

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ITTEFAQ SONS (PVT.) LIMITED** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof, for the year then ended 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 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 accounts 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 change in accounting policies as described in Note no. 4.3 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, statement of comprehensive income, 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 affairs as at June 30, 2016 and of the Profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) Without qualifying our opinion, we draw attention to :
- Note 27 in the financial statements which shows correction of prior period error in respect of accounting of deferred taxation to comply with the requirements of IAS 12 (Income Taxes). Accordingly comparative figures of 2014 and 2015 have been restated in 2016 to correct the error.

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

Muhammad Kaleem Rathor
Lahore.
October 3, 2016



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KALEEM AND COMPANY
CHARTERED ACCOUNTANTS

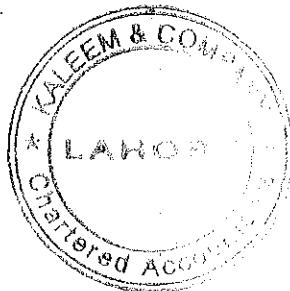
ITTEFAQ SONS (PVT.) LIMITED
BALANCE SHEET AS AT JUNE 30, 2016

<u>EQUITY & LIABILITIES</u>	<u>Notes</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u> (Restated)	<u>2014</u> <u>RUPEES</u> (Restated)	<u>ASSETS</u>	<u>Notes</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u> (Restated)	<u>2014</u> <u>RUPEES</u> (Restated)
SHARE CAPITAL & RESERVES					NON-CURRENT ASSETS				
Share Capital									
Authorized Capital									
10,000,000 Ordinary Shares of									
Rs. 100/- each (2015: 10,000,000 Shares)		1,000,000,000	1,000,000,000	1,000,000,000	Property Plant & Equipments	13	1,448,613,574	1,560,502,630	1,674,643,206
Issued Subscribed & Paid-up Capital					Capital W.L.P		2,563,303	16,365,331	12,631,572
8,947,124 Ordinary Shares of					Long-Term Security Deposits		19,409,026	19,489,626	18,439,804
Rs. 100/- each (2015: 8,947,124 shares)		894,712,400	894,712,400	894,712,400					
Unappropriated Profit		619,596,422	509,236,346	420,474,392					
		1,514,308,822	1,403,948,746	1,315,186,792					
Surplus on Revaluation of Fixed Assets	5	247,883,207	267,520,775	288,925,925					
CURRENT LIABILITIES									
Suppliers Loans -subordinated									
Long Term Loans	6	316,329,215	316,329,215	316,329,215					
Liabilities Against Assets Subject to									
Finance Lease	7	49,991,000	9,967,048	49,967,048					
			2,100,000	10,500,000					
		366,320,215	328,396,263	376,796,263					
Deferred Liabilities	8	136,870,389	145,536,002	156,399,667					
CURRENT LIABILITIES					CURRENT ASSETS				
Trade and Other Payables	9	491,886,539	650,119,169	734,919,745	Stores, Spares & Loose Tools		168,060,611	211,867,078	184,672,185
Finance Cost Payable		18,667,077	52,726,335	50,774,795	Stock in Trade	14	1,152,565,252	1,431,920,516	1,400,507,901
Short Term Borrowings	10	982,777,828	1,581,492,159	1,046,406,202	Trade Debts		597,100,046	449,124,690	301,788,564
Current Portion of Long Term Liabilities	11	182,258,752	68,409,659	111,900,000	Advances, Deposits, Prepayments				
Provision for Taxation		65,479,730	239,992,047	178,414,540	& Other Receivables	15	481,127,605	709,383,919	318,195,312
		1,741,069,926	2,592,739,369	2,122,415,282	Taxes Refundable	16	131,696,292	323,451,846	332,519,735
Contingencies & Commitments	12				Cash & Bank Balances	17	5,316,850	16,035,519	12,325,650
							2,535,866,656	3,141,783,568	2,550,009,347
		4,006,452,559	4,738,141,155	4,259,723,929			4,006,452,559	4,738,141,155	4,259,723,929

Annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

Mian Zahid
DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES (Restated)
Sales-Net	18	3,917,451,919	3,842,093,617
Less: Cost of Sales	19	3,561,943,062	3,489,784,498
Gross Profit		<u>355,508,857</u>	<u>352,309,119</u>
Distribution Cost	20	13,278,919	11,405,119
Administrative Expenses	21	34,934,359	36,748,169
		<u>48,213,278</u>	<u>48,153,288</u>
Operating Profit		307,295,579	304,155,831
Other Income	22	5,209,310	3,351,408
		<u>312,504,889</u>	<u>307,507,239</u>
Finance Cost	23	148,989,527	183,463,076
Workers Profit Participation Fund		8,175,768	6,202,208
Workers Welfare Fund		3,106,792	2,432,238
Profit Before taxation		<u>152,232,802</u>	<u>115,409,717</u>
Taxation	24	63,897,989	50,429,182
Profit After taxation		<u>88,334,813</u>	<u>64,980,535</u>
Earning Per Share	25	<u>9.87</u>	<u>7.26</u>

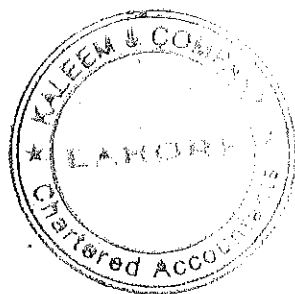
The annexed notes form an integral part of these financial statements.



 CHIEF EXECUTIVE



 DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	<u>NOTE</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u> <u>Re-stated</u>
Profit after taxation		88,334,813	64,980,535
Other Comprehensive Income/(Loss)			
Remeasurement of defined benefits plan	8.1.2	(2,360,518)	(2,987,158)
Deferred tax on remeasurement of defined benefit plan		755,366	985,762
		(1,605,152)	(2,001,396)
Total Comprehensive Income		<u>86,729,661</u>	<u>62,979,139</u>

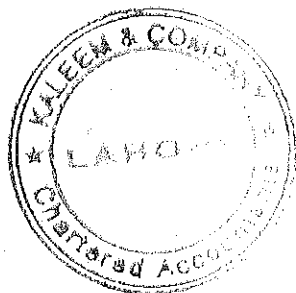
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CHIEF EXECUTIVE

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DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital <u>RUPEES</u>	Accumulated Profit <u>RUPEES</u>	Total <u>RUPEES</u>
Balance as on June 30, 2014	894,712,400	408,044,330	1,302,756,730
Re-statement due to change in policy of defined benefits plan (Note 4.3)	-	1,232,504	1,232,504
Re-statement due to correction of error in respect of deferred taxation (Note 27)	-	11,197,558	11,197,558
Balance as on June 30, 2014 (Re-stated)	894,712,400	420,474,392	1,315,186,792
Total Comprehensive income for the year ended 30th June, 2015 (Re-stated)	-	62,979,139	62,979,139
Incremental Depreciation transferred from Surplus on Rev. of fixed assets	-	25,782,815	25,782,815
Balance as on June 30, 2015 (Re-stated)	894,712,400	509,236,346	1,403,948,746
Total Comprehensive income for the year ended 30th June, 2016	-	86,729,661	86,729,661
Incremental Depreciation transferred from Surplus on Rev. of fixed assets	-	23,630,415	23,630,415
Balance as on June 30, 2016	894,712,400	619,596,422	1,514,308,822

The annexed notes form an integral part of these financial statements.

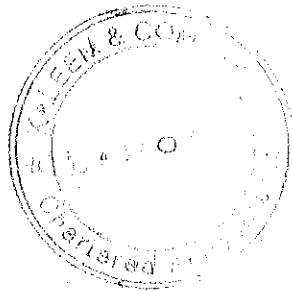

 CHIEF EXECUTIVE


 DIRECTOR



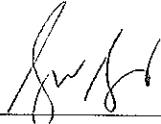
ITTEFAQ SONS (PVT.) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u> <u>Re-stated</u>
Profit Before Taxation	152,232,802	115,409,717
Adjustments for:		
Depreciation	131,858,178	141,466,496
Provision of Gratuity	5,672,395	5,715,132
Gain on Sale of Fixed Asset	-	(313,829)
Finance Cost	148,989,527	183,463,076
Prior Year Adjustment	(3,792,241)	-
	<u>286,520,100</u>	<u>330,330,875</u>
Profit Before Working Capital Changes	<u>438,752,902</u>	<u>445,740,592</u>
Working Capital Changes		
(INCREASE)/ DECREASE IN		
Stores, Spares & Loose Tools	43,806,467	(27,194,893)
Stock in Trade	279,355,264	(31,412,615)
Trade Debts	(147,975,356)	(147,336,126)
Advances, Deposits, Prepayments & Other Receivables	228,256,314	(391,188,607)
	<u>403,442,689</u>	<u>(597,132,241)</u>
INCREASE/ (DECREASE) IN		
Trade and Other Payables	(158,232,630)	(84,800,576)
Cash Generated from/(used in) Operations	<u>683,962,961</u>	<u>(236,192,225)</u>
Taxes Paid	(52,028,734)	14,035,990
Finance Cost Paid	(183,048,785)	(181,511,536)
Gratuity Paid	(6,576,331)	(8,022,305)
	<u>(241,653,850)</u>	<u>(175,497,851)</u>
<i>Net Cash From / (Used in) Operating Activities</i>	<u>442,309,111</u>	<u>(411,690,076)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fixed Assets Acquired	(19,969,122)	(23,502,090)
Capital Work in Progress	13,802,028	(3,733,759)
Disposal of Fixed Asset	-	490,000
Security Deposits	80,600	(1,049,822)
<i>Net Cash used in Investing Activities</i>	<u>(6,086,494)</u>	<u>(27,795,671)</u>

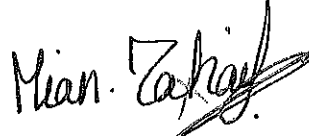


	2016 <u>RUPEES</u>	2015 <u>RUPEES</u> <u>Re-stated</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long Term Loans	160,000,000	(83,490,341)
Short Term Borrowings	(598,714,331)	535,085,957
Liabilities Against Assets Subject to Finance Lease	(8,226,955)	(8,400,000)
<i>Net Cash (Used in) / From Financing Activities</i>	<u>(446,941,286)</u>	<u>443,195,616</u>
Net (Decrease) / Increase in Cash and Cash Equivalents	(10,718,669)	3,709,869
Cash & Cash Equivalents at the Beginning of the Year	16,035,519	12,325,650
Cash & Cash Equivalents at the End of the Year	<u><u>5,316,850</u></u>	<u><u>16,035,519</u></u>

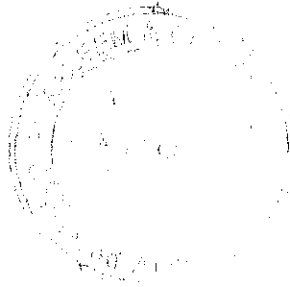
The annexed notes form an integral part of these financial statements.



 CHIEF EXECUTIVE



 DIRECTOR



ITTEFAQ SONS (PVT.) LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2016

1 NATURE AND STATUS OF COMPANY

Ittefaq Sons (Pvt.) Limited ("the Company") was incorporated on February 20, 2004 as a Private Limited Company under the Companies Ordinance 1984. The principal activity of the company is manufacturing of Steel, Copper and other allied products. The registered office of the company is situated at 40, B-II Gulberg III M. M. Alam Road, Lahore.

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 and the requirements of the companies ordinance 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 ACCOUNTING CONVENTION

These accounts have been prepared under historical cost convention without any adjustments for the effects of inflation or current values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financials statements is determined on such basis, except for share based-payment transactions that are within the scope of IFRS-2, leasing transactions that are within the scope of IFRS-16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS-2 or value in use in IAS-36.

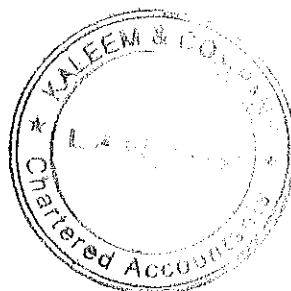
3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

3.1 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3.2 Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) **Employee Benefits**

The cost of defined benefit retirement plan (gratuity) is determined using actuarial valuations (projected unit credit method) performed by independent actuaries. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. All assumptions are reviewed at each reporting date.



b) Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

c) Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Assumptions and estimates used in determining the depreciation rates, recoverable amount, residual values and useful lives of the property, plant and equipment-note 4.5 and 13.

d) Inventories

The Company reviews the net realizable value of stock in trade and stores and spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Assumptions and estimates used in determining the estimated selling price and estimated cost and provision for slow moving stores and spares-note 4.8, 4.9, & 14 respectively.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Surplus On Revaluation Of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on revaluation of fixed assets" account which is shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the period is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the period net of deferred taxation is transferred from surplus on revaluation of fixed assets to unappropriated profit through statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the period.

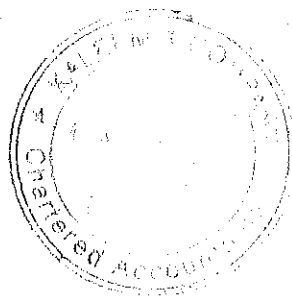
4.2 Employee Benefits

The Company operates an unfunded retirement gratuity scheme for those employees who have completed specified period of service with the Company. Gratuity expense is accounted for on 'accrual basis'.

4.3 Change in Accounting Policy

During the year the Company has changed its accounting policy to comply with the requirement of IAS 19 (Employees Benefits (Revised)). As per the previous policy, provision of gratuity made was equal to one month gross salary drawn immediately preceding the date of his service for each completed years in the company.

The change in accounting policy has been accounted for in respect of recognition of actuarial gains and losses, current & past service costs and interest on defined benefit obligation under the requirements of IAS-19 (employees Benefits (Revised)), whereby with effect from current period, the company has recognized the followings:



- a) The amount recognized in the balance sheet represents the present value of the defined benefits obligation.
- b) Actuarial gains/losses as they occur were charged in other comprehensive income.
- c) All past service costs at the earlier of when the amendment occurs and when the company has recognized relating restructuring or termination benefits, were charged to profit & loss account. Current service cost charged to profit & loss account.
- d) Interest on defined benefit obligation, which is calculated using the discount rate used to measure the present value of defined obligation, was also charged to profit & loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected only by the change in accounting policy relating to prior years. The effects have been summarized below:

<u>Impact on Balance Sheet</u>	2015 <u>RUPEES</u>	2014 <u>RUPEES</u>
Impact on Staff Retirement Benefits	(1,520,320)	(1,867,431)
Impact on Deferred Tax Liability	501,706	634,927
Impact on Unappropriated Profit	3,724	1,232,504
 <u>Impact on Statement of Comprehensive Income</u>		
Re-measurement of Defined Benefit Obligations	(2,987,158)	(1,867,431)
Tax on Re-measurement of Defined Benefit Obligations	985,762	634,927
 <u>Impact on Statement of Profit & Loss</u>		
Decrease in Administrative Expenses	582,039	-
Effect of related Taxation	(192,073)	-

4.4 Taxation

a) Current Tax

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rate expected to apply to the profit for the year if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred Tax

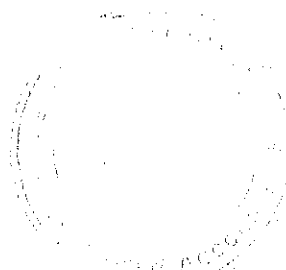
Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference, carry-forward of unused tax credits and unused tax losses can be utilized.

The correction of error has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. Further the management has presented three balance sheets in accordance with the requirements of IAS 1 "Presentation of financial statements".

c) Prior Year

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years



d) **Sales Tax And Federal Excise Duty**

Revenues, expenses and assets are recognized net of amount of sales tax and federal excise duty except:

- Where amount incurred on a purchase of asset or service is not recoverable from the taxation authority, the tax / duty is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables or payables that are stated with the amount of sales tax and federal excise duty included.

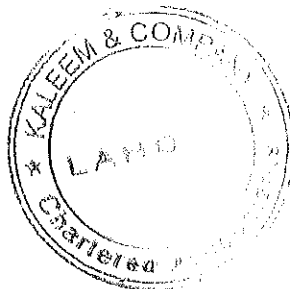
The net amount of sales tax and federal excise duty recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.5 **Fixed Assets and Depreciation**

- a) Fixed assets including additions are stated at cost less accumulated depreciation and Capital work in progress are stated at cost.
- b) Depreciation on fixed assets is provided on the reducing balance method over its useful life at the rates specified in the fixed assets schedule.
- c) Maintenance and normal repairs are charged to revenue as and when incurred. Major renewals and improvements are capitalized.
- d) Significant borrowing costs related to acquisition, construction and commissioning of a qualifying asset is capitalized.
- e) Depreciation on addition during the year is charged proportionately, from date the assets is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is also charged on assets sold during the year proportionately.
- f) Gains and losses on disposal of fixed assets are included in income currently.

4.6 **Assets Subject to Finance Lease**

- a) Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.
- b) The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.
- c) Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.
- d) Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates specified in schedule. Depreciation of leased assets is charged to profit and loss account.
- e) Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.
- f) The finance cost is calculated at the interest rates implicit in the lease and are charged to profit and loss account.



4.7 Capital Work-in-Progress

All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work-in-progress. These are transferred to the specific assets as and when these assets are available for commercial and intended use.

4.8 Stores, Spares and Loose Tools

Store and spares are valued at moving average cost, while items consider obsolete are carried at nil value. Item in transit is valued at cost comprising invoice value plus other charges paid thereon.

4.9 Stock In Trade

Stock-in-trade is valued at lower of average cost and net realizable value except waste which is valued at net realizable value determined on the basis of contract prices. Average cost and net realizable value are defined as under:

Cost is determined as follows:

- For Raw Materials Weighted average cost.
- For Work-in-Process & Finished Goods Production cost including a proportion of overheads.
- Net Realizable Value Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

4.10.1 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain/loss on de-recognition and on remeasurement of such financial instruments is included in the profit/loss for the period in which it arises.

4.10.2 Financial assets

Significant financial assets include trade debts, advances and receivables, long term deposits and bank balances. Finances and receivables are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

4.10.3 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short and long term finances, lease finances, interest and mark up accrued and trade and other payables. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

4.11 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 to either settle on net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.



4.12 Revenue Recognition

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

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Interest and rental income are recognized on accrual basis.
- Sale of scrap is recognized on actual realization basis.

4.13 Foreign Currencies

Foreign Currency transactions are converted into Pak Rupees using the rates prevailing on the date of transaction while monetary assets & liabilities are converted into Pak Rupees using the rates of exchange prevailing at the balance sheet date. Exchange gains and losses on conversion are charged to income currently.

4.14 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, if 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 periodically and adjusted to reflect the current best estimate.

4.15 Borrowings and their Cost

Borrowings are recorded at the proceeds received. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction and commissioning of a qualifying asset, Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.16 Investments

All investments are initially recognized at cost being the fair value of consideration given.

These investments are being measured at fair value, being their market value at balance sheet date. The resulting gain or loss is included in profit or loss for the period. Whereas, cost is calculated on moving average basis.

Classification of investments is made based on the intended purpose of holding such investments, which is as follows:

4.16.1 Held for Trading Securities

These are investments securities, which are acquired principally for the purpose of generating profit, from short-term fluctuations in price.

4.16.2 Held to Maturity Securities

These are investments securities with fixed or determinable payments and fixed maturity and the company has the positive intent and ability to hold till maturity.

4.16.3 Available for sale securities

These are investments, which do not fall under the category of held for trading or held to maturity.

4.17 Trade Debts and Other Receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.18 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received. Whether or not billed to the Company. Provisions are recognized when the Company has a present legal or constructive obligations as results of past events, It is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.



4.19 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.20 Earnings Per Share

The company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and 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 using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.21 Transactions with Related Parties

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

Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

4.22 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5 <u>SURPLUS ON REVALUATION OF FIXED ASSETS</u>	2016 <u>RUPEES</u>	2015 <u>RUPEES</u> Re-stated	2014 <u>RUPEES</u> Re-stated
Opening Balance	399,284,739	437,766,553	480,387,309
Less: Transferred to equity in respect of:			
Incremental depreciation on revalued Asset	23,630,415	25,782,815	28,129,699
Related deferred tax liability	11,120,195	12,698,999	14,491,057
	34,750,610	38,481,814	42,620,756
Closing Balance - Gross	364,534,129	399,284,739	437,766,553
Less: Related Deferred tax liability			
Related Deferred Tax Liability on Revaluation Surplus	131,763,964	148,840,628	168,135,558
Effect of change in tax rate	(3,992,847)	(4,377,665)	(4,803,873)
Amount realized during the year on account of incremental depreci	(11,120,195)	(12,698,999)	(14,491,057)
	116,650,922	131,763,964	148,840,628
Closing Balance - Net	247,883,207	267,520,775	288,925,925



6 LONG TERM LOANS

	2016 RUPEES	2015 RUPEES
Soneri Bank Limited	9,967,048	49,967,048
Bank Islami	200,000,000	-
	209,967,048	49,967,048
Less: Current Portion	159,976,048	40,000,000
	49,991,000	9,967,048

Long term loans were obtained from various commercial banks. The loans are secured against mortgage of Land, Building, Plant & Machinery and the personal guarantees of all the directors of the company. Mark-up is charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 2.5% per annum. The loans will be expired on the dates ranging from 31 March, 2016 to 30 June, 2017.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2016		2015	
	Payable within one year	Payable after one year but less than five years	Payable within one year	Payable after one year but less than five years
Total of Minimum lease payments	2,273,045	-	11,506,855	2,203,562
Less: Finance cost	-	-	(3,106,855)	(103,562)
Present value of Minimum lease payments.	2,273,045	-	8,400,000	2,100,000

The rate of interest used as discounting factor ranging from 3 to 6 months KIBOR + 3 to 4 % per annum with floor of 12.5%. The taxes, repairs and insurance cost are borne by lessee. Lessee shall have no right to terminate the lease agreement and if lease agreement is terminated, the lessee shall pay entire amount of rentals for unexpired period of lease agreements. In all the above leases, the purchase option is available to the company which it intends to avail. This lease is secured against the ownership of leased asset in the name of bank and the Personal Guarantees of the Directors.

8 DEFERRED LIABILITIES

		2016 RUPEES	2015 RUPEES Re-stated	2014 RUPEES Re-stated
Staff Retirement Gratuity	8.1	20,258,236	18,801,654	18,121,669
Deferred Tax	8.2	116,612,153	126,734,348	138,277,998
		136,870,389	145,536,002	156,399,667

8.1 Movement in the net liability recognized in the balance sheet is as follows:

Opening liability		18,801,654	18,121,669	17,394,852
Amount recognized during the year	8.1.1	5,672,395	5,715,132	11,122,979
Remeasurements chargeable in other comprehensive income	8.1.2	2,360,518	2,987,158	(1,867,431)
Benefits paid during the year		(6,576,331)	(8,022,305)	(8,528,731)
Closing liability		20,258,236	18,801,654	18,121,669

8.1.1 The amount recognized in the profit and loss account is as follows:

Current service cost	4,159,830	3,845,489	-
Interest cost	1,512,565	1,869,643	-
Expense chargeable to Profit and loss	5,672,395	5,715,132	-



	2016 <u>RUPEES</u>	2015 <u>RUPEES</u> <u>Re-stated</u>	2014 <u>RUPEES</u> <u>Re-stated</u>
8.1.2 <u>The amount recognized in the Other Comprehensive Income is as follows:</u>			
Actuarial (gain)/loss	(143,614)	(102,628)	(1,867,431)
Experience Adjustments	2,504,132	3,089,786	-
Total remeasurements chargeable in other comprehensive income	<u>2,360,518</u>	<u>2,987,158</u>	<u>(1,867,431)</u>

a) Changes in present value of defined benefit obligations

Present value of defined benefit obligations	18,801,654	18,121,669	-
Current Service Cost	4,159,830	3,845,489	-
Interest Cost on defined benefit obligations	1,512,565	1,869,643	-
Benefits paid during the year	(6,576,331)	(8,022,305)	-
Actuarial Adjustment			
Remeasurements:			
Actuarial (gain)/losses from changes in financial assumptions	(143,614)	(102,628)	-
Experience adjustments	2,504,132	3,089,786	-
Present value of defined benefit obligations	<u>20,258,236</u>	<u>18,801,654</u>	<u>-</u>

b) Principal actuarial assumptions

The principal actuarial assumptions used in the actuarial valuation of this scheme by applying projected unit credit method as on 30 June are as follows:

Discount rate used for interest cost	9.75%	13.25%	-
Discount rate used for year end obligation	7.25%	9.75%	-
c) Expected rate of salary increase in future years			
Salary Increase for year 2016	N/A	8.75%	-
Salary Increase for year 2017	6.25%	8.75%	-
Salary Increase for year 2018	6.25%	8.75%	-
Salary Increase for year 2019	6.25%	8.75%	-
Salary Increase for year 2020	6.25%	8.75%	-
Salary Increase for year 2021	6.25%	8.75%	-
Salary Increase for year 2022 onward	6.25%	8.75%	-
Net salary is increased at	1-Jan-17	1-Jan-16	
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year	
Withdrawal rates	Age-Based	Age-Based	
Retirement assumption	Age 60	Age 60	

Estimated expense to be charged to Profit and Loss in 2017 is Rs. 5,139,745.



	2016 <u>RUPEES</u>	2015 <u>RUPEES</u> Re-stated	2014 <u>RUPEES</u> Re-stated
d) Year and sensitivity analysis (\pm 100 bps) on defined benefit obligation			
Discount rate + 100 bps	19,510,972	-	-
Discount rate - 100 bps	21,116,021	-	-
Salary increase + 100 bps	21,173,092	-	-
Salary increase - 100 bps	19,444,233	-	-

The average duration of defined obligation is 4 year.

8.2 The Deferred Tax Liability/(Asset) comprises of Temporary differences relating to:

Taxable Temporary Differences			
Accelerated Tax Depreciation	193,261,748	207,842,263	223,769,459
Revaluation surplus	116,650,921	131,763,964	148,840,628
Finance Lease	6,105,329	4,364,139	2,536,651
Deductible Temporary Differences			
Minimum tax available for carry forward	(112,027,536)	(127,607,809)	(86,535,945)
Unused Tax Losses	(80,895,673)	(83,423,663)	(144,171,428)
Staff Retirement Benefits-Gratuity	(6,482,636)	(6,204,546)	(6,161,367)
	<u>116,612,153</u>	<u>126,734,348</u>	<u>138,277,998</u>

	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
9 <u>TRADE AND OTHER PAYABLES</u>		
Sundry Creditors	436,742,988	567,305,007
Accrued Expenses	22,550,108	63,131,512
Security Deposits Payable	775,669	775,669
Others Payables	6,800,607	5,172,374
Workers' Profit Participation Fund-(Re-stated)	15,108,093	6,932,325
Workers' Welfare Fund-(Re-stated)	9,909,074	6,802,282
	<u>491,886,539</u>	<u>650,119,169</u>
10 <u>SHORT TERM BORROWINGS-SECURED</u>		
Bank of Punjab Ltd.	346,429,968	347,165,812
KASB Bank Limited	-	203,312,017
National Bank of Pakistan Ltd.	391,649,984	275,003,914
MCB Bank Limited	157,300,039	570,854,040
J-S Bank Ltd	87,397,837	185,156,376
	<u>982,777,828</u>	<u>1,581,492,159</u>

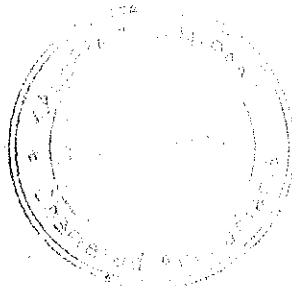
Short term borrowings were obtained from various commercial banks. The borrowings are secured against charge over Raw Material, Finished Goods, Imported Chemicals and the personal guarantees of all the directors of the company. Mark-up rate charged at the rate ranging from 3-months to 6-months KIBOR plus 2.25% to 3.0% per annum. These loan will expire within the period ranging from March 2016 to January 2017.

11 CURRENT PORTION OF LONG-TERM LIABILITIES

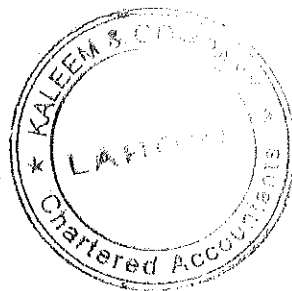
Current Portion of Long Term Loans	179,985,707	60,009,659
Current Portion of Liabilities Against Assets Subject to Finance Lease	2,273,045	8,400,000
	<u>182,258,752</u>	<u>68,409,659</u>

12 CONTINGENCIES AND COMMITMENTS

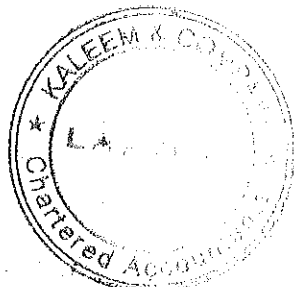
There were no known contingencies as at June 30, 2016 (2015: Nil). The commitments against Letter of Credits are Nil as at June 30, 2016 (2015: Rs. 124,495,000).



	<u>2016</u> RUPEES	<u>2015</u> RUPEES
14 STOCK IN TRADE		
Stock of Raw Material	401,083,174	283,365,017
Finished Goods	751,482,078	1,148,555,499
	<u>1,152,565,252</u>	<u>1,431,920,516</u>
15 <u>ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES</u>		
Advance to :		
-Suppliers	44,196,010	58,288,382
-Office Staff	257,494	3,619,293
-Clearing Agent	2,208,904	7,119,520
-Staff for Expenses	7,377,611	12,574,178
Advances Against L/C	404,787,077	604,520,857
Security Deposits	17,277,423	18,238,603
Letter of Guarantee	5,023,086	5,023,086
	<u>481,127,605</u>	<u>709,383,919</u>
16 <u>TAXES REFUNDABLE</u>		
Sales Tax Receivable	5,738,728	13,057,935
Advance Income Tax	125,957,564	310,393,911
	<u>131,696,292</u>	<u>323,451,846</u>
17 <u>CASH AND BANK BALANCES</u>		
Cash at Banks	2,130,594	13,517,386
Cash in Hand	3,186,256	2,518,133
	<u>5,316,850</u>	<u>16,035,519</u>
18 <u>SALES</u>		
Export Sales	4,604,425	43,435,611
Local Sales	4,061,274,782	3,927,919,647
Total Sales	4,065,879,207	3,971,355,258
Less : Sales Tax	148,427,288	129,261,641
	<u>3,917,451,919</u>	<u>3,842,093,617</u>



	2016 RUPEES	2015 RUPEES
19 COST OF SALES		
Raw Material Consumed	2,424,127,179	2,630,650,973
Salaries, Wages & Benefits-(Re-stated)	134,398,623	146,698,160
Store Consumption	96,679,777	173,327,473
Fuel and Power	293,416,705	550,397,087
Repair & Maintenance	35,088,079	26,563,352
Freight Expenses	28,400,000	23,189,890
Vehicles Running Expenses	4,782,076	9,747,678
Insurance Charges	4,646,124	5,556,290
Traveling & Conveyance	404,420	250,379
Entertainment	356,756	625,880
Printing & Stationery	222,950	521,874
Rent, Rates & Taxes	105,300	140,400
Telephone Expense	297,471	412,588
Laboratory Expense	345,195	348,431
Misc. Expenses	16,333,717	15,059,329
Depreciation	125,265,269	134,393,171
Opening Stock	3,164,869,641	3,717,882,955
Closing Stock	1,148,555,499	920,457,042
	(751,482,078)	(1,148,555,499)
	<u>3,561,943,062</u>	<u>3,489,784,498</u>
19.1 Raw Material consumed		
Opening Raw material stock	283,365,017	480,050,859
Add: Purchases during the year	2,541,845,336	2,433,965,131
	2,825,210,353	2,914,015,990
Less: Consumption during the year	(2,424,127,179)	2,630,650,973
Closing stock	401,083,174	283,365,017
20 DISTRIBUTION COST		
Salaries, Wages and Benefits	529,170	1,548,474
Advertising Expenses	153,510	1,596,438
Packing Expenses	2,898,898	1,369,152
Loading/Unloading	1,025,466	1,139,633
Sample Test Expenses	101,600	645,151
Others	8,570,275	5,106,271
	<u>13,278,919</u>	<u>11,405,119</u>
21 ADMINISTRATIVE EXPENSES		
Salaries, Wages and Benefits-(Re-stated)	19,439,022	21,832,010
Fee & Subscription	755,558	404,355
Legal & Professional Charges	231,535	1,399,817
Auditors' Remuneration	600,000	50,000
Vehicle Running Expenses	3,136,315	2,392,120
Traveling & Conveyance	389,550	339,365
Printing & Stationery	686,347	577,005
Donation	324,000	260,000
Insurance Charges	638,743	717,484
Telephone & Postage Charges	452,294	242,572
Entertainment	93,727	94,672
Advertisement	82,080	58,480
Misc. Expenses	1,512,279	1,306,964
Depreciation	6,592,909	7,073,325
	<u>34,934,359</u>	<u>36,748,169</u>



	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u>
22 OTHER INCOME		
Interest and Other Income	5,209,310	3,037,579
Gain on Disposal of Fixed Assets	-	313,829
	<u>5,209,310</u>	<u>3,351,408</u>
23 FINANCE COST		
Finance Cost on Banks Borrowings	145,505,685	177,480,501
Finance Cost on Lease Liability	657,637	1,888,748
Export Financial Expenses	5,800	1,045,007
Bank Charges	2,820,405	3,048,820
	<u>148,989,527</u>	<u>183,463,076</u>
24 TAXATION		<u>Re-stated</u>
Current		
For the Year	65,479,730	56,609,404
Prior Year	3,792,241	-
	<u>69,271,971</u>	<u>56,609,404</u>
Deferred		
Relating to origination and reversal of temporary differences	(1,659,491)	(3,945,713)
Relating to rate change	(3,714,491)	(2,234,509)
	<u>(5,373,982)</u>	<u>(6,180,222)</u>
	<u>63,897,989</u>	<u>50,429,182</u>

Tax Reconciliation

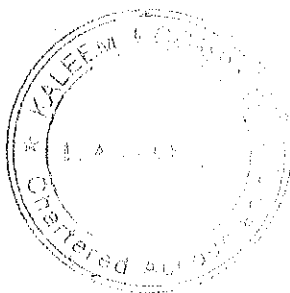
Numerical reconciliation between the average effective tax rate and the applicable tax rate

	<u>% Age</u>	
Applicable tax rate	<u>32</u>	<u>33</u>
Tax effect of amounts that are deductible for tax purposes	(0.110)	(0.164)
Effect on opening deferred taxes of reduction in tax rate	0.035	0.054
Others	(0.025)	-
Average effective tax rate charged to profit and loss A/c in percentage	<u>41.97</u>	<u>43.70</u>

25 Earning Per Share		<u>Re-stated</u>
Profit after taxation for the year attributable to ordinary shareholders.	88,334,813	64,980,535
Weighted average number of ordinary shares outstanding during the year.	8,947,124	8,947,124
Earning Per Share (Rs./Share)	9.87	7.26

25.1 Diluted Earning Per Share

There is no dilution effect on the basic earnings per share as the company has no such commitments.



26 REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVE OFFICERS

The aggregate amount charged in the accounts for the year for remuneration to the Chief Executive and other executive officers was as follows:

	2016		2015	
	Chief Executive	Director	Chief Executive	Director
	Rs.	Rs.	Rs.	Rs.
Managerial remuneration	6,465,300	-	5,562,000	-
	6,465,300	-	5,562,000	-
Number of persons	1	1	1	1

27 Correction of Error

During the year, the company has rectified the prior period error in respect of revaluation surplus and deferred taxation. Accordingly, the company has accounted for the effect of this error retrospectively and the comparative figures in these financial statements have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The correction of error has been made for in respect of recognition of current & deferred tax expense under the requirements of IAS-12 (Income Taxes).

The effect of the above restatements on financial statements for the previous year are summarized below:

	As per Audited Financial Statements	Effect of Prior Period Error	Restated Amount
<u>Effect of prior period error on the financial statements for the year ended 30 June 2014</u>			
<u>Balance Sheet</u>			
Surplus on Revaluation of Fixed Assets			
As at 30-June-2014	437,766,554	(148,840,629)	288,925,925
Deferred Tax	-	138,277,998	138,277,998
<u>Statement of Changes in Equity</u>			
Unappropriated Profit	408,044,330	10,562,631	418,606,961
<u>Effect of prior period error on the financial statements for the year ended 30 Jun 2015</u>			
<u>Balance Sheet</u>			
Surplus on Revaluation of Fixed Assets			
	399,284,740	(131,763,965)	267,520,775
Deferred Tax	-	126,734,348	126,734,348
Provision for Taxation	221,803,579	18,188,468	239,992,047
<u>Statement of Changes in Equity</u>			
Unappropriated Profit	522,796,088	(13,158,851)	509,637,237



28 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

28.1 Risk management framework

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.2 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 trades debts, advances and deposits, interest accrued, other receivables and margin on letter of guarantee. To manage credit risk, the Company maintains procedures covering the credit worthiness of debtors and monitoring of exposures. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash security deposit.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
Trade Debtors	597,100,046	449,124,690
Deposits, Prepayments & Other Receivables	481,127,605	709,383,919
Bank Balances	5,316,850	16,035,519
	<u>1,083,544,501</u>	<u>1,174,544,128</u>

Trade Debtors

Majority of the Company's sales are on advance basis and trade debts represents receivable from various customers. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.



Deposits, Prepayments & Other Receivables

These mainly comprise of advances against L/C, opening charges , bank charges and partial payment of cost of documents and Sales Tax Recoverable.

Customer credit risk is managed subject to the Company's established policies, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

b) Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

c) Credit Risk Management

Due to the company long standing business relationship with counter parties and after giving due consideration to their strong financial standings , management does not expect non-performance by the counter parties on their obligation to the company. Accordingly the credit risk is minimal.

28.3 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 company manages liquidity risk by maintaining sufficient cash. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.

- Contractual maturities of financial liabilities as at 30 June 2016

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More Than 2 Year
RUPEES						
Non-derivative financial liabilities:						
Long Term Loan	209,967,048	209,967,048	89,992,854	89,992,854	29,981,341	-
Liabilities against Assets- Subject to Finance Lease	2,273,045	2,273,045	1,136,523	1,136,523	-	-
Trade and Other Payables	491,886,539	491,886,539	22,550,108	32,593,443	436,742,988	-
Finance Cost Payable	18,667,077	18,667,077	18,667,077	-	-	-
Short term borrowings	982,777,828	982,777,828	491,388,914	491,388,914	-	-
	1,705,571,537	1,705,571,537	623,735,475	615,111,734	466,724,329	-



- Contractual maturities of financial liabilities as at 30 June 2015

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More Than 2 Year
RUPEES						
Non-derivative financial liabilities:						
Long Term Loan	49,967,048	49,967,048	20,000,000	20,000,000	9,967,048	
Liabilities against Assets- Subject to Finance Lease	10,500,000	10,500,000	4,200,000	4,200,000	2,100,000	
Trade and Other Payables	650,119,169	650,119,169	63,131,512	19,682,650	567,305,007	
Finance Cost Payable	52,726,335	52,726,335	52,726,335	52,726,335	-	
Short term borrowings	1,581,492,159	1,581,492,159	790,746,080	790,746,080		
	2,344,804,711	2,344,804,711	930,803,927	887,355,065	579,372,055	-

Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

Financial instruments by categories

Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
2016			2015		

Rupees

Assets as per balance sheet

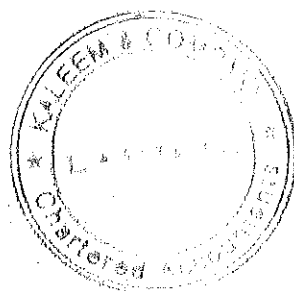
Trade Debtors	597,100,046	-	597,100,046	449,124,690	-	449,124,690
Deposits, Prepayments & Other Receivables	481,127,605	-	481,127,605	709,383,919	-	709,383,919
Bank Balances	5,316,850	-	5,316,850	16,035,519	-	16,035,519
	1,083,544,501	-	1,083,544,501	1,174,544,128	-	1,174,544,128

Financial Liabilities at Amortized Cost

2016
RUPEES 2015
RUPEES

Liabilities as per balance sheet

Long Term Loan		209,967,048	49,967,048
Liabilities against Assets- Subject to Finance Lease		2,273,045	10,500,000
Trade and Other Payables		491,886,539	650,119,169
Finance Cost Payable		18,667,077	52,726,335
Short term bank borrowings		982,777,828	1,581,492,159
		1,705,571,537	2,344,804,711



Liquidity Risk Management

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 company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

28.4 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to currency risks.

b) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

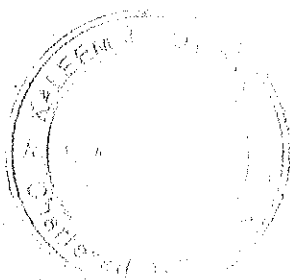
c) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is geared only to the extent of borrowings as mentioned in note # 06, 07 & 10. Financial instruments at variable rates expose the company to cash flow interest rate risk. Financial instruments at fixed rate expose the company to fair value interest rate risk.

The Company has no long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2016 <u>RUPEES</u>	2015 <u>RUPEES</u>
<u>Floating rate instruments</u>		
Financial liabilities		
Long Term Loan	209,967,048	49,967,048
Liabilities against Assets Subject to Finance Lease	2,273,045	10,500,000
Short Term Loan	982,777,828	1,581,492,159



Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets and liabilities of the Company.

29 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through long-term and short-term financing in addition to its equity. The Company has a positive gearing ratio of 98.7% (2015: 138.9%) as of the balance sheet date.

30 GENERAL

30.1 Corresponding Figures

previous year's figures have been rearranged and reclassified wherever necessary for the purposes of comparison and for better presentation. However, there is no material rearrangement to report.

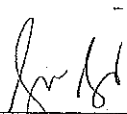
30.2 Functional and Presentation Currency

- a) The financial statements are prepared in Pakistani Rupee, which is the Company's functional and presentation currency.
- b) Figures have been rounded off to the nearest rupees.

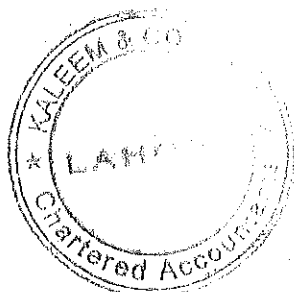
30.3 Number of employees at the end of year and average were 202 and 250 (2015: 340 and 475) respectively.

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 03, 2016.


CHIEF EXECUTIVE


DIRECTOR

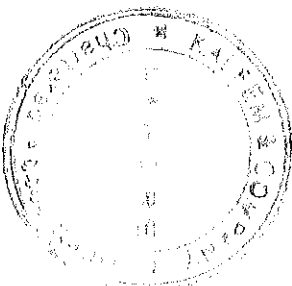


13 PROPERTY, PLANT & EQUIPMENTS

PARTICULARS	C O S T/Revalued Amount			Rate %	Depreciation			WDV As At 30-06-2016
	As At 01-07-2015	Addition/ (Deletion)	Adjustments		As At 30-06-2016	As At 01-07-2015	Adjustments	
Land	62,875,000	-	-	-	-	-	-	62,875,000
Building	497,929,329	2,353,645	-	5	75,334,238	-	21,247,437	403,701,299
Plant & Machinery	1,304,561,921	16,038,142	-	10	410,370,890	-	91,022,917	501,393,807
Grid Station	57,279,039	-	-	10	33,855,129	-	2,342,391	36,197,520
Electric Installation	191,602,888	1,088,936	-	10	78,265,912	-	11,442,571	89,708,483
Vehicles	25,685,987	106,684	-	20	13,889,181	-	2,380,698	16,269,879
Furniture & Fixture	5,209,706	106,401	-	10	2,708,666	-	260,744	2,969,410
Office Equipment	3,081,498	275,314	-	20	1,800,907	-	311,181	2,346,697
Laboratory Equipment	11,232,088	-	-	10	6,538,794	-	459,329	2,112,088
Arms & Ammunition	146,013	-	-	10	85,296	-	6,072	7,098,123
Tools	302,509	-	-	10	178,800	-	12,371	91,368
Year 2016	2,159,905,778	19,969,122	-		623,122,813	-	129,485,711	1,427,261,376
								111,338
								752,613,524

13.1 WDV IE COST MODEL APPLIED

PARTICULARS	C O S T/Revalued Amount			Rate %	Depreciation			WDV As At 30-06-2016
	As At 01-07-2015	Addition/ (Deletion)	Adjustments		As At 30-06-2016	As At 01-07-2015	Adjustments	
Land	33,322,002	-	-	-	-	-	-	33,322,002
Building	503,298,050	2,353,645	-	5	125,154,247	-	19,024,872	361,472,576
Plant & Machinery	968,437,143	16,038,142	-	10	399,526,566	-	58,494,872	458,021,438
Grid Station	57,279,039	-	-	10	33,855,129	-	2,342,391	36,197,520
Electric Installation	191,602,888	1,088,936	-	10	78,265,912	-	11,442,571	89,708,483
Vehicles	25,685,987	106,684	-	20	13,889,181	-	2,380,698	16,269,879
Furniture & Fixture	5,209,706	106,401	-	10	2,708,666	-	260,744	2,969,410
Office Equipment	3,081,498	275,314	-	20	1,800,907	-	311,181	2,112,088
Laboratory Equipment	11,232,088	-	-	10	6,538,794	-	459,329	7,098,123
Arms & Ammunition	146,013	-	-	10	85,296	-	6,072	91,368
Tools	302,509	-	-	10	178,800	-	12,371	191,171
Year 2016	1,799,596,723	19,969,122	-		662,103,497	-	94,735,101	756,838,399
								1,062,727,246
								1,819,565,845



13.2 The surplus on revaluation of land, building and plant & machinery was determined as on June 11, 2011 by M/S Riyach Co. (Approved Valuer of Pakistan Bank's Association) on current replacement cost basis as follows:

	Original Cost Rupees	Book Value Rupees	Revalued amount Rupees	Revaluation Surplus Rupees
Land	33,322,002	33,322,002	62,875,000	29,552,998
Building	301,589,141	241,645,900	296,220,420	54,574,520
Plant & Machinery	428,928,610	269,274,614	765,053,388	495,778,774
Total	763,839,753	544,242,516	1,124,148,808	579,906,292

13.3 LEASED ASSETS

PARTICULARS	COST				Rate %	Depreciation				WDV As At 30-06-2016
	As At 01-07-2015	Addition	Adjustments	As At 30-06-2016		As At 01-07-2015	Adjustments	For The Year	As At 30-06-2016	
Plant & Machinery	29,289,710	-	-	29,289,710	10	5,565,045	-	2,372,467	7,937,512	21,352,198
Year 2016	29,289,710	-	-	29,289,710		5,565,045	-	2,372,467	7,937,512	21,352,198
Total for the Year 2016	2,189,195,488	19,999,122	-	2,209,164,510		628,692,858	-	131,858,178	760,551,036	1,448,613,374

13.4 Depreciation for the year has been allocated as under :-

	2016 RUPEES	2015 RUPEES	
Cost of Sales	95%	125,265,269	134,393,171
Administrative Expenses	5%	6,592,909	7,073,325
		131,858,178	141,466,496



PROPERTY PLANT & EQUIPMENTS

PARTICULARS	C O S T/Revalued Amount			Rate %	Depreciation			WDV	
	As At 01-07-2014	Addition/ (Deletion)	Adjustments		As At 30-06-2015	As At 01-07-2014	Adjustments		For The Year
Land	62,875,000	-	-	5	-	-	-	-	62,875,000
Building	495,651,267	2,278,062	-	5	53,202,880	-	22,131,358	75,334,238	422,595,091
Plant & Machinery	1,285,796,125	18,765,796	-	10	312,684,595	-	97,686,295	410,370,890	894,191,031
Grid Station	57,279,039	-	-	10	31,252,472	-	2,602,657	33,855,129	23,423,910
Electric Installation	191,506,688	96,000	-	10	65,681,791	-	13,584,121	78,265,912	113,336,776
Vehicles	24,924,447	1,521,540	-	20	11,683,065	-	2,789,945	13,889,181	11,796,806
		(760,000)	-			(583,829)			
Furniture & Fixture	4,902,066	307,640	-	10	2,443,816	-	262,851	2,708,666	2,501,040
Office Equipment	2,548,446	533,052	-	20	1,556,570	-	242,337	1,800,907	1,280,591
Laboratory Equipment	11,232,088	-	-	10	6,128,428	-	510,366	6,638,794	4,593,294
Arms & Ammunition	146,013	-	-	10	78,550	-	6,746	85,296	60,717
Tools	302,509	-	-	10	165,054	-	13,746	178,800	123,709
Year 2015	2,137,163,688	23,502,090	-		484,881,221	(583,829)	1,38,830,422	623,127,813	1,536,777,965
		(760,000)							

LEASED ASSETS

PARTICULARS	C O S T			Rate %	Depreciation			WDV	
	As At 01-07-2014	Addition	Adjustments		As At 30-06-2015	As At 01-07-2014	Adjustments		For The Year
Plant & Machinery	29,289,710	-	-	10	2,928,971	-	2,636,074	5,565,045	23,724,665
Year 2015	29,289,710	-	-		2,928,971	-	2,636,074	5,565,045	23,724,665
Total for the Year 2015	2,166,453,398	23,502,090	-		487,810,192	(583,829)	1,41,466,496	628,692,858	1,560,502,630

