Corporate Directory

Board of Directors:

Rafiq M. Habib - Chairman
Sohail P. Ahmed - Chief Executive

Directors

Ali S. Habib
Mohamedali R. Habib
S.Z. Kazmi
Mazhar Valjee
Shahid Mahmood Khan

Chief Financial Officer:

Fahim Kapadia

Company Secretary:

Ali Asghar Moten

Audit Committee:

Mohamedali R. Habib - Chairman
S.Z.Kazmi - Member
Ali S. Habib - Member

Internal Auditors :

Noble Computer Services (Pvt.) Ltd.

External Auditors :

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisers :

A. K. Brohi & Co., Karachi.
K. A. Wahab & Co., Karachi.

Tax Advisers:

Ford Rhodes Sidat Hyder & Co.

Bankers:

Albaraka Islamic Bank
Bank Al -Habib Limited
Barclays Bank, PLC Pakistan
Habib Bank Limited
HSBC Bank Middle East Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Royal Bank of Scotland Limited
United Bank Limited

Registered Office :

4th Floor, House of Habib,
3-Jinnah Cooperative Housing Society, Block 7/8
Shahrah-e-Faisal, Karachi - Pakistan.
Tel : 92(21) 3431-2030, 3431-2185
E-mail : tl@hoh.net
Web : www.thallimited.com

Share Registrar :

Noble Computer Services (Pvt) Ltd.
Mezzanine Floor, House of Habib,
3-Jinnah Cooperative Housing Society, Block 7/8
Shahrah-e-Faisal, Karachi - Pakistan.
Tel : 92(21) 3432-5482-7, 3432-5442

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present to you the forty third annual report and audited accounts of the company for the fiscal year ended June 2009.
The year 2009 was full of un-certainties with economic growth hovering around 2% against the economic growth of 4.1% last year and a target of 4.5%. Massive contraction has been witnessed because of acute energy outrages, security environment and political disruption.
Al-Hamdullilah, the company achieved a growth in sales by 10% however the profit after tax is lower by 9%.

The summarized results for the year are:

		(Rupees '000')
	2009	2008
Sales Revenue	8,262,982	7,514,233
Gross Profit	1,427,443	1,278,148
Profit before Tax	988,680	1,074,843
Provision for Tax	334,585	344,639
Profit after Tax	654,095	730,204
Earnings per Share Rs.	15.34	17.13

DIVIDEND AND APPROPRIATIONS:

The Board of Directors has proposed cash dividend @ 20% and bonus shares @20% i.e. two shares for every ten shares held. The Board has also recommended appropriation of Rs. 573.0 million, from un-appropriated profits to General Reserve.

ENGINEERING SEGMENT

This was a difficult year for the manufacturing sector generally and more so for the automotive sector, which saw a decline of about 47% in cars and LcVs, 42 % in trucks and buses and 23% in two wheelers.

Whilst it maintained the sales revenue at par with last year at Rs. 3.927 billion (last year Rs. 3.915 billion) the earnings declined substantially to Rs. 653 milion, as compared to Rs. 831 million last year.

Manufacturers of cars are our main customers, their sales declined by 47% on YoY basis, after declining by 11% in the past year (2007 - 08). Two consecutive years of decline and, heavy erosion of Rupee value against all currencies took a toll on our profit and profitability, inspite of many cost cutting measures, affecting adversely our earnings.

Our after market sales also declined for the first time, due to a general recession in the market. We have now developed "Cool Sonic" brand a version of the aircon more suited to our market demands and this is expected to augment our sales in the after market. During the year we added truck air conditioners to our range. We will also be adding compressor oil and gas for Compressors to our range in the coming year.

SUNDAR PLANT

The wiring harness plant at Sundar (Lahore) was constructed, requisite machinery for manufacture of wiring harnesses was acquired, partially installed and production personnel were hired and trained, before the whole project was stopped after discussions with a leading car manufacturer in Lahore.

This is a deferment, not a closure. This is a temporary phase. Once the volumes of the car manufacturer go up we will start the operations. In the mean time some of the equipment has been brought to the Karachi operations, where it will be used selectively to improve our productivity; the rest has been mothballed.

RADIATOR MANUFACTURING

We are pioneering the manufacture of Aluminum Radiators in Pakistan.

Consequent to the Technical Assistance Agreement last year with Denso, we acquired machinery for manufacture of Aluminum Radiator, acquired training on the machines before shipment and have installed and commissioned them under the supervision and guidance of Denso engineers.

This is not only hi-tech and expensive machinery but the quality controls are minute and excessive to ensure trouble free performance. This quality of radiator has never been made before in Pakistan.

SUPPLY CHAIN

This is the life line of operations.

The longer it takes to bring inputs to the production line, the costlier the operations become. We have successfully reduced, lead times for CKD materials and raw materials in conjunction with Toyota Tsusho Corporation. Our inventory, which had gone up significantly due to reduced ordering from automakers has reduced to levels never before because of it, controlling and reducing the attendant financial costs markedly.

KAIZEN

Kaizen was given a new lease of life in this year of cost cutting, and the number of Kaizens per month kept going up, improving our costs, productivity and safety.

A new concept of Kaizen Blitz was introduced which further strengthened the drive to continually improve.

FUTURE OUTLOOK

The year under review started disastrously, whilst the new fiscal year has began on an optimistic note, after the government announced withdrawal of 5% Federal Excise Duty on cars above 800 cc. By comparison it appears hugely better. Whilst the interest rates have reduced, they are still not attractive, especially to the lower income strata; the Rupee continues to devalue and all predictions are that it will devalue further, increasing the cost of all imported materials whilst power and fuel rates are going the other way – up, increasing costs substantially.

Thus there is little that has improved in the fundamentals of the economy; maybe we have learnt to live with the new 'normal' and thus an increase in demand.

We only have 7.5 cars per 1000 persons in Pakistan whilst the world average is 120. Malaysia & Thailand boast of figures much higher than that. Potential is obvious. Will the potential be mined or remain dormant, depends on strengthening of the middle class, whose purchasing power must be augmented, through prudent anti inflationary policies by the government.

After-market remains a bane. The unscrupulous not only make hay in all weather but blatantly threaten the existence of the scrupulous and ethical. The exercise and the effort is continuous and unrelenting, for what is our right.

BUILDING MATERIAL AND ALLIED PRODUCTS SEGMENT:

The sales revenue of the Building Material & Allied Products Segment during the year under review was Rs 4.335 billion as compared to Rs 3.598 billion an impressive growth of Rs 737 million or 20.48%.

JUTE OPERATIONS:

By the grace of Almighty Allah, the year under review was another success story in the history of Thal Jute as the Division's management maintained the unprecedented pace achieved during last year. The production during the year under review was 35,197 metric tons which was the highest ever in the history of the company versus 32,038 metric tons in the previous year, an increase of 3,159 metric tons or 10%. The export during the year under review was Rs. 365 million (US$ 4.7 million) as compared to last year Rs 409 million (US$ 6.6 million) and the decrease in export was because of financial crunch in international market and high demand of PGS in local market.

During the fiscal year 2008-09 we enhanced our storage capacity by constructing five new godowns for placing raw jute. A Sprinkler system was also installed in seven godowns. Inspite of sharp rise in wages, financial crunch in international market, power breakdown and un-scheduled load shedding, the management succeeded in maintaining the high standards of efficiency and growth to achieve quality of the products working round the clock.

FUTURE OUTLOOK: The main challenge in the coming year will be to procure raw jute and other inputs at reasonable prices to remain competitive in the market. Moreover, the continued power crisis is not only increasing the cost of business but also becomes another main hurdle in the production activity. The management will endeavor to keep the performance up to the mark for the next fiscal year.

PAPERSACK OPERATIONS:

During the period, the Papersack Operations faced considerable challenges from local papersack manufacturers as well as from Woven Polypropylene sack manufacturers, which coupled with the economic slowdown and reduced demand for cement domestically, had an adverse impact on the demand for the Division's product. On a positive note, there was some easing in international paper prices, however, the benefit of this reduction was largely offset by the rapid devaluation of the Pak Rupee.

In addition, imports of Woven Polypropylene sacks and papersacks continue to further saturate the local market, and pressurize the selling prices of local papersacks.
In the Federal Budget 2009-2010, the Government has once again re-imposed 5% Regulatory Duty on our Sack Kraft Paper imports. The management has taken up the matter with the Government to remove this anomaly.
The Division managed to navigate through the turmoil caused by the global financial crisis in the preceding year, and has retained its position as a market leader.

FUTURE OUTLOOK: The management's efforts to reduce costs through stringent inventory management measures, efficient financial planning and concentration on core competencies have borne positive results, which will contribute to the overall profitability of the Division in the coming periods. Furthermore, we will continue to improve production efficiency and expand our customer base in order to ensure the long term sustainability of the Division.

LAMINATES OPERATIONS:

During the year, the Division's sales volumes were adversely impacted by the changing market sentiments and unstable availability of imported raw materials, which constrained our sales efforts. Furthermore, the fluctuating international prices of imported raw material, coupled with the constant devaluation of the Pak Rupee, made it difficult to forecast sales volumes, and as a result the company adopted a conservative sales policy.

Overall, the Division faced increasing cost of inputs, including raw materials prices, energy costs, freight and other operation charges, while these were partially offset by the cost savings of increased production efficiency, reorganized & restructured man power requirements, systematic inventory management and financial planning

FUTURE OUTLOOK: The coming year will bring considerable challenges for our industry, with devaluation of Pak Rupee being one of the major contributors to increasing cost of imported raw materials, which will ultimately impact the profitability of the operations.

Whilst at the same time, the company is determined to reduce financial charges, monitor production wastages and improve man & machine efficiencies, to enable reduction in production and operations costs, which are essential to stay afloat in the times ahead.

In view of difficult local market conditions, your management is looking beyond our borders for opportunities, and has confidently achieved results in the neighboring export markets of Middle East, North Africa and South Asia, which will remain areas of concentration in the coming period.

AWARDS

Thal Limited was again the proud recipient of the Corporate Excellence Certificate in the Engineering Sector from the Management Association of Pakistan. This was their 26th Award Ceremony, and it was the seventh time that we received the Certificate / Award – this time in the "Engineering & Auto Sector" segment, which is more challenging.

The Engineering Division received awards from Honda Atlas Cars (Pak) Ltd., for Best Performance and Indus Motor Company in Delivery & Suppliability for the calendar year 2008.

INFORMATION TECHNOLOGY

Information Technology at Thal is now wedded to the operations. It is no more just a financial tool, but has spread its benefits throughout the company in Administration, Human Resources, inventory management, Supply Chain, Production Management, Sales & Service Information and ofcourse in Financial reporting and Analysis. No aspect has been left untouched. It is difficult to understand how did we do without it.

During the year several stretched targets were set for IT, the emphasis was to ensure timely availability and integrity of information for effective decision making. The biggest challenge was restricted Hardware upgrade because of economic / business slow down, which has now successfully completed 5^{th} year with Zero down time.

Besides cost saving in hardware, cost effective in-house implementation of Plant Maintenance, Warehouse Management, Quality Management Modules in SAP, Business Dash board, Employee Self Service Portal (online Salary, leaves information, Master data information & loan Balances), Time Management software and payroll Module fully integrated with SAP were implemented. Profit and loss statement is now directly from SAP, resulting in significant time saving in preparation of Managements accounts and leads to quick and effective decision making.

TRAINING

Being a year of cost control, less was spent on training in comparison to last year, but still more than in past years.

We sent engineers for training at Denso on Radiator Manufacturing. We also sent engineers for training under AOTS, to Japan as well as in Pakistan on various management programs, as Production Management, 5S and Kaizen.

The Training Centre that we started late last year, also became more active and we conducted a 'Skill Competition' on the pattern held at Denso Corporation, with the objective of developing a couple of team members who will be able to compete with the world's best at Denso Corporation, Japan, in future.

It has provided a stimulus to many junior team members to do better, improving productivity and quality.

A whole year's program has been developed for junior team members, alongwith a syllabus.

CONTRIBUTION TO THE EXCHEQUER

Our contribution to the national exchequer for the year under review was Rs. 1.822 billion. The governments share is substantial and keeps growing with growth in the company.

A sum of Rs. 72.993 million was contributed towards the Workers Profit Participation Fund & Workers Welfare Fund. Whilst WPPF rules have been amended and larger benefits accrue to the employees, the fate of the balance of WPPF paid to government along-with WWF is unknown and is actually a tax on industry.

CORPORATE SOCIAL RESPONSIBILITY

In this year where we cut back on all costs, we increased our spending on societal needs and spent Rs. 11.3 million versus Rs. 6.3 million last year. Much happened during the year, especially in the Northern part of the country, which beckoned us to partake more.

As we have said earlier 'CSR giving' is part of our blood line, we have a legacy of sharing and true caring which we must live up to.

We continue to support hospitals and schools especially for girls, in our areas where we are located. In Baseera, Muzaffargarh, we once again provided full expenses of a TCF school and will INSHALLAH continue to do so in future.

Again this year we sponsored 10 young adults, 4 of them girls with limited means, to the Young Leaders Conference (YLC).

Currently we have 46 physically challenged individuals working for the company at various levels. This is also part of our legacy.

We have been active members of World Wide Life Fund for about a decade and a half.

We are also registered with Global Compact, an initiative of United Nations, which devolves around human rights, work ethics, environmental issues and forced/child labour. Companies that join the Global Compact make explicit commitment to communicate annually on progress made. Thal's progress was updated on UN website. We have also signed "Caring for Climate" mandate under the auspices of Global Compact. We are a green company and want to promote "greenness" strongly. We do seriously believe that control of environmental degradation is necessary for survival of humanity.

We must do our best, however small it may be.

SUBSIDIAIRES

PAKISTAN INDUSTRIAL AID (Private) LIMITED

The subsidiary improved its performance over last year markedly, on acquiring of representation rights from some Japanese equipment makers and Chinese pipe / tube manufacturers.

Some new companies have also been approached for right to represent, as for painting equipment, flat sheets etc.

NOBLE COMPUTERS SERVICES (Private) LIMITED

Noble Computers Services Limited incorporated in 1983, has a large portfolio of services, providing share / TFC Registrar Services, Share Accounting Services, Share / TFC Floatation Services, Management & I.T. Related Services, HR Services and Internal Audit Services. It continues to improve upon its services every year as well as its financial performance.

MAKRO-HABIB PAKISTAN LIMITED

Thal Ltd. with it's 55% equity holding in Makro-Habib Pakistan Ltd. is in a unique position of becoming a pioneer in the Wholesale Cash and Carry business in Pakistan. Makro-Habib, with the launch of it's fifth store in Lahore, has taken another step towards economies of scale and improvements in sales and margins.

Our customer base of retailers, restaurants, hotels, canteens, organizations and end-customers is continuing to grow and expand. Buyers enjoy a unique shopping experience at Makro – a huge range of quality products under one roof in an air-conditioned, clean and friendly environment coupled with the convenience of ample parking space and complimented by licensed shops attached to the store, which also attract new customers and generate additional revenue for the Company.

Pakistan, with it's population of over 160 million, has a lot of potential and Makro-Habib is set to expand and grow.

There is no doubt that the future ahead will be very challenging for Makro-Habib given the existing economic climate. We are, however, looking confidently to the future, by gearing all our efforts towards improving performance, expanding our product range and opening new stores, thereby enabling us to attract more business and harness economies of scale which is an essential part of our business strategy.

FUTURE OUTLOOK

During the year under review Building Material and Allied Products Segment led the way, especially Jute and Papersack Divisions, the Engineering segment did damage control and the Cash and Carry and Others segment sales revenue grew exponentially, as sales for the full year for Makro-Habib stores was accounted for, versus 2 months only last year.

The ensuing year will bring considerable challenges as inflation is likely to be high, as Rupee continues to devalue and fuel and energy costs are expected to rise. This will impact the profitability of the operations. Our efforts to control expenditures, reduce wastages and improve efficiencies, to keep a rein on costs will also continue.

Because of increase in car sales we expect to see an improvement in the fortunes of the Engineering segment whose strategy is to consolidate this year. The Building Material and Allied Products Segment is expected to decline from the high point it touched this year, as building activity has subsided and the government's demand for Jute bags being cyclical, is expected to reduce. The 'Cash & Carry and Others' Segment will pull its weight. Its revenue is increasing, the cash flow is getting better and the Segment is strengthening.

We will continue to lead in the fields we are working in and produce World class products at competitive prices, look after all stake holder's interests and be a good Corporate citizen.

To do so we must continue our investments in human capital and strategize our path to the vision we have of our future.

On behalf of the Board of Directors I would like to thank our Customers, Dealers, Business Partners and Bankers for their unwavering support and confidence in us. We are grateful to our Technical Partners, Denso Corporation Japan, and Furukawa Electric Company, Japan, for their cooperation, advise and help.

These are very challenging times. May Allah be our Guide.

AUDITORS:

The current auditors Messrs. Ford Rhodes Sidat Hyder & Co, Chartered Accountants, retire and being eligible offer themselves for re-appointment as auditors for the year 2009-10. The reappointment has also been recommended by the Audit Committee.

PATTERN OF SHAREHOLDING:

The pattern of shareholding as on June 30, 2009 is attached to this report.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE:

The "Statements of Compliance with the best practices of Code of Corporate Governance is annexed".

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

1. The financial statements prepared by the Management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Proper books of account have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

5. The Board has outsourced the internal audit function to M/s. Noble Computer Services (Pvt.) Ltd, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.

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

7. The Audit Committee comprises of two non-executive director and one executive directors.

8. There are no significant doubts upon the Company's ability to continue as a going concern.

9. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

10. The value of investment based on the audited accounts of provident fund and retirement fund stands at Rs. 226.890 million and Rs.27.002 million as at June 30, 2008.

11. The key operating & finance data for the last 6 years are annexed to the report.

12. There were no transaction in shares of the Company undertaken by its Directors, CEO, CFO and Company Secretary, their spouses and minor children:

13. During the year under review the Board convened 5 times and attendance of the respective Directors was as under :

S #	Names of Directors	Meeting Attended
1	Mr. Rafiq M. Habib	3 / 5
2	Mr. Ali S. Habib	5 / 5
3	Mr. Mohamedali R. Habib	5 / 5
4	Mr. Sohail P. Ahmed	5 / 5
5	Mr. Mazhar Valjee	4 / 5
6	Mr. Shahid Mahmood Khan	3 / 5
7	Mr. S. Z. Kazmi	5 / 5

On behalf of the Board of Directors

Sohail P. Ahmed
Chief Executive

Karachi
Dated: September 18, 2009

Achievements

Thal Limited

Six Years at a Glance

(Rs. 000)

	2009	2008	2007	2006	2005	2004 ☆
ASSETS EMPLOYEED						
Property, plant and equipment	**539,208**	506,381	296,536	272,300	233,812	138,004
Investment property	**1,064**	1,073	1,083	1,093	1,104	1,115
Long-term investments	**2,101,027**	2,018,013	368,428	242,795	74,975	34,924
Long-term loans and deposits	**4,192**	5,047	5,530	4,774	4,664	1,848
Long-term prepayments	**3,600**	7,200	10,800	14,400	-	-
Net current assets	**2,059,681**	1,624,480	2,378,089	1,921,236	1,548,555	710,574
Total Assets Employed	**4,708,772**	4,162,194	3,060,466	2,456,598	1,863,110	886,465
FINANCED BY						
Shareholder's equity	**4,387,587**	3,743,160	3,033,115	2,431,827	1,844,199	871,074
Long-term loans	**247,500**	360,000	-	-	-	-
Liabilities against assets subject to finance lease	**7,826**	13,889	13,515	14,340	9,609	4,463
Deferred taxation	**65,859**	45,145	13,836	10,431	9,302	10,928
	4,708,772	4,162,194	3,060,466	2,456,598	1,863,110	886,465
SALES & PROFITS						
Sales	**8,262,982**	7,514,233	6,826,389	5,907,105	4,655,529	2,682,432
Gross Profit	**1,427,443**	1,278,148	1,308,496	1,154,413	856,310	531,526
Profit before taxation	**988,680**	1,074,843	1,078,935	963,538	703,939	445,667
Profit after taxation	**654,095**	730,204	740,094	663,173	492,213	314,329
FINANCIAL RATIOS						
Gross profit as percentage of sales	**17%**	17%	19%	20%	18%	20%
Profit before tax as percentage of sales	**12%**	14%	16%	16%	15%	17%
Profit after tax as percentage of sales	**8%**	10%	11%	11%	11%	12%
Current Ratio	**2.77**	2.10	4.71	3.54	3.77	3.23
Long-term Debt	**7.69**	12.02	-	-	-	-
Equity	**92.31**	87.98	100	100	100	100
Earnings per share - Re-stated	**15.34**	17.13	17.36	15.56	11.55	7.37
Cash Dividend - TL	20%	-	70%	100%	130%	125%
Cash Dividend - PPCL	-	-	-	-	20%	-
Bonus Share	20%	40%	30%	20%		

☆ Pre merger data

THAL LIMITED
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousands)	
ASSETS			
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	3	**539,208**	506,381
INVESTMENT PROPERTY	4	**1,064**	1,073
LONG-TERM INVESTMENTS	5	**2,101,027**	2,018,013
LONG-TERM LOANS AND DEPOSITS	6	**4,192**	5,047
LONG TERM PREPAYMENT	7	**3,600**	7,200
		2,649,091	2,537,714
CURRENT ASSETS			
Stores, spares and loose tools	8	**64,814**	70,058
Stock-in-trade	9	**1,867,248**	2,012,300
Trade debts	10	**358,668**	648,702
Loans, advances, deposits, prepayments and other receivables	11	**127,161**	207,505
Short-term investments	12	**648**	587
Accrued profit		**2,595**	750
Income tax refundable	13	**261,000**	-
Taxation – net		**-**	49,701
Sales tax refundable		**17,369**	31,701
Cash and bank balances	14	**521,588**	76,323
		3,221,091	3,097,627
TOTAL ASSETS		**5,870,182**	5,635,341
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2008: 100,000,000) ordinary shares of Rs.5/- each		**500,000**	500,000
Issued, subscribed and paid-up capital	15	**213,147**	152,248
Reserves	16	**4,174,440**	3,590,912
		4,387,587	3,743,160
NON-CURRENT LIABILITIES			
LONG TERM FINANCE	17	**247,500**	360,000
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	18	**7,826**	13,889
DEFERRED TAXATION	19	**65,859**	45,145
CURRENT LIABILITIES			
Trade and other payables	20	**596,845**	687,416
Short-term borrowings	21	**324,302**	659,458
Current portion of long term finance	17	**90,000**	90,000
Current portion of liabilities against assets subject to finance lease	18	**13,155**	21,854
Accrued mark-up		**13,911**	14,419
Taxation – net		**66,456**	-
Sales tax payable		**56,741**	-
		1,161,410	1,473,147
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITIES AND LIABILITIES		**5,870,182**	5,635,341

The annexed notes from 1 to 42 form an integral part of these financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
DIRECTOR

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

	Note	2009	2008
		(Rupees in thousands)	
Turnover – net	23	**8,262,982**	7,514,233
Cost of sales	24	**6,835,539**	6,236,085
Gross profit		**1,427,443**	1,278,148
Distribution costs	25	**99,649**	131,802
Administrative expenses	26	**201,640**	173,692
		301,289	305,494
Other operating income	27	**(120,313)**	(219,526)
Profit on trading activities	28	**(18,226)**	(11,541)
Operating profit		**1,264,693**	1,203,721
Finance costs	29	**191,185**	52,641
Other charges	30	**84,828**	76,237
		276,013	128,878
Profit before taxation		**988,680**	1,074,843
Taxation	31	**334,585**	344,639
Profit after taxation		**654,095**	730,204
		Rupees	**Rupees (Restated)**
Basic and diluted earnings per share	32	**15.34**	17.13

The annexed notes from 1 to 42 form an integral part of these financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
DIRECTOR

THAL LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**33**	**1,761,612**	477,880
Finance costs paid		**(191,693)**	(41,233)
Dividends paid		**(68)**	(34,480)
Retirement benefits paid		**(5,703)**	(1,577)
Income tax paid		**(476,786)**	(375,389)
Net cash generated from operating activities		**1,087,362**	25,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(136,218)**	(249,310)
Long term loans and deposits		**4,455**	4,083
Dividends received		**36,739**	73,815
Profit received		**6,603**	72,563
Proceeds from disposal of property, plant and equipment		**12,785**	11,197
Investment in an associate and a subsidiary		**(91,986)**	(1,635,306)
Purchase of short term investments		**(61)**	(12)
Net cash used in investing activities		**(167,683)**	(1,722,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		**-**	450,000
Export refinance obtained		33,461	124,539
Repayment of liabilities against assets subject to finance lease		(26,758)	(25,222)
Repayment of long term finance		(112,500)	-
Net cash (used) in/generated from in financing activities		**(105,797)**	549,317
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**813,882**	(1,148,452)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(458,596)**	689,856
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**34**	**355,286**	(458,596)

The annexed notes from 1 to 42 form an integral part of these financial statements.

SOHAIL P. AHMED	**ALI S. HABIB**
CHIEF EXECUTIVE	DIRECTOR

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

	Issued, subscribed and paid-up capital	RESERVES						Total equity
				Revenue Reserves				
		Capital reserve	Gain/(loss) on changes in fair value of available for sale investments	General reserve	Unappropriated profit	Hedging Reserves	Total reserves	
	------ (Rupees in thousands) ------							
Balance as at June 30, 2007	117,114	55,704	24,410	2,141,170	694,717	-	2,916,001	3,033,115
Final dividend @Rs. 1.50/- per share	-	-	-	-	(35,134)	-	(35,134)	(35,134)
Issue of bonus shares in the ratio of 3:10	35,134	-	-	-	(35,134)	-	(35,134)	-
Transfer to revenue reserve	-	-	-	618,829	(618,829)	-	-	-
Net profit for the year	-	-	-	-	730,204	-	730,204	730,204
Gain on change in fair value of available for sale investments	-	-	14,279	-	-	-	14,279	14,279
Net gain on cash flow hedge	-	-	-	-	-	696	696	696
Balance as at June 30, 2008	**152,248**	**55,704**	**38,689**	**2,759,999**	**735,824**	**696**	**3,590,912**	**3,743,160**
Issue of bonus shares in the ratio of 4:10	60,899	-	-	-	(60,899)	-	(60,899)	-
Transfer to revenue reserve	-	-	-	670,000	(670,000)	-	-	-
Net profit for the year	-	-	-	-	654,095	-	654,095	654,095
Loss on change in fair value of available for sale investments	-	-	(8,972)	-	-	-	(8,972)	(8,972)
Gain on cash flow hedge transferred to stock-in-trade	-	-	-	-	-	(696)	(696)	(696)
Balance as at June 30, 2009	**213,147**	**55,704**	**29,717**	**3,429,999**	**659,020**	**-**	**4,174,440**	**4,387,587**

The annexed notes from 1 to 42 form an integral part of these financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
DIRECTOR

THAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. THE COMPANY AND ITS OPERATIONS

1.1 Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges.

The Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The jute operations is at Muzaffargarh, engineering operations at Karachi, papersack operations at Hub and Gadoon and laminate operations located at Hub. The registered office of the Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharea Faisal, Karachi.

1.2 These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

Standards 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 standard or interpretations.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application other than changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the following:

IAS – 01 'Presentation of Financial Statements' (effective from January 1, 2009). The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

IAS – 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (on that take substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn and will result in change in accounting policy. This amendment is not expected to have a significant effect on the Company's financial statements, as the Company does not have any borrowing for acquisition, construction or production of qualifying asset.

The other standards, amendments and interpretations effective from the accounting periods beginning on or after July 1, 2009 are not stated here as these are considered not to be relevant or to have any significant effect on the Company's operations.

2.2. 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.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except for available for sale financial assets which are shown at fair value as required under IAS – 39 "Financial Instruments; Recognition and Measurement".

2.4 Significant accounting judgements and estimates

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 judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

(a) determining the residual values and useful lives of property, plant and equipment (Note 2.5);
(b) impairment of assets (Note 2.6)
(c) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 2.11);
(d) recognition of taxation and deferred tax (Note 2.14);
(e) warranty obligations (Note 2.19); and
(f) contingencies (Note 22).

2.5 Property, plant and equipment

(a) Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work-in-progress which are stated at cost.

Depreciation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated on straight line method at the rates specified in note 3 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains or losses on disposals of fixed assets, if any, are included in income currently.

Leasehold land is amortised in equal installments over the lease period.

(b) Leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are shown as a liability.

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

Depreciation is charged at the same rates as charged on the Company's owned assets.

2.6 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

2.7 Investment property

Investment property is stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on reducing balance method at the rate specified in note 4.

2.8 Investments

Subsidiaries and associates

Investment in shares of the Company's subsidiaries and associates is stated at cost. No adjustment is made for market value /break-up value as on the balance sheet date. Provision is made however, for permanent impairment in the value of investment.

Others

Held-to-maturity
Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Available-for-sale
Investments which the management intends to hold for an indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction cost associated with the investment. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost using effective interest rate method.

For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to review for impairment at each balance sheet date.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

2.9 Long term loans and deposits

These are stated at cost.

2.10 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the moving average cost method except for those in transit which are valued at actual cost. Provision is made annually for slow moving and obsolete items.

2.11 Stock-in-trade

Raw materials and trading stock, except for those in transit, are valued at lower of moving average cost and net realisable value.

Work-in-process is valued at material cost, labour cost, together with appropriate production overheads.

Finished goods are valued at lower of cost comprising material cost, labour cost, together with appropriate production overheads and net realisable value.

Stock in transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated cost of completion and the estimated cost that would necessarily be incurred for its sale.

2.12 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Provision for impairment is based on the management's assessment of customers' out standings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for impairment.

2.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

2.14 Taxation

(a) Current

Provision for current taxation is based on taxability of certain income streams of the Company under Final Tax Regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any.

(b) Deferred

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of un used tax assets and un used tax losses can be utilized,

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduce to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset 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 tax rates (and tax loss) that have been enacted or substantively enacted at the balance sheet date.

2.15 Trade and other payables

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

2.16 Staff retirement benefits

Defined Contribution plan

Provident fund

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

Retirement fund

The Company operates a funded scheme for retirement benefits for all employees on the basis of defined contribution on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

2.17 Compensated absences

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

2.18 Provisions

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

2.19 Warranty obligations

The Company recognizes the estimated liability to repair or replace products under warranty at the balance sheet date.

2.20 Revenue recognition

- Sales are recorded on dispatch of goods to customers.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on Term Deposit Receipts are recognised on constant rate of return to maturity.
- Profit on bank deposits are recognised on accrual basis.
- Warranty and insurance claims are recognised when the claims in respect thereof are lodged.

2.21 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year end spot foreign exchange rates and in case of forward contracts at the committed rates. Non-monetary assets and liabilities are translated using exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

2.22 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprised the financial assets. Financial liabilities are dercognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to the profit and loss account.

2.23 Research and development expenditure

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense as incurred.

2.24 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the Company and the related party are carried out at arm’s length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

2.25 Borrowing costs

Borrowing costs are charged to profit and loss account as and when incurred.

2.26 Segment reporting

A segment is a distinguishable component within a Company that is engaged in providing products (business segment) or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.27 Off-setting of financial assets and liabilities

A financial asset and a financial liability are off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.28 Dividends and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

2.29 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

	Note	2 0 0 9	2 0 0 8
		(Rupees in thousands)	
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	**537,168**	493,180
Capital work-in-progress	3.4	**2,040**	13,201
		539,208	506,381

3.1 Statement of operating fixed assets

	C O S T					D E P R E C I A T I O N				Written Down value as at June 30, 2009
	As at July 1, 2008	Additions/ adjustments*	Disposals / adjustments*	As at June 30, 2009	Rate %	As at July 1, 2008	Depreciation/ adjustments * for the year	On disposals/ adjustments*	As at June 30, 2009	
	(Rupees in thousands)					(Rupees in thousands)				
Owned										
Land - Freehold	16,289	-	3,540	12,749	-	-	-	-	-	12,749
- Leasehold	14,742	-	-	14,742	3	1,303	236	-	1,539	13,203
Building on freehold land										
- Factory building	207,856	15,881	-	223,737	10	66,112	14,303	-	80,415	143,322
- Non factory building	23,350	-	-	23,350	5-10	8,421	1,495	-	9,916	13,434
Railway siding	792	-	-	792	5	684	5	-	689	103
Plant and machinery	581,375	74,214	1,158	654,431	10-30	374,451	50,901	971	424,381	230,050
Furniture and fittings	16,445	2,498	344	18,599	15-20	9,515	1,366	273	10,608	7,991
Vehicles	36,211	1,029 12,072*	12,192 -	37,120	20	25,097	3,092 5,800 *	- 8,442 -	25,547	11,573
Office and mills equipment	27,635	4,083	549	31,169	10-30	14,610	2,511	330	16,791	14,378
Computer equipment	36,574	3,288	1,172	38,690	33	29,996	3,376	1,149	32,223	6,467
** Jigs and fixtures	75,513	46,386	-	121,899	33	64,886	17,256	-	82,142	39,757
	1,036,782	147,379 12,072 *	18,955	1,177,278		595,075	94,541 5,800 *	11,165	684,251	493,027
Leased										
Vehicles	49,419	11,996	4,188 12,072 *	45,155	20	12,761	6,921	1,016 5,800 *	12,866	32,289
Plant and machinery	22,496	-	-	22,496	20	7,681	2,963	-	10,644	11,852
	71,915	11,996	4,188 12,072 *	67,651		20,442	9,884	1,016 5,800 *	23,510	44,141
2009	**1,108,697**	**159,375** **12,072**	**23,143** **12,072 ***	**1,244,929**		**615,517**	**104,425** **5,800**	**12,181** **5,800 ***	**707,761**	**537,168**

**This includes moulds having book value of Rs. 23.836 million (2008: Rs. 2.367 million) in the possession of sub-contractors.

	COST					DEPRECIATION				Written down value as at June 30, 2008
	As at July 1, 2007	Additions/ adjustments*	Disposals / adjustments*	As at June 30, 2008	Rate %	As at July 1, 2007	Depreciation/ adjustments * for the year	On disposals/ adjustments*	As at June 30, 2008	
	(Rupees in thousands)					(Rupees in thousands)				
Owned										
Land - Freehold	16,289	-	-	16,289	-	-	-	-	-	16,289
- Leasehold	14,742	-	-	14,742	3	1,067	236	-	1,303	13,439
Building on freehold land										
- Factory building	112,060	105,454	9,658	207,856	10	69,252	5,113	8,253	66,112	141,744
- Non factory building	11,180	12,170	-	23,350	5-10	7,978	443	-	8,421	14,929
Railway siding	792	-	-	792	5	678	6	-	684	108
Plant and machinery	468,924	103,957	-	581,375	10-30	336,085	34,221	-	374,451	206,924
		8,494 *					4,145 *			
Furniture and fittings	15,698	1,380	633	16,445	15-20	8,878	1,089	452	9,515	6,930
Vehicles	43,611	1,777	10,951	36,211	20	28,794	3,125	7,813	25,097	11,114
		1,774 *					991 *			
Office and mills equipment	21,781	5,995	141	27,635	10-30	13,032	1,649	71	14,610	13,025
Computer equipment	21,646	6,458	1,229	36,574	33	18,081	3,346	1,130	29,996	6,578
		9,699 *					9,699 *			
** Jigs and fixtures	65,793	9,720	-	75,513	33	61,032	3,854	-	64,886	10,627
	792,516	246,911	22,612	1,036,782		544,877	53,082	17,719	595,075	441,707
		19,967 *					14,835 *			
Leased										
Vehicles	30,908	26,099	5,814	49,419	20	8,680	7,047	1,975	12,761	36,658
		-	1,774 *					991 *		
Plant and machinery	24,990	6,000	8,494 *	22,496	20	9,123	2,703	4,145 *	7,681	14,815
Computer equipment	9,699	-	9,699 *	-	33	9,699	-	9,699 *	-	-
	65,597	32,099	5,814	71,915		27,502	9,750	1,975	20,442	51,473
			19,967 *					14,835 *		
2008	**858,113**	**279,010**	**28,426**	**1,108,697**		**572,379**	**62,832**	**19,694**	**615,517**	**493,180**
		19,967 *	**19,967 ***				**14,835 ***	**14,835 ***		

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

	Note	2009	2008
		(Rupees in thousands)	
Cost of sales	**24**	**96,550**	55,163
Distribution costs	**25**	**1,674**	1,907
Administrative expenses	**26**	**6,201**	5,762
		104,425	62,832

3.3 The following property, plant and equipment were disposed off during the year:

Particulars		Original Cost	Accumulated Depreciation	Written down value	Sales proceeds	Gain/ (loss) Note 27	Mode of disposal	Particulars of buyers
		---------------------- Rupees in thousands ----------------------						
Land - Freehold		3,540	-	3,540	3,363	(177)	Plot surrender to Lasbella Industrial Estate Development	Lasbella Industrial Estate Development
Plant & Machinery								
Bottomer		208	123	85	150	65	Sold by Negotiation	Mr. Yaqoob, Karachi
Items having book value upto Rs.50,000/-		950	847	103	135	32		
Vehicles								
Toyota Corrolla	ACE-365	1,168	862	306	306	-	Sold under Company's car scheme	Mr. Mohammad Jamil Hussain, Ex Director
Toyota Corolla	AFL-016	857	657	200	280	80	Sold under Company's car scheme	Mr. Shahid Saleem, Employee
Toyota Corolla	AGG-329	939	688	251	310	59	Sold under Company's car scheme	Mr. S.E. Bukhari, Employee
Daihatsu Cuore	AGE-068	427	303	124	255	131	Sold under Company's car scheme	Mr. Muhammad Yousuf, Employee
Suzuki Bolan	CK-4064	367	255	112	130	18	Sold under Company's car scheme	Mr.Syed Mohammad Hassan, Employee
Daihatsu Cuore	ADG-059	378	272	106	122	16	Sold under Company's car scheme	Mr. Mazharullah Khan, Employee
Toyota Corolla	AFT-248	939	688	251	368	117	Sold under Company's car scheme	Mr. Tariq Saeed, Employee
Toyota Corolla	AEP-311	1,020	793	227	265	38	Sold under Company's car scheme	Syed Raza Haider Zaidi, Employee
Toyota Altis	APJ-554	1,370	285	1,085	1,085	-	Sold under Company's car scheme	Mr. Reza Pooya, Employee
Toyota Corolla	AQW-978	1,014	133	881	881	-	Sold under Company's car scheme	Mr. Jawed Ali, Employee
Toyota Corolla	AMJ-734	990	452	538	750	212	Sold by Negotiation	Col. Usman Haider Bhatti, Employee
Daihatsu Cuore	APT-842	518	151	367	450	83	Sold by Negotiation	Syed Danish Ali, Employee
Suzuki Cultus	APN-283	653	191	462	590	128	Sold by Negotiation	Mr. Kashif Iqbal Butt, Employee
Toyota Crown	AA-8646	2,073	1,854	219	245	26	Sold by Negotiation	Mr. Hussain Qaiser Rizvi, Employee
Toyota Altis	ALZ-052	1,328	549	779	794	15	Sold by Negotiation	Mr. A.Q. Mogri, Employee
Toyota Corolla	AFB-563	169	58	111	71	(40)	Sold by Negotiation	Mr. Baquer Qazi
Daihatsu Coure	ACQ-293	495	57	438	495	57	Lease Terminated	
Items having book value upto Rs. 50,000		1,675	1,211	464	1,416	952		
		16,380	**9,459**	**6,921**	**8,813**	**1,892**		
Office and mills equipment								
Data Collection Terminal		117	22	95	97	2	Sold by Negotiation	M/s. Shabbir Tiles & Ceramics Limited, a related party
Items having book value upto Rs. 50,000		432	308	124	55	(69)		
Computer equipment								
Items having book value upto Rs. 50,000		1,172	1,149	23	99	76		
Furniture and fittings								
Items having book value upto Rs. 50,000		344	273	71	73	2		
June 30, 2009		**23,143**	**12,181**	**10,962**	**12,785**	**1,823**		
June 30, 2008		28,426	19,694	8,732	11,197	2,465		

	2009	2008
	(Rupees in thousands)	

3.4 CAPITAL WORK-IN-PROGRESS

	2009	2008
Civil works	**415**	-
Advance against moulds	**1,625**	13,201
	2,040	13,201

4. INVESTMENT PROPERTY

	Cost as at July 1, 2008	Additions	Cost as at June 30, 2009	Accumulated depreciation As at July 1, 2008	Depreciation for the year (Note 26)	Accumulated Depreciation as at June 30, 2009	Book value As at June 30, 2009	Depreciation Rate %
	(Rupees in thousands)							
Freehold land	891	-	891	-	-	-	891	-
Building	694	-	694	512	9	521	173	5
2009	**1,585**	**-**	**1,585**	**512**	**9**	**521**	**1,064**	
2008	1,585	-	1,585	502	10	512	1,073	

4.1 Investment property comprises of a godown held at Multan for long term and is let out. The fair value on the basis of a valuation carried out by an independent approved valuer, as at June 30, 2009 is Rs. 17.43 million (2008: Rs. 16.05 million) .The valuation was arrived at by reference to market values and realisable values, which are determined on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

5. LONG-TERM INVESTMENTS

	Holding %	2009 (Rupees in thousands)	Holding %	2008 (Rupees in thousands)
Investments in related parties				
Quoted associates – at cost				
Indus Motor Company Limited	**6.22**	**48,900**	6.22	48,900
Dynea Pakistan Limited	**4.33**	**1,800**	4.33	1,800
Habib Insurance Company Limited	**4.63**	**561**	4.63	561
Agriauto Industries Limited	**7.35**	**9,473**	7.35	9,473
Shabbir Tiles and Ceramics Limited	**2.61**	**15,585**	2.61	1,045
		76,319		61,779
Unquoted subsidiaries - at cost				
Noble Computer Services (Private) Limited	**99.85**	**999**	99.85	999
Pakistan Industrial Aids (Private) Limited	**100**	**10,000**	100	10,000
Makro-Habib Pakistan Limited	**55**	**1,982,752**	55	1,905,306
		1,993,751		1,916,305
Other investments				
Available-for-sale - at fair value				
Habib Sugar Mills Limited		**30,826**		39,743
GlaxoSmithKline (Pakistan) Limited		**131**		186
		30,957		39,929
		2,101,027		2,018,013

6. LONG-TERM LOANS AND DEPOSITS

	Note	2009	2008
		(Rupees in thousands)	
Loans to employees – unsecured, considered good			
Interest bearing		**199**	551
Interest free		**46**	435
Current portion	11	**(139)**	(655)
		106	331
Long-term deposits			
Security deposits		**2,672**	3,177
Utilities		**1,213**	1,321
Others		**201**	218
		4,086	4,716
		4,192	5,047

6.1 Reconciliation of carrying amount of loan to executives is as follows:

	2009	2008
	(Rupees in thousands)	
Opening balance	**-**	107
Distribution during the year	**200**	-
Repayment during the year	**(200)**	(107)
Closing balance	**-**	-

6.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 0.200 million (2008: Rs. 0.107 million).

7. LONG TERM PREPAYMENT

	Note	2009	2008
		(Rupees in thousands)	
Rent	7.1	**7,200**	10,800
Current portion	11	**(3,600)**	(3,600)
		3,600	7,200

7.1 This represents advance rent paid in respect of service center.

8. STORES, SPARES AND LOOSE TOOLS

	2009	2008
	(Rupees in thousands)	
Stores		
In hand	**12,048**	18,962
In transit	**-**	601
	12,048	19,563
Spares	**52,673**	50,402
Loose tools	**93**	93
	64,814	70,058

	Note	2009	2008
		(Rupees in thousands)	

9. STOCK-IN-TRADE

	Note	2009	2008
Raw material			
In hand	9.1	**1,405,929**	1,461,813
In transit		**158,378**	270,298
		1,564,307	1,732,041
Work-in-process		**123,437**	108,369
Finished goods	9.2	**169,459**	162,582
Trading stock		**10,045**	9,238
		1,867,248	2,012,300

9.1 Raw materials amounting to Rs. 11.307 million (2008: Rs. 5.784 million) are held with the sub-contractors.

9.2 This includes items amounting to Rs.7.44 million (2008: Rs. 7.31 million) carried at net realizable value.

	Note	2009	2008
		(Rupees in thousands)	

10. TRADE DEBTS – unsecured

	Note	2009	2008
Considered good	10.1	**358,668**	648,702
Considered doubtful		**6,204**	7,047
Provision for impairment	10.3	**(6,204)**	(7,047)
		-	-
		358,668	648,702

10.1 This includes amount due from the following related parties:

	2009	2008
- Indus Motor Company Limited	**41,299**	115,620
- Shabbir Tiles and Ceramics Limited	**3,061**	3,358
	44,360	118,978

10.2 The ageing of trade debts at June 30 is as follows

	2009	2008
Neither past due nor impaired	**278,490**	557,074
Past due but not impaired		
- 31 to 60 days	**60,371**	72,967
- over 61 days	**19,807**	18,661
	358,668	648,702

10.3 Reconciliation of provision for impairment of trade debts

	Note	2009	2008
Opening provision		**7,047**	9,033
Charge for the year	25	**561**	3,955
Reversal for the year	27	**(1,404)**	-
Bad debts written off		**-**	(5,941)
Balance at the end of the year		**6,204**	7,047

	Note	2 0 0 9	2 0 0 8
		(Rupees in thousands)	

11. LOANS, ADVANCES, DESPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2009	2008
Considered good – unsecured			
Loans			
Current portion of long term loans to employees	**6**	**139**	655
Advances			
Suppliers		**24,879**	21,785
Employees		**2,611**	2,179
		27,490	23,964
Deposits			
Tender / Performance guarantee		**45,213**	21,400
Margin against letters of credit		**282**	118,790
Lease		**615**	74
Others		**1,991**	3,643
		48,101	143,907
Short-term prepayments			
Current portion of long term prepayment	**7**	**3,600**	3,600
Insurance		**3,329**	9,325
Others		**783**	3,770
		7,712	16,695
Other receivables	**11.1**	**43,719**	22,284
		127,161	207,505

11.1 Other receivables

	Note	2009	2008
Net unrealized gain on revaluation of forward foreign exchange contracts (Cash flow hedges)		**-**	1,070
Duty drawback		**4,499**	3,290
Workers' Profit Participation Fund	**11.2**	**307**	9,367
Sales tax receivable		**17,452**	7,494
Others	**11.3**	**21,461**	1,063
		43,719	22,284

11.2 Workers' profit participation fund

	2009	2008
Balance at the beginning of the year	**9,367**	1,769
Add: Allocation for the current year	**(52,893)**	(57,556)
	(43,526)	(55,787)
Paid during the year	**43,833**	65,154
	307	9,367

11.3 This includes receivable from the following related parties:

	2009	2008
Indus Motor Company Limited	**5**	2
Agriauto Industries Limited	**134**	1
Habib Insurance Company Limited	**19,848**	56
Makro-Habib Pakistan Limited	**14**	14
	20,001	73

12. SHORT-TERM INVESTMENT
Held-to-maturity – at amorised cost

	Note	2009	2008
		(Rupees in thousands)	
Held- to- maturity - at cost			
Term Deposit Receipts	12.1	**601**	572
Accrued profit thereon		**47**	15
		648	587

12.1 Represents three months Term Deposit Receipts of Habib Metropolitan Bank Limited, a related party carrying expected profit rate of 10.25% (2008: 8%) per annum and have maturity upto August 25, 2009 and is held by a bank as security against a letter of guarantee issued on behalf of the Company.

13. INCOME TAX REFUNDABLE

	2009	2008
	(Rupees in thousands)	
On account of Group Relief	**261,000**	-

13.1 The Company in its tax return for the tax year 2008 claimed Group Relief under Section 59B of the Income Tax Ordinance, 2001 (the Ordinance) by acquiring tax losses of its subsidiary company – Makro-Habib Pakistan Limited (MHPL) amounting to Rs. 745 million, equivalent to a tax value of Rs. 261 million.

During the year the assessment for the aforesaid tax year was finalized and Group Relief was not allowed by the Taxation Officer. The Company has preferred an appeal against this assessment to the Income Tax Commissioner (Appeals).

One of the ground for disallowance was that the Company had not paid to its subsidiary the tax loss surrendered. In order to remove this objection, the Company subsequently paid the amount of the tax loss amounting to Rs. 261 million to its subsidiary.

The Company is confident that the issue of Group Relief will be decided in its favour, in which event an amount of Rs. 261 million will be refundable to the Company by the Income Tax Department as the Company has paid excess amount on account of Advance Tax. In the event Group Relief is ultimately disallowed, MHPL will refund to the Company an amount of Rs. 261 million.

14. CASH AND BANK BALANCES

	Note	2009	2008
		(Rupees in thousands)	
In hand		**2,285**	2,961
With banks in:			
- current accounts		**13,612**	4,284
- call deposits accounts	**14.1**	**505,691**	69,078
		519,303	73,362
		521,588	**76,323**

14.1 This represents deposits with Habib Metropolitan Bank Limited, a related party, and carries markup at the rate of 8.75% to 10% (2008: 8.75% to 10%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009	2008		2009	2008
Number of Ordinary shares of Rs. 5/- each			(Rupees in thousands)	
5,149,850	5,149,850	Fully paid in cash	**25,750**	25,750
		Issued as fully paid bonus shares		
14,060,033	7,033,214	Opening balance	**70,300**	35,166
12,179,820	7,026,819	Issued during the year	**60,899**	35,134
26,239,853	14,060,033	Closing balance	**131,199**	70,300
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation	**56,198**	56,198
42,629,372	30,449,552		**213,147**	152,248

15.1 Habib Insurance Company Limited, a related party, holds 1,204,130 (2008: 860,093) ordinary shares of Rs. 5/- each.

	2009	2008
	(Rupees in thousands)	
16. RESERVES		
Capital Reserves		
Reserve arising on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	**13,240**	13,240
Reserve arising on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	**42,464**	42,464
	55,704	55,704
Gain on changes in fair value of available for sale investments - net	**29,717**	38,689
Revenue Reserves		
General reserve	**3,429,999**	2,759,999
Un appropriated profit	**659,020**	735,824
	4,089,019	3,495,823
Net gain on cash flow hedge	**-**	696
	4,174,440	3,590,912
17. LONG TERM FINANCE – secured		
Habib Metropolitan Bank Limited – a related party	**337,500**	450,000
Less: Current portion shown under current liabilities	**(90,000)**	(90,000)
	247,500	360,000

17.1 This represents long term finance repayable in 20 equal quarterly installments of Rs. 22.50 million each effective from July 26, 2008.This finance carries a mark-up at the rate of 3 months' KIBOR + 0.50%, repayable by April 25, 2013.

This facility is secured against pledge of shares of quoted associate companies having a market value of Rs. 670 million (2008: Rs. 719 million).

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2009		June 30, 2008	
	Minimum lease payments	Present value of minimum Lease payments	Minimum Lease Payments	Present value of minimum Lease Payments
	(Rupees in thousands)			
Not later than one year	**15,155**	**13,155**	24,919	21,854
Later than one year but not later than five years	**8,640**	**7,826**	15,006	13,889
Total minimum lease payments	**23,795**	**20,981**	39,925	35,743
Finance charges allocated to future periods	**(2,814)**	**-**	(4,182)	-
Present value of minimum lease payments	**20,981**	**20,981**	35,743	35,743
Current portion shown under current liabilities	**(13,155)**	**(13,155)**	(21,854)	(21,854)
	7,826	**7,826**	13,889	13,889

18.1 This represents finance lease entered into with a modaraba for vehicles and plant and machinery. The balance of the liability is payable by May 2011 in monthly installments. The above lease contracts contain a bargain purchase option. Monthly lease payments include finance charges ranging from six months' KIBOR + 2.75% to 3% (2008: KIBOR + 2.75%) per annum, which is used as a discounting factor. There are no financial restrictions in the lease agreements.

	Note	2009	2008
		(Rupees in thousands)	
19. DEFERRED TAXATION			
Deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		**70,071**	50,066
Assets subject to finance lease		**8,106**	5,505
Provisions		**(12,318)**	(10,800)
Fair value of forward exchange contract		**-**	374
		65,859	45,145
20. TRADE AND OTHER PAYABLES			
Creditors	**20.1**	**90,648**	129,117
Bills payable		**48,332**	117,192
Accrued liabilities	**20.2**	**126,557**	112,798
Custom duty payable		**31,226**	55,650
Infrastructure cess payable	**22.1.2**	**125,416**	91,117
Unclaimed salaries		**5,657**	4,924
Warranty obligations	**20.3**	**58,374**	90,394
Royalty		**56,283**	24,552
Workers' welfare fund		**20,100**	22,078
Security deposits		**3,993**	4,119
Unclaimed and unpaid dividend		**11,804**	11,872
Other liabilities	**20.4**	**18,455**	23,603
		596,845	687,416

20.1 This includes due to the following related parties:

	2009	2008
Makro-Habib Pakistan Limited	**837**	-
Dynea Pakistan Limited	**17,555**	20,464
	18,392	20,464

	Note	2 0 0 9	2 0 0 8
		(Rupees in thousands)	

20.2 This includes due to the following related parties:

		2009	2008
Habib Insurance Company Limited		**6,092**	7,946
Noble Computer Services (Private) Limited		**2.251**	1,016
		8,343	8,962

20.3 Warranty obligations

	Note	2009	2008
Balance at the beginning of the year		**90,394**	59,016
Provision for the year	**25**	**31,450**	36,387
		121,844	95,403
Provision written back		**(59,016)**	-
Claims paid during the year		**(4,454)**	(5,009)
Balance at the end of the year		**58,374**	90,394

20.4 Other liabilities

		2009	2008
Tax deducted at source		**2,189**	2,612
Advances from customers		**3,216**	8,361
Payable to provident fund		**3,968**	1,964
Payable to retirement benefit fund		**3,021**	6,210
Others		**6,061**	4,456
		18,455	23,603

21. SHORT TERM BORROWINGS – secured

	Note	2009	2008
Short-term running finance – Banks			
Related party		**49,774**	161,765
Others		**116,528**	373,154
	21.1	**166,302**	534,919
Export re-finance – Banks			
Related party		**135,000**	124,539
Others		**23,000**	-
	21.2	**158,000**	124,539
		324,302	659,458

21.1 The rates of mark-up ranges from one month to three months' KIBOR plus rates varying from 1% to 1.5% (2008: 0.40% to 1%) per annum. This includes Rs. 295 million (2008: Rs. 289 million) available from Habib Metropolitan Bank Limited, a related party. The purchase prices are available on various dates with a renewable option. The facilities are secured by way of joint pari-passu charge against hypothecation of the Company's stock-in-trade, book debts and lien on import and export documents/accepted bills of exchange.

21.2 This export refinance facility (ERF) has been availed from Habib Metropolitan Bank Limited, a related party and Habib Bank Limited under the scheme of State Bank of Pakistan. The facilities for export re-finance available from various banks amount to Rs.185 million (2008: Rs. 175 million). Mark up at the rate 7.5% (2008: 7.5%) is charged on the outstanding balance and this facility is secured against export documents.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

	2 0 0 9	2 0 0 8
	(Rupees in thousands)	
22.1.1 Letter of guarantees issued by banks on behalf of the Company.	**9,657**	12,660

	2009	2008
	(Rupees in thousands)	
22.1.2 The Divisional Bench of the Honorable High Court of Sindh through its order dated September 17, 2008 has declared the levy of the infrastructure cess/fee by the excise and the taxation department, government of Sindh upto December 27, 2006 as ultra vires of the Constitution. The levy subsequent to December 27, 2006 has been declared as valid and constitutional. The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the above order of the Honorable High Court of Sindh whereby the Honorable High Court of Sindh had declared infrastructure cess/fee subsequent to December 27, 2006 as valid and constitutional. The Honorable Supreme Court of Pakistan has accepted the petition and granted stay order against the payment of levy subject to the submission of bank guarantees. The Company has decided not to reverse the liability pertaining to the periods prior to December 27, 2006 as the excise department, Govertment of Sindh has alos filed an appeal before the Honorable Supreme Court of Pakistan against the above order of the Honorable High Court of Sindh. Therefore, the Company continues to provide for additional liability of the charge until the matter is finally decided by the Supreme Court of Pakistan. There is an un-utilised portion of the bank guarantee issued in favour of excise and taxation department, Government of Sindh against the levy of infrastructure cess on the imported goods. The utilized portion of guarantee amounting to Rs.125.416 million (2008; Rs. 91.117 million) is shown under infrastructure cess payable in note 20 to the financial statements.	**8,956**	5,255
22.1.3 While finalizing the assessments for the assessment years 1991-92 and 1992-93, the Income Tax Authorities cancelled tax holiday period available to former Pakistan Papersack Corporation Limited which resulted in tax liability of Rs.25.473 million. Both the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal have decided the case in favour of the Company. The department preferred an appeal before the Honourable High Court of Sindh where the case is now pending. The management is confident that the matter will be decided in favour of the Company, therefore, no provision has been made in these financial statements.	**25,473**	25,473

22.1.4 Consequent to the decision of the Honorable Supreme Court of Pakistan remanding back the cases relating to former Khyber Papers (Private) Limited to the concerned authority for re-examining the eligibility of the company to avail the concessions available under the Protection of Economic Reforms Act 1992 (the Act).

The Company has pleaded that the minimum tax under section 80D of the repealed Income Tax Ordinance, 1979 was not chargeable to the Company under the Act. Thereafter, Commissioner of Income Tax Appeals (CITA) vide its order dated October 30, 2008 has concluded that the Company did not fulfill the conditions of the restated SRO therefore; tax under section 80D be charged for the assessment year 1992-93 to 2000-01 (excluding 1998-99).

	2009	2008
	(Rupees in thousands)	
The Company preferred an appeal with the Income Tax Appellate Tribunal, Peshawar against the order of the CITA. The management, based on the opinion of its tax advisor, expects favorable outcome of the case as the same tax has not been charged to other companies with similar status.	**12,681**	7,349
22.1.5 The Additional Commissioner of Income Tax reopened the case u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2004 of former Pakistan Papersack Corporation Limited and levied additional tax liability. The Company filed an appeal with the Commissioner of Income Tax (Appeals) (CITA) against the additional tax liability and the case was decided in the Company's favour. The department favoured an appeal in the Income Tax Appellate Tribunal (ITAT) against the order of the CITA and the case is yet to be heard by the ITAT. The management is confident that the ultimate decision would be in favour of the Company and therefore no provision has been made in these financial statements.	**5,070**	5,070
22.1.6 Post dated cheques have been issued to the Collector of Customs in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SROs.	**55,516**	148,063
22.2 Commitments		
Letters of credit outstanding for raw material and spares	**359,990**	698,001

23. TURNOVER – net

	2009	2008
Export sales	**484,888**	533,108
Local sales	**8,811,224**	7,975,135
	9,296,112	8,508,243
Less: Sales tax	**904,995**	851,485
Federal excise duty	**56,530**	57,263
	8,334,587	7,599,495
Add: Duty drawback	**5,426**	5,830
Freight subsidy	**-**	291
	5,426	6,121
Less: Expenses on export sales		
Freight outward	**27,262**	32,507
Commission and brokerage	**2,809**	3,836
	30,071	36,343
Less: Expenses on local sales		
Freight outward	**40,300**	35,966
Sales discount	**5,543**	16,838
Sales return	**-**	84
Commission and brokerage	**807**	1,350
Others	**310**	802
	46,960	55,040
	8,262,982	7,514,233

	Note	2009	2008
		(Rupees in thousands)	

24. COST OF SALES

	Note	2009	2008
Raw material consumed	24.1	**5,707,665**	5,279,311
Salaries, wages and benefits		**643,583**	540,147
Stores and spares consumed		**105,001**	117,586
Repairs and maintenance		**61,667**	61,511
Power and fuel		**153,541**	119,649
Rent, rates and taxes		**2,191**	1,376
Vehicle running and maintenance		**7,377**	7,118
Insurance		**10,203**	8,229
Communication		**2,650**	2,583
Travelling and conveyance		**5,636**	11,900
Entertainment		**465**	480
Printing and stationery		**2,349**	3,152
Legal and professional		**513**	499
Computer accessories		**3,071**	2,663
Royalty		**44,524**	46,254
Depreciation	3.2	**96,550**	55,163
Research and development		**2,913**	12,261
Technical assistance fee		**18,235**	-
Lease rentals		**-**	376
Others		**7,493**	8,643
		6,875,627	6,278,901
Work-in-process			
Opening		**108,369**	85,435
Closing		**(123,437)**	(108,369)
		(15,068)	(22,934)
Cost of goods manufactured		**6,860,559**	6,255,967
Finished goods			
Opening		**162,582**	142,700
Stock destroyed	24.2	**(18,143)**	-
Closing		**(169,459)**	(162,582)
		(25,020)	(19,882)
		6,835,539	6,236,085

24.1 Raw material consumed

	2009	2008
Opening stock	**1,461,813**	1,104,515
Purchases	**5,651,781**	5,671,073
Stock destroyed	**-**	(34,464)
Closing stock	**(1,405,929)**	(1,461,813)
	5,707,665	5,279,311

24.2 Represents stock destroyed due to fire against which full claim has been lodged with Habib Insurance Company Limited, a related party.

	Note	2 0 0 9	2 0 0 8
		(Rupees in thousands)	

25. DISTRIBUTION COSTS

	Note	2009	2008
Salaries and benefits		**38,061**	46,441
Vehicle running expense		**2,768**	2,969
Utilities		**508**	737
Insurance		**2,179**	2,313
Rent, rates and taxes		**5,383**	5,079
Communication		**1,479**	2,166
Advertisement and publicity		**2,171**	11,363
Travelling and conveyance		**2,933**	5,163
Entertainment		**345**	279
Printing and stationery		**324**	251
Legal and professional		**177**	191
Computer accessories		**92**	49
Research and development		**146**	103
Depreciation	**3.2**	**1,674**	1,907
Provision for impairment of debts	**10.3**	**561**	3,955
Repairs and maintenance		**576**	1,029
Export expenses		**7,131**	10,232
Provision for warranty claims	**20.3**	**31,450**	36,387
Lease rentals		**-**	128
Others		**1,691**	1,060
		99,649	131,802

26. ADMINSTRATIVE EXPENSES

	Note	2009	2008
Salaries and benefits		**110,062**	87,370
Vehicle running expense		**9,189**	7,769
Utilities		**3,564**	3,335
Insurance		**1,209**	1,140
Rent, rates and taxes		**2,168**	2,842
Communication		**3,230**	3,194
Advertisement and publicity		**259**	702
Travelling and conveyance		**9,687**	10,400
Entertainment		**709**	1,104
Printing and stationery		**1,958**	1,873
Legal and professional		**32,370**	31,323
Auditors' remuneration	**26.1**	**2,374**	1,558
Computer accessories		**1,743**	1,135
Depreciation	**3.2**	**6,201**	5,762
Depreciation on investment property	**4**	**9**	10
Repairs and maintenance		**3,950**	4,252
Charity and donations	**26.2**	**11,344**	6,338
Subscription		**1,445**	3,404
Others		**169**	181
		201,640	173,692

	2009	2008
	(Rupees in thousands)	

26.1 Auditors' remuneration

	2009	2008
Audit fee	**900**	750
Half-yearly review	**200**	200
Taxation services	**777**	125
Other certifications	**165**	188
Out of pocket expenses	**332**	295
	2,374	1,558

26.2 Charity and donations

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

Name of donee	Address of donee	Name of directors/spouse	Interest in donee	2009 (Rupees in thousands)	2008
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharea Faisal, Karachi.	Mr. Rafiq M. Habib	Trustee	**275**	300
"		Mr. Ali S. Habib	Trustee		
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar, Road, Karachi	Mr. Ali S. Habib	Trustee	**6,050**	-
"		Mr. Mohamedali R. Habib	Trustee		
Anjuman -e-Behbood-Samat -e- Itefal	ABSA School 26-C National Highway Korangi, Road, Karachi.	Mrs. Rafiq M. Habib	Vice President	**36**	36

27. OTHER OPERATING INCOME

	Note	2009 (Rupees in thousands)	2008
Income from financial assets			
Dividend income			
-Related parties		**35,608**	73,090
-Others		**1,131**	725
Profit on call deposit accounts and short term investments		**8,448**	65,857
Reversal of provision for impairment of trade debts	10.3	**1,404**	-
Liabilities/provision no longer payable/required written back		**59,381**	14
Exchange gain – net		**-**	31,742
		105,972	171,428
Income/(loss) from non-financial assets			
Gain on disposal of property, plant and equipment	3.3	**1,823**	2,465
Rental income from investment property		**925**	892
Sale of scrap		**4,377**	22,576
Claim from suppliers		**4,929**	18,593
Obsolete stores and spares written off		**(377)**	-
Miscellaneous income		**2,664**	3,572
		14,341	48,098
		120,313	219,526

28. PROFIT ON TRADING ACTIVITIES

	2009	2008
Sales	**70,917**	62,277
Less: Sales tax	**9,654**	7,555
Sales discount	**4,613**	4,390
	14,267	11,945
	56,650	50,332
Less: Cost of sales	**38,424**	38,791
	18,226	11,541

	Note	2009	2008
		(Rupees in thousands)	

29. FINANCE COSTS

Mark-up / interest on:			
Long-term finance – related party		**59,309**	8,070
Short-term borrowings			
- Related party		**25,062**	19,089
- Others		**98,242**	16,683
Finance lease		**4,439**	4,422
Bank charges and commission		**4,133**	4,377
		191,185	52,641

30. OTHER CHARGES

Workers' profits participation fund		**52,893**	57,556
Workers' welfare fund		**16,302**	18,681
Exchange loss – net		**15,633**	-
		84,828	76,237

31. TAXATION

Current		**302,254**	326,425
Prior		**11,617**	(12,720)
Deferred		**20,714**	30,934
	31.1	**334,585**	344,639

31.1 Relationship between income tax expense and accounting profit

Profit before tax	**988,680**	1,074,843
Tax at the applicable tax rate of 35% (2008: 35%)	**346,038**	376,195
Tax effect of expenses that are inadmissible in determining taxable income	**61,870**	50,789
Tax effect of expenses that are admissible but not included in determining accounting profit	**(54,530)**	(56,669)
Tax effect of lower tax rates	**(37,587**	(27,064)
Tax effect due to application of final tax regime	**(13,537)**	(16,826)
Tax effect of prior year	**11,617**	(12,720)
Tax effect of temporary differences	**20,714**	30,934
	334,585	344,639

32. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2009	2008
	(Rupees in thousands)	
Profit for the year after taxation	**654,095**	730,204
	Number of shares In thousands	
Number of ordinary shares of Rs. 5/- each in issue	**42,629**	42,629
	Rupees	(Restated)
Basic and diluted earnings per share	**15.34**	17.13

33. CASH GENERATED FROM OPERATIONS

	Note	2009	2008
		(Rupees in thousands)	
Profit before taxation		**988,680**	1,074,843
Adjustments for non-cash charges and other items:			
Depreciation		**104,434**	62,842
Finance costs		**191,185**	52,641
Profit earned		**(8,448)**	(65,857)
Liabilities/provision no longer payable/required written back		**(59,381)**	(14)
Dividend income		**(36,739)**	(73,815)
(Reversal)/provision for impairment of trade debts - net		**(843)**	3,955
Provision for retirement benefits		**2,514**	5,625
Gain on disposal of property, plant and equipment		**(1,823)**	(2,465)
		190,899	(17,088)
		1,179,579	1,057,755
(Increase) / decrease in current assets			
Stores, spares and loose tools		**5,244**	(1,028)
Stock-in-trade		**145,052**	(546,449)
Trade debts		**290,877**	(144,759)
Loans, advances, deposits, prepayments and other receivables		**93,606**	(141,872)
Increase / (decrease) in current liabilities			
Trade and other payables		**(9,487)**	254,233
Sales tax payable		**56,741**	-
		582,033	(579,875)
		1,761,612	477,880

34. CASH AND CASH EQUIVALENTS

	Note	2009	2008
Cash and bank balances	**14**	**521,588**	76,323
Running finance	**21**	**(166,302)**	(534,919)
		355,286	(458,596)

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associates and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2009	2008
	(Rupees in thousands)	
Sales	**3,570,294**	2,849,405
Payment to subsidiary for tax loss	**261,000**	-
Professional services acquired	**25,551**	19,976
Insurance premium	**28,314**	35,249
Sale/purchase of assets	**119**	399
Purchase of goods	**88,673**	88,196
Insurance claim received	**23,117**	44,147
Mark-up and bank charges paid	**90,710**	29,657
Profit received	**7,420**	66,266
Supplies purchased	**4,404**	1,464
Loss acquired from subsidiary	**745,000**	-
Contribution to provident fund	**23,874**	18,859
Contribution to retirement benefit fund	**2,514**	5,625

There are no transactions with key management personnel other than under the terms of employment as disclosed in note 36.

The related party status of outstanding receivable/payable as at June 30, 2009 is disclosed in the respective notes to the financial statements.

36. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	June 2009			June 2008		
	Chief executive	Director	Executives	Chief executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	**7,968**	**1,320**	**73,003**	7,337	9,013	44,532
Company's contribution to provident fund	**273**	**76**	**2,847**	255	489	2,431
Company's contribution to retirement fund	**-**	**-**	**1,417**	-	3,208	914
Other perquisites	**-**	**-**	**464**	-	-	699
	8,241	**1,396**	**77,731**	7,592	12,710	48,576
Number of persons	**1**	**1**	**40**	1	3	33

36.1 The Chief executive, directors and certain executives of the Company are provided with free use of Company maintained cars.

36.2 Three directors (2008: Three) have been paid fees of Rs. 65,000 (2008: Rs. 60,000) for attending board meetings.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	Engineering Operation		Jute Operation		Papersack Operation	
		Units 2009	Units 2008	Metric Tons 2009	Metric Tons 2008	Nos (000) 2009	Nos (000) 2008
Annual Capacity							
Jute	37.1	-	-	33,800	33,800	-	-
Auto air conditioners		90,000	90,000	-	-	-	-
Wire harness	37.2	-	-	-	-	-	-
Paper bags		-	-	-	-	140,000	140,000
Actual Production							
Jute		-	-	35,197	32,038	-	-
Auto air conditioners		43,770	80,921	-	-	-	-
Wire harness	37.2	43,203	56,776	-	-	-	-
Paper bags		-	-	-	-	79,181	98,935
Reason for shortfall / excess		Low demand	Low demand	-	-	Frequent product mix change	Frequent product mix change

37.1 The production based on number of days worked in financial year 2009 was 319 (2008: 300).

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

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

38.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

The Company is mainly exposed to credit risk on trade debts, short term investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values	
	2009	**2008**
	------- (in thousands) ----	
38.1.1 Trade debts		
Customers with no defaults in the past one year	**358,668**	648,702

38.1.2 Short-term investments and bank balances

Out of the total bank balances of Rs. 519.303 million placed with banks, amounts aggregating Rs. 517.994 million and short-term investments of Rs. 0.601 million have been placed with banks having short term credit rating of A1+.

38.2 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Year ended 30 June 2009	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 Years**	**Total**
	----------------------------------(Rupees In '000)----------------------------------				
Long-term financing – secured	-	-	90,000	247,500	337,500
Short term borrowing	166,302	11,250	146,750	-	324,302
Trade and other payables	417,914	-	-	-	417,914
Liabilities against assets subject to finance lease	-	-	13,155	7,826	20,981
Accrued markup	13,911	-	-	-	13,911
Total	**598,127**	**11,250**	**249,905**	**255,326**	**1,114,608**

Year ended 30 June 2008	**On demand**	**Less than 3 months**	**3 to 12 Months**	**1 to 5 years**	**Total**
	----------------------------------(Rupees In '000)----------------------------------				
Long-term financing – secured	-	-	90,000	360,000	450,000
Short term borrowing	534,919	-	124,539		659,458
Trade and other payables	515,959	-	-	-	515,959
Liabilities against assets subject to finance lease	-	-	21,854	13,889	35,743
Accrued markup	14,419	-	-	-	14,419
Total	**1,065,297**	**-**	**236,393**	**373,889**	**1,675,579**

38.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2009	2008
Trade receivable (US Dollars)	**113,856**	117,878
Trade receivable (Euros)	**25,020**	-
Trade and other payables (US Dollars)	**852,443**	1,811,425
Total (Euros)	**25,020**	-
Total (US Dollars)	**738,587**	1,693,547

The following significant exchange rates have been applied at the reporting dates:

	2009	2008
US Dollars	**81.30**	68.20
Euros	**114.82**	107.65

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and Euros exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollar & Euros rate (%)	Effect on profit or (loss) before tax	Effect on equity
		------- (Rs. in thousands) ------	
30 June 2009	**+10**	**(5,717)**	**(3,782)**
	-10	**5,717**	**3,782**
30 June 2008	+10	(11,550)	(7,847)
	-10	11,550	7,847

38.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short term borrowings and liabilities against asset subject to finance lease with floating interest rates.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rs. In thousands)
2009		
KIBOR	**+100**	**(5,248)**
KIBOR	**-100**	**5,248**
2008		
KIBOR	+100	(10,207)
KIBOR	-100	10,207

38.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The Company had a gearing ratio of 7.68% (2008 – 12.02%) as of the Balance Sheet date which in view of the management is adequate considering the size of the operations and its investment in subsidiaries.

38.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

39. SEGMENT ANALYSIS FOR THE YEAR ENDED JUNE 30,

	2009			2008		
	Engineering	Building material and allied products	Total	Engineering	Building material and allied products	Total
	----- (Rupees in '000) -----					
Sales	**3,927,287**	**4,335,695**	**8,262,982**	3,915,341	3,598,892	7,514,233
Segment result	**694,411**	**693,796**	**1,388,207**	819,275	391,203	1,210,478
Unallocated corporate (expenses)/income:						
Administrative & distribution costs			**(243,827)**			(226,283)
Other operating income			**120,313**			219,526
Operating profit			**1,264,693**			1,203,721
Finance costs			**(191,185)**			(52,641)
Other charges			**(84,828)**			(76,237)
Taxation			**(334,585)**			(344,639)
			654,095			730,204
Segment assets	**1,535,667**	**2,233,488**	**3,769,155**	1,347,378	2,269,950	3,617,328
Unallocated corporate assets			**2,101,027**			2,018,013
			5,870,182			5,635,341
Segment liabilities	**575,697**	**841,039**	**1,416,736**	630,863	1,216,173	1,847,036
Unallocated corporate liabilities			**65,859**			45,145
			1,482,595			1,892,181
Capital expenditure	**113,960**	**22,258**	**136,218**	185,340	63,970	249,310
Depreciation expenses	**64,899**	**39,535**	**104,434**	26,555	36,287	62,842

In order to comply with the requirements of IAS 14 “Segment Reporting” the activities of the Company have been grouped into two segments of related products i.e. Engineering goods and Building material and allied products.

The Engineering segment is engaged in the manufacturing of automotive parts.

The Building material and allied product segment include jute, papersack and laminate operations.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 18, 2009 by the Board of Directors of the Company.

41. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 18, 2009 has approved/proposed the following:

(i) transfer of Rs.573.000 million from unappropriated profit to general reserve.
(ii) payment of cash dividend of Rs. 1 per share for the year ended June 30, 2009 amounting to Rs. 42.629 million and the issuance of bonus shares in proportion of two ordinary shares for every ten ordinary shares for approval of the members at the Annual General Meeting to be held on October 26, 2009.
(iii) to avail Group Relief under section 59B of the Income Tax Ordinance, 2001 by claiming tax losses of its subsidiary company – Makro-Habib Pakistan Limited amounting to Rs. 555.3 million for the tax year 2009. The surrender of such tax loss was also approved by the Board of Directors of Makro-Habib Pakistan Limited at its meeting held on September 04, 2009.

42. GENERAL

Figures have been rounded off to the nearest thousands.

SOHAIL P. AHMED	**ALI S. HABIB**
CHIEF EXECUTIVE	DIRECTOR

THAL LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousands)	
			(Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**4,722,509**	4,073,910
Intangible assets	5	**6,912**	13,597
Investment property	6	**1,064**	1,073
Long-term investments	7	**796,038**	761,865
Long-term loans and deposits	8	**14,389**	15,244
Long term prepayment	9	**99,602**	108,750
Deferred taxation	21	**403,370**	-
		6,043,884	4,974,439
CURRENT ASSETS			
Stores, spares and loose tools	10	**64,814**	70,058
Stock-in-trade	11	**2,692,050**	2,751,011
Trade debts	12	**403,077**	654,434
Loans, advances, deposits, prepayments and other receivables	13	**202,119**	266,681
Short-term investments	14	**25,338**	21,733
Accrued profit		**2,655**	750
Income tax refundable	15	**261,000**	-
Taxation – net		**11,216**	57,363
Sales tax refundable		**62,188**	74,882
Cash and bank balances	16	**598,641**	155,020
		4,323,098	4,051,932
TOTAL ASSETS		**10,366,982**	9,026,371
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2008: 100,000,000) ordinary shares of Rs.5/- each		**500,000**	500,000
Issued, subscribed and paid-up capital	17	**213,147**	152,248
Share deposit money		**12**	12
Reserves	18	**4,870,399**	4,135,447
Equity attributable to equity holders' of the parent		**5,083,558**	4,287,707
Minority interest		**1,601,805**	1,439,157
Total equity		**6,685,363**	5,726,864
NON-CURRENT LIABILITIES			
Long term finance	19	**950,625**	360,000
Liabilities against assets subject to finance lease	20	**7,919**	14,186
Deferred taxation	21	**-**	43,834
CURRENT LIABILITIES			
Trade and other payables	22	**1,669,093**	1,698,240
Short-term borrowings	23	**745,397**	1,051,285
Current portion of long term finance	19	**136,875**	90,000
Current portion of liabilities against assets subject to finance lease	20	**13,354**	22,042
Accrued mark-up		**35,156**	19,920
Taxation – net		**66,456**	-
Sales tax payable		**56,744**	-
		2,723,075	2,881,487
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITIES AND LIABILITIES		**10,366,982**	9,026,371

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

SOHAIL P. AHMED	**ALI S. HABIB**
CHIEF EXECUTIVE	DIRECTOR

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

	Note	2009	2008
		(Rupees in thousands)	
			(Restated)
Turnover – net	**25**	**16,494,313**	8,806,709
Cost of sales	**26**	**14,445,869**	7,381,688
Gross profit		**2,048,444**	1,425,021
Distribution costs	**27**	**200,155**	143,572
Administrative expenses	**28**	**1,444,104**	416,457
		1,644,259	560,029
Other operating income	**29**	**(415,600)**	(225,082)
Profit on trading activities	**30**	**(18,226)**	(11,541)
Operating Profit		**838,011**	1,101,615
Finance costs	**31**	**289,866**	56,638
Other charges	**32**	**86,172**	76,237
		376,038	132,875
		461,973	968,740
Share of net profit of associates – after tax		**60,254**	120,978
Profit before taxation		**522,227**	1,089,718
Taxation	**33**	**379,544**	(349,211)
Profit after taxation		**901,771**	740,507
Attributable to			
- Equity holders of Holding Company		**806,623**	761,339
- Minority interest		**95,148**	(20,823)
		901,771	740,507
		Rupees	**Rupees (Restated)**
Basic and diluted earnings per share	**34**	**18.92**	17.86

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
EXECUTIVE DIRECTOR

THAL LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousands)	
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**1,544,863**	483,940
Finance costs paid		**(274,581)**	(41,300)
Dividends paid		**(68)**	(34,480)
Retirement benefits paid		**(5,703)**	(1,577)
Income tax paid		**(495,129)**	(379,300)
Net cash generated from operating activities		**769,382**	27,283
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(1,010,688)**	(298,947)
Surrender of tax losses		**261,000**	-
Long term loans and deposits		**4,455**	4,015
Dividends received		**36,739**	73,815
Profit received		**18,644**	73,968
Proceeds from disposal of property, plant and equipment		**15,282**	12,692
Investment in associates		**(14,540)**	(130,000)
Acquisition of subsidiary – net of cash	3	**-**	(1,776,142)
Purchase of investments		**(10,814)**	(158)
Net cash used in investing activities		**(699,922)**	(2,040,757)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**67,500**	-
Long term finance obtained		**750,000**	450,000
Export refinance obtained		**33,461**	124,539
Repayment of liabilities against assets subject to finance lease		**(26,951)**	(25,322)
Repayment of long term finance		**(112,500)**	-
Net cash generated from financing activities		**711,510**	549,217
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**780,970**	(1,464,257)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(760,726)**	703,531
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	**20,244**	(760,726)

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
DIRECTOR

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

			Attributable to equity holders of parent							
			RESERVES							
						Revenue Reserves				
	Issued, subscribed & paid-up capital	Share deposit money	Capital reserve	Unrealised gain / (loss) on hedging instruments	Gain /(loss) on changes in fair value of available for sale investments	General reserve	Unappropriated profit	Total	Minority interest	Total equity
Balance as at June 30, 2007	117,114	-	67,929	(163)	24,755	2,143,045	1,193,687	3,429,253	33	3,546,400
Receipt of share deposit money - Makro-Habib Pakistan Limited	-	12	-	-	-	-	-	-	-	12
Final dividend @ Rs. 5 /- per share	-	-	-	-	-	-	(35,134)	(35,134)	-	(35,134)
Issue of bonus shares in the ratio of 3:10	35,134	-	-	-	-	-	(35,134)	(35,134)	-	-
Transfer to revenue reserve	-	-	-	-	-	618,829	(618,829)	-	-	-
Net profit for the year	-	-	-	-	-	-	761,339	761,339	(20,832)	740,507
Gain on change in fair value of available for sale investments	-	-	-	-	14,344	-	-	14,344	-	14,344
Gain on hedging instruments	-	-	-	779	-	-	-	779	-	779
Minority interest arising on business combination (Note 3)	-	-	-	-	-	-	-	-	1,459,956	1,459,956
Balance as at June 30, 2008	**152,248**	**12**	**67,929**	**616**	**39,099**	**2,761,874**	**1,265,929**	**4,135,447**	**1,439,157**	**5,726,864**
Issue of bonus shares in the ratio of 4:10	60,899	-	-	-	-	-	(60,899)	(60,899)	-	-
Transfer to revenue reserve	-	-	-	-	-	670,000	(670,000)	-	-	-
Net profit for the year	-	-	-	-	-	-	806,623	806,623	95,148	901,771
Loss on change in fair value of available for sale investments	-	-	-	-	(9,380)	-	-	(9,380)	-	(9,380)
Net gain on hedging instruments	-	-	-	(1,392)	-	-	-	(1,392)	-	(1,392)
Minority interest arising on issue of right shares issued by Makro-Habib Pakistan Limited	-	-	-	-	-	-	-	-	67,500	67,500
Balance as at June 30, 2009	**213,147**	**12**	**67,929**	**(776)**	**29,719**	**3,431,874**	**1,341,653**	**4,870,399**	**1,601,805**	**6,685,363**

The annexed notes from 1 to 44 form an integral part of these consolidated financial statements.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
DIRECTOR

THAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. THE HOLDING COMPANY AND ITS OPERATIONS

1.1 Thal Limited (the holding company) was incorporated on January 31, 1966 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges.

The holding company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The registered office of the holding company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharea Faisal, Karachi.

1.2 The Group comprises of the holding company and the following subsidiary companies that have been consolidated in these consolidated financial statements:

Subsidiary Company	Note	Date of becoming subsidiary	Holding 2009 %	Holding 2008 %	Total Assets 2008 (Rupees in '000s)	Total liabilities 2008 (Rupees in '000s)
Noble Computer Services (Pvt) Limited	**1.2.1**	01-07-2005	99.85	99.85	**47,409**	**7,627**
Pakistan Industrial Aids (Private) Limited	**1.2.2**	27-03-2006	100	100	**13,774**	**28**
Makro-Habib Pakistan Limited	**1.2.3**	01-05-2008	55	55	**5,786,505**	**1,552,604**

1.2.1 Noble Computer Services (Private) Limited

Noble Computer Services (Private) Limited was incorporated in Pakistan on May 08, 1983 as a private limited company. The subsidiary is engaged in providing share registrar and related accounting services, share floatation services, data entry services and internal audit services.

1.2.2 Pakistan Industrial Aids (Private) Limited

Pakistan Industrial Aids (Private) Limited was incorporated in Pakistan on March 27, 2006 as a private limited company. The subsidiary is engaged in trading of various products.

1.2.3 Makro-Habib Pakistan Limited

Makro-Habib Pakistan Limited was incorporated in Pakistan on June 29, 2005 as a Public Limited Company. The Company was an associated undertaking of the Holding Company untill April 30, 2008 and became a subsidiary company with effect from May 01, 2008. The subsidiary is engaged in a chain of wholesale / retail cash and carry stores.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

Standards 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 standard or interpretations.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowings Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009

The Group expects that the adoption of the above standards and interpretations will not have any material impact on the Group's financial statements in the period of initial application other than changes and/or enhancements in the presentation and disclosures in the financial statements resulting from the following:

IAS – 01 'Presentation of Financial Statements' (effective from January 1, 2009). The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

IAS – 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (on that take substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn and will result in change in accounting policy. This amendment is not expected to have a significant effect on the Group's financial statements, as the Group does not have any borrowing for acquisition, construction or production of qualifying asset.

The other standards, amendments and interpretations effective from the accounting periods beginning on or after July 1, 2009 are not stated here as these are considered not to be relevant or to have any significant effect on the Group's operations.

2.2. Adoption of new accounting standards

The Group 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 Group except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the consolidated financial statements.

2.3 Basis of consolidation

These consolidated financial statements have been prepared from the audited financial statements of the holding company, Noble Computer Services (Private) Limited, Pakistan Industrial Aids (Private) Limited and Makro-Habib Pakistan Limited. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All material inter-group balances and transactions have been eliminated.

Minority interest is that part of the net results of operations and of net assets of the subsidiary attributable to interest which are not owned by the holding company. Minority interest is presented as a separate line item in the consolidated financial statements.

2.4 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for available for sale financial assets which are shown at fair value as required under IAS-39 “Financial Instruments; Recognition and Measurement”.

2.5 Significant accounting judgements and estimates

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

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

(a) determining the residual values and useful lives of property, plant and equipment (Note 2.6);
(b) impairment of assets (Note 2.7);
(c) impairment of inventories / adjustment of inventories to their Net realisable Value (Note 2.14);
(d) recognition of taxation and deferred tax (Note 2.17);
(e) warranty obligations (Note 2.22) ; and
(f) contingencies (Note 24)

2.6 Property, plant and equipment

(a) Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work-in-progress which are stated at cost.

Depreciation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated on straight line method at the rates specified in note 4 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are jn retired.

Gains or losses on disposals of fixed assets, if any, are included in income currently.

Leasehold land is amortised in equal installments over the lease period.

(b) Leased

Assets under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are shown as a liability.

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

Depreciation is charged at the same rates as charged on the holding company's owned assets.

2.7 Impairment

The carrying amounts of the Groups assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and impairment losses are recognise in the profit and loss account.

2.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any impairment loss. Cost in relation to intangible assets presently held by the Group includes cost of computer software and other expenses incidental to the purchase of computer software. Intangible assets are amortised when assets are available for use on the straight line method whereby cost of intangible assets are written off over the period, which reflects the pattern in which the economic benefits associated with the assets are likely to be consumed by the Group, at the rate specified in note 5.

2.9 Investment property

Investment property is stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on reducing balance method at the rate specified in note 6.

2.10 Leases and licenses

The Group is the lessee (operating leases)

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

The Group is the licensor

Such income (net of any incentives given to the lessees) is through licence agreements and is recognised on a straight line basis over the lease term.

2.11 Investments

Associates
Investments in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the associate. The income statement reflects the Group's share of the results of the operations of the associate.

Others
Held-to-maturity
Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Available-for-sale
Investments which the management intends to hold for an indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction cost associated with the investment. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to review for impairment at each balance sheet date.

Gains or losses on revaluation of available-for-sale investments are recognized in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

2.12 Long term loans and deposits

These are stated at cost.

2.13 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the moving average cost method except for those in transit which are valued at actual cost. Provision is made annually for slow moving and obsolete items.

2.14 Stock-in-trade

Raw materials and trading stock, except for those in transit, are valued at lower of moving average cost and net realisable value.

Work-in-process is valued at material cost, labour cost, together with appropriate production overheads.

Finished goods are valued at lower of cost comprising material cost, labour cost, together with appropriate production overheads and net realisable value.

Stocks in transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs that would necessarily be incurred for its sale.

2.15 Trade debts and other receivables

Trade debts originated by the Group are recognized and carried at original invoice amount less provision for impairment. Provision for impairment is based on the management's assessment of customers' out standings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for impairment.

2.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

2.17 Taxation

(a) Current

Provision for current taxation is based on taxability of certain income streams of the Group under presumptive tax regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

(b) Deferred

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

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

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

2.18 Trade and other payables

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

2.19 Staff retirement benefits

Defined Contribution plan

Provident fund

The Group operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Group and the employees in accordance with the rules of the scheme. The Group has no further obligation once the contributions have been paid. The contributions made by the Group are recognised as employee benefit expense when they are due.

Retirement fund

The Group operates a funded scheme for retirement benefits for all employees on the basis of defined contribution on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

2.20 Compensated absences

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

2.21 Provisions

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

2.22 Warranty obligations

The Group recognizes the estimated liability to repair or replace products under warranty at the balance sheet date.

2.23 Revenue recognition

- Sales are recorded on dispatch of goods to customers.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on Term Deposit Receipts are recognised on constant rate of return to maturity.
- Profit on bank deposits are recognised on accrual basis.
- Warranty and insurance claims are recognised when the claims in respect thereof are lodged.

2.24 Foreign currency translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates and in case of forward contracts at the committed rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values are determined. Exchange differences on foreign currency translation are included in income currently.

2.25 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contact is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to the profit and loss account.

2.26 Research and development expenditure

Research expenditure is recognised as expense as incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense as incurred.

2.27 Transactions with related parties

Transactions with related parties are based on the policy that all transaction between the Group and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

2.28 Borrowing costs

Borrowing costs are charged to profit and loss account as and when incurred.

2.29 Segment reporting

A segment is a distinguishable component within the Group that is engaged in providing products (business segment) or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.30 Off-setting of financial assets and liabilities

A financial asset and a financial liability are off-set and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.31 Dividends and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

2.32 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

3. Business Combination

In April 2008, the Holding Company acquired 215,760,000 shares in Makro-Habib Pakistan Limited, previously an associated company. This acquisition resulted in the Holding Company owning 55% of the issued share capital of Makro-Habib Pakistan Limited, thereby making it a subsidiary with effect from May 01, 2008.

The carrying value and the fair value of the identifiable assets and liabilities of Makro-Habib Pakistan Limited as at the date of the acquisition were:

	Fair value recognized on acquisition (Restated)	Previous carrying value
	------------- Rupees in thousands -----------	
Non-current assets		
Property, plant and equipment (Note 4.1)	3,573,864	3,545,192
Intangible assets	17,573	17,573
Long-term loans and deposits	10,197	10,197
Long-term prepayments	102,476	102,476
	3,704,110	**3,675,438**
Current assets		
Stock-in-trade	625,391	625,391
Loans, advances, deposits, prepayments and other receivables	99,880	99,880
Taxation net	5,567	5,567
Cash and bank balances	50,265	50,265
	781,103	**781,103**
Current liabilities		
Trade and other payables	889,471	889,471
Short-term borrowings – secured	321,101	321,101
Accrued mark-up	1,611	1,611
Share deposit money	12	12
	1,212,195	**1,212,195**
Net assets	**3,273,018**	**3,244,346**
Minority Interest (45%)	(1,472,858)	
Total assets acquired	1,800,160	
Share in net assets on equity accounting in prior year	(279,085)	
Total net assets acquired	**1,521,075**	
Negative goodwill arising on acquisition	(15,770)	
Consideration, satisfied by cash	**1,505,305**	

Cash paid on acquisition	
Net cash acquired with the subsidiary	**(270,837)**
Cash paid	**(1,505,305)**
Net cash outflow	**(1,776,142)**

The amounts recognized in the June 30, 2008 financial statements were based on a provisional assessment of fair value as the Group had sought an independent valuation for the property, plant and equipment owned by Makro-Habib Pakistan Limited.

The valuation of property, plant and equipment was completed in the current financial year and showed that the fair value at the date of acquisition was Rs 3,273.018 million, an increase of Rs 28.672 million compared to the provisional value.

Comparative information has been restated to reflect this adjustment. The value of property, plant and equipment increased by Rs 28.672 million and an increase in the minority interest of Rs 12.902 million. There was also a corresponding negative goodwill of Rs 15.770 million. The increased depreciation charge on the building from the acquisition date to June 30, 2008 was not material.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
		(Rupees in thousands)	
Operating fixed assets	4.1	**4,705,476**	4,036,810
Capital work-in-progress	4.4	**17,033**	37,100
		4,722,509	4,073,910

4.1 Statement of operating fixed assets

	COST					DEPRECIATION				
	As at July 1, 2008	**Additions/ adjustments***	**Disposals / adjustments***	**As at June 30, 2009**	**Rate %**	**As at July 1, 2008**	**Depreciation/ adjustments* for the year**	**On disposals/ adjustments***	**As at June 30, 2009**	**Written Down value as at June 30, 2009**
	------------------- Rupees in thousands -------------------					------------------------------ Rupees in thousands ----------------------------				
Owned:										
Land - Freehold	608,014		3,540	604,474	-	-	-	-	-	604,474
- Leasehold	756,260		-	756,260	1.69-3.33	36,100	16,161	-	52,261	703,999
Building on freehold land										
- Factory building	207,856	15,881	-	223.737	10	66,112	14,303	-	80,415	143,322
- Non factory building	404,602	572,637 *	-	977,239	5-10	35,978	86,104	-	122,082	855,157
Building on leasehold land	1,135,301	8,127	-	1,143,428		50,603	1,073	-	51,676	1,091,752
- Non factory building					5					
Railway siding	792	-	-	792	5	684	5	-	689	103
Plant and machinery	1,398,329	330,132	1,158	1,727,303	10-30	482,537	161,008	971	642,574	1,084,729
Furniture and fittings	46,911	15,302	778	61,435	15-20	17,465	6,565	682	23,348	38,087
Vehicles	71,324	13,928	13,333	83,991	20	42,751	11,164	8,866	50,849	33,142
		12,072 *	-				5,800*	-		
Office and mills equipment	43,692	7,951	2,751	48,892	10-30	18,882	5,173	1,515	22,540	26,352
Computer equipment	115,272	13,856	1,770	127,358	33	63,048	25,889	1,626	87,311	40,047
** Jigs and fixtures	75,513	46,386	-	121,899	33	64,886	17,256	-	82,142	39,757
	4,863,866	451,563	23,330	5,876,808		879,046	344,701	13,660	1,215,887	4,660,921
		584,709 *					5,800*			
Leased										
Vehicles	50,004	11,996	4,188	45,740	20	12,829	7,024	1,016	13,037	32,703
			12,072 *					5,800 *		
Plant and machinery	22,496	-	-	22,496	20	7,681	2,963	-	10,644	11,852
	72,500	11,996	4,188	68,236		20,510	9,987	1,016	23,681	44,555
			12,072 *					5,800 *		
2009	**4,936,366**	**463,559**	**27,518**	**5,945,044**		**899,556**	**354,688**	**14,676**	**1,239,568**	**4,705,476**
		584,709	**12,072 ***				**5,800**	**5,800 ***		

**This includes moulds having book value of Rs. 23.836 million (2008: 2.367 million) in the possession of sub-contractors.

	C O S T					**D E P R E C I A T I O N**				
	As at July 1, 2007	**Additions/ adjustments*/ others****	**Disposals / adjustments***	**As at June 30, 2008**	**Rate %**	**As at July 1, 2007**	**Depreciation/ adjustments* / others** for the year**	**On disposals/ Adjustments***	**As at June 30, 2008**	**Written Down Value as at June 30, 2008**
	Rupees in thousands					**Rupees in thousands**				
Owned:										
Land - Freehold	16,289	591,725 **	-	608,014	-	-	-	-	-	608,014
- Leasehold	14,742	741,518 **	-	756,260	1.69-3.33	1,067	2,890 32,143 **	-	36,100	720,160
Building on freehold land										
- Factory building	112,060	105,454	17,443	207,856	10	69,252	5,113	8,253	66,112	133,959
- Non factory building	11,180	13,611 387,596 **	-	404,602	5-10	7,978	3,775 24,225 **	-	35,978	376,409
Building on leasehold land - Non factory building	-	12,037 1,123,264 **	-	1,135,301	5	-	9,941 40,662 **	-	50,603	1,084,698
Railway siding	792	-	-	792	5	678	6	-	684	108
Plant and machinery	468,924	118,672 8,494 * 802,239 **	-	1,398,329	10-30	336,085	51,667 4,145 * 90,640 **	-	482,537	915,792
Furniture and fittings	19,160	2,187 26,197 **	633	46,911	15-20	11,065	2,310 4,542 **	452	17,465	29,446
Vehicles	46,025	3,189 1,774 * 32,174 **	11,838	71,324	20	29,298	4,698 991 * 15,612 **	7,848	42,751	28,573
Office and mills equipment	23,200	7,082 14,078 **	668	43,692	10-30	13,838	2,235 3,160 **	351	18,882	24,810
Computer equipment	24,993	8,419 9,699 * 73,579 **	1,418	115,272	33	20,884	7,401 9,699 * 26,323 **	1,259	63,048	52,224
*** Jigs and fixtures	65,793	9,720	-	75,513	33	61,032	3,854	-	64,886	10,627
	803,158	280,371 19,967 * 3,774,543 **	32,000	4,863,866		551,177	93,890 14,835 * 237,307 **	18,163	879,046	3,984,820
Leased										
Vehicles	30,908	26,684	5,814 1,774 *	50,004	20	8,680	7,115	1,975 991 *	12,829	37,175
Plant and machinery	24,990	6,000	8,494 *	22,496	20	9,123	2,703	4,145 *	7,681	14,815
Computer equipment	9,699	-	9,699 *	-	33	9,699	-	9,699 *	-	-
	65,597	32,684	5,814 19,967 *	72,500		27,502	9,818 -	1,975 14,835 *	20,510	51,990
2008	**868,755**	**313,055** **19,967 *** **3,792,370 ****	**37,814** **19,967 ***	**4,936,366**		**578,679**	**103,708** **14,835 *** **237,307 ****	**20,138** **14,835 ***	**899,556**	**4,036,810**

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

	Note	**2009**	**2008**
		(Rupees in thousands)	
Cost of sales	**26**	**96,550**	55,163
Distribution costs	**27**	**2,103**	1,981
Administrative expenses	**28**	**256,035**	46,564
		354,688	103,708

4.3 The following property, plant and equipment were disposed off during the year:

Particulars		Original Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/ (loss) Note 29	Mode of disposal	Particulars of buyers
		------------------ Rupees in thousands ------------------						
Land – Freehold		3,540	-	3,540	3,363	(177)	Plot surrender to Lasbella Industrial Estate Development	Lasbella Industrial Estate Development
Plant & Machinery								
Bottomer		208	123	85	150	65	Sold by Negotiation	Mr. Yakoob
Items having book value upto Rs. 50,000		950	847	103	135	32		
Vehicles								
Toyota Corolla	ACE-365	1,168	862	306	306	-	Sold under Group's car scheme	Mr. Mohammad Jamil Hussain, Ex. Director
Toyota Corolla	AFL-016	857	657	200	280	80	Sold under Group's car scheme	Mr. Shahid Saleem, Employee
Toyota Corolla	AGG-329	939	688	251	310	59	Sold under Group's car scheme	Mr. S.E. Bukhari, Employee
Daihatsu Cuore	AGE-068	427	303	124	255	131	Sold under Group's car scheme	Mr. Muhammad Yousuf, Employee
Suzuki Bolan	CK-4064	367	255	112	130	18	Sold under Group's car scheme	Syed Mohammad Hassan, Employee
Daihatsu Cuore	ADG-059	378	272	106	122	16	Sold under Group's car scheme	Mr. Mazharullah Khan, Employee
Toyota Corolla	AFT-248	939	688	251	368	117	Sold under Group's car scheme	Mr. Tariq Saeed, Employee
Toyota Corolla	AEP-311	1,020	793	227	265	38	Sold under Group's car scheme	Syed Raza Haider Zaidi, Employee
Toyota Altis	APJ-554	1,370	285	1,085	1,085	-	Sold under Group's car scheme	Mr. Reza Pooya, Employee
Toyota Corolla	AQW-978	1,014	133	881	881	-	Sold under Group's car scheme	Mr. Jawed Ali, Employee
Toyota Corolla	AEP-959	117	63	54	326	272	Sold under Group's car scheme	Mr. S. Muzaffar Ali, Employee
Toyota Corolla	AMJ-734	990	452	538	750	212	Sold by Negotiation	Col. Usman Haider Bhatti, Employee
Daihatsu Cuore	APT-842	518	151	367	450	83	Sold by Negotiation	Syed Danish Ali, Employee
Suzuki Cultus	APN-283	653	191	462	590	128	Sold by Negotiation	Mr. Kashif Iqbal Butt, Employee
Toyota Crown	AA-8646	2,073	1,854	219	245	26	Sold by Negotiation	Mr. Hussain Qaiser Rizvi, Employee
Toyota Altis	ALZ-052	1,328	549	779	794	15	Sold by Negotiation	Mr. A.Q. Mogri, Employee
Toyota Corolla	AFB-563	169	58	111	71	(40)	Sold by Negotiation	Mr. Baquer Qazi
Daihatsu Coure	ARF-658	535	17	518	535	17	Insurance Claim	Habib insurance Company Limited, a related party
Daihatsu Coure	ACQ-293	495	57	438	495	57	Lease Terminated	
Daihatsu Coure	AFG-577	377	299	78	124	46	Sold under Group's car scheme	Mr. Tariq Qadir, Employee
Items having book value upto Rs. 50,000		1,787	1,256	531	1,989	1,458		
		17,521	**9,883**	**7,638**	**10,371**	**2,733**		
Office and mills equipment								
Data collection terminal		117	22	95	97	2	Sold by negotiation	M/s. Shabbir Tiles & Ceramics Limited, a related party
Walkie Talkie		90	30	60	-	(60)	Disposed off	
Telephone exchange		899	386	513	200	(313)	Exchange with new	
Air conditioner		800	453	347	322	(25)	Sold by Negotiation	Employees
Airman Diesel Generator 50KVA		413	316	97	250	153	Sold by negotiation	New Techno Enerygen, Karachi
Items having book value upto Rs. 50,000		432	308	124	55	(69)		
Computer equipment								
Computers		120	27	93	98	5	Insurance claim	Adamjee Insurance Company Limited
Items having book value upto Rs. 50,000		1,650	1,509	51	153	102		
Furniture and fittings								
Items having book value upto Rs. 50,000		778	682	96	88	(8)		
June 30, 2009		**27,518**	**14,676**	**12,842**	**15,282**	**2,440**		
June 30, 2008		30,029	20,138	9,891	12,692	2,801		

4.4 CAPITAL WORK-IN-PROGRESS

	2 0 0 9	2 0 0 8
	(Rupees in thousands)	
Civil works	**415**	23,647
Plant and machinery	**-**	12
Advance against:		
- moulds	**1,625**	13,201
- civil works	**-**	183
- machinery installation and computer equipment	**6,821**	-
- purchase of software license	**8,020**	57
- purchase of vehicles	**152**	-
	17,033	37,100

5. INTANGIBLE ASSETS

	Cost as at July 1, 2008	Additions/ Others *	Cost as at June 30, 2009	Accumulated amortisation as at July 1, 2008	Amortisation/ others * For the year	Accumulated Amortization as at June 30, 2009	Book value As at June 30, 2009	Amortisation rate %
	(Rupees in thousands)							
Software	56,019	6,555	62,574	42,422	13,240	55,662	6,912	50
Oracle License fee	315	-	315	315	-	315	-	33
2009	**56,334**	**6,555**	**62,889**	**42,737**	**13,240**	**55,977**	**6,912**	
2008		55,775 *			38,202 *			
	415	144	56,334	310	4,225	42,737	13,597	

* This represents additions made on the acquisition of Makro- Habib Pakistan Limited.

5.1 The amortisation charge for the year has been allocated as follows:

	Note	2009	2008
		(Rupees in thousands)	
Distribution costs	**27**	**58**	12
Administrative expenses	**28**	**13,182**	4,213
		13,240	4,225

6. INVESTMENT PROPERTY

	Cost as at July 1, 2008	Additions	Cost as at June 30, 2009	Accumulated depreciation as at July 1, 2008	Depreciation for the year Note 28	Accumulated depreciation as at June 30, 2009	Book value As at June 30, 2009	Depreciation rate %
	(Rupees in thousands)							
Freehold land	891	-	891	-	-	-	891	-
Building	694	-	694	512	9	521	173	5
2009	**1,585**	**-**	**1,585**	**512**	**9**	**521**	**1,064**	
2008	1,585	-	1,585	502	10	512	1,073	

6.1 Investment property comprises of a godown held at Multan for long term and is let out. The fair value on the basis of a valuation carried out by an independent approved valuer, as at June 30, 2009 is Rs. 17.43 million (2008: Rs. 16.05 million) .The valuation was arrived at by reference to market values and realisable values, which are determined on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

7. LONG-TERM INVESTMENTS

	Holding %	2009 (Rupees in thousands)	Holding %	2008 (Rupees in thousands)
Held- to- maturity – at amortised cost				
Special Savings Certificate		**5,000**		-
Accrued profit thereon		**63**		-
		5,063		-
Investments in associates – stated as per equity method				
Quoted associates				
Indus Motor Company Limited	**6.22**		6.22	
- Opening balance		**560,975**		451,058
- Share of profit for the year – net of tax		**60,083**		168,514
- Share of unrealized gain/(loss) on hedging		**(696)**		83
- Dividend received during the year		**(31,785)**		(58,680)
		588,577		560,975
[Market value Rs. 526.751 million (2008: Rs. 978.245 million)]				
Dynea Pakistan Limited	**4.33**		4.33	
- Opening balance		**11,748**		10,684
- Share of profit for the year – net of tax		**2,094**		1,064
- Dividend received during the year		**-**		-
		13,842		11,748
[Market value Rs. 8.333 million (2008: Rs. 17.010 million)]				
Habib Insurance Company Limited	**4.63**		4.63	
- Opening balance		**47,628**		38,038
- Share of profit for the year – net of tax		**(18,814)**		17,829
- Dividend received during the year		**(2,060)**		(8,239)
		26,754		47,628
[Market value Rs. 51.908 million (2008: Rs. 226.122 million)]				
Agriauto Industries Limited	**7.35**		7.35	
- Opening balance		**86,318**		71,098
- Share of profit for the year – net of tax		**15,241**		21,326
- Share of gain in change in fair value of available for sale investments		**(408)**		65
- Dividend received during the year		**(1,763)**		(6,171)
		99,388		86,318
[Market value Rs. 69.053 million (2008: Rs. 145.888 million)]				
Shabbir Tiles and Ceramics Limited	**2.61**		2.61	
- Opening balance		**15,267**		13,122
- Investment made during the year		**14,540**		-
- Share of profit for the period – net of tax		**1,650**		2,145
- Dividend received during the year		**-**		-
		31,457		15,267
[Market value Rs. 14.368 million (2008: Rs. 29.840 million)]				
		760,018		721,936
Other investments				
Available-for-sale - at fair value				
Habib Sugar Mills Limited		**30,826**		39,743
GlaxoSmithKline Pakistan Limited		**131**		186
		30,957		39,929
		796,038		761,865

7.1 The summarised financial information of the associated companies where there is a significant influence, based on the un-audited financial statements for the twelve months period ended March 31, 2009 is as follows:

	2009			
	Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
	(Rupees in thousands)			
Quoted Associates				
Indus Motor Company Limited	19,809,275	10,348,708	36,886,023	965,745
Dynea Pakistan Limited	499,885	127,367	1,337,771	48,363
Habib Insurance Company Limited	1,430,006	744,790	390,209	(406,357)
Agriauto Industries Limited	1,610,200	266,163	1,980,459	207,490
Shabbir Tiles and Ceramics Limited	5,188,307	3,939,972	2,598,989	63,255

	2008			
	Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
	(Rupees in thousands)			
Quoted Associates				
Indus Motor Company Limited	16,374,515	7,357,618	40,149,237	2,708,631
Dynea Pakistan Limited	546,081	221,926	1,197,139	24,577
Habib Insurance Company Limited	1,963,885	872,312	363,099	385,062
Agriauto Industries Limited	1,368,713	202,609	2,091,086	290,320
Shabbir Tiles and Ceramics Limited	1,913,755	1,282,365	1,907,993	82,223

7.2 The financial year of all the associates is June 30 except for Habib Insurance Company Limited where the financial year end is December 31. As the financial statements of all the associates may not necessarily be available at each reporting period of the Group, therefore the Group uses the financial statements of the associates with a lag of three months for applying the equity method.

8. LONG-TERM LOANS AND DEPOSITS

	Note	2009	2008
		(Rupees in thousands)	
Loans to employees – unsecured, considered good			
Interest bearing	**8.1**	**199**	551
Interest free	**8.2**	**46**	435
Current portion	**13**	**(139)**	(655)
		106	331
Long-term deposits			
Security deposits		**2,672**	3,177
Utilities		**11,410**	11,518
Others		**201**	218
		14,283	14,913
		14,389	15,244

8.1 Reconciliation of carrying amount of loan to executives is as follows:

	2009	2008
	(Rupees in thousands)	
Opening balance	**-**	107
Disbursement during the year	**200**	(107)
Repayment during the year	**(200)**	-
Closing balance	**-**	-

8.2 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 0.200 million (2008: Rs. 0.107 million).

	Note	2009	2008
		(Rupees in thousands)	
9. LONG-TERM PREPAYMENT			
Rent	**9.1**	**108,756**	118,840
Current portion	**13**	**(9,154)**	(10,090)
		99,602	108,750

9.1 This represents advance rent paid in respect of service center.

	Note	2009	2008
10. STORES, SPARES AND LOOSE TOOLS			
Stores			
In hand		**12,048**	18,962
In transit		**-**	601
		12,048	19,563
Spares		**52,673**	50,402
Loose tools		**93**	93
		64,814	70,058
11. STOCK-IN-TRADE			
Raw material			
In hand	**11.1**	**1,405,929**	1,461,813
In transit		**158,378**	270,298
		1,564,307	1,732,111
Work-in-process		**123,437**	108,369
Finished goods	**11.2**	**1,076,410**	980,136
Provision for obsolescence and shrinkage		**(82,149)**	(78,843)
			901,293
Trading stock		**10,045**	9,238
		2,692,050	2,751,011

11.1 Raw materials amounting to Rs. 11.307 million (2008: Rs. 5.784 million) are held with the sub-contractors.

11.2 This includes items amounting to Rs. 7.444 million (2008: Rs. 7.306 million) carried at net realisable value.

	Note	2009	2008
		(Rupees in thousands)	
12. TRADE DEBTS – unsecured			
Considered good	**12.1**	**403,077**	654,434
Considered doubtful		**6,204**	7,047
Provision for impairment	**12.3**	**(6,204)**	(7,047)
		-	-
		403,077	654,434

12.1 This includes amount due from the following related parties:

	2009	2008
- Indus Motor Company Limited	**41,299**	115,620
- Dynea Pakistan Limited	**3,061**	3,358
- Shabbir Tiles and Ceramics Limited	**1,722**	-
	46,082	118,978

	Note	2009	2008
		(Rupees in thousands)	

12.2 The ageing of trade debts at June 30 is as follows

Neither past due nor impaired		**310,850**	561,349
Past due but not impaired			
- 31 to 60 days		**70,142**	73,720
- over 61 days		**22,085**	19,365
		403,077	654,434

12.3 Reconciliation of provision for impairment of trade debts

Opening provision		**7,047**	9,033
Charge for the year	**27**	**561**	3,955
Reversal for the year	**29**	**(1,404)**	-
Bad debts written off		**-**	(5,941)
Balance at the end of the year		**6,204**	7,047

13. LOANS,ADVANCES, DESPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Considered good – unsecured

Loans			
Current portion of long-term loans to employees	**8**	**139**	655
Advances			
Suppliers		**28,800**	27,487
Employees		**3,865**	5,245
		32,665	32,732
Deposits			
Tender / Performance guarantee		**45,213**	21,400
Margin against letter of credit		**282**	118,790
Lease		**732**	300
Others		**4,105**	11,261
		50,332	151,751
Short-term prepayments			
Current portion of long-term prepayment	**9**	**9,154**	10,090
Rent		**1,921**	5,182
Insurance		**13,098**	18,253
Others		**10,111**	9,074
		34,284	42,599
Other receivables	**13.1**	**84,699**	38,944
		202,119	266,681

13.1 Other receivables

Sales tax		**17,452**	20,053
Less: Considered doubtful		**-**	(6,097)
		17,452	13,956
Net unrealized gain on revaluation of forward foreign exchange contracts (Cash flow hedges)		**-**	1,070
Duty drawback		**4,499**	3,290
Worker's Profit Participation Fund	**13.2**	**307**	9,367
Others	**13.3**	**62,441**	11,261
		84,699	38,944

	Note	2009	2008
		(Rupees in thousands)	

13.2 Workers' profit participation fund

Balance at the beginning of the year	**9,367**	1,769
Add: Allocation for the current year	**(52,893)**	(57,556)
	(43,526)	(55,787)
Paid during the year	**43,833**	65,154
	307	9,367

13.3 This includes receivable from the following related parties:

Indus Motor Company Limited	**29**	2
Agriauto Industries Limited	**134**	1
Habib Insurance Company Limited	**19,848**	56
Shabbir Tiles and Ceramics Limited	**393**	-
	20,404	59

14. SHORT-TERM INVESTMENTS

	Note	2009	2008
Held- to- maturity – at amoritsed cost			
Certificates of Musharika		**9,000**	11,000
Accrued profit thereon		**148**	146
	14.1	**9,148**	11,146
Tern Deposit Receipts		**15,601**	10,572
Accrued profit thereon		**589**	15
	14.2	**16,190**	10,587
		25,338	21,733

14.1 Represents six-monthly Certificates of Musharika carrying expected profit rate of 11% to 12% (2008: 9.75%) per annum with maturities in September 2009.

14.2 Represents one year Term Deposit Receipts of Habib Metropolitan Bank Limited, a related party and Barclays Bank carrying expected profit rate of 9.50% (2008; 8%) and 13% (2008: 10%) respectively, per annum and have maturity upto August 25, 2009 and September 01, 2009 respectively and is held by a bank as security against a letter of guarantee issued on behalf of the Company.

	2009	2008
	(Rupees in thousands)	

15. INCOME TAX REFUNDABLE

On account of Group Relief	**261,000**	-

The Holding Company in its tax return for the tax year 2008 claimed Group Relief under Section 59B of the Income Tax Ordinance, 2001 (the Ordinance) by acquiring tax losses of its subsidiary company – Makro-Habib Pakistan Limited (MHPL) amounting to Rs. 745 million, equivalent to a tax value of Rs. 261 million.

During the year the assessment for the aforesaid tax year was finalized and Group Relief was not allowed by the Taxation Officer. The Holding Company has preferred an appeal against this assessment to the Income Tax Commissioner (Appeals).

One of the grounds for disallowance was that the Holding Company had not paid to its subsidiary the tax loss surrendered. In order to remove this objection, the Holding Company subsequently paid the amount of the tax loss amounting to Rs. 261 million to its subsidiary.

The Group is confident that the issue of Group Relief will be decided in its favour, in which event an amount of Rs. 261 million will be refundable to the Group by the Income Tax Department as the Group has paid excess amount on account of Advance Tax. In the event Group Relief is ultimately disallowed, MHPL will refund to the Holding Company an amount of Rs. 261 million.

16. CASH AND BANK BALANCES

	Note	2009	2008
		(Rupees in thousands)	
In hand		**46,792**	50,821
With banks in:			
- current accounts		**26,125**	11,101
- call deposits accounts	**16.1**	**510,112**	81,436
- savings accounts	**16.2**	**15,612**	11,662
		551,849	104,199
		598,641	**155,020**

16.1 This represents deposits with Habib Metropolitan Bank Limited, a related party, and carries markup at the rate of 8.75% to 10% (2008: 8.75% to 10%) per annum.

16.2 These carry markup at the rate of 5% to12% (2008: 5% to 12%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2009	2008		2009	2008
Number of Ordinary shares of Rs. 5/- each			(Rupees in thousands)	
5,149,850	5,149,850	Fully paid in cash	**25,750**	25,750
		Issued as fully paid bonus shares		
14,060,033	7,033,214	Opening balance	**70,300**	35,166
12,179,820	7,026,819	Issued during the year	**60,899**	35,134
26,239,853	14,060,033	Closing balance	**131,199**	70,300
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation	**56,198**	56,198
42,629,372	30,449,552		**213,147**	152,248

17.1 Habib Insurance Company Limited, a related party, holds 1,204,130 (2008: 860,093) ordinary shares of Rs. 5/- each.

		2009	2008
		(Rupees in thousands)	
18.	**RESERVES**		
	Capital Reserves		
	Reserve arising on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	**13,240**	13,240
	Premium on issue of share capital	**12,225**	12,225
	Reserve arising on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	**42,464**	42,464
		67,929	67,929
	Gain on changes in fair value of available for sale investments – net	**29,719**	39,099
	Revenue Reserves		
	General reserve	**3,431,874**	2,761,874
	Un appropriated profit	**1,341,653**	1,265,929
		4,773,527	4,027,803
	Net (loss) / gain on cash flow hedge	**(776)**	616
		4,870,399	4,135,447

			2009	2008
19.	**LONG-TERM FINANCE – SECURED**			
	Habib Metropolitan Bank Limited – a related party	**19.1**	**337,500**	450,000
	Habib Babk Limited	**19.2**	**750,000**	-
	Less: Current maturity shown under current liabilities		**136,875**	90,000
			950,625	360,000

19.1 This represents long-term finance repayable in 20 equal quarterly installments of Rs. 22.50 million effective from July 26, 2008. This loan carries a mark-up at the rate of 3 months' KIBOR + 0.50%, repayable by April 25, 2013.

This facility is secured against pledge of shares of associate quoted companies having a market value Rs. 670 million (2008: 719 million).

19.2 This represents a term loan facility repayable in 16 equal quarterly installments of Rs. 53.125 million effective from June 2010. This loan carries a mark-up at the rate of 3 months' KIBOR + 1.22%.

This facility is secured by an equitable mortgage charge on property located at Lahore and hypothecation charge on plant and machinery, stock-in-trade and receivables.

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2009		June 30, 2008	
	Minimum lease payments	Present value of minimum Lease payments	Minimum Lease Payments	Present value of minimum Lease Payments
	(Rupees in thousands)			
Not later than one year	**15,386**	**13,354**	25,142	22,042
Later than one year but not later than five years	**8,736**	**7,919**	15,322	14,186
Total minimum lease payments	**24,122**	**21,273**	40,464	36,228
Finance charges allocated to future periods	**2,849**	**-**	(4,236)	-
Present value of minimum lease payments	**21,273**	**21,273**	36,228	36,228
Current portion shown under current liabilities	**(13,354)**	**(13,354)**	(22,042)	(22,042)
	7,919	**7,919**	14,186	14,186

20.1 This represents finance lease entered into with a modaraba for vehicles, plant and machinery and computer equipment. The balance of the liability is payable by May 2011 in monthly installments. The above lease contracts contain a bargain purchase option. Monthly lease payments include finance charges ranging from six months' KIBOR + 2.75% to 3% (2008: KIBOR + 2.75%) per annum, which is used as a discounting factor. There are no financial restrictions in the lease agreements.

21. DEFERRED TAXATION

Deferred tax comprises temporary differences relating to:

	Note	2009	2008
		(Rupees in thousands)	
Accelerated tax depreciation		**634,520**	66,771
Assets subject to finance lease		**(7,343)**	(12,509)
Provisions		**(12,318)**	(10,802)
Fair value of forward exchange contracts		**-**	374
Unused tax losses		**(1,018,229)**	-
		(403,370)	43,834

22. TRADE AND OTHER PAYABLES

	Note	2009	2008
Creditors	**22.1**	**844,167**	834,568
Bills payable		**50,523**	123,603
Accrued liabilities	**22.2**	**308,595**	301,618
Custom duty payable		**31,226**	55,650
Infrastructure cess payable	**24.1.2**	**125,416**	91,117
Unclaimed salaries		**5,657**	4,924
Warranty obligations	**22.3**	**58,374**	90,394
Royalty		**56,283**	24,552
Workers' welfare fund		**20,100**	22,078
Security deposits		**3,993**	4,119
Unclaimed dividend and unpaid dividend		**11,804**	11,872
Deferred income		**92,918**	67,310
Other liabilities	**22.4**	**60,037**	66,435
		1,669,093	1,698,240

22.1 This includes Rs. 17.555 million (2008: 20.464 million) payable to Dynea Pakistan Limited, a related party.

22.2 This includes Rs. 6.092 million (2008: 7.946 million) payable to Habib Insurance Company Limited, a related party.

	Note	2 0 0 9	2 0 0 8
		(Rupees in thousands)	
22.3 Warranty obligations			
Balance at the beginning of the year		**90,394**	59,016
Provision for the year	**27**	**31,450**	36,387
		121,844	95,403
Reversal for the year		**(59,016)**	-
		62,828	95,403
Claims paid during the year		**(4,454)**	(5,009)
Balance at the end of the year		**58,374**	90,394
22.4 Other liabilities			
Staff salaries		**196**	-
Tax deducted at source		**5,870**	6,454
Security deposits		**18,629**	11,350
Advances from customers		**4,679**	8,945
Payable to provident fund		**5,821**	3,279
Payable to retirement benefit fund		**3,021**	6,210
Others		**21,821**	30,197
		60,037	66,435

23. SHORT-TERM BORROWINGS – secured

	Note	2009	2008
Short-term running finance – Banks			
Related party		**49,774**	161,765
Others		**537,623**	764,981
	23.1	**587,397**	926,746
Export re-finance – Banks			
Related party		**135,000**	124,539
Others		**23,000**	-
	23.2	**158,000**	124,539
		745,397	1,051,285

23.1 The facilities for running finance available from various banks amount to Rs. 2,275 million (2008: Rs. 1,864 million). The rates of mark-up ranges from one month to three months' KIBOR plus rates varying from 1 % to 2.5 % (2008: 0.4 % to 1 %) per annum. This includes Rs. 295 million (2008: Rs. 289 million) available from Habib Metropolitan Bank Limited, a related party. The purchase prices are payable on various dates with a renewable option. The facilities are secured by way of pari-passu charge against hypothecation of the Group's stock-in-trade, book debts and lien on import and export documents/accepted bills of exchange.

23.2 This export refinance facility (ERF) has been availed from Habib Metrololitan Bank Limited, a related party and Habib Bank Limited under the sceme of State Bank of Pakistan. The facilities for export re-finance available from various banks amount to Rs. 185 million (2008: 175 million). Mark up at the rate 7.5% (2008: 7.5%) is charged on the outstanding balance and this facility is secured against export documents.

	2009	2008
	(Rupees in thousands)	

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

	2009	2008
24.1.1 Letter of guarantees issued by banks on behalf of the Group.	**20,846**	24,611

24.1.2 The Divisional Bench of the Honorable High Court of Sindh through its order dated September 17, 2008 has declared the levy of the infrastructure cess/fee by the excise and the taxation department, government of Sindh upto December 27, 2006 as ultra vires of the Constitution. The levy subsequent to December 27, 2006 has been declared as valid and constitutional.

The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the above order of the Honorable High Court of Sindh whereby the Honorable High Court of Sindh had declared infrastructure cess/fee subsequent to December 27, 2006 as valid and constitutional. The Honorable Supreme Court of Pakistan has accepted the petition and granted stay order against the payment of levy subject to the submission of bank guarantees.

The Company has decided not to reverse the liability pertaining to the periods prior to December 27, 2006 as the excise department, Govertment of Sindh has also filed an appeal before the Honorable Supreme Court of Pakistan against the above order of the Honorable High Court of Sindh. Therefore, the Company continues to provide for Infrastructure cess/fee liability in the financial statements until the matter is finally decided by the Supreme Court of Pakistan.

	2009	2008
There is an un-utilised portion of the bank guarantee issued in favour of excise and taxation department, Government of Sindh against the levy of infrastructure cess on the imported goods. The utilized portion of guarantee amounting to Rs.125.416 million (2008; Rs. 91.117 million) is shown under infrastructure cess payable in note 20 to the financial statements.	**8,956**	5,255
24.1.3 While finalizing the assessments for the assessment years 1991-92 and 1992-93, the Income Tax Authorities cancelled tax holiday period available to former Pakistan Papersack Corporation Limited which resulted in tax liability of Rs.25.473 million. Both the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal have decided the case in favour of the Group. The department preferred an appeal before the Honourable High Court of Sindh where the case is now pending. The management is confident that the matter will be decided in favour of the Group, therefore, no provision has been made in these financial statements.	**25,473**	25,473

24.1.4 Consequent to the decision of the Honorable Supreme Court of Pakistan remanding back the cases relating to former Khyber Papers (Private) Limited to the concerned authority for re-examining the eligibility of the company to avail the concessions available under the Protection of Economic Reforms Act 1992 (the Act).

The Company has pleaded that the minimum tax under section 80D of the repealed Income Tax Ordinance, 1979 was not chargeable to the Company under the Act. Thereafter, Commissioner of Income Tax Appeals (CITA) vide its order dated October 30, 2008 has concluded that the Company did not fulfill the conditions of the restated SRO therefore; tax under section 80D be charged for the assessment year 1992-93 to 2000-01 (excluding 1998-99).

The Company preferred an appeal with the Income Tax Appellate Tribunal, Peshawar against the order of the CITA. The management, based on the opinion of its tax advisor, expects favorable outcome of the case as the same tax has not been charged to other companies with similar status

	12,681	7,349
24.1.5 The Additional Commissioner of Income Tax reopened the case u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2004 of former Pakistan Papersack Corporation Limited and levied additional tax liability. The Group filed an appeal with the Commissioner of Income Tax (Appeals) (CITA) against the additional tax liability and the case was decided in the Group's favour. The department favoured an appeal in the Income Tax Appellate Tribunal (ITAT) against the order of the CITA and the case is yet to be heard by the ITAT. The management is confident that the ultimate decision would be in favour of the Group and therefore no provision has been made in these financial statements.	**5,070**	5,070
24.1.6 Post dated cheques have been issued to the Collector of Customs in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SROs.	**55,516**	148,063

24.2 Commitments

24.2.1 Letters of credit outstanding for raw material and spares	**377,360**	698,001

24.2.2 Commitments for rentals under operating lease agreements in respect of vehicles and machinery:

Year		
2008-09	**-**	59,989
2009-10	**60,336**	60,322
2010-11	**60,870**	60,870
2011-12	**61,933**	61,933
2012-13	**63,038**	63,038
Later than five years	**3,130,574**	3,130,574
	3,376,751	3,436,726

25. TURNOVER – net

	2009	2008
	(Rupees in thousands)	
Export sales	**484,888**	533,108
Local sales	**17,952,494**	9,328,651
	18,437,382	9,861,759
Less: Sales tax	**(1,776,862)**	(955,431)
Federal excise duty	**(56,530)**	(57,263)
	16,603,990	8,849,065
Service income	**65,962**	56,776
	16,669,952	8,905,841
Add: Duty drawback	**5,426**	5,830
Freight subsidy	**-**	291
	5,426	6,121
Less: Expenses on export sales		
Freight outward	**27,262**	32,507
Commission and brokerage	**2,809**	3,836
	30,071	36,343
Less: Expenses on local sales		
Freight outward	**40,300**	35,966
Sales discount	**5,543**	16,838
Sales return	**104,034**	13,954
Commission and brokerage	**807**	1,350
Others	**310**	802
	150,994	68,910
	16,494,313	8,806,709

26. COST OF SALES

	Note	2009	2008
		(Rupees in thousands)	
Raw material consumed	26.1	**5,707,665**	5,279,311
Salaries , wages and benefits		**638,147**	538,460
Stores and spares consumed		**105,001**	117,586
Repairs and maintenance		**61,667**	61,511
Power and fuel		**153,541**	119,649
Rent, rates and taxes		**2,191**	1,376
Vehicle running and maintenance		**7,377**	7,118
Insurance		**10,203**	8,229
Communication		**2,650**	2,583
Travelling and conveyance		**5,636**	11,900
Entertainment		**465**	480
Printing and stationery		**2,349**	3,152
Legal and professional		**513**	499
Computer accessories		**3,071**	2,663
Royalty		**44,524**	46,254
Depreciation	4.2	**96,550**	55,163
Research and development		**2,913**	12,261
Technical assistance fees		**18,235**	-
Lease rentals		**-**	376
Others		**7,493**	8,643
		6,870,191	6,277,214
Work-in-process			
Opening		**108,369**	85,435
Closing		**(123,437)**	(108,369)
		(15,068)	(22,934)
Cost of goods manufactured		**6,855,123**	6,254,280
Finished goods			
Opening		**980,136**	850,895
Purchases		**7,701,857**	1,260,610
Stock destroyed	26.2	**(18,143)**	-
Provision for obsolescence and shrinkage		**3,306**	(3,961)
Closing		**(1,076,410)**	(980,136)
		7,590,746	1,127,408
		14,445,869	7,381,688

26.1 Raw material consumed

	2009	2008
Opening stock	**1,461,813**	1,104,515
Purchases	**5,651,781**	5,671,073
Stock destroyed	**-**	(34,464)
Closing stock	**(1,405,929)**	(1,461,813)
	5,707,665	5,279,311

26.2 Represents stock destroyed due to fire against which full claim has been lodged with Habib Insurance Company Limited, a related party.

27. DISTRIBUTION COSTS

	Note	2009	2008
		(Rupees in thousands)	
Salaries and benefits		**47,215**	47,270
Vehicle running expense		**3,430**	3,026
Utilities		**508**	737
Insurance		**2,179**	2,313
Rent, rates and taxes		**16,304**	5,079
Communication		**1,719**	2,188
Advertisement and publicity		**77,797**	21,798
Travelling and conveyance		**3,961**	5,378
Entertainment		**409**	283
Printing and stationery		**647**	330
Legal and professional		**986**	191
Computer accessories		**242**	51
Research and development		**146**	103
Depreciation	**4.2**	**2,103**	1,981
Amortization	**5.1**	**58**	12
Provision for impairment of debts	**12.3**	**561**	3,955
Repairs and maintenance		**613**	1,029
Export expenses		**7,131**	10,232
Provision for warranty claims	**22.3**	**31,450**	36,387
Lease rentals		**-**	128
Others		**2,696**	1,101
		200,155	143,572

28. ADMINSTRATIVE EXPENSES

	Note	2009	2008
Salaries and benefits		**647,408**	208,362
Vehicle running expense		**29,378**	13,261
Utilities		**187,372**	40,632
Insurance		**16,440**	3,268
Rent, rates and taxes		**80,839**	16,823
Communication		**17,425**	6,551
Advertisement and publicity		**295**	866
Travelling and conveyance		**34,699**	16,862
Entertainment		**7,124**	2,339
Printing and stationery		**16,039**	4,853
Legal and professional		**19,521**	13,446
Auditors' remuneration	**28.1**	**4,317**	1,880
Computer accessories		**28,178**	6,173
Depreciation	**4.2**	**256,035**	46,564
Amortisation	**5.1**	**13,182**	4,213
Depreciation on investment property	**6**	**9**	10
Repairs and maintenance		**29,522**	9,877
Lease rentals		**1,286**	1,767
Charity and donations	**28.2**	**11,434**	6,422
Subscription		**1,808**	3,546
Others		**41,793**	8,742
		1,444,104	416,457

28.1 Auditors' remuneration

	2009	2008
Audit fee	**1,700**	1,065
Half-yearly review	**475**	200
Taxation services	**1,566**	125
Other certifications	**190**	188
Out of pocket expenses	**386**	302
	4,317	1,880

28.2 Charity and donations

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

Name of donee	Address of donee	Name of directors/spouse	Interest in donee	2009 (Rupees in thousands)	2008
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharea Faisal, Karachi.	Mr. Rafiq M. Habib	Trustee	**335**	360
"		Mr. Ali S. Habib	Trustee		
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar, Road, Karachi	Mr. Ali S. Habib	Trustee	**6,050**	-
"		Mr. Mohamedali R. Habib	Trustee		
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway Korangi, Road, Karachi.	Mrs. Rafiq M. Habib	Vice President	**36**	36

29. OTHER OPERATING INCOME

	Note	2009 (Rupees in thousands)	2008 (Restated)
Income from financial assets			
Dividend income		**1,131**	725
Profit on call deposit accounts and short term investments		**20,489**	68,188
Reversal of provision for impairment of debts	**12.3**	**1,404**	-
Liabilities/provision no longer payable/required written back		**59,981**	14
Exchange gain – net		**-**	30,662
		85,065	99,589
Income/(loss) from non-financial assets			
Gain on disposal of property, plant and equipment	**4.3**	**2,440**	2,801
Rental income from investment property		**925**	892
Sale of scrap		**4,377**	22,576
Claim from suppliers		**4,929**	18,593
License fee, signage and others		**252,186**	48,353
Obsolete store and stores written off		**(377)**	-
Negative goodwill arising on business combination	**3**	**-**	28,671
Miscellaneous income		**68,115**	3,607
		332,595	96,822
		415,600	225,082

30. PROFIT ON TRADING ACTIVITIES

	2009	2008
Sales	**70,917**	62,277
Less: Sales tax	**9,654**	7,555
Sales discount	**4,613**	4,390
	14,267	11,945
	56,650	50,332
Less: Cost of sales	**38,424**	38,791
	18,226	11,541

		2009	2008
		(Rupees in thousands)	

31. FINANCE COSTS

		2009	2008
Mark-up / interest on:			
Long term finance – Related party		**59,309**	8,070
Long term finance – Others		**73,597**	-
Short-term borrowings			
- Related party		**25,062**	19,089
- Others		**122,520**	20,573
Finance lease		**4,482**	4,451
Bank charges and commission		**4,896**	4,455
		289,866	56,638

32. OTHER CHARGES

		2009	2008
Workers' profits participation fund		**52,893**	57,556
Workers' welfare fund		**16,302**	18,681
Exchange loss – net		**16,977**	-
		86,172	76,237

33. TAXATION

		2009	2008
Current		**317,325**	331,276
Prior		**11,335**	(12,329)
Deferred		**(708,204)**	30,264
	33.1	**(379,544)**	349,211

33.1 Relationship between income tax expense and accounting profit

	2009	2008
Profit before tax	**461,973**	968,740
Tax at the applicable tax rate of 20% to 35% (2008: 20% to 35%)	**348,927**	365,517
Tax effect of expenses that are inadmissible in determining taxable income	**61,870**	50,789
Tax effect of expenses that are admissible but not included in determining accounting profit	**(54,530)**	(56,669)
Tax effect of lower tax rates	**(37,868)**	(27,082)
Tax effect due to application of final tax regime	**(1,074)**	(1,279)
Tax effect of prior year	**11,335**	(12,329)
Tax effect temporary difference	**(708,204)**	30,264
	(379,544)	349,211

34. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the holding company, which is based on:

	2009	2008
	(Rupees in thousands)	
Profit after taxation attributable to the shareholders of the holding company	**806,623**	761,339
	Number of shares In thousands	
Number of ordinary shares of Rs. 5/- each in issue	**42,629**	42,629
	Rupees	**(Restated)**
Basic and diluted earnings per share	**18.92**	17.86

35. CASH GENERATED FROM OPERATIONS

	Note	2009	2008
		(Rupees in thousands)	(Restated)
Profit before taxation		**522,227**	1,089,718
Adjustments for non-cash charges and other items:			
Depreciation		**366,907**	107,943
Negative goodwill on business combination		**-**	(28,671)
Share in profit of associates - after taxation		**(60,254)**	(120,978)
Amortization of long term prepayments		**(5,548)**	995
Finance costs		**289,817**	57,678
Profit earned		**(20,489)**	(67,262)
Liabilities/provision no longer payable/required written back		**(59,381)**	(14)
Dividend income		**(1,131)**	(725)
(Reversal)/provision for impairment of debts		**(843)**	3,955
Provision for retirement benefits		**2,514**	5,625
Gain on disposal of property, plant and equipment		**(2,440)**	(2,801)
		509,152	(44,255)
		1,031,379	1,045,463
(Increase) / decrease in current assets			
Stores, spares and loose tools		**5,244**	(966)
Stock-in-trade		**58,961**	(659,771)
Trade debts		**252,200**	(145,817)
Loans, advances, deposits, prepayments and other receivables		**76,272**	(142,140)
Increase in deferred income		**25,608**	(14,384)
Increase / (decrease) in current liabilities			
Trade and other payables		**38,455**	401,555
Sales tax payable		**56,744**	-
		513,484	(561,523)
		1,544,863	483,940

36. CASH AND CASH EQUIVALENTS

	Note	2009	2008
Cash and bank balances	16	**598,641**	155,020
Short term investments		**9,000**	11,000
Running finance	23	**(587,397)**	(926,746)
		20,244	(760,726)

37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group, comprises associates, companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2009	2008
	(Rupees in thousands)	
Sales	**3,571,872**	2,849,948
Insurance premium	**28,314**	35,249
Sale/purchase of assets	**119**	399
Purchase of goods	**88,673**	88,196
Insurance claim received	**23,117**	44,147
Mark-up and bank charges paid	**90,710**	29,657
Profit received	**7,420**	66,266
License fee, signage and others	**21,425**	6,644
Contribution to provident fund	**25,418**	20,214
Contribution to retirement benefit fund	**2,514**	5,625

There are no transactions with key management personnel other than under the terms of employment, as disclosed in note 38.

The related party status of outstanding receivable/payable as at June 30, 2009 is disclosed in the respective notes to the consolidated financial statements.

38. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVES

	June 2009			June 2008		
	Chief executives	Directors	Executives	Chief executives	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	21,603	12,447	169,675	18,849	9,013	90,636
Group's contribution to provident fund	584	489	6,560	389	489	3,567
Group's contribution to retirement fund	-	3,208	914	-	3,208	914
Other perquisites	33,631	3,940	69,385	4,053	-	4,740
	55,818	20,084	246,534	23,921	12,710	99,587
Number of persons	5	7	100	4	3	95

38.1 The Chief executives, directors and certain executives of the Group are provided with free use of cars.

38.2 Three directors (2008: Three) have been paid fees of Rs. 65,000 (2008: Rs. 60,000) for attending board meetings.

38.3 The Chief Executive of Pakistan Industrial Aids (Private) Limited [Formerly Thal Trading (Private) Limited] is not being paid any remuneration for holding the office.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

		Engineering Operation		Jute Operation		Papersack Operation	
	Note	Units 2009	Units 2008	Metric Tons 2009	Metric Tons 2008	Nos (000) 2009	Nos (000) 2008
Annual Capacity							
Jute		-	-	33,800	33,800	-	-
Auto air conditioners		90,000	90,000	-	-	-	-
Wire harness	38.1	-	-	-	-	-	-
Paper bags		-	-	-	-	140,000	140,000
Actual Production							
Jute		-	-	35,197	32,038	-	-
Auto air conditioners		43,770	80,921	-	-	-	-
Wire harness	38.1	43,203	56,776	-	-	-	-
Paper bags		-	-	-	-	79,181	98,935
Reason for shortfall / excess		Low demand	Low demand	-	-	Frequent product mix change	Frequent product mix change

39.1 The production based on number of days worked in financial year 2009 was 319 (2008: 300)

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

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

40.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

The Company is exposed to credit risk on trade debts, short term investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values	
	2009	**2008**
	------- (in thousands) ----	
40.1.1 Trade debts		
Customers with no defaults in the past one year	**403,077**	654,434

40.1.2 Short-term investments and bank balances

Out of the total bank balance of Rs.551.849 million placed with banks, amounts aggregating Rs. 550.540 million and short term investments of Rs.24.601 million have been placed with banks having short term credit rating of A1+.

40.2 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 applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Year ended 30 June 2009	**On demand**	**Less Than 3 months**	**3 to 12 months**	**1 to 5 Years**	**Total**
	--------------------------------(Rupees In '000)				--------------------------------
Long-term financing – secured	-	-	136,875	950,625	1,087,500
Short term borrowing	587,397	11,250	146,750	-	745,397
Trade and other payables	1,486,481	-		-	1,486,481
Liabilities against assets subject to finance lease	-	-	13,354	7,919	21,273
Accrued markup	35,156	-		-	35,156
Total	**2,109,034**	**11,250**	**296,979**	**958,544**	**3,375,807**

Year ended 30 June 2008	**On demand**	**Less Than 3 months**	**3 to 12 months**	**1 to 5 Years**	**Total**
	-------------------------------(Rupees In '000)				-------------------------------
Long-term financing – secured	-	-	90,000	360,000	450,000
Short term borrowing	926,746	-	124,539	-	1,051,285
Trade and other payables	1,522,941	-		-	1,522,941
Liabilities against assets subject to finance lease	-	-	22,042	14,186	36,228
Accrued markup	19,920	-		-	19,920
Total	**2,469,607**		**236,581**	**374,186**	**3,080,374**

40.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2009	2008
Trade receivable (US Dollars)	**113,856**	117,878
Trade receivable (Euros)	**25,020**	-
Trade and other payables (US Dollars)	**879,397**	1,905,458
Total (Euros)	**25,020**	-
Total (US Dollars)	**765,541**	1,787,580

The following significant exchange rates have been applied at the reporting dates:

	2009	2008
US Dollars	**81.30**	68.20
Euros	**114.82**	107.65

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and Euros exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollar & Euros rate (%)	Effect on profit or (loss) before tax	Effect on equity
		------- (Rs. in thousands) ------	
30 June 2009	**+10**	**(6,053)**	**(3,934)**
	-10	**6,053**	**3,934**
30 June 2008	+10	(12,191)	(7,924)
	-10	12,191	7,924

40.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short term borrowings and liabilities against asset subject to finance lease with floating interest rates.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rs. In thousands)
2009		
KIBOR	**+100**	**(16,962)**
KIBOR	**-100**	**16,962**
2008		
KIBOR	+100	(14,130)
KIBOR	-100	14,130

40.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The Company had a gearing ratio of 16.27% (2008 – 7.86%) as of the Balance Sheet date which in view of the Management is adequate considering the size of the operations and its investment in subsidiaries.

40.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

41. SEGMENT ANALYSIS FOR THE YEAR ENDED JUNE 30

	2009					2008				
	Enginee-ring	**Building Materials and Allied Products**	**Cash & Carry and Others**	**Elimi-nation**	**Total**	**Enginee-Ring**	**Building Materials and Allied Products**	**Cash & Carry and Others**	**Elimi-nation**	**Total**
	-----------Rupees in thousand-------------					--------------Rupees in thousand----------------				
Sales revenue	**3,927,287**	**4,335,695**	**8,262,318**	**(30,987)**	**16,494,313**	3,915,341	3,598,892	1,314,139	(21,663)	8,806,709
Segment result	**694,411**	**693,796**	**(469,783)**	**-**	**918,424**	819,275	391,203	(59,309)	-	1,151,169
Unallocated corporate (expenses) / income:										
Administrative & distribution Costs					(243,827)					(226,283)
Other operating income					163,414					176,729
Operating profit					838,011					1,101,615
Finance cost					**(289,866)**					(56,638)
Other charges					**(86,172)**					(76,237)
Share in profit of associates					**60,254**					120,978
Taxation					**379,544**					(349,211)
					901,771					740,507
Segment assets	**1,535,667**	**2,258,511**	**5,373,396**		**9,167,574**	1,347,378	2,279,311	4,619,817		8,264,506
Unallocated assets					**1,199,408**					761,865
					10,366,982					9,026,371
Segment liabilities	**575,697**	**841,039**	**2,264,883**		**3,681,619**	630,863	1,216,173	1,408,637		3,255,673
Unallocated liabilities					**-**					43,834
					3,681,619					3,299,507
Capital expenditure	**113,960**	**22,258**	**874,470**		**1,010,688**	185,340	63,970	49,637		298,947
Depreciation expenses	**64,899**	**39,535**	**262,473**		**366,907**	26,555	36,287	45,101		107,943

In order to comply with the requirement of IAS 14 "Segment Reporting" the activities of the Group have been grouped into three segments of related products i.e. engineering goods, building material and allied products and cash & carry, trading and share registrar & management services.

The Engineering segment is engaged in the manufacturing of automotive parts.

The Building material and allied product segment include jute, papersack and laminate operations.

The third segment includes the cash & carry business, trading and share registrar and management services.

42. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 18, 2009 by the Board of Directors of the holding company.

43. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 18, 2009 has approved/proposed the following:

(i) transfer of Rs.573.000 million from unappropriated profit to general reserve.

(ii) payment of cash dividend of Rs. 1 per share for the year ended June 30, 2009 amounting to Rs. 42.629 million and the issuance of bonus shares in proportion of two ordinary shares for every ten ordinary shares for approval of the members at the Annual General Meeting to be held on October 26,2009.

(iii) to avail Group Relief under section 59B of the Income Tax Ordinance, 2001 by claiming tax losses of its subsidiary company – Makro-Habib Pakistan Limited amounting to Rs. 555.3 million for the tax year 2009. The surrender of such tax loss was also approved by the Board of Directors of Makro-Habib Pakistan Limited at its meeting held on September 04, 2009.

44. GENERAL

Figures have been rounded off to the nearest thousands.

SOHAIL P. AHMED
CHIEF EXECUTIVE

ALI S. HABIB
EXECUTIVE DIRECTOR