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# **Annual Report 2009**



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**Mandviwalla MAUSER Plastic Industries Limited**

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## **Mandviwalla MAUSER Plastic Industries Limited**

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## COMPANY INFORMATION

### Board of Directors

Mr. Ali H. Mandviwalla	Chairman / Chief Executive
Mrs. Shireen H. Mandviwalla	Director
Mr. Nadeem H. Mandviwalla	Director
Mr. Azeem H. Mandviwalla	Director
Mr. Kalbe Abbas Dharmasey	Director
Mr. Masih ul Hassan	Director
Mr. Rahmat Karim Fazli	Director
Mr. Mohammad Anwar	Director (Nominee, SAPICO)

### Board of Audit Committee

Mr. Ali H. Mandviwalla	Chairman
Mr. Kalbe Abbas Dharamsey	Member
Mr. Nadeem H. Mandviwalla	Member

### Company Secretary

Ms. Hina Ambreen

### Bankers

Saud Pak Industrial & Agricultural Investment Company (Pvt.) Limited  
Standard Chartered Bank Pakistan Limited  
Industrial Development Bank of Pakistan (IDBP)  
MCB Bank Limited  
Bank Al-Falah Limited  
HBL

### Auditors

Jalis Ahmad & Co.  
Chartered Accountants

### Tax Consultants

Haider Naqi & Company (Advocates)

### Legal Advisor

Tasawur Ali Hashmi (Advocate)

### Registered Office

Mandviwalla Building, Old Queens Road,  
Karachi - 74000.  
Tel: 32441116-9 Fax: 32441276  
Website: [www.mandviwallamauser.com](http://www.mandviwallamauser.com)  
E-mail: [mmpil@cyber.net.pk](mailto:mmpil@cyber.net.pk)

### Shares Registrar

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi.

### Factory

C-5, Uthal Industrial Estate,  
Uthal, District Lasbella, Baluchistan.  
Tel: 0853-610333, 0853-203218, Fax: 0853-610393

**Notice of Annual General Meeting**

Notice is hereby given that the 21st Annual General Meeting of **Mandviwalla MAUSER Plastic Industries Limited** will be held on Friday, October 29, 2009 at 12:00 noon, at Mandviwalla Building, Old Queens Road, Karachi to transact the following business:

1. To confirm the minutes of the 20<sup>th</sup> Annual General Meeting held on October 24, 2008.
2. To receive, consider and adopt the Annual Audited of the Company together with Directors' Reports and Auditors' Reports thereon for the year ended June 30, 2009.
3. To appoint Auditors for the year ending June 30, 2010 and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By order of the Board Directors

*Dated: October 08, 2009*  
Karachi

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HINA AMBREEN  
*Company Secretary*

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**Notes:**

1. The share transfer books of the Company will remain closed from October 24, 2009 to October 30, 2009 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend and vote on his / her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed not later than 48 hours before the meeting.
3. Members are requested to notify our Registrar THK Associates (Pvt) Ltd, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi, if there is any change in their addresses immediately.
4. CDC Account Holders will further have to strictly follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

### Chairman/Directors' Report

The Directors of the company are presenting the 21st Annual Report and Audited Financial Statements of the company for the year ended June 30, 2009.

#### Financial Results

Financial results are summarized as under.

	<u>2009</u> Rupees	<u>2008</u> Rupees
Sales	233,300,261	249,258,221
Gross Profit	20,634,781	22,205,130
Net profit/(loss) after taxation	(22,740,575)	(25,881,718)
Accumulated losses	(339,890,712)	(317,150,137)
Earning per share	(3.09)	(3.52)

#### Production

The production on the basis of mixed products has decrease by 26% and was 1306 tons compared to 1709 tons during 2008-09.

#### Sales

The net sales revenue has decreased by 6.40 % to Rs. 233.300 millions as compared to previous year Rs. 249.258 million. Sales decline due a combination of factors like-cost-push-inflation and overall economic recession, however as compared to the reductions in the overall business environment has been witnessed at a reasonable level.

#### After Tax Profit/Loss and Accumulated losses

The loss after tax is witnessed at Rs. 22.740 million during the year as compared to Rs. 25.881 million (2008). The factors for increase in loss is mainly due to unprecedented 80 to 90% increase in raw material prices in international market resulting in reduced capabilities of the company for raw material procurement, which resulted in expansive costs of production. Production costs increased as the volume decreased substantially due to the overall recession faced during the period.

#### Default in payments of debts

The company has an aggregate over due liability of Rs. 3.217 million towards its long term debts consisting of SaudiPak Agricultural & Investment Company (Pvt) Limited

and Habib Bank Limited the company has fulfilled its commitment by virtue of pay off Rs.33 million to HBL towards liability. The liability of Industrial Development Bank of Pakistan has been restricted to Rs. 49.33 million by virtue of order/degree of high Court Sindh which resulted in substantial reduction of liability. The company has also plans to further reduce this liability.

#### Auditors' report to the members

Our auditor, M/s Jalis Ahmed & Co. Chartered Accountant has highlighted certain matters in their reports to the members on the financial statements for the year under review. The respective explanations are as follows.

1. Provision for impairment loss of engineering stores in bond of Rs. 19.705 million have not been made as these are still lying in the bonded ware house therefore, the amount of loss cannot be ascertained with certainty. Further explanation is given in note Note 5.1 to the financial statements.
2. The Auditors qualified that the trade debtors shown on the balance sheet as of June 30, 2009 is an amount Rs. 33.286 million in respect of various parties, which remains unverified and has not been provided for. Basically these parties are unregistered and our seasonal clients, last year their balance was Rs. 39.136 million. Management is fully confident for the recovery of the amount. Therefore no provision is made in the accounts for the year ended June 30, 2009.
3. The company has not recorded any additional liability under section 205 of the income tax ordinance 2001, on deposition of third party tax as mentioned in note No. 19.1.3 into federal treasury within stipulated period. The company expects to satisfy the auditors to the full regarding the same as all obligation have been discharged according to law and proof of which will be provided subsequently to the auditors.
4. The auditors have given qualification on the going concern assumption in question on the basis

of indicators as shown in the note 1.1 to the financial statements which have raised doubts that the company will be able to continue as a going concern.

However, the management is of the view that it has a unique product mix and the highest credibility in their field, the technology is very difficult to gain experience in due to which condition in the future are expected of becoming favorable. The company has elaborated the factors in note 1.1 to the financial statements, and which has been considered in preparation of the financial statements on going concern basis.

#### **Auditors**

The present auditors M/s Jalis Ahmed Co. Chartered Accountant retire and being eligible to offer themselves for reappointment.

#### **Statement on Corporate and Financial Reporting Frame Work**

- a) The financial statements, prepared by the management of the company, presents , fairly its state of affairs, the result of its operations, cash flows & changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting polices have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from if any, has been adequately disclosed.
- e) The system of financial controls, which was in place, is being continuously reviewed by the management for improvement of internal audit and other procedures. The process of review will continue and any weaknesses in the controls will be removed.
- f) The going concern assumption is discussed in note 1.1 to the financial statements.
- g) There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulation.
- h) Key operating & financial data for the last six years in summarized, form is annexed.
- i) In view of the losses sustained, the company has not declared dividend during the year.
- j) Outstanding taxes & levies:  
Please refer to note 14 to the annexed financial statements
- k) During the year four meetings of the board of directors were held. Attendance by each director is as follows:-

<b>Board of Directors</b>	<b>No. Of meeting Attended</b>
Mr. Ali H. Mandviwalla	04
Mrs. Shireen H. Mandviwalla	04
Mr. Nadeem H. Mandviwalla	04
Mr. Azeem H. Mandviwalla	04
Mr. Kalbe Abbas Dharmasey	04
Mr. Masih ul Hassan	04
Mr. Rahmat Karim Fazli	04
Mr. Mohammad Anwar (Nominee, SAPICO)	00

#### **Future Outlook**

Our Company has in absence of any support for working capital requirements still managed to control increase in the amount of losses despite the reduction in sales, we expect growth in sales revenue in the coming months as increase in prices has effected the overall business situation and turnover of sales will increase however the concentration will remain to curtail major increase in costs/expenses.

#### **Acknowledgment**

It is our privilege to share with you our deep appreciation of the sincerity and dedication of our company

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Mandviwalla **MAUSER**

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employees during the course of the year who are our main asset.

We would also like to express our gratitude for the support and co-operation of our valued customers, shareholders, suppliers and financial institutions.

Karachi  
October 07, 2009

On behalf of the Board of Directors  
**ALI H. MANDVIWALLA**  
*Chairman / Chief Executive*

### **VISION STATEMENT**

*To diversify and expand in other related sectors where quality plastic products are not available and fill the gaps in those fields. Increase awareness of our Company and the international quality standards being met nationally and internationally. Further improve whenever possible and identify areas which can be better managed.*

### **MISSION STATEMENT**

*Our mission is to exceed the expectations of our customers, producing quality plastic products with efficiency, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, material procurement, financial management and information systems."*

#### **Strategic Goals:**

- a. **Achieving customer satisfaction** by manufacturing quality products, timely management of deliveries and after sales support.
- b. **Ensuring Quality Manufacturing** by producing international quality standard plastic products at competitive prices.
- c. **Expanding customer base** by exploring new national and international markets and undertaking product research and development in plastic products as well as our own market requirement.
- d. **Ensuring efficient resource management** by managing human, financial, technical and infrastructural resources to support the above strategic goals and to ensure highest possible value addition to stakeholders.

#### **Core Values:**

- 1) *Striving for continuous improvement and innovation with commitment and responsibility;*
- 2) *Treating stakeholders with respect, courtesy and competence;*
- 3) *Practicing highest personal and professional integrity;*
- 4) *Maintaining teamwork, trust and support, with open and candid communication;*
- 5) *Ensuring cost consciousness in all decisions and operations.*



**Key Operating And Financial Results**

	2009	2008	2007	2006	2005	2004
<b>Operating Data</b>						
Sales (Net)	233,300	249,258	264,031	200,434	261,873	236,153
Cost of sales	(212,665)	(227,053)	(237,432)	(158,099)	(248,744)	(21,853)
Gross Profit	20,635	22,205	26,589	42,334	13,129	25,303
Operating Profit/lose	(16,546)	(22,908)	(18,979)	56,717	(42,095)	(26,889)
Financial Charges	(5,024)	(1,724)	(3,990)	(7,294)	(11,365)	(8,306)
Profit/(lose) before Taxation	(21,571)	(24,632)	(22,970)	49,423	(53,460)	(35,196)
Profit/(lose) after Taxation	(22,740)	(25,881)	(24,301)	48,409	(55,022)	(37,152)
<b>Financial Data</b>						
Shareholders equity	(208,116)	(183,375)	(159,494)	(131,515)	(238,144)	(183,122)
Long term liabilities	192,913	195,913	188,706	189,706	247,947	252,047
Deferred liabilities	11,016	10,535	9,280	12,780	13,306	11,839
Current liabilities	237,803	239,302	226,620	177,010	222,683	175,708
Fixed Assets	103,633	113,887	123,280	134,422	171,116	179,534
Long term deposits	731	733	1,675	1,455	906	968
current assets	109,547	127,013	120,753	92,399	85,667	87,866
<b>Key Ratio</b>						
Gross margin	8.84%	9.00%	10.07%	21.12%	5.01%	10.71%
Operating margin	-7.09%	-9.19%	-7.99%	28.29%	-16.06%	-11.40%
Net Profit	-9.74%	-10.38%	-1.63%	24.15%	-21.01%	-15.70%
Current ratio*	0.46:1	0.53:1	0.51:1	0.53:1	0.45:1	0.64:1
Earning/(loss) per share	(3.09)	Rs.(3.52)	Rs.(3.30)	Rs.6.58	Rs.(7.48)	Rs.(5.05)
Dividend	-	-	-	5%	-	-
<b>Production (Tons)</b>						
Installed	4275	4275	4275	4275	4275	4275
Actual	1306	1709	1849	1765	2106	2216

\*Current ration has been calculated after deducting current maturity of long term liabilities

**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2009**

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HOLD	PERCENTAGE %
	FROM	TO		
1046	1	100	104062	1.4147
1341	101	500	593265	8.0657
137	501	1000	134100	1.8231
184	1001	5000	524573	7.1318
51	5001	10000	399100	5.4259
61	10001	15000	196000	2.6647
10	15001	20000	182692	2.4837
3	20001	25000	68500	0.9312
3	25001	30000	87000	1.1828
1	30001	35000	31900	0.4336
2	45001	50000	97500	1.3255
2	55001	60000	118576	1.612
2	65001	70000	135500	1.8421
1	80001	85000	83652	1.1372
1	110001	115000	11500	1.5566
1	120001	125000	125000	1.6994
1	125001	130000	129500	1.7606
1	145001	150000	145300	1.9754
1	265001	270000	268500	3.6503
1	285001	290000	289800	3.9399
2	415001	420000	837910	11.3917
1	515001	520000	518855	7.054
1	2165001	2170000	2169615	29.4969
<b>2809</b>			<b>7355400</b>	<b>100.0000</b>

**CATEGORIES OF SHARE HOLDERS  
AS AT JUNE 30, 2009**

Categories	No. of Share Holders	Total Share Held	Percentage%
Individuals	2790	7,166,727	14,333.45
Joint Stock Companies	14	41,773	83.55
Financial Institutions	4	145,400	290.80
Modarabas & Mutual Funds	1	1,500	3.00
<b>Total</b>	<b>2809</b>	<b>7,355,400</b>	<b>100.00</b>

**DETAIL OF CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2009**

Category of Shareholders	No. of Shareholders	Share Held
<b>Associated companies, undertakings and related parties</b>	Nil	Nil
<b>NIT and ICP</b>	1	5,400
<b>Directors, CEO and their Spouse and Minor Children</b>		
Mr. Ali H. Mandviwalla (Chief Executive)		10,000
Mst. Shireen H. Mandviwalla (Director)		518,855
Mr. Nadeem H. Mandviwalla (Director)		419,455
Mr. Azeem H. Mandviwalla (Director)		418,955
Mr. Kable Abbas Dharamsey (Director)		16,092
Mr. Masih ul Hassan (Director)		500
Mr. Rehmat Karim Fazli (Director)		500
	8	1,384,357
<b>Executives</b>	Nil	Nil
<b>Public Sector Companies and Corporations</b>	Nil	Nil
<b>Banks, Development Finance Institutions, Non- Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds</b>	4	141500
<b>Individuals</b>	2782	5,782,370
<b>Joint Stock Companies</b>	1 4	41,773
	<b>2809</b>	<b>7,355,400</b>

**Shareholders Holding 10% or more Voting interest in Company**

Total Paid-up Capital of the Company      7355400 Shares  
10% of the Public Paid -up Capital      735540 Shares

	Shares Held	Percentage
Mr. Saleem H. Mandviwalla	2,170,115	29.504%

## STATEMENT OF ETHICS AND BUSINESS PRACTICES

The articulation of this statement shall be based on the following:

1. Questionable and improper payments or misuse of the Company's assets shall be avoided.
2. Political contribution shall be avoided.
3. Company's interest shall be on first priority.
4. There shall be maintained strict confidentiality over the Company's records such as books of account etc.
5. Significant violations of any law, to which the Company is subject, shall not be made.

### Statement of Compliance with Best Practices of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulation of Karachi Stock Exchange (Guarantee) Ltd., 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 principle contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors. At present the Board includes only one executive director and nil representing minority shareholders.
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 resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or any NBFIs or, being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. There was no casual vacancy of directors during the year.
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 vision and mission statement, overall corporate strategy and significant policies of the Company, which have been approved by the Board. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including determination of remuneration and terms and conditions of employment of the CEO.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for his purpose and the Board meets at least once in every quarter. Written notices of the Board meeting, alongwith agenda and working papers, were circulated at least seven days before before
9. The Board has conducted orientation courses for its directors during the year to apprise them of their duties and responsibilities.
10. The new appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions shall be approved by the Board of Directors in accordance with the Code of Corporate Governance.
11. The directors' report for this year has been prepared in compliance with the requirement 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 CEO and CFO before approval of the Board.

13. The directors, CEO and executive 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 three members, of whom two are non-executive directors.
16. The meeting of the audit committee was held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Company has already set-up an internal audit function internally.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm their spouse and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associate with term have 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 the except few, towards which reasonable progress is being made by the Company to seek compliance by the end of the next financial accounting year.

**REVIEW REPORT TO THE MEMEBERS ON  
STATEMENT OF COMPLIANCE WITH BEST  
PRACTICES OF 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 Mandviwalla Mauser Plastic Industries Limited to comply with the Listing Regulation No. 37 (Chapter XI) and No. 43 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively, where the company is listed.

The responsibility for the compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquires of the company's 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 systems to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and effectiveness of such internal controls.

Based on our review, owing to the significance of the matters disclosed in our auditors' report, the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

*Dated: October 07, 2009*  
Karachi

**Jalis Ahmed & Co.**  
*Chartered Accountants*  
*Audit Engagement Partner: Mr. Iqbal Yuosuf FCA*

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Mandviwalla Mauser Plastic Industries Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 used 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) Company's policy for impairment of assets in respect of engineering stores in bond, having cost of Rs.19.705 million is contrary to International Accounting Standard (IAS-36) "Impairment of Assets". The customs authorities allegedly damaged the said stores. No provision for impairment loss has been made in financial statements in this respect. The company has filed a suit against the customs authorities. Since, the engineering stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.

Had the company made the provisions as stated in paragraph (a) above the loss for the year would have been Rs. 42.446 million and the accumulated losses would have been Rs. 359.596 million. Furthermore, the net capital deficiency of the company would have been Rs. 227.821 million.

- b) Included in the trade debtors shown on the balance sheet as of June 30, 2009 is an amount of Rs. 33.286 million in respect of various parties, which remain unverified and against which no provision has been made. In the absence of information we were unable to verify the recoverable amount of debtors;
- c) As mentioned in note 19.1.3 to the financial statements, the company has not recorded any additional tax liability under section 205 of the Income Tax Ordinance, 2001 that the company may incur on non-deposit of third party tax liability in the government treasury within stipulated time. Since the age of the tax liability is not ascertainable, the estimate of the financial effect cannot be quantified with substantial accuracy.
- d) As fully explained in note no.1.1, 12, 13 and 16 to the financial statements, the company has incurred loss of Rs. 22.741 million for the year and its accumulated losses comes of Rs. 339.891 million as at June 30, 2009. Thus, caused a net capital deficiency of Rs. 208.116 million. The current liabilities have exceeded the current assets by Rs. 128.256 million. The going concern assumption used in the preparation of these financial statements would be valid only if the entity is able to honor its loan obligations and inject sufficient capital into the company. However, no adjustments, if any, have been made in these accounts, that may be necessary in case the company would be unable to continue as a going concern.
- e) With reference to note 19.1.2 to the financial statements, the company has gone into litigation and filed a suit in the High Court of Sindh (Banking Jurisdiction) against a commercial bank. The mark up and penalty accrued thereon has not been accounted for in the financial statements. The banking company has in turn also counter filed a legal suit against the company for recovery of outstanding dues which is pending before the banking court;
- f) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- g) In our opinion: -
- i. The balance sheet and profit and loss account together with the notes thereon have been

- drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
- ii. The expenditure incurred during the year was for the purpose of the company's business;
  - iii. The business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;
- h) Owing to the significance of the matters on the financial statements, as discussed in the preceding paragraphs, 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 do not give a true and fair view of the state of the company's affairs as at June 30, 2009 and of its loss, its cash flows and changes in equity for the year then ended, in accordance with the financial reporting framework as referred to in the above paragraph;
- i) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: October 07, 2009  
Place: KARACHI

**Jalis Ahmad & Co.**  
Chartered Accountants

*Audit Engagement Partner: Mr. Iqbal Yuosuf FCA*



**BALANCE SHEET  
AS AT JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets - at cost less accumulated depreciation	4	103,633,663	113,887,675
Assets in bond	5	19,705,171	19,705,171
Long term deposits	6	731,710	733,510
		124,070,544	134,326,356
<b>CURRENT ASSETS</b>			
Stores, spare and loose tools	7	12,960,975	11,633,265
Stock-in-trade	8	25,331,780	39,289,910
Trade debts - unsecured	9	62,701,843	63,375,431
Loan, advances, deposits, prepayments and others receivable	10	7,649,871	11,528,444
Cash and bank balances	11	967,254	1,669,503
		109,611,723	127,496,553
<b>CURRENT LIABILITIES</b>			
Current portion of long term finances		3,217,998	3,217,998
Morabaha finance	12	2,204,000	1,654,000
Short term finances utilized under mark-up arrangements	13	32,777,940	32,777,940
Current portion of obligation under finance lease		968,905	1,388,392
Creditors, accrued and other liabilities	14	195,952,210	199,166,791
Provision for taxation	15	2,746,765	1,580,762
		237,867,818	239,785,883
<b>Net current assets/(liabilities)</b>		(128,256,095)	(112,289,330)
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	16	192,913,927	195,913,927
Obligation under finance lease	17	-	963,190
Deferred liabilities	18	11,016,934	10,535,746
		203,930,861	207,412,863
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19		
<b>NET ASSETS</b>		<b>(208,116,412)</b>	<b>(185,375,837)</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
7,500,000 (2008: 7,500,000) ordinary shares of Rs.10/- each		75,000,000	75,000,000
<b>Issued, subscribed and paid-up capital</b>	20	73,554,000	73,554,000
Subordinated loans	21	58,220,300	58,220,300
Accumulated losses carried forward		(339,890,712)	(317,150,137)
<b>Net shareholders' equity</b>		<b>(208,116,412)</b>	<b>(185,375,837)</b>

The annexed notes form an integral part of these accounts.

**Ali H. MANDVIWALLA**  
Chief Executive

**NADEEM H. MANDVIWALLA**  
Director

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

	Note	2009 Rupees	2008 Rupees
Sales - net	22	233,300,261	249,258,221
Cost of goods sold	23	(212,665,480)	(227,053,091)
<b>Gross profit</b>		<u>20,634,781</u>	<u>22,205,130</u>
<b>Operating expenses</b>			
Administrative expenses	24	29,716,619	33,833,827
Selling and distribution expenses	25	8,212,775	11,309,187
		(37,929,394)	(45,143,014)
Operating profit / (loss)		<u>(17,294,614)</u>	<u>(22,937,884)</u>
Other income / (charges)	26	747,791	29,826
		(16,546,823)	(22,908,058)
Financial and other charges	27	(5,024,592)	(1,724,570)
Profit / (loss) before taxation		<u>(21,571,415)</u>	<u>(24,632,628)</u>
Taxation	28	(1,169,160)	(1,249,090)
Profit / (Loss) after taxation		<u>(22,740,575)</u>	<u>(25,881,718)</u>
Earnings per share - basic and diluted	29	<u>(3.09)</u>	<u>(3.52)</u>

The annexed notes form an integral part of these accounts.

**Ali H. MANDVIWALLA**  
Chief Executive

**NADEEM H. MANDVIWALLA**  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		(21,571,415)	(24,632,628)
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation on operating assets	4.1	11,938,548	13,109,092
Provision for staff gratuity		3,557,824	3,426,782
(Gain) / loss on disposal of fixed assets		(699,296)	-
Financial charges		5,024,592	1,724,570
		<u>19,821,668</u>	<u>18,260,444</u>
Cash flows from operating activities before working capital changes		(1,749,747)	(6,372,184)
<b>Working capital changes</b>			
<b>Decrease / (Increase) in current assets</b>			
Stores, spare and loose tools		(1,327,710)	(1,846,065)
Stock-in-trade		13,958,130	(17,953,839)
Trade debts		673,588	12,000,804
Short term loans		-	-
Advances, deposits, prepayments and other receivables		3,878,573	(529,688)
<b>Increase / (decrease) in current liabilities</b>			
Creditors, accrued and other liabilities		(15,944,467)	12,896,091
		<u>1,238,114</u>	<u>4,567,303</u>
Income tax paid		(3,157)	(999,740)
Staff gratuity paid		(3,076,636)	(2,170,704)
Employees' compensated absences paid		-	-
Financial charges paid		(5,073,981)	(1,695,791)
		<u>(8,153,774)</u>	<u>(4,866,235)</u>
<b>Net cash inflow / (outflow) from operating activities</b>		<u>(8,665,407)</u>	<u>(6,671,116)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure paid		(1,985,240)	(3,716,667)
Sale proceeds on disposal of fixed assets		1,000,000	-
Net (increase)/decrease in long term deposits		1,800	941,052
<b>Net cash inflow / (outflow) from investing activities</b>		<u>(983,440)</u>	<u>(2,775,615)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term finances		-	-
Obligation under finance lease		(1,382,677)	1,468,582
Morabaha finance		550,000	(1,150,000)
Long term finances repaid/adjusted		(3,000,000)	7,208,000
<b>Net cash inflow / (outflow) from financing activities</b>		<u>(3,832,677)</u>	<u>7,526,582</u>
Net increase / (decrease) in cash and cash equivalents		(13,481,524)	(1,920,149)
Cash and cash equivalents at the beginning of the year		1,235,250	3,155,399
Cash and cash equivalents at the end of the year	33	<u>(12,246,274)</u>	<u>1,235,250</u>

The annexed notes form an integral part of these financial statements.

**Ali H. MANDVIWALLA**  
Chief Executive

**NADEEM H. MANDVIWALLA**  
Director

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

	Issued, subscribed and paid up share capital	Subordinated loans	Accumulated losses carried forward	Net shareholders' equity
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2007</b>	73,554,000	58,220,300	(291,268,419)	(159,494,119)
<b>Profit/(loss) for the year</b>	-	-	(25,881,718)	(25,881,718)
<b>Balance as at June 30, 2008</b>	<u>73,554,000</u>	<u>58,220,300</u>	<u>(317,150,137)</u>	<u>(185,375,837)</u>
<b>Profit/(loss) for the year</b>	-	-	(22,740,575)	(22,740,575)
<b>Balance as at June 30, 2009</b>	<u>73,554,000</u>	<u>58,220,300</u>	<u>(339,890,712)</u>	<u>(208,116,412)</u>

The annexed notes form an integral part of these accounts.

**AJI H. MANDVIWALLA**  
Chief Executive

**NADEEM H. MANDVIWALLA**  
Director

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on June 13, 1988, as a Public Limited company under the Companies Ordinance, 1984 domiciled in the province of Sindh and is listed on the Karachi and Lahore Stock Exchanges. The company is mainly engaged in manufacturing and sale of plastic and allied products. The registered office of the company is situated at Mandviwalla Building, Old Queens Road, Karachi.

**1.1 GOING CONCERN ASSUMPTION**

The company has incurred a loss after tax of Rs. 22.741 million (2008: Rs. 25.88 million loss) for the year and the accumulated losses comes to Rs. 339.891 million (2008: Rs. 317.150 million) as on June 30, 2009. Thus causing a net capital deficiency of Rs. 208.116 million (2008: Rs. 185.375 million). The current liabilities have exceeded current assets by Rs. 128.256 million (2008: Rs. 112.289 million).

The Management is of the view that the company will be able to continue as a going concern because the sponsors of the company intends to inject funds into the company in the near future. Furthermore, the company has cut down on expenditure and intends to increase sales by means of increased pricing of products which have duly been agreed with the customers. Accordingly, these financial statements have been prepared on the basis of going concern assumption.

**2 STATEMENT OF COMPLIANCE**

These accounts have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 BASIS OF MEASUREMENT**

These financial statements have been prepared using accrual basis of accounting except for cash flow statement, under the historical cost convention except for certain financial assets and liabilities which are stated at fair value.

**3.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

In the current year, the company has adopted all of the applicable revised IAS and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of IASB, effective for accounting period beginning on or after the dates mentioned below: The adoption of such IAS and Interpretations has no material impact on the financial statements of the current and prior years.

IAS 1 "Presentation of financial statements", issued in September 2007 revises the existing IAS 1 and requires apart from changing the names of certain financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners of the Comprehensive Income Statement. The revised standard will be effective from January 1, 2009. Adoption of this standard will only impact the presentation of the financial statements.

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

**3.2 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future

events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Deferred liability - staff gratuity
- b) Provision for taxation
- c) Accrued liabilities
- d) Impairments of, doubtful trade debts, capital work in progress
- e) Useful life of operating fixed assets, intangible assets.
- f) Valuation of assets held for sale
- g) Estimates of impairments and recoverable amounts of assets

### **3.3 FIXED ASSETS AND DEPRECIATION**

#### **Owned**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any except for capital work-in-progress is stated at cost.

Depreciation on fixed assets is charged to the profit and loss account applying the diminishing balance method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged in the year of addition while no depreciation is charged in the year of disposal.

Company accounts for impairment, where indication exists, by reducing its carrying value to the assessed recoverable amount. However, no such indication exists till the authorization of these financial statements.

Expenditure incurred subsequent to the initial acquisition of asset is capitalized only when it increases the future economic benefits embodied in the items of above assets. All other expenditure is recognized in the profit and loss account as and when incurred.

Gains and losses on disposal are included in income currently.

#### **Leased**

##### **Assets subject to finance lease**

Assets subject to finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

##### **Assets subject to operating lease**

Lease rentals payable on assets held under operating leases are charged to the profit and loss account.

### **3.4 IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired except for assets in bond. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

### **3.5 STORES, SPARES AND LOOSE TOOLS**

Stores, spares and loose tools are stated at cost which is determined under the moving average method except for those in transit and in bond which are valued at actual cost. Provision is made

for slow moving and obsolete items. The term cost means invoice price including direct expenses.

### **3.6 STOCK IN TRADE**

Raw materials are valued at lower of cost and estimated net realizable value. Cost is arrived at by using first-in, first-out basis except for goods in transit and in bond.

Finished goods are valued at lower of cost determined on average basis and net realizable value. Cost consists of cost of direct materials, labor and appropriate manufacturing overheads.

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

Goods in transit and in bond are stated at cost comprising invoice value plus other charges paid thereon.

### **3.7 TRADE DEBTS**

Trade debts originated by the company are recognized and carried at original invoice amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when incurred.

### **3.8 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Creditors, accrued expenses and other liabilities are stated at cost which is the fair value of the consideration to be paid in future in respect of goods and services.

### **3.9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHERS RECEIVABLE**

These are stated at cost.

### **3.10 PROVISIONS**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

### **3.11 FOREIGN CURRENCY TRANSLATIONS**

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchange gains or losses are included in income currently.

### **3.12 REVENUE RECOGNITION**

Local sales are recorded on receipt of goods by customers. Sales return are booked as and when advised.

Export sales are recorded on dispatch of goods to customers. Interest income is recognized on an accrual basis.

### **3.13 BORROWING COSTS**

Mark-up, interest and other charges on long term borrowings are capitalized unto the date of commissioning of the related fixed asset, acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

### **3.14 TAXATION**

#### **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and any under/over provisions in respect of prior years.

#### **Deferred**

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, un-absorbed tax losses to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future

and significant taxable income will be available against which the deductible temporary differences or un-absorbed tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

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

### **3.15 STAFF RETIREMENT BENEFITS**

#### **Defined benefit plan - gratuity**

The company operates an unfunded gratuity scheme for its all permanent employees who have completed a minimum qualifying period of service. Provision is made on the basis of Actuarial recommendations. The actuarial valuation is carried out using the Project Unit Credit Method. The actuarial gains and losses are recognized at each valuation date.

#### **Employees' compensated absences**

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

The company accounts for these benefits on an accrual basis.

### **3.16 OFFSETTING**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **3.17 CASH AND CASH EQUIVALENTS**

Cash in hand and at banks, if any, are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents consists of cash in hand, bank balances net off book overdraft.

### **3.18 FINANCIAL INSTRUMENTS**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognizing of the financial assets and liabilities is included in the income currently.

### **3.19 RELATED PARTY TRANSACTIONS**

All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".



4 OPERATING FIXED ASSETS

	At July 1, 2008		Year ended June 30, 2009		At July 1, 2009		Year ended June 30, 2009		At June 30, 2009		At July 1, 2009		Year ended June 30, 2009		At June 30, 2009	
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value	Rate
Buildings on leasehold land	32,801,122	27,030,876	5,770,247	32,801,122	27,030,876	5,770,247	32,801,122	27,030,876	5,770,247	32,801,122	27,030,876	5,770,247	32,801,122	27,030,876	5,770,247	
Plant and machinery imported	253,891,368	192,151,272	61,540,096	253,891,368	192,151,272	61,540,096	253,891,368	192,151,272	61,540,096	253,891,368	192,151,272	61,540,096	253,891,368	192,151,272	61,540,096	
Plant and machinery local	10,974,130	8,372,303	2,601,827	10,974,130	8,372,303	2,601,827	10,974,130	8,372,303	2,601,827	10,974,130	8,372,303	2,601,827	10,974,130	8,372,303	2,601,827	
Engineering stores moulds	57,792,581	29,993,502	27,799,079	57,792,581	29,993,502	27,799,079	57,792,581	29,993,502	27,799,079	57,792,581	29,993,502	27,799,079	57,792,581	29,993,502	27,799,079	
Furniture, Hydrant and Air conditioners	9,045,566	5,484,726	3,560,840	9,045,566	5,484,726	3,560,840	9,045,566	5,484,726	3,560,840	9,045,566	5,484,726	3,560,840	9,045,566	5,484,726	3,560,840	
Equipment	5,782,734	3,227,326	2,555,408	5,782,734	3,227,326	2,555,408	5,782,734	3,227,326	2,555,408	5,782,734	3,227,326	2,555,408	5,782,734	3,227,326	2,555,408	
Generators, Workshops, Tools and Handling Equipment	12,847,031	7,372,736	5,474,295	12,847,031	7,372,736	5,474,295	12,847,031	7,372,736	5,474,295	12,847,031	7,372,736	5,474,295	12,847,031	7,372,736	5,474,295	
Tube well	431,165	411,310	19,855	431,165	411,310	19,855	431,165	411,310	19,855	431,165	411,310	19,855	431,165	411,310	19,855	
Compressor	1,308,035	842,053	465,982	1,308,035	842,053	465,982	1,308,035	842,053	465,982	1,308,035	842,053	465,982	1,308,035	842,053	465,982	
Cartain Utrails	172,115	136,827	35,288	172,115	136,827	35,288	172,115	136,827	35,288	172,115	136,827	35,288	172,115	136,827	35,288	
Motor Vehicles	1,088,603	949,264	139,339	1,088,603	949,264	139,339	1,088,603	949,264	139,339	1,088,603	949,264	139,339	1,088,603	949,264	139,339	
<b>Total</b>	<b>380,778,241</b>	<b>276,988,568</b>	<b>103,810,675</b>	<b>380,778,241</b>	<b>276,988,568</b>	<b>103,810,675</b>	<b>380,778,241</b>	<b>276,988,568</b>	<b>103,810,675</b>	<b>380,778,241</b>	<b>276,988,568</b>	<b>103,810,675</b>	<b>380,778,241</b>	<b>276,988,568</b>	<b>103,810,675</b>	

4.1 The depreciation for the year has been allocated as follows:

	2009	2008
Cost of goods manufactured	10,811,583	11,581,555
Administrative expenses	1,328,954	1,527,537
	<u>11,838,546</u>	<u>13,109,092</u>

4.2 Disposal of fixed assets

Cost	Accumulated Depreciation	Book value	Sale Proceeds	Gain/(Loss) on disposal	Mode of Disposal
Rs.	Rs.	Rs.	Rs.	Rs.	
2,475,000	2,415,684	59,316	310,000	280,664	Negotiation
377,137	135,768	241,369	680,000	446,632	Negotiation
					Majid Engineering Works - Karachi Mr. Muzaffar Muhammad

	Note	2009 Rupees	2008 Rupees
<b>5 ASSETS IN BOND</b>			
Engineering stores	5.1	<u>19,705,171</u>	<u>19,705,171</u>
5.1 These are moulds which, have been pledged with a lender. These moulds were imported in 1990 and were damaged by the Custom Authorities in respect of which the company has filed suits. Since the Engineering Stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.			
<b>6 LONG TERM DEPOSITS</b>		<u>731,710</u>	<u>733,510</u>
<b>7 STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares		12,960,975	11,633,265
Loose tools		1,600,849	1,600,849
		14,561,824	13,234,114
Less: Provision for slow moving stores, spares and loose tools	7.1	(1,600,849)	(1,600,849)
		<u>12,960,975</u>	<u>11,633,265</u>
7.1 Provision for slow moving stores, spares and loose tools			
Opening balance		1,600,849	1,600,849
Charge for the year		-	-
Reversal during the year		-	-
		<u>1,600,849</u>	<u>1,600,849</u>
<b>8 STOCK-IN-TRADE</b>			
Raw materials		19,977,454	30,503,965
Raw materials in bond		336,140	-
Finished goods		5,440,853	9,208,612
		25,754,447	39,712,577
Less: Provision for slow moving finished goods	8.1	(422,667)	(422,667)
		<u>25,331,780</u>	<u>39,289,910</u>
8.1 Provision for slow moving stock			
Opening balance		422,667	422,667
Charge for the year		-	-
Reversal during the year		-	-
		<u>422,667</u>	<u>422,667</u>
<b>9 TRADE DEBTS - Unsecured</b>			
Considered good		26,415,843	24,239,431
Considered doubtful		36,286,000	39,136,000
		62,701,843	63,375,431
Less: Provision for doubtful debts		-	-
		<u>62,701,843</u>	<u>63,375,431</u>
<b>10 LOAN, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHERS RECEIVABLE</b>			
Loan to employees		448,215	580,280
Advances to employees - considered good		-	1,980,899
Advances to suppliers		1,704,502	1,139,248
Prepayments		108,832	108,832
Others receivable			
Rebate on export		100,776	100,776
Advance income tax		4,533,647	1,960,510
Mandviwalla Industries (Private) Limited		63,899	483,518
Other receivables		690,000	-
Al - Hasan Trade Establishment - a related party		-	5,174,381
		5,388,322	7,719,185
		<u>7,649,871</u>	<u>11,528,444</u>

# Mandviwalla MAUSER

	Note	2009 Rupees	2008 Rupees
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		25,785	36,953
Cash at banks - on current accounts			
Local currency		441,469	1,064,735
Foreign currency		-	67,815
Cash margin with banks		500,000	500,000
		941,469	1,632,550
		<b>967,254</b>	<b>1,669,503</b>
<b>12 MORABAHA FINANCE - secured</b>		<b>2,204,000</b>	<b>1,654,000</b>
<p>This represents the unpaid balance of a Morabaha finance amounting to Rs. 20,000,000 with a sale price of Rs. 21,100,000 obtained from First Prudential Modaraba. In accordance with the court decree dated November 11, 2000, the agreed amount of Rs. 22,500,000 is repayable in 12 monthly instalments of Rs. 1,500,000 each effective from December 2000. In case of delayed payments profit at the rate 15% shall be charged for the delayed period. The increase in liability is due to reversal of stale cheques.</p>			
<b>13 SHORT TERM FINANCES UTILIZED UNDER MARK-UP ARRANGEMENTS</b>			
<b>Secured - from banking company</b>			
Standard Chartered Bank	13.1	14,770,635	14,770,635
Standard Chartered Bank	13.2	18,007,305	18,007,305
		<b>32,777,940</b>	<b>32,777,940</b>
<b>13.1</b>	<p>This represents the running finance facility of Rs. 15 million (2008: Rs.15 million) bearing mark-up of 6 month Kibor plus 6% with a floor of 11% (2008: 6 month Kibor plus 6% with a floor of 11%) per annum payable quarterly. The loan is repayable in 12 monthly instalments of Rs. 1,250,000/- (2008: Rs.1,250,000/-) each. The loan is secured against charge on stocks and/or book debts valuing Rs. 38 million with 25% margin, equitable mortgage on residential property of the directors, undertaking of a customer that the receivables under the contract with the company will be assigned to the Bank and personal guarantees of all directors. The expiry date of facility was January 31, 2006.</p>		
<b>13.2</b>	<p>This represents the Letter of Credit facility of Rs. 45 million (2008: Rs. 45 million) for a maximum of 180 days. The facility was expired on January 31, 2006. The facility is secured against charge on stocks and/or book debts valuing Rs.28 million with 25% margin, equitable mortgage on residential property of the directors, undertaking of a customer that the receivables under the contract with the Company will be assigned to the Bank, personal guarantee of all directors and lien on import documents.</p>		
<b>14 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
<b>Creditors</b>		148,159,517	169,041,874
<b>Accrued liabilities</b>			
Salaries and wages (Permanent)		1,173,449	2,349,298
Salaries and wages (Contract & Daily wages)		847,142	-
Mark-up on short term finances and lease finance		5,001,539	5,050,928
Accrued expenses		5,183,484	10,312,925
		12,205,614	17,713,151
<b>Other liabilities</b>			
Sales tax (refundable) / payable		3,622,905	(1,353,468)
Sales tax penalty payable		814,380	814,380
Advances from customers and others		10,412,262	6,807,567
Unclaimed dividend		2,561,173	2,561,173
Third party tax liability	14.1	3,818,391	3,147,861
Book overdraft	14.2	13,213,528	434,253
Rent payable to Mandviwalla Estate (Private) Limited		1,144,440	-
		35,587,079	12,411,766
		<b>195,952,210</b>	<b>199,166,791</b>
<b>14.1</b>	<p>The said amount may attract penal provision under section 205 of Income Tax Ordinance, 2001 in respect of additional tax at the rate of 18% per annum. Since the age of the liability can not be ascertained, the estimate of the financial effect can not be quantified with substantial accuracy.</p>		

14.2 This represents adverse bank book balance due to post dated cheques.

**15 PROVISION FOR TAXATION**

	Note	2009 Rupees	2008 Rupees
Opening balance		1,580,762	1,331,412
Provided during the year	28		
Current		1,169,160	1,249,090
Prior		-	-
		<u>1,169,160</u>	<u>1,249,090</u>
		2,749,922	2,580,502
Payments/adjustments during the year		(3,157)	(999,740)
		<u>2,746,765</u>	<u>1,580,762</u>

**16 LONG TERM FINANCE - Secured**

**From banking companies:**

Habib Bank Limited	16.2	86,695,000	86,695,000
Industrial Development Bank of Pakistan	16.3	46,393,000	49,393,000
		<u>133,088,000</u>	<u>136,088,000</u>

**From financial institutions:**

Saudi Pak Industrial and Agricultural Investment Company (Private) Limited	16.4	55,835,925	55,835,925
		<u>188,923,925</u>	<u>191,923,925</u>
Current maturity and over dues of long term loans		(3,217,998)	(3,217,998)
		<u>185,705,927</u>	<u>188,705,927</u>

Long term borrowing from directors and others  
- unsecured and non interest bearing

		7,208,000	7,208,000
		<u>192,913,927</u>	<u>195,913,927</u>

16.1 All the loans stated in note 16.2 to 16.4 are secured by a combination of specific charge on land, building, plant and machinery of the company, floating charge on present and future properties and assets of the company, hypothecation of moveable assets of the company, pledge of specific engineering stores and personal securities of the directors.

**16.2 Habib Bank limited**

This represents the balance of rescheduled loan facility obtained from Habib Bank Limited (HBL). In accordance with the rescheduling agreement the outstanding balance of the loan has been broken into Rs.89,826,000 and Rs.52,869,000 representing principal and mark-up respectively. The loan is repayable in 108 monthly installments from Rs.500,000 to Rs.2,445,625 per month, effective from April 30, 2003 and carries Nil mark-up. In case of default of more than five days in making payments, penalty at the rate of 46 paisas per Rs.1,000 per day will be charged by the bank.

Furthermore, in case of default in repayments of two monthly installments during a calendar year, the rescheduling package will stand withdrawn along with all concessions and the bank will be entitled to claim the entire liability in lump sum including penal interest, other payments and other charges. However till the authentication of this financial statement, the company has not paid to comply with rescheduled agreement.

**16.3 Industrial Development Bank of Pakistan**

Opening balance		49,393,000	103,633,650
Waived	16.3.1	-	(54,240,650)
Payments		(3,000,000)	-
Closing balance		<u>46,393,000</u>	<u>49,393,000</u>

**16.3.1**

This amount represents the waiver/reversal of loan through order given by High Court of Sindh in respect of outstanding loan liability of Industrial Development Bank of Pakistan (IDBP). The waiver is given under State Bank of Pakistan (SBP) BPD Circular letter No: 29 dated October 15, 2002, and has been disclosed as per the circular No: 09/2005 dated October 27, 2005 of Institute of Chartered Accountants of Pakistan and to be disclosed until the entire liability of IDBP is repaid / extinguished.

According to the order of the High Court of Sindh dated January 27, 2006, the settlement agreement have reached between IDBP and the company, and the liability towards the company in respect of IDBP stands to the extent of Rs. 46,393,000/-. The company is required to pay 10% down payment towards settled amount and to repay balance amount according to the revised repayment schedule. However, till the authorization of these financial statements, the company has not paid 10% down payment and no revised repayment schedule was received by the company. However, the company has paid Rs. 3 million during the year.

	Note	2009 Rupees	2008 Rupees
<b>16.4 Saudi Pak Industrial and Agricultural Investment Company (Private) Limited</b>		<b>55,835,925</b>	<b>55,835,925</b>

This represents the balance of a rescheduled loan facility amounting to Rs. 88,836,998 obtained from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited (SAPICO). In accordance with the compromise agreement accepted by the company on September 28, 2000, the outstanding balance of the loan has been broken into Rs. 54,617,998 and Rs. 34,218,000 representing principal and frozen mark-up respectively. The principal portion is repayable in 33 monthly installments ranging from Rs. 1,500,000 to Rs. 1,558,999 effective from October 6, 2000 and carries nil mark-up. Further, the frozen mark-up is payable in 24 equal monthly installments effective from May 31, 2003 along with mark-up at the rate of 44 paisas per Rs. 1,000 per day, if the company defaults in fulfilling the conditions mentioned in the said agreement.

In case of default by the company in making two consecutive payments of principal and frozen mark-up, Saudi Pak Industrial and Agricultural Investment Company (Private) Limited will have the right to enforce the total outstanding amount against the company.

**17 OBLIGATION UNDER FINANCE LEASE**

Minimum Lease payments	1,382,677	2,778,704
Less: Future financial charges	(413,772)	(427,122)
	968,905	2,351,582
Current maturity	968,905	1,388,392
	-	963,190

**17.1** The above represents finance leases entered into with leasing companies for motor vehicles. The liability is payable by February 2011 in monthly installments.

Monthly payments of leases bearing pre-determined mark up rates include finance charge ranging from 14% to 18% per annum which are used as discounting factors.

Monthly payments of leases bearing variable markup rates include finance charge at KIBOR + 3% to KIBOR + 5%. KIBOR is determined on semi annual basis for next six monthly rentals.

**18 DEFERRED LIABILITY**

**18.1 Deferred Taxation**

In view of the consistent tax losses and expected future turnover, it is probable that the company will not have sufficient future taxable income and hence will not be able to utilize the deductible temporary difference. Therefore, deferred tax asset of Rs. 12.407 million (2008: Rs. 40.208 million) has not been recognized in these accounts.

**18.2 Staff retirement benefits**

**Staff Gratuity**

Net liability / (assets) at the beginning of the year	8,838,888	7,582,810
Charge for the year	3,557,824	3,426,782
	12,396,712	11,009,592
Benefits paid during the year	(3,076,636)	(2,170,704)
Net liability / (assets) at the end of the year	9,320,076	8,838,888

**Employees' compensated absences**

<b>18.3</b>	1,696,858	1,696,858
	<b>11,016,934</b>	<b>10,535,746</b>

Unfunded gratuity scheme Rupees	Unfunded gratuity scheme Rupees
---------------------------------------	---------------------------------------

<b>18.2.1</b> Present value of defined benefit obligation	9,543,607	9,543,607
Fair value of plan assets	-	-
	9,543,607	9,543,607
Unrecognized actuarial gains/(losses)	(704,719)	(704,719)
Unrecognized transitional liability	-	-
Net liability / (assets) at the end of the year	<b>8,838,888</b>	<b>8,838,888</b>

18.2.2 (Income) / Charge for the Defined Benefit Plan	Note	2009 Rupees	2008 Rupees
Current service cost		610,521	610,521
Interest cost		945,370	945,370
Expected return on plan assets		-	-
Actuarial (gain) / losses recognized		-	-
Recognized transitional (assets) / liability		1,870,891	1,870,891
		<u>3,426,782</u>	<u>3,426,782</u>

The principal assumption used in the actuarial valuation are as follows:

	%	%
Discount rate	12	12
Expected rate of increase per annum in future salaries	12	12
Expected mortality rate	As per EFU mortality table	As per EFU mortality table

### 18.3 Employees' compensated absences

Net liability / (assets) at the beginning of the year	1,696,858	1,696,858
Charge for the year	-	-
	1,696,858	1,696,858
Benefits paid during the year	-	-
Net liability / (assets) at the end of the year	<u>1,696,858</u>	<u>1,696,858</u>

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

#### 19.1.1 Wash Basin Mould

The company has filed two suits 32/92 for Rs. 84,509,000 against the Customs Authority for damaging the wash basin mould during illegal detention. These suits were dismissed and the company has filed an appeal against these judgments in the Sindh High Court which is still pending.

A suit No 768/93 is also pending in the High Court of Sindh against the EFU General Insurance Company for refusing payments of claim for damage to the wash basin mould. The amount of claim and mark-up thereon (as claimed) comes to Rs. 48.770 million.

#### 19.1.2 Standard Chartered Bank

Suit no. 355/2007 filed by the company against Union bank Limited for accounts, declaration and injunction, which is pending before the Banking Court 1.

Suit no. 34/2007, filed by Standard Chartered Bank against the company for recovery of Rs. 40,093,120/- which is pending before the Banking Court 1.

#### 19.1.3 Additional Tax Liability

The company has not provided for additional tax to be levied under section 205 of Income Tax Ordinance, 2001 in respect of third party tax liability as mentioned in note 14.1 to the financial statements. The company believes that the said amount will be paid in due course.

19.1.4 The company is contingently liable to pay frozen mark up on long term loan from Habib Bank Limited and Saudi Pak Industrial and Agricultural Investment Company (Private) Limited amounting to Rs. 52,869,000/- and Rs. 34,218,000/- respectively as per the rescheduling agreement and compromise agreement reached between the company and the above banking company and financial institution.

### 19.2 Commitments

Nil Nil

19.2.1 Guarantee issued to Honorable High Court of Sindh amounting to Rs.500,000 (2008: Rs.500,000).

## 20 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Number of shares				
2009	2008			
7,355,400	7,355,400	Ordinary shares of Rs. 10/- each fully paid in cash	<u>73,554,000</u>	<u>73,554,000</u>
<b>Reconciliation of share capital</b>				
7,355,400	7,355,400	Opening balance	73,554,000	73,554,000
-	-	Issued during the year	-	-
<u>7,355,400</u>	<u>7,355,400</u>	Opening balance	<u>73,554,000</u>	<u>73,554,000</u>

# Mandviwalla MAUSER

	Note	2009 Rupees	2008 Rupees
<b>21 SUBORDINATED LOAN - Unsecured</b>			
Due to director		53,250,300	53,250,300
Due to employee		4,970,000	4,970,000
		<b>58,220,300</b>	<b>58,220,300</b>
21.1 These represent interest free loans obtained from directors and a employee of the company. The directors and the employee have confirmed that they would not call for repayment until all loans of the company have been settled.			
<b>22 SALES</b>			
Local sales	22.1	232,236,766	248,138,777
Export sales	22.2	1,063,495	1,119,444
		<b>233,300,261</b>	<b>249,258,221</b>
<b>22.1 Local sales</b>			
Gross sales		271,787,351	287,844,396
Special excise duty		(2,322,976)	(2,481,600)
Sales tax		(37,227,609)	(37,224,019)
		<b>232,236,766</b>	<b>248,138,777</b>
<b>22.2 Export sales</b>			
Gross sales		1,063,495	1,119,444
Trade discount / commission		-	-
		<b>1,063,495</b>	<b>1,119,444</b>
<b>23 COST OF GOODS SOLD</b>			
Opening stock of finished goods		9,208,612	4,760,733
Cost of goods manufactured	23.1	208,901,403	231,561,297
		218,110,015	236,322,030
Closing stock of finished goods		(5,440,853)	(9,208,612)
		212,669,162	227,113,418
Export rebate		(3,682)	(60,327)
		<b>212,665,480</b>	<b>227,053,091</b>
<b>23.1 Cost of goods manufactured</b>			
Raw materials consumed	23.1.1	161,720,491	176,971,404
Store and spares consumed		3,025,776	2,743,967
Salaries, wages and other benefits		9,283,250	7,971,503
Indirect labor (external processing)		4,597,879	11,479,169
Utilities		16,102,843	15,752,134
Rent for generator		-	1,750,000
Repairs and maintenance		1,880,878	1,375,738
Rent, rates and taxes		66,156	37,405
Postage, telephone and telegram		61,536	59,943
Fee and subscription		55,000	101,000
Traveling, conveyance and vehicle running expenses		1,185,619	733,237
Printing and stationery		53,908	63,019
Freight and octroi		157,510	855,870
Office expenses		97,864	45,705
Miscellaneous		1,100	39,648
Depreciation	4.1	10,611,593	11,581,555
<b>Cost of goods manufactured</b>		<b>208,901,403</b>	<b>231,561,297</b>
<b>23.1.1 Raw materials consumed</b>			
Opening stock		30,503,965	12,805,083
Purchases		151,193,980	194,670,286
		181,697,945	207,475,369
Closing stock		(19,977,454)	(30,503,965)
		<b>161,720,491</b>	<b>176,971,404</b>

	Note	2009 Rupees	2008 Rupees
<b>24 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits		13,231,314	12,310,479
Traveling, conveyance and vehicle running expenses		2,348,668	3,072,406
Gratuity expense		3,557,824	3,426,782
Rent, rates and taxes		2,291,141	3,703,102
Donation	24.1	120,300	116,000
Utility charges		1,026,161	2,896,644
Postage, telephone and telegram		1,485,419	1,247,669
Repairs and maintenance		1,056,888	1,492,780
Insurance		554,375	612,473
Depreciation on operating assets	4.1	1,326,954	1,527,537
Fee and subscription		472,168	446,535
Entertainment		693,691	382,353
Printing and stationery		351,810	395,684
Legal and professional charges		683,500	1,264,950
Books and periodicals		27,169	26,039
Auditors' remuneration	24.2	320,000	285,000
Loss on theft		-	400,000
Miscellaneous and office expenses		169,237	227,395
		<b>29,716,619</b>	<b>33,833,828</b>
<b>24.1</b> The directors or their spouses did not have any interest in the donee's fund.			
<b>24.2 Auditors' remuneration</b>			
Statutory annual audit fee		150,000	150,000
Half yearly review		95,000	85,000
Review report on code of corporate governance		25,000	25,000
Out-of-pocket expenses		25,000	25,000
Other related services		25,000	-
		<b>320,000</b>	<b>285,000</b>
<b>25 SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages and benefits		1,576,969	1,622,245
Freight, loading and unloading		5,372,810	8,201,749
Commission		360,950	11,340
Traveling, conveyance and vehicle running expenses		497,460	516,362
Packing material		33,224	50,280
Sales promotion, publicity and advertisement		371,362	907,211
		<b>8,212,775</b>	<b>11,309,187</b>
<b>26 OTHER INCOME / (CHARGES)</b>			
Scrap/ other sales		48,495	25,393
Exchange gain		-	4,433
Gain / (loss) on sale of fixed assets		699,296	-
		<b>747,791</b>	<b>29,826</b>
<b>27 FINANCIAL AND OTHER CHARGES</b>			
Bank charges		89,697	167,244
Mark-up on old force period		1,980,801	-
Mark up paid to supplier on late payments		-	957,718
Mark up on finance lease		-	314,627
Mark-up on short term loan		95,000	188,251
Mark up on early payment		-	96,730
Mark-up on leased vehicles		357,279	-
Exchange (gain) / loss		2,501,815	-
		<b>5,024,592</b>	<b>1,724,570</b>



# Mandviwalla MAUSER

	Note	2009 Rupees	2008 Rupees
<b>28 TAXATION</b>			
Current	28.1	1,169,160	1,249,090
Prior		-	-
		<u>1,169,160</u>	<u>1,249,090</u>
<b>28.1 Current</b>			
Under normal assessment		1,161,184	1,240,694
Income tax on exports - u/s 115(4) of ITO, 2001	28.1.1	7,976	8,396
		<u>1,169,160</u>	<u>1,249,090</u>
<b>28.1.1 Relationship between tax expense and accounting profit</b>			
Profit / (loss) before taxation		<u>(21,571,415)</u>	<u>(24,632,628)</u>
Tax at the applicable rate		35%	35%
Tax effect of income taxed at lower rate			
- On exports		7,976	8,396
- Turnover tax		1,161,184	1,240,694
		<u>1,169,160</u>	<u>1,249,090</u>
Brought forward tax losses		<u>(210,623,258)</u>	<u>(185,990,630)</u>
<b>28.2</b> The income tax assessments have been finalized up to the tax year 2008.			
<b>29 EARNINGS PER SHARE</b>			
No figures for diluted earnings per share has been presented as the company has not yet issued any instrument which would have an impact on earnings per share when exercised.			
Profit/(loss) after taxation		<u>(22,740,575)</u>	<u>(25,881,718)</u>
Weighted average number of ordinary shares		<u>7,355,400</u>	<u>7,355,400</u>
Earnings per share - basic and diluted		<u>(3.09)</u>	<u>(3.52)</u>
<b>30 TRANSACTIONS WITH ASSOCIATED/RELATED PARTIES</b>			
Short term borrowings from director		53,250,300	53,250,300
Short term borrowings from employee		4,970,000	4,970,000
Staff gratuity payable		9,320,076	8,838,888
Staff gratuity charged		3,557,824	3,426,782
Staff gratuity paid		3,076,636	2,170,704
Rent expense		2,280,000	2,280,000
Rent payable to Mandviwalla Estate (Private) Limited		1,144,440	-
Advance to Al Hasan Trade Establishment		-	5,174,381
Advance to Mandviwalla Industries (Private) Limited		63,899	483,518

There were no transactions with related parties other than those already disclosed elsewhere in these financial statements.

30.1 All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".

**31 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

	CHIEF EXECUTIVE		EXECUTIVES		TOTAL	TOTAL
	2009	2008	2009	2008	2009	2008
Managerial remuneration	1,242,576	780,000	460,704	2,324,460	1,703,280	3,104,460
Lease rentals	-	-	-	-	-	-
Housing allowance	559,164	420,000	207,312	1,251,624	766,476	1,671,624
Medical allowance/expense	160,500	100,000	59,507	298,007	220,007	398,007
Utilities	124,260	78,000	46,068	232,446	170,328	310,446
Motor vehicle expense and conveyance allowance	310,290	300,000	98,650	600,000	408,940	900,000
	<b>2,396,790</b>	<b>1,678,000</b>	<b>872,241</b>	<b>4,706,537</b>	<b>3,269,031</b>	<b>6,384,537</b>
Number of persons	1	1	1	3	2	4

31.1 The chief executive and certain executives are also provided with free use of company maintained motor vehicles.

31.2 Aggregate amount charged in these accounts in respect of non-executive directors fee is Rs. Nil (2008: Rs. Nil).

**32 PLANT CAPACITY AND ACTUAL PRODUCTION (IN TONS)**

The production capacity of the whole unit plant on single shift basis, comes to 4,275 tons (2008: 4,275) tons per annum. However, the attainable capacity varies on the basis of the product mix determined for the year. The capacity based on the product mix manufactured during the year ended on June 30, 2009 comes to 1,306 tons (2008: 1,582 tons) which is 31% (2008: 37%) of the total capacity. The shortfall in the capacity utilized is mainly due to shortage of raw materials, electricity failure problem and difficulties in material procurement due to persistent increase in raw materials prices in international markets.

	Note	2009 Rupees	2008 Rupees
<b>33 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		967,254	1,669,503
Book overdraft		(13,213,528)	(434,253)
		<b>(12,246,274)</b>	<b>1,235,250</b>

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Maturities of financial assets and liabilities as at June 30, 2009

	Mark up bearing maturity			Non-mark-up bearing maturity			Total
	Up to	Over one year	Sub-total	Up to	Over one year	Over	
	one year	up to five years	Rupees	one year	up to five years	five years	
<b>Financial assets</b>							
Deposits	-	-	-	-	451,010	260,700	731,710
Trade debts	-	-	-	62,701,843	-	-	62,701,843
Advances and other receivables	-	-	-	7,541,039	-	-	7,541,039
Cash and bank balances	-	-	-	967,254	-	-	967,254
				<b>71,210,136</b>	<b>451,010</b>	<b>260,700</b>	<b>71,941,846</b>
<b>Financial liabilities</b>							
Subordinated loans	-	-	-	-	-	58,220,300	58,220,300
Long term finances	-	188,705,927	188,705,927	3,217,998	-	7,208,000	196,131,925
Short term finances	32,777,940	-	32,777,940	-	-	-	32,777,940
Morabaha finance	-	-	-	2,204,000	-	-	2,204,000
Creditors, accrued and other liabilities	-	-	-	195,756,724	-	-	195,756,724
	<b>32,777,940</b>	<b>188,705,927</b>	<b>218,483,867</b>	<b>201,178,722</b>	<b>65,426,300</b>	<b>65,426,300</b>	<b>485,090,889</b>
<b>Sensitivity gap - 2009</b>	<b>(32,777,940)</b>	<b>(188,705,927)</b>	<b>(218,483,867)</b>	<b>451,010</b>	<b>(65,147,600)</b>	<b>(65,147,600)</b>	<b>(413,149,043)</b>

Maturities of financial assets and liabilities as at June 30, 2008

	Mark up bearing maturity			Non-mark-up bearing maturity			Total
	Up to	Over one year	Sub-total	Up to	Over one year	Over	
	one year	up to five years	Rupees	one year	up to five years	five years	
<b>Financial assets</b>							
Deposits	-	-	-	-	452,610	280,700	733,510
Trade debts	-	-	-	83,375,431	-	-	83,375,431
Short-term loans	-	-	-	-	-	-	-
Advances and other receivables	-	-	-	11,419,612	-	-	11,419,612
Cash and bank balances	-	-	-	1,669,503	-	-	1,669,503
				<b>76,484,546</b>	<b>452,610</b>	<b>280,700</b>	<b>77,198,056</b>
<b>Financial liabilities</b>							
Subordinated loans	-	-	-	-	-	58,220,300	58,220,300
Long term finances	-	188,705,927	188,705,927	3,217,998	-	7,208,000	196,131,925
Short term finances	32,777,940	-	32,777,940	-	-	-	32,777,940
Morabaha finance	-	-	-	1,654,000	-	-	1,654,000
Creditors, accrued and other liabilities	-	-	-	194,665,462	-	-	194,665,462
	<b>32,777,940</b>	<b>188,705,927</b>	<b>221,483,867</b>	<b>199,537,460</b>	<b>65,426,300</b>	<b>65,426,300</b>	<b>486,449,627</b>
<b>Sensitivity gap - 2008</b>	<b>(32,777,940)</b>	<b>(188,705,927)</b>	<b>(221,483,867)</b>	<b>452,610</b>	<b>(65,147,600)</b>	<b>(65,147,600)</b>	<b>(408,251,571)</b>

(a) the effective rate of profit / mark-up are disclosed in the respective notes

(b) On-balance sheet gap represents the net amount of on-balance sheet items.

### 34.2 Capital risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During 2009 the company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

Total borrowings	245,296,298	236,349,700
Cash and bank	(967,254)	(1,669,503)
Net debt / (cash)	244,329,044	234,680,197
Total equity	(208,116,412)	(185,375,837)
Total capital	<u>36,212,632</u>	<u>49,304,360</u>
Gearing ratio	675%	476%

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix of such instruments.

Taken as a whole, company is materially exposed to capital risk.

### 34.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. As indicated in note 36.1, the company is exposed to interest rate risk as most of the financial liabilities are interest based.

### 34.4 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk the company's assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. The maturity profile is monitored to ensure that adequate liquidity is maintained.

### 34.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not materially exposed to credit risk as the customers are reputable local and foreign parties.

### 34.6 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

**34.7 Foreign exchange risk**

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company has a foreign currency bank account and export its products to various countries and is exposed to movement in foreign exchange rates.

**35 STAFF STRENGTH**

The total number of permanent employees at the year end were 41 (2008: 41).

**36 DATE OF AUTHORIZATION**

These accounts were authorized for issue on October 07, 2009 by the Board of Directors of the company.

**37 GENERAL AND LEVEL OF PRECISION**

**37.1** Figures in these accounts have been rounded off to the nearest rupee.

**Ali H. MANDVIWALLA**  
Chief Executive

**NADEEM H, MANDVIWALLA**  
Director

**FROM OF PROXY**

The Secretary,  
**Mandivwalla Mauser Plastic Industries Limited**  
Mandivwalla Building  
Old Queens Road,  
Karachi.

I/We \_\_\_\_\_

of \_\_\_\_\_

Being a member of Mandivwalla Mauser Plastic Industries Limited and a holder of \_\_\_\_\_

Ordinary Shares as per share Register Folio No. \_\_\_\_\_

hereby appoint \_\_\_\_\_

who is also Member of the company, of \_\_\_\_\_

as my/our proxy to vote for me / us and on my/our behalf at the 21st Annual General Meeting of the company to be held on October 30, 2009 at any adjournment thereof.

Sined this \_\_\_\_\_ day of \_\_\_\_\_ 2009

**Signature on  
Rs. 5:00  
Revenue  
Stamp**

(Signature should agree with the specimen signature registered with the Company)

**NOTE:**

1. A member entitled to attend and vote at the Meeting may appoint any other member on his/her behalf except that a corporation may appoint a person who is not a member
2. This form should be signed by the Member. If the member is a corporation, it's common seal should be affixed to the instrument and signed by authorized person(s).



