Consolidated Financial Statements

For the year ended June 30, 2015

Consolidated Profit and Loss Account
For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Revenue - net	30	**18,938,928**	14,281,453
Cost of sales	31	**15,504,550**	12,162,341
Gross profit		**3,434,378**	2,119,112
Distribution costs	32	**(237,708)**	(185,024)
Administrative expenses	33	**(1,268,432)**	(1,118,208)
		(1,506,140)	(1,303,232)
Other income	34	**1,809,850**	1,682,977
Operating profit		**3,738,088**	2,498,857
Finance costs	35	**(17,405)**	(5,543)
Other charges	36	**(244,959)**	(177,220)
		(262,364)	(182,763)
		3,475,724	2,316,094
Share of net profit / (loss) of associates - after tax	11.1	**489,860**	(100,622)
Profit before taxation		**3,965,584**	2,215,472
Taxation	37	**(1,192,345)**	(716,501)
Profit after taxation		**2,773,239**	1,498,971
Attributable to			
- Equity holders of Holding Company		**2,469,418**	1,268,114
- Non-controlling interest		**303,821**	230,857
		2,773,239	1,498,971
		(Rupees)	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	38	**30.48**	15.65

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

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Consolidated Cash Flow Statement

For the year ended June 30, 2015

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

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

ASIF RIZVI
CHIEF EXECUTIVE

SOHAIL P. AHMED
VICE CHAIRMAN

Notes to the Consolidated Financial Statements
For the year ended June 30, 2015

1. THE HOLDING COMPANY AND ITS OPERATIONS

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

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

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

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

1.2.1 Noble Computer Services (Private) Limited

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

1.2.2 Pakistan Industrial Aids (Private) Limited

Pakistan Industrial Aids (Private) Limited was incorporated in Pakistan on March 17, 2006 as a private limited company. The subsidiary is engaged in trading of various products.

1.2.3 Makro-Habib Pakistan Limited (MHPL)

(a) MHPL was incorporated in Pakistan on June 29, 2005 as a public limited (unlisted) company. The MHPL was an associated undertaking of the Holding Company until April 30, 2008 and became a subsidiary company with effect from May 01, 2008. The subsidiary is engaged in wholesale / retail cash and carry business.

(b) The MHPL has entered into Arrangement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) (then a wholly owned subsidiary of METRO Cash and Carry International Holding BV) (the Operator) whereby the Operator has been engaged to operate the AWT Saddar Store (the Store) for an operations fee determined under the agreed mechanism. The Operator has agreed to operate the Store safely and efficiently and in accordance with the standards of a reasonable and prudent Operator; and to perform the services under the Agreement (the Services) entirely at its own cost and expense ensuring that in performing the Services it shall not cause MHPL to be in breach of any of the obligations under the lease deed relating to the Store and those obligations which relate to or are affected by the Services under any of the applicable laws.

1.2.4 A-One Enterprises (Private) Limited

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New and amended standards and interpretations

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

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

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

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

5.2 Current versus not-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

5.3 Property, plant and equipment

(a) Owned

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

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

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

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

Others

Held-to-maturity

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

Designated investments at fair value through profit or loss

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

Available-for-sale

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

Quoted

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

Un-Quoted

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

5.9 Stores, spares and loose tools

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

5.10 Stock-in-trade

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

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

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

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

5.11 Trade debts and other receivables

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

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

5.17 Staff retirement benefits

Defined Contribution plan

Provident fund

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

Retirement benefit fund

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

5.18 Compensated absences

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

5.19 Provisions

General

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

Warranty obligations

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

5.20 Revenue recognition

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

5.21 Foreign currency transactions

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	COST					DEPRECIATION				
	As at July 01, 2013	Additions transfers*	Disposals transfers*	As at June 30, 2014	Rate %	As at July 01, 2013	Depreciation/ adjustments for the year	On disposals / transfers*	As at June 30, 2014	Written down value as at June 30, 2014
	(Rupees in '000)					(Rupees in '000)				
Owned:										
Land - Freehold	211,490	(7,087)	(650)	203,753	-	708	(708)	-	-	203,753
- Leasehold	38,294	7,087	-	45,381	1.69-3.33	3,099	2,492	-	5,591	39,790
Building on freehold land										
- Factory building	270,035	-	-	270,035	10	136,455	13,359	-	149,814	120,221
- Non factory building	467,707	-	-	471,979	5-10	137,441	25,330	-	163,450	308,529
		4,272 *					679 *			
Railway sliding	792	-	-	792	5	708	4	-	712	80
Plant and machinery	1,172,190	78,820	(14,015)	1,232,542	10-30	771,225	72,494	(12,641)	830,399	402,143
		(4,453) *					(679) *	-		
Furniture and fittings	28,612	1,617	(233)	29,996	15-20	16,902	2,076	(152)	18,660	11,336
							(166)			
Vehicles	85,416	10,307	(7,718)	88,005	20	42,477	8,835	(2,610)	48,707	39,298
							5 *			
Office and mills equipment	57,181	5,513	(591)	62,103	10-30	34,482	4,312	(512)	38,282	23,821
Computer equipment	65,644	4,443	(1,001)	69,086	33	53,077	7,854	(915)	59,996	9,090
							(20) *			
Jigs and fixtures	143,246	7,125	(6,232)	144,320	33	109,271	7,125	(6,232)	120,345	23,975
		181 *					181 *			
2014	2,540,607	107,825	(30,440)	2,617,992		1,305,845	153,173	(23,062)	1,435,956	1,182,036

	2015	2014
	(Rupees in '000)	
8.5 Capital work-in-progress		
Civil works	**141**	14,333
Plant and machinery	**-**	157,017
Office and mills equipment	**17,240**	6,061
Vehicles	**3,762**	489
Computer Equipment	**150**	-
	21,293	177,900

9. INTANGIBLE ASSETS

	COST				AMORTIZATION			
	As at July 01, 2014	Additions	As at June 30, 2015	Amortisation Rate %	As at July 01, 2014	Amortisation	As at June 30, 2015	Written down value as at June 30, 2015
	(Rupees in '000)				(Rupees in '000)			
Softwares	5,972	6,195	12,167	30 - 50	5,875	949	6,824	5,343
Licenses	1,139	3,980	5,119	33	857	892	1,749	3,370
2015	**7,111**	**10,175**	**17,286**		**6,732**	**1,841**	**8,573**	**8,713**
2014	7,111	-	7,111		6,155	577	6,732	379

	Note	2015	2014
		(Rupees in '000)	
9.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	31	**463**	-
Distribution costs	32	**4**	-
Administrative expenses	33	**1,374**	577
		1,841	577

10. INVESTMENT PROPERTIES

	2015	2014
Land and building	**7,176,769**	7,428,950
Capital work-in-progress - Civil works	**-**	3,500
	7,176,769	7,432,450

	COST				DEPRECIATION			
	As at July 01, 2014	Additions	As at June 30, 2015	Depreciation Rate %	As at July 01, 2014	Depreciation	As at June 30, 2015	Written down value as at June 30, 2015
	(Rupees in '000)				(Rupees in '000)			
Freehold land	974,504	-	974,504	-	-	-	-	974,504
Leasehold land	1,657,588	-	1,657,588	3	197,805	-	197,805	1,459,783
Building on freehold land	1,884,362	9,983	1,894,345	10-30	276,460	213,507	489,967	1,404,378
Building on leasehold land	4,100,300	-	4,100,300	10-30	713,539	48,657	762,196 .	3,338,104
2015	**8,616,754**	**9,983**	**8,626,737**		**1,187,804**	**262,164**	**1,449,968**	**7,176,769**
2014	8,504,464	112,290	8,616,754		919,220	268,584	1,187,804	7,428,950

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

	Note	2015	2014
		(Rupees in '000)	
11.1 Share of net profit / (loss) of associates - after tax			
Indus Motor Company Limited		**496,130**	245,642
Habib Insurance Company Limited		**14,043**	11,308
Agriauto Industries Limited		**35,911**	21,500
Shabbir Tiles and Ceramics Limited		**22**	(614)
METRO Habib Cash & Carry Pakistan (Private) Limited		**(56,246)**	(378,458)
		489,860	(100,622)

11.2 The summarised financial information of the associated companies where there is a significant influence, based on the un-audited financial statements for the twelve months period ended March 31, 2015 except for MHCCP which is twelve months period ended June 30, 2015 is as follows:

	2015			
	Total Assets	**Total Liabilities**	**Revenues**	**Profit / (loss) after tax**
		(Rupees in '000)		
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)

	2014			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
		(Rupees in '000)		
Associates				
Indus Motor Company Limited	25,632,360	7,268,813	65,897,239	3,948,349
Habib Insurance Company Limited	2,271,461	1,189,865	436,623	244,235
Agriauto Industries Limited	3,046,689	345,407	3,514,786	292,688
Shabbir Tiles and Ceramics Limited	4,887,154	3,226,473	4,823,553	(47,006)
METRO Habib Cash & Carry Pakistan (Private) Limited	9,086,156	8,982,197	33,539,597	(1,513,829)

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

11.4 The financial year end of all the associates is June 30 except for Habib Insurance Company Limited where the financial year end is December 31, and MHCCP where financial year end is September 30. As the financial statements of all the associates may not necessarily be available at each reporting period of the Group, therefore the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting except MHCCP where the Group has used financial statements for the same period end as that of the Holding Company.

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

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

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

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

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

17.1 This includes amount due from following related parties:

	2015	2014
Indus Motor Company Limited	**333,041**	43,164
Habib Metropolitan Bank Limited	**2,967**	4,047
Agriauto Industries Limited	**250**	64
Shabbir Tiles & Ceramics Limited	**7,511**	1,902
METRO Habib Cash & Carry Pakistan (Private) Limited	**750**	2,271
Schneider Electric Pakistan (Private) Limited	**-**	9
Habib Insurance Company Limited	**47**	-
	344,566	51,457

17.2 Reconciliation of provision for impairment of trade debts

	Note	2015	2014
Balance at the beginning of the year		**20,627**	33,688
Charge for the year	32	**5,949**	6,072
Reversal for the year		**(2,296)**	(19,133)
		3,653	(13,061)
Bad debts written off		**(1,990)**	-
Balance at the end of the year		**22,290**	20,627

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

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

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

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

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

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

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

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

	Note	2015	2014
		(Rupees in '000)	
24. NON-CONTROLLING INTEREST			
Habib Metro Pakistan (Private) Limited		**5,684,049**	5,586,835
Thal Boshoku Pakistan (Private) Limited		**106,090**	77,962
		5,790,139	5,664,797
25. LONG TERM SECURITY DEPOSITS			
Security deposits	25.1	**309,708**	308,119

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

	2015	2014
Habib Metropolitan Bank Limited	-	1,403
Indus Motor Company Limited	**2,005**	2,005
METRO Habib Cash and Carry Pakistan (Private) Limited	**289,506**	289,506
	291,511	292,914

26. TRADE AND OTHER PAYABLES

	Note	2015	2014
Creditors	26.1	**503,096**	509,049
Accrued liabilities	26.2	**723,261**	544,402
Custom duty payable		**10,875**	81,981
Unclaimed salaries		**7,733**	7,878
Warranty obligations	26.3	**187,266**	117,642
Royalty	26.4	**118,487**	60,799
Workers' welfare fund		**132,939**	85,119
Security deposits	26.5	**43,502**	101,986
Unclaimed dividend and unpaid dividend		**60,376**	43,413
Consideration payable against acquisition of shares of MHPL		-	429,821
Other liabilities	26.6	**60,014**	50,387
		1,847,549	2,032,477

26.1 This includes amounts due to related parties:

	2015	2014
Habib Insurance Company Limited	**70**	-
Shabbir Tiles & Ceramics Limited	**287**	153
Indus Motor Company Limited	**1**	147
Auvitronics Limited	**10,801**	30
METRO Habib Cash & Carry (Private) Limited	**2,300**	7
	13,459	337

26.2 This includes amounts due to related parties:

	2015	2014
Habib Insurance Company Limited	**591**	758

26.3 Warranty obligations

	Note	2015	2014
Balance at the beginning of the year		**117,642**	94,904
Charge for the year-net	32	**83,312**	47,143
		200,954	142,047
Claims paid during the year		**(13,688)**	(24,405)
Balance at end of the year		**187,266**	117,642

	2015	2014
	(Rupees in '000)	
29.1.3 The Subsidiary company MHPL owns a retail store in Saddar Karachi. The Supreme Court of Pakistan, in its judgment released on December 18, 2009, cancelled the 90 years lease (for the area where Saddar store is located) granted by the Government of Pakistan (GoP) to the Army Welfare Trust (AWT) dated December 19, 2002 on the basis that it was granted without lawful authority. As a consequence, the Supreme Court of Pakistan also cancelled the sub-lease granted in favour of the MHPL by AWT dated July 31, 2006. MHPL was allowed three months from the date of judgment to remove its structures and installations from the subject land and hand-over the subject land's vacant possession to City District Government Karachi.		

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

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

	2015	2014
However, no provision against the same has been considered necessary in these financial statements as the Company expects a favourable outcome of the review petition.	**792,000**	792,000

29.2 Commitments

	2015	2014
29.2.1 Letters of credit outstanding for raw material and spares.	**1,282,630**	1,028,488
29.2.2 Commitments in respect of capital expenditure	-	18,532
29.2.3 Commitments for rentals under Ijarah finance agreements		
Within one year	**2,209**	8,662
Later one year but not later than five years	**220**	2,643
	2,429	11,305

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

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

	2015	2014
	(Rupees in '000)	
Not later than one year	**66,627**	65,384
Later than one year but not later than five years	**450,076**	421,277
Later than five years	**2,546,405**	2,641,905
	3,063,108	3,128,566

32. DISTRIBUTION COSTS

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

33. ADMINISTRATIVE EXPENSES

	Note	2015	2014
Salaries and benefits		**518,124**	399,238
Vehicle running expense		**19,379**	18,896
Printing and stationery		**10,298**	8,086
Rent, rates and taxes		**125,994**	101,143
Utilities		**66,156**	68,412
Insurance		**5,503**	11,677
Entertainment		**3,539**	3,504
Subscription		**3,135**	2,572
Communication		**8,401**	8,377
Advertisement and publicity		**867**	1,288
Repairs and maintenance		**50,504**	51,454
Travelling and conveyance		**32,536**	29,082
Legal and professional		**49,638**	37,824
Computer accessories		**6,799**	5,376
Auditors' remuneration	33.1	**5,153**	4,356
Depreciation	8.2	**50,714**	46,772
Amortization	9.1	**1,374**	577
Depreciation on investment property	10	**262,166**	268,584
Ijarah rentals		**3,611**	5,850
Charity and donations	33.2	**41,966**	28,275
Directors' Fee & meeting expenses		**1,146**	2,199
Others		**28,603**	43,028
Sharing of cost under arrangement	1.2.3(b)	**(27,174)**	(28,362)
		1,268,432	1,118,208

	Note	2015	2014
		(Rupees in '000)	
35. FINANCE COSTS			
Mark-up / interest on:			
Short-term borrowings			
- Related party		**8,150**	146
- Others		**2,361**	791
Workers' profit participation fund		**-**	348
Bank charges and commission		**6,894**	4,258
		17,405	5,543
36. OTHER CHARGES			
Workers' profits participation fund	18.2.1	**160,602**	94,495
Workers' welfare fund		**84,357**	82,725
		244,959	177,220
37. TAXATION			
Current		**1,191,138**	759,273
Prior		**3,065**	(7,828)
Deferred		**(1,858)**	(34,944)
	37.1	**1,192,345**	716,501

37.1 Relationship between income tax expense and accounting profit

	Note	2015	2014
Profit before tax and share of profit of associates		**3,475,724**	2,316,094
Tax at the rate of 25% - 33% (2014: 25% - 34%)		**1,117,093**	787,269
Super tax @ 3% of taxable income	37.1.1	**108,341**	-
		1,225,434	787,269
Tax effects of:			
Tax effect of inadmissible items		**241,198**	19
Income taxed at reduced rates, exempt or taxed under final tax regime		**(277,352)**	(62,959)
Prior years		**3,065**	(7,828)
		1,192,345	716,501

37.1.1 The Federal Government vide Finance Act 2015 has imposed a onetime super tax at the rate of 3% on income of companies for the tax year 2015. This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Accordingly, provisions of Rs. 108.341 million for Super tax has been made in these financial statements.

38. BASIC AND DILUTED EARNINGS PER SHARE

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

	2015	2014
	(Rupees in '000)	
Profit for the year after taxation attributable to the equity holders of the Holding Company	**2,469,418**	1,268,114
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	**81,030**	81,030
	(Rupees)	
Basic and diluted earnings per share	**30.48**	15.65

42. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

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

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

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

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

43. PLANT CAPACITY AND ACTUAL PRODUCTION

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

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

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

44. PROVIDENT FUND

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

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

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

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

	2015	2014
Short term investments		
Ratings		
A1+	**4,854,706**	3,121,623
A-1+	**199,282**	-
	5,053,988	3,121,623

45.2 Liquidity Risk

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

Year ended June 30, 2015	**On demand**	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
			(Rupees in '000)		
Long term security deposit	-	-	-	**309,708**	**309,708**
Trade and other payable	**1,431,344**	-	-	-	-
Short-term borrowing	**14,556**	-	**9,251**	-	**23,807**
Accrued markup	**55**	-	-	-	**55**
	14,611	-	**9,251**	**309,708**	**333,570**

Year ended June 30, 2014	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
			(Rupees in '000)		
Long term security deposit	-	-	-	308,119	308,119
Short-term borrowing	5,338	-	68,721	-	74,059
Trade and other payables	1,633,691	-	-	-	1,633,691
Accrued markup	31	-	-	-	31
	1,639,060	-	68,721	308,119	2,015,900

45.3 Foreign Currency risk

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

Sensitivity Analysis:

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

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

45.5 Equity price risks

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

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

46. CAPITAL RISK MANAGEMENT

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

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Investment in subsidiary companies and associates are carried at cost. The carrying values of financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

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

Fair value hierarchy

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

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

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

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

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