

Thal Limited

2016

annual report

Celebrating our
50th
year



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50th
year

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The 50 Year Journey to Success

Thal's story is a reflection of commitment spanning over the last 50 years. The commitment to serve the communities and our beloved Pakistan has translated not only into a business success but has also acted as a catalyst in the growth of the country.

Today, when we have achieved the 50 year mark of successful operation, every stakeholder of Thal Limited, be it the sponsors, the board members, the management or the employees, stand tall to feel proud of their achievements and have a sparkle in their eyes for the future.

By beginning its existence from Thal Jute Mills Limited in 1966, the Company grew into a leading conglomerate spanning its horizon into the manufacturing of Engineering, Building and Packaging products; Thal Limited is now one of the largest companies within the prestigious House of Habib.

The Company now consists of Thal Engineering, Pakistan Papersack, Baluchistan Laminates and Thal Jute Mills. Every business has marked its presence as a market leader in the respective segments of the manufacturing sector. As a result of its performance, the Company is recognised among the Top 25 Companies of Pakistan Stock Exchange and earned the Corporate Excellence Award from Management Association of Pakistan (MAP) in the overall best in the Industrial Sector for the 2nd consecutive year.

It is indeed a moment of joy for the Company to celebrate its 50th year of successful operation. Its contribution to the country and its recognition as one of the most respected companies in Pakistan is a testament of its performance and a pride for the communities it serves in.

Continuing on the same path, the stakeholders of Thal Limited are poised to exude positive energy for the future, that will provide impetus to accomplish more with strength, commitment and confidence.



Mr. Rafiq M. Habib incorporated Thal Jute Mills Limited (TJML). Commercial Production commenced in 1969.

1966



Second jute factory was set up in Karachi, Pakistan Jute & Synthetics Limited (PJSL).

1976

1973

The first papersack plant in Pakistan was established by the name of Pakistan Papersack Corporation Limited (PPCL). Commercial production began in 1974.



1981

The first high pressure decorative laminate plant in Pakistan was set up in Hub Chowki as Baluchistan Laminates, a division of PPCL.



1983



PPCL received the Top 25 Companies Award from the Karachi Stock Exchange for the years 1978-1981

PPCL received the Corporate Excellence Award (Sector) from the Management Association of Pakistan (MAP) for the years 1978-1982

2001



TJML received the Top 25 Companies Award from the Karachi Stock Exchange



Khyber Papers (Pvt.) Ltd. (KPPL) was set up in Gadoon, KPK, to produce papersack.

1989



Thal Engineering was established with Denso Corporation, Japan as Technical partner for progressive manufacturing of car air-conditioners & radiators.

1996

1994

Pakistan Jute & Synthetics Limited was merged into TJML and became the largest jute factory in Pakistan.



2000

Thal Engineering signed a Technical Agreement with Furukawa Electric Company, Japan, for the manufacturing of wiring harnesses.



2003



- TJML received:
- o The Top 25 Companies Award from the Karachi Stock Exchange
 - o The Corporate Excellence (Sector) Award from the MAP
 - o FPCCI's Export Trophy Award

2005



- Thal Limited received:
- o FPCCI Best Export Trophy Award
 - o The Corporate Excellence (Sector) Award from the MAP



TJML changed its name to Thal Limited (TL).

2004



Acquisition of Makro-Habib Pakistan Limited (MHPL) as a subsidiary to become a pioneer of "Cash and Carry" business in Pakistan.

2008

2006

PPCL and KPPL merged into Thal Limited.



2012

Cash and Carry business of MHPL was amalgamated with METRO Cash and Carry (MHCCP).



2012



Thal Limited received the Corporate Excellence (Sector) Award from the MAP

2014



Thal Limited received the Corporate Excellence Award from the MAP for overall best in Industrial category



Incorporation of Thal Boshoku Pakistan (Pvt) Ltd (TBPk), under a Joint Venture with Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan.

2013



Investment made in Sindh Engro Coal Mining Company (SECMC). Financial Close of SECMC was achieved on April 4, 2016.

2015

2014

TL became the first assembler of passenger car starter & alternator by entering into a Technical Agreement with Denso Corporation, Japan.



2016

Thal executed a Joint Venture Agreement with Novatex Limited for collaboration to develop a 330 MW coal-fired power generation plant at Thar, Sindh.



2015



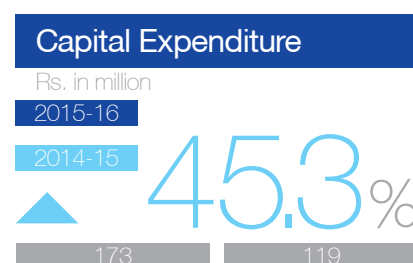
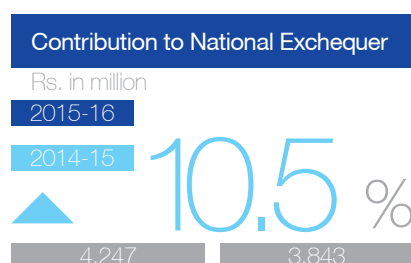
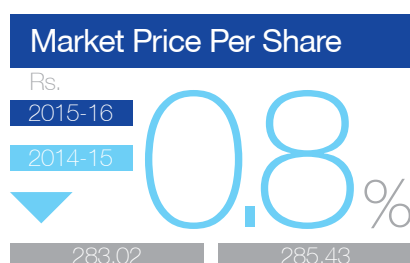
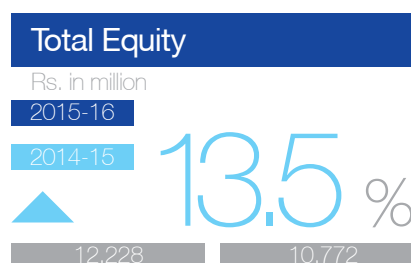
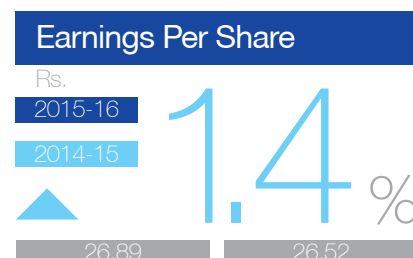
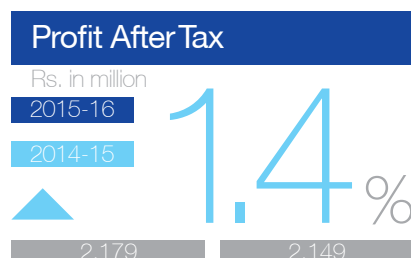
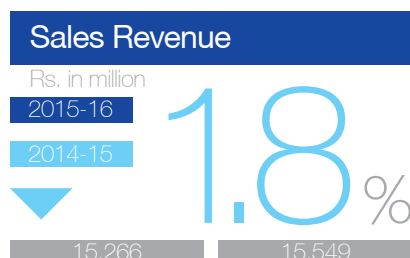
Thal Limited received the Corporate Excellence Award from the MAP for overall best in Industrial category

2016



Thal Limited received The Top 25 Companies Award from the Pakistan Stock Exchange

Key Figures



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 and became a listed company on the Karachi Stock Exchange in 1967. 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.

The Company is divided in two major manufacturing segments, namely the Engineering Segment and the Building Material and the Allied Products Segment. The two segments further consist of six

businesses offering a variety of product lines.

The Engineering Segment consists of Electric Systems Business, Thermal Systems Business and Engine Components Business. The Electric Systems Business manufactures vehicle wire harness and battery cable, while the Thermal Systems Business manufactures car air conditioning system, radiator, condenser and reserve tank. The Engine Components Business manufactures car starters and alternators.

The Building Material and Allied Products Segment consists of Jute Business, Laminates Business and Papersack Business. The Jute Business manufactures sacking, cloth hessian, yarn and twine; Laminates Business manufactures high pressure laminates, melamite and laminated boards and Papersack 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 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 and recently executed a Joint Venture Agreement with Novatex Limited for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh.

Our Vision

Recognised as the most respected and dynamic group with expanding & diversifying businesses, sustaining competitive returns to stakeholders.

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

Core Values

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



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"



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:

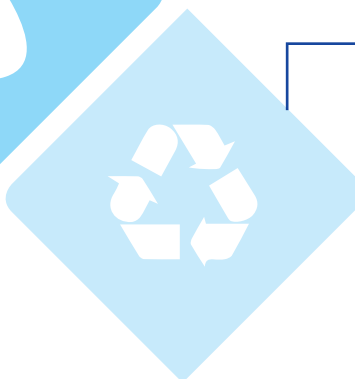
SEIRI (Arrangement)
SEITON (Orderliness)
SEISO (Cleanliness)
SEIKETSU (Neatness)
SHUKAN (Habits)



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

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 timeframe.
- 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 recognises 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 towards the spirit of the 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 timeframe, 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 timeframe, 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.

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
Salman Burney	Non-Executive Director

Chief Financial Officer

Shahid Saleem

Company Secretary

Ali Asghar Moten

Audit Committee

Asif Qadir	Chairman - Independent
Sohail P. Ahmed	Member
Mohamedali R. Habib	Member
Salman Burney	Member

Human Resources & Remuneration Committee

Salman Burney	Chairman
Asif Rizvi	Member
Ali S. Habib	Member

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisors

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

Tax Advisors

EY Ford Rhodes

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
Sharae 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

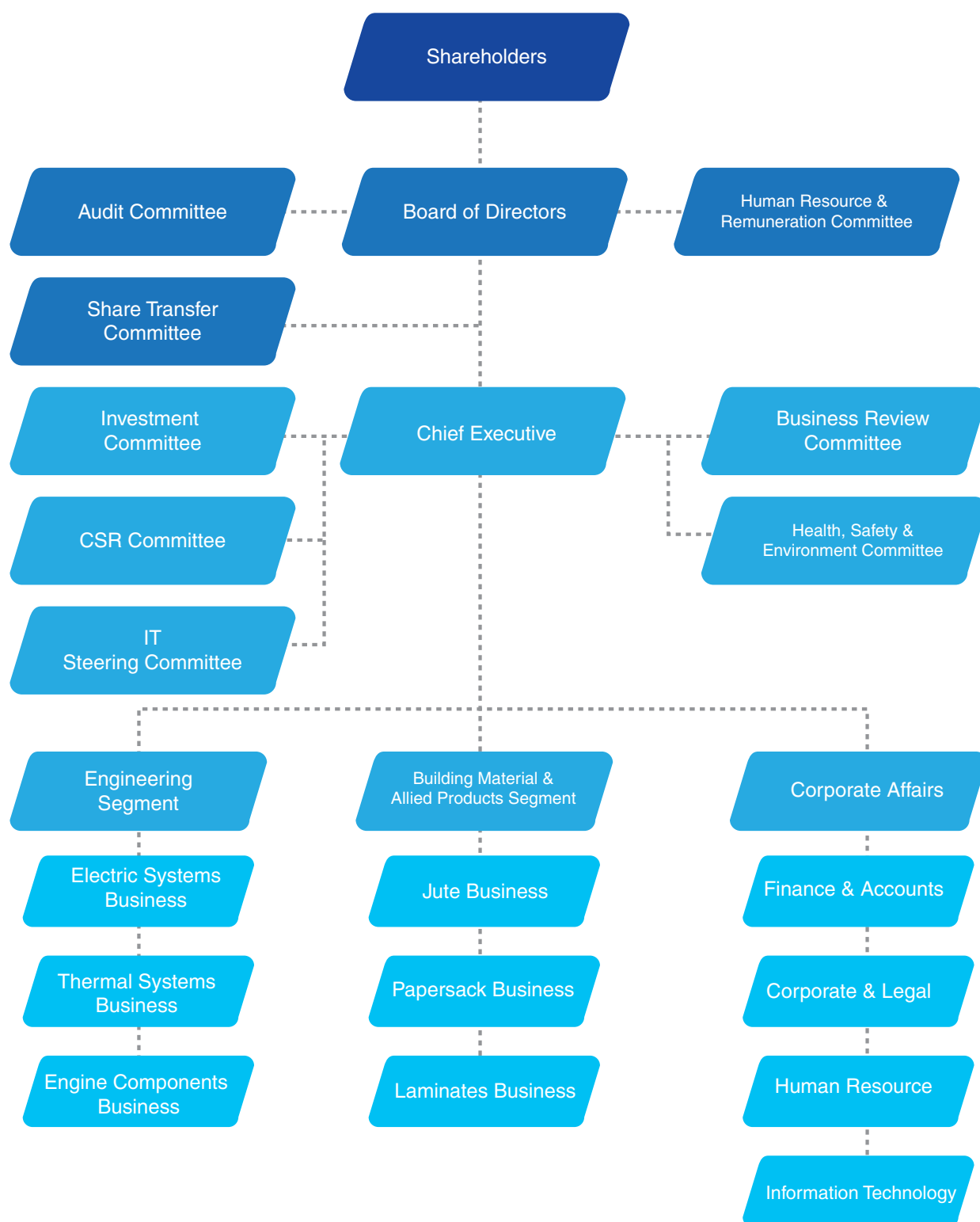
Share Registrar

FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S.,
Shahra-e-Faisal, Karachi.
Tel: 34380101-5, 34384621-3
Fax: 343.80,106 and 32428310
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Thal Structure



Organisation Structure



Board of Directors

Rafiq M Habib
Chairman



Sohail P. Ahmed
Vice Chairman



Asif Rizvi
Chief Executive



Ali S. Habib

Non-Executive Director



Mohamedali R. Habib

Non-Executive Director



Salman Burney

Non-Executive Director



Asif Qadir

Independent Director



Board of Directors' Profile



Rafiq M. Habib

Chairman

Mr. Rafiq M. Habib is one of the founding members and Chairman of Thal Limited. 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 Limited and Shabbir Tiles & Ceramics Limited.

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



Asif Rizvi

Chief Executive

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 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.



Sohail P. Ahmed

Vice Chairman

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

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 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 Tripack Films, Descon Oxychem and Unicol Limited.

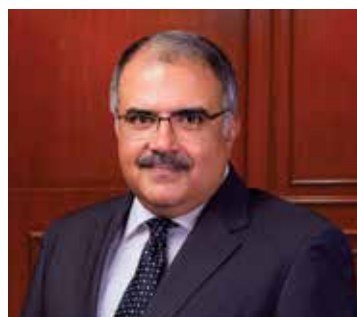


Ali S. Habib

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 Limited, 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.



Salman Burney

Non-Executive Director

Mr. Salman Burney joined the Board in February 2016 has an Non-Executive Director. He also served as the VP/Area GM for GSK Pakistan, Iran and Afghanistan.

He began his career with ICI Pakistan in Sales & Marketing within various roles in Pakistan, & African / Eastern Region at ICI plc, London and as General Manager of ICI's Agrochemicals & Seeds Business. He joined the Company in 1992, was appointed MD, SmithKline Beecham in 1997 with additional responsibility for Iran and the Caspian Region. He was holding the position of MD for GSK in Pakistan, and he was responsible for GSK's Pharmaceutical business in Pakistan, Iran & Afghanistan.

He has a degree in Economics from Trinity College, University of Cambridge, UK. Mr. Salman Burney has been the President of Pakistan's Foreign Investors Chamber and as Chairperson of the MNC Pharma Association has led the industry interface with the government on various issues.

Role of Chairman

- The Chairman of the Board provides leadership to the board and ensures that the Board plays an effective role in fulfilling all its responsibilities.
- He ensures that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management
- He ensures that the minutes of meetings of the Board of Directors are appropriately recorded.
- He ensures that shareholders' interest in the Company is safeguarded.
- He ensures that significant issues are adequately addressed during 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 facilitates Board's own performance evaluation.

Performance Evaluation of the Board of Directors

The 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 and an in-depth business understanding and strategic thinking.

The working of the Board is based on best business practices and in line with the Code of Corporate Governance defined by SECP. The Board has adopted a highly structured process to evaluate its performance wherein individual Board members rate 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 members also evaluate their performance in fulfilling their fiduciary responsibilities, providing leadership role, giving strategic direction to the management 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, the 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

The Chief Executive:

- 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.
- Plans, develops and formulates Company's strategies and policies for the Board's consideration.
- Maintains regular dialogue with the Chairman on important and strategic issues facing the Company, and ensures bringing these issues to the Board's attention.
- Directs strategy towards the profitable growth and operation of the Company.
- Ensures meritocracy and professionalism at all key levels in the Company.

Performance Review of the Chief Executive

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, achieving goals set by the Board, implementation of business objectives defined by the strategic direction set by the Board, human resource management and organizational development.

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 – Chairman (Independent)
Mr. Mohamedali R. Habib – Member
Mr. Salman Burney – 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. Salman Burney – 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 (CFO), 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.

Management Team



Sitting left to Right

Raza Ansari
Azfar Naqvi
Asif Rizvi
Syed Akkas ul Hussaini

Standing left to Right

Ali Asghar Moten
Noor - us - Samad
Mohammad Saqlain Akhter
Umar Ahsan Khan
Shahid Saleem
Mohammad Asim Aqil

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 addressing ways 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 throughout 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.

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

Internal Control Framework

The Board is ultimately responsible for internal control and its effectiveness. To provide reasonable assurance a system is designed to manage the risk to achieve business objectives. The internal audit function carries out reviews on the financial, operational and compliance controls.

Internal Control Framework

The Internal control framework is comprised of effectiveness and efficiency of operations including performance and profitability goals and safeguarding of resources, reliability of financial reporting including interim and condensed financial statements and selected financial data, and compliance with applicable laws and regulations.

The Company maintains clear structured and established control framework that contains authority limits, accountabilities and sound understanding of policies and procedures.

The Board has overall responsibility to

oversee the internal control processes. Internal control compliance is monitored by internal audit which ensures that the Company and its employees are compliant with internal control policies and procedures.

Control Environment

The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

Risk Assessment

Risk assessment is the identification and analysis of relevant risks to achieve the objectives, forming a basis for determining how the risks should be managed.

Control Activities

Policies and procedures for control activities ensure that management directives are carried out. These

activities ensure necessary actions are taken to address risks to achieve entity's objectives. Control activities occur throughout the organisation, at all levels and in all functions.

Information and Communication

Pertinent information must be identified, captured and communicated in a form and timeframe that enable people to carry out their responsibilities. Information systems produce reports, containing operational, financial and compliance-related information, required to run and control the business.

Monitoring

Internal control system is monitored to assess the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two.

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
- Conduct HSE risk assessments and ensure compliance through regular audits

Whistle Blowing

In order to inculcate responsibility and veracity in our conduct, the Company has 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 followings, 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

Information Technology Governance & Security

Thal Limited recognises that Information Technology 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 authorised access to the Company's information assets

- Ensures employees to adhere to all IT security measures and procedures and to disclose information only to authorised personnel and third parties
- Confirms that business organisations 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 the 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

The IT Governance initiative at Thal Limited has enabled its businesses to:

- Proactively handle all IT related risks that can have an impact on the organisation
- 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

Data Safety Policies & Disaster Recovery Plan

Objective

To ensure that data / information is not changed (either accidentally or purposefully) and data / information should be protected against loss, and that if it is lost, there should be some backup plan. This secures company's private, confidential, sensitive and commercial information.

For Hard Records / Data

Accessibility

The accessibility of a record should depend on its level of sensitivity. Highly sensitive records should only be accessible to relevant persons and should be kept in locked place.

Transferring Records

If data / information needs to be sent to a third party or other locations, all necessary security precautions should be taken to protect its transition. This will include sending data / information in the most appropriate format, packaging and correct addressing.

Authenticity of Records

Authenticity and integrity should be needed to maintain records to ensure trustworthiness which can be demonstrated.

Measures to be taken should include:

- Controlling access to record or data.
- Knowing who has the responsibility for and access to the record or data.
- If the possibility of its being changed exists, taking measures to ensure tracking its changes.
- Preventing accidental change.
- Regularly checking the accuracy of the information or data recorded.

Preservation of Records

Consider format and medium of records to ensure the nature of the record and the security of record.

Location of Records

Records should be kept in a safe and secure place, safe from natural calamities and other disasters.

For Soft Records / Data

To ensure a secure environment for electronic data is the responsibility of IT Manager, System Administrator, Support Personnel and end-users.

Protection of system and files

Protect systems' and individual files with login and passwords. When a user who has been granted access changes responsibilities or leaves employment, his / her access rights shall be re-evaluated by the functional unit involved and any access to data outside of the scope of the new position or status shall be revoked as soon as possible.

Accessibility

Managing access of rights including that of system administrators and all rights should be assigned with responsibilities. Physical access to equipment and storage media should be limited.

Virus Protection

Anti-virus should be installed in systems and regularly updated to prevent vulnerability of data.

Data Protection checklist

Data protection checklist should be maintained and updated at regular intervals to ensure that all policies and procedures are being followed.

Encryption

Encryption is the process of transferring of text into coded data, especially when wireless devices are used.

Removing unnecessary Data / Files

Unnecessary material may be removed when no longer needed.

Removal of such material will reduce the amount that is required to be included in each of the backups.

Location of data storage

Server should be located at safe and secure place, ideally outside the office or building so that in case of any contingency like fire, backup of system will remain safe and secure. In case of any contingency, there should be planned data recovery procedures with the IT department.

Disaster Recovery and Business Continuity Plan

Objective

The Disaster Recovery and Business Continuity Plan is designed to ensure the continuation of vital business processes in the event when disaster occurs. This provides an effective solution that is used to recover all vital business processes within the required time frame using vital records that are stored at another location.

A) Proactive Approach

Proactive approach is used which is the most vital in our business. Risk assessment at regular intervals and categorization of risk areas considering the level of risk are evaluated. Mitigation of risk procedures are considered before making disaster recovery procedures.

B) Responsiveness

Formal plan is developed that is responsive to our current business needs and practically implemented.

C) Ongoing Training

Training of business continuity and disaster recovery plan is provided to all employees for execution on time.

Stakeholder Relations

	ACTIVITY	POLICY & GUIDELINES FOR STAKEHOLDER RELATIONS ACTIVITY DETAIL	FREQUENCY
Investors & Regulators	Financial Reporting	Thal Limited (TL) is listed on the Pakistan Stock Exchange 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 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	The Engineering Segment gets regular feedback from Automobile Manufacturers about the quality and delivery issues observed in supplies made by the Company which is reviewed and appropriate action is taken to the customer's satisfaction. These issues are shared with the Technical Partners for their input and corrective action, where appropriate, claims are also raised with them.	Regular basis
Employees	Employee Relation	The 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	Employee Relation	Similarly, the supplier's credit is met as per the terms of the purchase order / letter of credit.	Regular basis
	Company's Website	<ul style="list-style-type: none"> • Internal publication and other staff notices • Internal meetings • Company conference • Staff surveys • Training initiatives • Awareness campaigns • Annual awards • One-on-one interaction • Performance review 	Regular basis
Investors Relation	Company's Website	The latest financials along with the Directors' Report are placed on Company's website www.thallimited.com . Stakeholders can communicate on the Company's email at tl@hoh.net .	Regular basis
	Company's Website		Regular basis

Awards & Recognitions 2015-2016



Corporate Excellence Award

- Corporate Excellence Award from Management Association of Pakistan for the overall Best in the Industrial Sector.
- Thal Limited ranked 17th among top 25 companies by Pakistan Stock Exchange.
- Horticulture Society of Pakistan – 1st Position in Garden Competition.
- Vendor Excellence Award and VA-VE Award – Pak Suzuki Motor Company Limited.
- Thal Engineering won second prize in category of processing and allied sector for best practices in OSH&E in 11th EFP award 2015.



1st Position in Garden Competition



Vendor Excellence Award from Pak Suzuki Motors



OSH&E - 2nd prize Employers Federation of Pakistan



VA-VE Award from Pak Suzuki Motors

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

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

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

Environment

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

Principle 8: Undertake initiatives to promote greater environmental responsibility

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

Anti-Corruption

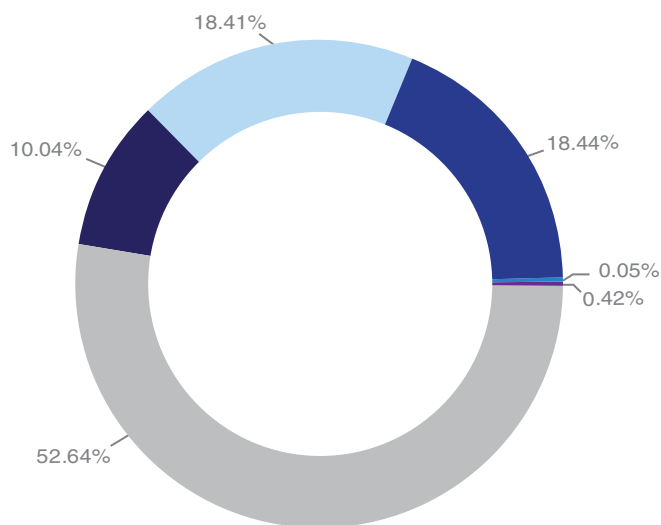
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.



Statement of Value Addition

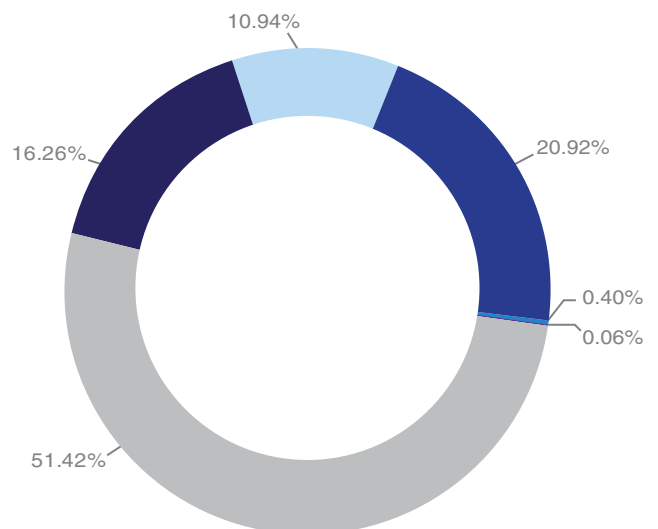
	2016		2015	
	Rs 000	%	Rs 000	%
WEALTH GENERATED				
Gross Revenue	17,639,235	93.79%	17,777,298	95.19%
Other Income	1,167,489	6.21%	898,102	4.81%
	18,806,724	100.00%	18,675,400	100.00%
Bought in Material, Services and Other Expenses	10,739,377	57.10%	11,200,672	59.98%
	8,067,347	42.90%	7,474,728	40.02%
WEALTH DISTRIBUTED	Rs 000	%	Rs 000	%
Employees				
Salaries, Wages & Other Benefits and WPPF	1,487,753	18.44%	1,563,617	20.92%
Society				
Donations towards Education, Health and Environment	33,521	0.42%	29,968	0.40%
Providers of Finance				
Finance Costs	3,820	0.05%	4,749	0.06%
Government				
Contribution to National Exchequer	4,246,844	52.64%	3,843,421	51.42%
Shareholders				
Dividend	810,300	10.04%	1,215,451	16.26%
Retained within the Business for Future Growth	1,485,109	18.41%	817,522	10.94%
	8,067,347		7,474,728	

Wealth Distribution - 2016



■ Employees
■ Society
■ Providers of Finance
■ Government
■ Shareholders
■ Profit Retained

Wealth Distribution - 2015

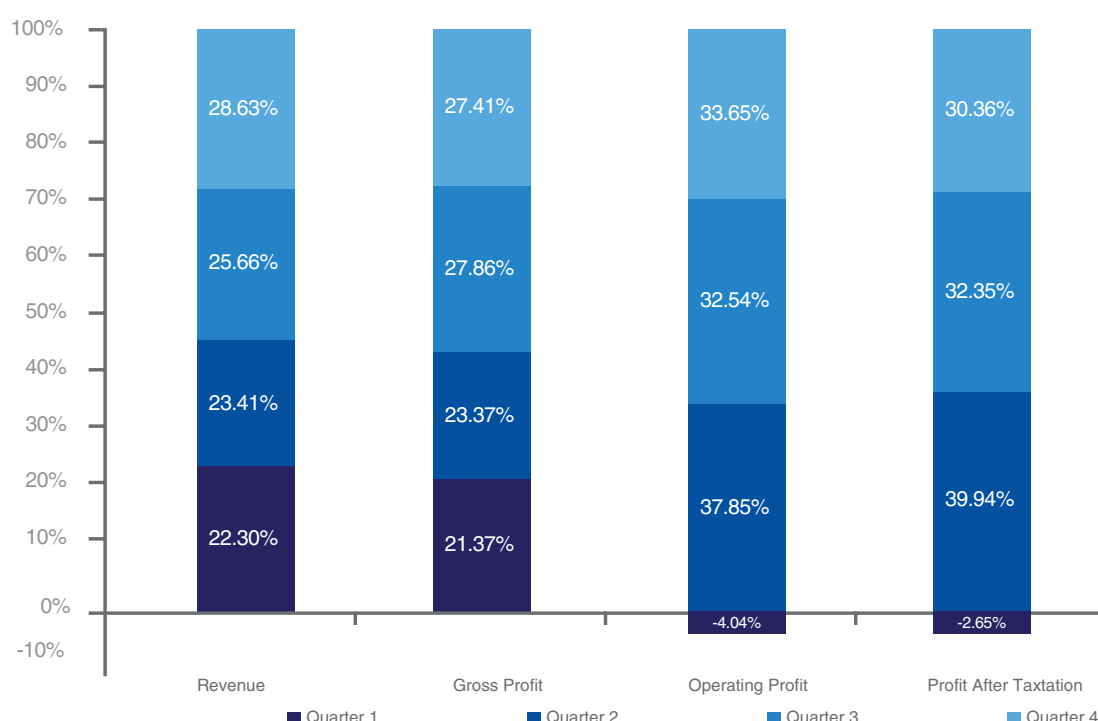


■ Employees
■ Society
■ Providers of Finance
■ Government
■ Shareholders
■ Profit Retained

Quarterly Analysis

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

	Quarter ended Sep 30, 2015		Quarter ended Dec 31, 2015		Quarter ended Mar 31, 2016		Quarter ended Jun 30, 2016	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Revenue - net	3,403,879		3,574,474		3,917,256		4,370,830	
Gross Profit	719,927	21.2%	787,297	22.0%	938,713	24.0%	923,409	21.1%
Operating Profit	(120,579)	-3.5%	1,128,929	31.6%	970,664	24.8%	1,003,851	23.0%
Profit After Taxation	(57,736)	-1.7%	870,228	24.3%	704,862	18.0%	661,464	15.1%
Earnings Per Share (Rs.)	(0.71)		10.74		8.70		8.16	



Comments

Revenue:

Owing to market demand and cyclical nature of the business, revenue continued to be on the higher side in the second half. It increased to Rs. 8.2 billion in the second half compared to Rs. 6.9 billion recorded in the first half of the year registering a growth of 18.8% primarily due to increased sales volume of the Engineering Segment.

Gross Profit:

Gross Profit gradually increased during the year with a slight dip in the fourth quarter. Gross profit ranged between 21% to 24%, mainly due to increased sales volume of the Engineering Segment.

Operating Profit:

Operating profit during the year has largely been the same except for the first quarter, where the company had recognised full liability arising out of termination of operation agreement between MHPL and MHCCP. It was subsequently reversed in the Company's books and recognised by MHPL. Moreover, operating profit for fourth quarter was lower than quarter two and three in relation to revenue due to recognition of impairment loss on investment in MHPL.

Profit After Taxation:

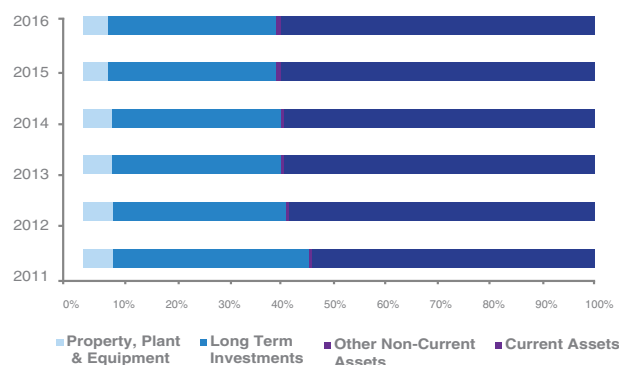
Profit after taxation in the first quarter was lower due to recognition of liability arising out of termination of operation agreement between MHPL and MHCCP which was subsequently reversed. Moreover, effective tax rate increased in fourth quarter due to recognition of super tax liability imposed vide Finance Act 2016.

Financial Performance - Six Years at a Glance

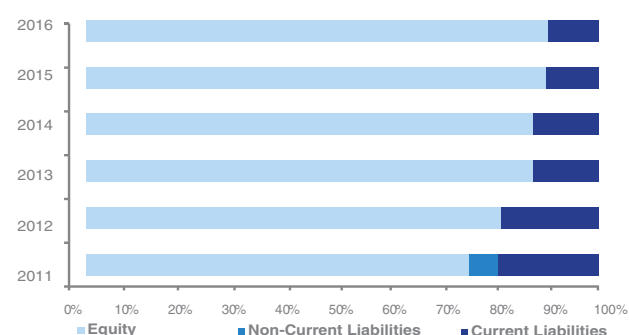
	2016	2015	2014	2013	2012	2011
Rupees in Million						
Summary of Balance Sheet						
Property, Plant and Equipment	651	599	609	612	591	544
Intangible Assets	9	8	-	-	-	-
Investment Property	1	1	1	1	1	1
Long-Term Investments	4,342	4,065	3,654	3,521	3,502	3,503
Long-Term Loans	60	5	5	4	-	7
Long-Term Deposits	8	8	6	6	6	-
Long-Term Prepayments	-	-	4	8	11	15
Deferred Tax Asset	298	84	46	22	-	-
Net Current Assets	6,860	6,003	5,096	4,867	3,916	3,058
	12,229	10,774	9,421	9,042	8,027	7,127
Non-Current Liabilities						
Long-Term Deposits	2	2	2	-	-	-
Long-Term Loans	-	-	-	-	-	443
Deferred Tax Liability	-	-	-	-	3	70
	2	2	2	-	3	513
Net Assets Employed	12,227	10,772	9,419	9,042	8,024	6,614
Financed by						
Issued , Subscribed and Paid-up Capital	405	405	405	405	368	307
Reserves	11,822	10,367	9,014	8,637	7,656	6,307
Shareholders' Equity	12,227	10,772	9,419	9,042	8,024	6,164
Summary of Profit & Loss						
Sales	15,266	15,549	11,626	12,766	13,679	11,484
Gross Profit	3,369	2,944	1,810	2,341	2,686	2,035
Profit Before Taxation	2,979	2,945	1,776	2,227	2,396	1,622
Profit After Taxation	2,179	2,149	1,361	1,624	1,657	1,090
Summary of Cash Flows						
Cash Flows from Operating Activities	759	1,951	220	1,270	1,379	458
Cash Flows from Investing Activities	398	303	1,387	(308)	(185)	(82)
Cash Flows from Financing Activities	(705)	(793)	(998)	(1,059)	(407)	(142)
Cash and Cash Equivalents at Year End	4,043	3,591	2,129	1,520	1,617	831

Graphical Presentation - Six Year at Glance

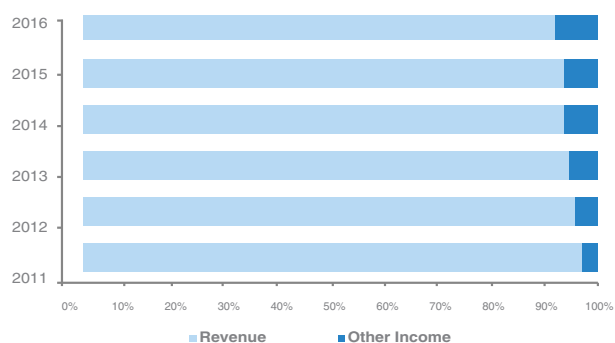
Balance Sheet Analysis - Assets (%)



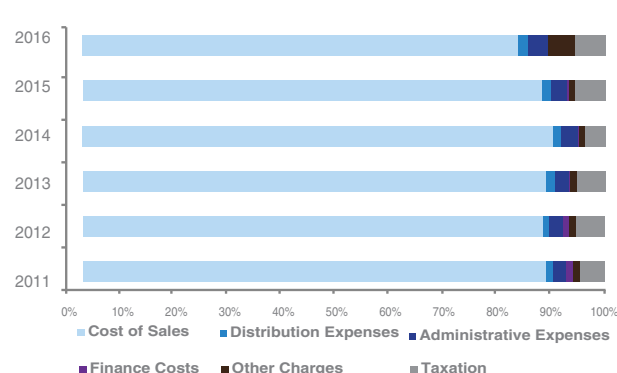
Balance Sheet Analysis - Equity & Liabilities (%)



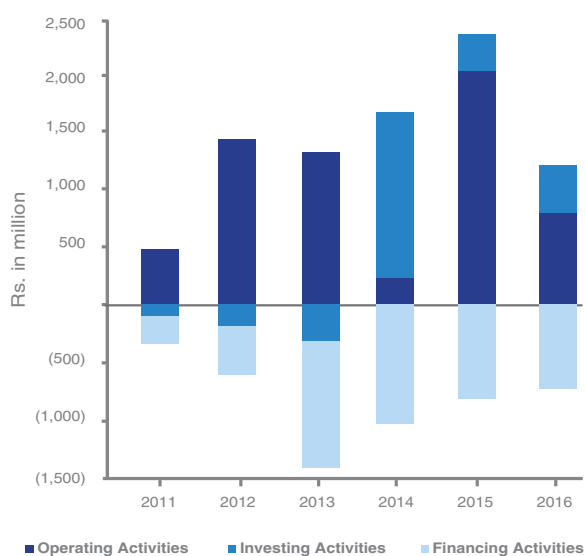
Profit & Loss Analysis - Income (%)



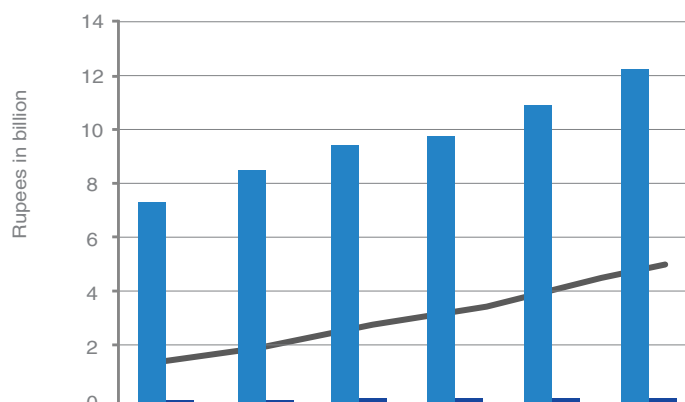
Profit & Loss Analysis - Expenses (%)



Cash Flow Analysis



Equity, Paid-up Capital & Accumulated Dividend



	2011	2012	2013	2014	2015	2016
Equity	6.61	8.02	9.04	9.42	10.77	12.22
Paid-up Capital	0.31	0.37	0.41	0.41	0.41	0.41
Accumulated Dividend	1.39	1.95	2.76	3.36	4.38	5.19

Horizontal Analysis

	2016		2015		2014	
	Rs in million	16 Vs. 15 %	Rs in million	15 Vs. 14 %	Rs in million	14 Vs. 13 %
BALANCE SHEET						
EQUITY AND LIABILITIES						
Equity	12,228	13.5%	10,772	14.4%	9,419	4.2%
Non-current Liabilities	2	-5.3%	2	0.0%	2	0.0%
Current Liabilities	1,456	7.4%	1,356	-8.9%	1,489	2.7%
Total Equity & Liabilities	13,686	12.8%	12,130	11.2%	10,910	4.0%
ASSETS						
Non-Current Assets	5,370	12.5%	4,771	10.3%	4,326	3.6%
Current Assets	8,316	13.0%	7,359	11.8%	6,584	4.2%
Total Assets	13,686	12.8%	12,130	11.2%	10,910	4.0%
PROFIT AND LOSS ACCOUNT						
Turnover - net	15,266	-1.8%	15,549	33.7%	11,626	-8.9%
Cost of Sales	11,897	-5.6%	12,605	28.4%	9,816	-5.8%
Gross Profit	3,369	14.5%	2,944	62.6%	1,810	-22.7%
Distribution Costs	249	25.6%	199	25.8%	158	-10.4%
Administrative Expenses	573	20.3%	476	29.3%	368	7.9%
Other Income	(1,168)	30.0%	(898)	43.7%	(625)	6.3%
Other Charges	732	236.7%	217	69.4%	128	-25.7%
Operating Profit	2,983	1.1%	2,950	65.7%	1,781	-20.5%
Finance Costs	4	-19.6%	5	3.0%	5	-63.3%
Profit Before Taxation	2,979	1.2%	2,945	65.8%	1,776	-20.2%
Taxation	800	0.5%	796	92.1%	414	-31.2%
Profit After Taxation	2,179	1.4%	2,149	57.8%	1,362	-16.2%

Vertical Analysis

	2016		2015		2014	
	Rs in million	%	Rs in million	%	Rs in million	%
BALANCE SHEET						
EQUITY AND LIABILITIES						
Equity	12,228	89.3%	10,772	88.8%	9,419	86.3%
Non-Current Liabilities	2	0.0%	2	0.0%	2	0.0%
Current Liabilities	1,456	10.6%	1,356	11.2%	1,488	13.6%
Total Equity & Liabilities	13,686	100.0%	12,130	100.0%	10,908	100.0%
ASSETS						
Non-Current Assets	5,370	39.2%	4,771	39.3%	4,324	39.6%
Current Assets	8,316	60.8%	7,359	60.7%	6,584	60.4%
Total Assets	13,686	100.0%	12,130	100.0%	10,908	100.0%
PROFIT AND LOSS ACCOUNT						
Turnover - net	15,266	100.0%	15,549	100.0%	11,626	100.0%
Cost of Sales	11,897	77.9%	12,605	81.1%	9,816	84.4%
Gross Profit	3,369	22.1%	2,944	18.9%	1,810	15.6%
Distribution Costs	249	1.6%	199	1.3%	158	1.4%
Administrative Expenses	573	3.8%	476	3.1%	368	3.2%
Other Income	(1,168)	-7.6%	(898)	-5.8%	(625)	-5.4%
Other Charges	732	4.8%	217	1.4%	128	1.1%
Operating Profit	2,983	19.5%	2,950	19.0%	1,780	15.3%
Finance Costs	4	0.0%	5	0.0%	5	0.0%
Profit Before Taxation	2,979	19.5%	2,945	18.9%	1,776	15.3%
Taxation	800	5.2%	796	5.1%	414	3.6%
Profit After Taxation	2,179	14.3%	2,149	13.8%	1,361	11.7%

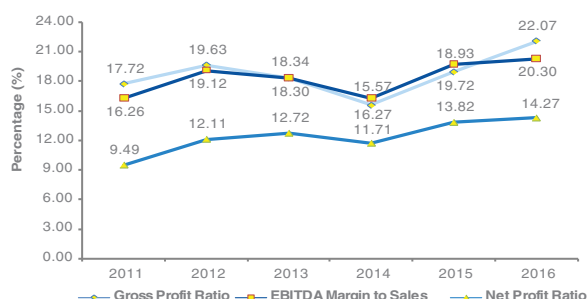
	2013		2012		2011	
	Rs in million	%	Rs in million	%	Rs in million	%
	9,042	86.2%	8,024	80.0%	6,614	74.0%
	-	0.0%	3	0.0%	513	5.7%
	1,450	13.8%	2,000	19.9%	1,815	20.3%
	10,492	100.0%	10,027	100.0%	8,943	100.0%
	4,175	39.8%	4,111	41.0%	4,069	45.5%
	6,317	60.2%	5,916	59.0%	4,873	54.5%
	10,492	100.0%	10,027	100.0%	8,943	100.0%
	12,766	100.0%	13,679	100.0%	11,484	100.0%
	10,425	81.7%	10,993	80.4%	9,449	82.3%
	2,341	18.3%	2,686	19.6%	2,035	17.7%
	176	1.4%	117	0.9%	106	0.9%
	341	2.7%	341	2.5%	274	2.4%
	(588)	-4.6%	(455)	-3.3%	(235)	-2.0%
	173	1.4%	167	1.2%	121	1.1%
	2,239	17.5%	2,515	18.4%	1,769	15.4%
	13	0.1%	119	0.9%	148	1.3%
	2,227	17.4%	2,396	17.5%	1,621	14.1%
	602	4.7%	739	5.4%	531	4.6%
	1,624	12.7%	1,657	12.1%	1,090	9.5%

Six Years' Ratio Analysis

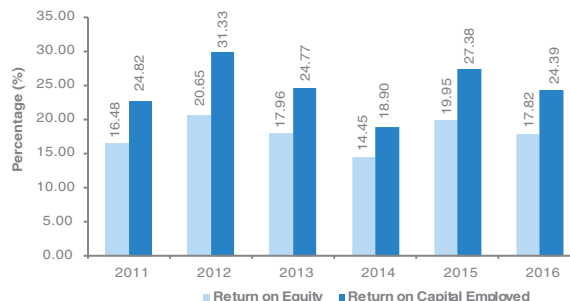
		2016	2015	2014	2013	2012	2011
PROFITABILITY RATIOS							
Gross Profit	%	22.07	18.93	15.57	18.34	19.63	17.72
EBITDA Margin to Sales	%	20.30	19.72	16.27	18.30	19.12	16.26
Net Profit Margin	%	14.27	13.82	11.71	12.72	12.11	9.49
Return on Equity	%	17.82	19.95	14.45	17.96	20.65	16.48
Return on Capital Employed	%	24.39	27.38	18.90	24.77	31.33	24.82
Operating Leverage Ratio	%	-0.60	1.84	2.13	1.60	2.08	-7.74
LIQUIDITY RATIOS							
Current Ratio	times	5.71	5.43	4.43	4.36	2.96	2.68
Quick Ratio	times	3.75	3.67	2.29	2.61	1.46	1.11
Cash to Current Liabilities	times	2.78	2.65	1.43	1.05	0.81	0.46
Cash Flow from Operations to Sales	times	0.05	0.13	0.07	0.16	0.16	0.13
ACTIVITY / TURNOVER RATIOS							
Inventory Turnover	times	4.70	4.68	3.54	3.89	3.86	3.83
Inventory Turnover	days	77.61	77.99	103.15	93.81	94.49	95.23
Inventory Turnover - Finished Goods	times	33.36	35.54	30.42	36.13	31.37	37.25
Inventory Turnover - Finished Goods	days	10.94	10.27	12.00	10.10	11.64	9.80
Inventory Turnover - Raw Material	times	5.29	4.86	3.64	3.85	4.12	4.02
Inventory Turnover - Raw Material	days	68.96	75.07	100.31	94.73	88.51	90.90
Debtors Turnover	times	16.62	17.85	14.03	15.67	21.62	17.72
Average Collection Period	days	21.96	20.45	26.02	23.30	16.89	20.60
Creditors Turnover	times	49.29	38.15	31.60	25.35	31.14	40.70
Payable Turnover	days	7.53	8.93	12.24	14.13	11.51	9.48
Operating Cycle	days	92.04	89.50	116.92	102.97	99.86	106.34
Total Assets Turnover	times	1.12	1.28	1.07	1.22	1.36	1.28
Fixed Assets Turnover	times	23.12	25.60	19.10	20.84	23.16	21.13
INVESTMENT / MARKET RATIOS							
Earnings Per Share	Rs.	26.89	26.52	16.80	20.05	20.44	14.80
Price Earnings Ratio	times	10.53	10.76	12.34	6.36	4.14	5.69
Cash Dividend Per Share	Rs.	10.00	12.50	7.50	10.00	7.00	2.50
Bonus Shares	%	0.00	0.00	0.00	0.00	10.00	20.00
Bonus Shares	Rs.	0.00	0.00	0.00	0.00	0.50	1.00
Dividend Yield	%	3.53	4.38	3.62	7.84	7.53	2.97
Dividend Payout	%	37.19	47.13	44.64	49.89	36.68	23.65
Dividend Cover	times	2.69	2.12	2.24	2.00	2.92	5.92
Market Value Per Share - June 30	Rs.	283.02	285.43	207.39	127.49	93.00	101.04
Market Value Per Share - High	Rs.	321.99	329.62	218.00	141.01	108.00	132.00
Market Value Per Share - Low	Rs.	230.98	187.33	107.15	92.01	75.25	86.50
Market Capitalization	Rs. 000	22,933,085	23,128,367	16,804,793	10,330,503	6,850,711	6,202,471
Breakup Value - Net Assets Per Share	Rs.						
- Without Surplus on Revaluation on Fixed Assets		150.90	132.94	116.24	111.59	108.93	107.75
- Including Surplus on Revaluation on Fixed Assets							-----Not applicable-----
CAPITAL STRUCTURE RATIOS							
Financial Leverage	%	11.92	12.61	15.81	16.04	24.96	35.20
Debt Equity Ratio	%	0.01	0.02	0.02	0.00	0.04	7.76
Interest Cover	times	780.85	621.18	386.13	178.11	21.16	11.97

Graphical Presentation of Ratios

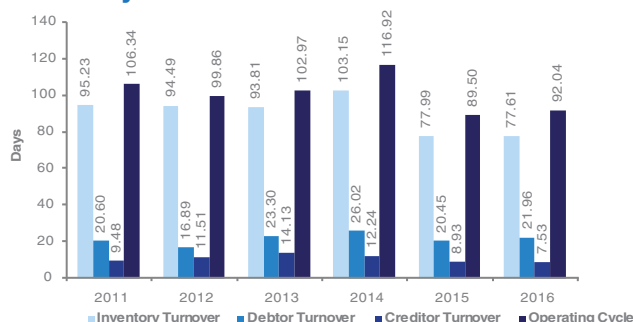
Profitability Ratios



Profitability Ratios



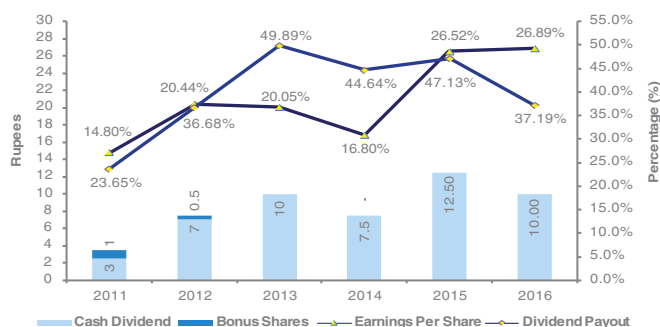
Activity / Turnover Ratios



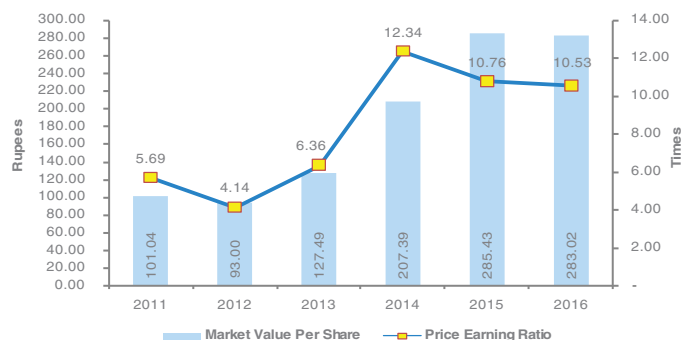
Activity / Turnover Ratios



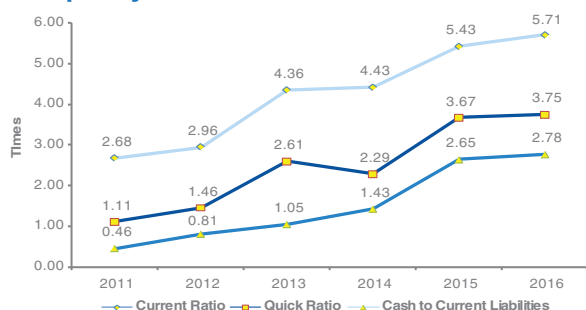
Investment / Market Ratios



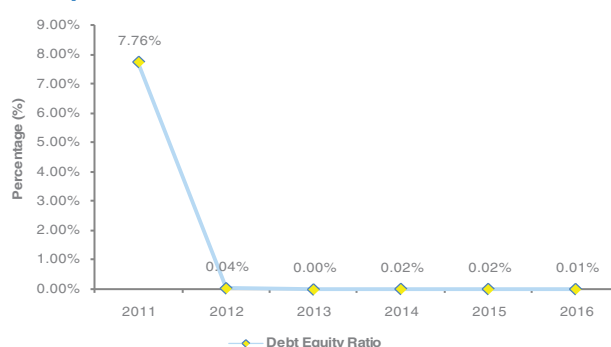
Investment / Market Ratios



Liquidity Ratios



Capital Structure Ratio



Comments on Six Years' Analysis 2011 Through 2016

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 2011 and 2012. Reserves have increased from Rs.6.6 billion in 2011 to Rs. 12.2 billion in 2016 translating into impressive growth of 85%.

Non-Current Liabilities

Non-Current Liabilities mainly comprised of Deferred Tax Liability and Long-Term Finance in the year 2011. Long-Term Finance that was obtained in the year 2008 and 2010 to purchase shares of Makro-Habib Pakistan Limited was later paid off in the year 2013.

Current Liabilities

Current Liabilities of the Company increased from Rs. 1.8 billion in 2011 to Rs. 2 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. 1.4 billion in 2016.

Non-Current Assets

During the past six years non-current assets have significantly increased mainly on account of additions to Property, Plant and Equipment (PPE) and Long Term strategic investments. PPE reported an increase of 20%, most of which was on account of purchase of plant & machinery. Long Term Investments grew to Rs. 4.3 billion in 2016 from Rs.3.5 billion in 2011 due to investment in shares of Sindh Engro Coal Mining Company Limited and Thal Boshoku Pakistan (Private) Limited partly offset by impairment of investment in MHPL during the current year.

Current Assets

Current Assets mainly include Stock in Trade, Trade Debts, Short Term Investments and Cash & Bank Balances. Current assets registered a growth of 71% over the past six years

mainly on account of Short-Term Investments.

Profit & Loss Account

Revenue & Cost of Sales

Revenue has shown an overall growth of 33% 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 was 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

Current year is the record year for the Company as it has achieved the highest gross profit of Rs. 3.3 billion which was mainly on account of sales of new car model of one of the leading OEMs. With the exception of year 2014, Gross Profit of the Company has shown an increasing trend 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.756 million since 2011 on account of Company's investment in associates and subsidiaries. Moreover, improved fund management has also resulted in increase in income on short term investments.

Cash Flow

Cash & cash equivalents over the past six years have significantly increased on account of growth in revenue and dividend income partly offset by additions to Property Plant and Equipment, repayment of Long-Term Finance that was obtained for the acquisition of shares of Makro-Habib Pakistan Limited and dividends to shareholders and income tax payments.

Ratios

Profitability Ratios

Gross Profit stood at 22.07% for the year being the highest during the past six years mainly due to improved revenues of engineering segment. Other profitability ratios such as profit margin and return on equity have been in line with the overall performance of the Company.

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% in 2015 over 2014.

Activity / Turnover Ratios

Except for the year 2014, inventory turnover days have remained in the range of 77 to 95 days over the past six years. Average collection period has also been consistent at around 20 days. Payable turnover days have improved during the last two years due to cash sufficiency. Total Assets Turnover and Fixed Assets Turnover ratio were recorded at 1.12 times and 23.12 times respectively which is fairly consistent with the past six years' trend.

Investment / Market Ratios

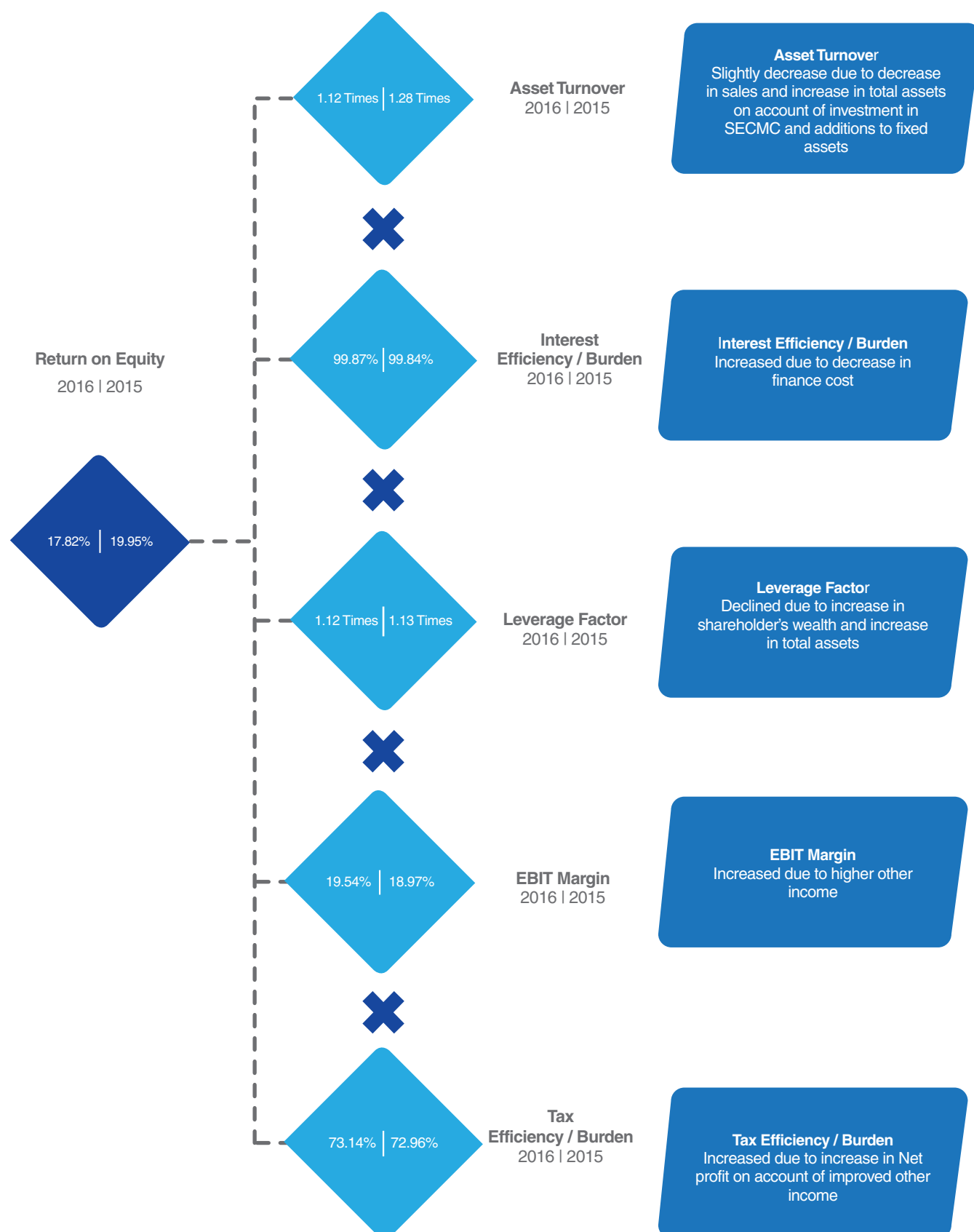
Earnings Per Share increased by 58% in 2015 as compared to 2014 and 43% since 2010. However, Price to Earnings Ratio has been fairly consistent with the previous year as the market share price of the Company has remained stable.

Dividend Payout Ratio has improved in the years 2013 - 2016 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 21,177 times from the year 2015.

DuPont Analysis - 2016 vs 2015



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.

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 Papersack Business. 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

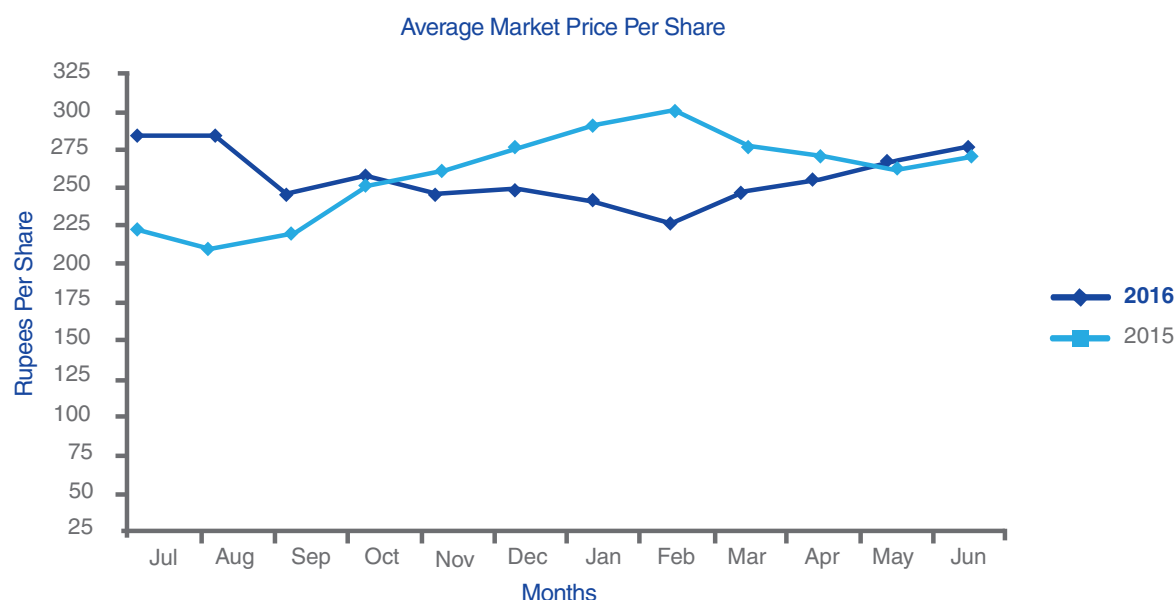
The increase in the use of polypropylene bags in the past few years has negatively impacted both Jute and Papersack businesses. The cheaper production costs of poly bags, dilution of Mandatory Packaging Act in India and lower purchase volume of jute bags by Public Procurement Agencies are some of the 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 enhance 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 and signing of a Joint Venture Agreement with the M/s Novatex Limited for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh. Any such information that is circulated through Stock Exchanges always has a favorable impact over 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 attached graphs:



Cash Flow Statement Through Direct Method

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,806,757	17,604,200
Payments to suppliers / service providers	(11,378,067)	(10,956,099)
Payments to employees	(1,351,989)	(1,392,389)
Payment for indirect taxes and other statutory duties	(2,328,002)	(2,263,432)
Loan / advance to subsidiary	(643,436)	-
Payment for royalty	(184,508)	(109,038)
Payment for infrastructure cess	(43,308)	(35,721)
Payment for warranty claims	(8,964)	(13,688)
Finance costs paid	(3,833)	(4,728)
Retirement benefits paid	(2,356)	(3,529)
WWF Paid	(58,904)	(36,193)
WPPF Paid	(152,250)	(159,495)
Income tax paid	(837,197)	(680,672)
Net cash generated from operating activities	813,943	1,949,216
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(173,111)	(119,239)
Long term loans and deposits	(55,441)	2,258
Dividends received	852,567	663,683
Profit received on bank deposits	188,016	100,430
Proceeds from disposal of property, plant and equipment	12,610	10,466
Investment in a subsidiary	(100)	(100)
Investment in equities	(514,899)	(292,269)
Redemption of short term investments	33,259	44,834
Net cash generated from investing activities	342,901	305,663
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(704,796)	(793,338)
Net cash used in financing activities	(704,796)	(793,338)
NET INCREASE IN CASH AND CASH EQUIVALENTS	452,048	1,461,541
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,590,878	2,129,337
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,042,926	3,590,878

Directors' Report

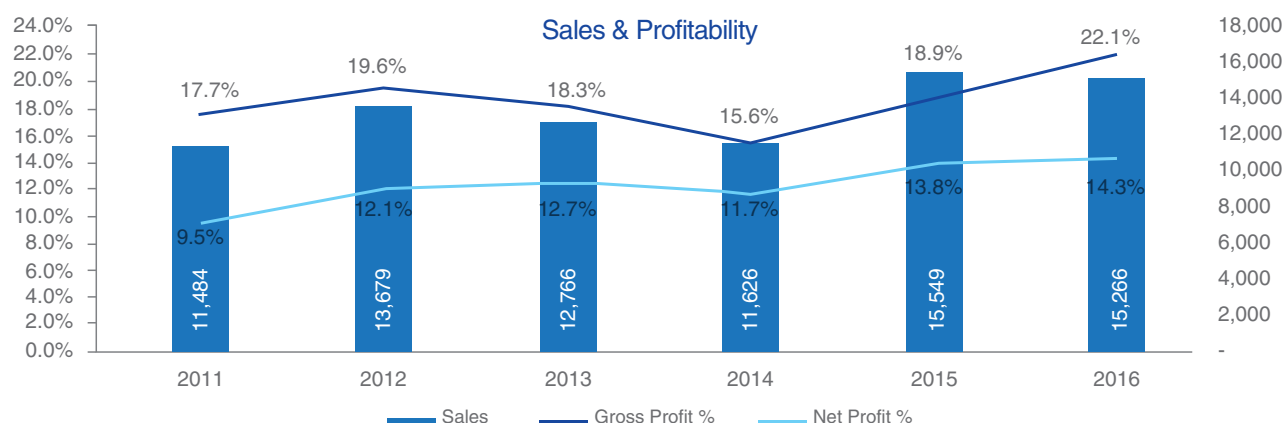
On behalf of the Board of Directors, I am pleased to present the Fiftieth Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2016.

Overview of Financial Results

During the year, the sale revenue for the Company registered a marginal decline of 2.5%, from Rs. 15.6 billion to Rs. 15.2 billion. Despite increasing cost of doing business, profit before tax improved by 1.2% to Rs.2.9 billion. This impressive performance was largely attributed to the Engineering Segment of the Company which benefitted from the growth of the auto sector in the Country.

Financial Performance

	Rupees in Million	
	2015-16	2014-15
Net Revenue	15,266	15,549
Profit Before Taxes	2,979	2,945
Taxation	800	796
Profit After Taxes	2,179	2,149
Earnings Per Share - Rupees	26.89	26.52



Liquidity & Cash Flow Management

The Company follows a prudent liquidity management system. Placement of surplus funds was done in liquid investments 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 and long term investment requirements are fulfilled through internal generation of cash from businesses. Cash flow projections are prepared regularly to monitor the cash inflow and outflow requirements.

Pakistan (Private) Limited. The Company surpassed its targets primarily due to increased customer demand. Through good financial management, effective cost control and efficient inventory management, the Company paid off its short-term borrowings, and ended the year in a cash surplus position.

During the year, the Company was awarded three certifications for Quality Management System (ISO 9001), Environment Management System (ISO 14001) and Occupational Health & Safety Assessment (OHSAS 18001) from the international certification body URS.



Subsidiaries & Associates

Thal Boshoku Pakistan (Private) Limited

The year 2015-16 has been a good year for Thal Boshoku

The Company continued to work towards providing its employees a safe and healthy working environment and also contributing towards reducing the carbon footprint by 18 tons of CO2 emission.

Future outlook of the Company looks encouraging as the auto industry expects to grow, especially with the incentives offered to new entrants in the newly launched Auto Policy. While consolidating operations, the Company is also taking steps towards increasing its product offering by adding new localization projects.

Makro-Habib Pakistan Limited

The Honorable Supreme Court of Pakistan dismissed Makro-Habib Pakistan Limited's (MHPL) Review Petition for the Saddar Store and as a consequence, the Saddar store of MHPL was closed down on September 11, 2015. Accordingly, the Operation Agreement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) and MHPL was terminated. As per the Operations Agreement, MHPL paid Rs. 792 million to MHCCP on account of the closure of the Saddar Store.

As a later development, on December 9, 2015, the Honorable Supreme Court of Pakistan has accepted the Army Welfare Trust's (AWT) request for restoration of its Review Petition. In its hearing on February 2, 2016, the Honorable Chief Justice commented that while reviewing AWT's review petition, both MHPL and Ministry of Defense will also get a chance to argue their points on merit as they are respondent in AWT's petition. No further hearing has been heard thereafter.

Habib METRO Pakistan (Private) Limited

The main business of Habib METRO Pakistan (Private) Limited (HMPL) is to own and manage retail store properties and accordingly, over 90% of the revenue is generated from rental income. Thal Limited has 60% shareholding in the subsidiary. The company is exploring various business opportunities to complement the cash & carry retail rental business and to enhance value from its store locations.

In 2015-16, HMPL paid interim dividends to Thal Limited amounting to a total of Rs. 323 million.

Noble Computer Services (Private) Limited

The Company discontinued to provide Share / TFC Registrar Services, due to revised SECP regulations. However, the Company continues to provide services related to internal audit, IT, advisory, HR and other management related functions to associate Companies. The Company is a wholly owned subsidiary of Thal Limited.

Pakistan Industrial Aids (Private) Limited

The trading activity of the subsidiary company, Pakistan Industrial Aids (Private) Limited continues to supply auto parts, such as compressors, condensers, cooling units and gas to the automobile assemblers and auto parts manufacturers. The Company had 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. It is a wholly owned subsidiary of Thal Limited.

A-One Enterprises (Private) Limited

A-One Enterprises (Private) Limited is a fully owned subsidiary of Thal Limited. During the year, the Company's land situated at Multan Road, Lahore was partially acquired by the Lahore Development Authority (LDA) for the Metro Orange Line Project. The Company has filed a writ petition before Lahore High Court for getting relief from LDA to either acquire remaining land or provide access to it.

Investment in Sindh Engro Coal Mining Company (SECMC)

SECMC is a joint venture between the Government of Sindh, Thal Limited, Engro Powergen Limited, Hub Power Company Limited, Habib Bank Limited, CMEC Thar Mining Investments Limited and SPI Mengdong. It is engaged in developing Pakistan's first open pit mining project at Thar Coal Block II. By the grace of Allah, SECMC achieved its Financial close on April 4, 2016.



For the first phase of the project, the Board of Directors of Thal Limited has approved a total investment of Pak Rupee equivalent of US\$ 36.1 million, which includes equity investment of US\$ 24.3 million, US\$ 5 million for cost over-run and US\$ 6.8 million for debt servicing reserve. As of this balance sheet date, the Company has invested Rs. 862.499 million, equivalent to US\$ 8.36 million, in acquiring circa 58 million ordinary shares.

Thal Power (Private) Limited

The Company has entered into a Joint Venture Agreement with Novatex Limited, for collaboration to develop a 330 MW mine mouth coal-fired power generation plant located at Thar, Sindh. This power plant will be based on lignite coal extracted from the mine operated by Sind Engro Coal Mining Company (SECMC).

The Company through its wholly owned subsidiary, Thal Power (Private) Limited has incorporated a JV project company, i.e., ThalNova Power Thar (Private) Limited ("ThalNova"), to initiate the preliminary development works of the aforementioned project and obtain the necessary regulatory and operational approvals and permissions required.



ThalNova has at present obtained a Letter of Intent ("LOI") from the Private Power Infrastructure Board ("PPIB") and is currently engaged in preliminary project development activities. The total project cost is estimated at approximately US\$ 500 million. Preliminary development expenses & commitments, expected to cost around Pak Rupee equivalent of US\$ 5 million are being carried out by ThalNova, and are being funded equitably by the JVA partners. Whilst the project has sound fundamentals being based on indigenous resources and enjoys good support and encouragement from the government, it also presents significant challenges in achieving financial close and execution. Discussions are underway with other potential equity partners to join in the ThalNova project.

Contribution to National Exchequer

During the year, the Company contributed a sum of Rs. 4.22 billion (2014-15: Rs. 4.18billion) towards the National Exchequer by way of taxation (including super tax), custom duties, levies, excise duty and WWF.

Reconstitution of the Board of Directors and its Committees

During the year, Mr. Salman Burney was appointed on the Board of Directors in place of Mr. Mazhar Valjee who resigned from the Board. The Board appreciated the contributions made by Mr. Mazhar Valjee during his tenure on the Board for the past 22 years.

Board of Directors Meetings

The Board convened 7 times during the year and attendance of the respective Directors was as under:

Names of Directors	No of Meetings Attended
Mr. Rafiq M. Habib - Chairman	4
Mr. Sohail P. Ahmed	7
Mr. Asif Rizvi	7
Mr. Ali S. Habib	7
Mr. Mohamedali R. Habib	4
Mr. Asif Qadir	5
Mr. Mazhar Valjee (resigned on February 25, 2016)	4
Mr. Salman Burney (appointed on February 25, 2016)	2

Board Audit Committee

The Board Audit Committee (BAC) was reconstituted with Mr. Asif Qadir as the Chairman and Mr. Sohail P. Ahmed, Mr. Mohamedali R. Habib and Mr. Salman Burney as members. Mr. Mazhar Valjee resigned from the Board Audit Committee and his contributions to the Audit Committee were appreciated.

During the year the Audit Committee met 5 times and attendance of the Directors was as follows:

Names of Directors	No of Meetings Attended
Mr. Asif Qadir - Chairman	5
Mr. Mohamedali R. Habib	3
Mr. Sohail P. Ahmed	5
Mr. Salman Burney (appointed on February 25, 2016)	2
Mr. Mazhar Valjee (resigned on February 25, 2016)	2

Board Human Resource & Remuneration Committee

The Board HR Committee has also been reconstituted with Mr. Salman Burney as the Chairman and Mr. Ali S. Habib and Mr. Asif Rizvi as members. Mr. Mazhar Valjee resigned from the Board HR Committee and his contributions to the HR Committee were appreciated.

During the year the HR Committee met 3 times and attendance of the Directors was as follows:

Names of Directors	No of Meetings Attended
Mr. Salman Burney (appointed Chairman on April 27, 2016)	1
Mr. Ali S. Habib	2
Mr. Asif Rizvi	3
Mr. Mazhar Valjee (resigned on February 25, 2016)	2

Directors Training Program

Mr. Rafiq M. Habib, Mr. Ali S. Habib, Mr. Asif Qadir and Mr. Salman Burney are exempted from the Directors Training Program as each has over 15 years of experience in serving on the Boards of Public Limited Companies. Mr. Sohail P. Ahmed, Mr. Mohamedali R. Habib and Mr. Asif Rizvi have successfully completed the director's certification from PICG.

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.
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 Computers Services (Pvt.) Ltd., who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures 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/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 benefit fund stands at Rs. 527 million and Rs. 57 million respectively as at June 30, 2016.
11. The key operating & finance data for the last 6 years are annexed to the report.

Auditors

The current auditors EY Ford Rhodes, Chartered Accountants, retire and being eligible offered themselves for re-appointment for the year 2016-17. The reappointment has also been recommended by the Board Audit Committee.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2016 is attached to this report.

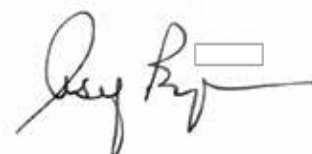
Dividend and Appropriations

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

- Final cash Dividend of Rs. 6.25 per share, i.e., 125% in addition to the interim dividend of Rs 3.75 per share, i.e., 75%, thus amounting to a total dividend of Rs.10 per share i.e., 200%.
- Recommends appropriating a sum of Rs 1,368.5 million from un-appropriated profits to the General Reserve.

Acknowledgement

On behalf of the Board of Directors and the management, I wish to express sincere gratitude to our shareholders, customers, dealers and business partners for their continuing patronage and trust. I would also like to thank all regulatory authorities for their guidance and support. Last but not least, the Board of Directors extends its sincere appreciation to all its staff members for their significant contribution to the growth of our company under challenging business conditions.



Karachi.
Dated: August 30, 2016.

Asif Rizvi
Chief Executive & Director

Chief Executive's Review

By the grace of the Almighty, Thal Limited has completed 50 years of excellence and dedication to the progress of Pakistan and 2016 marks its Golden Jubilee.

I am pleased to report that 2016 was another good year of growth for the Company and by His Grace the company record another remarkable year where it continued to exceed the expectations of its stakeholders and achieved milestones through persistent efforts. Despite a depressed macro-economic environment, the Company continued on its growth pattern while continuing to explore new investment opportunities that will ensure a long term sustainable business model.

Economic Highlights

Despite global economic slowdown, Pakistan's economy grew at 4.71% compared to 4.04% last year fueled by a strong performance of the industrial sector of 6.8% and service sector of 5.7% growth, while agriculture sector saw a massive decline of 27.8% over last year. Owing to the prevailing low inflation, the State Bank of Pakistan gradually reduced its discount rate to 6% which auger well for investment. The country's foreign exchange reserves reached an all-time high of US\$23 billion due to which the Pak Rupee parity showed stability and closed the year at Rs 104.64, with a marginal decline of under 3% over last year, primarily due to current account deficit of US\$ 2.5 billion.

On the macro economic front, rising costs of doing business, power shortages and security concern continued to post challenges for the company during 2015-16. However, initiatives under the ChinaPakistan Economic Corridor (CPEC) not only attracted Foreign Direct Investment (FDI), but also helped in reviving the confidence of local businesses. Both China and Pakistan are committed to complete infrastructure and energy projects under CPEC valued around US\$ 46 billion in the stipulated time. CPEC projects are expected to add around 2.2% to Pakistan's GDP growth and raise it to above 6%.

Overview of Business Segments

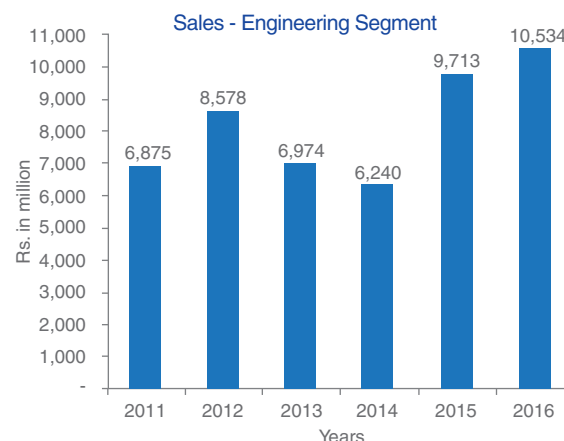
The Company has two major business segments – the Engineering Segment and the Building Materials & Allied Products Segment.

Engineering Segment



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 turnover of the Engineering Segment was Rs.10.5 billion, registered an increase of 8.45% compared to Rs.9.7 billion in the previous year.



The auto assembling industry in Pakistan exhibited a healthy growth of 19.1% in volumes during 2015-16 compared to the previous year. This was mainly on account of the Punjab Government's Apna RozgarTaxi Scheme which continued till February 2016, leading to an overall growth in demand for automobiles in the country along with enhanced auto financing in the country. The Engineering Segment effectively managed to enhance production to cater for the higher demands of the auto assemblers. However, used car imports continue to adversely impact the auto industry registering an increase of around 70% over last year to 22,000 units, mainly in the economy hybridvehicle categories.



In the aftermarket segment, the Business has continued to provide products and services for local and imported vehicles, achieving a significant growth in the commercial vehicles segment through customer focus and tailor made customized solutions. The aftermarket in the business is still small and contributes less than 10% of overall business.

The new Automotive Development Policy 2016-21 has been announced by the government, which provides lucrative incentives for new automotive entrants in the country. The incentives include reduced duty rates for import of CKD kits for 5 years and a one-off duty-free import of plant & machinery for setting up manufacturing facilities in Pakistan. However, the same incentives have not been provided for the existing automotive assemblers for introducing new models which will put the existing assemblers at a disadvantage. Additionally, no change has been made to the used car import policy which will continue to be damaging for the automotive industry. An increase in custom duty on the import of sub components by the automotive vendors from 5% to 10% and the imposition of an additional 15% Regulatory Duty on the import of some raw materials and components will also have an adverse impact and will be detrimental for the automotive vendor industry.



Outlook

A continued unabated import of used cars is expected to adversely impact the growth of the local vendor industry. It is hoped that the government shall revisit the policy to discourage such imports which will not only save valuable foreign exchange for the country, but will also lead to increased job creation opportunities in the local vendor industry.

With CPEC projects for road network and other infrastructure underway, the auto industry is expected to benefit from this on medium to long term basis due to an increased requirement for transport vehicles. Additionally, as a result of incentives being offered to new entrants and to existing dormant units in the newly launched Auto Industry Policy, the auto business, including the auto parts segment is expected to grow. However, discussions on FTAs&PTAs with various

countries must incorporate the view point of the local manufacturers otherwise this could have a devastating impact on the local auto parts making industry. The Company is making all efforts to work with the Government before the finalizing any FTAs& PTAs.

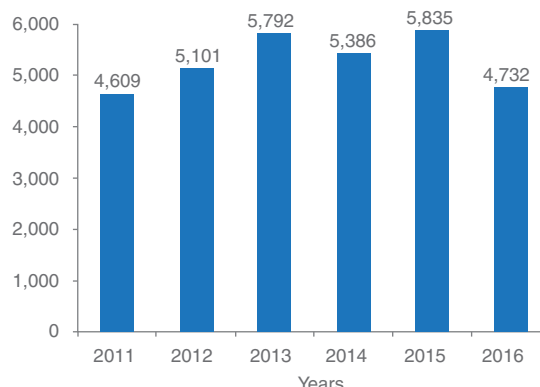
Building Materials & Allied Products Segment



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

The turnover of the Building Materials & Allied Products Segment was Rs. 4.7 billion compared to Rs. 5.8 billion in the previous year due to lower sales volume of jute business.

Sales - Building Material & Allied Products Segment



Jute Business



2016 was a challenging year for the Jute Industry of Pakistan as the Government of Bangladesh imposed a ban on the export of raw jute in November 2015, which was lifted in January 2016 partially to the extent of unshipped quantities against pre-established trade commitments. Finally, in April 2016, the export ban for raw jute was completely removed by the Government of Bangladesh, but its impact on supplies and prices was difficult for the industry to mitigate.

To manage this challenge, the business actively pursued continuous supply of raw jute to smoothly operate the production and to meet the demand of jute bags required by the government procurement agencies for packaging of wheat and is glad to report that there was no disruption in supplies to this critical sector.

The business has made significant efforts in cost reduction through improving operational efficiencies. The business has focused on inculcating a Health, Safety & Environment (HSE) culture and has emphasized on training & development of the human resources. Financial performance was impacted by delays in payment for previously supplied jute bags to Baluchistan Foods.

Outlook

In the forthcoming season, there are promising signs of a healthy jute crop in Bangladesh as well as in India owing to expected better crops. This will result in a decrease of raw jute prices and also a ban on export of raw jute is not expected. However, the procurement of raw jute at reasonable prices and its timely shipment would be a challenge for the next year. The management is gearing up for the challenge and is confident of gradually improving the production levels compared to last year. Moreover, the management is also focusing on product diversification to enhance its customer base in the local as well as in export markets.

Papersack Business



The year was encouraging for the Papersack Business, with the indigenous cement industry growing by 9.8% over last year. The company is facing stiff competition from woven polypropylene sack manufacturers who are continuously expanding their market penetration capacity.

To meet customers demand for added features, the Company has invested in improving the printing quality and superior bag strength for both industrial and cement sacks. At the same time, diversification efforts for product and markets are being continuously pursued. As a result of these efforts, the business has successfully developed packaging option for different consumer segments in the food and industrial sack markets.

In compliance of primary packaging requirements, the business had acquired ISO 22000 certifications, which was audited and re-certified during the year. Additionally, the business also underwent the 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 chains to our food bags segment is a rewarding result of our efforts and acknowledgement of quality.

Outlook

The demand for cement will continue to grow and the management is optimistic about sustained results in the coming years, both in the local and export markets. The industrial sack and food bag segments are also expected to show a healthy growth trend which the company is geared up to capitalize from.

To ensure continued growth, the management is focusing on enhancing production capabilities as well as diversifying the product suite to meet the ever-changing and growing needs of our existing customers and to enter new segments which are emerging both in the local and export markets.

Laminates Business



The Business, being fully compliant with all required tax and other regulations, continues to face challenges from the predominantly undocumented competitors. The management is continuing its efforts to support the drive for documentation of the economy, and at the same time, continues its perseverance to explore and expand its customer base.

Through its brand “FORMITE”, the management concentrates on its vision of enhancing customers’ lifestyles by introducing new designs and finishes, while it remained the preferred brand of choice for institutional, corporate and quality conscious customers, both in the local and export markets. “FORMITE” enjoy an established image of quality and reliability.

The slowdown in development activities in Afghanistan and regional instability in the Middle East have adversely impacted the export demand for our products.

Outlook

With good results being realized in the areas of cost optimization and improved efficiencies, the management plans to introduce new designs at competitive prices. This would lead the business to counter challenges in the coming year and to enhance its market share.

International Marketing

This year, the Company made a special effort to have its name and brands familiarized in the international arena. This will help boost the export of its products. In line with its efforts to focus on export, the Company participated in:



- BME Symposium Germany Nov 2015
- Japan exhibition organized by JETRO in Karachi Oct 2015
- Hannover Messe Exhibition Germany May 2016
- DICE Auto 2016

Information Technology (IT)

The IT team is committed to delivering high quality, consistent and cost effective support service to its internal customers. These services are aligned with the strategic needs of the organization.

To keep in pace with new technological standards and protect the datacenter from the corrosive environment, the company felt the need to upgrade its datacenter to a clean room environment capable of maintaining a class 10000 and ISO 6+ contamination free, chemical free (SO₂, NO₂) environment. In compliance with datacenter standards, like TIA 942 and ASHRAE, the datacenter has been equipped with fire rated insulated paneling to protect from any kind of fire hazard.

An Air handling unit has been installed which is equipped with HEPA and Chemical filters. This equipment is installed to protect the datacenter from dust, pollen and hazardous chemicals such as SO₂, CO, NO₂, etc. This Air Handling unit also has the capability to provide precision cooling with efficient humidity control.

The IT team was successful in migrating the users to the newly upgraded SAP ERP ECC6.0 system and enabled business to reduce time for month-end financial close. The IT team assisted the Engineering Businesses to execute its initiative to reduce the cost and wastage at all levels by implementing Cost of Poor Quality measures within the organization. The team also helped the Businesses in achieving the SAP ERP Supply Chain modules mainly for Materials Management and Production Planning in such a way that wastages at all levels are tracked, monitored and controlled effectively. Now with the help of SAP ERP modules, the Businesses not only monitor wastage with the help of analytical reports, but also focus on tightening the key performance indicators to reduce costs and increase overall profit.

Next year’s initiative by IT team is to enable business migrate from on-site email infrastructure to Office 365 cloud emails. Cloud solution will ensure business achieve high level of security, privacy, integration and availability. Company will also benefit from avoiding email server backups and email support time will be significantly decreased.

Human Resources

As part of the Company’s corporate vision of being an employer of choice, it places the greatest importance on its human capital and cultivates talent through training and development whilst encouraging an environment conducive to creativity and innovation.

Employees are encouraged to come forward with creative suggestions under the concept of participating in Quality Circles and Kaizen activities. The Company strives to develop an entrepreneurial spirit in its employees by providing an opportunity to encourage ‘out of the box’ thinking and finding solutions for operational issues.

Development & Engagement

Based on the training needs analysis, the Company organized customized training programs for the management and the junior team members, leading to higher levels of commitment and motivation.

The Anzen Leader Trainer’s Training program was held in Thailand by Toyota Motor Corporation. This training focused on the trainer’s development to inculcate safety at the workplace which was attended by 2 employees from the Company, under invitation from a customer.



Anzen Leader Trainer's Training by TMAP

Denso Middle East conducted a Basic Car A/C training in Dubai which was attended by 3 employees from the Company



Basic Car A/c Training by Denso Dubai

A two-day training session on Team Impact was held at Dreamworld Resort in November 2015. This session focused on providing the participants with team building techniques. Attended by the middle management.



In-house Strategy Workshop

The Senior Management Team attended a Strategic Leadership Workshop at Arabian Sea Country Club in January 2016, in which the trainer imparted the concept of Blue Ocean Strategy.



Team Building at Dream World

For the middle management group an in-house workshop was organized in March 2016, on Change Management and Strategy. This highly interactive session was attended by 30

high potential young managers and it provided them with an opportunity to learn new ways of looking at the business strategy formulation.

Keeping in line with the best corporate practices, this year the Company introduced a 360 Degree Feedback process for the senior management to provide them with a very effective self-development tool.

Talent Acquisition

The Company believes in inducting young talent to provide future leadership for the organization. In line with this approach, the management conducts a Trainee Engineer Program and a Management Trainee Program. Fresh engineers and management graduates are inducted from established universities through these programs and rotated across various functions for a 12-month period to provide them with opportunities to explore their own interests and aspirations before being absorbed into the organization, based on successful completion of the program and the Company's needs.

Employee Engagement

Apart from training and development, the Company actively focuses on employee engagement activities. An employee engagement survey is conducted periodically and the management works on improving any highlighted issue.

Following are some of the activities conducted to recognize employees for their outstanding achievement and offer education enhancement opportunities:

- Education Assistance Program – 4 employees were offered Education Assistance to upgrade their education
- Employee Motivation through Rewards and Recognition – Employee of the Month & Employee of the Quarter



- Sports Activities – Cricket Tournament, Tug of War
Several other engagement activities were also conducted through the year for the motivation of the team members, such as,



- Celebration of National and International events, e.g. Pakistan Independence Day, Women's Day and Water Conservation Day



- Entertainment and Recreation activities like Thal Night and HOH Family Day

Health, Safety & Environment (HSE)

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

Also, 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."

In continuation of efforts to enrich the HSE culture, many initiatives were under taken, such as:



- Road Health Show, Walk on Diabetes and awareness session on hazards of Smoking and Spitting with coordination with Doctors of Social Security Hospital, Muzaffargarh
- Employees training on First Aid techniques, acquiring expertise of Civil Defense Muzaffargarh
- Vision and hearing test of all drivers was conducted, in observance of occupational Health and Safety
- Energy audits and subsequent installation of LED lighting to conserve power
- HSE principles imparted to our regular vendors and contractors, to avert injury and ill health of our stakeholders
- The session was held by National Highway Police for awareness on traffic rules for the promotion of Road Safety
- Participation in Safety training on "Working At Height" organized for Toyota affiliate companies in Thailand

The company undertook great efforts in its commitment towards HSE by changing the Health Safety & Environment Policy to "HSE Commitment" through a participative process by its employees' participation to better reflect its dedication to HSE.



Corporate Social Responsibility (CSR)

It is an objective of the company to strive for the uplift of the communities in which its 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

The Citizens Foundation, Baseera Muzaffargarh Primary School -The company contributed a sum of Rs. 3 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 & afternoon shifts.

Habib University Foundation –Rs. 6 million was contributed towards the Habib University Foundation. The Foundation supports Habib University which is a world class institution is affiliated with Carnegie Mellon University and Texas A & M University (Qatar Campus). The university offers scholarships and financial aid to a large number of deserving students and offers degrees in Liberal Arts and Engineering.

Besides education, the company plays its role in developing young leaders through sponsoring the Young Leaders Conference, 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 24 participants.

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 improving the health sector, the company 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. 2 million to the hospital located in Korangi.

In addition, the Company supported Sir Syed Hospital, Masoomen Hospital, Hussaini Hematology, SIUT, Nigahban – Civil Hospital and Mohammadi Blood Bank.

The Company also organised and sponsored:

- Free medical camp to uplift community



- Blood donation camp in coordination with Hussaini Blood Bank



- Sponsored the event RUN & RIDE FOR NATURE organised by WWF

Statement of Charity

(Rupees in 000')

	June 2016	June 2015
Welfare	12,331	10,278
Health	8,368	10,012
Education	12,572	9,564
Others	250	114
Grand Total:	33,521	29,968

Environment

Operating primarily in the industrial sector, the Company is focused on improving the overall environment.

WWF's Tree Plantation Drive – The Company collaborated with WWF for plantation activity named "Tree-A-Thon" in which it planted 200 trees in its vicinity to promote a green environment and the same will be continued.

The company also carried out plantation activities at Hub Factory where of 80 trees were planted.

Awards & Recognitions

In recognition of its operational and management excellence the Company was blessed to receive

- The overall Best in traditional category for corporate excellence on the Management Association of Pakistan (MAP) 31st Corporate Excellence Award, for the 2nd consecutive year
- Ranked 17th amongst the Top 25 Companies for 2014-15 by the Pakistan Stock Exchange Ltd.
- The Engineering segment of Company received:
 1. VA-VE Award from Paki Suzuki Motor Co. Ltd.
 2. Delivery Award from Pak Suzuki Motor Co. Ltd.
 3. 2nd prize in the Category of Processing and Allied Sector for Best Practices of OSH at the 11th Employer Federation of Pakistan.
 4. 1st Prize in Garden Competition for the 5th consecutive year of participation.

Acknowledgement

I wish to express sincere gratitude to all the shareholders, customers, dealers and business partners for their continuing patronage and trust. A special thanks is extended to our JVA partner, Toyota Boshoku Corporation and Toyota Tsusho Corporation of Japan and our TAA partners, Denso Corporation and Furukawa Electric Company of Japan for their strong support and assistance. Last but not least, I would like to thank all our staff members for their significant contribution to the growth of our company under challenging business conditions.

Karachi.
Dated: August 30, 2016.

Asif Rizvi
Chief Executive

Forward-looking Statement

Given the prevailing economic and business environment, the manufacturing sector is faced with numerous challenges. However, despite certain uncertainties, there are some promising developments that should fuel economic growth and create conducive business opportunities in the country.

To gear up for these opportunities, Thal Limited is constantly striving to position itself to reap benefits and grow in the years to come. The Company is diversified into various manufacturing sectors having their own dependencies on different market segments.

The largest business segment of the Company is its Engineering Segment. The Segment is focusing on the newly released Auto Investment Policy where new automobile entrants are expected to commence operations in Pakistan, which will provide additional business opportunities. Similarly, the Segment is aligning its manufacturing costs with the revised and additional duties and other levies. Besides positioning itself for the Auto Investment Policy initiatives, the Segment is well-poised to improve its market share through organic growth of the automobiles market which is expected to touch a figure of 400,000 vehicles by 2017-18.

Besides the Engineering Segment, its Building & Allied Products Segment can play a significant role in the growth of the Company. The Jute business is faced with the problems

of supply of raw jute due to the ban on raw jute export from Bangladesh in the previous year and shrinking market share owing to higher demand of low cost polypropylene bags. However, the coming year looks promising for the business as the ban on jute has been lifted and a bumper crop of raw jute is expected both in Bangladesh and India. The Segment's other business is its Papersack business which is expected to grow with the growth in the cement industry. In addition to its organic growth, the business is gearing up to increase its production capabilities by undertaking sizable investment in plant & machinery. The third business in the Segment is its Laminates business involved in the production of laminated boards and the prestigious brand "FORMITE". As the construction industry in the country is expected to grow, the business is expected to improve its upward momentum, especially for its corporate clients.

The Company sees huge potential in the power sector, especially with the launch of China-Pakistan Economic Corridor (CPEC). To exploit this opportunity, it is engaged in developing Pakistan's first open pit coal mining project at Thar by investing in the Sindh Engro Coal Mining Company (SECMC). To further explore investment in the power sector, the Company has executed a joint venture agreement with Novatex Limited to develop 330 MW coal-fired power generation plant at Thar, Sindh. The project is expected to be a part of CPEC's list of projects.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Pakistan Stock Exchange 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 CCG 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. Salman Burney - 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 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board of Directors on February 25, 2016 where Mr. Mazhar Valjee resigned from the Board and Mr. Salman Burney was appointed in his place on the same date.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. 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 CEO, other executive and non-executive directors, have been taken by the Board / Shareholders.
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. Three Directors of the Company are certified directors and four directors are exempted from the requirement by virtue of their experience as prescribed by SECP in clause (xi) of CCG

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee. It comprises four members, of whom 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, of whom two are Non-Executive Directors and the Chairman is a Non-executive Director.
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 exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Karachi:
Dated: August 30, 2016

Asif Rizvi
Chief Executive



Sohail P. Ahmed
Vice Chairman

Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Thal Limited (the Company) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2016**.



Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 30 August 2016
Place: Karachi

Standalone Financial Statements

For the year ended June 30, 2016



EY Ford Rhodes
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Thal Limited** (the Company) as at **30 June 2016** 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 financial 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 except for the changes as stated in note 4.1 to the accompanying financial statements, with which we concur;
 - 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 2016** 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.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 30 August 2016
Place: Karachi

Balance Sheet

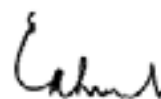
As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	651,261	599,204
Intangible assets	8	8,940	8,256
Investment property	9	1,018	1,021
Long-term investments	10	4,342,212	4,065,195
Long-term loans	11	60,446	5,171
Long-term deposits	12	8,119	7,953
Deferred tax asset - net	13	297,640	84,253
		5,369,636	4,771,053
CURRENT ASSETS			
Stores, spares and loose tools	14	83,123	84,299
Stock-in-trade	15	2,764,329	2,295,029
Trade debts	16	1,003,946	1,118,354
Loans and advances	17	40,651	21,882
Trade deposits and short-term prepayments	18	37,348	70,010
Interest accrued		2,748	3,911
Other receivables	19	3,747	14,273
Short-term investments	20	3,678,355	3,104,278
Income tax - net	21	279,216	139,141
Sales tax refundable		20,367	-
Cash and bank balances	22	402,159	507,726
		8,315,989	7,358,903
TOTAL ASSETS		13,685,625	12,129,956
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2015: 100,000,000) ordinary shares of Rs.5/- each		500,000	500,000
Issued, subscribed and paid-up capital	23	405,150	405,150
Reserves	24	11,822,428	10,366,720
		12,227,578	10,771,870
NON-CURRENT LIABILITIES			
Long-term deposits	25	1,624	1,714
CURRENT LIABILITIES			
Trade and other payables	26	1,433,591	1,326,002
Short-term running finance	27	22,790	14,556
Accrued markup		42	55
Sales tax payable		-	15,759
		1,456,423	1,356,372
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		13,685,625	12,129,956

The annexed notes from 1 to 49 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Profit and Loss Account

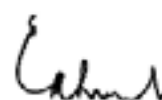
For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
Revenue - net	29	15,266,439	15,548,791
Cost of sales	30	11,897,093	12,604,896
Gross profit		3,369,346	2,943,895
Distribution costs	31	(249,291)	(198,503)
Administrative expenses	32	(572,773)	(476,175)
Other charges	33	(731,906)	(217,356)
		(1,553,970)	(892,034)
Other income	34	1,167,489	898,102
Operating profit		2,982,865	2,949,963
Finance costs	35	(3,820)	(4,749)
Profit before taxation		2,979,045	2,945,214
Taxation	36	(800,227)	(796,301)
Profit after taxation		2,178,818	2,148,913
(Rupees)			
Basic and diluted earnings per share	37	26.89	26.52

The annexed notes from 1 to 49 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Statement Of Comprehensive Income

For the year ended June 30, 2016

2016 2015
(Rupees in '000)

Profit after taxation for the year

2,178,818

2,148,913

Other comprehensive income

Item to be reclassified to profit and loss account in subsequent periods:

(Loss) / gain on revaluation of available-for-sale investments - net of tax

(14,097)

14,519

Total comprehensive income for the year

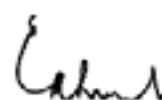
2,164,721

2,163,432

The annexed notes from 1 to 49 form an integral part of these financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Cash Flow Statement

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,657,419	2,638,145
Finance costs paid		(3,833)	(4,728)
Retirement benefits paid		(2,356)	(3,529)
Income tax paid		(837,197)	(680,672)
Long-term loans		(55,275)	2,258
Long-term deposits - net		(256)	-
Net cash generated from operating activities		758,502	1,951,474
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(173,111)	(119,239)
Proceeds from disposal of operating fixed assets		12,610	10,466
Investment in a subsidiary		-	(100)
Investment made during the year		(514,999)	(396,669)
Redemption of short-term investments		33,259	44,834
Dividends received		852,567	663,683
Interest received		188,016	100,430
Net cash generated from investing activities		398,342	303,405
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(704,796)	(793,338)
Net cash used in financing activities		(704,796)	(793,338)
NET INCREASE IN CASH AND CASH EQUIVALENTS		452,048	1,461,541
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,590,878	2,129,337
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39	4,042,926	3,590,878

The annexed notes from 1 to 49 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, 2016

	Issued, subscribed and paid-up capital	Reserves			Gain / (loss) on changes in fair value of available -for-sale investments	Total equity
		Capital reserves	General reserve	Unappropriated profit		
(Rupees in '000)						
Balance as at June 30, 2014	405,150	55,704	7,906,999	956,900	93,986	9,418,739
Transfer to general reserve	-	-	754,000	(754,000)	-	-
Final dividend @ Rs. 2.50/- per share for the year ended June 30, 2014	-	-	-	(202,575)	-	(202,575)
First Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2015	-	-	-	(303,863)	-	(303,863)
Second Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2015	-	-	-	(303,863)	-	(303,863)
	-	-	-	(810,301)	-	(810,301)
Profit for the year	-	-	-	2,148,913	-	2,148,913
Other comprehensive income	-	-	-	-	14,519	14,519
Total comprehensive income for the year	-	-	-	2,148,913	14,519	2,163,432
Balance as at June 30, 2015	405,150	55,704	8,660,999	1,541,512	108,505	10,771,870
Transfer to general reserve	-	-	1,136,000	(1,136,000)	-	-
Final dividend @ Rs. 5.00/- per share for the year ended June 30, 2015	-	-	-	(405,150)	-	(405,150)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2016	-	-	-	(303,863)	-	(303,863)
	-	-	-	(709,013)	-	(709,013)
Profit for the year	-	-	-	2,178,818	-	2,178,818
Other comprehensive income	-	-	-	-	(14,097)	(14,097)
Total comprehensive income for the year	-	-	-	2,178,818	(14,097)	2,164,721
Balance as at June 30, 2016	405,150	55,704	9,796,999	1,875,317	94,408	12,227,578

The annexed notes from 1 to 49 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, 2016



1. THE COMPANY AND ITS OPERATIONS

- 1.1** Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange (formerly 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” as disclosed in note 20 to these financial statements.
- 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 standards, amendments and interpretations of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above amendments to accounting standards and interpretations did not have any material 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.

4.2 Property, plant and equipment

Operating assets

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

Notes to the Financial Statements

For the year ended June 30, 2016

Depreciation / amortisation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 7 to the financial statements. Depreciation / amortisation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

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

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.

Capital work-in-progress

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

4.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any.

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

4.4 Investment property

Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged on reducing balance method at the rate specified in note 9 to the financial statements.

4.5 Impairment

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.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment assets are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised.

4.6 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 carrying value of the 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 recognised initially at fair value plus directly attributable costs and are subsequently measured at amortised cost using effective interest rate method. Gains and losses are recognised in profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

At fair value through profit or loss

Investments at fair value through profit or loss are initially recognised 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 derecognised or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognised in profit and loss account.

Un-Quoted

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

4.7 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 for slow moving and obsolete items.

4.8 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. Provision is made for slow moving and obsolete items.

Notes to the Financial Statements

For the year ended June 30, 2016

4.9 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Provision for doubtful debts 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 doubtful receivables, if any.

4.10 Ijarah rentals

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

4.11 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.

4.12 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 21 to these 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 bases of assets and liabilities and their carrying amounts 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 realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.13 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.

4.14 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.

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

4.16 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

4.17 Provisions

General

Provisions are recognised in the balance sheet where the Company has a legal or constructive obligation as a result of past event, 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 recognises 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 and adjusted, if required.

4.18 Revenue recognition

Revenue

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.

Other income

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest 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 term.

4.19 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 Financial Statements

For the year ended June 30, 2016

4.20 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 recognised 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.

4.21 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.

4.22 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 recognised 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 and investment property	4.2, 4.4, 7 & 9
- determining the residual values, useful lives and impairment of intangibles assets	4.3 & 8
- impairment of financial and non-financial assets	4.5
- provision for slow moving stores, spares and loose tools and stock-in-trade	4.7, 4.8, 14 & 15
- provision for doubtful debts and other receivables	4.9 & 16
- provision for tax and deferred tax	4.12, 13, 21 & 36
- provision for compensated absences	4.16
- provision and warranty obligations	4.17 & 26.3
- contingencies	28

Notes to the Financial Statements

For the year ended June 30, 2016



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 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 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)	Not yet finalized
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 - Property, Plant and Equipment and IAS 38 Intangible assets Clarification of Acceptable method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 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	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2018

Notes to the Financial Statements

For the year ended June 30, 2016

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

7.1 Operating fixed assets

	C O S T			DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE	
	As at July 01, 2015	Additions (Note 7.1.1)	Disposals	As at June 30, 2016	Rate %	Charge for the year	On disposals	As at June 30, 2016
	(Rupees in '000)						(Rupees in '000)	
Land - Freehold	5,012	-	-	5,012	-	-	-	5,012
- Leasehold	21,829	-	-	21,829	3	492	-	17,148
Building on freehold land								
- Factory building	270,035	1,900	-	271,935	10	10,836	-	99,261
- Non factory building	62,486	-	-	62,486	5-10	3,744	-	33,701
Railway sliding	792	-	-	792	5	3	-	73
Plant and machinery	1,061,408	49,940	(8,796)	1,102,552	10-30	59,188	(8,007)	299,907
Furniture and fittings	25,775	753	(284)	26,244	15-20	1,501	(250)	8,850
Vehicles	74,253	3,628	(8,514)	69,367	20	7,359	(5,698)	30,449
Office and mills equipment	56,393	25,707	(242)	81,858	10-30	5,884	(161)	40,462
Computer equipment	79,401	7,259	(10,761)	75,899	33.33	9,363	(10,699)	19,357
Jigs and fixtures	146,910	33,273	-	180,183	33.33	14,682	-	29,438
2016	1,804,294	122,460	(28,597)	1,898,157		113,072	(24,815)	1,314,499
								583,658

7.1	583,658	2015
7.5	67,603	(Rupees in '000)
	651,261	

Notes to the Financial Statements

For the year ended June 30, 2016

	C O S T			DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2014	Additions (Note 7.1.1)	As at June 30, 2015	As at July 01, 2014	Charge for the year	On disposals	As at June 30, 2015	
	(Rupees in '000)			(Rupees in '000)				
			Rate %					
Land - Freehold	5,012	-	-	-	-	-	5,012	
- Leasehold	21,829	-	3	3,698	491	-	17,640	
Building on freehold land								
- Factory building	270,035	-	10	149,814	12,024	-	108,197	
- Non factory building	62,486	-	5-10	20,881	4,160	-	37,445	
Railway sliding	792	-	5	712	4	-	76	
Plant and machinery	1,020,324	41,084	10-30	688,587	62,877	-	309,944	
Furniture and fittings	23,672	2,103	15-20	14,687	1,456	-	9,632	
Vehicles	58,650	26,867	20	37,390	6,700	(6,833)	36,996	
Office and mills equipment	51,183	5,346	10-30	32,260	3,507	(94)	20,720	
Computer equipment	59,003	21,745	33.33	51,621	7,584	(1,347)	21,543	
Jigs and fixtures	144,320	2,590	33.33	120,345	15,718	-	10,847	
2015	1,717,306	99,735		1,119,995	114,521	(8,274)	578,052	

7.1.1 Additions include transfers from capital work-in-progress amounting to Rs. 38.126 million (2015: Rs. 44.777 million).

7.1.2 Jigs and fixtures include moulds having written down value of Nil (2015: Rs. 0.327 million) in the possession of sub-contractors.

7.2 Operating fixed assets include fully depreciated assets amounting to Rs. 182.361 million (2015: Rs. 150.161 million).

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
7.3 The depreciation / amortisation charge for the year has been allocated as follows:			
Cost of sales	30	101,480	106,044
Distribution costs	31	1,297	969
Administrative expenses	32	10,295	7,508
		113,072	114,521

7.4 The following operating fixed assets were disposed off during the year:

Particulars	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Plant and machinery							
Automation Conveyor	4,728	4,382	346	428	82	Negotiation	Mr. Mumtaz Gul - Gadoon
Bottomer	950	747	203	251	48	Negotiation	Mr. Mumtaz Gul - Gadoon
Fork lifter	1,650	1,500	150	420	270	Negotiation	Mr. Mohammad Umer, Karachi
Items having book value upto Rs. 50,000	1,468	1,378	90	749	659	Negotiation	Various
	8,796	8,007	789	1,848	1,059		
Furniture and fittings							
Items having book value upto Rs. 50,000	284	250	34	21	(13)	Various	Various
Vehicles							
Suzuki Mehran	696	154	542	565	23	Negotiation	Mr. Shahid Saleem - Employee, Karachi
Daihatsu Coure	434	381	53	422	369	Negotiation	M/s Shehzad Motor Workshop, Karachi
Toyota Corolla	1,391	1,030	361	689	328	Sold under Company's Car Scheme	Mr. Zafar Kamal - Employee, Karachi
Toyota Corolla	1,583	927	656	1,031	375	Sold under Company's Car Scheme	Mr. Osama Mufti - Ex-employee, Karachi
Suzuki Mehran	189	3	186	475	289	Sold under Company's Car Scheme	Mr. Aun Abbas - Employee, Karachi
Daihatsu Coure	663	497	166	322	156	Sold under Company's Car Scheme	Mr. Muhammad Hashim - Employee, Karachi
Toyota Corolla	1,389	1,100	289	292	3	Sold under Company's Car Scheme	Mr. Shahid Saleem - Employee, Karachi
Items having book value upto Rs. 50,000	2,169	1,606	563	6,545	5,982	Various	Various
	8,514	5,698	2,816	10,341	7,525		
Office and mills equipment							
Items having book value upto Rs. 50,000	242	161	81	31	(50)	Various	Various
Computer equipment							
Items having book value upto Rs. 50,000	10,761	10,699	62	369	307	Various	Various
2016	28,597	24,815	3,782	12,610	8,828		
2015	12,747	8,274	4,473	10,466	5,993		

Notes to the Financial Statements

For the year ended June 30, 2016



2016 2015
(Rupees in '000)

7.5 Capital Work-In-Progress

Plant and machinery	44,121	16,420
Office and mills equipment	8,461	4,582
Furniture and fittings	80	-
Vehicles	800	-
Computer equipment	1,620	150
Jigs and fixtures	12,521	-
	67,603	21,152

8. INTANGIBLE ASSETS

	C O S T			Rate	A M O R T I S A T I O N				WRITTEN DOWN VALUE
	As at July 01, 2015	Additions	Disposals		As at July 01, 2015	Charge for the year	On disposals	As at June 30, 2015	
	(Rupees in '000)			%	(Rupees in '000)				As at June 30, 2016
Softwares	6,195	150	-	33.33	852	2,110	-	2,962	3,383
Licenses	3,476	4,050	-	33.33	563	1,406	-	1,969	5,557
2016	9,671	4,200	-		1,415	3,516	-	4,931	8,940
2015	-	9,671	-		-	1,415	-	1,415	8,256

Note **2016** 2015
(Rupees in '000)

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

Cost of sales	30	1,303	463
Distribution costs	31	23	4
Administrative expenses	32	2,190	948
		3,516	1,415

9. INVESTMENT PROPERTY

Note	C O S T		D E P R E C I A T I O N		WRITTEN DOWN VALUE	
	As at June 30, 2016	As at July 01, 2015	Charge for the year (Note 32)	As at June 30, 2016	As at June 30, 2016	Depreciation Rate %
	(Rupees in '000)					
Freehold land	891	-	-	-	891	-
Building on freehold land	694	564	3	567	127	5
2016	1,585	564	3	567	1,018	
2015	1,585	560	4	564	1,021	

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, 2016 amounts to Rs. 66 million (2015: Rs. 62 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, 2016

	Note	2016 Holding %	2015 Holding %	2016 (Rupees in '000)	2015 (Rupees in '000)
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 (HMPL)		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
Thal Power (Private) Limited		100	100	100	100
Makro-Habib Pakistan Limited (MHPL)		100	100	223,885	223,885
Less: Provision for impairment	10.1			(223,885)	-
				-	223,885
				2,966,304	3,190,189
Associates – at cost					
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	21,314
				80,248	80,248
Un-Quoted					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	10.3	25	25	284,105	284,105
Other investments - Available for sale					
Quoted - At fair value					
Habib Sugar Mills Limited				69,710	78,112
GlaxoSmithKline (Pakistan) Limited				451	328
Dynea Pakistan Limited				37,173	40,032
Allied Bank Limited				16,357	18,171
Habib Bank Limited				12,865	14,010
				136,556	150,653
Un- Quoted - At cost					
Sindh Engro Coal Mining Company Limited (SECMC)	10.4			862,499	360,000
TPL Properties Limited	10.5			12,500	-
				874,999	360,000
TOTAL				4,342,212	4,065,195

10.1 Due to the closure of operation by MHPL as fully explained in note 33.1 to the financial statements, the Company impaired the total cost of investment amounting to Rs. 223.885 million.

10.2 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.

10.3 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.

10.4 The Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 862.499 million acquiring 58,198,316 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 15.94 million.

10.5 Subsequent to the year end, the shares were quoted on the Pakistan Stock Exchange effective July 04, 2016.

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
11. LONG-TERM LOANS - considered good			
Employees - secured			
Interest bearing	11.1	24	58
Interest free		19,056	264
		<u>19,080</u>	<u>322</u>
Current portion	17	(4,070)	(151)
		<u>15,010</u>	<u>171</u>
Wholly owned subsidiaries - unsecured			
A-One Enterprises (Private) Limited	11.2	6,000	5,000
Thal Power (Private) Limited	11.3	39,436	-
		<u>45,436</u>	<u>5,000</u>
		<u>60,446</u>	<u>5,171</u>

11.1 These carry interest at the rate of 10% (2015: 10%) per annum.

11.2 Represents interest free loan given for day-to-day operations of the subsidiary. The loan is carried at cost as the financial impact of carrying at amortised cost is not material.

11.3 Represents interest free loan given for purchase of shares of ThalNova Power Thar (Private) Limited. The loan is carried at cost as the financial impact of carrying at amortised cost is not material.

	Note	2016 (Rupees in '000)	2015
12. LONG-TERM DEPOSITS			
Security deposits		5,628	5,472
Utilities		2,010	2,010
Others		481	471
	12.1	<u>8,119</u>	<u>7,953</u>
13. DEFERRED TAX ASSET - net			
Deferred tax asset arising in respect of provisions		351,668	146,622
Deferred tax liability arising due to accelerated tax depreciation allowance		(54,028)	(62,369)
		<u>297,640</u>	<u>84,253</u>
14. STORES, SPARES AND LOOSE TOOLS			
Stores		20,675	22,593
Spares			
- In hand		61,791	61,619
- In transit		551	-
		<u>62,342</u>	<u>61,619</u>
Loose tools		106	87
		<u>83,123</u>	<u>84,299</u>

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
15. STOCK-IN-TRADE			
Raw material			
- In hand	15.1	1,629,607	1,451,245
- In transit		458,302	401,582
		<u>2,087,909</u>	<u>1,852,827</u>
Work-in-process		213,115	192,326
Finished goods		463,305	249,876
	15.2	<u>2,764,329</u>	<u>2,295,029</u>

15.1 Raw materials amounting to Rs. 9.635 million (2015: Rs. 9.577 million) are held with the sub-contractors.

15.2 Includes items amounting to Rs. 504.582 million (2015: Rs. 592.848 million) carried at net realisable value. [Cost Rs. 554.813 million (2015: Rs. 648.972 million)].

	Note	2016	2015
		(Rupees in '000)	
16. TRADE DEBTS - unsecured			
Considered good	16.1	1,003,946	1,118,354
Considered doubtful		81,199	13,431
Provision for doubtful debts	16.2	(81,199)	(13,431)
		-	-
		<u>1,003,946</u>	<u>1,118,354</u>
16.1 This includes amount due from following related parties:			
Indus Motor Company Limited		323,195	321,750
Shabbir Tiles & Ceramics Limited		15,445	7,511
Auvitronics Limited		24	-
		<u>338,664</u>	<u>329,261</u>
16.2 Reconciliation of provision for doubtful debts:			
Balance at the beginning of the year		13,431	10,001
Charge for the year	31	72,131	5,726
Reversal for the year	34	-	(2,296)
Bad debts written off during the year		(4,363)	-
Balance at the end of the year		<u>81,199</u>	<u>13,431</u>

17. LOANS AND ADVANCES - unsecured

Loans

Considered good

Employees - interest free		20,000	-
Current portion of long term loans	11	4,070	151
		<u>24,070</u>	<u>151</u>

Considered doubtful

Makro-Habib Pakistan Limited (MHPL)		286,508	-
Provision for doubtful debts	33.1	(286,508)	-
		-	-
		<u>24,070</u>	<u>151</u>

Advances - considered good

Suppliers		15,102	19,843
Employees		1,479	1,888
	17.1	<u>16,581</u>	<u>21,731</u>
		<u>40,651</u>	<u>21,882</u>

17.1 These advances are interest free.

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016	2015
		(Rupees in '000)	
18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender / Performance guarantee		20,329	53,856
Margin against letter of credit		175	231
Container deposits		6,180	3,775
	18.1	26,684	57,862
Short-term prepayments			
Rent		-	3,780
Insurance		4,777	5,332
Others		5,887	3,036
		10,664	12,148
		37,348	70,010
18.1 These deposits are interest free.			
19. OTHER RECEIVABLES			
Duty drawback		1,101	2,875
Custom duty refundable		759	-
Rent		788	487
Workers' profit participation fund	26.5	-	7,750
Others	19.1	1,099	3,161
		3,747	14,273
19.1 This includes receivable from the following related parties:			
Pakistan Industrial Aids (Private) Limited		558	1,393
Indus Motor Company Limited		-	36
Agriautos Industries Limited		131	26
Habib Insurance Company Limited		-	10
Habib METRO Pakistan (Private) Limited		-	453
Noble Computer Services (Private) Limited		-	459
Habib Metropolitan Bank Limited		-	87
Auivitronics Limited		118	1
Thal Boshoku Pakistan (Private) Limited		177	78
		984	2,543
20. SHORT-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
Term deposit receipts	20.1	2,921,811	2,800,909
Accrued interest		11,815	4,050
		2,933,626	2,804,959
Musharika certificate	20.2	-	100,000
Accrued interest		-	37
		-	100,037
Treasury bills	20.3	741,746	196,747
Accrued interest		2,983	2,535
		744,729	199,282
		3,678,355	3,104,278

Notes to the Financial Statements

For the year ended June 30, 2016

20.1 These include deposits amounting to Rs. 500.961 million (2015: Rs. 2,500 million) with Habib Metropolitan Bank Limited, a related party and carry interest rate ranging from 6.05% to 6.4% (2015: 6.60% to 7.40%) per annum and having maturity ranging from July 12, 2016 to September 14, 2016. Included in the above investment, Rs. 521.811 million (2015: Rs. 0.909 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company.

20.2 These carry interest at the rate of Nil (2015: 6.75%) per annum.

20.3 These carry interest rate ranging from 5.90% to 6.21% (2015: 6.84% to 7.38%) per annum and having maturity ranging from July 07, 2016 to September 15, 2016.

	Note	2016	2015
		(Rupees in '000)	
21. INCOME TAX - net			
Group Tax Relief adjustments	21.1	593,466	593,466
Group Taxation adjustments	21.2	278,440	-
Income tax provision less tax payments – net	21.3	(592,690)	(454,325)
		<u>279,216</u>	<u>139,141</u>

21.1 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 High Court of Sindh and with the Chairman ATIR which are under the process of hearings.

21.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Company and MHPL have irrevocably opted to be taxed as one fiscal unit for the tax year 2016. Accordingly, the tax loss of MHPL for the tax year 2016 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 278.440 million (2015: Nil) for the current year.

The Company has adjusted the balance loan receivable (net of tax loss) from MHPL.

21.3 Includes adjustment of tax challans acquired from MHPL amounting to Rs. 38.052 million (2015: Nil).

	Note	2016	2015
		(Rupees in '000)	
22. CASH AND BANK BALANCES			
In hand		5,290	2,243
With banks in:			
Current accounts	22.1	49,236	132,417
Deposit accounts	22.2	347,633	373,066
	22.3	396,869	505,483
		<u>402,159</u>	<u>507,726</u>

Notes to the Financial Statements

For the year ended June 30, 2016



22.1 These include account maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 34.748 million (2015: Rs. 103.053 million).

22.2 These represent deposits with Habib Metropolitan Bank Limited, a related party and carry markup ranging from 4.75% to 5.5% (2015: 5.5%) per annum.

22.3 Bank balances in deposit accounts are placed under interest arrangements. The company has conventional banking relationships with all the banks having Islamic window operations except Meezan Bank Limited and Al-Baraka Bank (Pakistan) Limited.

23. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 Number of ordinary shares of Rs. 5/- each	2015		2016 (Rupees in '000)	2015
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
11,239,669	11,239,669	Shares issued under the Scheme of Arrangement for Amalgamation	56,198	56,198
<u>81,029,909</u>	<u>81,029,909</u>		<u>405,150</u>	<u>405,150</u>

23.1 As at June 30, 2016: 7,334,889 (2015: 7,512,043) ordinary shares are held by related parties.

24. RESERVES

Capital reserves

Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited	13,240	13,240
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	<u>55,704</u>	<u>55,704</u>

Revenue reserves

General reserve	9,796,999	8,660,999
Unappropriated profit	1,875,317	1,541,512
	<u>11,672,316</u>	<u>10,202,511</u>
Gain on revaluation of available-for-sale investments - net of tax	94,408	108,505
	<u>11,822,428</u>	<u>10,366,720</u>

25. LONG TERM DEPOSITS

Represents security deposits from Thal Boshoku Pakistan (Private) Limited, a related party (2015: Rs. 1.624 million).

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
26. TRADE AND OTHER PAYABLES			
Creditors	26.1	163,749	266,671
Accrued liabilities	26.2	707,373	588,796
Custom duty payable		54,981	10,875
Unclaimed salaries		5,887	7,733
Warranty obligations	26.3	249,384	179,853
Royalty payable	26.4	101,683	107,938
Workers' profit participation fund	26.5	28	-
Workers' welfare fund		60,811	60,106
Security deposits		207	537
Unclaimed and unpaid dividend		64,593	60,376
Other liabilities	26.6	24,895	43,117
		<u>1,433,591</u>	<u>1,326,002</u>
26.1 This includes amounts due to the following related parties:			
Auvitronics Limited		10,837	8,574
Makro-Habib Pakistan Limited		-	1,750
Pakistan Industrial Aids (Private) Limited		90	5,425
Habib Insurance Company Limited		84	70
		<u>11,011</u>	<u>15,819</u>
26.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		<u>1,816</u>	<u>591</u>
26.3 Warranty obligations			
Balance at the beginning of the year		179,853	117,642
Charge for the year	31	78,495	75,899
Claims paid during the year		(8,964)	(13,688)
Balance at end of the year		<u>249,384</u>	<u>179,853</u>
26.4 Royalty payable			
Balance at the beginning of the year		107,938	60,799
Charge for the year	30	178,253	156,177
Paid during the year		(184,508)	(109,038)
Balance at the end of the year		<u>101,683</u>	<u>107,938</u>
26.5 Workers' profit participation fund (WPPF)			
Receivable from WPPF at the beginning of the year		(7,750)	(5,505)
Allocation for the current year	33	160,028	157,250
		<u>152,278</u>	<u>151,745</u>
Paid during the year		(152,250)	(159,495)
Payable to / (receivable from) WPPF at the end of the year		<u>28</u>	<u>(7,750)</u>
26.6 Other liabilities			
Tax deducted at source		974	1,557
Employees Old-Age Benefits Institution (EOBI)		753	128
Advances from customers		8,581	26,182
Payable to provident fund		-	986
Payable to retirement benefit fund		5,087	4,538
Others		9,500	9,726
		<u>24,895</u>	<u>43,117</u>

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
27. SHORT-TERM RUNNING FINANCE - secured			
Related party		-	13,921
Others		22,790	635
	27.1	22,790	14,556

27.1 Available limits of the running finance facilities amounts to Rs. 2,453 million (2015: 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% (2015: 0.75% to 0.90%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Company's stock-in-trade and trade debts. The facilities have a maturity till April 20, 2018.

	2016 (Rupees in '000)	2015
28. CONTINGENCIES AND COMMITMENTS		

28.1 Contingencies

28.1.1 Represents letter of guarantees issued by banks on behalf of the Company. These include a Standby Letter of Credit (SBLC) amounting to Rs. 2.083 billion issued by United Bank Limited favoring Habib Bank Limited as Intercreditor Agent and Sindh Engro Coal Mining Company Limited (SECMCL) as Project Company for balance equity participation of the Company. The term of SBLC is 42 months and its amount will reduce as and when the Company injects equity in SECMCL.

2,118,040	12,310
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28.1.2 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.

155,254	166,379
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28.2 Commitments

28.2.1 Letters of credit outstanding for raw material and spares

1,347,522	1,237,316
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28.2.2 Commitments in respect of capital expenditure

114,614	-
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28.2.3 Commitments for rentals under Ijarah (lease) agreements

Within one year	5,575	2,209
After one year but not later than five years	7,179	220
	12,754	2,429

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 12.754 million and are payable in monthly installments latest by February 2019. These commitments are secured by on-demand promissory notes of Rs. 19.476 million.

28.2.4 Commitment in respect of investment is disclosed in note 10.4 to these financial statements.

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
29. REVENUE - net			
Export sales	29.1	526,933	930,322
Local sales	29.2	17,105,912	16,850,364
		<u>17,632,845</u>	<u>17,780,686</u>
Less: Sales tax		2,372,796	2,228,507
Sales discount		1,089	1,322
		<u>2,373,885</u>	<u>2,229,829</u>
Add: Duty drawback		7,479	(2,066)
		<u>15,266,439</u>	<u>15,548,791</u>

29.1 Export sales are stated net of export related freight and other expenses of Rs. 19.034 million (2015: Rs. 42.311 million).

29.2 Local sales are stated net of freight and other expenses of Rs. 51.920 million (2015: Rs. 59.111 million).

	Note	2016	2015
		(Rupees in '000)	
30. COST OF SALES			
Raw material consumed	30.1	10,429,409	10,486,649
Salaries, wages and benefits		938,017	1,076,825
Stores and spares consumed		131,956	140,096
Repairs and maintenance		89,750	90,348
Power and fuel		206,297	301,853
Rent, rates and taxes		3,272	3,755
Vehicle running and maintenance		9,334	9,024
Insurance		8,149	9,163
Communication		4,529	4,337
Travelling and conveyance		9,372	12,110
Entertainment		200	413
Printing and stationery		4,767	4,372
Legal and professional		1,121	1,064
Computer accessories		3,928	6,424
Royalty	26.4	178,253	156,177
Depreciation / amortisation	7.3	101,480	106,044
Amortisation	8.1	1,303	463
Research and development		6,197	2,517
Ijarah rentals		3,240	2,625
Others		737	2,159
		<u>12,131,311</u>	<u>12,416,418</u>
Work-in-process			
Opening		192,326	171,239
Closing		(213,115)	(192,326)
		<u>(20,789)</u>	<u>(21,087)</u>
Cost of goods manufactured		<u>12,110,522</u>	<u>12,395,331</u>
Finished goods			
Opening		249,876	459,441
Closing		(463,305)	(249,876)
		<u>(213,429)</u>	<u>209,565</u>
		<u>11,897,093</u>	<u>12,604,896</u>
30.1 Raw material consumed			
Opening stock		1,451,245	2,146,446
Purchases		10,607,771	9,791,448
Closing stock		(1,629,607)	(1,451,245)
		<u>10,429,409</u>	<u>10,486,649</u>

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016	2015
		(Rupees in '000)	
31. DISTRIBUTION COSTS			
Salaries and benefits		56,873	55,641
Vehicle running expense		2,641	4,089
Utilities		2,100	1,753
Insurance		2,535	2,728
Rent, rates and taxes		8,877	8,182
Communication		1,640	1,489
Advertisement and publicity		5,471	7,447
Travelling and conveyance		5,539	7,341
Entertainment		195	139
Printing and stationery		246	316
Legal and professional		-	25
Computer accessories		379	209
Research and development		263	267
Depreciation	7.3	1,297	969
Amortisation	8.1	23	4
Provision for doubtful debts	16.2	72,131	5,726
Repairs and maintenance		3,454	1,154
Export expenses		6,189	23,412
Provision for warranty claims	26.3	78,495	75,899
Ijarah rentals		559	886
Others		384	827
		<u>249,291</u>	<u>198,503</u>
32. ADMINISTRATIVE EXPENSES			
Salaries and benefits		332,835	273,901
Vehicle running expense		9,854	12,682
Printing and stationery		3,300	2,522
Rent, rates and taxes		7,807	8,535
Utilities		5,888	5,740
Insurance		882	812
Entertainment		1,954	1,250
Subscription		669	2,058
Communication		3,050	3,204
Advertisement and publicity		2,435	593
Repairs and maintenance		12,104	6,282
Travelling and conveyance		21,684	18,271
Legal and professional		113,779	88,928
Computer accessories		2,100	3,673
Auditors' remuneration	32.1	4,139	3,597
Depreciation / amortisation	7.3	10,295	7,508
Depreciation on investment property	9	3	4
Amortisation	8.1	2,190	948
Ijarah rentals		1,869	3,611
Charity and donations	32.2	33,521	29,968
Directors' fee and meeting expenses		1,195	1,146
Others		1,220	942
		<u>572,773</u>	<u>476,175</u>
32.1 Auditors' remuneration			
Audit fee		1,759	1,759
Half-yearly review		292	279
Taxation services		1,295	906
Other certification		355	337
Out of pocket expenses		438	316
		<u>4,139</u>	<u>3,597</u>

Notes to the Financial Statements

For the year ended June 30, 2016

32.2 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	2016 (Rupees in '000)	2015
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	11,970	9,998
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 Co-operative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	6,000	4,000
Anjuman -e- Behbood-Samat -e- Itetal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	61	36

	Note	2016 (Rupees in '000)	2015
33. OTHER CHARGES			
Workers' profits participation fund	26.5	160,028	157,250
Workers' welfare fund		61,485	60,106
Loans provided to MHPL	17	603,000	-
Payable to MHPL	21.2/21.3	(316,492)	-
	33.1	286,508	-
Impairment on investment in MHPL	33.2	223,885	-
		731,906	217,356

33.1 As a consequence of the dismissal of the Review Petition by the Honorable Supreme Court of Pakistan (SCP) the Saddar Store of the subsidiary company, Makro Habib Pakistan Limited (MHPL), was closed down on September 11, 2015. Accordingly, the Operation Agreement with Metro Habib Cash & Carry Pakistan (Private) Limited (MHCCP) stands terminated.

As per the Operations Agreement, MHPL was required to make a payment of Rs. 792 million to MHCCP on account of the closure of Saddar Store. Therefore, during the year, the Company provided interest free loans amounting to Rs. 603 million to MHPL in order to enable it to discharge its obligation to MHCCP and meet other working capital requirements. The Company has recorded a provision for impairment against the balance amount of loan to MHPL.

33.2 As explained in Note 10.1, the Company has fully impaired the total investment in MHPL amounting to Rs. 223.885 million.

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016	2015
		(Rupees in '000)	
34. OTHER INCOME			
Income from financial assets			
Dividend income from:			
Related parties			
Indus Motor Company Limited		489,000	310,515
Agriauto Industries Limited		21,156	10,578
Habib Insurance Company Limited		10,037	11,471
Makro Habib Pakistan Limited		-	49,761
Pakistan Industrial Aids (Private) Limited		-	7,500
Habib METRO Pakistan (Private) Limited		323,473	267,718
		<u>843,666</u>	<u>657,543</u>
Others			
Dynea Pakistan Limited		2,042	1,021
Habib Sugar Mills Limited		4,667	4,201
Allied Bank Limited		1,273	682
Habib Bank Limited		912	228
GlaxoSmithKline Pakistan Limited		7	8
		<u>8,901</u>	<u>6,140</u>
Interest on:			
Deposit accounts		32,250	40,828
Term deposit receipts		136,884	47,958
Musharika certificates		1,664	933
Government treasury bills		24,231	16,872
		<u>195,029</u>	<u>106,591</u>
Gain on revaluation / redemption of investments at fair value through profit and loss		33,259	44,834
Reversal of provision for doubtful debts		-	2,296
Liabilities no longer payable written back		486	116
Exchange gain - net	34.1	<u>1,941</u>	<u>3,554</u>
		<u>1,083,282</u>	<u>821,074</u>
Income from non-financial assets			
Gain on disposal of property, plant and equipment	7.4	8,828	5,993
Rental income		5,712	6,535
Service income	34.2	29,604	30,711
Scrap sales		10,530	4,553
Claim from suppliers		29,409	26,845
Insurance claim		124	2,391
		<u>84,207</u>	<u>77,028</u>
		<u>1,167,489</u>	<u>898,102</u>

34.1 Represents exchange gain - net arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

34.2 The Company has entered into a service agreement with Thal Boshoku Pakistan (Private) Limited, a subsidiary company. As per the agreement, the Company will provide service and support for production engineering, plant maintenance and engineering, imports, logistics & material handling, sales administration, HR and general administration and financial corporate legal and tax advisory.

2016 2015
(Rupees in '000)

35. FINANCE COSTS

Mark-up on Short-term running finance:			
- Related party		34	41
- Others		81	582
		<u>115</u>	<u>623</u>
Bank charges and guarantee commission		3,705	4,126
		<u>3,820</u>	<u>4,749</u>

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
36. TAXATION			
Current		998,283	822,067
Prior		15,331	12,932
Deferred		(213,387)	(38,698)
	36.1	<u>800,227</u>	<u>796,301</u>
36.1 Relationship between income tax expense and accounting profit			
Profit before taxation		2,979,045	2,945,214
Tax at the rate of 32% (2015: 33%)		953,294	971,921
Super tax @ 3% of taxable income	36.1.1	95,145	78,882
		<u>1,048,439</u>	<u>1,050,803</u>
Tax effects of:			
Income taxed at reduced rates		(247,880)	(230,095)
Income tax under Final Tax Regime		(13,730)	(33,811)
Tax effect of inadmissible items		(1,933)	(3,528)
Prior years		15,331	12,932
		<u>800,227</u>	<u>796,301</u>
36.1.1	The Federal Government vide Finance Act 2016 has imposed a one time super tax at the rate of 3% on income of companies for the tax year 2016. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror.		

	2016 (Rupees in '000)	2015 (Rupees in '000)
37. 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 after taxation	<u>2,178,818</u>	<u>2,148,913</u>
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	<u>81,030</u>	<u>81,030</u>
	(Rupees)	
Basic and diluted earnings per share	<u>26.89</u>	<u>26.52</u>

Notes to the Financial Statements

For the year ended June 30, 2016



	Note	2016	2015
		(Rupees in '000)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,979,045	2,945,214
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		116,591	115,940
Finance costs		3,820	4,749
Interest income		(195,029)	(106,591)
Liabilities no longer payable written back		(486)	(116)
Gain on revaluation / redemption of investments at fair value through profit and loss		(33,259)	(44,834)
Dividend income		(852,567)	(663,683)
Provision for doubtful debts - net		72,131	3,430
Provision for retirement benefits		2,905	3,595
Provision for impairment on loan to MHPL		286,508	-
Provision for impairment on investment in MHPL		223,885	-
Gain on disposal of operating fixed assets		(8,828)	(5,993)
		(384,329)	(693,503)
		2,594,716	2,251,711
(Increase) / decrease in current assets			
Stores, spares and loose tools		1,176	13
Stock-in-trade		(469,300)	796,228
Trade debts		42,277	(248,308)
Loans and advances		(305,277)	(348,138)
Trade deposits and short-term prepayments		32,662	(38,193)
Sales tax refundable		(36,126)	-
Other receivables		(305,966)	357,777
		(1,040,554)	519,379
Increase / (decrease) in current liabilities			
Trade and other payables		103,257	(173,123)
Sales tax payable		-	40,178
		103,257	(132,945)
		1,657,419	2,638,145
39. CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	402,159	507,726
Short-term investments	20	3,663,557	3,097,708
Short-term running finance	27	(22,790)	(14,556)
		4,042,926	3,590,878

Notes to the Financial Statements

For the year ended June 30, 2016

40. TRANSACTIONS AND BALANCES 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 note 41 and elsewhere in these financial statements, are as follows:

Relationship	Nature of transactions	2016 (Rupees in '000)	2015
Subsidiaries	Sales of goods	-	71
	Professional services acquired	107,843	82,883
	Purchase of assets	-	41
	Purchase of goods	26,051	49,657
	Supplies purchased	6,424	31,110
	Rent received	5,190	5,025
	Investment in subsidiary	-	100
Associates	Service fee	27,090	25,200
	Sales of goods	9,081,881	8,303,593
	Insurance premium	29,382	28,162
	Purchase of assets	5,148	20,012
	Purchase of goods	166,060	122,654
	Supplies purchased	26,909	-
	Insurance claim received	228	11,307
	Mark-up and bank charges paid	2,238	4,758
	Profit received on deposits	156,444	79,542
	Rent paid	800	800
Employee benefit plans	Contribution to provident fund	32,686	35,309
	Contribution to retirement benefit fund	3,202	3,319

40.1 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 41 to the financial statements.

40.2 The receivable / payable balances with related parties as at June 30, 2016 are disclosed in the respective notes to the financial statements.

41. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2016			2015		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	(Rupees in '000)			(Rupees in '000)		
Managerial remuneration	34,491	-	244,404	28,898	-	207,103
Company's contribution to provident fund	770	-	8,965	694	-	7,562
Company's contribution to retirement benefit fund	-	-	4,050	-	-	3,425
	35,261	-	257,419	29,592	-	218,090
Number of persons	1	6	80	1	6	92

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

41.2 Four non-executive directors (2015: Four) have been paid fees of Rs. 1,175,000 (2015: Rs. 970,000) for attending board and other meetings.

Notes to the Financial Statements

For the year ended June 30, 2016



	2016	2015
42. PLANT CAPACITY AND ACTUAL PRODUCTION		
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)	15,534	25,247
Auto air conditioners (Units)	82,560	72,078
Wire harness (Units)	128,578	107,890
Paper bags (Nos. '000s)	95,067	95,148
Alternator (Units)	57,529	51,655
Starter (Units)	57,609	51,753
Reason for shortfall	Low demand	Low demand
42.1 The capacity of wire harness is dependent on product mix.		
42.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.		

	2016 Unaudited	2015 Audited
	(Rupees in '000)	
43. PROVIDENT FUND		
Size of the fund	541,977	567,737
Percentage of investments made	97.24%	98.19%
Fair value of investments	527,017	557,467
Cost of investments made	512,603	532,602

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

	2016 (Unaudited)		2015 (Audited)	
	Investments (Rs. '000)	investment as a % of size of the fund	Investments (Rs. '000)	investment as a % of size of the fund
Government securities	131,922	24.34%	266,929	47.02%
Term finance certificates and Sukus	100,511	18.55%	99,099	17.46%
Term deposit receipts and call deposits	143,198	26.42%	31,588	5.56%
Listed securities and mutual fund units	151,386	27.93%	159,851	28.16%
	527,017	97.24%	557,467	98.19%

43.2 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, 2016

44. 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 oversees policies for managing each of these risks which are summarised below.

44.1 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:

	2016	2015
	(Rupees in '000)	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 328.857 million (2015: Rs. 324.831 million) receivable from related parties.]	797,627	860,645
Past due but not impaired		
- Less than 90 days [includes Rs. 9.807 million (2015: Rs. 4.430 million) receivable from related parties.]	175,982	168,925
- 91 to 180 days [includes Nil (2015: Nil) receivable from related parties.]	25,002	75,559
- 181 to 360 days [includes Nil (2015: Nil) receivable from related parties.]	5,335	13,225
	<u>1,003,946</u>	<u>1,118,354</u>
Bank balances		
Ratings		
A1+	383,379	491,339
A-1+	13,466	7,274
A-1	24	-
A2	-	6,870
	<u>396,869</u>	<u>505,483</u>
Short term investments		
Ratings		
A1+	897,775	2,904,996
A-1+	2,780,580	199,282
	<u>3,678,355</u>	<u>3,104,278</u>

Financial assets other than trade debts, bank balances and short term investments, are not exposed to any material credit risk.

Notes to the Financial Statements

For the year ended June 30, 2016

44.2 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, 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	(Rupees in '000)				
Long term deposits	-	-	-	1,624	1,624
Trade and other payables	1,018,218	-	-	-	1,018,218
Short-term running finance - secured	22,790	-	-	-	22,790
Accrued markup	42	-	-	-	42
	1,041,050	-	-	1,624	1,042,674

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 running finance - secured	14,556	-	-	-	14,556
Accrued markup	55	-	-	-	55
Sales tax payable	15,759	-	-	-	15,759
	1,003,147	-	-	1,714	1,004,861

44.3 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:

	2016	2015
	(Rupees in '000)	
Trade receivables (US Dollars)	107,959	418,857
Trade receivables (AED)	1,568,568	-
Trade and other payables (US Dollars)	175,102	1,649,767
Trade and other payables (JPY)	8,002	109,201
Trade and other payables (CHF)	-	1,481
Total (AED) - receivables	1,568,568	-
Total (CHF) - payables	-	1,481
Total (JPY) - payables	8,002	109,201
Total (US Dollars) - payables	67,143	1,230,910

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

	2016	2015
	(Rupees)	
US Dollar	104.70	101.70
AED	28.51	27.69
JPY	1.02	0.82
CHF	106.85	109.64

Notes to the Financial Statements

For the year ended June 30, 2016

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AED, JPY and CHF'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's rate %	Effect on profit or (loss) before tax (Rupees in '000)	Effect on equity
2016	+ 10	3,768	2,756
	- 10	(3,768)	(2,756)
2015	+ 10	(12,544)	(9,152)
	- 10	12,544	9,152

44.4 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
2016		
KIBOR	+ 100	3,248
KIBOR	- 100	(3,248)
2015		
KIBOR	+ 100	3,568
KIBOR	- 100	(3,568)

44.5 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.

45. 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.

Notes to the Financial Statements

For the year ended June 30, 2016



46. 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 table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
2016				
Assets				
Held to maturity				
- Available for sale investments	136,556	-	-	136,556
- Short-term investments	-	3,663,557	-	3,663,557

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
2015				
Assets				
Held to maturity				
- Available for sale investments	150,653	-	-	150,653
- Short-term investments	-	2,997,656	-	2,997,656

There were no transfers amongst levels during the year.

47. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 30, 2016 has approved the following:

- transfer of Rs. 1,368.5 million from unappropriated profit to general reserve; and
- payment of cash dividend of Rs. 6.25/- per share for the year ended June 30, 2016 for approval of the members at the Annual General Meeting to be held on September 29, 2016.

Notes to the Financial Statements

For the year ended June 30, 2016

48. GENERAL

48.1 The number of employees as at June 30, 2016 was 3,368 (2015: 4,144) and average number of employees during the year was 3,702 (2015: 4,826) .

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

48.3 Figures have been rounded off to the nearest thousands.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 30, 2016 by the Board of Directors of the Company.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Consolidated Financial Statements

For the year ended June 30, 2016



EY Ford Rhodes
Chartered Accountants
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Pakistan

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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 2016** 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-Hablb 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 responsibilities of the Holding Company's management. Our responsibility is to express an opinion on these consolidated 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 Holding Company and its subsidiary companies as at **30 June 2016** and the results of their operations for the year then ended.

We draw attention to the fact that the auditors' report dated 18 August 2016 on the financial statements of MHPL for the year ended 30 June 2016 contains an emphasis of matter paragraph with respect to the matter stated in note 1.2.3 to the consolidated financial statements. The said note describes uncertainty arising due to the judgement of the Supreme Court of Pakistan requiring the Company to remove its structures and installations of its Saddar store, the consequent review petition filed by Army Welfare Trust with Supreme Court of Pakistan and Company's closure of its Saddar store on 11 September 2015. Our opinion is not qualified in respect of this matter.

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 30 August 2016
Place: Karachi

Consolidated Balance Sheet

As at June 30, 2016

	Note	2016 (Rupees in '000)	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	936,399	1,285,391
Intangible assets	9	9,262	8,713
Investment properties	10	6,948,303	7,176,769
Long-term investments	11	2,909,674	2,132,047
Long-term loans	12	15,010	171
Long-term deposits	13	13,995	11,632
Long-term prepayments	14	50,671	55,946
Deferred tax asset - net	15	148,651	28,612
		11,031,965	10,699,281
CURRENT ASSETS			
Stores, spares and loose tools	16	90,581	91,026
Stock-in-trade	17	2,824,550	2,543,659
Trade debts	18	1,048,514	1,210,643
Loans and advances	19	53,271	39,517
Trade deposits and short-term prepayments	20	52,849	90,255
Interest accrued		3,304	4,053
Other receivables	21	512,123	21,882
Short-term investments	22	5,594,911	5,053,988
Income tax - net	23	296,541	173,214
Sales tax refundable		34,345	31,219
Cash and bank balances	24	937,128	645,884
		11,448,117	9,905,340
TOTAL ASSETS		22,480,082	20,604,621
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (2015: 100,000,000) ordinary shares of Rs. 5/- each		500,000	500,000
Issued, subscribed and paid-up capital	25	405,150	405,150
Share deposit money		12	12
Reserves	26	14,061,440	12,214,199
Equity attributable to equity holders of the Holding Company		14,466,602	12,619,361
Non-controlling interest	27	5,907,241	5,790,139
Total equity		20,373,843	18,409,500
NON-CURRENT LIABILITIES			
Long term deposits	28	311,155	309,708
CURRENT LIABILITIES			
Trade and other payables	29	1,765,523	1,847,549
Short-term running finance	30	22,790	23,807
Deferred income	31	6,729	14,002
Accrued markup		42	55
		1,795,084	1,885,413
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		22,480,082	20,604,621

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

Consolidated Profit and Loss Account

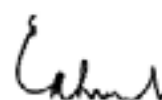
For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
Revenue - net	33	16,823,104	18,938,928
Cost of sales	34	13,157,360	15,504,550
Gross profit		3,665,744	3,434,378
Distribution costs	35	(259,568)	(237,708)
Administrative expenses	36	(1,292,466)	(1,268,432)
Other charges	37	(1,308,396)	(244,959)
		(2,860,430)	(1,751,099)
Other income	38	2,363,285	1,809,850
Operating profit		3,168,599	3,493,129
Finance costs	39	(5,902)	(17,405)
		3,162,697	3,475,724
Share of net profit of associates - after tax	11.1	767,097	489,860
Profit before taxation		3,929,794	3,965,584
Taxation	40	(1,026,509)	(1,192,345)
Profit after taxation		2,903,285	2,773,239
Attributable to			
- Equity holders of the Holding Company		2,570,535	2,469,418
- Non-controlling interest		332,750	303,821
		2,903,285	2,773,239
(Rupees)			
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	41	31.72	30.48

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



ASIF RIZVI
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VICE CHAIRMAN

Consolidated Statement Of Comprehensive Income

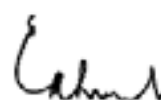
For the year ended June 30, 2016

	2016 (Rupees in '000)	2015
Profit after taxation for the year	2,903,285	2,773,239
Other comprehensive income		
<i>Item to be reclassified to profit and loss account in subsequent periods:</i>		
(Loss) / gain on revaluation of available-for-sale investments - net of tax	(14,097)	13,187
<i>Item 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	(184)	(146)
Total comprehensive income for the year	2,889,004	2,786,280
Attributable to		
- Equity holders of the Holding Company	2,556,254	2,482,459
- Non-controlling interest	332,750	303,821
	2,889,004	2,786,280

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



ASIF RIZVI
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VICE CHAIRMAN

Consolidated Cash Flow Statement

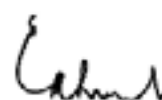
For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	3,644,113	4,029,031
Finance costs paid		(5,440)	(16,851)
Retirement benefits paid		(2,356)	(3,529)
Income tax paid		(1,269,284)	(1,070,201)
Long-term loans		(55,275)	2,258
Long-term deposit - net		168	1,589
Operations fee paid		(792,000)	-
Net cash generated from operating activities		1,519,926	2,942,297
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(215,656)	(137,166)
Proceeds from disposal of operating fixed assets		17,284	13,671
Dividends received		529,095	338,704
Interest received		321,045	222,287
Investment made during the year		(505,563)	(396,669)
Redemption of short-term investments		(41,137)	(240,434)
Net cash generated from / (used in) investing activities		105,068	(199,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(879,943)	(971,817)
Net cash used in financing activities		(879,943)	(971,817)
NET INCREASE IN CASH AND CASH EQUIVALENTS		745,051	1,770,873
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,256,285	3,485,412
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	6,001,336	5,256,285

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



ASIF RIZVI
CHIEF EXECUTIVE



VICE CHAIRMAN

For the year ended June 30, 2016

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

E. Abbott
VICE CHAIRMAN

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



1. THE HOLDING COMPANY AND ITS OPERATIONS

- 1.1** Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Pakistan Stock Exchange (formerly 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
			2016	2015	2016		2015	
			%	%	(Rupees in '000s)		(Rupees in '000s)	
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	146,999	39,939	134,484	31,666
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	27,123	2,310	28,867	4,584
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	137,414	353,300	1,004,657	318,170
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	583,243	14,129	180,160	5,097
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	9,157,630	536,258	8,894,549	451,152
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	383,574	45,790	306,426	70,670
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	36,217	39,511	85	75

1.2.1 Noble Computer Services (Private) Limited

Noble Computer Services (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on May 8, 1983 and is a wholly owned subsidiary of Thal Limited. The Company provides Internal Audit Services, I.T. Related Services, Advisory Services, HR Services and Management Services. During the year, the Securities and Exchange Commission of Pakistan (SECP) issued the Balloters and Transfer Agents Rules, 2015. Under the said rules, the SECP restricted the Company from providing the services of balloter and transfer agent to the listed associated companies. Therefore, the Company discontinued providing these 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 principal objective of the Company is to operate a chain of wholesale / retail cash and carry stores. The Company was operating one store located at Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Road, Saddar, Karachi.
- (b) MHPL had 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 had been engaged to operate the MHPL's Saddar Store (the Store) for an operations fee determined under the agreed mechanism. However, the Arrangement stands terminated during the year due to the closure of Company's Saddar store.

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, 2016

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)

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, parts, air cleaner and other automobile parts. TBPPL was formed pursuant to a Joint Venture Agreement between the Holding Company, Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan. 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.

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. 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 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” as disclosed in note 22 to these financial statements.

3.2 These consolidated financial statements are presented in Pak Rupees which is also the Group’s functional currency.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as “the Group”.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from 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 year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New and amended standards and interpretations

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

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above amendments, improvements 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 Group expects that such improvements to the standards do not have any impact on the Group's financial statements for the period.

5.2 Property, plant and equipment

Operating assets

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

Depreciation / amortisation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 8 to the consolidated financial statements. Depreciation / amortisation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

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

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.

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.

Capital work-in-progress

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

5.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment loss, 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 amortised applying the straight line method at the rates stated in note 9 to these financial statements.

5.4 Investment properties

Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation / amortisation is charged on reducing balance method at the rate specified in note 10 to the consolidated financial statements.

5.5 Impairment

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.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment assets are recognized in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognized.

5.6 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.

5.7 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 consolidated profit and loss account.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



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 recognised initially at fair value plus directly attributable costs and are subsequently measured at amortised cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

At fair value through profit or loss

Investments at fair value through profit or loss are initially recognised 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 recognised in profit and loss account.

Un-Quoted

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

5.8 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 for slow moving and obsolete items.

5.9 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 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. Provision is made for slow moving and obsolete items.

5.10 Trade debts and other receivables

Trade debts originated by the Group are recognised and carried at original invoice amount less provision for impairment. Provision for doubtful debts 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 doubtful receivables, if any.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

5.11 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.

5.12 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.

5.13 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 23 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.

5.14 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 Group.

5.15 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



5.16 Staff retirement benefits

Defined contribution plan

Provident fund

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

Retirement benefit fund

The Holding Company operates an approved 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.

5.17 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

5.18 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 Company recognises 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 and adjusted, if required.

5.19 Revenue recognition

Revenue

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.

Other income

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest on bank deposits are recognised on accrual basis.

5.20 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

5.21 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 recognised 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.

5.22 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.

5.23 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 judgements, 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 judgements, 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 and investment property	5.2, 5.4, 8 & 10
- determining the residual values, useful lives and impairment of intangibles assets	5.3 & 9
- impairment of financial and non-financial assets	5.5
- provision for slow moving stores, spares and loose tools and stock-in-trade	5.8, 5.9, 16 & 17
- provision for doubtful debts and other receivables	5.10 & 18
- provision for tax and deferred tax	5.13, 15 & 40
- provision and warranty obligations	5.18 & 29.3
- provision for compensated absences	5.17
- contingencies	32

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



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)
IAS 16 & 41 - Agriculture: Bearer Plants – (Amendment)	01 January 2016
IFRS 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures - Investment Entities	01 January 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)	Not yet finalized
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2016
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets Clarification of Acceptable method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Group 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 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	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2018

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

8.

PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

8.1 Operating fixed assets

	C O S T			DEPRECIATION / AMORTISATION					WRITTEN DOWN VALUE	
	As at July 01, 2015	Additions (Note 8.1.1)	Disposals / Write off*	As at June 30, 2016	Rate %	As at July 01, 2015	Charge / impairment** for the year	On disposals / Write off*	As at June 30, 2016	As at June 30, 2016
(Rupees in '000)				(Rupees in '000)						
Land - Freehold	203,753	-	105,225	98,528	-	-	-	-	-	98,528
- Leasehold	45,381	-	-	45,381	1.69-3.33	7,040	1,212	-	8,252	37,129
Building on freehold land										
- Factory building	287,593	2,340	-	289,933	10	162,758	12,518	-	175,276	114,657
- Non factory building	471,979	-	-	471,979	5-10	188,474	7,804	-	446,063	25,916
							249,785 **			
Railway sliding	792	-	-	792	5	716	3	-	719	73
Plant and machinery	1,366,566	50,150	8,796	1,404,716	10-30	925,860	88,869	8,007	1,004,603	400,113
			3,204 *					2,119 *		
Furniture and fittings	32,802	779	332	33,157	15-20	20,942	2,062	292	22,637	10,520
			92 *					75 *		
Vehicles	105,020	10,576	15,685	99,911	20	50,572	11,162	9,472	52,262	47,649
Office and mills equipment	73,775	26,149	293	99,631	10-30	42,943	7,574	206	50,311	49,320
Computer equipment	92,976	9,569	12,056	90,489	33.33	67,616	13,308	11,952	68,972	21,517
Jigs and fixtures	196,329	33,273	-	229,602	33.33	145,947	22,754	-	168,701	60,901
2016	2,876,966	132,836	142,387	2,864,119		1,612,868	167,266	29,929	1,997,796	866,323
			3,296 *				249,785 **	2,194 *		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	C O S T			DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2014	Additions	Disposals	As at July 01, 2014	Charge for the year	On disposals	As at June 30, 2015	
	(Rupees in '000)			Rate %	(Rupees in '000)			
Land - Freehold	203,753	-	-	-	-	-	-	203,753
- Leasehold	45,381	-	-	1.69-3.33	1,449	-	7,040	38,341
Building on freehold land								
- Factory building	270,035	17,558	-	10	149,814	12,944	162,758	124,835
- Non factory building	471,979	-	-	5-10	163,450	25,024	188,474	283,505
Railway sliding	792	-	-	5	712	4	716	76
Plant and machinery	1,232,542	134,024	-	10-30	830,399	95,461	925,860	440,706
Furniture and fittings	29,996	2,806	-	15-20	18,660	2,282	20,942	11,860
Vehicles	88,005	33,212	16,197	20	48,707	8,975	50,572	54,448
Office and mills equipment	62,103	12,159	487	10-30	38,282	429	42,943	30,832
Computer equipment	69,086	25,347	1,457	33.33	59,996	1,447	67,616	25,360
Jigs and fixtures	144,320	52,009	-	33.33	120,345	-	145,947	50,382
2015	2,617,992	277,115	18,141		1,435,956	187,763	1,612,868	1,264,098

8.1.1 Additions include transfers from capital work in progress amounting to Rs. 38.126 million (2015: Rs. 214.717 million).

8.1.2 Jigs and fixtures include moulds having written down value of Nil (2015: Rs. 0.327 million) in the possession of sub-contractors.

8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 182.361 million (2015: Rs. 154.095 million).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000)	
8.3 The depreciation / amortisation charge for the year has been allocated as follows:			
Cost of sales	34	129,715	136,057
Distribution costs	35	1,343	992
Administrative expenses	36	36,208	50,714
		<u>167,266</u>	<u>187,763</u>

8.4 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Land							
Freehold land	105,225	-	105,225	507,926	402,701	Negotiation	Lahore Development Authority, Lahore
Plant and machinery							
Automation Conveyor	4,728	4,382	346	428	82	Negotiation	Mr. Mumtaz Gul - Gadoon
Bottomer	950	747	203	251	48	Negotiation	Mr. Mumtaz Gul - Gadoon
Fork lifter	1,650	1,500	150	420	270	Negotiation	Mr. Mohammad Umer - Karachi
Items having book value upto Rs. 50,000	1,468	1,378	90	749	659	Various	Various
	8,796	8,007	789	1,848	1,059		
Furniture and fittings							
Items having book value upto Rs. 50,000	332	292	40	25	(15)	Various	Various
Vehicles							
Suzuki Mehran	696	154	542	565	23	Negotiation	Mr. Shahid Saleem - Employee, Karachi
Coure	434	381	53	422	369	Negotiation	M/s Shehzad Motor Workshop, Karachi
Toyota Corolla	1,391	1,030	361	689	328	Sold under Group's Car Scheme	Mr. Zafar Kamal - Employee, Karachi
Toyota Corolla	1,583	927	656	1,031	375	Sold under Group's Car Scheme	Mr. Osama Mufti - Ex-employee, Karachi
Suzuki Mehran	189	3	186	475	289	Sold against Group's Car Scheme	Mr. Aun Abbas - Employee, Karachi
Daihatsu Coure	663	497	166	322	156	Sold under Group's Car Scheme	Mr. Muhammad Hashim - Employee, Karachi
Toyota Corolla	1,389	1,100	289	292	3	Sold under Group's Car Scheme	Mr. Shahid Saleem - Employee, Karachi
Toyota Corolla	1,673	806	867	1,173	306	Sold under Group's Car Scheme	Mr. Tariq Saeed Butt - Ex-employee, Karachi
Toyota Altis	1,799	1,439	360	396	36	Sold under Group's Car Scheme	Syed Muzaffar Ali - Employee, Karachi
Suzuki Cultus	965	536	429	429	-	Sold under Group's Car Scheme	Syed Azadar Raza Jafri - Employee, Karachi
Suzuki Mehran	612	335	277	277	-	Sold under Group's Car Scheme	Mr. Ali Raza - Employee, Karachi
Toyota Altis	1,954	543	1,411	1,500	89	Negotiation	Mr. Zafar Iqbal Sobani - Ex-employee, Karachi
Items having book value upto Rs. 50,000	2,337	1,721	616	6,599	5,983	Various	Various
	15,685	9,472	6,213	14,170	7,957		
Office and mills equipment							
Items having book value upto Rs. 50,000	293	206	87	41	(46)	Various	Various
Computer equipment							
Items having book value upto Rs. 50,000	12,056	11,952	104	474	370	Various	Various
2016	<u>142,387</u>	<u>29,929</u>	<u>112,458</u>	<u>524,484</u>	<u>412,026</u>		
2015	<u>18,141</u>	<u>10,851</u>	<u>7,290</u>	<u>13,671</u>	<u>6,381</u>		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



2016 2015
(Rupees in '000)

8.5 Capital work-in-progress

Plant and machinery	45,691	16,420
Furniture and fittings	156	-
Vehicles	800	-
Office and mills equipment	9,261	4,723
Computer Equipment	1,647	150
Jigs and fixtures	12,521	-
	70,076	21,293

9. INTANGIBLE ASSETS

	COST			Rate	AMORTISATION			WRITTEN DOWN VALUE
	As at July 01, 2015	Additions	As at June 30, 2016		As at July 01, 2015	Charge for the year	As at June 30, 2016	As at June 30, 2016
	(Rupees in '000)			%	(Rupees in '000)			
Softwares	12,167	150	12,317	30 - 50	6,824	2,110	8,934	3,383
Licenses	5,119	4,169	9,288	33.33	1,749	1,660	3,409	5,879
2016	17,286	4,319	21,605		8,573	3,770	12,343	9,262
2015	7,111	10,175	17,286		6,732	1,841	8,573	8,713

Note **2016** 2015
(Rupees in '000)

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

Cost of sales	34	1,303	463
Distribution costs	35	23	4
Administrative expenses	36	2,444	1,374
		3,770	1,841

10. INVESTMENT PROPERTIES

Land and building	10.1	6,948,190	7,176,769
Capital work-in-progress - Civil works		113	-
		6,948,303	7,176,769

10.1

	COST			Rate	AMORTISATION			WRITTEN DOWN VALUE
	As at July 01, 2015	Additions / (disposal)	As at June 30, 2016		As at July 01, 2015	Charge for the year (on disposal)	As at June 30, 2016	As at June 30, 2016
	(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	48,660	246,465	1,411,123
Building on freehold land	1,894,345	29,464 (15,745)	1,908,064	10-30	489,967	60,549 (10,577)	539,939	1,368,125
Building on leasehold land	4,100,300	-	4,100,300	10-30	762,196	143,666	905,862	3,194,438
2016	8,626,737	29,464 (15,745)	8,640,456		1,449,968	252,875 (10,577)	1,692,266	6,948,190
2015	8,616,754	9,983	8,626,737		1,187,804	262,164	1,449,968	7,176,769

10.1.1 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 independent professional valuers and amounts to Rs.14,844 million (2015: Rs. 14,840 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, 2016

	Note	2016 Holding %	(Rupees in '000)	2015 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			1,328,049		1,142,528
Share of profit - net of tax			717,675		496,130
Remeasurement gain of post employment benefit obligation - net of deferred tax			45		-
Share of actuarial loss on remeasurement of defined benefit plan			-		(94)
Dividend received during the period			(489,000)		(310,515)
			<u>1,556,769</u>		<u>1,328,049</u>
(Market value Rs. 4,594.351 million) (2015: Rs. 6,107.61 million)					
Habib Insurance Company Limited	11.4	4.63		4.63	
Opening balance			43,951		41,431
Share of profit - net of tax			8,171		14,043
Share of actuarial loss on remeasurement of defined benefit plan			(229)		(52)
Dividend received during the period			(10,037)		(11,471)
			<u>41,856</u>		<u>43,951</u>
(Market value Rs. 93.143 million) (2015: Rs.108.514 million)					
Agriauto Industries Limited		7.35		7.35	
Opening balance			223,091		199,090
Share of profit - net of tax			46,011		35,911
Share of loss in change in fair value of available for sale investment			-		(1,332)
Dividend received during the period			(21,156)		(10,578)
			<u>247,946</u>		<u>223,091</u>
(Market value Rs. 413.071 million) (2015: Rs. 393.396 million)					
Shabbir Tiles and Ceramics Limited		1.30		1.30	
Opening balance			26,303		20,552
Investment made during the period			-		5,729
Share of (loss) / profit - net of tax			(1,541)		22
			<u>24,762</u>		<u>26,303</u>
(Market value Rs. 23.942 million) (2015: Rs. 27.751 million)					
			<u>1,871,333</u>		<u>1,621,394</u>
Un-Quoted associates					
METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP)	11.4 & 11.5	25		25	
Opening balance			-		56,246
Share of loss - net of tax			-		(56,246)
			<u>-</u>		<u>-</u>
ThalNova Power Thar (Private) Limited (TNPTPL)	11.3	49.9			
Opening balance			-		-
Investment made during the period			30,005		-
Share of loss - net of tax			(3,219)		-
			<u>26,786</u>		<u>-</u>
TOTAL OF ASSOCIATES			<u>1,898,119</u>		<u>1,621,394</u>
Other investments - Available-for-sale					
Quoted - at fair value					
Habib Sugar Mills Limited			69,710		78,112
GlaxoSmithKline (Pakistan) Limited			451		328
Dynea Pakistan Limited			37,173		40,032
Allied Bank Limited			16,357		18,171
Habib Bank Limited			12,865		14,010
			<u>136,556</u>		<u>150,653</u>
Un-Quoted - at cost					
Sindh Engro Coal Mining Company Limited	11.7		862,499		360,000
TPL Properties Limited	11.8		12,500		-
			<u>874,999</u>		<u>360,000</u>
TOTAL			<u>2,909,674</u>		<u>2,132,047</u>

For the year ended June 30, 2016



2015

(Rupees in '000)

Indus Motor Company Limited	717,675	496,130
Habib Insurance Company Limited	8,171	14,043
Agriauto Industries Limited	46,011	35,911
Shabbir Tiles and Ceramics Limited	(1,541)	22
METRO Habib Cash & Carry Pakistan (Private) Limited	-	(56,246)
ThalNova Power Thar (Private) Limited	(3,219)	-
	767,097	489,860

	2016			
	Total Assets	Total Liabilities (Rupees in ‘000)	Revenues	Profit / (loss) after tax
Associates				
Indus Motor Company Limited	54,587,933	27,993,034	108,022,575	11,535,622
Habib Insurance Company Limited	2,928,944	1,916,786	498,329	176,489
Agriauto Industries Limited	3,450,381	422,377	7,162,438	705,488
Shabbir Tiles and Ceramics Limited	5,131,811	3,474,841	4,413,754	(118,108)
METRO Habib Cash & Carry Pakistan (Private) Limited	7,441,675	10,603,743	34,370,124	(1,241,119)
ThalNova Power Thar (Private) Limited	58,585	5,012	-	(6,437)
	2015			
	Total Assets	Total Liabilities (Rupees in ‘000)	Revenues	Profit / (loss) after tax
Associates				
Indus Motor Company Limited	50,413,613	27,495,053	80,473,510	7,974,604
Habib Insurance Company Limited	2,928,944	1,916,786	477,499	303,308
Agriauto Industries Limited	3,450,381	422,377	4,169,514	488,857
Shabbir Tiles and Ceramics Limited	5,131,811	3,474,841	4,292,445	1,741
METRO Habib Cash & Carry Pakistan (Private) Limited	9,541,765	11,161,025	35,489,167	(1,794,063)

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, 2016

	2016 (Rupees in '000)	2015 (Rupees in '000)
11.6 Share in contingent liabilities of associated companies	261,918	302,467
Share in commitments of associated companies	3,828,774	3,890,637

11.7 The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 862.499 million acquiring 58,198,316 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 15.94 million.

11.8 Subsequent to the year end, the shares were quoted on the Pakistan Stock Exchange effective July 04, 2016.

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
12. LONG-TERM LOANS - secured, considered good			
Employees			
Interest bearing	12.1	24	58
Interest free		19,056	264
		19,080	322
Current portion	19	(4,070)	(151)
		15,010	171

12.1 These carry interest at the rate of 10% (2015: 10%) per annum.

13. LONG-TERM DEPOSITS

Security deposits		7,010	6,751
Utilities		4,410	4,410
Others		2,575	471
	13.1	13,995	11,632

13.1 These long term deposits are interest free.

14. LONG-TERM PREPAYMENT

Rent	14.1	59,811	67,640
Current portion	20	(9,140)	(11,694)
		50,671	55,946

14.1 Includes prepaid rent of Rs. 3.780 million (2015: Rs. 3.780 million) paid in respect of service centre upto June 2017 and prepaid rent of Rs. 56.031 million (2015: Rs. 63.860 million) paid for land obtained under operating lease agreement which is adjustable against yearly installments over a period of 20 years.

	2016 (Rupees in '000)	2015 (Rupees in '000)
15. DEFERRED TAX ASSET - net		
Deferred tax asset arising:		
In respect of provisions	352,745	155,441
Due to unabsorbed tax losses	-	131,459
	352,745	286,900
Deferred tax liability arising:		
Due to investment in associates	(150,548)	(125,704)
Due to accelerated tax depreciation allowance	(53,546)	(132,584)
	(204,094)	(258,288)
	148,651	28,612

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
16. STORES, SPARES AND LOOSE TOOLS			
Stores		21,602	23,120
Spares		68,873	67,819
Loose tools		106	87
		<u>90,581</u>	<u>91,026</u>
17. STOCK-IN-TRADE			
Raw material			
- In hand	17.1	1,651,970	1,494,319
- In transit		475,437	406,768
		<u>2,127,407</u>	<u>1,901,087</u>
Work-in-process		213,115	192,326
Finished goods		484,028	450,246
	17.2	<u>2,824,550</u>	<u>2,543,659</u>

17.1 Raw materials amounting to Rs. 9.635 million (2015: Rs. 9.577 million) are held with the sub-contractors.

17.2 Includes items amounting to Rs. 504.582 million (2015: Rs. 611.309 million) carried at net realisable value. [Cost Rs. 554.813 million (2015: Rs. 674.722 million)].

	Note	2016 (Rupees in '000)	2015
18. TRADE DEBTS - unsecured			
Considered good	18.1	1,048,514	1,210,643
Considered doubtful		83,757	22,290
Provision for doubtful debts	18.2	(83,757)	(22,290)
		<u>1,048,514</u>	<u>1,210,643</u>
18.1 This includes amount due from following related parties:			
Indus Motor Company Limited		334,150	333,041
Auvitronics Limited		24	-
Habib Metropolitan Bank Limited		-	2,967
Agriauto Industries Limited		261	250
Shabbir Tiles & Ceramics Limited		15,629	7,511
METRO Habib Cash & Carry Pakistan (Private) Limited		35	750
Habib Insurance Company Limited		-	47
		<u>350,099</u>	<u>344,566</u>
18.2 Reconciliation of provision for doubtful debts:			
Balance at the beginning of the year		22,290	20,627
Charge for the year	35	75,328	5,726
Reversal for the year		(8,160)	(2,296)
Bad debts written off		(5,701)	(1,767)
Balance at the end of the year		<u>83,757</u>	<u>22,290</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
19. LOANS AND ADVANCES - unsecured, considered good			
Loans			
Current portion of long-term loans to employees	12	4,070	151
Employees - interest free	19.1	25,625	9,525
		<u>29,695</u>	<u>9,676</u>
Advances			
Suppliers		18,660	27,559
Employees		4,916	2,282
	19.2	<u>23,576</u>	<u>29,841</u>
		<u>53,271</u>	<u>39,517</u>

19.1 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 9.3 million.

19.2 These advances are interest free.

	Note	2016 (Rupees in '000)	2015
20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender / Performance guarantee		20,329	53,856
Margin against letter of credit		175	231
Security deposits		406	443
Container deposits		6,225	3,830
Others		2,937	2,540
	20.1	<u>30,072</u>	<u>60,900</u>
Short-term prepayments			
Current portion of long-term prepayment	14	9,140	11,694
Rent		4,510	6,862
Insurance		5,598	7,002
Others		3,529	3,797
		<u>22,777</u>	<u>29,355</u>
		<u>52,849</u>	<u>90,255</u>

20.1 These deposits are interest free.

21. OTHER RECEIVABLES			
Duty drawback		1,101	2,875
Custom duty refundable		759	-
Workers' profit participation fund	21.1	293	4,398
Rent		788	487
Receivable against test production		-	356
Others	21.2	509,182	13,766
		<u>512,123</u>	<u>21,882</u>
21.1 Workers' profit participation fund (WPPF)			
Balance at the beginning of the year		4,398	5,505
Allocation for the current year	37	(165,507)	(160,602)
Paid during the year		161,402	159,495
Balance at the end of the year		<u>293</u>	<u>4,398</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
21.2 This includes receivable from the following related parties:			
Indus Motor Company Limited		100	36
Auvitronics Limited		118	1
Agriautos Industries Limited		131	26
Habib Insurance Company Limited		-	10
Dynea Pakistan Limited		7	-
Habib Metropolitan Bank Limited		-	106
Shabbir Tiles & Ceramics Limited		135	-
		<u>491</u>	<u>179</u>
22. SHORT-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
Term Deposit Receipts	22.1	4,617,811	4,740,409
Accrued interest		15,258	8,219
		<u>4,633,069</u>	<u>4,748,628</u>
Musharika Certificates	22.2	-	106,000
Accrued interest		-	78
		-	106,078
Treasury Bills	22.3	741,746	196,747
Accrued interest		2,983	2,535
		<u>744,729</u>	<u>199,282</u>
At fair value through profit and loss account			
NAFA Government Securities Liquidity Fund		175,051	-
NAFA Money Market Fund		20,930	-
Alfalah GHP Income Fund		21,132	-
		<u>217,113</u>	<u>-</u>
		<u>5,594,911</u>	<u>5,053,988</u>
22.1 These include deposits amounting to Rs. 2,197 million (2015: Rs. 4,439.5 million) with Habib Metropolitan Bank Limited, a related party. These deposits carry interest rate ranging from 6.05% to 6.4% (2015: 6.6% to 8.95%) per annum and having maturity ranging from July 12, 2016 to November 30, 2016. Included in the above investment, Rs. 521.811 million (2015: Rs. 0.909 million) is under lien against a letter of guarantee issued by the banks on behalf of the Group.			
22.2 These carry interest at the rate of Nil (2015: 6.75%) per annum.			
22.3 These carry interest rate ranging from 5.90% to 6.21% (2015: 6.84% to 7.38%) per annum and having maturity ranging from July 07, 2016 to September 15, 2016.			
23. INCOME TAX - net			
Group Tax Relief adjustments	23.1	593,466	593,466
Group Taxation adjustments	23.2	278,440	-
Income tax provision less tax payments – net		<u>(575,365)</u>	<u>(420,252)</u>
		<u>296,541</u>	<u>173,214</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 23.1** 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.

- 23.2** In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company and MHPL have irrevocably opted to be taxed as one fiscal unit for the tax year 2016. Accordingly, the tax loss of MHPL for the tax year 2016 has been adjusted against the taxable income of the Holding Company.

	Note	2016 (Rupees in '000)	2015
24. CASH AND BANK BALANCES			
In hand		5,375	9,892
With banks in:			
Current accounts	24.1	95,620	134,883
Deposit accounts	24.2	426,730	398,802
Saving accounts	24.3	409,403	102,307
	24.4	931,753	635,992
		937,128	645,884

- 24.1** These include an amount of Rs. 67.235 million (2015: Rs. 103.053 million) maintained with Habib Metropolitan Bank, a related party.

- 24.2** These represent deposits maintained with Habib Metropolitan Bank Limited, a related party, and carry markup at the rates ranging from 4.75% to 5.5% (2015: 5.50% to 8%) per annum.

- 24.3** These include accounts maintained with Habib Metropolitan Bank - a related party, amounting to Rs. 370.232 million (2015: Rs. 86.676 million) and carry markup at the rates ranging from 4.75% to 6% (2015: 5.50% to 8%) per annum.

- 24.4** Bank balances in deposit accounts are placed under interest arrangements. The Group has conventional banking relationships with all the banks having Islamic window operations except Meezan Bank Limited and Al-Baraka Bank.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



25. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
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
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>

25.1 As at 30 June 2016, 7,334,889 (2015: 7,512,043) ordinary shares of Rs. 5/- each are held by related parties.

	Note	2016	2015
		(Rupees in '000)	
26. 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		9,838,847	8,702,874
Unappropriated profit		4,060,410	3,334,888
		<u>13,899,284</u>	<u>12,037,762</u>
Gain on revaluation of available-for-sale investments - net of tax		94,227	108,508
		<u>14,061,440</u>	<u>12,214,199</u>
27. NON-CONTROLLING INTEREST			
Habib Metro Pakistan (Private) Limited		5,755,239	5,684,049
Thal Boshoku Pakistan (Private) Limited		152,002	106,090
		<u>5,907,241</u>	<u>5,790,139</u>
28. LONG-TERM DEPOSITS			
Security deposits	28.1	311,155	309,708

28.1 Represents deposits in respect of investments properties rented out by a subsidiary company and includes amounts due to the following related parties:

	2016	2015
	(Rupees in '000)	
- Indus Motor Company Limited	2,280	2,005
- METRO Habib Cash and Carry Pakistan (Private) Limited	289,506	289,506
	<u>291,786</u>	<u>291,511</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
29. TRADE AND OTHER PAYABLES			
Creditor	29.1	181,544	503,096
Accrued liabilities	29.2	842,477	723,261
Custom duty payable		54,981	10,875
Unclaimed salaries		5,887	7,733
Warranty obligations	29.3	261,017	187,266
Royalty payable	29.4	109,198	118,487
Workers' welfare fund		166,703	132,939
Security deposits	29.5	207	43,502
Unclaimed dividend and unpaid dividend		105,094	60,376
Other liabilities	29.6	38,415	60,014
		<u>1,765,523</u>	<u>1,847,549</u>
29.1 This includes amounts due to the following related parties:			
Habib Insurance Company Limited		84	70
Shabbir Tiles & Ceramics Limited		-	287
Indus Motor Company Limited		-	1
Auvitronics Limited		10,837	10,801
METRO Habib Cash & Carry Pakistan (Private) Limited		-	2,300
		<u>10,921</u>	<u>13,459</u>
29.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		<u>1,816</u>	<u>591</u>
29.3 Warranty obligations			
Balance at the beginning of the year		187,266	117,642
Charge for the year - net	35	<u>82,715</u>	<u>83,312</u>
		269,981	200,954
Claims paid during the year		<u>(8,964)</u>	<u>(13,688)</u>
Balance at end of the year		<u>261,017</u>	<u>187,266</u>
29.4 Royalty payable			
Balance at the beginning of the year		118,487	60,799
Charge for the year - net	34	<u>191,879</u>	<u>166,726</u>
Paid during the year		<u>(201,168)</u>	<u>(109,038)</u>
Balance at the end of the year		<u>109,198</u>	<u>118,487</u>
29.5 This includes amounts due to the following related party:			
METRO Habib Cash and Carry Pakistan (Private) Limited		<u>-</u>	<u>42,965</u>
29.6 Other liabilities			
Tax deducted at source		1,202	2,306
Employees Old-Age Benefits Institution (EOBI)		753	128
Advances from customers		9,601	31,296
Payable to provident fund		179	1,932
Payable to retirement benefit fund		5,087	4,538
Others		21,593	19,814
		<u>38,415</u>	<u>60,014</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
30. SHORT-TERM RUNNING FINANCE - secured			
Related party		-	23,172
Others		22,790	635
	30.1	<u>22,790</u>	<u>23,807</u>

30.1 Available limits of the running finance facilities amount to Rs. 2,638 million (2015: Rs. 2,629 million). The facilities carry mark-up at rates ranging from one month to three months' KIBOR plus spreads of 0.75% to 1.50% (2015: 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.

31. DEFERRED INCOME

Represents license fee received in advance in respect of portion of the Group's stores leased out and advertisement income.

	2016 (Rupees in '000)	2015
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32. CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

32.1.1 Represents letter of guarantees issued by banks on behalf of the Group. These include a Standby Letter of Credit (SBLC) amounting to Rs. 2.083 billion issued by United Bank Limited favoring Habib Bank Limited as Intercreditor Agent and Sindh Engro Coal Mining Company Limited (SECMCL) as Project Company for balance equity participation of the Group. The term of SBLC is 42 months and its amount will reduce as and when the Group injects equity in SECMCL.

<u>2,138,947</u>	<u>35,074</u>
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32.1.2 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 SROs.

<u>155,254</u>	<u>166,379</u>
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32.2 Commitments

32.2.1 Letters of credit outstanding for raw material and spares.

<u>1,350,969</u>	<u>1,282,630</u>
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32.2.2 Commitments in respect of capital expenditure

<u>114,614</u>	<u>-</u>
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32.2.3 Commitments for rentals under Ijarah (lease) agreements

Within one year	6,429	2,209
Later than one year but not later than five years	8,104	220
	<u>14,533</u>	<u>2,429</u>

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 14.533 million (2015: 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. 19.476 million (2015: Rs. 11.834 million).

32.2.4 The Group has obtained three pieces of 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:

	2016 (Rupees in '000)	2015
Not later than one year	89,716	66,627
Later than one year but not later than five years	372,861	450,076
Later than five years	2,446,799	2,546,405
	<u>2,909,376</u>	<u>3,063,108</u>

32.2.5 Commitment in respect of investment is disclosed in note 11.7 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
33. REVENUE - net			
Export sales	33.1	526,933	930,322
Local sales	33.2	18,742,697	20,577,623
		19,269,630	21,507,945
Less: Sales tax		2,583,985	2,599,115
Sales discount		1,089	1,322
Sales returns		12,229	79,216
		2,597,303	2,679,653
		16,672,327	18,828,292
Add: Service income		143,892	112,702
		16,816,219	18,940,994
Add: Duty drawback		7,479	(2,066)
Less: Freight assistance		594	-
		16,823,104	18,938,928

33.1 Export sales are stated net of export related freight and other expenses of Rs. 19.034 million (2015: Rs. 42.311 million).

33.2 Local sales are stated net of freight and other expenses of Rs. 54.308 million (2015: Rs. 61.242 million).

	Note	2016 (Rupees in '000)	2015
34. COST OF SALES			
Raw material consumed	34.1	11,025,212	10,993,021
Salaries, wages and benefits		921,766	1,053,602
Stores, spares and lubricants		140,557	149,358
Repairs and maintenance		94,089	92,651
Power and fuel		207,360	303,425
Rent, rates and taxes		2,974	8,179
Vehicle running and maintenance		9,371	9,024
Insurance		8,512	9,601
Communication		4,557	4,369
Travelling and conveyance		10,466	13,272
Entertainment		200	413
Printing and stationery		4,914	4,629
Legal and professional		1,396	1,064
Computer accessories		3,928	6,424
Royalty	29.4	191,879	166,726
Depreciation / amortisation	8.3	129,715	136,057
Amortisation	9.1	1,303	463
Research and development		6,217	5,517
Ijarah rentals		3,426	2,625
Others		1,073	2,159
		12,768,915	12,962,579
Work-in-process			
Opening		192,326	171,239
Closing		(213,115)	(192,326)
		(20,789)	(21,087)
Cost of goods manufactured		12,748,126	12,941,492
Finished goods			
Opening stock		450,246	707,919
Purchases		467,007	2,396,114
Sharing of cost under arrangement	1.2.3(b)	(23,991)	(84,411)
Closing stock		(484,028)	(450,246)
		409,234	2,569,376
		13,157,360	15,504,550

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
34.1 Raw material consumed			
Opening stock		1,494,319	2,182,610
Purchases		11,182,863	10,304,730
Closing stock		(1,651,970)	(1,494,319)
		<u>11,025,212</u>	<u>10,993,021</u>
35. DISTRIBUTION COSTS			
Salaries and benefits		58,793	57,518
Vehicle running expense		2,673	4,261
Utilities		2,100	1,753
Insurance		2,573	2,751
Rent, rates and taxes		8,877	8,182
Communication		1,640	1,855
Advertisement and publicity		5,574	13,062
Travelling and conveyance		5,695	8,050
Entertainment		208	211
Printing and stationery		253	319
Legal and professional		1	25
Computer accessories		379	209
Research and development		290	267
Depreciation / amortisation	8.3	1,343	992
Amortisation	9.1	23	4
Provision for doubtful debts	18.2	75,328	5,726
Repairs and maintenance		3,467	1,611
Export expenses		6,189	23,412
Provision for warranty claims	29.3	82,715	83,312
Ijarah rentals		559	970
Others		888	23,218
		<u>259,568</u>	<u>237,708</u>
36. ADMINISTRATIVE EXPENSES			
Salaries and benefits		600,317	518,124
Vehicle running expense		16,428	19,379
Printing and stationery		5,583	10,298
Rent, rates and taxes		102,135	125,994
Utilities		31,664	66,156
Insurance		4,785	5,503
Entertainment		4,548	3,539
Subscription		2,240	3,135
Communication		8,509	8,401
Advertisement and publicity		3,891	867
Repairs and maintenance		61,161	50,504
Travelling and conveyance		34,374	32,536
Legal and professional		50,768	49,638
Computer accessories		4,733	6,799
Auditors' remuneration	36.1	5,918	5,153
Depreciation / amortisation	8.3	36,208	50,714
Amortisation	9.1	2,444	1,374
Depreciation on investment property	10.1	252,875	262,166
Ijarah rentals		2,775	3,611
Charity and donations	36.2	48,590	41,966
Directors' fee & meeting expenses		1,194	1,146
General contracted services		10,033	-
Severance cost		807	-
Others		5,653	28,603
Sharing of cost under arrangement	1.2.3(b)	(5,167)	(27,174)
		<u>1,292,466</u>	<u>1,268,432</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
36.1 Auditors' remuneration			
Audit fee		3,398	3,173
Half-yearly review		292	279
Taxation services		1,295	942
Other certifications		414	393
Out of pocket expenses		519	366
		5,918	5,153

36.2 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	2016 (Rupees in '000)	2015
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	12,063	10,101
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 Co-operative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	6,000	5,000
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	36	36

	Note	2016 (Rupees in '000)	2015
37. OTHER CHARGES			
Workers' profits participation fund	21.1	165,507	160,602
Workers' welfare fund		94,861	84,357
Operation fee to METRO Habib Cash & Carry Pakistan (Private) Limited	37.1	792,000	-
Impairment of operating fixed assets	37.1	249,785	-
Write-off of property, plant and equipment		1,243	-
Others		5,000	-
		1,308,396	244,959

37.1 As a consequence of the dismissal of the Review Petition by the Honorable Supreme Court of Pakistan (SCP) the Saddar Store of the subsidiary company, Makro Habib Pakistan Limited (MHPL), was closed down on September 11, 2015. Accordingly, the Operation Agreement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) stands terminated.

MHPL paid off its liability of Rs. 792 million to MHCCP on account of closure of Saddar Store and a provision of Rs. 249.785 million has been made in the books of MHPL for impairment of its operating assets.

On the application filed by Army Welfare Trust in respect of the cancellation of sub-lease of the Saddar Store Land, the SCP has restored the review petition in its order dated December 9, 2015.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016	2015
		(Rupees in '000)	
38. OTHER INCOME			
Income from financial assets			
Dividend income			
Related parties			
Dynea Pakistan Limited		2,042	1,021
Habib Sugar Mills Limited		4,667	4,201
Allied Bank Limited		1,273	682
Habib Bank Limited		912	228
GlaxoSmithKline Pakistan Limited		7	8
		<u>8,901</u>	<u>6,140</u>
Interest on:			
Deposit accounts		47,431	72,012
Term deposit receipts		251,179	131,584
Musharika certificates		1,812	3,520
Government treasury bills		24,231	16,872
		<u>324,653</u>	<u>223,988</u>
Gain on redemption of investments at fair value through profit and loss		42,587	96,020
Reversal of provision for doubtful debts		478	2,296
Liabilities no longer payable written back		33,210	3,854
Exchange gain - net	38.1	<u>1,941</u>	<u>3,554</u>
		<u>411,770</u>	<u>335,852</u>
Income from non-financial assets			
Gain on disposal of operating fixed assets	8.4	412,026	6,381
Loss on disposal of investment property		(4,442)	-
Rental income from investment properties	38.2	1,482,842	1,380,655
Licence fee, signage and others		13,105	56,456
Sale of scrap		10,698	4,553
Service income		2,514	5,511
Claim from suppliers		29,421	26,845
Advertising income		5,162	136
Commission income		2,158	215
Insurance claim		124	2,391
Sharing of cost under arrangement	1.2.3(b)	(2,093)	(9,145)
		<u>1,951,515</u>	<u>1,473,998</u>
		<u>2,363,285</u>	<u>1,809,850</u>

38.1 Represents exchange gain - net arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

38.2 Includes an amount of Rs. 1,351 million (2015: Rs. 1,245 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.

		2016	2015
		(Rupees in '000)	
39. FINANCE COSTS			
Mark-up on short-term running finance:			
- Related party		1,216	8,150
- Others		81	2,361
		<u>1,297</u>	<u>10,511</u>
Bank charges and guarantee commission		4,605	6,894
		<u>5,902</u>	<u>17,405</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
40. TAXATION			
Current		1,115,207	1,191,138
Prior		31,341	3,065
Deferred		(120,039)	(1,858)
	40.1	<u>1,026,509</u>	<u>1,192,345</u>
40.1 Relationship between income tax expense and accounting profit			
Profit before taxation and share of profit of associates		<u>3,162,697</u>	<u>3,475,724</u>
Tax at the rate of 25% - 32% (2015: 25% - 33%)		937,470	1,117,093
Super tax @ 3% of taxable income	40.1.1	<u>128,171</u>	<u>108,341</u>
		<u>1,065,641</u>	<u>1,225,434</u>
Tax effects of:			
Tax effect of inadmissible items		183,730	241,198
Income taxed at reduced rates, exempt or taxed under final tax regime		(254,203)	(277,352)
Prior years		31,341	3,065
		<u>1,026,509</u>	<u>1,192,345</u>

40.1.1 The Federal Government vide Finance Act 2016 has imposed a one time super tax at the rate of 3% on income of companies for the tax year 2016. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror.

41. 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:

	2016 (Rupees in '000)	2015
Profit after taxation attributable to the equity holders of the Holding Company	<u>2,570,535</u>	<u>2,469,418</u>
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	<u>81,030</u>	<u>81,030</u>
	(Rupees)	
Basic and diluted earnings per share	<u>31.72</u>	<u>30.48</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	Note	2016 (Rupees in '000)	2015
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,929,794	3,965,584
Adjustments for non-cash charges and other items:			
Depreciation and amortisation		423,910	451,770
Amortisation of long term prepayments		5,275	-
Share in profit of associates - after tax		(767,097)	(489,860)
Finance costs		5,427	16,898
Interest income		(327,251)	(231,598)
Liabilities no longer payable written back		(25,786)	(3,854)
Gain on redemption of investments at fair value through profit and loss		(39,989)	(88,052)
Dividend income		(8,901)	(6,140)
Provision for doubtful debts		74,471	3,430
Provision for retirement benefits		2,905	3,595
Impairment of operating fixed assets		249,785	-
Write-off of property, plant and equipment		1,243	-
Operation fee to METRO Habib Cash & Carry Pakistan (Private) Limited		792,000	-
Gain on disposal of operating fixed assets		(407,584)	(6,381)
		(21,592)	(350,192)
		3,908,202	3,615,392
(Increase) / decrease in current assets			
Stores, spares and loose tools		445	(5,228)
Stock-in-trade		(306,151)	842,900
Trade debts		87,658	(271,098)
Loans and advances		301,057	18,900
Trade deposits and short-term prepayments		(37,406)	(9,820)
Other receivables		80,790	(9,713)
		126,393	565,941
Decrease in current liabilities			
Deferred income		(4,888)	2
Trade and other payables		(360,922)	(198,231)
Sales tax payable		(24,672)	45,927
		(390,482)	(152,302)
		3,644,113	4,029,031
43. CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	937,128	645,884
Short-term investments	22	5,086,998	4,634,208
Short-term running finance	30	(22,790)	(23,807)
		6,001,336	5,256,285

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

44. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Group comprise of associates, companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in note 45 and elsewhere in these consolidated financial statements, are as follows:

Relationship	Nature of transactions	2016	2015
		(Rupees in '000)	
Associates	Sales	9,419,023	8,542,069
	Professional Services rendered	173,028	140,485
	Rental Income on properties	1,351,276	1,274,439
	Insurance premium	32,227	30,041
	Purchase of assets	9,833	24,658
	Sale of assets	40	-
	Purchase of goods	190,331	204,326
	Insurance claim received	228	11,307
	Mark-up and bank charges paid	4,048	13,902
	Profit received	285,443	187,998
	Supplies purchased	1,624	1,279
	Licence fee, signage and others	134	2,936
	Operational fee	-	102,440
	Rent paid	2,142	2,066
	Rent received	22,066	-
Employee benefit plans	Contribution to provident fund	36,859	43,779
	Contribution to retirement benefit fund	3,202	3,319

45. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2016			2015		
	Chief executive	Director	Executives	Chief executive	Director	Executives
	(Rupees in '000)					
Managerial remuneration	34,491	-	426,456	28,898	-	362,518
Group's contribution to provident fund	770	-	13,593	694	-	11,670
Group's contribution to retirement fund	-	-	4,050	-	-	3,425
Other perquisites	-	-	-	-	-	540
	35,261	-	444,099	29,592	-	378,153
Number of persons	1	6	122	1	6	124

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

45.2 Four non-executive directors (2015: Four) have been paid fees of Rs. 1,175,000 (2015: Rs. 970,000) for attending board and other meetings.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



	2016	2015
46. PLANT CAPACITY AND ACTUAL PRODUCTION		
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
Seat tracks (Sets)	58,464	55,000
Side frame (Sets)	63,648	55,000
Air cleaner (Sets)	226,656	110,000
Actual Production		
Jute (Metric Tons)	15,534	25,247
Auto air conditioners (Units)	82,560	72,078
Wire harness (Units)	128,578	107,890
Paper bags (Nos. '000s)	95,067	95,148
Alternator (Units)	57,529	51,655
Starter (Units)	57,609	51,753
Seat tracks (Sets)	52,620	48,473
Side frame (Sets)	57,810	51,753
Air cleaner (Sets)	45,667	39,128
Reason for shortfall	Low demand	Low demand

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

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

	2016 (Unaudited)	2015 (Audited)
	(Rupees in '000)	
47. PROVIDENT FUNDS		
Size of the funds	569,166	601,673
Percentage of investments made	96.82%	97.68%
Fair value of investments	551,059	587,726
Cost of investments made	536,373	561,548

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

	2016 (Unaudited)		2015 (Audited)	
	Investments (Rs. '000)	% of investment as size of the funds	Investments (Rs. '000)	% of investment as size of the funds
Government securities	134,985	23.72%	275,003	45.71%
Term finance certificates and Sukus	100,511	17.66%	100,119	16.64%
Term deposit receipts, call deposits and musharika certificates	159,897	28.09%	46,084	7.66%
Listed securities and mutual fund units	155,666	27.35%	166,520	27.68%
	<u>551,059</u>	<u>96.82%</u>	<u>587,726</u>	<u>97.68%</u>

47.2 Investments out of provident funds 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 Consolidated Financial Statements

For the year ended June 30, 2016

48. 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 oversees policies for managing each of these risks which are summarised below.

48.1 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.

2016 2015
(Rupees in '000)

Quality of financial assets

The credit quality of financial assets is analyzed as under:

Trade debts

The analysis of trade debts is as follows:

Neither past due nor impaired [includes Rs. 335.737 million (2015: Rs. 327.785 million) receivable from related parties.]	836,374	916,674
Past due but not impaired		
- Less than 90 days [includes Rs. 14.065 million (2015: Rs. 16.781 million) receivable from related parties.]	181,468	203,121
- 91 to 180 days [includes Rs. 297 million (2015: Nil) receivable from related parties.]	25,299	77,623
- 181 to 360 days [includes Nil (2015: Nil) receivable from related parties.]	5,373	13,225
	1,048,514	1,210,643

Bank balances

Ratings

A1+	917,668	605,337
A-1+	13,915	23,739
A-1	-	6,870
A1	24	-
P-1 *	146	46
	931,753	635,992

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

Short term investments

Ratings

A1+	2,597,218	4,854,706
A-1+	2,780,580	199,282
AAA	21,132	-
AAA(f)	175,051	-
AA	20,930	-
	5,594,911	5,053,988

Financial assets other than trade debts, bank balances and short-term investments are not exposed to any material credit risk.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



48.2 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 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, 2016

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	(Rupees in '000)				
Long-term deposit	-	-	311,155	-	311,155
Trade and other payable	1,765,523	-	-	-	1,765,523
Short-term running finance	22,790	-	-	-	22,790
Accrued markup	42	-	-	-	42
	1,788,355	-	311,155	-	2,099,510

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 deposit	-	-	-	309,708	309,708
Trade and other payables	1,431,344	-	-	-	1,431,344
Short-term running finance	14,556	-	9,251	-	23,807
Accrued markup	55	-	-	-	55
	1,445,955	-	9,251	309,708	1,764,914

48.3 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:

	2016	2015
	(Rupees in '000)	
Trade receivables (US Dollars)	107,959	418,857
Trade receivables (AED)	1,568,568	-
Trade and other payables (US Dollars)	175,102	1,649,767
Trade and other payables (JPY)	8,002	109,201
Trade and other payables (CHF)	-	1,481
Total AED - receivable	1,568,568	-
Total USD - payable	67,143	1,230,910
Total JPY - payable	8,002	109,201
Total CHF - payable	-	1,481

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

	(Rupees)	
US Dollar	104.70	101.70
AED	28.51	-
JPY	1.02	0.82
CHF	106.85	109.64

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AED, 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, JPY & CHF's rate %	Effect on profit or (loss) before tax (Rupees in '000)	Effect on equity
2016	+10	3,768	2,784
	-10	(3,768)	(2,784)
2015	+10	(12,544)	(8,772)
	-10	12,544	8,772

48.4 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 cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the consolidated 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 Group's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
2016		
KIBOR	+ 100	8,133
KIBOR	- 100	(8,133)
2015		
KIBOR	+ 100	4,773
KIBOR	- 100	(4,773)

48.5 Equity price risks

Equity price risk is the risk that the fair value of future cash flows 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



49. 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 through equity and working capital.

50. 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 are considered not significantly different from their book value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
2016				
Assets				
Held to maturity				
- Available for sale investments	136,556	-	-	136,556
- Short-term investments	217,113	5,359,557	-	5,576,670
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
2015				
Assets				
Held to maturity				
- Available for sale investments	150,653	-	-	150,653
- Short-term investments	-	5,043,156	-	5,043,156

There were no transfers amongst levels during the year.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

51. OPERATING SEGMENTS

51.1 SEGMENT ANALYSIS

	2016					2015				
	Engineering	Building Materials and Allied Products	Real estate & management	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate & management	Elimination	Total
	(Rupees in '000)					(Rupees in '000)				
Sales revenue	11,375,915	4,732,080	898,478	(183,369)	16,823,104	10,452,370	5,835,541	2,827,852	(176,835)	18,938,928
Segment result	2,716,441	566,759	926,590	-	4,209,790	2,426,902	458,557	987,116	-	3,872,575
Unallocated (expenses) / income:										
Administrative and distribution costs					(632,935)					(538,960)
Other charges					(1,308,396)					(244,959)
Other income					900,140					404,473
Operating profit					3,168,599					3,493,129
Finance cost					(5,902)					(17,405)
Share in profit of associates					767,097					489,860
Taxation					(1,026,509)					(1,192,345)
					<u>2,903,285</u>					<u>2,773,239</u>
Segment assets	2,609,379	2,599,175	10,029,950	(19,215)	15,219,289	2,238,802	2,432,610	10,160,812	12,202	14,844,426
Corporate assets					3,905,927					3,426,322
Unallocated assets					3,354,866					2,333,873
					<u>22,480,082</u>					<u>20,604,621</u>
Segment liabilities	964,944	375,306	602,431	-	1,942,681	808,663	445,918	785,473	-	2,040,054
Corporate liabilities					163,558					155,067
Unallocated liabilities					-					-
					<u>2,106,239</u>					<u>2,195,121</u>

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 management services.

2016
(Rupees in '000)

51.2 Geographical Information of customers

Revenues from customers (Country wise)

Pakistan	16,289,643	18,007,363
Afghanistan	75,299	163,705
UAE	51,657	40,151
Bangladesh	12,643	18,964
Uzbekistan	120,189	22,258
Italy	35,836	29,487
Iraq	29,014	65,969
Australia	18,849	-
Kuwait	5,983	6,209
Saudi Arabia	3,902	4,449
Egypt	-	35,014
Vietnam	-	57,262
Others	180,089	488,097
	<u>16,823,104</u>	<u>18,938,928</u>

The revenue information above is based on the location of customers.

51.3 Of the Group's total revenue, one customer accounts for more than 10%.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016



52. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 30, 2016 has approved the following:

- (i) transfer of Rs. 1,368.5 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 6.25/- per share for the year ended June 30, 2016 for approval of the members at the Annual General Meeting to be held on September 29, 2016.

53. GENERAL

53.1 The number of employees as at June 30, 2016 was 3,911 (2015: 4,417) and average number of employees during the year was 3,961 (2015: 5,085).

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

53.3 Figures have been rounded off to the nearest thousands.

54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 30, 2016 by the Board of Directors of the Holding Company.

A handwritten signature in blue ink, appearing to read 'Asif Rizvi'.

ASIF RIZVI
CHIEF EXECUTIVE

A handwritten signature in blue ink, appearing to read 'E. Ahmed'.

VICE CHAIRMAN

Notice of the Annual General Meeting

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Members of the Company will be held on Thursday, September 29, 2016 at 9:00 AM, at Avari Towers, Khorshed Mahal, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Accounts for the year ended June 30, 2016 together with the Reports of the Directors' and Auditors' thereon.
2. To approve a final cash dividend of 125% (i.e. Rs. 6.25/- per share) for the year 2015-16 as recommended by the Board of Directors. This is in addition to the Interim Dividend of 75% i.e. Rs 3.75/- per share already paid. The total dividend for 2015-16 will thus amount to 200% i.e. Rs 10 per share.
3. To appoint Auditors for the year 2016-17 and to fix their remuneration. The present auditors – Messrs EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following as a special resolution, for alteration of the Articles of Association of the Company:

“RESOLVED as and by way of special resolution THAT the Articles of Association of the Company, be amended as follows:

- (a) By inserting the following new article and its marginal note immediately after Article 64 as Article 64A, namely:

64A “Subject to any rules or regulations that may be made from time to time by the Commission in this regard, members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission”.

- (b) By inserting the following new article and its marginal note immediately after Article 70 as Article 70A, namely:

Proxies where Voting Rights Exercised through Electronic means
--

70A. Notwithstanding anything contained in these Articles, in case of voting by electronic means, both members and non-members can be appointed as Special Proxy or General Proxy.

- (c) By inserting the following new article and its marginal note immediately after Article 73 as Article 73A, namely

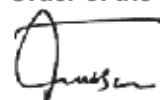
Form of Proxies where Voting Rights Exercised through Electronic means
--

73A. Notwithstanding anything contained in these Articles, for the purposes of voting by electronic means, the instrument appointing the proxy shall be in such form, and provided to the Company, in the manner stipulated under the applicable laws.

Further Resolved that the Company Secretary, be and is hereby authorized to do all acts, deeds and things and take all steps necessary to complete the legal formalities and file the required documents as may be necessary or ancillary for the purpose of implementing the aforesaid resolution.

A statement as required under Section 160(1)(b) of the Companies Ordinance, 1984 in respect of the Special Business (item no 4 of the agenda) to be considered at the meeting is annexed to this notice of meeting being sent.

By Order of the Board



Ali Asghar Moten
Company Secretary

Karachi.
Dated: August 30, 2016

NOTES:

- (i) The Share Transfer Books of the Company will remain closed from Thursday, September 22, 2016 to Thursday, September 29, 2016 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on September 21, 2016. 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. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharea Faisal Karachi. Tel: 0092-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. 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.
- (iii) Shareholders are also requested to provide the following information to enable the Company to comply with the directives of the Securities & Exchange Commission of Pakistan.
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. FAMCO Associates (Private) 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.

For Shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate Shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants / CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO831(1)/2012 dated July 05, 2012.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2016 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	20%

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 20% instead of 12.5%.

Withholding-tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.

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. FAMCO Associates (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 September 08, 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Annual Report") along with 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, FAMCO Associates (Private) Limited.

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Thursday, September 29, 2016.

Item (4) of the Agenda

In order to give effect to the Companies (E-voting) Regulations, 2016 issued by the Securities Exchange Commission of Pakistan, shareholder approval is being sought to amend the Articles of Association.

No director has any direct or indirect interest in the aforementioned special business.

Combined Pattern of CDC and Physical Shareholding

As at June 30, 2016

Number of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1,372	1	100	47,794
1,375	101	500	365,969
608	501	1000	440,679
959	1001	5000	2,053,988
188	5001	10000	1,367,111
62	10001	15000	786,359
40	15001	20000	707,792
15	20001	25000	323,805
16	25001	30000	446,221
13	30001	35000	421,137
9	35001	40000	340,780
7	40001	45000	300,153
8	45001	50000	379,468
5	50001	55000	269,995
2	55001	60000	116,731
5	60001	65000	309,966
1	70001	75000	70,700
2	75001	80000	157,100
4	80001	85000	333,171
1	85001	90000	88,000
1	90001	95000	93,432
2	95001	100000	198,900
2	100001	105000	202,704
1	105001	110000	107,800
1	110001	115000	112,300
11	115001	120000	1,288,906
2	120001	125000	249,083
2	130001	135000	263,151
2	135001	140000	273,338
2	150001	155000	308,929
3	155001	160000	475,796
2	165001	170000	336,913
1	175001	180000	178,425
1	185001	190000	190,000
2	195001	200000	400,000
1	200001	205000	200,530
3	220001	225000	667,248
2	225001	230000	454,620
3	235001	240000	717,229
1	245001	250000	250,000
1	255001	260000	256,480
1	260001	265000	261,634
1	265001	270000	267,103
1	275001	280000	277,000
2	280001	285000	561,430
1	285001	290000	287,700
2	295001	300000	600,000
1	300001	305000	304,386
1	305001	310000	305,416

Number of Shareholders	Size of Shareholding		Total Shares Held
	From	To	
1	310001	315000	313,100
2	315001	320000	634,480
6	330001	335000	1,987,887
1	345001	350000	350,000
1	350001	355000	350,896
1	355001	360000	356,635
1	365001	370000	367,334
1	370001	375000	374,668
1	375001	380000	376,000
1	385001	390000	388,231
1	390001	395000	393,098
1	395001	400000	397,889
1	400001	405000	402,307
5	420001	425000	2,108,547
2	495001	500000	995,629
1	505001	510000	509,000
1	540001	545000	543,500
1	585001	590000	585,007
1	600001	605000	601,052
2	605001	610000	1,214,735
1	645001	650000	647,775
1	710001	715000	711,503
1	725001	730000	726,392
1	800001	805000	800,400
1	810001	815000	810,233
1	830001	835000	830,269
1	840001	845000	843,547
1	845001	850000	846,000
1	850001	855000	851,137
1	895001	900000	899,939
2	1095001	1100000	2,198,016
1	1145001	1150000	1,145,133
1	1150001	1155000	1,153,170
1	1185001	1190000	1,189,452
1	1245001	1250000	1,245,403
1	1340001	1345000	1,340,202
1	1405001	1410000	1,405,639
1	1815001	1820000	1,818,017
1	1970001	1975000	1,971,300
1	2665001	2670000	2,667,108
1	2890001	2895000	2,894,306
4	3790001	3795000	15,170,103
1	6195001	6200000	6,197,498
4,807			81,029,909

Combined Pattern of CDC and Physical Shareholding

As at June 30, 2016

No.	Categories / Sub-categories of Shareholders	Number of Shares Held	Category Wise No. of Folios / CDC Accounts	Category Wise Shares Held	Percentage (%)
1	INDIVIDUALS		4,585	17,964,461	22.17
2	INVESTMENT COMPANIES		5	15,134	0.02
3	JOINT STOCK COMPANIES		39	1,645,092	2.03
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE 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 SALMAN BURNEY ASIF QADIR	1,340,202 961,231 2,091,099 200,530 1,566,834 280,715 34,334 2,500 21,244 5,000 5,000	18	6,508,689	8.03
5	EXECUTIVES		5	19,983	0.02
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES HABIB INSURANCE COMPANY LIMITED	826,200	2	826,200	1.02
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS				
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS FINANCIAL INSTITUTIONS INSURANCE COMPANIES MODARABA PENSION FUNDS HOLDING 5% OR MORE VOTING INTEREST NATIONAL BANK OF PAKISTAN	6,649,666 3,840,421 22,038 398,916 6,197,498	37	10,911,041	13.47
9	MUTUAL FUNDS GOLDEN ARROW SELECTED STOCKS FUND CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND MCBFSL - TRUSTEE JS VALUE FUND GOLDEN ARROW SELECTED STOCKS FUND LIMITED CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND CDC - TRUSTEE MEEZAN BALANCED FUND CDC - TRUSTEE JS ISLAMIC FUND CDC - TRUSTEE AKD INDEX TRACKER FUND CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE AL MEEZAN MUTUAL FUND CDC - TRUSTEE MEEZAN ISLAMIC FUND CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND CDC - TRUSTEE NAFA STOCK FUND CDC - TRUSTEE NAFA MULTI ASSET FUND SAFEWAY FUND LIMITED CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	4,149 107,800 30,000 509,000 80,100 61,000 116,000 7,021 287,700 117,613 402,307 42,800 397,889 132,336 810,233 60,345 10,000 25,000	34	6,773,997	8.36

No.	Categories / Sub-categories of Shareholders	Number of Shares Held	Category Wise No. of Folios / CDC Accounts	Category Wise Shares Held	Percentage (%)
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND CDC - TRUSTEE APIF - EQUITY SUB FUND MC FSL - TRUSTEE JS GROWTH FUND CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND CDC-TRUSTEE NAFA ASSET ALLOCATION FUND MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND CDC - TRUSTEE PIML ISLAMIC EQUITY FUND CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II CDC - TRUSTEE NAFA ISLAMIC STOCK FUND CDC - TRUSTEE PIML VALUE EQUITY FUND CDC - TRUSTEE NIT ISLAMIC EQUITY FUND CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	159,196 10,000 57,500 500 22,400 18,500 112,300 118,100 12,000 18,000 2,667,108 78,600 83,800 12,000 159,100 43,600			
10	FOREIGN INVESTORS HOLDING 5% OR MORE VOTING INTREST ASAD LIMITED ALI REZA LIMITED MUSTAFA LIMITED SHAKIR LIMITED	7,517,613 7,561,504 8,282,214 5,397,558	33	34,624,157	42.73
11	CO-OPERATIVE SOCIETIES		3	14,214	0.02
12	CHARITABLE TRUSTS		12	1,085,004	1.34
13	OTHERS		34	641,937	0.79
	TOTAL		4,807	81,029,909	100.00

Details of Trading of Shares by Director / Executive during the period from July 01, 2015 to June 30, 2016

Name of Director / Executive

No. of Shares Purchased

Mr. Salman Burney - Director
Mr. Tayyeb Afzal - Executive

5,000
1,000

Investors' Information

FINANCIAL RESULTS

RESULTS

Period Ended

First quarter - September 30, 2015
Half year - December 31, 2015
Third quarter - March 31, 2016
Annual - June 30, 2016

Announced on

October 30, 2015
February 25, 2016
April 27, 2016
August 30, 2016

CORPORATE CALENDAR

A tentative schedule of the Board of Directors meetings to be held during the financial year ending 2016-17 is as follows:

Period Ending

September 2016
December 2016
March 2017
June 2017

Meeting Schedule

Fourth week of October 2016
Fourth week of February 2017
Fourth week of April 2017
Fourth week August 2017

LAST ANNUAL REPORT ISSUED ON

September 14, 2015

50th Annual General Meeting to be held on

September 29, 2016

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 March 07, 2016.

INVESTOR RELATIONS CONTACT

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

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

AED	Arab Emirates Dirham
AGM	Annual General Meeting
AIP	Auto Industry Plan
AirCon	Air Conditioning
ATL	Active Tax Payers List
AWT	Army Welfare Trust
BoD	Board of Directors
CDC	Central Depository Company
CDS	Central Depository System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss Franc
CNIC	Computerized National Identity Card
CPEC	China Pakistan Economic Corridor
CSR	Corporate Social Responsibility
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortisation
EES	Employee Engagement Survey
EOBI	Employees Old Age Benefits Institution
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HOH	House of Habib
HR	Human Resource
HSE	Health, Safety and Environment
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants Pakistan
ICMAP	Institute of Chartered Management Accountants Pakistan
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information Technology
JPY	Japanese Yen
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
PSX	Pakistan Stock Exchange
SAR	Saudi Riyal
SECMC	Sindh Engro Coal Mining Company
SESSI	Sind Employees Social Security Institution
SOS	Self Opening Sachet
TAA	Technical Assistance Agreement
UN	United Nations
WWF	Workers' Welfare Fund
YoY	Year over Year

Form of Proxy

Fiftieth Annual General Meeting

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 50th Annual General Meeting of the Company to be held on September 29, 2016 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 computerized National Identity Card or Passport with this proxy form.

پراکسی فارم

سیکرٹری
تھل لمیٹڈ
ہاؤس آف حبیب، چوتھی منزل
شاہراہ فیصل، کراچی۔ ۷۵۳۵۰

میں/ہم _____
ساکن _____ ضلع _____
میں بحیثیت ممبر تھل لمیٹڈ اور ہولڈر بابت _____
عام شیئرز جن کے شیئرز رجسٹر فو لیو نمبر _____ اور/یا سی ڈی سی پارٹیشنس آئی ڈی نمبر _____
اور ذیلی اکاؤنٹ نمبر _____ بذریعہ ہذا _____
ساکن _____ ضلع _____
اور اگر ان کے لئے ممکن نہ ہو تو _____ ساکن _____

کو بطور اپنا/ہمارا پراکسی مقرر کرتا/کرتی ہوں تاکہ وہ ۲۹ ستمبر ۲۰۱۶ء کو منعقد کئے جانے والے کمپنی کے ۵۰ ویں سالانہ اجلاس عام میں میری/ہماری جگہ ووٹ دے سکیں۔

دستخط _____ مورخہ _____

گواہان:

(دستخط نمونہ کے مطابق ہونے چاہئیں)
دستخط کمپنی کے پاس رجسٹر ہونے چاہئیں)

دستخط
مبلغ ۵ روپے
کے ڈاک ٹکٹ

دستخط _____
نام _____
پتہ _____

شناختی کارڈ نمبر _____
پاسپورٹ نمبر _____

دستخط _____
نام _____
پتہ _____

شناختی کارڈ نمبر _____
پاسپورٹ نمبر _____

نوٹ:

- ۱) ہر وہ فرد جسے اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حق حاصل ہے اپنے بجائے شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے کو اپنا پراکسی مقرر کر سکتا/سکتی ہے۔
- ۲) موثر العمل ہونے کے لئے پراکسیز اجلاس کے وقت انعقاد سے کم از کم ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جائیں۔ پراکسی کو کمپنی کا رکن ہونا ضروری نہیں۔
- ۳) سی ڈی سی شیئرز ہولڈرز اور ان کے پراکسیز لازمی طور پر اس پراکسی فارم کے ساتھ اپنے کمپیوٹر یا زرڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔

اظہارِ تشکر

بورڈ آف ڈائریکٹرز اور انتظامیہ کی جانب سے میں اپنے حصص داران، صارفین، ڈیلرز اور کاروباری شرکت داروں کا ان کی مستقل سرپرستی اور اعتماد پر تہہ دل سے شکریہ ادا کرتا ہوں۔ میں اپنی تمام ریگولیٹری اتھارٹیز کی رہنمائی اور تعاون کے لئے بھی مشکور ہوں۔ سب سے آخر میں، خاص طور پر، بورڈ آف ڈائریکٹرز اپنے تمام عملے کے کارکنوں کی مخلصانہ کاوشوں کا اعتراف کرتے ہیں جو انہوں نے مسابقتی حالات میں کمپنی کی ترقی کیلئے جاری رکھیں۔



آصف رضوی

چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر

کراچی

مورخہ 30 اگست 2016

- ۴۔ مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیار کی بنیاد پر تیار کئے گئے ہیں۔
- ۵۔ بورڈ نے اندرونی آڈٹ کے امور نوبل کمپیوٹرز سروسز (پرائیویٹ) لمیٹڈ کو تفویض کئے ہیں جو اس کام کے لئے نہایت موزوں اہلیت اور تجربہ کے حامل ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی آگاہ ہیں۔
- ۶۔ اندرونی کنٹرول کے نظام کی تشکیل نہایت مضبوط ہے اور اس کا نفاذ اور نگرانی موثر طور پر کی جا رہی ہے۔
- ۷۔ آڈٹ کمیٹی کے تمام ممبران خود مختار/نان ایگزیکٹو ڈائریکٹرز ہیں۔
- ۸۔ کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شک و شبہ نہیں ہے۔
- ۹۔ اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ جس کی تفصیلات قواعد و ضوابط میں ہیں۔
- ۱۰۔ پراویڈنٹ فنڈ اور ریٹائرمنٹ فنڈ کی سرمایہ کاری کی رقم بمطابق 30 جون 2016، بالترتیب 527 ملین روپے اور 57 ملین روپے ہے۔
- ۱۱۔ گزشتہ 6 سال کی آپریٹنگ اور مالیاتی معلومات اس رپورٹ کے ضمیمہ میں درج ہیں۔

آڈیٹرز

ریٹائرڈ ہونے والے موجودہ آڈیٹرز میسرز ای وائی فورڈ رھوڈس، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بناء پر، سال 2016-17 کیلئے خود کو دوبارہ تقرر کیلئے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے بھی ان کے دوبارہ تقرر کی سفارش کی ہے۔

پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ کی تفصیل بمطابق 30 جون 2016 اس رپورٹ کے ساتھ منسلک ہے۔

ڈیویڈنڈ اور تخصیص

ڈائریکٹرز نے موجودہ سال کے منافع سے درج ذیل تخصیص کی تجویز دی ہے:

- حتمی نقد منافع منقسمہ بحساب 6.25 روپے فی شیئر، یعنی 125 فیصد جو 3.75 روپے فی شیئر یعنی 75 فیصد کے عبوری منافع کے علاوہ ہے اور اس طرح کل منافع 10 روپے فی شیئر یعنی 200 فیصد بنتا ہے۔
- غیر تخصیص شدہ منافع میں سے 1,168 ملین روپے کی رقم جنرل ریزرو میں مختص کرنے کی سفارش کی جاتی ہے۔

ڈائریکٹرز کے نام حاضری

5	جناب آصف قادر (چیئرمین)
3	جناب محمد علی آر۔ حبیب
5	جناب سہیل۔ پی۔ احمد
2	جناب سلمان برنی (15 فروری 2016 کو تقرر ہوا)
2	جناب مظہر والچی (25 فروری 2016 کو مستعفی ہو گئے)

بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی

بورڈ ایچ آر کمیٹی کی بھی تشکیل نو کی گئی ہے اور جناب سلمان برنی کو چیئرمین مقرر کیا گیا ہے جب کہ جناب علی ایس حبیب اور جناب آصف رضوی کو بطور ارکان شامل کیا گیا ہے۔ جناب مظہر والچی نے بورڈ ایچ آر کمیٹی سے استعفیٰ دیدیا تھا۔ بورڈ ایچ آر کمیٹی نے ان کی ایچ آر کمیٹی میں خدمات کو سراہا۔

اس سال کے دوران کمیٹی کے تین اجلاس ہوئے۔ ان میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی:

ڈائریکٹرز کے نام حاضری

1	جناب سلمان برنی (ان کا تقرر بطور چیئرمین 27 اپریل 2016 کو ہوا)
2	جناب علی ایس حبیب
3	جناب آصف رضوی
2	جناب مظہر والچی (25 فروری 2016 کو مستعفی ہوئے)

ڈائریکٹرز ٹریننگ پروگرام

جناب رفیق ایم حبیب، جناب علی ایس حبیب، جناب آصف قادر اور جناب سلمان برنی ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں کیونکہ انہیں پبلک لمیٹڈ کمپنیوں کے بورڈ میں کام کا 15 سال سے زائد تجربہ ہے۔ جب کہ جناب سہیل پی احمد، جناب محمد علی آر حبیب اور جناب آصف رضوی نے PICG سے کامیابی کے ساتھ ڈائریکٹرز سرٹیفیکیشن حاصل کیا ہے۔

کمپلائنس برائے کوڈ آف کارپوریٹ گورننس اسٹیٹمنٹ آن کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک

- ۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- ۲۔ کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- ۳۔ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔

قومی خزانہ میں اعانت

اس سال کے دوران میں کمپنی نے ٹیکسوں (بشمول سپر ٹیکس)، کسٹم ڈیوٹیز، محصولات، ایکسائز ڈیوٹی اور WWF کے توسط سے قومی خزانے میں 4.22 ارب روپے (15-2014 میں 4.18 ارب) کی رقم جمع کرائی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل نو

اس سال کے دوران جناب مظہر والچی کی جگہ جناب سلمان برنی کو بورڈ آف ڈائریکٹرز میں شامل کیا گیا ہے، جنہوں نے بورڈ سے استعفیٰ دیدیا تھا۔ بورڈ نے جناب مظہر والچی کی بورڈ میں 22 سالہ مدت کی خدمات کو سراہا۔

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال بورڈ کے سات اجلاس منعقد ہوئے جن میں متعلقہ ڈائریکٹرز کی حاضری درج ذیل رہی:

ڈائریکٹرز کے نام	حاضری
جناب رفیق ایم حبیب (چیئرمین)	4
جناب سہیل۔ پی۔ احمد	7
جناب آصف رضوی	7
جناب علی الیس۔ حبیب	7
جناب محمد علی۔ آر۔ حبیب	4
جناب آصف قادر	5
جناب مظہر والچی (25 فروری 2016 کو مستعفی ہو گئے)	4
جناب سلمان برنی (15 فروری 2016 کو تقرر ہوا)	2

بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی (BAC) کی بھی تشکیل نو کی گئی اور جناب آصف قادر کو چیئرمین مقرر کیا گیا جب کہ جناب سہیل پی احمد، جناب محمد علی آر حبیب اور جناب سلمان برنی ممبر مقرر کئے گئے۔ جناب مظہر والچی نے بورڈ آڈٹ کمیٹی سے استعفیٰ دے دیا۔ آڈٹ کمیٹی نے ان کی خدمات کو سراہا۔

اس سال کے دوران آڈٹ کمیٹی کے 5 اجلاس ہوئے اور ان میں ڈائریکٹرز کی حاضری درج ذیل کے مطابق رہی:

سندھ اینگروکول مائننگ کمپنی (SECMC) میں سرمایہ کاری

SECMC، حکومت سندھ، تھل لمیٹڈ، اینگرو پاور جین لمیٹڈ، حب پاور کمپنی لمیٹڈ، حبیب بینک لمیٹڈ، CMEC تھل مانگ انوسٹمنٹس لمیٹڈ اور SPI مینگ ڈونگ کے ساتھ ایک مشترکہ وینچر کا ادارہ ہے۔ یہ ادارہ تھل میں پاکستان کی کوئلے کی پہلی کھلی کان کے منصوبہ پر عمل درآمد کے سلسلے میں مصروف ہے۔ کوئلہ بلاک-II: اللہ تعالیٰ کے فضل و کرم سے ایس ای سی ایم سی نے 4 اپریل 2016 کو اس کا فنانشل کلوز حاصل کر لیا۔

پروجیکٹ کے پہلے فیز کے لیے تھل لمیٹڈ کے بورڈ آف ڈائریکٹرز نے امریکی ڈالر 36.1 ملین کے مساوی پاکستانی روپے کی مجموعی سرمایہ کاری کی منظوری دی ہے جس میں 24.3 ملین امریکی ڈالر کی ایکویٹی سرمایہ کاری۔ 5 ملین ڈالر کی کاسٹ اور۔ رن اور ڈیٹ سروسنگ ریزرو کے لیے 6.8 ملین امریکی ڈالر شامل ہیں۔ اس بیننس شیٹ کی تاریخ تک کمپنی نے 862.499 ملین روپے مساوی 8.36 ملین امریکی ڈالر کی سرمایہ کاری کر کے تقریباً 58 ملین عام حصص حاصل کیے ہیں۔

تھل پاور (پرائیویٹ) لمیٹڈ

کمپنی نے تھل، سندھ میں واقع 330 میگاواٹ مائن ماؤتھ کول۔ فارڈ پاور جنریشن پلانٹ کی تشکیل کے لیے نووا ٹیکس لمیٹڈ کے ساتھ ایک مشترکہ کاروبار کا معاہدہ کیا ہے۔ یہ پاور پلانٹ لجنٹ کوئلے پر موثر ہے جو سندھ اینگروکول مائننگ کمپنی (ایس ای سی ایم سی) کی چلائے جانے والے قانون سے نکالا جائے گا۔

کمپنی نے اپنے مکمل ذیلی ملکیتی ادارے تھل پاور (پرائیویٹ) لمیٹڈ کے ذریعے ایک بے وی پروجیکٹ کمپنی یعنی تھل نووا پاور تھل (پرائیویٹ) لمیٹڈ ("تھل نووا") تشکیل دیا تاکہ مذکورہ بالا پروجیکٹ کا ابتدائی ترقیاتی کام شروع کیا جاسکے اور ضروری ریگولیٹری اور آپریشنل اجازت نامے اور منظوریوں حاصل کی جاسکیں۔

تھل نووا نے پرائیویٹ پاور انفراسٹرکچر بورڈ ("پی پی آئی بی") سے لیٹر آف انٹینٹ ("ایل او آئی") حاصل کر لیا ہے اور موجودہ طور پر پروجیکٹ کی ابتدائی ترقیاتی سرگرمیوں کی انجام دہی میں مصروف ہے۔ پروجیکٹ کی مجموعی لاگت کا تخمینہ لگ بھگ 500 ملین امریکی ڈالر لگایا گیا ہے۔ ابتدائی ترقیاتی اخراجات اور مالی ذمے داریاں ممکنہ طور پر 5 ملین امریکی ڈالر کے مساوی پاکستانی روپے ہونے کی توقع ہے اور بذریعہ تھل نووا انجام دی جا رہی ہیں اور بے وی اے کے شراکت کاروں کی جانب سے مساوی طور پر فنڈز فراہم کیے گئے ہیں۔ جبکہ یہ پروجیکٹ مستحکم بنیادوں پر مقامی وسائل پر انحصار کر رہا ہے اور اسے حکومت کی جانب سے بھی حمایت اور حوصلہ افزائی حاصل ہے، پروجیکٹ کے فنانشل کلوز اور تکمیل کے حوالے سے چیلنجز بھی درپیش ہیں۔ دیگر امکانی شراکت داروں کے ساتھ تھل نووا پروجیکٹ میں شمولیت کیلئے ہماری بات چیت کے سلسلے جاری ہیں۔

اس کے بعد ہونے والی پیش رفت میں معزز سپریم کورٹ آف پاکستان نے 9 دسمبر 2015 کو آر می ویلفیئر ٹرسٹ کی ریویو پٹیشن کی بحالی کی درخواست شنوائی کے لئے منظور کر لی تھی۔ یہ درخواست عدم پیروی کی وجہ سے اس سے قبل خارج کی جا چکی تھی۔ 2 فروری 2016 کی شنوائی میں معزز چیف جسٹس نے تبصرہ کیا کہ AWT ریویو پٹیشن کی شنوائی کرتے ہوئے MHPL اور وزارت دفاع دونوں کو اپنے نکات کی میرٹ پر بحث کرنے کا موقع دیا جائے گا کیونکہ یہ دونوں AWT کی پٹیشن میں مدعا علیہ ہیں۔ اس کے بعد مزید کوئی سماعت نہیں ہوئی۔

حبیب میٹروپاکستان (پرائیویٹ) لمیٹڈ

حبیب میٹروپاکستان (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار جائیدادوں کی خریداری اور ان کی دیکھ بھال کرنا ہے اور اسی مطابقت سے 90 فیصد سے زائد آمدن کرایہ سے حاصل ہوتی ہے۔ تھل لمیٹڈ کی ذیلی ادارے میں 60 فیصد ملکیت ہے۔ کیش اینڈ کیری کاروبار کے نقصان کے ازالے اور اپنے اسٹورز کے محل وقوع سے بھرپور فائدہ اٹھانے کیلئے کمپنی مختلف کاروباری مواقع تلاش کر رہی ہے۔

2015-16 میں HMPL نے تھل لمیٹڈ کو 323 ملین روپے کے عبوری منافع کی ادائیگی کی۔

نوبل کمپیوٹر سروسز (پرائیویٹ) لمیٹڈ

ایس ای سی پی کے ضابطوں کی تجدید کے باعث کمپنی نے شیئر/ٹی ایف سی رجسٹرار سروسز فراہم کرنا بند کر دی ہیں۔ تاہم کمپنی اندرونی آڈٹ، آئی ٹی، مشاورت، ایچ آر اور منسلک کمپنیوں کے انتظامی امور سے متعلق خدمات انجام دے رہی ہے۔ کمپنی مکمل طور پر تھل لمیٹڈ کا ملکیتی ادارہ ہے۔

پاکستان انڈسٹریل ایڈز (پرائیویٹ) لمیٹڈ

پاکستان انڈسٹریل ایڈز (پرائیویٹ) لمیٹڈ ایک ذیلی کمپنی ہے جو آٹو پارٹس، جیسے کمپریسرز، کنڈنسرز، کولنگ یونٹس اور گیس وغیرہ، آٹوموبائل اسمبلی کرنے والوں اور آٹو پارٹس مینوفیکچررز کو فراہم کرنے کی تجارتی سرگرمیوں میں مصروف عمل ہے۔ کمپنی نے حال ہی میں دبئی کی ایک معروف کمپنی Anest Iwata، مشرق وسطیٰ، FZE، کے ساتھ پاکستان میں الیکٹروسٹیٹک اسپرے گنز اور پینٹ کے متعلقہ سامان کی ڈسٹری بیوشن کا معاہدہ کیا ہے۔ کمپنی مکمل طور پر تھل لمیٹڈ کا ملکیتی ادارہ ہے۔

اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ

اے ون انٹرپرائزز (پرائیویٹ) لمیٹڈ مکمل طور پر تھل لمیٹڈ کا ملکیتی ادارہ ہے۔ زیر جائزہ سال کے دوران میں کمپنی نے اپنی ملتان روڈ کی جائیداد کا کچھ حصہ لاہور ڈیولپمنٹ اتھارٹی (LDA) کو فروخت کیا ہے۔ میٹرو اورنج لائن پروجیکٹ کیلئے کمپنی نے لاہور ہائی کورٹ کے روبرو ایک رٹ پٹیشن داخل کی ہے جس میں ایل ڈی اے سے باقیماندہ اراضی کے حصول یا اس تک رسائی کے لیے ریلیف طلب کیا گیا ہے۔

لکوئیڈی اینڈ کیش فلو مینجمنٹ

کمپنی دانشمندانہ لکوئیڈی مینجمنٹ سسٹم کی پیروی کرتی ہے۔ اضافی فنڈ کو زیادہ لکوئیڈ سرمایہ کاری کیلئے استعمال کیا جاتا ہے جیسے ٹرم ڈپازٹ رسپیٹ، سرٹیفکیٹ آف انوسٹمنٹ، گورنمنٹ ٹریژری بلز اور میوچوئل فنڈز وغیرہ۔

اس کے علاوہ ایک کیش فلو کے انتظامات کا نظام بھی ہے جہاں جاری سرمایہ کاری کی ضروریات کاروبار ہی سے پوری کی جاتی ہیں۔ کیش کے بیرونی اور اندرونی جانب بہاؤ کی ضروریات کی نگرانی کیلئے کیش فلو کے تخمینے باقاعدگی سے تیار کئے جاتے ہیں۔

ذیلی اور منسلک ادارے

تھل بوشو کو پاکستان (پرائیویٹ) لمیٹڈ

سال 2015-16 تھل بوشو کو پاکستان (پرائیویٹ) لمیٹڈ کیلئے ایک اچھا سال ثابت ہوا۔ کمپنی نے اپنے تمام اہداف عبور کر لئے۔ جس کی بنیادی وجہ صارفین کی جانب سے مانگ میں اضافہ تھا۔ اچھے مالیاتی انتظامات، قیمتوں پر موثر کنٹرول اور تجارتی اثاثوں کے بہترین انتظامات سے کمپنی نے اپنے قلیل مدت کے تمام قرضہ جات کی ادائیگی کردی اور سال کا اختتام کیش سرپلس پر ہوا۔

اس سال کے دوران کمپنی کو انٹرنیشنل سرٹیفیکیشن کے ادارے URS کی جانب سے تین ایوارڈ، کوالٹی مینجمنٹ سسٹم (ISO 9001)، انوائرنمنٹ مینجمنٹ سسٹم (ISO 14001) اور آکیوپیشنل ہیلتھ اینڈ سیفٹی اسسٹمنٹ (OHSAS 18001) دیئے گئے۔

کمپنی اپنے ملازمین کے تحفظ اور صحت بخش ماحول میں مزید بہتری کیلئے بھی کوشاں ہے اور اس نے CO2 کے اخراج میں 18 ٹن کی کمی کر کے کاربن کے اثرات کو کم کر دیا ہے۔

کمپنی اپنے مستقبل کے بارے میں نہایت پُر امید ہے کیونکہ آٹو کی صنعت کو فروغ حاصل ہونے کی توقع ہے، خاص طور پر نئی آٹو پالیسی کے سبب اس صنعت میں نئے آنے والوں کے لئے ترغیباتی پروگرام کے باعث مستقبل کے امکانات روشن ہیں۔ آپریشنز کو یکجا کرنے کے عمل سے کمپنی نئے مقامی منصوبوں کو شامل کر کے اپنی مصنوعات میں اضافہ کے اقدامات کر رہی ہے۔

میکرو حبیب پاکستان لمیٹڈ

معزز سپریم کورٹ آف پاکستان نے ریویو پٹیشن خارج کردی نتیجتاً میکرو حبیب پاکستان لمیٹڈ (MHPL) کا صدر اسٹور 11 ستمبر 2015 کو بند کر دیا گیا۔ اس کے مطابق میٹرو حبیب کیش اینڈ کیری پاکستان (پرائیویٹ) لمیٹڈ (MHCCP) اور MHPL کے درمیان آپریشن کا معاہدہ ختم ہو گیا۔ آپریشن معاہدے کے مطابق MHPL نے صدر اسٹور بند ہونے کی بناء پر MHCCP کو 792 ملین روپے کی رقم ادا کی۔

تھل لمیٹڈ

ڈائریکٹرز جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ کمپنی کی پچاسویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2016 پیش کر رہا ہوں۔

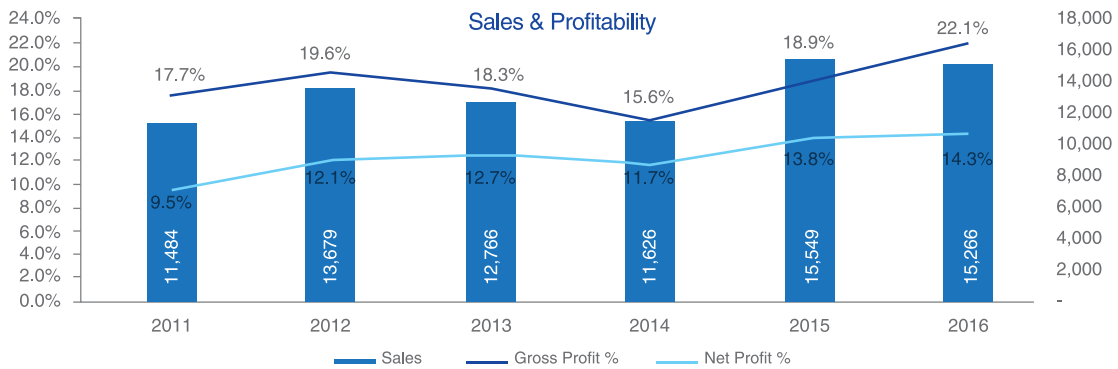
مالیاتی نتائج کا عمومی جائزہ

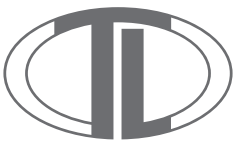
زیر جائزہ سال کے دوران کمپنی کی آمدنی میں تھوڑی سی کمی واقع ہوئی جو کہ 15.6 ارب روپے سے کم ہو کر 15.2 ارب روپے ہو گئی۔ کاروباری امور کی قیمت میں اضافہ کے باوجود، قبل از ٹیکس منافع میں بہتری آئی جو 1.2 فیصد اضافے سے 2.9 ارب روپے ہو گیا۔ اس قابل قدر کارکردگی کا سہرا کمپنی کے انجینئرنگ کے شعبہ کے سرے جسے ملک میں آٹو کے شعبہ کی ترقی سے فائدہ ہوا۔

مالیاتی کارکردگی

روپے بلین میں

2014-15	2015-16	
15,549	15,266	خالص آمدنی
2,945	2,979	قبل از ٹیکس منافع
796	800	محصول کی ادائیگی
2,149	2,179	بعد از ٹیکس منافع
26.52	26.89	فی شیئر آمدنی، روپے میں





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