

**BALANCE SHEET  
AS AT JUNE 30, 2008**

	Note	2008 Rupees	2007 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	843,555,294	876,761,263
Long-term deposits	4	7,546,655	7,246,655
		<u>851,101,949</u>	<u>884,007,918</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	5	14,556,382	7,779,163
Stock-in-trade	6	1,031,817,214	159,151,461
Trade debts	7	306,646,926	702,013,233
Loans and advances	8	280,435,099	96,847,000
Trade deposits and short-term prepayments	9	9,793,242	6,499,719
Other receivables	10	14,621,761	7,840,875
Other financial assets	11	210,324,260	-
Sales tax refundable		206,834	206,834
Cash and bank balances	12	258,849,410	363,381,696
		<u>2,127,251,128</u>	<u>1,343,719,981</u>
		<u>2,978,353,077</u>	<u>2,227,727,899</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized 1,200,000,000 (2007 : 1,200,000,000) ordinary shares of Rs.10/- each		<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, subscribed and paid-up	13	785,201,270	785,201,270
Unappropriated profits		888,735,711	837,368,045
		<u>1,673,936,981</u>	<u>1,622,569,315</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	44,602,084	54,443,053
Interest / mark-up accrued	15	16,471,566	8,133,674
Short-term borrowings	16	1,121,141,339	474,325,701
Taxation - income tax	17	80,245,630	68,256,156
- sales tax		41,955,477	-
		<u>1,304,416,096</u>	<u>605,158,584</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18	<u>2,978,353,077</u>	<u>2,227,727,899</u>

The annexed notes form an integral part of these financial statements

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		181,137,330	266,026,265
Adjustments for:			
Depreciation of property, plant and equipment		44,749,475	49,406,319
Finance cost		59,461,680	62,223,198
Provision for doubtful debts		1,266,523	713,307
Provision for slow moving and obsolete items		-	588,582
(Gain) / loss on disposal of property, plant and equipment		(433,945)	6,887,082
Dividend income		(518,850)	-
Gain on sale of investments		(33,630,290)	-
Loss on remeasurement of investment at market value		64,887,785	-
Operating cash flows before movement in working capital		316,919,708	385,844,753
(Increase) / decrease in current assets			
Stores, spares and loose tools		(6,777,219)	11,862,474
Stock in trade		(872,665,753)	920,206,928
Trade debts		394,099,784	(408,550,704)
Loans and advances		(157,544,238)	4,337,449
Trade deposits and short-term prepayments		(3,293,523)	(1,614,452)
Other receivables		(6,780,886)	(7,840,875)
Sales tax refundable		-	7,879,290
Increase / (decrease) in current liabilities			
Trade and other payables		(9,840,969)	(875,187)
Sales tax payable		41,955,477	-
Cash (used in) / generated from operations		(303,927,619)	911,249,676
Income taxes paid		(26,043,860)	(45,511,158)
Interest / markup paid		(51,123,788)	(60,698,017)
Long term deposits paid		(300,000)	-
Net cash (used in) / from operating activities		(381,395,267)	805,040,501
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		1,706,880	20,762,500
Purchase of property, plant and equipment		(12,816,441)	(8,838,941)
Other financial assets - investments - net		(241,581,756)	-
Dividends income		518,850	-
Net cash (used in) / from investing activities		(252,172,467)	11,923,559
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowing obtained / (repaid) -net		198,311,653	(572,877,414)
Dividend paid		(117,780,190)	(71,381,930)
Net cash from / (used in) financing activities		80,531,463	(644,259,344)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(553,036,271)	172,704,716
Cash and cash equivalents at July1, 2007		363,381,696	190,676,980
Cash and cash equivalents at June 30, 2008		(189,654,575)	363,381,696
<b>Cash and cash equivalents</b>			
Cash and bank balances		258,849,410	363,381,696
Short term running finance		(443,740,601)	-
Book overdraft		(4,763,384)	-
		(189,654,575)	363,381,696

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of Siddiqsons Tin Plate Limited is pleased to present Third Annual Report after listing with Karachi Stock Exchange (Guarantee) Limited, and Audited Financial Statements of the Company together with Auditor's Report thereon for the year ended June 30, 2008.

### **GENERAL**

The principal activity of the Company is manufacturing and sale of tin plates and other steel products. The Company production capacity is 120,000 metric tons per annum. The plant is located at Winder Industrial Estate in the province of Balochistan.

### **INDUSTRY AND FINANCIAL REVIEW**

The year under review was a difficult year for the company as it was facing different challenges domestically as well as internationally. Therefore, accumulative net sales of your company for the whole year has been declined as compared to the last year's sales. Your Company has recorded net sales of Rs.2,398 million as compared to Rs.3,384 million during the same period of previous year, means there is a decrease in sale revenue by 986 million. The main Consequences for Drastic declination in sales are as under:

- Withdrawal of sales tax incentives in this financial year which has influenced on our sales whole year.
- Availability of under-invoiced and mis-declared material in the local market.
- Wild fluctuation in Raw material prices internationally.
- Delayed arrival of Black plate and not fulfillment of the contracts by some of the suppliers due to which we could not meet our delivery commitments to the customers in time.
- Volatile exchange fluctuation.

The gross profit of the Company recorded for this year is Rs. 373 million which is 16% of the sales revenue of the current year as compared to Rs. 408 million which was 12% of the sales revenue of the last year.

The plant has continued to operate satisfactorily throughout the year but production restricted to 45,380 MT as compared to 46,766 during the same period last year. The plant capacity under utilized by 62 % this year due to heavy dumping of imported tinsplate in the market for which antidumping process has been initiated.



Following is the comparative financial results for the year 2008 with 2007.

	2008		2007	
	Rupees	% of Sales	Rupees	% of Sales
<b>Sales</b>	2,398	100	3,384	100
<b>Gross Profit</b>	373	16	408	12
<b>Profit before tax</b>	181	8	266	8
<b>Profit after tax</b>	169	7	249	7
<b>EPS (Rupees)</b>	2.15		3.17	

#### ISO CERTIFICATION

We are glad to inform that your Company has received following certifications during the year:

ISO 9001-2000

PSQCA

#### FUTURE OUTLOOK

Although the reasons for decline of sales have hampered achievement of our set goals but we are confident that your company has the potential to make all efforts to remain market leader and would be able to sustain all external and internal pressures maintaining its history of achieving good results even in the most challenging circumstances.

Further management has devotedly made following strategies which would be revised and implemented periodically for achieving our goals in the forthcoming year:

- " To streamline adequate procurement contract with the suppliers
- " To arrange sufficient quantity of material as per requirement of customers.
- " To give preference for advance orders from the customers.
- " To analyze market demand and evolve policies accordingly.
- " To make efforts for denting the imports of under-invoiced material by increasing ITP.
- " To supplement our income by making investment in Stock Exchange at appropriate time.
- " To buy-back STPL shares to strengthen our assets.
- " To focus over the new projects, like; Canning, Fishing, Power generation, Property deal, Cement etc.

#### SAD DEMISE OF MR. MOHAMMAD MOHSIN, DIRECTOR OF THE COMPANY

The board of directors feels grief on the sad demise of Mr. Mohammad Mohsin, one of the directors of the Company. He was passed away on Monday, September 08, 2008. May Almighty Allah bless the departed soul and grant fortitude to the bereaved family to bear this irreparable loss.

The board of directors is pleased to approve the appointment of Mr. Sanullah Abdullah as a director of the Company in place of deceased director for the remainder term of the deceased director to fill the casual vacancy in accordance with sub-section (2) of Section 180 of the Companies Ordinance, 1984 and clause (vi) of the Code of Corporate Governance contained in the Listing Regulation No. 37 of the Karachi Stock Exchange.



## **AUDITORS**

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants are retiring and have offered themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the company for the year ending June 30, 2009, at a remuneration to be mutually agreed.

## **COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

The requirement of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2008 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance signed by the Chief Executive Officer is separately included in this Annual Report.

## **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

The Board has adopted the statement of Ethics and Business Practices. All employees have been informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

## **CORPORATE AND FINANCIAL REPORTING FRAME WORK**

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's state of affairs, the result 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 the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Significant diversion from last year's operating results have been disclosed in the Directors' Report.
- The key operating and financial data for the last six (6) years is summarized in the form annexed with the report.



### BOARD OF DIRECTORS MEETING

During the year under report, the Board of Directors met four (4) times. The numbers of meetings attended by each director during the year is shown below:

Name of Directors	No. of Meeting Attended
Mr. Abdullah Rafi	3
Mr. Tariq Rafi	4
Mr. Mohammad Mohsin	1
Mr. Ibrahim Shamsi	3
Mr. S. Walliullah Shah	4
Mr. Jean Peirre Gugenheim	0
Mr. Satoru Oki	4

Overseas directors attended the meetings either in person or through alternate directors. Leave of absence was granted to Directors who could not attend the Board meetings.

### AUDIT COMMITTEE

The management of your Company believes in Good Corporate Governance, implemented through a well defined and efficiently applied system of check and balance, and the provision of transparent, accurate and timely financial information.

The Audit Committee comprises of three (3) directors of whom two (2) are non-executive directors including the chairman of the committee. The committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

As Mr. Mohammad Mohsin (Late) was also serving as a chairman of the audit committee so due to his sad demise the board of directors has approved the appointment of Mr. Ibrahim Shamsi as a chairman of audit committee in accordance with the clause (xxx) of the Code of Corporate Governance contained in the Listing Regulation No. 37 of the Karachi Stock Exchange.

### PATTERN OF SHAREHOLDING

The total numbers of Company's shareholders as at June 30, 2008 was 3668. The pattern of shareholding as at June 30, 2008 along with necessary disclosures as required under the Code of Corporate Governance is annexed with the report.

### ACKNOWLEDGE

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission, shareholders, partners, customers, government authorities, autonomous bodies and the financial institution for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring services rendered by the staff of the Company.

### ABDULLAH RAFI

Chairman

Karachi, September 13, 2008



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

### 1. GENERAL INFORMATION

- 1.1** Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public limited company under Companies Ordinance 1984. The shares of the Company are listed at Karachi Stock Exchange with effect from December 12, 2005. The registered office of the company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the manufacturing plant is located at Winder Industrial Estate in the province of Balochistan. The principal activity of the company is manufacturing and sale of tin plates and other steel products.
- 1.2** The financial statements are presented in Pak. Rupee which is the company's functional and presentation currency.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

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

#### 2.2 Adoption of new International Financial Reporting Standards

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after July 1, 2007 are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases: -

IAS 27 - (Revised) Consolidated and Separate Financial Statements	Effective from accounting period beginning on or after July 01, 2009
IAS 29 - Financial Reporting in Hyperinflationary Economics	Effective from accounting period beginning on or after April 28, 2008
IFRS 7 - Financial Instruments: Disclosures	Effective from accounting period beginning on or after April 28, 2008
IFRS 8 - Operating Segments	Effective from accounting period beginning on or after January 01, 2009
IFRIC 12 - Services concession arrangements	Effective from accounting period beginning on after January 01, 2008
IFRIC 13 - Customer loyalty program	Effective from accounting period beginning on or after July 01, 2008
IFRIC 14 - IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective from accounting period beginning on after January 01, 2008



### 2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention modified by: -

- certain financial instruments at fair value
- recognition of certain employees retirement benefits at present value

The principal accounting policies adopted are set out below.

### 2.4 Employee benefit cost

#### Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made both by the company and its employees at the rate of 10% per annum of the basic salary plus cost of living allowance. The Company's contribution to the fund is charged to profit and loss account for the year.

#### Compensated Absences

The Company provides for compensated absences for all eligible employees on unavailed balance of leave in the period in which the leaves is earned.

### 2.5 Trade and other payables

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

### 2.6 Provisions

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

### 2.7 Property, plant and equipment

#### Company owned

Property, plant and equipment except land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Land and capital work-in-progress are stated at cost less impairment in values, if any.

Assets residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.





Depreciation is charged using reducing balance method over its estimated useful life at the rates specified in note 3.1. Depreciation is charged from the month of acquisition and up to the month preceding the month of disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of property, plant and equipment, if any, are recognized as and when increased, to profit and loss account.

### **Capital work in progress**

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

## **2.8 Stores, spares and loose tools**

These are valued at the cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto balance sheet date.

## **2.9 Stock in trade**

Stock-in-trade are valued at the lower of cost and net realizable value on the following basis: -

Raw Material	At weighted average cost
Raw material in transit	At cost accumulated upto the date of balance sheet
Finished goods	At average manufacturing cost
Waste	At net realizable value

Average cost signifies, in relation to finished goods, the average manufacturing cost including related direct overheads.

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

## **2.10 Trade debts and other receivables**

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

## **2.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short-term running finance under mark-up arrangements.



## 2.12 Impairment

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, if any, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

## 2.13 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

## 2.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 2.15 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Capital gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which the transaction takes place.



Unrealised capital gain / (losses) arising on mark to market of investment classified as 'financial assets at fair value through profit and loss - held for trading' are included in the Income Statement in the year in which they arise.

## 2.16 Taxation

### Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any, or minimum taxation at the rate of one- half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

### Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

## 2.17 Investments

### Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

### Financial assets at fair value through profit or loss

There are investments designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

### Available for sale investments

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

### Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using effective interest rate method.

**Derecognition**

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**2.18 Foreign Currencies**

Transactions in currencies other than Pak. Rupees are recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

**2.19 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**2.20 Dividend and other appropriations**

The Dividend is recognized as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the year in which such appropriations are made.

**2.21 Related party transactions**

Transaction with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

**2.22 Critical accounting estimates**

The estimates and underlying assumption are reviewed on ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised.

**2.23 Critical judgments in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below).

**Contingencies**

As described in note 18.1 of these financial statements, management considers that the company is not likely to incur further liabilities mentioned there in.



## 2.24 Key sources of estimating uncertainty

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful debts and slow moving inventory. However, significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Notes	2008 Rupees	2007 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	<b>829,556,549</b>	868,580,906
Capital work in progress	3.4	<b>13,998,745</b>	8,180,357
		<b><u>843,555,294</u></b>	<u>876,761,263</u>



**3.1 Operating fixed assets**

Company owned	Cost at July 01, 2007	Additions /transfers (disposals)	Cost at June 30, 2008	Depreciation /			Dep. Rate %
				Accumulated depreciation at July 01, 2007	Accumulated depreciation at June 30, 2008	Carrying value at June 30, 2008	
Leasehold land	7,533,750	-	7,533,750	-	-	7,533,750	
Buildings on leasehold land	130,006,832	-	130,006,832	71,767,827	5,823,901	52,415,104	10
Plant and machinery	989,954,747	1,000,000	990,954,747	274,091,101	28,654,549	688,209,097	4
Power and other installations	87,828,425	-	87,828,425	32,870,708	5,495,771	49,461,946	10
Factory equipment	13,908,763	204,670	14,113,433	7,447,254	325,416	6,340,763	10
Generators	13,138,548	100,000	13,238,548	7,777,338	541,120	4,920,090	10
Office equipment	5,859,526	-	5,859,526	1,836,727	402,280	3,620,519	10
Data processing equipment	1,933,124	797,793	2,730,917	1,139,865	377,053	1,213,999	33.33
Furniture and fixtures	2,380,578	94,050	2,474,628	1,403,074	429,804	641,750	10
Vehicles	26,826,665	4,801,540 (2,123,050)	29,505,155 (850,115)	12,456,158	2,699,581 (850,115)	15,199,531	20
	1,279,370,958	6,998,053 (2,123,050)	1,284,245,961 (850,115)	410,790,052	44,749,475 (850,115)	829,556,549	

**For comparative period**

**Company owned**

	Cost at July 01, 2006 Restated	Additions/ transfers (disposals)	Cost at June 30, 2007	Accumulated depreciation at July 01, 2006 Restated	Depreciation/ (accumulated depreciation on disposal) for the year	Accumulated depreciation at June 30, 2007	Carrying value at June 30, 2007	Dep. Rate %
Leasehold land	7,533,750	-	7,533,750	-	-	-	7,533,750	
Buildings on leasehold land	130,006,832	-	130,006,832	65,296,827	6,471,000	71,767,827	58,239,005	10
Plant and machinery	989,799,747	155,000	989,954,747	244,267,216	29,823,885	274,091,101	715,863,646	4
Power and other installations	90,098,633	675,247	87,828,425	26,774,537	6,341,626	32,870,708	54,957,717	10
Factory equipment	13,843,455	(2,945,455)	13,908,763	6,733,542	713,712	7,447,254	6,461,509	10
Generators	65,692,738	-	13,138,548	34,522,917	2,119,548	7,777,338	5,361,210	10
Office equipment	3,534,826	(52,554,190)	2,324,700	1,514,728	(28,865,127)	1,836,727	4,022,799	10
Data processing equipment	1,646,086	287,038	1,933,124	825,575	314,290	1,139,865	793,259	33.33
Furniture and fixtures	2,380,578	-	2,380,578	1,294,462	108,612	1,403,074	977,504	10
Vehicles	24,823,377	4,797,188	26,826,665	10,797,893	3,191,647	12,456,158	14,370,507	20
		(2,793,900)			(1,533,382)			
<b>2007</b>	<b>1,329,360,022</b>	<b>8,304,481</b>	<b>1,279,370,958</b>	<b>392,027,697</b>	<b>49,406,319</b>	<b>410,790,052</b>	<b>868,580,906</b>	
		<b>(58,293,545)</b>		<b>(30,643,964)</b>				



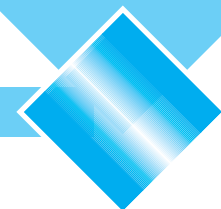
3.2 Allocation of depreciation	Notes	2008 Rupees	2007 Rupees
Cost of goods sold	20.1	<b>40,840,757</b>	45,469,772
Administration expenses	23	<b>3,908,718</b>	3,936,547
		<b><u>44,749,475</u></b>	<u>49,406,319</u>

**3.3 The following assets were disposed off during the year:**

Depreciation	Cost	Accumulated Depreciation	Written Down value	Sale proceed	Mode of disposal	Particulars of Buyer
	-----Rupees-----					
Vehicle	1,381,000	386,680	994,320	1,200,000	Insurance Claim	Adamjee Insurance Company Limited Karachi.
Vehicle	742,050	463,435	278,615	506,880	Final Settlement	Muhammad Naseem-ul- Haq, FL# E-02, Usman Plaza, Block-3 Gulshan-e- Iqbal, Karachi - Employee
	2008	2,123,050	850,115	1,272,935	1,706,880	
	2007	58,293,545	30,643,964	27,649,581	20,762,500	

	Notes	2008 Rupees	2007 Rupees
<b>3.4 Capital work in progress</b>			
Machinery and equipment		<b>3,877,924</b>	3,872,585
Civil work		<b>2,074,022</b>	2,074,022
Advance for capital expenditure		<b>8,046,799</b>	2,233,750
		<b><u>13,998,745</u></b>	<u>8,180,357</u>
<b>4. LONG TERM DEPOSITS</b>			
For electricity		<b>7,179,250</b>	7,179,250
Others		<b>367,405</b>	67,405
		<b><u>7,546,655</u></b>	<u>7,246,655</u>
<b>5. STORES, SPARES AND LOOSE TOOLS</b>			
Stores, spares and loose tools		<b>23,370,755</b>	16,593,536
Less: Provision for slow-moving and obsolete items	5.1	<b>(8,814,373)</b>	(8,814,373)
		<b><u>14,556,382</u></b>	<u>7,779,163</u>
<b>5.1 Provision for slow moving and obsolete items</b>			
Balance at July 1, 2007		<b>8,814,373</b>	8,225,791
Charge for the year		-	588,582
Balance at June 30, 2008		<b><u>8,814,373</u></b>	<u>8,814,373</u>
<b>6. STOCK-IN-TRADE</b>			
Raw materials		<b>563,860,252</b>	157,042,403
(including in transit Rs.180,627,492/- (2007 : Rs.103,130,191/-))			
Finished goods		<b>467,956,962</b>	2,109,058
		<b><u>1,031,817,214</u></b>	<u>159,151,461</u>

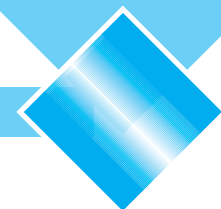




	Notes	2008 Rupees	2007 Rupees
<b>7. TRADE DEBTS</b>			
Secured- Considered good	7.1	92,580,776	230,042,690
Unsecured-considered good		214,066,150	471,970,543
Unsecured-considered doubtful		3,821,064	3,108,639
Less: Provision for doubtful debts	7.2	(3,821,064)	(3,108,639)
		214,066,150	471,970,543
		<u>306,646,926</u>	<u>702,013,233</u>
<b>7.1</b>	These are secured against local LC maturing within 45 to 120 days.		
<b>7.2 Provision for doubtful debts</b>			
Balance at July 1, 2007		3,108,639	3,707,754
Charge for the year		1,266,523	713,307
Written off during the year		(554,098)	(1,312,422)
Balance at June 30, 2008		<u>3,821,064</u>	<u>3,108,639</u>
<b>8. LOANS AND ADVANCES</b>			
<b>- Considered good</b>			
Loan to employees	8.1	1,828,578	1,621,543
Advances to suppliers		8,614,931	826,573
Advance against expenses		1,008,849	2,346,990
Advance income tax		117,545,474	91,501,613
Letters of credit fee and expenses		3,339,426	550,281
L/C's margin	8.2	148,097,841	-
		<u>280,435,099</u>	<u>96,847,000</u>

**8.1** Interest free loans are given to eligible employees as per terms of employment, which are secured against their provident fund balances and are collected through monthly deductions from salary.

**8.2** This represent margin paid against the import of raw material @ 35% of import value as per the requirement of State Bank of Pakistan.



	Notes	2008 Rupees	2007 Rupees
<b>9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		9,458,330	5,478,330
Short term prepayments		334,912	1,021,389
		<u>9,793,242</u>	<u>6,499,719</u>
<b>10. OTHER RECEIVABLES</b>			
- Considered good			
Receivable against sale of securities - net		7,947,237	-
Quality claim	10.1	4,480,190	7,840,875
Others	10.2	2,194,334	-
		<u>14,621,761</u>	<u>7,840,875</u>

**10.1** This amount includes Rs. 2.4 million (2007: 5.6 million) receivable from a related party M/s Arcelor Packages International, France.

**10.2** This represents receivable from Karachi Electric Supply Corporation for excess billing during the year which will be adjusted in next months bills.

**11. OTHER FINANCIAL ASSETS**

**Investments**

- Financial assets at fair value through profit and loss.

In quoted companies

Ordinary shares of Rs. 10/- each

	2007 -----No. of shares-----		-----Market Value----- 2008 Rupees	2007 Rupees
<b>Held in ready market</b>				
-	857,800	National Bank of Pakistan	126,525,500	-
-	1,161,000	Fauji Fertilizer Bin Qasim Limited	41,761,170	-
-	375,500	Pakistan Telecommunication Company Limited	14,509,320	-
-	20,000	Habib Bank Limited	4,172,600	-
-	40,900	Century Paper & Board Mills Limited	2,045,000	-
-	35,000	Artistic Denim Mills Limited	1,489,950	-
-	699,000	Arif Habib Bank Limited	13,406,820	-
-	100,000	JS Bank Limited	1,374,000	-
			<u>205,284,360</u>	-
<b>Held in future market</b>				
-	25,000	National Bank of Pakistan	3,687,500	-
-	35,000	Pakistan Telecommunication Company Limited	1,352,400	-
			<u>210,324,260</u>	<u>-</u>



	Notes	2008 Rupees	2007 Rupees
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		127,028	112,771
Cash at banks on:			
Current accounts			
Local currency		186,386,137	86,518,466
Foreign currency		25,390	25,390
PLS saving accounts	12.1 & 12.2	62,257,348	276,725,069
Term deposit accounts	12.3	10,053,507	-
		<u>258,849,410</u>	<u>363,381,696</u>

**12.1** This include Rs.26.25 million (2007 : Rs.15 million) in respect of 35% margin (2007 : 25%) against guarantee issued by a banking company to Excise and Taxation Department.

**12.2** Effective mark-up rate in respect of saving accounts, range from 3% to 7.75% (2007 : 3% and 9 %) per annum.

**12.3** Effective mark-up rate in respect of term deposit accounts range from 9% to 10.35% (2007 : NIL ) per annum.

**13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

**Number of Shares**

**2008                      2007**

<b>47,351,200</b>	47,351,200	Ordinary shares of Rs10/-each fully paid in cash	<b>473,512,000</b>	473,512,000
<b>31,168,927</b>	31,168,927	Issued as bonus shares	<b>311,689,270</b>	311,689,270
<u><b>78,520,127</b></u>	<u>78,520,127</u>		<u><b>785,201,270</b></u>	<u>785,201,270</u>

13.1

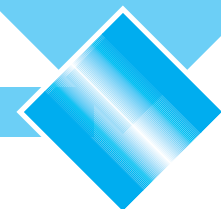
**Movement during the year:**

<b>13.1</b>	At the beginning of the year		<b>785,201,270</b>	713,819,340
	Add: Issued during the year as fully paid bonus shares		-	71,381,930
	At the end of the year		<u><b>785,201,270</b></u>	<u>785,201,270</u>

**13.2** An associated undertaking, Siddiqsons Denim Mills Limited held 4,941,167 (2007 : 4,941,167) ordinary shares at the year end.

**13.3** The company has one class of ordinary shares which carry no right to fixed income.

**13.4** The company has no reserved shares under options and sales contracts.



	Notes	2008 Rupees	2007 Rupees
<b>14. TRADE AND OTHER PAYABLES</b>			
Creditors		10,359,315	10,798,636
Accrued charges		1,799,799	2,023,711
Advance from customers		10,081,904	18,176,799
Payable to Employees Provident Fund		217,593	92,644
Workers' Profit Participation Fund	14.1	10,813,299	15,135,630
Workers' Welfare Fund		9,338,829	5,429,107
Withholding tax payable		114,100	273,887
Unclaimed dividend		770,608	281,934
Others		1,106,637	2,230,705
		<u>44,602,084</u>	<u>54,443,053</u>
<b>14.1 Workers' profit participation fund</b>			
Balance as at July 01, 2007		15,135,630	28,901,537
Interest on funds utilized in the Company's business	14.1.1	664,757	806,080
		<u>15,800,387</u>	<u>29,707,617</u>
Payment made to the Fund during the year		(14,761,394)	(28,901,537)
		<u>1,038,993</u>	<u>806,080</u>
Allocation for the year		9,774,306	14,329,550
Balance as at June 30,2008		<u>10,813,299</u>	<u>15,135,630</u>
<b>14.1.1 Interest on Fund is charged @13.14% (2007: 15%) per annum.</b>			
<b>15. INTEREST/ MARK UP ACCRUED</b>			
Short term borrowings		<u>16,471,566</u>	<u>8,133,674</u>
<b>16. SHORT-TERM BORROWINGS</b>			
<i>Secured</i>			
From banking companies			
Finance against imports	16.2	667,037,354	474,325,701
Running finance under markup arrangements	16.3	443,740,601	-
Book overdraft	16.4	4,763,384	-
<i>Unsecured</i>			
From related party	16.5	5,600,000	-
		<u>1,121,141,339</u>	<u>474,325,701</u>



- 16.1** The aggregate unavailed short term borrowing facilities amounts to Rs.2,949.23 million (2007 : Rs.3,783.68 million) as of the balance sheet date.
- 16.2** This represent facilities obtained from banking companies for the purpose of imports and are secured against hypothecation of stock in trade, stores and spares, trade debts and present and future current assets of the company and import documents and subject to mark-up based on LIBOR ranging between 4.22% to 7.75% (2007: 5.8% to 6.5%) per annum payable on maturity.
- 16.3** It is secured against the hypothecation of stock, stores and spares, trade debts and present and future current assets of the company and subject to the mark-up ranging between 10.03% to 10.64% (2007: 5.6% to 11.8%) per annum payable on demand.
- 16.4** This represents cheques issued in excess of bank balance which were cleared subsequently.
- 16.5** During the year company has borrowed from Worker's Profit Participation Fund (related party) for their working capital needs. Markup @ 13.14% per annum is payable on demand.

	2008 Rupees	2007 Rupees
<b>17. PROVISION FOR INCOME TAX</b>		
Income tax	<u>80,245,630</u>	<u>68,256,156</u>

- 17.1** For the assessment year 2002-2003, a reference application has been admitted by the Income Tax Appellate Tribunal (ITAT) for filing petition before Honorable High Court of Sindh against the levy of tax under section 80D of the Income Tax Ordinance, 1979 (the repealed Ordinance) since the Company is enjoying exemption under clause 126 of part 1 of the second schedule of the Income Tax Ordinance, 2001 (clause 126C of Second Schedule to the repealed Ordinance). For the Tax year 2005 appeal is filed before CIT (A) against the levy of tax u/s113 of the Income Tax Ordinance, 2001. The management is confident that the outcome will be in the favour of the company; however as a matter of prudence full provision has been made in the financial statements.

**18. CONTINGENCIES AND COMMITMENTS**

**18.1 Contingencies**

Excise and tax department has levied Sindh Development and Infrastructure Fee and Duty on imports made by the Company, which are not acknowledged. The case is pending in the Sindh High Court. A bank guarantee has been issued as per the order of the High Court. Management is confident of favourable outcome.

<b>18.2 Commitment</b>	<u>75,000,000</u>	<u>60,000,000</u>
Letters of credit for raw material imports	<u>425,849,848</u>	<u>209,768,126</u>



	Notes	2008 Rupees	2007 Rupees
<b>19. SALES - NET</b>			
Sales - Tinplate		2,818,542,219	3,345,920,589
- Side cuts, end cuts, damaged cuts, etc.		103,883,972	164,333,118
		<u>2,922,426,191</u>	<u>3,510,253,707</u>
Less : Commission and discount		(48,483,293)	(55,761,351)
Sales returns		(103,362,927)	(70,513,897)
Sales tax	19.1	(373,044,333)	-
		<u>(524,890,553)</u>	<u>(126,275,248)</u>
		<u>2,397,535,638</u>	<u>3,383,978,459</u>

19.1 Sales tax @ 15% has been imposed on the sales of tin plate and steel material from July 01, 2007.

	Notes	2008 Rupees	2007 Rupees
<b>20. COST OF GOODS SOLD</b>			
Cost of goods manufactured	20.1	2,481,679,264	2,209,164,912
Finished stocks			
Opening stock		2,109,058	768,609,023
Purchase of finished goods		8,915,040	-
Closing Stock		(467,956,962)	(2,109,058)
		<u>(456,932,864)</u>	<u>766,499,965</u>
		<u>2,024,746,400</u>	<u>2,975,664,877</u>

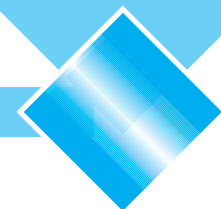
**20.1 Cost of good manufactured**

Raw materials consumed	20.1.1	2,296,937,599	2,017,944,632
Packing materials		10,717,910	12,113,720
Salaries, wages and benefits	20.1.2	45,770,001	38,459,680
Fuel and power		65,677,854	68,838,934
Stores and spares consumed		5,021,537	4,257,615
Sorting, slitting and cutting charges		3,422,744	4,531,129
Rent, rates and taxes		56,400	786,700
Repair and maintenance		4,484,429	8,123,343
Printing and stationery		703,871	314,663
Fees and subscription		111,040	107,450
Insurance		2,746,697	3,199,375
Communication		326,878	376,527
Traveling and conveyance		2,382,201	1,704,649
Transportation		527,797	604,932
Entertainment		70,580	59,381
Depreciation	3.2	40,840,757	45,469,772
Other manufacturing expenses		1,880,969	2,272,410
		<u>2,481,679,264</u>	<u>2,209,164,912</u>

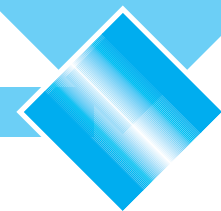
**20.1.1 Raw material consumed**

Opening stock		53,912,212	217,664,867
Purchase and purchase expenses		2,626,258,147	1,854,191,977
		<u>2,680,170,359</u>	<u>2,071,856,844</u>
Closing stock		(383,232,760)	(53,912,212)
		<u>2,296,937,599</u>	<u>2,017,944,632</u>

20.1.2 This includes employees' retirement benefits amounting to Rs.990,002/- (2007 : Rs.963,644/



	Note	2008 Rupees	2007 Rupees
<b>21. OTHER OPERATING (LOSS) / INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		16,762,073	1,907,220
Profit on investment in continuous funding system		722,580	-
Dividend income		518,850	-
Gain on sale of investments		33,630,290	-
Loss on remeasurement of investment at market value		(64,887,785)	-
<b>Income from assets other than financial assets</b>			
Scrap sales		215,379	10,000
Others		65,000	-
		<u>(12,973,613)</u>	<u>1,917,220</u>
<b>22. DISTRIBUTION COST</b>			
Salaries, wages and benefits	22.1	6,593,234	6,264,467
Traveling		941,253	711,033
Advertisement		907,090	795,835
Sales promotion		1,141,124	1,166,767
Others		2,621,592	6,576,697
		<u>12,204,293</u>	<u>15,514,799</u>
<b>22.1</b>	This includes employees' retirement benefits amounting to Rs.358,926/- (2007 : Rs.353,621/-).		
<b>23. ADMINISTRATIVE EXPENSES</b>			
Salaries wages and benefits	23.1	22,205,320	17,556,915
Repair and maintenance		1,586,964	1,628,922
Insurance		1,455,622	1,863,141
Rent, rates and taxes		424,798	427,298
Printing and stationery		838,893	734,221
Communication		2,356,028	2,111,198
Fees and subscription		555,109	1,971,636
Entertainment		485,063	743,906
Auditors' remuneration	23.2	1,070,000	1,076,500
Traveling and conveyance		2,087,033	1,946,595
Legal and professional		1,388,883	3,869,310
Vehicle running and maintenance		3,593,673	3,293,794
Provision for doubtful recoveries		1,266,523	713,307
Provision for slow moving stores		-	588,582
Balances written off		2,297,044	-
Charity and donations	23.3	791,835	250,000
Depreciation	3.2	3,908,718	3,936,547
Others		264,962	594,476
		<u>46,576,468</u>	<u>43,306,348</u>
<b>23.1</b>	This includes employees' retirement benefits amounting to Rs.660,404/- (2007 : Rs.671,970/-).		



23.2 Auditor's remuneration	Note	2008 Rupees	2007 Rupees
Audit fee		350,000	350,000
Other remuneration as auditor			
Half yearly accounts review fee		150,000	150,000
Code of Corporate governance Compliance review fee		30,000	30,000
CDC certification fee		10,000	5,000
Out of pocket expenses		55,000	30,000
Other services			
Tax and other services		475,000	511,500
		<u>1,070,000</u>	<u>1,076,500</u>
23.3	None of the Director or his spouse has any interest in the donees' fund.		
24.	<b>OTHER OPERATING EXPENSES</b>		
(Gain) / Loss on sale of property plant and equipment-net		(433,945)	6,887,082
Workers Profit Participation Fund	14.1	9,774,306	14,329,550
Workers' Welfare Fund		3,909,722	5,429,107
Exchange loss / (gain)		47,185,771	(3,485,547)
		<u>60,435,854</u>	<u>23,160,192</u>
25.	<b>FINANCE COST</b>		
Interest / mark-up on:			
Short-term borrowings		51,007,734	48,655,687
Interest on workers' profit participation fund		664,757	806,080
Bank charges, exchange cover fee and guarantee commission		7,789,189	12,761,431
		<u>59,461,680</u>	<u>62,223,198</u>
26.	<b>PROVISION FOR TAXATION</b>		
Current year	26.1	11,989,474	16,929,398
Deferred	26.2	-	-
		<u>11,989,474</u>	<u>16,929,398</u>
26.1	<b>Current</b>		

The income of the company is exempt from tax up to June 2009 under clause 126 of the Second Schedule to the Income Tax Ordinance, 2001. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001.





## 26.2 Deferred

As the Company is entitled to tax exemption under clause 126 of the Second Schedule to the Income Tax Ordinance, 2001, no accelerated tax depreciation has been claimed and no other material timing difference has arisen.

## 27. EARNINGS PER SHARE -Basic and diluted

There is no dilutive effect of the basic earnings per share of the Company, which is computed as under:

	<b>2008</b> <b>Rupees</b>	<b>2007</b> <b>Rupees</b>
Profit for the year (Rupees)	<u>169,147,856</u>	<u>249,096,867</u>
Weighted average number of ordinary shares outstanding at the year end	<u>78,520,127</u>	<u>78,520,127</u>
Earnings per share (Rupees)	<u>2.15</u>	<u>3.17</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of directors and key management personnel is disclosed in note 28. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of Transactions	<b>2008</b> <b>Rupees</b>	<b>2007</b> <b>Rupees</b>
Associated Company	Sale of goods and services	-	<u>12,970,872</u>
	Purchase of goods and services	<u>59,732,808</u>	-
	Purchase of property, plant and equipment	<u>1,000,000</u>	-
	Sale of property, plant and equipment	-	<u>1,000,000</u>
	Reimbursable expenses paid	<u>870,764</u>	-
	Payment of dividend	<u>6,698,048</u>	<u>4,491,970</u>
	Issue of bonus shares	-	<u>4,491,970</u>
Key management personnel	Short-term employee benefits	<u>14,228,658</u>	<u>7,453,219</u>
	Post-employment benefits	<u>529,884</u>	<u>614,453</u>
Other related parties	Short term borrowings obtained / (repaid) from WPPF - net	<u>5,600,000</u>	-
	Markup on borrowing from WPPF	<u>5,679,576</u>	-



**29 REMUNERATION OF CHIEF EXECUTIVE,  
DIRECTORS AND EXECUTIVES**

	Chief Executive	Directors	Executives	Total 2008	Total 2007
	-----Rupees '000-----				
Remuneration	1,800,000	2,140,000	4,372,159	8,312,159	7,690,415
House rent	720,000	856,000	1,748,864	3,324,864	3,076,166
Bonus	-	115,000	391,669	506,669	1,399,450
Retirement benefits	-	92,668	437,216	529,884	589,013
Vehicle running	-	433,811	819,939	1,253,750	1,483,135
Utilities	180,000	214,000	437,216	831,216	769,041
	<u>2,700,000</u>	<u>3,851,479</u>	<u>8,207,063</u>	<u>14,758,542</u>	<u>15,007,220</u>
Number of persons	<u>1</u>	<u>2</u>	<u>7</u>		

**29.1** In addition, the chief executive, directors and some executives are provided with free use of Company maintained cars.

### 30. FINANCIAL INSTRUMENTS

#### 30.1 Interest / rate risk

Interest / rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The effective interest/mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	Interest/bearing		Maturity		Non interest/bearing		Maturity after		2008		2007	
	Maturity upto one year	Maturity after one year but within five years	upto one year	after five years	one year but within five years	Sub Total	after five years	Sub Total	Total	Total	Total	
-----Rupees '000-----												
<b>Financial assets:</b>												
Long-term deposits	-	-	-	-	7,546,655	-	-	-	7,546,655	7,546,655	-	7,246,655
Trade debts	-	-	306,646,926	-	-	-	-	306,646,926	306,646,926	306,646,926	-	702,013,233
Loans and advances	-	-	1,828,578	-	-	-	-	1,828,578	1,828,578	1,828,578	-	1,621,543
Other receivables	-	-	14,621,761	-	-	-	-	14,621,761	14,621,761	14,621,761	-	7,840,875
Trade deposits	-	-	9,458,330	-	-	-	-	9,458,330	9,458,330	9,458,330	-	5,478,330
Other financial assets	-	-	210,324,260	-	-	-	-	210,324,260	210,324,260	210,324,260	-	-
Cash and bank balances	72,310,855	-	186,538,555	-	72,310,855	-	-	186,538,555	258,849,410	258,849,410	-	363,381,696
	72,310,855	-	72,310,855	-	72,310,855	-	-	736,965,065	809,275,920	809,275,920	-	1,087,582,332
<b>Financial liabilities:</b>												
Trade and other payables	-	-	14,368,052	-	-	-	-	14,368,052	14,368,052	14,368,052	-	15,701,517
Interest /markup accrued	-	-	16,471,566	-	-	-	-	16,471,566	16,471,566	16,471,566	-	8,133,674
Short-term borrowings	1,121,141,339	-	-	-	1,121,141,339	-	-	-	1,121,141,339	1,121,141,339	-	474,325,701
	1,121,141,339	-	30,839,618	-	1,121,141,339	-	-	30,839,618	1,151,980,957	1,151,980,957	-	498,160,892
<b>Off balance sheet items:</b>												
Letters of credit	-	-	425,849,848	-	-	-	-	425,849,848	425,849,848	425,849,848	-	209,768,126



### 30.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.809,275,920/- (2007 : Rs.1,087,582,332/-), the financial assets which are subject to credit risk amounted to Rs.550,426,510/- (2007 : Rs.724,200,636/-). The company believe that it is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

### 30.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

### 30.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions involving the foreign currencies. As at June 30, 2008, the total foreign currency risk exposure was Rs.667,037,354/- (2007 : Rs.474,325,701/-) in respect of short term borrowings.

### 30.5 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.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

## 31. CAPITAL DISCLOSURE

The company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- During the current year, the company has changed its strategy and increased its debt-to-adjusted capital ratio to 38%. The debt-to-adjusted capital ratios at June 30, 2008 and June 30, 2007 were as follows:

	Note	2008 Rupees	2007 Rupees
Total debt		1,121,141,339	474,325,701
Less: Cash and cash equivalents		<u>189,654,575</u>	<u>(363,381,696)</u>
Net debt		1,310,795,914	110,944,005
Total equity		1,673,936,981	1,622,569,315
Adjusted capital		<u>2,984,732,895</u>	<u>1,733,513,320</u>
Debt-to-adjusted capital ratio		0.38	0.27

The increase in the debt-to-adjusted capital ratio during the year ended June30, 2008 resulted primarily from the increase in net debt.

	2008	2007
	<i>(Metric Tons)</i>	
<b>32. PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
Installed capacity	<u>120,000</u>	<u>120,000</u>
Actual production	<u>46,330</u>	<u>46,766</u>

**32.1** Under utilization of available capacity was due to the reason that production was in line with market demand.

**33. DIVIDEND AND APPROPRIATION**

In respect of current year, the directors have proposed to pay final cash dividend of Rs.117,780,190/- at Rs 1.50 per ordinary share of Rs.10/- each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year of approval.

**34. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 13,September, 2008.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
Sales - net	19	2,397,535,638	3,383,978,459
Cost of goods sold	20	(2,024,746,400)	(2,975,664,877)
Gross profit		372,789,238	408,313,582
Other operating (loss) / income	21	(12,973,613)	1,917,220
		359,815,625	410,230,802
Distribution cost	22	(12,204,293)	(15,514,799)
Administrative expenses	23	(46,576,468)	(43,306,348)
Other operating expenses	24	(60,435,854)	(23,160,192)
Finance cost	25	(59,461,680)	(62,223,198)
Profit before taxation		181,137,330	266,026,265
Provision for taxation	26	(11,989,474)	(16,929,398)
Profit for the year		169,147,856	249,096,867
Earnings per share - Basic and Diluted	27	2.15	3.17

The annexed notes form an integral part of these financial statements

CHIEF EXECUTIVE OFFICER

DIRECTOR



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	<i>Issued, subscribed &amp; paid up capital</i>	<i>Reserve for issue of bonus shares</i>	<i>Unappropriated profit</i>	<i>Total</i>
	-----Rupees-----			
Balance at July 1, 2006	713,819,340	-	731,035,038	1,444,854,378
Transfer to reserves for issue of bonus shares in respect of profit for the year ended June 30, 2006 @ 10 %	-	71,381,930	(71,381,930)	-
Issue of bonus shares	71,381,930	(71,381,930)	-	-
	71,381,930	-	(71,381,930)	-
Final cash dividend for the year ended June 30, 2006 @ Re 1/- per share	-	-	(71,381,930)	(71,381,930)
Profit for the year	-	-	249,096,867	249,096,867
Balance at June 30, 2007	785,201,270	-	837,368,045	1,622,569,315
Final cash dividend for the year ended June 30, 2007 @ Rs 1.5/- per share	-	-	(117,780,190)	(117,780,190)
Profit for the year	-	-	169,147,856	169,147,856
Balance at June 30, 2008	785,201,270	-	888,735,711	1,673,936,981

The annexed notes form an integral part of these financial statements

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**