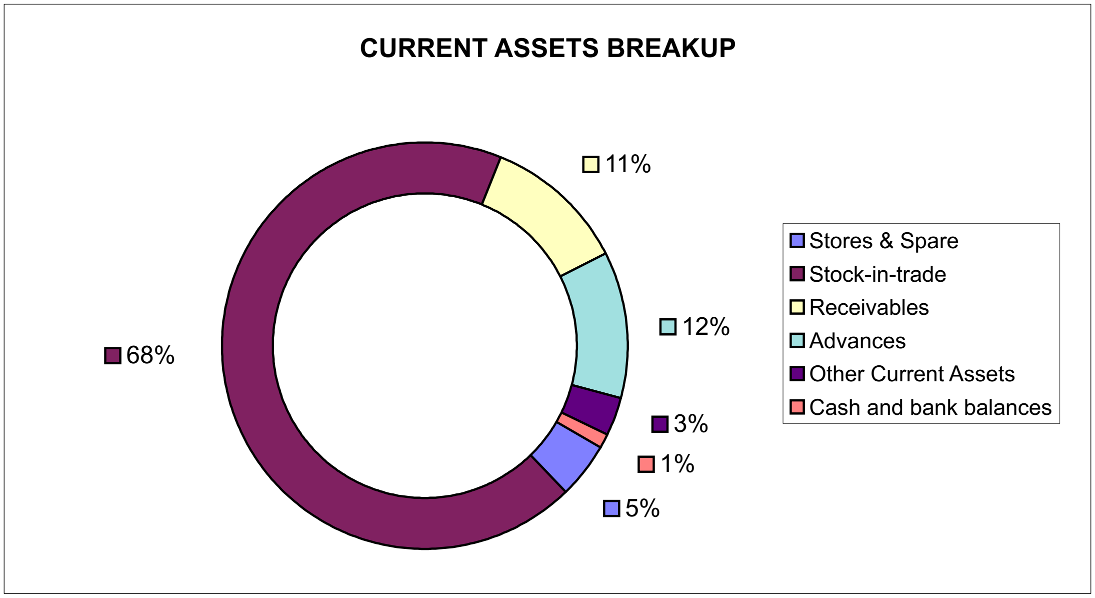
Hafiz Abdul Majid
Chief Executive

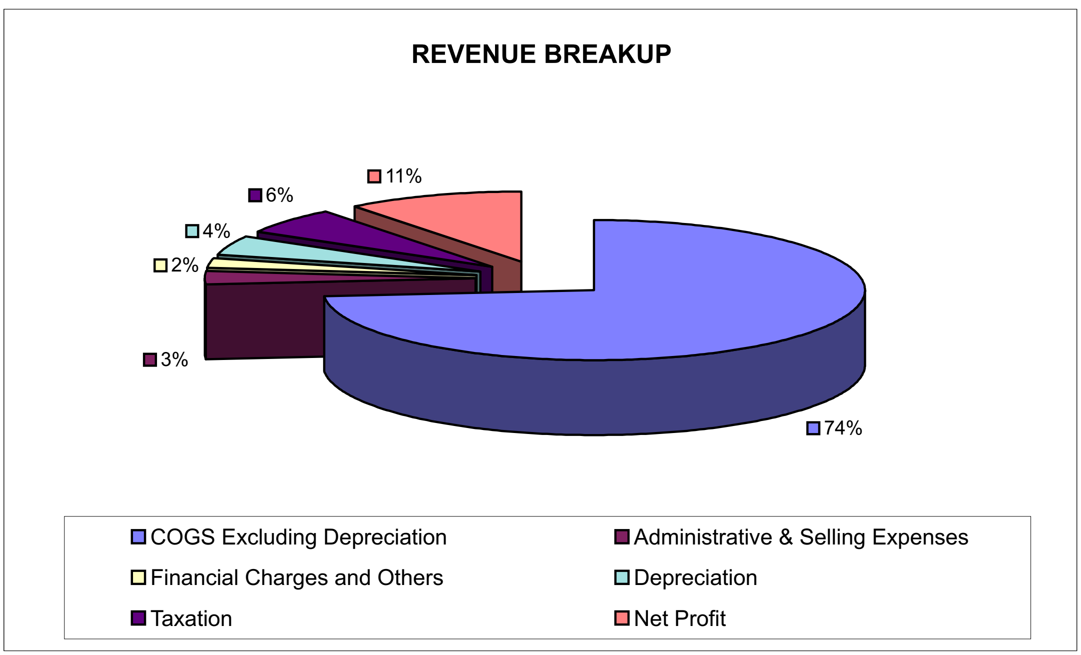
Karachi, September 20, 2009

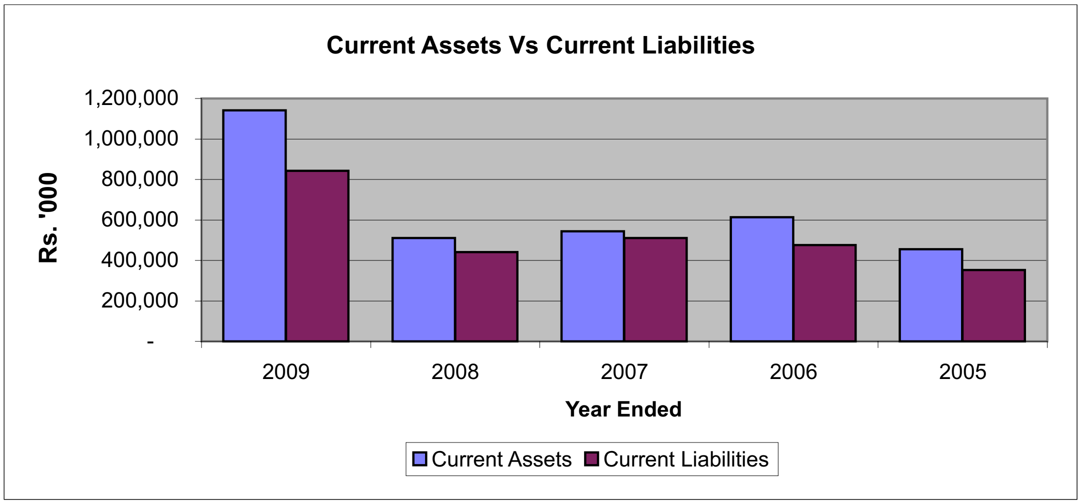
Decade at a Glance

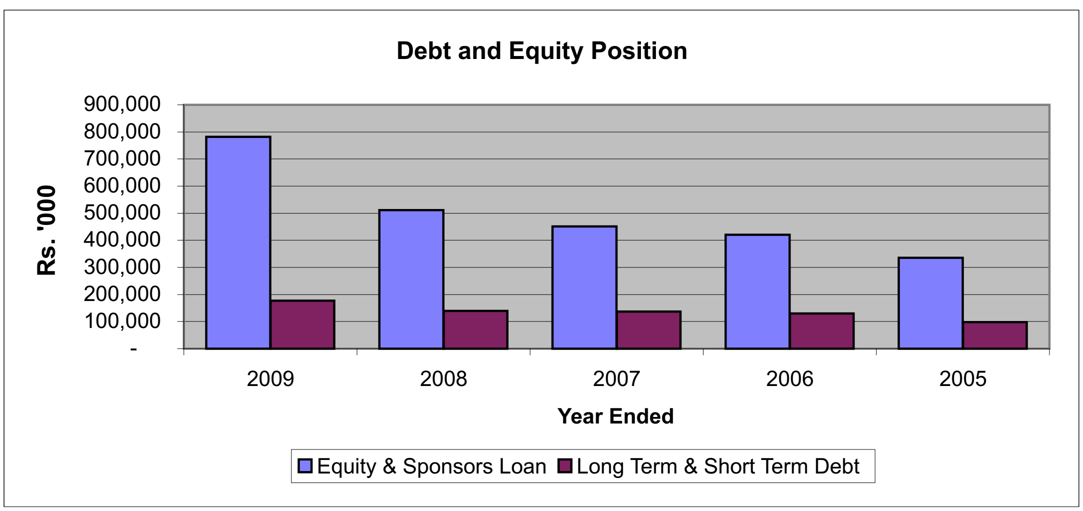
Product: Seamless Steel Pipes and Tubes
Location of H/O: Karachi
Location of Plant Noorabad
CEO: Hafiz Abdul Majid

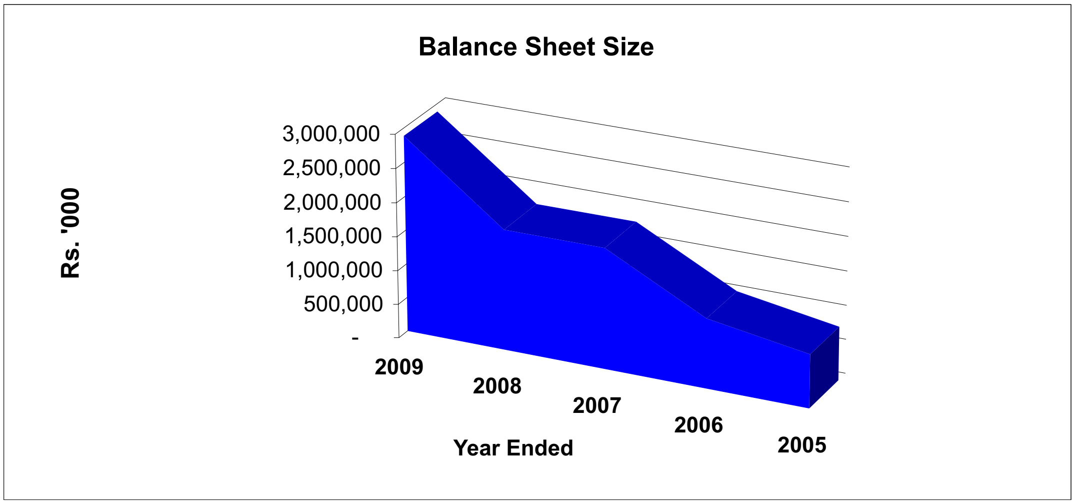
		Year Ended									
		June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002	June 30, 2001	June 30, 2000
		Rs. '000'									
Balance sheet data	Cash	12,231	61,660	18,860	47,199	5,796	6,956	10,834	15,029	2,304	6,360
	Receivables	128,827	100,585	63,710	83,698	51,303	33,824	51,571	39,070	35,439	39,303
	Stores & spares	51,500	39,789	38,116	32,443	30,586	18,079	10,729	7,142	8,940	5,878
	Inventory	779,263	172,381	344,924	366,928	305,460	150,430	156,972	202,345	176,859	189,782
	Other current assets	169,585	136,203	78,401	82,665	61,653	64,055	53,557	62,258	60,609	50,189
	Non-current assets	1,743,351	1,262,898	1,233,027	414,119	330,954	273,908	268,450	278,061	307,086	298,955
	Total assets	**2,884,757**	**1,773,516**	**1,777,038**	**1,027,052**	**785,752**	**547,252**	**552,113**	**603,905**	**591,237**	**590,467**
	Account payables	751,134	389,479	487,387	476,435	353,107	211,360	102,195	105,476	102,929	82,866
	Other current liabilities	95,298	52,124	22,848	—	—	8,831	45,679	153,978	211,800	250,604
	Long term liability	291,062	135,101	144,493	129,914	97,503	38,218	141,622	148,112	151,441	157,551
	Surplus on revaluation of land & building	962,625	685,194	689,322	—	—	—	—	—	—	—
	Sponsors loan	33,679	60,260	72,144	101,944	101,944	117,437	108,676	108,676	55,967	11,156
	Paid-up capital	341,442	218,873	182,394	140,303	122,003	122,003	122,003	122,003	122,003	122,003
	Share Premium	109,437	—	—	—	—	—	—	—	—	—
	Retained earning/ (loss)	260,080	192,485	138,450	138,456	71,196	49,403	31,938	(34,340)	(52,903)	(33,713)
	Reserves	40,000	40,000	40,000	40,000	40,000	—	—	—	—	—
	Total equity & liabilities	**2,884,757**	**1,773,516**	**1,777,038**	**1,027,052**	**785,752**	**547,252**	**552,113**	**603,905**	**591,237**	**590,467**
Income statement data	Revenue	1,323,255	1,024,185	855,660	1,013,609	621,602	413,175	386,600	292,374	202,532	230,754
	Cost of goods sold	1,026,796	811,567	701,040	819,069	511,652	355,038	353,765	261,128	199,246	205,714
	Gross profit	296,459	212,618	154,620	194,540	109,950	58,137	32,835	31,246	3,286	25,040
	Admin., selling and Other expenses	57,040	47,556	31,054	38,398	26,900	16,270	13,602	12,802	16,809	17,215
	Financial charges	17,489	10,868	15,292	8,996	6,304	3,495	3,110	2,914	5,308	19,260
	Taxation	78,804	57,345	16,656	72,294	14,461	18,145	(6)	1,462	1,013	1,154
	Net profit	143,126	96,850	87,484	85,563	61,790	29,665	66,278	18,563	(19,190)	(11,908)
	Depreciation	58,379	53,062	37,688	36,719	25,689	22,419	24,058	26,352	16,966	18,446
Liquidity	Cash flow from operation	41,651	219,293	262,964	160,869	69,609	165,013	96,959	24,272	23,444	68,737
	Net working capital	294,974	69,015	33,776	136,498	101,691	53,153	135,789	66,390	(30,578)	(41,958)
	Current ratio	1.35	1.16	1.07	1.29	1.29	1.24	1.92	1.26	0.90	0.87
	Quick ratio	1.29	1.07	0.99	1.22	1.20	1.16	1.85	1.23	0.87	0.86
	Payable/receivable	2.84	1.86	3.59	2.86	3.13	2.25	1.41	2.56	3.28	3.73
	Cash flow/ total debt	9.92%	88.61%	109.80%	69.38%	34.90%	100.32%	32.76%	5.91%	5.59%	16.39%
Activity	Inventory age (days)	277	78	180	164	218	155	162	283	324	337
	Collection period (days)	36	36	27	30	30	30	49	49	64	62
	Operating assets turnover	0.76	0.81	0.69	2.45	1.88	1.51	1.44	1.05	0.66	0.77
Profitability	Gross profit margin	22%	21%	18%	19%	18%	14%	8%	11%	2%	11%
	Net profit margin	11%	9%	10%	8%	10%	7%	17%	6%	-9%	-5%
	Return on capital	14%	16%	16%	17%	16%	9%	16%	5%	-7%	-5%
	Return on operating assets	8%	8%	7%	21%	19%	11%	25%	7%	-6%	-4%
	Return on equity	24%	24%	27%	31%	32%	17%	43%	21%	-28%	-13%
Per share data	Revenue per share	39	47	47	72	51	34	32	24	17	19
	Earning per share (Rs)	4.23	4.62	4.80	6.10	5.06	2.43	5.43	1.52	(1.57)	(0.98)
	Face value of share	10	10	10	10	10	10	10	10	10	10
	Break-up value per share	22	21	18	20	16	14	13	7	6	7
	Earning per break-up value of share	1.91	2.15	2.73	3.07	3.20	1.73	4.31	2.12	(2.78)	(1.35)
	Earning per share % of face value	42%	46%	48%	61%	51%	24%	54%	15%	-16%	-10%
	Earning per share % of break-up value	19%	22%	27%	31%	32%	17%	43%	21%	-28%	-13%
Share trend	High stock price-at end	51.30	70.00	90.00	52.20	34.90	15.40	9.95	3.25	5.00	3.00
	Low stock price-at end	25.75	67.63	88.00	52.20	34.90	15.40	9.65	3.25	5.00	3.00
	Average stock price-at end	38.53	68.82	89.00	52.20	34.90	15.40	9.80	3.25	5.00	3.00
	Growth since last year (Rs)	(30.29)	(20.19)	36.80	17.30	19.50	5.60	6.55	(1.75)	2.00	0.75
	Growth since last Year %	-44%	-23%	70%	50%	127%	57%	202%	-35%	67%	33%
	Price earning ratio- at average. price	9.11	14.90	18.56	8.56	6.89	6.33	1.80	2.14	(3.18)	(3.07)
Plant capacity (M.Tons)	Seamless Tubular										
	Installed Capacity	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
	Utilized Capacity	13,446	13,100	14,529	16,285	8,986	8,374	8,986	8,518	4,614	5,052
	Coating of pipes and tubes										
	Installed Capacity	50,000	—	—	—	—	—	—	—	—	—
	Utilized Capacity	—	—	—	—	—	—	—	—	—	—
	Special Precision Shafting										
	Installed Capacity	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	Utilized Capacity	—	—	—	—	—	—	—	—	—	—
	Machinery and components										
	Installed Capacity	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
	Utilized Capacity	453	480	436	523	1,020	526	—	—	412	1,240

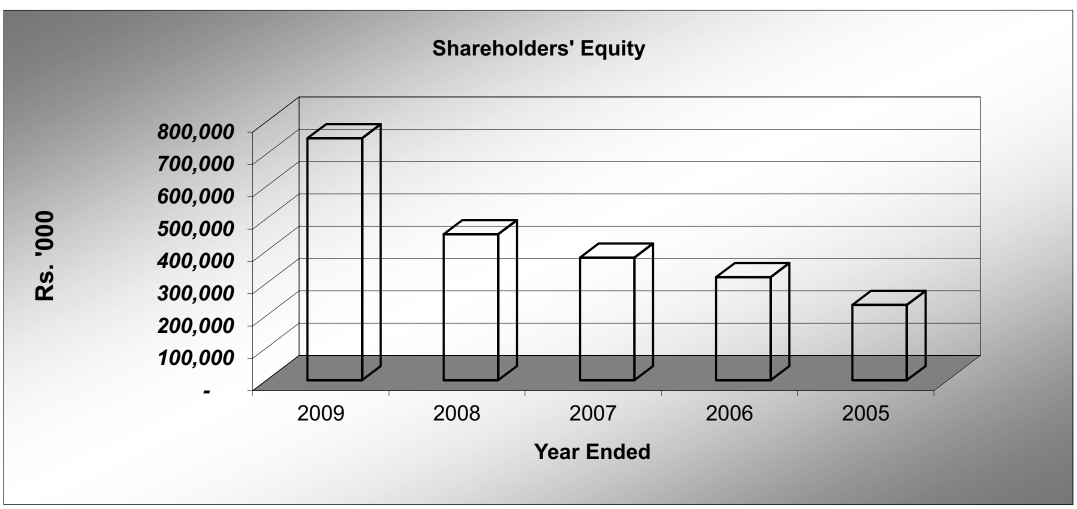

CURRENT ASSETS BREAKUP
11%
12%
68%
3%
1%
5%
Stores & Spare
Stock-in-trade
Receivables
Advances
Other Current Assets
Cash and bank balances


REVENUE BREAKUP
11%
6%
4%
2%
3%
74%
COGS Excluding Depreciation
Administrative & Selling Expenses
Financial Charges and Others
Depreciation
Taxation
Net Profit


Current Assets Vs Current Liabilities
Rs. '000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
2009
2008
2007
2006
2005
Year Ended
Current Assets
Current Liabilities


Debt and Equity Position
Rs. '000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
2009
2008
2007
2006
2005
Year Ended
Equity & Sponsors Loan
Long Term & Short Term Debt


Balance Sheet Size
Rs. '000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
2009
2008
2007
2006
2005
Year Ended


Shareholders' Equity
Rs. '000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
2009
2008
2007
2006
2005
Year Ended

Statement of Compliance

With the Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation 37 and 40 of listing regulations of Karachi Stock Exchange respectively for establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board comprises nine directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests. At present the Board includes seven non-executive directors including one director representing the National Investment Trust Limited (NIT).
2. All the directors have given declaration that they were aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
3. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is a member of a stock exchange.
5. None of the directors or their spouses are engaged in business of stock brokerage.
6. All the directors were elected for a period of three years with effect from 01 January, 2007.
7. No casual vacancy occurred in the Board during the year.
8. The Company has adopted and circulated a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
9. The Board has developed Vision and Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The level of materiality has also been defined by the Board.
10. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors; have been taken by the Board.
11. The roles and responsibilities of the Chairman and the Chief Executive Officer are clearly defined.
12. The meetings of the Board are presided over by the Chairman and in his absence by a director elected by the Board for this purpose.
13. The Board meets at least once in every quarter.
14. Written notices and agenda of Board Meetings are circulated not less than seven days before the meetings.
15. The Minutes of the Board Meetings are appropriately recorded, singed by the Chairman and circulated 14 days from the date of meeting.

Statement of Compliance

With the Best Practices of Code of Corporate Governance

16. The directors have been provided with copies of the Listing Regulations of the Karachi and Lahore Stock Exchange (Guarantee) Limited, Company's Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities. All the directors of the Company, being professionals and directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities. Orientation courses were conducted in preceding years.

17. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities & Exchange Commission of Pakistan within the prescribed time limit.

18. The Board has approved appointment of CFO and Internal Auditor, including their remuneration and terms and condition of employment, as determined by the CEO. The Company Secretary was appointed before the Code; therefore, his appointment does not require approval again.

19. The financial statements of the Company were duly endorsed by CEO and CFO and were reviewed by the Audit Committee before approval of the Board.

20. The directors, CEO, CFO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

21. All statements have been included in the Director's report, which are required by the Code and Section 236 of the Companies Ordinance, 1984.

22. The Company has complied with all the corporate and financial reporting requirements of the Code.

23. The Board has formed a Board Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee.

24. The meetings of the Board Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms and reference of the committee have been formed and advised to the committee for compliance.

25. The Company has an internal audit function in place. The function is managed by suitably qualified and experienced staff.

26. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

28. The Directors' report has been prepared in compliance with the requirements of the Code and fully described the salient matters required to be disclosed.

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

For and on Behalf of the Board

Karachi
August 03, 2009

Hafiz Abdul Majid
Chief Executive

S.M. SUHAIL & CO.
Chartered Accountants

1014, Uni Centre,
I. I. Chundrigar Road,
Karachi, Pakistan.

Phone : 021-2414057
: 021-2414163
Fax : 021-2416288
E-mail : mfsandco
@cyber.net.pk

Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Huffaz Seamless Pipe Industries Limited** ("the Company") to comply with the Listing Regulation No. 37(Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, and No. 43 (Chapter XIII) of Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

S.M. Suhail & Co.
Chartered Accountants
Karachi.

S.M. SUHAIL & CO.
Chartered Accountants

1014, Uni Centre,
I. I. Chundrigar Road,
Karachi, Pakistan.
Phone : 021-2414057
: 021-2414163
Fax : 021-2416288
E-mail : mfsandco@cyber.net.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of **HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

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

S.M. Suhail & Co.
Chartered Accountants
Karachi.

Engagement Partner: Muhammad Haris

Balance Sheet as at June 30, 2009

	Note	2009	2008
ASSETS		.... Rs in '000	
Non - Current Assets			
Property, plant & equipment	4	1,737,536	1,243,886
Intangible assets	5	—	166
Long term deposits	6	5,815	18,846
Total Non - Current Assets		1,743,351	1,262,898
Current Assets			
Stores and spare parts	7	51,500	39,789
Stock-in-trade	8	779,263	172,381
Trade debts - considered good	9	128,827	100,585
Advances	10	135,409	92,626
Trade deposits and prepayments	11	7,269	7,718
Other receivables	12	26,907	35,859
Cash and bank balances	13	12,231	61,660
Total Current Assets		1,141,406	510,618
TOTAL ASSETS		**2,884,757**	**1,773,516**
EQUITY AND LIABILITIES			
Equity and Surplus on Revaluation			
Share Capital and Reserves	14		
Authorized capital	14.1	**500,000**	**500,000**
Issued, subscribed and paid-up capital	14.2	341,442	218,873
Share premium	14.4	109,437	—
General reserves		40,000	40,000
Un-appropriated profit		260,080	192,485
Total Equity		750,959	451,358
Surplus on revaluation of property, plant & equipment	15	962,625	685,194
Total Equity and Surplus on Revaluation		1,713,584	1,136,552
Non Current Liabilities			
Long term sponsors' advances - unsecured	16	33,679	60,260
Musharka facility arrangement	17	113,514	—
Liabilities against assets subject to finance lease	18	—	13,031
Deferred liabilities	19	177,548	122,069
Total Non Current Liabilities		324,741	195,360
Current Liabilities			
Trade and other payables	20	751,134	389,481
Current portion of musharaka facility	17	14,189	—
Current portion of liabilities against assets subject to finance lease		—	4,079
Provision for taxation		81,109	48,044
Total Current Liabilities		846,432	441,604
Contingencies and commitments	21	—	—
TOTAL EQUITY AND LIABILITIES		**2,884,757**	**1,773,516**

The annexed accounting policies and explanatory notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

Profit and Loss Account

For the year ended June 30, 2009

	Note	2009	2008
REVENUE		.... Rs '000	
Turnover - net	**22**	1,323,255	1,024,185
Less: Cost of turnover	**23**	1,026,796	811,567
Gross Profit		296,459	212,618
OPERATING EXPENSES			
Distribution costs	**24**	5,247	3,366
Administrative expenses	**25**	38,510	33,471
Finance costs	**26**	17,489	10,868
Total Operating Expenses		61,246	47,705
Operating Profit		235,213	164,913
OTHER OPERATING INCOME AND CHARGES			
Other operating income	**27**	1,000	1,198
Other operating charges	**28**	(14,283)	(11,917)
Total Other Operating Income and Charges		(13,283)	(10,719)
Profit before Taxation		221,930	154,194
TAXATION			
Taxation	**29**	78,804	57,344
Profit after Taxation		**143,126**	**96,850**
Earnings Per Share - Basic	**30**	**4.23**	**2.86**

The annexed accounting policies and explanatory notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

Cash Flow Statement

For the year ended June 30, 2009

	Note	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		.... Rs '000	....
Profit before taxation		221,930	154,194
Adjustments for:			
Depreciation		58,379	53,062
Amortization of intangible assets		166	167
Finance costs		17,489	10,868
Workers' profit participation fund		11,776	8,263
Staff gratuity		9,445	7,865
Total adjustments		97,255	80,225
Operating profit before working capital changes		319,185	234,419
Changes in working capital			
(Increase) / decrease in current assets			
Stores and spare parts		(11,711)	(1,673)
Stock in trade		(606,882)	172,543
Trade debts		(28,242)	(36,875)
Advances, trade deposits, prepayments and other receivables		29,197	(35,925)
Total (Increase) / decrease in current assets		(617,638)	98,070
Increase / (decrease) in current liabilities			
Trade and other payables		340,104	(113,196)
Cash generated from operations		41,651	219,293
Finance costs paid		(5,124)	(2,061)
Gratuity paid		(1,423)	(1,747)
Taxes paid		(62,618)	(37,406)
Total		(69,165)	(41,214)
Net cash (used) / generated from operating activities		(27,514)	178,079
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(269,300)	(83,100)
Capital work in progress		(278)	—
Long Term Deposits		13,031	—
Net cash used in investing activities		(256,547)	(83,100)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment made for assets subject to finance lease		(17,110)	(11,155)
Musharka facility availed		127,703	—
Long term Sponsors' advances		(26,581)	(11,884)
Issuance of Right Shares		43,775	—
Share premium		109,437	—
Dividend paid		(2,592)	(29,140)
Net cash generated / (used) in financing activities		234,632	(52,179)
Net (decrease) / increase in cash and cash equivalents		(49,429)	42,800
Cash and cash equivalents at beginning of the year		61,660	18,860
Cash and cash equivalent at end of the year		**12,231**	**61,660**

The annexed accounting policies and explanatory notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2009

Particulars	Issued, Subscribed and paid up capital	Share Premium	General Reserve	Unappropriated Profit	Total
	Rs. '000'				
Balance as at July 01, 2007	182,394	—	40,000	156,790	379,184
Changes During The Year 2008					
Bonus Shares issued (note 14.2)	36,479	—	—	(36,479)	—
Cash dividend @ Rs. 2/- per share	—	—	—	(27,359)	(27,359)
Net profit for the year	—	—	—	96,850	96,850
Transferred from surplus on revaluation of property, plant and equipment-net of deferred tax (note 15)	—	—	—	2,683	2,683
Balance as at June 30, 2008	218,873	—	40,000	192,485	451,358
Changes during the year 2009					
Right Shares issued	43,775	—	—	—	43,775
Shares premium	—	109,437	—	—	09,437
Bonus Shares issued (note 14.2)	78,794	—	—	(78,794)	—
Net profit for the year	—	—	—	143,126	143,126
Transferred from surplus on revaluation of property, plant and equipment-net of deferred tax (note15)	—	—	—	3,263	3,263
Balance as at June 30, 2009	**341,442**	**109,437**	**40,000**	**260,080**	**750,959**

The annexed accounting policies and explanatory notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company limited by shares. The shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. The principal object and business of the Company is to manufacture and sell seamless steel pipes and tubes (tubular products). The Registered Office of the Company is situated at 207-210, Mashriq Center, Block 14, Gulshan-e-Iqbal, Karachi; and Plant of the Company is located at Nooriabad, District Dadu, Sindh.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

Amendments to published standards and new interpretations effective in 2008-2009:

The following amendments and interpretations to the existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2008 or later periods:

IFRS 7, 'Financial instruments: Disclosures', notified by SECP effective for the annual periods beginning on or after July 1, 2008 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments.

International Financial Reporting Interpretation Committee (IFRIC) Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The interpretation provides guidance on assessing the limit in International Accounting Standard (IAS) 19 - 'Employee benefits' on the amount of surplus that can be recognized as an asset. It also explains how the gratuity/defined benefit asset or liability may be affected by a statutory or contractual minimum funding requirement. The funded and unfunded gratuity schemes of the company are not subject to any minimum funding requirements and the requirements of this interpretation have only been applied to assess the surplus arising in the company's books under the funded gratuity scheme.

Standards, amendments to published standards and interpretations effective in 2008-2009 but not relevant:

There are certain new standards, amendments to published standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the company's operations and are, therefore not disclosed in these financial statements.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 1, 2009 or later periods:

IAS 1 (Revised) 'Presentation of financial statements', (effective from January 1, 2009) was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statements of comprehensive income) or two statements (the income statement and statement of comprehensive income). Further, where the company restates or reclassifies comparative information, it will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

- The amendment clarifies, that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the company's financial statements.

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. Adoption of this amendment will only impact the presentation of the financial statements.

- IAS 37, Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed and not to be recognized. IAS 19 has been amended to be consistent with IAS 37.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the company's financial statements.

IAS 36 (Amendment), ‘Impairment of assets’ (effective from January 1, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Addition of the amendment is not expected to have significant effect on the company's financial statements.

IAS 38 (Amendment), ‘Intangible assets’ (effective from January 1, 2009). The amendment states that a prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of the amendment is not expected to have any significant effect on the company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or do not have any significant effect on the company's operations and are therefore not mentioned in these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the obligation under employees’ benefits is measured at present value and the factory land and building are stated at revalued amount.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company’s functional currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards required the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods effected.

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

a) Determination of the residual values and useful lives of property, plant and equipment. (3.1)

b) Amortization of intangible assets. (3.2)

c) Adjustment of inventories to their Net Realizable Value. (3.4)

d) Estimation of liability in respect of staff retirement benefits. (3.6)

e) Recognition of taxation and deferred taxation. (3.9)

2.5 Improvements

Above basis of preparation includes some modified in accordance with the prevailing requirements and improvements for better presentations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant And Equipment

3.1.1 Owned Operating Assets and Related Depreciation

Property, plant and equipment (except leasehold land and building) are stated at cost less accumulated depreciation and impairment losses are adjusted. If any Leasehold land are stated at revalued amounts and buildings on leasehold land are stated at revalued amounts less accumulated depreciation.

The depreciation has been charged on reducing balance method. Depreciation is charged from the month the asset is available for use, while in case of disposal it is charged up to the month of disposal.

Depreciation methods, useful life and residual value of each part of Property, Plant and Equipment that is significant in relation to the total cost of the assets are reviewed and adjusted if appropriate at each Balance Sheet date.

Any surplus arising on revaluation of Property, Plant and Equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of Property, Plant and Equipment (net of deferred taxation) is transferred directly to the retained earning (un-appropriated profit).

The carrying value of operating 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 are written down to their recoverable amount.

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

Gain and loss on disposal of assets, if any, are included in Profit and Loss Account and the related surplus on revaluation on Property, Plant and Equipment, if any, is transferred directly to Retained Earnings / Un-appropriated Profits.

3.1.2 Finance Lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payment under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation policy is the same as for owned assets.

3.1.3 Operating Lease

In respect of tangible fixed assets held under operating lease, the annual rentals are charged to income of the year.

3.1.4 Capital Work-In-Progress

Capital work-in-progress is stated at cost less any impairment loss recognized during the year. Transfer are made to relevant asset category as and when assets are available for intended use.

3.2 Intangible Assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangible asset is stated at cost. These are amortized on straight line basis and subsequently stated cost less accumulated amortization and impairment loss if any.

3.3 Stores And Spare Parts

Store and Spares are stated at lower of cost or net realizable value less impairment loss, if any. These are principally valued at moving average cost. Item in transit and in bonded warehouse are valued at cost comprising invoice value and related cost to balance sheet date. Loose tools are charged-off as and when purchased.

3.4 Stock-In-Trade

Stock-in-trade is valued at lower of cost and net realizable value. Cost signifies in relation to:

Raw material and components	-	Weighted average cost
Work-in-process	-	Estimated Cost
Finished goods	-	Lower of cost and NRV
Scrap	-	Estimated cost
Stock-in-transit	-	Invoice value plus other charges thereon

The cost of work-in-process and finished goods comprises direct material, direct labor and applicable production overheads. Cost is determined on weighed average method.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale.

3.5 Trade Debts And Other Receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment if any. Known bad debts are written off and provision is made against debts considered doubtful.

3.6 Staff Retirement Benefits

3.6.1 Defined Benefit Plan

The Company operates an unapproved and unfunded gratuity scheme (the plan) covering all its permanent employees. The benefits under the gratuity scheme are payable on retirement or earlier cessation of service in lump sum. The benefit is equal to one month's last salary drawn for each year of eligible service or part thereof, subject to a minimum of one year of service. The actuarial valuation was carried out during the year 2009 by using the 'Projected Unit Credit Method'. Gains and losses on actuarial valuation, if any, are included in income currently.

3.6.2 Compensated Absences

The liability for accumulated compensated absences of employees is recognized in the period in which employees render services that increases their entitlement to future compensated absences.

3.7 Trade And Other Payables

Liabilities for trade and other payables are recognized and 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.

3.8 Revenue Recognition

Revenue from sale of finished goods is recognized upon passing of title to the customer, which generally coincides with physical delivery and acceptance.

3.9 Taxation

3.9.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation or based on turnover at the specific rates, whichever is applicable.

3.9.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary difference between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of the International Accounting Standards 12, 'Income Taxes'.

3.10 Cash And Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks.

3.11 Foreign Currency Translations

Transactions in foreign currencies are initially accounted in Pak Rupees at the foreign exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange rates prevailing on the balance sheet date except for the liabilities covered under forward exchange contracts, if any, which are translated at contracted rates. Exchange rate differences are taken to the profit or loss account currently.

3.12 Financial Instruments

All financial assets and liabilities are recognized at the time when Company becomes a party to the contractual provision of the instruments. A financial asset is de-recognized when the Company loses control of its contractual rights that comprise the financial assets. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account currently.

3.13 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and reliable estimate can be made to the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Borrowing Cost

Borrowing costs are recognized initially at fair value net of transaction cost incurred and are charged off to the year in which they are incurred.

3.15 Musharka Facility Arrangements

These are carried on the balance sheet at their principal amount.

Profits to facilitator on these arrangements are recognized as Company expense in the period in which they re incurred.

Profit due to, on Musharka finance is accounted for on the basis of the projected rate of profit. The effect of adjustments if any, between actual rate and projected rate of profit is accounted for at the end of each year after determination of the actual rate.

3.16 Off Setting Of Financial Assets And Liabilities

A financial asset and a financial liability is off set, and the net amount is reported in the balance sheet. If the company has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Impairment And Uncollectibility Of Financial Assets

An assessment is made at each balance sheet date to determine whether there is evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between recoverable amount and the carrying amount.

3.18 Related Party Transactions

All transactions between company and related party are accounted for at arm's length prices determined using 'Comparable Uncontrolled Price Method'.

3.19 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the year in which it is approved by the shareholders in the General Meeting.

3.20 Modification

Above accounting policies includes some modified in accordance with the prevailing requirements and improvement for better presentations.

3.21 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the year in which it is approved by the shareholders in the General Meeting.

	2009	2008
	.... Rs '000	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (note 4.1)	1,737,258	1,243,886
Capital work-in-progress (note 4.7)	278	—
Total Property, Plant And Equipment	**1,737,536**	**1,243,886**

4.1 Operating Fixed Assets (2009)

Rs '000

Particulars	Cost/Revaluation					Depreciation				Book	R
	As at July 01, 08	Addition / (Deletion)	Adjustment	Surplus on Revaluation	As at June 30, 09	Accumulated As at July 01, 08	Charge for the Year	On Surplus Writen Back	Accumulated As at June 30, 2009	Value as at June 30, 08	ATE %
Owned Assets											
Land - lease hold	600,225	—	—	238,518	838,743	—	—	—	—	838,743	0
Building - factory	284,624	67,995	(10,815)	43,933	385,737	13,771	15,933	(10,815)	18,889	366,848	5
Building - head office	3,233	—	—	—	3,233	2,481	75	—	2,556	677	10
Plant and machinery	582,435	181,011	—	—	763,446	280,662	32,189	—	312,851	450,595	10
Electric system installation	11,923	—	—	—	11,923	7,915	401	—	8,316	3,607	10
Furniture and fixtures	1,316	409	—	—	1,725	944	55	—	999	726	10
Office equipment	3,082	80	—	—	3,162	1,446	166	—	1,612	1,550	10
Electric and gas appliances	8,753	2,914	—	—	11,667	3,810	664	—	4,474	7,193	10
Air conditioners	1,004	113	—	—	1,117	549	55	—	604	513	10
Drawings and survey equipment	363	—	—	—	363	332	3	—	335	28	10
Workshop machines	5,612	—	—	—	5,612	4,436	118	—	4,554	1,058	10
Fabrication plant	919	—	—	—	919	710	21	—	731	188	10
Factory equipment	46,978	10,277	—	—	57,255	8,486	4,266	—	12,752	44,503	10
Motor vehicles	31,078	5,763	—	—	36,841	14,068	3,970	—	18,038	18,803	20
Computer and allied equipment	4,855	528	—	—	5,383	2,932	453	—	3,385	1,998	20
Security weapons	184	210	—	—	394	156	10	—	166	228	10
June 30, 2009	**1,586,584**	**269,300**	**(10,815)**	**282,451**	**2,127,520**	**342,698**	**58,379**	**(10,815)**	**390,262**	**1,737,258**	

Property, Plant and Equipment (2008)

Rs '000

Particulars	Cost/Revaluation				Depreciation				Book	R
	as at July 01, 07	Addition / (Deletion)	Surplus on revaluation	as at June 30, 08	Accumul-ated as at July 01, 07	charge for the year	On surplus Written back	Accumul-ated as at June 30, 08	Value as at June 30, 08	ATE
Owned Assets										
Land - lease hold	600,225	—	—	600,225	—	—	—	—	600,225	0
Building - factory	230,922	53,702	—	284,624	1,992	11,779	—	13,771	270,853	5
Building - head office	3,233	—	—	3,233	2,397	84	—	2,481	752	10
Plant & machinery	528,632	59	—	528,691	245,794	28,284	—	274,078	254,613	10
Electric system installation	11,578	345	—	11,923	7,505	410	—	7,915	4,008	10
Furniture & fixtures	1,142	174	—	1,316	919	25	—	944	372	10
Office equipment	2,118	964	—	3,082	1,282	164	—	1,446	1,636	10
Electric & gas appliances	8,753	—	—	8,753	3,261	549	—	3,810	4,943	10
Air conditioners	1,004	—	—	1,004	498	51	—	549	455	10
Drawings & survey equipment	363	—	—	363	329	3	—	332	31	10
Workshops machines	5,612	—	—	5,612	4,305	131	—	4,436	1,176	10
Fabrication plant	919	—	—	919	687	23	—	710	209	10
Factory equipment	22,338	24,640	—	46,978	6,414	2,072	—	8,486	38,492	10
Motor vehicles	28,758	2,320	—	31,078	10,202	3,866	—	14,068	17,010	20
Computer and allied equipment	3,959	896	—	4,855	2,554	378	—	2,932	1,923	20
Security weapons	184	—	—	184	153	3	—	156	28	10
	1,449,740	**83,100**	**—**	**1,532,840**	**288,292**	**47,822**	**—**	**336,114**	**1,196,726**	
Leased Assets										
Plant & machinery	53,744	—	—	53,744	1,344	5,240	—	6,584	47,160	10
June 30, 2008	**1,503,484**	**83,100**	**—**	**1,586,584**	**289,636**	**53,062**	**—**	**342,698**	**1,243,886**	

	2009	2008
	.... Rs '000	
4.2 Allocation of Depreciation Charged for the year		
Cost of turnover (note 23)	53,881	48,735
Administrative expenses (note 25)	4,498	4,327
Total Allocation Of Depreciation Charged for the year	**58,379**	**53,062**

4.3 Revaluation of leasehold land and factory building of the Company were carried out on June 2007 by M/s. Iqbal A Nanjee & Co., an independent professional valuators, on the basis of present market values. Repeat revaluation of leasehold land and factory building of the Company were carried out on January 2009 by the same Valuer . The revaluation had resulted in a surplus by Rs. 973.318 million (before tax). Out of the revaluation surplus, an amount of Rs. 962.625 million remains undepreciated as on June 30, 2009.

4.4 Additions during the year includes amount transferred from current C.W.I.P - Rs. 251.295 million.

4.5 Plant and Machinery is includes transfer from leased to owned.

4.6 Had there been no revaluation, the related figures of land and buildings as at June 30, 2009 would have been as follows:

	2009	2008
	.... Rs '000	
Land - lease hold	**7,797**	**7,797**
Building - factory	**236,002**	**178,494**
4.7 CAPITAL WORK-IN-PROGRESS		
Plant and machinery	278	—
Total Capital Work-In-Progress	**278**	**—**

The amount of Rs. 251.295 has been transferred to the operating property, plant and equipment during the year.

	2009	2008
	.... Rs. in '000	
5 INTANGIBLE ASSETS		
Computer software	166	333
Less: Amortized during the year	166	167
Closing Balance	**—**	**166**

The Company had entered into an agreement with the M/s Business Concepts (Private) Limited for the development and implementation of comprehensive Enterprise Resource Planning (ERP) software.

The cost of the software is amortized in three years on the straight line basis upto the year 2009.

	2009	2008
6 LONG TERM DEPOSITS		
Security deposits leasing	—	13,031
Security deposits others	5,815	5,815
Total Long Term Deposits	**5,815**	**18,846**

Notes to the Financial Statements

For the year ended June 30, 2009

		2009	2008
		Rs '000	
7	**STORES AND SPARE PARTS**		
	Stores	48,585	37,156
	Spare parts and loose parts	2,915	2,633
	Total Stores And Spare Parts	**51,500**	**39,789**
8	**STOCK-IN-TRADE**		
	Raw material - in hand	307,162	16,201
	Rejection / scrap material	15,546	34,049
	Work-in-process	82,961	18,563
	Finished goods	373,594	103,568
	Total Stock-In-Trade	**779,263**	**172,381**
9	**TRADE DEBTS**		
	Unsecured - Considered good	128,827	100,585
	Total Trade Debts	**128,827**	**100,585**

9.1 These include an amount of Rs. 19.702 million (2008: Rs. 31.765 million) in respect of receivable from related party.

9.2 The maximum amount receivable from related party at the end of any month was Rs. 53.410 million (2008: Rs. 32.205 million).

		2009	2008
10	**ADVANCES**		
	To suppliers	7,790	11,252
	For expenses	2,223	2,143
	For letter of credit	15,132	32,059
	Income tax	109,061	46,482
	To employees	869	640
	To others	334	50
	Total Advances	**135,409**	**92,626**
11	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Deposits	7,210	7,226
	Prepayments	59	492
	Total Trade Deposits And Short Term Prepayments	**7,269**	**7,718**
12	**OTHER RECEIVABLES**		
	Sales tax - refundable	891	20,761
	Advance sales tax	6,173	6,173
	Excise duty - refundable	66	1,437
	Margin against guarantee	19,777	7,488
	Total Other Receivables	**26,907**	**35,859**

Notes to the Financial Statements

For the year ended June 30, 2009

	2009	2008
	.... Rs '000	
13 CASH AND BANK BALANCES		
At banks - in current account	12,160	61,171
At bank - in foreign currency account	71	489
Total Cash And Bank Balances	**12,231**	**61,660**

14 SHARE CAPITAL

14.1 AUTHORIZED CAPITAL

(Number of shares) 2009	2008		2009 Rs '000	2008 Rs '000
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each	**500,000**	**500,000**

14.2 ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

2009	2008		2009 Rs '000	2008 Rs '000
12,200,278	12,200,278	Ordinary Shares of Rs. 10/- each fully paid in cash	122,003	122,003
17,566,448	9,687,020	Ordinary Shares of Rs. 10/- each issued as bonus shares	175,664	96,870
4,377,460	—	Issued Right Shares fully paid in cash (note 14.4)	43,775	—
34,144,186	21,887,298		341,442	218,873

14.3 The above includes shares of a face value of Rs. 104.154 million (2008: Rs. 69.147 million) held by the foreign sponsors of the Company.

14.4 The Company issued 4,377,460 Right Shares at Rs. 35/- each including a premium of Rs. 25/- per share. In the ratio of 2 shares for every 10 shares held. This was decided in Board meeting held on February 29, 2008 and regularized during the year under review.

14.5 Company issued 7,879,427 bonus shares of Rs. 10/- each amounting to Rs. 78.794 million (out of profit as of June 30, 2008), in the ratio of 3 shares for every 10 shares held.

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represent surplus arising on revaluation of leasehold land and factory building, net of deferred tax thereon.

	2009	2008
	.... Rs '000	
Balance as at July 01,	685,194	689,322
Add: Surplus on revaluation for the year	282,451	—
Transferred to Unappropriated profit:		
– Surplus relating to incremental depreciation charged during the year - net of deferred tax	(3,263)	(2,683)
– Related deferred tax liability	(1,757)	(1,445)
	(5,020)	(4,128)
Total Surplus on Revaluation of Property, Plant and Equipment	962,625	685,194

	2009	2008
	.... Rs '000	
16 LONG TERM SPONSERS' ADVANCES - UNSECURED		
Advances from Directors - unsecured	33,679	60,260
Total Long Term Sponsers' Advances - Unsecured	**33,679**	**60,260**

This represents unsecured and interest free advance from sponsors for a period exceeding one year.

	2009	2008
17 MUSHARKA FACILITY ARRANGEMENT		
Musharka Facility availed (note 17.1)	127,703	—
Payable within one year shown under current liabilities	(14,189)	—
Total Musharka Facility Arrangement	**113,514**	**—**

17.1 This new facility was availed during end of the year from Askari Commercial Bank having approved limit of Rs. 170.00 million. The facility is repayable within five years from the date of draw down (including six months grace period) in equal quarterly installments Rs. 7,094,596 in arrears. Profit is calculated at the rate of six months KIBOR plus spread of Rs. 0.375 % payable at the end of each quarter. The facility is secured against hypothecation charge on present and future moveable fixed assets of the company amounting to Rs. 200.00 million.

	2009	2008
18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	17,110	28,265
Repayments during the year	(17,110)	(11,155)
	—	17,110
Payable within one year shown under current liabilities	—	(4,079)
	—	**13,031**

This represents finance lease was obtained from financial institution and carry markup of Kibor plus 4%, it ranges from 14.34% to 18.13% per anum during the year to finance the assets which are included in the property, plant and equipment. It was secured against 25% deposit amounting to Rs. 13.031 million, which is adjusted during the year.

The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows:

	2009	2008
Not later than one year	—	4,221
Later than one year and not later than five years	—	13,031
	—	17,252
Less: Financial charges allocated to future periods	—	142)
Present value of minimum lease payments	—	17,110
Less: Current maturity	—	(4,079)
Total Liabilities Against Assets Subject To Finance Lease	**—**	**13,031**

	2009	2008
19 DEFERRED LIABILITIES		
Staff gratuity (note 19.1)	44,738	36,716
Deferred taxation (note 19.2)	132,810	85,353
Total Deferred Liabilities	**177,548**	**122,069**

	2009	2008
	.... Rs '000	
19.1 STAFF GRATUITY		
Defined benefit liability		
Present value of defined benefit obligation	42,015	36,656
Actuarial gain recognized in later periods	2,723	60
Unrecognized transactional liability (note 19.1.1)	—	—
Total Staff Gratuity	**44,738**	**36,716**

19.1.1 There are no plan assets as the Company operates an un-funded gratuity scheme.

Principle Actuarial assumptions

The main assumptions used for actuarial valuation were as follows:

	2009	2008
Discount Rate	12%	12%
Salary Inflation Rate	12%	12%
Expenses Recognized		
Current service cost	5,046	4,809
Interest cost	4,399	3,056
Transitional cost	—	—
Liability due to IAS 19	—	—
Total Expenses Recognized	**9,445**	**7,865**
Movement in payable due to defined benefit plan are as follows:		
Opening balance	36,716	30,598
Charge for the year	9,445	7,865
Payments made during the year	(1,423)	(1,747)
Closing balance	**44,738**	**36,716**
19.2 DEFERRED TAXATION		
Deferred tax liability arising due to:		
– accelerated tax depreciation	148,468	87,629
– intangible assets	—	58
– assets subject to finance lease	—	10,517
– defined benefit plan's obligation	(15,658)	(12,851)
Total Deferred Taxation	**132,810**	**85,353**
20 TRADE AND OTHER PAYABLES		
Creditors	113,480	119,554
Accrued liabilities	19,872	10,560
Tax deducted at source	1,291	965
Workers' profit participation fund (note 20.1)	104,121	79,980
Workers' welfare fund	5,269	3,474
Unclaimed dividend	2,994	5,586
Bills payable	324,680	—
Accrued custom duty	7,049	7,049
Advance from Directors	—	222
Advance from customers	162,597	155,703
Provision for compensated absences	6,719	4,461
Other liabilities	3,062	1,927
Total Trade And Other Payables	**751,134**	**389,481**

	2009	2008
	.... Rs '000	
20.1 WORKERS' PROFIT PARTICIPATION FUND		
Opening balance	79,980	62,910
Interest on funds utilized in the company's business (note 26)	12,365	8,807
	92,345	71,717
Allocation for the year	11,776	8,263
Total Workers' Profit Participation Fund	**104,121**	**79,980**

Payment for prior years' allocation was deferred due to the liquidity problem of the Company. Mark-up is provided as prescribed by Worker's Profit Participation Fund Act 1968. In previous years at the time of payment, workers requested to defer their payment to earn more (riba free) mark-up on their balances.

21 CONTINGENCIES AND COMMITMENTS

a) Guarantees amounting to Rs. 102.743 million (2008: 44.156 million) have been furnished in favor of various parties. In which some parties guarantee amounting to Rs. 31.663 million expired and not released till 30 June 2009.

b) Commitments under letters of credit as at 30 June 2009 amounting to Rs. 98.216 million (2008: 280.236 million).

c) Rs. 0.612 million (2008 Rs. 0.612 million) representing octroi duty, Rs. 0.690 million (2008 Rs. 0.720 million) representing disputed office rent and Rs. 5.172 million (2008 Rs. 5.172 million) representing sales tax deposited but has not been acknowledged by the company as cases are pending in various courts and the management is confident of favorable decisions.

d) Tax liability due to certain add backs to income by the Income Tax Department in respect of assessment year 2000-01 and 2001-02 of Rs. 0.325 million (2008: Rs. 0.325 million) and Rs. 1.836 million (2008: Rs. 1.836 million) respectively has not been provided in the financial statements as the matters are under rectification / appeal. The management believes that the same would be decided in favor of the company.

e) Director Social Security has raised demand of Rs. 0.430 million (2008: Rs. 0.430 million) on account of short contribution and penalty thereof. The company has filed an appeal before Honorable High Court of Sindh Pleading against the levy. The matter is pending before the court. A favorable outcome is expected in this regard.

	2009	2008
	.... Rs '000	
22 TURNOVER - NET		
Local	1,535,367	1,184,837
Export	3,292	—
	1,538,659	1,184,837
Less: Sales Tax	(203,956)	(150,410)
Special excise duty	(11,448)	(10,242)
	(215,404)	(160,652)
Total Turnover - Net	**1,323,255**	**1,024,185**

	2009	2008
	.... Rs '000	
23 COST OF TURNOVER		
Opening stock finished goods	103,568	117,769
Cost of goods manufactured (note 23.1)	1,296,822	797,366
	1,400,390	915,135
Closing stock finished goods	(373,594)	(103,568)
Total Cost Of Turnover	**1,026,796**	**811,567**
23.1 COST OF GOODS MANUFACTURED		
Raw material consumed (note 23.1.1)	954,663	499,324
Store and spare parts consumed	16,047	18,813
Furnace oil and chemical consumed	100,473	75,040
Processing expense (outside factory)	106,196	41,073
Power, fuel and water	34,619	22,374
Salaries, wages, allowances and benefits (note 23.1.2)	62,512	42,883
Rent, rates and taxes	506	195
Insurance	1,519	512
Repair and maintenance	4,652	1,820
Carriage and cartage	715	552
Depreciation (note 4.2)	53,881	48,735
Others	6,934	4,556
	1,342,717	755,877
Rejection / scrap material		
Opening	34,049	35,203
Closing	(15,546)	(34,049)
	18,503	1,154
Work in process		
Opening	18,563	58,898
Closing	(82,961)	(18,563)
	(64,398)	40,335
Total Cost Of Goods Manufactured	**1,296,822**	**797,366**
23.1.1 RAW MATERIAL CONSUMED		
Opening stock	16,201	133,054
Purchases	1,245,624	382,471
	1,261,825	515,525
Closing stock	(307,162)	(16,201)
Total Raw Material Consumed	**954,663**	**499,324**

23.1.2 Salaries, wages and other benefits include Rs. 7.556 million(2008: Rs. 6.213 million) in respect of staff retirement benefits.

	2009	2008
	.... Rs '000	
24 DISTRIBUTION COSTS		
Salaries and other benefits (note 24.1)	2,726	1,823
Sales promotion and other expenses	13	352
Vehicle running expenses	215	175
Miscellaneous	1,832	72
Telecommunication and postage	23	22
Traveling and conveyance	438	360
Brokerage & Commission	—	562
Total Distribution Costs	**5,247**	**3,366**

24.1 Salaries and other benefits include Rs. 0.472 million (2008: Rs. 0.157 million) in respect of staff retirement benefits.

	2009	2008
25 ADMINISTRATIVE EXPENSES		
Directors' remuneration	7,376	6,183
Salaries and other benefits (note 25.1)	11,432	8,999
Rent, rates & taxes	870	289
Vehicle running and maintenance	1,665	940
Printing and stationary	594	1,028
Telephone, telex and postage	1,463	1,520
Repairs and maintenance	167	127
Entertainment	56	49
Travelling and conveyance	3,326	3,094
Utilities	512	494
Fees and subscription	1,312	1,355
Legal and professional	4,246	3,794
Advertisement	160	126
Depreciation on tangible assets (note 4.2)	4,498	4,327
Amortization on intangible assets (note 5)	166	167
Miscellaneous	667	979
Total Administrative Expenses	**38,510**	**33,471**

25.1 Salaries and other benefits includes Rs. 1.417 million (2008: Rs. 1.494 million) in respect of staff retirement benefits.

	2009	2008
26 FINANCE COSTS		
Lease financial charges	142	1,443
Interest on Workers' profit participation fund (note 21.1)	12,365	8,807
Bank charges	4,982	618
Total Finance Costs	**17,489**	**10,868**

Notes to the Financial Statements

For the year ended June 30, 2009

	2009	2008
	.... Rs '000	
27 OTHER OPERATING INCOME		
Exchange gain / (loss)	23	56
Scrap sales	729	1,072
Miscellaneous	248	70
Total Other Operating Income	**1,000**	**1,198**
28 OTHER OPERATING CHARGES		
Auditors' remuneration (note 28.1)	702	857
Workers' Profit Participation Fund	11,776	8,263
Workers' Welfare Fund	1,805	2,797
Total Other Operating Charges	**14,283**	**11,917**
28.1 AUDITORS' REMUNERATION		
Remuneration for annual audit	500	500
Half yearly review	150	85
Tax and other services	52	272
Total Auditors' Remuneration	**702**	**857**
29 TAXATION		
Current year	30,811	47,961
Prior year	2,293	3,919
Deferred	45,700	5,464
Total Taxation	**78,804**	**57,344**

Prior year tax includes penalty / additional tax for late submission of income tax return of Tax Year 2008.

The Company income tax assessment have been finalized upto assessment year 2007 however income tax assessment for the year 2000-01 and 2001-02 were under appeal as disclosed in note 24(c) to these financial statements and concluded in favor of the Company subsequent to the balance sheet date. Provision for the current year has been made in these financial statements on the basis of current year's profits computed under the Income Tax Ordinance 2001, after having comparison with the minimum tax liability on turnover basis.

29.1 RELATIONSHIP BETWEEN TAX EXPENSES AND ACCOUNTING PROFIT

	2009	2008
Accounting profit before tax	**221,930**	**154,194**
Tax rate	35%	35%
Tax on accounting profit	77,676	53,968
Tax effect of the expenses that are admissible in determining taxable profits	(46,865)	(6,007)
	30,811	47,961
Tax effects of prior year	2,293	3,919
Tax effects of temporary differences	45,700	5,464
Total Relationship Between Tax Expenses and Accounting Profit	**78,804**	**57,344**

	2009	2008
	.... Rs '000	
30 EARNINGS PER SHARE - BASIC		
There is no dilutive effect on the basic earning per share on the Company; which is based on:		
Profit after taxation for the year	143,126	96,850
Weighted average number of Ordinary Shares in '000'	33,863	33,863
Total Earnings Per Share - Basic	4.23	2.86

30.1 Basic earnings per share (restated) for the year ended June 30, 2008.

31 REMUNERATION OF CHIEF EXECUTIVE,DIRECTOR AND EXECUTIVE

	Chief Executive		Director		Executive	
Particulars	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	......................................Rupees in '000......................................					
Managerial remuneration	4,058	2,964	465	465	4,778	648
House rent	1,826	1,334	209	209	2,136	291
Utilities	—	296	46	46	475	65
Gratuity	527	458	60	60	545	85
Bonus	—	177	40	39	351	55
	6,411	5,229	820	819	8,285	1,144
Number of persons	1	1	1	1	8	1

31.1 In addition to the above Chief Executive, Director, Executive and certain other employees are provided with free use of company maintained vehicles in accordance with the company's policy.

31.2 The amount paid to Directors in respect of attending the Board of Directors' meeting during the year was Rs. 145,000 (2008: 135,000).

32. CAPACITY AND PRODUCTION

	2009		2008	
	....Metric Ton..			
Particulars	**Capacity**	**Production**	**Capacity**	**Production**
Seamless Tubular Products	32,000	13,446	32,000	13,100
Special precision shafting	30,000	—	30,000	—
Machinery & Machinery components	3,500	453	3,500	480
Coating plant	50,000	—	—	—

The coating plant was completed by end of the year and has put into operation subsequent to balance sheet date.

The production of special precision shafting was discontinued due to non availability of orders.

The reason for low production is supply of pipe of small diameter that requires more time to produce rather than bigger diameter pipes.

33 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking (Hafiz Abdul Waheed and Brothers (Private) Limited). Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as under:

	2009	2008
	.... Rs '000	
Sale-net of finished goods during the year	101,907	121,243
Repayment of sponsor's advance	26,581	13,284

The Company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at commercial term and conditions.

34. FINANCIAL ASSETS AND LIABILITIES

	.... 2009						
	Interest/mark-up bearing			Non-Interest/mark-up bearing			
Particulars	Maturity upto one year	Maturing after one year	Sub Total	Maturity upto one year	Maturing after one year	Sub Total	Total
	.... Rs. '000'						
Financial Assets							
Long term deposits	—	—	—	—	5,815	5,815	5,815
Trade debts - considered good	—	—	—	128,827	—	128,827	128,827
Trade deposits	—	—	—	7,210	—	7,210	7,210
Other receivables	—	—	—	19,777	—	19,777	19,777
Cash and bank balances	—	—	—	12,231	—	12,231	12,231
	—	—	—	168,045	5,815	173,860	173,860
Financial Liabilities							
Long term sponsors' advances	—	—	—	33,679	—	33,679	33,679
Long term musharka facility	14,189	113,514	127,703	—	—	—	127,703
Liabilities against assets subject to finance lease	—	—	—	—	—	—	—
Trade and other payables	—	—	—	461,026	—	461,026	461,026
	14,189	113,514	127,703	494,705	—	494,705	622,408
On balance sheet gap	**(14,189)**	**(113,514)**	**(127,703)**	**(326,660)**	**5,815**	**(320,845)**	**(448,548)**
Off Balance Sheet Items							
Letter of credit	—	—	—	98,216	—	98,216	98,216
Letter of guarantee	—	—	—	102,743	—	102,743	102,743
	—	—	—	200,959		200,959	200,959

	2008						
	Interest/mark-up bearing			Non-Interest/mark-up bearing			
	Maturity upto one year	Maturing after one year	Sub Total	Maturity upto one year	Maturing after one year	Sub Total	Total
	Rs. '000'						
Financial Assets							
Long term deposits	–	–	–	–	18,846	18,846	18,846
Trade debts - considered good	–	–	–	100,585	–	100,585	100,585
Trade deposits	–	–	–	7,226	–	7,226	7,226
Other receivables	–	–	–	7,488	–	7,488	7,488
Cash and bank balances	–	–	–	61,660	–	61,660	61,660
	–	–	–	176,959	18,846	195,805	195,805
Financial Liabilities							
Long term sponsors' advances	–	–	–	(60,260)	–	(60,260)	(60,260)
Liabilities against assets subject to finance lease	(4,079)	(13,031)	(17,110)	–	–	–	17,110
Trade and other payables	–	–	–	135,922	–	135,922	135,922
	4,079	13,031	17,110	196,182	–	196,182	213,292
On balance sheet gap	**(4,079)**	**(13,031)**	**(17,110)**	**(19,223)**	**18,846**	**(377)**	**(17,487)**
Off Balance Sheet Items							
Letter of credit	—	—	—	280,236	—	280,236	280,236
Letter of guarantee	—	—	—	33,412	—	33,412	33,412
Contracts for capital expenditure	—	—	—	—	900,000	900,000	900,000
Right Shares:							
63% of total amount of right shares application received with premium but maturity not made till June 30 2008.	—	—	—	96,590	—	96,590	96,590
37% of total amount of right shares application to be received with premium after June 30 2008.	—	—	—	56,621	—	56,621	56,621
Total right shares offered (20% of total paid up capital) in February 29, 2008 in Board Meeting.	—	—	—	153,211	—	153,211	153,211
	—	—	—	466,859	900,000	1,366,859	1,366,859

34.1 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to any interest rate risk. The rate of financing and their maturity period has been disclosed in the relevant notes.

34.2 Credit Risk And Concentration Of Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and caused the other party to incur financial loss without taking into account the fair value of any collateral. The Company attempts to control credit risks by monitoring credit exposures, limiting transactions with specific counter parties and continuously assessing the credit worthiness of counter parties.

Out of the total financial assets of Rs.173.680 million (2008: Rs. 195.805 million), the financial assets are subject to credit risk amounted to Rs. 161.629 million (2008: Rs. 134.145 million).

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments effecting a particular industry.

The Company is mainly exposed to credit risk on deposits, trade debtors, advances to suppliers and other receivables. The Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable. There were no trade debtors constituting major credit risk that remained uncovered subsequently.

34.3 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 profiles is monitored to ensure that adequate liquidity is maintained.

34.4 Foreign Exchange Risk Management

Foreign currency risk is the risk that the value of a financial assets or a liability will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. In appropriate cases, the management takes out forward foreign exchange contracts to mitigate the risk. Financial liabilities includes Rs. 324.680 million (2008: Rs. nil million) which are subject to the foreign currency risk exposure.

34.5 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 arms length transaction.

As at June 30, 2009 the carrying value of all financial instruments reflected in the financial statements approximates their fair value.

34.6 Non-adjusting Event After The Balance Sheet Date

The Board of Directors of the Company in their meeting held on September 20, 2009 has proposed a bonus shares issue at 30% (2008: bonus issue at 30%). The financial statements for the year ended June 30, 2009 do not include the effect of these proposals which will be accounted for subsequent to the year end.

35 NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2009 was 244 (2008: 233).

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements has been authorized for issue on October 7, 2009 by the Board of Directors of Company.

37 CORRESPONDING FIGURES

37.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison is as follows:

37.2 EPS and weighted average number of shares for the prior year have been restated consequent to the issue of bonus and right shares during the current year.

37.3 In cost of goods manufactured, “ Gas and chemical consumed ” that was erroneously grouped in prior year with the name of “ Furnace oil and chemical consumed ” are corrected in current year for better presentation.

37.4 Directors fee amounting to Rs.135,000 in respect of attending Board Meeting was include in Directors remuneration schedule has been corrected in current year.

38 GENERAL

Figures have been rounded off to the nearest thousand of rupee unless otherwise stated.

CHIEF EXECUTIVE DIRECTOR

Pattern of Shareholding

As at June 30, 2009

No. of Shareholder	Having Shares From		To	Shares Held
302	1	-	100	12,538
531	101	-	500	144,008
153	501	-	1000	118,413
318	1001	-	5000	739,012
65	5001	-	10000	470,062
32	10001	-	15000	400,743
19	15001	-	20000	328,136
14	20001	-	25000	323,729
7	25001	-	30000	197,944
5	30001	-	35000	171,570
2	35001	-	40000	74,412
4	40001	-	45000	171,657
8	45001	-	50000	383,380
5	50001	-	55000	263,651
3	55001	-	60000	170,023
3	60001	-	65000	191,466
4	65001	-	70000	273,040
1	70001	-	75000	73,843
1	80001	-	85000	80,864
2	85001	-	90000	177,195
1	90001	-	95000	91,522
1	95001	-	100000	97,952
2	100001	-	105000	205,568
1	105001	-	110000	106,243
1	110001	-	115000	112,663
5	115001	-	120000	584,592
3	120001	-	125000	371,841
2	135001	-	140000	279,873
1	140001	-	145000	140,336
1	145001	-	150000	149,724
2	150001	-	155000	307,150
1	160001	-	165000	160,919
3	165001	-	170000	500,253
2	175001	-	180000	354,142
1	190001	-	195000	191,543
5	210001	-	215000	1,062,432
1	230001	-	235000	233,348
1	235001	-	240000	239,647
3	245001	-	250000	743,706
1	260001	-	265000	260,800
2	270001	-	275000	540,134
1	345001	-	350000	349,698
1	350001	-	355000	353,256
1	370001	-	375000	373,152
1	385001	-	390000	385,977
1	455001	-	460000	459,908
1	485001	-	490000	485,405
1	510001	-	515000	513,084
1	530001	-	535000	530,621
1	550001	-	555000	551,596
1	645001	-	650000	650,000
1	655001	-	660000	656,747
1	665001	-	670000	666,352
1	835001	-	840000	838,398
1	845001	-	850000	849,954
1	860001	-	865000	863,619
1	1090001	-	1095000	1,092,587
1	1120001	-	1125000	1,121,608
1	1195001	-	1200000	1,196,919
1	1360001	-	1365000	1,364,032
1	1855001	-	1860000	1,859,273
1	2105001	-	2110000	2,107,175
1	2585001	-	2590000	2,587,029
1	2785001	-	2790000	2,787,722
1542				**34,144,186**

Categories of Shareholders

As at June 30, 2009

	No of Shares	Percent of Sharehoding
Directors, CEO and their Spouses and Minor Children		
Hafiz Abdul Majid	2,787,722	8.165
Hafiz Abdul Waheed & his Spouse	4,708,696	13.791
Hafiz Abdul Sami	577,520	1.691
Mrs. Farida Majid	1,121,608	3.285
Hafiz Abdul Haseeb & His Spouse	726,556	2.128
Hafiz Abdul Aleem	551,430	1.615
Mr. Muhammad Hafiz	353,256	1.035
Mr. Arshad Ahmed & his Spouse	1,633,810	4.785
Mr. Aamir Amin (Representative of NIT)	—	—
Executives	—	—
Associated Companies	—	—
	12,460,598	**36.494**
Financial Institutions		
IDBP (ICP UNIT)	**5,560**	**0.016**
National Bank of Pakistan (Trustee NIT)	**1,702,017**	**4.985**
Insurance Companies		
Pakistan Reinsurance Company Limited	**156,236**	**0.458**
General Public	**19,819,775**	**58.047**
Total Paid up Capital (in Shares)	**34,144,186**	**100**

Trade in shares by Directors, CEO, Company Secretary, CFO and their spouses and minor children.

No trading of the Company's shares was carried out by the its Directors, and Chief Executive, Company Secretary, Chief Financial officer and their spouses and minor children except the followings:

Hafiz Abdul Waheed	2,257,569
Hafiz Abdul Sami	75,000
Hafiz Abdul Aleem	34,522
Spouses of Hafiz Abdul Waheed	75,000
Company Secretary	50,447

Proxy Form

26th Annual General Meeting

Folio No.
CDC ID No.
Sub A/C No.
Shares held
CNIC No.
Passport No. (in case of Foreigner)

I/We...of ....

(full address) being a member / members of Huffaz Seamless Pipe Industries Ltd., hereby appoint

(Name)...

of ....(full address) who is

also a member of this Company as may / our Proxy to attend and vote for me / us and on my / our behalf at 25th Annual General Meeting of the Company to be held Saturday, October 31, 2009 at 04:30 p.m. at JUNAGAGH LAWN Opp. Mashriq Centre, Block-17, Gulsan-e-Iqbal, Karachi-75300 and any adjournment thereof.

Signature of Proxy ....

Please affix Revenue Stamp of Rs. 5/-

Proxy's:

Folio Number ....

CDC Participant ID No. ....

Sub-Account Number ....

CNIC Number ....

Passport Number ....
(in case of foreigner)

Signature...
of Shareholder

(Signature appended above should agree with the specimen signatures registered with the Company)

1) Witenss
Signature ....
Name: ....
CNIC No. ....
Passport No. ....
(in case of foreigner)
Address ....

2) Witness:
Signature ....
Name: ....
CNIC No. ....
Passport No. ....
Address ....

NOTE:

(1) A member entitled to attend and vote at the Meeting is entitled to appoint another member as his/herproxy to attend and vote instead of him/her at the meeting.

2) The instrument appointing a proxy should be signed by the member(s) or, in case of corporate entity to attend attorney duly authorized in writing. If the member is a corporation, its common seal must be affixed on the instrument.

3) CDC Shareholders are requested to bring with them their Commuterised National Identity Cards along-with the participants' ID number and their accounts numbers at the time of attending the 26th Annual General Meeting in order to facilitate identification of the respective shareholders.

4) The instrument appointing a proxy, togther with Power of Attorney, in case of corporate entity, if any, under which it is signed or notarially certified copy thereof, must be deposited at the Company's registered officer not later than 48 hours before the time of holding the meeting.

5) In case of Poser of Attorney from a member, same of should also meet and comply with all the conditions relating to proxy, including the deposit of the original Power of Attorney with the Company.

6) In the absence of CNIC, the receipt of CNIC application with NADRA alongwith old/expired NIC/CNIC, will also be acceptable wherever the CNIC is required.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Huffaz Seamless Pipe Industries Limited
207-210, Second Floor, Mashriq Centre,
Block-14, Gulshan-e-Iqbal, Karachi-75300.
www.huffaz.com.pk

Huffaz Seamless Pipe Industries Limited

Registered Office:
207-210, Second Floor, Mashriq Centre,
Block -14, Gulshan-e-Iqbal, Karachi.

Factory:
90 KM Super Highway,
Nooriabad Industrial Estate,
District Dadu, Sind.

Website: www.huffaz.com.pk