



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. GENERAL INFORMATION

- 1.1** Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public limited company under Companies Ordinance 1984. The shares of the Company are listed at Karachi Stock Exchange with effect from December 12, 2005. The registered office of the company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the manufacturing plant is located at Winder Industrial Estate in the province of Balochistan. The principal activity of the company is manufacturing and sale of tin plates and other steel products.
- 1.2** The financial statements are presented in Pak. Rupee which is the company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

2.2 Adoption of new International Financial Reporting Standards

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after July 1, 2007 are either not relevant to the Company's operation or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases: -

IAS 27 - (Revised) Consolidated and Separate Financial Statements	Effective from accounting period beginning on or after July 01, 2009
IAS 29 - Financial Reporting in Hyperinflationary Economics	Effective from accounting period beginning on or after April 28, 2008
IFRS 7 - Financial Instruments: Disclosures	Effective from accounting period beginning on or after April 28, 2008
IFRS 8 - Operating Segments	Effective from accounting period beginning on or after January 01, 2009
IFRIC 12 - Services concession arrangements	Effective from accounting period beginning on after January 01, 2008
IFRIC 13 - Customer loyalty program	Effective from accounting period beginning on or after July 01, 2008
IFRIC 14 - IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective from accounting period beginning on after January 01, 2008



2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention modified by: -

- certain financial instruments at fair value
- recognition of certain employees retirement benefits at present value

The principal accounting policies adopted are set out below.

2.4 Employee benefit cost

Defined Contribution Plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made both by the company and its employees at the rate of 10% per annum of the basic salary plus cost of living allowance. The Company's contribution to the fund is charged to profit and loss account for the year.

Compensated Absences

The Company provides for compensated absences for all eligible employees on unavailed balance of leave in the period in which the leaves is earned.

2.5 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 billed to the Company or not.

2.6 Provisions

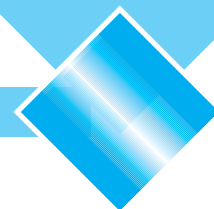
Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed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

2.7 Property, plant and equipment

Company owned

Property, plant and equipment except land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Land and capital work-in-progress are stated at cost less impairment in values, if any.

Assets residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.



Depreciation is charged using reducing balance method over its estimated useful life at the rates specified in note 3.1. Depreciation is charged from the month of acquisition and up to the month preceding the month of disposal respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains or losses on disposal of property, plant and equipment, if any, are recognized as and when increased, to profit and loss account.

Capital work in progress

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

2.8 Stores, spares and loose tools

These are valued at the cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto balance sheet date.

2.9 Stock in trade

Stock-in-trade are valued at the lower of cost and net realizable value on the following basis: -

Raw Material	At weighted average cost
Raw material in transit	At cost accumulated upto the date of balance sheet
Finished goods	At average manufacturing cost
Waste	At net realizable value

Average cost signifies, in relation to finished goods, the average manufacturing cost including related direct overheads.

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale.

2.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short-term running finance under mark-up arrangements.



2.12 Impairment

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, if any, may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.13 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.15 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales of goods are recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Capital gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which the transaction takes place.



Unrealised capital gain / (losses) arising on mark to market of investment classified as 'financial assets at fair value through profit and loss - held for trading' are included in the Income Statement in the year in which they arise.

2.16 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any, or minimum taxation at the rate of one- half percent of the turnover whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

2.17 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognised using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Financial assets at fair value through profit or loss

There are investments designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

Available for sale investments

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using effective interest rate method.

**Derecognition**

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.18 Foreign Currencies

Transactions in currencies other than Pak. Rupees are recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in net profit or loss for the period.

2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.20 Dividend and other appropriations

The Dividend is recognized as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the year in which such appropriations are made.

2.21 Related party transactions

Transaction with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.22 Critical accounting estimates

The estimates and underlying assumption are reviewed on ongoing basis. Revision to accounting estimates are recognized in the period in which estimates are revised.

2.23 Critical judgments in applying the company's accounting policies

In the process of applying the company's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below).

Contingencies

As described in note 18.1 of these financial statements, management considers that the company is not likely to incur further liabilities mentioned there in.



2.24 Key sources of estimating uncertainty

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful debts and slow moving inventory. However, significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Notes	2008 Rupees	2007 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	829,556,549	868,580,906
Capital work in progress	3.4	13,998,745	8,180,357
		<u>843,555,294</u>	<u>876,761,263</u>

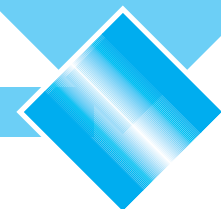


3.1 Operating fixed assets

Company owned	Cost at July 01, 2007	Additions /transfers (disposals)	Cost at June 30, 2008	Depreciation /			Dep. Rate %
				Accumulated depreciation at July 01, 2007	Accumulated depreciation at June 30, 2008	Carrying value at June 30, 2008	
Leasehold land	7,533,750	-	7,533,750	-	-	7,533,750	
Buildings on leasehold land	130,006,832	-	130,006,832	71,767,827	5,823,901	52,415,104	10
Plant and machinery	989,954,747	1,000,000	990,954,747	274,091,101	28,654,549	688,209,097	4
Power and other installations	87,828,425	-	87,828,425	32,870,708	5,495,771	49,461,946	10
Factory equipment	13,908,763	204,670	14,113,433	7,447,254	325,416	6,340,763	10
Generators	13,138,548	100,000	13,238,548	7,777,338	541,120	4,920,090	10
Office equipment	5,859,526	-	5,859,526	1,836,727	402,280	3,620,519	10
Data processing equipment	1,933,124	797,793	2,730,917	1,139,865	377,053	1,213,999	33.33
Furniture and fixtures	2,380,578	94,050	2,474,628	1,403,074	429,804	641,750	10
Vehicles	26,826,665	4,801,540 (2,123,050)	29,505,155 (850,115)	12,456,158	2,699,581 (850,115)	15,199,531	20
	1,279,370,958	6,998,053 (2,123,050)	1,284,245,961 (850,115)	410,790,052	44,749,475 (850,115)	829,556,549	

For comparative period

	Cost at July 01, 2006 Restated	Additions/ transfers (disposals)	Cost at June 30, 2007	Accumulated depreciation at July 01, 2006 Restated	Depreciation/ (accumulated depreciation on disposal) for the year	Accumulated depreciation at June 30, 2007	Carrying value at June 30, 2007	Dep. Rate %
Company owned								
Leasehold land	7,533,750	-	7,533,750	-	-	-	7,533,750	
Buildings on leasehold land	130,006,832	-	130,006,832	65,296,827	6,471,000	71,767,827	58,239,005	10
Plant and machinery	989,799,747	155,000	989,954,747	244,267,216	29,823,885	274,091,101	715,863,646	4
Power and other installations	90,098,633	675,247	87,828,425	26,774,537	6,341,626	32,870,708	54,957,717	10
Factory equipment	13,843,455	(2,945,455)	13,908,763	6,733,542	713,712	7,447,254	6,461,509	10
Generators	65,692,738	-	13,138,548	34,522,917	2,119,548	7,777,338	5,361,210	10
Office equipment	3,534,826	(52,554,190)	2,324,700	1,514,728	(28,865,127)	1,836,727	4,022,799	10
Data processing equipment	1,646,086	287,038	1,933,124	825,575	314,290	1,139,865	793,259	33.33
Furniture and fixtures	2,380,578	-	2,380,578	1,294,462	108,612	1,403,074	977,504	10
Vehicles	24,823,377	4,797,188	26,826,665	10,797,893	3,191,647	12,456,158	14,370,507	20
		(2,793,900)			(1,533,382)			
2007	1,329,360,022	8,304,481	1,279,370,958	392,027,697	49,406,319	410,790,052	868,580,906	
		(58,293,545)		(30,643,964)				

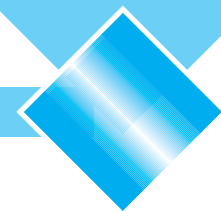


3.2 Allocation of depreciation	Notes	2008 Rupees	2007 Rupees
Cost of goods sold	20.1	40,840,757	45,469,772
Administration expenses	23	3,908,718	3,936,547
		<u>44,749,475</u>	<u>49,406,319</u>

3.3 The following assets were disposed off during the year:

Depreciation	Cost	Accumulated Depreciation	Written Down value	Sale proceed	Mode of disposal	Particulars of Buyer
	-----Rupees-----					
Vehicle	1,381,000	386,680	994,320	1,200,000	Insurance Claim	Adamjee Insurance Company Limited Karachi.
Vehicle	742,050	463,435	278,615	506,880	Final Settlement	Muhammad Naseem-ul- Haq, FL# E-02, Usman Plaza, Block-3 Gulshan-e- Iqbal, Karachi - Employee
	2008	<u>2,123,050</u>	<u>850,115</u>	<u>1,272,935</u>	<u>1,706,880</u>	
	2007	<u>58,293,545</u>	<u>30,643,964</u>	<u>27,649,581</u>	<u>20,762,500</u>	

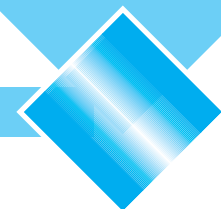
	Notes	2008 Rupees	2007 Rupees
3.4 Capital work in progress			
Machinery and equipment		3,877,924	3,872,585
Civil work		2,074,022	2,074,022
Advance for capital expenditure		8,046,799	2,233,750
		<u>13,998,745</u>	<u>8,180,357</u>
4. LONG TERM DEPOSITS			
For electricity		7,179,250	7,179,250
Others		367,405	67,405
		<u>7,546,655</u>	<u>7,246,655</u>
5. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		23,370,755	16,593,536
Less: Provision for slow-moving and obsolete items	5.1	(8,814,373)	(8,814,373)
		<u>14,556,382</u>	<u>7,779,163</u>
5.1 Provision for slow moving and obsolete items			
Balance at July 1, 2007		8,814,373	8,225,791
Charge for the year		-	588,582
Balance at June 30, 2008		<u>8,814,373</u>	<u>8,814,373</u>
6. STOCK-IN-TRADE			
Raw materials		563,860,252	157,042,403
(including in transit Rs.180,627,492/- (2007 : Rs.103,130,191/-))			
Finished goods		467,956,962	2,109,058
		<u>1,031,817,214</u>	<u>159,151,461</u>



	Notes	2008 Rupees	2007 Rupees
7. TRADE DEBTS			
Secured- Considered good	7.1	92,580,776	230,042,690
Unsecured-considered good		214,066,150	471,970,543
Unsecured-considered doubtful		3,821,064	3,108,639
Less: Provision for doubtful debts	7.2	(3,821,064)	(3,108,639)
		214,066,150	471,970,543
		<u>306,646,926</u>	<u>702,013,233</u>
7.1	These are secured against local LC maturing within 45 to 120 days.		
7.2 Provision for doubtful debts			
Balance at July 1, 2007		3,108,639	3,707,754
Charge for the year		1,266,523	713,307
Written off during the year		(554,098)	(1,312,422)
Balance at June 30, 2008		<u>3,821,064</u>	<u>3,108,639</u>
8. LOANS AND ADVANCES			
- Considered good			
Loan to employees	8.1	1,828,578	1,621,543
Advances to suppliers		8,614,931	826,573
Advance against expenses		1,008,849	2,346,990
Advance income tax		117,545,474	91,501,613
Letters of credit fee and expenses		3,339,426	550,281
L/C's margin	8.2	148,097,841	-
		<u>280,435,099</u>	<u>96,847,000</u>

8.1 Interest free loans are given to eligible employees as per terms of employment, which are secured against their provident fund balances and are collected through monthly deductions from salary.

8.2 This represent margin paid against the import of raw material @ 35% of import value as per the requirement of State Bank of Pakistan.



	Notes	2008 Rupees	2007 Rupees
9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		9,458,330	5,478,330
Short term prepayments		334,912	1,021,389
		<u>9,793,242</u>	<u>6,499,719</u>
10. OTHER RECEIVABLES			
- Considered good			
Receivable against sale of securities - net		7,947,237	-
Quality claim	10.1	4,480,190	7,840,875
Others	10.2	2,194,334	-
		<u>14,621,761</u>	<u>7,840,875</u>

10.1 This amount includes Rs. 2.4 million (2007: 5.6 million) receivable from a related party M/s Arcelor Packages International, France.

10.2 This represents receivable from Karachi Electric Supply Corporation for excess billing during the year which will be adjusted in next months bills.

11. OTHER FINANCIAL ASSETS

Investments

- Financial assets at fair value through profit and loss.

In quoted companies

Ordinary shares of Rs. 10/- each

2007		2008		-----Market Value-----	
-----No. of shares-----				2008 Rupees	2007 Rupees
Held in ready market					
-	857,800	National Bank of Pakistan	126,525,500	-	-
-	1,161,000	Fauji Fertilizer Bin Qasim Limited	41,761,170	-	-
-	375,500	Pakistan Telecommunication Company Limited	14,509,320	-	-
-	20,000	Habib Bank Limited	4,172,600	-	-
-	40,900	Century Paper & Board Mills Limited	2,045,000	-	-
-	35,000	Artistic Denim Mills Limited	1,489,950	-	-
-	699,000	Arif Habib Bank Limited	13,406,820	-	-
-	100,000	JS Bank Limited	1,374,000	-	-
			<u>205,284,360</u>	-	-
Held in future market					
-	25,000	National Bank of Pakistan	3,687,500	-	-
-	35,000	Pakistan Telecommunication Company Limited	1,352,400	-	-
			<u>210,324,260</u>	-	-



	Notes	2008 Rupees	2007 Rupees
12. CASH AND BANK BALANCES			
Cash in hand		127,028	112,771
Cash at banks on:			
Current accounts			
Local currency		186,386,137	86,518,466
Foreign currency		25,390	25,390
PLS saving accounts	12.1 & 12.2	62,257,348	276,725,069
Term deposit accounts	12.3	10,053,507	-
		<u>258,849,410</u>	<u>363,381,696</u>

12.1 This include Rs.26.25 million (2007 : Rs.15 million) in respect of 35% margin (2007 : 25%) against guarantee issued by a banking company to Excise and Taxation Department.

12.2 Effective mark-up rate in respect of saving accounts, range from 3% to 7.75% (2007 : 3% and 9 %) per annum.

12.3 Effective mark-up rate in respect of term deposit accounts range from 9% to 10.35% (2007 : NIL) per annum.

13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of Shares

2008 2007

47,351,200	47,351,200	Ordinary shares of Rs10/-each fully paid in cash	473,512,000	473,512,000
31,168,927	31,168,927	Issued as bonus shares	311,689,270	311,689,270
<u>78,520,127</u>	<u>78,520,127</u>		<u>785,201,270</u>	<u>785,201,270</u>

13.1

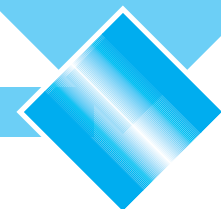
Movement during the year:

13.1	At the beginning of the year		785,201,270	713,819,340
	Add: Issued during the year as fully paid bonus shares		-	71,381,930
	At the end of the year		<u>785,201,270</u>	<u>785,201,270</u>

13.2 An associated undertaking, Siddiqsons Denim Mills Limited held 4,941,167 (2007 : 4,941,167) ordinary shares at the year end.

13.3 The company has one class of ordinary shares which carry no right to fixed income.

13.4 The company has no reserved shares under options and sales contracts.



	Notes	2008 Rupees	2007 Rupees
14. TRADE AND OTHER PAYABLES			
Creditors		10,359,315	10,798,636
Accrued charges		1,799,799	2,023,711
Advance from customers		10,081,904	18,176,799
Payable to Employees Provident Fund		217,593	92,644
Workers' Profit Participation Fund	14.1	10,813,299	15,135,630
Workers' Welfare Fund		9,338,829	5,429,107
Withholding tax payable		114,100	273,887
Unclaimed dividend		770,608	281,934
Others		1,106,637	2,230,705
		<u>44,602,084</u>	<u>54,443,053</u>
14.1 Workers' profit participation fund			
Balance as at July 01, 2007		15,135,630	28,901,537
Interest on funds utilized in the Company's business	14.1.1	664,757	806,080
		<u>15,800,387</u>	<u>29,707,617</u>
Payment made to the Fund during the year		(14,761,394)	(28,901,537)
		<u>1,038,993</u>	<u>806,080</u>
Allocation for the year		9,774,306	14,329,550
Balance as at June 30,2008		<u>10,813,299</u>	<u>15,135,630</u>
14.1.1 Interest on Fund is charged @13.14% (2007: 15%) per annum.			
15. INTEREST/ MARK UP ACCRUED			
Short term borrowings		<u>16,471,566</u>	<u>8,133,674</u>
16. SHORT-TERM BORROWINGS			
<i>Secured</i>			
From banking companies			
Finance against imports	16.2	667,037,354	474,325,701
Running finance under markup arrangements	16.3	443,740,601	-
Book overdraft	16.4	4,763,384	-
<i>Unsecured</i>			
From related party	16.5	5,600,000	-
		<u>1,121,141,339</u>	<u>474,325,701</u>



- 16.1** The aggregate unavailed short term borrowing facilities amounts to Rs.2,949.23 million (2007 : Rs.3,783.68 million) as of the balance sheet date.
- 16.2** This represent facilities obtained from banking companies for the purpose of imports and are secured against hypothecation of stock in trade, stores and spares, trade debts and present and future current assets of the company and import documents and subject to mark-up based on LIBOR ranging between 4.22% to 7.75% (2007: 5.8% to 6.5%) per annum payable on maturity.
- 16.3** It is secured against the hypothecation of stock, stores and spares, trade debts and present and future current assets of the company and subject to the mark-up ranging between 10.03% to 10.64% (2007: 5.6% to 11.8%) per annum payable on demand.
- 16.4** This represents cheques issued in excess of bank balance which were cleared subsequently.
- 16.5** During the year company has borrowed from Worker's Profit Participation Fund (related party) for their working capital needs. Markup @ 13.14% per annum is payable on demand.

	2008 Rupees	2007 Rupees
17. PROVISION FOR INCOME TAX		
Income tax	<u>80,245,630</u>	<u>68,256,156</u>

- 17.1** For the assessment year 2002-2003, a reference application has been admitted by the Income Tax Appellate Tribunal (ITAT) for filing petition before Honorable High Court of Sindh against the levy of tax under section 80D of the Income Tax Ordinance, 1979 (the repealed Ordinance) since the Company is enjoying exemption under clause 126 of part 1 of the second schedule of the Income Tax Ordinance, 2001 (clause 126C of Second Schedule to the repealed Ordinance). For the Tax year 2005 appeal is filed before CIT (A) against the levy of tax u/s113 of the Income Tax Ordinance, 2001. The management is confident that the outcome will be in the favour of the company; however as a matter of prudence full provision has been made in the financial statements.

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

Excise and tax department has levied Sindh Development and Infrastructure Fee and Duty on imports made by the Company, which are not acknowledged. The case is pending in the Sindh High Court. A bank guarantee has been issued as per the order of the High Court. Management is confident of favourable outcome.

	<u>75,000,000</u>	<u>60,000,000</u>
18.2 Commitment		
Letters of credit for raw material imports	<u>425,849,848</u>	<u>209,768,126</u>



	Notes	2008 Rupees	2007 Rupees
19. SALES - NET			
Sales - Tinplate		2,818,542,219	3,345,920,589
- Side cuts, end cuts, damaged cuts, etc.		103,883,972	164,333,118
		<u>2,922,426,191</u>	<u>3,510,253,707</u>
Less : Commission and discount		(48,483,293)	(55,761,351)
Sales returns		(103,362,927)	(70,513,897)
Sales tax	19.1	(373,044,333)	-
		<u>(524,890,553)</u>	<u>(126,275,248)</u>
		<u>2,397,535,638</u>	<u>3,383,978,459</u>

19.1 Sales tax @ 15% has been imposed on the sales of tin plate and steel material from July 01, 2007.

	Notes	2008 Rupees	2007 Rupees
20. COST OF GOODS SOLD			
Cost of goods manufactured	20.1	2,481,679,264	2,209,164,912
Finished stocks			
Opening stock		2,109,058	768,609,023
Purchase of finished goods		8,915,040	-
Closing Stock		(467,956,962)	(2,109,058)
		<u>(456,932,864)</u>	<u>766,499,965</u>
		<u>2,024,746,400</u>	<u>2,975,664,877</u>

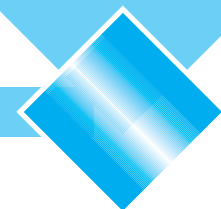
20.1 Cost of good manufactured

Raw materials consumed	20.1.1	2,296,937,599	2,017,944,632
Packing materials		10,717,910	12,113,720
Salaries, wages and benefits	20.1.2	45,770,001	38,459,680
Fuel and power		65,677,854	68,838,934
Stores and spares consumed		5,021,537	4,257,615
Sorting, slitting and cutting charges		3,422,744	4,531,129
Rent, rates and taxes		56,400	786,700
Repair and maintenance		4,484,429	8,123,343
Printing and stationery		703,871	314,663
Fees and subscription		111,040	107,450
Insurance		2,746,697	3,199,375
Communication		326,878	376,527
Traveling and conveyance		2,382,201	1,704,649
Transportation		527,797	604,932
Entertainment		70,580	59,381
Depreciation	3.2	40,840,757	45,469,772
Other manufacturing expenses		1,880,969	2,272,410
		<u>2,481,679,264</u>	<u>2,209,164,912</u>

20.1.1 Raw material consumed

Opening stock		53,912,212	217,664,867
Purchase and purchase expenses		2,626,258,147	1,854,191,977
		<u>2,680,170,359</u>	<u>2,071,856,844</u>
Closing stock		(383,232,760)	(53,912,212)
		<u>2,296,937,599</u>	<u>2,017,944,632</u>

20.1.2 This includes employees' retirement benefits amounting to Rs.990,002/- (2007 : Rs.963,644/



	Note	2008 Rupees	2007 Rupees
21. OTHER OPERATING (LOSS) / INCOME			
Income from financial assets			
Profit on bank deposits		16,762,073	1,907,220
Profit on investment in continuous funding system		722,580	-
Dividend income		518,850	-
Gain on sale of investments		33,630,290	-
Loss on remeasurement of investment at market value		(64,887,785)	-
Income from assets other than financial assets			
Scrap sales		215,379	10,000
Others		65,000	-
		<u>(12,973,613)</u>	<u>1,917,220</u>
22. DISTRIBUTION COST			
Salaries, wages and benefits	22.1	6,593,234	6,264,467
Traveling		941,253	711,033
Advertisement		907,090	795,835
Sales promotion		1,141,124	1,166,767
Others		2,621,592	6,576,697
		<u>12,204,293</u>	<u>15,514,799</u>
22.1	This includes employees' retirement benefits amounting to Rs.358,926/- (2007 : Rs.353,621/-).		
23. ADMINISTRATIVE EXPENSES			
Salaries wages and benefits	23.1	22,205,320	17,556,915
Repair and maintenance		1,586,964	1,628,922
Insurance		1,455,622	1,863,141
Rent, rates and taxes		424,798	427,298
Printing and stationery		838,893	734,221
Communication		2,356,028	2,111,198
Fees and subscription		555,109	1,971,636
Entertainment		485,063	743,906
Auditors' remuneration	23.2	1,070,000	1,076,500
Traveling and conveyance		2,087,033	1,946,595
Legal and professional		1,388,883	3,869,310
Vehicle running and maintenance		3,593,673	3,293,794
Provision for doubtful recoveries		1,266,523	713,307
Provision for slow moving stores		-	588,582
Balances written off		2,297,044	-
Charity and donations	23.3	791,835	250,000
Depreciation	3.2	3,908,718	3,936,547
Others		264,962	594,476
		<u>46,576,468</u>	<u>43,306,348</u>
23.1	This includes employees' retirement benefits amounting to Rs.660,404/- (2007 : Rs.671,970/-).		



23.2 Auditor's remuneration	Note	2008 Rupees	2007 Rupees
Audit fee		350,000	350,000
Other remuneration as auditor			
Half yearly accounts review fee		150,000	150,000
Code of Corporate governance Compliance review fee		30,000	30,000
CDC certification fee		10,000	5,000
Out of pocket expenses		55,000	30,000
Other services			
Tax and other services		475,000	511,500
		<u>1,070,000</u>	<u>1,076,500</u>
23.3	None of the Director or his spouse has any interest in the donees' fund.		
24. OTHER OPERATING EXPENSES			
(Gain) / Loss on sale of property plant and equipment-net		(433,945)	6,887,082
Workers Profit Participation Fund	14.1	9,774,306	14,329,550
Workers' Welfare Fund		3,909,722	5,429,107
Exchange loss / (gain)		47,185,771	(3,485,547)
		<u>60,435,854</u>	<u>23,160,192</u>
25. FINANCE COST			
Interest / mark-up on:			
Short-term borrowings		51,007,734	48,655,687
Interest on workers' profit participation fund		664,757	806,080
Bank charges, exchange cover fee and guarantee commission		7,789,189	12,761,431
		<u>59,461,680</u>	<u>62,223,198</u>
26. PROVISION FOR TAXATION			
Current year	26.1	11,989,474	16,929,398
Deferred	26.2	-	-
		<u>11,989,474</u>	<u>16,929,398</u>
26.1 Current			

The income of the company is exempt from tax up to June 2009 under clause 126 of the Second Schedule to the Income Tax Ordinance, 2001. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001.



26.2 Deferred

As the Company is entitled to tax exemption under clause 126 of the Second Schedule to the Income Tax Ordinance, 2001, no accelerated tax depreciation has been claimed and no other material timing difference has arisen.

27. EARNINGS PER SHARE -Basic and diluted

There is no dilutive effect of the basic earnings per share of the Company, which is computed as under:

	2008 Rupees	2007 Rupees
Profit for the year (Rupees)	<u><u>169,147,856</u></u>	<u><u>249,096,867</u></u>
Weighted average number of ordinary shares outstanding at the year end	<u><u>78,520,127</u></u>	<u><u>78,520,127</u></u>
Earnings per share (Rupees)	<u><u>2.15</u></u>	<u><u>3.17</u></u>

28. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of directors and key management personnel is disclosed in note 28. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of Transactions	2008 Rupees	2007 Rupees
Associated Company	Sale of goods and services	-	<u><u>12,970,872</u></u>
	Purchase of goods and services	<u><u>59,732,808</u></u>	<u><u>-</u></u>
	Purchase of property, plant and equipment	<u><u>1,000,000</u></u>	<u><u>-</u></u>
	Sale of property, plant and equipment	-	<u><u>1,000,000</u></u>
	Reimbursable expenses paid	<u><u>870,764</u></u>	<u><u>-</u></u>
	Payment of dividend	<u><u>6,698,048</u></u>	<u><u>4,491,970</u></u>
	Issue of bonus shares	-	<u><u>4,491,970</u></u>
Key management personnel	Short-term employee benefits	<u><u>14,228,658</u></u>	<u><u>7,453,219</u></u>
	Post-employment benefits	<u><u>529,884</u></u>	<u><u>614,453</u></u>
Other related parties	Short term borrowings obtained / (repaid) from WPPF - net	<u><u>5,600,000</u></u>	<u><u>-</u></u>
	Markup on borrowing from WPPF	<u><u>5,679,576</u></u>	<u><u>-</u></u>



**29 REMUNERATION OF CHIEF EXECUTIVE,
DIRECTORS AND EXECUTIVES**

	Chief Executive	Directors	Executives	Total 2008	Total 2007
	-----Rupees '000-----				
Remuneration	1,800,000	2,140,000	4,372,159	8,312,159	7,690,415
House rent	720,000	856,000	1,748,864	3,324,864	3,076,166
Bonus	-	115,000	391,669	506,669	1,399,450
Retirement benefits	-	92,668	437,216	529,884	589,013
Vehicle running	-	433,811	819,939	1,253,750	1,483,135
Utilities	180,000	214,000	437,216	831,216	769,041
	<u>2,700,000</u>	<u>3,851,479</u>	<u>8,207,063</u>	<u>14,758,542</u>	<u>15,007,220</u>
Number of persons	<u>1</u>	<u>2</u>	<u>7</u>		

29.1 In addition, the chief executive, directors and some executives are provided with free use of Company maintained cars.

30. FINANCIAL INSTRUMENTS

30.1 Interest / rate risk

Interest / rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The effective interest/mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	Interest/bearing		Maturity		Non interest/bearing		Maturity after		2008		2007	
	Maturity upto one year	Maturity after one year but within five years	upto one year	after five years	one year but within five years	Sub Total	after five years	Sub Total	Total	Total	Total	
-----Rupees '000-----												
Financial assets:												
Long-term deposits	-	-	-	-	7,546,655	7,546,655	-	-	7,546,655	7,546,655	-	7,246,655
Trade debts	-	-	306,646,926	-	-	306,646,926	-	-	306,646,926	306,646,926	-	702,013,233
Loans and advances	-	-	1,828,578	-	-	1,828,578	-	-	1,828,578	1,828,578	-	1,621,543
Other receivables	-	-	14,621,761	-	-	14,621,761	-	-	14,621,761	14,621,761	-	7,840,875
Trade deposits	-	-	9,458,330	-	-	9,458,330	-	-	9,458,330	9,458,330	-	5,478,330
Other financial assets	-	-	210,324,260	-	-	210,324,260	-	-	210,324,260	210,324,260	-	-
Cash and bank balances	72,310,855	-	186,538,555	-	-	258,849,410	-	-	258,849,410	258,849,410	-	363,381,696
	72,310,855	-	72,310,855	-	7,546,655	736,965,065	-	-	809,275,920	809,275,920	-	1,087,582,332
Financial liabilities:												
Trade and other payables	-	-	14,368,052	-	-	14,368,052	-	-	14,368,052	14,368,052	-	15,701,517
Interest /markup accrued	-	-	16,471,566	-	-	16,471,566	-	-	16,471,566	16,471,566	-	8,133,674
Short-term borrowings	1,121,141,339	-	-	-	-	1,121,141,339	-	-	1,121,141,339	1,121,141,339	-	474,325,701
	1,121,141,339	-	30,839,618	-	-	30,839,618	-	-	1,151,980,957	1,151,980,957	-	498,160,892
Off balance sheet items:												
Letters of credit	-	-	425,849,848	-	-	425,849,848	-	-	425,849,848	425,849,848	-	209,768,126



30.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.809,275,920/- (2007 : Rs.1,087,582,332/-), the financial assets which are subject to credit risk amounted to Rs.550,426,510/- (2007 : Rs.724,200,636/-). The company believe that it is not exposed to major concentration of credit risk. The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

30.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

30.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions involving the foreign currencies. As at June 30, 2008, the total foreign currency risk exposure was Rs.667,037,354/- (2007 : Rs.474,325,701/-) in respect of short term borrowings.

30.5 Fair value of financial instruments

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

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

31. CAPITAL DISCLOSURE

The company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- During the current year, the company has changed its strategy and increased its debt-to-adjusted capital ratio to 38%. The debt-to-adjusted capital ratios at June 30, 2008 and June 30, 2007 were as follows:

	Note	2008 Rupees	2007 Rupees
Total debt		1,121,141,339	474,325,701
Less: Cash and cash equivalents		<u>189,654,575</u>	<u>(363,381,696)</u>
Net debt		1,310,795,914	110,944,005
Total equity		1,673,936,981	1,622,569,315
Adjusted capital		<u>2,984,732,895</u>	<u>1,733,513,320</u>
Debt-to-adjusted capital ratio		0.38	0.27

The increase in the debt-to-adjusted capital ratio during the year ended June30, 2008 resulted primarily from the increase in net debt.

32. PLANT CAPACITY AND ACTUAL PRODUCTION

	2008 (Metric Tons)	2007
Installed capacity	<u>120,000</u>	<u>120,000</u>
Actual production	<u>46,330</u>	<u>46,766</u>

32.1 Under utilization of available capacity was due to the reason that production was in line with market demand.

33. DIVIDEND AND APPROPRIATION

In respect of current year, the directors have proposed to pay final cash dividend of Rs.117,780,190/- at Rs 1.50 per ordinary share of Rs.10/- each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year of approval.

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 13,September, 2008.

CHIEF EXECUTIVE OFFICER

DIRECTOR