

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. GENERAL INFORMATION

- 1.1** Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public company limited by shares under Companies Ordinance 1984. The shares of the Company are listed at Karachi Stock Exchange. Registered office of the company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the plant is located at Winder Industrial Estate in the province of Balochistan. During the year, the company started production of cans. The canning plant is located at B-26, Textile Avenue, S.I.T.E. Karachi in the province of Sind. The principal activity of the company is manufacturing and sale of tin plates, canes ,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*

In the current year, the company has adopted all new Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and as notified by the Securites and Exchange Commission of Pakistan that are relevant to its operations and effective for company's accounting period beginning on July 01, 2008. The adoption of these new Standards and Interpretations has resulted in changes to the Company's accounting policies in the following areas:

IFRS 7 - Financial Instruments: Disclosures April 28, 2008

IFRS 7 requires extensive disclosures about the significance of financial instruments for the company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements incorporate many of the requirements previously in IAS 32 - Financial Instruments : Presentation. The company has adopted this standard from the financial year beginning July 01, 2008 and its initial application has led to extensive disclosures in the company's financial statements.

IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction January 01, 2008

IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The adoption of this Interpretation will have no material impact on the company's financial statements.

2.2.1 *New accounting standards and IFRS interpretations that are not yet effective*

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them :

IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distributions of Non-cash Assets to Owners	July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	July 01, 2009

2.2.2 *Interpretations to existing standards that are effective and not relevant for the company's operations*

The following interpretation to existing standards has been published and is mandatory for the company's accounting year beginning on July 01, 2008 but is not relevant for the company's operations:

IFRIC 12 - Service Concession Agreements	Effective from accounting period beginning on or after January 01, 2008
IFRIC 13 - Customer Loyalty Programs	Effective from accounting period beginning on or after July 01, 2008

2.3 *Basis of preparation*

The financial statements have been prepared under the historical cost convention modified by certain financial instruments which are stated at fair value.

The principal accounting policies adopted are set out below:

2.4 *Property, plant and equipment*

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 incurred, to profit and loss account.

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.

2.5 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 up to balance sheet date.

2.6 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 up to 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.

2.7 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.

2.8 Investment

Regular way purchase or sale of investment

All purchases and sales of investment 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

These include investments held for trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

Available for sale investment

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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Impairment***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 risk characteristics.

Non-financial Assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

2.14 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.

2.15 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.

2.16 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.

2.17 Taxation**Current**

The charge for current taxation is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

2.18 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 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.

2.22 Critical judgments in applying the company's accounting policies

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

Useful lives and depreciation rates of property, plant and equipment

As described at 3.1, the Company reviews the estimated useful lives and depreciation rates of property, plant and equipment at the end of each balance sheet date. During the financial year, the management determined that the useful life and depreciation rates are same as reported in prior years.

3. PROPERTY, PLANT AND EQUIPMENT	Notes	2009 Rupees	2008 Rupees
Operating fixed assets	3.1	793,961,761	829,556,549
Capital work in progress	3.4	17,540,385	13,998,745
		<u>811,502,146</u>	<u>843,555,294</u>

3.1 Operating fixed assets

	Cost at July 01, 2008	Additions /transfers (disposals)	Cost at June 30, 2009	Accumulated depreciation at July 01, 2008	Depreciation for the year (depreciation on disposal)	Accumulated depreciation at June 30, 2009	Carrying value at June 30, 2009	Dep. Rate %
-----Rupees-----								
Leasehold land	7,533,750	-	7,533,750	-	-	-	7,533,750	
Buildings on leasehold land	130,006,832	3,050,696	133,057,528	77,591,728	5,307,175	82,898,903	50,158,625	10
Plant and machinery	990,954,747	3,471,893	994,426,640	302,745,650	27,573,649	330,319,299	664,107,341	4
Power and other installations	87,828,425	-	87,828,425	38,366,479	4,946,197	43,312,676	44,515,749	10
Factory equipment	14,113,433	292,811	14,406,244	7,772,670	634,376	8,407,046	5,999,198	10
Generators	13,238,548	-	13,238,548	8,318,458	492,009	8,810,467	4,428,081	10
Office equipment	5,859,526	5,600	5,865,126	2,239,007	366,211	2,605,218	3,259,908	10
Data processing equipment	2,730,917	174,500	2,905,417	1,516,918	426,832	1,943,750	961,667	33.33
Furniture and fixtures	2,474,628	330,900	2,805,528	1,832,878	80,313	1,913,191	892,337	10
Vehicles	29,505,155	41,000 (959,700)	28,586,455	14,305,624	3,042,373 (866,647)	16,481,350	12,105,105	20
2009	1,284,245,961	7,367,400 (959,700)	1,290,653,661	454,689,412	42,869,135 (866,647)	496,691,900	793,961,761	

3.1.1 Canning plant costing to Rs.3,050,696/- has been installed on the land and building of associated company. No rent is charge by the associated company.

For comparative period

	Cost at July 01, 2007	Additions / transfers (disposals)	Cost at June 30, 2008	Accumulated depreciation at July 01, 2007	Depreciation for the year (depreciation on disposal)	Accumulated depreciation at June 30, 2008	Carrying value at June 30, 2008	Dep. Rate %
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	77,591,728	52,415,104	10
Plant and machinery	989,954,747	1,000,000	990,954,747	274,091,101	28,654,549	302,745,650	688,209,097	4
Power and other installations	87,828,425	-	87,828,425	32,870,708	5,495,771	38,366,479	49,461,946	10
Factory equipment	13,908,763	204,670	14,113,433	7,447,254	325,416	7,772,670	6,340,763	10
Generators	13,138,548	100,000	13,238,548	7,777,338	541,120	8,318,458	4,920,090	10
Office equipment	5,859,526	-	5,859,526	1,836,727	402,280	2,239,007	3,620,519	10
Data processing equipment	1,933,124	797,793	2,730,917	1,139,865	377,053	1,516,918	1,213,999	33.33
Furniture and fixtures	2,380,578	94,050	2,474,628	1,403,074	429,804	1,832,878	641,750	10
Vehicles	26,826,665	4,801,540	29,505,155	12,456,158	2,699,581	14,305,624	15,199,531	20
		(2,123,050)			(850,115)			
2008	1,279,370,958	6,998,053	1,284,245,961	410,790,052	44,749,475	454,689,412	829,556,549	
		(2,123,050)			(850,115)			

3.2 Allocation of depreciation	Notes	2009 Rupees	2008 Rupees
Cost of goods sold	19.1	38,953,406	40,840,757
Administration expenses	21	3,915,729	3,908,718
		<u>42,869,135</u>	<u>44,749,475</u>

3.3 The following assets were disposed off during the year:

Depriciation	Cost	Accumulated Depreciation	Written Down value	Sale proceed	Mode of disposal	Particulars of Buyer
	-----Rupees-----					
Vehicle	894,000	810,707	83,293	422,750	Negotiation	Mr. Rauf Ahmed Sheikh, A-130, Block 2 Gulshan-d-Iqbal, Karachi.
Vehicle	65,700	55,940	9,760	7,000	Negotiation	Mr. Muhammad Siddiq, R-1978, Block-14 F.B Area, Karachi.
	2009	959,700	866,647	93,053	429,750	
	2008	<u>2,123,050</u>	<u>850,115</u>	<u>1,272,935</u>	<u>1,706,880</u>	

3.4 Capital work in progress	Notes	2009 Rupees	2008 Rupees
Machinery and equipment		4,808,661	3,877,924
Civil work		2,074,022	2,074,022
Advance for capital expenditure		10,657,702	8,046,799
		<u>17,540,385</u>	<u>13,998,745</u>
4. LONG TERM DEPOSITS			
For electricity		7,179,250	7,179,250
Others		377,405	367,405
		<u>7,556,655</u>	<u>7,546,655</u>
5. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		23,174,892	23,370,755
Less: Provision for slow-moving and obsolete items	5.1	(9,117,552)	(8,814,373)
		<u>14,057,340</u>	<u>14,556,382</u>
5.1 Provision for slow moving and obsolete items			
Opening balance		8,814,373	8,814,373
Addition during the year		303,179	-
Closing balance		<u>9,117,552</u>	<u>8,814,373</u>

	Notes	2009 Rupees	2008 Rupees
6. STOCK-IN-TRADE			
Raw materials (including in transit Rs.216,494,466/- (2008: Rs. 180,627,492/-))		1,071,026,639	563,860,252
Finished goods		<u>684,791,847</u>	<u>467,956,962</u>
		<u>1,755,818,486</u>	<u>1,031,817,214</u>
7. TRADE DEBTS			
Export			
Unsecured - considered good		3,485,984	-
Local			
Secured- considered good	7.1	15,374,649	92,580,776
Unsecured-considered good		391,459,399	214,066,150
Unsecured-considered doubtful		4,221,443	3,821,064
Less: Provision for doubtful debts	7.2	(4,221,443)	(3,821,064)
		<u>391,459,399</u>	<u>214,066,150</u>
		<u>410,320,032</u>	<u>306,646,926</u>
7.1 These are secured against local LC maturing within 45 to 90 days.			
7.2 Movement in provision for doubtful debt			
Opening Balance		3,821,064	3,108,639
Addition during the year		400,379	1,266,523
Written off during the year		-	(554,098)
Closing balance		<u>4,221,443</u>	<u>3,821,064</u>

7.2.1 In determining the recoverability of a trade debt, the company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

7.2.2 Included in the provision for doubtful debts are individually impaired trade debts with a balance of Rs. 4,221,443(2008: Rs.3,821,064). The impairment recognised represents the difference between the carrying amount of these trade receivable and the present value of the expected proceeds. The company does not hold any collateral over these balances.

7.3 Trade receivables are non-interest bearing and are generally on 30 to 90 days terms.

	2009 Rupees	2008 Rupees
8. LOANS AND ADVANCES		
<i>- Considered good</i>		
Loan to Executives	1,138,090	1,667,800
Loan to employees	312,118	160,778
Advance		
to suppliers	37,279,702	26,386,774
against expenses	1,785,541	1,008,849
Income tax	127,388,943	117,545,474
Letters of credit fee and expenses	18,053,675	3,339,426
L/C's margin	-	130,325,998
	<u>185,958,069</u>	<u>280,435,099</u>
9. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	3,543,330	9,458,330
Short term prepayments	1,416,958	334,912
	<u>4,960,288</u>	<u>9,793,242</u>
10. OTHER RECEIVABLES		
<i>- Considered good</i>		
Receivable against sale of securities	97,582	7,947,237
Dividend	110,000	-
Quality claim	-	4,480,190
LC Claim		
Others	1,436,453	2,194,334
	<u>1,644,035</u>	<u>14,621,761</u>
Others	2,194,334	-
Less: Provision for doubtful receivables	(2,194,334)	-
	<u>-</u>	<u>-</u>
	<u>1,644,035</u>	<u>14,621,761</u>

11. OTHER FINANCIAL ASSETS

- Investments in equity securities
- financial assets at fair value through profit or loss

In quoted companies
Ordinary shares of Rs. 10/- each

2008	2009		-----Market Value-----	
-----No. of shares-----			2009	2008
			-----Rupees-----	
Held in ready market				
857,800	1,125,600	National Bank of Pakistan	75,448,979	126,525,500
1,161,000	1,161,000	Fauji Fertilizer Bin Qasim Ltd.	20,538,090	41,761,170
375,500	410,500	Pakistan Telecommunication Company Ltd.	7,077,020	14,509,320
699,000	776,666	Arif Habib Bank Ltd.	5,428,895	13,406,820
20,000	24,000	Habib Bank Ltd.	2,065,440	4,172,600
35,000	35,000	Artistic Denim Mills Ltd.	786,100	1,489,950
100,000	100,000	JS Bank Limited	603,000	1,374,000
40,900	40,900	Century Paper & Board Mills Ltd.	539,471	2,045,000
			112,486,995	205,284,360
Held in future market				
25,000	-	National Bank of Pakistan	-	3,687,500
35,000	-	Pakistan Telecommunication Company Ltd.	-	1,352,400
			112,486,995	210,324,260

11.1 Cost of investments is Rs.280,351,184/- (2008 : Rs.275,212,079/-).

12. CASH AND BANK BALANCES	Notes	2009 Rupees	2008 Rupees
Cash in hand		145,355	127,028
Cash at banks on:			
- Current accounts			
Local currency		11,350,810	186,386,137
Foreign currency		32,861	25,390
- PLS saving accounts	12.1 & 12.2	71,443,606	62,257,348
- Term deposit accounts		-	10,053,507
		82,972,632	258,849,410

12.1 This include Rs.51.25 million (2008 : Rs.26.25 million) in respect of margin 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 7.5 % to 12% (2008 : 3% and 7.75 %) per annum.

13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2008	2009		2009 Rupees	2008 Rupees
Number of Shares				
Ordinary shares of Rs. 10/-each fully paid				
47,351,200	47,351,200	In cash	473,512,000	473,512,000
31,168,927	31,168,927	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 There were no movements in share capital during the reporting periods.

13.2 An associated undertaking, Siddiqsons Denim Mills Limited held 6,455,717 (2008 : 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. The share holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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

	Notes	2009 Rupees	2008 Rupees
14. TRADE AND OTHER PAYABLES			
Creditors	14.1	19,380,056	10,359,315
Foreign bills payable	14.2	458,493,939	-
Accrued liabilities		3,254,864	1,799,799
Advance from customers		3,220,405	10,081,904
Employees Provident Fund		-	217,593
Workers' Profit Participation Fund		-	10,813,299
Workers' Welfare Fund	14.3	9,338,829	9,338,829
Withholding tax payable		529,001	114,100
Unclaimed dividend		912,275	770,608
Others	14.4	1,240,688	1,106,637
		<u>496,370,057</u>	<u>44,602,084</u>

14.1 This includes Rs. 3,582,331/- (2008:Nil) payable to related parties including M/s. Siddiqsons Services (Private) Limited and Siddiqson Denim Mills Limited. Trade payables are non-interest bearing and are normally settled on 30-day terms.

14.2 This represents letters of credit against import of raw material and are due for payment within 150 days. These are secured by way of hypothecation on fixed assets, stock in trade, stores and spares, trade debts and present and future current assets of the company.

	Notes	2009 Rupees	2008 Rupees
14.3 Workers' profit participation fund			
Balance as at July 01,		10,813,299	15,135,630
Interest on funds utilized in the Company's business	14.3.1	449,715	664,757
		11,263,014	15,800,387
Payment made to the Fund during the year		(11,263,014)	(14,761,394)
		-	1,038,993
Allocation for the year		-	9,774,306
Balance as at June 30,		-	10,813,299

14.3.1 Interest on Fund is charged @ 16.5 % (2008: 13.14%) per annum.

14.4 This include Rs. 876,176/- (2008: Nil) payable to Siddiq Sons Denim Mills Limited an associated company.

15. It includes markup payable on borrowing from WPPF Rs. 8,830,484/- (2008:5,679,576/-)

16. SHORT-TERM BORROWINGS

Secured

From banking companies			
Finances against imports	16.2	752,966,349	667,037,354
Running finances under markup arrangements	16.3	545,708,075	443,740,601
Book overdraft		-	4,763,384

Unsecured

From related party		-	5,600,000
		1,298,674,424	1,121,141,339

16.1 The aggregate unavailed short term borrowing facilities amounts to Rs.332.26 million (2008 : Rs.2,949.23 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 on fixed assets, stock in trade, stores and spares, trade debts, promissory notes and charge on present and future current assets of the company and import documents and are subject to mark-up based on LIBOR ranging between 3.82% to 7.77% (2008 : 4.22% to 7.75%) per annum payable on maturity.

16.3 Thses are secured against charge on fixed assets, stock, stores and spares, trade debts and present and future current assets of the company and are subject to the mark-up ranging between 13.37% to 17.18% (2008 : 10.03% to 10.64%) per annum payable on demand.

16.4 The company has borrowed from Worker's Profit Participation Fund (related party) for their working capital needs. Markup @ 13.14% (2008 : 13.14%) per annum is payable on demand.

17. CONTINGENCY AND COMMITMENT

17.1 Contingency

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 for Rs. 90,000,000/- (2008: Rs. 75,000,000/-) as per the order of the High Court. Management is confident of favourable outcome.

	Notes	2009 Rupees	2008 Rupees
17.2 Commitment			
Letters of credit for raw material import		<u>108,129,000</u>	<u>425,849,848</u>
18. SALES - NET			
Sales			
Local			
Tinplate		3,055,647,324	2,818,542,219
Side cuts, end cuts, damaged cuts, etc.		<u>183,220,728</u>	<u>103,883,972</u>
		3,238,868,051	2,922,426,191
Export - Tinplate		10,725,290	-
- Cannes		<u>3,485,984</u>	-
		3,253,079,325	2,922,426,191
Less : Commission and discount		<u>(24,500,479)</u>	<u>(48,483,293)</u>
Sales returns		<u>(173,121,237)</u>	<u>(103,362,927)</u>
Sales tax		<u>(415,517,483)</u>	<u>(373,044,333)</u>
		<u>(613,139,199)</u>	<u>(524,890,553)</u>
		<u>2,639,940,126</u>	<u>2,397,535,638</u>
19. COST OF GOODS SOLD			
Cost of goods manufactured	19.1	2,544,525,600	2,481,679,264
Finished stocks			
Opening stock		467,956,962	2,109,058
Purchase of finished goods		84,835,943	8,915,040
Closing Stock		<u>(684,791,847)</u>	<u>(467,956,962)</u>
		<u>(131,998,942)</u>	<u>(456,932,864)</u>
		<u>2,412,526,658</u>	<u>2,024,746,400</u>

	Note	2009 Rupees	2008 Rupees
19.1 Cost of good manufactured			
Raw materials	19.1.1	2,333,731,328	2,296,937,599
Packing materials		13,771,618	10,717,910
Salaries, wages and benefits	19.1.2	50,847,466	45,770,001
Fuel and power		72,170,552	65,677,854
Stores and spares		14,010,032	5,021,537
Sorting, slitting and cutting		6,368,305	3,422,744
Rent, rates and taxes		2,289,600	56,400
Repair and maintenance		1,429,272	4,484,429
Insurance		2,676,060	2,746,697
Transportation		959,246	527,797
Traveling and conveyance		2,527,438	2,382,201
Printing and stationery		477,548	703,871
Fees and subscription		149,712	111,040
Communication		466,521	326,878
Entertainment		129,400	70,580
Depreciation	3.2	38,953,406	40,840,757
Provision for slow moving stores		303,179	-
Other manufacturing cost		3,264,917	1,880,969
		<u>2,544,525,600</u>	<u>2,481,679,264</u>
19.1.1 Raw material consumed			
Opening stock		383,232,760	53,912,212
Purchase and purchase expenses		2,795,132,662	2,626,258,147
		<u>3,178,365,422</u>	<u>2,680,170,359</u>
Closing stock		(844,634,094)	(383,232,760)
		<u>2,333,731,328</u>	<u>2,296,937,599</u>

19.1.2 This includes employees' retirement benefits of Rs. 1,076,621/- (2008 : Rs.990,002/-).

20. DISTRIBUTION COST

Salaries and benefits	20.1	8,801,494	7,472,234
Traveling		1,839,547	941,253
Advertisement		999,995	907,090
Sales promotion		974,101	1,141,124
Rent, rates and taxes		1,162,240	542,717
Others		3,585,230	2,078,875
		<u>17,362,607</u>	<u>13,083,293</u>

20.1 This includes employees' retirement benefits amounting to Rs. 357,970/- (2008 : Rs.358,926/-).

21. ADMINISTRATIVE EXPENSES	Note	2009 Rupees	2008 Rupees
Salaries and benefits	21.1	24,686,070	22,205,320
Repair and maintenance		798,754	1,586,964
Insurance		2,318,627	1,455,622
Rent, rates and taxes		927,120	424,798
Traveling and conveyance		3,677,314	2,087,033
Communication		2,229,583	2,356,028
Printing and stationery		1,106,953	838,893
Auditors' remuneration	21.2	985,000	1,070,000
Legal and professional		1,613,975	509,883
Fees and subscription		989,186	555,109
Entertainment		694,478	485,063
Vehicles running and maintenance		4,175,320	3,593,673
Balances written off - Advances		2,133,110	2,297,044
Provision for doubtful Debts	7.2	400,379	1,266,523
Provision for doubtful receivables	10.1	2,194,334	-
Charity and donations	21.3	767,873	791,835
Depreciation	3.2	3,915,729	3,908,718
Others		662,538	264,962
		<u>54,276,343</u>	<u>45,697,468</u>

21.1 This includes employees' retirement benefits of Rs.818,224/- (2008 : Rs.660,404/-).

21.2 Auditor's remuneration

Annual audit	500,000	350,000
Half yearly accounts review	200,000	150,000
Review of compliance of Code of Corporate governance	30,000	30,000
CDC certification	10,000	10,000
Tax and other services	200,000	475,000
Out of pocket expenses	45,000	55,000
	<u>985,000</u>	<u>1,070,000</u>

21.3 None of the director or his spouse has any interest in the donees' fund.

22. OTHER OPERATING EXPENSES

Workers Profit Participation Fund	14.1	-	9,774,306
Workers' Welfare Fund		-	3,909,722
Exchange loss		45,650,695	47,185,771
		<u>45,650,695</u>	<u>60,869,799</u>

23. FINANCE COST

Interest / mark-up on:			
Short-term borrowings		128,496,796	51,007,734
Workers' profit participation fund		449,715	664,757
Bank charges and commission		10,556,702	7,789,189
		<u>139,503,213</u>	<u>59,461,680</u>

	2009	2008
	Rupees	Rupees
24. OTHER OPERATING LOSS		
Income from financial assets		
Profit on bank deposits	4,261,118	16,762,073
Dividend income	9,585,850	518,850
Loss on remeasurement of investment at market value	(102,976,381)	(64,887,785)
Gain on sale of investments	-	33,630,290
Profit on investment in continuous funding system	-	722,580
Income from assets other than financial assets		
Scrap sales	-	215,379
Others	7,471	65,000
Gain on sale of property plant and equipment	336,697	433,945
	<u>(88,785,245)</u>	<u>(12,539,668)</u>
25. PROVISION FOR TAXATION		
Current		
for the year	-	11,989,474
for the prior years	6,688,752	-
	<u>6,688,752</u>	<u>11,989,474</u>

25.1 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. The minimum tax under section 113 of the Income Tax Ordinance, 2001, has been abolished through Finance Act, 2008.

Tax assessments of the company have been amended for the tax years 2003 and 2005 under section 122 of the Ordinance by the tax department. The company contested the levy of tax by department on the ground that the company is enjoying exemption under clause 126 of part 1 of 2nd Schedule to the ordinance so no minimum tax has been levied on the company. Appeals are pending for hearing before Sind High Court for the tax year 2003 and at ITAT for the tax year 2005. The company is confident that the outcome will be in favour of the company. However, as a matter of prudence provision has been made in the financial statements for tax under section 113 of the Ordinance.

For the tax year 2008, the tax department amended the deemed assessment under section 122(5A) of the ordinance by levying tax liability of Rs. 18,472,182/- on account of minimum tax, interest and dividend income etc. The company has filed an appeal before CIT (Appeal) which is pending for decision. However, as a matter of prudence, the company already provided Rs. 11,989,474/- last year and the balance amount of Rs. 6,482,706/- is being provided during the year as prior year tax in the financial statements. The management of the company is confident for a favourable outcome.

25.2 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.

26. 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:

	2009 Rupees	2008 Rupees
(Loss) / profit for the year (Rupees)	<u>(124,853,387)</u>	<u>169,147,856</u>
Weighted average number of ordinary shares outstanding at the year end	<u>78,520,127</u>	<u>78,520,127</u>
Earnings per share (Rupees)	<u>(1.59)</u>	<u>2.15</u>

27. 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:

		2009 Rupees	2008 Rupees
Associated company	Purchase of goods and services	<u>105,707,949</u>	<u>59,732,808</u>
	Purchase of property, plant and equipment	<u>-</u>	<u>1,000,000</u>
	Reimbursable expenses paid	<u>-</u>	<u>870,764</u>
	Payment of dividend	<u>7,596,755</u>	<u>6,698,048</u>
Key management personnel	Short-term employee benefits	<u>14,111,880</u>	<u>14,228,658</u>
	Post-employment benefits	<u>709,244</u>	<u>529,884</u>
Other related parties	Short term borrowings obtained from WPPF	<u>117,000,000</u>	<u>5,600,000</u>
	Short term borrowings paid to WPPF	<u>122,600,000</u>	<u>-</u>
	Markup on borrowing from WPPF	<u>10,952,651</u>	<u>5,679,576</u>

28. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive	Directors	Executives	Total 2009	Total 2008
	-----Rupees '000-----				
Remuneration	1,200,000	2,000,000	4,673,948	7,873,948	8,312,159
House rent	480,000	800,000	1,869,579	3,149,579	3,324,864
Bonus	-	125,000	520,307	645,307	506,669
Retirement benefits	-	125,000	584,244	709,244	529,884
Vehicle running	-	416,684	1,186,055	1,602,739	1,253,750
Utilities	120,000	200,000	520,307	840,307	831,216
	<u>1,800,000</u>	<u>3,666,684</u>	<u>9,354,440</u>	<u>14,821,124</u>	<u>14,758,542</u>
Number of persons	<u>1</u>	<u>2</u>	<u>7</u>		

28.1 In addition, the chief executive, directors and few executives are provided with free use of Company maintained cars

29. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loan and advances, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The company also holds investment held for trading .

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

29.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables, advances and loan) and from its financing activities, including deposits with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fails to perform as contracted. Out of the total financial assets of Rs.618,657,581/- (2008 : Rs.809,275,920/-), the financial assets which are subject to credit risk amounted to Rs.535,863,165/- (2008 : Rs.550,426,510/-). 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.

29.1.1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customer. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At June 30, 2009, the Company had approximately 8 customers (2008: 12 customers) that owed more than Rs. 10 million each and accounted for approximately 45% of all receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 7.

The Company does not hold collateral as security.

29.1.2 Credit risk related to financial instruments and cash deposits

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

29.2 Liquidity Risk Management

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.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 16.1 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

29.3 Market Risk Management

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

29.3.1 Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term debt obligations having floating interest rates.

29.3.1.1 Interest Rate Sensitivity

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's loss for the year ended June 30, 2009 would increase by Rs. 22,795,807/- (2008: profit decrease by Rs. 16,005,987/-). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has increased during the current period mainly due to the increase in borrowings and variable rate debts.

29.3.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2009, the total foreign currency risk exposure was Rs. 3,492,494/- (2008: Nil) million in respect of foreign trade debts and an amount of Rs. 879,221,428/- in respect of foreign currency bills payable and foreign currency borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

29.3.2.1 Foreign Currency Sensitivity Analysis

At June 30, 2009, if the Rupee had weakened by 5% against the US dollar with all other variables held constant, post-tax loss for the year would have been increase by Rs. 43,784,800/- (2008: Post tax profit would decrease by Rs.45,107,197/-) mainly as a result of foreign exchange gains on translation of US dollar-denominated trade receivables and foreign exchange losses on translation of US dollar-denominated bill payable. Profit is more sensitive to movement in Rupee/US dollar exchange rates in 2009 than 2008 because of the increased amount of US dollar-denominated borrowings.

29.3.3 Equity Price Risk Management

The Company is exposed to equity price risks arising from equity investments. Equity investment are held for trading purpose.

29.4 Determination of fair values

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 other than in a forced or liquidation sale.

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

30. 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's strategy remain unchanged from last year, to maintain its debt-to-adjusted capital ratio to 31%. The debt-to-adjusted capital ratios at June 30, 2009 and June 30, 2008 were as follows:

	2009	2008
	Rupees	Rupees
Total debt	752,966,349	677,400,738
Add: Cash and cash equivalents	462,735,443	189,654,575
Net debt	1,215,701,792	867,055,313
Total equity	1,431,303,404	1,673,936,981
Adjusted capital	2,647,005,196	2,220,939,015
Debt-to-adjusted capital ratio	0.28	0.31

	2009	2008
31. PLANT CAPACITY AND ACTUAL PRODUCTION	<i>(Metric Tons)</i>	
Tin Plate		
Installed capacity	<u>120,000</u>	<u>120,000</u>
Actual production	<u>36,810</u>	<u>46,330</u>
	2009	2008
	<i>(Number per annum)</i>	
Cannes		
Installed capacity of various sizes	<u>4,015,000</u>	<u>-</u>
Actual production of various sizes	<u>24,280</u>	<u>-</u>

31.1 Under utilization of available capacity was due to lack of demand caused by dumping of tin plate from European Countries.

32. EVENT AFTER BALANCE SHEET DATE

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 78,520,127/- (2008: Rs. 117,780,190/-) @ Rs. 1 (2008: 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.

33. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been approved and authorized for issue by the Board of Directors of the Company on 19 September 2009.

34. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR