'awood Lawrencepur Limited

nual Report

r the year ended 30 June, 2009

A past to remember

A future to build

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Vision and Mission Statement

Vision

To pursue sustained growth through a diversified business portfolio
for enhancing stakeholder value.

Mission

To be a responsible corporate citizen with respect for the society.
To achieve safe & healthy business environment.
To provide excellent working environment and growth potential for the employees.
To strive for excellence through commitment, integrity, honesty and teamwork.
To make honest and ethical behavior a way of life.
To improve quality of life for the employees.

Company Information

Board of Directors
Shahzada Dawood (Chairman)
Inam ur Rahman (Chief Executive)
A. Samad Dawood
Haroon Mahenti
Isar Ahmad
Shahid H. Pracha
S.M. Asghar

Board Audit Committee
S.M. Asghar (Chairman)
Haroon Mahenti
A. Samad Dawood
Shahid H. Pracha

Company Secretary
Shafiq Ahmed

Auditors
Moochhala Gangat & Co.
(Chartered Accountants)

Legal Advisor
Zia Law Associates
17-Second Floor, Shah
Chiragh Chambers,
The Mall Lahore.

Bankers
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
MCB Bank Limited

Registered Office
35-A, Shahrah-e-Abdul
Hameed Bin Baadees
(Empress Road), Lahore.

Share Registrar
C&K Management Associates (Pvt.) Ltd.
404-Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi-75530

Karachi Office / Shares Department
Dawood Centre,
M. T. Khan Road, Karachi.

Mills

Landhi
Landhi Industrial Area,
Karachi.
Ph: 021-5018476, 5018751
Fax: 021- 5018463, 5024520

Landhi (Synthetic)
Landhi Industrial Area,
Karachi.
Ph: 021-5018668, 5019350
Fax: 021-5019349

Dawoodabad
District Vehari.
Ph: 067- 3353347, 3353145, 3353246
Fax: 067- 3354679

Dawoodpur
District Attock.
Ph: 0597-2641074-6
Fax: 0597-2641073

Operating Highlights

	PARTICULARS	UNIT	2009			2008		
			Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total
A)	INCOME STATEMENT							
1	Sales Value	Rs. In (000)	350,372	29,847	380,219	368,294	321,544	689,838
2	Gross Profit / (Loss)	Rs. In (000)	76,512	996	77,508	73,921	(240,918)	(166,997
3	Operating Profit / (Loss)	Rs. In (000)	35,389	(91,111)	(55,722)	29,190	(292,087)	(262,897
4	Profit / (Loss) Before Taxation	Rs. In (000)	(94,956)	(92,328)	(187,284)	113,784	(300,826)	(187,042
5	Profit / (Loss) After Taxation	Rs. In (000)	(104,156)	(92,179)	(196,335)	105,308	(302,433)	(197,125
B)	DIVIDEND							
1	Cash Dividend	%	-	-	-	-	-	-
2	Bonus Shares	%	-	-	-	10	-	10
3	Total Dividend	%	-	-	-	10		10
C)	BALANCE SHEET							
1	Total Assets Employed	Rs. In (000)	940,985	729,759	1,670,744	1,032,729	758,367	1,791,096
2	Current Assets	Rs. In (000)	467,189	-	467,189	440,796	-	440,796
3	Current Liabilities	Rs. In (000)	142,657	-	142,657	170,566	-	170,566
4	Paid Up Capital	Rs. In (000)	513,547	-	513,547	466,861	-	466,861
5	Shareholders Equity	Rs. In (000)	1,486,466	-	1,486,466	1,582,791	-	1,582,791
6	No. of Ordinary Shares	In (000)	51,355	-	51,355	46,686	-	46,686
D)	RATIO ANALYSIS							
1	Gross Profit / (Loss)	%	21.84	3.34	20.38	20.07	(74.93)	(24.21
2	Earning Per Share	Rs.	-	-	(3.82)	-	-	(4.22
3	Dividend Yield	%	-	-	-	-	-	0.71
4	Return on Equity	%	-	-	(13.21)	-	-	(12.45
5	Break-up Value of Shares	Rs.	-	-	28.95	-	-	33.90
6	Market Value of Shares	Rs.	-	-	34.68	-	-	141.63
7	Price Earning Ratio	Rs.	-	-	(9.08)	-	-	(33.56)
8	Dividend Payout Ratio	%	-	-	-	-	-	(23.70)
E)	PRODUCTION							
1	Capacity							
	Polyester Yarn	Kgs In (000)	-	-	1,400	-	-	1,400
	Yarn	Kgs In (000)	-	-	25,519	-	-	25,619
	Cloth	Mtrs.In (000)	-	-	5,060	-	-	5,060
2	Actual Production							
	Polyester Yarn	Kgs In (000)	-	-	-	-	-	-
	Yarn	Kgs In (000)	-	-	229	-	-	885
	Cloth	Mtrs.In (000)	-	-	796	-	-	805
3	Capacity Utilization - Yarn	%	-	-	0.89	-	-	3.28
	- Cloth	%	-	-	15.73	-	-	15.91
F)	OTHERS							
1	Employees	Nos.	604	23	627	548	174	722
2	Capital Expenditures	Rs. In (000)	164,515	-	164,515	3,037	-	3,037

NOTE

The figures for the year 2005 are of nine months due to the change in accounting year.

Six Years at a Glance

2007 (Restated)			2006	2005	2004
Continuing Operation	Discontinued Operation	Total			
1,221,322	408,277	1,629,599	1,861,352	1,220,919	1,610,683
60,884	(43,275)	17,609	100,210	127,366	145,752
(39,056)	(67,849)	(106,905)	(48,502)	24,240	20,483
92,456	(72,349)	20,107	241,790	499,801	162,816
90,120	(74,390)	19,812	227,527	486,766	156,187
-	-	-	-	-	25
10	-	10	10	10	-
10	-	10	10	10	25
2,036,424	376,699	2,413,123	4,763,076	4,823,081	4,454,000
807,564		807,564	1,366,993	1,541,179	1,643,684
303,431	-	303,431	711,335	874,696	804,590
424,419	-	424,419	385,835	350,759	350,759
2,003,436	-	2,003,436	3,883,528	3,740,376	3,407,256
42,442	-	42,442	38,584	35,076	35,076
4.99	(10.60)	1.08	5.38	10.43	9.05
	-	0.42	5.90	13.88	4.45
	-	1.22	1.30	1.41	2.91
-	-	0.99	5.86	13.01	4.58
-	-	47.20	100.65	106.63	97.14
-	-	82.00	76.90	71.00	86.00
-		195.24	13.03	5.12	19.33
-	-	238.10	16.95	7.20	56.18
-	-	1,400	1,400	1,050	1,400
	-	25,619	25,619	17,135	22,847
-		5,060	5,060	6,396	17,179
-	-	538	1,351	1,067	1,525
-	-	10,341	14,082	11,276	15,789
-	-	1,063	2,035	1,173	3,881
-	-	40.26	57.11	67.88	71.40
-	-	21.01	40.21	16.77	19.53
1,182	868	2,050	3,399	3,668	3,814
32,358	-	32,358	414,266	33,557	204,619

Notice of Annual General Meeting

Notice is hereby given that fifty-ninth Annual General Meeting of Dawood Lawrencepur Limited will be held at the Company's Registered Office at 35-A Shahrah-e- Abdul Hameed Bin Baadees (Empress Road), Lahore at 1130 hours on Saturday, 31 October 2009, to transect the following business after recitation from the Holy Quran:

ORDINARY BUSINESS

1. To confirm the Minutes of the 58th Annual General Meeting held on Thursday 30 October, 2008.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30 June 2009 together with the Auditors' and Directors' Reports thereon.
3. To appoint the Auditors for the transitional year ending 31st December 2009 and to fix their remuneration. The retiring Auditors M/s. Moochhala Gangat & Company, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following Resolution in terms of Section 196 (3) (a) of the Companies Ordinance 1984, for authorizing disposal of plant and machinery and related assets of closed down units of the Company located at Landhi Industrial Area.

   "RESOLVED, that the Board of Directors of the Company or its designate, be and is hereby authorized to dispose of certain fixed assets of the Company viz (a) Plant & Machinery (b) Furniture and Fixtures & Office Equipment (c) Tools and Equipment.

   "FURTHER RESOLVED, that the Board of Directors of the Company or its designate, be and is hereby authorized to dispose of the assets through advertisement in newspaper."

   "FURTHER RESOLVED, that the Board of Directors of the Company or its designate, be and is hereby authorized to undertake and do all acts for the disposal of the said assets as and when considered necessary."

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

For and on behalf of the Board

Karachi
September 16, 2009

Inam ur Rahman
Chief Executive

Notes:

1. Closure of Share Transfer Books:

   The share transfer books of the Company will remain closed from 23rd October 2009 to 31st October 2009 (both days inclusive). Transfers received in order at the Company's Shares Registrar M/s C & K Management Associates (Pvt.) Ltd., 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi, by the close of business on Thursday, 22nd October 2009 will be treated in time for entitled to attend the Meeting.

2. Participation in the Annual General Meeting:

   All Members of the Company are entitled to attend the Meeting and vote thereat in person or through Proxy. A Proxy, duly appointed, shall have such rights as respects speaking and voting at the Meeting as are available to a Member. The proxies shall produce their original CNICs or original Passports at the time of the Meeting.

3. Proxy:

   A Member of the Company may appoint another Member as his/her Proxy to attend and vote instead of him/her. A Corporation being a Member may appoint any person, whether or not a Member of the Company, as its Proxy. In the case of corporate entities, the Board of Directors' resolution / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, unless provided earlier, shall be submitted to the Company along-with the Proxy Form.

   In order to be effective, Proxy Forms, duly filled and signed, must be received at the Company's Registered Office in Lahore or Dawood Centre, M.T. Khan Road, Karachi, not less than forty eight (48) hours before the Meeting. A blank Proxy Form is attached herewith.

4. Change of Address

   Shareholders are requested to immediately notify the change of address, if any.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984 RELATING TO THE SPECIAL BUSINESS TO BE TRANSECTED AT THE GENERAL MEETING CONVENED FOR 31 OCTOBER 2009.

In view of the continuing inefficiencies associated with old plant and machinery, the operations at Dilon Mills had to be closed down in December 2006 on account of higher cost of imported polyester chips and cheaper import of filament yarn. Further Landhi Plant was closed down in July 2007 on account of continuing plant inefficiencies. After a further review, the Board of Directors of the Company are of the opinion that it is not viable to recommence operations and have recommended that the machinery and equipment located at these two locations should be disposed of.

Since a large number of fixed assets at these closed down units were acquired over 40 years ago, it is not practical to provide the book value of each asset. However, major items of plant and machinery constitute approximately 84.2% of the aggregate book value of the assets intended to be disposed off. The book value of these assets as at 31, December 2008 was Rs. 497.50 million.

As the plants have remained closed down for ± 2 years, the deterioration in their condition continues with a consequent decline in their realisable value. Accordingly, the Board is of the opinion that these closed down items of plant and machinery be disposed off as a matter of priority.

Although the shareholders at the Extra Ordinary General meeting (EGM) held on 28 April 2008, had approved the disposal of plant and machinery of Landhi and Dilon Mills, the disposal was held up on account of Stay Order granted by the High Court of Sindh. This Stay Order was vacated on 19 November 2008 by the Honourable High Court of Sindh. This information is being provided to the shareholders as directed by the Securities and Exchange Commission of Pakistan, and a fresh approval of the shareholders is being sought at the AGM.

S. No.	Description of Information	Detail of information
1.	Detail of asset to be disposed of: · Description of assets	Plant and machinery and related equipment of textile spinning, weaving, dyeing and synthetic rayon including without limitation all stores and spares Plant, machinery stores and spares. Due to different items and long detail it is difficult to disclose cost, book value and expected market value of each item to be sold.
	· Cost	Rs 944.96 million
	· Book value	Rs 497.50 million
	· Market price/fair value	To be determined after receipt of bids/quotations.
2.	Proposed manner of disposal	Through advertisement in the newspaper and the sale price will be determined on the basis of quotations called through said advertisement in newspaper.
3.	Reason for sale or disposal and benefit expected to accrue to the shareholders there-from.	Due to the losses in the cotton textiles and polyester business, the management with a view to save shareholders value decided to close down the cotton textiles and polyester filament yarn operations and dispose off the plant machinery and related assets. The shareholders of the company had approved the amendment in the object clause of the company whereby the company was authorized to diversify its business in the energy business. The proceeds from the disposal of these assets will be invested in the energy and other business.
4.	Nature and extent of interest, if any, of Directors	None of the Directors are personally interested in the sale or disposal of the assets save and except to the interest as Shareholders of the Company.

Directors' Report

FOR THE YEAR ENDED JUNE 30, 2009

The Board of Directors of Dawood Lawrencepur Limited is pleased to present their Annual Report together with the audited Financial Statements for the year ended June 30, 2009 before the Fifty Ninth Annual General Meeting of the Company.

OPERATING RESULTS

Financial year ending June 30, 2009 was a challenging year. Frequent outages by utility companies resulted in decreased production. The volatile law and order situation and the global economic recession decreased the purchasing power of the common man, and reduced the propensity to buy. The disposal of the closed down plant and machinery which was approved by the shareholders at the Extra Ordinary General meeting was delayed due to an Application filed in the High Court of Sindh. Further, SECP advised to seek fresh approval from the shareholders for disposal of plant and machinery of the closed down units.

During the year, the company achieved sales of Rs. 350.37 million against the sales of Rs. 368.29 million for the previous year. The operating profit from continuing operation improved from Rs.29.19 million to Rs 35.39 million during the year under review, an increase of 21%. After taking into account the loss from the closed down operations of Rs 92.33 million (2008: Rs 300.82 million), the operating loss after discontinued operations stood at Rs 56.94 million as against Rs 271.63 million for last year. The Company has in accordance with the Notification of Securities and Exchange Commission of Pakistan, transferred Rs 115. 62 million representing impairment on "available for sale investments" to profit and loss account. Accordingly, with the charge of Rs 115.62 million, the loss before taxation was Rs 94.96 million as compared to loss of Rs 187.04 million of the similar period last year.

The operating profit from the continuing operation of the Group for the year stood at Rs 33.04 million as against profit of Rs 29.12 million, an increase of 14%. With the loss from discontinued operations of Rs 92.33 million (2008: 300.82 million), share of profit from associate of Rs 479.71 million (2008: Rs 1,873.6 million) and recognition of impairment loss on "available for sale investments" of the Holding and associate amounting to Rs 232.96 million, the profit before tax was Rs 222.39 million as against profit of Rs 1,646.24 million for last year.

Earnings per share of the Group were Rs 0.73 as compared to Rs 28.50 per share of the similar period last year.

The financial results are as under:

	Rupees 000 Year ended June 30, 2009	Year ended June 30, 2008
Sales (continuing operations)	350,372	368,294
Gross profit	76,512	73,921
Operating profit before discontinued operations	35,389	29,191
Loss from discontinued operations	(92,328)	(300,826)
Operating loss after discontinued operations	(56,939)	(271,635)
Other Income & charges	77,600	84,593
Impairment loss on 'available for sale' investments	(115,616)	-
(Loss)/Profit before taxation	(94,956)	(187,042)
(Loss)/Profit after taxation	(104,156)	(197,125)
(Loss)/Profit for the year	(104,156)	(197,125)
Un-appropriated profit brought forward	583,703	827,653
Total amount available for appropriation	479,547	630,389
Your Directors propose the following		
Appropriations of Profit		
Profit available for appropriation	479,547	630,389
Appropriations:		
Transfer to Reserve for issue of Bonus Shares		
Nill (2008:10% or 4,668,606		
shares of 10/-) each fully paid.	-	(46,686)
Un-appropriated profit carried forward	479,547	583,703
Earnings per share - basic and diluted (net)	Rs. (2.03)	Rs. (3.84)

CHANGE IN FINANCIAL / TAX YEAR

In line with the group policy, the company has changed its accounting year from July-June to January- December. In this respect, the company had been granted permission by Commissioner of Income Tax- Enforcement, Large Tax Payer Unit Lahore. Accordingly, the Company will now follow January - December as its Accounting and Tax year. The company will close July - December 2009 as a transitional year.

COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION OF PAKSITAN SRO/150(I)/2009 DATED 13 FEBRUARY 2009

In accordance with SRO 150(1) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009, impairment loss in respect of "available for sale investments" as at 31 December 2008 is required to be transferred to profit and loss account including any adjustment / effect for price movements on quarterly basis during the calendar year ending on 31 December 2009. The Company had, upto June 30, 2009, transferred Rs. 115.62 million to profit and loss account. The balance of impairment loss of Rs. 108.65 has been shown in equity and will be amortized in next two quarters upto December 2009.

Had the impairment loss been transferred to profit and loss account, the unrealized loss on re-measurement of available for sale securities would have been higher by Rs. 111.65 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is to be treated as a charge to the profit and loss account as referred to in Note 7.3 to the financial statements.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange and Lahore Stock Exchange in their Listing Regulations have been duly complied with. A statement to this effect is annexed with the Report.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this Statement and are required to observe these rules of conduct in relation to business and its regulations.

VISION AND MISSION

The statement reflecting the Vision and Mission of the Company is annexed to the Annual report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

(i) The financial statements together with notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(ii) The Company has maintained proper books of accounts.

(iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment except for the change in accounting policy regarding the treatment of impairment loss on "available for sale investments", which was adopted based on the notification of Securities and Exchange Commission of Pakistan.

(iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

(vi) The annual audited financial statements are circulated within four months of the close of the financial year.

(vii) There are no significant doubts about the Company's ability to continue as a going concern.

(viii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.

BOARD AUDIT COMMITTEE

The Board has constituted an Audit Committee which oversees the internal controls and compliance and its members are non executive directors. The Committee has been working efficiently since its inception.

PATTERN OF SHAREHOLDING

The statement reflecting the pattern of shareholding is annexed to the Annual Report.

KEY OPERATING AND FINANCIAL DATA

Summary of key operating and financial data of last six financial years is attached to this Report.

STATUTORY PAYMENTS

As on the date of closing, no government taxes, duties, levies and charges were outstanding or overdue except the routine payments of various levies and the amounts in dispute pending in various appellate forums and have been disclosed in the financial statements.

VALUE OF INVESTMENTS OF GRATUITY FUND AND PROVIDENT FUND

The face value of the investments made out of the Gratuity and Provident Fund of the management cadre staff was Nil on the closing date.

TRADING IN COMPANY SHARES

The Directors, CEO, CFO and Company Secretary have not traded in company's shares during the period under review.

BOARD MEETINGS

During the year ended June 30th 2009, a total of four meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Name of Directors	Meetings Held	Meetings Attended
Mr. Shahzada Dawood	4	3
Mr. Isar Ahmad	4	2
Mr. Aleem A. Dani	4	3
Mr. Haroon Mehanti	4	2
Mr. Shahid Hamid Pracha	4	3
Mr. S.M. Asghar	4	3
Mr. Shafiq Ahmed	4	4

Leave of absence was granted to the directors who could not attend the meeting being out of station or due to their preoccupation.

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered with related parties have been ratified by the Audit Committee and the Board and provide the information about the amounts due from related parties at the Balance Sheet date.

FUTURE PROSPECTS

The company is in the process of integrating its various operations which includes the consolidation of its fabric and garments operations. Necessary statutory and legal formalities are being complied with. With this consolidation, it is expected that continuing operations of company's woolen fabric and garments unit will show improved results.

On the front of establishment of Wind Energy Farm of 50 MW, the company is making steady progress. The company is in negotiations with Wind Turbine manufactures and it is expected that soon we will be able to finalize the contract with WTG manufacturers. With the disposal of closed down plant and machinery, the company will be in possession of sufficient initial funds to further accelerate the progress on the Wind Energy side.

AUDITORS

The existing auditors, M/s Moochhala Gangat & Co, Chartered Accountants retire and have offered themselves for reappointment. The Board recommends that, as suggested by Audit Committee, Moochhala Gangat & Co, Chartered Accountants may be appointed auditors for the transitional year ending December 31, 2009.

STAFF RELATIONS

The company continues to benefit from the efforts and dedication of all its employees. The Directors are pleased to record their appreciation.

Karachi:
September 16, 2009

Shahzada Dawood
Chairman

Statement of Ethics and Business Practices

Dawood Lawrencepur Limited exists on sound principles of development and growth. It makes no compromises in any aspect of good business practices. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society on the following guidelines:

1. The Company strongly believes in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct.
2. The Company's financial policies for conducting business are transparency, integrity and following the principles of accounting and finance as approved by regulations and contemporary accounting codes.
3. The Company believes in uprightness of performance and expects it to be a fundamental responsibility of our employees to act in Company's best interest while holding confidential information. We expect our employees neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body.
4. The Company believes in encouraging the individuals' respect and growth. Our employment and HR policies develop individuals without any discrimination on the basis of race, religion, gender or any other factor.
5. The Company as a responsible corporate citizen strongly adheres to the principles of corporate governance and complies with regulatory obligations enforced by regulatory bodies for improving corporate performance.
6. The Company anticipates integrity and honesty of employees in doing business for the Company. Any unfair or corrupt practices either to solicit business for the Company or for personal gains of the employee is fundamentally inconsistent with business codes of the Company.
7. The Company believes in community development without political affiliations with any person or group of persons working for gains. We contribute our resources for a better environment with an unprejudiced approach. Within our mills our policies gear towards unbiased and impartial employees betterment.

Statement of Compliance with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board comprises of seven Directors including the Chief Executive Officer. The Company encourages representation of independent non-executive Directors. At present, the majority of the Directors on the Board are non-executive.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. A causal vacancy occurred in the Board during the year, which was promptly filled.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, which is annexed with the report. Significant policies of the Company are revised and updated as and when deemed appropriate.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the C E O and other Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers, were normally circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its Directors to apprise them of their duties and responsibilities.
10. The Board has approved appointment of C F O and Company Secretary.
11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the C E O and C F O before approval of the Board.
13. The Directors, C E O and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, who are non-executive Directors.
16. The meetings of the Audit Committee were held at least once every quarter as required by the Code, prior to approval of interim and final results of the Company. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has setup an effective internal audit function.
18. 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi
September 16, 2009

Inam ur Rahman
Chief Executive

Review Report to the Members on Statement of Compliance with 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 Dawood Lawrencepur Limited ("The Company") to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange(Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price.

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 the year ended June 30, 2009.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
September 17, 2009

Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of DAWOOD LAWRENCEPUR LIMITED as at June 30, 2009 and the related Profit and Loss Account, Cash Flow Statements, 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 account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
September 17, 2009

BALANCE SHEET AS AT JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
CURRENT ASSETS			
‌ Assets			
erty, plant and equipment	5	65,042,892	76,286,430
gible assets	6	1,331,572	1,987,421
		66,374,464	78,273,851
Term Investments	7	397,565,215	492,725,446
Term Deposits	8	9,855,245	20,937,427
ENT ASSETS			
s and spares	9	50,389,186	44,953,229
-in-trade	10	209,055,405	196,083,900
debtors	11	36,013,497	46,916,659
s and advances	12	850,414	565,433
sits, short term prepayments and others	13	89,070,654	85,910,716
t term investments	14 & 7.3	2,574,099	4,330,260
and bank balances	15	79,236,002	62,035,776
		467,189,257	440,795,973
ts of disposal group classified as held for sale	16.2	729,759,576	758,363,668
		1,670,743,757	1,791,096,365
E CAPITAL AND RESERVES			
e Capital			
orised:			
00,000 (2008: 55,000,000) Ordinary shares of Rs.10/- each		550,000,000	550,000,000
d, subscribed & paid up capital	17	513,546,600	466,860,550
rves		972,919,404	1,115,930,070
		1,486,466,004	1,582,790,620
CURRENT LIABILITIES			
rred Liabilities	18	41,620,870	37,740,094
RENT LIABILITIES			
and other payable	19	133,334,505	136,692,220
ent portion of lease liabilities	20	-	23,667,949
ision for taxation		9,322,378	10,205,482
		142,656,883	170,565,651
TINGENCIES AND COMMITMENTS	21	-	-
		1,670,743,757	1,791,096,365

Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in ordance with SRO 150(1) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009 recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements ing during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferred to it and loss account, the unrealized loss on remeasurement of available for sale securities would have been higher by 111.65 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is e treated as a charge to the profit and loss account as referred to in Note 7.3.

annexed notes from 1-35 form an integral part of these financial statements.

HZADA DAWOOD Chairman	INAM UR RAHMAN Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
Sales - net	22	350,372,025	368,294,009
Cost of goods sold	23	(273,859,663)	(294,373,417
Gross profit		76,512,362	73,920,592
Operating Expenses			
Administrative and general	24	26,020,141	23,807,009
Selling and distribution	25	15,102,773	20,923,124
		(41,122,914)	(44,730,133
Operating profit		35,389,448	29,190,459
Loss from Discontinued Operations	16.1	(92,328,351)	(300,825,659
Operating loss after discontinued operations		(56,938,903)	(271,635,201)
Finance cost	26	(1,622,152)	(332,926)
Other income	27	79,221,734	84,925,949
Impairment loss on 'available for sale' investments	7.3	(115,616,363)	-
		(38,016,781)	84,593,023
Loss before taxation		(94,955,684)	(187,042,177)
Provision for taxation - current		(9,200,000)	(10,083,104)
Loss after taxation		(104,155,684)	(197,125,281)
(Loss)/Earnings per share - continued operations	29.1	(0.23)	2.02
Loss per share - discontinued operations	29.2	(1.80)	(5.86)

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investment accordance with SRO 150(1) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2 and recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movem arising during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferre profit and loss account, the unrealized loss on remeasurement of available for sale securities would have been highe Rs.111.65 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment lc to be treated as a charge to the profit and loss account as referred to in Note 7.3.

The annexed notes from 1-35 form an integral part of these financial statements.

SHAHZADA DAWOOD
Chairman

INAM UR RAHMAN
Chief Executive

CASH FLOW STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

ıow from Operating Activities:	Continuing Operations 30-06-2009	Discontinued Operations 30-06-2009	Total DLL 2009	Continuing Operations 30-06-2008	Discontinued Operations 30-06-2008	Total DLL 2008
' Profit before taxation	(2,627,333)	(92,328,351)	(94,955,684)	113,783,482	(300,825,659)	(187,042,177)
nent for:						
ation	6,958,192	3,354,148	10,312,340	8,263,536	15,970,349	24,233,885
ation	218,616	437,233	655,849	130,908	268,716	399,624
; sale of fixed assets	-	-	-	(177,516)	(146,355)	(323,871)
n for gratuity	5,649,848	298,843	5,948,691	3,879,048	35,433,525	39,312,573
from investments	(74,755,900)	-	(74,755,900)	(392,522)	(69,032,347)	(69,424,869)
n against stocks	(3,065,138)	(725,923)	(3,791,056)	12,449,887	19,193,130	31,643,017
n against stores and spares	-		-	3,469,744		3,469,744
ın for doubtful debts	-	-	-	-	7,174,376	7,174,376
nent loss on 'available for sale investments'	115,616,363	-	115,616,363	-	-	-
al charges	405,178	1,216,974	1,622,152	332,926	8,738,427	9,071,353
ng profit before working capital changes	48,399,826	(87,747,076)	(39,347,245)	141,739,493	(283,225,838)	(141,486,345)
:rease in Working Capital	(355,878)	18,820,758	18,464,876	41,019,684	370,192,396	411,212,080
enerated from operations	48,043,949	(68,926,319)	(20,882,369)	182,759,177	86,966,558	269,725,735
ıts for:						
,	(2,002,540)	(65,375)	(2,067,915)	(2,946,854)	(81,361,160)	(84,308,014)
	(9,595,632)	(864,133)	(10,459,765)	(3,631,090)	(5,853,654)	(9,484,744)
al charges paid	(405,178)	(1,216,974)	(1,622,152)	(332,926)	(14,683,603)	(15,016,529)
h inflow from Operating Activities (A)	36,040,599	(71,072,801)	(35,032,201)	175,848,307	(14,931,859)	160,916,448
ow from Investing Activities						
oceeds of fixed assets	360,681	735,032	1,095,713	822,618	160,569	983,187
e for issue of capital	(10,868,903)	-	(10,868,903)	(20,408,675)	-	(20,408,675)
ıents in subsidiary	-	-	-	(30,527,648)		(30,527,648)
from investments	74,755,900	-	74,755,900	392,522	69,032,347	69,424,869
ansferred from operations	(56,270,075)	-	(56,270,075)	-	-	-
rm deposits	-	11,082,182	11,082,182	(121,100)	6,012	(115,088)
apital expenditure	(164,515)	-	(164,515)	(963,382)	(2,073,309)	(3,036,691)
h (outflow) / inflow from Investing Activities (B)	7,813,088	11,817,214	19,630,302	(50,805,665)	67,125,619	16,319,954
ow from Financing Activities						
d paid	-	-	-	(48,806)	(219)	(49,025)
ansferred from operations	-	56,270,074	56,270,074	-	-	-
: lease	-	(23,667,949)	(23,667,949)	-	(22,466,216)	(22,466,216)
h outflow from Financing Activities (C)	-	32,602,125	32,602,125	(48,806)	(22,466,435)	(22,515,241)
'ease/(decrease) in cash and cash equivalents (A+B+C)	43,853,687	(26,653,462)	17,200,226	124,993,836	29,727,325	154,721,161
ıd cash equivalents at the beginning of the year	32,083,033	29,952,743	62,035,776	(92,910,803)	225,418	(92,685,385)
ıd cash equivalents at the end of the year	75,936,720	3,299,282	79,236,002	32,083,033	29,952,743	62,035,776
ent in Working Capital						
se) / Decrease in Current Assets						
and spares	(5,435,958)	(247,230)	(5,683,188)	8,601,310	(2,744,611)	5,856,699
ı-trade	(9,906,371)	29,577,246	19,670,875	(11,771,504)	251,475,642	239,704,138
ebts	9,152,162	1,751,004	10,903,162	(2,094,614)	132,149,126	130,054,512
nd advances	(2,415)	(282,566)	(284,981)	312,185	3,046,646	3,358,831
s, prepayments and other receivables	14,988,866	(17,772,143)	(2,783,277)	16,226,863	3,937,791	20,164,654
	8,796,284	13,026,311	21,822,591	11,274,240	387,864,594	399,138,834
; / (Decrease) in Current Liabilities						
ebts and other payable	(9,152,162)	5,794,447	(3,357,715)	29,745,444	(17,672,198)	12,073,246
:rease in Working Capital	(355,878)	18,820,758	18,464,876	41,019,684	370,192,396	411,212,080
ıd Cash Equivalents						
ıd bank balances	75,936,720	3,299,282	79,236,002	32,083,033	29,952,743	62,035,776
ıd Cash Equivalents at the end of the year	75,936,720	3,299,282	79,236,002	32,083,033	29,952,743	62,035,776

ıexed notes from 1-35 form an integral part of these financial statements.

ıHZADA DAWOOD
Chairman

INAM UR RAHMAN
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital	Capital Reserve					Total Capital Reserve	Revenue Reserve	Unappropriated Profit	Total
		Merger Reserve	Right Shares	Capital	Capital Redemption	Unrealized gain / (loss) on remeasurement of available for sale investment securities				
Balance July 01, 2007 (restated)	424,418,680	10,520,929	136,865,545	33,310,918	25,969,000	106,917,516	313,583,908	395,354,584	869,956,275	2,003,313,447
Bonus shares issued for the year 2007 in the ratio 1:10	42,441,870								(42,441,870)	-
Profit for the year from continuing operations									103,700,378	103,700,378
Loss for the year from discontinued operations									(300,825,659)	(300,825,659)
Unrealized loss on available for sale investment securities						(223,397,546)	(223,397,546)		-	(223,397,546)
Balance June 30, 2008	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)	90,186,362	395,354,584	630,389,124	1,582,790,620
Balance July 01, 2008	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)	90,186,362	395,354,584	630,389,124	1,582,790,620
Bonus shares issued for the year 2008 in the ratio 1:10	46,686,050								(46,686,050)	-
Loss for the year from continuing operations									(11,827,333)	(11,827,333)
Loss for the year from discontinued operations									(92,328,351)	(92,328,351)
Unrealized loss on available for sale investment securities						(107,785,295)	(107,785,295)			(107,785,295)
Impairment loss on available for sale investment securities (Refer note 7.3)						115,616,363	115,616,363			115,616,363
Balance June 30, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	98,017,430	395,354,584	479,547,390	1,486,466,004

The annexed notes from 1 to 35 form an integral part of these financial statements.

Notes to the Accounts
For the Year Ended June 30, 2009

LEGAL STATUS AND OPERATIONS

Dawood Lawrencepur Limited, "the Company" is a duly incorporated public limited company formed as a result of Scheme of Arrangement for Amalgamation in terms of provisions of Section 284 to 287 of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited, Lawrencepur Woollen and Textile Mills Limited and members of the said companies. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the business of manufacture and sale of yarns and fabrics made from natural and man-made fibers and blends thereof. The registered office of the Company is situated at 35-A, Shahrah-e-Abdul Hameed Bin Baadees (Empress Road), Lahore.

The Company in year 2008 had closed its loss making units located at Landhi, Karachi and at Dawoodabad unit Burewala, District Vehari. In line with IFRS-5 Non current assets held for sale and Discontinued Operations, the operations relating to the closed down units have been classified as discontinued operations. The assets and liabilities related to discontinued operations were transferred to assets held for disposal and liabilities directly associated with the assets classified as held for sale.

Based on the above, following operations of the Company are now classified under discontinued operations:

- Landhi Mills - Karachi
- Dilon Mills - Karachi (Landhi Synthetic)
- Dawoodabad Mills - Burewala

STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

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

2.2 STANDARD, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE:

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

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 Financial Instruments Recognition and Measurement	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRS 7 - Improving disclosures about Financial Instruments	January 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 Agreement for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedge of Net Investment in a Foreign Operations	October 01, 2009
IFRIC 17 - Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases.

2.3 ADOPTION OF NEW ACCOUNTING STANDARDS:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008.

IFRS 7 -	Financial Instruments: Disclosures
IFRIC 12 -	Service concession arrangements
IFRIC 13 -	Customer loyalty programs; and
IFRIC 14 -	IAS 19 - The limit on defined benefit asset, minimum funding requirement and there interactions.

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Compa except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

2.4 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards require management to mal judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of asset liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in tl period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significa effect on the amount recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment (an annual basis.

2.4.2 Intangible Assets

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in tl asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes accounting estimates.

2.4.3 Stock in trade and stores and spares

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in tl respective carrying values. Net realizable value is determined with reference to estimated selling price less estimate expenditures to make the sales.

2.4.4 Employee benefits

Defined benefits plans are provided for permanent employees of the Company. The plans are structured as separa legal entities managed by trustees. These calculations require assumptions to be made of future outcomes, the princip ones being in respect of increases in remuneration, the expected long term return on plan assets and the discount ra used to convert future cash flows to current values. The assumptions used vary for the different plans as they ai determined by independent actuaries.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and tr market related value at the beginning of the year.

2.4.5 Taxation

In making the estimates for income taxes payable by the Company, the management looks at the applicable taxatic laws.

3. ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention, except that obligations under certain sta retirement benefits have been measured at present value and investments available for sale have been measured at fair market value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have bee consistently applied to all the years presented.

4.1 Property, Plant and Equipment

4.1.1 Owned

Operating fixed assets, except for free hold land, are stated at cost less accumulated depreciation. Depreciation is provided on a diminishing balance method at the rate mentioned in the relevant note except for lease hold land which is amortized on straight line method. Depreciation is charged from the date the asset is put into operation and discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the income currently.

4.1.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

4.1.3 Leased

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finance lease. Assets held under finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. The aggregate amount of obligations relating to assets subject to finance lease is accounted for at the net present value of liabilities. Value of leased assets is depreciated over the useful lives of the assets using the same rates applicable to owned assets. Depreciation of leased assets is charged to income. The related obligations of leased assets are accounted for as liabilities.

The finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

4.1.4 Non current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Non-Current assets classified as held for sale are not depreciated / amortized.

4.1.5 Impairment of assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.2 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life using reducing balance method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

4.3 Investments

4.3.1 Investments in subsidiaries and associated companies

Investments, in subsidiaries where control and associates where significant influence can be established, are stated at cost and the carrying amount is adjusted for impairment, if any, in the recoverable amounts of such investments.

Subsidiaries are those enterprises in which the Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and/or appoint more than 50% of its directors.

Associates are those entities in which the Company has significant influence and which are neither its subsidiary nor a joint venture of the Company. The investments in associates are measured at cost.

4.3.2 Investments available for sale

Other investments not covered in the above category including investment in associated companies in which tl Company has no significant influence are classified as being available-for-sale and are initially recognized at fair valı plus attributable transactions cost. Subsequent to initial recognition these are measured at fair value, with any resulta gain or loss being recognized directly in equity. Gains or losses on available-for-sale investments are recognized direc in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at tr time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

Fair value of a quoted investments is determined in relation to its market value (current bid prices) at the balance she date. If the market is not active (and for unlisted securities), the Company establishes fair value by using valuati techniques.

Except for the investment in Karnaphuli Paper Mills Limited, which is stated at nominal value, all other investments unquoted securities are stated at cost, less provision for impairment, if any.

4.4 Stores and Spares

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred upto tł balance sheet date. For items which are slow moving and / or identified as surplus the Company's requirements, adequa provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of store and spares on a regular basis and provision is made for obsolescence.

4.5 Stock in Trade

Stock in trade is valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw and packing material except in transit/bond	at purchase cost on an average basis
Finished goods and work in progress	average production cost which includes cost (
	Direct material
	Direct wages
	Direct expenses
	Overheads

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon upto the balance she date.

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

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sale.

4.6 Trade Debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method les provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no long probable. Debts considered irrecoverable are written off.

4.7 Trade and Other Payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

4.8 Taxation

4.8.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking in account tax credits and rebates available, if any.

4.8.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between th carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.9 Staff Retirement Benefits

4.9.1 Defined contribution plans

A defined contribution plan is the post- employment benefits plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employees benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contribution from the company are charged to income currently.

The Company operates defined contribution provident fund for its permanent employees at its Burewala unit. Monthly contributions are made both by the comapany and employees to the Fund at the rate of 8.33% of basic salary.

4.9.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior period, that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method. Acturial gains/losses in excess of corridor limit (10% of the higher of fair value of assets and present value of obligation) are recognised over the average remaining services life of the employees.

Contributions require assumptions to be made of future outcome which mainly includes increase in remuneration, expected return term on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

- The Company operates defined benefit funded gratuity scheme for its management employees.
- The Company operates defined benefit non-funded gratuity scheme for its non-management employees.

As per actuarial valuation carried out as at June 30, 2009 the following significant assumptions were used for determining the gratuity liability.

Discount rate	12%
Expected rate of salary increase	11%
Expected rate of return on plan assets	10%
Average expected remaining life of employees	8 - 10 years

Actuarial gain and losses are recognized as per the recommendation in actuarial valuation report.

4.9.3 Employees's compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

4.10 Provisions

Provision 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 can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.11 Foreign Currencies

Pakistan rupee (PKR) is the functional currency of the Company. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foriegn exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently

4.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the Company and the reven can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sales are recorded as revenue when the title of the goods is transferred to the customer which normally corresponds with t dispatch of goods to customers.

Income from investments/deposits is recognized on accrual basis.

Dividend income is recognized when the Company's right to receive the dividend is established.

4.13 Borrowing Cost

Borrowing costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized a part of the asset.

4.14 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

4.15 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 ca equivalents include cash in hand and with banks and other short term highly liquid investments with maturities of three months less. The fair value of cash and cash equivalents approximate their carrying amount.

4.16 Financial Assets and Liabilities

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to tl profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried amortized cost. The fair value of these approximate their carrying value.

4.17 Off-setting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a lega enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the ass and settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereoff.

5 PROPERTY, PLANT AND EQUIPMENT	NOTE	2009 RUPEES	2008 RUPEES
Operating assets	5.1	65,042,892	76,286,430
Book value as at June 30		76,286,430	543,766,550
Less: Transfer to non-current assets held for sale		-	(443,243,465)
Adjustments (charge for the year & addition/deletion)		(11,243,538)	(24,236,655)
Net operating assets		65,042,892	76,286,430

During the year 2008, the company due to continuous losses of its Dawoodabad unit, situated at Burewala, District Vehari suspended i operation. Accordingly in accordance with IFRS-5, Non current assets held for sale and Discontinued Operation, the operations has be classified as discontinued operation. The assets relating to discontinued operations has been transferred to assets held for disposal a liabilities directly associated with the assets are classified as held for sale.

Based on the above, following units are now classified under discontinued operations:

- Landhi Unit
- Dilon Unit (Landhi - Synthetic)
- Dawoodbad Unit - Burewala

Operating Assets

cription	Owned Assets									Leased Assets	Total
	Freehold land	Leasehold land	Building on freehold land	Building on lease hold land	Plant & machinery	Furniture & fixtures and office equipment	Electric installations	Tools & equipment	Vehicles	Plant & machinery	
-											
alance as at 01 July 2007	3,156,616	1,080,702	70,557,506	54,414,166	789,190,817	28,583,874	35,663,201	2,893,499	24,164,078	118,877,791	1,128,582,250
dditions	-	-	-	-	474,246	182,300	-	-	-		656,546
isposals		-	-	-	-	-	-	-	(2,331,190)		(2,331,190)
ansfer to held for sale		-	-	-	(504,871,010)	-	(35,663,201)	(2,893,499)	-	(118,877,791)	(662,305,501)
alance as at 30 June 2008	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,766,174	-	-	21,832,888		464,602,105
alance as at 01 July 2008	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,766,174		-	21,832,888	-	464,602,105
dditions			-	-	-	164,515	-	-	-	-	164,515
sposals			-	-	-	-			(1,730,500)	-	(1,730,500)
ansfer to held for sale			-	-	-	-			-	-	-
alance as at 30 June 2009	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,930,689	-	-	20,102,388	-	463,036,120
RECIATION											
alance as at 01 July 2007	-	463,390	57,785,209	33,899,958	400,113,484	15,096,441	30,319,226	2,117,154	14,486,848	30,533,990	584,815,700
harge for the year	-	6,143	1,140,943	2,019,817	16,920,835	1,659,856	400,798	30,200	2,055,293		24,233,885
- disposals	-	-		-	-	-			(1,671,874)		(1,671,874)
ansfer to held for sale	-	-	-	-	(155,660,668)	-	(30,720,024)	(2,147,354)	-	(30,533,990)	(219,062,036)
alance as at 30 June 2008	-	469,533	58,926,152	35,919,775	261,373,651	16,756,297	-	-	14,870,267		388,315,675
lance as at 01 July 2008		469,533	58,926,152	35,919,775	261,373,651	16,756,297	-	-	14,870,267	-	388,315,675
arge for the year		3,150	1,037,097	1,817,836	4,757,846	1,394,170	-	-	1,302,241	-	10,312,340
disposals		-	-	-	-	-		-	(634,787)	-	(634,787)
ansfer to held for sale			-	-	-	-	-	-	-	-	-
alance as at 30 June 2009		472,683	59,963,249	37,737,611	261,131,497	18,150,467	-	-	15,537,721	-	397,993,228
YING AMOUNT - 2008	3,156,616	611,169	11,631,354	18,494,391	23,420,402	12,009,877	-	-	6,962,621		76,286,430
YING AMOUNT - 2009	3,156,616	608,019	10,594,257	16,676,555	18,662,556	10,780,222	-	-	4564,667		65,042,892
OF DEPRECIATION (%)	-	1%	5-10%	10%	10-20%	10-15%	10%	10%	20-25%	10%	

		2009 RUPEES	2008 RUPEES
5.2	Non-current Assets held for sale		
	Cost	-	662,305,501
	Less: Accumulated Depreciation	-	(219,062,036)
		-	443,243,465

5.3 The Company is in the process of transferring Land and other assets in its own name which is being currently held in the name of the merged entities.

		2009 RUPEES	2008 RUPEES
5.4	Depreciation/Amortization has been charged to:		
	Cost of goods sold	5,502,136	22,120,006
	Administrative and general expenses	4,531,388	1,421,418
	Selling and distribution expenses	278,816	692,461
		10,312,340	24,233,885

5.5 DETAILS OF FIXED ASSETS SOLD DURING THE YEAR

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit	Mode of disposal	Sold to
Vehicle	610,500	207,968	402,532	402,532	-	As per policy	Dawood Corporation (Pvt) Ltd.
Vehicle	560,000	227,500	332,500	332,500	-	As per policy	Dawood Corporation (Pvt) Ltd.
Vehicle	560,000	199,319	360,681	360,681	-	As per policy	Dawood Foundation
2009	1,730,500	634,787	1,095,713	1,095,713	-		
2008	2,331,190	1,671,874	659,316	983,187	323,871		

		Note	2009 RUPEES	2008 RUPEES
6	INTANGIBLE ASSETS			
	Computer software	6.1	1,331,572	1,987,
	Trademarks	6.2	-	-
			1,331,572	1,987,
6.1	Computer software			
	Cost			
	Balance as at 01 July		2,380,145	-
	Additions		-	2,380,
	Balance as at 30 June		2,380,145	2,380,
	Amortization			
	Balance as at 01 July		392,724	
	Charge for the year		655,849	392,
	Balance as at 30 June		1,048,573	392,
	CARRYING AMOUNT		1,331,572	1,987,
	Rate of Amortization (%)		33.33	3
6.2	Trademarks			
	Cost			
	Balance as at 01 July		24,190	24,
	Additions		-	
	Balance as at 30 June		24,190	24,
	Amortization			
	Balance as at 01 July		24,190	17,
	Charge for the year		-	6,
	Balance as at 30 June		24,190	24,
	CARRYING AMOUNT		-	
7	LONG TERM INVESTMENTS			
	Investments in related parties	7.1	127,099,456	116,230,
	Other investments	7.2	270,465,759	376,494,
			397,565,215	492,725,
7.1	Investments in related parties			
	Wholly owned subsidiary - unquoted			
	Tenaga Generasi Limited	7.1.1	30,527,648	30,527,
	Percentage holding 100%			
	6,00,000 (2008: 600,000) fully paid Ordinary shares of Rs.10 each			
	Advance for issue of capital		31,277,578	20,408,
			61,805,226	50,936,
	Associated Company - quoted			
	Dawood Hercules Chemicals Limited		65,294,230	65,294,
	17,711,795 (2008: 16,101,632) fully paid Ordinary shares of Rs. 10 each			
	Percentage holding 16.19% (2008: 16.19%)			
	Market value Rs.2,276 million (2008: Rs.6,272 million)			
			127,099,456	116,230,

7.1.1 Tenaga Generasi Limited (TGL) is a wholly owned subsidiary of the Company. TGL was incorporated in 2005 as a special purpose company for setting up a wind energy farm.

	2009 RUPEES	2008 RUPEES
7.2 Other Investments		
Available for sale		
Listed Companies		
Related Parties		
Sui Northern Gas Pipelines Ltd.		
8,272,470 (2008 : 8,272,470) Ordinary shares of Rs.10/- each		
Equity held 1.52% (2008 : 1.52 %)		
Market value Rs. 264.31 million (2008 Rs. 364.07 million)	480,238,817	480,238,817
Others		
Sui Southern Gas Company Ltd.		
55,310 (2008 : 55,310) Ordinary shares of Rs.10/- each		
Market value Rs. 0.77 million (2008 Rs. 1.57 million)	698,313	698,313
National Investment Trust		
Units 200,000 (2008 : 200,000) of Rs. 10/- each		
Market value Rs. 5.37 million (2008 Rs. 10.84 million)	2,440,000	2,440,000
Other entities		
Karnaphuli Paper Mills Ltd.		
795,000 (2008 : 795,000) Ordinary shares of Rs.10/- each	3	3
Mianwali Central Co-operative Bank Ltd		
100 (2008 : 100) Ordinary shares of Rs.10/- each	1,000	1,000
Asian Co-operative Society Ltd.		
1500 (2008 : 1,500) Ordinary shares of Rs.10/- each	15,000	15,000
	483,393,133	483,393,133
Adjustment arising from measurement at fair value		
Impairment loss shown under equity	(103,017,408)	(106,898,240)
Impairment loss charged to Profit and Loss Account	(109,909,966)	-
	(212,927,374)	(106,898,240)
	270,465,759	376,494,893

7.3 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss acccount. The SECP vide its S.R.O.150(1)/2009 dated 13 February 2009 has allowed all the Companies to show the impairment loss as at 31 December 2008 on their "available-for-sale investment" under "equity" in satement of changes in equity instead of charging it to the profit and loss account. The SRO further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in the half yearly accounts shall be recorded, after adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending on 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at 31 December 2008 amounting to Rs. 312.19 million was shown in equity. At 30 June 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 227.27 million out of which Rs. 115.62 million has been taken to profit and loss account and the balance subject to price movements will be recognized in the remainder of the calendar year.

Had the impairment loss been transferred to profit and loss account, the unrealized gain / (loss) on remeasurement of available for sale securities would have been higher by Rs. 111.65 million with consequential effect on profit and loss account.

	Note	2009 RUPEES	2008 RUPEES
Impairment loss recognised in Equity as at June 30, 2009			
Available for sale investments shown in long term investments		(300,598,616)	-
- Others		(11,594,559)	-
		(312,193,175)	-
Price adjustment		84,921,823	-
		(227,271,352)	-
Impairment loss charged to Profit and Loss Account		115,616,363	-
Impairment loss recongized in Equity as at 30 June, 2009		111,654,989	-

8 LONG TERM DEPOSITS

Security deposit against finance lease		-	11,313,2
Electricity and gas deposit		8,561,479	8,561,4
Others		1,293,766	1,062,6
		9,855,245	20,937,4

9 STORES AND SPARES

Stores		24,341,847	47,254,9
Spares		29,517,083	41,227,8
		53,858,930	88,482,8
Provision for obsolesence		(3,469,744)	(3,469,7
Transferred to non- current assets held for disposal		-	(40,059,8
		(3,469,744)	(43,529,6
		50,389,186	44,953,2

10 STOCK IN TRADE

Raw materials		8,421,828	45,110,6
Work in process		83,112,801	135,198,4
Finished goods		117,555,904	103,184,2
Trading goods		-	4,547,6
		209,090,533	288,041,0
Raw materials in transit		9,349,625	9,659,2
		218,440,158	297,700,3
Less:			
Transferred to discontinued operations		-	(89,166,5
Provision for slow moving /obsolesence		(9,384,753)	(12,449,8
		(9,384,753)	(101,616,44
		209,055,405	196,083,9

11 TRADE DEBTORS - unsecured considered good

Trade debtors		56,062,573	66,965,7
Less: Provision for doubtful debts	11.1	(20,049,076)	(20,049,0
		36,013,497	46,916,6

11.1 PROVISION FOR DOUBTFUL DEBTS - MOVEMENT

	Note	2009 RUPEES	2008 RUPEES
Opening balance		20,049,076	12,874,700
Add : Provided during the year		-	7,174,376
		20,049,076	20,049,076

11.2 The amount due and maximum aggregate amount from related parties at the end of any month during the year are as follows:-

	Amount outstanding RUPEES	Maximum month end balance RUPEES
2009		
Sach International (Pvt) Limited	2,583,290	21,777,553
2008		
Sach International (Pvt) Limited	-	11,041,978

LOANS AND ADVANCES

	2009 RUPEES	2008 RUPEES
Unsecured- Considered good		
Loans and advances due from employees	400,728	316,504
Advances to suppliers and others	449,686	248,929
	850,414	565,433

DEPOSITS, PREPAYMENTS AND OTHERS

	Note	2009	2008
Security deposits		1,324,676	2,615,350
Prepayments		448,075	572,468
Letters of credit		1,555,063	26,073
Income tax		69,846,058	69,469,397
Sales tax		11,020,923	12,387,432
Others	13.1	4,875,859	839,996
		89,070,654	85,910,716

13.1 The amount due and maximum aggregate amount due from related parties at the end of any month during the year are as follows:

	Amount outstanding RUPEES	Maximum month end balance RUPEES
2009		
Dawood Corporation (Pvt) Limited	671,108	675,122
SACH International (Pvt) Limited	4,126,143	4,126,143
2008		
SACH International (Pvt) Limited	-	11,041,978

SHORT TERM INVESTMENTS - Available for sale

	2009 RUPEES	2008 RUPEES
Southern Electric Co. Ltd		
801,900 (2008 : 801,900) Ordinary shares of Rs.10/- each	13,912,050	13,912,050
Impairment loss shown under equity	(5,631,554)	(9,581,790)
Impairment loss charged to Profit and Loss Account	(5,706,397)	-
	(11,337,951)	(9,581,790)
	2,574,099	4,330,260

15 CASH AND BANK BALANCES

	Note	2009 RUPEES	2008 RUPEES
In hand		642,323	674,492
At bank			
in current accounts		63,497,629	31,985,941
- in deposit accounts	15.1	15,096,050	29,375,343
		78,593,679	61,361,284
		79,236,002	62,035,776

15.1 These represent deposits with commercial banks and carry profit at the rate of 3% (2008: 3.5% to 5.5%) per annum.

16 DISCONTINUED OPERATIONS

		Note	2009 RUPEES	2008 RUPEES
16.1	Sales - net		29,847,488	321,543,892
	Cost of goods sold	16.5	(28,851,319)	(562,462,126)
	Gross profit / (loss)		996,169	(240,918,234)
	Operating expenses			
	Administrative and general		(91,737,768)	(39,752,876)
	Selling and distribution		(369,778)	(11,416,122)
	Operating (loss)		(91,111,377)	(292,087,232)
	Finance cost		(1,216,974)	(8,738,427)
	Loss before tax		(92,328,351)	(300,825,659)

16.2 Assets of disposal group classified as held for sale

	Note	2009 RUPEES	2008 RUPEES
Property, plant and equipment	16.3	648,330,213	648,330,213
Stock in-trade		59,589,307	89,166,553
Stores and spares		40,307,124	40,059,893
		748,226,644	777,556,659
Less: Provision for slow moving / obsolesence on stock in trade		(18,467,068)	(19,192,991)
		729,759,576	758,363,668

16.3 Property, Plant and Equipment

Description	Owned Assets				Leased Assets	Total
	Plant & machinery	Furniture & fixtures and office equipment	Electric installations	Tools & equipment	Plant & machinery	
COST						
Balance as at 01 July 2007	672,702,439	1,169,029	1,049,267	-		674,920,73
Transfer from operating assets	504,871,010	-	35,663,201	2,893,499	118,877,791	662,305,50
Balance as at 30 June 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,23
Balance as at 01 July 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,23
Transfer from operating assets	-	-	-		-	-
Transfer from leased to owned	118,877,791	-			(118,877,791)	
Balance as at 30 June 2009	1,296,451,240	1,169,029	36,712,468	2,893,499		1,337,226,23
DEPRECIATION						
Balance as at 01 July 2007	467,806,126	1,062,966	964,895	-		469,833,98
Transfer from operating assets	155,660,668	-	30,720,024	2,147,354	30,533,990	219,062,03
Balance as at 30 June 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,02
Balance as at 01 July 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,02
Transfer from operating assets			-			
Transfer from leased to owned	30,533,990		-	-	(30,533,990)	-
Balance as at 30 June 2009	654,000,784	1,062,966	31,684,919	2,147,354		688,896,02
CARRYING AMOUNT - 2008	554,106,655	106,063	5,027,549	746,145	88,343,801	648,330,21
CARRYING AMOUNT - 2009	642,450,456	106,063	5,027,549	746,145	-	648,330,21
RATE OF DEPRECIATION (%)	10-20%	10-15%	10%	10%	10%	

16.4 The Company made arrangement for the disposal of plant and machinery held for disposal after seeking Shareholders approval at Extra Ordinary Meeting held on 28 April 2008 and in compliance with the directives of Securities and Exchange Commission of Pakistan (SECP). However, on an Application filed in the High Court of Sindh, the High Court had restrained the company from disposal of Plant and Machinery. Subsequently, on November 19, 2008 the High Court vacated the stay by dismissing the Application.

SECP had advised the Company to arrange fresh General Meeting to seek authorization of the Shareholders for the disposal of Plant and Machinery after providing the information about the application.

In view of the above, the Company is in the process of holding General Meeting to seek approval from the Shareholders for the disposal of Plant and Machinery "held for disposal".

16.5 Cost of Good Sold	Note	2009 RUPEES	2008 RUPEES
Raw Material			
Opening inventory		**28,921,869**	71,146,092
Purchases		**-**	40,427,208
Less: Closing inventory		**(70,550)**	(28,921,869)
Raw materials consumed		**28,851,319**	82,651,431
Other Cost			
Salaries, wages and allowances	16.6	**-**	181,577,896
Stores and spares consumed		**-**	2,069,114
Electricity, gas and water consumed		**-**	31,083,345
Yarn conversion cost		**-**	107,706
Depreciation		**-**	15,249,405
Insurance		**-**	4,785,570
Repairs and maintenance		**-**	499,314
Rent, rates and taxes		**-**	1,967,319
Workers' welfare		**-**	1,576,589
Other expenses		**-**	
		-	238,916,258
		28,851,319	321,567,689
Add: Opening work in process		**-**	17,693,299
Less: Closing work in process		**-**	-
Cost of production		**28,851,319**	339,260,988
Add: Opening inventory of finished goods		**41,051,554**	264,252,692
Less: Closing inventory of finished goods		**(41,051,554)**	(41,051,554)
Cost of good sold		**28,851,319**	562,462,126

16.6 Salaries & wages incluedes Rs. Nil (2008: Rs.81.41 million) paid as exgratia to employees opted for voluntraly separation scheme announced by the Company in 2008.

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009 Number	2008 Number		Note	2009	2008
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid		**22,040,020**	22,040,020
12,805,118	12,805,118	Ordinary shares of Rs.10/- each issued for consideration other than cash		**128,051,180**	128,051,180
36,345,540	31,676,935	Ordinary shares of Rs.10/- each fully paid as bonus shares		**363,455,400**	316,769,350
51,354,660	46,686,055		17.1	**513,546,600**	466,860,550

17.1 Movement in share capital during the year

	2009	2008
46,686,055 (2008: 38,583,516) Ordinary shares of Rs.10/- each fully paid up	**466,860,550**	385,835,160
Issued 4,668,605 (2008: 8,102,539) Ordinary shares of Rs.10/- each as fully paid bonus shares	**46,686,050**	81,025,390
Closing balance	**513,546,600**	466,860,550

		Note	2009 RUPEES	2008 RUPEE
18	DEFERRED LIABILITIES			
	Gratuity	18.1	41,620,870	37,740,C
	Deferred taxation	18.2	-	-
			41,620,870	37,740,C

18.1 Movement in the liability recognized in the balance sheet are as follows:

	2009	2008
Opening balance	37,740,094	82,735,5
Net charge for the year	5,948,691	39,312,5
	43,688,785	122,048,1
Less: Payments made during the year	(2,067,915)	(84,308,C
	41,620,870	37,740,0

The amount recognized in the profit and loss account is as follows:

	2009	2008
Current service cost	4,017,324	39,312,5
Interest cost	2,961,607	-
Return on plan assets	(216,302)	-
Actuarial (Gains) / Losses charge	(813,938)	-
Charged to profit and loss account	5,948,691	39,312,5

Reconciliation	2009	2008
Present value of obligation	47,106,950	29,616,C
Fair value of plan assets	(2,163,019)	(2,163,0
Actuarial Gains / Loss Actuarial Losses to be recognised in later periods.	(3,323,061)	10,287,C
	41,620,870	37,740,0

18.1.1 Historical information

	2009	2008	2007	2006	2005
	Rupees				
Present value of defined benefit obligation	47,106,950	29,616,068	76,631,471	100,197,275	98,43:
Fair value of plan assets	(2,163,019)	(2,163,019)	(2,161,999)	(2,221,248)	(2,05€
Surplus /in the plan	44,943,931	27,453,049	74,469,472	97,976,027	96,37€
Unrecognised acturial gain / (loss)	(3,323,061)	10,287,045	8,266,063	9,784,099	9,50
Liability in balance sheet	41,620,870	37,740,094	82,735,535	107,760,126	105,88:
Experience adjustment arising on plan liabilities (gains) / losses	12,579,867	4,054,017	11,281,037	-	-
Experience adjustment arising on plan asssets gains / (losses)	(216,302)	(216,200)	(236,949)	-	-

18.2 Deferred Taxation

No deffered tax liability is provided in the accounts taking into consideration the potential tax savings related to the tax losses carried forward.

		Note	2009 RUPEES	2008 RUPEE
19	TRADE AND OTHER PAYABLES			
	Creditors	19.1	27,688,595	48,103,2
	Accrued expenses		24,414,899	34,572,2
	Gratuity payable to retrenched staff		9,687,512	-
	Advance from customers and others		17,208,925	930,C
	Unclaimed dividend		20,732,552	20,743,2
	Due to Islamic Development Bank	19.2	25,960,000	25,960,C
	Deposits	19.3	766,427	486,3
	Withholding tax		175,803	48,7
	Others		6,699,792	5,848,3
			133,334,505	136,692,2

19.1 These includes amount due to following related parties

	2009 RUPEES	2008 RUPEES
Central Insurance Company Limited	14,481	-
Dawood Hercules Chemical Limited	836,934	-

19.2 This represents preference share capital of one of the merged entity issued to Islamic Development Bank with right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation was approved and as such the same has been classified as liability and redemption reserve has been created.

19.3 All deposits are re-payable on demand and no interest is payable thereon.

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009 RUPEES	2008 RUPEES
Opening balance	23,667,949	46,134,165
Less : Repayments during the year	23,667,949	22,466,216
	-	23,667,949
Less: Current maturity	-	23,667,949
	-	-

20.1 The minimum lease payments have been discounted @ 7% to 16.25% (2008 : 7% to 16.25 %) per annum to arrive at the present value of minimum lease payments. These liabilities were secured against relevant assets and security deposits of Rs.11.31 million (2008: Rs. 11.31 million).

CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The Taxation Officer while making assessments for the tax years 2003 to 2005 (pre merger period), had made additions on account allocation of expenses between the normal and presumptive income and disallowing expenses against the operating income of the Company of Rs. 136.104 million, made errors in allowing expenses relating to gratuity, lease rentals, employee perquisites, utilities of Rs. 6.974 million etc. The Company preferred appeals before CIT (Appeals) and Income Tax Appellate Tribunal. The Company has also requested for the rectification of different mistakes in assessment orders for the tax years 2004 and 2005. The tax impact of the same comes to Rs. 16.270 millions. Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident that the appeals will be decided in company's favor, no provisions has been made in these financial statements relating to above appeals.

The Company provided a bank guarantee in favour of TGL (the subsidiary company) to Alternate Energy Development Board (AEDB) for US$ 25,000. The bank guarantee is valid for the period of 24 months and shall expire on 20th February 2010.

The Company is contingently liable against the guarantees and the counter guarantees amounting to **Rs 64.16** million (2008: Rs. 36.73 million). These are secured against margins and investment in NIT units.

21.2 Commitments

The Company has letter of credit commitments for purchases amounting to **Rs 28.04 million** (2008: Rs. 13.20 million).

The Company has commitment to supply fabric to Pakistan Air Force amounting to **Rs 80.29 million** (2008: Nil).

		Note	2009 RUPEES	2008 RUPEES
22	SALES - NET			
	Manufacturing		381,514,945	684,810,4!
	Trading goods		2,094,889	9,734,1
	Sales tax		-	6,8
	Brokerage, commission and discount		3,390,321	4,699,8
			(3,390,321)	(4,706,6
			380,219,513	689,837,9
	Transferred to discontinued operations			
	Sales - manufacturing		30,053,985	323,880,8
	Sales tax		-	-
	Brokerage, commission and discount		(206,497)	(2,336,9
			29,847,488	321,543,8
			350,372,025	368,294,0
23	COST OF GOODS SOLD			
	RAW MATERIALS:			
	Opening inventory		42,592,174	94,205,3
	Purchases		135,054,809	177,695,9
			177,646,983	271,901,2
	Less: Closing inventory		(14,651,129)	(42,592,1
	Raw materials consumed		162,995,854	229,309,1
	OTHER COSTS:			
	Salaries, wages and allowances	23.1	74,145,128	245,075,2
	Stores and spares consumed		29,146,636	36,217,4
	Electricity, gas and water consumed		49,315,680	70,788,2
	Yarn conversion cost		-	107,7
	Depreciation		5,502,136	22,120,0
	Insurance		1,071,725	5,796,5
	Repairs and maintenance		324,334	1,336,3
	Rent, rates and taxes		-	1,967,3
	Workers' welfare		-	1,576,5
	Other expenses		3,657,789	3,900,9
			326,159,282	618,195,5
	Add: Opening work in process		130,884,946	105,117,1
	Less: Closing work in process		(81,864,454)	(130,884,9
	COST OF PRODUCTION		375,179,774	592,427,7
	Add: Opening inventory of finished goods		78,373,228	334,501,2
	Less: Closing inventory of finished goods		(152,989,547)	(78,373,2
			(74,616,319)	256,128,0
	Cost of sales - Trading goods	23.2	2,147,527	8,279,7
			302,710,982	856,835,5
	Transferred to discontinued operations		(28,851,319)	(562,462,1
			273,859,663	294,373,4

	Note	2009 RUPEES	2008 RUPEES
23.1 This includes staff retirement benefits of Rs.4,981,191/- (2008:Rs. 38,032,189/-)			
23.2 Cost of sales - Trading goods			
Opening inventory		4,547,699	3,580,733
Purchases		1,747,772	9,246,757
Less: Purchase return		(4,147,944)	-
		2,147,527	12,827,490
Less: Closing inventory		-	4,547,699
		2,147,527	8,279,791

ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2009 RUPEES	2008 RUPEES
Salaries and allowances	24.1	69,502,911	33,800,260
Printing and stationery		2,316,570	2,354,392
Rent, rates and taxes		7,959,447	7,647,320
Electricity and gas		12,220,571	2,109,431
Conveyance and travelling		2,852,400	3,201,178
Postage, fax and telephone		2,189,136	1,985,271
Insurance		3,682,473	171,795
Repairs and maintenance		920,787	379,662
Legal and professional charges		7,870,435	6,986,601
Auditor's remuneration	24.2	510,000	400,000
Fees and subscription		1,465,281	1,463,056
Advertisement		97,560	134,853
Entertainment		206,335	503,137
Depreciation		4,531,388	1,421,418
Amortization		655,849	399,624
Zakat		-	50,000
Miscellaneous expenses		776,766	551,887
		117,757,909	63,559,885
Transferred to discontinued operations		(91,737,768)	(39,752,876)
		26,020,141	23,807,009

24.1 This includes staff retirement benefits of Rs. 14,501,289/- (2008:Rs.1,139,816/-)

24.2 This includes:		2009 RUPEES	2008 RUPEES
Annual audit fee		300,000	300,000
Audit of consolidated financial statements		40,000	40,000
Review and other certification fee		126,000	60,000
Out of pocket expenses		44,000	-
		510,000	400,000

SELLING AND DISTRIBUTION EXPENSES

	Note	2009 RUPEES	2008 RUPEES
Storage and forwarding charges		965,331	530,332
Salaries and allowances	25.1	5,828,536	6,887,457
Printing and stationary		1,089,025	822,027
Rent, rates and taxes		4,258,493	7,111,413
Electricity and gas		166,642	451,202
Conveyance and travelling		112,364	463,047
Postage, fax and telephone		220,121	710,536
Freight and insurance		732,294	722,108
Repairs and maintenance		377,301	838,946
Provision for doubtful debts		-	7,174,376
Depreciation		278,816	692,461
Entertainment		45,421	47,071
Terminal tax and transportation charges		-	968,909
Advertisement charges		915,027	3,263,159
Packing charges		359,836	539,986
Miscellaneous expenses		123,344	1,116,216
		15,472,551	32,339,246
Transferred to discontinued operations		(369,778)	(11,416,122)
		15,102,773	20,923,124

25.1 This includes staff retirement benefits of Rs. 245,211/- (2008:Rs.140,568/-)

	2009 RUPEES	2008 RUPEES
26 FINANCE COST		
Markup on bank finances	844,908	1,207,250
Lease finances charges	1,082,209	4,112,112
Bank charges	912,008	802,868
Discounting charges	-	2,949,124
	2,839,126	9,071,353
Transferred to discontinued operations	(1,216,974)	(8,738,427
	1,622,152	332,926

	2009 RUPEES	2008 RUPEES
27 OTHER INCOME		
Income from financial assets		
Dividend income		
Dawood Hercules Chemical Ltd	42,669,325	40,254,081
Sui Northern Gas Pipelines Ltd	28,953,645	24,817,410
Sui Southern Gas Co. Ltd	-	27,655
NIT Units	1,300,000	1,240,000
	72,922,970	66,339,146
Profit on deposits	1,832,930	3,085,723
	74,755,900	69,424,869
Income from non financial assets		
Profit on sale of fixed assets	-	323,771
Interest on security deposits	459,294	-
Sundry sales and receipts	458,595	6,135,132
Other income	305,421	-
Liabilities written back	3,242,524	9,042,177
	79,221,734	84,925,949

	2009	2008
28 RECONCILIATION OF TAX CHARGE FOR THE YEAR		
Tax on accounting profit	35.00%	35.00%
Tax effect of expenses that are not deductible in determining taxable income	-3.80%	-4.61%
Tax effect of payments allowed as expenses in determining taxable income	21.82%	46.27%
Tax effect of applicability of lower rate of tax	7.68%	-12.41%
Tax effect of minimum tax liability	-70.38%	-69.64%
	-9.68%	-5.39%

29 EARNINGS PER SHARE-BASIC AND DILUTED

29.1 Continuing operations

	2009	2008
(Loss) / Profit after tax	(11,827,333)	103,700,378
Weighted average number of ordinary shares in issue during the year	51,354,660	51,354,660
Basic (loss) / earnings per share	(0.23)	2.02

29.2 Discontinued operations

	2009	2008
Loss after tax	(92,328,351)	(300,825,659
Weighted average number of ordinary shares in issue during the year	51,354,660	51,354,660
Basic loss per share	(1.80)	(5.86)

29.3 Basic earnings per share previously reported at Rs. 2.22 for continued operation and Rs. (6.44) for discontinued operation in the financial statements for the year ended June 30, 2008 has been restated to Rs. 2.01 and Rs. (5.86) respectively for 46,686,055 bonus shares issued during the year ended June 30, 2009.

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

) EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives were as under:

	2009			2008		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
Remuneration	2,400,000	3,569,112	5,969,112	1,952,400	5,849,977	7,802,377
House rent allowance	1,200,000	1,133,400	2,333,400	780,960	2,041,920	2,822,880
Utilities	600,000	210,240	810,240	195,240	446,190	641,430
Retirement benefit	199,920	42,787	242,707	162,635	161,637	324,272
Other allowances	186,255	447,734	633,989	115,600	1,969,676	2,085,276
	4,586,175	5,403,273	9,989,448	3,206,835	10,469,400	13,676,235
No. of persons	1	4	5	1	12	13

30.1 Executive means any employee whose basic salary exceeds Rs. 500,000 (2008: Rs. 500,000) per year.

30.2 Chief Executive and some senior executives are provided with free use of cars owned and maintained by the Company/employees and some other benefits in accordance with the Company policy.

30.3 The aggregate amount charged in these financial statements in respect of fee to 7 Directors (2009: 7) was Rs.Nil (2008: Nil)

L RELATED PARTIES TRANSACTIONS

Related parties comprises of subsidiary company, associated company, major shareholders, directors, companies with common directorship and key management personnel. Transactions of the Group with related parties are as follows:

	2009 RUPEES	2008 RUPEES
Associated Company		
Dividend income received	42,669,325	40,254,081
Sales of cloth	27,526,563	29,346,317
Purchase of cloth	1,920,072	11,723,627
Insurance premium paid	6,223,555	8,423,348
Equity investment in TGL	10,868,903	50,936,323
Other related parties		
Dividend income received	28,953,645	24,817,410
Utilitiy charges paid	19,372,750	15,233,761
Rental charges paid	6,753,816	4,325,007
Storage charges paid	93.728	37,515

31.1 Transactions with related parties are carried out on commercial terms and conditions.

2 INSTALLED CAPACITY AND PRODUCTION

		2009		2008	
		Capacity	Actual	Capacity	Actual
		(in thousands)		(in thousands)	
Polyester yarn	Kgs.	1,400	-	1,400	-
Yarn	Kgs.	25,519	229	25,519	885
Cloth	Mtrs.	5,060	796	5,060	805

Reason for underutilisation

Closure of production facilities at the following locations:

- Landhi Unit
- Dilon Unit (Landhi-Synthetic)
- Dawoodabad Unit - Burewala

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk manageme framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1 CREDIT RISK

Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or conterparty to a financial instrument fails to meet i contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivable The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at th reporting date is as follows:

	2009 RUPEES	2008 RUPEES
Trade debtors	36,013,497	46,916,659
Loans and advances	400,728	316,504
Deposits and other receivables	7,755,598	3,481,419
Cash and bank balances	79,236,002	62,035,776

33.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 36.01 million (2008: Rs.46.92 million), at the balance sheet date by geographic region is as follows:

Domestic	36,013,497	46,916,659
Export	-	-
	36,013,497	46,916,659

33.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Whole seller / distributor	31,802,041	42,121,145
End-user customers	4,211,456	4,795,514
	36,013,497	46,916,659

33.1.3 The Company's most significan customers, are a distributor for **Rs. 2,593,280** (2008: Rs. 6,297,055) and end-user fc **Rs. 3,855,625** (2008: Rs. 3,793,746) of the total carrying amount as at 30 June 2009.

33.1.4 Impairment losses

The aging of trade debtors at the balance sheet date was:

	2009 RUPEES		2008 RUPEES	
	Gross	Impairment	Gross	Impairment
Not past due	13,854,984	-	24,959,489	-
Past due 1 - 50 days	9,826,349	-	10,719,601	-
Past due 51 days - 1 year	6,400,459	-	3,554,864	-
More than one year	5,931,705	-	7,682,705	-
Total	36,013,497	-	46,916,659	-

33.1.5 Based on the past experience, consideration of financial position, past track records and recoveries, the Compan believes that trade debtors past due upto one year do not require any impairment and no impairment allowance i necessary in respect of remaining portion of past due over one year.

33.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditons, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Lease liabilities	-	-	-	-	-	-
Trade and other payable	133,334,505	(133,334,505)	(133,334,505)	-	-	-
	133,334,505	(133,334,505)	(133,334,505)	-	-	-

	2008					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Lease liabilities	23,667,949	(24,669,433)	(24,669,433)	-	-	-
Trade and other payable	136,692,220	(136,692,220)	(136,692,220)	-	-	-
	160,360,169	(161,361,653)	(161,361,653)	-	-	-

33.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at 30 June. The rates of mark-up have been disclosed in note 20.1 of these financial statements.

33.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is not exposed to any market risk.

33.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

33.5 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

4 AUTHORISATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorised for issue on September 16, 2009 by the Board of Directors.

5 GENERAL

Figures have been rounded off to the nearest rupee.

AHZADA DAWOOD
Chairman

INAM UR RAHMAN
Chief Executive

Consolidated Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet Dawood Lawrencepur Limited ("the Company") as at 30 June 2009 and the related consolidated profit & loss account, consolidated cash flow statement & consolidated statement of changes in equity together with the notes forming part there of, for the year then ended. We have also expressed separate opinion on the financial statements of Dawood Lawrencepur Limited. The financial statements of subsidiary company where audited by an another auditor, whose report was forwarded to us, & their opinion insofar as it relates to the amounts included for such company is based solely on the report of the another auditor. These financial statements are responsibility of the company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards required that we plane & perform the audit to obtain reasonable assurance about whether the above said statements are free of any other material misstatement. An audit includes examining on the test bases, evidence supporting amount & disclosures in the above said statements. An audit also includes assessing the accounting policies & significant estimates made by management, as well as, evaluating the over all presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the financial position of the company as at 30 June 2009 & the results of its operations, its cash flows & changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
September 17, 2009

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2009

NON CURRENT ASSETS	NOTE	2009 RUPEES	2008 RUPEES
Fixed Assets			
Property, plant and equipment	5	102,086,884	107,855,9
Intangible assets	6	24,165,617	24,821,4
		126,252,501	132,677,3
Long Term Investments	7	3,352,683,694	3,567,382,1
Long Term Deposits	8	9,855,245	20,937,4
CURRENT ASSETS			
Stores and spares	9	50,389,186	44,953,2
Stock-in-trade	10	209,055,405	196,083,9
Trade debtors	11	36,013,497	46,916,0
Loans and advances	12	850,414	565,4
Deposits, short term prepayments and others	13	89,071,795	85,911,8
Short term investments	14 & 7.3	2,574,099	4,330,2
Cash and bank balances	15	79,242,173	62,042,8
		467,196,569	440,804,1
Assets of disposal group classified as held for sale	16.2	729,759,576	758,363,6
		4,685,747,585	4,920,164,8
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised:			
55,000,000 (2008: 55,000,000) Ordinary shares of Rs.10/- each		550,000,000	550,000,0
Issued, subscribed & paid up	17	513,546,600	466,860,5
Reserves		3,819,621,350	4,069,382,2
		4,333,167,950	4,536,242,7
NON CURRENT LIABILITIES			
Deferred Liabilities	18	41,620,870	37,740,0
CURRENT LIABILITIES			
Trade and other payable	19	133,829,687	140,234,8
Current portion of lease liabilities	20	-	23,667,9
Provision for taxation		177,129,078	182,279,1
		310,958,765	346,181,9
CONTINGENCIES AND COMMITMENTS	21	-	-
		4,685,747,585	4,920,164,8

The Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investmen accordance with SRO 150(1) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2 and recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movem arising during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferr profit and loss account, the unrealized loss on remeasurement of available for sale securities would have been highe Rs.360.40 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment is to be treated as a charge to the profit and loss account as referred to in Note 7.3.

The annexed notes from 1-35 form an integral part of these financial statements.

SHAHZADA DAWOOD
Chairman

INAM UR R
Chief Exec

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	NOTE	2009 RUPEES	2008 RUPEES
es - net	22	350,372,025	368,294,009
st of goods sold	23	(273,859,663)	(294,373,416)
ss profit		76,512,362	73,920,593
erating Expenses			
ninistrative and general	24	28,367,039	23,874,116
ling and distribution	25	15,102,773	20,923,124
		(43,469,812)	(44,797,240)
erating profit		33,042,550	29,123,353
ss from discontinued operations	16.1	(92,328,351)	(300,825,659)
erating loss after discontinued operations		(59,285,801)	(271,702,306)
ance cost	26	(1,623,057)	(333,076)
ier income	27	36,552,409	44,671,868
ustment of impairment loss - Holding company	7.3	(115,616,363)	-
- Associate company		(117,343,000)	-
are of profit from associates		479,706,000	1,873,604,576
		281,675,989	1,917,943,368
fit before taxation		222,390,188	1,646,241,062
ation			
Current		(4,933,070)	(6,057,696)
Attributable to share of taxation from associate		(179,609,000)	(176,221,416)
		(184,542,070)	(182,279,112)
Profit after taxation		37,848,118	1,463,961,950
Earnings per share - continued operations	29.1	2.53	34.36
oss per share - discontinued operations	29.2	(1.80)	(5.86)

e Company has opted for the accounting treatment of the impairment loss in respect of its available for sale investments in cordance with SRO 150(1) / 2009 issued by the Securities and Exchange Commission of Pakistan (SECP) on 13 February 2009 d recognized fifty percent of the impairment as at 31 December 2008 including any adjustment / effect for price movements sing during the six months ended 30 June 2009 in the profit and loss account. Had the impairment loss been transferred to ofit and loss account, the unrealized loss on remeasurement of available for sale securities would have been higher by ;.111.65 million with consequential effect on 'revenue reserve'. For the purpose of dividend distribution, such impairment loss is be treated as a charge to the profit and loss account as referred to in Note 7.3.

ie annexed notes from 1-35 form an integral part of these financial statements.

ZADA DAWOOD
Chairman

INAM UR RAHMAN
Chief Executive

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Cash Flow from Operating Activities:	Continuing Operations 30-06-2009	Discontinued Operations 30-06-2009	Total DLL 2009	Continuing Operations 30-06-2008	Discontinued Operations 30-06-2008	Total 20
Profit before taxation	314,718,539	(92,328,351)	222,390,188	1,947,066,723	(300,825,659)	1,646,2
Adjustment for:						
Depreciation	7,030,287	3,354,148	10,384,435	8,263,536	15,970,349	24,2
Amortization	218,616	437,233	655,849	130,908	268,716	3
Profit on sale of fixed assets	-	-	-	(177,516)	(146,355)	(3
Provision for gratuity	5,649,848	298,843	5,948,691	3,879,048	35,433,525	39,3
Income from investments	(32,086,575)	-	(32,086,575)	(392,522)	(28,778,266)	(29,1
Provision against stocks	(3,065,138)	(725,923)	(3,791,056)	12,449,887	19,193,130	31,6
Provision against stores and spares	-	-	-	3,469,744	-	3,4
Provision for doubtful debts	-	-	-	-	7,174,376	7,1
Share of profit from associate	(479,706,000)	-	(479,706,000)	(1,873,604,576)	-	(1,873,6
Impairment loss on 'available for sale investments'	115,616,363	-	115,616,363	-	-	
Impairment loss on 'available for sale investments' in associate	117,343,000	-	117,343,000	-	-	
Financial charges	406,083	1,216,974	1,623,057	333,076	8,738,427	9,0
Operating profit before working capital changes	46,125,023	(87,747,076)	(41,622,048)	101,418,308	(242,971,757)	(141,5
Net Decrease in Working Capital	(3,403,365)	18,820,758	15,417,389	44,530,582	370,192,396	414,7
Cash generated from operations	42,721,658	(68,926,318)	(26,204,659)	145,948,890	127,220,639	273,1
Payments for:						
Gratuity	(2,002,540)	(65,375)	(2,067,915)	(2,946,854)	(81,361,160)	(84,3
Tax	(9,595,632)	(864,133)	(10,459,765)	(3,631,090)	(5,853,654)	(9,4
Financial charges paid	(406,083)	(1,216,974)	(1,623,057)	(333,076)	(14,683,603)	(15,01
Net cash inflow from Operating Activities (A)	30,717,403	(71,072,800)	(40,355,396)	139,037,870	25,322,222	164,3
Cash Flow from Investing Activities						
Sale proceeds of fixed assets	360,681	735,032	1,095,713	822,618	160,569	9
Capital work in progress	(4,137,963)	-	(4,137,963)	(8,273,674)	-	(8,27
Acquisition of leasehold land	-	-	-	(23,295,800)	-	(23,29
Acquisition of goodwill	-	-	-	(22,834,045)		(22,83
Investments in subsidiary	-	-	-	-	-	
Income from investments	74,755,900	-	74,755,900	40,646,603	28,778,266	69,4
Fund transferred from operations	(56,270,075)	-	(56,270,075)	-	-	
Long term deposits	-	11,082,182	11,082,182	(121,100)	6,012	(11
Fixed capital expenditure	(1,573,165)	-	(1,573,165)	(963,382)	(2,073,309)	(3,03
Net cash (outflow) / inflow from Investing Activities (B)	13,135,378	11,817,214	24,952,592	(14,018,780)	26,871,538	12,85
Cash Flow from Financing Activities						
Dividend paid	-	-	-	(48,806)	(219)	(4
Fund transferred from operations	-	56,270,074	56,270,074		-	
Finance Lease	-	(23,667,949)	(23,667,949)	-	(22,466,216)	(22,46
Net cash outflow from Financing Activities (C)	-	32,602,125	32,602,125	(48,806)	(22,466,435)	(22,51
Net increase/(decrease) in cash and cash equivalents (A+B+C)	43,852,781	(26,653,461)	17,199,321	124,970,284	29,727,325	154,69
Cash and cash equivalents at the beginning of the year	32,090,109	29,952,743	62,042,852	(92,880,175)	225,418	(92,65
Cash and cash equivalents at the end of the year	75,942,891	3,299,282	79,242,173	32,090,109	29.952.743	62,04
Movement in Working Capital						
(Increase) / Decrease in Current Assets						
Stores and spares	(5,435,958)	(247,230)	(5,683,188)	8,601,310	(1,744,611)	5,85
Stock-in-trade	(9,906,371)	29,577,246	19,670,875	(11,771,504)	251,475,642	239,70
Trade debts	9,152,162	1,751,004	10,903,162	(2,094,614)	132,149,126	130,05
Loans and advances	(2,415)	(282,566)	(284,981)	312,185	3,046,646	3,35
Deposits, prepayments and other receivables	14,988,866	(17,772,143)	(2,783,277)	16,326,863	3,937,791	20,26
	8,796,284	13,026,311	21,822,591	11,374,240	387,864,594	399,23
Increase / (Decrease) in Current Liabilities						
Trade debts and other payable	(12,199,649)	5,794,447	(6,405,202)	33,156,342	(17,672,198)	15,48
Net Decrease in Working Capital	(3,403,365)	18,820,758	15,417,389	44,530,582	370,192,396	414,72
Cash and Cash Equivalents						
Cash and bank balances	75,942,891	3,299,282	79,242,173	32.090,109	29,952,743	62,042
Cash and Cash Equivalents at the end of the year	75,942,891	3,299,282	79,242,173	32,090,109	29,952,743	62,042

The annexed notes from 1-35 form an integral part of these financial statements.

SHAHZADA DAWOOD
Chairman

INAM UR RA
Chief Execu

	Share Capital	Capital Reserve									
		Merger Reserve	Right Shares	Capital	Capital Redemption	Unrealized gain / (loss) on remeasurement of available for sale investment securities	Unrealized gain / (loss) on remeasurement of available for sale investment securities in associates	Total Capital Reserve	Revenue Reserve	Unappropriated Profit	Total
Balance July 01, 2007 (restated)	424,418,680	10,520,929	136,865,545	33,310,918	25,969,000	106,917,516	36,962,000	350,545,908	395,354,584	2,301,580,603	3,471,899,775
Bonus shares issued for the year 2007 in the ratio 1:10	42,441,870									(42,441,870)	-
Profit for the year from continuing operations										1,764,787,609	1,764,787,609
Loss for the year from discontinued operations										(300,825,659)	(300,825,659)
Unrealized loss on available for sale investment securities						(223,397,546)		(223,397,546)		-	(223,397,546)
Adjustment relating to the share of profit from associates							(36,962,000)	(36,962,000)		(139,259,415)	(176,221,415)
Balance June 30, 2008 (restated)	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)	-	90,186,362	395,354,584	3,583,841,268	4,536,242,764
Balance July 01, 2008	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)		90,186,362	395,354,584	3,583,841,268	4,536,242,764
Bonus shares issued for the year 2008 in the ratio 1:10	46,686,050									(46,686,050)	-
Loss for the year from continuing operations										(130,176,469)	(130,176,469)
Loss for the year from discontinued operations										(92,328,351)	(92,328,351)
Unrealized loss on available for sale investment securities						(107,785,295)		(107,785,295)			(107,785,295)
Impairment loss on available for sale investment securities (Refer note 7.3)						115,616,363		115,616,363			115,616,363
Unrealized loss of associated company							(366,097,000)	(366,097,000)			(366,097,000)
Impairment loss of associated company (Refer note 7.3)							117,343,000	117,343,000			117,343,000
Balance June 30, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	(248,754,000)	(150,736,570)	395,354,584	3,575,003,336	4,333,167,950

The annexed notes from 1 to 35 form an integral part of these financial statements.

SHAHZADA DAWOOD
Chairman

INAM UR RAHMAN
Chief Executive

Notes to the Consolidated Accounts
For the Year Ended June 30, 2009

1. LEGAL STATUS AND OPERATIONS

Dawood Lawrencepur Limited, "the Parent Company" is a public limited company incorporated in 2004 as a result of scheme arrangement for amalgamation in terms of provisions of section 284 to 287 of the Companies Ordinance, 1984 between Dawood Cott Mills Limited, Dilon Limited, Burewala Textile Mills Limited, Lawrencepur Woollen and Textile Mills Limited and members of the sa companies. The shares of the Parent Company are listed on the Karachi and Lahore Stock Exchanges. The Parent Company is principa engaged in the business of manufacture and sale of yarns and fabrics made from natural and man-made fibers and blends thereof. T registered office of the Parent Company is situated at 35-A, Shahrah-e-Abdul Hameed Bin Baadees (Empress Road), Lahore.

During the year 2008 the Parent company, due to continuous losses of its Dawoodabad unit located at Burewala, District Vehari, has a suspended its operations. Accordingly in line with IFRS-5 Non current assets held for sale and Discontinued Operations, the operatio relating to the closed down plant and machinery have been classified as discontinued operations. The assets and liabilities related discontinued operations have been transferred to assets held for disposal and liabilities directly associated with the assets classified held for sale.

Based on the above, following operations of the Parent Company are now classified under discontinued operations:

- Landhi Mills - Karachi
- Dilon Mills - Karachi (Landhi Synthetic)
- Dawoodabad Mills - Burewala

The Parent Company has a wholly owned subsidiary namely Tenaga Generasi Limited "the Subsidiary Company". The Subsidia Company was incorporated in 2005 as a public limited company under the Companies Ordinance, 1984 for a special purpose for setti up and running up a wind energy farm as an independent power producer. The Subsidiary Company is in the process of acquiring resources and commercial production has not yet commenced. The registered office of the Subsidiary Company is situated at Dawo Centre, M.T. Khan Road, Karachi.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinan 1984, and Approved Accounting and Financial Reporting Standards as applicable in Pakistan, unless otherwise disclose Approved Accounting and Financial Reporting Standards comprise of such International Accounting Standards (IAS) a International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 198 Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall ta precedence.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and the Subsidiary Compa together constituting "the Group" statements. Subsidiaries are those enterprises in which the Parent Company directly indirectly controls, beneficially owns or holds more than 50 percent of the voting securities or otherwise has power to elect a appoint more than 50 percent of its directors.

The financial statements of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of t investments held by the holding company have been eliminated against the shareholders equity in the subsidiary company.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consiste accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions a eliminated in full.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the company obtains control, and continue be consolidated until the date that such control ceases.

These standards are either not relevant to the Company's operations or are not expected to have significant impact on t Company's financial statements other than increased disclosures in certain cases.

2.3 STANDARD, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT Y EFFECTIVE:

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

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments Recognition and Measurement	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 Business Combinations (Revised)	July 01, 2009
IFRS 4 - Insurance Contracts	January 01, 2009
IFRS 7 - Improving disclosures about Financial Instruments	January 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreement for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedge of Net Investment in a Foreign Operations	October 01, 2009
IFRIC 17 - Distribution of Non-Cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases.

2.4 ADOPTION OF NEW ACCOUNTING STANDARDS:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008.

IFRS 7 -	Financial Instruments: Disclosures
IFRIC 12 -	Service concession arrangements
IFRIC 13 -	Customer loyalty programs; and
IFRIC 14 -	IAS 19 - The limit on defined benefit asset, minimum funding requirement and their interactions

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

2.5 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in the ensuing paragraphs.

2.5.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

2.5.2 Intangible assets

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

2.5.3 Stock in trade and stores and spares

The Group reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is dertermined with reference to estimated selling price less estimated expenditures to make the sales.

2.5.4 Employee benefits

Defined benefits plans are provided for permanent employees of the Group. The plans are structured as separate le entities managed by trustees. These calculations require assumptions to be made of future outcomes, the princi ones being in respect of increases in remuneration, the expected long term return on plan assets and the discount r used to convert future cash flows to current values. The assumptions used vary for the different plans as they determined by independent actuaries.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and t market related value at the beginning of the year.

2.5.5 Taxation

In making the estimates for income taxes payable by the Group, the management looks at the applicable taxation laws

3 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention, except that obligations under certain st retirement benefits have been measured at present value and investments available for sale have been measured at fair market value.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have be consistently applied to all the years presented.

4.1 Property, Plant and Equipment

4.1.1 Owned

Operating fixed assets, except for free hold land, are stated at cost less accumulated depreciation. Depreciation provided on a diminishing balance method at the rate mentioned in the relevant note except for lease hold land which amortized on straight line method. Depreciation is charged from the date the asset is put into operation a discontinued from the date the asset is retired.

Gain and loss on disposal of assets are included in the income currently.

4.1.2 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item it is probable that the future economic benefits embodied within the part will flow to the company and its cost can measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing property, plant and equipment are recognized in profit or loss as they are incurred.

4.1.3 Leased

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finan lease. Assets held under finance lease are stated at the lower of present value of minimum lease payments under tl lease agreement and the fair value of assets acquired on lease. The aggregate amount of obligations relating to asse subject to finance lease is accounted for at the net present value of liabilities. Value of leased assets is depreciated ov the useful lives of the assets using the same rates applicable to owned assets. Depreciation of leased assets is charge to income. The related obligations of leased assets are accounted for as liabilities.

The finance cost under lease agreements are allocated to the periods during the lease term so as to produce a consta periodic rate of finance cost on the remaining balance of principal liability for each period.

4.1.4 Non current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primar through sale rather than through continuing use are classified as held for sale. The assets (or disposal group) a measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Non-Current asse classified as held for sale are not depreciate / amortized.

4.1.5 Impairment of assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to identify circumstances indicati concurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverab amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in tl profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.2 Intangible Assets

i Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangib assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Interna generated intangible assets, are not capitalized and expenditure is reflected in the income statement in the year which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life using reducing balance method and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

ii Goodwill / negative goodwill

Goodwill represents the difference in the cost of an acquisition over the fair value of the company share of net identifiable assets of the acquired entity at the date of acquisition.

4.3 Investments

4.3.1 Investments in associated companies

Associated companies, where the company holds 20% or more of the voting power of the investee company and where the company has significant influence over the financial and operating policies, are accounted for using the equity method of accounting.

Equity method is a method under which the financial statements include the Group's share of the income and expenses of the associate, after adjustments, if required, to align the accounting policies of associate with those of the group from the date when the significant influence is established until the date when the significant influence ceases. When the group share of loss exceeds its interest in associate accounted for under the equity method, the carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealized gains arising from transactions, if any, with an associate accounted for under the equity method of accounting are eliminated against the investment to the extent of the group's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4.3.2 Investments available for sale

Other investments not covered in the above category including investment in associated companies in which the Group has no significant influence are classified as being available-for-sale and are initially recognized at fair value plus attributable transactions cost. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized directly in equity. Gains or losses on available-for-sale investments are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

Fair value of a quoted investments is determined in relation to its market value (current bid prices) at the balance sheet date. If the market is not active (and for unlisted securities), the company establishes fair value by using valuation technique.

Except for the investment in Karnaphuli Paper Mills Limited, which is stated at nominal value, all other investments in unquoted securities are stated at cost, less provision for impairment, if any.

4.4 Stores and Spares

Stores, spares and loose tools are valued at average cost except for items in transit which are stated at cost incurred upto the balance sheet date. For items which are slow moving and / or identified as surplus the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.5 Stock in Trade

Stock in trade is valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw and packing material except in transit/bond	at purchase cost on an average basis
Finished goods and work in progress	average production cost which includes cost of:
	Direct material
	Direct wages
	Direct expenses
	Overheads

Items in transit/bond are valued at cost comprising invoice values plus other charges incurred thereon upto the balance sh
date.

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

Trading goods are accounted for on cost which is the invoice value plus other expenses incurred to bring them to the point of sal

4.6 Trade Debts

These are initially stated at fair value and subsequently measured at amortized cost using effective interest rate method l
provisions for any uncollectible amounts. An estimate is made for doubtful receivables when collection of the amount is no lon
probable. Debts considered irrecoverable are written off.

4.7 Trade and other payable

Trade and other amounts payable are recognized initially at fair value and subsequently carried at amortized cost.

4.8 Taxation

4.8.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking i
account tax credits and rebates available, if any.

4.8.2 Deferred

Deferred tax is recognized using the balance sheet liability method, providing for all temporary differences between
carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpos
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they rever
based on the laws that have enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized to t
extent that it is probable that future taxable profits will be available against which temporary difference can be utiliz
Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable t
the related tax benefit will be realized.

4.9 Staff Retirement Benefits

4.9.1 Defined contribution plans

A defined contribution plan is the post- employment benefits plan under which an entity pays fixed contribution int
separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions
defined contribution plans are recognized as an employees benefit expense in profit or loss when they are due. Prep
contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is availat
Contribution from the company are charged to income currently.

- The Group operates defined contribution provident fund for its permanent employees at its Burewala unit. Mont contributions are made both by the comapany and employees to the fund at the rate of 8.33% of basic salary.

4.9.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's
obligation In respect of defined benefit plan is calculated by estimating the amount of future benefit that employees h
earned in return for their service in current and prior period, that benefit is discounted to determine its present value. T
calculation is performed by a qualified actuary using the projected unit credit method, Acturial gains/losses in excess
corridor limit (10% of the higher of fair value of assets and present value of obligation) are recognised over the avera
remaining services life of the employees.

Contributions require assumptions to be made of future outcome which mainly includes increase in remunerati
expected return term on plan assets and the discount rate used to convert future cash flows to current valu
Calculations are sensitive to changes in the underlying assumptions.

- The Group operates defined benefit funded gratuity scheme for its management employees.
- The Group operates defined benefit non-funded gratuity scheme for its non-management employees.

As per actuarial valuation carried out as at June 30, 2009 the following significant assumptions were used
determining the gratuity liability.

Discount rate	12%
Expected rate of salary increase	11%
Expected rate of return on plan assets	10%
Average expected remaining life of employees	8 - 10 years

Actuarial gain and losses are recognized as per the recommendation in actuarial valuation report.

4.9.3 Employees's Compensated Absences

The Group accounts for these benefits in the period in which the absences are earned.

4.10 Provisions

Provision are recognized when the Group 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 can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.11 Foreign Currencies

Pakistan rupee (PKR) is the functional currency of the Group. Transaction in foreign currencies are recorded in PKR at the exchange rate approximating those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are reported in PKR at the exchange rate approximating those prevalent at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies, are translated using the exchange rates at the date when the fair value was determined. Foriegn exchange gains and losses resulting from the settlement of such transactions and translations are taken to income currently

4.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

Sales are recorded as revenue when the title of the goods is transferred to the customer which normally corresponds with the dispatch of goods to customers.

Income from investments/deposits is recognized on accrual basis.

Dividend income is recognized when the Group's right to receive the dividend is established.

4.13 Borrowing Cost

Borrowing costs are recognized as an expense in the period they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the asset.

4.14 Related Party Transactions

Transactions with related parties are carried out on commercial terms and conditions.

4.15 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 include cash in hand and with banks and other short term highly liquid investments with maturities of three months or less. The fair value of cash and cash equivalents approximate their carrying amount.

4.16 Financial Assets and Liabilities

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and de-recognition of the financial assets and financial liabilities is taken to the profit and loss account currently. Financial assets and liabilities, other than specifically mentioned in these policies, are carried at amortized cost. The fair value of these approximate their carrying value.

4.17 Off-setting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a leg enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset a settle the liability simultaneously and the same is required or permitted by IAS/IFRS or interpretations thereoff.

5 PROPERTY, PLANT AND EQUIPMENT	NOTE	2009 RUPEES	2008 RUPEES
Operating assets	5.1	89,675,247	99,582,23
Capital work in progress	5.6	12,411,637	8,273,67
		102,086,884	107,855,90
Book value as at June 30		99,582,230	543,766,55
Less: Transfer to non-current assets held for sale		-	(443,243,46
Adjustments [charge for the year & addition/(deletion)]		(9,906,983)	(940,85
Net operating assets		89,675,247	99,582,23

During the year 2008, the Company due to continuous losses of its Dawoodabad Unit, situated at Burewala, District Vehari suspended operation. Accordingly in accordance with IFRS-5, NON current assets held for sale and Discontinued Operation. the operations has be classified as discontinued operation. The assets relating to discontinued operations has been transferred to assets held for disposal a liabilities directly associated with the assets are classified as held for sale.

Based on the above, following units are now classified under discontinued operations:

- Landhi Unit
- Dilon Unit (Landhi - Synthetic)
- Dawoodbad Unit - Burewala

5.1 Operating Assets

Description	Owned Assets									Leased Assets	T
	Freehold land	Leasehold land	Building on freehold land	Building on lease hold land	Plant & machinery	Furniture & fixtures and office equipment	Electric Installations	Tools & equipment	Vehicles	Plant & machinery	
COST											
Balance as at 01 July 2007	3,156,616	1,080,702	70,557,506	54,414,166	789,190,817	28,583,874	35,663,201	2,893,499	24,164,078	118,877,791	1,128.
Additions	-	23,295,800			474,246	182,300	-			-	23.
Disposals	-	-	-		-	-	-	-	(2,331,190)	-	(2.
Transfer to held for sale	-	-			(504,871,010)	-	(35,663,201)	(2,893,499)		(118,877,791)	662.
Balance as at 30 June 2008	3,156,616	24,376,502	70,557,506	54,414,166	284,794,053	28,766,174	-	-	21,832,868		487,
Balance as at 01 July 2008	3,156,616	24,376,502	70,557,506	54,414,166	284,794,053	28,766,174		-	21,832,885		487.
Additions	-		-		-	265,665	-		1,307,500		1,
Disposals	-				-				(1,730,500)		(1.
Transfer to held for sale	-				-	-		-	-	-	
Balance as at 30 June 2009	3,156,616	24,376,502	70,557,506	54,414,166	284,794,053	29,031,839		-	21,409,888		487,
DEPRECIATION											
Balance as at 01 July 2007	-	463,390	57,785,209	33,899,958	400,113,484	15,096,441	30,319,226	2,117,154	14,486,848	30,533,990	584
Charge for the year		6,143	1,140,943	2,019,817	16,920,835	1,659,856	400,798	30,200	2,055,292		24,
On disposals		-	-			-	-	-	(1,671,874)		(2.
Transfer to held for sale		-	-		(155,660,668)	-	(30,720,024)	(2,147,354)		(30,533,990)	219,(
Balance as at 30 June 2008	-	469,533	58,926,152	35,919,775	261,373,651	16,756,297	-	-	14,870,267		388.
Balance as at 01 July 2008	-	469,533	58,926,152	35,919,775	261,373,651	16,756,297		-	14,870,267	-	388.
Charge for the year	-	3,150	1,037,097	1,817,836	4,757,846	1,400,890	-	-	1,307,616	-	10.
On disposals	-		-	-	-	-		-	634,787	-	:(
Transfer to held for sale	-				-	-	-	-	-	-	
Balance as at 30 June 2009	-	472,683	59,963,249	37,737,611	266,131,497	18,157,187			15,603,006		395.(
CARRYING AMOUNT - 2008	3,156,616	23,906,969	11,631,354	18,494,391	23,420,402	12,009,877	-	-	6,962,621		99.5
CARRYING AMOUNT - 2009	3,156,616	23,903,819	10,594,257	16,676,555	18,662,556	10,874,652			5,806,792	-	89.(
RATE OF DEPRECIATION (%)		1%	5-10%	10%	10-20%	10-15%	10%	10%	20-25%	10%	

5.2 Non-current Assets held for sale	2009 RUPEES	2008 RUPEES
Cost	-	662,305,50
Less: Accumulated depreciation	-	(219,062,03
	-	443,243,46

5.3 The Parent Company is in the process of transfering Land and other assets in its own name which is being currently held in the name of the merged entities. The Company is in the process of transferring land and other assets in the name of Dawood Lawrencepur Limited and is currently held in the name of the companies before the merger.

5.4 Depreciation/Amortization has been charged to:

	2009 RUPEES	2008 RUPEES
Cost of goods sold	5,502,136	22,120,006
Administrative and general expenses	4,603,483	1,421,418
Selling and distribution expenses	278,816	692,461
	10,384,435	24,233,885

5.5 DETAILS OF FIXED ASSETS SOLD DURING THE YEAR

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit	Mode of disposal	Sold to
Vehicle	610,500	207,968	402,532	402,532	-	As per policy	Dawood Corporation (Pvt) Ltd.
Vehicle	560,000	227,500	332,500	332,500	-	As per policy	Dawood Corporation (Pvt) Ltd.
Vehicle	560,000	199,319	360,681	360,681	-	As per policy	Dawood Foundation
2009	1,730,500	634,787	1,095,713	1,095,713	-		
2008	2,331,190	1,671,874	659,316	983,187	323,871		

5.6 CAPITAL WORK IN PROGRESS

	2009 RUPEES	2008 RUPEES
Survey and consulting charges	6,541,775	6,391,775
Soil investigations	147,000	147,000
Professional charges	1,841,967	1,734,899
Wind measuring equipment	3,880,895	-
	12,411,637	8,273,674

INTANGIBLE ASSETS

Goodwill	6.1	22,834,045	22,834,045
Computer software	6.2	1,331,572	1,987,421
Trademarks	6.3	-	-
		24,165,617	24,821,466

6.1 During the year 2008 the Company acquired 100% shareholding of Tenaga Generasi Limited (TGL). TGL was incorporated as an unlisted public company under the provisions of Companies Ordinance 1984. TGL is incorporated to set up a Wind Energy Farm. The Company has Generation License of 50 MW Wind Energy Farm.

TGL is in the initial stages of setting up of a Wind Energy Farm. TGL has been allocated land by Alternate Energy Development Board (AEDB). The acquired business has no operating income during the year except for expenditure incurred amounted to Rs. 2,317,805/-.

The business combination with TGL has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the fair value of equity instruments issued at the date of exchange plus cost directly attributable to acquisition. Identified assets acquired, liabilities (including contingent liabilities) assumed or incurred have been carried at the fair value at the acquisition date. The excess cost of acquisition over the fair value of identifiable net assets acquired has been recorded as goodwill in the financial statements of the Company.

Details of the fair value of the net assets acquired, purchase consideration as goodwill are as follows:-

	RUPEES IN THOUSAND
Purchase consideration	28,170
Amount paid on acquisition of 600,000 ordinary shares of Rs. 10 each	2,357
Direct cost relating to acquisition	30,527
Less: Fair value of net asset acquired	7,693
Goodwill	22,834

6.1.1 The preliminary fair values and carrying amount of assets and liabilities as at March 31, 2008 being the acquisition c are as follows:-

	Note	RUPEES IN THO
Fixed assets		27,920
Advance deposits & prepayments		1
Bank balance		7
Total assets		27,928
Less:		
Advance for issue of share capital		20,195
others		40
		20,235
6.1.2 The goodwill arising on acquisition represents future economic benefits expected to be derived from TGL Energy Project.		7,693

6.2 Computer software

	2009 RUPEES	2008 RUPEE
Cost		
Balance as at 01 July	2,380,145	-
Additions	-	2,380,1
Balance as at 30 June	2,380,145	2,380,1
Amortization		
Balance as at 01 July	392,724	-
Charge for the year	655,849	392,7
Balance as at 30 June	1,048,573	392,7
CARRYING AMOUNT	1,331,572	1,987,4
Rate of Amortization (%)	33.33	33.

6.3 Trademarks

Cost		
Balance as at 01 July	24,190	24,1
Additions	-	
Balance as at 30 June	24,190	24,1
Amortization		
Balance as at 01 July	24,190	17,2
Charge for the year	-	6,9
Balance as at 30 June	24,190	24,1
CARRYING AMOUNT	-	-

7 LONG TERM INVESTMENTS

	Note		
Investments in associated company	7.1	3,082,217,935	3,190,887,2
Other investments	7.2	270,465,759	376,494,8
		3,352,683,694	3,567,382,1

7.1 Associated Company - quoted

Dawood Hercules Chemicals Limited	65,294,230	65,294,2
17,711,795 (2008: 16,101,632) fully paid Ordinary shares of Rs. 10 each Percentage holding 16.19% (June 30, 2008: 16.19%)		
Market value Rs.2,276 million (2008: Rs.6,272 million)		
Share of post acquisition profits		
Opening balance	3,125,593,030	1,468,463,9
Add: Share of profit (net of tax)	479,706,000	1,873,604,5
Less: Share of taxation	(179,609,000)	(176,221,4
Less: Unrealized loss on remeasurement of available for sale investment securities in associates	(366,097,000)	-
	3,059,593,030	3,165,847,1
Less: Dividend received	(42,669,325)	(40,254,0
	3,082,217,935	3,190,887,2

7.1.1 Fair value of investment in associates is Rs. 2,276,010,775 (2008:6,271,585,684).

7.1.2 The financial year end of DHCL is 31 December. At the time of preparation of these accounts, financial results as of 31 March 2009 have been used for the purpose of application of equity method.

7.1.3 During the period, the associate had recognized an impairment loss of Rs. 3,073 million on its "Available for Sale investments" and the same has been accounted for by associate in the equity as permitted under SRO 150 (1)/2009 dated 13 February 2009. As required under IAS 28, adjustment is required to be made for the effect of significant transactions or events that occur between the date and the date of the investor's financial statements. Accordingly, the Company has recognized its share of fair value reserve amounting to Rs. 106.46 million as at June 30, 2009.

7.1.4 Summarised financial information of DHCL is as follows:

	2009	2008
	RUPEES IN THOUSANDS	
Total assets	26,195,810	28,600,422
Total liabilities	7,626,713	8,891,421
Revenue (9 months from 01 July till 31 March)	5,595,134	4,248,658
Profit after taxation (9 months from 01 July till 31 March)	3,035,133	10,337,557

7.1.5 The holding Company holds less then 20% of the voting power in DHCL, however due to representation of its Directors on the Board of Directors of DHCL and participation in policy making processes including participation in decisions about dividends or other distributions it has significant influence over DHCL.

7.2 Other Investments	2009 RUPEES	2008 RUPEES
Available for sale		
Listed Companies		
Related Parties		
Sui Northern Gas Pipelines Ltd.		
8,272,470 (2008 : 8,272,470) Ordinary shares of Rs.10/- each		
Equity held 1.52% (2008 : 1.52 %)		
Market value Rs. 264.31 million (2008 Rs. 364.07 million)	480,238,817	480,238,817
Others		
Sui Southern Gas Company Ltd.		
55,310 (2008 : 55,310) Ordinary shares of Rs.10/- each		
Market value Rs. 0.77 million (2008 Rs. 1.57 million)	698,313	698,313
National Investment Trust		
Units 200,000 (2008 : 200,000) of Rs. 10/- each		
Market value Rs. 5.37 million (2008 Rs. 10.84 million)	2,440,000	2,440,000
Other entities		
Karnaphuli Paper Mills Ltd.		
795,000 (2008 : 795,000) Ordinary shares of Rs.10/- each	3	3
Mianwali Central Co-operative Bank Ltd		
100 (2008 : 100) Ordinary shares of Rs.10/- each	1,000	1,000
Asian Co-operative Society Ltd.		
1500 (2008 : 1,500) Ordinary shares of Rs.10/- each	15,000	15,000
	483,393,133	483,393,133
Adjustment arising from measurement at fair value		
Impairment loss shown under equity	(103,017,408)	(106,898,240)
Impairment loss charged to Profit and Loss Account	(109,909,966)	-
	(212,927,374)	(106,898,240)
	270,465,759	376,494,893

7.3 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for s equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. S impairment loss should be transferred from equity to profit and loss acccount. The SECP vide its S.R.O.150(1)/2009 da 13 February 2009 has allowed all the Companies to show the impairment loss as at 31 December 2008 on their "available- sale investment" under "equity" in satement of changes in equity instead of charging it to the profit and loss account. The S further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purpose dividend distribution. Moreover, the amount of impairment loss taken to equity in the half yearly accounts shall be recorded, a adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for s investments and an impairment loss as at 31 December 2008 amounting to Rs. 312.19 million was shown in equity. At 30 J 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 227.27 million out of which 115.62 million has been taken to profit and loss account and the balance subject to price movements will be recognized in remainder of the calendar year.

Had the impairment loss been transferred to profit and loss account, the unrealized gain / (loss) on remeasurement of availa for sale securities would have been higher by Rs. 111.65 million with consequential effect on profit and loss account.

	2009 RUPEES	2008 RUPEES
Impairment loss recognised in Equity as at June 30, 2009		
- Available for sale investments shown in long term investments	(300,598,616)	-
- Others	(11,594,559)	-
	(312,193,175)	-
Price adjustment	84,921,823	-
	(227,271,352)	-
Impairment loss charged to Profit and Loss Account	115,616,363	-
Impairment loss recongized in Equity as at 30 June, 2009	111,654,989	-
Share of impairment loss of associate recognized in Equity in accordance with paragraph 25 of IAS–28		
Unrealized gain / (loss) on remeasurement of available for sale investment securities in associates	(366,097,000)	-
Impairment loss charged to Profit and Loss Account	(117,343,000)	-
Impairment loss recongized in Equity	(248,754,000)	-

8 LONG TERM DEPOSITS

	2009	2008
Security deposit against finance lease	-	11,313,283
Electricity and gas deposit	8,561,479	8,561,478
Others	1,293,766	1,062,666
	9,855,245	20,937,427

9 STORES AND SPARES

	2009	2008
Stores	24,341,847	47,254,971
Spares	29,517,083	41,227,895
	53,858,930	88,482,866
Provision for obsolesence	(3,469,744)	(3,469,744
Transferred to non- current assets held for disposal	-	(40,059,893
	(3,469,744)	(43,529,637
	50,389,186	44,953,229

	Note	2009 RUPEES	2008 RUPEES
STOCK IN TRADE			
Raw materials		8,421,828	45,110,668
Work in process		83,112,801	135,198,426
Finished goods		117,555,904	103,184,271
Trading goods		-	4,547,699
		209,090,533	288,041,064
Raw materials in transit		9,349,625	9,659,276
		218,440,158	297,700,340
Less:			
Transferred to discontinued operations		-	(89,166,553)
Provision for slow moving /obsolesence		(9,384,753)	(12,449,887)
		(9,384,753)	(101,616,440)
		209,055,405	196,083,900

	Note	2009 RUPEES	2008 RUPEES
TRADE DEBTORS - unsecured considered good			
Trade debtors		56,062,573	66,965,735
Less: Provision for doubtful debts	11.1	(20,049,076)	(20,049,076)
		36,013,497	46,916,659

11.1 PROVISION FOR DOUBTFUL DEBTS - MOVEMENT

Opening balance	20,049,076	12,874,700
Add : Provided during the year	-	7,174,376
	20,049,076	20,049,076

11.2 The amount due and maximum aggregate amount from related parties at the end of any month during the year are as follows:-

	Amount Outstanding RUPEES	Maximum month end balance RUPEES
2009		
Sach International (Pvt) Limited	2,583,290	21,777,553
2008		
Sach International (Pvt) Limited	-	11,041,978

	Note	2009 RUPEES	2008 RUPEES
2 LOANS AND ADVANCES			
Unsecured- Considered good			
Loans and advances due from employees		400,728	316,504
Advances to suppliers and others		449,686	248,929
		850,414	565,433
3 DEPOSITS, PREPAYMENTS AND OTHERS			
Security deposits		1,324,676	2,615,350
Prepayments		448,075	572,468
Letters of credit		1,555,063	26,073
Income tax		69,847,199	69,470,538
Sales tax		11,020,923	12,387,432
Others	13.1	4,875,859	839,996
		89,071,795	85,911,857

13.1 The amount due and maximum aggregate amount due from related parties at the end of any month during the year are as follov

	Note	Amount Outstanding RUPEES	Maximum month end balance RUPEES
2009			
Dawood Corporation (Pvt) Limited		671,108	675,12
SACH International (Pvt) Limited		4,126,143	4,126,14
2008			
SACH International (Pvt) Limited		-	11,041,97

	Note	2009 RUPEES	2008 RUPEES
14 SHORT TERM INVESTMENTS - Available for sale			
Southern Electric Co. Ltd			
801,900 (2008 : 801,900) Ordinary shares of Rs.10/- each		13,912,050	13,912,05
Impairment loss shown under equity		(5,631,554)	(9,581,79
Impairment loss charged to Profit and Loss Account		(5,706,397)	-
		(11,337,951)	(9,581,79
		2,574,099	4,330,26
15 CASH AND BANK BALANCES			
In hand		642,323	674,49
At bank			
- in current accounts		63,503,800	31,993,01
- in deposit accounts	15.1	15,096,050	29,375,34
		78,599,850	61,368,36
		79,242,173	62,042,85

15.1 These represent deposits with commercial banks and carry profit at the rate of 3% (2008: 3.5% to 5.5%) per annum.

16 DISCONTINUED OPERATIONS

	Note	2009 RUPEES	2008 RUPEES
16.1 Sales - net		29,847,488	321,543,89
Cost of goods sold	16.5	(28,851,319)	(562,462,12
Gross profit / (loss)		996,169	(240,918,234
Operating expenses			
Administrative and general		(91,737,768)	(39,752,876
Selling and distribution		(369,778)	(11,416,122
Operating (loss)		(91,111,377)	(292,087,232
Finance cost		(1,216,974)	(8,738,427
Loss before tax		(92,328,351)	(300,825,659

16.2 Assets of disposal group classified as held for sale

	Note	2009 RUPEES	2008 RUPEES
Property, plant and equipment	16.3	648,330,213	648,330,213
Stock-in-trade		59,589,307	89,166,553
Stores and spares		40,307,124	40,059,893
		748,226,644	777,556,659
Less: Provision for slow moving / obsolesence on stock in trade		(18,467,068)	(19,192,991
		729,759,576	758,363,668

16.3 Property, Plant and Equipment

Description	Owned Assets				Leased Assets	Total
	Plant & machinery	Furniture & fixtures and office equipment	Electric installations	Tools & equipment	Plant & machinery	
COST						
Balance as at 01 July 2007	672,702,439	1,169,029	1,049,267		-	674,920,735
Transfer from operating assets	504,871,010	-	35,663,201	2,893,499	118,877,791	662,305,501
Balance as at 30 June 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,236
Balance as at 01 July 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,236
Transfer from operating assets		-	-		-	
Transfer from leased to owned	118,877,791		-	-	(118,877,791)	
Balance as at 30 June 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
DEPRECIATION						
Balance as at 01 July 2007	467,806,126	1,062,966	964,895	-	-	469,833,987
Transfer from operating assets	155,660,668		30,720,024	2,147,354	30,533,990	219,062,036
Balance as at 30 June 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,023
Balance as at 01 July 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,023
Transfer from operating assets			-	-		
Transfer from leased to owned	30,533,990	-	-		(30,533,990)	
Balance as at 30 June 2009	654,000,784	1,062,966	31,684,919	2,147,354		688,896,023
CARRYING AMOUNT 2008	554,106,655	106,063	5,027,549	746,145	88,343,801	648,330,213
CARRYING AMOUNT - 2009	642,450,456	106,063	5,027,549	746,145		648,330,213
RATE OF DEPRECIATION (%)	10-20%	10-15%	10%	10%	10%	

16.4 The Company made arrangement for the disposal of plant and machinery held for disposal after seeking share holders approval at Extra Ordinary Meeting held on 28 April 2008 and in compliance with the directives of Securities and Exchange Commission of Pakistan (SECP). However, on an Application filed in the High Court of Sindh, the High Court had restrained the company from disposal of Plant and Machinery. Subsequently on 19 November 2008, the High Court had vacated the stay by dismissing the Application.

SECP had advised the Company to arrange fresh General Meeting to seek authorization, of the Shareholders for the disposal of Plant and Machinery after providing the information about the above application.

In view of the above, the Company is in the process of holding General Meeting to seek approval from the Shareholders for the disposal of Plant and Machinery "held for disposal".

16.5 Cost of Good Sold

	Note	2009 RUPEES	2008 RUPEES
Raw Material			
Opening inventory		28,921,869	71,146,092
Purchases		-	40,427,208
Less: Closing inventory		(70,550)	(28,921,869)
Raw materials consumed		28,851,319	82,651,431
Other Cost			
Salaries, wages and allowances	16.6	-	181,577,896
Stores and spares consumed		-	2,069,114
Electricity, gas and water consumed		-	31,083,345
Yarn conversion cost		-	107,706
Depreciation		-	15,249,405
Insurance		-	4,785,570
Repairs and maintenance		-	499,314
Rent, rates and taxes		-	1,967,319
Workers' welfare		-	1,576,589
Other expenses		-	-
		-	238,916,258
		28,851,319	321,567,689
Add: Opening work in process		-	17,693,299
Less: Closing work in process		-	-
Cost of production		28,851,319	339,260,988
Add: Opening inventory of finished goods		41,051,554	264,252,692
Less: Closing inventory of finished goods		(41,051,554)	(41,051,554)
Cost of good sold		28,851,319	562,462,126

16.6 Salaries & wages includes Rs. Nil (2008: Rs.81.41 million) paid as exgratia to employees opted for voluntarily separation sche announced by the Company in 2008.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009	2008		Note	2009	2008
Number				RUPEES	RUPEE:
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid		22,040,020	22,040,
12,805,118	12,805,118	Ordinary shares of Rs.10/- each issued for consideration other than cash		128,051,180	128,051,
36,345,540	31,676,935	Ordinary shares of Rs.10/- each fully paid as bonus shares		363,455,400	316,769,
51,354,660	46,686,055		17.1	513,546,600	466,860,

17.1 Movement in share capital during the year

46,686,055 (2008: 38,583,516) Ordinary shares of Rs.10/- each fully paid up	466,860,550	385,835,
Issued 4,668,605 (2008: 8,102,539) Ordinary shares of Rs.10/- each as fully paid bonus shares	46,686,050	81,025,:
Closing Balance	513,546,600	466,860,!

18 DEFERRED LIABILITIES

	Note		
Gratuity	18.1	41,620,870	37,740,(
Deferred taxation	18.2	-	-
		41,620,870	37,740,(

18.1 Movement in the liability recognized in the balance sheet are as follows:

Opening balance	37,740,094	82,735,!
Net charge for the year	5,948,691	39,312,!
	43,688,785	122,048,1
Less: Payments made during the year	(2,067,915)	(84,308,C
	41,620,870	37,740,C
The amount recognized in the profit and loss account is as follows:		
Current service cost	4,017,324	39,312,5
Interest cost	2,961,607	-
Return on plan assets	(216,302)	-
Actuarial (Gains) / Losses charge	(813,938)	-
Charged to profit and loss account	5,948,691	39,312,5
Reconciliation		
Present value of obligation	47,106,950	29,616,0
Fair value of plan assets	(2,163,019)	(2,163,0
Actuarial Gains / Losses to be recognised in later periods.	(3,323,061)	10,287,C
	41,620,870	37,740,0

18.1.1 Historical information

	2009	2008	2007	2006	2005
			Rupees		
Present value of defined benefit obligation	47,106,950	29,616,068	76,631,471	100,197,275	98,433,031
Fair value of plan assets	(2,163,019)	(2,163,019)	(2,161,999)	(2,221,248)	(2,056,711)
Surplus /(Deficit)in the plan	44,943,931	27,453,049	74,469,472	97,976,027	96,376,320
Unrecognised acturial gain / (loss)	(3,323,061)	10,287,045	8,266,063	9,784,099	9,507,663
(Asset) / liability in balance sheet	41,620,870	37,740,094	82,735,535	107,760,126	105,883,983
Experience adjustment arising on plan liabilities (gains) / losses	12,579,867	4,054,017	11,281,037	-	-
Experience adjustment arising on plan asssets gains / (losses)	(216,302)	(216,200)	(236,949)	-	

18.2 Deferred Taxation

No deffered tax liability is provided in the accounts taking into consideration the potential tax savings related to the tax losses carried forward.

TRADE AND OTHER PAYABLES	Note	2009 RUPEES	2008 RUPEES
Creditors	19.1	27,688,595	48,103,262
Accrued expenses		24,521,991	38,114,952
Gratuity payable to retrenched staff		9,687,512	-
Advance from customers and others		17,208,925	930,011
Unclaimed dividend		20,732,552	20,743,247
Due to Islamic Development Bank	19.2	25,960,000	25,960,000
Deposits	19.3	1,154,517	486,316
Withholding tax		175,803	48,723
Others		6,699,792	5,848,377
		133,829,687	140,234,888

19.1 These includes amount due to following related parties

Central Insurance Company Limited	14,481	-
Dawood Hercules Chemicals Limited	836,934	-

19.2 This represents preference share capital of one of the merged entity issued to Islamic Development Bank with right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation was approved and as such the same has been classified as liability and redemption reserve has been created.

19.3 All deposits are re-payable on demand and no interest is payable thereon.

LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	2009 RUPEES	2008 RUPEES
Opening balance	23,667,949	46,134,165
Less : Repayments during the year	23,667,949	22,466,216
	-	23,667,949
Less: Current maturity	-	23,667,949
	-	-

20.1 The minimum lease payments have been discounted @ 7% to 16.25% (2008 : 7% to 16.25 %) per annum to arrive at the present value of minimum lease payments. These liabilities were secured against relevant assets and security deposits of Rs.11.31 million (2008: Rs. 11.31 million).

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The Taxation Officer while making assessments for the tax years 2003 to 2005 (pre merger period), had made additions account allocation of expenses between the normal and presumptive income and disallowing expenses against the operat income of the Company of Rs. 136.104 million, made errors in allowing expenses relating to gratuity, lease rentals, emplo perquisites, utilities of Rs. 6.974 million etc. The Company preferred appeals before CIT (Appeals) and Income Tax Appell Tribunal. The Company has also requested for the rectification of different mistakes in assessment orders for the tax years 2C and 2005. The tax impact of the same comes to Rs. 16.270 millions. Since the outcome of the above appeals and tax thereon pending and in view of the fact that management is confident that the appeals will be decided in Company's favor, no provisic has been made in these financial statements relating to above appeals.

The Company provided a bank guarantee in favour of TGL (the subsidiary company) to Alternate Energy Development Bo (AEDB) for US$ 25,000. The bank guarantee is valid for the period of 24 months and shall expire on 20th February 2010.

The Company is contingently liable against the guarantees and the counter guarantees amounting to Rs 64.16 million (2008: 36.73 million). These are secured against margins and investment in NIT units.

21.2 Commitments

The Company has letter of credit commitments for purchases amounting to Rs 28.04 million (2008: Rs. 13.20 million).

The Company has commitment to supply fabric to Pakistan Air Force amounting to Rs 80.29 million (2008: Nil).

	Note	2009 RUPEES	2008 RUPEES
22 SALES - NET			
Manufacturing		381,514,945	684,810,456
Trading goods		2,094,889	9,734,104
Sales tax		-	6,806
Brokerage, commission and discount		3,390,321	4,699,853
		(3,390,321)	(4,706,659)
		380,219,513	689,837,901
Transferred to discontinued operations			
Sales - Manufacturing		30,053,985	323,880,850
Sales tax		-	-
Brokerage, commission and discount		(206,497)	(2,336,958)
		29,847,488	321,543,892
		350,372,025	368,294,009

COST OF GOODS SOLD	Note	2009 RUPEES	2008 RUPEES
RAW MATERIALS:			
Opening inventory		42,592,174	94,205,330
Purchases		135,054,809	177,695,952
		177,646,983	271,901,282
Less: Closing inventory		(14,651,129)	(42,592,174)
Raw materials consumed		162,995,854	229,309,108
OTHER COSTS:			
Salaries, wages and allowances	23.1	74,145,128	245,075,261
Stores and spares consumed		29,146,636	36,217,411
Electricity, gas and water consumed		49,315,680	70,788,273
Yarn conversion cost		-	107,706
Depreciation		5,502,136	22,120,006
Insurance		1,071,725	5,796,570
Repairs and maintenance		324,334	1,336,345
Rent, rates and taxes		-	1,967,319
Workers' welfare		-	1,576,589
Other expenses		3,657,789	3,900,922
		326,159,282	618,195,510
Add: Opening work in process		130,884,946	105,117,156
Less: Closing work in process		(81,864,454)	(130,884,946)
COST OF PRODUCTION		375,179,774	592,427,720
Add: Opening inventory of finished goods		78,373,228	334,501,259
Less: Closing inventory of finished goods		(152,989,547)	(78,373,228)
		(74,616,319)	256,128,031
Cost of sales - Trading goods	23.2	2,147,527	8,279,791
		302,710,982	856,835,542
Transferred to discontinued operations		(28,851,319)	(562,462,126)
		273,859,663	294,373,416

23.1 This includes staff retirement benefits of Rs.4,981,191/- (2008:Rs.,38,032,189/-)

23.2 Cost of sales - Trading goods

	2009	2008
Opening inventory	4,547,699	3,580,733
Purchases	1,747,772	9,246,757
Less: Purchase return	(4,147,944)	-
	2,147,527	12,827,490
Less: Closing inventory	-	4,547,699
	2,147,527	8,279,791

		Notes	2009 Rupees	200 Rupe
24	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries and allowances	24.1	70,412,201	33,800
	Printing and stationery		2,322,340	2,358
	Rent, rates and taxes		7,959,447	7,647
	Electricity and gas		12,220,571	2,109
	Conveyance and travelling		2,864,760	3,229
	Postage, fax and telephone		2,201,896	1,985
	Insurance		3,689,565	171
	Repairs and maintenance		950,787	379
	Legal and professional charges		7,905,434	7,021
	Auditor's remuneration	24.2	550,000	400
	Fees and subscription		2,680,187	1,463
	Advertisement		98,840	134
	Entertainment		208,681	503
	Depreciation		4,603,483	1,421
	Amortization		655,849	399
	Zakat		-	50
	Miscellaneous expenses		780,766	551
			120,104,807	63,626
	Transferred to discontinued operations		(91,737,768)	(39,752
			28,367,039	23,874

24.1 This includes staff retirement benefits of Rs. 14,500,289/- (2008:Rs.1,139,816/-)

24.2 This includes:

Audit fee of holding company	300,000	300
Audit fee of subsidiary	40,000	
Review and other certification fee	126,000	60,
Audit of consolidated financial statements	40,000	40,
Out of pocket expenses	44,000	
	550,000	400,

		Notes	2009 Rupees	200 Rupe
25	SELLING AND DISTRIBUTION EXPENSES			
	Storage and forwarding charges		965,331	530,
	Salaries and allowances	25.1	5,828,536	6,887
	Printing and stationary		1,089,025	822
	Rent, rates and taxes		4,258,493	7,111
	Electricity and gas		166,642	451,
	Conveyance and travelling		112,364	463
	Postage, fax and telephone		220,121	710,
	Freight and Insurance		732,294	722,
	Repairs and maintenance		377,301	838,
	Provision for doubtful debts		-	7,174,
	Depreciation		278,816	692,
	Entertainment		45,421	47,
	Terminal tax and transportation charges		-	968,
	Advertisement charges		915,027	3,263,
	Packing charges		359,836	539,
	Miscellaneous expenses		123,344	1,116,
			15,472,551	32,339,
	Transferred to discontinued operations		(369,778)	(11,416,
			15,102,773	20,923,

25.1 This includes staff retirement benefits of Rs. 245,211/- (2008:Rs.140,568/-)

		2009 RUPEES	2008 RUPEES
5	FINANCE COST		
	Markup on bank finances	844,908	1,207,250
	Lease finances charges	1,082,209	4,112,112
	Bank charges	912,914	803,017
	Discounting charges	-	2,949,124
		2,840,031	9,071,503
	Transferred to discontinued operations	(1,216,974)	(8,738,427)
		1,623,057	333,076
'	OTHER INCOME		
	Income from financial assets		
	Dividend Income		
	Sui Northern Gas Pipelines Ltd	28,953,645	24,817,410
	Sui Southern Gas Co. Ltd	-	27,655
	NIT Units	1,300,000	1,240,000
		30,253,645	26,085,065
	Profit on deposits	1,832,930	3,085,723
		32,086,575	29,170,788
	Income from non financial assets		
	Profit on sale of fixed assets	-	323,771
	Interest on security deposits	459,294	-
	Sundry sales and receipts	458,595	6,135,132
	Other income	305,421	-
	Liabilities written back	3,242,524	9,042,177
		36,552,409	44,671,868
8	RECONCILIATION OF TAX CHARGE FOR THE YEAR		
	Tax on accounting profit	35.00%	35.00%
	Tax effect of expenses that are not deductible in determining taxable income	-3.80%	-4.61%
	Tax effect of payments allowed as expenses in determining taxable income	21.82%	46.27%
	Tax effect of applicability of lower rate of tax	7.68%	-12.41%
	Tax effect of minimum tax liability	-70.38%	-69.64%
		-9.68%	-5.39%
9	EARNINGS PER SHARE-BASIC AND DILUTED		
	29.1 Continuing operations		
	Profit after tax	130,176,469	1,764,787,609
	Weighted average number of ordinary shares in issue during the year	51,354,660	51,354,660
	Basic earnings per share	2.53	34.36
	29.2 Discontinued operations		
	Loss after tax	(92,328,351)	(300,825,659)
	Weighted average number of ordinary shares in issue during the year	51,354,660	51,354,660
	Basic loss per share	(1.80)	(5.86)

29.3 Basic earnings per share previously reported at Rs. 37.80 for continued operation and Rs. (6.44) for discontinued operation in t financial statements for the year ended June 30, 2008 has been restated to Rs. 34.36 and Rs. (5.86) respectively for 46,686.0 bonus shares issued during the year ended June 30, 2009.

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

30 EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives were as under

	2009			2008		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
Remuneration	2,400,000	3,569,112	5,969,112	1,952,400	5,849,977	7,802,377
House rent allowance	1,200,000	1,133,400	2,333,400	780,960	2,041,920	2,822,880
Utilities	600,000	210,240	810,240	195,240	446,190	641,430
Retirement benefit	199,920	42,787	242,707	162,635	161,637	324,272
Other allowances	186,255	447,734	633,989	115,600	1,969,676	2,085,276
	4,586,175	5,403,273	9,989,448	3,206,835	10,469,400	13,676,235
No. of persons	1	4	5	1	12	13

30.1 Executive means any employee whose basic salary exceeds Rs. 500,000 (2008: Rs. 500,000) per year.

30.2 Chief Executive and some senior executives are provided with free use of cars owned and maintained by the Company/employe and some other benefits in accordance with the company policy.

30.3 The aggregate amount charged in these financial statements in respect of fee to 7 Directors (2009: 7) was Rs.Nil (2008: Nil)

31 RELATED PARTIES TRANSACTIONS

Related parties comprises of subsidiary company, associated company, major shareholders, directors, companies with comm directorship and key management personnel. Transactions of the Group with related parties are as follows:

	2009 RUPEES	2008 RUPEES
Associated Company		
Sales of cloth	27,526,563	29,346,317
Purchase of cloth	1,920,072	11,723,627
Insurance premium paid	6,223,555	8,423,348
Equity investment in TGL	10,868,903	50,936,323
Other related parties		
Dividend received	28,953,645	24,817,440
Utility charges paid	19,372,750	15,233,761
Rental charges paid	6,753,816	4,325,007
Storage charges paid	93,728	37,515

31.1 Transactions with related parties are carried out on commercial terms and conditions.

32 INSTALLED CAPACITY AND PRODUCTION

		2009		2008	
		Capacity	Actual	Capacity	Actual
		(in thousands)		(in thousands)	
Polyester yarn	Kgs.	1,400	-	1,400	-
Yarn	Kgs.	25,519	229	25,519	885
Cloth	Mtrs.	5,060	796	5,060	805

Reason for underutilisation

Closure of production facilities at the following locations:

- Landhi Unit
- Dilon Unit (Landhi-Synthetic)
- Dawoodabad Unit - Burewala

FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1 CREDIT RISK

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a custome or conterparty to a financial instrument fails to meet its contractual obligations. and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2009 RUPEES	2008 RUPEES
Trade debtors	**36,013,497**	46,916,659
Loans and advances	**400,728**	316,504
Deposits and other receivables	**7,755,598**	3,481,419
Cash and bank balances	**79,242,173**	62,042,852

33.1.1 The maximum exposure to credit risk for trade debts amounting to Rs. 36.01 million (2008: Rs.46.92 million), at the balance sheet date by geographic region is as follows:

Domestic	**36,013,497**	46,916,659
Export	-	-
	36,013,497	46,916,659

33.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Whole seller / distributor	**31,802,041**	42,121,145
End-user customers	**4,211,456**	4,795,514
	36,013,497	46,916,659

33.1.3 The Group's most significant customers, are a distributor for Rs. 2,593,280 (2008: Rs. 6,297,055) and end-user for Rs. 3,855,625 (2008: Rs. 3,793,746) of the total carrying amount as at 30 June 2009.

33.1.4 Impairment losses

The aging of trade debtors at the balance sheet date was:

	2009 RUPEES		2008 RUPEES	
	Gross	Impairment	Gross	Impairment
Not past due	13,854,984	-	24,959,489	-
Past due 1 - 50 days	9,826,349	-	10,719,601	-
Past due 51 days - 1 year	6,400,459	-	3,554,864	-
More than one year	5,931,705	-	7,682,705	-
Total	36,013,497	-	46,916,659	-

33.1.5 Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that trade debtors past due upto one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

33.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, und both normal and stressed conditons, without incurring unacceptable losses or risking damage to the Group's reputation. T following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of nett agreements:

	2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	Mo five
Lease liabilities	-	-	-	-	-	
Trade and other payable	133,829,687	(133,829,687)	(133,829,687)	-	-	
	133,829,687	(133,334,505)	(133,334,505)	-	-	

	2008					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	Mor five
Lease liabilities	23,667,949	(24,669,433)	(24,669,433)	-	-	
Trade and other payable	140,234,888	(140,234,888)	(140,234,888)	-	-	
	163,902,837	(164,904,321)	(164,904,321)	-	-	

33.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis markup rates effective as at 30 June. The rates of mark-up have been disclosed in note 20.1 of these financi statements.

33.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or th market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activitie supply and damand of securities, and liquidity in the market. The Group is not exposed to any market risk.

33.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

33.5 CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it ca continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount dividend paid to the shareholders or issue bonus / new shares.

34 AUTHORISATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorised for issue on September 16, 2009 by the Board of Directors.

35 GENERAL

Figures have been rounded off to the nearest rupee.

SHAHZADA DAWOOD
Chairman

INAM UR RAH
Chief Execut

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009

NUMBER OF SHAREHOLDERS	TYPE OF SHAREHOLDINGS			TOTAL SHARES HELD
2,981	1	TO	100	119,934
1,915	101	TO	500	472,061
648	501	TO	1,000	475,243
789	1,001	TO	5,000	1,744,920
121	5,001	TO	10,000	841,161
37	10,001	TO	15,000	439,939
12	15,001	TO	20,000	208,980
13	20,001	TO	25,000	289,138
5	25,001	TO	30,000	138,828
4	30,001	TO	35,000	130,894
4	35,001	TO	40,000	150,774
6	40,001	TO	45,000	260,524
3	45,001	TO	50,000	147,538
1	50,001	TO	55,000	51,000
1	65,001	TO	70,000	68,684
1	80,001	TO	85,000	80,100
1	85,001	TO	90,000	87,932
1	90,001	TO	95,000	92,400
1	105,001	TO	110,000	105,749
1	175,001	TO	180,000	177,390
1	230,001	TO	235,000	234,768
1	235,001	TO	240,000	238,017
1	485,001	TO	490,000	486,418
1	565,001	TO	570,000	567,117
1	595,001	TO	600,000	596,277
1	600,001	TO	605,000	603,359
1	610,001	TO	615,000	610,399
1	625,001	TO	630,000	625,920
1	630,001	TO	635,000	630,285
1	940,001	TO	945,000	940,311
2	1,020,001	TO	1,025,000	2,046,516
1	1,145,001	TO	1,150,000	1,150,000
1	1,690,001	TO	1,695,000	1,690,454
1	2,590,001	TO	2,595,000	2,590,717
1	2,850,001	TO	2,855,000	2,853,778
1	4,210,001	TO	4,215,000	4,211,484
1	25,195,001	TO	25,200,000	25,195,651
6563			Total	51,354,660

Categories of Shareholders as at 30th June, 2009	Number of Shareholders	Total Shares Held	Percentage
Individuals	5,992	16,316,860	31.77
Investment Companies	7	12,451	0.02
Insurance Companies	6	3,354,425	6.53
Joint Stock Companies	58	27,894,196	54.32
Financial Institutions	20	717,998	1.40
Others			
Trusts	11	2,817,507	5.49
Charitable Organisation	1	31,623	0.06
Co-Operative Societies	465	88,266	0.17
Administrator, Abandoned Properties Orgnisation	1	119,921	0.24
Administrator General of Sindh	1	1,389	0.00
Kukab Agencies (Pakistan)	1	24	0.00
Total	6,563	51,354,660	100.00

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2009

Disclosure Required under Code of Corporate Governance

			Shares held
1)	Directors, and CEO		
	Shahzada Dawood	Chairman	603,359
	Shafiq Ahmed	Chief Executive	1,210
	Isar Ahmad	Director	1,331
	Aleem A.Dani	Director	1,464
	S.M.Asghar	Director	1,100
	Haroon Mehanti	Director	13,318
	Shahid Hamid Pracha	Director	1,100
2)	Associated Companies / Undertakings		
	Central Insurance Co. Ltd.		2,853,778
	Dawood Corporation (Pvt) Ltd.		25,195,651
	Sach International (Pvt) Ltd.		3,284
	Dawood Industries (Pvt) Ltd.		105,749
	Patek (Pvt) Ltd.		567,117
	Pebbles (Pvt) Ltd.		596,277
3)	N I T and I C P		
	National Bank of Pakistan Trustee Deptt.		516,528
	Investment Corporation of Pakistan		1,390
4)	Banks, DFI, NBFI, Insurance Companies, Modaraba and Mutual Funds		700,727
5)	Investment Companies		12,451
6)	Joint Stock Companies		1,426,118
7)	Others (Detail below)		
	Others Trusts		2,817,507
	Charitable Organisation		31,623
	Co-operative Societies		88,266
	Administrator General of Sindh		1,389
	Kaukab Agencies (Pakistan)		24
	Administrator, Abandoned Properties Organisations		119,921
8)	Shareholders holding ten percent or more shares		
	Dawood Corporation (Pvt) Ltd.		25,195,651

Dawood Lawrencepur Limited

Proxy Form

I/We ____

of ____________ being a member of Dawood Lawrencepur Limited and holder of ____________

Ordinary Shares, as per:

Share Register Folio No. ____________________ and/or

CDC Participant ID No. ____________________ Sub A/c No. ____________

hereby appoint Mr./Ms. ______________________________________ of

____________, another member of the Company* (or failing him Mr./Ms. ____________

of ____________, another member of the Company*) as my/our proxy to attend, speak and vote for me/us and on my/our behalf, at the Fifty-ninth Annual General Meeting of the Company to be held on Saturday, 31 October 2009 at the Company's Registered Office at 35-A, Shahrah-e-Abdul Hameed Bin Baadees (Empress Road), Lahore, and at any adjournment thereof.

Signed this ______ day of ____________ 2009

WITNESSES:

1. Signature: ____________
   Name: ____________
   Address: ____________
   CNIC No. or Passport No. ____________

2. Signature: ____________
   Name: ____________
   Address: ____________
   CNIC No. or Passport No. ____________

Signature on Revenue Stamps of Rupees Five

Signature should agree with the specimen signature with the Company.

* Proxy representing a corporation may or may not himself be a member of the Company.

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight hours before the meeting.

2. CDC shareholders and their proxies are each requested to attach an attested photocopy of their new/ computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

AFFIX
CORRECT
POSTAGE

The Secretary
Dawood Lawrencepur Limited
35-A, Shahrah-e-Abdul Hameed Bin Baadees
(Empress Road), Lahore