CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017	2016
		------ (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,201,577	936,399
Intangible assets	9	10,249	9,262
Investment properties	10	6,845,446	6,948,303
Long-term investments	11	3,533,232	2,909,674
Long-term loans	12	10,989	15,010
Long-term deposits	13	17,746	13,995
Long-term prepayments	14	22,501	50,671
Deferred tax asset - net	15	187,551	148,651
		11,829,291	11,031,965
CURRENT ASSETS			
Stores, spares and loose tools	16	107,905	90,581
Stock-in-trade	17	2,992,333	2,824,550
Trade debts	18	1,094,863	1,048,514
Loans and advances	19	71,198	53,271
Trade deposits and short-term prepayments	20	89,063	52,849
Interest accrued		2,198	3,304
Other receivables	21	5,943	512,123
Short-term investments	22	10,510,173	5,594,911
Income tax - net	23	33,395	296,541
Sales tax refundable		66,822	34,345
Cash and bank balances	24	842,399	937,128
		15,816,292	11,448,117
TOTAL ASSETS		27,645,583	22,480,082
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
100,000,000 (2016: 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	18,447,119	14,061,440
Equity attributable to equity holders of the Holding Company		18,852,281	14,466,602
Non-controlling interest	27	6,116,611	5,907,241
Total equity		24,968,892	20,373,843
NON-CURRENT LIABILITIES	28	316,762	311,155
CURRENT LIABILITIES			
Trade and other payables	29	2,343,765	1,765,523
Short-term running finance	30	9,137	22,790
Deferred income	31	7,026	6,729
Accrued markup		1	42
		2,359,929	1,795,084
CONTINGENCIES AND COMMITMENTS	32		
TOTAL EQUITY AND LIABILITIES		27,645,583	22,480,082

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		------ (Rupees in '000) -----	
Revenue - net	33	18,136,903	16,823,104
Cost of sales	34	(14,167,064)	(13,157,360)
Gross profit		3,969,839	3,665,744
Distribution costs	35	(192,674)	(259,568)
Administrative expenses	36	(1,539,021)	(1,292,466)
Other charges	37	(360,575)	(1,308,396)
		(2,092,270)	(2,860,430)
Other income	38	4,503,523	2,363,285
Operating profit		6,381,092	3,168,599
Finance costs	39	(9,348)	(5,902)
		6,371,744	3,162,697
Share of net profit of associates and joint venture - after tax	11.1	871,024	767,097
Profit before taxation		7,242,768	3,929,794
Taxation	40	(1,740,022)	(1,026,509)
Profit after taxation		5,502,746	2,903,285
Attributable to			
- Equity holders of the Holding Company		5,146,953	2,570,535
- Non-controlling interest		355,793	332,750
		5,502,746	2,903,285
		------ (Rupees) -----	------ (Rupees) -----
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	41	63.52	31.72

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	------ (Rupees in '000) -----	
Profit after taxation for the year	5,502,746	2,903,285
Other comprehensive income		
Items to be reclassified to profit and loss account in subsequent periods:		
Gain / (loss) on revaluation of available-for-sale investments	49,517	(14,097)
Items not to be reclassified to profit and loss account in subsequent periods:		
Share of actuarial loss on remeasurement of defined benefit plans of associates - net of tax	(492)	(184)
Total comprehensive income for the year	5,551,771	2,889,004
Attributable to		
- Equity holders of the Holding Company	5,195,978	2,556,254
- Non-controlling interest	355,793	332,750
	5,551,771	2,889,004

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

CHIEF EXECUTIVE　　DIRECTOR　　CHIEF FINANCIAL OFFICER

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		------ (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	4,525,858	3,644,113
Finance costs paid		(9,389)	(5,440)
Retirement benefits paid		(987)	(2,356)
Income tax paid		(1,515,679)	(1,269,284)
Long-term loans		4,021	(55,275)
Long-term deposit - net		1,857	168
Operations fee paid		-	(792,000)
Net cash generated from operating activities		3,005,681	1,519,926
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(461,752)	(215,656)
Proceeds from disposal of operating fixed assets		353,496	17,284
Dividends received		551,710	529,095
Interest received		339,468	321,045
Long-term investments made during the year		(318,858)	(505,563)
Proceeds from disposal of investment in an associate		2,120,000	-
Short-term investments made during the year		(3,133,364)	(41,137)
Net cash (used in) / generated from investing activities		(549,300)	105,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(916,209)	(879,943)
Net cash used in financing activities		(916,209)	(879,943)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,540,172	745,051
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		6,001,336	5,256,285
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	7,541,508	6,001,336

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

CHIEF EXECUTIVE　　DIRECTOR　　CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Share deposit money	RESERVES: Capital reserves	RESERVES: General reserve	RESERVES: Unappropriated profit	RESERVES: Gain / (loss) on changes in fair value of available for sale investments	Non-controlling interest	Total equity
	(Rupees in '000)							
Balance as at June 30, 2015	405,150	12	67,929	8,702,874	3,334,888	108,508	5,790,139	18,409,500
Transfer to general reserve	-	-	-	1,136,000	(1,136,000)	-	-	-
Final dividend @ Rs. 2.5/- 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)
Subsidiary company								
Final dividend @ Rs. 0.30/- per share for the year ended June 30, 2015	-	-	-	-	-	-	(40,811)	(40,811)
1st Interim Dividend @ Rs. 0.332/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(42,579)	(42,579)
2nd Interim Dividend @ Rs. 0.332/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(45,334)	(45,334)
3rd Interim Dividend @ Rs.0.341/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(46,422)	(46,422)
Final Dividend @ Rs.0.298/- per share for the year ended June 30, 2016	-	-	-	-	-	-	(40,502)	(40,502)
	-	-	-	-	(709,013)	-	(215,648)	(924,661)
Profit for the year	-	-	-	-	2,570,535	-	332,750	2,903,285
Other comprehensive loss	-	-	-	-	(184)	(14,097)	-	(14,281)
Total comprehensive income	-	-	-	-	2,570,351	(14,097)	332,750	2,889,004
Balance as at June 30, 2016	405,150	12	67,929	9,838,874	4,060,226	94,411	5,907,241	20,373,843
Transfer to general reserve	-	-	-	1,368,500	(1,368,500)	-	-	-
Final dividend @ Rs. 6.25/- per share for the year ended June 30, 2016	-	-	-	-	(506,437)	-	-	(506,437)
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2017	-	-	-	-	(303,862)	-	-	(303,862)
Subsidiary company								
1st Interim Dividend @ Rs.0.357/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(48,535)	(48,535)
2nd Interim Dividend @ Rs.0.362/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(49,186)	(49,186)
3rd Interim Dividend @ Rs.0.358/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(48,702)	(48,702)
	-	-	-	-	(810,299)	-	(146,423)	(956,722)
Profit for the year	-	-	-	-	5,146,953	-	355,793	5,502,746
Other comprehensive income	-	-	-	-	(492)	49,517	-	49,025
Total comprehensive income	-	-	-	-	5,146,461	49,517	355,793	5,551,771
Balance as at June 30, 2017	405,150	12	67,929	11,207,374	7,027,888	143,928	6,116,611	24,468,892

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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 and is listed on the Pakistan Stock Exchange Limited.

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 2017 %	Holding 2016 %	Total assets 2017 (Rupees in '000s)	Total liabilities 2017 (Rupees in '000s)	Total assets 2016 (Rupees in '000s)	Total liabilities 2016 (Rupees in '000s)
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	178,724	70,075	146,999	39,939
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	28,857	1,631	27,123	2,310
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	75,332	362,302	137,414	353,300
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	833,996	8,330	583,243	14,129
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	9,673,432	635,926	9,157,630	536,258
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	499,041	65,892	383,574	45,790
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	403,705	401,330	36,217	39,511

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.

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. 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 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, on the land sub-leased by Army Welfare Trust.

(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 MHPL's Saddar Store (the Store) for an operations fee determined under the agreed mechanism.

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, MHPL, was closed down on September 11, 2015. Accordingly, the Operation Agreement with MHCCP was terminated in 2016.

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

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. During the current year, the Company has sold its land located at Multan Road, Lahore. Although at the year end, the Company does not have any commercial activity, the management is considering different strategic plans.

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. The principle activity of TBPPL is to manufacture automobile seats, seat 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.

1.2.7 Thal Power (Private) Limited (TPPL)

TPPL was incorporated in Pakistan as a private limited company on July 03, 2014. TPPL has entered into a joint venture agreement with M/s Novatex Limited for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 "Financial Instruments: Recognition and Measurement".

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

4. BASIS OF CONSOLIDATION

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. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

determining the residual values, useful lives and impairment of property, plant and equipment and investment property	6.2, 6.4, 8 & 10
determining the residual values, useful lives and impairment of intangibles assets	6.3 & 9
impairment of financial and non-financial assets	6.5
provision for slow moving stores, spares and loose tools and stock-in-trade	6.7, 6.8, 16 & 17
provision for doubtful debts and other receivables	6.9 & 18
provision for tax and deferred tax	6.12, 15 & 40
provision and warranty obligation	6.17 & 29.3
provision for compensated absences	6.16
contingencies	32

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 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 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

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

6.2 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 / amortisated 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.

6.3 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 amortized applying the straight line method at the rates stated in note 9 to these financial statements.

6.4 Investment properties

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

6.5 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.

6.6 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.

Joint Venture

A joint venture is a type of a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decision about the relevant activity require the unanimous consent of parties sharing control.

Investment in joint venture is accounted for using equity method of accounting in the balance sheet at cost plus post-acquisition changes in the share of net assets of the joint venture, less any impairment in value, if material. The profit and loss account reflects the investor's (Company's) share of the results of operations of the investee (joint venture) after the date of acquisition. If joint venture uses accounting policies other than those of the Company, adjustments are made to conform the joint venture's policies to those of the Company, if the impact is considered material.

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.

At fair value through profit or loss

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.

6.7 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.

6.8 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 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.

6.9 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 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.

6.10 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.

6.11 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.

6.12 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.

The subsidiary Thal Boshoku Pakistan (Private) Limited is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Company for five years from the date of commercial production.

(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.

6.13 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 Group.

6.14 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.

6.15 **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 at the rate of 8.33% of basic salary i.e. 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.

6.16 **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.

6.17 **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 and adjusted, if required.

6.18 **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.

For project jobs services income is recorded when services are rendered. For jobs of recurring nature the services income in recorded on accrual basis.

Rental income from properties is recognized as revenue as per the tenancy agreements on accrual basis.

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.

6.19 **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.

6.20 **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.

6.21 **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.

6.22 **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.

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 7 – Statement of Cash flows (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRS 2 - Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
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
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

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 2017. 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 2019
IFRS 17 – Insurance Contracts	01 January 2021

8. PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		--- (Rupees in '000) ---	
Operating fixed assets	8.1	1,111,247	866,323
Capital work-in-progress	8.5	90,330	70,076
		1,201,577	936,399

8.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION / AMORTISATION					
	As at July 01, 2016	Additions (Note 8.1.1)	Disposals	As at June 30, 2017	Rate %	As at July 01, 2016	Charge	On disposals	As at June 30, 2017	WDV as at June 30, 2017
	(Rupees in '000)					(Rupees in '000)				
Land - Freehold	98,528	32,630	107,517	23,641	-	-	-	-	-	23,641
- Leasehold	45,381	1,704	-	47,085	1.69-3.33	8,252	1,228	-	9,480	37,605
Building on freehold land										
- Factory building	289,933	44,388	-	334,321	10	175,276	11,951	-	187,227	147,094
- Non factory building	471,979	-	-	471,979	5-10	446,063	3,370	-	449,433	22,546
Railway sliding	792	-	-	792	5	719	4	-	723	69
Plant and machinery	1,404,716	340,558	43,040	1,702,234	10-30	1,004,603	86,737	35,188	1,056,152	646,082
			*							
Furniture and fittings	33,157	5,175	155	38,177	15-20	22,637	1,939	137	24,439	13,738
			*							
Vehicles	99,911	24,273	17,784	106,400	20	52,262	10,644	11,705	51,201	55,199
Office and mills equipment	99,631	20,425	553	119,503	10-30	50,311	9,274	364	59,221	60,282
Computer equipment	90,489	18,488	6,023	102,954	33.33	68,972	15,512	6,019	78,465	24,489
Jigs and fixtures	229,602	50,353	-	279,955	33.33	168,701	30,752	-	199,453	80,502
2017	2,864,119	537,994	175,072	3,227,041		1,997,796	171,411	53,413	2,115,794	1,111,247

	COST				ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT					
	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**	**WDV 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 *		

8.1.1 Additions include transfers from capital work in progress amounting to Rs. 372.158 million (2016: Rs. 38.126 million).

8.1.2 Jigs and fixtures include moulds having written down value of 24.213 million (2016: Rs. Nil) in the possession of sub-contractors dispersed all over the country.

8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 678.042 million (2016: Rs. 182.361 million).

8.3 The depreciation / amortization charge for the year has been allocated as follows:

	Note	2017	2016
		---- (Rupees in '000) ---	
Cost of sales	34	136,296	129,715
Distribution costs	35	1,393	1,343
Administrative expenses	36	33,722	36,208
		171,411	167,266

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	107,517	-	107,517	332,925	225,408	Negotiation	Lahore Development Authority, Lahore
Plant and machinery							
Beams high racks	2,066	1,880	186	1,019	833	Negotiation	M/s Chase up, Karachi
Gas direct Fired Absorption Chiller Heater TBG 0360	28,142	22,980	5,162	6,000	838	Negotiation	MHCCP, a related party, Karachi
Power pallet lifter	622	485	137	149	12	Negotiation	MHCCP, a related party, Karachi
Display Table for Meat	185	-	185	49	(136)	Negotiation	MHCCP, a related party, Karachi
Item having book value upto Rs. 50,000	12,025	9,843	2,182	3,215	1,033	Various	Various
	43,040	35,188	7,852	10,432	2,580		
Furniture and fittings							
Item having book value upto Rs. 50,000	155	137	18	18	-	Various	Various
Vehicles							
Toyota Camry	2,750	2,430	320	320	-	Sold under Company's Car Scheme	Mr. Sohail P. Ahmed - Director, Karachi
Toyota Corolla Gli	1,392	1,102	290	292	2	Sold under Company's Car Scheme	Mr. S E Bukhari - Employee, Karachi
Suzuki Cultus	970	684	286	327	41	Sold under Company's Car Scheme	Mr. Amrez Khan - Employee, Karachi
Toyota Altis	1,809	1,414	395	657	262	Sold under Company's Car Scheme	Mr. Syed Firdous Shamim Naqvi - Employee, Karachi
Suzuki Bolan Van	441	381	60	305	245	Negotiation	Mrs. Rizwana Begum, Karachi
Toyota Altis	1,877	1,291	586	644	58	Sold under Company's Car Scheme	Mr. Tayyab Afzal - Employee, Karachi
Suzuki Mehran	612	372	240	264	24	Sold under Company's Car Scheme	Mr. Jamshed Sohrab Patel - Employee, Karachi
Toyota Altis	2,303	540	1,763	1,796	33	Sold under Company's Car Scheme	Mr. Syed Muzaffar Ali - Employee, Karachi
Suzuki Cuiltus	795	639	156	167	11	Sold under Company's Car Scheme	Mr. Tariq Qadir - Employee, Karachi
Suzuki Alto	618	495	123	130	7	Sold under Company's Car Scheme	Mr. Masood Ahmed Quershi - Employee, Karachi
Toyota Corolla Xli	1,605	1,041	564	564	-	Sold under Company's Car Scheme	Mr. Hasan Zaka - Ex Employee, Karachi
Toyota Corolla Xli	1,652	660	992	1,540	548	Negotiation	Mr. Waqas Mirza, Karachi
Item having book value upto Rs. 50,000	960	656	304	2,898	2,594	Various	Various
	17,784	11,705	6,079	9,904	3,825		
Office and mills equipment							
Various Items	298	164	134	30	(104)	Negotiation	Mr. Baboo Ashraf, Karachi
Item having book value upto Rs. 50,000	255	200	55	44	(11)	Negotiation	Various
	553	364	189	74	(115)		
Computer equipment							
Item having book value upto Rs. 50,000	6,023	6,019	4	143	139	Various	Various
2017	175,072	53,413	121,659	353,496	231,837		
2016	142,387	29,929	112,458	524,484	412,026		

8.5 Capital work-in-progress

	2017	2016
	--- (Rupees in '000) ---	
Plant and machinery	67,544	45,691
Furniture and fittings	-	156
Vehicles	7,500	800
Office and mills equipment	6,822	9,261
Computer Equipment	1,364	1,647
Jigs and fixtures	7,100	12,521
	90,330	70,076

9. INTANGIBLE ASSETS

	COST				ACCUMULATED AMORTISATION			Written down value
	As at July 01, 2016	Additions	As at June 30, 2017	Rate %	As at July 01, 2016	Charge for the year	As at June 30, 2017	As at June 30, 2017
	---- Rupees in '000 ----				---- Rupees in '000 ----			
Softwares	12,317	2,920	15,237	30 - 50	8,934	2,476	11,410	3,827
Licenses	9,288	3,423	12,711	33.33	3,409	2,880	6,289	6,422
2017	21,605	6,343	27,948		12,343	5,356	17,699	10,249
2016	17,286	4,319	21,605		8,573	3,770	12,343	9,262

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

	Note	2017	2016
		------ (Rupees in '000) -----	
Cost of sales	34	2,670	1,303
Distribution costs	35	23	23
Administrative expenses	36	2,663	2,444
		5,356	3,770

10. INVESTMENT PROPERTIES

	Note	2017	2016
Land and building	10.1	6,811,832	6,948,190
Capital work-in-progress - Civil works		33,614	113
		6,845,446	6,948,303

10.1

	Note	COST				ACCUMULATED DEPRECIATION / AMORTISATION			Written down value
		As at July 01, 2016	Additions / (disposal)	As at June 30, 2017	Rate %	As at July 01, 2016	Charge for the year/(disposal)	As at June 30, 2017	As at June 30, 2017
		---- Rupees in '000 ----				---- Rupees in '000 ----			
Freehold land		974,504	-	974,504	-	-	-	-	974,504
Leasehold land		1,657,588	-	1,657,588	3	295,122	48,661	343,783	1,313,805
Building on freehold land		1,884,362	44,107	1,928,469	10-30	403,155	60,119	463,274	1,465,195
Building on leasehold land		4,124,002	67,722	4,191,724	10-30	993,989	139,407	1,133,396	3,058,328
2017	10.1.1	8,640,456	111,829	8,752,285		1,692,266	248,187	1,940,453	6,811,832
2016		8,626,737	29,464 (15,745)	8,640,456		1,449,968	252,875 (10,577)	1,692,266	6,948,190

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.14,848 million (2016: Rs. 14,844 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.

11. LONG-TERM INVESTMENTS

	Note	2017 Holding %	2017 Rupees in '000	2016 Holding %	2016 Rupees in '000
Investment in associates and joint venture - stated as per equity method	11.2 & 11.3				
Quoted associates					
Indus Motor Company Limited		6.22		6.22	
Opening balance			1,556,769		1,328,049
Share of profit - net of tax			799,565		717,675
Remeasurement (loss) / gain of post employment benefit obligation - net of deferred tax			(53)		45
Dividend received during the period			(586,800)		(489,000)
			1,769,481		1,556,769
(Market value Rs. 8,770.704 million) (2016: Rs. 4,594.351 million)					
Habib Insurance Company Limited		4.63		4.63	
Opening balance			41,856		43,951
Share of profit - net of tax			8,014		8,171
Share of actuarial loss on remeasurement of defined benefit plan - net of deferred tax			(439)		(229)
Dividend received during the period			(10,037)		(10,037)
			39,394		41,856
(Market value Rs. 89.013 million) (2016: Rs.93.143 million)					
Agriauto Industries Limited		7.35		7.35	
Opening balance			247,946		223,091
Share of profit - net of tax			62,280		46,011
Dividend received during the period			(18,512)		(21,156)
			291,714		247,946
(Market value Rs. 913.728 million) (2016: Rs. 413.071 million)					
Shabbir Tiles & Ceramics Limited		1.30		1.30	
Opening balance			24,762		26,303
Share of loss			(2,015)		(1,541)
			22,747		24,762
(Market value Rs. 59.840 million) (2016: Rs. 23.942 million)					
			2,123,336		1,871,333
Joint Venture					
ThalNova Power Thar (Private) Limited (TNPTPL)		50		50	
Opening balance			26,786		-
Investment made during the year			282,496		30,005
Share of profit / (loss) - net of tax			3,180		(3,219)
			312,462		26,786
TOTAL OF ASSOCIATES AND JOINT VENTURE			2,435,798		1,898,119
Other investments - Available-for-sale					
Quoted - at fair value					
Habib Sugar Mills Limited			69,916		69,710
GlaxoSmithKline (Pakistan) Limited			430		451
Dynea Pakistan Limited			82,156		37,173
Allied Bank Limited			16,295		16,357
Habib Bank Limited			17,526		12,865
TPL Properties Limited	11.7		12,250		-
			198,573		136,556
Un-Quoted - at cost					
Sindh Engro Coal Mining Company Limited	11.8		898,861		862,499
TPL Properties Limited	11.7		-		12,500
			898,861		874,999
TOTAL			3,533,232		2,909,674

	2017	2016
	---- (Rupees in '000) ----	
11.1 Share of net profit / (loss) of associates and joint venture- after tax		
Associates		
Indus Motor Company Limited	799,565	717,675
Habib Insurance Company Limited	8,014	8,171
Agriauto Industries Limited	62,280	46,011
Shabbir Tiles and Ceramics Limited	(2,015)	(1,541)
	867,844	770,316
Joint venture		
ThalNova Power Thar (Private) Limited	3,180	(3,219)
	871,024	767,097

11.2 Although the Group has less than 20% equity interest in all its associates, 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.

11.3 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. In case of TNPTPL the Group has used financial statements for the same period end as that of the Holding Company.

11.4 The summarised financial information of the associated companies and joint venture, based on the un-audited financial statements is as follows:

	2017			
	Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
	---------------------- (Rupees in '000) ----------------------			
March 31, 2017				
Associates				
Indus Motor Company Limited	61,545,470	30,745,518	113,421,798	12,851,904
Habib Insurance Company Limited	2,724,921	1,594,399	569,231	173,102
Agriauto Industries Limited	4,595,322	633,157	7,274,545	824,482
Shabbir Tiles and Ceramics Limited	5,204,488	3,382,476	5,115,338	(154,489)
June 30, 2017				
Joint venture				
ThalNova Power Thar (Private) Limited	726,202	101,279	-	6,359

	2016			
	Total Assets	Total Liabilities	Revenues	Profit/(loss) after tax
	--------------------- (Rupees in '000) ---------------------			
March 31, 2016				
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)
June 30, 2016				
Joint venture				
ThalNova Power Thar (Private) Limited	58,585	5,012	-	(6,437)

11.5 The Group held a put option with respect to its holding in Metro Habib Cash & Carry Pakistan (Private) Limited (MHCCP) whereby, if MHCCP does not achieve certain specified financial performance targets, the Group may require its parent, Metro Cash & Carry International Holding BV (Metro BV) to acquire the shares of MHCCP at a price to be determined on the basis of a predefined mechanism. The Group exercised the put option on November 15, 2016 at a price of Rs.2,120 million as already notified to the Pakistan Stock Exchange.

	2017	2016
	----- (Rupees in '000) -----	
11.6 Share in contingent liabilities of associated companies	464,043	261,918
Share in commitments of associated companies	128,442	3,828,774

11.7 During the current year, the shares of TPL Properties Limited were quoted on the Pakistan Stock Exchange Limited.

11.8 The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 898.861 million acquiring 60,651,899 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 15.59 million.

	Note	2017	2016
		---- (Rupees in '000) ----	
12. LONG-TERM LOANS - secured, considered good			
Employees			
Interest bearing	12.1	-	24
Interest free		15,010	19,056
		15,010	19,080
Current portion	19	(4,021)	(4,070)
	12.2	10,989	15,010

12.1 These carry interest at the rate of 10% (2016: 10%) per annum.

12.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 10.989 million (2016: Rs. 15.010 million).

	Note	2017	2016
		---- (Rupees in '000) ----	
13. LONG-TERM DEPOSITS			
Security deposits		10,028	7,010
Utilities		7,237	4,410
Others		481	2,575
	13.1	17,746	13,995

13.1 These long-term deposits are interest free.

	Note	2017	2016
14. LONG-TERM PREPAYMENT			
Rent	14.1	22,501	59,811
Current portion	20	-	(9,140)
		22,501	50,671

14.1 During the current year, on the basis of legal opinion, MHPL has expensed out Rs.33.445 million. Accordingly the rent accrued for the period after the store closure amounting to Rs.10.007 million has also been reversed in accrued liabilities. The net expense of Rs. 23.438 million is disclosed in administrative expenses.

	Note	2017	2016
		----- (Rupees in '000) ----	
15. DEFERRED TAX ASSET - net			
Deferred tax asset arising:			
In respect of provisions		272,245	352,745
Deferred tax liability arising:			
Due to investment in associates		-	(150,548)
Due to accelerated tax depreciation allowance		(84,694)	(53,546)
		(84,694)	(204,094)
		187, 551	148,651

		2017	2016
16. STORES, SPARES AND LOOSE TOOLS			
Stores			
- In hand		19,922	21,602
- In transit		6,616	-
Spares			
- In hand		81,262	68,322
- In transit		-	551
Loose tools		105	106
		107,905	90,581

	Note	2017	2016
		---- (Rupees in '000) ----	
17. STOCK-IN-TRADE			
Raw material			
- In hand	17.1	1,926,121	1,651,970
- In transit		385,845	475,437
		2,311,966	2,127,407
Work-in-process		156,863	213,115
Finished goods			
- In hand		520,378	484,028
- In transit		3,126	-
	17.2	2,992,333	2,824,550

17.1 Raw materials amounting to Rs. 7.582 million (2016: Rs. 9.635 million) are held with the sub-contractors.

17.2 Includes items amounting to Rs. 690.797 million (2016: Rs. 504.582 million) carried at net realisable value. [Cost Rs. 734.922 million (2016: Rs. 554.813 million)].

		Note	2017	2016
			----- (Rupees in '000) ----	
18. TRADE DEBTS - unsecured				
Considered good		18.1	1,094,863	1,048,514
Considered doubtful			16,124	83,757
Provision for doutful debts		18.2	(16,124)	(83,757)
			-	-
			1,094,863	1,048,514
18.1 This includes amount due from following related parties:				
Indus Motor Company Limited			260,155	334,150
Auvitronics Limited			7	24
Agriauto Industries Limited			716	261
Shabbir Tiles & Ceramics Limited			19,725	15,629
METRO Habib Cash & Carry Pakistan (Private) Limited			-	35
			280,603	350,099
18.2 Reconciliation of provision for doubtful debts:				
Balance at the beginning of the year			83,757	22,290
Charge for the year			-	75,328
Reversal for the year	0	38	(66,354)	(8,160)
Bad debts written off			(1,279)	(5,701)
Balance at the end of the year			16,124	83,757
19. LOANS AND ADVANCES				
Loans				
Considered good - secured				
Current portion of long-term loans to employees		12	4,021	4,070
Employees - interest free			23,025	25,625
		19.1	27,046	29,695
Advances - considered good - unsecured				
Suppliers			39,365	18,660
Employees			4,787	4,916
		19.2	44,152	23,576
			71,198	53,271

19.1 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 29.321 million (2016: Rs. 33.370 million).

19.2 These advances are interest free.

	Note	2017	2016
		----- (Rupees in '000) ----	
20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Tender / Performance guarantee		44,834	20,329
Margin against letter of credit		285	175
Deposit against custom duty		7,182	-
Security deposits		406	406
Container deposits		12,295	6,225
Others		2,927	2,937
	20.1	67,929	30,072
Short-term prepayments			
Current portion of long-term prepayment		-	9,140
Rent		6,412	4,510
Insurance	20.2	6,033	5,598
Others		8,689	3,529
		21,134	22,777
		89,063	52,849

20.1 These deposits are interest free.

20.2 This represents prepayments made to Habib Insurance Company Limited, a related party.

	Note	2017	2016
		----- (Rupees in '000) ----	
21. OTHER RECEIVABLES			
Duty drawback		2,140	1,101
Custom duty refundable		-	759
Workers' profit participation fund		-	293
Rent	29.5	-	788
Others	21.1	3,803	509,182
		5,943	512,123
21.1 This includes receivable from the following related parties:			
Indus Motor Company Limited		25	100
Auvitronics Limited		-	118
Agriautos Industries Limited		131	131
Dynea Pakistan Limited		-	7
Habib Metropolitan Bank Limited		1,970	-
Shabbir Tiles & Ceramics Limited		111	135
		2,237	491
22. SHORT-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
Term Deposit Receipts	22.1	5,559,064	4,617,811
Accrued interest		27,816	15,258
		5,586,880	4,633,069
Treasury Bills	22.2	1,236,396	741,746
Accrued interest		9,697	2,983
		1,246,093	744,729
At fair value through profit and loss account			
NAFA Government Securities Liquidity Fund		492,417	175,051
NAFA Money Market Fund		1,141,140	20,930
Alfalah GHP Income Fund		22,009	21,132
Atlas Money Markety Fund		154,479	-
UBL Liquidity Plus Fund		382,270	-
MCB Cash Optimizer Fund		20,058	-
HBL (PICIC) Cash Fund		1,131,582	-
ABL Cash Fund		313,215	-
Al-Meezan Cash Fund		20,030	-
		3,677,200	217,113
		10,510,173	5,594,911

22.1 These include deposits amounting to Rs. 3,262 million, (2016: Rs. 2,197 million) with Habib Metropolitan Bank Limited, a related party. These deposits carry interest rate ranging from 3.48% to 6.4% (2016: 6.05% to 6.4%) per annum and having maturity ranging from July 03, 2017 to November 30, 2017. Included in the above investment, Rs. 608.064 million (2016: Rs. 521.811 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company.

22.2 These carry interest rate at the rate of 5.99% (2016: 5.90% to 6.21%) per annum and having maturity ranging from July 06, 2017 to September 14, 2017.

23. INCOME TAX - net

	Note	2017	2016
		----- (Rupees in '000) ----	
Group Tax Relief adjustments	23.1	593,466	593,466
Group Taxation adjustments	23.2	10,040	278,440
Income tax provision less tax payments – net		(570,111)	(575,365)
		33,395	296,541

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, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2017 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 17.763 million (2016: Rs. 278.440 million) for the current year. Moreover, the tax charge transferred by A-One to the Company amounted to Rs. 7.723 million (2016: Nil).

24. CASH AND BANK BALANCES

	Note	2017	2016
		----- (Rupees in '000) ----	
In hand		2,438	5,375
With banks in:			
Current accounts	24.1	116,752	95,620
Deposit accounts	24.2	539,927	426,730
Saving accounts	24.3	183,282	409,403
		839,961	931,753
		842,399	937,128

24.1 These include an amount of Rs. 52.401 million (2016: Rs. 67.235 million) maintained with Habib Metropolitan Bank, a related party.

24.2 These include an amount of Rs. 477.695 million (2016: Rs. 426.730 million) maintained with Habib Metropolitan Bank, a related party, and carry markup at the rates ranging from 4.00% to 4.75% (2016: 4.75% to 5.5%) per annum.

24.3 These include an amount of Rs. 183.199 million (2016: Rs. 370.232 million) maintained with Habib Metropolitan Bank, and carry markup at the rates ranging from 4.00% to 4.25% (2016: 4.75% to 6%) per annum.

25. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
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
81,029,909	81,029,909		405,150	405,150

25.1 As at 30 June 2017, 7,041,589 (2016: 7,334,889) ordinary shares of Rs. 5/- each are held by related parties.

26. RESERVES

	Note	2017	2016
		----- (Rupees in '000) ----	
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
		67,929	67,929
Revenue reserves			
General reserve		11,207,374	9,838,874
Unappropriated profit		7,027,888	4,060,226
		18,235,262	13,899,100
Gain on revaluation of available-for-sale investments		143,928	94,411
		18,447,119	14,061,440

27. NON-CONTROLLING INTEREST

	Note	2017	2016
Habib Metro Pakistan (Private) Limited		5,921,694	5,755,239
Thal Boshoku Pakistan (Private) Limited		194,917	152,002
		6,116,611	5,907,241

28. LONG-TERM DEPOSITS

	Note	2017	2016
Security deposits	28.1	316,762	311,155

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

	2017	2016
	----- (Rupees in '000) ----	
- Indus Motor Company Limited	3,820	2,280
- METRO Habib Cash and Carry Pakistan (Private) Limited	289,506	289,506
	293,326	291,786

	Note	2017	2016
		----- (Rupees in '000) ----	
29. TRADE AND OTHER PAYABLES			
Creditors	29.1	318,634	181,544
Accrued liabilities	29.2	1,121,860	842,477
Custom duty payable		67,982	54,981
Unclaimed salaries		3,901	5,887
Warranty obligations	29.3	336,128	261,017
Royalty payable	29.4	156,722	109,198
Workers' profit participation fund	29.5	4,739	-
Workers' welfare fund	29.6	192,469	166,703
Security deposits		1,568	207
Unclaimed dividend and unpaid dividend		72,553	105,094
Other liabilities	29.7	67,209	38,415
		2,343,765	1,765,523

		2017	2016
29.1 This includes amounts due to related parties:			
Habib Insurance Company Limited		594	84
Auvitronics Limited		4,586	10,837
		5,180	10,921
29.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		914	1,816
29.3 Warranty obligations			
Balance at the beginning of the year		261,017	187,266
Charge for the year-net	35	87,116	82,715
		348,133	269,981
Claims paid during the year		(12,005)	(8,964)
Balance at end of the year		336,128	261,017
29.4 Royalty payable			
Balance at the beginning of the year		109,198	118,487
Charge for the year-net	34	182,702	191,879
Paid during the year		(135,178)	(201,168)
Balance at the end of the year		156,722	109,198
29.5 Workers' profit participation fund (WPPF)			
Receivable from WPPF at the beginning of the year		(293)	(4,398)
Interest on funds utilised in the Company's business		10	-
Allocation for the current year	37	294,739	165,507
		294,456	161,109
Paid during the year		(289,717)	(161,402)
Payable to / (receivable from) WPPF at the end of the year		4,739	(293)

29.6 During the current year, the Honorable Supreme Court of Pakistan (SCP) declared the amendments made in WWF through Finance Acts as null and void. However, a review petition has been filed against the above order of SCP by the Federal Board of Revenue.

Accordingly, as a matter of prudence, the management of the subsidiaries, except TBPPL, has decided to make a provision of WWF for the current year till the date of SCP's decision and keep the provision of prior years in their financial statements without prejudice and without admitting liability, until the final verdict of the SCP on the review petition.

29.7 Other liabilities	2017	2016
	----- (Rupees in '000) ----	
Staff salaries	2,000	800
Tax deducted at source	4,365	1,202
Employees Old-Age Benefits Institution (EOBI)	4,345	753
Advances from customers	23,653	9,601
Payable to provident fund	234	179
Payable to retirement benefit fund	6,188	5,087
Provision for severance cost	2,927	622
Others	23,497	20,171
	67,209	38,415

	Note	2017	2016
		----- (Rupees in '000) ----	
30. SHORT-TERM RUNNING FINANCE - Secured			
Related party		5,473	-
Others		3,664	22,790
	30.1	9,137	22,790

30.1 Available limits of the running finance facilities amount to Rs. 2,698 million (2016: Rs. 2,638 million). The facilities carry mark-up ranges at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2016: 0.75% to 1.50%) 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 October 15, 2018.

31. DEFERRED INCOME

Represents license fee received in advance in respect of portion of its stores leased out and advertisement income.

	2017	2016
	----- (Rupees in '000) ----	
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. The SBLC is secured by way of mortgage over the property of the Holding Company.	2,175,690	2,138,947
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.	103,974	155,254
32.2 Commitments		
32.2.1 Letters of credit outstanding for raw material and spares.	755,157	1,350,969
32.2.2 Commitments in respect of capital expenditure	66,817	114,614
32.2.3 Commitments for rentals under Ijarah (lease) agreements		
Within one year	10,691	6,429
Later than one year but not later than five years	10,733	8,104
	21,424	14,533

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 21.423 million and are payable in monthly installments latest by April 2020. These commitments are secured by on-demand promissory notes of Rs. 32.290 million.

32.2.4 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:

	2017	2016
	----- (Rupees in '000) ----	
Not later than one year	78,561	89,716
Later than one year but not later than five years	414,939	372,861
Later than five years	2,051,160	2,446,799
	2,544,660	2,909,376

32.2.5 Commitment in respect of investment is disclosed in note 11.8 to these consolidated financial statements.

	Note	2017	2016
		----- (Rupees in '000) ----	
33. REVENUE - net			
Export sales	33.1	261,892	526,933
Local sales	33.2	20,396,500	18,742,697
		20,658,392	19,269,630
Less: Sales tax		2,706,236	2,583,985
Sales discount		2,463	1,089
Sales returns		-	12,229
		2,708,699	2,597,303
		17,949,693	16,672,327
Add: Service income		183,525	143,892
		18,133,218	16,816,219
Add: Duty drawback		3,685	7,479
Less: Freight assistance		-	594
		18,136,903	16,823,104

33.1 Export sales are stated net of export related freight and other expenses of Rs. 9.170 million (2016: Rs. 19.034 million).

33.2 Local sales are stated net of freight and other expenses of Rs. 76.028 million (2016: Rs. 54.308 million).

	Note	2017	2016
		----- (Rupees in '000) ----	
34. COST OF SALES			
Raw material consumed	34.1	11,994,271	11,025,212
Salaries, wages and benefits		1,170,571	921,766
Stores, spares and lubricants		157,485	140,557
Repairs and maintenance		137,298	94,089
Power and fuel		248,286	207,360
Rent, rates and taxes		6,161	2,974
Vehicle running and maintenance		8,989	9,371
Insurance		8,940	8,512
Communication		4,886	4,557
Travelling and conveyance		13,847	10,466
Entertainment		214	200
Printing and stationery		5,188	4,914
Legal and professional		2,856	1,396
Computer accessories		4,551	3,928
Royalty	29.4	182,702	191,879
Depreciation / amortisation	8.3	136,296	129,715
Amortisation	9.1	2,670	1,303
Research and development		7,644	6,217
Ijarah rentals		5,172	3,426
Others		4,871	1,073
		14,102,898	12,768,915
Work-in-process			
Opening		213,115	192,326
Closing		(156,863)	(213,115)
		56,252	(20,789)
Cost of goods manufactured		14,159,150	12,748,126
Finished goods			
Opening stock		479,128	450,246
Purchases		50,345	467,007
Sharing of cost under arrangement	1.2.3(b)	-	(23,991)
Stock destroyed		(1,181)	-
Closing stock		(520,378)	(484,028)
		7,914	409,234
		14,167,064	13,157,360

	Note	2017	2016
		----- (Rupees in '000) ----	
34.1 Raw material consumed			
Opening stock		1,651,970	1,494,319
Purchases		12,268,422	11,182,863
Closing stock		(1,926,121)	(1,651,970)
		11,994,271	11,025,212
35. DISTRIBUTION COSTS			
Salaries and benefits		61,633	58,793
Vehicle running expense		3,074	2,673
Utilities		1,735	2,100
Insurance		1,849	2,573
Rent, rates and taxes		8,339	8,877
Communication		2,021	1,640
Advertisement and publicity		9,053	5,574
Travelling and conveyance		5,833	5,695
Entertainment		227	208
Printing and stationery		330	253
Legal and professional		-	1
Computer accessories		473	379
Research and development		252	290
Depreciation / amortisation	8.3	1,393	1,343
Amortisation	9.1	23	23
Provision for doubtful debts	18.2	-	75,328
Repairs and maintenance		2,564	3,467
Export expenses		5,233	6,189
Provision for warranty claims	29.3	87,116	82,715
Ijarah rentals		813	559
Others		713	888
		192,674	**259,568**
36. ADMINISTRATIVE EXPENSES			
Salaries and benefits		726,056	600,317
Vehicle running expense		17,222	16,428
Printing and stationery		5,553	5,583
Rent, rates and taxes		105,066	102,135
Utilities		25,722	31,664
Insurance		2,547	4,785
Entertainment		3,698	4,548
Subscription		2,138	2,240
Communication		9,110	8,509
Advertisement and publicity		7,678	3,891
Repairs and maintenance		79,983	61,161
Travelling and conveyance		28,386	34,374
Legal and professional		78,699	50,768
Computer accessories		5,298	4,733
Auditors' remuneration	36.1	6,458	5,918
Depreciation / amortisation	8.3	33,722	36,208
Amortisation	9.1	2,663	2,444
Depreciation on investment property	10.1	248,187	252,875
Ijarah rentals		5,528	2,775
Charity and donations	36.2	74,182	48,590
Directors' Fee & meeting expenses		1,465	1,194
General contracted services		4,207	10,033
Severance cost		-	807
Municipal utility charges		32,801	-
Provision against unamortised advance rent	14.1	23,438	-
Others		9,214	5,653
Sharing of cost under arrangement	1.2.3(b)	-	(5,167)
		1,539,021	1,292,466

	2017	2016
	----- (Rupees in '000) ----	
36.1 Auditors' remuneration		
Audit fee	3,920	3,398
Half-yearly review	324	292
Taxation services	1,323	1,295
Other certifications	425	414
Out of pocket expenses	466	519
	6,458	5,918

36.2 Charity and donations

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

Name of doner	Address of donee	Name of directors/spouse	Note	2017	2016
				---- (Rupees in '000) ----	
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		17,807	12,063
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohammed Ali R. Habib - Trustee		8,500	3,000
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee		14,999	6,000
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President		36	61

37. OTHER CHARGES

	Note	2017	2016
Workers' profits participation fund	21.1	294,739	165,507
Workers' welfare fund		65,836	94,861
Operation fee to METRO Habib Cash & Carry Pakistan (Private) Limited		-	792,000
Impairment of operating fixed assets		-	249,785
Write off of property, plant and equipment		-	1,243
Others		-	5,000
		360,575	1,308,396

38. OTHER INCOME

	Note	2017	2016
		----- (Rupees in '000) ----	
Income from financial assets			
Dividend income			
Dynea Pakiatan Limited		2,042	2,042
Habib Sugar Mills Limited		5,134	4,667
Allied Bank Limited		1,318	1,273
Habib Bank Limited		912	912
GlaxosmithKline Pakistan Limited		10	7
		9,416	8,901
Interest on:			
Deposit accounts		45,656	47,431
Term deposit receipts		263,453	251,179
Musharika certificates		-	1,812
Government treasury bills		48,525	24,231
		357,634	324,653
Gain on revaluation/redemption of investments at fair value through profit and loss		141,378	42,587
Reversal of provision for doubtful debts		66,354	478
Liabilities no longer payable written back		2,928	33,210
Exchange gain - net		1,051	1,941
		578,761	411,770
Income from non financial assets			
Gain on disposal of operating fixed assets	8.4	231,837	412,026
Loss on disposal of investment property		-	(4,442)
Gain on disposal of associate - MHCCP	38.1	2,120,000	-
Rental income from investment properties	38.2	1,555,809	1,482,842
Licence fee, signage and others		2,673	13,105
Sale of scrap		8,607	10,698
Service income		-	2,514
Claim from suppliers		5,032	29,421
Advertising income		488	5,162
Commission income		106	2,158
Insurance claim		210	124
Sharing of cost under arrangement	1.2.3(b)	-	(2,093)
		3,924,762	1,951,515
		4,503,523	2,363,285

38.1 Represents gain on disposal of investment in MHCCP amounting to Rs.2,120 million (2016: Nil) as a consequence of exercising the put option as explained in note 11.5 to these consolidated financial statements.

38.2 Includes an amount of Rs. 1,412 million (2016: Rs. 1,351 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.

39. FINANCE COSTS

	2017	2016
	----- (Rupees in '000) ----	
Mark-up on short -term running finance:		
- Related party	47	1,216
- Others	152	81
	156	1,297
Workers' profit participation fund	10	-
Bank charges and guarantee commission	9,186	4,605
	9,348	5,902

40. TAXATION

	Note	2017	2016
		----- (Rupees in '000) ----	
Current		1,813,358	1,115,207
Prior		(34,436)	31,341
Deferred		38,900	(120,039)
	40.1	1,740,022	1,026,509

40.1 Relationship between income tax expense and accounting profit

	2017	2016
Profit before taxation and share of profit of associates	6,371,744	3,162,697
Tax at the rate of 25% - 31% (2016: 25% - 32%)	2,117,413	937,470
Super tax @ 3% of taxable income	179,299	128,171
	2,296,712	1,065,641
Tax effects of:		
Tax effect of inadmissible items	(153,292)	183,730
Income taxed at reduced rates, exempt or taxed under final tax regime	(368,962)	(254,203)
Prior years	(34,436)	31,341
	1,740,022	1,026,509

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:

	2017	2016
	----- (Rupees in '000) ----	
Profit after taxation attributable to the equity holders of the Holding Company	5,146,953	2,570,535
	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	63.52	31.72

42. CASH GENERATED FROM OPERATIONS

	Note	2017	2016
		----- (Rupees in '000) ----	
Profit before taxation		7,242,768	3,929,794
Adjustments for non-cash charges and other items:			
Depreciation and amortization		176,785	423,910
Amortisation of long-term prepayments		-	5,275
Write-off of long-term prepayments		23,438	
Net share in profit of associates and joint venture - after tax		(871,024)	(767,097)
Finance costs		9,348	5,427
Interest income		(357,634)	(327,251)
Liabilities no longer payable written back		(2,928)	(25,786)
Gain on revaluation / redemption of investments at fair value through profit and loss		(141,378)	(39,989)
Dividend income		(9,416)	(8,901)
(Reversal) / provision for doubtful debts		(66,354)	74,471
Provision for retirement benefits		2,088	2,905
Gain on disposal of investment in an associate - MHCCP		(2,120,000)	-
Impairment of operating fixed assets		-	249,785
Write off 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		(231,837)	(407,584)
		(3,588,912)	(21,592)
		3,653,856	(3,908,202)
(Increase) / decrease in current assets			
Stores, spares and loose tools		(17,324)	445
Stock-in-trade		(167,783)	(306,151)
Trade debts		20,005	87,658
Loans and advances		(17,927)	301,057
Trade deposits and short-term prepayments		(41,489)	(37,406)
Other receivables		578,881	80,790
Sales tax refundable		(32,477)	(24,672)
		321,886	(101,721)
Decrease in current liabilities			
Deferred income		297	(4,888)
Trade and other payables		549,819	(360,922)
		550,116	(365,810)
		4,525,858	3,644,113

43. CASH AND CASH EQUIVALENTS

	Note	2017	2016
Cash and bank balances	24	842,399	937,128
Short-term investments	22	6,708,246	5,086,998
Short-term running finance	30	(9,137)	(22,790)
		7,541,508	6,001,336

44. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances with related parties of the Group include 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 45 and elsewhere in these consolidated financial statements, are as follows:

Relationship	Nature of transactions	2017	2016
		------ Rupees in 000s ------	
Associates:	Sales	10,419,052	9,419,023
	Professional Services rendered	205,279	173,028
	Rental Income on properties	1,436,798	1,351,276
	Professional Services acquired	1,958	-
	Insurance premium	31,174	32,227
	Purchase of assets	16,109	9,833
	Sale of assets	-	40
	Purchase of goods	127,871	190,331
	Insurance claim received	3,016	228
	Mark-up and bank charges paid	2,917	4,048
	Profit received	224,269	285,443
	Supplies purchased	448,802	1,624
	Licence fee, signage and others	-	134
	Rent Paid	2,230	2,142
	Rent Received	30,268	22,066
	Service Fee	11,799	-
Employee benefit plans:	Contribution to provident fund	33,692	36,859
	Contribution to retirement benefit fund	2,750	3,202

45. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2017			2016		
	Chief executive	Director	Executives	Chief executive	Director	Executives
	---------- (Rupees in '000) ----------					
Managerial remuneration	28,601	-	571,539	26,091	-	397,710
Bonus	9,031	-	55,183	8,400		28,746
Group's contribution to provident fund	855	-	17,094	770	-	13,593
Group's contribution to retirement fund	-	-	4,899	-	-	4,050
Other perquisites	-	-	2,188	-	-	-
	38,487	-	650,903	35,261	-	444,099
Number of persons	1	6	156	1	6	122

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

45.2 Four non-executive directors (2016: Four) have been paid fees of Rs. 1,175,000 (2016: Rs. 1,175,000) for attending board meetings.

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

46. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
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)	55,000	55,000
Side frame (Sets)	55,000	55,000
Air cleaner (Sets)	110,000	110,000
Actual Production		
Jute (Metric Tons)	22,474	15,534
Auto air conditioners (Units)	77,363	82,560
Wire harness (Units)	131,263	128,578
Paper bags (Nos. 000s)	105,202	95,067
Alternator (Units)	53,669	57,529
Starter (Units)	53,380	57,609
Seat tracks (Sets)	49,824	52,620
Side frame (Sets)	53,080	57,810
Air cleaner (Sets)	38,626	45,667
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.

47. PROVIDENT FUND

	2017 (Unaudited)	2016 (Audited)
	----- (Rupees in '000) ----	
Size of the funds	622,279	559,668
Percentage of investments made	99.26%	98.62%
Fair value of investments	617,656	551,944
Cost of investments made	567,109	536,798

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

	2017 (Unaudited)		2016 (Audited)	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Government securities	137,950	22.17%	134,985	24.12%
Term finance certificates and Sukuks	73,737	11.85%	100,511	17.96%
Term deposit receipts, call deposits and musharika certificates	244,394	39.27%	160,782	28.73%
Listed securities and mutual fund units	161,575	25.97%	155,666	27.81%
	617,656	99.26%	551,944	98.62%

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

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 oversee 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.

Quality of financial assets

The credit quality of financial assets is analyzed as under:

	2017	2016
Trade debts	----- (Rupees in '000) ----	
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 271.982 million (2016: Rs. 335.737 million) receivable from related parties.]	952,070	836,374
Past due but not impaired		
- Less than 90 days [includes Rs. 8.590 million (2016: Rs. 14.065 million) receivable from related parties.]	107,066	181,468
- 91 to 180 days [includes Rs. 0.031 million (2016: 0.297 million) receivable from related parties.]	33,213	25,299
- 181 to 360 days [includes Nil (2016: Nil) receivable from related parties.]	2,514	5,373
	1,094,863	1,048,514
Bank balances		
Ratings		
A1+	779,493	917,668
A-1+	60,261	13,915
A1*	44	24
P-1**	163	146
	839,961	931,753

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

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

	2017	2016
Short-term investments		
Ratings		
A1+	4,802,660	2,597,218
A-1+	2,030,313	2,780,580
AM2+	176,488	-
AA(f)	1,847,097	-
AM1	1,633,557	-
AM2++	20,058	-
AAA	-	21,132
AAA(f)	-	175,051
AA	-	20,930
	10,510,173	5,594,911

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

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, 2017	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	-----	-----	(Rupees in '000)	-----	-----
Long-term deposit	-	-	-	316,762	316,762
Trade and other payable	2,343,765	-	-	-	2,343,765
Short-term running finance	9,137	-	-	-	9,137
Accrued markup	1	-	-	-	1
	2,352,903	-	-	316,762	2,669,665

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 payables	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

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:

	2017	2016
Trade receivables (USD)	15,458	107,959
Trade receivables (AED)	-	1,568,568
Trade and other payables (USD)	37,714	175,102
Trade and other payables (JPY)	3,197	8,002
Trade and other payables (CHF)	10	-
Trade and other payables (EUR)	113,146	-
Total AED - receivable	-	1,568,568
Total USD - payable	22,256	67,143
Total JPY - payable	3,197	8,002
Total CHF - payable	113,146	-
Total EUR - payable		

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

	2017	2016
USD	104.85	104.70
EUR	119.63	-
AED	-	28.51
SAR	-	27.92
JPY	0.94	1.02
CHF	109.41	106.85

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, SAR, JPY,CHFs rate	Effect on profit or (loss) before tax	Effect on equity
	%	------ (Rupees in '000) ------	
2017	+ 10	(1,587)	(1,154)
	- 10	1,587	1,154
2016	+ 10	3,768	2,784
	- 10	(3,768)	(2,784)

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 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
2017		
KIBOR	+ 100	(7,323)
KIBOR	- 100	7,323
2016		
KIBOR	+ 100	8,133
KIBOR	- 100	(8,133)

48.5 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.

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.

50. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 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 (level1);
- 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
2017	------------------ (Rupees in '000)			---------------------
Assets				
- Available for sale investments	198,573	-	-	198,573
- Short-term investments	3,677,200	-	-	3,677,200

	Level 1	Level 2	Level 3	Total
2016	------------------ (Rupees in '000)			---------------------
- Available for sale investments	136,556	-	-	136,556
- Short-term investments	217,113	-	-	217,113

There were no transfers amongst levels during the year.

51. OPERATING SEGMENTS

51.1 Segment analysis

	2017					2016				
	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total
	(Rupees in '000)					(Rupees in '000)				
Sales revenue	12,189,639	5,709,716	365,128	(127,580)	18,136,903	11,375,915	4,732,080	898,478	(183,369)	16,823,104
Segment result	2,932,623	702,390	987,382	-	4,622,395	2,716,441	566,759	926,590	-	4,209,790
Unallocated (expenses) / income:										
Administrative and distribution costs					(831,045)					(632,935)
Other charges					(360,575)					(1,308,396)
Other income					2,950,317					900,140
Operating profit					6,381,092					3,168,599
Finance cost					(9,348)					(5,902)
Share in profit of associates					871,024					767,097
Taxation					(1,740,022)					(1,026,509)
					5,502,746					2,903,285
Segment assets	2,871,906	3,058,008	11,164,195	(1,373,122)	15,720,987	2,609,379	2,599,175	10,059,955	(1,481,758)	13,786,751
Corporate assets					11,645,739					8,212,725
Unallocated assets					278,857					480,606
					27,645,583					22,480,082
Segment liabilities	1,223,003	637,997	617,035	-	2,478,035	964,944	375,306	602,431	-	1,942,681
Corporate liabilities					198,656					163,558
Unallocated liabilities					-					-
					2,676,691					2,106,239

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.

51.2 Geographical Information of customers

Revenues from customers (Country wise)	2017	2016
	----- (Rupees in '000) ----	
Pakistan	17,871,511	16,289,643
Afghanistan	23,103	75,299
UAE	35,835	51,657
Bangladesh	7,412	12,643
Uzbekistan	-	120,189
Italy	40,588	35,836
Iraq	-	29,014
Australia	16,447	18,849
Kuwait	48,281	5,983
Saudi Arabia	3,300	3,902
Others	90,426	180,089
	18,136,903	16,823,104

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%.

52. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 29, 2017 has approved the following:

(i) transfer of Rs. 2,366 million from unappropriated profit to general reserve; and

(ii) payment of cash dividend of Rs. 16 per share for the year ended June 30, 2017 for approval of the members at the Annual General Meeting to be held on October 09, 2017.

53. GENERAL

53.1 The number of employees as at June 30, 2017 was 4,283 (2016: 3,911) and average number of employees during the year was 4,050 (2016: 3,961).

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 29, 2017 by the Board of Directors of the Holding Company.

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER