

Thal Limited

2015

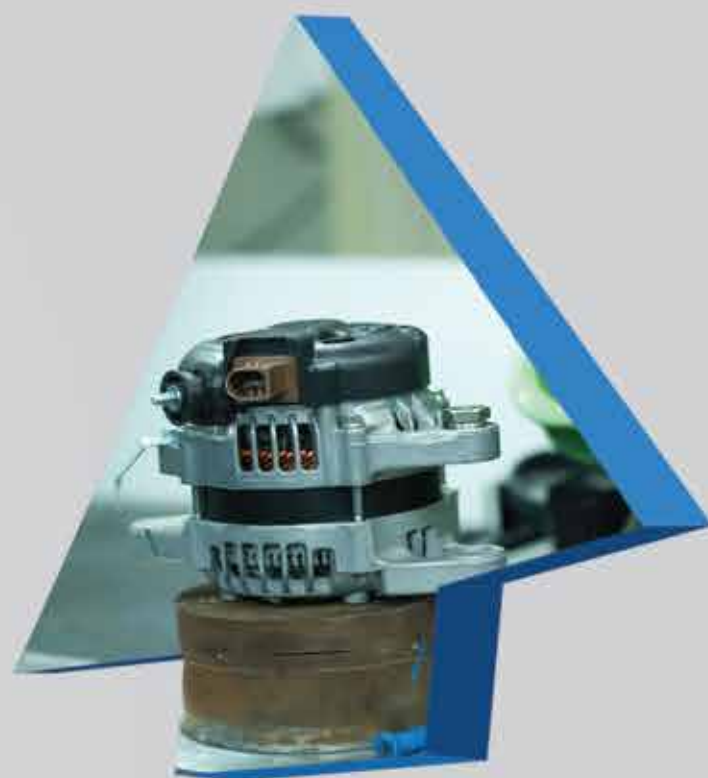
annual report



Growth Through Innovation

At Thal Limited, it is a belief that success comes from innovation and flawless execution. We endeavor constantly and consistently to innovate through new products to meet our customers' expectations and satisfaction.





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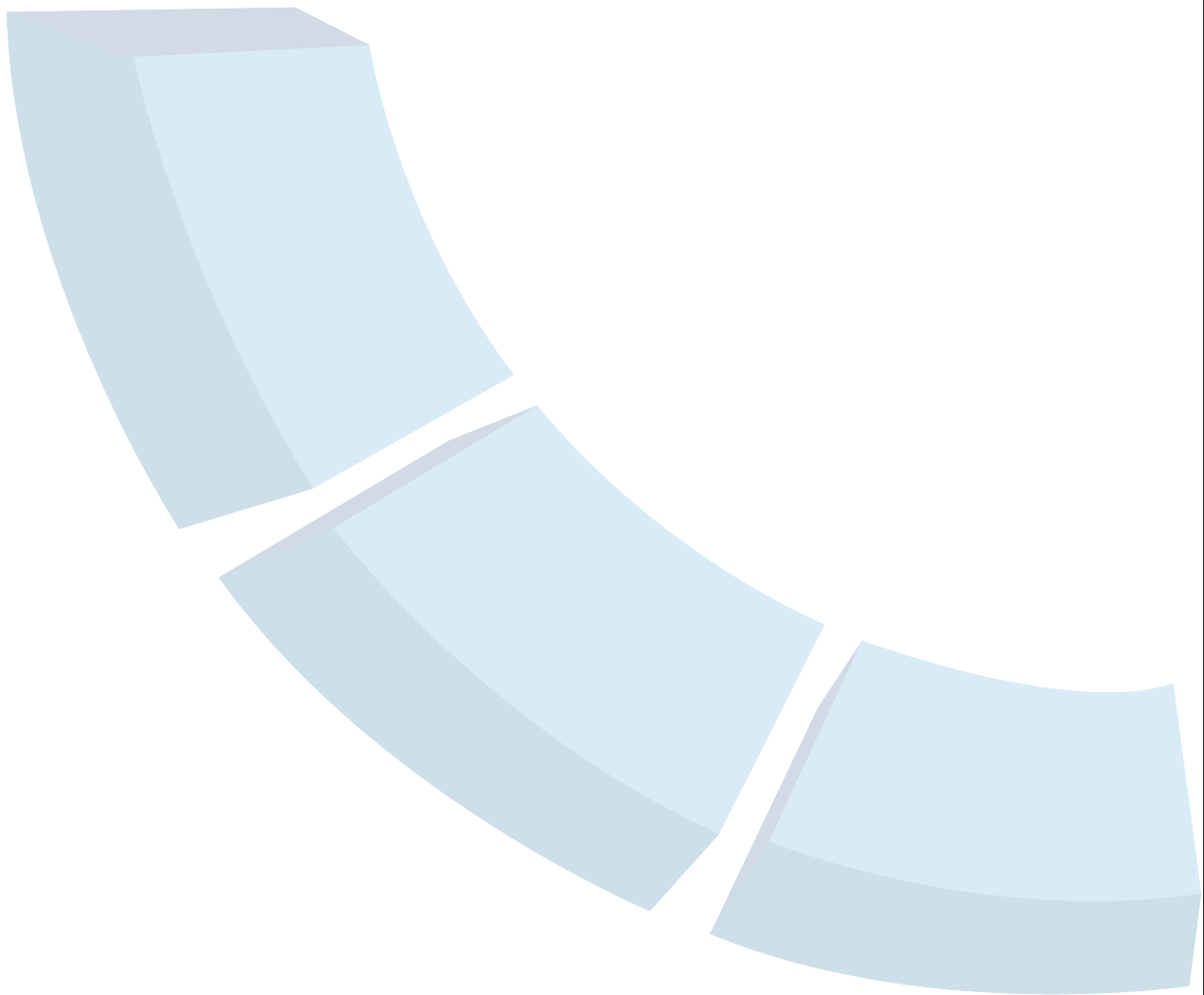
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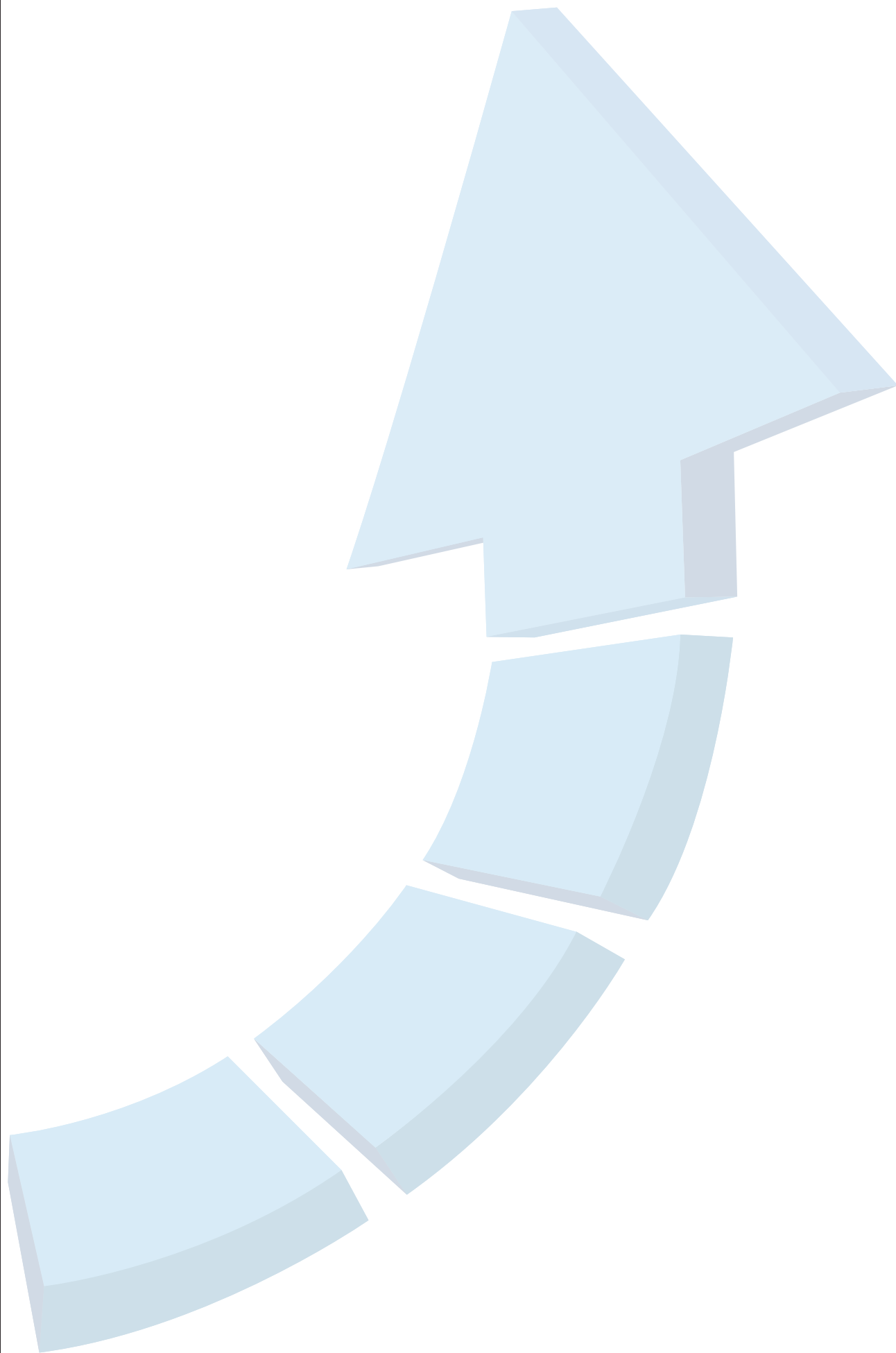
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Organization







Our Vision

Recognized as the most respected and dynamic group with expanding & diversifying businesses, sustaining competitive returns to stake holders.

An employer of choice, responsibly fulfilling obligations to community, country & environment.

Humility & Respect

"Responsibility of tolerance lies in those who have the wider vision."

Be a good listener
Foster fair play
Allow open critique
Encourage communication With subordinates
Walk the talk
Not egotistic

Justice & Integrity

"Success on any major scale requires you to accept responsibility... in the final analysis, the one quality that all successful people have... is the ability to take on responsibility"

Report facts correctly
Transparency in actions
Accept mistakes
Be fair & impartial
High sense of responsibility

Entrepreneurship

"Some men see things as they are and say "Why?" He dreamed things that never were and said "Why not?"

Be wired (knowledgeable)
Be creative Convert
Visions into reality
Take calculated risks

Core Values

Team Work

"No one can whistle a symphony. It takes an orchestra to play it."

Be a good listener
Meaningful participation
Show mutual respect
Own collective decisions
Support inter-dependencies
Believe in candor
"We" not "I"

Optimum Use Of Resources

"You get the best out of others when you give the best of yourself."

Minimize wastage
Procure at an optimal price
Practice 5 R:
RECYCLE
RE-USE
RETRIEVE
REFINE
REDUCE

Cleanliness

"The body is the shell of the soul, and dress the husk of that shell; but the husk often tells what the kernel is."

Practice personal cleanliness and hygiene
Practice cleanliness and 5S for All areas & resources:
SEIRI (Arrangement)
SEITON (Orderliness)
SEISO (Cleanliness)
SEIKETSU (Neatness)
SHUKAN (Habits)



Company Profile

Thal Limited enjoys the significance of being the pioneer industrial project of the House of Habib. The Company was incorporated in 1966, under the name of Thal Jute Mills Limited. It commenced its commercial production in 1969. In 1994, another Jute manufacturing Company, Pakistan Jute & Synthetics Limited (part of House of Habib) was merged into Thal Jute Mills Limited and thus became the largest jute factory in Pakistan. In 2004, Thal Jute Mills Limited changed its name to Thal Limited. The consolidation process continued and then in 2006, Pakistan Papersack Corporation Limited and Khyber Papers (Pvt.) Limited merged into

Thal Limited. Afterwards, Thal Jute Mills Limited became listed on the Karachi and Lahore Stock Exchanges in April 1967 and January 2001 respectively.

The Company is divided in two major manufacturing segments, namely Engineering Segment and Building Material and Allied Products Segment. The two segments further consist of six businesses offering a variety of product lines.

Engineering Segment consists of Electric Systems Business, Thermal Systems Business and the newly established Engine Components Business. Electric Systems Business manufactures vehicle wire harness



and battery cable, while Thermal Systems Business manufactures car air conditioning system, radiator, condenser and reserve tank. Engine Components Business manufactures car starters and alternators.

Building Material and Allied Products Segment consists of the Jute Business, Laminates Business and Papersack Business. Jute Business manufactures sacking, cloth hessian, yarn and twine; Laminates Business manufactures high pressure laminates, melamite and laminated boards and Papersack Business manufactures cement and industrial sacks, fast food and grocery bags.

The Company believes in growth through diversification, and therefore it has investments in subsidiaries like

Makro-Habib Pakistan Limited, Noble Computer Services (Private) Limited, Pakistan Industrial Aids (Private) Limited, Habib METRO Pakistan (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited and Thal Power (Private) Limited. It also has investments in associates like Indus Motor Company Limited, Habib Insurance Company Limited, Agriauto Industries Limited, Shabbir Tiles and Ceramics Limited and METRO Habib Cash & Carry Pakistan (Private) Limited.

The Company has also made an investment in Sindh Engro Coal Mining Company (SECMC), which will be a landmark project to fuel the growth of Pakistan's economy.

Code of Conduct & Ethics

Applicability of the Code:

- The Directors and Management are required to enforce the Code and ensure that none of the elements are breached at any time
- Employees are required to familiarize themselves with the Code, understand the Code, abide by the Code and live the spirit of the Code

Company Ethics

- All Company activities are to be conducted with honesty, integrity and respect within and outside the Company
- The Company does not support or oppose any political or religious party / group, and does not contribute funds to any individual or group that promotes or opposes such activities
- The Company promotes a non-discriminatory working environment, which is safe, free from racial or sexual harassment and conducive to being an equal opportunity employer
- The Company is committed to delivering the quality and quantity of products and services promised to its customers, within the agreed time frame
- The Company is dedicated to protecting the environment, conserving precious energy and promoting sustainable resources
- The Company is committed to abide by the Competition Laws of Pakistan
- The Company is dedicated to enforcing the spirit of the Code of Corporate Governance
- The Company is committed to the development of the community it operates in and recognizes its social responsibilities to the community and country

Code of Conduct for Directors:

Conflict of Interest

- i. Any conflicts of interest with the Company must be disclosed by the concerned Director in the ensuing Board meeting
- ii. The Directors must ensure that all their actions and decisions are transparent and in the interest of the Company

Regulatory Compliances, Financial Information and Controls

- i. The Directors are committed toward the spirit of Code of Corporate Governance and also ensure the compliance of laws, rules and regulations
- ii. Any material information and disclosures will be made public within the required / specified time frame, as per SECP requirements
- iii. The Directors in knowledge of confidential information, by nature of their position, are required to ensure secrecy and safeguard the same, till such time that it is made public, and avoid any chance of "insider trading"

Compliances

- i. The Directors will ensure that the Company meets all its compliances as required to conduct the business

Personal Conduct

- i. The Directors shall intimate those matters to the Company as are required to be disclosed according to the statutory provisions

Code of Conduct for Employees:

Conflict of Interest

- i. Any employee who becomes aware of a conflict of interest, for any reason and in any context, irrespective of whether it pertains to his/her immediate department, area or jurisdiction, is required to immediately report the matter to management for consideration and information, in a complete and honest manner
- ii. Accepting gifts, favors or any other form of obligation, that may compromise decision making, from other employees, suppliers, customers or any other stakeholder is strictly forbidden. Employees are required to inform their superior of any such activity and should politely decline to accept the same
- iii. Employees must not engage in any activity or transaction which may give rise, or which may be seen to have given rise, to conflict of interest

Regulatory Compliances, Financial Information and Controls

- i. Employees in knowledge of confidential information, by nature of their position or job description, are required to ensure secrecy and safeguard the same, till such time that it is made public, and avoid any chance of “insider trading”
- ii. The Employees are required to ensure compliance to applicable laws, rules and regulations
- iii. Any material information and disclosures will be made public within the required / specified time frame, as per SECP requirements

Health, Safety & Environment

- i. Employees should be aware of and conform to Health & Safety Standards of the Company at all

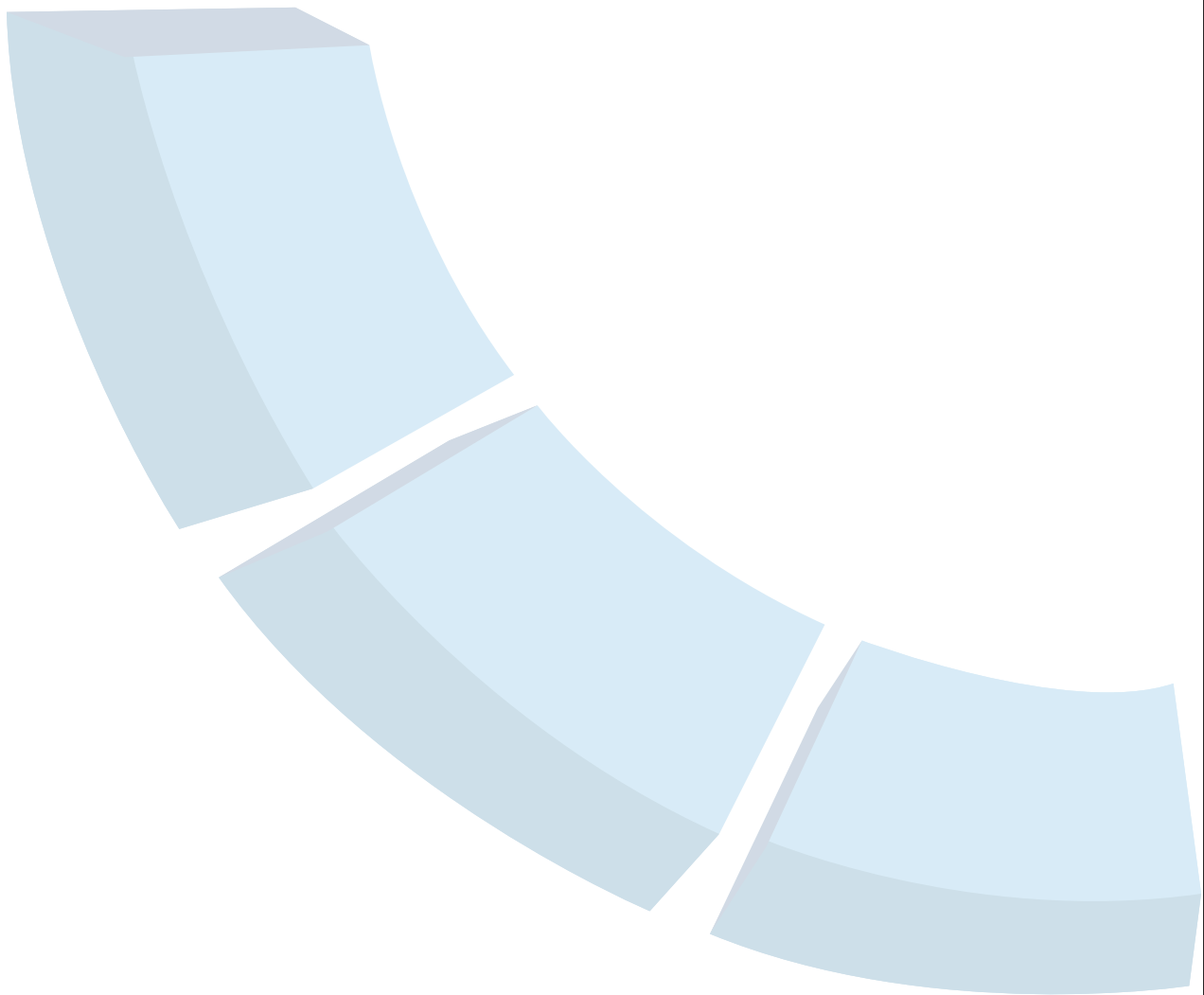
times, throughout all the operations and offices of the Company, and encourage suppliers and customers to adopt the same

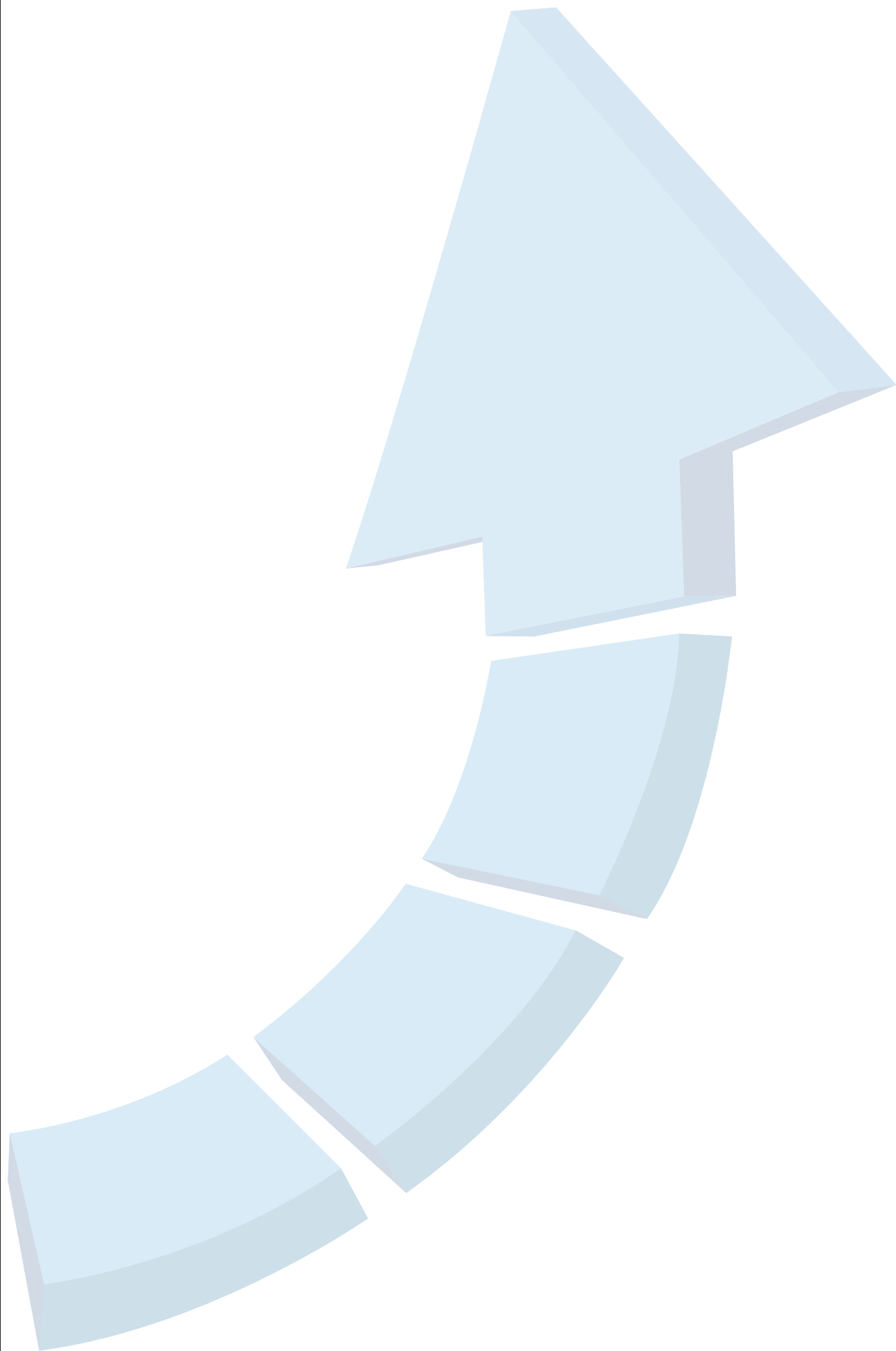
- ii. Employees are responsible to use Protective Gears, wherever applicable, and should not indulge in any hazardous activities that may jeopardize their lives, lives of others and / or Company assets
- iii. Employees are encouraged to abide by all applicable environmental laws, and ensure all wastes and outflow of affluent are properly treated to avoid any degradation of the environment

Personal Conduct

- i. Employees, are required to conduct themselves in a professional manner, whereby no employee is allowed to harass, discriminate, intimidate, humiliate, disturb, restrict or interfere in another employee's work, or create a hostile work environment for their fellow colleagues
- ii. Employees are responsible for their behavior and must ensure that all their actions are executed in a transparent and fair manner
- iii. Any form of substance abuse – unless under medical advice – will not be tolerated within the work environment. Additionally, employees being representatives of the Company, are required to conduct themselves in an acceptable manner even outside the work place
- iv. Employees, in particular those that operate machinery and other equipment, are required to disclose any medical conditions, medication or treatment that may impair their ability to perform their task
- v. Employees must record and report all transactions – receipts, payments, consumptions, assets & liabilities – of the Company in an accurate and timely manner

Stakeholders' Information





Corporate Information

Board of Directors

Rafiq M. Habib - Chairman
Sohail P. Ahmed - Vice Chairman
Asif Rizvi - Chief Executive
Asif Qadir - Independent Director
Ali S. Habib - Non-Executive Director
Mohamedali R. Habib - Non-Executive Director
Mazhar Valjee - Non-Executive Director

Chief Financial Officer

Shahid Saleem

Company Secretary

Ali Asghar Moten

Audit Committee

Asif Qadir - Independent Chairman
Mohamedali R. Habib - Member
Mazhar Valjee - Member
Sohail P. Ahmed - Member

Human Resources & Remuneration Committee

Mazhar Valjee - Chairman
Ali S. Habib - Member
Asif Rizvi - Member

External Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

A. K. Brohi & Co., Karachi
K. A. Wahab & Co., Karachi
Fazal-e-Ghani Advocates, Karachi

Tax Advisors

Ernst & Young Ford Rhodes Sidat Hyder

Bankers

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
National Bank of Pakistan
Habib Metropolitan Bank Limited
Meezan Bank Limited
Albaraka Islamic Bank
Bank Al-Habib Limited
Faysal Bank Limited

Registered Office

4th Floor, House of Habib
3-Jinnah Cooperative Housing Society, Block 7/8
Shahrah-e-Faisal, Karachi - 75350
PABX: 92(21) 3431-2030, 3431-2185
Fax: 92(21) 3431-2318, 3439-0868
E-mail: tl@hoh.net
Web: www.thallimited.com

Share Registrar:

Noble Computer Services (Private) Limited
1st Floor, House of Habib
3-Jinnah Cooperative Housing Society, Block 7/8
Shahra-e-Faisal, Karachi – 75350
PABX: 92(21) 3432-5482-87
Fax: 92(21) 3432-5442

Key Figures

Sales Revenue Rs. in million

2014-15 15,549

2013-14 11,626

▲
34%

Profit After Tax Rs. in million

2014-15 2,149

2013-14 1,361

▲
58%

Earnings per Share Rs.

2014-15 26.52

2013-14 16.80

▲
58%

Total Assets Rs. in million

2014-15 12,130

2013-14 10,908

▲
11%

Total Equity Rs. in million

2014-15 10,771

2013-14 9,419

▲
14%

Market Capitalization Rs. in million

2014-15 23,128

2013-14 16,805

▲
38%

Market Price per Share Rs.

2014-15 285.43

2013-14 207.39

▲
38%

Contribution to National Exchequer Rs. in million

2014-15 3,843

2013-14 2,888

▲
33%

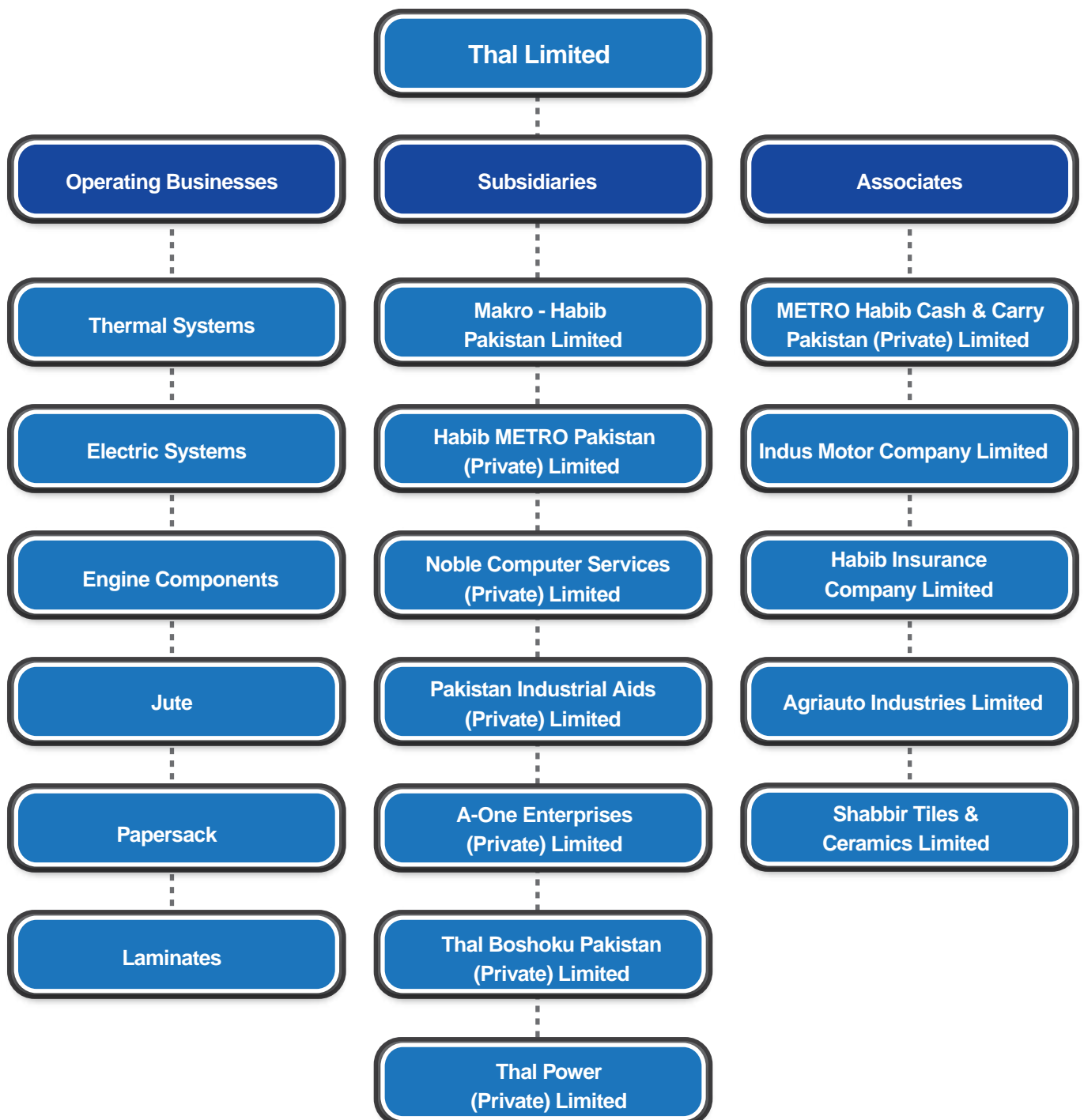
Capital Expenditure Rs. in million

2014-15 119

2013-14 106

▲
12%

Thal Structure



Awards & Recognitions



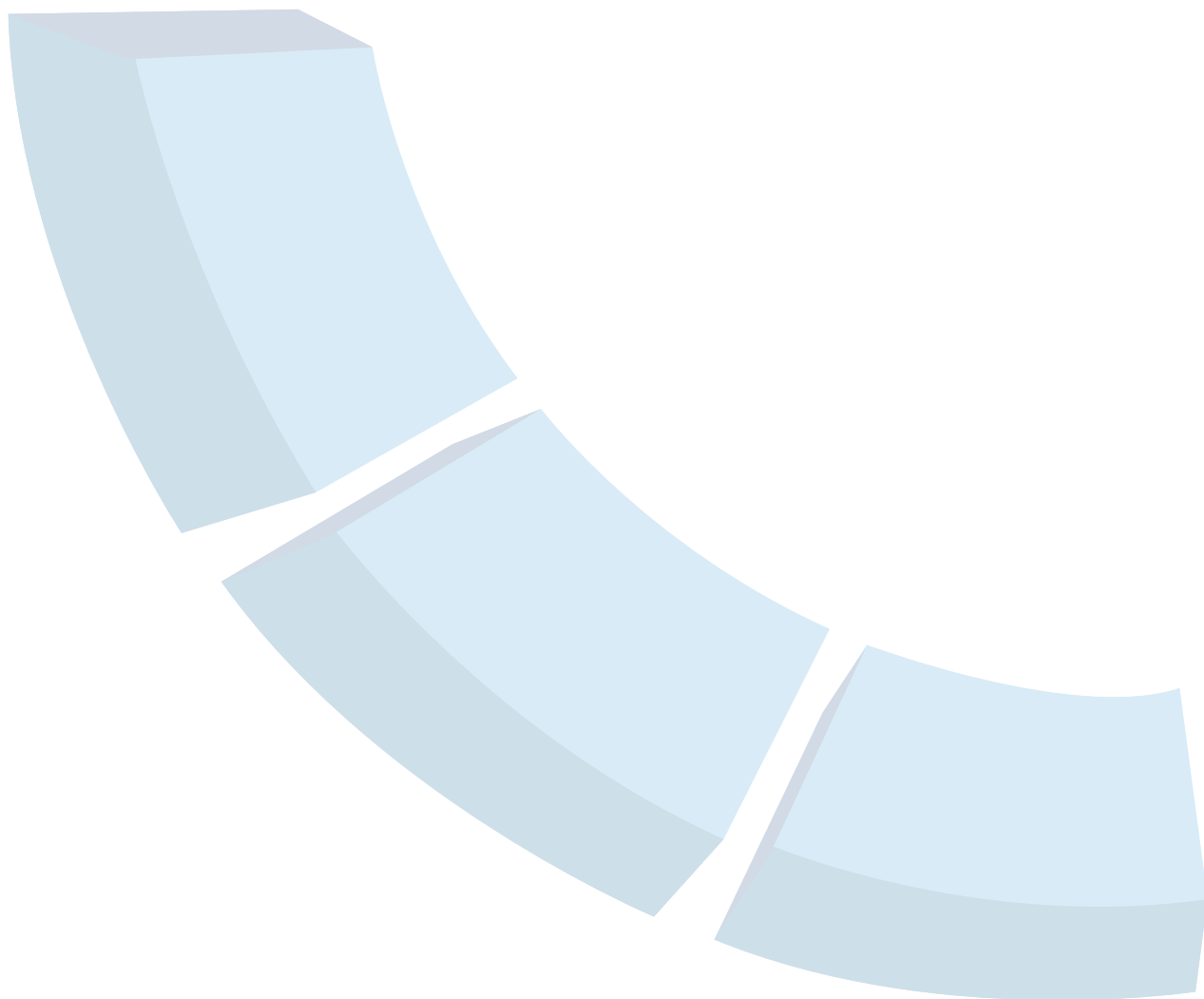
- Corporate Excellence Award from Management Association of Pakistan for the overall Best in the Industrial Sector
- Vendor Excellence Award – Pak Suzuki Motor Company Limited
- Cost Excellence Award – Hinopak Vendor – Convention 2014
- Best Practices Award in HSE for Employees Federation of Pakistan
- UN Global Compact Award for its commitment by Chairman Sustain Group and Chairman Deakin University (CSAR0)
- 38th FPCCI Export Award in the Merit Category for Building Material & Allied Products

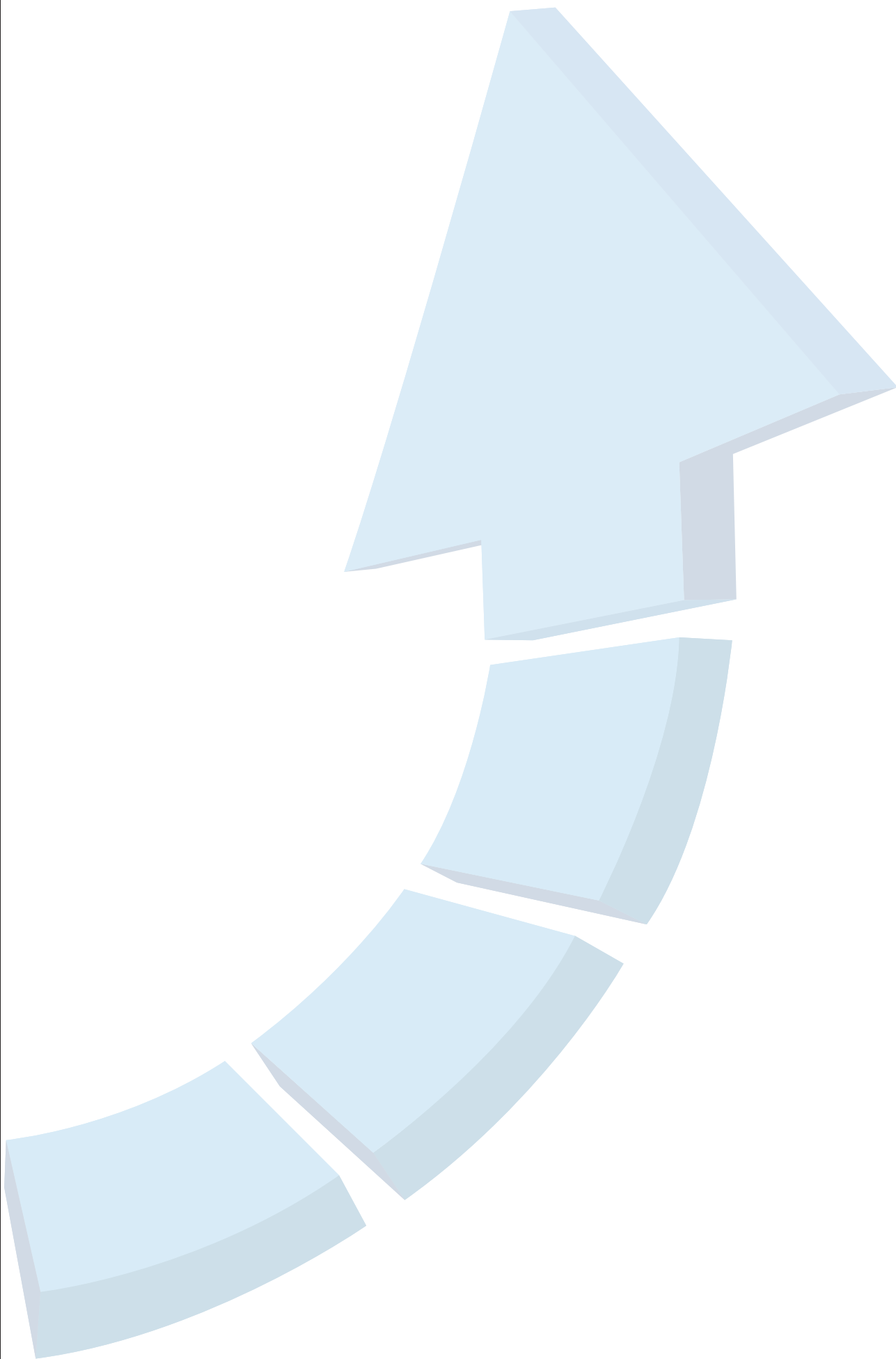


Customer Recognition Awards



Corporate Governance





Board of Directors

RAFIQ M HABIB
Chairman



SOHAIL P. AHMED
Vice Chairman



ASIF RIZVI
Chief Executive Officer



ALI S. HABIB
Non-Executive Director



MOHAMEDALI R. HABIB
Non-Executive Director



ASIF QADIR
Independent Director



MAZHAR VALJEE
Non-Executive Director



Board of Directors' Profile



Rafiq M Habib – Chairman

Mr. Rafiq M. Habib is one of the founding members and Chairman of Thal Ltd. He also serves as the Group Chairman of the renowned House of Habib. He has served on the Board of Governors of Pakistan Institute of Management. Having a wide business experience in a variety of Industries, he also leads the team towards success as the Chairman of Habib Insurance Company Ltd. and Shabbir Tiles & Ceramics Ltd.

He provided his visionary leadership to many public limited companies including the iconic Toyota – Indus Motor Company Ltd. and served as a consultant to Habib Bank AG Zurich.

Sohail P Ahmed – Vice Chairman

Mr. Sohail P. Ahmed joined the Board in July 1997. He has been the Chief Executive of Naya Daur Motors and Mack Trucks under Ministry of Production as well as several private sector enterprises including Allwin Engineering and Agriauto Industries Ltd.

Currently, he is the Vice Chairman of Thal Limited and also Advisor to Chairman House of Habib. Mr. Ahmed also serves as the Chairman of Pakistan Auto Sector Skill Development Company and of Vocational Training Centre for Women Korangi. He has served as Director on many Boards in public and private sectors including PIDC and Pakistan Steel. He is also the founder Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM).

He has been a member of the Senate of Dawood College of Engineering & Technology as well as the Syndicate of NED University Karachi. He did AMP from INSEAD, France and is also a certified Director from Pakistan Institute of Corporate Governance.



Asif Rizvi – Chief Executive Officer

Mr. Asif Rizvi joined the House of Habib in 1990 at Indus Motor Company Limited, as Head of Production and Engineering and was Director Marketing in his last assignment there. Subsequently, as President, he headed different businesses in North America for over ten years. Prior to joining the House of Habib, he had served with the British Oxygen Company where he headed their Welding Business. He took over as Chief Executive Officer of Thal Limited on January 1, 2011 and is a Director on the Boards of Agriauto Industries Limited and Makro-Habib Pakistan Limited.

Mr. Asif is an MBA from the University of Minnesota and also holds a Masters in Mechanical Engineering from the University of Kentucky, USA. He is the recipient of a Fellowship under the Fulbright Program for the development of mid-career professionals.

Asif Qadir– Independent Director

Mr. Asif Qadir joined The Board in March 2013 as an Independent Director. He has over 30 years of experience with Exxon and Engro Corporation and held positions as Worldwide Business Advisor Exxon Chemicals, CEO Engro Polymer & Chemicals, Senior Vice President – Engro and was part of the key management team in Engro Corporation.

He has also been President of the Management Association of Pakistan, and a member of the Executive Committee of the OICCI. He also serves as Director on the Boards of Karachi Stock Exchange, Tripack Films, Descon Oxychem and Unicol Limited.



Ali S. Habib – Non-Executive Director

Mr. Ali S. Habib was appointed as the Director of Thal Limited in February 1980. He also serves as the Chairman of Indus Motor Company Limited and as a member of the Board of Directors of Shabbir Tiles & Ceramics Ltd, METRO Habib Cash & Carry Pakistan (Private) Limited, and Habib Metropolitan Bank Limited.

He is a graduate in Mechanical Engineering from the University of Minnesota, USA. He has also attended the PMD Program at Harvard University.

Mohamedali R Habib – Non-Executive Director

Mr. Mohamedali R. Habib was appointed as the Director of Thal Limited in December 1990. Since 2004, he has been an Executive Director of Habib Metropolitan Bank Limited. He also serves as a member on the Board of Indus Motor Company Limited and Habib Insurance Company Limited. He was appointed as Joint-President & Division Head (Asia) & Member of General Management of Habib Bank AG Zurich in 2011.

He is a graduate in Business Management – Finance from Clark University, USA.



Mazhar Valjee – Non-Executive Director

Mr. Mazhar Valjee joined the Board in October 1994. He has served as the CEO of Pakistan Jute and Synthetics Limited, Thal Limited., Indus Motors Company Limited and Schneider Electric Pakistan (Private) Limited.

He has been an active member of professional bodies including the Indigenization Committee of Engineering Development Board, Government of Pakistan and has served as the Chairman and Vice Chairman of the Pakistan Jute Mills Association.

Mr. Mazhar also heads the Vocational Committee of Pakistan German Business Forum and is on the Board of Pakistan France Business Alliance. In addition to IBA Karachi, he has exposure to executive education from The Yale School of Management and from Stanford-NUS program.

Role of Chairman

The Chairman of the Board:

- a) Provides leadership to the board and ensures that the board plays an effective role in fulfilling all its responsibilities
- b) Ensures that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the Management
- c) Ensures that the minutes of meetings of the board of directors are appropriately recorded
- d) Ensures that shareholders' interest in the Company is safeguarded
- e) Ensures that the Board is properly briefed on issues arising at Board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfill its duties, such as reports on the Company's performance, the issues, challenges and opportunities facing the Company and matters reserved to it for decision, and
- f) Facilitates Board's own performance evaluation

Performance Evaluation of the Board of Directors

Board of Directors of Thal Limited is a body of highly professional people. The Board comprises of experts from various business disciplines including an independent director having over 30 years of experience. All Board members possess high caliber with diversified experience, in-depth business understanding and strategic thinking.

The working of the Board is based on best business practices and in line with Code of Corporate Governance defined by SECP. The Board has adopted a highly structured process to evaluate its performance wherein individual Board member rates overall Board performance by responding to a series of performance evaluation questions. The responses of the directors are then compiled for a detailed discussion among the members. During the discussion, Board also evaluates its performance in fulfilling its fiduciary responsibilities, providing its leadership role, giving strategic direction and providing guidance to the management in compliance of policies and standards.

The Board has been proactive in setting up of committees with specific roles and responsibilities under terms of references. On an overall basis, Board performance of the Company has been highly satisfactory and the Board is cognizant of the fact that continuous improvement in its working is the basis of the Company's success.

Responsibilities of The Chief Executive Officer

The Chief Executive Officer:

- a) Leads the management to ensure effective working relationships with the Chairman and the Board by meeting or communicating with the Chairman on a regular basis to review key developments, issues, opportunities and concerns
- b) Plans, develops and formulates Company's strategies and policies for the Board's consideration
- c) Maintains regular dialogue with the Chairman on important and strategic issues facing the Company, and ensures bringing these issues to the Board's attention
- d) Directs strategy towards the profitable growth and operation of the Company, and
- e) Ensures meritocracy and professionalism at all key levels in the Company

Performance Review of The Chief Executive Officer

As per the requirement of the Code of Corporate Governance, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO is done by the Company's Board of Directors on the recommendation of the Human Resources and Remuneration Committee. This evaluation criteria is defined through a Management Performance Process which includes achieving financial performance and goals set by the Board, implementation of business objectives defined by the strategic direction set by the Board, human resource management and organizational development.

Management Team



Sitting left to Right

Asif Rizvi & Azfar Naqvi

Standing left to Right

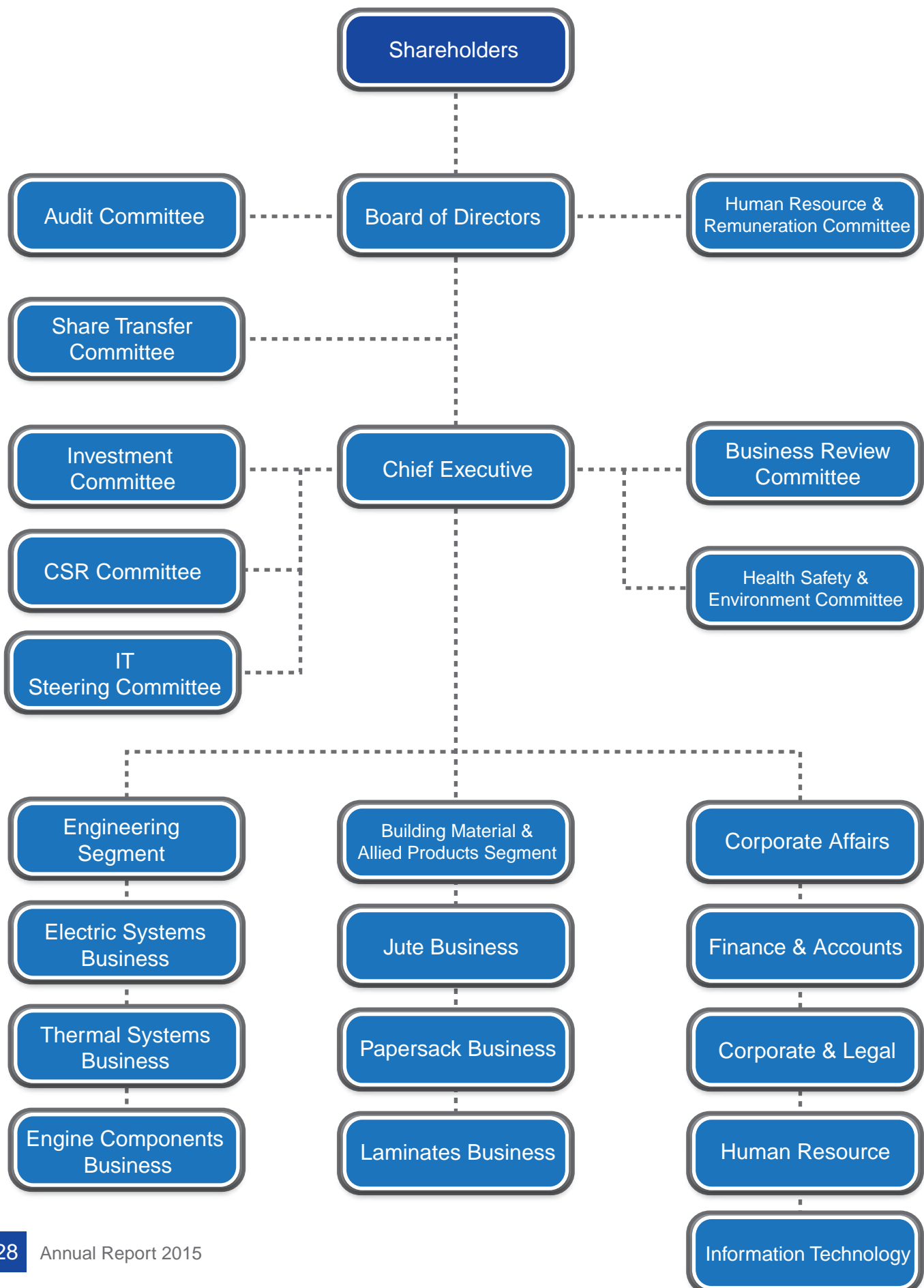
Tariq Ansari, Ali Asghar Moten, Mohammad Saqlain Akhter, Mohammad Asim Aqil, Umar Ahsan Khan, Akkas-ul-Hussaini, Shahid Saleem, Ali Sajjad Dharamsey & Noor - us - Samad

Strategic Objectives

1. Be a leader in all our core businesses
2. Maintain a constant focus on the health and safety of our employees, while focusing on means to conserve and preserve the environment
3. Develop our people through talent building, succession planning and organization development
4. Focus on growth in export business
5. Introduce new products that meet the requirements and expectations of our customers
6. Foster a value driven culture within the organization
7. Promote a spirit of employee participation through Kaizen, 5S and communication
8. Contribute to the uplift of the Communities in which we operate



Organization Structure



Board Committees and their Terms of References

Committees of the Board:

The Board is assisted by the following two Committees to support its decision making:

Audit Committee

Members:

Mr. Asif Qadir – Independent Chairman

Mr. Mohamedali R. Habib – Member

Mr. Mazhar Valjee – Member

Mr. Sohail P. Ahmed – Member

Terms of Reference

- Determination of appropriate measures to safeguard the Company's assets
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of directors, focusing on
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - The going-concern assumption
 - Any changes in accounting policies and practices
 - Compliance with applicable accounting standards
 - Compliance with listing regulations and other statutory and regulatory requirements; and
 - Significant related party transactions
- Review of preliminary announcements of results prior to publication
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of management letter issued by external auditors and management's response thereto
- Ensuring coordination between the internal and external auditors of the Company
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- Consideration of major findings of internal investigations of activities of fraud, corruption and abuse of power and management's response thereto
- Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective
- Review of the Company's statement on internal control systems prior to endorsement by the Board of directors and internal audit reports
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter as may be assigned by the Board of directors

Human Resources & Remuneration Committee

Members:

Mr. Mazhar Valjee – Chairman

Mr. Ali S. Habib – Member

Mr. Asif Rizvi – Member

Terms of Reference

- Recommending Human Resource Management Policies to the Board
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO)
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Chief Operating Officer (COO), Chief Financial Officer, Company Secretary and Head of Internal Audit
- Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to CEO or COO

Stakeholder Relations

	ACTIVITY	POLICY & GUIDELINES FOR STAKEHOLDER RELATIONS ACTIVITY DETAIL	FREQUENCY
Investors & Regulators	Financial Reporting	Thal Limited (TL) is listed on KSE and LSE and disseminates the quarterly, half yearly and annual reports regularly to all stakeholders so as to keep them upto date on the financial performance of the Company.	Periodic (Quarterly, Half Yearly and Annual).
	Investors' Briefing	A tentative schedule of the Board of Directors meetings to be held during the financial year is circulated in advance in the Annual Report.	Half Yearly
	Annual General Meeting	TL interacts with Prospective Investors, Brokerage Houses, Asset Management Companies after publication of Half Year End Results and shares the business prospects and problems at length.	Annual
	Extra Ordinary General Meeting	The Company conducts the Annual General Meetings after the publication of annual audited financial statements along with the Directors & Auditors Report.	As and when required
	Regulators Intimation	The Company interacts with shareholders to seek approval(s) of new investments / projects / joint ventures.	As and when required
Customer & Suppliers	Customers	In compliance of the requirements of the Companies Ordinance / Code of Corporate Governance the Company intimates the SECP / Stock Exchange to comply with the provisions of law.	Regular basis
	Banks and Suppliers	Engineering Segment gets regular feedback from Automobile Manufacturers about the quality issues observed in supplies made by the Company which is reviewed and appropriate action is taken to customer's satisfaction. These issues shared with the Technical Partners for their input and corrective action. Where appropriate the claims are also raised with them.	Regular basis
Employees	Employee Relation	Building Material & Allied Products Segment carries out surveys of the quality assurance from customers and suitably addresses the problem areas.	Regular basis
	Company's Website	Bank financing is used on need basis and according to the terms & conditions and all the commitments are honored by the due date.	Regular basis
Investors Relation	Company's Website	Similarly, the supplier's credit is met as per the terms of the purchase order / letter of credit.	Regular basis

Whistle Blowing

In order to inculcate responsibility and veracity in our conduct, we have devised a transparent and effective whistle blowing mechanism to raise concern against non-compliance of policies, weak controls, breach of applicable regulations, or any other violation of the code of professional ethics / conduct. The policy provides reassurance that whistle blowers will be protected from reprisals or victimization. It highlights the criticality of maintaining a good corporate image, thus raising standards of corporate governance.

The whistle blowing policy covers the following; but not limited to:

- Activities that are not in line with Company's policies, including the Code of Conduct
- Activities, which otherwise amount to serious improper conduct
- Unlawful or criminal offence
- Harassment or victimization, including the complainant
- Privacy of the whistle blowers' identity
- Malicious allegations by employees

No such occurrence was highlighted or reported under the policy during the year.



United Nations Global Compact



Thal Limited is a signatory to the UN Global Compact since 2007.

The ten principles of the UN Global Compact are:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and

Principle 2: Make sure that they are not complicit in human rights abuses

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labor

Principle 5: The effective abolition of child labor, and

Principle 6: The elimination of discrimination in respect of employment and occupation

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility, and

Principle 9: Encourage the development and diffusion of environment friendly technologies

Anti-Corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery



During the year, the Engineering Segment received the United Nation Global Compact Award for its commitment and as quoted by, Mr. Mathew Tamaki, Chairman of Sustain Group and Chairman of Deakin University, *"Everything that I have read & researched about the Company is Impressive."*

Information Technology Governance & Security



Thal Limited recognizes that Information Technology (IT) has a pivotal role to play in improving corporate governance practices. It dictates the criticality of business process automating and its reliance for decision making. With the increasing linkages between businesses, suppliers and customers, more focus is given to IT to add value to business strategy. Moreover, effective management of IT resources and avoidance of IT failures is a key goal.

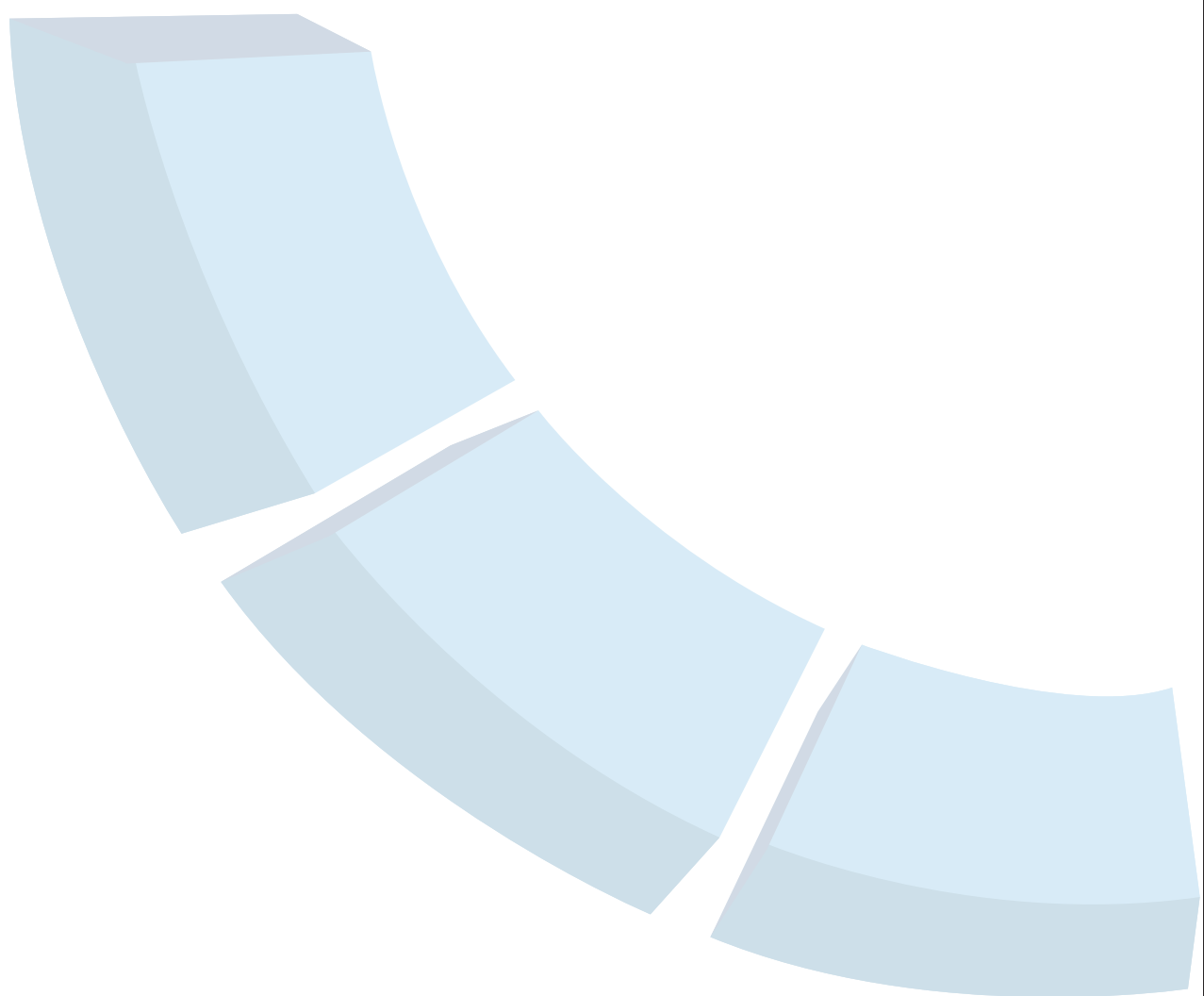
IT Governance at Thal Limited

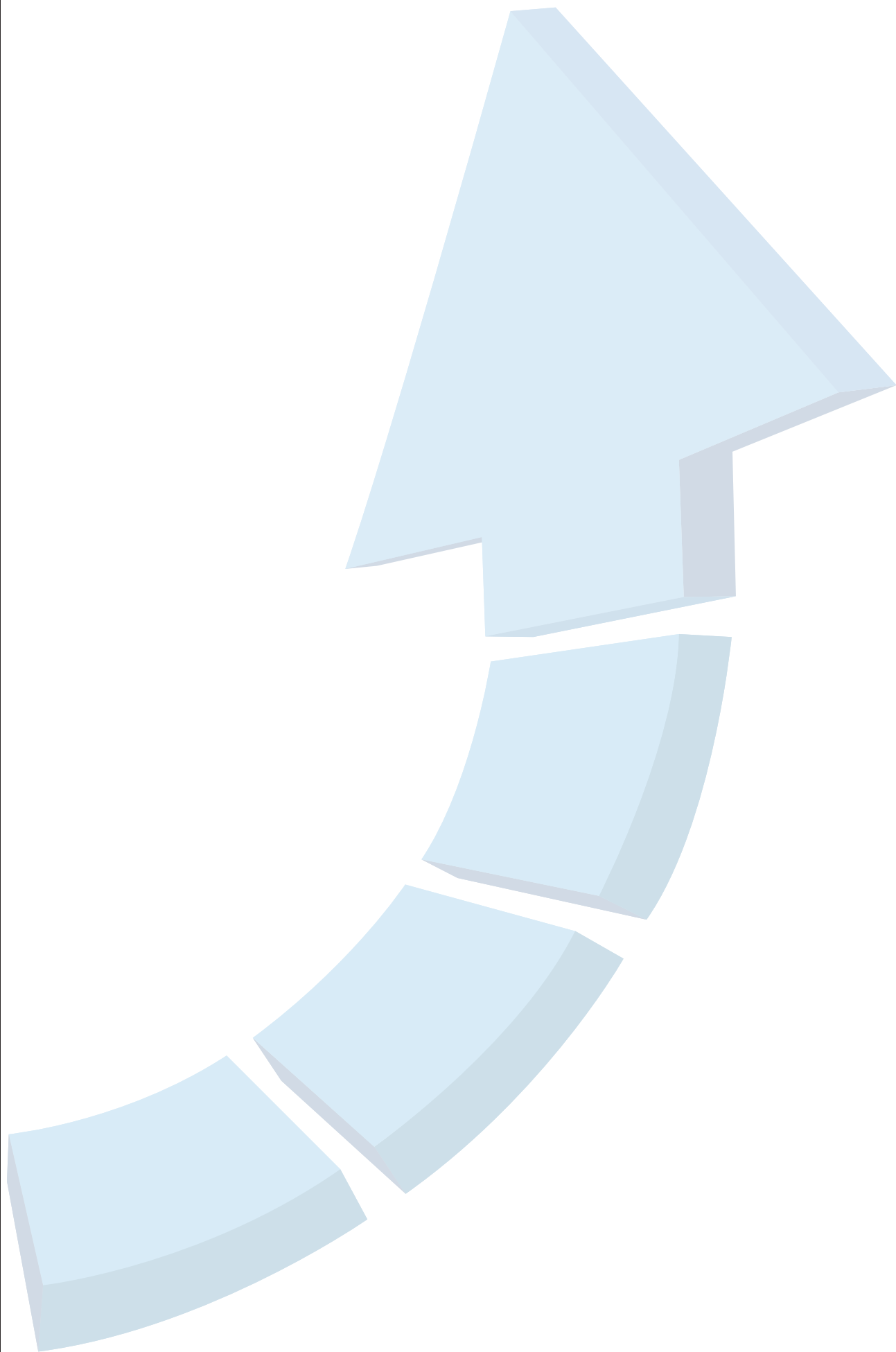
- Provides strategic direction of IT and the alignment with businesses with respect to services and projects
- Establishes physical and logical security measures and procedures to permit authorized access to the Company's information assets
- Ensures employees to adhere to all IT security measures and procedures and to disclose information only to authorized personnel and third parties
- Confirms that business organizations obtain maximum business value from IT
- Ascertains that processes are in place and risks have been adequately addressed and managed which include assessment of the risk aspects of IT investments
- Provides high-level direction for sourcing and use of IT resources. Oversees the aggregate funding of IT at enterprise level
- Ensures that there is an adequate IT capability and infrastructure to support current and expected future business requirements
- Verifies strategic compliance, i.e. achievement of strategic IT objectives
- Reviews the measurement of IT performance and the contribution of IT to the business

Thus, IT Governance initiative at Thal Limited has enabled its businesses to;

- Proactively handle all IT related risks that can have an impact on the organization
- Increase technical know-how to improve the management processes within IT to manage these risks
- Ensure there are manageable relationships with suppliers, service providers and with customers
- Ensure there is a transparent and understandable communication of IT activities and management processes to satisfy the Board and other interested stakeholders

Financial Summary

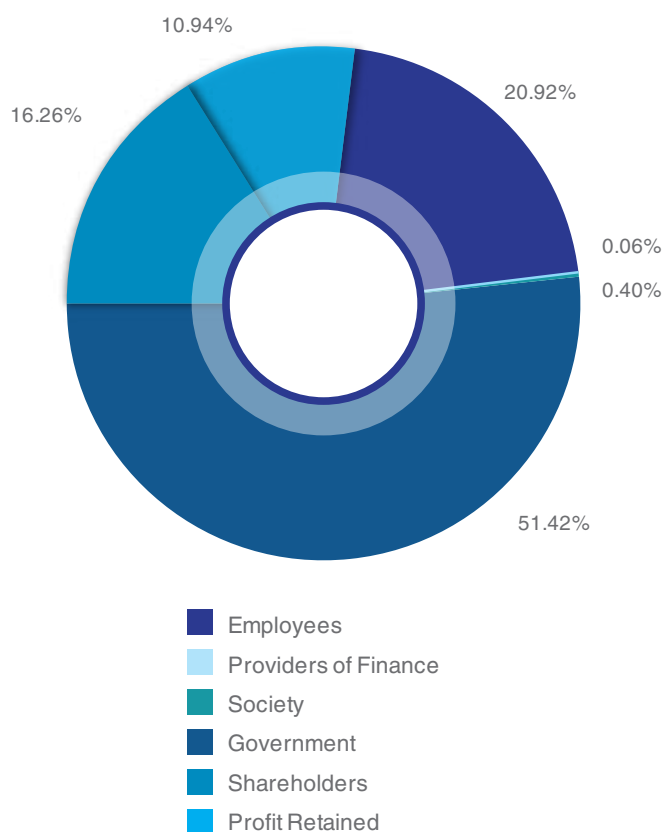




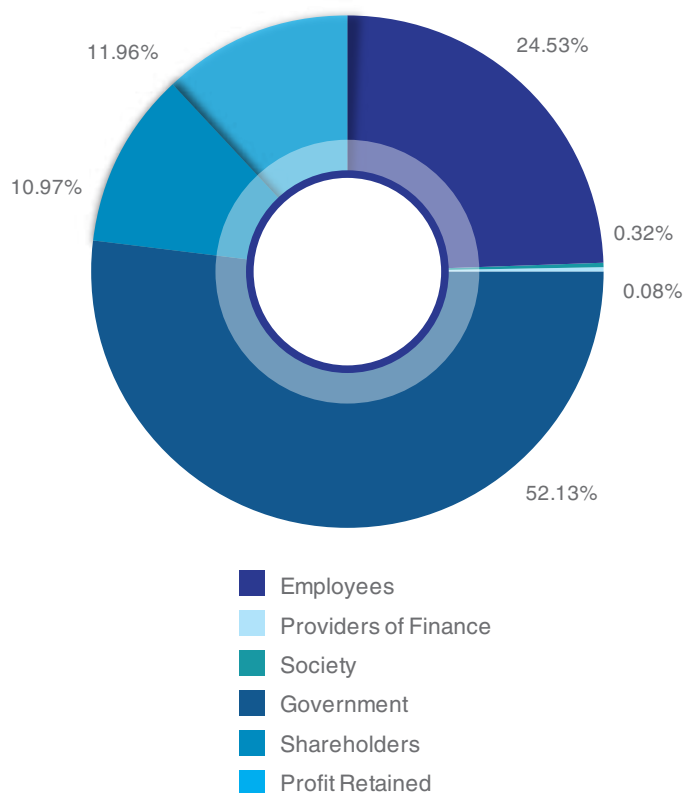
Statement of Value Addition

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
WEALTH GENERATED				
Gross Revenue	17,777,298	95.19%	13,196,724	95.48%
Other Income	898,102	4.81%	624,826	4.52%
	18,675,400	100.00%	13,821,550	100.00%
Bought in Material, Services and Other Expenses	11,200,672	59.98%	8,281,646	59.92%
	7,474,728	40.02%	5,539,904	40.08%
WEALTH DISTRIBUTED	Rupees in '000	%	Rupees in '000	%
Employees				
Salaries, Wages & Other Benefits and WPPF	1,563,617	20.92%	1,359,211	24.53%
Society				
Donations towards Education, Health and Environment	29,968	0.40%	17,988	0.32%
Providers of Finance				
Finance Costs	4,749	0.06%	4,611	0.08%
Government				
Contribution to National Exchequer	3,843,421	51.42%	2,887,895	52.13%
Shareholders				
Dividends	1,215,451	16.26%	607,725	10.97%
Retained within the Business for Future Growth				
Retained Earnings, Depreciation and Amortization	817,522	10.94%	662,474	11.96%
	7,474,728		5,539,904	

Wealth Distribution - 2015



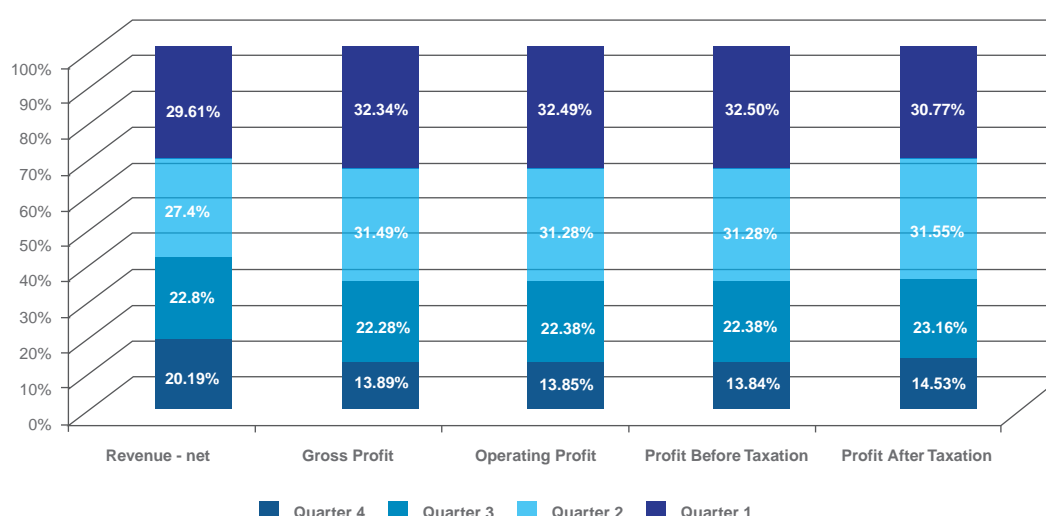
Wealth Distribution - 2014



Quarterly Analysis

Variance Analysis of Results Reported in Interim Reports with Annual Financial Statements

	Quarter ended Sep 30, 2014		Quarter ended Dec 31, 2014		Quarter ended Mar 31, 2015		Quarter ended Jun 30, 2015	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Revenue - net	3,139,704		3,545,352		4,260,314		4,603,421	
Gross Profit	409,009	13.0%	655,961	18.5%	926,915	21.8%	952,010	20.7%
Operating Profit	438,751	14.0%	708,998	20.0%	990,646	23.3%	1,028,924	22.4%
Profit Before Taxation	407,595	13.0%	659,204	18.6%	921,309	21.6%	957,106	20.8%
Profit After Taxation	312,216	9.9%	497,592	14.0%	677,946	15.9%	661,159	14.4%
Earnings Per Share (Rs.)	3.85		6.14		8.37		8.16	



Revenue:

Owing to market demand and cyclical nature of the business, revenue continued to be on higher side in the second half. It increased to Rs. 8.9 Billion in the second half as compared to Rs. 6.7 Billion recorded in the first half of the year registering a growth of 32.6% primarily due to increased sales volume of Engineering Segment.

Gross Profit:

Gross Profit over the year gradually increased. Except for the first quarter, Gross Profit ranged between 18% - 22% during the year. This was mainly due to increased sales volume of Engineering Segment.

Operating Profit:

Operating Profit of the Company over the year has remained fairly consistent with Gross Profits. Generally, the operating expenses offset other income which mainly comprises of dividend income and short term investments. However, this year other income was higher owing to dividends from associates and subsidiaries in Quarters 2 to 4.

Profit Before Taxation:

Profit Before Taxation is mainly affected by WPPF and WWF expenses which remained in line with Operating Profit.

Profit After Taxation:

Effective tax rate during the first three quarters was consistent with previous years ranging between 23% - 26%. However, due to the imposition of a one time Super tax @ 3% of taxable income, effective rate for Quarter 4 jumped up to 30% resulting in an overall effective tax rate of 27% for the year.

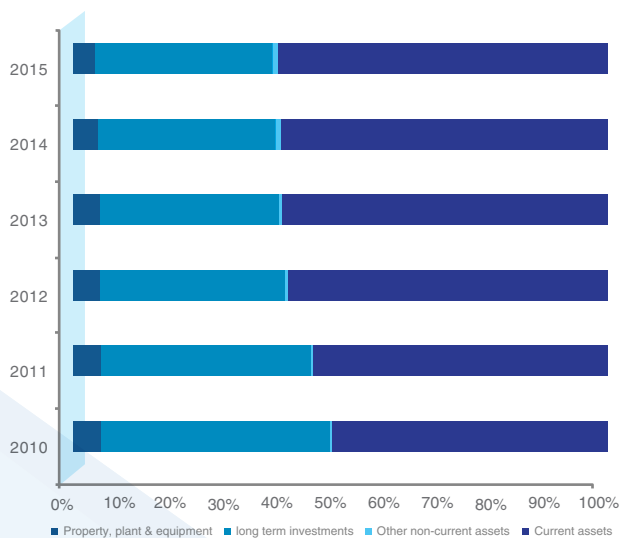
Financial Performance - Six Years at a Glance

Rupees in Million

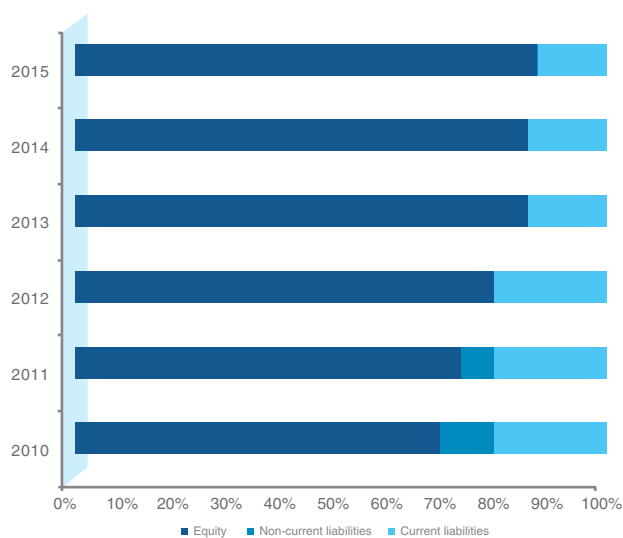
	2015	2014	2013	2012	2011	2010
Summary of Balance Sheet						
Property, Plant and Equipment	599	609	612	591	544	487
Intangible Assets	8	-	-	-	-	-
Investment Property	1	1	1	1	1	1
Long Term Investments	4,065	3,654	3,521	3,502	3,503	3,481
Long Term Loans and Deposits	13	13	10	7	7	5
Long Term Prepayments	-	4	8	11	15	-
Deferred Tax Asset	84	46	22	-	-	-
Net Current Assets	6,003	5,094	4,867	3,916	3,058	2,404
	10,774	9,420	9,042	8,028	7,127	6,378
Non-Current Liabilities						
Long Term Deposits	2	2	-	-	-	-
Long Term Loans	-	-	-	-	443	658
Liabilities under Finance Lease	-	-	-	-	-	5
Deferred Tax Liability	-	-	-	3	70	51
	2	2	-	3	513	714
Net Assets Employed	10,772	9,419	9,042	8,024	6,614	5,664
Financed by						
Issued , Subscribed and Paid-up Capital	405	405	405	368	307	256
Reserves	10,367	9,014	8,637	7,656	6,307	5,408
Shareholders' Equity	10,772	9,419	9,042	8,024	6,614	5,664
Summary of Profit & Loss						
Sales	15,549	11,626	12,766	13,679	11,484	11,253
Gross Profit	2,944	1,810	2,341	2,686	2,035	2,452
Profit Before Taxation	2,945	1,776	2,227	2,396	1,622	2,029
Profit After Taxation	2,149	1,361	1,624	1,657	1,090	1,366
Summary of Cash Inflows / (Outflows)						
Cash Flows from Operating Activities	1,949	220	1,270	1,379	458	1,057
Cash Flows from Investing Activities	306	1,387	(308)	(185)	(82)	(1,283)
Cash Flows from Financing Activities	(793)	(998)	(1,059)	(407)	(142)	468
Cash and Cash Equivalents at Year End	3,591	2,129	1,520	1,617	831	596

Graphical Presentation - Six Year at a Glance

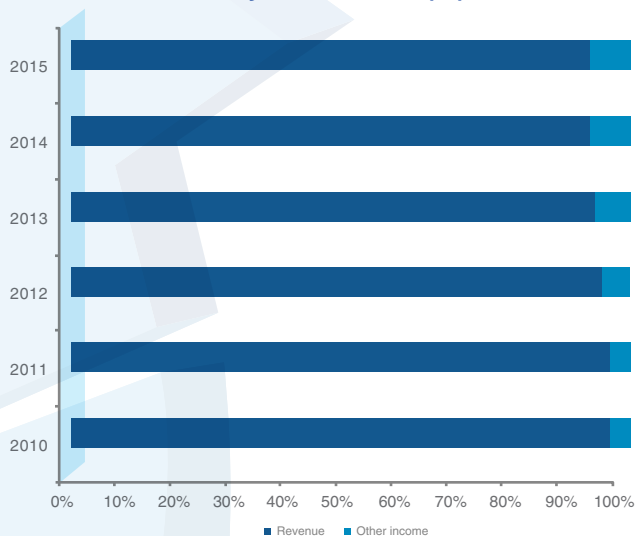
Balance Sheet Analysis - Assets (%)



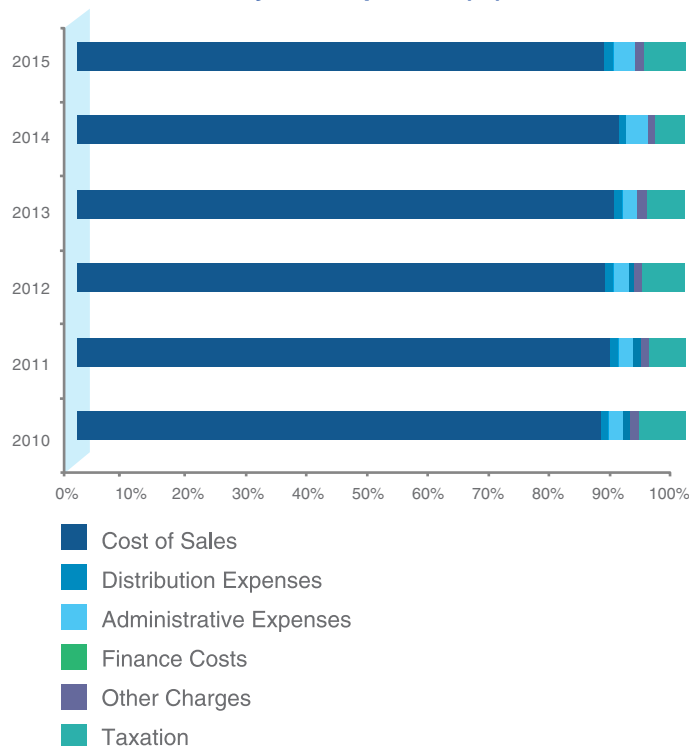
Balance Sheet Analysis - Equity & Liabilities (%)



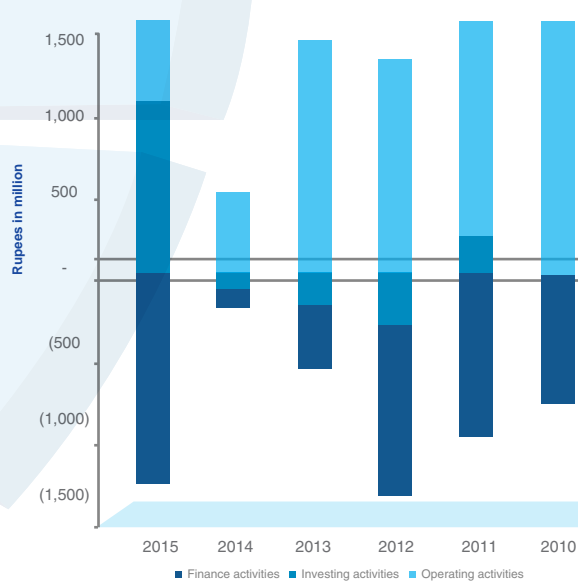
Profit & Loss Analysis - Income (%)



Profit & Loss Analysis - Expenses (%)



Cash Flow Analysis



Horizontal Analysis

	2015		2014		2013	
	Rs in million	15 Vs. 14 %	Rs in million	14 Vs. 13 %	Rs in million	13 Vs. 12 %
BALANCE SHEET						
EQUITY AND LIABILITIES						
Equity	10,772	14.4%	9,419	4.2%	9,042	12.7%
Non-Current Liabilities	2	0.0%	2	0.0%	-	-100.0%
Current Liabilities	1,356	-8.9%	1,489	2.7%	1,450	-27.5%
Total Equity & Liabilities	12,130	11.2%	10,910	4.0%	10,492	4.6%
ASSETS						
Non-Current Assets	4,771	10.3%	4,326	3.6%	4,175	1.5%
Current Assets	7,359	11.8%	6,584	4.2%	6,317	6.8%
Total Assets	12,130	11.2%	10,910	4.0%	10,492	4.6%
PROFIT AND LOSS ACCOUNT						
Turnover - net	15,549	33.7%	11,626	-8.9%	12,766	-6.7%
Cost of Sales	12,605	28.4%	9,816	-5.8%	10,425	-5.2%
Gross Profit	2,944	62.6%	1,810	-22.7%	2,341	-12.8%
Distribution Costs	199	25.8%	158	-10.4%	176	50.0%
Administrative Expenses	476	29.3%	368	7.9%	341	0.1%
Other Income	(898)	43.7%	(625)	6.3%	(588)	29.3%
Operating Profit	3,167	65.9%	1,909	-20.9%	2,412	-10.1%
Finance Costs	5	3.0%	5	-63.3%	13	-89.4%
Other Charges	217	69.4%	128	-25.7%	173	3.1%
Profit Before Taxation	2,945	65.8%	1,776	-20.2%	2,227	-7.1%
Taxation	796	92.1%	414	-31.2%	602	-18.5%
Profit After Taxation	2,149	57.8%	1,361	-16.2%	1,624	-2.0%

	Rs in million	2012 12 Vs. 11 %	Rs in million	2011 11 Vs. 10 %	Rs in million	2010 10 Vs. 09 %
	8,024	21.3%	6,614	16.8%	5,664	29.1%
	3	-99.4%	513	-28.1%	714	122.2%
	2,000	10.2%	1,815	7.0%	1,697	57.5%
	10,027	12.1%	8,943	10.8%	8,074	39.5%
	4,111	1.0%	4,069	2.4%	3,974	50.0%
	5,916	21.4%	4,873	18.9%	4,100	30.7%
	10,027	12.1%	8,943	10.8%	8,074	39.5%
	13,679	19.1%	11,484	2.1%	11,253	36.2%
	10,993	16.3%	9,449	7.4%	8,801	28.8%
	2,686	31.9%	2,035	-17.0%	2,452	71.8%
	117	10.4%	106	-12.8%	122	22.2%
	341	24.3%	274	6.3%	258	27.9%
	(455)	93.8%	(235)	16.2%	(202)	45.7%
	2,682	41.9%	1,890	-16.9%	2,274	79.8%
	119	-19.6%	148	55.1%	95	-50.2%
	167	39.1%	120	-19.8%	150	76.8%
	2,396	47.8%	1,622	-20.1%	2,029	105.2%
	739	39.1%	531	-19.8%	663	98.0%
	1,657	52.0%	1,090	-20.2%	1,366	108.9%

Vertical Analysis

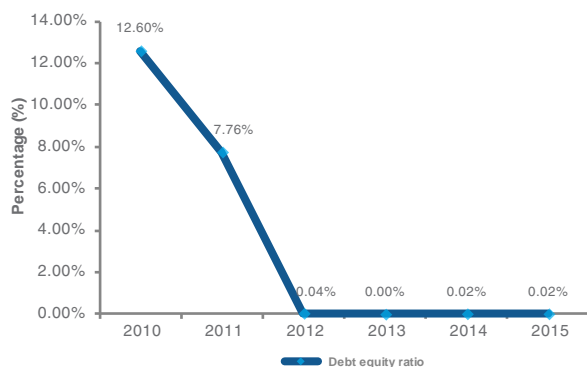
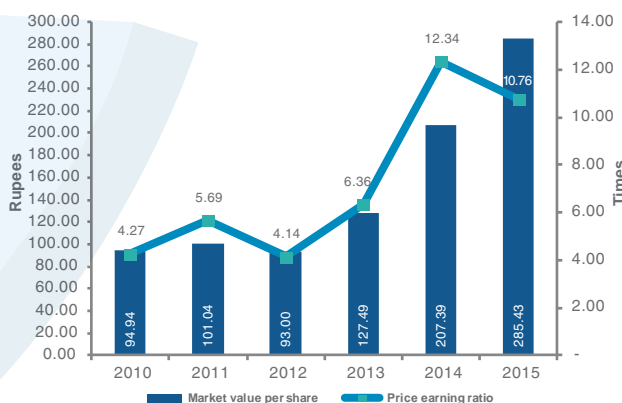
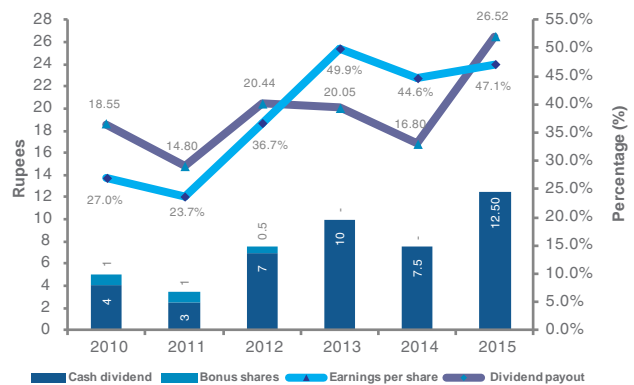
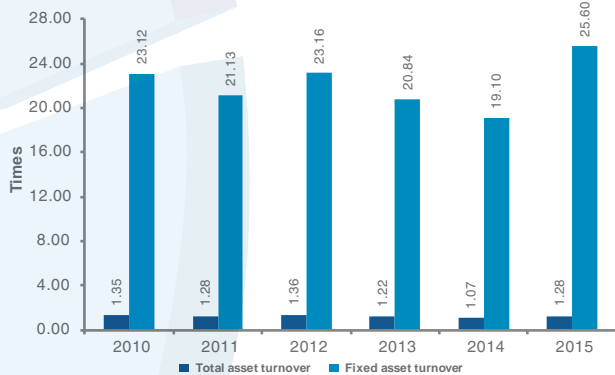
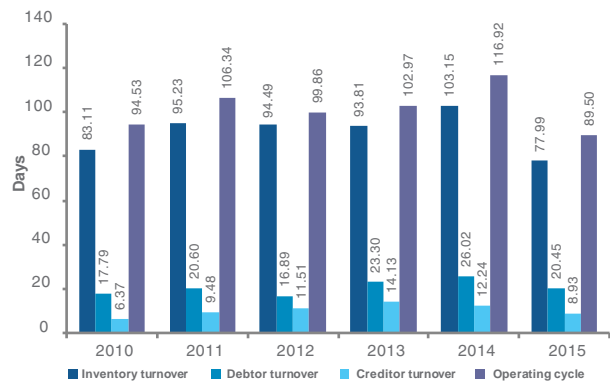
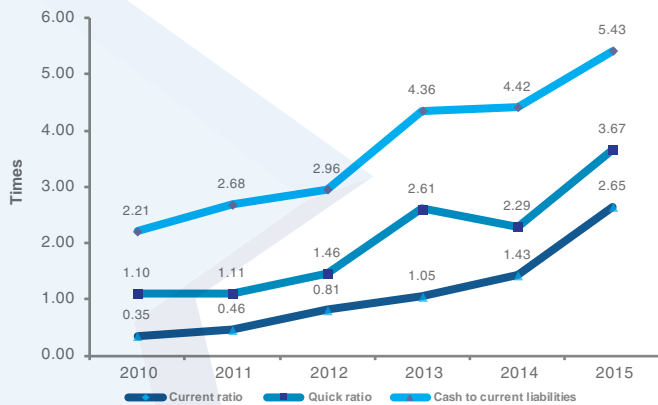
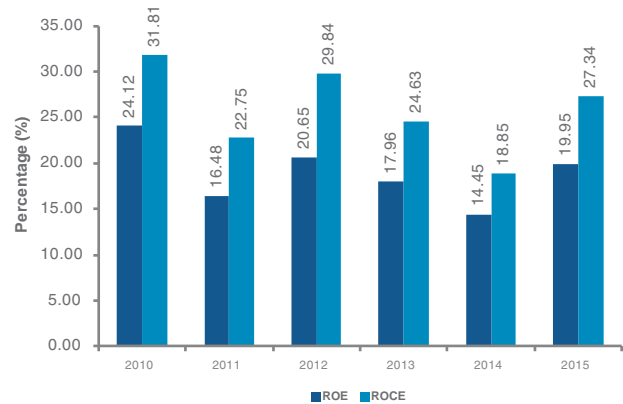
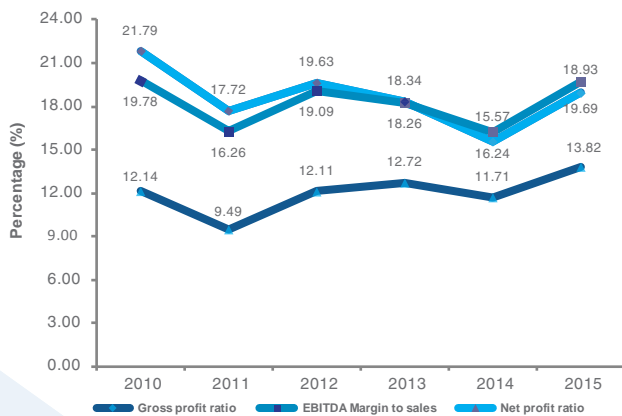
	2015		2014		2013	
	Rs in million	%	Rs in million	%	Rs in million	%
BALANCE SHEET						
EQUITY AND LIABILITIES						
Equity	10,772	88.8%	9,419	86.3%	9,042	86.2%
Non-Current Liabilities	2	0.0%	2	0.0%	-	0.0%
Current Liabilities	1,356	11.2%	1,489	13.7%	1,450	13.8%
Total Equity & Liabilities	12,130	100.0%	10,910	100.0%	10,492	100.0%
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Profit After Taxation	2,149	13.8%	1,361	11.7%	1,624	12.7%

	2012		2011		2010	
	Rs in million	%	Rs in million	%	Rs in million	%
	8,024	80.0%	6,614	74.0%	5,664	70.1%
	3	0.0%	513	5.7%	714	8.8%
	2,000	19.9%	1,815	20.3%	1,697	21.0%
	10,027	100.0%	8,943	100.0%	8,074	100.0%
	4,111	41.0%	4,069	45.5%	3,974	49.2%
	5,916	59.0%	4,873	54.5%	4,100	50.8%
	10,027	100.0%	8,943	100.0%	8,074	100.0%
	13,679	100.0%	11,484	100.0%	11,253	100.0%
	10,993	80.4%	9,449	82.3%	8,801	78.2%
	2,686	19.6%	2,035	17.7%	2,452	21.8%
	117	0.9%	106	0.9%	122	1.1%
	341	2.5%	274	2.4%	258	2.3%
	(455)	-3.3%	(235)	-2.0%	(202)	-1.8%
	2,682	19.6%	1,890	16.5%	2,274	20.2%
	119	0.9%	148	1.3%	95	0.8%
	167	1.2%	120	1.0%	150	1.3%
	2,396	17.5%	1,622	14.1%	2,029	18.0%
	739	5.4%	531	4.6%	663	5.9%
	1,657	12.1%	1,090	9.5%	1,366	12.1%

Six Years' Ratio Analysis

		2015	2014	2013	2012	2011	2010
Profitability Ratios							
Gross Profit Margin	%	18.93	15.57	18.34	19.63	17.72	21.79
EBITDA Margin to Sales	%	19.69	16.24	18.26	19.09	16.26	19.78
Net Profit Margin	%	13.82	11.71	12.72	12.11	9.49	12.14
Return on Equity	%	19.95	14.45	17.96	20.65	16.48	24.12
Return on Capital Employed	%	27.34	18.85	24.63	29.84	22.75	31.81
Operating Leverage Ratio	times	0.54	0.47	0.62	0.48	-0.13	0.49
Liquidity Ratios							
Current Ratio	times	5.43	4.42	4.36	2.96	2.68	2.21
Quick Ratio	times	3.67	2.29	2.61	1.46	1.11	1.10
Cash to Current Liabilities	times	2.65	1.43	1.05	0.81	0.46	0.35
Cash Flow from Operations to Sales	times	0.17	0.07	0.16	0.16	0.13	0.17
Activity/Turnover Ratios							
Inventory Turnover	times	4.68	3.54	3.89	3.86	3.83	4.39
Inventory Turnover	days	77.99	103.15	93.81	94.49	95.23	83.11
Inventory Turnover - Finished Goods	times	35.54	30.42	36.13	31.37	37.25	47.95
Inventory Turnover - Finished Goods	days	10.27	12.00	10.10	11.64	9.80	7.61
Inventory Turnover - Raw Material	times	4.86	3.64	3.85	4.12	4.02	4.55
Inventory Turnover - Raw Material	days	75.07	100.31	94.73	88.51	90.90	80.22
Debtors Turnover	times	17.85	14.03	15.67	21.62	17.72	20.52
Average Collection Period	days	20.45	26.02	23.30	16.89	20.60	17.79
Creditors Turnover	times	38.15	31.60	25.35	31.14	40.70	57.27
Payable Turnover	days	8.93	12.24	14.13	11.51	9.48	6.37
Operating Cycle	days	89.50	116.92	102.97	99.86	106.34	94.53
Total Assets Turnover	times	1.28	1.07	1.22	1.36	1.28	1.35
Fixed Assets Turnover	times	25.60	19.10	20.84	23.16	21.13	23.12
Investment/Market Ratios							
Earnings Per Share	Rs.	26.52	16.80	20.05	20.44	14.80	18.55
Price Earnings Ratio	times	10.76	12.34	6.36	4.14	5.69	4.27
Cash Dividend Per Share	Rs.	12.50	7.50	10.00	7.00	2.50	4.00
Bonus Shares	%	0.00	0.00	0.00	10.00	20.00	20.00
Bonus Shares	Rs.	0.00	0.00	0.00	0.50	1.00	1.00
Dividend Yield	%	4.38	3.62	7.84	7.53	2.97	2.11
Dividend Payout	%	47.13	44.64	49.89	36.68	23.65	26.96
Dividend Cover Ratio	times	2.12	2.24	2.00	2.92	5.92	11.13
Market Value Per Share - June 30	Rs.	285.43	207.39	127.49	93.00	101.04	94.94
Market Value Per Share - High	Rs.	329.62	218.00	141.01	108.00	132.00	114.99
Market Value Per Share - Low	Rs.	187.33	107.15	92.01	75.25	86.50	75.00
Market Capitalization	Rs. 000	23,128,367	16,804,793	10,330,503	6,850,711	6,202,471	4,856,679
Breakup Value - Net Assets Per Share							
- Without Surplus on Revaluation on Fixed Assets	Rs.	132.94	116.24	111.59	108.93	107.75	110.72
- Including Surplus on Revaluation on Fixed Assets							
-----Not applicable-----							
Capital Structure Ratios							
Financial Leverage	%	12.61	15.83	16.04	24.96	35.20	42.55
Debt Equity Ratio	%	0.02	0.02	0.00	0.04	7.76	12.60
Interest Cover	times	4,728.47	3,496.78	280.50	21.86	12.29	23.43

Graphical Presentation of Ratios



Comments On Six Years' Analysis 2010 Through 2015

Balance Sheet

Shareholders' Equity

Over the past six years, shareholders' equity has increased significantly. Share capital of the Company increased due to the bonus issues made in the years 2010, 2011 and 2012. Reserves have increased from Rs.5.4 billion in 2010 to Rs. 10.7 Billion in 2015 translating into impressive growth of 98%.

Non - Current Liabilities

Non - Current Liabilities mainly comprised of Deferred Tax Liability and Long Term Finance in the years 2010 through 2012. Long term Finances were obtained in the year 2008 and 2010 to purchase shares of Makro-Habib Pakistan Limited. These was later paid off in the year 2013.

Current Liabilities

Current Liabilities of the Company increased from Rs. 1.7 Billion in 2010 to Rs. 1.9 Billion in 2012 mainly due to current portion of Long Term Finance and payment due under agreement for purchase of shares of Makro-Habib Pakistan Limited. After the repayment of Long Term Finance in 2013 and payment due under agreement for purchase of shares of Makro-Habib Pakistan Limited in 2014, Current Liabilities decreased to Rs. 1.3 Billion in 2015.

Non-Current Assets

During the past six years Property, Plant and Equipment have reported an increase of 23%, most of which was on account of purchase of plant & machinery. Long Term Investments have also shown significant growth to Rs. 4 Billion in 2015 from Rs.3.4 billion in 2010 mainly due to investment in shares of Sindh Engro Coal Mining Company Limited and Thal Boshoku Pakistan (Private) Limited.

Current Assets

Current Assets mainly include Stock in Trade, Trade Debts, Short Term Investments and Cash & Bank Balances. Current assets registered a growth of 79% over the past six years mainly on account of Short Term Investments and Cash & Bank Balances.

Profit & Loss Account

Revenue & Cost of Sales

Revenue has shown an overall growth of 38% over the past six years with a slight dip in the years 2013 & 2014 mainly due to lower sales volume in Building Material & Allied Products' Segment and declining demand of cars due to import of 2nd hand cars. 2015 is the record year in the Company's history as it achieved the highest revenue of Rs. 15.5 Billion. Cost of Sales has increased during the past six years mainly on account of raw material costs and general inflation.

Gross Profit

With the exception of year 2014, Gross Profit of the Company has ranged at around Rs. 2 Billion to Rs. 2.5 Billion over the past six years. Gross profit in 2014 was lower mainly due to lower sales volume of Building Material & Allied Products Segment.

Operating Expenses & Other Income

Operating Expenses, over the past six years have relatively remained constant as a percentage of Revenue. Dividend Income has increased by more than Rs. 577 Million since 2010 on account of Company's investment in associates and subsidiaries.

Cash Flow

Cash Flows from operating activities registered an increase of Rs. 1.7 Billion as compared to the preceding year mainly due to increased profitability. Net Cash Outflows from investing activities during the year 2010 were on account of investment in shares of Makro Habib Pakistan Limited and since then it is on increasing trend. Cash Flows from financing activities showed a declining trend largely due to repayment of Long Term Finance that was obtained for the acquisition of shares of Makro-Habib Pakistan Limited and dividend payouts.

Ratios

Profitability Ratios

Profitability ratios have been in line with the overall performance of the Company. Gross Profit Margin and Net Profit Margin stood at 18.93% and 13.82% respectively in 2015 due to higher revenues. Return on Equity has also increased for the same reason.

Liquidity Ratios

Company's liquidity position has shown an upward trend in the past six years depicted by improved Current and Quick ratios. In the year 2013, Current ratio increased to 4.36 from 2.96 in 2012, a growth of 47% mainly due to rise in cash & cash equivalent balances. Cash to Current Liabilities Ratio also witnessed increase of 85% over last year.

Activity / Turnover Ratios

inventory Turnover days have remained in the range of 77 to 103 days over the past six years. Average collection period in 2014 & 2013 were 26 days and 23 days respectively, a slight deviation from the Company's past trend of 16 to 20 days. Except for 2010, Payable Turnover days have ranged between 6 to 12 days. Total Assets Turnover and Fixed Assets Turnover Ratio were recorded at 1.28 times and 25.60 times respectively which are consistent with the past six years' trend.

Investment / Market Ratios

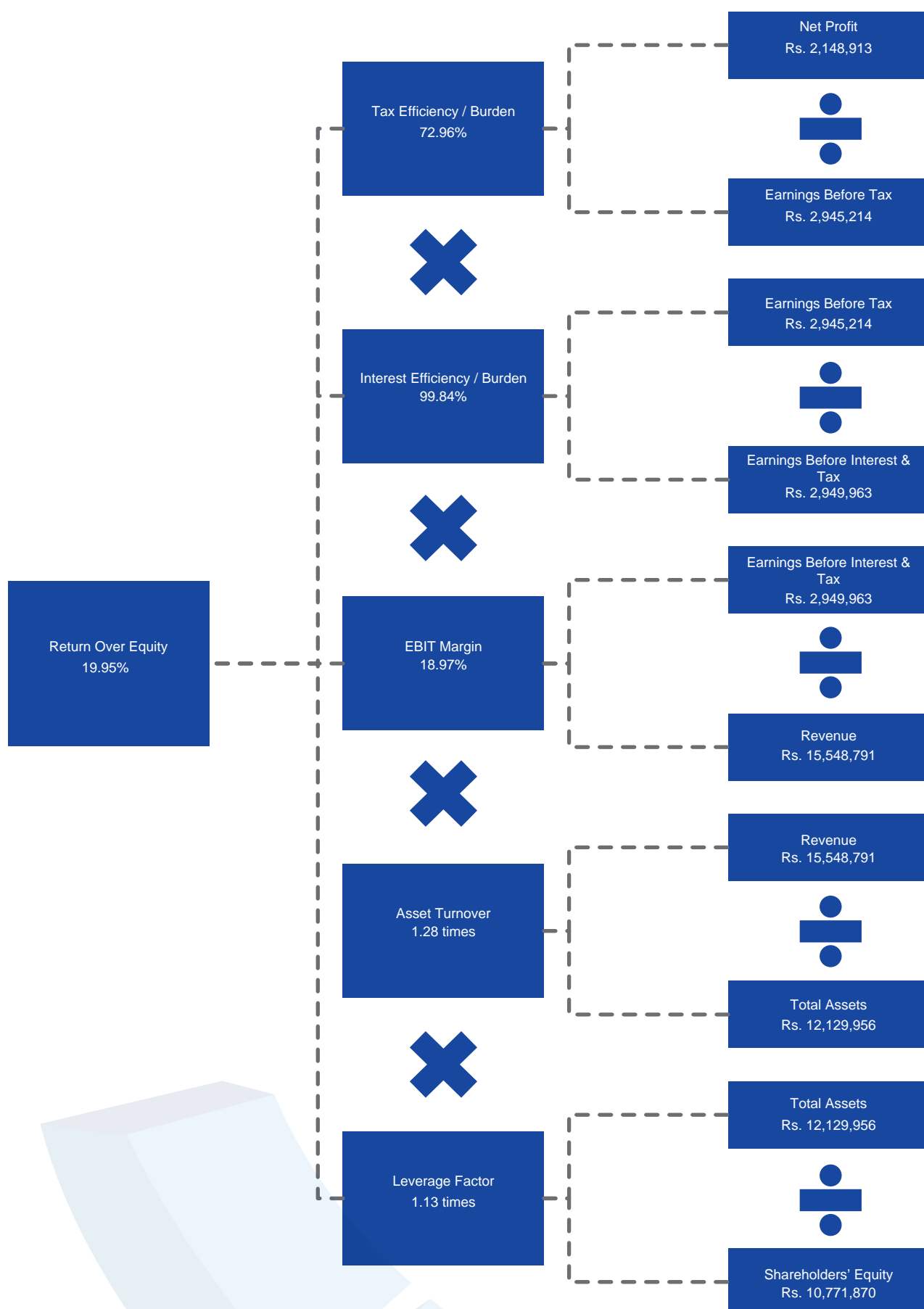
Earnings Per Share has increased by 58% in 2015 as compared to 2014 and 43% since 2010. However, Price to Earnings Ratio increased to 12.34 times as the market share price of the Company rose from Rs. 207.39 per share as at June 30, 2014 to Rs. 285.43 per share as at June 30, 2015. Dividend Payout Ratio has improved in the years 2013 - 2015 as compared to 2010 - 2012 as the Company has been paying dividends at interim periods as well.

Capital Structure Ratios

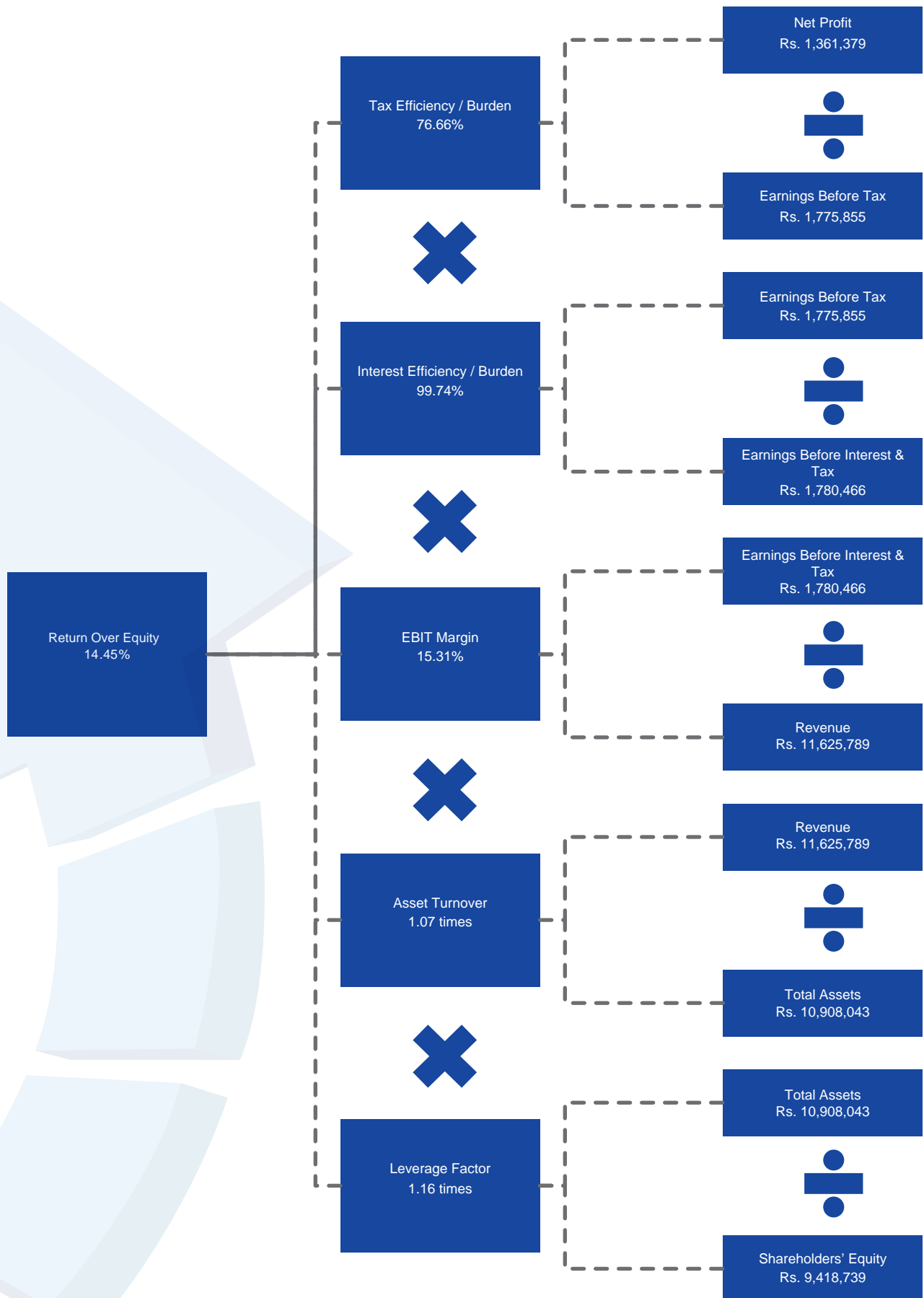
After the repayment of Long Term Finance in 2013, the Company became a zero debt entity. This was also the reason for the improvement of Interest Cover which increased by 1,585% from the year 2014.

DuPont Analysis

2015



2014



Share Price Sensitivity Analysis

Government Actions

The Engineering Segment performance depends much on the policies of the Government. Short sighted and uncertain policies such as regularization of smuggled vehicles, relaxation for import of vehicles, create challenges for the business and resultantly have an adverse impact on the share price of the Company. Moreover, finalization of the much awaited Auto Industry Plan would impact on the share price.

New Customers and Products

It has always been the Company's effort to increase the customer and product base of its businesses such as the recently added car starter and alternator business in Engineering Segment and SOS Products in the Building Material & Allied Products Segment. These efforts should improve the bottom line of the Company and thus, have a positive impact on the Company's share price.

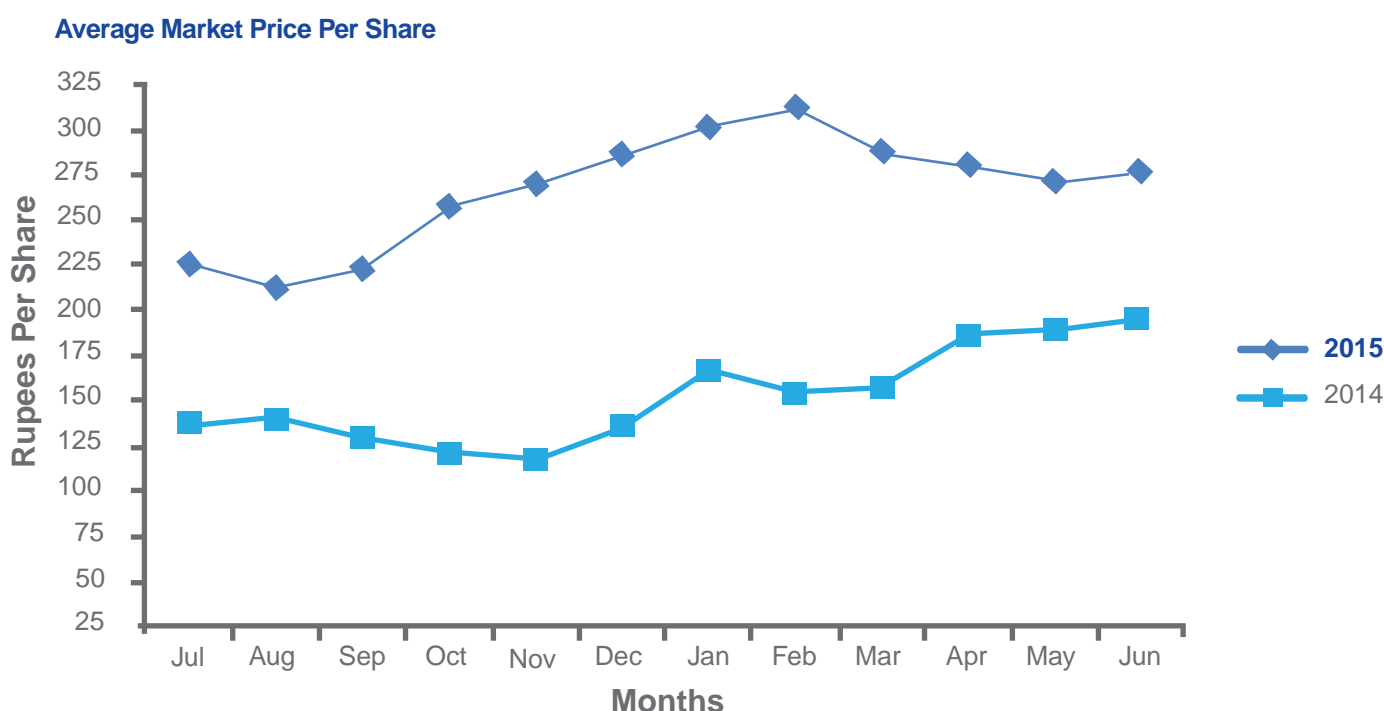
Usage of Substitute Products

The increase in the use of polypropylene bags in the past few years has negatively impacted both Jute and Papersack businesses. The cheaper production costs of poly bags, dilution of Mandatory Packaging Act in India and lower purchase volume of jute bags by Public Procurement Agencies are some of the major factors that have affected the performance of the Company. However, the Company has always made efforts to dilute the impact of these factors through positive measures such as the certification of ISO 22000:2005, Food Grade Management System Certifications, which is a primary requirement of global fast food franchises and OHSAS 18001:2007 certification by Jute business which will further enhances the business image as a responsible and conscientious manufacturer and supplier of Jute products.

New Projects and Expansion

It has always been the Company's focus to diversify its businesses such as the recent investment in Sindh Engro Coal Mining Company. Any such information that is circulated through the Stock Exchanges always has an impact on the Company's share price.

A trend of the Market Share Price of Thal Limited for last year and current period has been shown in the below graph:

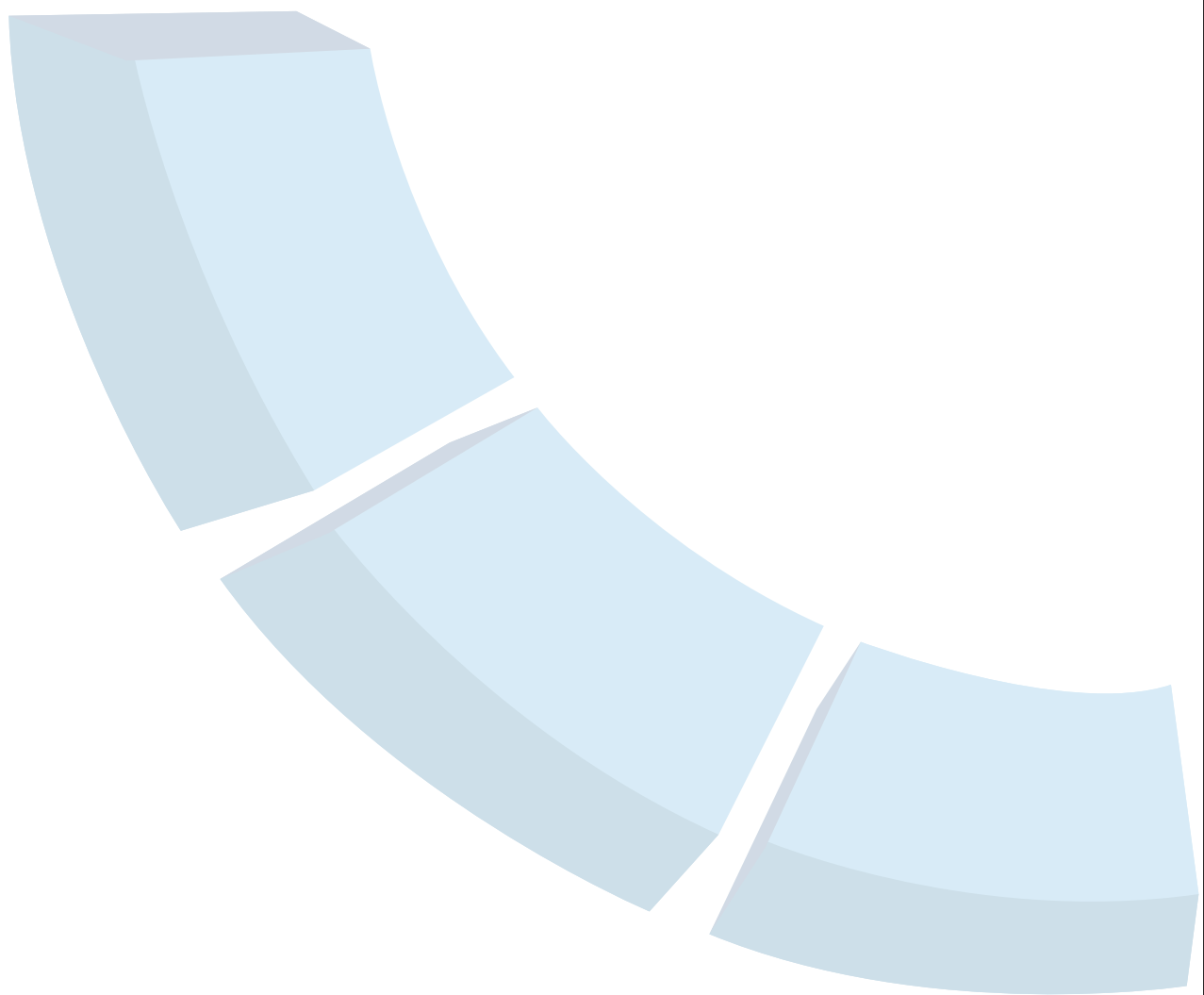


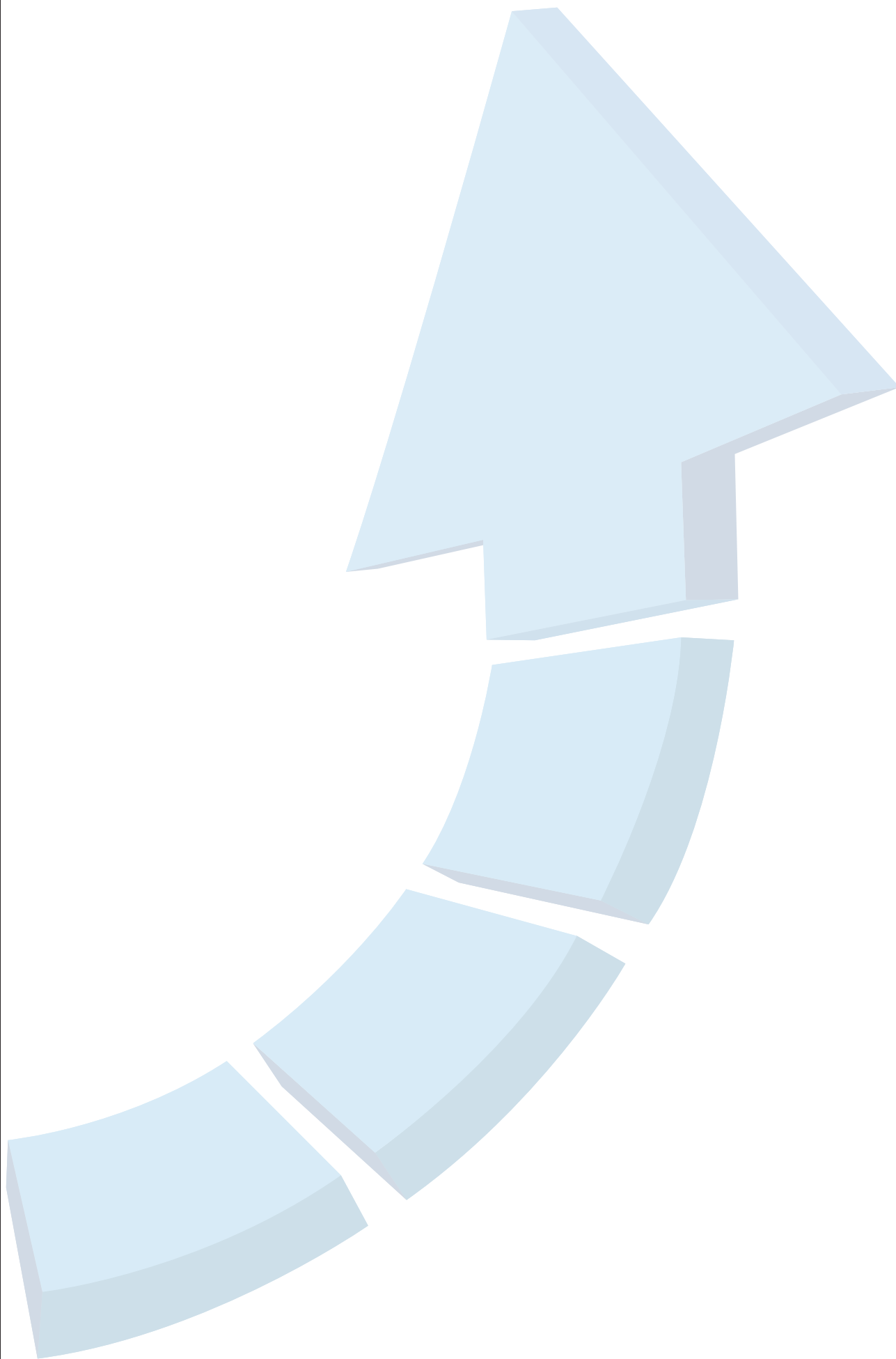
Cash Flow Statement through Direct Method

For the year ended June 30, 2015

	2015	2014
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,604,200	13,406,959
Payments to suppliers / service providers	(10,956,099)	(9,442,845)
Payments to employees	(1,392,389)	(1,268,719)
Payments for indirect taxes and other statutory duties	(2,263,432)	(1,538,365)
Payments for royalty	(109,038)	(101,380)
Payments for infrastructure cess	(35,721)	(33,159)
Payments for warranty claims	(13,688)	(24,405)
Finance costs paid	(4,728)	(4,585)
Retirement benefits paid	(3,529)	(3,331)
WWF Paid	(36,193)	(44,535)
WPPF Paid	(159,495)	(103,843)
Income tax paid	(680,672)	(621,602)
Net cash generated from operating activities	1,949,216	220,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(119,239)	(106,452)
Long term loans and deposits	2,258	4,873
Dividends received	663,683	418,413
Profit received on bank deposits	100,430	98,447
Proceeds from disposal of property, plant and equipment	10,466	20,777
Investment in a subsidiary	(100)	(104,500)
Investment in equities	(396,669)	-
Redemption of short term investments	44,834	1,055,852
Net cash generated from investing activities	305,663	1,387,409
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(793,338)	(998,387)
Net cash used in financing activities	(793,338)	(998,387)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,461,541	609,213
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,129,337	1,520,124
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,590,878	2,129,337

Directors' Report





Directors' Report to the Shareholders

On behalf of the Board of Directors, I am pleased to present the Forty Ninth Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2015.

Economic Highlights

Pakistan's economy grew at 4.24% compared to the budget of 5.1% and 4.03% of the previous year. With lower inflation, State Bank of Pakistan gradually reduced its discount rate to 7%. The Country's foreign exchange reserves reached an all-time high of US\$ 18 billion due to which the Pak Rupee parity showed stability and closed the year at Rs 101.85 after touching a peak of Rs. 103.56 during the year.

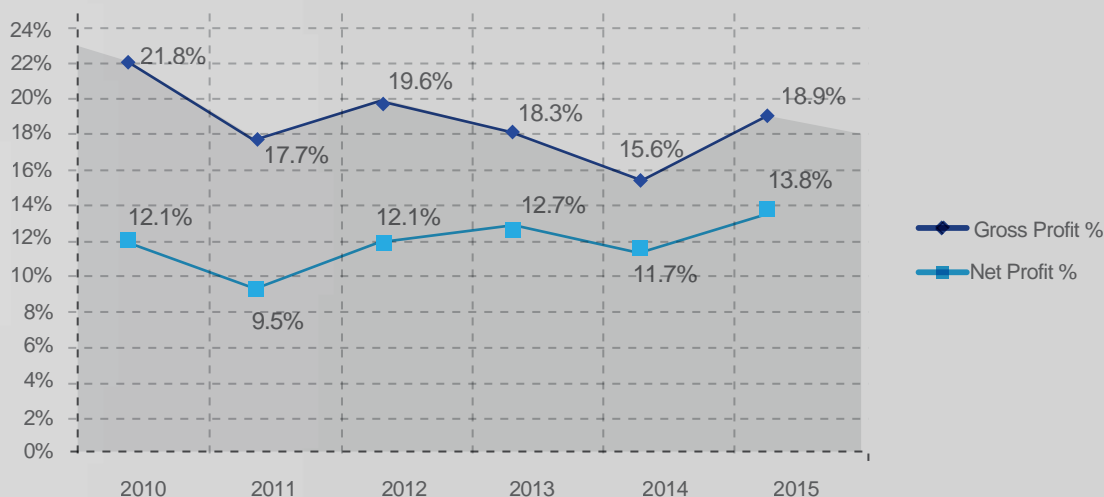
The macro economic situation, rising cost of doing business and security issues continued to pose challenges for the Company during 2014-15.

The previous year has been termed as the Year of Friendly Exchanges between China and Pakistan and prosperity for deepening cooperation between the two brotherly countries. In April, Chinese President Xi Jinping visited Pakistan to launch \$46 billion in infrastructure and energy projects that are aimed at establishing a China Pakistan Economic Corridor (CPEC) between Pakistan's southern port of Gwadar on the Arabian Sea and China's western Xinjiang region. The plan is part of China's aim to forge a "Silk Road" land and sea ties to markets in the Middle East and Europe and reflects a shift of economic power in the region to China. Out of the total \$46 billion investment, \$11 billion has been set aside for infrastructure work on the corridor, while the remaining \$35 billion will be directed towards energy projects. Economists expect that the CPEC could add around 2.2% to Pakistan's GDP growth and raise it above 6%.



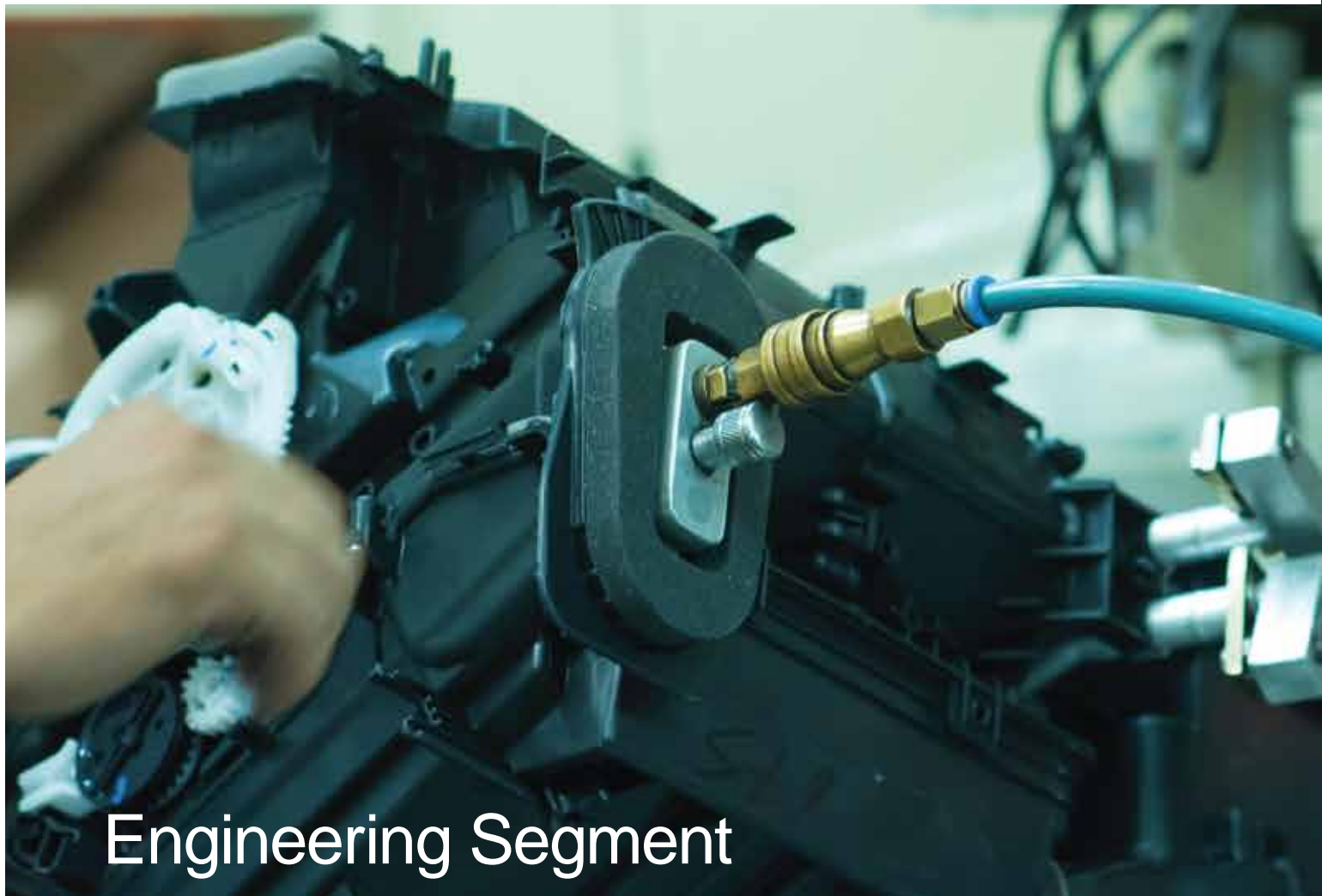
Overview of Financial Results

During the year under review, the sale revenue of the Company registered an impressive growth of 33.7%, from Rs. 11.6 Billion to Rs 15.6 billion. Despite increasing costs of doing business, profit before tax improved significantly by over 65% to Rs. 2.9 Billion. This impressive performance was largely attributed to the Engineering Segment of the Company which benefited from the growth of the auto sector in the Country.



Overview of Business Segments

The Company has two major business segments – the Engineering Segment and the Building Material & Allied Products Segment.



Engineering Segment



The turnover of the Engineering Segment at Rs. 9.7 Billion registered an increase of 56.4% compared to Rs. 6.2 Billion in the previous year

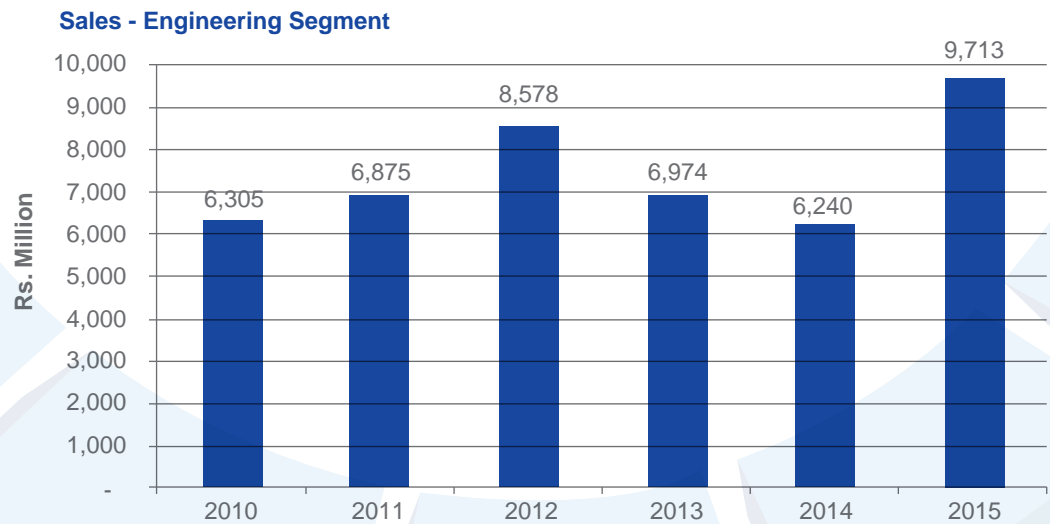
The Company's Engineering Segment comprises of the Thermal Systems Business, Electric Systems Business and Engine Components Business. These businesses are primarily focused on parts manufacturing for the Auto Industry.

The Auto Industry in the Country showed a healthy growth of 31% in volumes during the year 2014-15 compared to the previous year. This growth was spurred mainly by the new model launch by one of the leading OEMs, the launch of Punjab Government Taxi Scheme for unemployed youth, price reduction by a major OEM and falling fuel prices.



Despite the strong growth in the Auto Sector, used cars imports continue to flood the market and registered a growth of 11%, mainly in the 1000 cc and below categories. This caused a negative impact on the sales of the locally manufactured economy car.

In recognition of the efforts of the Engineering Segment, the Company received the 'Overall Best' and 'Cost Excellence' awards from two of its valued OEM customers.



Thermal Systems Business



The turnover of the Thermal Systems Business has shown an impressive growth as compared to the previous year. The business benefited from a new model launch by its largest OEM customer and also from increase in the volumes of the other OEMs



In the aftermarket segment, the business has provided multiple solutions for local and imported vehicles with significant business achieved from commercial vehicles. The business is focused on product and customer portfolio expansion through aftermarket service outlets. A new outlet has recently been established in Lahore in addition to the one already serving customers in Karachi. The aftermarket business has substantial potential but is a small portion of the overall business.

Engine Components Business



The Engine Components Business commenced its commercial operations during the year, assembling alternator and starter. This was a significant milestone achieved by the Engineering Segment that resulted from its continuous efforts to explore new business ventures and to expand its product portfolio



This has made the Company the only alternator and starter assembler for passenger cars in the country. It has successfully met its startup target and surpassed its productivity goal in the very first year of its operation.

During the year, the main focus remained on improving productivity, process & quality and motivation of employees with particular emphasis on training which led to excellent results.

While consolidating the operations during the first year, the business has initiated efforts on future business expansion with all OEMs.



Electric Systems Business



The growth of the Electric Systems Business was again impressive during 2014-15 compared to last year.

The improvement in the business performance was mainly attributed to higher sales of a new model launched by its major OEM customer and also due to additional volume of Punjab Government Taxi Scheme launched in early 2015.

The business has started volume production in the two-wheelers category for the first time for a newly entered Japanese manufacturer in Pakistan. The breakthrough in the two-wheeler category allowed the business to expand and diversify its market and will help to acquire similar milestones in future.



Future Outlook of Engineering Segment

Regarding the future prospect of Auto Industry in Pakistan, one of the most significant development of the year is the signing of an agreement for the China Pakistan Economic Corridor (CPEC) which will provide impetus to the transport sector of Pakistan. The auto sector is closely monitoring the development in CPEC and expects a huge positive impact on the growth of the auto sector resulting from 3,000 km of road network and other development projects. Pakistan's auto industry is expected to reap huge benefit through road network, requirement of transportation vehicles and a potential to build service centers across Pakistan.

The government is in the process of finalizing the new Auto Industry Policy. The Company has played an effective role in providing valuable inputs related to duty structure to new entrants in the industry and import of used vehicles.

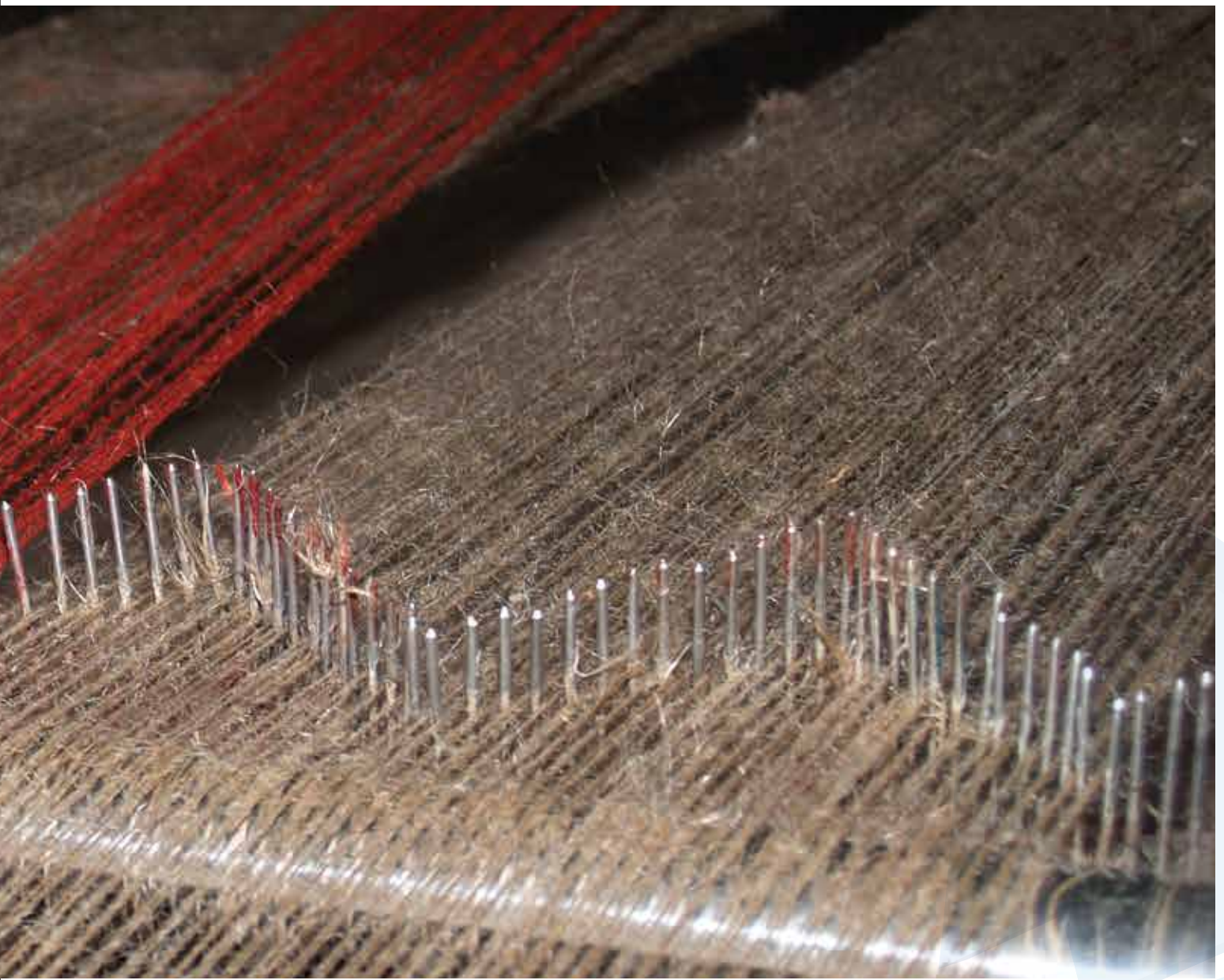


Building Material & Allied Products Segment

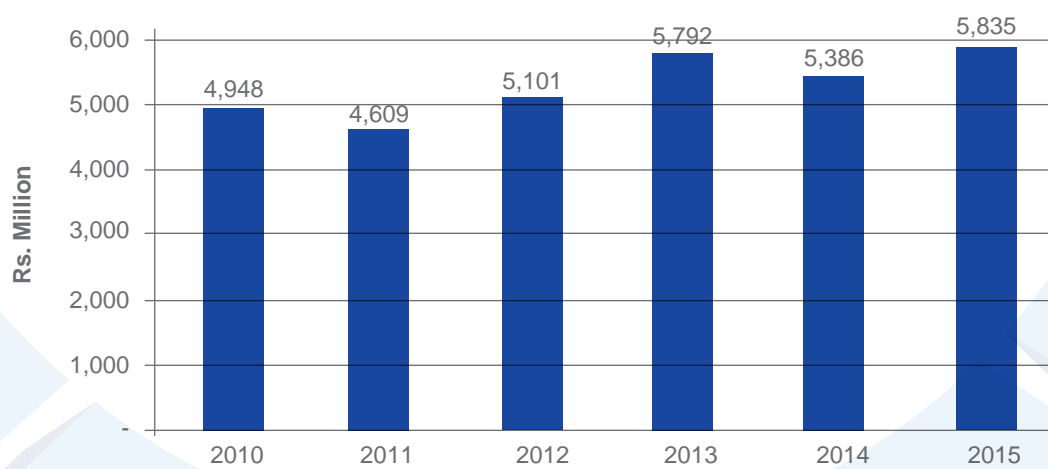


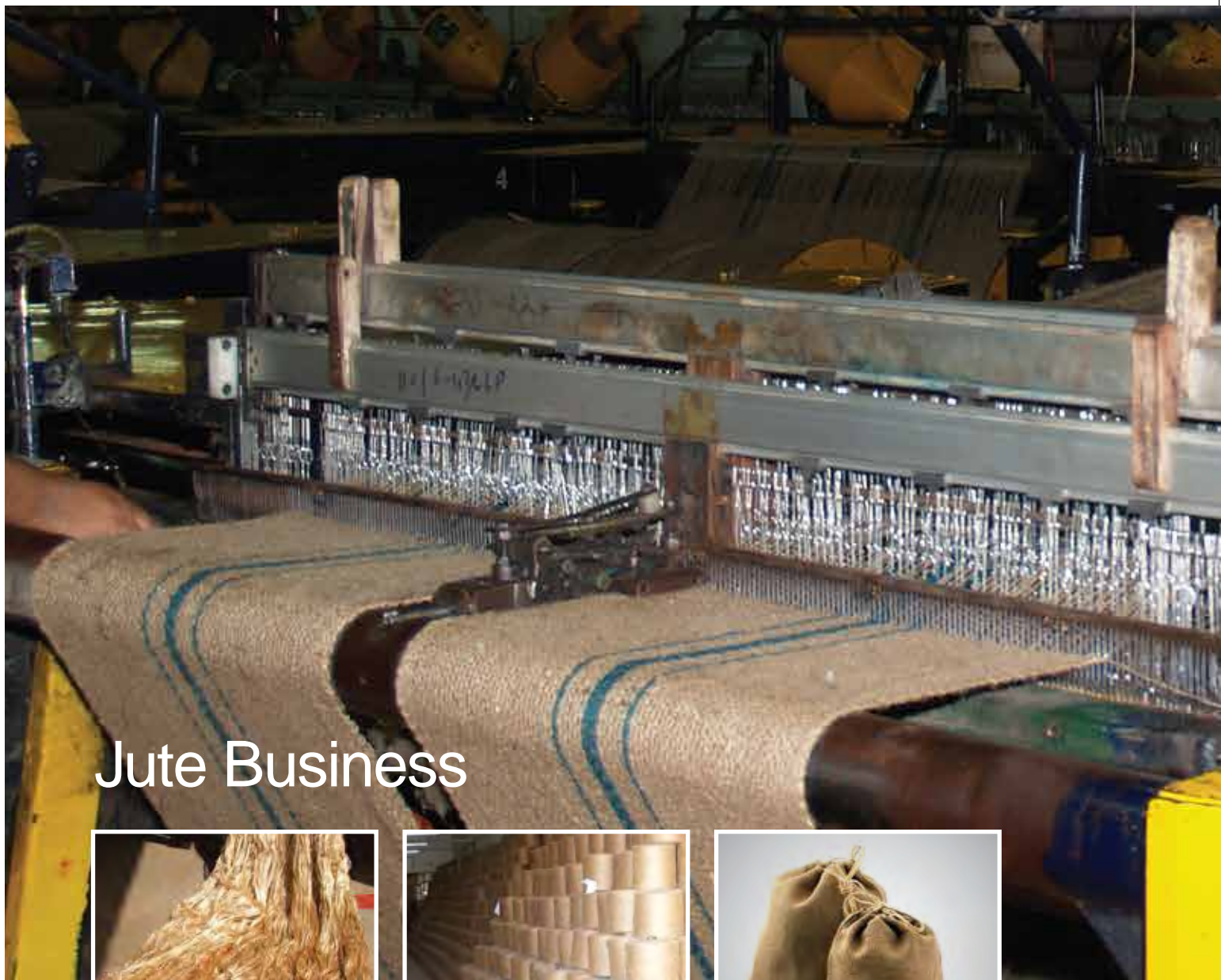
Sales revenue of the Building Material & Allied Products Segment for the year under review was Rs. 5.8 Billion as against Rs. 5.4 Billion during the last year

The Company has three major businesses – the Jute Business (known as Thal Jute), Papersack Business (known as Pakistan Papersack) and Laminates Business (known as Baluchistan Laminates).



Sales - Building Material & Allied Products Segment





Jute Business



The year was again a challenging year for the Jute Industry, in general, due to tough competition from both the domestic and international markets. The dumping of jute goods by India and Bangladesh supported with the facility of exports subsidy continued unabated and this was compounded by the escalation in minimum wage and power tariff in the local environment, posing new challenges to the jute operations in Pakistan



The Jute Business depends on the imports of raw jute from Bangladesh. The changes in pattern of internal consumption in Bangladesh and the import policies of our government, affected the raw material input cost adversely. Moreover, the business also faced stiff competition from the polypropylene bag industry where additional capacity is building up aggressively.

The dilution of the Mandatory Packaging Act in India, which had previously offered protection to the jute industry in that country against the use of plastic bags, resulted in a glut of products in India and these were dumped in the export markets. This had a severe adverse impact on the export of our products which are already handicapped since export subsidy is not available to this sector as in India and Bangladesh.

The business has made significant efforts in cost reduction through improving operational productivity and procurement efficiency. This should help the business to be more competitive in pricing and product quality.

Future Outlook

With the emphasis on environmentally safe and healthy products, the Company is focusing on export and also carries out campaigns locally in this regard to make people aware of the hazards of using polythene bags for food applications.

To improve its profitability the Jute Business is emphasizing on product diversification through exploring nontraditional markets including household products for local and international markets.



Papersack Business



The year was encouraging for the Papersack Business, with the indigenous cement industry growing 3.3% over last year and local cement dispatches growing by 7.9%. Being a key player, the business benefited from the growth in demand from the cement industry, and despite continued competition and capacity expansions by the Woven Polypropylene Sack segment, retained its market position and share in this segment



The drive for diversification in products and markets has been an ongoing activity and resultantly, the business has successfully developed packaging of milk powder in Pakistan as well as exported the first consignment of papersacks to Estonia. This new market adds to the already existing ones and customers, and is an acknowledgment of our continued determination to seek new markets.

In compliance of primary packaging requirements, the business had acquired ISO 22000 certifications in the preceding year, which was audited and continued in the current year. Additionally, the business also underwent the required independent audits by global fast food chains and was successful in meeting the required standards in all aspects. The continued addition of global and local fast food brands to our SOS segment is a rewarding result of our efforts and quality.

Future Outlook

The management is optimistic that the coming year will bear positive results in the local and export markets, and is planning to further enhance its capabilities and product suite to meet the ever-changing and growing needs of the customers, while keeping its costs under control.



Laminates Business



Being a tax compliant and documented business in a predominantly undocumented market was the most significant challenge for Laminates Business, and resultantly, the operations did not fare as well as expected. However, we continued to support the drive for documentation of the economy, and at the same time, the management's continued perseverance to explore and expand our customer base, did bear positive results



The continued economic uncertainty, poor law & order situation, rising costs and shortage of utilities added to the challenges faced by the business. “FORMITE” chose to concentrate on its vision of enhancing customers’ lifestyles by introducing new designs and finishes, and remained the preferred brand of choice for institutional, corporate and quality conscious customers, both in the local and export markets.

In the preceding years, export markets have seen a positive development. However, with the slowdown in development activities in Afghanistan, regional instability in the Middle East and elections in one of our main export markets, the demand for our products remained below projections. The management continued to explore new products for existing markets and new markets for existing products, and has plans in the pipeline for additional developments in the coming year.

Future Outlook

With positive results being realized in the areas of cost optimization and improved efficiencies, the business is confident to counter challenges in the coming year. As export markets show positive signs we are geared to meet the requirements in terms of competitive pricing, production capability and product quality.



Overview of Subsidiaries



Thal Boshoku Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited commenced operations during the year. The Company manufactures the Seat Side Frame, Seat Track and Air Cleaner for the Auto Industry, ensuring quality and timely supplies. During the year 2014-15, the Company showed very healthy growth and remained well above the targets. The sales were up primarily owing to increased sale of automobiles

During the year, the focus remained on increasing productivity, process and product quality and employee engagement and motivation with particular emphasis on training of employees. From the customer side, the Company was categorized among best quality suppliers throughout the year and successfully met 100% on time customer delivery targets.

While consolidating the operations in its first year, the business is also evaluating different possibilities for expansion in its product line and opening new opportunities for business from all OEMs.



Makro-Habib Pakistan Limited

The operations of Makro Habib Pakistan Limited (MHPL) are continuing as per earlier agreement with Metro Cash & Carry International.

The Saddar Store of MHPL is subject to a legal case pending adjudication in the Supreme Court of Pakistan.

The Board of Directors' in their meeting for the fourth quarter approved a final cash dividend of Rs 36 million, subject to approval of shareholders.

Habib METRO Pakistan (Private) Limited

The main business of Habib METRO Pakistan (Private) Limited (HMPL) is to own and manage properties and accordingly, over 90% of the revenue is generated from rental income. The Company's holding is 60% in the subsidiary.

In 2014-15, HMPL paid interim dividends amounting to a total of Rs. 362 Million in three quarters. The Board of Directors in their meeting for the fourth quarter approved a final cash dividend of Rs. 102 Million, subject to approval of shareholders.

Noble Computer Services (Private) Limited

The Company continues to provide Share / Fund / TFC Registrar Services, Share Accounting Services and Share / TFC Flotation Services. The Company also continues to provide Internal Audit Services, I. T. Related Services, Advisory Services, HR Services and Management Related Services to our group companies. The Company is a wholly owned subsidiary of Thal Limited.

Pakistan Industrial Aids (Private) Limited

The trading activity of the subsidiary Company achieved over 50% growth as compared to last year. It continued to supply auto parts – compressors, condensers, cooling units and gas to the automobile assemblers and auto parts manufacturers. The Company has also entered into an agreement with Anest Iwata, Middle East FZE Dubai, for the distribution of electro static spray guns and allied painting equipment in Pakistan. The Company paid dividend to the parent Company for the 5th consecutive year. It is a wholly owned subsidiary of Thal Limited.

Financial Performance

Rupees in million

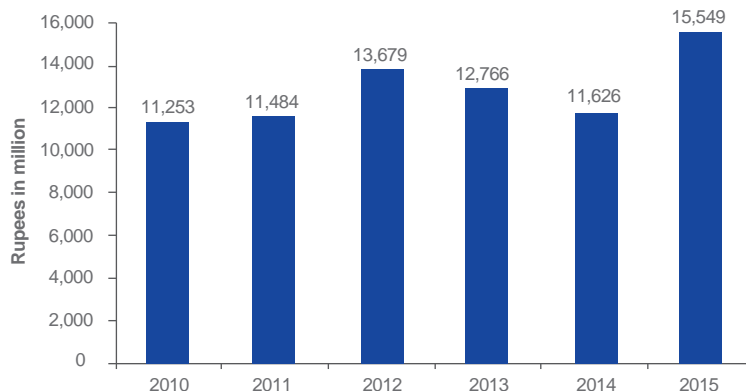
	2015	2014
Net Revenue	15,549	11,626
Profit Before Taxes	2,945	1,776
Taxation	796	414
Profit After Taxes	2,149	1,361
Earnings Per Share - Rupees	26.52	16.80

Liquidity & Cash Flow Management

The Company follows a prudent liquidity management system. Placement of surplus funds is done in highly liquid resources such as Term Deposit Receipt, Certificate of Investments, Government Treasury Bills and Mutual Funds.

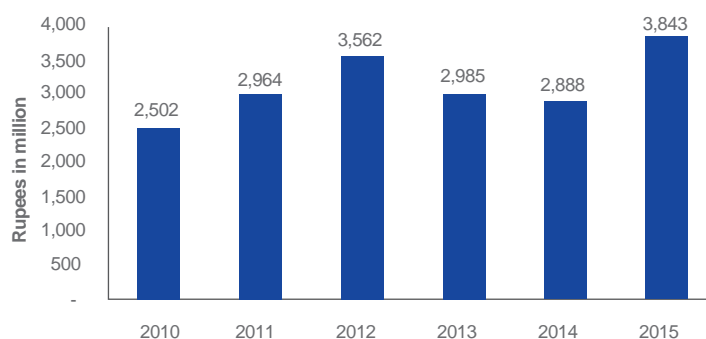
There is also an effective cash flow management system whereby working capital requirements are fulfilled through generation of cash from inside the business. Cash flow projections are prepared regularly to monitor the cash inflow and outflow requirements.

Sales Revenue



Contribution to National Exchequer

During the year 2014-15, the Company contributed a sum of Rs. 3.8 Billion (2013-14, Rs. 2.8 Billion) towards the National Exchequer by way of taxation, custom duties, levies, excise duty and WWF.



Enterprise Risk Management

The Company faces various types of risks both internal and external to the business. While the risks expose the Company to threats that may adversely affect the business, these also provide us to maximize potential opportunities. Therefore, there is a need to make a balance between the two.

The Company has in place a system of Enterprise Risk Management (ERM). ERM is the process of identifying, assessing, prioritizing, evaluating and mitigating the risks and challenges faced by the business.

Risk management is the primary responsibility of the management of the Company. It is overseen and assisted by Internal Audit Function and the Board of Directors in line with policies & procedures that are in place to counter any potential risk.

These risks and mitigating strategies are enumerated as:

1) Strategic Risk

These risks emerge from external factors affecting the Company and are beyond the control of the Company

Mitigating Strategy

Diversification of businesses each of which have their own opportunities and risks. Investment in subsidiaries and associates that operate in different business segments

2) Financial Risk

a) Foreign Currency Risk

Volatility in foreign exchange rates may expose the Company to economic and accounting losses

Mitigating Strategy

Effective use of natural hedging measures to counter currency fluctuations. In the Engineering Segment the customers compensate for any fluctuation in the foreign currencies

b) Credit Risk

The exposure to actual loss or opportunity cost as a result of any default (or other failure to perform) by an economic or legal entity (the debtor) with which the Company does business with

Mitigating Strategy

Credit limits have been assigned to customers that are based on the market credibility & sale performance, customer's solvency and other market dynamics. Credit monitoring is carried out monthly. No sale is made to customer beyond the agreed credit limit. Provision is made in books for doubtful debts. Aging statement of debtors and provisions are brought to Business Review Committee at each quarter end

c) Interest Rate Risk

Adverse fluctuation in interest rates may expose the Company to financial costs when it needs money to finance its working capital and new projects

Mitigating Strategy

The fluctuation in interest rates is managed by a close watch on macro-economic indicators. A good information network of bankers and financial market analysts enables the Company to configure and implement mitigating strategies

3) Internal Control Risk

Internal Control Risk arises due to lack of effective internal control procedures and sound control environment

Mitigating Strategy

The Company's compliance to internal controls is monitored by an Internal Control Function which ensures that the Company and its employees are

compliant with policies and procedures. The outsourced Internal Audit Function directly reports to the Audit Committee on the effectiveness of governance, risk management and control processes

4) Operational / Commercial Risk

These risks arise from events that are internal and external to the Company and are directly related to the businesses and the industry in which the Company operates

a) Competitors Risk / Technological & Innovation Risk

Strong market competition lowering the demand of our products. Rapid changes to technologies and methods of work

Mitigating Strategy

Exploration of new avenues of sales such as Joint Venture Agreements with renowned local and international business partners for success transfer and technological advancement / innovation both in products & processes. Constant monitoring of national and international markets

b) Regulatory Risk

Non-compliance of regulatory framework and changes to law and regulations affecting the Company. Unfavorable policies of Government of Pakistan

Mitigating Strategy

Close monitoring of changes to Company's regulatory environment. Training are conducted to abreast the employees of all developments in laws and regulations

5) Health, Safety and Environment

Risks in production and supply chain processes that can affect the smooth running of operations. Unfriendly incidents may occur that may affect personal health of employees, cause disruptions in work and damage reputation of the Company

Mitigating Strategy

The HSE Steering Committee that sets the direction for an effective and safety management. Waste reduction management by individual businesses through 5S (Seiri, Seiton, Seiso, Seiketsu and Shukan) and 5R (Recycle, Reuse, Retrieve, Refine and Reduce)

The Company's continuous efforts in preserving LAW – Land, Air and Water for long term sustainability and adhering to UN Global Compact Principles related to Environment. Campaigns roll outs to make people aware of hazardous effects of polypropylene products

Process safety is ensured through Poka Yoka (Error Proofing). Plant Engineering Teams to ensure effective Preventive Maintenance of Safety Critical Elements of Processes through regular Process Safety Reviews



Human Resources



The Company continuously encourages its people to take the organization to a higher level through innovation and advancement in processes. Its people have demonstrated unwavering commitment to transform their innovative ideas into reality.

Development & Engagement

The Company believes in raising the bar continuously through its value system and ethical code of conduct.

In this regard, the Company re-visited its Quality Policy through a participation process of its employees with the aim of raising its bar with regards to customers expectations and called it the "Quality Promise".

Quality Promise

"We the employees of Thal Limited, are committed to meeting our customers' needs.

We consistently strive for excellence in quality of our products and services through disciplined quality processes and continuous improvement."



High Velocity Team Program by Dr. Syed Aziz Rab

People are encouraged at every step to come forward with creative suggestions 'kaizen' through motivation and engagement. The Company strives to develop entrepreneurial spirit in its people by giving them opportunities to create 'out of the box' solutions. In this regard, it provides a level playing field to all grades of employees to rise up to their true potential.

The Company held customized courses in order to develop strong teams and professional leadership. With increased production taking place, it did not stop focusing on people development and training. The team members extended their full support in meeting the business targets as well as utilizing learning opportunities.

All such efforts transformed into a positive result when the Company received the 30th Corporate Excellence Award from the Management Association of Pakistan for the Overall Best in the Industrial Category for the first time. Earlier awards had been Best in the sector.

Apart from training and development, employees actively participated in 5S Championship, Kaizen, and Skill Competitions where a number of awards was given to employees on best practices and suggestions. Maximum Kaizen Award was presented to a junior team member who alone submitted 306 Kaizens for improvement.

Members of Thal Boshoku Pakistan participated in Toyota Boshoku ASEAN Quality Control Convention, held in Thailand. Despite being their first such exposure, the team attained the 7th position in a field of 15 teams.

Besides enhancing their skills at work, the Company has a policy of assisting employees to improve their

education. In this regard, it sponsored three employees for higher education, including 2 Masters Program.

During the year, the Engineering Segment received Rs 3.8 million from SWWB / SESSI in grants.

Trainee Programs

The Company aims to provide career opportunities to fresh graduates. In this regard, it conducts a Trainee Engineer Program under which fresh engineers are inducted from established universities and are rotated across various functions for a 12-month period.

The same applies for fresh management graduates who are rotated across Businesses in their specific functions to gain a width of exposure.

Besides education, the Company plays a significant role in developing leadership and other skills in the youth population. The Company sponsors the Young Leaders Conference – 2014 which is a 6-day residential conference organized by the School of Leadership. This year the conference was held in the Sheraton Hotel, Karachi in which the Company sponsored 21 candidates to support the development of our young generation as leaders to serve their communities and the nation at large.

Employee Engagement

To enhance employee engagement for effective communication and teamwork, a program titled "Paint My Day" was organized at the pool side of Ramada hotel. The themes for the paintings were:

1. Innovative Use of our Company products – something that can be converted into reality
2. Identify and paint a strong message linked with our business
3. Present your Company's Mission & Values through paintings, depicting their core essence
4. Give Back: Discuss amongst your team and pick a cause that your team would like to support through involvement and giving their time

It was an afternoon well spent which was followed by hi-tea and judges announcing 2 cash prizes of Rs. 25,000 each and Rs. 10,000 for the winning team.



Health, Safety & Environment (HSE)



With priority given to HSE, the Engineering Segment was awarded The Best Practices Award in Occupational Health & Safety from the Employers Federation of Pakistan

In continuation of efforts to enrich the HSE culture, many initiatives were undertaken, such as, Road Health Show, Walk on Diabetes and awareness session on hazards of Smoking and Spitting with coordination of Doctors of Social Security Hospital Muzaffargarh, to name a few. Employees were trained on First Aid techniques, acquiring expertise of Civil Defense Muzaffargarh.

In observance of occupational Health and Safety, Vision and Hearing test of all drivers were conducted. Energy Audits and subsequent installation of LED lighting was done to conserve power. To avert injury and ill health of our

stakeholders, HSE principles were imparted to our regular Vendors and Contractors.



For promotion of Road Safety, a session was held by National Highway Police for awareness on Rules of Traffic.

Safety training on "Working at Height" was organized for Toyota affiliate companies in Thailand in which safety commanders participated.

The Company reaffirmed its commitment towards HSE by converting its Health, Safety & Environment Policy to its "HSE Commitment" through the contribution of its employees in a participative process, to better reflect its dedication to HSE.

HSE Commitment

"We at Thal Limited are committed to providing a sustainable healthy and safe workplace for our employees, contractors, customers and visitors while fulfilling our responsibility towards the environment."

To make a healthy workplace we will:

- *Take appropriate measures for the well-being of our people & all those who work with us*
- *Strive to eliminate all unhealthy habits from amongst our employees e.g. pan & gutka*
- *Provide healthy work environment Including proper ventilation, healthy food and sports activities*
- *Improve work life balance*
- *Follow MSDS standards for material storage and handling*
- *Ensure application of ergonomics related standards*

To make a safe workplace by achieving the following:

- *Zero incidents and zero harm to communities in which we do business*
- *Safe and secure working conditions for all our people (manufacturing processes, usage of PPEs, fire safety etc.)*
- *Pro-actively identify, eliminate or minimize potential hazards, sources of harm or risks arising from all our activities*
- *Enhancing Behavior Based Safety culture by providing training and sharing of best practices*
- *Comply with all applicable legal, regulatory and industry requirements*

To fulfill our responsibility towards environment by:

- *Encouraging behavior that demonstrates our concerns for the environment*
- *Minimizing our environmental footprint and encourage our vendors to do the same*
- *Supplying safe, compliant and environmentally responsible products and services*
- *Responsible use of natural resources*
- *Complying with all environmental legislations*
- *We shall conduct HSE risk assessments and ensure compliance through regular audits*

Environment

Primarily operating in the industrial sector, the Company is focused on improving the overall environment.

WWF's Tree Plantation Drive – The Company collaborated with WWF for a plantation activity named "Tree-A-Thon" in which 280 trees were planted in the nearby vicinity in order to promote a green environment and the same will be continued in years to come.



Corporate Social Responsibility (CSR)



It is an objective of the Company to strive for the uplift of the communities in which it's businesses operate. To realize this goal and to make an impact, every year, the Company allocates 1% of its pre-tax profit towards CSR activities. It is the Company's philosophy to contribute to projects, long and short term, which are aimed at improving the lives of the people living in these communities. Some of the significant efforts of the Company are:

Education

Baseera Muzaffargarh Primary School – The Company contributed a sum of Rs. 2 Million to TCF for its Baseera Muzaffargarh Primary School Campus, located in the rural area with special emphasis on girls' education. The school operates morning and afternoon shifts, enrolls 324 boys and girls and has faculty strength of 15 trained teaching staff.

It is encouraging to note that 45% students are girls and since 2011, 387 students have benefited from this campus.

Habib University Foundation – The Company contributed a sum of Rs. 4 Million towards the Habib University Foundation. The university is a world class education institute which is affiliated with Carnegie Mellon University and Texas A & M University (Qatar Campus). The university offers scholarships and financial aid to around 92% students and spent Rs. 39 Million in scholarship, Rs. 8 Million in grants and Rs. 25 Million in deferred fee plan.

Other efforts include sponsoring 2 students of Kaghan Memorial Trust (which runs a school for children affected by the 2008 earthquake in Kaghan Valley) and donations to Ghulaman-e-Abbas School.

Inter School Educational Olympiad (ISEO) – Papersack Business is actively supporting ISEO which is the first of its kind in Pakistan. It is the largest inter-school event in the country bringing together schools from all across the globe onto a single platform. It promotes education and learning in a competitive environment on a massive scale with students from grades 4 to A-Levels/Intermediate participating in various events. It has seen over 18,000 students participating from across the country and the globe including India, USA and UK. Also more than 3,500 educationists have been part of the ISEO. Over the years, events have included scrabble, chess, dance, instrumental music, quiz, art, cyberfair and model competitions. Both private and government schools including Aitchison College, Karachi Grammar School, Covent of Jesus and Mary, The Lyceum, SISA, Karachi American School SMB Fatima Jinnah Govt. Girls School, Gulam Hussain Khaliqdina Girls' School and Gizri Girls' Secondary School have participated.

Health

The Company is cognizant of the fact that health services is another critical area to be addressed for the betterment of the community. To actively participate in the health sector, the Company played its role in this sector, and provided the following support:

The Indus Hospital – It is a unique institution which is run by a group of dedicated and selfless doctors, providing free medical treatment to the needy. The Company contributed Rs. 1.5 Million to the hospital located in Korangi.

In addition, the Company also supports the Sir Syed Hospital, Civil Hospital, Hussaini Hematology, SIUT, Nigahban – Civil Hospital, Fatima Kidney Care Hospital and Mohammadi Blood Bank.

Statement of Charity

Description	Rupees in '000	
	Jun 2015	Jun 2014
Welfare	10,278	10,912
Health	10,012	6,525
Education	9,564	132
Others	114	419
Grand Total	29,968	17,988



Information Technology

The IT function has come a long way in establishing Information Technology related services that have greatly facilitated all stakeholders whilst simultaneously optimizing resources. The department is committed towards delivering high quality, consistent and cost effective IT and SAP support service to its internal customers

All these services are aligned with the strategic needs of the organization and are provided by highly skilled team members who are available for every IT need such as SAP business application support and improvement, troubleshooting software, hardware and network support issues.



In order to keep pace with changing technology and to meet new business requirements, the IT team felt a need to upgrade its technology infrastructure that can support needs for the next 5 to 10 years. Therefore, keeping up with its precedence of undertaking innovative projects every year, the SAP hardware and software was upgraded to the latest version which is expected to improve process agility, drive innovation and support new business models and processes. The upgraded software and hardware will also increase process efficiency, reduce the total cost of operations and will help respond to the pressure of evolving industry trends and rising costs.

The IT department took a challenge to bring its subsidiary businesses on to the SAP platform so that the Company could access subsidiary-wide consolidated financial statements.

To facilitate the top management in taking real time decisions, business oriented management dashboard were configured using the latest SAP tools. The management dashboard empowers strategic managers in getting instant visibility of business performance, helps in forecasting future business growth and timely availability of information for real time strategic decisions.

On August 17, 2015, Sindh Engro Coal Mining Company ("SECMC") marked the signing of three milestone project agreements:



Investment in Sindh Engro Coal Mining Company (SECMC)

On August 17, 2015, Sindh Engro Coal Mining Company ("SECMC") marked the signing of three milestone project agreements:

- The Master Shareholders' Agreement
- The Common Terms Agreement with project lenders
- The Implementation Agreement with the Government of Sindh

Auditors

The current auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible offered themselves for re-appointment as auditors for the year 2015-16. The reappointment has also been recommended by the Audit Committee.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2015 is attached to this report.

Directors' Training Program

Mr. Asif Rizvi qualified in the Directors Training Program, in accordance with the requirements of the Code of Corporate Governance 2012.

Compliance with the Code of Corporate Governance 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

SECMC is a joint venture between Government of Sindh, Thal Limited, Engro Powergen Limited, Hub Power Company Limited, Habib Bank Limited and China Machinery Engineering Corporation and is engaged in developing Pakistan's first open pit mining project at Thar.

The Board of Directors of Thal Limited had last year approved an investment of Rs. 360 Million in SECMC with a further investment up to a total of the Pak Rupee equivalent of US\$ 30 million. It is expected that the project will achieve financial close by the end of 2015.

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
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. All members of the Audit Committee are independent or non-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 of Provident Fund and Retirement Fund stands at Rs. 591 Million and Rs. 43 Million respectively as at June 30, 2015
11. The key operating & finance data for the last 6 years are annexed to the report

12. (i) The Board convened 5 times during the year and attendance of the respective Directors was as under:

S #	Names of Directors	Meeting Attended
1	Mr. Rafiq M. Habib (Chairman)	4/5
2	Mr. Sohail P. Ahmed	3/5
3	Mr. Asif Rizvi	5/5
4	Mr. Ali S. Habib	5/5
5	Mr. Mohamedali R. Habib	5/5
6	Mr. Mazhar Valjee	5/5
7	Mr. Asif Qadir	5/5

No Board meetings were held outside Pakistan during the year.

12. (ii) During the year the Audit Committee met 4 times and attendance of the Directors was as follows:

S #	Names of Directors	Meeting Attended
1	Mr. Asif Qadir (Chairman)	4/4
2	Mr. Mohamedali R. Habib	3/4
3	Mr. Ali S. Habib	1/1
4	Mr. Sohail P. Ahmed	4/4
5	Mr. Mazhar Valjee	2/3

12. (iii) During the year the Human Resources & Remuneration Committee met three times and the attendance of the Directors was as follows:

S #	Names of Directors	Meeting Attended
1	Mr. Mazhar Valjee (Chairman)	3/3
2	Mr. Asif Rizvi	3/3
3	Mr. Ali S. Habib	2/3

Dividend and Appropriations

The Directors proposed the following appropriations out of the profit for the current year:

- Final cash Dividend of Rs. 5.00 per share, i.e., 100% in addition to interim dividends of Rs 7.50 per share, i.e., 150%, thus amounting a total dividend of Rs 12.50 per share i.e. 250%
- Recommends appropriating a sum of Rs 1,136 million from un-appropriated profits to General Reserve.

Acknowledgment

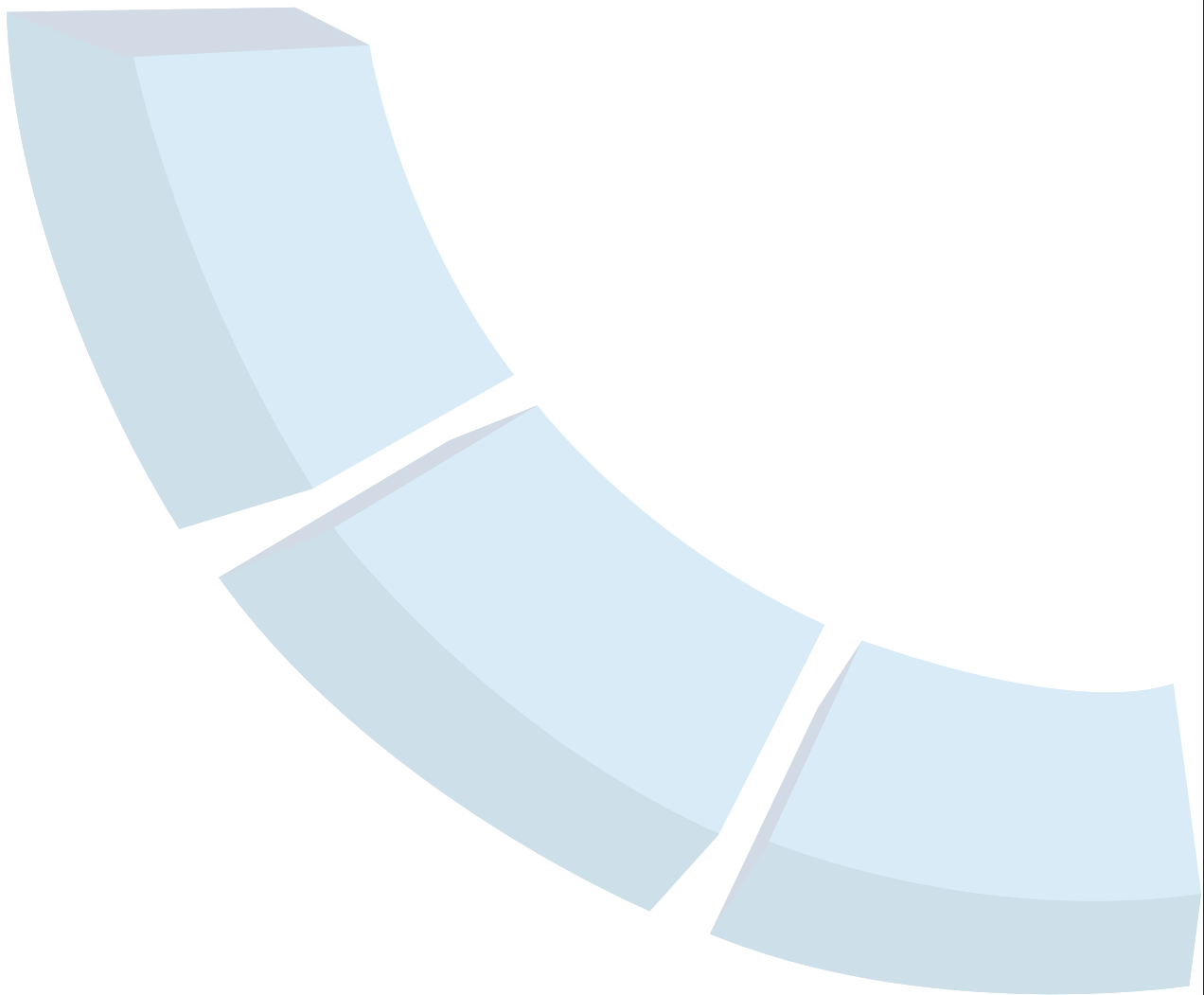
On behalf of the Board of Directors and management, I wish to express sincere gratitude to our customers, dealers, business partners and shareholders for their continuing patronage and trust. I want to extend special thanks to our JVA Partner, Toyota Boshoku Corporation and Toyota Tsusho Corporation of Japan and our TAA Partners, Denso Corporation and Furukawa Automotive Systems of Japan for their strong support and assistance. I would also like to thank all regulatory authorities for their guidance and support. Last but not least, the Board of Directors sincerely appreciates all its staff members for their significant contribution to the growth of our Company under challenging business conditions.

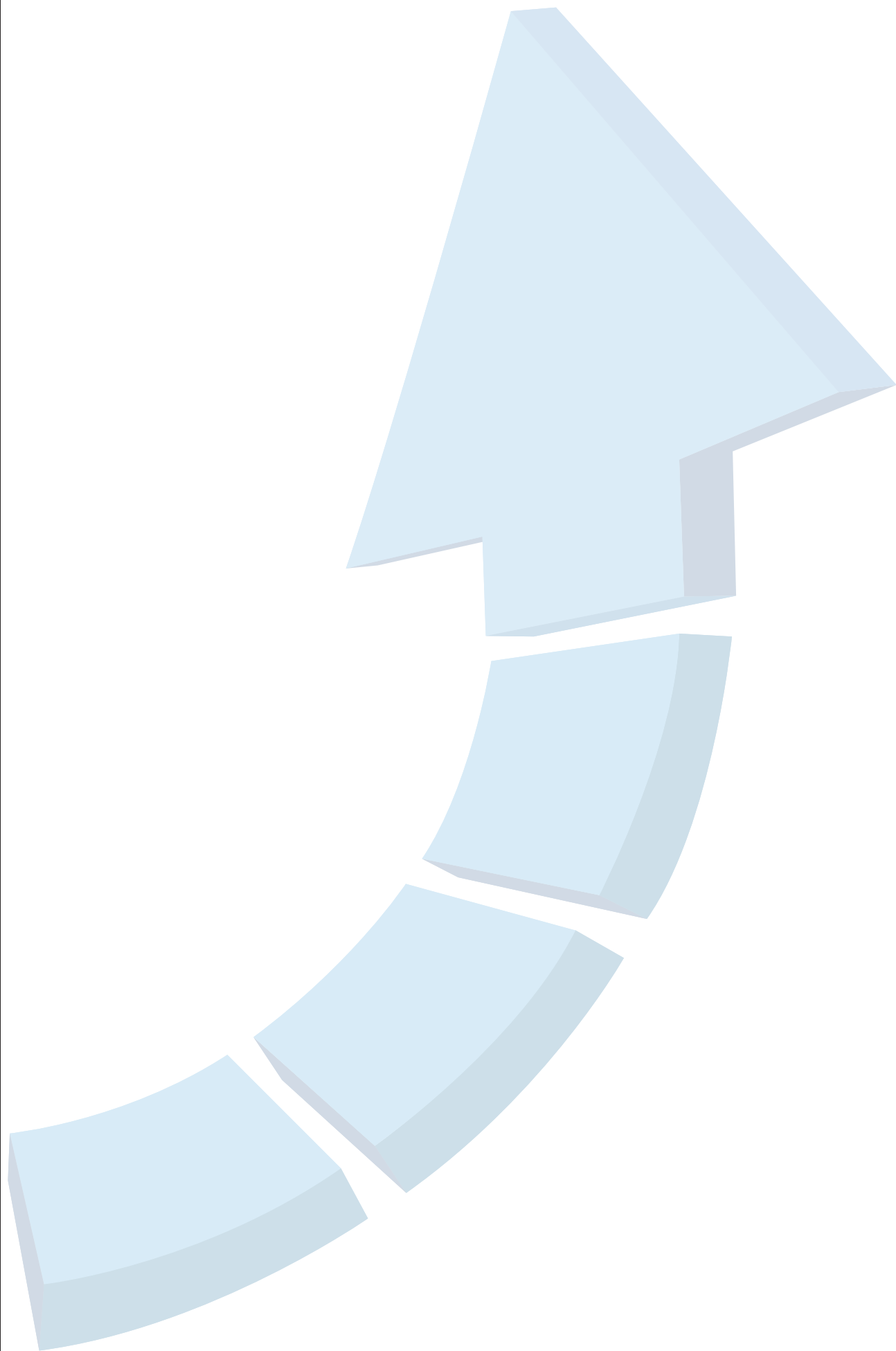


Karachi.
Dated: August 27, 2015.

Asif Rizvi
Chief Executive Officer

Financial Statements





Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

Category	Name
Non-Executive Directors	Mr. Rafiq M. Habib - Chairman
	Mr. Sohail P. Ahmed - Vice Chairman
	Mr. Ali S. Habib - Director
	Mr. Mohamedali R. Habib - Director
	Mr. Mazhar Valjee - Director
Executive Director	Mr. Asif Rizvi - Chief Executive Officer
Independent Director	Mr. Asif Qadir - Director

The independent director meets the criteria of independence under clause i(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has in place a 'Code of Conduct' duly approved by the Board and has ensured that appropriate steps have been taken to disseminate it throughout the company and placed it on Company Website.
6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company are in place. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Four Directors of the company are certified directors and three directors are exempted from the requirement by virtue of their experience as prescribed by SECP in clause xi of CCG. All 7 Directors stand qualified for the Director Training Program.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year. The terms of remuneration of CFO, Company Secretary and Head of Internal Audit have been approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises four members - one of them is independent, three are Non-Executive Directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members - two of them being Non-Executive Directors.
18. The Board has outsourced the internal audit function to M/s. Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.



Asif Rizvi
Chief Executive



Sohail P. Ahmed
Vice Chairman

Karachi:
Dated: August 27, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

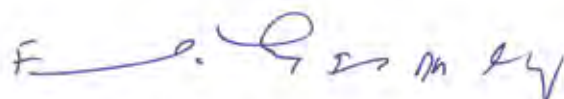
We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2015 prepared by the Board of Directors of Thal Limited (the Company) to comply with the Listing Regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the Company is listed.

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

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

Further, Listing Regulations of respective Stock Exchanges, where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 30 June 2015.



Chartered Accountants

Date: 27 August 2015

Karachi



Standalone Financial Statements

For the year ended June 30, 2015

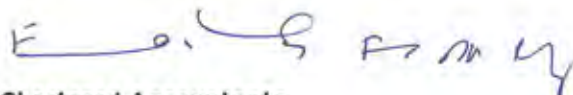
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Thal Limited as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 27 August 2015

Karachi

Balance Sheet

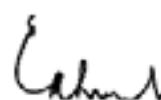
As at June 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	599,204	608,630
Intangible assets	8	8,256	-
Investment property	9	1,021	1,025
Long-term investments	10	4,065,195	3,653,907
Long-term loans and deposits	11	13,124	11,602
Long-term prepayment	12	-	3,780
Deferred tax asset - net	13	84,253	45,555
		4,771,053	4,324,499
CURRENT ASSETS			
Stores, spares and loose tools	14	84,299	84,270
Stock-in-trade	15	2,295,029	3,091,257
Trade debts - unsecured	16	1,118,354	873,476
Loans, advances, deposits, prepayments and other receivables	17	106,165	77,611
Short-term investments	18	3,104,278	1,751,523
Accrued profit on bank deposits		3,911	2,845
Income tax - net	19	139,141	293,468
Sales tax refundable		-	24,419
Cash and bank balances	20	507,726	384,675
		7,358,903	6,583,544
TOTAL ASSETS		12,129,956	10,908,043
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2014: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital	21	405,150	405,150
Reserves	22	10,366,720	9,013,589
		10,771,870	9,418,739
NON-CURRENT LIABILITIES			
Long term deposits		1,714	1,714
CURRENT LIABILITIES			
Trade and other payables	23	1,326,002	1,482,218
Short-term borrowings - secured	24	14,556	5,338
Accrued markup		55	34
Sales tax payable		15,759	-
		1,356,372	1,487,590
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		12,129,956	10,908,043

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Revenue - net	26	15,548,791	11,625,789
Cost of sales	27	12,604,896	9,815,779
Gross profit		2,943,895	1,810,010
Distribution costs	28	(198,503)	(157,757)
Administrative expenses	29	(476,175)	(368,319)
		(674,678)	(526,076)
Other income	30	898,102	624,826
Operating profit		3,167,319	1,908,760
Finance costs	31	(4,749)	(4,611)
Other charges	32	(217,356)	(128,294)
		(222,105)	(132,905)
Profit before taxation		2,945,214	1,775,855
Taxation	33	(796,301)	(414,476)
Profit after taxation		2,148,913	1,361,379
		(Rupees)	
Basic and diluted earnings per share	34	26.52	16.80

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Statement of Comprehensive Income

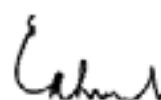
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Profit after taxation		2,148,913	1,361,379
Other comprehensive income			
<i>Item to be reclassified to profit and loss account in subsequent periods:</i>			
Gain on revaluation of available-for-sale investments		14,519	28,438
Total comprehensive income for the year		<u>2,163,432</u>	<u>1,389,817</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Cash Flow Statement

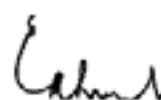
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,638,145	849,708
Finance costs paid		(4,728)	(4,585)
Retirement benefits paid		(3,529)	(3,331)
Income tax paid		(680,672)	(621,602)
Net cash generated from operating activities		1,949,216	220,190
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(119,239)	(106,452)
Long term loans and deposits		2,258	4,873
Dividends received		663,683	418,413
Profit received on bank deposits		100,430	98,447
Proceeds from disposal of property, plant and equipment		10,466	20,777
Investment in a subsidiary		(100)	(104,500)
Investment in equities		(396,669)	-
Redemption of short term investments		44,834	1,055,852
Net cash generated from investing activities		305,663	1,387,410
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(793,338)	(998,387)
Net cash used in financing activities		(793,338)	(998,387)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,461,541	609,213
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,129,337	1,520,124
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	3,590,878	2,129,337

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Statement of Changes in Equity

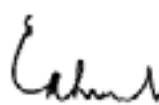
For the year ended June 30, 2015

	Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital reserves	General reserve	Unappropriated profit	Gain on changes in fair value of available -for-sale investments	
(Rupees in '000)						
Balance as at June 30, 2013	405,150	55,704	7,092,999	1,422,396	65,548	9,041,797
Profit for the year	-	-	-	1,361,379	-	1,361,379
Other comprehensive income	-	-	-	-	28,438	28,438
Total comprehensive income	-	-	-	1,361,379	28,438	1,389,817
Transfer to general reserve	-	-	814,000	(814,000)	-	-
<u>Transaction with owners, recorded directly in equity</u>						
Final dividend @ Rs. 7.50/- per share for the year ended June 30, 2013	-	-	-	(607,725)	-	(607,725)
Interim dividend @ Rs.2.50/- per share for the period ended December 31, 2013	-	-	-	(202,575)	-	(202,575)
Interim dividend @ Rs.2.50/- per share for the period ended March 31, 2014	-	-	-	(202,575)	-	(202,575)
	-	-	-	(1,012,875)	-	(1,012,875)
Balance as at June 30, 2014	405,150	55,704	7,906,999	956,900	93,986	9,418,739
Profit for the year	-	-	-	2,148,913	-	2,148,913
Other comprehensive income	-	-	-	-	14,519	14,519
Total comprehensive income	-	-	-	2,148,913	14,519	2,163,432
Transfer to general reserve	-	-	754,000	(754,000)	-	-
<u>Transaction with owners, recorded directly in equity</u>						
Final dividend @ Rs. 2.50/- per share for the year ended June 30, 2014	-	-	-	(202,575)	-	(202,575)
Interim dividend @ Rs. 3.75/- per share for the period ended December 31, 2014	-	-	-	(303,863)	-	(303,863)
Interim dividend @ Rs. 3.75/- per share for the period ended March 31, 2015	-	-	-	(303,863)	-	(303,863)
	-	-	-	(810,301)	-	(810,301)
Balance as at June 30, 2015	405,150	55,704	8,660,999	1,541,512	108,505	10,771,870

The annexed notes from 1 to 46 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Notes to the Financial Statements

For the year ended June 30, 2015

1. THE COMPANY AND ITS OPERATIONS

1.1 Thal Limited

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 are located at Muzaffargarh, engineering operations at Karachi, papersack operations at Hub and Gadoon and laminate operations 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, Sharae 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 or accounted for by using equity method of accounting.

2. 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 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement”.
- 3.2** These financial statements are presented in Pak Rupees which is also the Company’s functional currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) – Defined Benefit Plans: Employee Contributions
IAS 32 – Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities
IAS 36 – Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) Novation of Derivatives and Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements.

In addition to the above standards and interpretations, certain improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company’s financial statements for the period.

Notes to the Financial Statements

For the year ended June 30, 2015

4.2 Current versus not-current classification

The Company presents assets and liabilities in balance sheet based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 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 7 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion, up to the month preceding 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 retired.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 recorded as a liability.

These financial charges relating to the lease 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.

Notes to the Financial Statements

For the year ended June 30, 2015

4.4 Intangibles

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any).

Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Company and the same is amortized applying the straight line method at the rates stated in note 8.

4.5 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 9 to the financial statements.

4.6 Impairment of non-financial assets

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 related cash-generating units are written down to their recoverable amount.

4.7 Investments

Subsidiaries and associates

Investment in shares of the Company's subsidiaries and associates is stated at cost. Provision is made for impairment, if any, in the value of investment.

Others

Held-to-maturity

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Company has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

Available-for-sale

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

Quoted

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.

Un-Quoted

These investments are recorded at cost less accumulated impairment losses, if any

Notes to the Financial Statements

For the year ended June 30, 2015

4.8 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted 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.

4.9 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of Net Realisable Value (NRV) and cost determined as follows:

Raw and packing materials	-	Purchase cost on weighted moving average basis
Work-in-process	-	Cost of materials, labour cost and appropriate production overheads
Finished goods	-	Cost of materials, labour cost and appropriate production overheads

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

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

4.10 Trade debts and other receivables

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

Other receivables are carried at cost less provision for impairment, if any.

4.11 Ijarah rentals

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

4.12 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.

4.13 Taxation

(a) Current

The charge for current taxation in respect of certain income streams of the Company is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, 1% of turnover or 17% alternate corporate tax, whichever is higher. The Company had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 19 to the financial statements.

(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 amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. 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.

Notes to the Financial Statements

For the year ended June 30, 2015

The carrying amount of deferred tax 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. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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 laws) that have been enacted or substantively enacted at the balance sheet date.

4.14 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.

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

4.16 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 benefit 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.

4.17 Compensated absences

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

4.18 Provisions

General

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.

Warranty obligations

The Company recognizes the estimated liability to repair or replace products under warranty at the balance sheet date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually.

4.19 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Profit on bank deposits are recognised on accrual basis.
- Rental income arising from investment property is accounted for on a straight-line basis over the lease terms.

Notes to the Financial Statements

For the year ended June 30, 2015

4.20 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in profit and loss account of the current period.

4.21 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

4.22 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.

4.23 Dividends and appropriation to reserves

The Company recognises a liability for dividend to equity holder when it is authorized as per corporate laws in Pakistan. The transfer of reserves within the equity are recognized when these are approved as per the applicable laws.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

	Notes
determining the residual values, useful lives and impairment of property, plant and equipment	4.3 & 7
intangibles	4.4 & 8
valuation of inventories	4.8, 4.9, 14 & 15
provision against trade debts	4.10 & 16
provision for tax and deferred tax	4.13, 13, 19 & 33
warranty obligations	4.18 & 23.3
impairment of non financial assets	4.6
contingencies	25

Notes to the Financial Statements

For the year ended June 30, 2015

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of the above standards and amendments would not impact the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

For the year ended June 30, 2015

Operating fixed assets
Capital work-in-progress

	C O S T			Rate	D E P R E C I A T I O N			
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015	As at July 01, 2014	On disposals	As at June 30, 2015	Written down value as at June 30, 2015
	(Rupees in '000)				(Rupees in '000)			
Owned:								
Land - Freehold	5,012	-	-	5,012	-	-	-	5,012
- Leasehold	21,829	-	-	21,829	3,698	491	4,189	17,640
Building on freehold land								
- Factory building	270,035	-	-	270,035	149,814	12,024	161,838	108,197
- Non factory building	62,486	-	-	62,486	20,881	4,160	25,041	37,445
Railway sliding	792	-	-	792	712	4	716	76
Plant and machinery	1,020,324	41,084	-	1,061,408	688,587	62,877	751,464	309,944
Furniture and fittings	23,672	2,103	-	25,775	14,687	1,456	16,143	9,632
Vehicles	58,650	26,867	(11,264)	74,253	37,390	6,700	37,257	36,996
Office and mills equipment	51,183	5,346	(136)	56,393	32,260	3,507	35,673	20,720
Computer equipment	59,003	21,745	(1,347)	79,401	51,621	7,584	57,858	21,543
Jigs and fixtures	144,320	2,590	-	146,910	120,345	15,718	136,063	10,847
2015	1,717,306	99,735	(12,747)	1,804,294	1,119,995	114,521	1,226,242	578,052

7.1.2 Fixed assets include moulds having book value of Rs. 0.327 million (2014: Rs. 0.210 million) in the possession of sub-contractors.

Notes to the Financial Statements

For the year ended June 30, 2015

	C O S T				Rate	D E P R E C I A T I O N				
	As at July 01, 2013	Additions	Disposals	As at June 30, 2014		As at July 01, 2013	Depreciation	On disposals	As at June 30, 2014	Written down value as at June 30, 2014
	(Rupees in '000)				%	(Rupees in '000)				
Owned:										
Land - Freehold	12,749	-	(650)	5,012	-	-	-	-	-	5,012
- Leasehold	14,742	(7,087)*	-	21,829	3	3,190	508	-	3,698	18,131
Building on freehold land										
- Factory building	270,035	-	-	270,035	10	136,455	13,359	-	149,814	120,221
- Non factory building	58,214	-	-	62,486	5-10	15,736	4,466	-	20,881	41,605
		4,272*								
Railway sliding	792	-	-	792	5	708	4	-	712	80
Plant and machinery	958,469	78,780	(12,472)	1,020,324	10-30	641,559	59,601	(11,894)	688,587	331,737
		(4,453)*					(679)*			
Furniture and fittings	22,079	1,617	(24)	23,672	15-20	13,516	1,358	(21)	14,687	8,985
		-					(166)*			
Vehicles	56,161	6,762	(4,273)	58,650	20	34,066	4,875	(1,556)	37,390	21,260
		-					5*			
Office and mills equipment	48,147	3,473	(437)	51,183	10-30	29,233	3,410	(383)	32,260	18,923
Computer equipment	56,243	3,157	(397)	59,003	33.33	45,272	6,683	(314)	51,621	7,382
Jigs and fixtures	143,246	7,125	(6,232)	144,320	33.33	109,271	17,125	(6,232)	120,345	23,975
		181*					181*			
2014	1,640,877	100,914	(24,485)	1,717,306		1,029,006	111,389	(20,400)	1,119,995	597,311
		-					-			

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
7.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	106,044	105,606
Distribution costs	28	969	776
Administrative expenses	29	7,508	5,007
		<u>114,521</u>	<u>111,389</u>

7.3 Fixed assets include fully depreciated assets amounting to Rs. 150.161 million (2014: Rs 35.033 million).

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

Particulars	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Gain Note 30	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Vehicles							
Toyota Corolla	168	-	168	948	780	Sold under company's car scheme	Mr. Ahmed Sheraz - Ex-Employee
Toyota Corolla	320	-	320	1,400	1,080	Sold under company's car scheme	Mr. Zaheer Abbas - Ex-Employee
Toyota Altis	1,809	1,212	597	597	-	Sold under company's car scheme	Mr. Sohail P. Ahmed - Director
Toyota Corolla	1,392	951	441	787	346	Sold under company's car scheme	Mr. Tariq Iqbal Ansari - Employee
Toyota Corolla	1,410	993	417	743	326	Sold under company's car scheme	Mr. Riyaz Y. Shroff - Ex Employee
Toyota Corolla	1,899	1,377	522	522	-	Sold under company's car scheme	Mr. Hussain Qaiser Rizvi - Employee
Toyota Corolla	1,355	1,061	294	294	-	Sold under company's car scheme	Mr. Ali Sajjad Dharamsey - Employee
Toyota Corolla	1,317	782	535	535	-	Sold under company's car scheme	Mr. Asif Rizvi - Chief Executive Officer
Suzuki Mehran	173	-	173	510	337	Sold under company's car scheme	Mr. Ejaz Raza - Employee
Suzuki Mehran	240	-	240	510	270	Sold under company's car scheme	Mr. Kashif Iqbal Butt - Ex- Employee
Toyota Corolla	250	-	250	1,400	1,150	Insurance Claim	M/s. Habib Insurance Co. Ltd a related party
Motor Cycle	70	9	61	62	1	Insurance Claim	M/s. Habib Insurance Co.ltd a related party
Motor Cycle	69	11	58	64	6	Insurance Claim	M/s. Habib Insurance Co.ltd a related party
Motor Cycle	69	18	51	52	1	Negotiation	Mr. Mohammad Saleem - Employee
Items having book value upto Rs. 50,000	723	419	304	1,922	1,618	Various	Various
	11,264	6,833	4,431	10,346	5,915		
Office and mill equipment							
Items having book value upto Rs. 50,000	136	94	42	26	(16)	Various	Various
Computer equipment							
Items having book value upto Rs. 50,000	1,347	1,347	-	94	94	Various	Various
2015	12,747	8,274	4,473	10,466	5,993		
2014	24,485	20,400	4,085	20,778	16,693		

Notes to the Financial Statements

For the year ended June 30, 2015

2015
(Rupees in '000)

2014

7.5 Capital Work-In-Progress

Plant and machinery	-	4,769
Office and mills equipment	17,240	6,061
Vehicles	3,762	489
Computer equipment	150	-
	21,152	11,319

8. INTANGIBLE ASSETS

	C O S T				Rate %	A M O R T I Z A T I O N				
	As at July 01, 2014	Additions	Disposals	As at June 30, 2015		As at July 01, 2014	Amortisation	On disposals	As at June 30, 2015	Written down value as at June 30, 2015
	(Rupees in '000)					(Rupees in '000)				
Softwares	-	6,195	-	6,195	33.33	-	852	-	852	5,34
Licenses	-	3,476	-	3,476	33.33	-	563	-	563	2,913
2015	-	9,671	-	9,671	-	-	1,415	-	1,415	8,256
2014	-	-	-	-	-	-	-	-	-	-

Note

2015
(Rupees in '000)

2014

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

Cost of sales	27	463	-
Distribution costs	28	4	-
Administrative expenses	29	948	-
		1,415	-

9. INVESTMENT PROPERTY

	COST	DEPRECIATION				
	As at June 30, 2015	As at July 01, 2014	Depreciation for the year Note 29	As at June 30, 2015	Written down value as at June 30, 2015	Depreciation Rate %

9.1 Investment property comprises of a godown held at Multan which has been let out. The fair value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2015 amounts to Rs. 62 million (2014: Rs. 32 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 Holding %	2014	2015 (Rupees in '000)	2014
10. LONG-TERM INVESTMENTS					
Investments in related parties					
Subsidiaries, unquoted – at cost					
Noble Computer Services (Private) Limited		100	100	1,086	1,086
Pakistan Industrial Aids (Private) Limited		100	100	10,000	10,000
Habib METRO Pakistan (Private) Limited		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited		100	100	61,395	61,395
Thal Boshoku Pakistan (Private) Limited		55	55	104,500	104,500
Makro-Habib Pakistan Limited		100	100	223,885	223,885
Thal Power (Private) Limited		100	-	100	-
				3,190,189	3,190,089
Associates – at cost	10.1				
Quoted					
Indus Motor Company Limited		6.22	6.22	48,900	48,900
Habib Insurance Company Limited		4.63	4.63	561	561
Agriauto Industries Limited		7.35	7.35	9,473	9,473
Shabbir Tiles & Ceramics Limited		1.30	1.30	21,314	15,585
				80,248	74,519
Un-Quoted					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	10.2	25	25	284,105	284,105
Other investments - Available for sale					
Quoted - At fair value					
Habib Sugar Mills Limited				78,112	68,142
GlaxoSmithKline (Pakistan) Limited				328	279
Dynea Pakistan Limited				40,032	36,773
Allied Bank Limited				18,171	-
Habib Bank Limited				14,010	-
				150,653	105,194
Un- Quoted - At cost					
Sindh Engro Coal Mining Company Limited(SECMCL)	10.3			360,000	-
TOTAL				4,065,195	3,653,907

10.1 Although the Company has less than 20% equity interest in all of its associates except MHCCP, the management believes that significant influence over these associates exists by virtue of the Company's representation on the Board of Directors of the respective companies.

10.2 The Company holds a put option with respect to its holding in MHCCP whereby, if MHCCP does not achieve specified financial performance targets, the Company may require Metro Cash and Carry International Holding BV to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The put option is exercisable from June 27, 2014 to June 26, 2019 subject to certain conditions.

10.3 The Company has entered into a Shareholders Agreement with Engro Powergen Limited and Hub Power Company Limited for joint investment in SECMCL. The Company has made an investment of Rs. 360 million and also agreed to make an investment upto a total of Rs. 3 billion subject to certain conditions and regulatory approvals.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
11. LONG TERM LOANS AND DEPOSITS			
Loans to employees - unsecured, considered good			
Interest bearing		58	91
Interest free		264	183
Current portion	17	(151)	(101)
		<u>171</u>	<u>173</u>
Long-term deposits			
Security deposits		5,472	3,978
Utilities		2,010	2,010
Others		471	441
		<u>7,953</u>	<u>6,429</u>
Loan to A-One Enterprises (Private) Limited, a subsidiary company	11.1	5,000	5,000
		<u>13,124</u>	<u>11,602</u>

11.1 It represents interest free loan given to subsidiary company for operational requirements.

12. LONG TERM PREPAYMENT

	Note	2015 (Rupees in '000)	2014
Rent	12.1	3,780	7,560
Current portion	17	(3,780)	(3,780)
		<u>-</u>	<u>3,780</u>

12.1 Represents advance rent paid in respect of service centre upto June 2016.

13. DEFERRED TAX ASSET - net

Deferred tax comprises temporary differences relating to :

Provisions	146,622	113,521
Accelerated tax depreciation	(62,369)	(67,966)
	<u>84,253</u>	<u>45,555</u>

14. STORES, SPARES AND LOOSE TOOLS

Stores	22,593	21,440
Spares	61,619	62,689
Loose tools	87	141
	<u>84,299</u>	<u>84,270</u>

15. STOCK-IN-TRADE

Raw material			
- In hand	15.1	1,451,245	2,146,446
- In transit		401,582	314,131
Work-in-process		192,326	171,239
Finished goods		249,876	459,441
	15.2	<u>2,295,029</u>	<u>3,091,257</u>

15.1 Raw materials amounting to Rs. 9.577 million (2014: Rs. 13.218 million) are held with the sub-contractors.

15.2 Stock-in-trade includes items amounting to Rs. 592.848 million (2014: Rs. 793.164 million) carried at net realisable value. [Cost Rs. 648.972 million (2014: Rs. 841.973 million)].

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
16. TRADE DEBTS - unsecured			
Considered good	16.1	1,118,354	873,476
Considered doubtful		13,431	10,001
Provision for impairment	16.2	(13,431)	(10,001)
		-	-
		1,118,354	873,476
16.1 This includes amount due from following related parties:			
Indus Motor Company Limited		321,750	42,457
Shabbir Tiles & Ceramics Limited		7,511	1,768
Schneider Electric Pakistan (Private) Limited		-	9
		329,261	44,234
16.2 Reconciliation of provision for impairment of trade debts			
Balance at the beginning of the year		10,001	29,134
Charge for the year		5,726	-
Reversal for the year	30	(2,296)	(19,133)
		3,430	(19,133)
Balance at the end of the year		13,431	10,001
17. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good – unsecured			
Loans			
Current portion of long term loans to employees	11	151	101
Advances			
Suppliers		19,843	8,172
Employees		1,888	1,064
		21,731	9,236
Deposits			
Tender / Performance guarantee		53,856	33,257
Margin against letter of credit		231	1,775
Container deposits		3,775	2,012
		57,862	37,044
Short-term prepayments			
Current portion of long term prepayment	12	3,780	3,780
Insurance		5,332	6,755
Others		3,036	4,069
		12,148	14,604
Other receivables			
	17.1	14,273	16,626
		106,165	77,611
17.1 Other receivables			
Duty drawback		2,875	8,905
Rent		487	-
Workers' profit participation fund	17.1.1	7,750	5,505
Others	17.1.2	3,161	2,216
		14,273	16,626

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
17.1.1 Workers' profit participation fund (WPPF)			
Receivable from / (payable to) WPPF at the beginning of the year		5,505	(3,495)
Allocation for the current year		(157,250)	(94,495)
Interest on funds utilised in the Company's business		-	(348)
Liability for WPPF		(151,745)	(98,338)
Paid during the year		159,495	103,843
Net receivable from WPPF		7,750	5,505

17.1.2 This includes receivable from the following related parties:

Pakistan Industrial Aids (Private) Limited	1,393	-
Indus Motor Company Limited	36	-
Agriautos Industries Limited	26	-
Habib Insurance Company Limited	10	-
Habib METRO Pakistan (Private) Limited	453	-
Noble Computer Services (Private) Limited	459	-
Habib Metropolitan Bank Limited	87	-
Auvitronics Limited	1	-
Thal Boshoku Pakistan (Private) Limited	78	850
	<u>2,543</u>	<u>850</u>

18. SHORT-TERM INVESTMENTS

Held-to-maturity - at amortised cost

Term deposit receipts	18.1	2,800,909	1,700,909
Accrued profit thereon		4,050	449
		<u>2,804,959</u>	<u>1,701,358</u>
Musharika certificate	18.2	100,000	50,000
Accrued profit thereon		37	165
		<u>100,037</u>	<u>50,165</u>
Treasury bills	18.3	196,747	-
Accrued profit thereon		2,535	-
		<u>199,282</u>	<u>-</u>
		<u>3,104,278</u>	<u>1,751,523</u>

18.1 These deposits include deposits amounting to Rs. 2,500 million (2014: 1,700 million) with Habib Metropolitan Bank Limited, a related party and carry profit rate ranging from 6.60% to 7.40% (2014: 6.50% to 9.75%) per annum and having maturity ranging from July 05, 2015 to July 30, 2015 out of which Rs. 0.909 million (2014: Rs. 0.909 million) is under lien against a letter of guarantee issued by the bank on behalf of the Company.

18.2 These carry profit rate at 6.75% (2014: 9.25%) per annum and having maturity upto September 29, 2015.

18.3 These carry profit rate ranging from 6.84% to 7.38% per annum and having maturity upto August 06, 2015.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
19. INCOME TAX - net			
Group Tax Relief adjustments	19.1	593,466	593,466
Income tax provision less tax payments – net		<u>(454,325)</u>	<u>(299,998)</u>
		<u>139,141</u>	<u>293,468</u>

19.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding Company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Company adjusted its tax liabilities for the tax years 2008 to 2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Company is entitled to Group Relief under section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the Sindh High Court and with the Chairman ATIR which are under the process of hearings.

	Note	2015 (Rupees in '000)	2014
20. CASH AND BANK BALANCES			
With banks in:			
Current accounts	20.1	132,417	30,085
Deposit accounts	20.2	<u>373,066</u>	<u>352,496</u>
		<u>505,483</u>	<u>382,581</u>
In hand		<u>2,243</u>	<u>2,094</u>
		<u>507,726</u>	<u>384,675</u>

20.1 These include account maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 103.053 million (2014: 8.220 million).

20.2 These represent deposits with Habib Metropolitan Bank Limited, a related party. These carry markup at the rate 5.5% (2014: 8%) per annum.

Notes to the Financial Statements

For the year ended June 30, 2015

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015 Number of ordinary shares of Rs. 5/- each	2014		2015 (Rupees in '000)	2014 (Rupees in '000)
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares:	323,202	323,202
-	-	Opening balance	-	-
64,640,390	64,640,390	Issued during the year	323,202	323,202
		Closing balance		
		Shares issued under the Scheme of Arrangement for Amalgamation	56,198	56,198
11,239,669	11,239,669		405,150	405,150
81,029,909	81,029,909			

21.1 As at June 30, 2015: 7,512,043 (2014: 7,874,443) ordinary shares of Rs. 5/- each are held by related parties.

22. RESERVES

Capital reserves

Reserve on merger of former Pakistan Jute and
Synthetics Limited and former Thal Jute Mills Limited

Reserve on merger of former Pakistan Paper Sack
Corporation Limited and former Khyber Papers (Private) Limited

Revenue reserves

General reserve
Unappropriated profit

Gain on change in fair value of available for sale investments - net

Note	2015 (Rupees in '000)	2014 (Rupees in '000)
	13,240	13,240
	42,464	42,464
	55,704	55,704
	8,660,999	7,906,999
	1,541,512	956,900
	10,202,511	8,863,899
	108,505	93,986
	10,366,720	9,013,589

23. TRADE AND OTHER PAYABLES

Creditors	23.1	266,671	246,659
Accrued liabilities	23.2	588,796	420,311
Custom duty payable		10,875	81,981
Unclaimed salaries		7,733	7,878
Warranty obligations	23.3	179,853	117,642
Royalty payable	23.4	107,938	60,799
Workers' welfare fund		60,106	36,193
Security deposits		537	1,108
Unclaimed and unpaid dividend		60,376	43,413
Consideration payable against acquisition of shares of Makro-Habib Pakistan Limited		-	429,821
Other liabilities	23.5	43,117	36,413
		1,326,002	1,482,218

23.1 This includes amounts due to related parties:

Auvitronics Limited	8,574	-
Makro-Habib Pakistan Limited	1,750	1,105
Pakistan Industrial Aids (Private) Limited	5,425	4,166
Habib Insurance Company Limited	70	-
	15,819	5,271

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
23.2 This includes amounts due to related parties:			
Habib Insurance Company Limited		<u>591</u>	<u>758</u>
23.3 Warranty obligations			
Balance at the beginning of the year		117,642	94,904
Charge for the year	28	75,899	47,143
		193,541	142,047
Claims paid during the year		(13,688)	(24,405)
Balance at end of the year		179,853	117,642
23.4 Royalty payable			
Balance at the beginning of the year		60,799	74,228
Charge for the year	27	156,177	87,951
Paid during the year		(109,038)	101,380
Balance at the end of the year		107,938	60,799
23.5 Other liabilities			
Tax deducted at source		1,557	1,114
Employees Old-Age Benefits Institution		128	22
Advances from customers		26,182	24,950
Payable to provident fund		986	-
Payable to retirement benefit fund		4,538	4,353
Others		9,726	5,974
		43,117	36,413
24. SHORT TERM BORROWINGS - Secured			
Short-term running finance - Banks			
Related party		13,921	4,972
Others		635	366
	24.1	14,556	5,338
24.1 Available limits of the running finance facilities amount to Rs. 2,453 million (2014: Rs. 2,453 million). The facilities carry mark-up at rates ranging from one month to three months' KIBOR plus spreads of 0.75% to 0.90% (2014: 0.75% to 0.9%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Company's stock-in-trade and book debts. The facilities have a maturity till April 20, 2018.			

Notes to the Financial Statements

For the year ended June 30, 2015

2015
(Rupees in '000)

2014

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Letter of guarantees issued by banks on behalf of the Company. **12,310** 19,349

25.1.2 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SRO's. **166,379** 218,276

25.1.3 The Subsidiary company MHPL owns a retail store in Saddar Karachi. The Supreme Court of Pakistan, in its judgment released on December 18, 2009, cancelled the 90 years lease (for the area where Saddar store is located) granted by the Government of Pakistan (GoP) to the Army Welfare Trust (AWT) dated December 19, 2002 on the basis that it was granted without lawful authority. As a consequence, the Supreme Court of Pakistan also cancelled the sub-lease granted in favour of the MHPL by AWT dated July 31, 2006. MHPL was allowed three months from the date of judgment to remove its structures and installations from the subject land and hand-over the subject land's vacant possession to City District Government Karachi.

MHPL filed a review petition against the judgment of the Supreme Court of Pakistan and GoP and AWT also filed review petitions on January 22, 2010. The matter has not been definitively decided up till now.

During the year 2012, MHPL entered into an Operation Agreement with MHCCP whereby MHCCP was engaged to operate MHPL's AWT (Saddar) Store. Under the above referred Operation Agreement, MHPL is required to pay to MHCCP an Operation Fee of up to Rs. 792 million. Under the agreement between Metro BV and the Company, if the Review Petition filed by MHPL in the Supreme Court is definitively and conclusively decided adversely against MHPL prior to the payment of the entire amount of Rs. 792 million by MHPL to MHCCP, then MHPL is required to pay to MHCCP the balance of the Operation Fee (Rs. 792 million less the Operation Fee paid up to date of such decision of Review Petition). If MHPL fails to make such payment, the Company has agreed that it will make the payment of the same to MHCCP.

However, no provision against the same has been considered necessary in these financial statements as the Company expects a favourable outcome of the review petition.

792,000 792,000

25.2 Commitments

25.2.1 Letters of credit outstanding for raw material and spares **1,237,316** 996,761

25.2.2 Commitments in respect of capital expenditure - 12,294

25.2.3 Commitments for rentals under Ijarah finance agreements

Within one year **2,209** 8,662

After one year but not later than five years **220** 2,643

2,429 11,305

Represent Ijarah agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.429 million and are payable in monthly installments latest by September 2017. These commitments are secured by on-demand promissory notes of Rs. 11.834 million.

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
26. REVENUE - net			
Export sales	26.1	930,322	1,075,530
Local sales	26.2	16,850,364	12,117,207
		17,780,686	13,192,737
Less: Sales tax		2,228,507	1,570,935
Sales discount		1,322	1,968
Sales returns		-	19
		2,229,829	1,572,922
Add: Duty drawback		(2,066)	5,974
		15,548,791	11,625,789

26.1 Export sales are stated net of export related freight and other expenses of Rs. 42.311 million (2014: Rs. 47.535 million).

26.2 Local sales are stated net of freight and other expenses of Rs. 59.111 million (2014: Rs. 51.951 million).

	Note	2015 (Rupees in '000)	2014
27. COST OF SALES			
Raw material consumed	27.1	10,486,649	8,286,247
Salaries, wages and benefits		1,076,825	1,010,573
Stores and spares consumed		140,096	132,534
Repairs and maintenance		90,348	77,658
Power and fuel		301,853	312,439
Rent, rates and taxes		3,755	1,828
Vehicle running and maintenance		9,024	10,349
Insurance		9,163	9,889
Communication		4,337	3,954
Travelling and conveyance		12,110	8,593
Entertainment		413	926
Printing and stationery		4,372	3,882
Legal and professional		1,064	1,293
Computer accessories		6,424	3,285
Provision for royalty	23.4	156,177	87,951
Depreciation	7.2	106,044	105,606
Amortisation	8.1	463	-
Research and development		2,517	3,521
Ijarah rentals		2,625	5,240
Technical assistance fee		-	17,226
Others		2,159	748
		12,416,418	10,083,742
Work-in-process			
Opening		171,239	176,847
Closing		(192,326)	(171,239)
		(21,087)	5,608
Cost of goods manufactured		12,395,331	10,089,350
Finished goods			
Opening		459,441	185,870
Closing		(249,876)	(459,441)
		209,565	(273,571)
		12,604,896	9,815,779
27.1 Raw material consumed			
Opening stock		2,146,446	1,653,805
Purchases		9,791,448	8,778,888
Closing stock		(1,451,245)	(2,146,446)
		10,486,649	8,286,247

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
28. DISTRIBUTION COSTS			
Salaries and benefits		55,641	49,088
Vehicle running expense		4,089	4,656
Utilities		1,753	1,660
Insurance		2,728	2,594
Rent, rates and taxes		8,182	8,454
Communication		1,489	1,733
Advertisement and publicity		7,447	5,075
Travelling and conveyance		7,341	6,678
Entertainment		139	260
Printing and stationery		316	361
Legal and professional		25	-
Computer accessories		209	235
Research and development		267	440
Depreciation	7.2	969	776
Amortisation	8.1	4	-
Provision for impairment of debts	16.2	5,726	-
Repairs and maintenance		1,154	262
Export expenses		23,412	24,793
Provision for warranty claims	23.3	75,899	47,143
Ijarah rentals		886	2,984
Others		827	565
		198,503	157,757

29. ADMINISTRATIVE EXPENSES

Salaries and benefits		273,901	205,055
Vehicle running expense		12,682	11,593
Printing and stationery		2,522	2,799
Rent, rates and taxes		8,535	3,710
Utilities		5,740	5,376
Insurance		812	740
Entertainment		1,250	1,502
Subscription		2,058	1,790
Communication		3,204	3,539
Advertisement and publicity		593	286
Repairs and maintenance		6,282	6,046
Travelling and conveyance		18,271	17,169
Legal and professional		88,928	70,632
Computer accessories		3,673	3,128
Auditors' remuneration	29.1	3,597	3,117
Depreciation	7.2	7,508	5,007
Depreciation on investment property	9	4	7
Amortisation	8.1	948	-
Ijarah rentals		3,611	5,850
Charity and donations	29.2	29,968	17,988
Directors' fee and meeting expenses		1,146	2,199
Others		942	786
		476,175	368,319
29.1 Auditors' remuneration			
Audit fee		1,759	1,607
Half-yearly review		279	234
Taxation services		906	510
Other certification		337	304
Out of pocket expenses		316	462
		3,597	3,117

Notes to the Financial Statements

For the year ended June 30, 2015

29.2 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	2015 (Rupees in '000)	2014
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	9,998	6,525
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	3,000	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	4,000	4,250
Anjuman -e- Behbood-Samat -e- Itetal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	36
Note			2015 (Rupees in '000)	2014

30. OTHER INCOME

Income from financial assets

Dividend income			
- Related parties		657,543	411,699
- Others		6,140	6,714
Profit on call deposit accounts and short term investments		106,591	89,654
Gain on redemption of investments at fair value through profit and loss		44,834	60,099
Reversal of provision for impairment of trade debt	16.2	2,296	19,133
Liabilities / provisions no longer payable / required written back		116	186
Exchange gain - net		3,554	73
		821,074	587,558

Income from non financial assets

Gain on disposal of property, plant and equipment	7.4	5,993	16,693
Rental income		6,535	4,706
Claim from suppliers / customers		14,119	12,735
Others		50,381	3,134
		77,028	37,268
		898,102	624,826

31. FINANCE COSTS

Mark-up / interest on:			
Short-term borrowings			
- Related party		41	53
- Others		582	107
Workers' profit participation fund		-	348
Bank charges and commission		4,126	4,103
		4,749	4,611

32. OTHER CHARGES

Workers' profits participation fund		157,250	94,495
Workers' welfare fund		60,106	33,799
		217,356	128,294

33. TAXATION

Current		822,067	442,381
Prior		12,932	(4,374)
Deferred		(38,698)	(23,531)
	33.1	796,301	414,476

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
33.1 Relationship between income tax expense and accounting profit			
Profit before tax		2,945,214	1,775,855
Tax at the rate of 33% (2014: 34%)	33.1.1	971,921	603,791
Super tax @ 3% of taxable income		78,882	-
		1,050,803	603,791
Tax effects of:			
Income taxed at reduced rates		(230,095)	(168,346)
Income tax under Final tax regime		(33,811)	(30,563)
Tax effect of inadmissible items		(3,528)	13,968
Prior years		12,932	(4,374)
		796,301	414,476

33.1.1 The Federal Government vide Finance Act 2015 has imposed a onetime super tax at the rate of 3% on income of companies for the tax year 2015. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Accordingly, provision of Rs. 78.882 million for Super tax has been made in these financial statements.

	2015 (Rupees in '000)	2014
34. BASIC AND DILUTED EARNINGS PER SHARE		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year after taxation	2,148,913	1,361,379
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	(Rupees)	
Basic and diluted earnings per share	26.52	16.80

	2015 (Rupees in '000)	2014
35. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,945,214	1,775,855
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	115,940	111,396
Finance costs	4,749	4,612
Profit earned on call deposit and short term investments	(106,591)	(89,654)
Liabilities / provisions no longer payable / required written back	(116)	(186)
Gain on revaluation of investments at fair value through profit and loss	(44,834)	(60,099)
Dividend income	(663,683)	(418,413)
Provision / (reversal) for impairment of debts - net	3,430	(19,133)
Provision for retirement benefits	3,595	2,985
Gain on disposal of property, plant and equipment	(5,993)	(16,693)
	(693,503)	(485,185)
	2,251,711	1,290,670
(Increase) / decrease in current assets		
Stores, spares and loose tools	13	(3,686)
Stock-in-trade	796,228	(634,821)
Trade debts	(248,308)	153,348
Loans, advances, deposits, prepayments and other receivables	(28,554)	46,435
Increase / (decrease) in current liabilities		
Trade and other payables	(173,123)	23,020
Sales tax payable	40,178	(25,258)
	386,434	(440,962)
	2,638,145	849,708

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
36. CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	507,726	384,675
Short term investments	18	3,097,708	1,750,000
Running Finance	24	(14,556)	(5,338)
		<u>3,590,878</u>	<u>2,129,337</u>

37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of 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 in notes 38 in these financial statements, are as follows:

Relationship	Nature of transactions	2015	2014
		(Rupees in '000)	
Subsidiaries	Sales of goods	71	-
	Professional Services acquired	82,883	73,135
	Purchase of assets	41	175
	Purchase of goods	49,657	29,229
	Supplies purchased	31,110	24,430
	Sale of asset	-	43
	Rent received	5,025	3,351
	Investment in Subsidiary	100	104,500
	Service Fee	25,200	13,500
Associates	Sales of goods	8,303,593	4,442,763
	Insurance premium	28,162	33,197
	Purchase of assets	20,012	-
	Purchase of goods	122,654	63,028
	Insurance claim received	11,307	2,513
	Mark-up and bank charges paid	4,758	5,281
	Profit received on deposits	79,542	89,340
	Rent paid	800	400
Employee benefit plans	Contribution to provident fund	35,309	39,785
	Contribution to retirement benefit fund	3,319	2,902

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

The receivable / payable balances with related parties as at June 30, 2015 are disclosed in the respective notes to the financial statements.

38. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2015			2014		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration	28,898	-	207,103	27,172	-	151,331
Company's contribution to provident fund	694	-	7,562	603	-	5,699
Company's contribution to retirement benefit fund	-	-	3,425	-	-	2,786
	<u>29,592</u>	<u>-</u>	<u>218,090</u>	<u>27,775</u>	<u>-</u>	<u>159,816</u>
Number of persons	1	-	92	1	-	68

38.1 The chief executive, directors and certain executives of the company are provided with free use of company maintained cars.

38.2 Four non executive directors (2014: Five) have been paid fees of Rs. 970,000 (2014: Rs. 1,070,000) for attending board and other meetings.

Notes to the Financial Statements

For the year ended June 30, 2015

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	140,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Actual Production		
Jute (Metric Tons)	25,247	27,260
Auto air conditioners (Units)	72,078	46,531
Wire harness (Units)	107,890	63,253
Paper bags (Nos. 000s)	95,148	81,924
Alternator (Units)	51,655	781
Starter (Units)	51,753	777
Reason for shortfall	Low demand	Low demand

39.1 The capacity of wire harness is dependent on product mix.

39.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

40. PROVIDENT FUND

	2015 unaudited	2014 Audited
	(Rupees in '000)	
Size of the fund	591,234	540,506
Percentage of investments made	93.44%	98.13%
Fair value of investments	552,462	530,400
Cost of investments made	522,181	479,550

40.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2015 (Unaudited)		2014 (Audited)	
	Investments (Rs '000)	investment as a % of size of the fund	Investments (Rs '000)	investment as a % o size of the fund
Government securities	266,929	45.15%	232,660	43.04%
Term finance certificates and Sukuks	99,099	16.76%	85,064	15.74%
Term deposit receipts and call deposits	27,224	4.60%	20,201	3.74%
Listed securities and mutual fund units	159,210	26.93%	192,475	35.61%

40.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Notes to the Financial Statements

For the year ended June 30, 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversee policies for managing each of these risks which are summarised below.

41.1 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 minimize 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 is analyzed as under:

	2015	2014
	(Rupees in '000)	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 324.831 million (2014: Rs. 21.137 million) receivable from related parties.]	860,645	564,281
Past due but not impaired		
- Less than 90 days [includes Rs. 4.430 million (2014: Rs. 22.926 million) receivable from related parties.]	168,925	284,810
- 91 to 180 days [includes Rs. Nil (2014: Rs. 0.171 million) receivable from related parties.]	75,559	24,171
- 181 to 360 days [includes Rs. Nil (2014: Rs. Nil) receivable from related parties.]	13,225	214
	<u>1,118,354</u>	<u>873,476</u>
Bank balances and deposits		
Ratings		
A1+	491,339	365,309
A-1+	7,274	16,686
A-1	-	27
A2	6,870	-
P-1 *	-	559
	<u>505,483</u>	<u>382,581</u>

* This reflects rating assigned by an international rating agency to foreign banks

Short term investments

Ratings		
A1+	2,904,996	1,751,523
A-1+	199,282	-
	<u>3,104,278</u>	<u>1,751,523</u>

Notes to the Financial Statements

For the year ended June 30, 2015

41.2 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 June 30, 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Long term deposits	-	-	-	1,714	1,714
Trade and other payables	972,777	-	-	-	972,777
Short-term borrowing - secured	14,556	-	-	-	14,556
Accrued markup	55	-	-	-	55
Sales tax payable	15,759	-	-	-	15,759
	30,370	-	-	1,714	1,004,861

Year ended June 30, 2014

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Long term deposits	-	-	-	1,714	1,714
Trade and other payables	1,118,366	-	-	-	1,118,366
Short-term borrowing - secured	5,338	-	-	-	5,338
Accrued markup	34	-	-	-	34
	1,123,738	-	-	1,714	1,125,452

41.3 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 foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risks is as follows:

	2015	2014
Trade receivables (US Dollars)	418,857	317,894
Trade receivables (AED)	-	1,270,306
Trade receivables (SAR)	-	1,114,489
Trade and other payables (US Dollars)	1,649,767	1,138,002
Trade and other payables (JPY)	109,201	-
Trade and other payables (CHF)	1,481	-
Total (AED) - receivables	-	1,270,306
Total (SAR) - receivables	-	1,114,489
Total (CHF) - payables	1,481	-
Total (JPY) - payables	109,201	-
Total (US Dollars) - payables	1,230,910	820,108

The following significant exchange rates have been applied at the balance sheet date:

US Dollars	101.70	98.75
AED	27.69	26.83
SAR	27.12	26.28
JPY	0.82	-
CHF	109.64	-

Notes to the Financial Statements

For the year ended June 30, 2015

Sensitivity analysis:

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

	Change in US dollars, AED, JPY, CHF & SARs rate %	Effect on profit or (loss) before tax (Rupees in '000)	Effect on equity
2015	+ 10	(12,544)	(9,152)
	- 10	12,544	9,152
2014	+ 10	(1,761)	(1,350)
	- 10	1,761	1,350

41.4 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 short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the financial statements.

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 (Rupees in '000)
2015		
KIBOR	+ 100	3,568
KIBOR	- 100	(3,568)
2014		
KIBOR	+ 100	3,472
KIBOR	- 100	(3,472)

41.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

Notes to the Financial Statements

For the year ended June 30, 2015

42. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue 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 its operations through equity and working capital.

43. 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. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book value.

Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1 : Quoted prices in active markets for identical assets.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2015, the Company has only available-for-sale investments measured at fair value using level 1 valuation techniques.

44. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 27, 2015 has approved the following:

- (i) transfer of Rs. 1,136 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 5 per share for the year ended June 30, 2015 for approval of the members at the Annual General Meeting to be held on October 5, 2015.

45. GENERAL

45.1 The number of employees as at June 30, 2015 was 4,144 (2014: 5,061) and average number of employees during the year was 4,826 (2014: 5,897).

45.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.


45.3 Figures have been rounded off to the nearest thousands.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 27, 2015 by the Board of Directors of the Company.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN



Consolidated Financial Statements

For the year ended June 30, 2015



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Thal Limited (the Holding Company) and its subsidiary companies (the Group) as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive Income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and its subsidiary companies namely Noble Computer Services (Private) Limited, Habib METRO Pakistan (Private) Limited, Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited and Thal Power (Private) Limited except for Makro-Habib Pakistan Limited (MHPL) which were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of the Thal Limited and its subsidiary companies as at 30 June 2015 and the results of their operations for the year then ended.

We draw attention to the fact that the auditors' report dated 11 August 2015 on the financial statements of MHPL for the year ended 30 June 2015 contains an emphasis of matter paragraph with respect to the matter stated in note 29.1.3 to the consolidated financial statements. The said note describes uncertainty related to the judgement of the Supreme Court of Pakistan requiring MHPL to remove its structures and installations of its Army Welfare Trust (AWT) store and the consequent review petition filed by MHPL with the Supreme Court of Pakistan. Our opinion is not qualified in respect of this matter.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 27 August 2015

Karachi

Consolidated Balance Sheet

As at June 30, 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,285,391	1,359,936
Intangible assets	9	8,713	379
Investment properties	10	7,176,769	7,432,450
Long-term investments	11	2,132,047	1,565,041
Long-term loans and deposits	12	11,803	10,282
Long-term prepayments	13	55,946	65,002
Deferred tax asset - net	14	28,612	26,754
		10,699,281	10,459,844
CURRENT ASSETS			
Stores, spares and loose tools	15	91,026	85,756
Stock-in-trade	16	2,543,659	3,386,559
Trade debts - unsecured	17	1,210,643	942,975
Loans, advances, deposits, prepayments and other receivables	18	151,654	140,460
Short-term investments	19	5,053,988	3,121,623
Accrued profit on bank deposits		4,053	2,961
Income tax - net	20	173,214	296,027
Sales tax refundable		31,219	83,505
Cash and bank balances	21	645,884	520,971
		9,905,340	8,580,837
TOTAL ASSETS		20,604,621	19,040,681
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2014: 100,000,000) ordinary shares of Rs. 5/- each		500,000	500,000
Issued, subscribed and paid-up capital	22	405,150	405,150
Share deposit money		12	12
Reserves	23	12,214,199	10,542,041
Equity attributable to equity holders of the Holding Company		12,619,361	10,947,203
Non-controlling interest	24	5,790,139	5,664,797
Total equity		18,409,500	16,612,000
NON-CURRENT LIABILITIES			
Long term security deposits	25	309,708	308,119
CURRENT LIABILITIES			
Trade and other payables	26	1,847,549	2,032,477
Short-term borrowings - secured	27	23,807	74,059
Deferred income	28	14,002	13,995
Accrued markup		55	31
		1,885,413	2,120,562
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		20,604,621	19,040,681

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



ASIF RIZVI
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SOHAIL P. AHMED
VICE CHAIRMAN

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Revenue - net	30	18,938,928	14,281,453
Cost of sales	31	15,504,550	12,162,341
Gross profit		3,434,378	2,119,112
Distribution costs	32	(237,708)	(185,024)
Administrative expenses	33	(1,268,432)	(1,118,208)
		(1,506,140)	(1,303,232)
Other income	34	1,809,850	1,682,977
Operating profit		3,738,088	2,498,857
Finance costs	35	(17,405)	(5,543)
Other charges	36	(244,959)	(177,220)
		(262,364)	(182,763)
		3,475,724	2,316,094
Share of net profit / (loss) of associates - after tax	11.1	489,860	(100,622)
Profit before taxation		3,965,584	2,215,472
Taxation	37	(1,192,345)	(716,501)
Profit after taxation		2,773,239	1,498,971
Attributable to			
- Equity holders of Holding Company		2,469,418	1,268,114
- Non-controlling interest		303,821	230,857
		2,773,239	1,498,971

(Rupees)

Basic and diluted earnings per share attributable to the equity holders of the Holding Company

38 **30.48** 15.65

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.


ASIF RIZVI
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SOHAIL P. AHMED
VICE CHAIRMAN

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Profit after taxation		2,773,239	1,498,971
Other comprehensive income			
<i>Items to be reclassified to profit and loss account in subsequent periods:</i>			
Share of unrealized gain on revaluation of foreign exchange contracts of an associate		-	1,448
Gain on revaluation of available-for-sale investments		13,187	23,401
		13,187	24,849
<i>Items not to be reclassified to profit and loss account in subsequent periods:</i>			
Share of actuarial loss on remeasurement of defined benefit plans of associates		(146)	(107)
Total comprehensive income for the year		2,786,280	1,523,713
Attributable to			
- Equity holders of the Holding Company		2,482,459	1,292,856
- Non-controlling interest		303,821	230,857
		2,786,280	1,523,713

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



ASIF RIZVI
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SOHAIL P. AHMED
VICE CHAIRMAN

Consolidated Cash Flow Statement

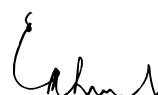
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,029,031	2,071,173
Finance costs paid		(16,851)	(5,426)
Retirement benefits paid		(3,529)	(3,331)
Income tax paid		(1,070,201)	(952,583)
Net cash generated from operating activities		2,938,450	1,109,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(137,166)	(387,926)
Long term loans and deposits		2,258	731
Dividends received		338,704	127,716
Profit received		222,287	191,767
Proceeds from disposal of property, plant and equipment		13,671	24,070
Investment in equities		(396,669)	-
(Purchase) / redemption of short term investments		(240,434)	1,039,686
Net cash (used in) / generated from investing activities		(197,349)	996,044
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		-	85,500
Dividends paid		(971,817)	(1,151,019)
Long term deposit		1,589	967
Net cash used in financing activities		(970,228)	(1,064,552)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,770,873	1,041,325
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,485,412	2,444,087
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40	5,256,285	3,485,412

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



SOHAIL P. AHMED
VICE CHAIRMAN

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Issued, subscribe and paid-up capital	Share deposit money	Reserves					Non-controlling interest	Total equity
			Capital reserves	General reserve	Unappropriated profit	Unrealised gain / (loss) on hedging instruments	Gain on changes in fair value of available for sale investments		
	(Rupees in '000)								
Balance as at June 30, 2013	405,150	12	67,929	7,134,874	2,988,785	(1,448)	71,920	5,501,071	16,168,293
Profit for the year	-	-	-	-	1,268,114	-	-	230,857	1,498,971
Other comprehensive income	-	-	-	-	(107)	1,448	23,401	-	24,742
Total comprehensive income	-	-	-	-	1,268,007	1,448	23,401	230,857	1,523,713
Transfer to general reserve	-	-	-	814,000	(814,000)	-	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend @ Rs. 7.50/- per share for the year ended June 30, 2013	-	-	-	-	(607,725)	-	-	-	(607,725)
Interim dividend @ Rs. 2.50/- per share for the period ended December 31, 2013	-	-	-	-	(202,575)	-	-	-	(202,575)
Interim dividend @ Rs. 2.50/- per share for the period ended March 31, 2014	-	-	-	-	(202,575)	-	-	-	(202,575)
Subsidiary company									
Final dividend @ Rs. 0.31/- per share for the year ended June 30, 2013	-	-	-	-	-	-	-	(42,171)	(42,171)
Interim dividend @ Rs. 0.812/- per share for the year ended June 30, 2014	-	-	-	-	-	-	-	(110,460)	(110,460)
Shares issued by subsidiary to non controlling interest holders	-	-	-	-	-	-	-	85,500	85,500
	-	-	-	-	(1,012,875)	-	-	(67,131)	(1,080,006)
Balance as at June 30, 2014	405,150	12	67,929	7,948,874	2,429,917	-	95,321	5,664,797	16,612,000
Profit for the year	-	-	-	-	2,469,418	-	-	303,821	2,773,239
Other comprehensive income	-	-	-	-	(146)	-	13,187	-	13,041
Total comprehensive income	-	-	-	-	2,469,272	-	13,187	303,821	2,786,280
Transfer to general reserve	-	-	-	754,000	(754,000)	-	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend @ Rs. 2.50/- per share for the year ended June 30, 2014	-	-	-	-	(202,575)	-	-	-	(202,575)
Interim dividend @ Rs. 3.75/- per share for the period ended December 31, 2014	-	-	-	-	(303,863)	-	-	-	(303,863)
Interim dividend @ Rs. 3.75/- per share for the period ended March 31, 2015	-	-	-	-	(303,863)	-	-	-	(303,863)
Subsidiary company									
Final dividend @ Rs. 0.242/- per share for the year ended June 30, 2014	-	-	-	-	-	-	-	(32,920)	(32,920)
Interim dividend @ Rs. 1.07/- per share for the year ended June 30, 2015	-	-	-	-	-	-	-	(145,559)	(145,559)
	-	-	-	-	(810,301)	-	-	(178,479)	(988,780)
Balance as at June 30, 2015	405,150	12	67,929	8,702,874	3,334,888	-	108,508	5,790,139	18,409,500

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



SOHAIL P. AHMED
VICE CHAIRMAN

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

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

- 1.2** The Group comprises of the Holding Company and the following subsidiaries that have been consolidated in these financial statements:

Subsidiary Companies	Note	Date of becoming subsidiary	Holding		Total assets	Total liabilities	Total assets	Total liabilities
			2015	2014	2015		2014	
			%	%	(Rupees in '000s)		(Rupees in '000s)	
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	134,484	31,666	121,689	30,485
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	28,867	4,584	24,693	1,370
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	1,004,657	318,170	1,088,576	388,770
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	180,160	5,097	180,725	5,087
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	8,894,549	451,152	8,633,873	433,511
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	306,426	70,670	282,365	109,117
Thal Power (Private) Limited	1.2.7	03-07-2014	100	-	85	75	-	-

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 17, 2006 as a private limited company. The subsidiary is engaged in trading of various products.

1.2.3 Makro-Habib Pakistan Limited (MHPL)

- (a) MHPL was incorporated in Pakistan on June 29, 2005 as a public limited (unlisted) company. The MHPL was an associated undertaking of the Holding Company until April 30, 2008 and became a subsidiary company with effect from May 01, 2008. The subsidiary is engaged in wholesale / retail cash and carry business.
- (b) The MHPL has entered into Arrangement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) (then a wholly owned subsidiary of METRO Cash and Carry International Holding BV) (the Operator) whereby the Operator has been engaged to operate the AWT Saddar Store (the Store) for an operations fee determined under the agreed mechanism. The Operator has agreed to operate the Store safely and efficiently and in accordance with the standards of a reasonable and prudent Operator; and to perform the services under the Agreement (the Services) entirely at its own cost and expense ensuring that in performing the Services it shall not cause MHPL to be in breach of any of the obligations under the lease deed relating to the Store and those obligations which relate to or are affected by the Services under any of the applicable laws.

1.2.4 A-One Enterprises (Private) Limited

A-One Enterprises (Private) Limited was incorporated in Pakistan on December 16, 2011 as a private limited company. The subsidiary owns a land at Multan road, Lahore.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

1.2.5 Habib METRO Pakistan (Private) Limited

Habib METRO Pakistan (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on December 16, 2011 under the Companies Ordinance, 1984. The main business of the Company is to own and manage properties.

1.2.6 Thal Boshoku Pakistan (Private) Limited (TBPPL)

- (a) TBPPL was incorporated on September 03, 2013 as a private company limited by shares under the Companies Ordinance, 1984. The principle activity of TBPPL is to manufacture automobile seats, seat parts, air cleaner and other automobile parts. TBPPL has started commercial production during the year. The registered office of TBPPL is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharah-e-Faisal, Karachi.
- (b) The Company was formed pursuant to a Joint Venture Agreement between Thal Limited (the Holding Company), Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan.

1.2.7 Thal Power (Private) Limited (TPPL)

TPPL was incorporated in Pakistan under the Companies Ordinance, 1984 as a private limited company on 03 July 2014. TPPL will be engaged in generating, supplying, converting, transforming, importing, exporting and dealing in electricity and all other forms of energy and electricity generation. TPPL has not started commercial production as at or subsequent to the balance sheet date. The registered office of TPPL is situated at 4th floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Shahrah-e-Faisal, Karachi.

2. 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 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1 These consolidated financial statements have been prepared under the historical cost convention, except for available for sale financial assets and financial assets designated as fair value through profit or loss account which are stated at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement”.
- 3.2 These consolidated financial statements are presented in Pak Rupees which is also the Group’s functional currency.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 30 June 2015.

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 when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest in the net assets and profit or loss of subsidiaries are identified and reported separately from the Holding Company’s ownership interest.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New and amended standards and interpretations

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

- IAS 19 – Employee Benefits – (Amendment) – Defined Benefit Plans: Employee Contributions
- IAS 32 – Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) Novation of Derivatives and
Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements.

In addition to the above standards and interpretations, certain improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Group expects that such improvements to the standards do not have any impact on the Group's financial statements for the period.

5.2 Current versus non-current classification

The Group presents assets and liabilities in balance sheet based on current / non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.3 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 consolidated 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 8 to the consolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 recorded as a liability.

These financial charges relating to the lease 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.

5.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any).

Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Group and the same is amortized applying the straight line method at the rates stated in note 9.

5.5 Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on reducing balance method at the rate specified in note 10.

5.6 Impairment of non-financial assets

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 related cash-generating units are written down to their recoverable amount.

5.7 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 and loss account 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.

5.8 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 consolidated profit and loss account reflects the Group's share of the results of the operations of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit and loss account.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Others

Held-to-maturity

These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Group has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Designated investments at fair value through profit or loss

Designated investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.

Available-for-sale

These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

Quoted

These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.

Un-Quoted

These investments are recorded at cost less accumulated impairment losses, if any.

5.9 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted 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.

5.10 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of Net Realisable Value (NRV) and cost determined as follows:

Raw and packing materials	- Purchase cost or weighted moving average basis.
Work-in-process	- Cost of materials, labour cost and appropriate production overheads.
Finished goods	- Cost of materials, labour cost and appropriate production overheads.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

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

5.11 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' outstandings and creditworthiness. Bad debts are written-off as and when identified.

Other receivables are carried at cost less provision for impairment, if any.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

5.12 Ijarah rentals

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

5.13 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.

5.14 Taxation

(a) Current

The charge for current taxation in respect of certain income streams of the Group is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or 1% of turnover or 17% alternate corporate tax, whichever is higher. The Group had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 20 to the consolidated financial statements.

(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 amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. 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 tax 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. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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 laws) that have been enacted or substantively enacted at the balance sheet date.

5.15 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 Group.

5.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

5.17 Staff retirement benefits

Defined Contribution plan

Provident fund

The Group operates recognised provident funds for its permanent employees. Equal monthly contributions are made to the funds 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 benefit fund

The Holding 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.

5.18 Compensated absences

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

5.19 Provisions

General

Provisions are recognised in the balance sheet where the Group 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.

Warranty obligations

The Group recognizes the estimated liability to repair or replace products under warranty at the balance sheet date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually.

5.20 Revenue recognition

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Profit on bank deposits are recognised on accrual basis.
- Rental income arising from investment properties is accounted for on a straight basis over the lease term.

5.21 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in profit and loss account of the current period.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

5.22 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements.

5.23 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.

5.24 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.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

	Notes
- determining the residual values, useful lives and impairment of property, plant and equipment	5.3 & 8
- intangibles	5.4 & 9
- valuation of inventories	5.9, 5.10, 15 & 16
- provision against trade debts	5.11 & 17
- provision for tax and deferred tax	5.14, 14 & 37
- warranty obligations	5.19 & 26.3
- impairment of non financial assets	5.6
- contingencies	29

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets -Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Group expects that the adoption of the above standards and amendments would not impact the Group's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	IASB Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	1,264,098	1,182,036
Capital work-in-progress	8.5	21,293	177,900
		<u>1,285,391</u>	<u>1,359,936</u>

Note 2015 2014
(Rupees in '000)

8.1 Statement of operating fixed assets

	C O S T			Rate %	D E P R E C I A T I O N				
	As at July 01, 2014	Additions	Disposals		As at June 30, 2015	As at July 01, 2014	Depreciation for the year On disposals 2015	As at June 30, 2015	Written down value as at June 30, 2015
(Rupees in '000)									
Owned:									
Land - Freehold	203,753	-	-	203,753	-	-	-	-	203,753
- Leasehold	45,381	-	-	45,381	1.69-3.33	5,591	1,449	7,040	38,341
Building on freehold land									
- Factory building	270,035	17,558	-	287,593	10	149,814	12,944	162,758	124,835
- Non factory building	471,979	-	-	471,979	5-10	163,450	25,024	188,474	283,505
Railway sliding	792	-	-	792	5	712	4	716	76
Plant and machinery	1,232,542	134,024	-	1,366,566	10-30	830,399	95,461	925,860	440,706
Furniture and fittings	29,996	2,806	-	32,802	15-20	18,660	2,282	20,942	11,860
Vehicles	88,005	33,212	(16,197)	105,020	20	48,707	10,840	(8,975)	54,448
Office and mills equipment	62,103	12,159	(487)	73,775	10-30	38,282	5,090	(429)	30,832
Computer equipment	69,086	25,347	(1,457)	92,976	33	59,996	9,067	(1,447)	25,360
Jigs and fixtures	144,320	52,009	-	196,329	33	120,345	25,602	145,947	50,382
2015	2,617,992	277,115	(18,141)	2,876,966		1,435,956	187,763	(10,851)	1,612,868
									1,264,098

8.1.1 Additions include transfers from capital work in progress amounting to Rs. 214,717 million (2014: Rs. 73.111 million).

8.1.2 Fixed assets include moulds having book value of Rs. 0.327 million (2014: Rs. 0.21 million) in the possession of sub-contractors.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	C O S T				Rate %	D E P R E C I A T I O N				
	As at July 01, 2013	Additions transfers*	Disposals transfers*	As at June 30, 2014		As at July 01, 2013	Depreciation/ adjustments for the year	On disposals / transfers*	As at June 30, 2014	Written down value as at June 30, 2014
	(Rupees in '000)					(Rupees in '000)				
Owned:										
Land - Freehold	211,490	(7,087)	(650)	203,753	-	708	(708)	-	-	203,753
- Leasehold	38,294	7,087	-	45,381	1.69-3.33	3,099	2,492	-	5,591	39,790
Building on freehold land										
- Factory building	270,035	-	-	270,035	10	136,455	13,359	-	149,814	120,221
- Non factory building	467,707	-	-	471,979	5-10	137,441	25,330	-	163,450	308,529
		4,272 *					679 *			
Railway sliding	792	-	-	792	5	708	4	-	712	80
Plant and machinery	1,172,190	78,820	(14,015)	1,232,542	10-30	771,225	72,494	(12,641)	830,399	402,143
		(4,453) *					(679) *	-		
Furniture and fittings	28,612	1,617	(233)	29,996	15-20	16,902	2,076	(152)	18,660	11,336
Vehicles	85,416	10,307	(7,718)	88,005	20	42,477	8,835	(2,610)	48,707	39,298
							5 *			
Office and mills equipment	57,181	5,513	(591)	62,103	10-30	34,482	4,312	(512)	38,282	23,821
Computer equipment	65,644	4,443	(1,001)	69,086	33	53,077	7,854	(915)	59,996	9,090
Jigs and fixtures	143,246	7,125	(6,232)	144,320	33	109,271	7,125	(6,232)	120,345	23,975
		181 *					181 *			
2014	2,540,607	107,825	(30,440)	2,617,992		1,305,845	153,173	(23,062)	1,435,956	1,182,036

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
8.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	31	136,057	105,606
Distribution costs	32	992	794
Administrative expenses	33	50,714	46,772
		187,763	153,172

8.3 Fixed assets include fully depreciated assets amounting to Rs. 154.095 million (2014: Rs. 42.374 million).

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

Particulars	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Gain Note 34	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Vehicles							
Toyota Corolla Xli	168	-	168	948	780	Sold under company's car scheme	Mr. Ahmed Sheraz - Ex-Emple
Toyota Corolla Gli	320	-	320	1,400	1,080	Sold under company's car scheme	Mr. Zaheer Abbas - Ex-Employee
Toyota Altis	1,809	1,212	597	597	-	Sold under company's car scheme	Mr. Sohail P. Ahmed - Director
Toyota Corolla Gli	1,392	951	441	787	346	Sold under company's car scheme	Mr. Tariq Iqbal Ansari - Employee
Suzuki Mehran-VXR.	173	-	173	510	337	Sold under company's car scheme	Mr. Eijaz Raza - Employee
Toyota Corolla Gli	1,410	993	417	743	326	Sold under company's car scheme	Mr. Riyaz Y. Shroff - Ex-Employee
Suzuki Mehran	240	-	240	510	270	Sold under company's car scheme	Mr. Kashif Iqbal Butt - Ex-Employee
Toyota Corolla	1,899	1,377	522	522	-	Sold under company's car scheme	Mr. Hussain Qaiser Rizvi - Employee
Toyota Altis	1,355	1,061	294	294	-	Sold under company's car scheme	Mr. Ali Sajjad Dharamsey - Employee
Toyota Altis	1,317	782	535	535	-	Sold under company's car scheme	Mr. Asif Rizvi - Chief Executive Offi-
cer							
Toyota Corolla Gli	1,289	770	519	571	52	Sold under company's car scheme	Mr. Raza Rajani - Ex-Employee
Toyota Corolla Xli	1,464	671	793	872	79	Sold under company's car scheme	Mr. Ayaz Toosy - Employee
Toyota Corolla Xli	250	-	250	1,400	1,150	Insurance Claim	M/s. Habib Insurance Co. Ltd - a related party
Motor Cycle	70	9	61	62	1	Insurance Claim	M/s. Habib Insurance Co. - a related party
Motor Cycle	69	11	58	64	6	Insurance Claim	M/s. Habib Insurance Co. - a related party
Motor Cycle	69	18	51	52	1	Negotiation	Mr. Mohammad Saleem Soomro - Employee
Toyota Altis	2,139	673	1,466	1,689	223	Negotiation	Toyota Southern Motors
Items having book value upto Rs. 50,000	764	447	317	1,940	1,623	Various	Various
	16,197	8,975	7,222	13,496	6,274		
Office and mills equipment							
Items having book value upto Rs. 50,000	487	429	58	68	10	Various	Various
Computer equipment							
Items having book value upto Rs. 50,000	1,457	1,447	10	107	97	Various	Various
2015	18,141	10,851	7,290	13,671	6,381		
2014	30,440	23,062	7,378	24,071	16,693		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

2015 2014
(Rupees in '000)

8.5 Capital work-in-progress

Civil works	141	14,333
Plant and machinery	-	157,017
Office and mills equipment	17,240	6,061
Vehicles	3,762	489
Computer Equipment	150	-
	21,293	177,900

9. INTANGIBLE ASSETS

	C O S T			Amortisation Rate %	A M O R T I Z A T I O N			Written down value as at June 30, 2015
	As at July 01, 2014	Additions	As at June 30, 2015		As at July 01, 2014	Amortisation	As at June 30, 2015	
	(Rupees in '000)				(Rupees in '000)			
Softwares	5,972	6,195	12,167	30 - 50	5,875	949	6,824	5,343
Licenses	1,139	3,980	5,119	33	857	892	1,749	3,370
2015	7,111	10,175	17,286		6,732	1,841	8,573	8,713
2014	7,111	-	7,111		6,155	577	6,732	379

Note 2015 2014
(Rupees in '000)

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

Cost of sales	31	463	-
Distribution costs	32	4	-
Administrative expenses	33	1,374	577
		1,841	577

10. INVESTMENT PROPERTIES

Land and building	7,176,769	7,428,950
Capital work-in-progress - Civil works	-	3,500
	7,176,769	7,432,450

	C O S T			Depreciation Rate %	D E P R E C I A T I O N			Written down value as at June 30, 2015
	As at July 01, 2014	Additions	As at June 30, 2015		As at July 01, 2014	Depreciation	As at June 30, 2015	
	(Rupees in '000)				(Rupees in '000)			
Freehold land	974,504	-	974,504	-	-	-	-	974,504
Leasehold land	1,657,588	-	1,657,588	3	197,805	-	197,805	1,459,783
Building on freehold land	1,884,362	9,983	1,894,345	10-30	276,460	213,507	489,967	1,404,378
Building on leasehold land	4,100,300	-	4,100,300	10-30	713,539	48,657	762,196	3,338,104
2015	8,616,754	9,983	8,626,737		1,187,804	262,164	1,449,968	7,176,769
2014	8,504,464	112,290	8,616,754		919,220	268,584	1,187,804	7,428,950

10.1 Investment property comprises of various properties across Pakistan which have been let out. The fair value of such properties is determined on the basis of a valuation carried out by an independent professional valuer and amount to Rs. 14,840 million (2014: Rs. 13,452 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 Holding %	(Rupees in '000)	2014 Holding %	(Rupees in '000)
11. LONG-TERM INVESTMENTS					
Investment in associates - stated as per equity method	11.2 & 11.3				
Quoted associates					
Indus Motor Company Limited	6.22			6.22	
Opening balance			1,142,528		998,109
Share of profit for the period - net of tax			496,130		245,642
Share of unrealized gain on hedging			-		1,448
Share of actuarial (loss) / gain on remeasurement of defined benefit plan			(94)		19
Dividend received during the period			(310,515)		(102,690)
			1,328,049		1,142,528
(Market value Rs. 6,107.610 million) (2014: Rs. 2,630.429 million)					
Habib Insurance Company Limited	11.4	4.63		4.63	
Opening balance			41,431		35,984
Share of profit for the period - net of tax			14,043		11,308
Share of actuarial loss on remeasurement of defined benefit plan			(52)		(126)
Dividend received during the period			(11,471)		(5,735)
			43,951		41,431
(Market value Rs. 108.514 million) (2014: Rs. 88.612 million)					
Agriauto Industries Limited	7.35			7.35	
Opening balance			199,090		189,433
Share of profit for the year - net of tax			35,911		21,500
Share of loss in change in fair value of available for sale investment			(1,332)		(207)
Dividend received during the year			(10,578)		(11,636)
			223,091		199,090
(Market value Rs. 393.396 million) (2014: Rs. 204.155 million)					
Shabbir Tiles and Ceramics Limited	1.30			1.30	
Opening balance			20,552		22,107
Investment made during the period			5,729		-
Share of profit / (loss) for the period - net of tax			22		(614)
Dividend received during the year			-		(941)
			26,303		20,552
(Market value Rs. 27.751 million) (2014: Rs. 15.523 million)					
			1,621,394		1,403,601
Un-Quoted associates					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	11.4 & 11.5	25		25	
Opening balance			56,246		434,704
Share of loss for the period - net of tax			(56,246)		(378,458)
			-		56,246
TOTAL OF ASSOCIATES			1,621,394		1,459,847
Other investments - Available-for-sale					
Quoted - at fair value					
Habib Sugar Mills Limited			78,112		68,142
GlaxoSmithKline (Pakistan) Limited			328		279
Dynea Pakistan Limited			40,032		36,773
Allied Bank Limited			18,171		-
Habib Bank Limited			14,010		-
			150,653		105,194
Un-Quoted - at cost					
Sindh Engro Coal Mining Company Limited	11.7		360,000		-
TOTAL			2,132,047		1,565,041

For the year ended June 30, 2015

11.2 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, 2015 except for MHCCP which is twelve months period ended June 30, 2015 is as follows:

11.3 Although the Group has less than 20% equity interest in all its associates except for MHCCP in which the Group has 25% equity interest, the management believes that significant influence over these associates exists by virtue of Group's representation on the Board of Directors of the respective companies.

11.4 The financial year end of all the associates is June 30 except for Habib Insurance Company Limited where the financial year end is December 31, and MHCCP where financial year end is September 30. 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 of accounting except MHCCP where the Group has used financial statements for the same period end as that of the Holding Company.

11.5 The Group holds a put option with respect to its holding in MHCCP whereby, if MHCCP does not achieve specified financial performance targets, the Group may require METRO Cash and Carry International Holding BV to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The put option is exercisable from June 27, 2014 to June 26, 2019 subject to certain conditions.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
11.6 Share in contingent liabilities of associated companies		302,467	184,688
Share in commitments of associated companies		3,890,637	4,125,317

11.7 The Group has entered into a Shareholders Agreement with Engro Powergen Limited and Hub Power Company Limited for joint investment in Sindh Engro Coal Mining Company Limited (SECMC). The Group has made an investment of Rs. 360 million and also agreed to make an investment upto a total of Rs. 3 billion subject to certain conditions and regulatory approvals.

	Note	2015 (Rupees in '000)	2014
12. LONG-TERM LOANS AND DEPOSITS			
Loans to employees - unsecured, considered good			
Interest bearing		58	91
Interest free		264	183
Current portion	18	(151)	(101)
		171	173
Long-term deposits			
Security deposits		6,751	5,258
Utilities		4,410	4,410
Others		471	441
		11,632	10,109
		11,803	10,282

13. LONG TERM PREPAYMENT			
Rent	13.1	67,640	74,057
Current portion	18	(11,694)	(9,055)
		55,946	65,002

13.1 Includes prepaid rent of Rs. 3.780 million (2014: 11.340 million) paid in respect of service centre upto June 2016 and prepaid rent of Rs. 63.860 million (2014: 61.222 million) paid for land obtained under operating lease agreement which is adjustable against yearly installments over a period of 20 years.

	Note	2015 (Rupees in '000)	2014
14. DEFERRED TAX ASSET - net			
Deferred tax comprises temporary differences relating to :			
Accelerated tax depreciation		(132,584)	(144,815)
Provisions		155,441	120,036
Unabsorbed tax losses	14.1	131,459	161,655
Investment in associates		(125,704)	(110,122)
		28,612	26,754

14.1 Deferred tax asset on tax losses of a subsidiary company on account of unabsorbed depreciation is recognised on the basis that the realisation of related tax benefits through future taxable profits is probable.

	2015 (Rupees in '000)	2014
15. STORES, SPARES AND LOOSE TOOLS		
Stores	23,120	22,826
Spares	67,819	62,789
Loose tools	87	141
	91,026	85,756

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
16. STOCK-IN-TRADE			
Raw material			
- In hand	16.1	1,494,319	2,182,610
- In transit		406,768	330,713
		1,901,087	2,513,323
Work-in-process		192,326	171,239
Finished goods	16.2	456,564	707,923
Provision for obsolescence and shrinkage		(6,318)	(5,926)
		450,246	701,997
		2,543,659	3,386,559

16.1 Raw materials amounting to Rs. 9.577 million (2014: Rs. 13.218 million) are held with the sub-contractors.

16.2 Stock-in-trade includes items amounting to Rs. 611.309 million (2014: Rs. 814.864 million) carried at net realisable value. [Cost Rs. 674.722 million (2014: Rs. 869.673 million)].

	Note	2015 (Rupees in '000)	2014
17. TRADE DEBTS - unsecured			
Considered good	17.1	1,210,643	942,975
Considered doubtful		22,290	20,627
Provision for impairment	17.2	(22,290)	(20,627)
		-	-
		1,210,643	942,975

17.1 This includes amount due from following related parties:

Indus Motor Company Limited	333,041	43,164
Habib Metropolitan Bank Limited	2,967	4,047
Agriauto Industries Limited	250	64
Shabbir Tiles & Ceramics Limited	7,511	1,902
METRO Habib Cash & Carry Pakistan (Private) Limited	750	2,271
Schneider Electric Pakistan (Private) Limited	-	9
Habib Insurance Company Limited	47	-
	344,566	51,457

17.2 Reconciliation of provision for impairment of trade debts

Balance at the beginning of the year	32	20,627	33,688
Charge for the year		5,949	6,072
Reversal for the year		(2,296)	(19,133)
		3,653	(13,061)
Bad debts written off		(1,990)	-
Balance at the end of the year		22,290	20,627

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
18. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good – unsecured Loans			
Current portion of long-term loans to employees	12	151	101
Interest free loans to Executives	18.1	9,525	1,063
Advances			
Suppliers		27,559	13,361
Employees		2,282	1,489
		29,841	14,850
Deposits			
Tender / Performance guarantee		53,856	33,257
Margin against letter of credit		231	1,775
Security deposits		443	406
Container deposits		3,830	2,052
Others		2,540	2,763
		60,900	40,253
Short-term prepayments			
Current portion of long-term prepayment	13	11,694	9,055
Rent		6,862	4,305
Insurance		7,002	9,888
Others		3,797	5,092
		29,355	28,340
Other receivables	18.2	21,882	55,853
		151,654	140,460
18.1	The maximum aggregate amount due from executives at the end of any month during the year was Rs. 10.5 million.		
18.2 Other receivables			
Duty drawback		2,875	8,905
Workers' profit participation fund	18.2.1	4,398	5,505
Rent		487	-
Receivable against test production		356	17,300
Others	18.2.2	13,766	24,143
		21,882	55,853
18.2.1 Workers' profit participation fund (WPPF)			
Receivable/ (Payable) to WPPF at the beginning of the year		5,505	(3,495)
Allocation for the current year	36	(160,602)	(94,495)
Interest on funds utilised in the Company's business		-	(348)
Liability for WPPF		(155,097)	(98,338)
Paid during the year		159,495	103,843
Net receivable from WPPF		4,398	5,505
18.2.2	This includes receivable from the following related parties:		
Indus Motor Company Limited		36	-
Auvitronics Limited		1	-
Agriautos Industries Limited		26	-
Habib Insurance Company Limited		10	-
Habib Metropolitan Bank Limited		106	14
METRO Habib Cash & Carry Pakistan (Private) Limited		-	893
		179	907

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
19. SHORT-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
Term Deposit Receipts	19.1	4,740,409	2,998,409
Accrued profit thereon		8,219	1,404
		4,748,628	2,999,813
Musharika Certificates	19.2	106,000	121,000
Accrued profit thereon		78	810
		106,078	121,810
Treasury Bills	19.3	196,747	-
Accrued profit thereon		2,535	-
		199,282	-
		5,053,988	3,121,623

19.1 Represents Term Deposit Receipts of Habib Metropolitan Bank Limited, a related party. These deposits carry profit rate of 6.6% to 8.95% (2014: 6.5% to 9.75%) per annum and having maturity ranging from July 05, 2015 to November 30, 2015 out of which Rs. 0.909 million (2014: Rs. 0.909 million) is under lien against a letter of guarantee issued by the Bank on behalf of the Group.

19.2 This represents Musharika Certificates with a Modaraba Company carrying mark-up rate 6.75% to 7.15% (2014: 9.00% to 9.25%) per annum having maturity ranging from September 29, 2015 to November 27, 2015.

19.3 These carry profit rate ranging from 6.84% to 7.38% per annum and having maturity upto August 06, 2015.

	Note	2015 (Rupees in '000)	2014
20. INCOME TAX - net			
Group Tax Relief adjustments	20.1	593,466	593,466
Income tax provision less tax payments – net		(420,252)	(297,439)
		173,214	296,027

20.1 In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding company subject to certain conditions as prescribed under the Ordinance.

Accordingly, the Holding Company adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the Holding Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Holding Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Holding Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Holding Company is entitled to Group Relief under section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Holding Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the Sindh High Court and with the Chairman ATIR which are under the process of hearings.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
21. CASH AND BANK BALANCES			
With banks in:			
Current accounts	21.1	134,883	33,166
Deposit accounts	21.2	398,802	377,927
Saving accounts	21.3	102,307	104,645
		<u>635,992</u>	<u>515,738</u>
In hand		9,892	5,233
		<u>645,884</u>	<u>520,971</u>

21.1 These include an amount of Rs. 103.053 million (2014: 8.220 million) maintained with Habib Metropolitan Bank, a related party.

21.2 These represent deposits maintained with Habib Metropolitan Bank Limited, a related party, and carry markup at the rates ranging from 5.50% to 8% (2014: 7% to 8%) per annum.

21.3 These include accounts maintained with Habib Metropolitan Bank - a related party, amounting to Rs. 86.676 million (2014: 55.98 million) and carry markup at the rates ranging from 5.50% to 8% (2014: 7% to 8%) per annum.

22. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
Number of ordinary shares of Rs. 5/- each			(Rupees in '000)	
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares:	323,202	323,202
-	-	Opening balance	-	-
64,640,390	64,640,390	Issued during the year	323,202	323,202
		Closing balance		
11,239,669	11,239,669	Shares issued under the Scheme of Arrangements for Amalgamation	56,198	56,198
<u>81,029,909</u>	<u>81,029,909</u>		<u>405,150</u>	<u>405,150</u>

22.1 As at 30 June 2015: 7,512,043 (2014: 7,874,443) ordinary shares of Rs. 5/- each are held by related parties.

	2015 (Rupees in '000)	2014
23. RESERVES		
Capital reserves		
Reserve 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 on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	<u>67,929</u>	<u>67,929</u>
Revenue reserves		
General reserve	8,702,874	7,948,874
Unappropriated profit	3,334,888	2,429,917
	<u>12,037,762</u>	<u>10,378,791</u>
Gain on change in fair value of available for sale investments - net	<u>108,508</u>	<u>95,321</u>
	<u>12,214,199</u>	<u>10,542,041</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
24. NON-CONTROLLING INTEREST			
Habib Metro Pakistan (Private) Limited		5,684,049	5,586,835
Thal Boshoku Pakistan (Private) Limited		106,090	77,962
		5,790,139	5,664,797
25. LONG TERM SECURITY DEPOSITS			
Security deposits	25.1	309,708	308,119
25.1 Represents deposits in respect of investments properties rented out by a subsidiary company and includes amounts due to the following related parties:			
Habib Metropolitan Bank Limited		-	1,403
Indus Motor Company Limited		2,005	2,005
METRO Habib Cash and Carry Pakistan (Private) Limited		289,506	289,506
		291,511	292,914
26. TRADE AND OTHER PAYABLES			
Creditors	26.1	503,096	509,049
Accrued liabilities	26.2	723,261	544,402
Custom duty payable		10,875	81,981
Unclaimed salaries		7,733	7,878
Warranty obligations	26.3	187,266	117,642
Royalty	26.4	118,487	60,799
Workers' welfare fund		132,939	85,119
Security deposits	26.5	43,502	101,986
Unclaimed dividend and unpaid dividend		60,376	43,413
Consideration payable against acquisition of shares of MHPL		-	429,821
Other liabilities	26.6	60,014	50,387
		1,847,549	2,032,477
26.1 This includes amounts due to related parties:			
Habib Insurance Company Limited		70	-
Shabbir Tiles & Ceramics Limited		287	153
Indus Motor Company Limited		1	147
Auvitronics Limited		10,801	30
METRO Habib Cash & Carry (Private) Limited		2,300	7
		13,459	337
26.2 This includes amounts due to related parties:			
Habib Insurance Company Limited		591	758
26.3 Warranty obligations			
Balance at the beginning of the year		117,642	94,904
Charge for the year-net	32	83,312	47,143
		200,954	142,047
Claims paid during the year		(13,688)	(24,405)
Balance at end of the year		187,266	117,642

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
26.4 Royalty payable			
Balance at the beginning of the year		60,799	74,228
Charge for the year-net	31	166,726	87,951
Paid during the year		(109,038)	(101,380)
Balance at the end of the year		<u>118,487</u>	<u>60,799</u>
26.5 This includes amounts due to related parties:			
METRO Habib Cash and Carry Pakistan Limited		<u>42,965</u>	<u>100,878</u>
26.6 Other liabilities			
Staff salaries		-	3,064
Tax deducted at source		2,306	1,117
EOBI		128	22
Advances from customers		31,296	27,374
Payable to provident fund		1,932	7
Payable to retirement benefit fund		4,538	4,353
Others		19,814	14,450
		<u>60,014</u>	<u>50,387</u>
27. SHORT-TERM BORROWINGS - Secured			
Short-term running finance - Banks			
Related party		23,172	73,693
Others		635	366
	27.1	<u>23,807</u>	<u>74,059</u>
27.1 Available limits of the running finance facilities amount to Rs 2,629 million (2014: Rs. 2,553 million). The facilities carry mark-up ranges at rates ranging from one month to three months' KIBOR plus spreads of 0.75% to 0.90% (2014: 0.75% to 0.90%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Group's stock-in-trade and book debts. The facilities have a maturity till April 20, 2018.			
28. DEFERRED INCOME			
Represents license fee received in advance in respect of portion of its stores leased out and advertisement income.			
		2015 (Rupees in '000)	2014
29. CONTINGENCIES AND COMMITMENTS			
29.1 Contingencies			
29.1.1 Letter of guarantees issued by banks on behalf of the Company.		35,074	29,859
29.1.2 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SRO's.		166,379	218,276

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

2015 2014
(Rupees in '000)

29.1.3 The Subsidiary company MHPL owns a retail store in Saddar Karachi. The Supreme Court of Pakistan, in its judgment released on December 18, 2009, cancelled the 90 years lease (for the area where Saddar store is located) granted by the Government of Pakistan (GoP) to the Army Welfare Trust (AWT) dated December 19, 2002 on the basis that it was granted without lawful authority. As a consequence, the Supreme Court of Pakistan also cancelled the sub-lease granted in favour of the MHPL by AWT dated July 31, 2006. MHPL was allowed three months from the date of judgment to remove its structures and installations from the subject land and hand-over the subject land's vacant possession to City District Government Karachi.

MHPL filed a review petition against the judgment of the Supreme Court of Pakistan and GoP and AWT also filed review petitions on January 22, 2010. The matter has not been definitively decided up till now.

During the year 2012, MHPL entered into an Operation Agreement with MHCCP whereby MHCCP was engaged to operate MHPL's AWT (Saddar) Store. Under the above referred Operation Agreement, MHPL is required to pay to MHCCP an Operation Fee of up to Rs. 792 million. Under the agreement between Metro BV and the Company, if the Review Petition filed by MHPL in the Supreme Court is definitively and conclusively decided adversely against MHPL prior to the payment of the entire amount of Rs. 792 million by MHPL to MHCCP, then MHPL is required to pay to MHCCP the balance of the Operation Fee (Rs. 792 million less the Operation Fee paid up to date of such decision of Review Petition). If MHPL fails to make such payment, the Company has agreed that it will make the payment of the same to MHCCP.

However, no provision against the same has been considered necessary in these financial statements as the Company expects a favourable outcome of the review petition.

792,000 792,000

29.2 Commitments

29.2.1 Letters of credit outstanding for raw material and spares.

1,282,630 1,028,488

29.2.2 Commitments in respect of capital expenditure

- 18,532

29.2.3 Commitments for rentals under Ijarah finance agreements

Within one year

2,209 8,662

Later one year but not later than five years

220 2,643

2,429 11,305

29.2.4 Represent Ijarah agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.429 (2014: 11.305 million) and are payable in monthly installments latest by September 2017. These commitments are secured by on-demand promissory notes of Rs. 11.834 million (2014: 41.313 million).

29.2.5 The Group has obtained three pieces for land for its stores under operating lease agreements of 30 to 59 years. The leases have varying terms, escalation clauses, contingent rent arrangements and renewal rights. The amounts of future payments under operating leases and the period in which these payments will become due are as follows:

2015 2014
(Rupees in '000)

Not later than one year

66,627 65,384

Later than one year but not later than five years

450,076 421,277

Later than five years

2,546,405 2,641,905

3,063,108 3,128,566

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
30. REVENUE - net			
Export sales	30.1	930,322	1,075,530
Local sales	30.2	20,577,623	14,974,227
		21,507,945	16,049,757
Less: Sales tax		2,599,115	1,817,408
Sales discount		1,322	1,968
Sales returns		79,216	49,421
		2,679,653	1,868,797
		18,828,292	14,180,960
Add: Service income		112,702	94,519
		18,940,994	14,275,479
Add: Duty drawback		(2,066)	5,974
		18,938,928	14,281,453

30.1 Export sales are stated net of export related freight and other expenses of Rs. 42.311 million (2014: Rs. 47.535 million).

30.2 Local sales are stated net of freight and other expenses of Rs. 61.242 million (2014: Rs. 51.951 million).

	Note	2015 (Rupees in '000)	2014
31. COST OF SALES			
Raw material consumed	31.1	10,993,021	8,257,018
Salaries, wages and benefits		1,053,602	971,581
Stores, spares and lubricants		149,358	132,534
Repairs and maintenance		92,651	77,658
Power and fuel		303,425	312,439
Rent, rates and taxes		8,179	1,828
Vehicle running and maintenance		9,024	10,349
Insurance		9,601	9,889
Communication		4,369	3,954
Travelling and conveyance		13,272	8,593
Entertainment		413	926
Printing and stationery		4,629	3,882
Legal and professional		1,064	1,293
Computer accessories		6,424	3,285
Royalty	26.4	166,726	87,951
Depreciation	8.2	136,057	105,606
Amortization	9.1	463	-
Research and development		5,517	3,521
Ijarah rentals		2,625	5,240
Technical Assistance fee		-	17,226
Others		2,159	15,310
		12,962,579	10,030,083
Work-in-process			
Opening		171,239	176,847
Closing		(192,326)	(171,239)
		(21,087)	5,608
Cost of goods manufactured		12,941,492	10,035,691
Finished goods			
Opening stock		707,919	457,049
Purchases		2,395,722	2,391,471
Sharing of cost under arrangement	1.2.3(b)	(84,411)	(15,879)
Provision for obsolescence and shrinkage		392	1,932
Closing stock		(456,564)	(707,923)
		2,563,058	2,126,650
		15,504,550	2,162,341
31.1 Raw material consumed			
Opening stock		2,182,610	1,653,805
Purchases		10,304,730	8,785,823
Closing stock		(1,494,319)	(2,182,610)
		10,993,021	8,257,018

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

32. DISTRIBUTION COSTS

	Note	2015 (Rupees in '000)	2014
Salaries and benefits		57,518	50,622
Vehicle running expense		4,261	4,941
Utilities		1,753	1,660
Insurance		2,751	2,618
Rent, rates and taxes		8,182	9,003
Communication		1,855	1,759
Advertisement and publicity		13,062	10,156
Travelling and conveyance		8,050	7,005
Entertainment		211	280
Printing and stationery		319	369
Legal and professional		25	-
Computer accessories		209	235
Research and development		267	440
Depreciation	8.2	992	794
Amortization	9.1	4	
Provision for impairment of debts	17.2	5,726	6,072
Repairs and maintenance		1,611	498
Export expenses		23,412	24,793
Provision for warranty claims	26.3	83,312	47,143
Ijarah rentals		970	2,984
Others		23,218	13,652
		<u>237,708</u>	<u>185,024</u>

33. ADMINISTRATIVE EXPENSES

Salaries and benefits		518,124	399,238
Vehicle running expense		19,379	18,896
Printing and stationery		10,298	8,086
Rent, rates and taxes		125,994	101,143
Utilities		66,156	68,412
Insurance		5,503	11,677
Entertainment		3,539	3,504
Subscription		3,135	2,572
Communication		8,401	8,377
Advertisement and publicity		867	1,288
Repairs and maintenance		50,504	51,454
Travelling and conveyance		32,536	29,082
Legal and professional		49,638	37,824
Computer accessories		6,799	5,376
Auditors' remuneration	33.1	5,153	4,356
Depreciation	8.2	50,714	46,772
Amortization	9.1	1,374	577
Depreciation on investment property	10	262,166	268,584
Ijarah rentals		3,611	5,850
Charity and donations	33.2	41,966	28,275
Directors' Fee & meeting expenses		1,146	2,199
Others		28,603	43,028
Sharing of cost under arrangement	1.2.3(b)	(27,174)	(28,362)
		<u>1,268,432</u>	<u>1,118,208</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
33.1 Auditors' remuneration			
Audit fee		3,173	2,777
Half-yearly review		279	234
Taxation services		942	510
Other certifications		393	329
Out of pocket expenses		367	506
		5,153	4,356

33.2 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	2015 (Rupees in '000)	2014
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharaf Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	10,101	6,582
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohammed Ali R. Habib - Trustee	3,000	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	5,000	5,250
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	36

	Note	2015 (Rupees in '000)	2014
34. OTHER INCOME			
Income from financial assets			
Dividend income		6,140	6,714
Profit on call deposit accounts and short term investments		231,598	178,070
Gain on redemption of investments at fair value through profit and loss		88,052	81,707
Reversal of provision for impairment of debt		2,296	19,133
Liabilities/provisions no longer payable/required written back		3,854	19,224
Exchange gain - net		3,554	74
		335,494	304,922

Income from non financial assets

Gain on disposal of property, plant and equipment	8.4	6,381	16,693
Rental income from investment properties	34.1	1,380,655	1,296,196
Claim from suppliers		14,119	12,735
Licence fee, signage and others		56,456	54,919
Others		25,890	5,937
Sharing of cost under arrangement	1.2.3(b)	(9,145)	(8,425)
		1,474,356	1,378,055
		1,809,850	1,682,977

34.1 Includes an amount of Rs.1,245 million (2014: Rs. 1,159 million) under long term agreements with MHCCP, whereby the immovable properties owned by the Group have been rented out to MHCCP for its cash & carry store operations at fixed annual rent.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
35. FINANCE COSTS			
Mark-up / interest on:			
Short-term borrowings			
- Related party		8,150	146
- Others		2,361	791
Workers' profit participation fund		-	348
Bank charges and commission		6,894	4,258
		<u>17,405</u>	<u>5,543</u>
36. OTHER CHARGES			
Workers' profits participation fund	18.2.1	160,602	94,495
Workers' welfare fund		84,357	82,725
		<u>244,959</u>	<u>177,220</u>
37. TAXATION			
Current		1,191,138	759,273
Prior		3,065	(7,828)
Deferred		(1,858)	(34,944)
	37.1	<u>1,192,345</u>	<u>716,501</u>
37.1 Relationship between income tax expense and accounting profit			
Profit before tax and share of profit of associates		3,475,724	2,316,094
Tax at the rate of 25% - 33% (2014: 25% - 34%)		1,117,093	787,269
Super tax @ 3% of taxable income	37.1.1	108,341	-
		<u>1,225,434</u>	<u>787,269</u>
Tax effects of:			
Tax effect of inadmissible items		241,198	19
Income taxed at reduced rates, exempt or taxed under final tax regime		(277,352)	(62,959)
Prior years		3,065	(7,828)
		<u>1,192,345</u>	<u>716,501</u>
37.1.1 The Federal Government vide Finance Act 2015 has imposed a onetime super tax at the rate of 3% on income of companies for the tax year 2015. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Accordingly, provisions of Rs. 108.341 million for Super tax has been made in these financial statements.			
		2015	2014
		(Rupees in '000)	
38. 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:			
Profit for the year after taxation attributable to the equity holders of the Holding Company		2,469,418	1,268,114
Weighted average number of ordinary shares of Rs. 5/- each in issue		81,030	81,030
		(Rupees)	
Basic and diluted earnings per share		<u>30.48</u>	<u>15.65</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,965,584	2,215,472
Adjustments for non-cash charges and other items:			
Depreciation and amortization		451,770	422,333
Share in profit / (loss) of associates - after taxation		(489,860)	100,622
Finance costs		16,898	5,453
Profit earned on call deposit and short term investments		(231,598)	(178,070)
Liabilities / provisions no longer payable / required written back		(3,854)	(186)
Gain on redemption of investments at fair value through profit and loss		(88,052)	(67,456)
Dividend income		(6,140)	(6,714)
Provision for impairment of debts		3,430	(19,133)
Provision for retirement benefits		3,595	2,985
Gain on disposal of property, plant and equipment		(6,381)	(16,693)
		(350,192)	243,141
		3,615,392	2,458,613
(Increase) / decrease in current assets			
Stores, spares and loose tools		(5,228)	(5,172)
Stock-in-trade		842,900	(662,937)
Trade debts		(271,098)	163,149
Loans, advances, deposits, prepayments and other receivables		(633)	(22,640)
Increase / (decrease) in current liabilities		-	-
Deferred income		2	857
Trade and other payables		(198,231)	168,936
Sales tax payable		45,927	(29,633)
		413,639	(387,440)
		4,029,031	2,071,173
40. CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	645,884	520,971
Short-term investments		4,634,208	3,038,500
Running Finance	27	(23,807)	(74,059)
		5,256,285	3,485,412
41. TRANSACTIONS WITH RELATED PARTIES			

Related parties of the Company comprise of 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 in notes 38 in these financial statements, are as follows:

Relationship	Nature of transactions	2015	2014
		(Rupees in '000)	
Associates	Sales	8,542,069	4,510,943
	Professional Services rendered	140,485	116,470
	Rental Income on properties	1,274,439	1,192,610
	Insurance premium	30,041	34,660
	Purchase of assets	24,658	158,164
	Purchase of goods	204,326	151,646
	Insurance claim received	11,307	3,313
	Mark-up and bank charges paid	13,902	5,524
	Profit received	187,998	157,619
	Supplies purchased	1,279	-
	Licence fee, signage and others	2,936	4,022
	Operational fee	102,440	35,815
	Rent Paid	2,066	1,033
Employee benefit plans	Contribution to provident fund	43,779	48,321
	Contribution to retirement benefit fund	3,319	2,902

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

42. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2015			2014		
	Chief executive	Director	Executives	Chief executive	Director	Executives
	(Rupees in '000)					
Managerial remuneration	28,898	-	362,518	27,172	-	257,426
Group's contribution to provident fund	694	-	11,670	603	-	8,275
Group's contribution to retirement fund	-	-	3,425	-	-	2,786
Other perquisites	-	-	540	-	-	5,670
	<u>29,592</u>	<u>-</u>	<u>378,153</u>	<u>27,775</u>	<u>-</u>	<u>274,157</u>
Number of persons	<u>1</u>	<u>-</u>	<u>124</u>	<u>1</u>	<u>-</u>	<u>91</u>

42.1 The chief executive, directors and certain executives of the Group are provided with free use of company maintained cars.

42.2 Four non-executive directors (2014: Five) have been paid fees of Rs. 970,000 (2014: 1,070,000) for attending board and other meetings.

42.3 The Chief Executive of Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Pvt) Limited, Thal Boshoku Pakistan (Private) Limited and Thal Power (Private) Limited are not being paid any remuneration for holding the office.

43. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	140,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Actual Production		
Jute (Metric Tons)	25,247	27,260
Auto air conditioners (Units)	72,078	46,531
Wire harness (Units)	107,890	63,253
Paper bags (Nos. 000s)	95,148	81,924
Alternator (Units)	51,655	781
Starter (Units)	51,753	777
Reason for shortfall	Low demand	Low demand

43.1 The capacity of wire harness is dependent on product mix.

43.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

44. PROVIDENT FUND

	2015 (Unaudited)	2014 (Audited)
	(Rupees in '000)	
Size of the fund	625,279	576,945
Percentage of investments made	92.54%	97.30%
Fair value of investments	578,652	561,354
Cost of investments made	547,854	500,429

44.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	2015 (Unaudited)		2014 (Audited)	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Government securities	275,003	43.98%	240,292	41.65%
Term finance certificates and Sukuks	100,119	16.01%	87,578	15.18%
Term deposit receipts, call deposits and musharika certificates	37,651	6.02%	33,966	5.89%
Listed securities and mutual fund units	165,879	26.53%	199,518	34.58%

44.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversee policies for managing each of these risks which are summarised below.

45.1 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 Group's performance to developments affecting a particular industry.

The Group is mainly exposed to credit risk on trade debts, short term investments and bank balances. The Group seeks to minimize 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 is analyzed as under:

Trade debts

The analysis of trade debts is as follows:

	2015 (Rupees in '000)	2014
Neither past due nor impaired [includes Rs. 327.785 million (2014: Rs. 27.429 million) receivable from related parties.]	916,674	609,677
Past due but not impaired		
- Less than 90 days [includes Rs. 16.781 million (2014: Rs. 26.190 million) receivable from related parties.]	203,121	306,552
- 91 to 180 days [includes Rs. Nil million (2014: Rs. 0.171 million) receivable from related parties.]	77,623	26,532
- 181 to 360 days [includes Rs. Nil million (2014: Rs. 0.535 million) receivable from related parties.]	13,225	214
	<u>1,210,643</u>	<u>942,975</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Bank balances			
Ratings			
A1+		605,337	498,466
A-1+		23,739	16,687
A-1		6,870	26
P-1 *		46	559
		<u>635,992</u>	<u>515,738</u>

* This reflects rating assigned by an international rating agency to a foreign bank.

Short term investments

Ratings			
A1+		4,854,706	3,121,623
A-1+		199,282	-
		<u>5,053,988</u>	<u>3,121,623</u>

45.2 Liquidity Risk

Liquidity risk is the risk that an Group will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Group 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 June 30, 2015

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	(Rupees in '000)				
Long term security deposit	-	-	-	309,708	309,708
Trade and other payable	1,431,344	-	-	-	-
Short-term borrowing	14,556	-	9,251	-	23,807
Accrued markup	55	-	-	-	55
	<u>14,611</u>	<u>-</u>	<u>9,251</u>	<u>309,708</u>	<u>333,570</u>

Year ended June 30, 2014

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	(Rupees in '000)				
Long term security deposit	-	-	-	308,119	308,119
Short-term borrowing	5,338	-	68,721	-	74,059
Trade and other payables	1,633,691	-	-	-	1,633,691
Accrued markup	31	-	-	-	31
	<u>1,639,060</u>	<u>-</u>	<u>68,721</u>	<u>308,119</u>	<u>2,015,900</u>

45.3 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 foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risks is as follows:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	2015	2014
Trade receivables (US Dollars)	418,857	317,894
Trade receivables (AED)	-	1,270,306
Trade receivables (SAR)	-	1,114,489
Trade and other payables (USD)	1,649,767	1,138,002
Trade and other payables (JPY)	109,201	-
Trade and other payables (CHF)	1,481	-
Total AED - receivable	-	1,270,306
Total SAR - receivable	-	1,114,489
Total USD - payable	1,230,910	820,108
Total JPY - payable	109,201	-
Total CHF - payable	1,481	-

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

US Dollars	101.70	98.75
AED	27.69	26.83
SAR	27.12	26.28
JPY	0.82	-
CHF	109.64	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, Euro, AED, SAR, JPY and CHF's exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Change in US dollars, AED, SAR, JPY, CHF's rate %	Effect on profit or (loss) before tax (Rupees in '000)	Effect on equity
2015	+10	(12,544)	(8,772)
	-10	12,544	8,772
2014	+10	(1,761)	(1,191)
	-10	1,761	1,191

45.4 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term borrowings and bank accounts. The interest rates on these financial instruments are disclosed in the respective notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Sensitivity Analysis:

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

	Increase / decrease in basis points	Effect on profit before tax
		(Rupees in '000)
2015		
KIBOR	+ 100	<u>4,773</u>
KIBOR	- 100	<u>(4,773)</u>
 2014		
KIBOR	+ 100	<u>4,085</u>
KIBOR	- 100	<u>(4,085)</u>

45.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

46. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is currently financing majority of its operations mainly through equity and working capital.

47. 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. Investment in subsidiary companies and associates are carried at cost. The carrying values of financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities considered not significantly different from their book value.

Fair value hierarchy

The Group uses the following hierarchy for disclosure of the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2015, the Group has available-for-sale investments measured at fair value using level 1 valuation techniques.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

48. SEGMENT ANALYSIS FOR THE YEAR ENDED JUNE 30

	2015					2014				
	Engineering	Building Materials and Allied Products	Real estate and management & others	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate and management & others	Elimination	Total
	(Rupees in '000)					(Rupees in '000)				
Sales revenue	10,452,370	5,835,541	2,827,852	(176,835)	18,938,928	6,240,203	5,385,586	2,792,318	(136,654)	14,281,453
Segment result	2,426,902	458,557	987,116	-	3,872,575	1,283,591	407,396	900,101	-	2,591,088
Unallocated (expenses) / income:										
Administrative and distribution costs					(538,960)					(428,801)
Other income					404,474					336,570
Operating profit					3,738,089					2,498,857
Finance cost					(17,405)					(5,543)
Other charges					(244,959)					(177,220)
Share in profit of associates					489,860					(100,622)
Taxation					(1,192,346)					(716,501)
					2,773,239					1,498,971
Segment assets	2,238,802	2,432,610	10,160,812	12,202	14,844,426	1,784,061	3,392,893	9,950,636	15,674	15,143,264
Corporate assets					3,426,322					2,009,592
Unallocated assets					2,333,873					1,887,825
					20,604,621					19,040,681
Segment liabilities	808,663	445,918	785,473	-	2,040,054	568,655	498,162	830,300		1,897,117
Corporate liabilities					155,067					531,564
Unallocated liabilities					-					-
					2,195,121					2,428,681

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

The Building material and allied products segment includes jute, papersack and laminate operations.

The third segment includes the real estate management, trading and share registrar & management services.

49. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 27, 2015 has approved the following:

- transfer of Rs. 1,136 million from unappropriated profit to general reserve; and
- payment of cash dividend of Rs. 5 per share for the year ended June 30, 2015 for approval of the members at the Annual General Meeting to be held on October 5, 2015.

50. GENERAL

50.1 The number of employees as at June 30, 2015 was 4,417 (2014: 5,282) and average number of employee during the year was 5,085 (2014: 6,150).

50.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

50.3 Figures have been rounded off to the nearest thousands.

51. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 27, 2015 by the Board of Directors of the Holding Company.

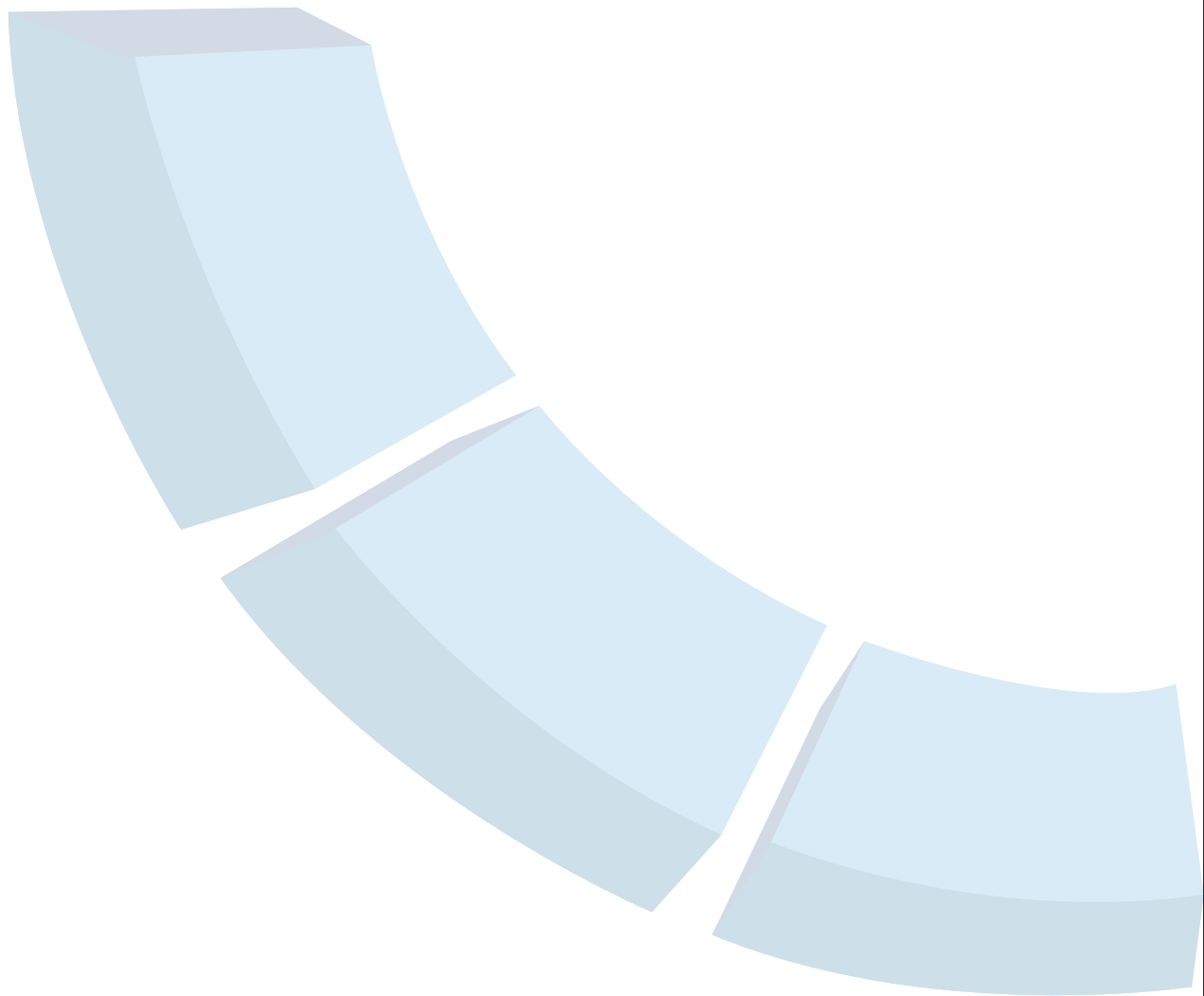


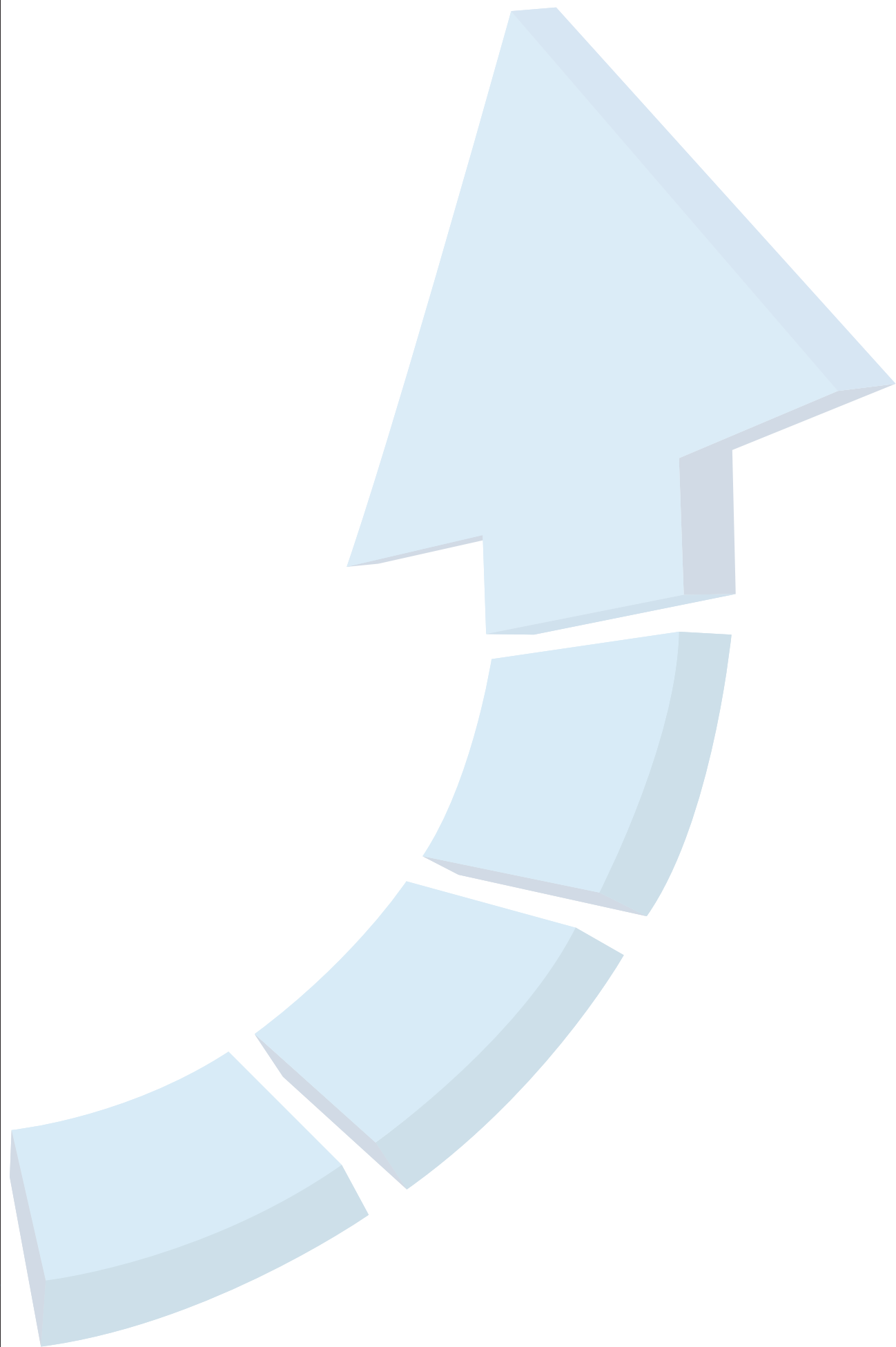
ASIF RIZVI
CHIEF EXECUTIVE



SOHAIL P. AHMED
VICE CHAIRMAN

Notice of AGM and Annexures





Notice of the Annual General Meeting

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the Members of the Company will be held on Monday, October 5, 2015 at 9:30 AM at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Accounts for the year ended June 30, 2015 together with the Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 100% (i.e. Rs 5/- per share) for the year 2014-15 as recommended by the Board of Directors. This is in addition to the Interim Dividends of 150% i.e. Rs 7.50 per share already paid. The total dividend for 2014-15 will thus amount to 250% i.e. Rs 12.50 per share.
3. To appoint Auditors for the year 2015-16 and to fix their remuneration. The present auditors – Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible offer themselves for reappointment.

By Order of the Board

Ali Asghar Moten
Company Secretary

Karachi.

Dated: August 27, 2015

NOTES:

- (i) The Share Transfer Books of the Company will remain closed from Tuesday, September 29, 2015 to Monday, October 05, 2015 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on September 28, 2015. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/S. Noble Computer Services (Pvt) Ltd., 1st Floor, House of Habib, 3 Jinnah C.H. Society, Sharea Faisal Karachi. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- ii. In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s. Noble Computer Services (Pvt.) Limited without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns	12.5%
(b) For non-filers of income tax returns	17.5%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its Notification 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. Noble Computer Services (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

Distribution of Annual Report through Email

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(I)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Annual Report") alongwith the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, Noble Computer Services (Private) Limited.

Combined Pattern of CDC and Physical Shareholding

As at June 30, 2015

Number of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1,365	1	100	47,212
1,340	101	500	351,713
591	501	1,000	425,798
926	1,001	5,000	1,945,258
173	5,001	10,000	1,244,558
65	10,001	15,000	828,753
36	15,001	20,000	636,240
17	20,001	25,000	369,381
12	25,001	30,000	330,894
15	30,001	35,000	488,346
7	35,001	40,000	264,556
5	40,001	45,000	209,824
7	45,001	50,000	330,868
7	50,001	55,000	375,267
1	55,001	60,000	55,613
4	60,001	65,000	252,221
1	65,001	70,000	70,000
1	70,001	75,000	74,800
1	75,001	80,000	78,600
2	80,001	85,000	167,071
1	85,001	90,000	88,000
1	90,001	95,000	93,432
1	95,001	100,000	100,000
4	100,001	105,000	409,304
1	105,001	110,000	107,000
1	110,001	115,000	110,196
7	115,001	120,000	821,142
2	120,001	125,000	249,583
2	130,001	135,000	265,059
4	135,001	140,000	546,589
2	145,001	150,000	299,636
2	150,001	155,000	308,929
1	155,001	160,000	157,500
1	165,001	170,000	168,715
1	175,001	180,000	176,000
1	185,001	190,000	190,000
1	195,001	200,000	196,707
1	200,001	205,000	200,530
1	205,001	210,000	210,000
1	210,001	215,000	214,400
3	220,001	225,000	667,248
2	225,001	230,000	454,620
3	235,001	240,000	717,229
3	255,001	260,000	770,683
1	260,001	265,000	260,989
1	275,001	280,000	277,000
2	280,001	285,000	561,430
2	295,001	300,000	600,000
1	300,001	305,000	304,386

Combined Pattern of CDC and Physical Shareholding

As at June 30, 2015

Number of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1	305,001	310,000	305,416
1	310,001	315,000	313,100
2	315,001	320,000	634,480
6	330,001	335,000	1,987,887
1	340,001	345,000	342,278
1	345,001	350,000	350,000
1	350,001	355,000	350,896
1	355,001	360,000	356,635
1	365,001	370,000	367,334
1	370,001	375,000	374,668
1	375,001	380,000	376,000
1	385,001	390,000	388,231
1	390,001	395,000	393,098
5	420,001	425,000	2,108,547
1	425,001	430,000	425,869
2	495,001	500,000	995,629
1	505,001	510,000	509,000
1	540,001	545,000	543,500
1	560,001	565,000	563,600
2	585,001	590,000	1,175,007
1	600,001	605,000	601,052
2	605,001	610,000	1,214,735
1	700,001	705,000	701,800
1	710,001	715,000	711,503
1	725,001	730,000	726,392
2	800,001	805,000	1,604,900
1	810,001	815,000	810,233
1	830,001	835,000	830,269
1	840,001	845,000	843,547
1	845,001	850,000	846,000
1	850,001	855,000	851,137
1	895,001	900,000	899,939
1	985,001	990,000	987,600
2	1,095,001	1,100,000	2,198,016
1	1,145,001	1,150,000	1,145,133
1	1,150,001	1,155,000	1,153,170
1	1,185,001	1,190,000	1,189,452
1	1,245,001	1,250,000	1,245,403
1	1,340,001	1,345,000	1,340,202
1	1,405,001	1,410,000	1,405,639
1	1,815,001	1,820,000	1,818,017
1	2,705,001	2,710,000	2,709,408
1	2,890,001	2,895,000	2,894,306
4	3,790,001	3,795,000	15,170,103
1	6,195,001	6,200,000	6,197,498
4,693			81,029,909

Combined Pattern of CDC and Physical Shareholding

As at June 30, 2015

No.	Categories/sub-categories of Shareholdres	Number of Shares Held	Category Wise No. of Folios/ Cdc A/cs	Category Wise Shares Held	Percentage
1	INDIVIDUALS		4,496	17,729,288	21.88
2	INVESTMENT COMPANIES		4	73,529	0.09
3	JOINT STOCK COMPANIES		32	1,058,246	1.31
4	DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN RAFIQ M. HABIB JAMILA RAFIQ HABIB ALI S. HABIB MUNIZEH ALI HABIB MOHAMEDALI R. HABIB SAYYEDA MOHAMED ALI HABIB SOHAIL P. AHMED RUBINA SOHAIL ASIF RIZVI MAZHAR VALJEE ASIF QADIR	1,340,202 961,231 2,091,099 200,530 1,566,834 280,715 34,334 2,500 21,244 20,754 5,000	19	6,524,443	8.05
5	EXECUTIVES		5	23,987	0.03
6	ASSOCIATED COMPANIES , UNDERTAKINGS AND RELATED PARTIES HABIB INSURANCE COMPANY LIMITED	987,600	1	987,600	1.22
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-	
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS FINANCIAL INSTITUTIONS INSURANCE COMPANIES MODARABA PENSION FUNDS Holding 5% or more voting interest NATIONAL BANK OF PAKISTAN	6,733,528 2,498,821 22,588 45,100 6,199,373	36	9,725,631	12
9	MUTUAL FUNDS CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND CDC-TRUSTEE HBL ISLAMIC STOCK FUND GOLDEN ARROW SELECTED STOCKS FUND LIMITED CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT CDC - TRUSTEE FIRST HABIB STOCK FUND CDC - TRUSTEE NAFA MULTI ASSET FUND CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND CDC - TRUSTEE AL MEEZAN MUTUAL FUND CDC - TRUSTEE MEEZAN ISLAMIC FUND CDC - TRUSTEE MEEZAN BALANCED FUND CDC - TRUSTEE PIML ISLAMIC EQUITY FUND CDC - TRUSTEE NAFA ISLAMIC STOCK FUND CDC - TRUSTEE HBL PF EQUITY SUB FUND CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	563,600 74,800 509,000 110,196 24,400 7,500 149,636 137,200 47,000 104,100 55,613 196,707 41,000 2,000 19,400 19,900 7,000	34	7,287,197	8.99

No.	Categories/sub-categories of Shareholdres	Number of Shares Held	Category Wise No. of Folios/ Cdc A/cs	Category Wise Shares Held	Percentage
	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND 25,300 CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST 2,709,408 CDC-TRUSTEE NAFA ASSET ALLOCATION FUND 214,400 CDC - TRUSTEE AKD OPPORTUNITY FUND 257,100 CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND 20,000 CDC - TRUSTEE NAFA STOCK FUND 260,989 CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND 22,800 CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND 2,000 CDC - TRUSTEE PIML VALUE EQUITY FUND 2,900 CDC - TRUSTEE HBL - STOCK FUND 590,000 GOLDEN ARROW SELECTED STOCKS FUND 4,149 CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND 53,645 CDC - TRUSTEE HBL IPF EQUITY SUB FUND 33,000 CDC - TRUSTEE JS ISLAMIC FUND 125,000 CDC - TRUSTEE AKD INDEX TRACKER FUND 8,621 CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II 78,600 SAFEWAY FUND LIMITED 810,233				
10	FOREIGN INVESTORS Holding 5% or more voting interest ASAD LIMITED 7,517,613 ALI REZA LIMITED 7,561,504 MUSTAFA LIMITED 8,282,214 SHAKIR LIMITED 5,397,558		35	35,910,170	44.32
11	CO-OPERATIVE SOCIETIES		5	10,681	0.01
12	CHARITABLE TRUSTS		9	1,078,347	1.33
13	OTHERS		17	620,790	0.77
	TOTAL		4,693	81,029,909	100

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY	81,029,909	SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY	4,051,495	SHARES

Investors' Information

FINANCIAL CALENDAR

RESULTS

Period Ended

First quarter - September 30, 2014
Half year - December 31, 2014
Third quarter - March 31, 2015
Annual - June 30, 2015

Announced on

October 24, 2014
February 20, 2015
April 29, 2015
September 14, 2015

CORPORATE CALENDAR

A tentative schedule of the Board of Directors meetings to be held during the financial year ending 2015-16 is as follows:

Period Ending

September 2015
December 2015
March 2016
June 2016

Meeting Schedule

Fourth week of October 2015
Fourth week of February 2016
Fourth week of April 2016
Fourth week of August 2016

LAST ANNUAL REPORT ISSUED ON

September 8, 2014

49TH ANNUAL GENERAL MEETING TO BE HELD ON

October 5, 2015

INVESTORS' BRIEFING

In addition to the Annual General Meeting, the Company also holds the Investors Briefing to facilitate the investors in which they are made aware of the current performance and future outlook of the Company. This meeting was held on February 27, 2015.

INVESTOR RELATIONS CONTACT

Ali Asghar Motan (Company Secretary)
Email: tl@hoh.net, asghar@hoh.net
Phone: 92(21) 3431-2030 Ext: 129

Definitions

Definitions

Profitability Ratios

Profitability Ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios

Liquidity ratios determine the Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Activity / Turnover Ratios

Activity/Turnover ratios evaluate the operational efficiency of the Company to convert inventory & receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment / Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders.

Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits.

Capital Structure Ratios

Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Debt ratios

Measures the firm's ability to repay long-term debts.

Glossary of Terms

AGM	Annual General Meeting
AWT	Army Welfare Trust
AIP	Auto Industry Plan
AirCon	Air Conditioning
AED	Arab Emirates Dirham
BoD	Board of Directors
CHF	Swiss Franc
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CDS	Central Depository System
CSR	Corporate Social Responsibility
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EES	Employee Engagement Survey
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
EPS	Earnings Per Share
EOBI	Employees Old Age Benefits Institution
ERP	Enterprise Resource Planning
GoP	Government of Pakistan
GDP	Gross Domestic Product
HOH	House of Habib
HSE	Health, Safety and environment
HR	Human Resource
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFAC	International Federation of accountants
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Chartered Management Accountants Pakistan
ISO	International Organization for Standardization
IT	Information Technology
JPY	Japanese Yen
KSE	Karachi Stock Exchange
KIBOR	Karachi Inter Bank Offer Rate
LED	Light Emitting Diode
MAP	Management Association of Pakistan
NTN	National Tax Number
OHSAS	Occupational Health & Safety Advisory Services
PKR	Pakistani Rupee
SAR	Saudi Riyal
SOS	Self Opening Sachet
SESSI	Sind Employees Social Security Institution
TAA	Technical Assistance Agreement
UN	United Nations
WWF	Workers' Welfare Fund
YoY	Year over Year

**The Secretary
Thal Limited
House of Habib, 4th floor
Shahra-e-Faisal,
Karachi - 75350**

I/ We _____
of _____ in the district of _____
being member of Thal Limited, and holder of _____
Ordinary Shares as per Share Register Folio No. _____ and/or CDC Participant I.D. No. _____
And Sub. Account No. _____ hereby appoint _____
of _____ in the district of _____
or failing him / her _____ of _____
as my / our proxy to vote for me / us and on my / our behalf at the 49th Annual General Meeting of the Company to be held on
October 5, 2015 and or any adjournment thereof.

Signed this _____ day of _____

WITNESSESS:

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

Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

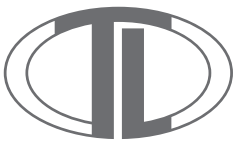
Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

Signature on
Rs 5/-
revenue stamp

Note:

1. A member entitled to be present and vote at the Meeting may appoint another member as proxy to attend and vote for him / her.
2. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their computerised National Identity Card or Passport with this proxy form.



Thal Limited

4th Floor, House of Habib,
3 Jinnah Cooperative Housing Society, Block 7/8,
Shahrah-e-Faisal, Karachi - 75350, Pakistan.
Tel: 92 (21) 3431-2030 / 3431-2185