Dawood Lawrencepur Limited

Head Office / Shares Department:
Dawood Centre, M.T. Khan Road,
Karachi-75530

Tel: (92-21) 35686001-16
Fax: (92-21) 35680598

Registered Office:
35-A, Empress Road,
Lahore-54000

Tel: (92-42) 36301601-07
Fax: (92-42) 36360343, 36364316

E-mail: info.textiles@dawoodgroup.com
Website: www.dawoodlawrencepur.com

Dawood Lawrencepur Limited

For the Six months ended

31st December, 2009

New Targets New Challenges

About the theme

New Targets New Challenges

This year we have set ourselves new targets; and are preparing to face new challenges. We have embarked upon a journey aimed at serving the nation with one of the scarcest resources, i.e., energy. We believe that simply generating energy is not the solution- it has to be sustainable and environment friendly. Hence we are exploring new and renewable avenues of energy like Bio Mass, Solar and Wind . We aim to add hundreds of megawatts of electricity to the national energy source while adding Carbon Credits to our country's account.

We are streamlining our textile business to meet growing customer needs while maintaining a profitable profile. We are focused on a single agenda, to build our Lawrencepur brand driven by strong sales and wide scale presence in the market.

Table of contents

Vision and Mission Statement

Vision

To pursue sustained growth through a diversified business portfolio for enhancing stakeholder value.

Mission

To be a responsible corporate citizen with respect for the society.

To achieve a safe & healthy business environment.

To provide an excellent working environment and growth potential for the employees.

To strive for excellence through commitment, integrity, honesty and teamwork.

To make honest and ethical behavior a way of life.

To improve quality of life for our employees.

Dawood Lawrencepur Limited

Company Information

Board of Directors
Isar Ahmad (Chairman)
Inam ur Rahman (Chief Executive)
Shahzada Dawood
A. Samad Dawood
Haroon Mahenti
Shahid H. Pracha
S.M. Asghar

Board Audit Committee
S.M. Asghar (Chairman)
Haroon Mahenti
A. Samad Dawood
Shahid H. Pracha

CFO and Company Secretary
Ashfaq Abdul Gaffar

Auditors
Moochhala Gangat & Co.
(Chartered Accountants)

Legal Advisor
Zia Law Associates
17-Second Floor, Shah
Chiragh Chambers,
The Mall Lahore.

Bankers
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited

Registered Office
35-A, Shahrah-e-Abdul
Hameed Bin Baadees
(Empress Road), Lahore.

Share Registrar
C&K Management Associates (Pvt.) Ltd.
404-Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi-75530

Karachi Office / Shares Department
Dawood Centre,
M. T. Khan Road, Karachi.

Mills
Landhi
Landhi Industrial Area,
Karachi.
Ph#: 021-35018476, 35018751
Fax#: 021- 35018463, 35024520

Landhi (Synthetic)
Landhi Industrial Area,
Karachi.
Ph#: 021-35018668, 35019350
Fax#: 021-35019349

Dawoodabad
District Vehari.
Ph#: 067- 3353347, 3353145, 3353246
Fax#: 067- 3354679

Dawoodpur
District Attock.
Ph#: 0597-2641074-6
Fax#: 0597-2641073

Operating Highlights

Six Years at a Glance

	PARTICULARS	UNIT	December 2009 (Six month period)			June 2009			June 2008			June 2007			June 2006	June 2005
			Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total		
A)	INCOME STATEMENT															
1	Sales Value	Rs. In (000)	193,365	24,387	217,752	350,372	29,847	380,219	368,294	321,544	689,838	1,221,322	408,277	1,629,599	1,861,352	1,220,919
2	Gross Profit / (Loss)	Rs. In (000)	50,242	3,621	53,863	76,512	996	77,508	73,921	(240,918)	(166,997)	60,884	(43,275)	17,609	100,210	127,366
3	Operating Profit / (Loss)	Rs. In (000)	27,920	(24,552)	3,368	35,389	(91,111)	(55,722)	29,190	(292,087)	(262,897)	(39,056)	(67,849)	(106,905)	(48,502)	24,240
4	Profit / (Loss) Before Taxation	Rs. In (000)	(84,338)	(22,638)	(106,976)	(94,956)	(92,328)	(187,284)	113,784	(300,826)	(187,042)	92,456	(72,349)	20,107	241,790	499,801
5	Profit / (Loss) After Taxation	Rs. In (000)	(85,427)	(22,638)	(108,065)	(104,156)	(92,179)	(196,335)	105,308	(302,433)	(197,125)	90,120	(74,390)	19,812	227,527	486,766
B)	DIVIDEND															
1	Cash Dividend	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Bonus Shares	%	-	-	-	-	-	-	10	-	10	10	-	10	10	10
3	Total Dividend	%	-	-	-	-	-	-	10	-	10	10	-	10	10	10
C)	BALANCE SHEET															
1	Total Assets Employed	Rs. In (000)	975,147	708,993	1,684,140	940,985	729,759	1,670,744	1,032,729	758,367	1,791,096	2,036,424	376,699	2,413,123	4,763,076	4,823,081
2	Current Assets	Rs. In (000)	549,450	-	549,450	467,189	-	467,189	440,796	-	440,796	807,564	-	807,564	1,366,993	1,541,179
3	Current Liabilities	Rs. In (000)	148,742	-	148,742	142,657	-	142,657	170,566	-	170,566	303,431	-	303,431	711,335	874,696
4	Paid Up Capital	Rs. In (000)	513,547	-	513,547	513,547	-	513,547	466,861	-	466,861	424,419	-	424,419	385,835	350,759
5	Shareholders Equity	Rs. In (000)	1,490,704	-	1,490,704	1,486,466	-	1,486,466	1,582,791	-	1,582,791	2,003,436	-	2,003,436	3,883,528	3,740,376
6	No. of Ordinary Shares	In (000)	51,355	-	51,355	51,355	-	51,355	46,686	-	46,686	42,442	-	42,442	38,584	35,076
D)	RATIO ANALYSIS															
1	Gross Profit / (Loss)	%	25.98	14.84	24.73	21.84	3.34	20.38	20.07	(74.93)	(24.21)	4.99	(10.60)	1.08	5.38	10.43
2	Earning Per Share	Rs.	-	-	(2.10)	-	-	(3.82)	-	-	(4.22)	-	-	0.42	5.90	13.88
3	Dividend Yield	%	-	-	-	-	-	-	-	-	0.71	-	-	1.22	1.30	1.41
4	Return on Equity	%	-	-	(7.25)	-	-	(13.21)	-	-	(12.45)	-	-	0.99	5.86	13.01
5	Break-up Value of Shares	Rs.	-	-	29.00	-	-	28.95	-	-	33.90	-	-	47.20	100.65	106.63
6	Market Value of Shares	Rs.	-	-	59.02	-	-	34.68	-	-	141.63	-	-	82.00	76.90	71.00
7	Price Earning Ratio	Rs.	-	-	(28.01)	-	-	(9.08)	-	-	(33.56)	-	-	195.24	13.03	5.12
8	Dividend Payout Ratio	%	-	-	-	-	-	-	-	-	(23.70)	-	-	238.10	16.95	7.20
E)	PRODUCTION															
1	Capacity															
	Polyester Yarn	Kgs In (000)	-	700	700	-	-	1,400	-	-	1,400	-	-	1,400	1,400	1,050
	Yarn	Kgs In (000)	179	12,581	12,760	-	-	25,519	-	-	25,619	-	-	25,619	25,619	17,135
	Cloth	Mtrs.In (000)	377	2,153	2,530	-	-	5,060	-	-	5,060	-	-	5,060	5,060	6,396
2	Actual Production															
	Polyester Yarn	Kgs In (000)	-	-	-	-	-	-	-	-	-	-	-	538	1,351	1,067
	Yarn	Kgs In (000)	93	-	93	-	-	229	-	-	885	-	-	10,341	14,082	11,276
	Cloth	Mtrs.In (000)	307	-	307	-	-	796	-	-	805	-	-	1,063	2,035	1,173
3	Capacity Utilization - Yarn	%	51.96	-	51.96	-	-	0.89	-	-	3.28	-	-	40.26	57.11	67.88
	- Cloth	%	81.43	-	81.43	-	-	15.73	-	-	15.91	-	-	21.01	40.21	16.77
F)	OTHERS															
1	Employees	Nos.	612	23	635	604	23	627	548	174	722	1,182	868	2,050	3,399	3,668
2	Capital Expenditures	Rs. In (000)	3,986	-	3,986	164,515	-	164,515	3,037	-	3,037	32,358	-	32,358	414,266	33,557

NOTE The figures for the year 2005 are of nine months due to the change in accounting year.

Notice of Annual General Meeting

Notice is hereby given that the sixtieth Annual General Meeting of Dawood Lawrencepur Limited will be held at the Company's Registered Office at 35-A Shahrah-e-Abdul Hameed Bin Baadees (Empress Road), Lahore at 1130 hours on Thursday, April 29, 2010, to transact the following business after recitation from the Holy Quran:

Ordinary Business

1. To confirm the Minutes of the 59th Annual General Meeting held on Saturday, October 31, 2009.

2. To receive, consider and adopt the Audited Accounts of the Company for the transitional year ended December 31, 2009 together with the Auditors' and Directors' reports thereon.

3. To appoint the Auditors for the year ending December 31, 2010 and to fix their remuneration. One of the Members has proposed the name of Messrs M. Yousuf Adil Saleem & Company, Chartered Accountants, in place of retiring auditors, Messrs Moochhala Gangat & Company, Chartered Accountants.

Special Business

4. To consider and if thought fit, pass with or without modification, the following Special Resolution to propose alteration in Clause V of the Memorandum of Association and Article 4 of the Articles of Association to increase the Authorized Share Capital of the Company from Rs. 550,000,000 (Rupees Five Hundred Fifty Million) to Rs. 750,000,000 (Rupees Seven Hundred Fifty Million) .

"RESOLVED by way of Special resolution that the Authorised Capital of the Company be and is hereby increased from Rs.550,000,000/- (Rupees Five Hundred Fifty Million) to Rs. 750.000.000 (Rupees Seven Hundred Fifty Million).

RESOLVED FURTHER by way of Special resolution that the Memorandum of Association of the Company be and is hereby amended/altered by substituting the figures and words "Rs. 550,000,000/- (Rupees Five Hundred Fifty Million) divided into 55,000,000 shares of Rs 10/- each" appearing in clause V of the Memorandum of Association with the figures and words "Rs. 750,000,000 (Rupees Seven Hundred Fifty Million) divided into 75,000,000 shares of Rs 10/- each".

RESOLVED FURTHER by way of Special resolution that the Articles of Association of the Company be and are hereby amended/altered by substituting the figures and words "Rs. 550,,000,000/- (Rupees Five Hundred Fifty Million) divided into 55,000,000 shares of Rs. 10/- each" appearing in Article 4 of the Articles of Association with the figures and words "Rs. 750,000,000 (Rupees Seven Hundred Fifty Million) divided into 75,000,000 shares of Rs. 10/- each".

RESOLVED FURTHER that Chief Executive Officer and Company Secretary be and are hereby authorised to sign all necessary documents and to take all necessary steps/actions as may be required in the above matter."

5. To consider any other business with the permission of the Chair.

For and on behalf of the Board

Karachi
March 25, 2010

Ashfaq Abdul Gaffar
Company Secretary

Notes:

1. Closure of Share Transfer Books:

The share transfer books of the Company will remain closed from 22nd April, 2010 to 29th April, 2010 (both days inclusive). Transfers received in order at the office of our Shares Registrar, M/s C & K Management Associates (Pvt.) Ltd., 404-Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi, by the close of business on Wednesday, 21st April, 2010 will be treated in time for the entitlement to attend the Meeting.

2. Participation in the Annual General Meeting:

All Members of the Company are entitled to attend the Meeting and vote there at in person or through Proxy. A Proxy, duly appointed, shall have such rights in respect to speaking and voting at the Meeting as are available to a Member. The proxies shall produce their original CNICs or original Passports at the time of the Meeting.

3. Proxy:

A Member of the Company may appoint another Member as his/her Proxy to attend and vote instead of him/her. A Corporation being a Member may appoint any person, whether or not a Member of the Company, as it's proxy. In the case of corporate entities, the Board of Directors' resolution / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, unless provided earlier, shall be submitted to the Company along-with the Proxy Form.

In order to be effective, Proxy Forms, duly filled and signed, must be received at the Company's Registered Office in Lahore or Dawood Centre, M.T. Khan Road, Karachi, not less than forty eight (48) hours before the Meeting. A blank Proxy Form is attached herewith.

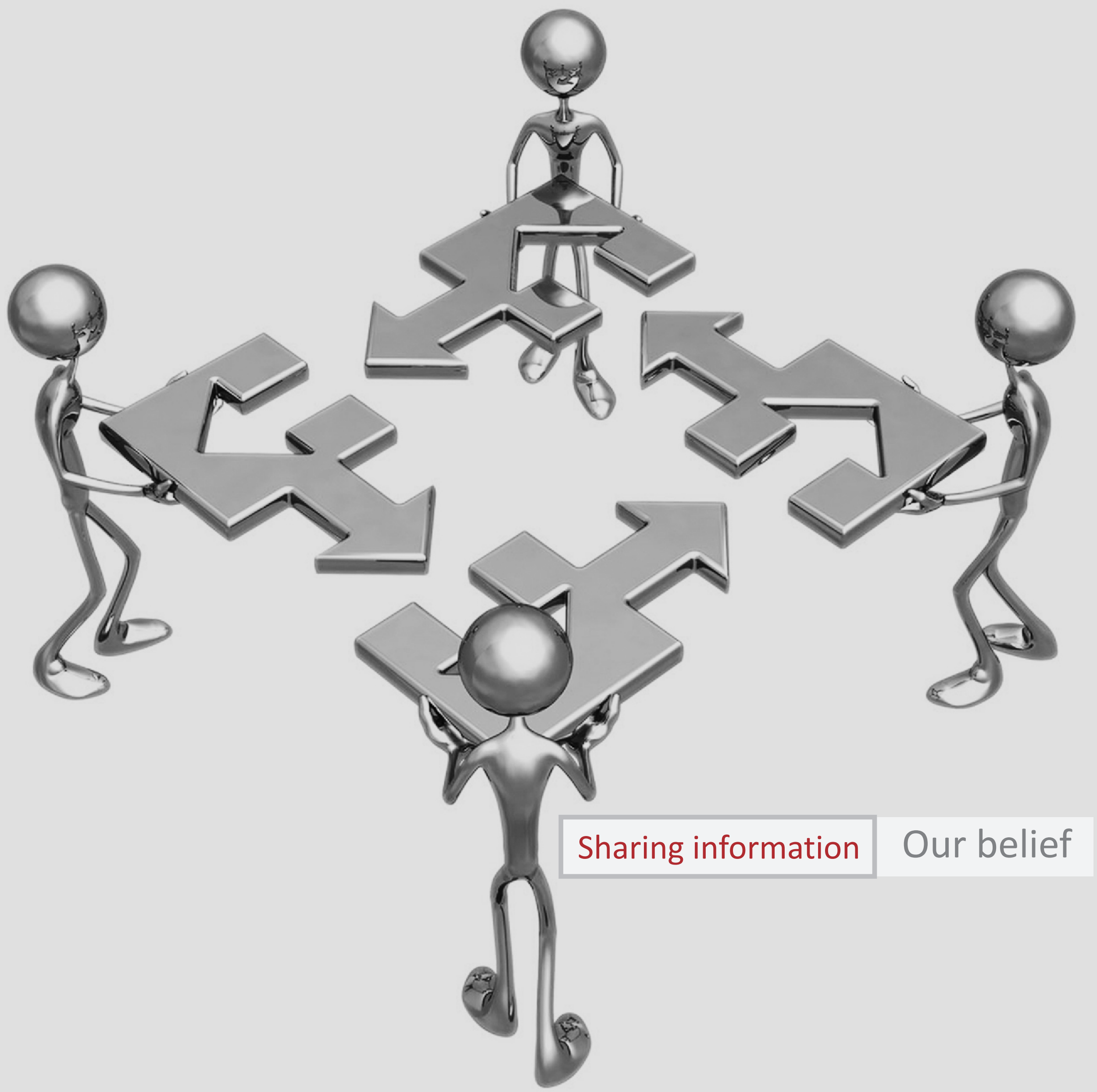
4. Change of Address

Shareholders are requested to immediately notify the change of address, if any.

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE 1984 RELATING TO THE SPECIAL BUSINESS TO BE TRANSECTED AT THE GENERAL MEETING CONVENED FOR 29TH APRIL, 2010

The Authorized Share Capital of the Company presently stands at Rupees 550,000,000 divided into 55,000,000 shares of Rs. 10/= each. It is desirable to increase the Authorised Share Capital of the Company in order to accommodate issuance of further rights & bonus shares from time to time in future. It is therefore, considered advisable to increase the Authorised Share Capital of the Company from Rupees 550,000,000 (Rupees Five Hundred Fifty Million) to Rupees 750,000,000 (Rupees Seven Hundred Fifty Million) divided into 75,000,000 shares of Rs. 10/= each. The proposed increase of the Authorised Share Capital of the Company has been unanimously recommended by the Board and requires the approval of members in the General Meeting. Consequent upon the increase in Authorised Share Capital of the Company, it's Memorandum and Articles of Association will require alterations so as to reflect the increased Share Capital. The proposed special resolution incorporates approval for corresponding changes in the Memorandum and Articles of Association.

The Directors of the Company are interested to the extent of their shareholdings in the Company.



Directors' Report

FOR THE PERIOD ENDED DECEMBER 31, 2009.

The Board of Directors of Dawood Lawrencepur Limited is pleased to present their Annual Report together with the audited Financial Statements for the six month period ended on December 31, 2009 before the Sixtieth Annual General Meeting of the Company.

OPERATING RESULTS

The company has changed its financial year from July-June to January-December. This period of July 2009 to December 2009 is termed as a transitional year and will bring the accounting year in line with the other companies in the group. As per accounting practice, this transitional year is compared with the last audited period, which is July 2008 to June 2009 (12 months) in our case.

The transitional year started in the middle of one of the worst power crises in the country and culminated with a major gas shortage. These together with increased raw material prices and the currency depreciation resulted in higher input costs and impacted the profitability of the company.

The company achieved sales of Rs. 193.37 million for six months to December 31, 2009 against the sales of Rs. 350.37 million for the previous full year. The operating profit from continuing operations was Rs. 27.92 million against operating profit of Rs. 35.39 million for the previous year. The Company had, in accordance with the Notification of Securities and Exchange Commission of Pakistan, transferred Rs. 170.18 million representing impairment on “available for sale investments” to profit and loss account. After taking into account the loss from the closed down operations of Rs. 22.64 million (June 2009: Rs. 92.33 million), the operating loss after discontinued operations stood at Rs. 106.98 million as against Rs. 94.96 million for last full year.

The consolidated operating profit from continuing operations of the Group for the period stood at Rs. 24.39 million as against profit of Rs. 33.04 million for the preceding 12 months to June 30, 2009. With the loss from discontinued operations of Rs. 22.64 million (June 2009: Rs. 92.33 million), share of profit from associate of Rs. 290.21 million (June 2009: Rs. 627.36 million) and recognition of impairment loss on “available for sale investments” of the Holding and associate amounting to Rs. 535.20 million, the loss before tax was Rs. 238.46 million as against profit of Rs. 222.39 million for the last year. As a result of the loss, the Directors have not recommended any dividend for this period.

Loss per share of the Group was Rs. (6.32) as compared to earnings of Rs. 0.65 per share the last year.

The financial results of the Company are as under:

	Rupees in 000 For Six Months Period ended December 31, 2009	Rupees in 000 Year ended June 30, 2009
Sales (continuing operations)	193,365	350,372
Gross profit	50,242	76,512
Operating profit before discontinued operations	27,920	35,389
Loss from discontinued operations	(22,639)	(92,328)
Operating loss after discontinued operations	(5,282)	(56,939)
Other Income & charges	57,919	77,600
Impairment loss on 'available for sale' Investments	(170,178)	(115,616)
Loss for the period / year before taxation	(106,976)	(94,956)
Loss for the period / year after taxation	(108,065)	(104,156)
Un-appropriated profit brought forward	479,547	583,703
Un-appropriated profit carried forward	371,482	479,547
Earnings per share – basic and diluted (net)	Rs. (2.10)	Rs. (2.03)

DISPOSAL OF CLOSED DOWN PLANT & MACHINERY

In the 59th Annual General Meeting held at Lahore on October 31, 2009, the shareholders approved the disposal of Plant and Machinery of closed down units. This was in line with SECP advice on the matter. The process for disposal is now underway.

WIND ENERGY PROJECT

The wind based power project is moving ahead at a rapid speed and the company is in discussion with all stakeholders to ensure a cost effective and efficient solution. The international equipment supply market has improved in the last few months and this sector is also getting good support from the government.

COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN SRO/150(I)/2009 DATED 13 FEBRUARY 2009

The SECP vide its S.R.O.150 (1)/2009 dated February 13, 2009 has allowed all the Companies to

show the impairment loss as at December 31, 2008 on their "available-for-sale investment" under "equity" in statement of changes in equity, however such impairment was to be charged to profit and loss account in quarterly installments including any adjustment/effect for the price movement during the calendar year 2009. The SRO further stated that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at December 31, 2008 amounting to Rs. 312.19 million was shown in equity. At December 31, 2009 the above impairment loss after adjustment of subsequent price movement of Rs. 285.79 million is charged to the profit and loss account.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange and Lahore Stock Exchange in their Listing Regulations have been duly complied with. A statement to this effect is annexed with the Report.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this Statement and are required to observe these rules of conduct in relation to business and its regulations.

VISION AND MISSION

The statement reflecting the Vision and Mission of the Company is annexed to the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

(i) The financial statements together with notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(ii) The Company has maintained proper books of accounts.

(iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment except for the change in accounting policy regarding the treatment of impairment loss on "available for sale investments", which was adopted based on the notification of Securities and Exchange Commission of Pakistan.

(iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

(vi) The annual audited financial statements are circulated within four months of the close of the financial year.

(vii) There are no significant doubts about the Company's ability to continue as a going concern.

(viii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.

BOARD AUDIT COMMITTEE

The Board has constituted an Audit Committee which oversees the internal controls and compliance and its members are non executive directors.

PATTERN OF SHAREHOLDING

The statement reflecting the pattern of shareholding is annexed to the Report.

KEY OPERATING AND FINANCIAL DATA

Summary of key operating and financial data of last six financial years is attached to this Report.

STATUTORY PAYMENTS

As on the date of closing, no government taxes, duties, levies and charges were outstanding or overdue except the routine payments of various levies and the amounts in dispute pending in various appellate forums and have been disclosed in the financial statements.

VALUE OF INVESTMENTS OF GRATUITY FUND AND PROVIDENT FUND

The face value of the investments made out of the Gratuity and Provident Fund of the management cadre staff was Nil on the closing date.

TRADING IN COMPANY SHARES

The Directors, CEO, CFO and Company Secretary have not traded in company's shares during the period under review.

BOARD MEETINGS

During the period of 6 months ended December 31, 2009, a total of two meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Name of Directors	Meetings	
	Held	Attended
Mr. Shahzada Dawood	2	2
Mr. Inam ur Rehman	2	2
Mr. Isar Ahmad	2	2
Mr. A Samad Dawood	2	1
Mr. S. M. Asghar	2	1
Mr. Haroon Mehanti	2	2
Mr. Shahid Hamid Pracha	2	1
Mr. Shafiq Ahmed	1	1

Leave of absence was granted to the directors who could not attend the meeting being out of station or due to their preoccupation.

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered with related parties have been ratified by the Audit Committee and the Board and provide the information about the amounts due from related parties at the Balance Sheet date.

FUTURE PROSPECTS

The company is in the process of improving its woolen textile operations with investments in technology, processes and human resources and this is likely to result in improved results.

Substantial progress has been made in our negotiations with Wind Turbine Suppliers and EPC Contractors for setting up a 50MW Wind Energy Farm. We expect to achieve financial close by the end of this year. Your company will also be looking at the possibility of other projects in the Alternative Energy field.

AUDITORS

The present auditors, M/s. Moochhala Gangat & Co, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting. The Audit Committee has recommended the appointment of M/s. Yousuf Adil Saleem & Co., Chartered Accountants, as the statutory auditors of the Company, for the year ending December 31, 2010. The Board of Directors has endorsed this recommendation.

STAFF RELATIONS

The company continues to benefit from the efforts and dedication of all its employees. The Directors are pleased to record their appreciation.

Karachi:
March 25, 2010

Inam Ur Rehman
Chief Executive

Statement of Ethics and Business Practices

Dawood Lawrencepur Limited exists on sound principles of development and growth. It makes no compromises in any aspect of good business practices. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society on the following guidelines:

1. The Company strongly believes in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct.

2. The Company's financial policies for conducting business are transparency, integrity and following the principles of accounting and finance as approved by regulations and contemporary accounting codes.

3. The Company believes in uprightness of performance and expects it to be a fundamental responsibility of our employees to act in Company's best interest while holding confidential information. We expect our employees neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body.

4. The Company believes in encouraging the individuals' respect and growth. Our employment and HR policies develop individuals without any discrimination on the basis of race, religion, gender or any other factor.

5. The Company as a responsible corporate citizen strongly adheres to the principles of corporate governance and complies with regulatory

obligations enforced by regulatory bodies for improving corporate performance.

6. The Company anticipates integrity and honesty of employees in doing business for the Company. Any unfair or corrupt practices either to solicit business for the Company or for personal gains of the employee is fundamentally inconsistent with business codes of the Company.

7. The Company believes in community development without political affiliations with any person or group of persons working for gains. We contribute our resources for a better environment with an unprejudiced approach. Within our mills our policies gear towards unbiased and impartial employees betterment.

Statement of Compliance with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Board comprises of seven Directors including the Chief Executive Officer. The Company encourages representation of independent non-executive Directors. At present, the majority of the Directors on the Board are non-executive.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.

3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.

4. A causal vacancy occurred in the Board during the period, which was promptly filled.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the Directors and employees of the Company.

6. The Board has developed a vision/mission statement, which is annexed with the report. Significant policies of the Company are revised and updated as and when deemed appropriate.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the C E O and other Executive Directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers, were normally circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged an orientation course for its Directors to apprise them of their duties and responsibilities.

10. The Board has approved appointment of C F O and Company Secretary.

11. The Directors' report for the period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the C E O and C F O before approval of the Board.

13. The Directors, C E O and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of four members, who are non-executive Directors.

16. The meetings of the Audit Committee were held at least once every quarter as required by the Code, prior to approval of interim and final results of the Company. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has setup an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

Karachi
March 25, 2010

Inam ur Rahman
Chief Executive

Review Report to the Members on Statement of Compliance with best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of DAWOOD LAWRENCEPUR LIMITED, to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange and clause 49 (Chapter XIII) of Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the period ended December 31, 2009.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
Date: March 26, 2010

Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DAWOOD LAWRENCEPUR LIMITED ("the Company") as at December 31, 2009 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the six months period ended December 31, 2009 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments or an interpretation to existing standards and reclassification of short term investments as stated in note 34 with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affair as at December 31, 2009 and of the loss, its comprehensive income, its cash flows and changes in equity for the six months period ended December 31, 2009; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The Company's year end has been changed as mentioned in note-1 of the annexed financial statements.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
March 25, 2010

BALANCE SHEET AS AT DECEMBER 31, 2009

	NOTE	31-Dec-09 Rupees	30-Jun-09 Rupees
NON CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	64,605,362	65,042,892
Intangible assets	6	1,111,861	1,331,572
		65,717,223	66,374,464
Long Term Investments	7	350,578,054	400,139,314
Long Term Deposits	8	9,403,045	9,855,245
CURRENT ASSETS			
Stores and spares	9	48,875,303	50,389,186
Stock-in-trade	10	216,313,091	209,055,405
Trade debtors	11	43,749,814	36,013,497
Loans and advances	12	1,111,446	850,414
Deposits, prepayments and others	13	93,725,753	89,070,654
Short term investments	14	121,793,509	-
Cash and bank balances	15	23,880,693	79,236,002
		549,449,609	464,615,158
Assets of disposal group classified as held for sale	16	708,992,789	729,759,576
		1,684,140,720	1,670,743,757
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised:			
55,000,000 (2009: 55,000,000) Ordinary shares of Rs.10/- each		550,000,000	550,000,000
Issued, subscribed & paid up capital	17	513,546,600	513,546,600
Reserves		977,157,581	972,919,404
		1,490,704,181	1,486,466,004
NON CURRENT LIABILITIES			
Deferred Liabilities	18	44,694,649	41,620,870
CURRENT LIABILITIES			
Trade and other payable	19	138,330,745	133,334,505
Provision for taxation		10,411,145	9,322,378
		148,741,890	142,656,883
CONTINGENCIES AND COMMITMENTS	20	-	-
		1,684,140,720	1,670,743,757

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Note	For the period ended from 01-Jul-09 to 31-Dec-09 Rupees	Year ended 30-Jun-09 Rupees
Sales - net	21	193,365,425	350,372,025
Cost of goods sold	22	(143,122,864)	(273,859,663)
Gross profit		50,242,561	76,512,362
Operating Expenses			
Administrative and general	23	(16,767,610)	(26,020,141)
Selling and distribution	24	(5,554,416)	(15,102,773)
		(22,322,026)	(41,122,914)
Operating profit		27,920,535	35,389,448
Finance cost	25	(154,353)	(1,622,152)
Other income	26	58,073,590	79,221,734
Impairment loss on 'available for sale' investments	7.3	(170,177,666)	(115,616,363)
		(112,258,429)	(38,016,781)
Loss for the period / year from continued operations		(84,337,894)	(2,627,333)
Loss for the period / year from discontinued operations	27	(22,638,624)	(92,328,351)
Loss for the period / year before taxation		(106,976,518)	(94,955,684)
Taxation - Current		(1,088,767)	(9,200,000)
Loss for the period / year after taxation		(108,065,285)	(104,155,684)
Loss per share basic and diluted - continued operations	29.1	(1.66)	(0.23)
Loss per share basic and diluted- discontinued operations	29.2	(0.44)	(1.80)

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	31-Dec-09 Rupees	30-Jun-09 Rupees
Loss for the period / year before taxation	(108,065,285)	(104,155,684)
Other comprehensive income for the period / year :		
Adjustment arising from measurement for fair value of available for sale financial assets	112,303,462	7,831,068
Total comprehensive income for the period / year	4,238,177	(96,324,616)

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

CASH FLOW STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Continuing operations six months period ended 31-Dec-09	Discontinued operations six months period ended 31-Dec-09	Total DLL six months period ended 31-Dec-09	Continuing operations year ended 30-Jun-09	Discontinued operations year ended 30-Jun-09	Total DLL year ended 30-Jun-09
Cash Flow from Operating Activities:						
Loss before taxation	(84,337,894)	(22,638,624)	(106,976,518)	(2,627,333)	(92,328,351)	(94,955,684)
Adjustment for:						
Depreciation	2,667,317	1,757,158	4,424,475	6,958,192	3,354,148	10,312,340
Amortization	73,237	146,474	219,711	218,616	437,233	655,849
Provision for gratuity	4,121,623	354,206	4,475,829	5,649,848	298,843	5,948,691
Income from investments	(53,785,385)	-	(53,785,385)	(74,755,900)	-	(74,755,900)
Unrealized gain on short term investments	(1,793,509)	-	(1,793,509)	-	-	-
Provision against stocks	921,027	-	921,027	(3,065,138)	(725,923)	(3,791,061)
Provision against stores and spares	1,760,088	-	1,760,088	-	-	-
Impairment loss on 'available for sale investments'	170,177,666	-	170,177,666	115,616,363	-	115,616,363
Financial charges	154,353	61,862	216,215	405,178	1,216,974	1,622,152
Operating profit / (loss) before working capital changes	39,958,523	(20,318,924)	19,639,599	48,399,826	(87,747,076)	(39,347,250)
Net Decrease / (increase) in Working Capital	(1,869,117)	15,225,494	13,356,377	(355,878)	18,820,758	18,464,880
Cash generated / (used) from / in operations	38,089,406	(5,093,430)	32,995,976	48,043,949	(68,926,318)	(20,882,370)
Payments for:						
Gratuity	(1,402,051)	-	(1,402,051)	(2,002,540)	(65,375)	(2,067,915)
Tax	(1,367,429)	(5,475,636)	(6,843,065)	(9,595,632)	(864,133)	(10,459,765)
Financial charges	(154,353)	(61,862)	(216,215)	(405,178)	(1,216,974)	(1,622,152)
Net cash inflow / (outflow) from Operating Activities (A)	35,165,573	(10,630,928)	24,534,645	36,040,599	(71,072,800)	(35,032,202)
Cash Flow from Investing Activities						
Sale proceeds of fixed assets	-	-	-	360,681	735,032	1,095,713
Advance for issue of capital	(8,312,945)	-	(8,312,945)	(10,868,903)	-	(10,868,903)
Short term investments	(121,793,509)	-	(121,793,509)	-	-	-
Income from investments	53,785,385	-	53,785,385	74,755,900	-	74,755,900
Funds transferred from operations	(10,344,354)	-	(10,344,354)	(56,270,075)	-	(56,270,075)
Long term deposits	452,200	-	452,200	-	11,082,182	11,082,182
Fixed capital expenditure	(3,986,945)	-	(3,986,945)	(164,515)	-	(164,515)
Net cash (outflow) / inflow from Investing Activities (B)	(90,200,168)	-	(90,200,168)	7,813,088	11,817,214	19,630,302
Cash Flow from Financing Activities						
Dividend paid	-	(34,140)	(34,140)	-	-	-
Funds transferred from operations	-	10,344,354	10,344,354	-	56,270,074	56,270,074
Finance lease	-	-	-	-	(23,667,949)	(23,667,949)
Net cash inflow / (outflow) from Financing Activities (C)	-	10,310,214	10,310,214	-	32,602,125	32,602,125
Net decrease in cash and cash equivalents (A+B+C)	(55,034,595)	(320,714)	(55,355,309)	43,853,687	(26,653,461)	17,200,226
Cash and cash equivalents at the beginning of the period / year	75,936,720	3,299,282	79,236,002	32,083,033	29,952,743	62,035,776
Cash and cash equivalents at the end of the period / year	20,902,125	2,978,568	23,880,693	75,936,720	3,299,282	79,236,002
Movement in Working Capital						
(Increase) / Decrease in Current Assets						
Stores and spares	1,513,883	-	1,513,883	(5,435,958)	(247,230)	(5,683,188)
Stock-in-trade	(8,178,713)	20,766,787	12,588,074	(9,906,371)	29,577,246	19,670,875
Trade debts	(8,003,155)	266,838	(7,736,317)	9,152,162	1,751,004	10,903,162
Loans and advances	(261,032)	-	(261,032)	(2,415)	(282,566)	(284,981)
Deposits, prepayments and other receivables	4,270,023	(2,082,057)	2,187,966	14,988,866	(17,772,143)	(2,783,277)
	(10,658,994)	18,951,568	8,292,574	8,796,284	13,026,311	21,822,591
Increase / (Decrease) in Current Liabilities						
Trade debts and other payable	8,789,877	(3,726,074)	5,063,803	(9,152,162)	5,794,447	(3,357,715)
Net Decrease in Working Capital	(1,869,117)	15,225,494	13,356,377	(355,878)	18,820,758	18,464,876
Cash and Cash Equivalents						
Cash and bank balances	20,902,125	2,978,568	23,880,693	75,936,720	3,299,282	79,236,002
Cash and Cash Equivalents at the end of the period / year	20,902,125	2,978,568	23,880,693	75,936,720	3,299,282	79,236,002

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Share Capital	Capital Reserve: Merger Reserve	Capital Reserve: Premium on Right Shares	Capital Reserve: Capital	Capital Reserve: Capital Redemption	Capital Reserve: Unrealized gain / (loss) on remeasurement of available for sale investment	Total Capital Reserve	Revenue Reserve	Unappropriated Profit	Total
	Rupees									
Balance July 01, 2008	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)	90,186,362	395,354,584	630,389,124	1,582,790,620
Total comprehensive income for the year	-	-	-	-	-	7,831,068	7,831,068	-	(104,155,684)	(96,324,616)
Dividends										
For the year ended June 30, 2008										
- Final stock dividend in the ration 1:10	46,686,050	-	-	-	-	-	-	-	(46,686,050)	-
Balance June 30, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	98,017,430	395,354,584	479,547,390	1,486,466,004
Balance July 01, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	98,017,430	395,354,584	479,547,390	1,486,466,004
Total comprehensive income for the period	-	-	-	-	-	112,303,462	112,303,462	-	(108,065,285)	4,238,177
Balance December 31, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	3,654,500	210,320,892	395,354,584	371,482,105	1,490,704,181

The annexed notes from 1 to 36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

Notes to the Accounts
For the Six Months Period Ended December 31, 2009

1. LEGAL STATUS AND OPERATIONS

Dawood Lawrencepur Limited, "the Company" is incorporated in Pakistan as a public listed company formed as a result of Scheme of Arrangement for Amalgamation in terms of the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited, Lawrencepur Woolen and Textile Mills Limited. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the business of manufacture and sale of yarn and fabrics made from natural and man-made fibers and blends thereof. The registered office of the Company is situated at 35-A, Shahrah-e-Abdul Hameed Bin Badees (Empress) Road, Lahore.

The Company in the years 2007 and 2008 closed its manufacturing units located at Landhi, Karachi and at Dawoodabad unit, Burewala, District Vehari. The operations relating to the closed down units have been classified as discontinued operations, and are accounted for as 'non-current assets held for sale and discontinued operations' as per the requirement of IFRS-5.

During the period, the Company has adopted special tax year ending on December 31 for which permission of Commissioner of Income Tax has been obtained vide its letter dated August 18, 2009. Consequent upon the change in tax year, the Company's financial year has been changed from June to December. The change was made so that the Company's year end coincides with the year end of group companies.

2. BASIS OF PREPARATION

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), and International Accounting Standards, issued by the International Accounting Standards Board (IASB), as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Overall valuation policy

These financial statements have been prepared under the 'historical cost' convention except as otherwise disclosed in the financial policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are stated to the nearest rupee.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that obligations under certain staff retirement benefits have been measured at present value and investments available for sale have been measured at fair market value.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require Management to use judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Significant areas of estimates are:-

- Property, plant and equipment
- Intangible Assets
- Stock in trade and stores and spares
- Employee benefits
- Taxation

Estimates and assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized in the period of revision and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Employees' retirement benefits

3.1.1 Defined contribution plan

A defined contribution plan is a post – employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due. The Company operates defined contribution provident fund for its permanent employees of its Burewala Unit. Monthly contributions are made both by the Company and employees to the fund at the rate of 8.33% of basic salary.

3.1.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company 's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Company operates a Defined Benefit 'Gratuity' Plan, for its regular permanent employees who have completed qualifying period of service. A funded Gratuity scheme is in place for the Management employees of the company's 'Lawrencepur Woolen and Textile Mills Unit', and unfunded gratuity scheme is followed for other employees.

Provisions are made in the financial statements to cover obligations under the scheme. The provision requires assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current values. As per the actuarial valuation carried out as at December 31st 2009, following significant assumptions were used for determining the gratuity liability.

Discount rate 12%
Expected rate of salary increase 11%
Expected rate of return on plan assets 12%
Average expected remaining life of employees 9 years

Actuarial gains or losses in excess of corridor limit of 10% of the difference between fair value of assets and present value of obligation are recognized over the estimated remaining service life of the employees.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is also directly recognized in equity.

3.2.1 Current

Provision for current taxation is based on income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

3.2.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and 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 current best estimate.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at weighted average cost except for items in transit, which are stated at cost incurred up to the balance sheet date. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.6 Property, plant and equipment & capital work in progress

3.6.1 Recognition & measurement

Property, plant and equipment, except for free hold land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress is stated at cost.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to the buyers. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit and loss.

3.6.2 Non-current assets held for sale

Non-current assets that is expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Non-Current assets classified as held for sale are not depreciated or amortized.

3.6.3 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred.

3.6.4 Leased assets

Lease in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of markup on the remaining balance of principal liability for each period.

3.6.5 Depreciation

Depreciation is charged to profit and loss account applying reducing balance method, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the date on which asset is available for use and on disposals up to the date of deletion. Freehold land is not depreciated. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.7 Intangible assets

3.7.1 Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the reducing balance method over the estimated useful lives of software. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Costs associated with maintaining computer software licenses are recognized as an expense as incurred.

3.8 Investments

3.8.1 Investments in subsidiaries and associated companies

Investments, in subsidiaries where control exist, and associates where significant influence can be established are initially stated at cost. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account adjusted for impairment, if any, in the recoverable amounts of such investments.

3.8.2 Investments available for sale

Investments 'available for sale' are initially recognized at fair value, plus attributable transactions cost. Subsequent to initial recognition these are measured at fair value. Gains or losses on available-for-sale investments resulting from changes in fair value are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

Except for the investment in Karnaphuli Paper Mills Limited, which is stated at nominal value, all other investments in unquoted securities are stated at cost, less provision for Impairment, if any.

3.8.3 Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. These are recorded at amortized cost using the effective interest rate method, less any amount written off to reflect impairment.

3.8.4 Financial assets at fair value through profit or loss

An instrument is classified as 'fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account. Purchases and sales of investments are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the investment.

3.9 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except, to the extent of borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of such asset.

3.11 Financial assets and liabilities

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets include trade debts, other receivables, loans, advances and deposits. These are recognized initially at cost plus directly attributable transaction costs, if any, and subsequently measured at fair value or amortized cost using effective interest rate method as the case may be less provision for impairment, if any. Exchange gains and losses arising in respect of financial assets or liabilities in foreign currency are added to the respective carrying amounts.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.13 Foreign currency translation

Transactions in the foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

3.14 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue from sale of goods are recognized when significant risks and rewards of ownership are transferred to the buyer, and is recorded on dispatch of goods to the customers. Income from investments and deposits is recognized on accrual basis. Dividend income is recognized when the Company's right to receive the dividend is established.

3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its Ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary shareholders of the Company by the weighted average number of Ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to Ordinary share holders and the weighted average number of Ordinary shares outstanding for the effects of all dilutive potential Ordinary shares.

3.16 Related party transactions

Transactions with related parties are carried out on commercial terms and conditions.

3.17 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4 ADOPTION OF NEW ACCOUNTING STANDARDS

4.1 Standards, interpretations and amendments to published approved accounting standards

Effective in current year

"Effective but not relevant"

Following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and are also relevant to the Company. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial statements of the Company.

IFRS 2 (Amendment), Share based payment;
IFRS 4 Insurance contracts;
IFRS 8 Operating segments;
IAS 23 (Amendment) Borrowing costs;
IAS 28 (Amendment) Investment in associates;
IAS 36 (Amendment) Impairment of assets;
IAS 38 (Amendment) Intangible assets;
IAS 39 (Amendment) Embedded derivatives;
IFRIC 13 Customers loyalty programmes;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 16 Hedges of a net investment in a foreign operations; and
IAS 41 Agriculture

4.2 Standard, amendments and interpretations effective in 2010

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2010.

IFRS 3 (Revised) Business combinations;
IAS 27 (Revised) Consolidated and separate financial statements;
IAS 39 (Amendments) Financial instruments: recognition and measurement;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 17 Distributions of non-cash assets to owners;
IFRS 5 (Amendments) - improvements to IFRS - IFRS 5 Non-current assts held for sale and discontinued operations.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Operating assets	5.1	64,605,362	65,042,892
Opening book value		65,042,892	76,286,430
Adjustments (charge, addition /deletion for the period / year)		(437,530)	(11,243,538)
Closing book value		64,605,362	65,042,892

Non current assets of the following units, which discountinued operations in prior years, are shown separately under "Assets of disposal group classified as held for sale", in accordance with IFRS-5

- Landhi Unit
- Dilon Unit (Landhi - Synthetic)
- Dawoodabad Unit - Burewala

5.1 Operating Assets

Description	Freehold land	Leasehold land	Building on freehold land	Building on lease hold land	Plant & machinery	Furniture & fixtures and office equipment	Vehicles	Total Rupees
COST								
Balance as at 01 July 2008	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,766,174	21,832,888	464,602,105
Additions	-	-	-	-	-	164,515	-	164,515
Disposals	-	-	-	-	-	-	(1,730,500)	(1,730,500)
Balance as at 30 June 2009	**3,156,616**	**1,080,702**	**70,557,506**	**54,414,166**	**284,794,053**	**28,930,689**	**20,102,388**	**463,036,120**
Balance as at 01 July 2009	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,930,689	20,102,388	463,036,120
Additions	-	-	-	-	-	270,910	3,716,035	3,986,945
Balance as at 31 December 2009	**3,156,616**	**1,080,702**	**70,557,506**	**54,414,166**	**284,794,053**	**29,201,599**	**23,818,423**	**467,023,065**
DEPRECIATION								
Balance as at 01 July 2008	-	469,533	58,926,152	35,919,775	261,373,651	16,756,297	14,870,267	388,315,675
Charge for the year	-	3,150	1,037,097	1,817,836	4,757,846	1,394,170	1,302,241	10,312,340
On disposals	-	-	-	-	-	-	(634,787)	(634,787)
Balance as at 30 June 2009	**-**	**472,683**	**59,963,249**	**37,737,611**	**266,131,497**	**18,150,467**	**15,537,721**	**397,993,228**
Balance as at 01 July 2009	-	472,683	59,963,249	37,737,611	266,131,497	18,150,467	15,537,721	397,993,228
Charge for the period	-	1,559	471,561	818,026	1,960,557	536,860	635,912	4,424,475
Balance as at 31 December 2009	-	**474,242**	**60,434,810**	**38,555,637**	**268,092,054**	**18,687,327**	**16,173,633**	**402,417,703**
CARRYING AMOUNT - 30-Jun-09	3,156,616	608,019	10,594,257	16,676,555	18,662,556	10,780,222	4,564,667	65,042,892
CARRYING AMOUNT - 31-Dec-09	3,156,616	606,460	10,122,696	15,858,529	16,701,999	10,514,272	7,644,790	64,605,362
RATE OF DEPRECIATION (%)	-	1%	5-10%	10%	10-20%	10-33%	20-25%	

5.2 The Company is in the process of transferring Land and other assets in its own name which is being currently held in the name of the merged entities.

5.3 Depreciation has been charged to	**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Cost of goods sold	2,297,503	5,502,136
Administrative and general expenses	1,991,567	4,531,388
Selling and distribution expenses	135,405	278,816
	4,424,475	10,312,340

5.4 Details of fixed assets sold during the period / year

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit
December 31, 2009	-	-	-	-	-
June 30, 2009	1,730,500	634,787	1,095,713	1,095,713	-

6 INTANGIBLE ASSETS	**Note**	**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Computer software	6.1	1,111,861	1,331,572
6.1 Computer software			
Cost		2,380,145	2,380,145
Amortization			
Opening balance		1,048,573	392,724
Charge for the period / year		219,711	655,849
Closing balance		1,268,284	1,048,573
CARRYING AMOUNT		1,111,861	1,331,572
Rate of Amortization (%)		33%	33%

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
7 LONG TERM INVESTMENTS			
Investments in **subsidiary and associated company**	7.1	135,412,401	127,099,456
Other investments	7.2	215,165,653	273,039,858
		350,578,054	400,139,314
7.1 Investments in subsidiary and associated company			
Wholly owned subsidiary - unquoted			
Tenaga Generasi Limited	7.1.1	30,527,648	30,527,648
Percentage holding 100%			
600,000 (June 30, 2009: 600,000) fully paid Ordinary shares of Rs.10 each			
Advance for issue of capital		39,590,523	31,277,578
		70,118,171	61,805,226
Associated Company - quoted			
Dawood Hercules Chemicals Limited		65,294,230	65,294,230
17,711,795 (June 30, 2009: 17,711,795) fully paid Ordinary shares of Rs. 10 each			
Percentage holding **16.19%** (June 30, 2009: 16.19%)			
Market value **Rs.3,185** million (June 30, 2009: Rs.2,276 million)			
		135,412,401	127,099,456

7.1.1 Tenaga Generasi Limited (TGL) is a wholly owned subsidiary of the company. TGL was incorporated in 2005 as a special purpose company for setting up a wind energy farm.

7.2 Other Investments - Available for sale		**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Listed Companies			
Related Parties			
Sui Northern Gas Pipelines Ltd.			
8,272,470 (June 30, 2009 : 8,272,470) Ordinary shares of Rs.10/- each			
Equity held 1.52% (June 30, 2009 : 1.52 %)			
Market value **Rs. 205.157 million** (June 30, 2009 Rs. 264.31 million)		480,238,817	480,238,817
Others			
Sui Southern Gas Company Ltd.			
55,310 (June 30, 2009 : 55,310) Ordinary shares of Rs.10/- each			
Market value Rs. 0.74 million (June 30, 2009 Rs. 0.77 million)		698,313	698,313
National Investment Trust			
Units 200,000 (June 30, 2009 : 200,000) of Rs. 10/- each			
Market value **Rs. 6.05 million** (June 30, 2009 Rs. 5.37 million)		2,440,000	2,440,000
Southern Electric Co. Ltd			
801,900 (June 30, 2009 : 801,900) Ordinary shares of Rs.10/- each	7.2.1	13,912,050	13,912,050
Market value **Rs. 3.20 million** (June 30, 2009: Rs. 2.57 million)			
Other entities			
Karnaphuli Paper Mills Ltd.			
795,000 (June 30, 2009 : 795,000) Ordinary shares of Rs.10/- each		3	3
Mianwali Central Co-operative Bank Ltd			
100 (June 30, 2009 : 100) Ordinary shares of Rs.10/- each		1,000	1,000
Asian Co-operative Society Ltd.			
1500 (June 30, 2009 : 1,500) Ordinary shares of Rs.10/- each		15,000	15,000
		497,305,183	497,305,183
Adjustment arising from measurement at fair value			
Impairment loss show under equity		-	(108,648,962)
Fair value adjustment recognized in equity		3,654,500	-
Impairment loss charged to Profit and Loss Account		(285,794,030)	(115,616,363)
		(282,139,530)	(224,265,325)
		215,165,653	273,039,858

7.2.1 The investment previously shown as short term investment now classified as long term investment for better presentation. This change has no effect on profit and loss account.

7.3 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account.

The SECP vide its S.R.O.150(1)/2009 dated 13 February 2009 has allowed all the Companies to show the impairment loss as at 31 December 2008 on their "available-for-sale investment" under "equity" in statement of changes in equity instead of charging it to the profit and loss account. The SRO further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in the accounts shall be recorded, after adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending on 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at 31 December 2008 amounting to Rs. 312.19 million was shown in equity. At 31 December 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 285.79 million.

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
8	**LONG TERM DEPOSITS**			
	Electricity and gas deposit		8,561,479	8,561,479
	Others		841,566	1,293,766
			9,403,045	9,855,245
9	**STORES AND SPARES**			
	Stores		25,457,747	24,341,847
	Spares		28,647,388	29,517,083
			54,105,135	53,858,930
	Provision for obsolescence		(5,229,832)	(3,469,744)
			48,875,303	50,389,186
10	**STOCK IN TRADE**			
	Raw materials		7,566,896	8,421,828
	Work in process		101,853,235	83,112,801
	Finished goods		106,389,535	117,555,904
			215,809,666	209,090,533
	Raw material in transit		10,809,205	9,349,625
			226,618,871	218,440,158
	Less:			
	Provision for slow moving /obsolescence		(10,305,780)	(9,384,753)
			216,313,091	209,055,405
11	**TRADE DEBTORS - unsecured**			
	Considered good		43,749,814	36,013,497
	Considered doubtful		19,714,077	20,049,076
			63,463,891	56,062,573
	Less: Provision for doubtful debts	11.1	(19,714,077)	(20,049,076)
			43,749,814	36,013,497
11.1	**PROVISION FOR DOUBTFUL DEBTS - MOVEMENT**			
	Opening balance		20,049,076	20,049,076
	Less: Received/adjustment during the period / year		(334,999)	-
			19,714,077	20,049,076

11.2 The amount due and maximum aggregate amount from related parties at the end of any month during the period / year are as follows:-

	Note	Amount Outstanding	Maximum month end balance
December 31, 2009			
Sach International (Pvt) Limited		320,527	2,608,658
June 30, 2009			
Sach International (Pvt) Limited		2,583,290	21,777,553

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
12	**LOANS AND ADVANCES**			
	Unsecured- Considered good			
	Loans and advances due from employees		291,655	400,728
	Advances to suppliers and others		819,791	449,686
			1,111,446	850,414
13	**DEPOSITS, PREPAYMENTS AND OTHERS**			
	Security deposits		1,824,676	1,324,676
	Prepayments		2,803,022	448,075
	Letters of credit		601,153	1,555,063
	Income tax		76,689,123	69,846,058
	Sales tax		11,301,996	11,020,923
	Others	13.1	505,783	4,875,859
			93,725,753	89,070,654

13.1 The amount due and maximum aggregate amount due from related parties at the end of any month during the period / year are as follows:

	Amount Outstanding	Maximum month end balance
December 31, 2009		
SACH International (Pvt) Limited	438,256	5,118,682
Dawood Hercules Chemicals Limited	67,527	883,574
June 30, 2009		
SACH International (Pvt) Limited	4,126,143	4,126,143
Dawood Corporation (Pvt) Limited	671,108	675,122

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
14	**SHORT TERM INVESTMENTS**			
	- Through profit and loss account			
	Al Meezan Investment Management Ltd.			
	382,555.47 (June 30, 2009 : Nil) Units of Meezan Cash Fund			
	Cost **Rs. 120.00 million** (June 30, 2009: Rs. Nil)		121,793,509	-
15	**CASH AND BANK BALANCES**			
	In hand		1,057,421	642,323
	At bank			
	- in current accounts		18,770,014	63,497,629
	- in deposit accounts	15.1	4,053,258	15,096,050
			22,823,272	78,593,679
			23,880,693	79,236,002

15.1 These represent deposits with commercial banks and carry profit at the rate of 5% (June 30, 2009: 3%) per annum.

16 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Property, plant and equipment	16.1	648,330,213	648,330,213
Stock-in-trade		38,822,520	59,589,307
Stores and spares		40,307,124	40,307,124
		727,459,857	748,226,644
Less: Provision for slow moving / obsolescence on stock in trade		(18,467,068)	(18,467,068)
		708,992,789	729,759,576

16.1 Property, Plant and Equipment

Description	Owned Assets: Plant & machinery	Owned Assets: Furniture & fixtures and office equipment	Owned Assets: Electric installations	Owned Assets: Tools & equipment	Leased Assets: Plant & machinery	Total Rupees
COST						
Balance as at 01 July 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,236
Transfer from leased to owned	118,877,791	-	-	-	(118,877,791)	-
Balance as at 30 June 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
Balance as at 01 July 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
Balance as at 31 Dec. 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
DEPRECIATION						
Balance as at 01 July 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,023
Transfer from leased to owned	30,533,990	-	-	-	(30,533,990)	-
Balance as at 30 June 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
Balance as at 01 July 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
Balance as at 31 Dec. 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
CARRYING AMOUNT-June 30, 2009	642,450,456	106,063	5,027,549	746,145	-	648,330,213
CARRYING AMOUNT-December 31, 2009	642,450,456	106,063	5,027,549	746,145	-	648,330,213
RATE OF DEPRECIATION (%)	10-20%	10-33%	10%	10%	10%	

16.2 The Company made arrangements for the disposal of plant and machinery held for disposal after seeking share holders approval at Extra Ordinary Meeting held on 28 April 2008 and in compliance with the directives of Securities and Exchange Commission of Pakistan (SECP). However, on an Application filed in the High Court of Sindh, the High Court had restrained the Company from disposal of Plant and Machinery. Subsequently, on November 19, 2008 the High Court vacated the stay by dismissing the Application.

On advice of SECP the Company obtained fresh approval in General Meeting from the Shareholders held on 31 October 2009 for the disposal of Plant and Machinery, and is in the process to implement the same.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31-Dec-09 Number	30-Jun-09 Number		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid		22,040,020	22,040,020
12,805,118	12,805,118	Ordinary shares of Rs.10/- each issued for consideration other than cash		128,051,180	128,051,180
36,345,540	36,345,540	Ordinary shares of Rs.10/- each fully paid as bonus shares		363,455,400	363,455,400
51,354,660	51,354,660		17.1	513,546,600	513,546,600

17.1 Movement in share capital during the period / year

	31-Dec-09 Rupees	30-Jun-09 Rupees
51,354,660 (June 30, 2009:46,686,055) Ordinary shares of Rs.10/- each fully paid up	513,546,600	466,860,550
Issued Nil (June 30, 2009:4,668,605) Ordinary shares of Rs.10/-each as fully paid bonus shares	-	46,686,050
	513,546,600	513,546,600

18 DEFERRED LIABILITIES

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Gratuity	18.1	44,694,649	41,620,870
Deferred Taxation	18.2	-	-
		44,694,649	41,620,870

18.1 Movement in the liability recognized in the balance sheet are as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Opening balance	41,620,871	37,740,094
Net charge for the period / year	4,475,829	5,948,691
	46,096,700	43,688,785
Less: Payments made during the period / year	(1,402,051)	(2,067,915)
	44,694,649	41,620,870
The amount recognized in the profit and loss account is as follows:		
Current service cost	1,779,193	4,017,324
Interest cost	2,826,417	2,961,607
Return on plan assets	(129,781)	(216,302)
Actuarial (Gains) / Losses charge	-	(813,938)
Charged to profit and loss account	4,475,829	5,948,691
Reconciliation		
Present value of obligation	51,059,078	47,106,950
Fair value of plan assets	(2,163,019)	(2,163,019)
Actuarial Gains / Losses to be recognised in later periods.	(4,201,410)	(3,323,061)
	44,694,649	41,620,870

18.1.1 Historical information

	Dec. 2009	June 2009	June 2008	June 2007	June 2006
			Rupees		
Present value of defined benefit obligation	51,059,078	47,106,950	29,616,068	76,631,471	100,197,275
Fair value of plan assets	(2,163,019)	(2,163,019)	(2,163,019)	(2,161,999)	(2,221,248)
Surplus /(Deficit) in the plan	48,896,059	44,943,931	27,453,049	74,469,472	97,976,027
Unrecognised actuarial gain / (loss)	(4,201,410)	(3,323,061)	10,287,045	8,266,063	9,784,099
(Asset) / liability in balance sheet	44,694,649	41,620,870	37,740,094	82,735,535	107,760,126
Experience adjustment arising on plan liabilities (gains)/losses	748,568	12,579,867	4,054,017	11,281,037	-
Experience adjustment arising on plan assets gains/(losses)	(129,781)	(216,302)	(216,200)	(236,949)	-

18.2 Deferred Taxation

No deferred tax liability is provided in the accounts taking into consideration the potential tax savings related to the tax losses carried forward.

19 TRADE AND OTHER PAYABLES	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Creditors		34,740,816	27,688,595
Accrued expenses		28,914,218	24,414,899
Gratuity payable to resigned staff		8,306,973	9,687,512
Advance from customers and others		12,345,234	17,208,925
Unclaimed dividend		20,698,412	20,732,552
Due to Islamic Development Bank	19.1	25,960,000	25,960,000
Deposits	19.2	740,376	766,427
Withholding tax		156,684	175,803
Others	19.3	6,468,032	6,699,792
		138,330,745	133,334,505

19.1 This represents preference share capital of one of the merged entity issued to Islamic Development Bank with right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation was approved and as such the same has been classified as liability and redemption reserve has been created.

19.2 All deposits are re-payable on demand and no interest is payable thereon.

19.3 These includes amount due to following related parties	31-Dec-09 Rupees	30-Jun-09 Rupees
Central Insurance Company Limited	277,397	14,481
Dawood Hercules Chemicals Limited	-	836,934
The Dawood Foundation	173,469	-
Dawood Corporation (Private) Limited	155,337	-

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

The Taxation Officer while making assessments for the tax years 2003 to 2005 (pre merger period), had made additions on account allocation of expenses between the normal and presumptive income and disallowing expenses against the operating income of the Company of Rs. 136.104 million, made errors in allowing expenses relating to gratuity, lease rentals, employee perquisites, utilities of Rs. 6.974 million etc. The Company preferred appeals before CIT (Appeals) and Income Tax Appellate Tribunal. The Company has also requested for the rectification of different mistakes in assessment orders for the tax years 2004 and 2005. The tax impact of the same comes to Rs. 16.270 millions. Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident that the appeals will be decided in Company's favor, no provisions has been made in these financial statements relating to above appeals.

The Company provided a bank guarantee in favour of TGL (the subsidiary company) to Alternate Energy Development Board (AEDB) for US$ 25,000 (June 30, 2009: US$ 25,000). The bank guarantee is valid for the period of 24 months.

The Company is contingently liable against the guarantees and the counter guarantees amounting to **Rs. 64.16 million** (June 30, 2009: Rs. 64.16 million). These are secured against margins and investment in NIT units.

20.2 Commitments

The Company has letter of credit commitments for purchases amounting to **Rs. 37.33 million** (June 30, 2009: Rs. 28.04 million).

The Company has commitment to supply fabric to Pakistan Air Force amounting to **Rs. 69.78 million** (June 30, 2009: Rs. 80.29 million).

Dawood Lawrencepur Limited

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
21 SALES - NET			
Manufacturing		219,580,018	381,514,945
Trading goods		-	2,094,889
		219,580,018	383,609,834
Brokerage, commission and discount		(1,826,701)	(3,390,321)
		217,753,317	380,219,513
Transferred to discontinued operations			
Sales - Manufacturing		24,387,892	30,053,985
Brokerage, commission and discount		-	(206,497)
		(24,387,892)	(29,847,488)
		193,365,425	350,372,025
22 COST OF GOODS SOLD			
RAW MATERIALS:			
Opening inventory		14,651,129	42,592,174
Purchases		58,079,605	135,054,809
		72,730,734	177,646,983
Less: Closing inventory		(14,826,460)	(14,651,129)
Raw material consumed		57,904,274	162,995,854
OTHER COSTS			
Salaries, wages and allowances	22.1	45,737,562	74,145,128
Stores and spares consumed		17,122,016	29,146,636
Electricity, gas and water consumed		24,492,919	49,315,680
Depreciation		2,297,503	5,502,136
Insurance		659,666	1,071,725
Repairs and maintenance		454,259	324,334
Other expenses		2,028,730	3,657,789
		150,696,929	326,159,282
Add: Opening work in process		81,864,453	130,884,946
Less: Closing work in process		(100,604,888)	(81,864,454)
COST OF PRODUCTION		131,956,494	375,179,774
Add: Opening inventory of finished goods		152,989,546	78,373,228
Less: Closing inventory of finished goods		(121,056,390)	(152,989,547)
		31,933,156	(74,616,319)
Cost of sales - Trading goods	22.2	-	2,147,527
		163,889,650	302,710,982
Transferred to discontinued operations		(20,766,786)	(28,851,319)
		143,122,864	273,859,663

22.1 This includes staff retirement benefits of **Rs. 3,392,047/**- (June 30, 2009: Rs. 4,981,191/-)

22.2 Cost of sales - Trading goods	31-Dec-09 Rupees	30-Jun-09 Rupees
Opening inventory	-	4,547,699
Purchases	-	1,747,772
Less: Purchase return	-	(4,147,944)
	-	2,147,527

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
23	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and allowances	23.1	23,476,056	69,502,911
	Printing and stationery		999,465	2,316,570
	Rent, rates and taxes		3,720,503	7,959,447
	Electricity and gas		5,828,282	12,220,571
	Conveyance and traveling		1,770,180	2,852,400
	Postage, fax and telephone		896,247	2,189,136
	Insurance		1,456,143	3,682,473
	Repairs and maintenance		414,046	920,787
	Legal and professional charges		2,161,136	7,870,435
	Auditor's remuneration	23.2	352,000	510,000
	Fees and subscription		874,194	1,465,281
	Advertisement		84,346	97,560
	Entertainment		225,561	206,335
	Depreciation		1,991,567	4,531,388
	Amortization		219,711	655,849
	Miscellaneous expenses		471,680	776,766
			44,941,117	117,757,909
	Transferred to discontinued operations		(28,173,507)	(91,737,768)
			16,767,610	26,020,141

23.1 This includes staff retirement benefits of **Rs. 625,176/-**(June 30, 2009: Rs. 14,501,289/-)

23.2 **This includes:**

		31-Dec-09 Rupees	30-Jun-09 Rupees
	Annual audit fee	210,000	300,000
	Audit of consolidated financial statements	40,000	40,000
	Review and other certification fee	102,000	126,000
	Out of pocket expenses	-	44,000
		352,000	510,000

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
24	**SELLING AND DISTRIBUTION EXPENSES**			
	Storage and forwarding charges		432,838	965,331
	Salaries and allowances	24.1	2,413,543	5,828,536
	Printing and stationary		427,224	1,089,025
	Rent, rates and taxes		929,666	4,258,493
	Electricity and gas		163,219	166,642
	Conveyance and traveling		80,348	112,364
	Postage, fax and telephone		23,884	220,121
	Freight and insurance		285,148	732,294
	Repairs and maintenance		104,204	377,301
	Depreciation		135,405	278,816
	Entertainment		23,303	45,421
	Terminal tax and transportation charges		780	-
	Advertisement charges		418,600	915,027
	Packing charges		110,470	359,836
	Miscellaneous expenses		5,784	123,344
			5,554,416	15,472,551
	Transferred to discontinued operations		-	(369,778)
			5,554,416	15,102,773

24.1 This includes staff retirement benefits of **Rs. 104,400/-** (June 30, 2009: Rs. 245,211/-)

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
25	**FINANCE COST**			
	Markup on bank finances		-	844,908
	Lease finances charges		-	1,082,209
	Bank charges		166,215	912,009
	Zakat		50,000	-
			216,215	2,839,126
	Transferred to discontinued operations		(61,862)	(1,216,974)
			154,353	1,622,152
26	**OTHER INCOME**			
	Income from financial assets			
	Dividend Income			
	Dawood Hercules Chemicals Ltd		53,135,385	42,669,325
	Sui Northern Gas Co. Ltd		-	28,953,645
	NIT Units		650,000	1,300,000
			53,785,385	72,922,970
	Profit on deposits		794,879	1,832,930
	Unrealized gain on short term investments		1,793,509	-
			2,588,388	1,832,930
	Income from non financial assets			
	Interest on security deposits		-	459,294
	Sundry sales and receipts		472,372	458,595
	Other income		2,868,085	305,421
	Liabilities written back		-	3,242,524
	Reversal of provision for doubt full debts		334,999	-
			60,049,229	79,221,734
	Transferred to discontinued operations		(1,975,639)	-
			58,073,590	79,221,734
27	**LOSS FROM DISCONTINUED OPERATIONS**			
	Sales - net		24,387,892	29,847,488
	Cost of goods sold	27.1	(20,766,786)	(28,851,319)
	Gross profit		3,621,106	996,169
	Operating expenses			
	Administrative and general		(28,173,507)	(91,737,768)
	Selling and distribution		-	(369,778)
			(28,173,507)	(92,107,546)
	Operating (loss)		(24,552,401)	(91,111,377)
	Finance cost		(61,862)	(1,216,974)
	Other income		1,975,639	-
	Loss before tax		(22,638,624)	(92,328,351)
27.1	**Cost of Goods Sold**			
	Raw Material			
	Opening inventory		70,550	28,921,869
	Less: Closing inventory		(70,550)	(70,550)
	Raw materials consumed		-	28,851,319
	Add: Opening inventory of finished goods		41,051,554	41,051,554
	Less: Closing inventory of finished goods		(20,284,768)	(41,051,554)
	Cost of good sold		20,766,786	28,851,319

28 RECONCILIATION OF TAX CHARGE FOR THE PERIOD / YEAR

	31-Dec-09 Rupees	30-Jun-09 Rupees
Applicable tax rate	35.00%	35.00%
Tax effect of amounts that are not deductable for tax purposes	-	-3.80%
Tax effect of amounts exempt from tax	-	21.82%
Tax effect of amount taxed at lower rate	-	7.68%
Effective tax rate	-	-70.38%
	-	-9.68%

In view of accounting loss tax reconciliation has not been presented for the current period.

29 EARNINGS PER SHARE-BASIC AND DILUTED

	31-Dec-09 Rupees	30-Jun-09 Rupees
29.1 Continuing operations		
Loss for the period / year	(85,426,661)	(11,827,333)
Weighted average number of Ordinary shares in issue during the period / year	51,354,660	51,354,660
Basic and diluted loss per share	(1.66)	(0.23)
29.2 Discontinued operations		
Loss for the period / year	(22,638,624)	(92,328,351)
Weighted average number of Ordinary shares in issue during the period / year	51,354,660	51,354,660
Basic and diluted loss per share	(0.44)	(1.80)

30 EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives were as under:

	DECEMBER 31, 2009 Six Months			JUNE 30, 2009 Per Annum		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
Remuneration	556,488	3,058,553	3,615,041	2,400,000	3,569,112	5,969,112
House rent allowance	278,243	1,201,016	1,479,259	1,200,000	1,133,400	2,333,400
Utilities	139,122	407,820	546,942	600,000	210,240	810,240
Retirement benefit	46,355	127,514	173,869	199,920	42,787	242,707
Other allowances	243,792	1,097,552	1,341,344	186,255	447,734	633,989
	1,264,000	5,892,455	7,156,455	4,586,175	5,403,273	9,989,448
No. of persons	1	5	6	1	4	5

30.1 Executive means any employee whose basic salary exceeds Rs. 500,000 (June 30, 2009: Rs. 500,000) per year.

30.2 Chief Executive and some senior executives are provided with free use of cars owned and maintained by the company/employees and other benefits in accordance with the company policy.

30.3 The aggregate amount charged in these financial statements in respect of fee to 7 Directors (June 30, 2009: 7) was Rs. Nil (June 30, 2009: Rs. Nil).

Dawood Lawrencepur Limited

31 RELATED PARTIES TRANSACTIONS

Related parties comprises of subsidiary company, associated company, major shareholders, directors, companies with common directorship and key management personnel. Transactions of the Company with related parties are as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Associated Company		
Dividend income received	53,135,385	42,669,325
Sales of cloth	2,419,176	27,526,563
Purchase of cloth	-	1,920,072
Insurance premium paid	4,184,361	6,223,555
Equity investment in TGL	8,312,945	10,868,903
Other related parties		
Dividend income received	-	28,953,645
Utilities charges paid	9,681,240	19,372,750
Rental charges paid	2,954,842	6,753,816
Storage charges paid	-	93,728
Sale of vehicles	-	1,095,713

31.1 Transactions with related parties are carried out on commercial terms and conditions.

32 INSTALLED CAPACITY AND PRODUCTION

	Unit	DECEMBER 31, 2009 Six Months		JUNE 30, 2009 Per Annum	
		Capacity	Actual	Capacity	Actual
		(in thousands)		(in thousands)	
Yarn	Kgs.	179	93	358	229
Cloth	Mrs..	377	307	754	796

Reason for under utilisation:

Due to some of the plant and machinery not in operating condition and also due to lower demand of the products.

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1 CREDIT RISK

Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Trade debtors	43,749,814	36,013,497
Loans and advances	291,655	400,728
Deposits and other receivables	2,931,612	7,755,598
Cash and bank balances	23,880,693	79,236,002

33.1.1 The maximum exposure to credit risk for trade debts amounting to **Rs. 43.75 million** (June 30, 2009: Rs.36.01 million), at the balance sheet date by geographic region is as follows:

Domestic	43,749,814	36,013,497

33.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Whole seller / distributor	39,893,389	31,802,041
End-user customers	3,856,425	4,211,456
	43,749,814	36,013,497

33.1.3 Trade Debts from the Company's most significant customers, are a distributor for **Rs. 9,398,597** (June 30, 2009: Rs. 2,593,280) and an end-user for **Rs. 2,902,784** (June 30, 2009: Rs. 3,855,625) of the total carrying amount as at December 31, 2009.

33.1.4 Impairment losses

The aging of trade debtors and related impairment at the balance sheet date was:

	December 31, 2009		June 30, 2009	
	Gross	Impairment	Gross	Impairment
Not past due	12,661,623	-	13,854,984	-
Past due 1 - 50 days	11,937,159	-	9,826,349	-
Past due 51 days - 1 year	13,435,571	-	6,400,459	-
Past due more than one year	25,429,538	19,714,077	25,980,781	20,049,076
Total	63,463,891	19,714,077	56,062,573	20,049,076

33.1.5 Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

33.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	December 31, 2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	138,330,745	(138,330,745)	(138,330,745)	-	-	-

	June 30, 2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	133,334,505	(133,334,505)	(133,334,505)	-	-	-

33.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is not exposed to any market risk.

33.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

33.5 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

34 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified/rearranged for the purpose of better presentation. The summary of material reclassification are as follows:

Note	Reclassification		Nature	Amount in rupees
	From	To		
7 & 14	Short term investments	Long term investments	Reclassification of short term investments	2,574,099

35 AUTHORISATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorised for issue on 25 March 2010 by the Board of Directors.

36 GENERAL

36.1 Figures have been rounded off to the nearest rupee.

36.2 The Company has changed its accounting year end from June to December. Current period profit and loss account has been prepared for six months and the comparative figures are of full year.

Consolidated Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Dawood Lawrencepur Limited ("the Company") as at December 31, 2009 and the related consolidated profit & loss account, consolidated statement of comprehensive income, consolidated cash flow statement & consolidated statement of changes in equity together with the notes forming part thereof, for the six months period ended December 31, 2009. We have also expressed separate opinion on the financial statements of Dawood Lawrencepur Limited. The financial statements of subsidiary company were audited by an another auditor, whose report was forwarded to us, & their opinion insofar as it relates to the amounts included for such company is based solely on the report of the another auditor. These financial statements are responsibility of the company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan & perform the audit to obtain reasonable assurance about whether the above said statements are free of any other material misstatement. An audit includes examining on the test bases, evidence supporting amount & disclosures in the above said statements. An audit also includes assessing the accounting policies & significant estimates made by management, as well as, evaluating the over all presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the financial position of the company as at December 31, 2009 & the results of its operations, its comprehensive income, its cash flows & changes in equity for the six months period ended December 31, 2009 in accordance with the approved accounting standards as applicable in Pakistan.

The Company's year end has been changed, as mentioned in note-1 of the annexed financial statements.

Moochhala Gangat & Co.
Chartered Accountants

Name of the audit engagement partner:
Mr. Hussaini Fakhruddin

Karachi
March 25, 2010

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2009

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees Restated
NON CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	5	105,549,991	102,086,884
Intangible assets	6	23,945,906	24,165,617
		129,495,897	126,252,501
Long Term Investments	7	3,333,078,113	3,355,257,793
Long Term Deposits	8	9,403,045	9,855,245
CURRENT ASSETS			
Stores and spares	9	48,875,303	50,389,186
Stock-in-trade	10	216,313,091	209,055,405
Trade debtors	11	43,749,814	36,013,497
Loans and advances	12	2,242,417	920,414
Deposits, prepayments and others	13	93,929,776	89,071,795
Short term investments	14	121,793,509	-
Cash and bank balances	15	24,051,522	79,242,173
		550,955,432	464,692,470
Assets of disposal group classified as held for sale	16	708,992,789	729,759,576
		4,731,925,276	4,685,817,585
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised:			
55,000,000 (June 30, 2009: 55,000,000) Ordinary shares of Rs.10/- each		550,000,000	550,000,000
Issued, subscribed & paid up	17	513,546,600	513,546,600
Reserves		4,023,897,801	3,987,498,050
		4,537,444,401	4,501,044,650
NON CURRENT LIABILITIES			
Deferred Liabilities	18	44,694,649	41,620,870
CURRENT LIABILITIES			
Trade and other payable	19	139,375,081	133,829,687
Provision for taxation		10,411,145	9,322,378
		149,786,226	143,152,065
CONTINGENCIES AND COMMITMENTS	20	-	-
		4,731,925,276	4,685,817,585

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Note	Six months period ended 31-Dec-09 Rupees	Year ended 30-Jun-09 Rupees
Sales - net	21	193,365,425	350,372,025
Cost of goods sold	22	(143,122,864)	(273,859,663)
Gross profit		50,242,561	76,512,362
Operating Expenses			
Administrative and general	23	(20,300,101)	(28,367,039)
Selling and distribution	24	(5,554,416)	(15,102,773)
		(25,854,517)	(43,469,812)
Operating profit		24,388,044	33,042,550
Finance cost	25	(154,813)	(1,623,057)
Other income	26	4,938,205	36,552,409
Adjustment of impairment loss - Holding company	7.3	(170,177,666)	(115,616,363)
- Associate company		(365,024,515)	(264,993,530)
Share of profit from associates, excluding share of impairment loss		290,211,255	627,356,530
		(240,207,534)	281,675,989
(Loss) / profit for the period / year from continued operations		(215,819,490)	314,718,539
Loss for the period / year from discontinued operations	27	(22,638,624)	(92,328,351)
(Loss) / profit for the period / year before taxation		(238,458,114)	222,390,188
Taxation			
- Current		(1,088,767)	(9,200,000)
- Attributable to share of taxation from associates		(85,110,830)	(179,609,000)
		(86,199,597)	(188,809,000)
(Loss) / profit for the period after taxation		(324,657,711)	33,581,188
(Loss)/Earnings per share, basic and diluted - continued operations	29.1	(5.88)	2.45
Loss per share, basic and diluted - discontinued operations	29.2	(0.44)	(1.80)

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Six months period ended 31-Dec-09 Rupees	Year ended 30-Jun-09 Rupees
(Loss) / profit for the period after taxation	(324,657,711)	33,581,188
Other comprehensive income for the period / year		
Adjustment arising from measurement to fair value of investments		
- Holding company	112,303,462	7,831,068
- Associate company	248,754,000	(248,754,000)
Total comprehensive income / (loss) for the period / year	36,399,751	(207,341,744)

The annexed notes from 1-36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Continuing operations six months period ended 31-Dec-09	Discontinued operations six months period ended 31-Dec-09	Total DLL six months period ended 31-Dec-09	Continuing operations year ended 30-Jun-09	Discontinued operations year ended 30-Jun-09	Total DLL year ended 30-Jun-09
Cash Flow from Operating Activities						
(Loss) / Profit before taxation	(215,819,490)	(22,638,624)	(238,458,114)	314,718,539	(92,328,351)	222,390,188
Adjustment for:						
Depreciation	2,803,942	1,757,158	4,561,100	7,030,287	3,354,148	10,384,435
Amortization	73,237	146,474	219,711	218,616	437,233	655,849
Provision for gratuity	4,121,623	354,206	4,475,829	5,649,848	298,843	5,948,691
Income from investments	(650,000)	-	(650,000)	(32,086,575)	-	(32,086,575)
Unrealized gain on short term investments	(1,793,509)	-	(1,793,509)	-	-	-
Provision against stocks	921,027	-	921,027	(3,065,138)	(725,923)	(3,791,056)
Provision against stores and spares	1,760,088	-	1,760,088	-	-	-
Liabilities written back	(6,550,434)	-	(6,550,434)	-	-	-
Share of profit from assoicates	(290,211,255)	-	(290,211,255)	(627,356,530)	-	(627,356,530)
Impairment loss on 'available for sale investments'	170,177,666	-	170,177,666	115,616,363	-	115,616,363
Impairment loss on 'available for sale investments' in associates	365,024,515	-	365,024,515	264,993,530	-	264,993,530
Financial charges	154,813	61,862	216,675	406,083	1,216,974	1,623,057
Operating profit / (loss) before working capital changes	30,012,223	(20,318,924)	9,693,299	46,125,023	(87,747,076)	(41,622,048)
Net Decrease / (increase) in Working Capital	3,971,237	15,225,494	19,196,731	(3,403,365)	18,820,758	15,417,389
Cash generated / (used) from / in operations	33,983,460	(5,093,430)	28,890,030	42,721,658	(68,926,318)	(26,204,659)
Payment for:						
Gratuity	(1,402,051)	-	(1,402,051)	(2,002,540)	(65,375)	(2,067,915)
Tax	(1,372,048)	(5,475,636)	(6,847,684)	(9,595,632)	(864,133)	(10,459,765)
Financial charges	(154,813)	(61,862)	(216,675)	(406,083)	(1,216,974)	(1,623,057)
Net cash inflow / (outflow) from Operating Activities (A)	31,054,548	(10,630,928)	20,423,620	30,717,403	(71,072,800)	(40,355,396)
Cash Flow from Investing Activities						
Sale proceeds of fixed assets	-	-	-	360,681	735,032	1,095,713
Capital work in progress	(4,037,262)	-	(4,037,262)	(4,137,963)	-	(4,137,963)
Short term investments	(121,793,509)	-	(121,793,509)	-	-	-
Income from investments	53,785,385	-	53,785,385	74,755,900	-	74,755,900
Funds transferred from operations	(10,344,354)	-	(10,344,354)	(56,270,075)	-	(56,270,075)
Long term deposits	452,200	-	452,200	-	11,082,182	11,082,182
Fixed capital expenditure	(3,986,945)	-	(3,986,945)	(1,573,165)	-	(1,573,165)
Net cash (outflow) / inflow from Investing Activities (B)	(85,924,485)	-	(85,924,485)	13,135,378	11,817,214	24,952,592
Cash Flow from Financing Activities						
Dividend paid	-	(34,140)	(34,140)	-	-	-
Funds transferred from operations	-	10,344,354	10,344,354	-	56,270,074	56,270,074
Finance Lease	-	-	-	-	(23,667,949)	(23,667,949)
Net cash inflow / (outflow) from Financing Activities (C)	-	10,310,214	10,310,214	-	32,602,125	32,602,125
Net decrease in cash and cash equivalents (A+B+C)	(54,869,937)	(320,714)	(55,190,651)	43,852,781	(26,653,461)	17,199,321
Cash and cash equivalents at the beginning of the period / year	75,942,891	3,299,282	79,242,173	32,090,109	29,952,743	62,042,852
Cash and cash equivalents at the end of the period / year	21,072,954	2,978,568	24,051,522	75,942,891	3,299,282	79,242,173
Movement in Working Capital						
(Increase) / Decrease in Current Assets						
Stores and spares	1,513,883	-	1,513,883	(5,435,958)	(247,230)	(5,683,188)
Stock-in-trade	(8,178,713)	20,766,787	12,588,074	(9,906,371)	29,577,246	19,670,875
Trade debts	(8,003,155)	266,838	(7,736,317)	9,152,162	1,751,004	10,903,162
Loans and advances	(1,322,003)	-	(1,322,003)	(2,415)	(282,566)	(284,981)
Deposits, Prepayments and Other Receivables	4,071,759	(2,082,057)	1,989,702	14,988,866	(17,772,143)	(2,783,277)
Increase / (Decrease) in Current Liabilities	(11,918,229)	18,951,568	7,033,339	8,796,284	13,026,311	21,822,591
Trade debts and other payable	15,889,466	(3,726,074)	12,163,392	(12,199,649)	5,794,447	(6,405,202)
Net (Decrease) / Increase in Working Capital	3,971,237	15,225,494	19,196,731	(3,403,365)	18,820,758	15,417,389
Cash and Cash Equivalents						
Cash and bank balances	21,072,954	2,978,568	24,051,522	75,942,891	3,299,282	79,242,173
Cash and Cash Equivalents at the end of the period / year	21,072,954	2,978,568	24,051,522	75,942,891	3,299,282	79,242,173

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS PERIOD ENDED DECEMBER 31, 2009

	Share Capital	Merger Reserve	Premium on Right Shares	Capital	Capital Redemption	Unrealized gain / (loss) on remeasurement of available for sale investment	Unrealized gain / (loss) on remeasurement of available for sale investment in associates	Total Capital Reserve	Revenue Reserve	Unappropriated Profit	Total
		Capital Reserve									
						Rupees					
Balance July 01, 2008	466,860,550	10,520,929	136,865,545	33,310,918	25,969,000	(116,480,030)	-	90,186,362	395,354,584	3,583,841,268	4,536,242,764
Total comprehensive income for the year	-	-	-	-	-	7,831,068	(248,754,000)	(240,922,932)	-	33,581,188	(207,341,744)
Adjustment of share of taxation of associates	-	-	-	-	-	-	-	-	-	172,143,630	172,143,630
Dividends											
For the year ended June 30, 2008											
- Final stock dividend in the ration 1:10	46,686,050	-	-	-	-	-	-	-	-	(46,686,050)	-
Balance June 30, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	(248,754,000)	(150,736,570)	395,354,584	3,742,880,036	4,501,044,650
Balance July 01, 2009 (Restated)	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	(108,648,962)	(248,754,000)	(150,736,570)	395,354,584	3,742,880,036	4,501,044,650
Total comprehensive income for the period	-	-	-	-	-	112,303,462	248,754,000	361,057,462	-	(324,657,711)	36,399,751
Balance December 31, 2009	513,546,600	10,520,929	136,865,545	33,310,918	25,969,000	3,654,500	-	210,320,892	395,354,584	3,418,222,325	4,537,444,401

The annexed notes from 1 to 36 form an integral part of these financial statements.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

Notes to the Consolidated Accounts
For the Six Months Period Ended December 31, 2009

1. LEGAL STATUS AND OPERATIONS

Dawood Lawrencepur Limited, "the Parent Company" is a public limited company incorporated in 2004 as a result of scheme of arrangement for amalgamation in terms of provisions of section 284 to 287 of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited, Lawrencepur Woollen and Textile Mills Limited and members of the said companies. The shares of the Parent Company are listed on the Karachi and Lahore Stock Exchanges. The Parent Company is principally engaged in the business of manufacture and sale of yarns and fabrics made from natural and man-made fibers and blends thereof. The registered office of the Parent Company is situated at 35-A, Shahrah-e-Abdul Hameed Bin Baadees (Empress Road), Lahore.

During the years 2007 and 2008 the Parent Company, due to continuous losses of its Dawoodabad unit located at Burewala, District Vehari, also suspended operations. Accordingly, in line with IFRS-5 Non current assets held for sale and Discontinued Operations, the operations relating to the closed down plant and machinery have been classified as discontinued operations. The assets and liabilities related to discontinued operations have been transferred to assets held for disposal and liabilities directly associated with the assets classified as held for sale.

Based on the above, following operations of the Parent Company are now classified under discontinued operations:

- Landhi Mills - Karachi
- Dilon Mills - Karachi (Landhi Synthetic)
- Dawoodabad Mills - Burewala

The Parent Company has a wholly owned subsidiary namely Tenaga Generasi Limited "the Subsidiary Company". The Subsidiary Company was incorporated in 2005 as a public limited company under the Companies Ordinance, 1984 for setting up and running a wind energy farm as an independent power producer. The Subsidiary Company is in the process of acquiring its resources and commercial production has not yet commenced. The registered office of the Subsidiary Company is situated at Dawood Centre, M.T. Khan Road, Karachi.

During the period, the parent Company and the subsidiary company have adopted special tax year ending on December 31 for which permission of Commissioner of Income Tax has been obtained vide its letters dated August 18, 2009 and October 22, 2009 respectively. Consequent upon the changes in tax year, the Group's financial year has been changed from June to December. The change was made so that the year end coincides with the year end of group companies.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, and Approved Accounting and Financial Reporting Standards as applicable in Pakistan, unless otherwise disclosed. Approved Accounting and Financial Reporting Standards comprise of such International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and the Subsidiary Company together constituting "the Group" statements. Subsidiaries are those enterprises in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of the voting securities or otherwise has power to elect and appoint more than 50 percent of its directors.

These financial statements of the subsidiary company have been consolidated on a line-by-line basis and the carrying value of the investments held by the holding company have been eliminated against the shareholders equity in the subsidiary company.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the company obtains control, and continue to be consolidated until the date that such control ceases.

These standards are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than increased disclosures in certain cases.

2.3 Overall valuation policy

These financial statements have been prepared under the 'historical cost' convention except as otherwise disclosed in the financial policies below.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Group and figures are stated to the nearest rupee.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that obligations under certain staff retirement benefits have been measured at present value and investments available for sale have been measured at fair market value.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require Management to use judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Significant areas of estimates are:-

- Property, plant and equipment
- Intangible Assets
- Stock in trade and stores and spares
- Employee benefits
- Taxation

Estimates and assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized in the period of revision and in any future periods affected.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Employees' retirement benefits

3.1.1 Defined contribution plan

A defined contribution plan is a post – employment benefit plan under which the Group pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due. The Group operates defined contribution provident fund for its permanent employees of its Burewala Unit. Monthly contributions are made both by the Group and employees to the fund at the rate of 8.33% of basic salary.

3.1.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present

value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Group operates a Defined Benefit 'Gratuity' Plan, for its regular permanent employees who have completed qualifying period of service. A funded Gratuity scheme is in place for the Management employees of the group's 'Lawrencepur Woolen and Textile Mills Unit', and unfunded gratuity scheme is followed for other employees.

Provisions are made in the financial statements to cover obligations under the scheme. The provision require assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current value. As per the actuarial valuation carried out as at December 31st 2009, following significant assumptions were used for determining the gratuity liability.

Discount rate 12%
Expected rate of salary increase 11%
Expected rate of return on plan assets 12%
Average expected remaining life of employees 9 years

Actuarial gains or losses in excess of corridor limit of 10% of the difference between fair value of assets and present value of obligation are recognized over the estimated remaining service life of the employees.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is also directly recognized in equity.

3.2.1 Current

Provision for current taxation is based on income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

3.2.2 Deferred

is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and 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 current best estimate.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at weighted average cost except for items in transit, which are stated at cost incurred up to the balance sheet date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material in transit, which is stated at cost. Cost includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.6 Property, plant and equipment & capital work in progress

3.6.1 Recognition & measurement

Property, plant and equipment, except for free hold land, are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress is stated at cost.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to the buyers. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit and loss.

3.6.2 Non-current assets held for sale

Non-current assets that is expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. The assets (or disposal group) are measured at lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Non-Current assets classified as held for sale are not depreciated or amortized.

3.6.3 Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as they are incurred

3.6.4 Leased assets

Lease in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of markup on the remaining balance of principal liability for each period.

3.6.5 Depreciation

Depreciation is charged to profit and loss account applying reducing balance method, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the date on which asset is available for use and on disposals up to the date of deletion. Freehold land is not depreciated. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.7 Intangible assets

3.7.1 Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the reducing balance method over the estimated useful lives of software. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Costs associated with maintaining computer software licenses are recognized as an expense as incurred.

3.8 Investments

3.8.1 Investments in subsidiaries and associated companies

Investments, in subsidiaries where control exist, and associates where significant influence can be established are initially stated at cost. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account adjusted for impairment, if any, in the recoverable amounts of such investments.

3.8.2 Investments available for sale

Investments 'available for sale' are initially recognized at fair value, plus attributable transactions cost. Subsequent to initial recognition these are measured at fair value. Gains or losses on available-for-sale investments resulting from changes in fair value are recognized directly in equity until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

Except for the investment in Karnaphuli Paper Mills Limited, which is stated at nominal value, all other investments in unquoted securities are stated at cost, less provision for Impairment, if any.

3.8.3 Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. These are recorded at amortized cost using the effective interest rate method, less any amount written off to reflect impairment.

3.8.4 Financial assets at fair value through profit or loss

An instrument is classified as 'fair value through profit or loss' if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sales decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the profit and loss account. Purchases and sales of investments are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the investment.

Investments are treated as current assets where the intention is to hold the same for less than twelve months from the balance sheet date. Otherwise investments are treated as long term assets.

3.9 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

3.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except, to the extent of borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of such asset.

3.11 Financial assets and liabilities

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets include trade debts, other receivables, loans, advances and deposits. These are recognized initially at cost plus directly attributable transaction costs, if any, and subsequently measured at fair value or amortized cost using effective interest rate method, as the case may be less provision for impairment, if any.

Exchange gains and losses arising in respect of financial assets or liabilities in foreign currency are added to the respective carrying amounts.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Group, which are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.13 Foreign currency translation

Transactions in the foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the profit and loss account.

3.14 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue from sale of goods are recognized when significant risks and rewards of ownership are transferred to the buyer, and is recorded on dispatch of goods to the customers. Income from investments and deposits is recognized on accrual basis. Dividend income is recognized when the Group's right to receive the dividend is established.

3.15 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its Ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary shareholders of the Group by the weighted average number of Ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to Ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential Ordinary shares.

3.16 Related party transactions

Transactions with related parties are carried out on commercial terms and conditions.

3.17 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4 ADOPTION OF NEW ACCOUNTING STANDARDS:

4.1 Standards, interpretations and amendments to published approved accounting standards

Effective in current year

"Effective but not relevent"

Following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and are also relevant to the Group. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial statements of the Group.

IFRS 2 (Amendment), Share based payment;
IFRS 4 Insurance contracts;
IFRS 8 Operating segments;
IAS 23 (Amendment) Borrowing costs;
IAS 28 (Amendment) Investment in associates;
IAS 36 (Amendment) Impairment of assets;
IAS 38 (Amendment) Intangible assets;
IAS 39 (Amendment) Embedded derivatives;

Dawood Lawrencepur Limited

IFRIC 13 Customers loyalty programmes;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 16 Hedges of a net investment in a foreign operations; and
IAS 41 Agriculture

4.2 Standard, amendments and interpretations effective in 2010

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2010.

IFRS 3 (Revised) Business combinations;
IAS 27 (Revised) Consolidated and separate financial statements;
IAS 39 (Amendments) Financial instruments: recognition and measurement;
IFRIC 15 Agreement for the construction of real estate;
IFRIC 17 Distributions of non-cash assets to owners;
IFRS 5 (Amendments) - improvements to IFRS - IFRS 5 Non-current assts held for sale and discontinued operations.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Operating assets	5.1	65,805,292	66,379,447
Capital work in progress	5.5	39,744,699	35,707,437
		105,549,991	102,086,884
Opening book value		66,379,447	76,286,430
Adjustments (charge, addition /deletion for the period / year)		(574,155)	(9,906,983)
Closing book value		65,805,292	66,379,447

Non current assets of the following units, which discontinued operations in prior years, are shown separately under "Assets of disposal group classified as held for sale", in accordance with IFRS-5.

- Landhi Unit
- Dilon Unit (Landhi - Synthetic)
- Dawoodabad Unit - Burewala

5.1 Operating Assets

Description	Freehold land	Leasehold land	Building on freehold land	Building on lease hold land	Plant & machinery	Furniture & fixtures and office equipment	Vehicles	Total Rupees
COST								
Balance as at 01 July 2008	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	28,766,174	21,832,888	464,602,105
Additions	-	-	-	-	-	265,665	1,307,500	1,573,165
Disposals	-	-	-	-	-	-	(1,730,500)	(1,730,500)
Balance as at 30 June 2009	**3,156,616**	**1,080,702**	**70,557,506**	**54,414,166**	**284,794,053**	**29,031,839**	**21,409,888**	**464,444,770**
Balance as at 01 July 2009	3,156,616	1,080,702	70,557,506	54,414,166	284,794,053	29,031,839	21,409,888	464,444,770
Additions	-	-	-	-	-	270,910	3,716,035	3,986,945
Balance as at 31 December 2009	**3,156,616**	**1,080,702**	**70,557,506**	**54,414,166**	**284,794,053**	**29,302,749**	**25,125,923**	**468,431,715**
DEPRECIATION								
Balance as at 01 July 2008	-	469,533	58,926,152	35,919,775	261,373,651	16,756,297	14,870,267	388,315,675
Charge for the year	-	3,150	1,037,097	1,817,836	4,757,846	1,400,890	1,367,616	10,384,435
On disposals	-	-	-	-	-	-	(634,787)	(634,787)
Balance as at 30 June 2009	**-**	**472,683**	**59,963,249**	**37,737,611**	**266,131,497**	**18,157,187**	**15,603,096**	**398,065,323**
Balance as at 01 July 2009	-	472,683	59,963,249	37,737,611	266,131,497	18,157,187	15,603,096	398,065,323
Charge for the period	-	1,559	471,561	818,026	1,960,557	549,272	760,125	4,561,100
Balance as at 31 December 2009	-	**474,242**	**60,434,810**	**38,555,637**	**268,092,054**	**18,706,459**	**16,363,221**	**402,626,423**
CARRYING AMOUNT - 30-Jun-09	3,156,616	608,019	10,594,257	16,676,555	18,662,556	10,874,652	5,806,792	66,379,447
CARRYING AMOUNT - 31-Dec-09	3,156,616	606,460	10,122,696	15,858,529	16,701,999	10,596,290	8,762,702	65,805,292
RATE OF DEPRECIATION (%)	-	1%	5-10%	10%	10-20%	10-33%	20-25%	

5.2 The Company is in the process of transferring Land and other assets in its own name which is being currently held in the name of the merged entities.

5.3 Depreciation has been charged to:	**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Cost of goods sold	2,297,503	5,502,136
Administrative and general expenses	2,128,193	4,603,483
Selling and distribution expenses	135,405	278,816
	4,561,101	10,384,435

5.4 DETAILS OF FIXED ASSETS SOLD DURING THE PERIOD / YEAR

Particulars	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit
December 31, 2009	-	-	-	-	-
June 30, 2009	1,730,500	634,787	1,095,713	1,095,713	-

5.5 CAPITAL WORK IN PROGRESS	**Note**	**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Lease hold land		23,295,800	23,295,800
Survey and consulting charges		7,438,437	6,541,775
Soil investigations		147,000	147,000
Travelling and boarding		1,682,600	-
Professional charges		3,880,895	3,880,895
Wind measuring equipment		3,299,967	1,841,967
		39,744,699	35,707,437

6 INTANGIBLE ASSETS			
Goodwill	6.1	22,834,045	22,834,045
Computer software	6.2	1,111,861	1,331,572
		23,945,906	24,165,617

6.1 Goodwill

During the year 2008 the Company acquired 100% shareholding of Tenaga Generasi Limited (TGL). TGL was incorporated as an unlisted public company under the provisions of Companies Ordinance 1984. TGL is incorporated to set up a Wind Energy Farm. The Company has Generation License of 50 MW Wind Energy Farm.

TGL is in the initial stages of setting up of a Wind Energy Farm. TGL has been allocated land by Alternate Energy Development Board (AEDB). The acquired business has no operating income during the period except for expenses incurred amounted to Rs. 3,532,952/-.

The business combination with TGL has been accounted for by applying the purchase method. The cost of the acquisition has been measured at the fair value of equity instruments issued at the date of exchange plus cost directly attributable to acquisition. Identified assets acquired, liabilities (including contingent liabilities) assumed or incurred have been carried at the fair value at the acquisition date. The excess cost of acquisition over the fair value of identifiable net assets acquired has been recorded as goodwill in the financial statements of the Company.

Dawood Lawrencepur Limited

Details of the fair value of the net assets acquired, purchase consideration as goodwill are as follows:-

	Rupees in thousand
Purchase consideration	28,170
Amount paid on acquisition of 600,000 ordinary shares of Rs. 10 each	2,357
Direct cost relating to acquisition	30,527
Less: Fair value of net asset acquired	7,693
Goodwill	22,834

6.1.1 The preliminary fair values and carrying amount of assets and liabilities as at March 31, 2008 being the acquisition date are as follows:-

Fixed assets	27,920
Advance deposits & prepayments	1
Bank balance	7
Total assets	27,928
Less:	
Advance for issue of share capital	20,195
others	40
	20,235
	7,693

6.1.2 The goodwill arising on acquisition represents future economic benefits expected to be derived from TGL Energy Project.

6.2 Computer software	**Note**	**31-Dec-09 Rupees**	**30-Jun-09 Rupees**
Cost		2,380,145	2,380,145
Amortization			
Opening balance		1,048,573	392,724
Charge for the period / year		219,711	655,849
Closing balance		1,268,284	1,048,573
CARRYING AMOUNT		1,111,861	1,331,572
Rate of Amortization (%)		33%	33%

7 LONG TERM INVESTMENTS			
Investments in associated company	7.1	3,117,912,460	3,082,217,935
Other investments - available for sale	7.2	215,165,653	273,039,858
		3,333,078,113	3,355,257,793

7.1 INVESTMENTS IN ASSOCIATED COMPANY

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Dawood Hercules Chemicals Limited		65,294,230	65,294,230
17,711,795 (June 30, 2009: 17,711,795) fully paid Ordinary shares of Rs. 10 each			
Percentage holding 16.19% (June 30, 2009: 16.19%)			
Market value Rs.3,185 million (June 30, 2009: Rs.2,276 million)			
Share of post acquisition profits			
Opening balance		3,016,923,705	3,125,593,030
Add: Share of profit		290,211,255	627,356,530
Less: Share of taxation		(85,110,830)	(179,609,000)
Less: Unrealized loss on remeasurement of available for sale investment securities in associates	7.1.1	(116,270,515)	(513,747,530)
		3,105,753,615	3,059,593,030
Less: Dividend received		(53,135,385)	(42,669,325)
		3,117,912,460	3,082,217,935

7.1.1 This relates to the share of total impairment charge from July 2009 to December 2009 of the associate amounting Rs. 365,024,515 adjusted with unrealized loss amounting Rs. 248,754,000 recognized in equity as on June 30, 2009. This is in accordance with SRO 150 (1) / 2009 dated 13 February 2009 which requires that the total impairment as at December 31, 2008 should be charged to profit and loss account during the year 2009, subject to price adjustment.

7.1.2 The financial year end of DHCL is 31 December. Financial results as of 30 September 2009 have been used for the purpose of application of equity method, except for impairment loss which has been incorporated upto 31 December 2009 as explained in Note 7.1.1 above.

7.1.3 Summarised financial information of DHCL is as follows:

	31-Dec-09	30-Jun-09
	(Rupees in thousand)	
Total assets	30,369,778	26,195,810
Total liabilities	11,075,275	7,626,713
Revenue 6 months from 01 April to 30 September 2009 (12 months from 01 April, 2008 till 31 March, 2009)	5,601,950	5,595,134
Revenue 6 months from 01 April to 30 September 2009 (12 months from 01 April, 2008 till 31 March, 2009)	153,243	3,035,133

7.1.4 The holding Company holds less then 20% of the voting power in DHCL, however due to representation of its Directors on the Board of Directors of DHCL and participation in policy making processes including participation in decisions about dividends or other distributions it has significant influence over DHCL.

7.2 Other Investments - Available For Sale

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Listed Companies			
Related Parties			
Sui Northern Gas Pipelines Ltd.			
8,272,470 (June 30, 2009 : 8,272,470) Ordinary shares of Rs.10/- each			
Equity held 1.52% (June 30, 2009 : 1.52 %)			
Market value Rs. 205.157 million (June 30, 2009 Rs. 264.31 million)		480,238,817	480,238,817
Others			
Sui Southern Gas Company Ltd.			
55,310 (June 30, 2009 : 55,310) Ordinary shares of Rs.10/- each			
Market value Rs. 0.74 million (June 30, 2009 Rs. 0.77 million)		698,313	698,313
National Investment Trust			
Units 200,000 (June 30, 2009 : 200,000) of Rs. 10/- each			
Market value Rs. 6.05 million (June 30, 2009 Rs. 5.37 million)		2,440,000	2,440,000
Southern Electric Co. Ltd			
801,900 (June 30, 2009 : 801,900) Ordinary shares of Rs.10/- each	7.2.1	13,912,050	13,912,050
Market value Rs. 3.20 million (June 30, 2009: Rs. 2.57 million)			
Other entities			
Karnaphuli Paper Mills Ltd.			
795,000 (June 30, 2009 : 795,000) Ordinary shares of Rs.10/- each		3	3
Mianwali Central Co-operative Bank Ltd			
100 (June 30, 2009 : 100) Ordinary shares of Rs.10/- each		1,000	1,000
Asian Co-operative Society Ltd.			
1500 (June 30, 2009 : 1,500) Ordinary shares of Rs.10/- each		15,000	15,000
		497,305,183	497,305,183
Adjustment arising from measurement at fair value			
Impairment loss show under equity		-	(108,648,962)
Fair value adjustment recognized in equity		3,654,500	-
Impairment loss charged to Profit and Loss Account		(285,794,030)	(115,616,363)
		(282,139,530)	(224,265,325)
		215,165,653	273,039,858

7.2.1 The investment previously shown as short term investment now classified as long term investment for better presentation. The change has no effect of profit and loss account.

7.3 International Accounting Standard (IAS) 39-Financial Instruments: Recognition and Measurement requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account.

The SECP vide its S.R.O.150(1)/2009 dated 13 February 2009 has allowed all the Companies to show the impairment loss as at 31 December 2008 on their "available-for-sale investment" under "equity" in statement of changes in equity instead of charging it to the profit and loss account. The SRO further states that such impairment loss, however, shall be treated as a charge to the profit and loss account for the purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in the accounts shall be recorded, after adjustment of price movement if any, in the profit and loss account on a quarterly basis during the calendar year ending on 31 December 2009.

The Company opted for the accounting treatment allowed by SECP vide above referred SRO in respect of its available for sale investments and an impairment loss as at 31 December 2008 amounting to Rs. 312.19 million was shown in equity. At 31 December 2009 the above impairment loss after adjustment of subsequent price movements amount to Rs. 285.79 million which is taken to profit and loss account accordingly.

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
8	**LONG TERM DEPOSITS**			
	Electricity and gas deposits		8,561,479	8,561,479
	Others		841,566	1,293,766
			9,403,045	9,855,245
9	**STORES AND SPARES**			
	Stores		25,457,747	24,341,847
	Spares		28,647,388	29,517,083
			54,105,135	53,858,930
	Provision for obsolescence		(5,229,832)	(3,469,744)
			48,875,303	50,389,186
10	**STOCK IN TRADE**			
	Raw materials		7,566,896	8,421,828
	Work in process		101,853,235	83,112,801
	Finished goods		106,389,535	117,555,904
			215,809,666	209,090,533
	Raw material in transit		10,809,205	9,349,625
			226,618,871	218,440,158
	Less: Provision for slow moving /obsolescence		(10,305,780)	(9,384,753)
			216,313,091	209,055,405
11	**TRADE DEBTORS - unsecured**			
	Considered good		43,749,814	36,013,497
	Considered doubtful		19,714,077	20,049,076
			63,463,891	56,062,573
	Less: Provision for doubtful debts	11.1	(19,714,077)	(20,049,076)
			43,749,814	36,013,497

11.1 PROVISION FOR DOUBTFUL DEBTS - MOVEMENT

	31-Dec-09 Rupees	30-Jun-09 Rupees
Opening Balance	20,049,076	20,049,076
Less: Received/adjustment during the period/year	(334,999)	-
	19,714,077	20,049,076

11.2 The amount due and maximum aggregate amount from related parties at the end of any month during the period / year are as follows:-

	Amount Outstanding	Maximum month end balance
December 31, 2009		
Sach International (Pvt) Limited	320,527	2,608,658
June 30, 2009		
Sach International (Pvt) Limited	2,583,290	21,777,553

		31-Dec-09 Rupees	30-Jun-09 Rupees
12	**LOANS AND ADVANCES**		
	Unsecured- Considered good		
	Loans and advances due from employees	1,047,626	400,728
	Advances to suppliers and others	1,194,791	519,686
		2,242,417	920,414

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
13	**DEPOSITS, PREPAYMENTS AND OTHERS**			
	Security deposits		1,824,676	1,324,676
	Prepayments		3,001,285	448,075
	Letters of credit		601,153	1,555,063
	Income tax		76,694,883	69,847,199
	Sales tax		11,301,996	11,020,923
	Others	13.1	505,783	4,875,859
			93,929,776	89,071,795

13.1 The amount due and maximum aggregate amount due from related parties at the end of any month during the period / year are as follows:

	Amount Outstanding	Maximum month end balance
December 31, 2009		
SACH International (Pvt) Limited	438,256	5,118,682
Dawood Hercules Chemicals Limited	67,527	883,574
June 30, 2009		
SACH International (Pvt) Limited	4,126,143	4,126,143
Dawood Corporation (Pvt) Limited	671,108	675,122

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
14	**SHORT TERM INVESTMENTS**			
	- Through profit and loss account			
	Al Meezan Investment Management Ltd.			
	382,555.47 (June 30, 2009 : Nil) Units of Meezan Cash Fund			
	Cost **Rs. 120.00 million** (June 30, 2009: Rs. Nil)		121,793,509	-
15	**CASH AND BANK BALANCES**			
	In hand		1,057,420	642,323
	At bank			
	- in current accounts		18,940,844	63,503,800
	- in deposit accounts	15.1	4,053,258	15,096,050
			22,994,102	78,599,850
			24,051,522	79,242,173

15.1 These represent deposits with commercial banks and carry profit at the rate of 5% (June 30, 2009: 3%) per annum.

		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
16	**ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**			
	Property, plant and equipment	16.1	648,330,213	648,330,213
	Stock-in-trade		38,822,520	59,589,307
	Stores and spares		40,307,124	40,307,124
			727,459,857	748,226,644
	Less: Provision for slow moving / obsolescence on stock in trade		(18,467,068)	(18,467,068)
			708,992,789	729,759,576

16.1 Property, Plant and Equipment

Description	Owned Assets				Leased Assets	Total Rupees
	Plant & machinery	Furniture & fixtures and office equipment	Electric installations	Tools & equipment	Plant & machinery	
COST						
Balance as at 01 July 2008	1,177,573,449	1,169,029	36,712,468	2,893,499	118,877,791	1,337,226,236
Transfer from leased to owned	118,877,791	-	-	-	(118,877,791)	-
Balance as at 30 June 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
Balance as at 01 July 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
Balance as at 31 Dec. 2009	1,296,451,240	1,169,029	36,712,468	2,893,499	-	1,337,226,236
DEPRECIATION						
Balance as at 01 July 2008	623,466,794	1,062,966	31,684,919	2,147,354	30,533,990	688,896,023
Transfer from leased to owned	30,533,990	-	-	-	(30,533,990)	-
Balance as at 30 June 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
Balance as at 01 July 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
Balance as at 31 Dec. 2009	654,000,784	1,062,966	31,684,919	2,147,354	-	688,896,023
CARRYING AMOUNT-June 30, 2009	642,450,456	106,063	5,027,549	746,145	-	648,330,213
CARRYING AMOUNT-December 31, 2009	642,450,456	106,063	5,027,549	746,145	-	648,330,213
RATE OF DEPRECIATION (%)	10-20%	10-33%	10%	10%	10%	

16.2 The Company made arrangements for the disposal of plant and machinery held for disposal after seeking share holders approval at Extra Ordinary Meeting held on 28 April 2008 and in compliance with the directives of Securities and Exchange Commission of Pakistan (SECP). However, on an Application filed in the High Court of Sindh, the High Court had restrained the Company from disposal of Plant and Machinery. Subsequently, on November 19, 2008 the High Court vacated the stay by dismissing the Application.

On advice of SECP the Company obtained fresh approval in General Meeting from the Shareholders held on 31 October 2009 for the disposal of Plant and Machinery, and is in the process to implement the same.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31-Dec-09 Number	30-Jun-09 Number		Note	31-Dec-09 Rupees	30-Jun-09 Rupees
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid		22,040,020	22,040,020
12,805,118	12,805,118	Ordinary shares of Rs.10/- each issued for consideration other than cash		128,051,180	128,051,180
36,345,540	36,345,540	Ordinary shares of Rs.10/- each fully paid as bonus shares		363,455,400	363,455,400
51,354,660	51,354,660		17.1	513,546,600	513,546,600

17.1 Movement in share capital during the period / year

	31-Dec-09 Rupees	30-Jun-09 Rupees
51,354,660 (June 30, 2009: 46,686,055) Ordinary shares of Rs.10/- each fully paid up	513,546,600	466,860,550
Issued Nil (June 30, 2009: 4,668,605) Ordinary shares of Rs.10/-each as fully paid bonus shares	-	46,686,050
	513,546,600	513,546,600

18 DEFERRED LIABILITIES	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Gratuity	18.1	44,694,649	41,620,870
Deferred Taxation	18.2	-	-
		44,694,649	41,620,870

18.1 Movement in the liability recognized in the balance sheet are as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Opening balance	41,620,871	37,740,094
Net charge for the year	4,475,829	5,948,691
	46,096,700	43,688,785
Less: Payments made during the period / year	(1,402,051)	(2,067,915)
	44,694,649	41,620,870
The amount recognized in the profit and loss account is as follows:		
Current service cost	1,779,193	4,017,324
Interest cost	2,826,417	2,961,607
Return on plan assets	(129,781)	(216,302)
Actuarial (Gains) / Losses charge	-	(813,938)
Charged to profit and loss account	4,475,829	5,948,691
Reconciliation		
Present value of obligation	51,059,078	47,106,950
Fair value of plan assets	(2,163,019)	(2,163,019)
Actuarial Gains / Loss Actuarial Losses to be recognised in later periods.	(4,201,410)	(3,323,061)
	44,694,649	41,620,870

18.1.1 Historical information

	Dec. 2009	June 2009	June 2008	June 2007	June 2006
Present value of defined benefit obligation	51,059,078	47,106,950	29,616,068	76,631,471	100,197,275
Fair value of plan assets	(2,163,019)	(2,163,019)	(2,163,019)	(2,161,999)	(2,221,248)
Surplus /(deficit) in the plan	48,896,059	44,943,931	27,453,049	74,469,472	97,976,027
Unrecognised actuarial gain / (loss)	(4,201,410)	(3,323,061)	10,287,045	8,266,063	9,784,099
(Asset) / liability in balance sheet	44,694,649	41,620,870	37,740,094	82,735,535	107,760,126
Experience adjustment arising on plan liabilities (gains)/losses	748,568	12,579,867	4,054,017	11,281,037	-
Experience adjustment arising on plan assets gains/(losses)	(129,781)	(216,302)	(216,200)	(236,949)	-

18.2 Deferred Taxation

No deferred tax liability is provided in the accounts taking into consideration the potential tax savings related to the tax losses carried forward.

19 TRADE AND OTHER PAYABLES	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
Creditors		34,740,815	27,688,595
Accrued expenses		29,570,465	24,521,991
Gratuity payable to resigned staff		8,306,973	9,687,512
Advance from customers and others		12,345,234	17,208,925
Unclaimed dividend		20,698,412	20,732,552
Due to Islamic Development Bank	19.1	25,960,000	25,960,000
Deposits	19.2	1,128,466	1,154,517
Withholding tax		156,684	175,803
Others	19.3	6,468,032	6,699,792
		139,375,081	133,829,687

19.1 This represents preference share capital of one of the merged entity issued to Islamic Development Bank with right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation was approved and as such the same has been classified as liability and redemption reserve has been created.

19.2 All deposits are re-payable on demand and no interest is payable thereon.

19.3 These includes amount due to following related parties

	31-Dec-09 Rupees	30-Jun-09 Rupees
Central Insurance Company Limited	277,397	14,481
Dawood Hercules Chemicals Limited	-	836,934
The Dawood Foundation	173,469	-
Dawood Corporation (Private) Limited	155,337	-

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies :

The Taxation Officer while making assessments for the tax years 2003 to 2005 (pre merger period), had made additions on account allocation of expenses between the normal and presumptive income and disallowing expenses against the operating income of the Company of Rs. 136.104 million, made errors in allowing expenses relating to gratuity, lease rentals, employee perquisites, utilities of Rs. 6.974 million etc. The Company preferred appeals before CIT (Appeals) and Income Tax Appellate Tribunal. The Company has also requested for the rectification of different mistakes in assessment orders for the tax years 2004 and 2005. The tax impact of the same comes to Rs. 16.270 millions. Since the outcome of the above appeals and tax thereon are pending and in view of the fact that management is confident that the appeals will be decided in Company's favor, no provisions has been made in these financial statements relating to above appeals.

The Company provided a bank guarantee in favour of TGL (the subsidiary company) to Alternate Energy Development Board (AEDB) for US$ 25,000 (June 30, 2009: US$ 25,000). The bank guarantee is valid for the period of 24 months.

The Group is contingently liable against the guarantees and the counter guarantees amounting to **Rs. 64.16 million** (June 30, 2009: Rs. 64.16 million). These are secured against margins and investment in NIT units.

20.2 Commitments :

The Group has letter of credit commitments for purchases amounting to **Rs 37.33 million** (June 30, 2009: Rs. 28.04 million).

The Group has commitment to supply fabric to Pakistan Air Force amounting to **Rs. 69.78 million** (June 30, 2009: Rs. 80.29 million).

	31-Dec09 Rupees	30-Jun-09 Rupees
21 SALES - NET		
Manufacturing	219,580,018	381,514,945
Trading goods	-	2,094,889
	219,580,018	383,609,834
Brokerage, commission and discount	(1,826,701)	(3,390,321)
	217,753,017	380,219,513
Transferred to discontinued operations		
Sales - Manufacturing	24,387,892	30,053,985
Brokerage, commission and discount	-	(206,497)
	(24,387,892)	(29,847,488)
	193,365,425	350,372,025

	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
22 COST OF GOODS SOLD			
RAW MATERIALS:			
Opening inventory		14,651,129	42,592,174
Purchases		58,079,605	135,054,809
		72,730,734	177,646,983
Less: Closing inventory		(14,826,460)	(14,651,129)
Raw material consumed		57,904,274	162,995,854
OTHER COSTS			
Salaries, wages and allowances	22.1	45,737,562	74,145,128
Stores and spares consumed		17,122,016	29,146,636
Electricity, gas and water consumed		24,492,919	49,315,680
Depreciation		2,297,503	5,502,136
Insurance		659,666	1,071,725
Repairs and maintenance		454,259	324,334
Other expenses		2,028,730	3,657,789
		150,696,929	326,159,282
Add: Opening work in process		81,864,453	130,884,946
Less: Closing work in process		(100,604,888)	(81,864,454)
COST OF PRODUCTION		131,956,494	375,179,774
Add: Opening inventory of finished goods		152,989,546	78,373,228
Less: Closing inventory of finished goods		(121,056,390)	(152,989,547)
		31,933,156	(74,616,319)
Cost of sales - Trading goods	22.2	-	2,147,527
		163,889,650	302,710,982
Transferred to discontinued operations		(20,766,786)	(28,851,319)
		143,122,864	273,859,663

22.1 This includes staff retirement benefits of **Rs. 3,392,047/-** (June 30, 2009: Rs. 4,981,191/-)

22.2 Cost of sales - Trading goods	31-Dec-09 Rupees	30-Jun-09 Rupees
Opening inventory	-	4,547,699
Purchases	-	1,747,772
Less: Purchase return	-	(4,147,944)
	-	2,147,527

23	ADMINISTRATIVE AND GENERAL EXPENSES	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
	Salaries and allowances	23.1	26,194,100	70,412,201
	Printing and stationery		1,000,615	2,322,340
	Rent, rates and taxes		4,015,987	7,959,447
	Electricity and gas		5,843,657	12,220,571
	Conveyance and traveling		1,778,757	2,864,760
	Postage, fax and telephone		951,132	2,201,896
	Insurance		1,475,178	3,689,565
	Repairs and maintenance		414,046	950,787
	Legal and professional charges		2,161,136	7,905,434
	Auditor's remuneration	23.2	437,000	550,000
	Fees and subscription		1,072,199	2,680,187
	Advertisement		84,346	98,840
	Entertainment		225,561	208,681
	Depreciation		2,128,193	4,603,483
	Amortization		219,711	655,849
	Miscellaneous expenses		471,990	780,766
			48,473,608	120,104,807
	Transferred to discontinued operations		(28,173,507)	(91,737,768)
			20,300,101	28,367,039

23.1 This includes staff retirement benefits of **Rs. 625,176/-** (December 31, 2008: Rs. 390,663/-)

23.2 **This includes:**

	31-Dec-09 Rupees	30-Jun-09 Rupees
Audit fee of holding company	210,000	300,000
Audit fee of subsidiary	30,000	40,000
Review and other certification fee	157,000	126,000
Audit of consolidated financial statements	40,000	40,000
Out of pocket expenses	-	44,000
	437,000	550,000

24	SELLING AND DISTRIBUTION EXPENSES	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
	Storage and forwarding charges		432,838	965,331
	Salaries and allowances	24.1	2,413,543	5,828,536
	Printing and stationary		427,224	1,089,025
	Rent, rates and taxes		929,666	4,258,493
	Electricity and gas		163,219	166,642
	Conveyance and traveling		80,348	112,364
	Postage, fax and telephone		23,884	220,121
	Freight and insurance		285,148	732,294
	Repairs and maintenance		104,204	377,301
	Depreciation		135,405	278,816
	Entertainment		23,303	45,421
	Terminal tax and transportation charges		780	-
	Advertisement charges		418,600	915,027
	Packing charges		110,470	359,836
	Miscellaneous expenses		5,784	123,344
			5,554,416	15,472,551
	Transferred to discontinued operations		-	(369,778)
			5,554,416	15,102,773

24.1 This includes staff retirement benefits of **Rs. 104,400/-** (June 30, 2009: Rs. 245,211/-)

Dawood Lawrencepur Limited

25	FINANCE COST	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
	Markup on bank finances		-	844,908
	Lease finances charges		-	1,082,209
	Bank charges		166,675	912,914
	Zakat		50,000	-
			216,675	2,840,031
	Transferred to discontinued operations		(61,862)	(1,216,974)
			154,813	1,623,057

26	OTHER INCOME		31-Dec-09 Rupees	30-Jun-09 Rupees
	Income from financial assets			
	Dividend Income			
	Sui Northern Gas Co. Ltd		-	28,953,645
	NIT Units		650,000	1,300,000
			650,000	30,253,645
	Profit on deposits		794,879	1,832,930
	Unrealized gain on short term investments		1,793,509	-
			3,238,388	32,086,575
	Income from non financial assets			
	Interest on security deposits		-	459,294
	Sundry sales and receipts		472,372	458,595
	Other income		2,868,085	305,421
	Liabilities written back		-	3,242,524
	Reversal of provision for doubt full debts		334,999	-
			6,913,844	36,552,409
	Transferred to discontinued operations		(1,975,639)	-
			4,938,205	36,552,409

27	LOSS FROM DISCONTINUED OPERATIONS	Note	31-Dec-09 Rupees	30-Jun-09 Rupees
	Sales - net		24,387,892	29,847,488
	Cost of goods sold	27.1	(20,766,786)	(28,851,319)
	Gross profit		3,621,106	996,169
	Operating expenses			
	Administrative and general		(28,173,507)	(91,737,768)
	Selling and distribution		-	(369,778)
			(28,173,507)	(92,107,546)
	Operating (loss)		(24,552,401)	(91,111,377)
	Finance cost		(61,862)	(1,216,974)
	Other Income		1,975,639	-
	(Loss) before tax		(22,638,624)	(92,328,351)

27.1 **Cost of Goods Sold**

	31-Dec-09 Rupees	30-Jun-09 Rupees
Raw Material		
Opening inventory	70,550	28,921,869
Purchases	-	-
Less: Closing inventory	(70,550)	(70,550)
Raw material consumed	-	28,851,319
Add: Opening inventory of finished goods	41,051,554	41,051,554
Less: Closing inventory of finished goods	(20,284,768)	(41,051,554)
Cost of good sold	20,766,786	28,851,319

28 RECONCILIATION OF TAX CHARGE FOR THE PERIOD / YEAR

	31-Dec-09 Rupees	30-Jun-09 Rupees
Applicable tax rate	35.00%	35.00%
Tax effect of amounts that are not deductable for tax purposes	-	-3.80%
Tax effect of amounts exempt from tax	-	21.82%
Tax effect of amount taxed at lower rate	-	7.68%
Effective tax rate	-	-70.38%
	-	-9.68%

In view of accounting loss, tax reconciliation has not been presented for the current period.

29 EARNINGS PER SHARE-BASIC AND DILUTED

29.1 Continuing operations

	31-Dec-09 Rupees	30-Jun-09 Rupees
Loss for the period / year	(302,019,087)	125,909,539
Weighted average number of Ordinary shares in issue during the period / year	51,354,660	51,354,660
Basic and diluted loss per share	(5.88)	2.45

29.2 Discontinued operations

	31-Dec-09 Rupees	30-Jun-09 Rupees
Loss for the period / year	(22,638,624)	(92,328,351)
Weighted average number of Ordinary shares in issue during the period / year	51,354,660	51,354,660
Basic and diluted loss per share	(0.44)	(1.80)

30 EMOLUMENTS OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives were as under:

	DECEMBER 31, 2009 Six Months			JUNE 30, 2009 Per Annum		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
Remuneration	1,391,220	4,346,730	5,737,950	2,400,000	3,569,112	5,969,112
House rent allowance	695,608	1,795,488	2,491,096	1,200,000	1,133,400	2,333,400
Utilities	347,804	655,437	1,003,241	600,000	210,240	810,240
Retirement benefit	115,889	168,846	284,735	199,920	42,787	242,707
Other allowances	609,481	1,310,954	1,920,435	186,255	447,734	633,989
	3,160,002	8,277,455	11,437,457	4,586,175	5,403,273	9,989,448
No. of persons	1	6	7	1	4	5

30.1 Executive means any employee whose basic salary exceeds **Rs. 500,000** (June 30, 2009: Rs. 500,000) per year.

30.2 Chief Executive and some senior executives are provided with free use of cars owned and maintained by the group/employees and other benefits in accordance with the company policy

31 RELATED PARTIES TRANSACTIONS

Related parties comprises of subsidiary company, associated company, major shareholders, directors, companies with common directorship and key management personnel. Transactions of the Group with related parties are as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Associated Company		
Dividend income received	53,135,385	42,669,325
Sales of cloth	2,419,176	27,526,563
Purchase of cloth	-	1,920,072
Insurance premium paid	4,184,361	6,223,555
Equity investment in TGL	8,312,945	10,868,903
Other related parties		
Dividend income received	-	28,953,645
Utilities charges paid	9,681,240	19,372,750
Rental charges paid	2,954,842	6,753,816
Storage charges paid	-	93,728
Sale of vehicles	-	1,095,713

31.1 Transactions with related parties are carried out on commercial terms and conditions.

32 INSTALLED CAPACITY AND PRODUCTION

	Unit	DECEMBER 31, 2009 Six Months		JUNE 30, 2009 Per Anum	
		Capacity	Actual	Capacity	Actual
		(in thousands)		(in thousands)	
Yarn	Kgs.	179	93	358	229
Cloth	Mrs..	377	307	754	796

Reason for under utilisation:

Due to some of the plant and machinery not in operating condition and also due to lower demand of the products.

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1 CREDIT RISK

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Trade debtors	43,749,814	36,013,497
Loans and advances	1,047,626	400,728
Deposits and other receivables	2,931,612	7,755,598
Cash and bank balances	24,051,522	79,242,173

33.1.1 The maximum exposure to credit risk for trade debts amounting to **Rs. 43.75 million** (June 30, 2009: Rs.36.01 million), at the balance sheet date by geographic region is as follows:

	31-Dec-09 Rupees	30-Jun-09 Rupees
Domestic	43,749,814	36,013,497

33.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Whole seller / distributor	39,893,389	31,802,041
End-user customers	3,856,425	4,211,456
	43,749,814	36,013,497

33.1.3 Trade Debts at the balance sheet date the group's most significant customers, are a distributor for **Rs. 9,398,597** (June 30, 2009: Rs. 2,593,280) and an end-user for **Rs. 2,902,78**4 (June 30, 2009: Rs. 3,855.625) of the total carrying amount as at December 31, 2009.

33.1.4 Impairment losses

The aging of trade debtors and related impairment at the balance sheet date was:

	December 31, 2009		June 30, 2009	
	Gross	Impairment	Gross	Impairment
Not past due	12,661,623	-	13,854,984	-
Past due 1 - 50 days	11,937,159	-	9,826,349	-
Past due 51 days - 1 year	13,435,571	-	6,400,459	-
Past due more than one year	25,429,538	19,714,077	25,980,781	20,049,076
Total	63,463,891	19,714,077	56,062,573	20,049,076

33.1.5 Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment and no impairment allowance is necessary in respect of remaining portion of past due over one year.

33.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	December 31, 2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	139,375,081	(139,375,081)	(139,375,081)	-	-	-

	June 30, 2009					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Trade and other payable	133,829,687	(133,829,687)	(133,829,687)	-	-	-

33.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Group is not exposed to any market risk.

33.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

33.5 CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / new shares.

34 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified / rearranged for the purpose of better presentation. The summary of material reclassification are as follows:

Note	Reclassification		Nature	Amount in Rupees
	From	To		
5.1&5.5	Operating assets	Capital work in progress	Reclassification of lease hold land	23,295,800
7&14	Short term investment	Long term investment	Reclassification of short term investment	2,574,099

35 AUTHORISATION OF FINANCIAL STATEMENTS AND APPROPRIATIONS

These financial statements were authorised for issue on 25 March 2010 by the Board of Directors.

36 GENERAL

36.1 Figures have been rounded off to the nearest rupee.

36.2 The parent and subsidiary company has changed its accounting year end from June to December. Current period profit and loss account has been prepared for six months. The comparative figures are of full year.

ISAR AHMAD
Chairman

INAM UR RAHMAN
Chief Executive

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2009

NUMBER OF SHAREHOLDERS	TYPE OF SHAREHOLDINGS			TOTAL SHARES HELD
2,953	1	TO	100	118,253
1,862	101	TO	500	459,225
618	501	TO	1,000	451,432
736	1,001	TO	5,000	1,609,524
109	5,001	TO	10,000	763,128
35	10,001	TO	15,000	415,135
13	15,001	TO	20,000	235,921
11	20,001	TO	25,000	253,425
3	25,001	TO	30,000	83,251
2	30,001	TO	35,000	62,696
4	35,001	TO	40,000	150,944
3	40,001	TO	45,000	126,052
2	45,001	TO	50,000	98,851
1	55,001	TO	60,000	55,687
1	60,001	TO	65,000	60,602
1	65,001	TO	70,000	68,684
1	75,001	TO	80,000	77,770
1	85,001	TO	90,000	87,932
1	105,001	TO	110,000	105,749
1	175,001	TO	180,000	177,390
1	185,001	TO	190,000	186,716
1	230,001	TO	235,000	234,768
1	235,001	TO	240,000	238,017
1	485,001	TO	490,000	486,418
1	595,001	TO	600,000	596,277
1	600,001	TO	605,000	603,359
1	610,001	TO	615,000	610,399
1	625,001	TO	630,000	625,920
1	630,001	TO	635,000	630,385
1	940,001	TO	945,000	940,311
2	1,020,001	TO	1,025,000	2,046,516
1	1,690,001	TO	1,695,000	1,690,454
1	2,590,001	TO	2,595,000	2,590,717
1	2,850,001	TO	2,855,000	2,853,778
1	3,045,001	TO	3,050,000	3,045,117
1	3,315,001	TO	3,320,000	3,318,206
1	25,195,001	TO	25,200,000	25,195,651
6,376			Total	51,354,660

Dawood Lawrencepur Limited

Categories of Shareholders as at 31st December, 2009	Number of Shareholders	Total Shares Held	Percentage
Individuals	5,819	15,143,102	29.49
Investment Companies	6	12,416	0.02
Insurance Companies	5	3,352,046	6.53
Joint Stock Companies	51	29,163,078	56.78
Financial Institutions	17	625,390	1.22
Others			
Others Trusts	9	2,817,405	5.49
Charitable Organisation	1	31,623	0.06
Co-Operative Societies	465	88,266	0.17
Administrator, Abandoned Properties Orgnisation	1	119,921	0.24
Administrator General of Sindh	1	1,389	0.00
Kukab Agencies (Pakistan)	1	24	0.00
	6,376	**51,354,660**	**100.00**

PATTERN OF SHAREHOLDING AS AT December 31, 2009

Disclosure Required under Code of Corporate Governance

			Shares held
1	**Directors, and CEO**		
	Shahzada Dawood	Chairman	603,359
	Inam ur Rahman	Chief Executive	1,000
	Isar Ahmad	Director	1,331
	A. Samad Dawood	Director	1,690,454
	S.M.Asghar	Director	1,100
	Haroon Mehanti	Director	13,318
	Shahid Hamid Pracha	Director	1,100
2	**Associated Companies / Undertakings**		
	Central Insurance Co. Ltd.		2,853,778
	Dawood Corporation (Pvt) Ltd.		25,195,651
	Sach International (Pvt) Ltd.		3,284
	Dawood Industries (Pvt) Ltd.		105,749
	Patek (Pvt) Ltd.		3,045,117
	Pebbles (Pvt) Ltd.		596,277
3	**N I T and I C P**		
	National Bank of Pakistan Trustee Deptt.		510,208
	Investment Corporation of Pakistan		1,390
4	**Banks, DFI, NBFI, Insurance Companies, Modaraba and Mutual Funds**		612,060
5	**Investment Companies**		12,416
6	**Joint Stock Companies**		217,000
7	**Others (Detail below)**		
	Others Trusts		2,817,405
	Charitable Organisation		31,623
	Co-operative Societies		88,266
	Administrator General of Sindh		1,389
	Kaukab Agencies (Pakistan)		24
	Administrator, Abandoned Properties Organisations		119,921
8	**Shareholders holding ten percent or more shares**		
	Dawood Corporation (Pvt) Ltd.		25,195,651