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Company Profile

Board Of Directors

Chairman	: Mr. Mohammad Abdullah
Chief Executive	: Mr. Nadeem Abdullah
Director	: Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Nabeel Abdullah Mr. Shayan Abdullah Mr. Nadeem Karamat (Independent Director)

Audit Committee

Chairman	: Mr. Yousuf Abdullah
Member	: Mr. Amer Abdullah
Member	: Mr. Nabeel Abdullah
Member	: Mr. Nadeem Karamat

Human Resource & Remuneration Committee

Chairman	: Mr. Amer Abdullah
Member	: Mr. Yousuf Abdullah
Member	: Mr. Nabeel Abdullah

Chief Financial Officer : Mr. Abdul Sattar

Secretary : Mr. Zeeshan

Auditors : Mushtaq & Company, Chartered Accountants

Tax Consultants : Mushtaq & Company, Chartered Accountants

Legal Advisor : A. K. Brohi & Company

Bankers : Allied Bank Limited, Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited, MCB Bank Limited, Bank Al Habib Ltd.

Share Registrar : Hameed Majeed Associates (Pvt.) Ltd.

Registered Office : 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi.

Mills : S. I. T. E. Kotri, S. I. T. E. Nooriabad, Chunian, District Kasur
Feroze Watwan, Bhopattian, Lahore.

Vision

To be one of the premier textile company recognized for leadership in technology, flexibility, responsiveness and quality.

Our customers will share in our success through innovative manufacturing, certifiable quality, exceptional services and creative alliances. Structured to maintain in depth competence and knowledge about our business , our customers and worldwide markets.

Our workforce will be the most efficient in industry through multiple skill learning, the fostering of learning and the fostering of teamwork and the security of the safest work environment possible recognised as excellent citizen in the local and regional community through our financial and human resources support and our sensitivity to the environment.

Mission

Our mission is to be recognised as premier supplier to the markets we serve by providing quality yarns, fabrics and other textile products to satisfy the needs of our customers.

Our mission will be accomplished through excellence in customer service, sales and manufacturing supported by teamwork of all associates.

We will continue our tradition of honesty, fairness and integrity in relationship with our customers, associates, shareholders, community and stakeholders.

Notice of Annual General Meeting

Notice is hereby given that 48th Annual General Meeting of Sapphire Textile Mills Limited will be held on Saturday, October 29, 2016 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 03:30 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended 30th June, 2016.
3. To approve and declare the final dividend.
4. To appoint auditors for the year ending 30th June 2017 and fix their remuneration. The present Auditors, M/s Mushtaq & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as special resolution:

5.1 *"RESOLVED that the Articles of Association of the Company be amended by adding a new sub-Clause 44(a) after the Clause 44 of the Articles of Association of the Company as under:*

The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles, notwithstanding the other provisions of these Articles of Association and including anything contradictory therein."

5.2 *"To consider and approve the plan to lease out company's stitching facility situated at Unit-08, 1.5 kms Bhubatian Chowk, Raiwind Road, Lahore, Punjab and its open-end spinning facility at Unit -3, A-84, Site, Nooriabad, Dist Jamshoro, Sindh to any of its 100% subsidiary(ies) to improve the utilisation of company's assets / facilities and enhance its export activities.*

5.3 *Further Resolved that the Chief Executive be and is hereby authorized to plan, negotiate, execute and do all necessary step or things necessary for execution of the lease agreement (s).*

5.4 *Resolved that pursuant to section 196 of the Companies' Ordinance, 1984 the shareholders consent be and is hereby accorded to close or liquidate the M/s.Sapphire Home Incorporation, 100% owned subsidiary of M/s.Sapphire Textile Mills Limited ("Company") on such terms and condition as my be approved by the board of the Sapphire Home incorporation.*

A Statement required under Section 160(1) (b) of the Companies Ordinance, 1984 read with S.R.O 27(1)/2012 dated 16th January, 2012 issued by SECP pertaining to the special business is annexed to the notice of the meeting send to the shareholders.

6. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
Dated: October 6, 2016

Zeeshan
Company Secretary

NOTE

1. Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 23rd October, 2016 to 29th October, 2016 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 22nd October, 2016, will be considered in time for the payment of dividend.

Notice of Annual General Meeting

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

3. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.
4. Any change of address of members should be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
5. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1)2012 dated July 05, 2012 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.

7. As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.

8. (i) Pursuant to the provisions of the Finance Act, 2016 effective July 1, 2016 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 12.5%
2. Rate of tax deduction for non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

Notice of Annual General Meeting

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Share Holder		Joint Holder	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or, Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No.5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

A) Agenda item No.5.1 of the Notice – Amendment/change in Articles of Association of the Company:

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new sub-Clause 44 (a) after the Clause 44 of the Articles of Association of the Company.

Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.

B) Agenda item No.5.2 & 5.3 of the Notice – Lease out Plan:

Introduction:

The management of Sapphire Textile Mills Limited (Company) Intends to lease out its stitching facility situated at Unit-08, 1.5 kms Bhabatian Chowk, Raiwind Road, Lahore, Punjab and its open-end spinning facility at Unit -3, A-84, Site, Nooriabad, Dist Jamshoro, Sindh its 100% subsidiary(ies) to improve the utilisation of company's assets / facilities and enhance its export activities.

Value of Assets to be leased out.

- The written down value of proposed assets to be leased is up to Rs.505 Million as at 30 June, 2016. These assets will be leased out at the current market rates.

Reason / Benefit of Leasing

- It will improve in Overall Profitability of the Company by availing other ancillary and related operational and fiscal benefits attached to export oriented units.

Notice of Annual General Meeting

Interest of Directors:

- Sapphire Textile Mills Limited is planning to lease out its units to its 100% subsidiary. Directors have no direct or indirect interest except to the extent of their shareholding.
- C) **Agenda item No.5.4 of the Notice – Reason for Winding up of 100% subsidiary M/s.Sapphire Home Incorporation:**

Sapphire Home Inc. was incorporated as 100% subsidiary of the company to meet customers' demand of local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately holding company is shipping directly to the customers and this company has become dormant. It is therefore, proposed to close / wind up the company.

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2012

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17th February, 2014 & subsequently amended on 26th Oct, 2015	Collateral/security as may be required by the issuing bank to issue an SBLC up to the PKR equivalent of approximately USD 10 Million in order to secure certain obligations of SWPCL	SBLC = USD 2.9 million	This amount was amended in AGM held on 26th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve

Directors' Report to the Shareholders

The Directors of the Company have pleasure in submitting their Report together with the audited financial statements of the Company for the year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

	Rupees in Thousand	
	2016	2015
Sales & Services	23,110,564	23,315,337
Gross Profit	2,562,574	2,607,735
Profit from Operations	2,609,779	1,847,806
Other Income	1,378,442	579,112
Profit before taxation	1,736,720	1,178,395
Profit after taxation	1,448,214	1,034,135

Review of Operations

During the year under review the Company achieved sales of Rs.23.111 billion as compared to Rs.23.315 billion in the corresponding year. The Gross profit as a percentage of sales stood at 11.09% as compared to 11.18% in the last year. Other income during the year increased to Rs. 1,378.442 million as against Rs.579.112 million in the previous year, due to increase in dividend income and realization of profit on share investments. The Profit before tax is Rs.1.737 billion compared to Rs.1.178 billion in the corresponding year.

The year under review has been a very challenging year for Pakistan textile industry. The Cotton crop reduced from approximately 14.7 million bales in the previous year to approximately 9.8 million bales in the current year. So Pakistan's textile industry was at a comparative disadvantage against its international competitors. In addition cost of other inputs have also been at a comparative disadvantage against other textile exporting countries. Despite this, the company has been able to maintain its operational profitability in its textile operations.

The Company has been able to improve its overall profitability due to investments in other listed companies. The investment in Sapphire Wind Power Company Limited, a subsidiary company also looks promising as during the year, the company commenced its commercial operations and is yielding satisfactory results. The Company has also launched its own clothing brand "Sapphire" through its subsidiary company Sapphire Retail Limited. This brand is expanding its share in the domestic market.

Appropriation of Profit

	Rupees in Thousand
Profit Before Taxation	1,736,720
Less: Taxation	
For the year	(248,581)
Prior year	93
Deferred	(40,018)
	(288,506)
Profit after taxation	1,448,214
Gain on remeasurement of staff retirement benefits - net of tax	9,339
Add: Unappropriated profit brought forward	8,659,139
	10,116,692
Appropriations	
Final dividend for the year ended June 30, 2015 (100% i.e Rs.10 per share)	(200,831)
Unappropriated Profit Carried Forward	9,915,861
Subsequent Effects	
Proposed Final cash dividend for the year ended June 30, 2016	(281,164)
	9,634,697

Directors' Report to the Shareholders

Earnings Per Share

The earnings per share for the year ended June 30, 2016 is Rs.72.11 as compared to Rs.51.49 for last year ended June 30, 2015.

Dividend

The Board of Directors of the company is pleased to recommend a cash dividend of 140% i.e. Rs. 14 per share for the year ended June 30, 2016. (2015: 100%).

Future Prospects

The performance of the textile sector is heavily dependent on the cotton crop as well cost of inputs compared to those in other countries. The cotton crop looks better in the current year. The pressures in other costs including energy, wages and salaries, various government taxes, etc. is high. The Company has invested heavily in value addition and hopes these efforts will yield long term positive results.

Subsidiaries of Sapphire Textile Mills Limited

There are seven (7) subsidiaries out of which six (6) are 100% equity owned by Sapphire Textile Mills Limited. The brief of each subsidiary is as follows:

1. Sapphire Home Incorporation

Sapphire Home was incorporated as 100% subsidiary of the company to enable local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately we are shipping directly to the customers and this company become dormant. It is therefore, proposed to closed / wind up the company.

2. Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate "Sapphire brand" retail outlets for sale of textile and other products.

Business Diversification

For the purpose of Business Diversification and to meet shortage of electricity in the country the Company has decided to invest in Renewable Energy sector and as such has established the following five (5) subsidiaries:

3. Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up wind power station of 52.80 MW at Jhimpir which have started Commercial production on November 22, 2015.

4. Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has an LOI for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. The project company is following an aggressive development plan for its three projects and aims to conclude the EPC, EPA and IA agreements in near future. The Company is currently in advanced stages of negotiation with foreign lenders for finalizing its debt requirements.

5. Sapphire Tech (Pvt.) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Directors' Report to the Shareholders

6. Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Other Material information

7. Sapphire Renewables Limited

During the year, Sapphire Textile Mills Limited has incorporated a wholly owned subsidiary 'Sapphire Renewables Limited' on May 30, 2016. The main business of the company is to investment in Renewable Energy Projects. The company has obtained certificate of commencement of business on August 19, 2016.

Board of Directors

The Board of Directors comprises of eight (8) Directors.

During the Year Four (4) meetings of the Board of Directors were held. The number of meetings attended by each Director is given hereunder:

Name	No of Meetings
Mr. Mohammad Abdullah	4
Mr. Shahid Abdullah	4
Mr. Nadeem Abdullah	3
Mr. Amer Abdullah	2
Mr. Yousuf Abdullah	2
Mr. Nabeel Abdullah	3
Mr. Shayan Abdullah	3
Mr. Nadeem Karamat	3

Audit Committee

The Audit Committee held Four (4) meetings during the year. Attendance by each member was as follows:

Name	No of Meetings
Mr. Amer Abdullah	0 (*)
Mr. Yousuf Abdullah	3
Mr. Nabeel Abdullah	3
Mr. Nadeem Karamat	3

(*) Mr. Amer Abdullah was appointed as non-executive member of the Audit Committee in last Board Meeting.

Human Resource & Remuneration Committee

The Board of Directors of the Company in compliance to the Code of Corporate Governance has formed a Human Resource & Remuneration Committee and four (4) meetings were held during the year.

Statement on Corporate and Financial Reporting Frame Work

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

- The financial statements together with the notes thereon have been drawn up in conformity with the Companies ordinance, 1984. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

Directors' Report to the Shareholders

- b) The company has maintained proper books of accounts.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control, which was in place, is being continuously reviewed by the internal audit and has been effectively implemented. The process of review and monitoring continues with the object to improve it further.
- f) All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g) There are no doubts about the company's ability to continue as a going concern.
- h) There has been no material departure from the best practice of Corporate Governance, as required by the listing regulations.
- i) The key operating and financial data and key ratios of six years are annexed.
- j) The Company established Management Staff Gratuity Fund from July 1, 2005 which is initially for the Head office and will gradually be applicable to the other units/mills of the Company. The company has also introduced Employees' Provident Fund for the staff from July 1, 2006. The persons who join the Provident Fund will not be eligible for Gratuity Fund. Provision has been made in the accounts accordingly. The value of investment of Gratuity Fund and Provident Fund as on June 30, 2016 amounted to Rs.20.901 million and Rs.163.707 million respectively.
- k) No trading in the shares of the Company were carried out by the Directors, Chief Executive Officer, Chief financial Officer, Company Secretary, their spouses and minor children.

Code of Conduct

The code of conduct has been developed and has been communicated and acknowledged by each Director and Employee of the company.

Related Party Transactions

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of stock exchange in Pakistan. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

Corporate Environment, Health & Social Responsibility

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety especially with regards to the safe, production, delivery, storage and handling of the materials. Your company always ensures environment preservation and adopts all possible means for environment protection.

We maintain our commitment to raise the educational, health and environment standards of the community & made generous donations for health, education and social welfare projects.

Auditors

The present Auditors, M/s. Mushtaq & Company (Chartered Accountants) retire and being eligible, offers themselves for re-appointment for the year 2016-2017. Audit Committee and Board of Directors have also recommended their appointment as Auditor for the year ending June 30, 2017.

Directors' Report to the Shareholders

Pattern of Shareholding

The Pattern of shareholding of the company as at June 30, 2016 is annexed. This statement is prepared in accordance with the Code of Corporate Governance and the Companies Ordinance, 1984.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Acknowledgment

The Management would like to place on record its appreciation for the support of Board of Directors, regulatory authorities, shareholders, customers, financial institutions, suppliers and dedication and hard work of the Staff and Workers.

On behalf of the Board

Karachi
Dated: October 06, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

Six Years Growth at a Glance

(Rupees in Million)

YEARS		2016	2015	2014	2013	2012	2011
Sales		23,110.56	23,315.33	25,411.30	25,283.15	21,490.83	22,937.18
Gross Profit		2,562.57	2,607.73	2,788.03	4,204.86	2,773.40	3,417.77
Profit Before Tax		1,736.72	1,178.39	1,270.21	2,365.97	1,129.94	1,774.04
Profit After Tax		1,448.21	1,034.15	983.40	2,136.47	1,073.68	1,607.41
Share Capital		200.83	200.83	200.83	200.83	200.83	200.83
Shareholder's Equity		14,903.98	14,370.18	13,340.62	11,398.28	8,330.89	7,520.94
Fixed Assets - Net		9,559.60	8,920.46	8,247.40	5,943.04	5,357.00	4,900.07
Total Assets		31,800.66	28,087.80	22,050.55	18,842.13	14,056.51	14,393.19
DIVIDEND - Cash	%	140.00	100.00	100.00	210.00	50.00	50.00
RATIOS:							
Profitability							
Gross Profit	%	11.09	11.18	10.97	16.63	12.91	14.90
Profit Before Tax	%	7.51	5.05	5.00	9.36	5.26	7.73
Profit After Tax	%	6.27	4.44	3.87	8.45	5.00	7.01
Return To Shareholders							
R.O.E-Before Tax	%	11.65	8.20	9.52	20.76	13.56	23.59
R.O.E After Tax	%	9.72	7.20	7.37	18.74	12.89	21.37
Basic E.P.S-After Tax	Rs.	72.11	51.49	48.97	106.38	53.46	80.04
Activity							
Sales To Total Assets	Times	0.73	0.83	1.15	1.34	1.53	1.59
Sales To Fixed Assets	Times	2.42	2.61	3.08	4.25	4.01	4.68
Liquidity/Leverage							
Current Ratio		1.20:1	1.18:1	1.40:1	1.49:1	1.44:1	1.27:1
Debt Equity Ratio	Times	0.45	0.35	0.18	0.09	0.13	0.13
Total Liabilities to Equity.	Times	1.13	0.95	0.65	0.65	0.69	0.91
Break up value per share	Rs.	742.11	715.53	664.27	567.56	414.82	374.49

Review Report to the Members

On Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Sapphire Textile Mills Limited** “the Company” for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company’s 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 are not required to consider whether the Board’s statement on internal controls covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Code requires the Company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

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 as applicable to the Company for the year ended June 30, 2016.

Lahore:
Dated: October 06, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

Statement of Compliance

With the Code of Corporate Governance

Name of Company SAPPHERE TEXTILE MILLS LIMITED year ended June 30, 2016.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19.24 of the Rule Book of Pakistan Stock Exchange Limited 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors (*)	Mr. Nadeem Karamat
Executive Directors	Mr. Mohammad Abdullah Mr. Nadeem Abdullah Mr. Nabeel Abdullah
Non-Executive Directors	Mr. Shahid Abdullah Mr. Amer Abdullah Mr. Yousuf Abdullah Mr. Shayan Abdullah

*The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident 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 NBF1 or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board /shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause 5.19.7 of CCG, majority of Directors of the Company are exempted from the requirement of directors' training program as prescribed by the Code of Corporate Governance and the rest of the Directors are trained. All the Directors are fully conversant with their duties and responsibilities, they were further apprised through orientation courses during the year.
10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

Statement of Compliance

With the Code of Corporate Governance

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO 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 CCG.
15. The Board has formed an Audit Committee. It comprises four members, of whom two are non-executive, one is independent director and one is executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective Internal Audit Function.
19. 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Signature

Karachi

Dated: 6th October, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **Sapphire Textile Mills Limited** ("the Company") 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 the 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 purpose 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 the 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 verifications, 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 accounts and are further in accordance with accounting policies consistently applied;
 - (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) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore:
Dated: October 06, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

Balance Sheet as at June 30, 2016

	Note	2016	2015
----- Rupees -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	9,522,840,324	8,751,209,578
Investment property	7	31,750,000	162,237,097
Intangible assets	8	5,009,968	7,514,871
Long term investments	9	10,523,389,245	9,823,448,087
Long term loans and advances	10	52,195,065	58,202,397
Long term deposits and prepayments	11	82,313,808	78,083,220
		20,217,498,410	18,880,695,250
CURRENT ASSETS			
Stores, spares and loose tools	12	328,631,930	309,958,010
Stock in trade	13	4,281,470,839	3,969,334,963
Trade debts	14	1,473,660,103	1,297,680,833
Loans and advances	15	473,080,294	167,965,261
Trade deposits and short term prepayments	16	12,857,748	15,139,318
Other receivables	17	170,505,333	145,975,668
Other financial assets	18	2,986,400,454	2,145,664,201
Tax refunds due from Government	19	1,756,845,708	1,105,311,136
Cash and bank balances	20	99,706,069	50,080,021
		11,583,158,478	9,207,109,411
TOTAL ASSETS		31,800,656,888	28,087,804,661
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	21	200,831,400	200,831,400
Reserves		14,703,149,767	14,169,339,753
		14,903,981,167	14,370,171,153
NON-CURRENT LIABILITIES			
Long term financing	22	6,728,738,161	5,013,027,494
Deferred liabilities	23	491,518,519	472,127,414
Long term payable	24	-	431,631,479
		7,220,256,680	5,916,786,387
CURRENT LIABILITIES			
Trade and other payables	25	2,525,623,858	2,316,663,831
Accrued Interest / mark-up	26	124,294,821	149,867,565
Short term borrowings	27	4,657,389,209	4,718,214,518
Current portion of long term payable	24	457,090,780	-
Current portion of long term financing	22	1,628,822,242	489,359,511
Provision for taxation	28	283,198,131	126,741,696
		9,676,419,041	7,800,847,121
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		31,800,656,888	28,087,804,661

The annexed notes from 1 to 48 form an integral part of these financial statements.

Karachi:

Dated: October 06, 2016

NADEEM ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

Profit and Loss Account

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 -----
Sales and services	30	23,110,564,181	23,315,336,620
Cost of sales and services	31	(20,547,990,291)	(20,707,601,784)
Gross profit		2,562,573,890	2,607,734,836
Distribution cost	32	(860,296,564)	(921,944,772)
Administrative expenses	33	(311,822,906)	(295,285,309)
Other operating expenses	34	(159,117,377)	(121,811,077)
Other income	35	1,378,442,310	579,112,084
		47,205,463	(759,929,074)
Profit from operations		2,609,779,353	1,847,805,762
Finance cost	36	(873,059,367)	(669,410,841)
Profit before taxation		1,736,719,986	1,178,394,921
Taxation			
Current			
- for the year		(248,581,115)	(126,741,696)
- prior year		93,326	265,629
Deferred		(40,018,191)	(17,783,393)
	37	(288,505,980)	(144,259,460)
Profit after taxation for the year		1,448,214,006	1,034,135,461
Earnings per share - basic and diluted	38	72.11	51.49

The annexed notes from 1 to 48 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	----- Rupees -----	
Profit after taxation for the year	1,448,214,006	1,034,135,461
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(87,489,315)	433,860,910
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(646,467,058)	(218,600,485)
	(733,956,373)	215,260,425
Forward foreign currency contracts		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	13,692,852	(2,647,824)
Reclassification adjustments relating to loss realized on settlement of forward foreign currency contracts	(2,647,824)	(1,003,061)
	11,045,028	(3,650,885)
Items that may not be reclassified subsequently to profit and loss		
Gain / (loss) on remeasurement of staff retirement benefits	9,965,376	(16,363,523)
Impact of deferred tax	(626,623)	1,005,898
	9,338,753	(15,357,625)
Other comprehensive (loss) / income for the year	(713,572,592)	196,251,915
Total comprehensive income for the year	734,641,414	1,230,387,376

The annexed notes from 1 to 48 form an integral part of these financial statements.

Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	1,909,480,233	2,065,911,822
Long term loans, deposits and prepayments		1,776,744	(3,443,443)
Finance cost paid		(887,491,258)	(608,730,648)
Staff retirement benefits - gratuity paid		(122,730,385)	(70,265,970)
Taxes paid		(743,565,926)	(535,151,591)
		(1,752,010,825)	(1,217,591,652)
Net cash generated from operating activities		157,469,408	848,320,170
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,666,025,707)	(1,400,124,483)
Purchase of intangible assets		-	(6,540,743)
Investment in associates and subsidiaries		(599,428,000)	(1,623,362,500)
Investment others		(2,426,132,146)	(2,952,333,763)
Short term loans to subsidiaries		(264,789,400)	-
Proceeds from disposal of property, plant and equipment		26,587,767	25,967,752
Proceeds from disposal of investment property		150,000,000	-
Proceeds from sale of investments		1,308,568,925	593,391,167
Dividend received		757,324,954	388,327,367
Interest received		473,804	-
Rental income received		10,855,731	15,991,008
Net cash used in investing activities		(2,702,564,072)	(4,958,684,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(59,055,590)	1,518,294,302
Proceeds from long term financing		3,155,907,410	3,258,043,000
Repayment of long term financing		(300,734,012)	(503,049,068)
Dividend paid		(200,684,251)	(202,065,081)
Net cash generated from financing activities		2,595,433,557	4,071,223,153
Net increase / (decrease) in cash and cash equivalents		50,338,893	(39,140,872)
Cash and cash equivalents at the beginning of the year		48,966,565	88,107,437
Cash and cash equivalents at the end of the year		99,305,458	48,966,565
Cash and cash equivalents			
Cash and bank balances		99,706,069	50,080,021
Book overdrafts - unsecured		(400,611)	(1,113,456)
Cash and cash equivalents at the end of the year		99,305,458	48,966,565

The annexed notes from 1 to 48 form an integral part of these financial statements.

Karachi:

Dated: October 06, 2016

NADEEM ABDULLAH

CHIEF EXECUTIVE

MOHAMMAD ABDULLAH

DIRECTOR

Statement of Changes in Equity

For the year ended June 30, 2016

	Reserves				Other Components of equity			Total Equity	
	Share Capital	Capital		Share Premium	Unrealized gain / (loss)	On forward foreign exchange contracts	SUB TOTAL		
		Fixed Assets Replacement	General Reserves						Unappropriated Profit
 Rupees								
Balance as at July 01, 2014	200,831,400	156,202,200	65,000,000	1,330,000,000	7,841,193,083	3,746,385,423	1,003,061	3,747,388,484	13,340,615,177
Total comprehensive income for the year ended June 30, 2015									
Profit after taxation for the year	-	-	-	-	1,034,135,461	-	-	-	1,034,135,461
Other comprehensive income for the year	-	-	-	-	(15,357,625)	215,260,425	(3,650,865)	211,609,540	196,251,915
Transaction with owners									
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	-	-	-	(200,831,400)
Balance as at June 30, 2015	200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	3,961,645,848	(2,647,824)	3,959,998,024	14,370,171,153
Balance as at July 01, 2015	200,831,400	156,202,200	65,000,000	1,330,000,000	8,659,139,529	3,961,645,848	(2,647,824)	3,959,998,024	14,370,171,153
Total comprehensive income for the year ended June 30, 2016									
Profit after taxation for the year	-	-	-	-	1,448,214,006	-	-	-	1,448,214,006
Other comprehensive income for the year	-	-	-	-	9,338,753	(733,956,373)	11,045,028	(722,911,345)	(713,572,592)
Transaction with owners									
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	-	-	-	(200,831,400)
Balance as at June 30, 2016	200,831,400	156,202,200	65,000,000	1,330,000,000	9,915,860,888	3,227,689,475	8,397,204	3,236,086,679	14,903,981,167

The annexed notes from 1 to 48 form an integral part of these financial statements.

Karachi:

Dated: October 06, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVEMOHAMMAD ABDULLAH
DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2016

1 LEGAL STATUS AND OPERATIONS

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value and recognition of employee benefits at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 5.1, 5.2 and 5.3]
- b) Classification and valuation of investments [note 5.4]
- c) Provision for obsolete and slow moving stores, spares and loose tools [note 5.5]
- d) Net realisable values of stock-in-trade [note 5.6]
- e) Provision for doubtful debts [note 5.7]
- f) Provision for employees' retirement benefits [note 5.10]
- g) Provision for taxation [note 5.12]

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2015:

IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across

Notes to the Financial Statements

For the year ended June 30, 2016

IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

4.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on

Notes to the Financial Statements

For the year ended June 30, 2016

addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost 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, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

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 the profit and loss account.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.2 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of land and buildings. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Company's owned assets.

5.3 Intangible assets

Intangible assets (including computer software) acquired by the company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment in subsidiary and associated companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. At each balance sheet date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. 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.

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value

Notes to the Financial Statements

For the year ended June 30, 2016

cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales are recognized on the trade date which is the date that the company commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.5 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to balance sheet date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.6 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.8 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 and balances with banks, net of temporary overdrawn bank balances.

5.9 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.10 Employee benefits

Compensated absences

The company accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefits plans

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. The amount arising as a result of remeasurement are recognized in the

Notes to the Financial Statements

For the year ended June 30, 2016

Defined Contribution Plan

There is an approved contributory provident fund for staff for which contributions are charged to income for the year.

The Company and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary in the case of management staff, and 8.33% of basic salary and cost of living allowance in case of non-management staff. The assets of the fund are held separately under the control of trustees.

5.11 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.12 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.14 Provisions

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

5.15 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.16 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

The grants are disclosed as a deduction from the related expense.

Notes to the Financial Statements

For the year ended June 30, 2016

5.17 Borrowing cost

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 or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its' commencing.

5.18 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.19 Impairment

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

5.20 Financial instruments

Financial assets

5.20.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

5.20.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as 'financial assets at fair value through profit or loss'.

Financial assets carried at fair value through profit or loss' are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from

Notes to the Financial Statements

For the year ended June 30, 2016

such assets has expired or have been transferred and the Company has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from 'financial assets at fair value through profit or loss' and 'available-for-sale financial assets' is recognized in the profit and loss account when the Company's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.20.3 Measurement

'Available-for-sale financial assets' and 'financial assets at fair value through profit or loss' are subsequently measured at fair value whereas 'held to maturity financial assets' and 'loans and receivables' are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of 'available-for-sale financial assets' are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.

5.20.4 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets' carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.

5.20.5 Off-setting of financial assets and liabilities

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

5.20.6 Derivative financial instruments

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

Notes to the Financial Statements

For the year ended June 30, 2016

5.20.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

5.21 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.22 Related party transactions

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Ordinance 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

		2016	2015
	Note	----- Rupees -----	
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 9,038,224,693	8,291,545,469
	Capital work-in-progress	6.4 484,615,631	459,664,109
		9,522,840,324	8,751,209,578

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015
6.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales and services	31	855,732,516	689,425,013
Administrative expenses	33	21,685,736	20,681,204
		<u>877,418,252</u>	<u>710,106,217</u>

6.3 Particulars of disposal of operating fixed assets during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyers
Rupees						
Plant and Machinery						
Mach Coner	34,485,908	31,965,186	2,520,722	3,445,379	Negotiation	Jilani Textile Traders, Hyderabad.
Chiller Centrifugal	2,500,000	2,392,130	107,870	252,101	--- do ---	Jilani Textile Traders, Hyderabad.
Tandem cards with chut feed	10,791,641	10,150,560	641,081	1,025,640	--- do ---	Mehrban Textile Mills, Faisalabad
Tandem cards with chut feed	7,194,427	6,770,822	423,605	683,760	--- do ---	Waqas Rafique international, Lahore
Simplex machine	2,341,730	2,227,036	114,694	200,000	--- do ---	Abbas Corporation, Lahore
Draw frame	2,696,118	1,800,602	895,516	918,105	--- do ---	Fimcotex Industries Pvt Ltd, Kotri
Air compressor	10,662,533	8,462,325	2,200,208	2,230,000	--- do ---	Air Plus Engineering Services, Lahore
Steam Boiler	5,300,000	3,825,646	1,474,354	1,500,000	--- do ---	Faisal Mehmood, Sheikhpura
Tsudakoma air jet looms	4,063,292	3,288,246	775,046	800,000	--- do ---	Best Traders, Faisalabad
	80,035,649	70,882,553	9,153,096	11,054,985		
Computers						
Laptops having book value of less than Rs.50,000 each	583,830	460,955	122,875	119,736	As per Company Policy	Various Employees
	583,830	460,955	122,875	119,736		
Vehicles						
Honda City	857,253	688,073	169,180	500,000	Negotiation	Khurram Imtiaz, Lahore
Suzuki Cultus	884,000	682,197	201,803	410,000	--- do ---	Himat Ali, Karachi
Suzuki Cultus	850,000	608,068	241,932	450,000	--- do ---	Malik Amir Zaman, Lahore
Suzuki Cultus	600,000	491,797	108,203	315,000	--- do ---	Aamir Ali, Khairpur
Suzuki Cultus	883,000	621,688	261,312	400,000	--- do ---	Sheikh Irfan Ahmad, Lahore
Corolla Altis	1,724,000	1,284,618	439,382	700,000	--- do ---	Muhammad Atiq sheikh
Toyota Corolla	2,302,500	345,375	1,957,125	2,302,500	Insurance claim	Adamjee Insurance Co, Karachi
Suzuki Alto	676,000	460,257	215,743	400,000	Negotiation	Hafiz Shahzad, Okara
Toyota Corrolla	1,014,000	808,437	205,563	600,000	--- do ---	Muhammad Naseer Ahmed, Faisalabad
Suzuki Cultus	923,500	601,133	322,367	350,000	--- do ---	Muhammad Salim, Faisalabad
Toyota Hiace	1,680,000	1,523,475	156,525	1,198,600	Insurance claim	Adamjee Insurance Co, Karachi
Tractor Millat	577,500	315,330	262,170	400,000	Negotiation	Rana Sanaullah Khan, Sheikhpura
Toyota Corrolla	1,269,000	944,540	324,460	1,000,000	--- do ---	Wajid Manzoor Baig, Lahore
Suzuki Alto	676,000	460,257	215,743	400,000	--- do ---	Muhammad Aamir, Lahore
Honda City	887,740	717,082	170,658	600,000	--- do ---	Khurum Imtiaz, Lahore
Honda City	1,339,640	1,022,799	316,841	800,000	--- do ---	Khurum Imtiaz, Lahore
Daihatsu Cuore	723,800	488,272	235,528	400,000	--- do ---	Zeeshan Humayun, Lahore
Honda City	1,081,860	845,524	236,336	600,000	--- do ---	Shahid khaliil, Lahore
Daihatsu Cuore	504,370	417,283	87,087	330,000	--- do ---	Samreen Irfan, Lahore
Daihatsu Cuore	530,772	435,724	95,048	300,000	--- do ---	Muhammad Ahmad, Toba Teksingh
Toyota Corrolla	1,522,524	1,000,064	522,460	780,000	--- do ---	Khurum Imtiaz, Lahore
Honda City	1,343,740	1,070,450	273,290	700,000	--- do ---	Khurum Imtiaz, Lahore
Honda City	1,233,840	964,303	269,537	700,000	--- do ---	Idress Ahmed, Lahore
Honda Civic	1,849,493	1,437,048	412,445	850,000	--- do ---	Abid, Lahore
	25,934,532	18,233,794	7,700,738	15,486,100		
	106,554,011	89,577,302	16,976,709	26,660,821		

Notes to the Financial Statements

For the year ended June 30, 2016

6.4 Capital work-in-progress	2016	2015
	----- Rupees -----	
Civil works and buildings	254,321,006	292,115,607
Plant and machinery	217,686,356	154,746,763
Electric installations	9,388,269	7,102,670
Fire fighting equipment	-	2,106,000
Electric equipments	-	894,246
Mills equipments	1,720,000	968,730
Furniture & fixtures	1,500,000	1,730,093
	484,615,631	459,664,109

7 INVESTMENT PROPERTY

	Land		Building on	Total
	Leasehold	Freehold	Leasehold land	
----- Rupees -----				
Net carrying value as at July 01, 2015				
Opening net book value (NBV)	121,160,317	31,750,000	9,326,780	162,237,097
Depreciation charged 7.3	-	-	(544,062)	(544,062)
Disposed off during the year 7.2	(121,160,317)	-	(8,782,718)	(129,943,035)
Balance as at June 30, 2016 (NBV)	-	31,750,000	-	31,750,000
Gross carrying value as at June 30, 2016				
Cost	-	31,750,000	-	31,750,000
Accumulated depreciation	-	-	-	-
Net book value - June 30, 2016	-	31,750,000	-	31,750,000
Net carrying value as at July 01, 2014				
Opening net book value (NBV)	121,160,317	31,750,000	10,363,089	163,273,406
Depreciation charged	-	-	(1,036,309)	(1,036,309)
Balance as at June 30, 2015 (NBV)	121,160,317	31,750,000	9,326,780	162,237,097
Depreciation rate % per annum	-	-	10	

7.1 In the opinion of the Directors the market value of investment property as on June 30, 2016 is not materially different from the book value.

7.2 Particulars of disposal of investment property during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyers
----- Rupees -----						
Leasehold land	121,160,317	-	121,160,317	141,217,282	Negotiation	Sooty Enterprises (Pvt) Limited, Karachi
Building on Leasehold land	19,999,980	(11,217,262)	8,782,718	8,782,718	Negotiation	Sooty Enterprises (Pvt) Limited, Karachi
	141,160,297	(11,217,262)	129,943,035	150,000,000		

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees -----	
7.3	The depreciation charge for the year has been allocated as follows:		
	Other operating expenses	<u>544,062</u>	<u>1,036,309</u>
8	INTANGIBLE ASSETS		
	(Computer software)		
	Net carrying value as at July 01, 2015		
	Net book value as at July 01, 2015	7,514,871	3,189,494
	Addition during the year	-	6,540,743
	Amortization	<u>(2,504,903)</u>	<u>(2,215,366)</u>
	Net book value as at June 30, 2016	<u>5,009,968</u>	<u>7,514,871</u>
	Gross carrying value as at June 30, 2016		
	Cost	24,492,360	24,492,360
	Accumulated amortization	<u>(19,482,392)</u>	<u>(16,977,489)</u>
	Net book value as at June 30, 2016	<u>5,009,968</u>	<u>7,514,871</u>
	Amortization rate % per annum	<u>20</u>	<u>20</u>
8.1	Amortization charge for the year has been allocated as follows:		
	Other operating expenses	<u>2,504,903</u>	<u>2,215,366</u>
9	LONG TERM INVESTMENTS		
	Related parties - at cost:		
	Subsidiaries - unlisted	3,356,496,000	2,757,168,000
	Associates - listed	<u>8,461,851</u>	8,461,851
	- unlisted	<u>467,514,425</u>	467,514,425
		475,976,276	475,976,276
	Other companies - Available for sale	<u>6,690,916,969</u>	6,590,303,811
		<u>10,523,389,245</u>	<u>9,823,448,087</u>

All investments have a face value of Rs. 10 per share unless stated otherwise.

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015	Name of Company	2016	2015
	Number of Shares			----- Rupees -----	
9.1	Investments in subsidiary companies - unlisted				
9.2	228,228,737	198,322,130	Sapphire Wind Power Company Limited (SWPCL) Equity Interest Held 70% Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.11.72 (2015: Rs.9.59) per share.	2,282,287,370	1,983,221,300
	10,000	10,000	Sapphire Tech (Private) Limited Equity Interest Held 100% Less: Impairment charged Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.Nil (2015: Rs.0.432) per share.	100,000 (100,000)	100,000 -
	1,000	1,000	Sapphire Solar (Private) Limited Equity Interest Held 100% Less: Impairment charged Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs. Nil (2015: Rs. Nil) per share.	10,000 (10,000)	10,000 (10,000)
	32,000,000	20,000,000	Sapphire Retail Limited Equity Interest Held 100% Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.11 (2015: Rs.8.76) per share. Share deposit money	320,000,000	200,000,000
9.3	1,693,000	490,000	Tricon Boston Consulting Corporation (Private) Limited Equity Interest Held 100%(Face value of Rs.100 per share) Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.76.64 (2015: Rs.89.78) per share. Share deposit money	643,160,700 110,061,930	522,860,700 -
	200	200	Sapphire Home Inc. - USA Equity Interest Held 100%(200 shares of US\$ 50 per share) Break up value on the basis of un-audited accounts for the year ended June 30, 2016 Rs.7,338 (2015: Rs.14,854) per share.	753,222,630 986,000	522,860,700 986,000
				3,356,496,000	2,757,168,000

9.2 The Company has pledged 228,228,737 (2015:198,322,130) shares of SWPCL with Overseas Private Investment Corporation as security for debt finance arrangement of USD \$ 95 million for the wind energy project of SWPCL.

9.3 During the last year, the company had acquired 100% shares of Tricon Boston Consulting Corporation (Private) Limited against purchase consideration of US \$ 5,028,200 (equivalent PKR 508,860,700). Tricon Boston Consulting Corporation (Private) Limited is engaged in the business of energy projects and incorporated under the laws of Pakistan and has license to establish and operate wind energy project. The Company had paid US \$ 650,000 (equivalent PKR 66,662,500) to the shareholders of Tricon Boston Consulting Corporation (Private) Limited and balance consideration i.e. US \$ 4,378,200 is payable after financial close of the wind energy project.

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015	Name of Company	2016	2015
	Number of Shares			----- Rupees -----	
9.4	Investments in associates - listed				
	313,295	313,295	Reliance Cotton Spinning Mills Limited Equity Interest Held 3.04% Fair value of the ordinary shares as at June 30, 2016 amounted to Rs.25.753 million (2015: Rs.29.096million)	8,461,851	8,461,851
9.5	Investments in associates - unlisted				
	4,234,500	4,234,500	Sapphire Power Generation Limited Equity Interest Held 26.43% Break up value on the basis of un-audited accounts for the year ended June 30, 2016 Rs.93.62 (2015: Rs.85.14) per share.	113,705,500	113,705,500
	6,000,000	6,000,000	Sapphire Electric Company Limited Equity Interest Held 1.42% Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.21.10 (2015: Rs.18.88) per share.	60,000,000	60,000,000
	10,000	10,000	Sapphire Holding Limited Equity Interest Held 0.05% Break up value on the basis of un-audited accounts for the year ended June 30, 2016 Rs.35.01 (2015: Rs.34.47) per share.	100,000	100,000
	23,500,000	23,500,000	Sapphire Dairies (Private) Limited Equity Interest Held 22.38% Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.9.81 (2015: Rs.9.86) per share.	235,000,000	235,000,000
	3,675	3,675	Creadore A/S Denmark 3,675 shares of Danish Krone (DKK) 1000 per share Equity Interest Held 49% Break up value on the basis of audited accounts for the year ended April 30, 2016 DKK 1,375 (2015: DKK 1,187) equivalent to Rs.21,458 (2015: Rs.18,061) per share.	58,708,925	58,708,925
				467,514,425	467,514,425
9.6	Other companies - Available for sale				
	Quoted -				
	10,950,940	13,320,940	MCB Bank Limited	587,416,661	714,545,120
			Add: Adjustment arising from measurement at fair value	1,822,009,158	2,603,967,453
				2,409,425,819	3,318,512,573
	21,160,814	14,806,614	Habib Bank Limited	3,821,553,737	2,597,809,355
			Add: Adjustment arising from measurement at fair value	358,976,677	587,833,647
				4,180,530,414	3,185,643,002
9.10	150	-	Habib Bank Limited - TFCs	15,000,000	-
			Less: Adjustment arising from measurement at fair value	(187,500)	-
				14,812,500	-
	7,055,985	7,055,985	Unquoted Novelty Enterprises (Pvt) Limited	86,148,236	86,148,236
				6,690,916,969	6,590,303,811

Notes to the Financial Statements

For the year ended June 30, 2016

- 9.7** The Company has pledged 300,000 (2015: 900,000) shares of MCB, 600,000 (2015:700,000) shares of HUBCO, 250,000 shares of HBL, 1.5 million shares of BAHL and 200,000 shares of Engro Corporation with Bank Alfalah Limited (related party) on behalf of SWPCL (subsidiary company) as security for issue of bank guarantee of US \$ 1,732,500 in favour of National Transmission and Despatch Company Limited.
- 9.8** The Company has pledged 1.7 million shares of HBL with Bank Alfalah (related party) as security for issue of debt service reserve standby letter in favour of a financial institution of US \$ 2.03 million in order to secure the obligation of SWPCL in relation to the required balance of debt service reserve account pursuant to Agreement.
- 9.9** The Company has pledged 10,650,940 (2015: 4,650,000) shares of MCB, 13,064,444 (2015:13,064,444) shares of HUBCO, 1,700,000 shares of Engro Corporation and 19,210,814 (2015:11,500,000) shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.
- 9.10** These represents 150 Term Finance Certificates having Par value of Rs 100,000 each issued on February 19, 2016 for a period of ten years. Profit is receivable on semi-annually basis at the rate of six months KIBOR + 0.50% per annum.

	Note	2016 ----- Rupees -----	2015 -----
10 LONG TERM LOANS AND ADVANCES			
Loan to employees - unsecured (considered good)			
Executives	10.3	67,195,263	76,076,358
Other employees		19,557,498	18,562,180
		86,752,761	94,638,538
Current portion of loans shown under current assets	15	34,557,696	36,436,141
		52,195,065	58,202,397
10.1			
These represent interest free loans provided to executives and other employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.			
10.2			
Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.74,092,058 (2015: Rs.87,364,521).			
10.3 Movement in loans to executives			
Balance at the beginning of the year		76,076,358	87,539,265
Amount disbursed during the year		17,516,167	14,346,595
		93,592,525	101,885,860
Amount recovered during the year		26,397,262	25,809,502
Balance at the end of the year		67,195,263	76,076,358
11 LONG TERM DEPOSITS AND PREPAYMENTS			
Security deposits			
- WAPDA		79,781,676	74,948,446
- SNGPL		1,097,000	1,097,000
- PTCL		179,843	179,843
- Others	11.1	1,255,289	1,450,979
		82,313,808	77,676,268
Prepayments		-	406,952
		82,313,808	78,083,220
11.1			
It includes an amount of Rs.36,000 (2015: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.			

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
12 STORES, SPARES AND LOOSE TOOLS			
Stores		171,263,455	156,569,206
Spares - in hand		146,455,779	154,241,025
Spares - in transit		44,082,361	22,295,451
		190,538,140	176,536,476
Loose tools		310,128	288,083
		362,111,723	333,393,765
Provision for slow moving stores, spares and loose tools	12.1	(33,479,793)	(23,435,755)
		328,631,930	309,958,010
12.1 Provision for slow moving stores, spares and loose tools			
Balance at the beginning of the year		23,435,755	21,899,800
Provision made during the year - net	34	10,044,038	1,535,955
Balance at the end of the year		33,479,793	23,435,755
13 STOCK IN TRADE			
Raw material - in hand	31.1	3,166,889,880	2,866,870,863
Raw material - in transit		94,607,189	197,429,070
		3,261,497,069	3,064,299,933
Work in process	31	316,706,076	302,862,009
Finished goods		685,767,554	573,756,178
Waste		17,500,140	28,416,843
	31	703,267,694	602,173,021
		4,281,470,839	3,969,334,963
13.1			
Stock in trade include items valued at Net Realizable value (NRV). The write down to NRV amounting Rs.52.097 million (2015: Rs. 142.209 million) has been recognized in cost of goods sold. Detail of cost and NRV is as follows.			
Cost			
Raw material		-	1,164,642,142
Finished goods		189,658,127	136,818,020
		189,658,127	1,301,460,162
Net Realizable Value			
Raw material		-	1,051,469,715
Finished goods		137,561,150	107,781,546
		137,561,150	1,159,251,261
14 TRADE DEBTS			
Secured - considered good			
Foreign debts		491,907,796	583,738,991
Unsecured - considered good			
Domestic debts	14.1 & 14.2	965,042,169	698,746,418
Waste		14,811,508	12,333,813
Others		1,898,630	2,861,611
		981,752,307	713,941,842
Unsecured - considered doubtful			
Provision for doubtful debts	14.4	(36,505,865)	(107,388,408)
		981,752,307	713,941,842
		1,473,660,103	1,297,680,833
14.1			
Domestic debts include amount of Rs.172,972,339 (2015: Rs.67,084,719) receivable against indirect export sales.			

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
14.2 Trade debts include the following amounts due from related parties:			
Domestic debts			
Diamond Fabrics Limited		25,752,403	3,857,045
Sapphire Fibres Limited		535,342	95,340
Sapphire Finishing Mills Limited		134,652,841	43,489,444
Reliance Cotton Spinning Mills Limited		-	40,555
Sapphire Retail Limited		170,513,906	86,071,463
		<u>331,454,492</u>	<u>133,553,847</u>
14.3 The aging of trade debts receivable from related parties as at balance sheet date are as under:			
0 - 30 days		331,454,492	133,496,948
31 - 60 days		-	56,899
		<u>331,454,492</u>	<u>133,553,847</u>
14.4 Provision for doubtful debts			
Balance at the beginning of the year		107,388,408	168,230,444
Bad debts written-off during the year		(70,882,543)	(60,842,036)
Balance at the end of the year		<u>36,505,865</u>	<u>107,388,408</u>
15 LOANS AND ADVANCES			
Considered good			
Advances - unsecured			
- to suppliers		66,964,816	52,661,962
- to contractors		1,000,000	-
- to excise and taxation	15.1	90,696,987	70,056,823
- to others		10,178,501	5,353,080
		<u>168,840,304</u>	<u>128,071,865</u>
Current portion of long term loans			
- due from executives		20,250,048	22,503,744
- due from other employees		14,307,648	13,932,397
	10	<u>34,557,696</u>	<u>36,436,141</u>
Short term loans to employees		4,892,894	3,457,255
Short term loans to subsidiaries			
- Sapphire Wind Power Company Limited	15.2	262,150,000	-
- Sapphire Solar (Private) Limited (wholly owned Subsidiaries)		2,500,662	-
- Sapphire Tech (Private) Limited (wholly owned Subsidiaries)		138,738	-
		<u>264,789,400</u>	<u>-</u>
		<u>473,080,294</u>	<u>167,965,261</u>
15.1	This represents 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee (refer to note 25.5).		
15.2	This represents the amount of share deposit money paid to Sapphire Wind Power Company Limited against the offer for issue of right shares under section 86 of the Ordinance. Since the shares were not issued within ninety days of the receipt of money, such share deposit money has been treated as a loan in accordance with Regulation 6(4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. Markup is charged at the rate of borrowing cost of the Company from the date of payment of money in accordance with the requirements of section 208 of the Ordinance. The effective markup rate charged during the year on the outstanding balance is 6.47% per annum.		

Notes to the Financial Statements

For the year ended June 30, 2016

- 20.1 Cash at bank on USD account of US \$ 23,519 (2015: US\$ 13,704).
 20.2 Cash at bank on EURO account of EURO 3,867 (2015: EURO 72,600).
 20.3 Balance with bank carry markup @ 3.5% per annum.

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
Number of shares			----- Rupees -----	
6,206,740	6,206,740	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	62,067,400	62,067,400
13,876,400	13,876,400	Ordinary shares of Rs. 10 each issued as bonus shares	138,764,000	138,764,000
20,083,140	20,083,140		200,831,400	200,831,400

- 21.1 The Company has only one class of shares which carry no right to fixed income.
 21.2 6,215,349 (2015: 6,215,349) shares of the Company are held by associated companies as at the balance sheet date.

	Note	2016	2015
		----- Rupees -----	
22 LONG TERM FINANCING			
Loans from banking companies - secured			
Allied Bank Limited	22.1	25,000,000	50,000,000
Allied Bank Limited	22.2	25,000,000	50,000,000
Allied Bank Limited	22.3	25,000,000	50,000,000
Allied Bank Limited	22.4	25,000,000	50,000,000
Allied Bank Limited	22.5	56,944,421	89,484,089
Allied Bank Limited	22.6	25,000,000	50,000,000
Allied Bank Limited	22.7	46,453,000	65,034,200
Allied Bank Limited	22.8	17,270,325	19,189,249
Allied Bank Limited	22.9	72,186,917	80,207,685
Allied Bank Limited	22.10	90,456,071	100,506,746
Allied Bank Limited	22.11	177,357,600	197,064,000
Allied Bank Limited	22.12	192,182,659	202,297,536
Allied Bank Limited	22.13	62,500,000	87,500,000
Allied Bank Limited	22.14	68,750,000	93,750,000
Allied Bank Limited	22.15	1,000,000,000	1,000,000,000
Allied Bank Limited	22.16	115,000,000	115,000,000
Allied Bank Limited	22.17	2,963,000	-
Allied Bank Limited	22.18	73,325,250	-
Allied Bank Limited	22.19	15,208,200	-
Allied Bank Limited	22.20	12,356,960	-
Allied Bank Limited	22.21	1,000,000,000	-
Bank Alfalah Limited - Related Party	22.22	127,500,000	170,000,000
Bank Alfalah Limited - Related Party	22.23	56,248,000	75,000,000
Bank Al Habib Limited	22.24	1,000,000,000	1,000,000,000
Bank Al Habib Limited	22.25	58,043,000	58,043,000
Bank Al Habib Limited	22.26	24,749,000	-
Bank Al Habib Limited	22.27	9,400,000	-
Bank Al Habib Limited	22.28	65,565,000	-
Bank Al Habib Limited	22.29	7,440,000	-
Bank Al Habib Limited	22.30	1,000,000,000	-
		5,476,899,403	3,603,076,505

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
Faysal Bank Limited	22.31	34,500,000	36,000,000
Faysal Bank Limited	22.32	46,958,000	49,000,000
Faysal Bank Limited	22.33	1,800,000	-
Faysal Bank Limited	22.34	15,800,000	-
Faysal Bank Limited	22.35	9,500,000	-
Faysal Bank Limited	22.36	39,200,000	-
Faysal Bank Limited	22.37	9,900,000	-
Faysal Bank Limited	22.38	16,500,000	-
Habib Bank Limited	22.39	1,000,000,000	1,000,000,000
Habib Bank Limited	22.40	-	2,369,000
Habib Bank Limited	22.41	-	9,375,000
Habib Bank Limited	22.42	-	65,625,000
Habib Bank Limited	22.43	392,600,000	-
Habib Bank Limited	22.44	22,000,000	-
Habib Bank Limited	22.45	105,600,000	-
Habib Bank Limited	22.46	492,303,000	492,303,000
Habib Bank Limited	22.47	100,000,000	-
Habib Bank Limited	22.48	100,000,000	-
Meezan Bank Limited	22.49	87,000,000	130,500,000
Samba Bank Limited	22.50	-	1,875,000
Standard Chartered Bank Pakistan Limited	22.51	75,000,000	105,000,000
United Bank Limited	22.52	-	7,263,500
United Bank Limited	22.53	193,000,000	-
United Bank Limited	22.54	139,000,000	-
		8,357,560,403	5,502,387,005
Less: Current portion shown under current liabilities		(1,628,822,242)	(489,359,511)
		6,728,738,161	5,013,027,494

Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.1	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	4 Quarterly Jun 2017
22.2	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	4 Quarterly Mar 2017
22.3	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	4 Quarterly May 2017
22.4	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.122 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	4 Quarterly Apr 2017
22.5	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.158 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.40%	7 Quarterly Mar 2018

Notes to the Financial Statements

For the year ended June 30, 2016

	Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.6	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Company.	3 Months KIBOR plus 0.50%	4 Quarterly	May 2017
22.7	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	10 Quarterly	Oct 2018
22.8	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.24 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	18 Quarterly	Nov 2020
22.9	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.96 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	18 Quarterly	Nov 2020
22.10	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.119 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	18 Quarterly	Dec 2020
22.11	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.233 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	18 Quarterly	Dec 2020
22.12	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.239 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.40%	18 Quarterly	Jan 2021
22.13	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	10 Quarterly	Oct 2018
22.14	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	11 Quarterly	Jan 2019
22.15	ABL - LTL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Apr 2025
22.16	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 136 million on the specific plant & machinery of the company.	6.50%	20 Quarterly	Jul 2021
22.17	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 3.486 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Jun 2026
22.18	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 86.265 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Jun 2026
22.19	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs.17.892 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Mar 2026
22.20	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs.15 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Mar 2026
22.21	ABL - LTF	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50 %	32 Quarterly	Sep 2025

Notes to the Financial Statements

For the year ended June 30, 2016

	Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.22	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	12 Quarterly	Apr 2019
22.23	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.50%	12 Quarterly	Apr 2019
22.24	BAHL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Feb 2025
22.25	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.71 million on the specific plant & machinery of the company.	5.00%	32 Quarterly	Jun 2025
22.26	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.29.116 million on the specific plant & machinery of the company.	3.50%	32 Quarterly	Jun 2025
22.27	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.11.059 million on the specific plant & machinery of the company.	3.50%	32 Quarterly	Oct 2025
22.28	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.77.135 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Nov 2025
22.29	BAHL - LTF	The loan is secured against exclusive hypothecation charge of Rs.8.753 million on the specific plant & machinery of the company.	2.50%	32 Quarterly	Apr 2026
22.30	BAHL - LTF	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.25 %	32 Quarterly	Jun 2026
22.31	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Company.	6.50%	23 Quarterly	Jan 2022
22.32	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Company.	5.00%	23 Quarterly	Feb 2022
22.33	FBL - LTF	The loan is secured against exclusive hypothecation charge of amounting Rs.1.8 million over specific plant and machinery of Unit No. 5 of the Company.	2.50%	24 Quarterly	May 2023
22.34	FBL - LTF	The loan is secured against exclusive hypothecation charge of amounting Rs.15.8 million over specific plant and machinery of Unit No. 5 of the Company.	2.50%	24 Quarterly	May 2023
22.35	FBL - LTF	The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.9.5 million of Unit No. 5 of the Company.	2.50%	24 Quarterly	May 2023
22.36	FBL - LTF	The Loan is secured against exclusive hypothecation charge of Rs. 39.200 Million on the specific plant and Machinery of the company.	3.50%	24 Quarterly	Aug 2022
22.37	FBL - LTF	The Loan is secured against exclusive hypothecation charge of Rs. 9.900 Million on the specific plant and Machinery of the company.	2.50%	24 Quarterly	Nov 2022
22.38	FBL - LTF	The loan is secured against exclusive hypothecation charge of amounting Rs.16.5 million over specific plant and machinery of the Company.	2.50%	24 Quarterly	May 2023
22.39	HBL - TFL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.25 %	4 Quarterly	Apr 2017
22.40	HBL - LTF-EOP	The loan is secured against first specific hypothecation charge on plant and machinery of Rs. 53.2 million of Unit No. 5 of the Company.	7%	Paid during the year	Dec 2015

Notes to the Financial Statements

For the year ended June 30, 2016

	Lenders	Security	Mark-up rate p.a (%)	No. of installments outstanding	Date of final repayment
22.41	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company.	3 Months KIBOR plus 1.50%	Paid during the year	Jan 2016
22.42	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company. Initially loan was payable in 16 Quarterly instalments. The Company has paid the loan before maturity.	3 Months KIBOR plus 150 bps	Paid during the year	Oct 2015
22.43	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.523.467 million over specific plant and machinery of Unit No. 4 of the Company.	2.5%	24 Quarterly	June 2023
22.44	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.29.333 million over specific plant and machinery of Unit No. 5 of the Company.	2.50%	24 Quarterly	Jun 2023
22.45	HBL - LTFF	The loan is secured against exclusive hypothecation charge of amounting Rs.140.800 million over specific plant and machinery of the Company.	2.5%	24 Quarterly	May 2023
22.46	HBL - Diminishing Musharakah	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the company.	3 Months KIBOR plus 25 bps	18 Quarterly	Feb 2021
22.47	HBL - Musharakah	The loan is secured against exclusive hypothecation charge of Rs.133.33 million over specific plant and machinery of Unit No. 4 of the Company.	3 Months KIBOR plus 25 bps	16 Quarterly	Oct 2020
22.48	HBL - Musharakah	The loan is secured against exclusive hypothecation charge of amounting Rs.133.33 million over present and future plant and machinery of the Company.	3 Months KIBOR plus 0.25 %	16 Quarterly	Oct 2020
22.49	MBL - Diminishing Musharakah	The loan is secured against exclusive charge over specific plant and machinery of amounting Rs.174 million of Unit No. 6 of the Company.	3 Months KIBOR plus 0.50 %	8 Quarterly	May 2018
22.50	SAMBA - Non-LTF	The term loan is secured against exclusive hypothecation charge over plant and machinery at Unit No. 4 of the Company.	3 Months KIBOR plus 1.50 %	Paid during the period	Jul 2015
22.51	SCB - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the company.	3 Months KIBOR plus 0.25%	10 Quarterly	Dec 2017
22.52	UBL - LTL	The loan is secured against first exclusive hypothecation charge of Rs. 200 million over plant and machinery of Unit No.5 of the Company.	3 Months KIBOR plus 1.5%	Paid during the period	Jun 2016
22.53	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 193 million over plant and machinery of Unit No.6 of the Company.	2.50%	32 Quarterly	March 2026
22.54	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 139 million over plant and machinery of Unit No.6 of the Company.	2.50%	32 Quarterly	April 2026

Notes to the Financial Statements

For the year ended June 30, 2016

23	DEFERRED LIABILITIES	Note	2016	2015
			----- Rupees -----	
	Deferred taxation	23.1	240,752,492	200,107,678
	Staff retirement benefits - gratuity	23.2	250,766,027	272,019,736
			<u>491,518,519</u>	<u>472,127,414</u>
23.1	Deferred taxation			
	Deferred tax credits / (debits) arising in respect of:			
	Taxable temporary differences (deferred tax liabilities)			
	Accelerated tax depreciation allowances		258,625,869	223,337,205
	Deductible temporary differences (deferred tax assets)			
	Staff retirement benefits - gratuity		(15,768,168)	(15,676,497)
	Provision for repair and maintenance (Generator overhauling)		-	(6,202,427)
	Provision for stores, spares and loose tools		(2,105,209)	(1,350,603)
			<u>(17,873,377)</u>	<u>(23,229,527)</u>
			<u>240,752,492</u>	<u>200,107,678</u>
23.1.1	In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.			
23.2	Staff retirement benefits			
	Movement in the net liability recognized in the Balance sheet			
	Opening net liability		272,019,736	229,504,703
	Expense for the year in profit and loss account	23.2.1	111,541,252	96,793,797
	Remeasurement recognized in other comprehensive income		(9,965,376)	16,363,523
			<u>373,595,612</u>	<u>342,662,023</u>
	Benefits paid during the year		(122,730,385)	(70,265,970)
	Benefits due but not paid		(99,200)	(376,317)
			<u>250,766,027</u>	<u>272,019,736</u>
23.2.1	Expense recognized in the profit and loss account			
	Current service cost		91,007,270	71,064,475
	Interest cost		20,533,982	25,729,322
			<u>111,541,252</u>	<u>96,793,797</u>
	Movement in the present value of defined benefit obligation			
	Present value of defined benefit obligation		272,019,736	229,504,703
	Current service cost		91,007,270	71,064,475
	Interest cost		20,533,982	25,729,322
	Actuarial (gain) / loss		(9,965,376)	16,363,523
	Benefits paid		(122,730,385)	(70,265,970)
	Benefits due but not paid		(99,200)	(376,317)
			<u>250,766,027</u>	<u>272,019,736</u>

Historical information	2016	2015	2014	2013	2012
----- RUPEES -----					
Present value of defined benefit obligation	<u>250,766,027</u>	<u>272,019,736</u>	<u>229,504,703</u>	<u>191,731,749</u>	<u>146,055,958</u>
Experience adjustments on plan liabilities	<u>9,965,376</u>	<u>(16,363,523)</u>	<u>(9,833,283)</u>	<u>(18,461,246)</u>	<u>14,383,827</u>

Notes to the Financial Statements

For the year ended June 30, 2016

Expected gratuity expenses charged to profit and loss for the year ending June 30, 2017 works out Rs.91,670,132.

The weighted average duration of defined benefit obligation is 6 years.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation:	2016	2015
	%	%
Discount rate	7.25	9.75
Expected rate of increase in salary	6.25	8.75
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumptions ----- Rupees in 000 -----	Decrease in assumptions
Discount rate	<u>237,610</u>	<u>265,815</u>
Increase in future salaries	<u>266,709</u>	<u>236,535</u>

		2016	2015
	Note	----- Rupees -----	
24 LONG TERM PAYABLE			
Gross payable		442,198,200	442,198,200
Deferred notional income	24.2	(1,306,761)	(13,504,488)
Exchange loss on revaluation of foreign currency		16,199,341	2,937,767
		<u>457,090,780</u>	431,631,479
Less: Current portion of long term payable		<u>(457,090,780)</u>	-
		<u>-</u>	<u>431,631,479</u>

24.1 Long term payable represent amortized value of balance consideration payable amounting to US \$ 4,378,200 payable to Ex-shareholders of Tricon Boston Consulting Corporation (Private) Limited. The Company has also issued a corporate guarantee of amounting US\$ 4,378,200 . Also refer to note 9.3.

24.2 This represent the difference between amortized cost and face value of interest free long term payable (as explained in note 9.3) payable to Ex-Shareholders of Tricon Boston Consulting Corporation (Private) Limited. Amortized cost has been determined using effective interest rate of 2.86% per annum being the weighted average rate applicable to the company for borrowings in US\$. Movement of the deferred notional income is as follows:

	2016	2015
	----- Rupees -----	
Deferred notional income		
Opening balance	13,504,488	-
Unwinding income	-	18,320,390
Unwinding cost of long term liability	(12,197,727)	(4,815,902)
	<u>1,306,761</u>	<u>13,504,488</u>

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees -----	
25	TRADE AND OTHER PAYABLES		
	Creditors	417,613,795	250,502,365
	Accrued liabilities	1,161,717,431	1,246,501,529
	Advances from customers	485,610,772	433,941,129
	Workers' profit participation fund	62,861,249	59,705,075
	Workers' welfare fund	187,446,411	152,003,146
	Sindh development and maintenance infrastructure fee	209,340,231	167,661,261
	Unclaimed dividend	1,033,969	886,820
	Tax deducted at source	-	30,716
	Unrealized loss on measurement of forward foreign currency contracts	-	2,647,824
	Others	-	2,783,966
		2,525,623,858	2,316,663,831
25.1	These balances include the following amounts due to related parties:		
	Amer Cotton Mills (Private) Limited	602,732	1,760,385
	Diamond Fabrics Limited	86,016	931,164
	Reliance Cotton Spinning Mills Limited	2,620,936	604,012
	Sapphire Fibres Limited	15,181,235	18,542,538
	Sapphire Finishing Mills Limited	-	161,544
	Sapphire Retail Limited	-	215,782
		18,490,919	22,215,425
25.2	These balances include the following amounts due to related parties:		
	Sapphire Power Generation Limited	23,240,835	1,880,596
	Tricon Boston Consulting Corporation (Private) Limited	410,400	-
		23,651,235	1,880,596
25.3	These balances include the following amounts received from related parties:		
	Creadore A/S Denmark	106,921,269	121,333,941
25.4	Workers' profit participation fund		
	Balance at the beginning of the year	59,705,075	62,615,970
	Allocation for the year	34 62,861,249	59,705,075
	Interest on funds utilized in the Company's business	36 1,340,502	2,454,852
		64,201,751	62,159,927
		123,906,826	124,775,897
	Less: Payments during the year	(61,045,577)	(65,070,822)
	Balance at the end of the year	62,861,249	59,705,075
25.5	This provision has been recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the High Court). The Company filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.		

The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.

As at June 30, 2016, the Company has provided bank guarantees aggregating Rs.94.823 million (2015: Rs.74.823 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Company's favour.

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
26 ACCRUED INTEREST / MARK-UP			
Accrued interest / mark-up on secured:			
- long term financing		80,320,179	94,831,842
- short term borrowings		43,974,642	55,035,723
		<u>124,294,821</u>	<u>149,867,565</u>
26.1	Accrued mark-up includes amounting Rs.7,827,442 (2015: Rs. 5,925,548) due to Bank Alfalah Limited - related party.		
27 SHORT TERM BORROWINGS			
Short term loans		3,572,954,653	3,492,721,764
Running finance under mark-up arrangements		1,084,033,945	1,224,379,298
		4,656,988,598	4,717,101,062
Book overdrafts	27.2	400,611	1,113,456
		<u>4,657,389,209</u>	<u>4,718,214,518</u>
27.1	Aggregate facilities amounting to Rs.13,490 million (2015: Rs.15,745 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts and export bills under collection. These carry mark up ranging from 1.10% to 1.60% (2015: 2.33% to 3%) on foreign currency loans and 2.75% to 6.99% (2015: 5.25% to 8.45%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.809.030 million (2015: Rs.103.718 million) due to Bank Alfalah Limited (related party).		
27.2	This represents cheques issued by the Company in excess of balance at banks which remained unrepresented till June 30, 2016.		
		2016 ----- Rupees -----	2015 ----- Rupees -----
28 PROVISION FOR TAXATION			
Balance at the beginning of the year		126,741,696	211,144,456
Provision made for current year - net		248,487,789	126,476,067
		375,229,485	337,620,523
Less: Adjusted advance tax during the year against completed assessments		(92,031,354)	(210,878,827)
		<u>283,198,131</u>	<u>126,741,696</u>
29 CONTINGENCIES AND COMMITMENTS			
Contingencies			
29.1	Guarantees issued by banks on behalf of the Company	366,736,988	267,051,368
29.2	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2016 the value of these cheques amounted to Rs.281.325 million (2015: Rs.110.835 million).		
29.3	The Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favorable and there is no likelihood of unfavorable outcome or any potential loss.		
29.4	The Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs. 9.135 million under section 305 of Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up the liquidation of the company, to appoint provisional manager or official liquidator, to restrain the officers of the company from disposing of the assets of the company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.		

Notes to the Financial Statements

For the year ended June 30, 2016

- 29.5** The Company has filed a case against Indus Steel Pipe Factory (Pvt) Limited for title and occupation of land at Kotri before the Honourable Hyderabad High Court, Sindh. Prayer of the Company to the Honourable Court is to set aside judgement & decree of District & Session Judge, Kotri and allow appeal in Honourable Hyderabad High Court or in the alternative, remand the case for decision on merits.
- 29.6** The financial institution has issued a guarantee amounting Rs.45 million in favour of Excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the Company.
- 29.7** The financial institution has issued guarantees amounting US \$ 75,000 in favour of Alternative Energy Development on request of company on behalf of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Company.

29.8 Also refer to content of note 9.7 and 9.8

	2016	2015
	----- Rupees -----	
Commitments		
29.9 Confirmed letter of credit in respect of:		
- plant and machinery	934,549,091	89,386,896
- raw material	115,600,422	140,306,178
- stores and spares	48,084,907	36,685,999
	<u>1,098,234,420</u>	<u>266,379,073</u>

30 SALES AND SERVICES - NET

Note	Export Sales		Local Sales		Total		
	2016	2015	2016	2015	2016	2015	
Rupees							
Yarn	30.1	8,429,149,498	10,313,844,025	3,364,351,976	2,630,095,167	11,793,501,474	12,943,939,192
Fabric	30.2	5,354,118,714	5,624,293,526	1,772,754,415	1,335,021,942	7,126,873,129	6,959,315,468
Home textile products		3,207,767,231	3,003,523,987	8,767,831	9,975,342	3,216,535,062	3,013,499,329
Raw material		-	90,404,916	18,638,540	12,824,791	18,638,540	103,229,707
Waste	30.3	48,502,013	64,172,661	136,146,618	164,435,945	184,648,631	228,608,606
Processing income		-	-	1,002,471,982	183,112,477	1,002,471,982	183,112,477
		<u>17,039,537,456</u>	<u>19,096,239,115</u>	<u>6,303,131,362</u>	<u>4,335,465,664</u>	<u>23,342,668,818</u>	<u>23,431,704,779</u>
Export rebate					45,444,089		36,546,116
Duty drawback	30.5				246,282		17,687,702
Less: Sales tax					(277,795,008)		(170,601,977)
					<u>23,110,564,181</u>		<u>23,315,336,620</u>

	2016	2015
	----- Rupees -----	
30.1 Export sales - Yarn		
Direct export	5,968,204,606	8,101,474,038
In-direct export	2,460,944,892	2,212,369,987
	<u>8,429,149,498</u>	<u>10,313,844,025</u>
30.2 Export sales - Fabric		
Direct export	4,677,082,778	4,800,772,780
In-direct export	677,035,936	823,520,746
	<u>5,354,118,714</u>	<u>5,624,293,526</u>

30.3 Waste sales includes comber noil sales Rs.48,502,013 (2015:Rs.63,456,238).

30.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.14.721 million (2015: Rs.117.857 million) has been included in export sales.

Notes to the Financial Statements

For the year ended June 30, 2016

- 30.5 The duty drawback has been given by Ministry of Textile Industries from government of Pakistan vide S.R.O 3(1)TID/09-P-I Dated 1st September 2009 in order to encourage the exporters.

	Note	2016 ----- Rupees -----	2015
31 COST OF SALES AND SERVICES			
Raw material consumed	31.1	13,419,892,290	13,584,420,756
Cost of raw material sold	31.2	24,270,398	97,167,098
Packing material consumed		356,645,706	351,275,470
Stores and spares consumed		1,065,639,321	815,519,294
Salaries, wages and benefits	31.3 & 31.4	2,413,825,201	1,850,668,301
Fuel, power and water		1,913,139,151	2,257,406,709
Other manufacturing expenses	31.5	452,638,074	619,713,299
Repair and maintenance		19,073,671	123,893,768
Vehicle running expenses		27,198,912	28,696,523
Travelling and conveyance		29,614,171	24,163,721
Insurance expenses		43,668,795	41,517,496
Rent, rates and taxes		9,013,008	6,876,307
Fees and subscription		5,502,736	5,050,498
Communication expenses		18,190,661	11,823,703
Printing and stationery		1,115,119	1,906,823
Legal and professional charges		2,830,545	7,113,077
Depreciation	6.2	855,732,516	689,425,013
Miscellaneous expenses		4,938,756	5,575,596
		20,662,929,031	20,522,213,452
Work in process			
Opening stock		302,862,009	299,835,103
Closing stock	13	(316,706,076)	(302,862,009)
		(13,844,067)	(3,026,906)
Cost of goods manufactured		20,649,084,964	20,519,186,546
Finished goods			
Opening stock		602,173,021	790,588,259
Closing stock	13	(703,267,694)	(602,173,021)
		20,547,990,291	20,707,601,784
31.1 Raw material consumed			
Opening balance		2,866,870,863	2,618,242,324
Purchases		13,719,911,307	13,833,049,295
		16,586,782,170	16,451,291,619
Closing stock	13	(3,166,889,880)	(2,866,870,863)
		13,419,892,290	13,584,420,756

- 31.2 It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.220,640 (2015: Rs.859,611), Rs.441,280 (2015: Rs.1,719,224) and Rs.1,544,479 (2015: Rs.8,596,118) respectively.

- 31.3 Salaries, wages and benefits include Rs.111,541,252 (2015:Rs.96,417,397) in respect of post employment benefits - gratuity.

- 31.4 Salaries, wages and benefits include Rs.12,312,922 (2015:Rs.5,406,992) in respect of provident fund contribution.

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015
Note	----- Rupees -----	-----
31.5 Other manufacturing expenses		
Cotton dyeing, bleaching and bale pressing charges	162,468,977	130,037,876
Yarn dyeing and bleaching charges	52,570,378	53,900,499
Fabric dyeing, bleaching, knitting and processing charges	86,562,779	242,506,388
Yarn doubling charges	67,756,432	60,591,625
Stitching, spinning and other charges	9,382,911	68,422,427
Designer and embroidery charges	73,896,597	64,254,484
	452,638,074	619,713,299
32 DISTRIBUTION COST		
On export sales		
Export development surcharge	33,739,587	41,039,707
Insurance	11,109,754	8,653,959
Commission	205,648,292	223,808,188
Ocean freight and forwarding	301,105,421	365,925,238
	551,603,054	639,427,092
On local sales		
Inland freight and handling	38,537,904	35,284,630
Commission	31,330,018	22,546,999
	69,867,922	57,831,629
Other distribution cost		
Salaries and benefits	115,520,012	92,990,622
Rent and utilities	1,037,974	4,830,987
Communication	13,142,729	12,082,878
Travelling, conveyance and entertainment	62,754,930	59,218,570
Repair and maintenance	862,988	1,280,419
Fees and subscription	1,395,089	1,917,926
Samples and advertising	32,160,909	20,563,269
Exhibition expenses	9,554,601	29,701,343
Printing and stationery	1,276,928	1,699,509
Others	1,119,428	400,528
	238,825,588	224,686,051
	860,296,564	921,944,772
32.1		
Salaries and benefits	115,520,012	92,990,622
Rent and utilities	1,037,974	4,830,987
Communication	13,142,729	12,082,878
Travelling, conveyance and entertainment	62,754,930	59,218,570
Repair and maintenance	862,988	1,280,419
Fees and subscription	1,395,089	1,917,926
Samples and advertising	32,160,909	20,563,269
Exhibition expenses	9,554,601	29,701,343
Printing and stationery	1,276,928	1,699,509
Others	1,119,428	400,528
	238,825,588	224,686,051
	860,296,564	921,944,772

32.1 Salaries and benefits include Rs.4,726,603 (2015:Rs.4,056,378) in respect of provident fund contribution.

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees -----	-----
33 ADMINISTRATIVE EXPENSES			
Directors' remuneration		35,850,000	22,800,000
Directors' meeting fee		300,000	300,000
Salaries and benefits	33.1	148,716,916	134,329,294
Rent, rates and utilities		13,275,842	11,571,167
Communication		8,642,202	6,917,435
Printing and stationery		3,103,886	2,428,647
Travelling, conveyance and entertainment		29,315,210	36,099,365
Motor vehicle expenses		9,729,790	11,961,705
Repair and maintenance		8,922,150	6,280,891
Insurance expense		1,641,430	1,635,750
Legal and professional charges		13,102,993	24,208,619
Fees and subscription		6,736,153	5,653,976
Computer expenses		7,044,483	8,892,085
Advertisement		75,389	818,013
Depreciation	6.2	21,685,736	20,681,204
Others		3,680,726	707,158
		311,822,906	295,285,309
33.1	Salaries and benefits include Rs.5,695,485 (2015:Rs.5,389,112) in respect of provident fund contribution.		
34 OTHER OPERATING EXPENSES			
Workers' profit participation fund	25.4	62,861,249	59,705,075
Workers' welfare fund		35,443,265	24,048,876
Auditors' remuneration	34.1	3,266,228	2,793,234
Donations	34.2	29,917,410	23,376,040
Depreciation on investment property	7.3	544,062	1,036,309
Amortization of intangible asset	8.1	2,504,903	2,215,366
Provision for stores, spares and loose tools	12.1	10,044,038	1,535,955
Debit balances written-off - net		1,174,648	-
Impairment loss on subsidiary company		100,000	10,000
Exchange loss on foreign currency accounts		-	4,152,455
Exchange loss on remeasurement of long term liability		13,261,574	2,937,767
		159,117,377	121,811,077
34.1 Auditors' remuneration			
Audit fee		1,541,000	1,467,450
Half yearly review fee		423,000	403,000
Code of corporate governance review fee		85,850	85,850
Other certification / services		1,202,628	823,184
Out of pocket expenses		13,750	13,750
		3,266,228	2,793,234

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees -----	
34.2	Donations include the following in which a director is interested:		
Name of director	Interest in donee	Name and address of donee	
Mr. Mohammad Abdullah	Director	Abdullah Foundation	<u>26,625,000</u>
Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,	<u>20,200,000</u>
Mr. Nadeem Abdullah	Director	I.I. Chundrigar Road, Karachi.	
Mr. Amer Abdullah	Director		
Mr. Yousuf Abdullah	Director		
Mr. Shayam Abdullah	Director		
Mr. Mohammad Abdullah	Trustee	Jamal-ud-din Fatima Charitable Trust	<u>-</u>
Mr. Shahid Abdullah	Trustee	149, Cotton Exchange Building,	<u>600,000</u>
Mr. Amer Abdullah	Trustee	I.I. Chundrigar Road, Karachi.	
35	OTHER INCOME		
	Income from financial assets		
	Dividend income:		
	- from other companies	<u>729,308,323</u>	431,189,727
	- from associated companies	<u>19,617,390</u>	9,476,850
		<u>748,925,713</u>	440,666,577
	Gain on sale of investments	<u>557,742,563</u>	68,047,373
	Profit on saving account	<u>329,557</u>	1,526,249
	Interest income on HBL TFC's	<u>519,197</u>	-
	Interest on short term loans to subsidiaries	<u>9,870,807</u>	-
	Unwinding income	-	18,320,390
	Income from non-financial assets		
	Gain on sale of property, plant and equipment - net	<u>9,611,058</u>	6,225,365
	Gain on sale of investment property	<u>20,056,965</u>	-
	Rental income	<u>10,855,731</u>	15,991,008
	Realized gain on measurement of derivative financial instruments - net	<u>8,144</u>	4,359,543
	Exchange gain on Foreign currency accounts	<u>68,877</u>	-
	Credit balances written back	-	1,970,556
	Scrap sales [Net of sales tax aggregating Rs.4.193 million (2015: Rs.3.924 million)]	<u>20,453,698</u>	22,005,023
		<u>1,378,442,310</u>	<u>579,112,084</u>
36	FINANCE COST		
	Interest / mark-up on :		
	- short term finances	<u>340,012,559</u>	273,061,148
	- long term loans	<u>442,449,566</u>	259,755,572
	- workers' profit participation fund	<u>1,340,502</u>	2,454,852
	Bank charges, commission and others charges	<u>78,115,887</u>	122,344,252
	Unwinding cost of long term liability	<u>12,197,727</u>	4,815,902
	Exchange (gain) / loss on foreign currency loans	<u>(1,056,874)</u>	6,979,115
		<u>873,059,367</u>	<u>669,410,841</u>

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
		----- Rupees -----	
37	TAXATION		
	Current		
	- for the year	248,581,115	126,741,696
	- prior year	(93,326)	(265,629)
	Deferred	40,018,191	17,783,393
		<u>288,505,980</u>	<u>144,259,460</u>
37.1	Relationship between taxation expense and accounting profit		
	Profit before taxation	<u>1,736,719,986</u>	<u>1,178,394,921</u>
	Tax at the applicable rate of 32% (2015: 33%)	555,750,396	388,870,324
	Tax effect of income taxed at a lower rate	(140,543,663)	(54,415,023)
	Reduction in rate	-	(5,555,460)
	Prior year tax effect	(93,326)	(265,629)
	Tax credit effect	<u>(126,607,427)</u>	<u>(184,374,752)</u>
		<u>288,505,980</u>	<u>144,259,460</u>
37.2	The Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year. The Board of Directors in their meeting held on October 06, 2016 has distributed sufficient cash dividend for the year ended June 30, 2016 (refer note 46) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2016.		
38	EARNINGS PER SHARE - BASIC AND DILUTED	2016	2015
	Profit after taxation for the year	Rupees <u>1,448,214,006</u>	<u>1,034,135,461</u>
	Weighted average number of ordinary shares	Number <u>20,083,140</u>	<u>20,083,140</u>
	Earnings per share - basic and diluted	Rupees <u>72.11</u>	<u>51.49</u>
38.1	There is no dilutive effect on basic earnings per share.		

Notes to the Financial Statements

For the year ended June 30, 2016

39	CASH GENERATED FROM OPERATIONS	2016 ----- Rupees -----	2015
	Profit before taxation	1,736,719,986	1,178,394,921
	Adjustments for non-cash charges and other items:		
	Depreciation on operating fixed assets	877,418,252	710,106,217
	Depreciation on investment property	544,062	1,036,309
	Gain on sale of investments	(557,742,563)	(68,047,373)
	Amortization of intangible assets	2,504,903	2,215,366
	Interest income	(10,719,561)	-
	Gain on sale of property, plant and equipment	(9,611,058)	(6,225,365)
	Gain on sale of investment property	(20,056,965)	-
	Dividend income - others	(729,308,323)	(431,189,727)
	Dividend income - associates	(19,617,390)	(9,476,850)
	Provision for gratuity	111,541,252	96,793,797
	Credit balances written back	-	(1,970,556)
	Provision for stock in trade, stores, spares and loose tools	(80,067,886)	(197,147,576)
	Impairment loss on subsidiary company	100,000	10,000
	Unwinding up of long term payable	-	(18,320,390)
	Amortization of unwinding up of liability	12,197,727	4,815,902
	Exchange differences	12,204,700	9,916,882
	Finance cost	861,918,514	657,615,824
	Rental income	(10,855,731)	(15,991,008)
		440,449,933	734,141,452
	Operating cash flow before changes in working capital	2,177,169,919	1,912,536,373
	Changes in working capital		
	(Increase) / Decrease in current assets		
	Stores, spare and loose tools	(28,717,958)	(41,279,687)
	Stock-in-trade	(222,023,952)	5,570,968
	Trade debts	(175,979,270)	(73,256,998)
	Loans and advances	(40,325,633)	23,816,434
	Trade deposits and short term prepayments	2,281,570	(1,584,257)
	Other receivables	(14,285,945)	(40,588,467)
		(479,051,188)	(127,322,007)
	Increase in current liabilities		
	Trade and other payables	211,361,502	280,697,456
		1,909,480,233	2,065,911,822

40 RELATED PARTY DISCLOSURES

The related parties comprise associated companies (due to common directorship), wholly owned subsidiaries, directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements and remuneration of key management personnel is disclosed in note 43. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016 ----- Rupees -----	2015
(i) Subsidiaries	Sales of fabric / processing / stores	929,260,481	354,841,270
	Purchase of fabric	164,686	210,725
	Shares deposit money	599,428,000	1,586,700,000
	Short term loans	264,789,400	-
	Shares received	539,366,070	1,536,700,000
	Expenses charged to	26,538,389	17,392,387
	Markup charged to	9,870,807	-

Notes to the Financial Statements

For the year ended June 30, 2016

Relationship with the Company	Nature of transactions	2016	2015
		----- Rupees -----	
(ii) Associates	Sales of yarn / fabric / processing / stores	1,479,579,791	1,139,520,317
	Purchase of yarn/fabric/processing/stores/rent/fixd assets	235,919,306	338,346,973
	Purchase of electricity / steam	571,638,232	399,661,028
	Expenses charged to	35,471,562	33,813,488
	Expenses charged by	8,806,655	8,322,056
	Markup charged by	41,964,953	33,468,281
	Dividend paid	56,228,270	53,161,860
	Dividend received	19,617,390	9,476,850
	Loans - net	644,059,703	536,545,000
(iii) Others	Contribution to provident fund	22,735,010	14,852,482
	Donations	26,625,000	20,800,000
		2016	2015
41	NUMBER OF EMPLOYEES		
	Number of employees worked at June 30		
	- Permanent	<u>6,242</u>	<u>6,210</u>
	- Contractual	<u>455</u>	<u>430</u>
	Average number of employees worked during the year		
	- Permanent	<u>6,210</u>	<u>5,924</u>
	- Contractual	<u>438</u>	<u>225</u>
42	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Spinning		
	Total number of spindles installed	129,652	129,652
	Average number of spindles worked	127,994	122,996
	Total number of rotors installed	3,120	3,120
	Average number of rotors worked	3,048	3,034
	Number of shifts worked per day	3	3
	Total days worked	365	365
	Installed capacity after conversion into 20/s lbs.	108,152,115	108,152,115
	Actual production after conversion into 20/s lbs	97,834,523	95,970,161
	Weaving		
	Total number of looms installed	361	293
	Average number of looms worked	361	293
	Number of shifts worked per day	3	3
	Total days worked	365	365
	Installed capacity at 50 picks per inch of fabric square meters	128,003,250	98,560,313
	Actual production converted at 50 picks per inch of fabric square meters	108,581,079	104,313,033
	Finishing and Printing		
	Production capacity meters	28,800,000	21,600,000
	Actual production meters	22,582,817	9,831,493

Home Textile Product

The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015
	----- Rupees -----	
43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		
Chief Executive		
Remuneration	14,000,000	8,040,000
Rent and utilities	7,000,000	3,960,000
	<u>21,000,000</u>	<u>12,000,000</u>
Number of person	<u>1</u>	<u>1</u>
Directors		
Remuneration	9,850,000	7,220,000
Rent and utilities	5,000,000	3,580,000
	<u>14,850,000</u>	<u>10,800,000</u>
Number of persons	<u>2</u>	<u>2</u>
Meeting fee	<u>300,000</u>	<u>300,000</u>
Number of persons	<u>1</u>	<u>1</u>
Executives		
Managerial remuneration	174,218,938	137,219,719
House rent	82,657,385	64,234,654
Cost of living allowance	136,750	117,202
Bonus	28,671,336	18,997,570
Medical	4,011,847	3,216,583
Utilities	10,014,994	8,421,522
Contribution to provident fund	11,712,012	8,557,925
Leave encashment and other benefits	12,988,669	7,620,211
	<u>324,411,931</u>	<u>248,385,386</u>
Number of persons as executives	<u>145</u>	<u>115</u>
Number of executives provided with the Company maintained cars	<u>112</u>	<u>100</u>

The Chief Executive and two Directors were also provided with cars maintained by the Company and telephones at residence. The Company has not paid any remuneration to non executive directors.

	2016	2015		
	----- Rupees '000 -----			
44 PROVIDENT FUND RELATED DISCLOSURES				
44.1 The following information is based on audited financial statements of the Fund as at June 30, 2016				
Size of the fund - Total assets	168,993	135,239		
Cost of investments made	135,190	111,100		
Fair value of investments	163,707	131,173		
Percentage of Investments made	97%	97%		
44.2 The break-up of fair value of investments is as follows:				
	2016	2015	2016	2015
	----- Percentage -----		----- Rupees '000 -----	
National Saving Schemes	<u>100%</u>	<u>100%</u>	<u>163,707</u>	<u>131,173</u>
44.3 The investments out of provident fund have made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.				

Notes to the Financial Statements

For the year ended June 30, 2016

45 FINANCIAL INSTRUMENTS

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

- 45.1 - Credit risk
45.2 - Liquidity risk
45.3 - Market risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

45.1 Credit risk

45.1.1 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 other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.11,693.228 million (2015:Rs.10,246.699 million), financial assets which are subject to credit risk aggregate to Rs.11,593.522 million (2015:Rs.10,196.619 million). 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	2015
	----- Rupees -----	
Long term investments	6,690,916,969	6,590,303,811
Long term deposits	82,313,808	77,676,268
Trade debts	1,473,660,103	1,297,680,833
Loan and Advances	264,789,400	-
Trade deposits	1,453,000	1,091,445
Other receivables	93,987,880	84,201,973
Short term investments	2,986,400,454	2,145,664,201
Cash and bank balances	99,706,069	50,080,021
	<u>11,693,227,683</u>	<u>10,246,698,552</u>

45.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows.

Domestic	981,752,307	713,941,842
Export	491,907,796	583,738,991
	<u>1,473,660,103</u>	<u>1,297,680,833</u>

The majority of export debts of the Company are situated in Asia, Europe and North America.

	2016	2015
	----- Rupees -----	
45.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:		
Yarn	663,567,732	766,473,352
Fabric	509,807,322	329,892,556
Home textile product	117,588,972	93,371,058
Waste	14,811,507	12,333,813
Processing services	165,197,255	91,896,169
Others	2,687,315	3,713,885
	<u>1,473,660,103</u>	<u>1,297,680,833</u>

45.1.4 The aging of trade debts at the reporting date is as follows:

Not past due	1,128,371,711	993,238,643
Past due 0 - 30 days	294,134,777	268,558,480
Past due 31 - 60 days	40,997,033	12,268,162
Past due 61 - 90 days	8,506,842	9,594,293
Past due 91 - 1 year	1,649,740	9,024,625
More than one year	-	4,996,630
	<u>1,473,660,103</u>	<u>1,297,680,833</u>

Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

Notes to the Financial Statements

For the year ended June 30, 2016

- 45.1.5 Cash is held only with reputable banks with high quality external credit enhancements. Following are the credit ratings of banks within which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A.	Moody's	P-1	A2
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	A+
Deutsche Bank AG	Fitch	F-1	A-
Allied Bank Limited	PACRA	A1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Industrial and Commerical Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA
The Bank of Punjab	PACRA	A1+	AA-

45.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

2016					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	8,357,560,403	9,816,616,199	2,058,903,064	5,820,295,712	1,937,417,423
Trade and other payables	1,643,226,444	1,643,226,444	1,643,226,444	-	-
Accrued interest / mark-up	124,294,821	124,294,821	124,294,821	-	-
Short term borrowings	4,656,988,598	4,723,804,225	4,723,804,225	-	-
	14,782,070,266	16,307,941,689	8,550,228,554	5,820,295,712	1,937,417,423
2015					
Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above	
Rupees					
Long term financing	5,502,387,005	6,945,476,996	896,003,207	4,569,228,764	1,480,245,025
Trade and other payables	1,560,379,755	1,560,379,755	1,560,379,755	-	-
Accrued interest / mark-up	149,867,565	149,867,565	149,867,565	-	-
Short term borrowings	4,717,101,062	4,879,646,207	4,879,646,207	-	-
	11,929,735,387	13,535,370,523	7,485,896,734	4,569,228,764	1,480,245,025

- 45.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

45.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

Notes to the Financial Statements

For the year ended June 30, 2016

45.3.1 Currency risk

The Company is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Company's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2016				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(491,907,796)	(3,900,774)	(726,025)	-	-
Bank balances	(2,906,541)	(23,519)	(3,867)	-	-
Gross Balance sheet exposure	(494,814,337)	(3,924,293)	(729,892)	-	-
Outstanding letters of credit	1,098,234,420	1,945,195	4,367,574	179,300,000	1,908,704
Forward exchange contracts	1,084,165,137	7,880,033	2,300,085	-	-
Net Exposures	1,687,585,220	5,900,935	5,937,767	179,300,000	1,908,704
	2015				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(583,738,991)	(5,347,330)	(378,846)	-	-
Bank balances	(9,636,200)	(13,704)	(72,601)	-	-
Gross Balance sheet exposure	(593,375,191)	(5,361,034)	(451,447)	-	-
Outstanding letters of credit	266,379,073	1,904,272	333,448	2,652,618	297,031
Forward exchange contracts	570,401,219	801,143	4,320,000	-	-
Net Exposures	243,405,101	(2,655,619)	4,202,001	2,652,618	297,031

The following significant exchange rates have been applied:

	Reporting date rate	
	2016	2015
US \$ to Rupees	104.5 / 104.7	101.5 / 101.7
Euro to Rupees	116.08 / 116.31	113.57 / 113.79

Sensitivity analysis

A 10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Equity	Profit & loss
	Rupees	
As at June 30, 2016		
Effect in US Dollar	(41,008,862)	(41,008,862)
Effect in Euro	(8,472,586)	(8,472,586)
As at June 30, 2015		
Effect in US Dollar	(54,414,495)	(54,414,495)
Effect in Euro	(5,127,084)	(5,127,084)

10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

45.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	Effective rate		Carrying Amount	
	2016	2015	2016	2015
----- Rupees -----				
Fixed rate instruments				
Financial liabilities				
Long term financing	2.5% to 6.5%	5% to 8.9%	1,410,408,410	1,506,498,505
Short term borrowings - foreign currency loan	1.10% to 1.60%	3.00%	366,844,653	26,173,595
- local currency loan	2.75%	5.25%	1,300,000,000	800,000,000
Variable rate instruments				
Financial liabilities				
Long term financing	5.98% - 7.1%	7.26% to 8.51%	6,947,151,993	3,995,888,500
Short term borrowings - foreign currency loan	1.52%	2.33% to 2.44%	69,110,000	71,050,945
- local currency loan	6.20% TO 6.99%	6.98% to 8.45%	2,921,033,945	3,819,876,522

Notes to the Financial Statements

For the year ended June 30, 2016

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 & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit and loss 100 bps	
	Increase	Decrease
	----- Rupees -----	
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	<u>99,372,959</u>	<u>(99,372,959)</u>
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	<u>78,868,160</u>	<u>(78,868,160)</u>

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

45.3.3 Other price risk

Other price risk is 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). Other price risk arises from the Company's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the balance sheet date would have increased / decreased the Company's unrealized gain on 'available for sale' investments as follows:

	2016	2015
	----- Rupees -----	
Effect on equity	<u>959,116,919</u>	<u>864,981,978</u>
Effect on investments	<u>959,116,919</u>	<u>864,981,978</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Company.

45.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

45.5 Financial instruments by Category

	2016	2015
	----- Rupees -----	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	82,313,808	77,676,268
Trade debts	1,473,660,103	1,297,680,833
Loans and Advances	264,789,400	-
Trade deposits	1,453,000	1,091,445
Other receivables	93,987,880	84,201,973
Cash and bank balances	<u>99,706,069</u>	<u>50,080,021</u>
	<u>2,015,910,260</u>	<u>1,510,730,540</u>
At fair value through Other Comprehensive Income		
Long term investments	6,604,768,733	6,504,155,575
Short term investments	<u>2,986,400,454</u>	<u>2,145,664,201</u>
	<u>9,591,169,187</u>	<u>8,649,819,776</u>
Long term investment at cost		
Long term investments	<u>86,148,236</u>	<u>86,148,236</u>
FINANCIAL LIABILITIES		
At amortized Cost		
Long term loans	8,357,560,403	5,502,387,005
Trade and other payables	1,643,226,444	1,560,379,755
Accrued Interest / mark-up	124,294,821	149,867,565
Short term borrowings	<u>4,656,988,598</u>	<u>4,717,101,062</u>
	<u>14,782,070,266</u>	<u>11,929,735,387</u>

Notes to the Financial Statements

For the year ended June 30, 2016

45.6 Fair value hierarchy

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1. Quoted market price (unadjusted) in an active market for identical instrument.

Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2016			
Assets carried at fair value			
Available for sale investments	9,591,169,187	-	86,148,236
Forward exchange contracts used for hedging	-	8,397,204	-
	9,591,169,187	8,397,204	86,148,236
	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2015			
Assets carried at fair value			
Available for sale investments	8,649,819,776	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	8,649,819,776	-	86,148,236
As at June 30, 2016			
Liabilities carried at fair value			
Long term payables	-	-	457,090,780
Forward exchange contracts used for hedging	-	-	-
	-	-	457,090,780
As at June 30, 2015			
Liabilities carried at fair value	-	-	431,631,479
Forward exchange contracts used for hedging	-	2,647,824	-
	-	2,647,824	431,631,479

45.7 Capital risk management

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

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2016	2015
	----- Rupees -----	
Total borrowings	13,014,949,612	10,220,601,523
Less: Cash and bank balances	99,706,069	50,080,021
Net debt	12,915,243,543	10,170,521,502
Total equity	14,903,981,167	14,370,171,153
Total capital	27,819,224,710	24,540,692,655
	Percentage	
Gearing ratio	46.43	41.44

Notes to the Financial Statements

For the year ended June 30, 2016

46 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors in its meeting held on October 06, 2016 proposed cash dividend of Rs. 281,163,960 (2015: Rs.200,831,400) at the rate of Rs. 14 (2015: Rs.10) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

47 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and comparison. However, no significant reclassification has been made in these financial statements.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on October 06, 2016.

Karachi:
Dated: October 06, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Pattern of Shareholding

As At June 30, 2016

NUMBER OF SHAREHOLDERS	FROM			TO	TOTAL SHARES HELD
299	1			100	4,586
40	101			500	11,428
22	501			1,000	15,737
26	1,001			5,000	49,448
10	5,001			10,000	73,832
2	10,001			15,000	27,633
2	15,001			20,000	35,250
2	20,001			25,000	41,623
2	25,001			30,000	55,500
1	30,001			35,000	32,500
2	35,001			40,000	73,283
1	45,001			50,000	46,617
1	50,001			55,000	52,600
1	60,001			65,000	62,167
1	65,001			70,000	67,300
1	70,001			75,000	72,542
1	75,001			80,000	75,400
1	90,001			95,000	93,241
1	105,001			110,000	107,500
1	115,001			120,000	118,109
1	130,001			135,000	131,000
1	145,001			150,000	146,500
1	175,001			180,000	175,500
2	200,001			205,000	405,450
1	210,001			215,000	211,100
1	260,001			265,000	264,638
1	270,001			275,000	272,594
1	375,001			380,000	378,057
1	395,001			400,000	400,000
1	460,001			465,000	461,532
1	495,001			500,000	496,183
1	500,001			505,000	504,611
1	560,001			565,000	564,522
1	585,001			590,000	586,242
1	605,001			610,000	609,063
2	635,001			640,000	1,272,191
1	740,001			745,000	743,123
1	895,001			900,000	900,000
1	920,001			925,000	924,088
1	945,001			950,000	950,000
1	1,070,001			1,075,000	1,073,289
1	1,475,001			1,480,000	1,475,106
1	1,675,001			1,680,000	1,677,128
1	2,105,001			2,110,000	2,106,659
1	2,235,001			2,240,000	2,238,268
444					20,083,140

*Note: There is no shareholding in the slab not mentioned

Categories of Shareholders

As At June 30, 2016

Particulars	No. of Shares Held	Percentage %
Directors, CEO, and their spouse and minor children	11,792,546	58.72
Associated Companies, Undertakings and Related Parties	6,215,349	30.95
NIT & ICP	929,970	4.63
Banks, Development Finance Institutions, Non- Banking Finance Institutions	129	0.00
Insurance Companies	17,250	0.09
Others Companies	229,863	1.14
Modarabas & Mutual Funds	2,600	0.01
General Public (Local)	895,433	4.46
	20,083,140	100.00

Pattern of Shareholding

As At June 30, 2016

A) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Reliance Cotton Spinning Mills Limited	100,223
Sapphire Power Generation Limited	283,642
Sapphire Agencies (Pvt.) Limited	2,331,509
Amer Tex (Pvt.) Limited	1,132,868
Neelum Textile Mills (Pvt.) Limited	419,094
Galaxy Agencies (Pvt.) Limited	504,611
Salman Ismail (SMC-PRIVATE) Limited	592,522
Nadeem Enterprise (Pvt.) Limited	586,242
Sapphire Holding Limited	264,638

B) NIT & ICP

National Bank of Pakistan - Trustee Department NI(U)T Fund	924,088
National Investment Trust Limited	5,882

C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN

DIRECTORS & THEIR SPOUSES

Mr. Yousuf Abdullah	2,120,042
Mr. Shahid Abdullah	396,057
Mr. Nabeel Abdullah	900,000
Mr. Shayan Abdullah	950,000
Mr. Mohammad Abdullah	461,532
Mr. Amer Abdullah	1,709,628
Mrs. Ambareen Amer	811,006
Mrs. Shamshad Begum	636,563
Mrs. Shireen Shahid	1,606,106
Mrs. Usma Yousuf	107,500
Mr. Nadeem Karamat	500

CHIEF EXECUTIVE OFFICER & HIS SPOUSE

Mr. Nadeem Abdullah	1,148,689
Mrs. Noshaba Nadeem	944,923

Pattern of Shareholding

As At June 30, 2016

D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
	BANKS	
	National Bank of Pakistan	129
	INSURANCE COMPANIES	
	EFU Life Assurance Limited	17,250
	MUTUAL FUND	
	CDC - Trustee First Dawood Mutual Fund	2,600
E)	SHAREHOLDERS HOLDING 5% OR MORE	
	Mr. Amer Abdullah	1,709,628
	Mrs. Shireen Shahid	1,606,106
	Mr. Yousuf Abdullah	2,120,042
	Mr. Nadeem Abdullah	1,148,689
	Sapphire Agencies (Pvt.) Limited	2,331,509
	Amer Tex (Private) Limited	1,132,868
F)	TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN	NIL

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Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of Sapphire Wind Power Company Limited, Sapphire Tech (Private) Limited, Sapphire Solar (Private) Limited, Sapphire Home Incorporation, Sapphire Retail Limited, and Tricon Boston Consulting Corporation (Private) Limited, it is my pleasure to present Directors' Report with Audited Consolidated Financial Statement of the Group and Auditor's report thereon for the year ended June 30, 2016.

Sapphire Wind Power Company Limited

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up wind power station of 52.80 MW at Jhimpir which have started Commercial production on November 22, 2015.

Tricon Boston Consulting Corporation (Private) Limited

Tricon Boston Consulting Corporation (Pvt.) Limited has an LOI for 3 x 50 MW Wind Energy Projects in Jamphir Sindh and is incorporated under the laws of Pakistan and has license to establish and operate wind energy project. The project company is following an aggressive development plan for its three projects and aims to conclude the EPC, EPA and IA agreements in near future. The Company is currently in advanced stages of negotiation with foreign lenders for finalizing its debt requirements.

Sapphire Retail Limited

Sapphire Retail Limited is a wholly owned subsidiary of Sapphire Textile Mills Limited. The principal business of subsidiary is to operate retail outlets for sale of textile and other products

Sapphire Home Incorporation

Sapphire Home was incorporated as 100% subsidiary of the company to enable local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately we are shipping directly to the customers and this company become dormant. It is therefore, proposed to closed / wind up the company.

Sapphire Tech (Private) Limited

Sapphire Tech (Private) Limited is incorporated under Companies Ordinance, 1984. The subsidiary is established to setup electric power generation project and sell electric power. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

Sapphire Solar (Private) Limited

Sapphire Solar (Private) Limited is wholly owned subsidiary of Sapphire Textile Mills Limited. The LOI from Alternative Energy Development Board to set up an IPP, solar energy Project of 10 MW has been cancelled. It is 100% equity owned. The shareholders of the holding company have approved to liquidate or sell the company in annual general meeting held on October 26, 2015. The management is in the process of evaluating best option in light of above resolution.

CLARIFICATION TO QUALIFICATION IN AUDIT REPORT

In their Report to the Members, Auditors have stated that Consolidated Financial Statements include un-audited figures pertaining to a Subsidiary Company, Sapphire Home Incorporation. The Subsidiary Company is incorporated under the laws of the State of New York in United States of America (USA). The governing laws does not require audit of financial statements of the Subsidiary Company. Hence, we have used un-audited financial statements of the Subsidiary Company to prepare Consolidated Financial Statements.

On behalf of the Board

Karachi
Dated: October 06, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Sapphire Textile Mills Limited** (the holding company) and its subsidiary companies (together referred to as group) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Sapphire Textile Mills Limited. The financial statements of Sapphire Wind Power Company Limited, Sapphire Retail Limited, Sapphire Solar (Pvt.) Limited, Sapphire Tech (Pvt.) Limited and Tricon Boston Consulting Corporation (Pvt.) Limited were audited by other firms of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Sapphire Home, Inc. (subsidiary company) for the year ended June 30, 2016 were un-audited. Hence, total assets and total liabilities of Rs. 1,467,500 and Rs. Nil respectively as at June 30, 2016 and net loss of Rs. 1,568,175 for the year ended June 30, 2016 relating to such subsidiary company have been incorporated in these consolidated financial statements by the management using the un-audited financial statements.

In our opinion, except for the effect of any adjustments that may have been required due to the un-audited figures in respect of Sapphire Home, Inc. (subsidiary company) as referred in previous paragraph of the report, the consolidated financial statements present fairly the financial position of **Sapphire Textile Mills Limited** and its subsidiary companies as at June 30, 2016 and the results of their operations for the year then ended.

LAHORE:
Date: October 06, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

Consolidated Balance Sheet as at June 30, 2016

	Note	2016	2015
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	21,381,080,542	16,546,335,874
Investment property	7	31,750,000	162,237,097
Intangible assets	8	460,550,278	463,055,181
Long term investments	9	7,616,629,412	7,477,119,413
Long term loans and advances	10	52,195,065	58,202,397
Long term deposits and prepayments	11	175,250,569	129,947,175
		29,717,455,866	24,836,897,137
CURRENT ASSETS			
Stores, spares and loose tools	12	439,682,715	309,958,010
Stock in trade	13	4,914,217,471	4,205,271,398
Trade debts	14	2,218,481,567	1,211,609,370
Loans and advances	15	229,189,822	172,279,598
Trade deposits and short term prepayments	16	53,457,008	53,205,298
Other receivables	17	211,249,395	115,975,668
Other financial assets	18	2,986,400,454	2,145,664,201
Tax refunds due from Government	19	1,830,485,525	1,129,955,962
Cash and bank balances	20	2,212,777,666	2,298,034,770
		15,095,941,623	11,641,954,275
		44,813,397,489	36,478,851,412
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
35,000,000 ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid up capital	21	200,831,400	200,831,400
Reserves		15,488,526,055	14,428,904,744
Equity attributable to holders of parent company		15,689,357,455	14,629,736,144
Non-controlling interest		1,143,157,875	812,156,782
Total Equity		16,832,515,330	15,441,892,926
NON-CURRENT LIABILITIES			
Long term financing	22	15,014,986,309	11,834,215,878
Deferred liabilities	23	497,931,080	477,118,917
Long term payable	24	-	431,631,479
		15,512,917,389	12,742,966,274
CURRENT LIABILITIES			
Trade and other payables	25	3,829,181,404	2,577,608,219
Accrued Interest / mark-up	26	222,150,914	214,938,544
Short term borrowings	27	5,155,487,188	4,720,514,518
Current portion of long term payable	24	457,090,780	-
Current portion of long term financing	22	2,520,245,895	650,563,571
Provision for taxation	28	283,808,589	130,367,360
		12,467,964,770	8,293,992,212
CONTINGENCIES AND COMMITMENTS			
	29		
TOTAL EQUITY AND LIABILITIES		44,813,397,489	36,478,851,412

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: October 06, 2016

CHIEF EXECUTIVE

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
Sales and services	30	26,048,565,222	23,322,851,055
Cost of sales and services	31	(21,722,096,699)	(20,654,203,272)
Gross profit		4,326,468,523	2,668,647,783
Distribution cost	32	(1,444,825,415)	(1,016,712,115)
Administrative expenses	33	(449,152,649)	(315,346,203)
Other operating expenses	34	(170,805,308)	(125,586,398)
Other income	35	1,356,520,354	554,025,176
		(708,263,018)	(903,619,540)
Profit from operations		3,618,205,505	1,765,028,243
Finance cost	36	(1,184,476,777)	(672,344,286)
		2,433,728,728	1,092,683,957
Share of profit of Associated Companies		70,682,006	65,130,979
Profit before taxation		2,504,410,734	1,157,814,936
Taxation			
Current			
- for the year		(271,952,152)	(130,369,861)
- prior year		93,326	265,629
Deferred		(41,439,249)	(18,120,804)
	37	(313,298,075)	(148,225,036)
Profit after taxation for the year		2,191,112,659	1,009,589,900
Attributable to:			
Shareholders of Parent Company		1,987,641,880	1,012,468,504
Non- controlling interest		203,470,779	(2,878,604)
		2,191,112,659	1,009,589,900
Earnings per share - basic and diluted	38	98.97	50.41

The annexed notes from 1 to 49 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	----- Rupees -----	
Profit after taxation for the year	2,191,112,659	1,009,589,900
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss		
Available for sale investments		
Unrealized (loss) / gain on remeasurement of available for sale investments	(87,489,315)	433,860,910
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(646,467,058)	(218,600,485)
Unrealized (loss) / gain on remeasurement of available for sale investments - associates	(5,379,161)	2,003,435
	(739,335,534)	217,263,860
Forward foreign currency contracts		
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts	13,692,852	(2,647,824)
Reclassification adjustments relating to loss realized on settlement of forward foreign currency contracts	(2,647,824)	(1,003,061)
Unrealized gain / (loss) on remeasurement of forward foreign currency contracts - associates	61,203	(81,570)
	11,106,231	(3,732,455)
Exchange difference on translation of foreign operations	1,900,434	(10,990,314)
Items that may not be reclassified subsequently to profit and loss		
Gain / (loss) on remeasurement of staff retirement benefits	9,965,376	(16,363,523)
Impact of deferred tax	(626,623)	1,005,898
Loss on remeasurement of staff retirement benefits - associates	(326,331)	(644,749)
	9,012,422	(16,002,374)
Share of decrease in reserves of associated companies under equity method	(8,377,391)	(2,103,296)
Other comprehensive (loss) / income for the year	(725,693,838)	184,435,421
Total comprehensive income for the year	1,465,418,821	1,194,025,321
Attributable to:		
Shareholders of Parent Company	1,261,948,042	1,196,903,925
Non- controlling interest	203,470,779	(2,878,604)
	1,465,418,821	1,194,025,321

The annexed notes from 1 to 49 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended June 30, 2016

	2016	2015
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	39 2,953,925,776	1,997,077,552
Long term loans, deposits and prepayments	(39,296,062)	93,126,849
Finance cost paid	(1,166,123,554)	(546,593,114)
Staff retirement benefits - gratuity paid	(122,730,385)	(70,265,970)
Taxes paid	(818,947,160)	(558,930,649)
	<u>(2,147,097,161)</u>	<u>(1,082,662,884)</u>
Net cash generated from operating activities	806,828,615	914,414,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,134,583,812)	(8,927,314,189)
Subsidiary acquisition	-	(31,282,298)
Purchase of intangible assets	-	(6,540,743)
Investment in associates	19,598,952	9,469,943
Investment others	(2,426,132,146)	(2,952,333,763)
Proceeds from disposal of property, plant and equipment	26,587,767	25,967,752
Proceeds from disposal of investment property	150,000,000	-
Proceeds from sale of investments	1,308,568,925	593,391,167
Dividend received	737,726,002	378,857,424
Interest received	3,394,864	-
Rental income received	10,855,731	15,991,008
Net cash used in investing activities	(6,303,983,717)	(10,893,793,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	436,742,389	1,518,294,302
Proceeds from long term financing	5,765,561,202	10,240,435,444
Repayment of long term financing	(715,108,447)	(503,049,068)
Exchange difference on translation of foreign operation	64,967	101,340
Issuance of shares - net	126,034,983	548,995,000
Dividend paid	(200,684,251)	(202,065,081)
Net cash generated from financing activities	5,412,610,843	11,602,711,937
Net (decrease) / increase in cash and cash equivalents	(84,544,259)	1,623,332,906
Cash and cash equivalents at the beginning of the year	2,296,921,314	673,588,408
Cash and cash equivalents at the end of the year	2,212,377,055	2,296,921,314
Cash and cash equivalents		
Cash and bank balances	2,212,777,666	2,298,034,770
Book overdrafts - unsecured	(400,611)	(1,113,456)
Cash and cash equivalents at the end of the year	2,212,377,055	2,296,921,314

The annexed notes from 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH

MOHAMMAD ABDULLAH

Dated: October 06, 2016

CHIEF EXECUTIVE

DIRECTOR

Sapphire Textile Mills Limited and its subsidiaries

Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	Reserves				Other Components of equity				Total	Non-Controlling Interest	Total Equity					
	Share Capital	Capital		Share Premium	Fixed Assets Replacement	Revenue		Unappropriated Profit				SUB TOTAL	On available for sale investments	On forward foreign exchange contracts	Exchange difference on translation of foreign operations	SUB TOTAL
		156,202,200	65,000,000			1,330,000,000	8,128,336,146									
Balance as at July 01, 2014	200,831,400	156,202,200	65,000,000	1,330,000,000	8,128,336,146	9,680,538,346	3,754,756,166	1,033,212	3,017,995	3,758,807,373	13,640,177,119	259,526,886	13,899,704,005			
Total comprehensive income for the year ended June 30, 2015																
Profit after taxation for the year	-	-	-	-	1,012,468,504	1,012,468,504	-	-	-	-	-	-	1,012,468,504			
Other comprehensive (loss) / income for the year	-	-	-	-	(16,002,374)	(16,002,374)	217,263,860	(3,732,455)	(10,990,314)	202,541,091	186,538,717	-	186,538,717			
Share of decrease in reserves of associated companies under equity method	-	-	-	-	996,466,130	996,466,130	217,263,880	(3,732,455)	(10,990,314)	202,541,091	1,199,007,221	(2,878,604)	1,196,128,617			
Share of decrease in reserves of associated companies under equity method	-	-	-	-	(2,103,296)	(2,103,296)	-	-	-	-	(2,103,296)	-	(2,103,296)			
Transaction with owners																
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	-	558,300,000			
Share issuance cost of subsidiary - SWPCL	-	-	-	-	(6,513,500)	(6,513,500)	-	-	-	-	(6,513,500)	(2,791,500)	(9,305,000)			
Final dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)			
Balance as at June 30, 2015	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,280	3,972,020,026	(2,699,243)	(7,972,319)	3,961,348,464	14,629,736,144	812,156,782	15,441,892,926			
Balance as at July 01, 2015	200,831,400	156,202,200	65,000,000	1,330,000,000	8,916,354,080	10,467,556,280	3,972,020,026	(2,699,243)	(7,972,319)	3,961,348,464	14,629,736,144	812,156,782	15,441,892,926			
Total comprehensive income for the year ended June 30, 2016																
Profit after taxation for the year	-	-	-	-	1,987,641,880	1,987,641,880	-	-	-	-	-	-	1,987,641,880			
Other comprehensive income / (loss) for the year	-	-	-	-	9,012,422	9,012,422	(739,335,534)	11,106,231	1,900,434	(726,328,869)	(717,316,447)	-	(717,316,447)			
Share of decrease in reserves of associated companies under equity method	-	-	-	-	1,996,654,302	1,996,654,302	(739,335,534)	11,106,231	1,900,434	(726,328,869)	1,270,325,633	203,470,779	1,473,796,212			
Share of decrease in reserves of associated companies under equity method	-	-	-	-	(6,377,391)	(6,377,391)	-	-	-	-	(6,377,391)	-	(6,377,391)			
Transaction with owners																
Issuance of shares of subsidiary - SWPCL	-	-	-	-	-	-	-	-	-	-	-	-	128,171,170			
Share issuance cost of subsidiary - SWPCL	-	-	-	-	(1,495,331)	(1,495,331)	-	-	-	-	(1,495,331)	(640,856)	(2,136,187)			
Final dividend for the year ended June 30, 2015 @ Rs. 10 per share	-	-	-	-	(200,831,400)	(200,831,400)	-	-	-	-	(200,831,400)	-	(200,831,400)			
Balance as at June 30, 2016	200,831,400	156,202,200	65,000,000	1,330,000,000	10,702,304,260	12,253,506,460	3,232,684,492	8,406,988	(6,071,885)	3,235,019,595	15,899,357,455	1,143,157,975	16,822,515,330			

The annexed notes form 1 to 49 form an integral part of these financial statements.

Karachi:

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Dated: October 06, 2016

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

1 THE GROUP AND ITS OPERATIONS

The Group comprises of:

Sapphire Textile Mills Limited (STML)- the Holding Company

Sapphire Textile Mills Limited (the Company) was incorporated in Pakistan on March 11, 1969 as a public limited company under the Companies Act, 1913 (Now the Companies Ordinance, 1984). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is located at 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and its mills are located at Kotri, Nooriabad, Chunian, Feroze Watwan and Bhopattian Lahore.

The Company is principally engaged in manufacturing and sale of yarn, fabrics, home textile products, finishing and printing of fabrics.

Sapphire Wind Power Company Limited (SWPCL) - the subsidiary company (Holding - 70%)

Sapphire Wind Power Company Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on December 27, 2006. The company is a subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company', hereinafter referred to as 'STML'). The address of the registered office of the company is 212, Cotton Exchange Building, I.I. Chundrigar Road, Karachi and the company's wind power plant has been set up at Jhampir, District Thatta, Sindh on land that is leased to the company by Alternative Energy Development Board ('AEDB'), Government of Pakistan.

The company's principal objective is to carry on the business of supplying general electric power and to setup and operate wind power generation projects to generate, accumulate, distribute and supply electricity.

The company has set up a wind power station of 52.80 MW gross capacity at the abovementioned location and achieved Commercial Operations Date ('COD') on November 22, 2015. The company has an Energy Purchase Agreement ('EPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty years which commenced from the COD.

Tricon Boston Consulting Corporation (Private) Limited (TBC)- the subsidiary company (Holding 100%)

Tricon Boston Consulting Corporation (Private) Limited (the Company) was incorporated in Pakistan as a private limited company by shares under the Companies Ordinance, 1984 on August 13, 2012. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited (the Parent Company), a listed company. The Company's principle business is to operate and maintain wind power plants to generate and supply electricity. The address of the registered office of the Company is 7/A- K, Main Boulevard, Gulberg II, Lahore, Punjab.

Sapphire Retail Limited (SRL) - the subsidiary company (Holding 100%)

Sapphire Retail Limited (the 'company') was incorporated in Pakistan as an unlisted public company limited by shares under the Companies Ordinance, 1984 on June 11, 2014. The company is a wholly owned subsidiary of a listed company, Sapphire Textile Mills Limited (the 'holding company'). The address of the registered office of the company is 7 A/K Main Boulevard, Gulberg-II, Lahore. The company is principally engaged in carrying out manufacturing of textile products by processing the textile goods in outside manufacturing facilities and to operate retail outlets to sell the same in Pakistan and abroad.

Sapphire Solar (Private) Limited (SSPL) - the subsidiary company (Holding 100%)

Sapphire Solar Power (Private) Limited (the Company) is incorporated in Pakistan on March 06, 2013 under the Companies Ordinance, 1984 as a private company limited by shares. The principle activity of the Company is power generation by means of solar energy and other alternative energy sources. The registered office of the Company is situated at 307, Cotton Exchange Building, I.I. Chundrigar Road Karachi in the province of Sindh. The Company is wholly owned subsidiary of Sapphire Textile Mills Limited.

The company was issued letter of intent (LOI) by the Alternate Energy Development Board (AEDB), Government of Pakistan vide letter No. B/3/2/SPV/LOI-018 dated March 25, 2013 for setting up 10 MW Solar PV Power Project at Punjab. The LOI of the Company expired on September 24, 2014 as per terms stated therein as the Company could not achieve the milestones stipulated under the LOI within given time frame. The Guarantee provided by the Company to AEDB was encashed. The accumulated loss of the Company at the balance sheet are Rs. 2,420,684 (2015: Rs. 2,367,542), moreover, the current liabilities of the Company exceed its assets by Rs. 2,410,684 (2015: Rs. 2,357,542). In view of the aforementioned circumstances the Company is not considered a going concern.

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Sapphire Tech (Private) Limited (STPL) - the subsidiary company (Holding 100%)

Sapphire Tech (Private) Limited (the Company) is a private limited company incorporated in Pakistan on November 5, 2013, under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Sapphire Textile Mills Limited. The registered office of the Company is located at 307 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

The Company was originally incorporated for power generation project but it was not involved in any operational activity since its inception. Further, the company, as at June 30, 2016, has negative equity of Rs. 44,438 and its accumulated losses aggregate to Rs. 144,438. The current liabilities also exceed current assets by Rs.44,438 as of that date. Due to these conditions the Company is not considered as going concern.

Sapphire Home Inc - USA (SHI) - the subsidiary (Holding 100%)

The company was incorporated in USA. The company is principally engaged in marketing services in United States of America. The registered office of the company is located at 1430, Broadway, Suite 1805, New York, NY 10018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for measurement of certain financial assets and financial liabilities at fair value, recognition of employee benefits at present value and the financial statements of Sapphire Solar (Private) Limited and Sapphire Tech (Private) Limited have been prepared on an alternative basis i.e. realizable value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

3 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- a) Estimate of useful lives and residual values of property, plant & equipment, intangible assets and investment property [notes 5.2, 5.3 and 5.4]
- b) Classification and valuation of investments [note 5.5]
- c) Provision for obsolete and slow moving stores, spares and loose tools [note 5.6]
- d) Net realisable values of stock-in-trade [note 5.7]
- e) Provision for doubtful debts [note 5.8]
- f) Provision for employees' retirement benefits [note 5.11]
- g) Provision for taxation [note 5.13]

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments or interpretations which became effective during the year

Following are the amendments that are applicable for accounting periods beginning on or after July 1, 2015:

IFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Group's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Group

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Group has yet to assess the impact of these changes on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Group has yet to assess the impact of this standard on its financial statements.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group's financial statements.

Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Group's financial statements.

Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Group's financial statements.

4.3 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012 has granted exemption from the application of International Financial Reporting Interpretation Committee ('IFRIC') 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession Arrangements' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

Notes to the Consolidated Financial Statements

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Under IFRIC 4, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease under International Accounting Standard ('IAS') 17 'Leases'. SWPCL's wind power plant's control due to purchase of total output by NTDC appears to fall under the scope of IFRIC 4. Consequently, if the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

De-recognition of property, plant and equipment	(11,256,944,456)
Recognition of lease debtor	<u>11,278,338,574</u>
Increase in un-appropriated profit at the beginning of the year	-
Increase in profit for the year	<u>21,394,118</u>
Increase in un-appropriated profit at the end of the year	<u>21,394,118</u>

4.4 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Group and therefore have not been presented here.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiary;
- is exposed to variable returns from the subsidiary; and
- decision making power allows the Group to affect its variable returns from the subsidiary.

Subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-recognized from the date the control ceases.

All material intra-group balances, transactions and resulting unrealized profits / losses are eliminated.

Investments in associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognised at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognised in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted Investee, the carrying amount of that investment is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

extent of initial cost of the investments. A reversal of impairment loss is recognised in the profit and loss account.

Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Balance sheet item are translated at the exchange rate at the balance sheet date and profit and loss account items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange difference on translating foreign operation in consolidated reserves.

5.2 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and leasehold land, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 6.1. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost 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, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

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 the profit and loss account.

The Group reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

5.3 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Group is classified as investment property. Investment Property comprises of land and buildings. The company has adopted cost model for its investment property using the same basis as disclosed for measurement of the Group's owned assets.

5.4 Intangible assets

Intangible assets (including computer software) acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

Amortization is charged to profit and loss account on straight line basis over a period of five years. Amortization on addition is charged from the date the asset is put to use while no amortization is charged from the date the asset is disposed off.

5.5 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in profit and loss account, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

All purchases and sales are recognized on the trade date which is the date that the Group commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost accumulated to balance sheet date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on management estimate regarding their future usability.

5.7 Stock in trade

Stock-in-trade is stated at the lower of cost and net realizable value, except waste which is valued at net realizable value. Cost is arrived at on a weighted average basis. Cost of work-in-process and finished goods include cost of raw materials and appropriate portion of production overheads. Net realizable value is the estimated selling price in the ordinary course of business less cost of completion and selling expenses.

5.8 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.9 Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

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5.10 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

5.11 Employee benefits

Compensated absences

The Group accounts for all accumulated compensated absences in the period in which absences accrue.

Defined benefits plans

The Group operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. The amount arising as a result of remeasurement are recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The liability recognized in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period.

Defined Contribution Plan

There is an approved contributory provident fund for staff for which contributions are charged to income for the year.

The Group and the employees make equal monthly contributions to the fund at the rate of 8.33% of basic salary in the case of management staff, and 8.33% of basic salary and cost of living allowance in case of non-management staff. The assets of the fund are held separately under the control of trustees.

5.12 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

5.13 Taxation

Current year

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The profits and gains of the Subsidiary companies - Sapphire Wind Power Company Limited (SWPCL) and Tricon Boston Consulting Corporation (Private) Limited derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the subsidiary company (SWPCL) is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the statement of comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the

Notes to the Consolidated Financial Statements

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corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.14 Leases

The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At commencement, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term, depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit or loss over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

5.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which they are approved by the shareholders and therefore, they are accounted for as non-adjusting post balance sheet event.

5.16 Provisions

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

5.17 Revenue recognition

Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.

Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

All other incomes are recognized on accrual basis.

5.18 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

The grants are disclosed as a deduction from the related expense.

5.19 Borrowing cost

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 or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its' commencing.

5.20 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account except for exchange differences related to foreign currency loans obtained for the acquisition, development and construction of qualifying assets of Sapphire Wind Power Company Limited which are capitalised over the period of the Implementation Agreement in accordance with SRO 24(I)/2012 dated January 16, 2012 of the SECP.

5.21 Impairment

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

5.22 Financial instruments

Financial assets

5.22.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity financial assets

These are securities with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

5.22.2 Recognition

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognized at fair value plus transaction costs except for those financial assets which are designated as ‘financial assets at fair value through profit or loss’. ‘Financial assets carried at fair value through profit or loss’ are initially recognized at fair value and transaction costs are charged to the profit and loss account. Financial assets are derecognized when the right to receive cash flows from such assets has expired or have been transferred and the Group has transferred substantially all risks and rewards, incidental to the ownership of such financial assets.

Dividend income from ‘financial assets at fair value through profit or loss’ and ‘available-for-sale financial assets’ is recognized in the profit and loss account when the Group’s right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured or determined are stated at cost.

5.22.3 Measurement

‘Available-for-sale financial assets’ and ‘financial assets at fair value through profit or loss’ are subsequently measured at fair value whereas ‘held to maturity financial assets’ and ‘loans and receivables’ are subsequently measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ are recognized in the profit and loss account in the period in which they arise.

Changes in the fair value of ‘available-for-sale financial assets’ are recognized in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulative fair value adjustments recognized in other comprehensive income till the time of disposal or impairment are charged to the profit and loss account.

5.22.4 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such evidence is identified to exist, the said financial asset or group of financial assets are impaired and an impairment loss is recognized in the profit and loss account for the amount by which the assets’ carrying amount exceed their recoverable amount. Impairment losses of equity instruments, once recognized, are not reversed through the profit and loss account.

5.22.5 Off-setting of financial assets and liabilities

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

5.22.6 Derivative financial instruments

The Group designates derivative financial instruments as either fair value hedge or cash flow hedge.

a) Cash flow Hedges

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

b) Fair value hedge and other non-trading derivatives

Fair value hedge represents hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivative that are designated and qualify as fair value hedges are recorded in the

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profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly. When a derivative financial instrument is not designated in a qualifying hedge relationship, it is accounted for as held for trading and accordingly is categorized as 'financial asset at fair value through profit or loss'.

5.22.7 Financial liabilities

These are initially recognized at cost, which is the fair value of the consideration expected to be paid. All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the obliging instrument/ contract.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

5.23 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.24 Segment reporting

Segment reporting is based on the operating (business) segment of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the Group's other component. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment assets consist primarily of Property, plant and equipment, inventories, trade debts, loans and advances and cash & bank balances. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment, segments reported are Spinning, Weaving, Processing, Printing, Home textile products and Power generation which also reflects the management structure of Group.

5.25 Related party transactions

All transactions with related parties are carried out by the Group at arms' length price using the method prescribed under the Companies Ordinance, 1984.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant notes to the financial statements.

	Note	2016 ----- Rupees -----	2015
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	20,491,246,707	8,346,834,734
Capital work-in-progress	6.6	820,617,579	8,199,501,140
Major spare parts and stand-by equipment	6.7	69,216,256	-
		<u>21,381,080,542</u>	<u>16,546,335,874</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 6.2 Operating fixed assets includes the exchange difference of amounting Rs.201.160 million on the foreign currency loan, as referred to in note 22.2 to these financial statements, capitalised in accordance with SRO 24(1)/2012 dated January 16, 2012 of the SECP (as fully explained in note 5.19 to these financial statements). Had the company followed IAS 21 "The Effects of Changes in Foreign Exchange Rates", the effect on the financial statements would be as follows:

Note	2016	2015
	----- Rupees -----	
Decrease in the book value of property, plant and equipment	(200,294,883)	-
Decrease in cost of sales	864,831	-
Increase in other expenses	(201,159,714)	-
Decrease in profit for the year and un-appropriated profit	(200,294,883)	-

- 6.3 Operating fixed assets includes assets of Group of amounting Rs.8.866 million (2015:Rs.0.416 million) in possession of Elan Facon (SMC-Private) Limited for use under the Designing and Related Services Agreement.

- 6.4 The depreciation charge for the year has been allocated as follows:

Cost of sales and services	31	1,239,405,845	689,425,013
Distribution cost	32	15,106,204	1,992,755
Administrative expenses	33	28,350,386	23,887,658
		<u>1,282,862,435</u>	<u>715,305,426</u>

- 6.5 Particulars of disposal of operating fixed assets during the year are as follows:

Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of disposal	Particulars of Buyers
Rupees					
Plant and Machinery					
Mach Coner	34,485,908	31,965,186	2,520,722	3,445,379	Negotiation
Chiller Centrifugal	2,500,000	2,392,130	107,870	252,101	--- do ---
Tandem cards with chut feed	10,791,641	10,150,560	641,081	1,025,640	--- do ---
Tandem cards with chut feed	7,194,427	6,770,822	423,605	683,760	--- do ---
Samplex machine	2,341,730	2,227,036	114,694	200,000	--- do ---
Draw frame	2,696,118	1,800,602	895,516	918,105	--- do ---
Air compressor	10,662,533	8,462,325	2,200,208	2,230,000	--- do ---
Steam Boiler	5,300,000	3,825,646	1,474,354	1,500,000	--- do ---
Tsudakoma air jet looms	4,063,292	3,288,246	775,046	800,000	--- do ---
	80,035,649	70,882,553	9,153,096	11,054,985	
Computers					
Laptops having book value of less than Rs.50,000 each	583,830	460,955	122,875	119,736	As per Company Policy
	583,830	460,955	122,875	119,736	Various Employees
Vehicles					
Honda City	857,253	688,073	169,180	500,000	Negotiation
Suzuki Cultus	884,000	682,197	201,803	410,000	--- do ---
Suzuki Cultus	850,000	608,068	241,932	450,000	--- do ---
Suzuki Cultus	600,000	491,797	108,203	315,000	--- do ---
Suzuki Cultus	883,000	621,688	261,312	400,000	--- do ---
Corolla Altis	1,724,000	1,284,618	439,382	700,000	--- do ---
Toyota Corolla	2,302,500	345,375	1,957,125	2,302,500	Insurance claim
Suzuki Alto	676,000	460,257	215,743	400,000	Negotiation
Toyota Corolla	1,014,000	808,437	205,563	600,000	--- do ---
Suzuki Cultus	923,500	601,133	322,367	350,000	--- do ---
Toyota Hiace	1,680,000	1,523,475	156,525	1,198,600	Insurance claim
Tractor Millat	577,500	315,330	262,170	400,000	Negotiation
Toyota Corolla	1,269,000	944,540	324,460	1,000,000	--- do ---
Suzuki Alto	676,000	460,257	215,743	400,000	--- do ---
Honda City	887,740	717,082	170,658	600,000	--- do ---
Honda City	1,339,640	1,022,799	316,841	800,000	--- do ---
Daihatsu Cuore	723,800	488,272	235,528	400,000	--- do ---
Honda City	1,081,860	845,524	236,336	600,000	--- do ---
Daihatsu Cuore	504,370	417,283	87,087	330,000	--- do ---
Daihatsu Cuore	530,772	435,724	95,048	300,000	--- do ---
Toyota Corolla	1,522,524	1,000,064	522,460	780,000	--- do ---
Honda City	1,343,740	1,070,450	273,290	700,000	--- do ---
Honda City	1,233,840	964,303	269,537	700,000	--- do ---
Honda Civic	1,849,493	1,437,048	412,445	850,000	--- do ---
	25,934,532	18,233,794	7,700,738	15,486,100	
	106,554,011	89,577,302	16,976,709	26,660,821	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

6.6	Capital work-in-progress	Note	2016 ----- Rupees -----	2015 -----
	Advance for freehold land		95,000,000	-
	Civil works and buildings		328,542,622	572,445,018
	Plant and machinery		375,098,722	5,668,859,623
	Electric installations		9,388,269	7,102,670
	Fire fighting equipment		-	2,106,000
	Electric equipments		-	894,246
	Mills equipments		1,720,000	968,730
	Furniture & fixtures		4,500,034	1,730,093
	Vehicles		1,000,000	-
	Computer software		5,367,932	-
	Advances to contractors		-	1,225,453,997
	Un-allocated expenditure	6.6.1	-	719,940,763
			820,617,579	8,199,501,140
6.6.1	Unallocated expenditure			
	Unallocated expenditure incurred up to COD:			
	Salaries, wages and other benefits		44,004,405	36,102,801
	Travelling and conveyance		26,445,610	24,021,144
	Telephone and communication		340,119	188,119
	Consultancy charges		205,930,824	156,553,390
	Legal and professional charges		148,670,402	139,851,714
	Fee and subscription		42,373,025	41,900,685
	Vehicle running expenses		3,098,422	2,047,606
	Bank guarantee commission		951,741	951,741
	Rent		4,049,651	3,162,623
	Insurance		60,242,834	60,080,877
	Net markup on long term finance (net of interest income Rs.168,927)		330,803,667	199,307,086
	Exchange loss		31,080,000	31,080,000
	Lender's fees and charges		22,188,388	12,389,605
	Bank charges		11,298,133	11,298,133
	Others		1,845,784	1,005,239
			933,323,005	719,940,763
	Sale of trial production		(67,440,719)	
			865,882,286	719,940,763
	Transferred to operating fixed assets during the year as part of the overall transfer from CWIP		(865,882,286)	
			-	719,940,763
6.7	These major spare parts and stand-by equipment are in the possession and control of the SWPCL's O & M contractor, HydroChina, for smooth and uninterrupted operation and maintenance of the company's plant as per the terms of the O & M Agreement dated December 12, 2013 for a period of two years from the TOD. Furthermore, the company has also signed an O & M Agreement dated October 13, 2011 for a term of eight years starting from the end of the above mentioned HydroChina's O & M Agreement, with the Consortium and these items will be handed over to the Consortium on expiry of HydroChina's O & M Agreement. As per the terms of the above mentioned O & M Agreements, HydroChina and, subsequently, the Consortium will replenish and hand over these items to the company on the expiry of their respective O & M Agreements.			

Notes to the Consolidated Financial Statements

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	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
8.1 Computer software			
Net carrying value as at July 01, 2015			
Net book value as at July 01, 2015		7,514,871	3,189,494
Addition during the year		-	6,540,743
Amortization	8.2	(2,504,903)	(2,215,366)
Net book value as at June 30, 2016		5,009,968	7,514,871
Gross carrying value as at June 30, 2016			
Cost		24,492,360	24,492,360
Accumulated amortization		(19,482,392)	(16,977,489)
Net book value as at June 30, 2016		5,009,968	7,514,871
Amortization rate % per annum		20	20
8.2 Amortization charge for the year has been allocated as follows:			
Other operating expenses	34	2,504,903	2,215,366
8.3 Goodwill			
Opening balance		455,540,310	577,245
Addition during the year		-	455,540,310
Impairment charged during the year		-	(577,245)
Closing balance		455,540,310	455,540,310
8.4			
Goodwill represents excess of the amount paid / payable by the holding company over fair value of net assets of Tricon Boston Consulting Corporation (Private) Limited.			
9 LONG TERM INVESTMENTS			
Related parties			
Associates			
- listed	9.1	59,762,337	58,376,879
- unlisted	9.2	865,950,106	828,438,723
		925,712,443	886,815,602
Other companies - Available for sale	9.4	6,690,916,969	6,590,303,811
		7,616,629,412	7,477,119,413

All investments have a face value of Rs. 10 per share unless stated otherwise.

	2016 Number of Shares	2015 Number of Shares	Name of Company	2016 ----- Rupees -----	2015 ----- Rupees -----
9.1 Investments in associates - listed					
9.1.1	313,295	313,295	Reliance Cotton Spinning Mills Limited (RCSML)	8,461,851	8,461,851
			Equity Interest Held 3.04%		
			Share of post acquisition profit	52,866,961	50,384,971
			Less: Dividend received during the year	(1,566,475)	(469,943)
			Fair value of the ordinary shares as at June 30, 2016 amounted to Rs.25.753 million (2015: Rs.29.096 million).		
				59,762,337	58,376,879

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	2016	2015	Name of Company	2016	2015
	Number of Shares			----- Rupees -----	
9.2			Investments in associates - unlisted		
9.2.1	4,234,500	4,234,500	Sapphire Power Generation Limited (SPGL) Equity Interest Held 26.43% Share of post acquisition profit Break up value on the basis of un-audited accounts for the year ended June 30, 2016 Rs.100.79 (2015: Rs.97.76) per share.	113,705,500 313,083,156 426,788,656	113,705,500 300,250,467 413,955,967
9.2.2	6,000,000	6,000,000	Sapphire Electric Company Limited (SECL) Equity Interest Held 1.42% Share of post acquisition profit Less: Dividend received during the year Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.21.10 (2015: Rs.18.88) per share.	60,000,000 84,588,394 (18,000,000) 126,588,394	60,000,000 62,262,759 (9,000,000) 113,262,759
9.2.3	10,000	10,000	Sapphire Holding Limited (SHL) Equity Interest Held 0.05% Share of post acquisition profit Less: Dividend received during the year Break up value on the basis of un-audited accounts for the year ended June 30, 2016 Rs. 311.68 (2015: Rs.306.99) per share.	100,000 3,049,106 (32,477) 3,116,629	100,000 3,067,435 - 3,167,435
9.2.4	23,500,000	23,500,000	Sapphire Dairies (Private) Limited (SDL) Equity Interest Held 22.38% Share of post acquisition (loss) / profit Break up value on the basis of audited accounts for the year ended June 30, 2016 Rs.9.81 (2015: Rs.9.86) per share.	235,000,000 (4,401,590) 230,598,410	235,000,000 (3,320,217) 231,679,783
9.2.5	3,675	3,675	Creadore A/S Denmark (CD) 3,675 shares of Danish Krone (DKK) 1000 per share Equity Interest Held 49% Share of Post acquisition profit Break up value on the basis of audited accounts for the year ended April 30, 2016 DKK 1,375 (2015: DKK 1,187) equivalent to Rs.21,458 (2015: Rs.18,061) per share.	58,708,925 20,149,092 78,858,017	58,708,925 7,663,854 66,372,779
				865,950,106	828,438,723
9.1.1	Investment in RCSM represents 313,295 fully paid ordinary shares of Rs.10 each representing 3.04% (2015: 3.04%) of RCSM's issued, subscribed and paid-up capital as at June 30, 2016. RCSM was incorporated on June 13, 1990 as a public limited company and its shares are quoted on Pakistan Stock Exchange. The principal activity of RCSM is manufacturing and sale of yarn. RCSM is an associate of the Group due to common directorship.				
9.2.1	Investment in SPGL represents 4,234,500 fully paid ordinary shares of Rs.10 each representing 26.43% (2015: 26.43%) of SPGL's issued, subscribed and paid-up capital as at June 30, 2016. SPGL was incorporated in Pakistan as a public limited company and is principally engaged in the business of electric power generation and distribution.				
9.2.2	Investment in SECL represents 6,000,000 fully paid ordinary shares of Rs.10 each representing 1.42% (2015: 1.42%) of SECL's issued, subscribed and paid-up capital as at June 30, 2016. SECL was incorporated in Pakistan as a public limited company and the principal activity of the company is to build, own, operate and maintain a combined cycle power station having a net capacity of 212 MW at Muridke, Sheikhupura. SECL is an associate of the Group due to common directorship.				

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 9.2.3** Investment in SHL represents 10,000 fully paid ordinary shares of Rs.10 each representing 0.05% (2015: 0.05%) of SHL's issued, subscribed and paid-up capital as at June 30, 2016. SHL was incorporated in Pakistan as a public limited company and the main business of the Company is to invest in the shares of associated companies and other business. SHL is an associate of the Group due to common directorship.
- 9.2.4** Investment in SDL represents 23,500,0000 fully paid ordinary shares of Rs.10 each representing 22.38% (2015: 22.38%) of SDL's issued, subscribed and paid-up capital as at June 30, 2016. SDL was incorporated as a private limited company and is principally engaged in production and sale of milk and milk products.
- 9.2.5** Investment in CD represents 3,675 fully paid ordinary shares of DKK1000 each representing 49% (2015: 49%) of CD's share capital as at April 30, 2016. CD is principally engaged in product development and marketing of textiles for the global hotel industry.

9.3 The summary of financial statements / reconciliation as at June 30, 2016 and 2015 is as follows:

	June 30, 2016					April 30, 2016
	RCSML	SPGL	SECL	SHL	SDL	CD
	----- Rupees -----					
Summarised Balance Sheet						
Non current assets	2,140,362,510	1,350,949,496	14,357,483,245	6,612,919,602	1,052,582,218	-
Current assets	1,406,053,794	456,743,672	5,004,349,258	82,212,699	233,154,280	341,200,258
	3,546,416,304	1,807,693,170	19,361,832,503	6,695,132,301	1,285,736,498	341,200,258
Non-current and current liabilities	1,583,174,088	1,92,635,092	10,415,802,047	432,442,398	255,403,176	180,265,529
Net assets	1,963,242,216	1,615,058,078	8,946,030,456	6,262,689,903	1,030,333,322	160,934,729
Reconciliation to carrying amount						
Opening net assets	1,917,076,858	1,566,496,482	8,004,304,828	6,168,426,790	1,035,164,990	135,454,652
Profit / (loss) for the year	121,897,349	97,924,874	2,213,789,699	274,071,911	(4,546,103)	21,734,225
Other comprehensive (loss) / income	(21,651,756)	(48,937,382)	-	(109,057,786)	(285,565)	3,745,852
Other adjustments	(2,620,235)	(425,896)	-	(5,448,307)	-	-
Dividend paid during the year	(51,460,000)	-	(1,272,064,071)	(65,302,705)	-	-
Closing net assets	1,963,242,216	1,615,058,078	8,946,030,456	6,262,689,903	1,030,333,322	160,934,729
Group's share (percentage)	3.04%	26.43%	1.42%	0.05%	22.38%	49.00%
Carrying amount of investment	59,762,337	426,788,656	126,588,394	3,116,629	230,598,410	78,858,017
Summarised Profit and Loss Account						
Revenue	3,221,146,642	1,594,592,483	12,741,967,937	90,776,344	620,643,003	886,733,385
Profit / (loss) before tax	170,399,159	97,924,874	2,214,443,227	494,345,878	(4,423,718)	28,403,987
Profit / (loss) after tax	121,897,349	97,924,874	2,213,789,699	274,071,911	(4,546,103)	21,734,225

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	June 30, 2015					April 30, 2015
	RCSM	SPGL	SECL	SHL	SDL	CD
	----- Rupees -----					
Summarised Balance Sheet						
Non current assets	2,120,354,369	1,453,513,459	14,725,790,562	6,320,298,513	1,066,489,246	-
Current assets	1,610,502,871	384,594,344	7,705,872,261	72,236,982	236,144,733	546,587,337
	3,730,857,240	1,838,109,803	22,431,662,823	6,392,535,495	1,302,633,979	546,587,337
Non-current and current liabilities	1,813,780,382	271,613,321	14,427,357,995	224,108,705	267,468,989	411,132,687
Net assets	1,917,076,858	1,566,496,482	8,004,304,828	6,168,426,790	1,035,164,990	135,454,650
Reconciliation to carrying amount						
Opening net assets	1,806,886,391	1,495,589,442	6,590,765,003	5,733,130,625	1,043,519,192	129,060,686
Profit / (loss) for the year	142,722,348	12,490,681	2,049,572,861	520,094,558	(8,377,593)	29,029,993
Other comprehensive (loss) / income	(18,246,288)	(4,632,613)	-	(91,553,090)	23,391	(22,636,029)
Other adjustments	1,152,407	3,048,972	-	6,754,697	-	-
Dividend paid during the year	(15,438,000)	-	(636,032,036)	-	-	-
Closing net assets	1,917,076,858	1,566,496,482	8,004,305,828	6,168,426,790	1,035,164,990	135,454,650
Group's share (percentage)	3.04%	26.43%	1.42%	0.05%	22.38%	49.00%
Carrying amount of investment	58,376,879	413,955,967	113,262,759	3,167,435	231,679,803	66,372,779
Summarised Profit and Loss Account						
Revenue	4,007,149,572	990,082,431	18,846,928,372	10,402,113	637,624,333	1,035,527,151
Profit / (loss) before tax	182,379,400	72,490,681	2,052,173,444	565,618,130	(13,980,823)	37,590,119
Profit / (loss) after tax	142,722,348	72,490,681	2,049,572,861	520,094,558	(8,377,593)	29,029,993

9.3.1 The share of profit / loss after acquisition is recognised based on financial statements as at June 30, 2016 except Creadore A/S, Denmark whose financial year ended on April 30, 2016.

2016	2015	Name of Company	2016	2015
Number of Shares			----- Rupees -----	

9.4 Other companies - Available for sale

2016	2015	Name of Company	2016	2015
Number of Shares			----- Rupees -----	
		Quoted		
10,950,940	13,320,940	MCB Bank Limited	587,416,661	714,545,120
		Add: Adjustment arising from measurement at fair value	1,822,009,158	2,603,967,453
			2,409,425,819	3,318,512,573
21,160,814	14,806,614	Habib Bank Limited	3,821,553,737	2,597,809,355
		Add: Adjustment arising from measurement at fair value	358,976,677	587,833,647
			4,180,530,414	3,185,643,002
9.8	150	Habib Bank Limited - TFCs	15,000,000	-
		Less: Adjustment arising from measurement at fair value	(187,500)	-
			14,812,500	-
		Unquoted		
7,055,985	7,055,985	Novelty Enterprises (Pvt) Limited	86,148,236	86,148,236
			6,690,916,969	6,590,303,811

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

9.5 The Holding Company has pledged 300,000 (2015: 900,000) shares of MCB, 600,000 (2015:700,000) shares of HUBCO, 250,000 shares of HBL, 1.5 million shares of BAHF and 200,000 shares of Engro Corporation with Bank Alfalah Limited (related party) on behalf of SWPCL (subsidiary company) as security for issue of bank guarantee of US \$ 1,732,500 in favour of National Transmission and Despatch Company Limited.

9.6 The Holding Company has pledged 1.7 million shares of HBL with Bank Alfalah (related party) as security for issue of debt service reserve standby letter in favour of a financial institution of US \$ 2.03 million in order to secure the obligation of SWPCL in relation to the required balance of debt service reserve account pursuant to Agreement.

9.7 The Holding Company has pledged 10,650,940 (2015: 4,650,000) shares of MCB, 13,064,444 (2015:13,064,444) shares of HUBCO, 1,700,000 shares of Engro Corporation and 19,210,814 (2015:11,500,000) shares of Habib Bank Limited with financial institutions for arrangement of finance facilities.

9.8 These represents 150 Term Finance Certificates having Par value of Rs 100,000 each issued on February 19, 2016 for a period of ten years. Profit is receivable on semi-annually basis at the rate of six months KIBOR + 0.50% per annum.

10	LONG TERM LOANS AND ADVANCES	Note	2016	2015
			----- Rupees -----	
	Loan to employees - unsecured (considered good)			
	Executives	10.3	67,195,263	76,076,358
	Other employees		19,557,498	18,562,180
			86,752,761	94,638,538
	Current portion of loans shown under current assets	15	34,557,696	36,436,141
			52,195,065	58,202,397

10.1 These represent interest free loans provided to executives and other employees as per terms of employment. These loans are granted for various purposes and are recoverable in monthly instalments which vary from case to case.

10.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.74,092,058 (2015: Rs.87,364,521).

10.3	Movement in loans to executives		
	Balance at the beginning of the year		76,076,358
	Amount disbursed during the year		17,516,167
			93,592,525
	Amount recovered during the year		26,397,262
	Balance at the end of the year		67,195,263

11 LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits			
	- WAPDA		79,781,676
	- SNGPL		1,097,000
	- PTCL		179,843
	- Leased vehicles		1,368,525
	- Others (including Retail outlets)	11.1	46,631,379
			129,058,423
	Lease deposit money	11.2	25,324,675
	Prepayments		
	- loan transaction cost		19,831,000
	- Prepaid rent	11.3	1,036,471
	- Others		-
			20,867,471
			175,250,569

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 11.1** It includes an amount of Rs.36,000 (2015: Rs.36,000) deposit with Yousuf Agencies (Private) Limited - related party.
- 11.2** This represents payment made by Tricon Boston Consulting Corporation (Private) Limited to Government of Sindh for lease of land measuring 3,852 acres situated at Deh Kohistan 7/1 Tapo Jhampir, Taluka & District Thatta in the province of Sindh.
- 11.3** This represents prepaid portion of rentals paid by Sapphire Wind Power Company Limited to AEDB for a period up to January 31, 2018 for a 20 year lease of 1,372 acres of land, situated in Jhampir, District Thatta. The aforementioned land has been allocated to the company by AEDB out of the total land leased for a period of thirty years from Government of Pakistan ('GoP') for Wind Power Generation Projects under the Master Lease Deed dated February 13, 2008. The company, in order to gain access to the land for conducting feasibility/other associated studies had signed an Agreement to Lease with AEDB dated September 21, 2008. However, the formal site sub-lease agreement was signed on March 11, 2014. The term of site sub-lease has commenced from this date and will end with the term of the EPA.

12	STORES, SPARES AND LOOSE TOOLS	Note	2016	2015
			----- Rupees -----	
	Stores	12.1	282,314,240	156,569,206
	Spares - in hand		146,455,779	154,241,025
	Spares - in transit		44,082,361	22,295,451
			190,538,140	176,536,476
	Loose tools		310,128	288,083
			473,162,508	333,393,765
	Provision for slow moving stores, spares and loose tools	12.2	(33,479,793)	(23,435,755)
			439,682,715	309,958,010
12.1	This includes stores and spares amounting Rs. 111.051 million of SPWCL which are in the possession and control of the company's O & M contractor, HydroChina, for smooth and uninterrupted operation and maintenance of the company's plant as per the terms of the O & M Agreement dated December 12, 2013 for a period of two years from the TOD. Furthermore, the company has also signed an O & M Agreement dated October 13, 2011 for a term of eight years starting from the end of the above mentioned HydroChina's O & M Agreement, with the Consortium and these items will be handed over to the Consortium on expiry of HydroChina's O & M Agreement. As per the terms of the above mentioned O & M Agreements, HydroChina and, subsequently, the Consortium will replenish and hand over these items to the company on the expiry of their respective O & M Agreements.			
12.2	Provision for slow moving stores, spares and loose tools			
	Balance at the beginning of the year		23,435,755	21,899,800
	Provision made during the year - net	34	10,044,038	1,535,955
	Balance at the end of the Year		33,479,793	23,435,755
13	STOCK IN TRADE			
	Raw material - in hand	31.1	3,292,155,226	2,912,643,914
	Raw material - in transit		94,607,189	197,429,070
			3,386,762,415	3,110,072,984
	Work in process	31	566,547,230	395,499,800
	Finished goods		943,407,686	671,281,771
	Waste		17,500,140	28,416,843
		31	960,907,826	699,698,614
			4,914,217,471	4,205,271,398

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 13.1 Stock in trade include items valued at Net Realizable value (NRV). The write down to NRV amounting Rs.164.197 million (2015: Rs. 151.133 million) has been recognized in cost of goods sold. Detail of cost and NRV is as follows.

	Note	2016 ----- Rupees -----	2015
Cost			
Raw material		-	1,164,642,142
Finished goods		<u>567,232,467</u>	<u>196,774,144</u>
		<u>567,232,467</u>	<u>1,361,416,286</u>
Net Realizable value			
Raw material		-	1,051,469,715
Finished goods		<u>403,035,372</u>	<u>158,814,043</u>
		<u>403,035,372</u>	<u>1,210,283,758</u>
14 TRADE DEBTS			
Secured - considered good			
Foreign debts		491,907,796	583,738,991
Domestic debts	14.1	897,008,946	-
Unsecured - considered good			
Domestic debts	14.2 & 14.3	812,854,687	612,674,955
Waste		14,811,508	12,333,813
Others		1,898,630	2,861,611
		829,564,825	627,870,379
Unsecured - considered doubtful			
Provision for doubtful debts	14.5	36,505,865	107,388,408
		<u>(36,505,865)</u>	<u>(107,388,408)</u>
		<u>829,564,825</u>	<u>627,870,379</u>
		<u>2,218,481,567</u>	<u>1,211,609,370</u>
14.1			
These represent trade receivables from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free.			
14.2			
Domestic debts include amount of Rs. 172,972,339 (2015: Rs.67,084,719) receivable against indirect export sales.			
14.3			
Trade debts include the following amounts due from related parties:			
Domestic debts			
Diamond Fabrics Limited		25,752,403	3,857,045
Sapphire Fibres Limited		535,342	95,340
Sapphire Finishing Mills Limited		134,652,841	43,489,444
Reliance Cotton Spinning Mills Limited		-	40,555
		<u>160,940,586</u>	<u>47,482,384</u>
14.4			
The aging of trade debts receivable from related parties as at balance sheet date are as under:			
0 - 30 days		160,940,586	47,425,485
31 - 60 days		-	56,899
		<u>160,940,586</u>	<u>47,482,384</u>
14.5			
Provision for doubtful debts			
Balance at the beginning of the year		107,388,408	168,230,444
Bad debts written-off during the year		(70,882,543)	(60,842,036)
		<u>36,505,865</u>	<u>107,388,408</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
15	LOANS AND ADVANCES		
	Considered good		
	Advances - unsecured		
	- to suppliers	87,863,744	56,720,578
	- to contractors	1,000,000	255,721
	- to excise and taxation	90,696,987	70,056,823
	- to others	10,178,501	5,353,080
		189,739,232	132,386,202
	Current portion of long term loans		
	- due from executives	20,250,048	22,503,744
	- due from other employees	14,307,648	13,932,397
		34,557,696	36,436,141
	Short term loans to employees	4,892,894	3,457,255
		229,189,822	172,279,598
15.1	This represents 50% payment made to Excise and Taxation Department of Government of Sindh against levy of Infrastructure Fee (refer to note 25.5).		
16	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits	1,649,000	1,263,445
	Prepayments	51,808,008	51,941,853
		53,457,008	53,205,298
16.1	It includes an amount of Rs. Nil (2015: Rs. 1.633 million) paid against rent to Yousuf Agencies (Private) Limited - related party.		
17	OTHER RECEIVABLES		
	Claims receivable from insurance companies	50,000	918,213
	Export rebate receivable	76,517,453	61,773,695
	Dividend receivable	44,884,519	53,283,760
	Interest on HBL TFC's	374,950	-
	Unrealized gain on measurement of forward foreign currency contracts	8,397,204	-
	Claims recoverable from NTDC for pass through items:	-	-
	- Workers' profit participation fund	33,930,704	-
	- Sindh infrastructure development cess	32,438,156	-
	Receivable against credit card sales	11,859,558	-
	Others	2,796,851	-
		211,249,395	115,975,668
17.1	Under section 9.2(a) of the EPA with NTDC, payments to Workers' Profit Participation Fund by Sapphire Wind Power Company Limited (SWPCL) are recoverable from NTDC as a pass through item.		
17.2	This amount represents Sindh Infrastructure Development Cess levied on the import of SWPCL's plant and machinery. As per approved upfront tariff by National Electric Power Regulatory Authority, it is allowed to be recovered from NTDC as a pass through item in twelve equal monthly instalments following the COD.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

18 OTHER FINANCIAL ASSETS - AVAILABLE FOR SALE

2016	2015	Name of Company	Cost	2016	2015
				Fair value	
Number of shares				Rupees	
74,800	74,800	Aisha Steel Limited	748,748	578,204	629,816
4,395,346	3,903,346	Bank Al-Habib Limited	121,287,704	189,527,320	171,552,057
100,000	100,000	D.G.Khan Cement Company Limited	12,407,321	19,049,000	14,277,000
1,704,500	-	Dawood Hercules	201,835,996	253,748,915	-
2,292,700	320,000	Engro Corporation (Pakistan) Limited	699,463,554	763,400,319	94,976,000
-	100,000	Engro Fertilizer Limited	-	-	8,869,000
-	3,773,500	Fatima Fertilizer Company Limited	-	-	147,430,645
-	274,617	Fauji Fertilizer Company Limited	-	-	41,033,272
972,295	972,295	Gulshan Spinning Mills Limited	17,441,370	1,050,079	2,090,434
13,863,944	13,764,444	Hub Power Company Limited	806,213,091	1,664,505,117	1,287,939,025
50,000	50,000	Lucky Cement Limited	25,085,305	32,425,500	25,981,000
20,000	20,000	Pak Suzuki Motor Company Limited	8,356,835	7,643,000	8,718,200
50,000	665,408	Pakistan State Oil Limited	11,286,480	18,773,000	256,707,752
-	500,000	United Bank Limited	-	-	85,460,000
2,500,000	-	Hum Television Network Ltd	25,382,911	25,700,000	-
800,000	-	TPL Properties Limited	10,000,000	10,000,000	-
			1,939,509,315	2,986,400,454	2,145,664,201

19	TAX REFUNDS DUE FROM GOVERNMENT	Note	2016	2015
			Rupees	
	Income tax		997,635,784	715,449,308
	Sales tax receivable		832,849,741	414,506,654
			1,830,485,525	1,129,955,962

20 CASH AND BANK BALANCES

With banks on:

- current accounts		737,582,092	529,004,216
- current accounts - USD	20.1	3,925,188	4,361,655
- current accounts - Euro	20.2	448,853	8,245,253
- deposit and saving accounts	20.3 & 20.4	1,458,465,381	1,750,062,958
		2,200,421,514	2,291,674,082
Cash in hand		12,356,152	6,360,688
		2,212,777,666	2,298,034,770

20.1 Cash at bank on USD account of US \$ 37,562 (2015: US\$ 42,972).

20.2 Cash at bank on EURO account of EURO 3,867 (2015: EURO 72,600).

20.3 This includes the following balances as at June 30, 2016 held in various accounts, mentioned below, established and maintained by the SWPCL in pursuant to the Finance Agreement dated March 31, 2014 entered into by the company with OPIC and the Accounts Agreement dated May 7, 2014 entered into by the company with OPIC and various branches of Citibank, N.A.:

- Nil (2015: USD 17.181 million equivalent to Rs 1,743.919 million) in Escrow account for payment against the offshore agreement with the Engineering, Procurement & Construction contractor;

- USD 6.171 million equivalent to Rs 644.854 million (2015: Nil) in Debt Service Reserve account for repayment of long term finance and payment of interest accrued and other related costs thereon to OPIC; and

- USD 0.623 million equivalent to Rs 65.065 million (2015: Nil) in Maintenance Reserve account for payments against O & M Agreements as fully explained in note 29.13 to these financial statements.

20.4 Balances with banks carry markup ranges from 0.01% to 5% (2015: 0.001% to 6%) per annum.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016		2015	
Number of shares		Rupees	
6,206,740	6,206,740	62,067,400	62,067,400
		Ordinary shares of Rs. 10 each allotted for consideration paid in cash	
13,876,400	13,876,400	138,764,000	138,764,000
		Ordinary shares of Rs. 10 each issued as Bonus Shares	
20,083,140	20,083,140	200,831,400	200,831,400

21.1 The Holding Company has only one class of shares which carry no right to fixed income.

21.2 6,215,349 (2015: 6,215,349) shares of the Holding Company are held by associated companies as at the balance sheet date.

22 LONG TERM FINANCING

		2016		2015	
		Rupees		Rupees	
Loans from banking companies	22.1	8,357,560,403		5,502,387,005	
Loans from Overseas Private Investment Corporation	22.2	9,177,671,801		6,982,392,444	
		17,535,232,204		12,484,779,449	
Less: Current portion shown under current liabilities					
Loans from banking companies	22.1	(1,628,822,242)		(489,359,511)	
Loans from Overseas Private Investment Corporation	22.2	(891,423,653)		(161,204,060)	
		(2,520,245,895)		(650,563,571)	
		15,014,986,309		11,834,215,878	

22.1 Loans from banking companies - secured

Allied Bank Limited	22.1.1	25,000,000		50,000,000	
Allied Bank Limited	22.1.2	25,000,000		50,000,000	
Allied Bank Limited	22.1.3	25,000,000		50,000,000	
Allied Bank Limited	22.1.4	25,000,000		50,000,000	
Allied Bank Limited	22.1.5	56,944,421		89,484,089	
Allied Bank Limited	22.1.6	25,000,000		50,000,000	
Allied Bank Limited	22.1.7	46,453,000		65,034,200	
Allied Bank Limited	22.1.8	17,270,325		19,189,249	
Allied Bank Limited	22.1.9	72,186,917		80,207,685	
Allied Bank Limited	22.1.10	90,456,071		100,506,746	
Allied Bank Limited	22.1.11	177,357,600		197,064,000	
Allied Bank Limited	22.1.12	192,182,659		202,297,536	
Allied Bank Limited	22.1.13	62,500,000		87,500,000	
Allied Bank Limited	22.1.14	68,750,000		93,750,000	
Allied Bank Limited	22.1.15	1,000,000,000		1,000,000,000	
Allied Bank Limited	22.1.16	115,000,000		115,000,000	
Allied Bank Limited	22.1.17	2,963,000		-	
Allied Bank Limited	22.1.18	73,325,250		-	
Allied Bank Limited	22.1.19	15,208,200		-	
Allied Bank Limited	22.1.20	12,356,960		-	
Allied Bank Limited	22.1.21	1,000,000,000		-	
Bank Alfalah Limited - Related Party	22.1.22	127,500,000		170,000,000	
Bank Alfalah Limited - Related Party	22.1.23	56,248,000		75,000,000	
Bank Al Habib Limited	22.1.24	1,000,000,000		1,000,000,000	
Bank Al Habib Limited	22.1.25	58,043,000		58,043,000	
Bank Al Habib Limited	22.1.26	24,749,000		-	
Bank Al Habib Limited	22.1.27	9,400,000		-	
Bank Al Habib Limited	22.1.28	65,565,000		-	
Bank Al Habib Limited	22.1.29	7,440,000		-	
Bank Al Habib Limited	22.1.30	1,000,000,000		-	
		5,476,899,403,		3,603,076,505	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015
Faysal Bank Limited	22.1.31	34,500,000	36,000,000
Faysal Bank Limited	22.1.32	46,958,000	49,000,000
Faysal Bank Limited	22.1.33	1,800,000	-
Faysal Bank Limited	22.1.34	15,800,000	-
Faysal Bank Limited	22.1.35	9,500,000	-
Faysal Bank Limited	22.1.36	39,200,000	-
Faysal Bank Limited	22.1.37	9,900,000	-
Faysal Bank Limited	22.1.38	16,500,000	-
Habib Bank Limited	22.1.39	1,000,000,000	1,000,000,000
Habib Bank Limited	22.1.40	-	2,369,000
Habib Bank Limited	22.1.41	-	9,375,000
Habib Bank Limited	22.1.42	-	65,625,000
Habib Bank Limited	22.1.43	392,600,000	-
Habib Bank Limited	22.1.44	22,000,000	-
Habib Bank Limited	22.1.45	105,600,000	-
Habib Bank Limited	22.1.46	492,303,000	492,303,000
Habib Bank Limited	22.1.47	100,000,000	-
Habib Bank Limited	22.1.48	100,000,000	-
Meezan Bank Limited	22.1.49	87,000,000	130,500,000
Samba Bank Limited	22.1.50	-	1,875,000
Standard Chartered Bank Pakistan Limited	22.1.51	75,000,000	105,000,000
United Bank Limited	22.1.52	-	7,263,500
United Bank Limited	22.1.53	193,000,000	-
United Bank Limited	22.1.54	139,000,000	-
		8,357,560,403	5,502,387,005
Less: Current portion shown under current liabilities		(1,628,822,242)	(489,359,511)
		6,728,738,161	5,013,027,494

	Lenders	Security	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
22.1.1	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	4 Quarterly	Jun 2017
22.1.2	ABL- LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	4 Quarterly	Mar 2017
22.1.3	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	4 Quarterly	May 2017
22.1.4	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.122 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	4 Quarterly	Apr 2017
22.1.5	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.158 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.40%	7 Quarterly	Mar 2018
22.1.6	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	4 Quarterly	May 2017

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Lenders	Security	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
22.1.7	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.40%	10 Quarterly	Oct 2018
22.1.8	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.24 million on the specific plant & machinery of the Holding company.	3 Months KIBOR plus 0.40%	18 Quarterly	Nov 2020
22.1.9	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.96 million on the specific plant & machinery of the Holding company.	3 Months KIBOR plus 0.40%	18 Quarterly	Nov 2020
22.1.10	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.119 million on the specific plant & machinery of the Holding company.	3 Months KIBOR plus 0.40%	18 Quarterly	Dec 2020
22.1.11	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.233 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.40%	18 Quarterly	Dec 2020
22.1.12	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.239 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.40%	18 Quarterly	Jan 2021
22.1.13	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	10 Quarterly	Oct 2018
22.1.14	ABL - LTL	The loan is secured against exclusive hypothecation charge of Rs.118 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	11 Quarterly	Jan 2019
22.1.15	ABL - LTL	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Apr 2025
22.1.16	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 136 million on the specific plant & machinery of the Holding Company.	6.50%	20 Quarterly	Jul 2021
22.1.17	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 3.486 million on the specific plant & machinery of the Holding Company.	2.50%	32 Quarterly	Jun 2026
22.1.18	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs. 86.265 million on the specific plant & machinery of the Holding Company.	2.50%	32 Quarterly	Jun 2026
22.1.19	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs.17.892 million on the specific plant & machinery of the Holding Company.	2.50%	32 Quarterly	Mar 2026
22.1.20	ABL - LTFE	The loan is secured against exclusive hypothecation charge of Rs.15 million on the specific plant & machinery of the Holding company.	2.50%	32 Quarterly	Mar 2026
22.1.21	ABL - LTF	The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50 %	32 Quarterly	Sep 2025
22.1.22	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	12 Quarterly	Apr 2019
22.1.23	BAFL - LTL	The loan is secured against exclusive hypothecation charge of Rs.90 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.50%	12 Quarterly	Apr 2019

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

Lenders	Security	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
22.1.24	BAHL - TFL The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.50%	32 Quarterly	Feb 2025
22.1.25	BAHL - LTF The loan is secured against exclusive hypothecation charge of Rs.71 million on the specific plant & machinery of the Holding Company.	5.00%	32 Quarterly	Jun 2025
22.1.26	BAHL - LTF The loan is secured against exclusive hypothecation charge of Rs.29.116 million on the specific plant & machinery of the Holding Company.	3.50%	32 Quarterly	Jun 2025
22.1.27	BAHL - LTF The loan is secured against exclusive hypothecation charge of Rs.11.059 million on the specific plant & machinery of the Holding Company.	3.50%	32 Quarterly	Oct 2025
22.1.28	BAHL - LTF The loan is secured against exclusive hypothecation charge of Rs.77.135 million on the specific plant & machinery of the Holding Company.	2.50%	32 Quarterly	Nov 2025
22.1.29	BAHL - LTF The loan is secured against exclusive hypothecation charge of Rs.8.753 million on the specific plant & machinery of the Holding Company.	2.50%	32 Quarterly	Apr 2026
22.1.30	BAHL - LTF The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.25 %	32 Quarterly	Jun 2026
22.1.31	FBL - LTF The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Holding Company.	6.50%	23 Quarterly	Jan 2022
22.1.32	FBL - LTF The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.110 million of Unit No. 6 of the Holding Company.	5.00%	23 Quarterly	Feb 2022
22.1.33	FBL - LTF The loan is secured against exclusive hypothecation charge of amounting Rs.1.8 million over specific plant and machinery of Unit No. 5 of the Holding Company.	2.50%	24 Quarterly	May 2023
22.1.34	FBL - LTF The loan is secured against exclusive hypothecation charge of amounting Rs.15.8 million over specific plant and machinery of Unit No. 5 of the Holding Company.	2.50%	24 Quarterly	May 2023
22.1.35	FBL - LTF The loan is secured against exclusive hypothecation charge over specific plant and machinery amounting to Rs.9.5 million of Unit No. 5 of the Holding Company.	2.50%	24 Quarterly	May 2023
22.1.36	FBL - LTF The Loan is secured against exclusive hypothecation charge of Rs. 39.200 Million on the specific plant and Machinery of the Holding Company.	3.50%	24 Quarterly	Aug 2022
22.1.37	FBL - LTF The Loan is secured against exclusive hypothecation charge of Rs. 9.900 Million on the specific plant and Machinery of the Holding company.	2.50%	24 Quarterly	Nov 2022
22.1.38	FBL - LTF The loan is secured against exclusive hypothecation charge of amounting Rs.16.5 million over specific plant and machinery of the Holding Company.	2.50%	24 Quarterly	May 2023
22.1.39	HBL - TFL The loan is secured against the investment in shares of blue-chip companies with 30% margin.	3 Months KIBOR plus 0.25 %	4 Quarterly	Apr 2017
22.1.40	HBL - LTF-EOP The loan is secured against first specific hypothecation charge on plant and machinery of Rs. 53.2 million of Unit No. 5 of the Holding Company.	7%	Paid during the year	Dec 2015

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Lenders	Security	Mark-up rate p.a (%)	No. of instalments outstanding	Date of final repayment
22.1.41	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Holding Company.	3 Months KIBOR plus 1.50%	Paid during the year	Jan 2016
22.1.42	HBL-Non-LTFF	The term loan is secured against hypothecation of plant and machinery at Unit No. 5 of the Company. Initially loan was payable in 16 Quarterly instalments. The Company has paid the loan before maturity.	3 Months KIBOR plus 150 bps	Paid during the year	Oct 2015
22.1.43	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.523.467 million over specific plant and machinery of Unit No. 4 of the Holding Company.	2.5%	24 Quarterly	June 2023
22.1.44	HBL - LTFF	The loan is secured against exclusive hypothecation charge of Rs.29.333 million over specific plant and machinery of Unit No. 5 of the Holding Company.	2.50%	24 Quarterly	Jun 2023
22.1.45	HBL - LTFF	The loan is secured against exclusive hypothecation charge of amounting Rs.140.800 million over specific plant and machinery of the Holding Company.	2.5%	24 Quarterly	May 2023
22.1.46	HBL - Diminishing Musharakah	The loan is secured against exclusive hypothecation charge of Rs. 687 million on the specific plant & machinery of the Holding company.	3 Months KIBOR plus 25 bps	18 Quarterly	Feb 2021
22.1.47	HBL - Musharakah	The loan is secured against exclusive hypothecation charge of Rs.133.33 million over specific plant and machinery of Unit No. 4 of the Holding Company.	3 Months KIBOR plus 25 bps	16 Quarterly	Oct 2020
22.1.48	HBL - Musharakah	The loan is secured against exclusive hypothecation charge of amounting Rs.133.33 million over present and future plant and machinery of the Holding Company.	3 Months KIBOR plus 0.25 %	16 Quarterly	Oct 2020
22.1.49	MBL - Diminishing Musharakah	The loan is secured against exclusive charge over specific plant and machinery of amounting Rs.174 million of Unit No. 6 of the Holding Company.	3 Months KIBOR plus 0.50 %	8 Quarterly	May 2018
22.1.50	SAMBA - Non-LTF	The term loan is secured against exclusive hypothecation charge over plant and machinery at Unit No. 4 of the Holding Company.	3 Months KIBOR plus 1.50 %	Paid during the period	Jul 2015
22.1.51	SCB - LTL	The loan is secured against exclusive hypothecation charge of Rs.200 million on the specific plant & machinery of the Holding Company.	3 Months KIBOR plus 0.25%	10 Quarterly	Dec 2017
22.1.52	UBL - LTL	The loan is secured against first exclusive hypothecation charge of Rs. 200 million over plant and machinery of Unit No.5 of the Holding Company.	3 Months KIBOR plus 1.5%	Paid during the period	Jun 2016
22.1.53	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 193 million over plant and machinery of Unit No.6 of the Holding Company.	2.50%	32 Quarterly	March 2026
22.1.54	UBL - LTFF	The loan is secured against first exclusive hypothecation charge of Rs. 139 million over plant and machinery of Unit No.6 of the Holding Company.	2.50%	32 Quarterly	April 2026

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	2016	2015
	----- Rupees -----	
22.2 Loans from Overseas Private Investment Corporation		
Receipt	9,347,400,000	7,159,110,000
Transaction cost	(224,846,476)	(224,846,476)
Amortisation of transaction cost	37,252,998	17,048,920
Exchange loss	232,239,714	31,080,000
	<u>9,392,046,236</u>	<u>6,982,392,444</u>
Repaid during the year	(214,374,435)	-
	<u>9,177,671,801</u>	<u>6,982,392,444</u>
Less: Current portion shown under current liabilities	(891,423,653)	(161,204,060)
	<u>8,286,248,148</u>	<u>6,821,188,384</u>

22.2.1 This represents long term finance facility of USD 95 million obtained from OPIC for the construction of the wind power project at Jhimpir in accordance with the Finance Agreement dated March 31, 2014. Of the facility of USD 95 million (equivalent to Rs 9.947 billion), USD 91.5 million (equivalent to Rs 9.347 billion) [2015: USD 70.7 million (equivalent to Rs 7.159 billion)] has been availed by the SWPCL as of June 30, 2016. The security for the loan includes all the current and future assets of the company. It carries markup, payable quarterly, at the rate of three months London Inter-Bank Offered Rate ('LIBOR') plus 3.7% OPIC guarantee fee per annum. The effective rate charged during the year on the outstanding balance is 4.21% per annum. As of June 30, 2016, the principal amount is repayable in nineteen unequal semi annual instalments ending on October 10, 2025 in accordance with the amortization schedule provided by OPIC.

	Note	2016	2015
		----- Rupees -----	
23 DEFERRED LIABILITIES			
Deferred taxation	23.1	247,165,053	205,099,181
Staff retirement benefits - gratuity	23.2	250,766,027	272,019,736
		<u>497,931,080</u>	<u>477,118,917</u>
23.1 Deferred taxation			
Deferred tax credits / (debits) arising in respect of:			
Taxable temporary differences (deferred tax liabilities)			
Accelerated tax depreciation allowances		258,625,869	223,337,205
Investment in associates		6,412,561	4,991,503
		<u>265,038,430</u>	<u>228,328,708</u>
Deductible temporary differences (deferred tax assets)			
Staff retirement benefits - gratuity		(15,768,168)	(15,676,497)
Provision for repair and maintenance (Generator overhauling)		-	(6,202,427)
Provision for stores, spares and loose tools		(2,105,209)	(1,350,603)
		<u>(17,873,377)</u>	<u>(23,229,527)</u>
		<u>247,165,053</u>	<u>205,099,181</u>

23.1.1 In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees -----	
23.2 Staff retirement benefits			
Movement in the net liability recognized in the Balance sheet			
Opening net liability		272,019,736	229,504,703
Expense for the year in profit and loss account	23.2.1	111,541,252	96,793,797
Remeasurement recognized in other comprehensive income		(9,965,376)	16,363,523
		<u>373,595,612</u>	<u>342,662,023</u>
Benefits paid during the year		(122,730,385)	(70,265,970)
Benefits due but not paid		(99,200)	(376,317)
Closing net liability		<u>250,766,027</u>	<u>272,019,736</u>
23.2.1 Expense recognized in the profit and loss account			
Current service cost		91,007,270	71,064,475
Interest cost		20,533,982	25,729,322
		<u>111,541,252</u>	<u>96,793,797</u>
Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		272,019,736	229,504,703
Current service cost		91,007,270	71,064,475
Interest cost		20,533,982	25,729,322
Actuarial (gain) / loss		(9,965,376)	16,363,523
Benefits paid		(122,730,385)	(70,265,970)
Benefits due but not paid		(99,200)	(376,317)
		<u>250,766,027</u>	<u>272,019,736</u>

Historical information	2016	2015	2014	2013	2012
	----- RUPEES -----				
Present value of defined benefit obligation	<u>250,766,027</u>	<u>272,019,736</u>	<u>229,504,703</u>	<u>191,731,749</u>	<u>146,055,958</u>
Experience adjustments on plan liabilities	<u>9,965,376</u>	<u>(16,363,523)</u>	<u>(9,833,283)</u>	<u>(18,461,246)</u>	<u>14,383,827</u>

Expected gratuity expenses charged to profit and loss for the year ending June 30, 2017 works out Rs.91,670,132.

The weighted average duration of defined benefit obligation is 6 years.

General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period.

Annual charge is made using the actuarial technique of Projected Unit Credit Method.

Principal actuarial assumption

	2016	2015
Following are a few important actuarial assumption used in the valuation:		
	%	%
Discount rate	7.25	9.75
Expected rate of increase in salary	6.25	8.75
Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

		Increase in assumptions	Decrease in assumptions
		----- Rupees in 000 -----	
Discount rate		<u>237,610</u>	<u>265,815</u>
Increase in future salaries		<u>266,709</u>	<u>236,535</u>
24 LONG TERM PAYABLE	Note	----- Rupees -----	
Gross payable		442,198,200	442,198,200
Deferred notional income	24.2	(1,306,761)	(13,504,488)
Exchange loss on revaluation of foreign currency		<u>16,199,341</u>	<u>2,937,767</u>
		<u>457,090,780</u>	431,631,479
Less: Current portion of long term payable		<u>(457,090,780)</u>	-
		<u>-</u>	<u>431,631,479</u>

24.1 Long term payable represent amortized value of balance consideration payable amounting to US \$ 4,378,200 payable to Ex-shareholders of Tricon Boston Consulting Corporation (Private) Limited. The Holding Company has also issued a corporate guarantee of amounting US\$ 4,378,200.

24.2 This represent the difference between amortized cost and face value of interest free long term payable to Ex-Shareholders of Tricon Boston Consulting Corporation (Private) Limited. Amortized cost has been determined using effective interest rate of 2.86% per annum being the weighted average rate applicable to the Holding company for borrowings in US\$. Movement of the deferred notional income is as follows:

		2016	2015
		----- Rupees -----	
Deferred notional income	Note		
Opening balance		13,504,488	-
Unwinding income		-	18,320,390
Unwinding cost of long term liability		<u>(12,197,727)</u>	<u>(4,815,902)</u>
		<u>1,306,761</u>	<u>13,504,488</u>

25 TRADE AND OTHER PAYABLES

Creditors	25.1	1,509,534,982	451,368,595
Accrued liabilities	25.2	1,317,969,845	1,298,612,953
Advances from customers	25.3	485,610,772	433,941,129
Workers' profit participation fund	25.4	96,791,953	59,705,075
Workers' welfare fund		187,446,411	152,003,146
Sindh development and maintenance infrastructure fee	25.5	209,340,231	167,661,261
Unclaimed dividend		1,033,969	886,820
Lender fees and charges payable		9,405,589	7,659,198
Tax deducted at source		326,615	272,246
Unrealized loss on measurement of forward foreign currency contracts		-	2,647,824
Others		<u>11,721,037</u>	<u>2,849,972</u>
		<u>3,829,181,404</u>	<u>2,577,608,219</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
25.1	These balances include the following amounts due to related parties:		
	Amer Cotton Mills (Private) Limited	602,732	1,760,385
	Diamond Fabrics Limited	86,016	931,164
	Reliance Cotton Spinning Mills Limited	2,620,936	604,012
	Sapphire Fibres Limited	15,181,235	19,621,054
	Sapphire Finishing Mills Limited	9,360	161,544
	Bank Alfalah Limited	2,092,000	-
		20,592,279	23,078,159
25.2	These balances include the following amounts due to related parties:		
	Sapphire Power Generation Limited	23,240,835	1,880,596
25.3	These balances include the following amounts received from related parties:		
	Creadore A/S Denmark	106,921,269	121,333,941
25.4	Workers' profit participation fund		
	Balance at the beginning of the year	59,705,075	62,615,970
	Allocation for the year	96,791,953	59,705,075
	Interest on funds utilized in the Group's business	36 1,340,502	2,454,852
		98,132,455	62,159,927
		157,837,530	124,775,897
	Less: Payments during the year	(61,045,577)	(65,070,822)
	Balance at the end of the year	96,791,953	59,705,075
25.5	This provision has been recognised against disputed infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The Company has contested this issue in the Sindh High Court (the High Court). The Group filed an appeal in the Supreme Court against the judgement of the High Court dated September 15, 2008 partly accepting the appeal by declaring the levy and collection of infrastructure fee prior to December 28, 2006 as illegal and ultra vires and after that it was legal. Additionally, the Government of Sindh also filed appeal against the part of judgement decided against them.		
	The above appeals were disposed off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the High Court before approaching the Supreme Court with the right to appeal. Accordingly, the petition was filed in the High Court in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared up to December 27, 2006 were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment was made against the balance amount. Similar arrangement continued for the consignments released during the current year.		
	As at June 30, 2016, the Group has provided bank guarantees aggregating Rs.139.823 million (2015: Rs.119.823 million) in favour of Excise and Taxation Department. The management believes that the chance of success in the petition is in the Group's favour.		
26	ACCRUED INTEREST / MARK-UP		
	Accrued interest / mark-up on secured:		
	- long term financing	172,658,495	159,902,821
	- short term borrowings	49,492,419	55,035,723
		222,150,914	214,938,544
26.1	Accrued mark-up includes amounting Rs.12,077,648 (2015: Rs. 5,925,548) due to Bank Alfalah Limited - related party.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
27	SHORT TERM BORROWINGS		
	Short term loans	3,572,954,653	3,492,721,764
	Running finance under mark-up arrangements	1,469,781,924	1,224,379,298
		5,042,736,577	4,717,101,062
	Book overdrafts	27.2 400,611	1,113,456
		5,043,137,188	4,718,214,518
	Short term loan from Directors and others	-	2,300,000
	Short term loans from related parties	27.3 112,350,000	-
		5,155,487,188	4,720,514,518
27.1	Aggregate facilities amounting to Rs.13,890 million (2015: Rs.15,745 million) were available to the Company from banking companies. These are secured against hypothecation charge on stock in trade, book debts and export bills under collection. These carry mark up ranging from 1.10% to 1.60% (2015: 2.33% to 3%) on foreign currency loans and 2.75% to 7% (2015: 5.25% to 8.45%) on local currency loans per annum payable monthly / quarterly. These facilities are renewable on various expiry dates. Short term borrowing includes amounting Rs.809.030 million (2015: Rs.103.718 million) due to Bank Alfalah Limited (related party).		
27.2	This represents cheques issued by the Company in excess of balance at banks which remained unrepresented till June 30, 2016.		
27.3	This represents the amount of share deposit money received by SWPCL during the year against which shares have not been issued. Such money was received from the existing member (Bank Alfalah Limited) of the company against the offer for issue of right shares under section 86 of the Ordinance. The funds were required to meet the company's capital expenditure requirements for commissioning of the wind power plant as the lender, OPIC, had deferred the disbursement of last tranche of USD 3.5 million of the loan referred to in note 22.2 to these financial statements, on the completion of the Novation Agreement between the company and Central Power Purchasing Agency (Guarantee) Limited in respect of the EPA. The company's management expects that the aforesaid Novation Agreement will be finalized shortly whereby the remaining tranche of loan will be disbursed by OPIC. Resultantly, the company has not issued shares as it would refund the share deposit money from the proceeds from such loan disbursement. Since the shares were not issued within ninety days of the receipt of money, such share deposit money has been treated as a loan in accordance with Regulation 6(4) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. Markup is payable at the rate of borrowing cost of the related parties from the date of receipt of money in accordance with the requirements of section 208 of the Ordinance. The effective markup rate charged during the year on the outstanding balance is 6.47% per annum.		
28	PROVISION FOR TAXATION		
	Balance at the beginning of the year	130,367,360	211,144,456
	Provision made for current year - net	271,858,826	130,104,232
		402,226,186	341,248,688
	Less: Adjusted advance tax during the year against completed assessments	(118,417,597)	(210,881,328)
		283,808,589	130,367,360
29	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
29.1	Guarantees issued by banks on behalf of the Company	366,736,988	267,051,368
29.2	Post dated Cheques have been issued to Collector of Customs as an indemnity to adequately discharge the liabilities for taxes and duties leviable on imports. As at June 30, 2016 the value of these cheques amounted to Rs.281.325 million (2015: Rs.110.835 million).		
29.3	The financial institution has issued a guarantee amounting Rs.45 million in favour of Excise and taxation department of Government of Sindh on behalf of Sapphire Wind Power Company Limited (subsidiary company) against charge of Rs.60 million on fixed assets of the Company.		
29.4	The financial institution has issued guarantees amounting US \$ 75,000 in favour of Alternative Energy Development on request of company on behalf of Tricon Boston Consulting Corporation (Private) Limited (subsidiary company) against charge of equivalent amount with 25% margin on fixed assets of the Holding Company.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

- 29.5** The Holding Company had filed a petition against Mohammad Farooq Textile Mills Limited for recovery of Rs. 9.135 million under section 305 of Companies Ordinance, 1984 in the Honourable Sindh High Court, Sindh, praying that the honourable court may be pleased to pass the orders regarding winding up the liquidation of the company, to appoint provisional manager or official liquidator, to restrain the officers of the company from disposing of the assets of the company till final adjudication, to grant any other relief deemed to be appropriate and to grant cost.
- 29.6** The Holding Company has filed a case against Indus Steel Pipe Factory (Pvt) Limited for title and occupation of land at Kotri before the Honourable Hyderabad High Court, Sindh. Prayer of the Company to the Honourable Court is to set aside judgement & decree of District & Session Judge, Kotri and allow appeal in Honourable Hyderabad High Court or in the alternative, remand the case for decision on merits.
- 29.7** The Holding Company had filed a suit No.204 of 2011 against Enshaa NLC Development (Pvt) Limited before the Honourable Sindh High Court, Sindh seeking declarations, possession, permanent injunction and/or recession and damage in respect of the reservation contract followed by an agreement executed between parties whereby the defendants are liable to construct the project. The matter is pending for hearing and opinion of the legal advisor of the company is favourable and there is no likelihood of unfavourable outcome or any potential loss.
- 29.8** Irrevocable letter of credit of USD 2.9 million equivalent to Rs 303.630 million (2015: Nil) in favour of Citibank, N.A. as per the terms of the Finance Agreement dated March 31, 2014.
- 29.9** Also refer to content of note 9.5.

Commitments	2016	2015
	----- Rupees -----	----- Rupees -----
29.10 Confirmed letter of credit in respect of:		
- plant and machinery	934,549,091	89,386,896
- raw material	115,600,422	140,306,178
- stores and spares	48,084,907	36,685,999
	<u>1,098,234,420</u>	<u>266,379,073</u>
29.11 Commitments in respect of capital expenditure contracted for but not incurred amounts to Nil (2015: USD 48.533 million equivalent to Rs 4,935.806 million).		
29.12 Sapphire Retail Limited has entered into finance leasing agreements with Bank AL Habib Limited on June 09, 2016, for seven vehicles. The commencement of lease will begin after the reporting date, which will result in recognition of leased assets and lease liabilities at present value of minimum lease payments aggregating Rs 9.12 million. The respective security deposits have been paid as at the reporting date.		
29.13 Sapphire Wind Power Company Limited has an agreement with Hydro China International Engineering Company Limited ('Hydro China') for the Operations and Maintenance ('O & M') of the wind power plant for a period of two years from the Taking-Over Date ('TOD') as per terms of the O & M Agreement. Furthermore, the company has also signed an O & M Agreement for a term of eight years starting from the end of the above mentioned Hydro China's O & M Agreement, with a consortium between GE Wind Energy GMBH and General Electric International Inc (hereinafter referred to as the 'Consortium'). Under the terms of both above mentioned O & M Agreements, the company is required to pay a monthly fixed O & M fee which shall be adjusted annually to account for the effect of inflation on the basis of indexation mechanism mentioned in the O & M Agreements.		
29.14 The amount of future payments under operating leases and the period in which these payments will become due are as follows:		
	2016	2015
	----- Rupees -----	----- Rupees -----
Later than one year but not later than five years	10,976,000	8,232,000
Later than five years	69,990,795	72,903,945
	<u>80,966,795</u>	<u>81,135,945</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

30 SALES AND SERVICES - NET

Note	Export Sales		Local Sales		Total		
	2016	2015	2016	2015	2016	2015	
	Rupees						
Yarn	30.1	8,429,149,498	10,313,844,025	3,364,351,976	2,630,095,167	11,793,501,474	12,943,939,192
Fabric	30.2	5,354,118,714	5,624,293,526	3,638,162,807	1,335,021,942	8,992,281,521	6,959,315,468
Home textile products		3,207,767,231	3,003,523,987	8,767,831	35,789,815	3,216,535,062	3,039,313,802
Raw material		-	90,404,916	18,638,540	12,824,791	18,638,540	103,229,707
Waste	30.3	48,502,013	64,172,661	136,146,618	164,435,945	184,648,631	228,608,606
Processing income		-	-	576,554,207	183,112,477	576,554,207	183,112,477
Power Generation		-	-	1,851,024,987	-	1,851,024,987	-
		17,039,537,456	19,096,239,115	9,593,646,966	4,361,280,137	26,633,184,422	23,457,519,252
Export rebate						45,444,089	36,546,116
Duty drawback	30.5					246,282	17,687,702
Less: Sales tax						(630,309,571)	(188,902,015)
						<u>26,048,565,222</u>	<u>23,322,851,055</u>
30.1	Export sales - Yarn						
	Direct export					5,968,204,606	8,101,474,038
	In-direct export					2,460,944,892	2,212,369,987
						<u>8,429,149,498</u>	<u>10,313,844,025</u>
30.2	Export sales - Fabric						
	Direct export					4,677,082,778	4,800,772,780
	In-direct export					677,035,936	823,520,746
						<u>5,354,118,714</u>	<u>5,624,293,526</u>

30.3 Waste sales includes comber noil sales Rs.48,502,013 (2015:Rs.63,456,238).

30.4 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.14.721 million (2015: Rs.117.857 million) has been included in export sales.

30.5 The duty drawback has been given by Ministry of Textile Industries from government of Pakistan vide S.R.O 3(1)TID/09-P-I Dated 1st September 2009 in order to encourage the exporters.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015
31 COST OF SALES AND SERVICES			
Raw material consumed	31.1	13,257,450,150	13,493,133,649
Cost of raw material sold	31.2	24,270,398	97,167,098
Packing material consumed		377,685,498	352,928,232
Stores and spares consumed		1,065,639,321	815,519,294
Salaries, wages and benefits	31.3 & 31.4	2,444,504,856	1,856,048,112
Fuel, power and water		1,918,137,191	2,257,406,709
Other manufacturing expenses	31.5	1,485,164,044	832,711,331
Repair and maintenance		152,931,294	123,893,768
Vehicle running expenses		28,681,852	28,696,523
Travelling and conveyance		35,804,654	24,656,303
Insurance expenses		64,798,445	41,619,405
Rent, rates and taxes		10,180,531	6,876,307
Fees and subscription		5,502,736	5,050,498
Communication expenses		20,754,051	11,932,985
Printing and stationery		6,630,483	6,267,874
Legal and professional charges		7,855,322	7,113,077
Security		2,234,192	-
Depreciation	6.4	1,239,405,845	689,425,013
Miscellaneous expenses		6,722,478	8,532,146
		<u>22,154,353,341</u>	<u>20,658,978,324</u>
Work in process			
Opening stock		395,499,800	299,835,103
Closing stock	13	(566,547,230)	(395,499,800)
		<u>(171,047,430)</u>	<u>(95,664,697)</u>
Cost of goods manufactured		<u>21,983,305,911</u>	<u>20,563,313,627</u>
Finished goods			
Opening stock		699,698,614	790,588,259
Closing stock	13	(960,907,826)	(699,698,614)
		<u>21,722,096,699</u>	<u>20,654,203,272</u>
31.1 Raw material consumed			
Opening balance		2,912,643,914	2,618,242,324
Purchases		13,636,961,462	13,787,535,239
		<u>16,549,605,376</u>	<u>16,405,777,563</u>
Closing stock	13	(3,292,155,226)	(2,912,643,914)
		<u>13,257,450,150</u>	<u>13,493,133,649</u>
31.2	It includes Salaries, wages & benefits, Insurance and Finance cost amounting Rs.220,640 (2015: Rs.859,611), Rs.441,280 (2015: Rs.1,719,224) and Rs.1,544,479 (2015: Rs.8,596,118) respectively.		
31.3	Salaries, wages and benefits include Rs.111,541,252 (2015:Rs.96,417,397) in respect of post employment benefits - gratuity.		
31.4	Salaries, wages and benefits include Rs.13,010,049 (2015:Rs.5,406,992) in respect of provident fund contribution.		
31.5 Other manufacturing expenses			
Cotton dyeing, bleaching and bale pressing charges		162,468,977	130,037,876
Yarn dyeing and bleaching charges		52,570,378	53,900,499
Fabric dyeing, bleaching, knitting and processing charges		1,038,040,166	242,506,388
Yarn doubling charges		67,756,432	60,591,625
Stitching, spinning and other charges		9,382,911	201,305,992
Designer and embroidery charges		154,945,180	144,368,951
		<u>1,485,164,044</u>	<u>832,711,331</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
32 DISTRIBUTION COST			
On export sales			
Export development surcharge		33,739,587	41,039,707
Insurance		11,109,754	8,653,959
Commission		205,648,292	223,808,188
Ocean freight and forwarding		301,105,421	365,925,238
		551,603,054	639,427,092
On local sales			
Inland freight and handling		46,356,935	35,284,630
Commission		31,330,018	22,546,999
		77,686,953	57,831,629
Other distribution cost			
Salaries and benefits	32.1	173,677,089	110,654,850
Rent and utilities		116,852,923	27,615,188
Communication		17,990,077	12,933,844
Travelling, conveyance and entertainment		74,007,249	61,994,328
Repair and maintenance		28,482,477	5,291,102
Fees and subscription		1,395,089	1,917,926
Samples and advertising		233,502,357	54,297,443
Packing material		27,348,491	4,366,092
Exhibition expenses		9,554,601	29,701,343
Designer charges		80,434,623	-
Retail outlet expenses		24,214,359	4,023,800
Legal and professional charges		541,125	-
Depreciation		15,106,204	1,992,755
Computer, printing and stationery		11,249,523	4,113,257
Others		1,179,221	551,466
		815,535,408	319,453,394
		1,444,825,415	1,016,712,115
32.1	Salaries and benefits include Rs.5,778,456 (2015:Rs.4,056,378) in respect of provident fund contribution.		
33 ADMINISTRATIVE EXPENSES			
Directors' remuneration		35,850,000	22,800,000
Directors' meeting fee		300,000	300,000
Salaries and benefits	33.1	183,913,715	138,289,730
Rent, rates and utilities		21,990,338	12,568,554
Communication		9,265,718	6,923,955
Printing and stationery		3,625,436	2,526,115
Travelling, conveyance and entertainment		36,266,940	36,792,569
Motor vehicle expenses		10,301,372	12,469,245
Repair and maintenance		11,314,126	6,518,222
Insurance expense		2,386,768	2,015,021
Legal and professional charges		63,775,947	28,344,257
Fees and subscription		8,404,514	9,248,686
Computer expenses		7,767,848	8,892,085
Advertisement		10,673,463	818,013
Amortization of lease deposit money		4,675,325	-
Security expenses		1,149,312	1,329,610
Depreciation	6.4	28,350,386	23,887,658
Others		9,141,441	1,622,483
		449,152,649	315,346,203
33.1	Salaries and benefits include Rs.6,193,565 (2015:Rs.5,389,112) in respect of provident fund contribution.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees -----	
34 OTHER OPERATING EXPENSES			
Workers' profit participation fund		62,861,249	59,705,075
Workers' welfare fund		35,443,265	24,048,876
Auditors' remuneration	34.1	6,004,578	4,284,273
Donations	34.2	30,417,410	23,376,040
Depreciation on investment property	7.3	544,062	1,036,309
Amortization of intangible asset	8.2	2,504,903	2,215,366
Encashment of bank guarantee		-	503,000
Provision for stores, spares and loose tools	12.2	10,044,038	1,535,955
Impairment of good will		-	577,245
Impairment of equipment		-	1,214,037
Debit balances written-off - net		1,174,648	-
Exchange loss		8,549,581	-
Exchange loss on foreign currency accounts		-	4,152,455
Exchange loss on remeasurement of long term liability		13,261,574	2,937,767
		170,805,308	125,586,398
34.1 Auditors' remuneration			
Mushtaq & Co.			
Audit fee		1,541,000	1,467,450
Half yearly review fee		423,000	403,000
Code of corporate governance review fee		85,850	85,850
Other certification / services		1,202,628	823,184
Out of pocket expenses		13,750	13,750
		3,266,228	2,793,234
A.F.Ferguson & Co.			
Audit fee		1,350,000	1,000,000
Other assurance services		853,200	237,100
Taxation services		63,600	-
Out of pocket expenses		219,350	73,939
		2,486,150	1,311,039
Hameed Chaudhri & Co.			
Audit fee		32,400	30,000
M. Yousuf Adil Saleem & Co.			
Audit fee		184,800	130,000
Out of pocket expenses		35,000	20,000
		219,800	150,000
		6,004,578	4,284,273
34.2 Donations include the following in which a director is interested:			
Name of director	Interest in donee	Name and address of donee	
Mr. Mohammad Abdullah	Director	Abdullah Foundation	26,625,000
Mr. Shahid Abdullah	Director	312, Cotton Exchange Building,	20,200,000
Mr. Yousuf Abdullah	Director	I.I. Chundrigar Road, Karachi.	
Mr. Nadeem Abdullah	Director		
Mr. Amer Abdullah	Director		
Mr. Shayan Abdullah	Director		
Mr. Mohammad Abdullah	Trustee	Jamal-ud-din Fatima Charitable Trust	600,000
Mr. Shahid Abdullah	Trustee	149, Cotton Exchange Building,	
Mr. Nadeem Abdullah	Trustee	I.I. Chundrigar Road, Karachi.	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
35 OTHER INCOME			
Income from financial assets			
Dividend income		729,326,761	431,196,634
Gain on sale of investments		557,742,563	68,047,373
Interest on deposits and saving accounts		3,250,617	1,707,321
Interest income on HBL TFC's		519,197	-
Exchange gain		-	2,522,353
Exchange gain on Foreign currency accounts		68,877	-
Income from non-financial assets			
Gain on sale of property, plant and equipment - net		9,611,058	6,225,365
Gain on sale of investment property		20,056,965	-
Rental income		10,855,731	15,991,008
Freight income		4,585,344	-
Realized gain on measurement of derivative financial instruments - net		8,144	4,359,543
Credit balances written back		-	1,970,556
Scrap sales [Net of sales tax aggregating Rs.4.193 million (2015: Rs.3.924 million)]		20,495,097	22,005,023
		1,356,520,354	554,025,176
36 FINANCE COST			
Interest / mark-up on :			
- short term finances		347,988,888	273,061,148
- long term loans		684,093,890	259,755,572
- workers' profit participation fund	25.4	1,340,502	2,454,852
Bank charges, commission and others charges		96,576,043	125,277,697
Lender's fees and charges		31,081,669	-
Amortization of loan transaction cost		12,254,932	-
Unwinding cost of long term liability		12,197,727	4,815,902
Exchange (gain) / loss on foreign currency loans		(1,056,874)	6,979,115
		1,184,476,777	672,344,286
37 TAXATION			
Current			
- for the year		271,952,152	130,369,861
- prior year		(93,326)	(265,629)
Deferred		41,439,249	18,120,804
		313,298,075	148,225,036
37.1 Relationship between taxation expense and accounting profit			
Profit before taxation		2,504,410,734	1,157,814,936
Tax at the applicable rate of 32% (2015: 33%)		801,411,435	382,078,929
Tax effect of income taxed at a lower rate		(361,599,259)	(44,189,310)
Reduction in rate		-	(5,555,460)
Prior year tax effect		93,326	265,629
Tax credit effect		(126,607,427)	(184,374,752)
		313,298,075	148,225,036
37.2			
The Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of ten percent on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year. The Board of Directors in their meeting held on October 06, 2016 has distributed sufficient cash dividend for the year ended June 30, 2016 (refer note 47) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended June 30, 2016.			

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

		2016	2015
38 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year	Rupees	<u>1,987,641,880</u>	<u>1,012,468,504</u>
Weighted average number of ordinary shares	Number	<u>20,083,140</u>	<u>20,083,140</u>
Earnings per share - basic and diluted	Rupees	<u>98.97</u>	<u>50.41</u>
38.1	There is no dilutive effect on basic earnings per share.		
39 CASH GENERATED FROM OPERATIONS	Note	2016 ----- Rupees -----	2015
Profit before taxation		2,433,728,728	1,092,683,957
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		1,282,862,435	715,305,426
Depreciation on investment property		544,062	1,036,309
Gain on sale of investments		(557,742,563)	(68,047,373)
Amortization of intangible assets		2,504,903	2,215,366
Interest income		(3,769,814)	-
Gain on sale of property, plant and equipment		(9,611,058)	(6,225,365)
Gain on sale of investment property		(20,056,965)	-
Dividend income		(729,326,761)	(431,196,634)
Provision for gratuity		111,541,252	96,793,797
Credit balances written back		-	(1,970,556)
Provision for stock in trade, stores, spares and loose tools		23,108,605	(188,223,949)
Impairment of goodwill		-	577,245
Impairment of equipment		-	1,214,037
Amortization of unwinding up of liability		12,197,727	4,815,902
Exchange differences		12,204,700	9,916,882
Finance cost		1,173,335,924	660,549,269
Rental income		(10,855,731)	(15,991,008)
		<u>1,286,936,716</u>	<u>780,769,348</u>
Operating cash flow before changes in working capital		3,720,665,444	1,873,453,305
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spare and loose tools		(139,768,743)	(41,279,687)
Stock-in-trade		(722,010,640)	(239,289,094)
Trade debts		(1,006,872,197)	12,814,465
Loans and advances		(56,910,224)	19,502,097
Trade deposits and short term prepayments		(251,710)	(39,650,237)
Other receivables		(94,900,814)	(7,634,436)
		<u>(2,020,714,328)</u>	<u>(295,536,892)</u>
Increase in current liabilities			
Trade and other payables		1,253,974,660	419,161,139
		<u>2,953,925,776</u>	<u>1,997,077,552</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

40 RELATED PARTY DISCLOSURES

The related parties comprise associated companies (due to common directorship), directors and key management personnel. Amounts due to / from related parties are shown in the relevant notes to the financial statements and remuneration of key management personnel is disclosed in note 44. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties as follows:

Relationship with the Company	Nature of transactions	2016		2015	
		----- Rupees -----			
(i) Associates	Sales of yarn / fabric / processing / stores	1,479,579,791		1,139,520,317	
	Purchase of yarn / fabric / processing / stores / rent / fixed assets	239,018,446		338,346,973	
	Purchase of electricity / steam	571,638,232		399,661,028	
	Expenses charged to	35,471,562		33,813,488	
	Expenses charged by	8,806,655		8,322,056	
	Markup charged by	41,964,953		33,468,281	
	Dividend paid	56,228,270		53,161,860	
	Dividend received	19,617,390		9,476,850	
	Loans - net	641,759,703		536,545,000	
(ii) Others	Contribution to provident fund	24,982,070		14,852,482	
	Donations	26,625,000		20,800,000	

41 SEGMENT ANALYSIS

41.1 SEGMENT RESULTS

	Spinning	Weaving	Processing, printing and Home Textile	Power Generation	Elimination of inter segment transaction	Total
	----- Rupees -----					
For the year ended June 30, 2016						
Sales and services - net	14,266,081,264	7,513,807,629	6,523,983,389	1,584,896,926	(3,840,203,986)	26,048,565,222
Cost of sales and services	(13,272,770,012)	(6,444,450,223)	(5,280,516,144)	(564,564,306)	3,840,203,986	(21,722,096,699)
Gross Profit	993,311,252	1,069,357,406	1,243,467,245	1,020,332,620	-	4,326,468,523
Distribution cost	(368,407,522)	(273,229,421)	(803,188,472)	-	-	(1,444,825,415)
Administrative expenses	(193,366,417)	(75,994,608)	(114,606,381)	(65,185,243)	-	(449,152,649)
Finance cost	(712,794,341)	(52,513,242)	(124,770,126)	(294,399,068)	-	(1,184,476,777)
	(1,274,568,280)	(401,737,271)	(1,042,564,979)	(359,584,311)	-	(3,078,454,841)
Profit / (loss) before taxation and unallocated income and expenses	(281,257,028)	667,620,135	200,902,266	660,748,309	-	1,248,013,682
Depreciation	430,554,261	169,982,737	294,771,678	387,553,759	-	1,282,862,435
For the year ended June 30, 2015						
Sales and services - net	15,512,488,668	7,347,568,922	4,378,224,931	-	(3,915,431,466)	23,322,851,055
Cost of sales and services	(14,104,654,520)	(6,582,983,815)	(3,881,996,403)	-	3,915,431,466	(20,654,203,272)
Gross Profit	1,407,834,148	764,585,107	496,228,528	-	-	2,668,647,783
Distribution cost	(430,621,556)	(280,397,249)	(305,687,397)	(5,913)	-	(1,016,712,115)
Administrative expenses	(221,694,423)	(46,647,381)	(30,761,932)	(16,242,467)	-	(315,346,203)
Finance cost	(535,432,899)	(69,756,437)	(67,144,579)	(10,371)	-	(672,344,286)
	(1,187,748,878)	(396,801,067)	(403,593,908)	(16,258,751)	-	(2,004,402,604)
Profit / (loss) before taxation and unallocated income and expenses	220,085,270	367,784,040	92,634,620	(16,258,751)	-	664,245,179
Depreciation	409,931,165	168,577,831	133,589,976	3,206,454	-	715,305,426
Reconciliation of operating results with profit after tax is as follows:						
					2016	2015
					----- Rupees -----	
Total results for reportable segments					1,248,013,682	664,245,179
Other operating expenses					(170,805,308)	(125,586,398)
Other operating income					1,356,520,354	554,025,176
Share of profit of associated companies					70,682,006	65,130,979
Profit before taxation					2,504,410,734	1,157,814,936
Taxation					(313,298,075)	(148,225,036)
Profit for the year					2,191,112,659	1,009,589,900

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

41.2 SEGMENT ASSETS AND LIABILITIES

	Spinning	Weaving	Processing, Printing and Home Textile	Power Generation	Total
	----- Rupees -----				
As at June 30, 2016					
Segment assets	<u>9,006,640,603</u>	<u>3,299,479,512</u>	<u>4,744,629,762</u>	<u>14,796,935,382</u>	<u>31,847,685,259</u>
Segment Liabilities	<u>12,244,282,081</u>	<u>1,209,749,422</u>	<u>2,823,511,170</u>	<u>10,464,543,895</u>	<u>26,742,086,568</u>
As at June 30, 2015					
Segment assets	<u>8,313,505,510</u>	<u>2,657,955,995</u>	<u>4,007,503,290</u>	<u>10,033,740,438</u>	<u>25,012,705,233</u>
Segment Liabilities	<u>9,642,775,214</u>	<u>865,329,365</u>	<u>2,133,787,831</u>	<u>7,245,063,930</u>	<u>19,886,956,340</u>
Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:				2016	2015
				----- Rupees -----	
Total for reportable segments assets				<u>31,847,685,259</u>	25,012,705,233
Unallocated assets				<u>12,965,712,230</u>	11,466,146,179
Total assets as per balance sheet				<u>44,813,397,489</u>	<u>36,478,851,412</u>
Total for reportable segments liabilities				<u>26,742,086,568</u>	19,886,956,340
Unallocated liabilities				<u>1,238,795,591</u>	1,150,002,146
Total liabilities as per balance sheet				<u>27,980,882,159</u>	<u>21,036,958,486</u>

41.3 Revenue from major products

The analysis of the Group's revenue from external customers for its products is given in note 30 to these financial statements.

41.4 Information about major customers

Revenue from major customers of Weaving and Processing, Printing and Home Textile segments for the year ended June 30, 2016 is Rs. 1,864.664 million (2015: Rs.1,478.934 million) and Rs.2,376.066 million (2015: Rs.2,454.914 million), where as in Spinning segment there is no major customer whose revenue accounts for more than 10% of total Spinning segment's revenue.

41.5 Geographical information

	2016	2015
	----- Rupees -----	
Domestic sales	<u>8,963,337,395</u>	4,172,378,122
Export sales	<u>17,085,227,827</u>	19,150,472,933
	<u>26,048,565,222</u>	<u>23,322,851,055</u>

The Group mainly exports its products to Asia, Europe and North America.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	2016	2015
42 NUMBER OF EMPLOYEES		
Number of employees worked at June 30		
- Permanent	6,502	6,316
- Contractual	455	430
Average number of employees worked during the year		
- Permanent	6,403	5,979
- Contractual	438	225
43 PLANT CAPACITY AND ACTUAL PRODUCTION		
Spinning		
Total number of spindles installed	129,652	129,652
Average number of spindles worked	127,994	122,996
Total number of rotors installed	3,120	3,120
Average number of rotors worked	3,048	3,034
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity after conversion into 20/s lbs.	108,152,115	108,152,115
Actual production after conversion into 20/s lbs	97,834,523	95,970,161
Weaving		
Total number of looms installed	361	293
Average number of looms worked	361	293
Number of shifts worked per day	3	3
Total days worked	365	365
Installed capacity at 50 picks per inch of fabric square meters	128,003,250	98,560,313
Actual production converted at 50 picks per inch of fabric square meters	108,581,079	104,313,033
Finishing and Printing		
Production capacity meters	28,800,000	21,600,000
Actual production meters	22,582,817	9,831,493
Power Generation		
Installed capacity (MWh)	87,209	-
Actual energy delivered (MWh)	96,999	-
Home Textile Product		
The capacity of this unit is undeterminable due to multi product involving varying processes of manufacturing and run length of order lots.		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

	2016	2015
	----- Rupees -----	
44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		
Chief Executive		
Remuneration	14,000,000	8,040,000
Rent and utilities	7,000,000	3,960,000
	<u>21,000,000</u>	<u>12,000,000</u>
Number of person	<u>1</u>	<u>1</u>
Directors		
Remuneration	9,850,000	12,497,214
Rent and utilities	5,000,000	7,338,612
	<u>14,850,000</u>	<u>19,835,826</u>
Number of persons	<u>2</u>	<u>2</u>
Meeting fee	<u>300,000</u>	<u>300,000</u>
Number of persons	<u>1</u>	<u>1</u>
Executives		
Managerial remuneration	231,641,162	154,512,142
House rent	94,333,905	68,568,734
Cost of living allowance	136,750	117,202
Bonus	35,722,832	19,601,221
Medical	4,530,757	3,326,613
Utilities	11,117,473	8,831,199
Contribution to provident fund	13,446,450	8,557,925
Leave encashment and other benefits	18,577,815	11,459,481
	<u>409,507,144</u>	<u>274,974,517</u>
Number of persons	<u>175</u>	<u>130</u>
Number of executives provided with the Group maintained cars	<u>142</u>	<u>105</u>

The Chief Executive and two Directors were also provided with cars maintained by the Group and telephones at residence. The Group has not paid any remuneration to non executive directors.

	2016	2015		
	----- Rupees '000 -----			
45 PROVIDENT FUND RELATED DISCLOSURES				
45.1 The following information is based on audited financial statements of the Fund as at June 30, 2016				
Size of the fund - Total assets	173,537	135,239		
Cost of investments made	139,672	111,100		
Fair value of investments	168,251	131,173		
Percentage of Investments made	97%	97%		
45.2 The break-up of fair value of investments is as follows:				
	2016	2015	2016	2015
	----- Percentage -----		----- Rupees '000 -----	
National Saving Schemes	99.94%	100%	168,148	131,173
Balances with banks - savings	0.06%	0%	103	-
	<u>100%</u>	<u>100%</u>	<u>168,251</u>	<u>131,173</u>

45.3 The investments out of provident fund have made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46 FINANCIAL INSTRUMENTS

The Group has exposures to the following risks from its use of financial instruments:

- 46.1** - Credit risk
46.2 - Liquidity risk

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

46.3 - Market risk

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

46.1 Credit risk

46.1.1 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, other receivables, other financial assets and cash and bank balances. Out of total financial assets of Rs.14,362.613 million (2015:Rs.12,396.057 million), financial assets which are subject to credit risk aggregate to Rs.12,149.835 million (2015:Rs.10,098.023 million). 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	2015
	----- Rupees -----	
Long term investments	6,690,916,969	6,590,303,811
Long term deposits	154,383,098	94,979,746
Trade debts	2,218,481,567	1,211,609,370
Trade deposits	1,649,000	1,263,445
Other receivables	98,004,387	54,201,973
Short term investments	2,986,400,454	2,145,664,201
Cash and bank balances	2,212,777,666	2,298,034,770
	<u>14,362,613,141</u>	<u>12,396,057,316</u>

46.1.2 The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows.

Domestic	1,726,573,771	627,870,379
Export	491,907,796	583,738,991
	<u>2,218,481,567</u>	<u>1,211,609,370</u>

The majority of export debts of the Company are situated in Asia, Europe and North America.

	2016	2015
	----- Rupees -----	
46.1.3 The maximum exposure to credit risk for debts at the reporting date by type of product is as follows:		
Yarn	663,567,732	766,473,352
Power generation	897,008,946	-
Fabric	473,090,964	243,821,093
Home textile product	117,588,972	93,371,058
Waste	14,811,507	12,333,813
Processing services	49,726,131	91,896,169
Others	2,687,315	3,713,885
	<u>2,218,481,567</u>	<u>1,211,609,370</u>

46.1.4 The aging of trade debts at the reporting date is as follows:

Not past due	1,818,013,898	907,167,180
Past due 0 - 30 days	331,579,098	268,558,480
Past due 31 - 60 days	54,419,699	12,268,162
Past due 61 - 90 days	8,506,842	9,594,293
Past due 91 - 1 year	5,962,030	9,024,625
More than one year	-	4,996,630
	<u>2,218,481,567</u>	<u>1,211,609,370</u>

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Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

- 46.1.5** Cash is held only with reputable banks with high quality external credit enhancements. Following are the credit ratings of banks within which balances are held or credit lines available:

Name of bank	Rating Agency	Rating	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Citibank N.A.	Moody's	P-1	A2
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	A+
Deutsche Bank AG	Fitch	F-1	A-
Allied Bank Limited	PACRA	A1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Industrial and Commercial Bank of China	Moody's	P-1	A1
Bank Alfalah Limited	PACRA	A1+	AA
The Bank of Punjab	PACRA	A1+	AA-

46.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credits lines.

Financial liabilities in accordance with their contractual maturities are presented below:

	2016				
	Carrying amount	Contractual cash flow	Up to 1 year	Between 1 to 5 years	5 years and above
	Rupees				
Long term financing	17,535,232,204	19,396,255,913	2,950,326,717	9,705,676,591	6,740,252,605
Trade and other payables	2,937,051,786	2,937,051,786	2,937,051,786	-	-
Accrued interest / mark-up	222,150,914	222,150,914	222,150,914	-	-
Short term borrowings	5,155,086,577	5,221,902,204	5,221,902,204	-	-
	25,849,521,481	27,777,360,817	11,331,431,621	9,705,676,591	6,740,252,605
	2015				
	Rupees				
Long term financing	12,484,779,449	14,135,666,996	1,057,207,267	8,154,401,302	4,924,058,427
Trade and other payables	1,823,730,437	1,823,730,437	1,823,730,437	-	-
Accrued interest / mark-up	214,938,544	214,938,544	214,938,544	-	-
Short term borrowings	4,719,401,062	4,879,646,207	4,879,646,207	-	-
	19,242,849,492	21,053,982,184	7,975,522,455	8,154,401,302	4,924,058,427

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46.2.1 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up / interest rates effective at the respective year-end. The rates of mark-up / interest have been disclosed in the respective notes to these financial statements.

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding of financial instruments.

46.3.1 Currency risk

The Group is exposed to currency risk on import of raw materials, stores & spares parts and export of goods mainly denominated in US Dollar, Euro, Japanese Yen and Swiss Frank. The Group's exposure to foreign currency risk for US Dollar, Euro, Japanese Yen and Swiss Frank is as follows:

	2016				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(491,907,796)	(3,900,774)	(726,025)	-	-
Bank balances	(1,374,566,175)	(13,149,448)	(3,867)	-	-
Gross Balance sheet exposure	(1,866,473,971)	(17,050,222)	(729,892)	-	-
Outstanding letters of credit	1,098,234,420	1,945,195	4,367,574	179,300,000	1,908,704
Forward exchange contracts	1,084,155,353	7,880,033	2,300,085		
Net Exposures	315,915,802	(7,224,994)	5,937,767	179,300,000	1,908,704

	2015				
	Rupees	US \$	EURO	JPY	CHF
Trade debts	(583,738,991)	(5,347,330)	(378,846)	-	-
Bank balances	(1,756,694,219)	(17,196,830)	(72,601)	-	-
Gross Balance sheet exposure	(2,340,433,210)	(22,544,160)	(451,447)	-	-
Outstanding letters of credit	266,379,073	1,904,272	333,448	2,652,618	297,031
Forward exchange contracts	570,349,800	801,143	4,320,000		
Net Exposures	(1,503,704,337)	(19,838,745)	4,202,001	2,652,618	297,031

The following significant exchange rates have been applied:

	Reporting date rate	
	2016	2015
US \$ to Rupees	104.5 / 104.7	101.5 / 101.7
Euro to Rupees	116.08 / 116.31	113.57 / 113.79

Sensitivity analysis

A 10 percent strengthening of the Rupees against US Dollar and Euro at June 30, would have increase / (decrease) equity and profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Equity	Profit & loss
	Rupees	
As at June 30, 2016		
Effect in US Dollar	(178,174,820)	(178,174,820)
Effect in Euro	(8,472,586)	(8,472,586)
As at June 30, 2015		
Effect in US Dollar	(228,823,224)	(228,823,224)
Effect in Euro	(5,127,084)	(5,127,084)

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10 percent weakening of the Rupees against the above currency at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variable remain constant.

46.3.2 Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Group's significant financial assets and liabilities is as follows:

	2016	2015	2016	2015
	Effective rate		Carrying Amount	
	----- Rupees -----			
Fixed rate instruments				
Financial liabilities				
Long term financing	2.5% to 6.5%	5% to 8.9%	<u>1,410,408,410</u>	<u>1,469,491,073</u>
Short term borrowings				
- foreign currency loan	1.10% to 1.60%	3.00%	<u>366,844,653</u>	<u>26,173,595</u>
- local currency loan	2.75%	5.25%	<u>1,300,000,000</u>	<u>800,000,000</u>
Variable rate instruments				
Financial liabilities				
Long term financing				
- local currency loan	5.98% - 7.1%	7.26% to 8.51%	<u>6,947,151,993</u>	<u>4,194,099,992</u>
- foreign currency loan	4.21%	3.84% to 3.98%	<u>9,177,671,801</u>	<u>6,821,188,384</u>
Short term borrowings				
- foreign currency loan	1.52%	2.33% to 2.44%	<u>69,110,000</u>	<u>71,050,945</u>
- local currency loan	6.20% TO 7%	6.98% to 8.45%	<u>3,419,131,924</u>	<u>4,622,176,522</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit & loss. Therefore, a change in mark-up / interest rates at the reporting date would not affect profit & loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit and loss 100 bps	
	Increase	Decrease
	----- Rupees -----	
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	<u>104,353,939</u>	<u>(104,353,939)</u>
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	<u>157,085,158</u>	<u>(157,085,158)</u>

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

46.3.3 Other price risk

Other price risk is 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). Other price risk arises from the Group's investment in ordinary shares of listed Companies. To manage its price risk arising from aforesaid investments, the company diversify its portfolio and continuously monitor developments in equity markets. In addition the actively Group monitors the key factors that affect stock price movement.

A 10% increase / decrease in share prices of listed companies at the balance sheet date would have increased / decreased the Group's unrealized gain on 'available for sale' investments as follows:

	2016	2015
	----- Rupees -----	
Effect on equity	<u>959,116,919</u>	<u>546,417,677</u>
Effect on investments	<u>959,116,919</u>	<u>546,417,677</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on equity / investments of the Group.

Notes to the Consolidated Financial Statements

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46.4 Fair value of financial instruments

Carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

46.5 Financial instruments by Category	2016	2015
	----- Rupees -----	
FINANCIAL ASSETS		
Loans and receivables		
Long term deposits	154,383,098	94,979,746
Trade debts	2,218,481,567	1,211,609,370
Trade deposits	1,649,000	1,263,445
Other receivables	98,004,387	54,201,973
Cash and bank balances	2,212,777,666	2,298,034,770
	<u>4,685,295,718</u>	<u>3,660,089,304</u>
At fair value through Other Comprehensive Income		
Long term investments		
Short term investments	6,604,768,733	3,318,512,573
	<u>2,986,400,454</u>	<u>2,145,664,201</u>
	<u>9,591,169,187</u>	<u>5,464,176,774</u>
Long term investment at cost		
Long term investments	86,148,236	86,148,236
	<u>86,148,236</u>	<u>86,148,236</u>
FINANCIAL LIABILITIES		
At amortized Cost		
Long term loans	17,535,232,204	12,484,779,449
Trade and other payables	2,937,051,786	1,823,730,437
Accrued Interest / mark-up	222,150,914	214,938,544
Short term borrowings	5,155,086,577	4,719,401,062
	<u>25,849,521,481</u>	<u>19,242,849,492</u>

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46.6 Fair value hierarchy

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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1. Quoted market price (unadjusted) in an active market for identical instrument.

Level 2. Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at June 30, 2016			
Assets carried at fair value			
Available for sale investments	9,576,356,687	-	86,148,236
Forward exchange contracts used for hedging	-	8,406,988	-
	<u>9,576,356,687</u>	<u>8,406,988</u>	<u>86,148,236</u>
As at June 30, 2015			
Assets carried at fair value			
Available for sale investments	5,464,176,774	-	86,148,236
Forward exchange contracts used for hedging	-	-	-
	<u>5,464,176,774</u>	<u>-</u>	<u>86,148,236</u>
As at June 30, 2016			
Liabilities carried at fair value			
Long term payables	-	-	457,090,780
Forward exchange contracts used for hedging	-	-	-
	<u>-</u>	<u>-</u>	<u>457,090,780</u>
As at June 30, 2015			
Liabilities carried at fair value			
Forward exchange contracts used for hedging	-	2,647,824	-
	<u>-</u>	<u>2,647,824</u>	<u>431,631,479</u>

46.7 Capital risk management

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

Consistent with others in the industry, the company manages its capital risk monitoring its debts levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ('long term loans' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2016	2015
	----- Rupees -----	
Total borrowings	22,690,719,392	17,205,293,967
Less: Cash and bank balances	2,212,777,666	2,298,034,770
Net debt	<u>20,477,941,726</u>	14,907,259,197
Total equity	15,689,357,455	14,629,736,144
Total capital	<u>36,167,299,181</u>	29,536,995,341
	Percentage	
Gearing ratio	<u>56.62</u>	50.47

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47 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors in its meeting held on October 06, 2016 proposed cash dividend of Rs. 281,163,960 (2015: Rs.200,831,400) at the rate of Rs. 14 (2015: Rs.10) per ordinary share of Rs.10 each. Proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and comparison. However, no significant reclassification has been made in these financial statements.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors of Holding Company and authorized for issue on October 06, 2016.

Karachi:
Dated: October 06, 2016

NADEEM ABDULLAH
CHIEF EXECUTIVE

MOHAMMAD ABDULLAH
DIRECTOR

Form of Proxy

I / we

Folio No. _____ of _____

a member(s) of **Sapphire Textile Mills Limited** and a holder of _____ Ordinary Shares,

do hereby appoint

of _____

or failing him/her _____

of _____

a member of **Sapphire Textile Mills Limited**, vide Registered Folio No. _____ as my/our Proxy to act on my/our behalf at 48th Annual General Meeting of the Company to be held on Saturday the 29th October, 2016 at 03:30 p.m. at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi and / or any adjournment thereof.

Signed this _____ day of _____ 2016

Signature _____

(Signature should agree with the specimen signature registered with the Company)

REVENUE
STAMP OF
RS.5/-

NOTICE

1. No proxy shall be valid unless it is duly stamped with a revenue stamp of Rs.5/-
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorized person.
3. Power of attorney or other authority (if any) under which this proxy form is signed then a certified copy of that power of attorney must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company atleast 48 hours before the time of holding the meeting.
5. In case of CDC account holder :
 - i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
 - iv) In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Witness :

Name

Address

NIC No.

Name

Address

NIC No.

