

GUL AHMED HOLDINGS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2016

**AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED
FINANCIAL STATEMENTS**

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Gul Ahmed Holdings (Private) Limited (the Holding Company) and its subsidiary companies namely Gul Ahmed Textile Mills Limited, Gul Ahmed International Limited (FZC), GTM (Europe) Limited and GTM USA Corp. (the subsidiary companies) 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 the Holding Company and of a Subsidiary Company Gul Ahmed Textile Mills Limited. The financial statements of the subsidiaries, Gul Ahmed International Limited (FZC), GTM (Europe) Limited and GTM USA Corp have been audited by the other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary companies, is based solely on the report of such other auditors.

These consolidated 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.

In our opinion the consolidated financial statements present fairly the financial position of Gul Ahmed Holdings (Private) Limited and its subsidiary companies as at June 30, 2016 and the results of their operations for the year then ended.


KRESTON HYDER BHIMJI & CO.

Chartered Accountants

Engagement Partner: Shaikh Mohammad Tanvir

Karachi: 01 OCT 2016



Gul Ahmed Holdings (Private) Limited
Consolidated Balance Sheet
As at June 30, 2016

		2016	2,015			2016	2,015
		Rs. 000s				Rs. 000s	
	Note				Note		
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Share Capital	4	806	806	Property, plant and equipment	14	12,069,608	9,049,142
Reserves	5	5,743,810	4,977,770	Intangible assets	15	20,492	15,834
		5,744,616	4,978,576	Long term loans and advances	16	21,820	12,859
Non-Controlling interest		2,954,294	2,402,959	Long term deposits	17	158,136	93,572
		8,698,910	7,381,535	Deferred taxation	7	996	3,194
						12,271,052	9,174,601
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing	6	4,630,604	2,407,732	Stores, spare parts and loose tools	18	903,447	699,062
Deferred Liabilities				Stock-in-trade	19	14,057,202	11,461,198
Deferred taxation	7	323,908	359,548	Trade debts	20	2,786,782	2,152,073
Staff retirement benefits	8	41,346	48,833	Loans and advances	21	729,911	349,247
		365,254	408,381	Short term prepayments		227,788	114,964
		4,995,858	2,816,113	Other receivables	22	475,709	331,399
CURRENT LIABILITIES				Tax refunds due from Government	23	913,960	750,196
Trade and other payables	9	5,377,776	5,393,392	Taxation - net		115,978	181,730
Accrued mark-up / profit	10	114,368	206,481	Cash and bank balances	24	339,976	136,233
Short term borrowings	11	12,866,493	8,838,174			20,550,753	16,176,102
Loans from Director	12	281,000	1,000				
Current maturity of long term financing	6	487,400	714,008				
		19,127,037	15,153,055				
CONTINGENCIES AND COMMITMENTS							
	13						
		32,821,805	25,350,703			32,821,805	25,350,703

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

10/12/2016


MOHOMED BASHIR
 Chief Executive


MOHAMMED ZAKI BASHIR
 Director

Gul Ahmed Holdings (Private) Limited
Consolidated Profit and Loss Account
For The Year Ended June 30, 2016

	Note	2016	2015
		-----Rs. 000s-----	
Sales	25	33,187,676	34,217,319
Cost of sales	26	25,521,668	27,787,984
Gross profit		7,666,008	6,429,335
Distribution cost	27	3,285,630	2,644,798
Administrative expenses	28	2,097,416	1,791,367
Other operating expenses	29	137,554	185,397
		5,520,600	4,621,562
		2,145,408	1,807,773
Other income	30	160,449	343,095
Operating profit		2,305,857	2,150,868
Finance cost	31	915,843	1,360,449
Profit before taxation		1,390,014	790,419
Taxation	32	204,967	177,399
Profit after taxation		1,185,047	613,020
Attributable to:			
Equity holders of Parent Company		796,151	413,075
Non-controlling interest holders		388,896	199,945
		1,185,047	613,020
Earnings per share - basic and diluted (Rs.)	33	9,872.90	5,122.46

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

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MOHOMED BASHIR
 Chief Executive


MOHAMMED ZAKI BASHIR
 Director

Gul Ahmed Textile Mills Limited
Consolidated Statement of Comprehensive Income
For The Year Ended June 30, 2016

	Note	2016 -----Rs. 000s-----	2015
Profit after taxation		1,185,047	613,020
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss account subsequently</i>			
Remeasurement gain / (loss) on defined benefit plan	8.1	8,376	(16,437)
Related tax effect	7	(952)	2,022
		7,424	(14,415)
<i>Items that will be reclassified to profit and loss account subsequently</i>			
Exchange difference on translation of foreign subsidiaries		9,076	10,270
Total comprehensive income		1,201,547	608,875
Attributable to:			
Equity holders of Parent Company		807,223	410,280
Non-controlling interest holders		394,324	198,595
		1,201,547	608,875

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

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MOHOMED BASHIR
 Chief Executive


MOHAMMED ZAKI BASHIR
 Director

Gul Ahmed Textile Mills Limited
Consolidated Cash Flow Statement
For The Year Ended June 30, 2016

	Note	2016	2015
		-----Rs. 000s-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,390,014	790,419
Adjustments for:			
Depreciation	14.1.1	1,125,358	968,706
Amortisation	15.1	7,130	13,703
Provision for gratuity	8.2	36,585	33,531
Finance cost	31	915,843	1,360,449
Provision for slow moving/obsolete items	18.1	14,645	10,645
Provision for doubtful debts	20.3	34,825	29,825
Property, plant and equipment scrapped	14.1	1,014	1,510
Gain on sale of short term investments	30	-	(5,983)
Dividend income	30	-	(406)
Unclaimed liabilities written back	30	(10,917)	(82,017)
Net loss /(gain) on disposal of property plant and equipment	13.1.3	18,619	(8,050)
		2,143,102	2,321,913
Cash flows from operating activities before adjustments of working capital		3,533,116	3,112,332
Changes in working capital:			
Decrease/(increase) in current assets			
Stores, spare parts and loose tools		(219,030)	145,823
Stock-in-trade		(2,596,004)	668,504
Trade debts		(669,534)	(699,215)
Loans and advances		(380,664)	55,487
Short term prepayments		(112,824)	(19,946)
Other receivables		(144,310)	14,628
Tax refunds due from Government - Net		14,809	159,476
		(4,107,557)	324,757
Increase(decrease) in current liabilities			
Trade and other payables		(15,037)	(953,873)
		(4,122,594)	(629,116)
		(589,478)	2,483,216
Adjustments for:			
Gratuity paid	8.1	(35,696)	(45,951)
Finance cost paid		(1,007,956)	(1,331,132)
Income tax paid		(352,182)	(415,885)
Increase in long term loans and advances		(8,961)	(958)
Increase in long term deposits		(64,564)	(12,538)
		(1,469,359)	(1,806,464)
Net cash (used in)/generated from operating activities		(2,058,837)	676,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(4,225,010)	(1,865,002)
Addition to intangible assets		(11,788)	(5,517)
Proceeds from sale of property, plant and equipment		59,553	71,601
Dividend received		-	406
Short term investments made during the year		-	(519,473)
Proceeds from sale of short term investments		-	525,456
Net cash used in investing activities		(4,177,245)	(1,792,529)
Balance carried forward		(6,236,082)	(1,115,777)

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Note	2016	2015
	Rs. 000s	
Balance brought forward	(6,236,082)	(1,115,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	2,681,678	873,209
Repayments of long term financing	(685,414)	(685,414)
Proceeds from issue of right shares	381,552	-
Loan from directors	280,000	1,000
Dividend paid	(255,386)	(80,197)
Net cash generated from financing activities	2,402,430	108,598
Exchange difference on translation of foreign subsidiaries	9,076	10,270
Net (decrease) in cash and cash equivalents	(3,824,576)	(996,909)
Cash and cash equivalents - at the beginning of the year	(8,701,941)	(7,705,032)
Cash and cash equivalents - at the end of the year	35 (12,526,517)	(8,701,941)

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.

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MOHOMED BASHIR
 Chief Executive


MOHAMMED ZAKI BASHIR
 Director

Gul Ahmed Textile Mills Limited
Consolidated Statement of Changes in Equity
For The Year Ended June 30, 2016

For The Year Ended June 30, 2016									
Note	Share capital	Reserves						Non-Controlling Interest	Total
		Capital reserve	General Reserve	Exchange difference on translation of foreign subsidiaries	Statutory reserve created by foreign subsidiary (Note 5.4)	Unappropriated profit	Subtotal Reserves		
(Rs. 000s)									
Balance as at June 30, 2014	806	4,617,538	-	53	1,043	3,464	4,622,098	2,230,715	6,853,619
Transactions with owners									
Final dividend for the year ended June 30, 2014	-	-	-	-	-	(54,607)	(54,607)	(26,352)	(80,959)
Total comprehensive income for the year ended June 30, 2015									
Profit after taxation	-	-	-	-	-	413,075	413,075	199,945	613,020
Other comprehensive income	-	-	-	6,927	-	(9,723)	(2,796)	(1,349)	(4,145)
	-	-	-	6,927	-	403,352	410,279	198,596	608,875
Transfer to statutory reserve	-	-	-	-	1,200	(1,200)	-	-	-
Balance as at June 30, 2015	806	4,617,538	-	6,980	2,243	351,009	4,977,770	2,402,959	7,381,535
Transfer to									
General reserve	-	-	167,763	-	-	(167,763)	-	-	-
Statutory reserve	-	-	-	-	1,409	(1,409)	-	-	-
	-	-	167,763	-	1,409	(169,172)	-	-	-
Dividend to non controlling interest holders									
Final dividend for the year ended June 30, 2015	-	-	-	-	-	-	-	(113,882)	(113,882)
Interim dividend for the half year ended December 31, 2015	-	-	-	-	-	-	-	(75,921)	(75,921)
Interim dividend for the nine months ended March 31, 2016	-	-	-	-	-	-	-	(75,921)	(75,921)
	-	-	-	-	-	-	-	(265,724)	(265,724)
Issuance of Right Shares by Gul Ahmed Textile Mills Limited	-	-	-	-	-	-	-	381,552	381,552
Adjustment due to change in holding % of the Holding Company	-	-	-	-	-	(41,183)	(41,183)	41,183	-
Total comprehensive income for the year ended June 30, 2016									
Profit after taxation	-	-	-	-	-	796,151	796,151	388,896	1,185,047
Other comprehensive income	-	-	-	6,090	-	4,982	11,072	5,428	16,500
	-	-	-	6,090	-	801,133	807,223	394,324	1,201,547
Balance as at June 30, 2016	806	4,617,538	167,763	13,070	3,652	941,787	5,743,810	2,954,294	8,698,910

The annexed notes 1 - 45 form an integral part of these consolidated financial statements.



MOHOMED BASHIR
Chief Executive



MOHAMMED ZAKI BASHIR
Director

Gul Ahmed Textile Mills Limited
Notes to the Consolidated Financial Statements
For The Year Ended June 30, 2016

1 LEGAL STATUS AND ITS OPERATIONS

1.1 Gul Ahmed Group ("the Group") comprises the following:

- Gul Ahmed Holdings (Private) Limited (The Holding Company)
- Gul Ahmed Textile Mills Limited (Direct Subsidiary)
- Gul Ahmed International Limited (FZC) - UAE (Indirect Subsidiary)
- GTM (Europe) Limited - UK (Indirect Subsidiary)
- GTM USA Corp. - USA (Indirect Subsidiary)

Gul Ahmed Holdings (Private) Ltd is a Private Limited Company incorporated on 14th April, 2014 under the Companies Ordinance, 1984. The Company has been incorporated to carry on business of Holding Company. The registered office of the Company is situated at Plot No.82, Main National Highway, Landhi, Karachi.

Gul Ahmed Textile Mills Limited (Direct Subsidiary) was incorporated on April 01, 1953 in Pakistan as a private limited company subsequently converted into a public limited company on January 07, 1955 and is listed on Pakistan Stock Exchange Limited. The Company is a composite textile mill and is engaged in the manufacture and sale of textile products.

Gul Ahmed International Limited (FZC) -UAE is a wholly owned subsidiary of Gul Ahmed Textile Mills Limited, GTM (Europe) Limited is a wholly owned subsidiary of Gul Ahmed International Limited (FZC) - UAE and GTM USA Corp. is a wholly owned subsidiary of GTM (Europe) Limited.

All three indirect subsidiaries are engaged in trading of textile related products.

Details of Subsidiaries

	<u>Date of Incorporation</u>	<u>Percentage of Holding</u>	<u>Country of Incorporation</u>
Gul Ahmed Textile Mills Limited	April 01, 1953	67.11%	Pakistan
Gul Ahmed International Limited FZC- Indirect subsidiary	November 27, 2002	67.11%	U.A.E
GTM (Europe) Limited - Indirect subsidiary	April 17, 2003	67.11%	U.K
GTM USA Corp. - Indirect subsidiary	March 19, 2012	67.11%	U.S.A

1.2 Basis of consolidation

These consolidated financial statements comprise of the financial statements of the Group.

Subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the Holding Company or power to govern the financial and operating policies over the subsidiary and is excluded from consolidation from the date of disposal or cessation of control.

The financial statements of the subsidiary companies are prepared for the same reporting period as the Holding Company's, using consistent accounting policies.

The assets and liabilities of the subsidiary companies have been consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital. All intra-group balances and transactions are eliminated.

2 BASIS OF PREPERATION

2.1 Basis of measurement

These consolidated financial statements comprise of consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with explanatory notes forming part thereof and have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow statement.

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2.2 Statement of compliance

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

2.3 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees, which is the Holding Company's functional and presentation currency.

2.4 Critical accounting estimates and judgments

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

(a) Defined benefit plan

Actuarial assumptions have been adopted as disclosed in note no. 8.3 to these consolidated financial statements for valuation of present value of defined benefit obligations.

(b) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

(c) Useful lives, pattern of economic benefits and impairments

Estimates with respect to residual values and useful lives and patterns of flow of economic benefits are based on the analysis of management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimate in the future might effect the carrying amount of respective item of property, plant and equipment, with the corresponding effect on the depreciation charge and impairment.

(d) Intangibles

The Group reviews appropriateness of useful life. Further, where applicable, an estimate of recoverable amount of intangible asset is made for possible impairment on an annual basis.

(e) Provision for obsolescence and slow moving spare parts and loose tools

Provision for obsolescence and slow moving spare parts is based on parameters set out by management, such as expected usage, movement and conditions of items of stores, spare parts and loose tools.

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(f) **Stock-in-trade**

The Group reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated prevailing selling price/market price less estimated expenditures to make the sales.

(g) **Impairment allowance against trade debts, advances and other receivables**

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of doubtful debts and provision required there against on annual basis. While determining allowance the Group considers financial health, market information, ageing of receivables, credit worthiness, credit rating, past records and business relationship.

(h) **Taxation**

The Group takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note no. 3.5 of these consolidated financial statements. Deferred tax calculation has been made based on estimate of expected future ratio of export and local sales based on past history.

2.5 Adoption of new and revised standards and interpretations

(a) **New and amended standards and interpretations became effective:**

Following new standards issued by IASB have been notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and have become effective for annual periods beginning on or after January 01, 2015.

IFRS 10 'Consolidated Financial Statements'

This standard replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Group and provides additional guidance to assist in the determination of control where this is difficult to assess. These consolidated financial statements have already been prepared in compliance with this standard.

IFRS 11 'Joint Arrangements'

This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangements, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. This is not relevant for the Group's financial statements.

IFRS 12 'Disclosure of Interest in Other Entities'

This is a comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard does not have any effect on these consolidated financial statements.

IFRS 13 'Fair Value Measurement'

This standard applies to IFRSs that require or permit fair value measurement or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. It unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case of recurring fair value measurements using unobservable inputs the effect of fair value measurement on profit and loss account or other comprehensive income. This standard requires certain additional disclosure and have been given in note 40.

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(b) Standards, Interpretations and Amendments not yet effective:

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Group's accounting period beginning on or after the dates mentioned below:

IAS 1 Presentation of Financial Statements (Effective for annual periods beginning on or after 1 January 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the Statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. This Standard is unlikely to have any material impact on the Group's financial statements.

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. This Standard is unlikely to have any material impact on the Group's financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 01, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states 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 asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. It is unlikely that the standard will have any significant impact on the Group's financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 01, 2016)

Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41. A bearer plant is a plant that is used in the supply of agricultural produce, is expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This standard is not relevant to the Group's financial statements.

IAS 27 (Revised 2011) - 'Separate Financial Statements' (Effective from accounting period beginning on or after January 01, 2016)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. It is unlikely that the standard will have any significant impact on the Group's financial statements.

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IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 01, 2016)

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is not relevant to the Group's financial statements.

IFRS 2 'Share-based Payment' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also separately clarifies how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the Group's financial statements.

IFRS 9 'Financial Instruments' (Effective from accounting period beginning on or after February 01, 2015)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 14 'Regulatory Deferral Accounts' (Effective from accounting period beginning on or after January 01, 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 15 'Revenue from Contracts with Customer' (Effective from accounting period beginning on or after January 01, 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 16 'Leases' (Effective from accounting period beginning on or after January 01, 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. It is unlikely that the standard will have any significant impact on the Group's financial statements.

(c) Amendments to standards as a result of annual improvements to IFRSs 2012–2014 cycle that are not yet effective:

Amendments to the following standards as a result of annual improvements to the International Financial Reporting Standards issued by IASB that are not yet effective.

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IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from accounting period beginning on or after January 01, 2016)

The amendment adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendment is prospective and it is unlikely that the standard will have any significant impact on the Group's financial statements.

IFRS 7 'Financial Instruments: Disclosures' (Effective from accounting period beginning on or after January 01, 2016)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies that the additional disclosure required by the amendment to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 01, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in, is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective but limited to the earliest period presented. It is unlikely that the standard will have any significant impact on the Group's financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from accounting period beginning on or after January 01, 2016)

This amendment clarifies what is meant by the reference in the standard to 'Disclosure of information elsewhere in the interim financial report'. The amendment also amends IAS 34 to require cross-reference from the interim financial statements to the location of that information. This amendment is retrospective. This amendment will only effect the disclosure in Group's interim financial statements.

(d) New Standards issued by IASB but not yet been notified by SECP:

International Financial Reporting Standards (IFRSs)	IASB effective date for annual periods beginning on or after
IFRS 1 - First Time Adoption of IFRS	January 1, 2013
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2017
IFRS 16 - Leases	January 1, 2019

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency transactions and translation

All monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date or as fixed under contractual arrangements.

All non-monetary items are translated into Pak Rupees at the rates on date of transaction or on the date when fair values are determined.

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction.

Foreign exchange gains and losses on translation or realization are recognized in the profit and loss account.

For the purposes of consolidation, income and expense items of the foreign subsidiaries are translated at annual average exchange rate. All monetary and non monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising on the translation of foreign subsidiaries are recognized under translation reserve in consolidated reserves until the disposal of interest in such subsidiaries.

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3.2 Staff retirement benefits

Defined benefit plan

The direct subsidiary operates unfunded gratuity schemes for all its eligible employees who are not part of the provident fund scheme. Benefits under the scheme are vested to employees on completion of the prescribed qualifying period of service under the scheme. The obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at June 30, 2016. The results of valuation are summarized in note no. 8. Provision in respect of the staff retirement benefit obligation is made by direct subsidiary in accordance with relevant labour laws of their respective countries.

Current service cost, past service cost and interest cost are recognized in profit and loss account. Actuarial gains and losses arising at each valuation date are recognized fully in other comprehensive income.

Defined contribution plan

The direct subsidiary operates a recognized provident fund scheme for its eligible employees to which equal monthly contribution is made by the Subsidiary Company and its employees at the rate of 8.33% of the basic salary. The direct subsidiary's contribution is charged to profit and loss account.

3.3 Accumulated employee compensated absences

The direct subsidiary provides for compensated absences for all eligible employees in the period in which these are earned in accordance with the rules of the Group.

3.4 Provisions and contingencies

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. The Group takes into account the current Income Tax laws and decisions taken by the Taxation Authorities.

Deferred

Deferred tax is accounted for using the 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 taxable profit. Deferred tax liabilities are 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 assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period 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 that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

3.6 Borrowings

Borrowings are recorded at the amount of proceeds received net of transaction cost incurred, and are subsequently recorded at amortized cost using the effective interest rate method.

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3.7 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 commissioning.

3.8 Trade and other payables

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

3.9 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except leasehold land which is stated at cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

The costs of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably.

Depreciation is charged on all depreciable assets using reducing balance method except for structure on lease hold land / rented property and specific office equipment (i.e. I.T. equipment and mobile phones) which are depreciated at straight line method. These assets are depreciated at rates specified in the note no. 13.1. Depreciation is charged on additions on monthly basis i.e. from the month in which it is capitalized till the month prior to the month of its derecognition. Depreciation is charged on the assets even if the assets are idle. No amortization is provided on lease hold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

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

Gains and losses on disposal of operating assets are included in profit and loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date less impairment, if any. Cost represents expenditure incurred on property, plant and equipment in the course of construction, acquisition, installation, development and implementation. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets starts operation.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of assets on a systematic basis to income by applying the straight line method at the rate specified in note no. 15.1

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs to sell or value in use.

3.11 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

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Investment at fair value through profit and loss

These are investments designated as held-for-trading at the inception. Investments under this category are classified in current assets. These investments are initially recorded at fair value and are remeasured at each reporting date. Gains or losses arising from changes in the fair value are recognised in profit and loss account in the period in which they arise. Gains or losses on disinvestments are also recognised in profit and loss account.

3.12 Loans and receivables

Financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables. These are measured at amortised cost less impairment, if any.

3.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools, except goods in transit, are stated at moving average cost less provision for slow moving/obsolete items. Cost of goods-in-transit includes invoice/purchase amount plus other costs incurred thereon up to balance sheet date.

3.14 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at lower of weighted average cost and net realisable value. Waste products are valued at net realisable value. Cost of raw materials and trading stock comprises of the invoice value plus other charges incurred thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads. Items in transit are stated at cost comprising invoice value and other incidental charges paid thereon up to balance sheet date.

Net realisable value signifies the estimated selling prices in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

3.15 Trade debts

Trade debts are carried at original invoice amount being fair value. Export trade debts are translated into Pak Rupees at the rates ruling on the balance sheet date. Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

3.16 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognised on following basis:

- Sale is recognised when the goods are dispatched to the customer and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.
- Profit on deposits with banks is recognised on time proportion basis taking into account the amount outstanding and rates applicable thereon.
- Duty draw back on export sales is recognized on an accrual basis at the time of export sale.
- Processing charges are recorded when processed goods are delivered to customers.
- Dividend income is recognised when the Group's right to receive the payment is established.
- Interest on loans and advances to employees is recognized on the effective interest method.

3.17 Financial Instruments

Financial instruments carried on the balance sheet include deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit and loss".

Any gain or loss on subsequent measurement of the financial asset, except for available-for-sale investments, if any, is charged / credited to the profit and loss account.

10/11/2019

3.18 Derecognition of Financial Instruments

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on derecognition of financial asset or liability is also included to the profit and loss account.

3.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Group considers evidence of impairment for receivable and other financial assets at specific asset level. Impairment losses are recognised as expense in profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized.

Non-Financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of such assets is estimated.

An impairment loss is recognised if the carrying amount of a specific asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets of the unit on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.20 Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest and exchange rate fluctuations. Derivative financial instruments, that do not qualify for hedge accounting, are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of the derivative financial instruments is taken to the profit and loss account.

3.21 Offsetting of financial assets and liabilities

All financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Group has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Group or the counter parties.

3.22 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprises cash and cheques in hand and balances with banks on current, savings and deposit accounts less short-term borrowings.

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3.23 Dividend and appropriation to reserves

Final dividend distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General Meeting, while the interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the consolidated statement of changes in equity in the period in which such appropriations are approved.

3.24 Segment reporting

Segment reporting is based on the operating (business) segments 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 components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions 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 include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

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4 SHARE CAPITAL

4.1 Authorised capital

2016	2015		2016	2015
Number of Shares				
100,000	100,000	Ordinary shares of Rs.10 each	1,000	1,000

4.2 Issued, subscribed and paid - up capital

2016	2015		2016	2015
Number of Shares				
80,640	80,640	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	806	806
80,640	80,640		806	806

5 RESERVES

		2016	2015
Capital Reserve	5.1	4,617,538	4,617,538
Revenue Reserve			
- General Reserve	5.2	167,763	-
- Unappropriated Profit		941,787	351,009
		1,109,550	351,009
Exchange difference on translation of foreign subsidiaries		13,070	6,980
Statutory reserve	5.3	3,652	2,243
		5,743,810	4,977,770

5.1 This represents the reserve created in respect of the recognition of the investment in subsidiary equal to the share of net assets of Gul Ahmed Textile Mills Limited as on June 27, 2014 i.e the date on which 123,314,552 shares were transferred by four major shareholders as described in note no 1 & 4. Since the Company has become Holding Company by virtue of the transfer of the shares to Company by four major shareholders of the Gul Ahmed Textile Mills Limited (GATML), who are also beneficial owners of the Company so the transaction between the owners of the Company and Company in their capacity as owners of the entity, without issuance of shares by the Company to its shareholders for transferring their investment in GATML to satisfy one-way transfer, is treated and recorded as Capital Reserve and directly credited into equity.

5.2 This represents appropriation of profit in past years to meet future exigencies.

5.3 This represent reserve created by Gul Ahmed International Limited FZC, in accordance with Emiri decree No. 2 of 1995, issued by the ruler of Sharjah, U.A.E.

6 LONG TERM FINANCING

	Note	2016	2015
From Banking Companies - Secured			
Related party	6.1	-	491,414
Other banks	6.2	3,639,931	2,630,326
		3,639,931	3,121,740
From Non-Banking Financial Institutions - Secured	6.3	1,478,073	-
		5,118,004	3,121,740
Current portion shown under current liabilities		(487,400)	(714,008)
		4,630,604	2,407,732

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2016	2015
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-----Rs 000s-----

6.1 Related party - Bank

Habib Metropolitan Bank Limited Loan 1 a) Under LTF-EOP scheme		12 half yearly March-2010	678	7.00% p.a. payable quarterly	-	678
b) Under LTF-EOP scheme		12 half yearly April-2010	2,038	7.00% p.a. payable quarterly	-	2,038
Habib Metropolitan Bank Limited Loan 2 Under LTF-EOP scheme		12 half yearly November-2010	10,417	7.00% p.a. payable quarterly	-	38,830
Habib Metropolitan Bank Limited Loan 3 Under LTFF scheme		16 half yearly February-2012	2,719	10.00% p.a. payable quarterly	-	24,462
Habib Metropolitan Bank Limited Loan 4 Under LTFF scheme		16 half yearly March-2012	2,504	10.00% p.a. payable quarterly	-	22,537
Habib Metropolitan Bank Limited Loan 5 Under LTFF scheme		16 half yearly June-2012	4,212	10.25% p.a. payable quarterly	-	37,889
Habib Metropolitan Bank Limited Loan 6 Under LTFF scheme		16 half yearly July-2012	1,604	10.25% p.a. payable quarterly	-	18,036
Habib Metropolitan Bank Limited Loan 7 Under LTFF scheme		10 half yearly December-2013	3,328	11.20% p.a. payable quarterly	-	10,068
Habib Metropolitan Bank Limited Loan 8 Under LTFF scheme		10 half yearly January-2014	970	12.70% p.a. payable quarterly	-	6,761
Habib Metropolitan Bank Limited Loan 9 Under LTFF scheme		10 half yearly February-2014	1,342	12.70% p.a. payable quarterly	-	9,366
Habib Metropolitan Bank Limited Loan 10 Under LTFF scheme		10 half yearly June-2014	9,618	12.70% p.a. payable quarterly	-	67,326
Habib Metropolitan Bank Limited Loan 11 Under LTFF scheme		10 half yearly August-2014	1,357	12.70% p.a. payable quarterly	-	10,856
Habib Metropolitan Bank Limited Loan 12 Under LTFF scheme		10 half yearly September-2014	3,392	12.70% p.a. payable quarterly	-	27,136
Habib Metropolitan Bank Limited Loan 13 Under LTFF scheme		10 half yearly October-2014	158	12.70% p.a. payable quarterly	-	1,259
Habib Metropolitan Bank Limited Loan 14 Under LTFF scheme		10 half yearly August-2015	2,959	11.40% p.a. payable quarterly	-	29,590
Habib Metropolitan Bank Limited Loan 15 Under LTFF scheme		10 half yearly September-2015	13,689	11.40% p.a. payable quarterly	-	136,885
Habib Metropolitan Bank Limited Loan 16		10 half yearly April-2016	3,776	11.40% p.a. payable quarterly	-	37,755
Total from related party					-	491,414

6.2 Other Banks

Allied Bank Limited Loan Under LTFF scheme	6.6, 6.9	32 quarterly July-2010	9,266	10.00% p.a. payable quarterly	74,058	111,081
Askari Bank Limited Loan 1 Under LTFF scheme	6.5, 6.9	20 quarterly October-2016	8,348	8.50 % p.a. payable quarterly	166,920	166,920
Askari Bank Limited Loan 2 Under LTFF scheme	6.5, 6.9	20 quarterly December-2016	2,930	8.50 % p.a. payable quarterly	58,578	58,578
Askari Bank Limited Loan 3 Under LTFF scheme	6.5, 6.9	20 quarterly March-2017	1,066	8.50 % p.a. payable quarterly	21,325	21,325
Askari Bank Limited Loan 4 LTFF	6.9, 6.10	28 quarterly May-2018	45	3 % p.a. payable quarterly	1,259	-

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. In 000s	Mark-up rate per annum	2016	2015
---Rs 000s---						
Askari Bank Limited Loan 5 Under LTFF scheme	6.9, 6.10	28 quarterly December-2018	1,703	3 % p.a. payable quarterly	47,675	-
Askari Bank Limited Loan 6 Under LTFF scheme	6.9, 6.10	28 quarterly January-2019	1,059	3 % p.a. payable quarterly	29,935	-
Askari Bank Limited Loan 7 Under LTFF scheme	6.9, 6.10	28 quarterly February-2019	929	3 % p.a. payable quarterly	20,005	-
Askari Bank Limited Loan 8 Under LTFF scheme	6.9, 6.10	28 quarterly March-2019	1,816	3 % p.a. payable quarterly	50,842	-
Askari Bank Limited Loan 9 Under LTFF scheme	6.9, 6.10	28 quarterly April-2019	1,210	3 % p.a. payable quarterly	33,871	-
Askari Bank Limited Loan 10 Under LTFF scheme	6.9, 6.10	28 quarterly May-2019	96	3 % p.a. payable quarterly	2,680	-
Askari Bank Limited Loan 11 Under LTFF scheme	6.9, 6.10	28 quarterly June-2019	160	3 % p.a. payable quarterly	5,030	-
AlBaraka Bank (Pakistan) Limited Loan	6.5, 6.11	20 quarterly March-2016	7,760	Average three months KIBOR Ask rate + 1.10% payable quarterly	147,820	155,600
Bank Al-Habib Limited Under LTFF scheme		8 half yearly December-2013	17,159	12.60% p.a. payable quarterly	-	66,629
Bank Al-Falah Limited Loan 1	6.5	9 half yearly July-2014	1,147	Average six months KIBOR Ask rate + 1.25% payable half yearly	5,736	8,031
Bank Al-Falah Limited Loan 2	6.5	9 half yearly August-2014	1,472	Average six months KIBOR Ask rate + 1.25% payable half yearly	7,361	10,308
Bank Al-Falah Limited Loan 3	6.5	9 half yearly September-2014	8,172	Average six months KIBOR Ask rate + 1.25% payable half yearly	40,859	57,203
Bank Al-Falah Limited Loan 4	6.5	9 half yearly October-2014	10,285	Average six months KIBOR Ask rate + 1.25% payable half yearly	51,425	71,997
Bank Al-Falah Limited - Loan 5 Islamic Banking	6.5, 6.11	09 half yearly March-2014	9,439	Average six months KIBOR Ask rate + 1.25% payable half yearly	37,755	50,633
Bank Al-Falah Limited - Loan 6 Islamic Banking	6.5, 6.11	09 half yearly April-2014	6,457	Average six months KIBOR Ask rate + 1.25% payable half yearly	25,830	36,747
Bank of Punjab - Loan 1 Under LTFF scheme	6.9, 6.10	28 quarterly September-2018	64	3 % p.a. payable quarterly	2,358	-
Bank of Punjab - Loan 2 Under LTFF scheme	6.9, 6.10	28 quarterly October-2018	1,146	3 % p.a. payable quarterly	32,075	-
Faysal Bank Limited Loan 1 Under LTFF scheme		10 Half Yearly January-2014	6,720	12.70% p.a. payable quarterly	-	47,040
Faysal Bank Limited Loan 2 Under LTFF scheme		10 half yearly January-2014	3,850	12.70% p.a. payable quarterly	-	26,950
Faysal Bank Limited Loan 3 Under LTFF scheme		10 half yearly April-2014	672	12.70% p.a. payable quarterly	-	4,696
Faysal Bank Limited Loan 4 Under LTFF scheme		10 half yearly June-2014	241	12.70% p.a. payable quarterly	-	1,067
Faysal Bank Limited Loan 5 Under LTFF scheme		10 half yearly July-2014	846	12.70% p.a. payable quarterly	-	6,768
Faysal Bank Limited Loan 6 Under LTFF scheme		10 half yearly September-2014	10,970	12.70% p.a. payable quarterly	-	87,760

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2016	2015
-----Rs. 000s-----						
Habib Bank Limited Loan 1	6.4, 6.8	12 half yearly June-2010	5,411	7.00% p.a. payable quarterly	-	5,411
a) Under State Bank of Pakistan (SBP) scheme of Long Term Finance - Export Oriented Projects (LTF-EOP)						
b) Under LTF-EOP scheme		12 half yearly November-2010	4,450	7.00% p.a. payable quarterly	-	6,903
Habib Bank Limited Loan 2		12 half yearly December-2010	2,571	7.00% p.a. payable quarterly	-	5,142
Under LTF-EOP scheme						
Habib Bank Limited Loan 3		12 half yearly February-2010	9,511	7.00% p.a. payable quarterly	-	9,511
Under LTF-EOP scheme						
Habib Bank Limited Loan 4		12 half yearly January-2010	776	7.00% p.a. payable quarterly	-	776
Under LTF-EOP scheme						
Habib Bank Limited Loan 5		12 half yearly January-2010	1,091	7.00% p.a. payable quarterly	-	1,091
a) Under LTF-EOP scheme						
b) Under LTF-EOP scheme		12 half yearly February-2010	136	7.00% p.a. payable quarterly	-	136
Habib Bank Limited Loan 6	6.4, 6.9	16 half yearly July-2011	11,054	10.00% p.a. payable quarterly	66,326	66,434
Under State Bank of Pakistan (SBP) Scheme of Long Term Financing Facility (LTFF)						
Habib Bank Limited Loan 7	6.4, 6.9	16 half yearly August-2011	562	10.00% p.a. payable quarterly	3,375	4,499
Under LTFF scheme						
Habib Bank Limited Loan 8	6.4, 6.9	16 half yearly October-2011	709	10.00% p.a. payable quarterly	4,260	5,678
Under LTFF scheme						
Habib Bank Limited Loan 9	6.4, 6.9	16 half yearly March-2012	277	10.00% p.a. payable quarterly	1,937	2,491
Under LTFF scheme						
Habib Bank Limited Loan 10	6.4, 6.9	16 half yearly August-2012	3,536	10.25% p.a. payable quarterly	28,326	35,308
Under LTFF scheme						
Habib Bank Limited Loan 11	6.4, 6.9	20 quarterly September-2016	5,804	9.00% p.a. payable quarterly	116,050	116,050
Under LTFF scheme						
Habib Bank Limited Loan 12	6.4, 6.9	20 quarterly November-2016	1,606	9.00% p.a. payable quarterly	33,950	33,950
Under LTFF scheme						
MCB Bank Limited Loan 1	6.6, 6.9	10 half yearly March-2017	18,891	8.25% p.a. payable quarterly	188,910	174,050
Under LTFF scheme						
MCB Bank Limited Loan 2	6.6, 6.9	10 half yearly April-2017	2,417	8.25% p.a. payable quarterly	24,251	24,251
Under LTFF scheme						
MCB Bank Limited Loan 3	6.6, 6.9	10 half yearly June-2017	5,773	8.25% p.a. payable quarterly	57,730	67,730
Under LTFF scheme						
MCB Bank Limited Loan 4	6.6	10 quarterly March-2017	1,485	Average three months KIBOR Ask rate + 2.25% payable quarterly	-	14,860
Under LTFF scheme						
MEEZAN Bank Limited	6.4, 6.11	10 quarterly March-2017	74,455	Average three months KIBOR Ask rate +1% payable quarterly	744,555	-
National Bank of Pakistan Loan	6.6	10 quarterly February-2016	49,595	Average six months KIBOR Ask rate + 0.75% payable half yearly	495,981	-
National Bank of Pakistan Loan 1		25 quarterly September-2009	4,000	Average three months KIBOR Ask rate + 1.00% payable quarterly	-	4,000
National Bank of Pakistan Loan 2		16 quarterly September-2011	2,350	10.40% p.a. payable quarterly	-	2,350
Under LTFF scheme						
National Bank of Pakistan Loan 3		20 quarterly January-2014	3,190	10.00% p.a. payable quarterly	-	44,660
Under LTFF scheme						

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Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2016	2015
-----Rs 000s-----						
National Bank Of Pakistan Loan 4 Under LTFF scheme		20 quarterly May-2014	801	10.90% p.a. payable quarterly	-	12,015
National Bank Of Pakistan Loan 5 Under LTFF scheme		20 quarterly April-2014	6,009	10.90% p.a. payable quarterly	-	90,135
National Bank Of Pakistan Loan 6 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly February-2018	5,835	Average three months KIBOR Ask rate + 0.80% payable quarterly	116,700	-
National Bank Of Pakistan Loan 7	6.5, 6.6, 6.9	20 quarterly April-2018	5,451	Average three months KIBOR Ask rate + 0.80% payable quarterly	109,012	-
National Bank Of Pakistan Loan 8 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly August-2018	179	Average three months KIBOR Ask rate + 0.80% payable quarterly	3,570	-
National Bank Of Pakistan Loan 9 Under LTFF scheme	6.5, 6.6, 6.9	20 quarterly June-2018	7,131	Average three months KIBOR Ask rate + 0.80% payable quarterly	142,618	-
NIB Bank Limited Loan 1 Under LTFF scheme		16 quarterly June-2014	2,827	10.90% p.a. payable quarterly	-	31,099
NIB Bank Limited Loan 2 Under LTFF scheme		16 quarterly March-2014	829	10.90% p.a. payable quarterly	-	8,201
NIB Bank Limited Loan 3 Under LTFF scheme		16 quarterly August-2014	498	10.90% p.a. payable quarterly	-	5,958
NIB Bank Limited Loan 4	6.6	16 quarterly March-2014	829	Average three months KIBOR Ask rate + 1.50% payable quarterly	4,975	9,120
NIB Bank Limited Loan 5	6.6	16 quarterly June-2014	2,827	Average three months KIBOR Ask rate + 1.50% payable quarterly	22,619	31,099
NIB Bank Limited Loan 6 Under LTFF scheme		16 quarterly September-2014	1,269	10.90% p.a. payable quarterly	-	15,480
NIB Bank Limited Loan 7 Under LTFF scheme		16 quarterly November-2014	301	10.90% p.a. payable quarterly	-	3,924
NIB Bank Limited Loan 8 Under LTFF scheme		16 quarterly February-2015	3,220	10.90% p.a. payable quarterly	-	45,093
NIB Bank Limited Loan 9 Under LTFF scheme		16 quarterly March-2015	2,016	10.90% p.a. payable quarterly	-	28,234
NIB Bank Limited Loan 10 Under LTFF scheme		16 quarterly April-2015	538	10.90% p.a. payable quarterly	-	8,072
NIB Bank Limited Loan 11 Under LTFF scheme		16 quarterly May-2015	1,324	10.90% p.a. payable quarterly	-	19,886
NIB Bank Limited Loan 12 Under LTFF scheme	6.6	16 quarterly June-2015	168	Average three months KIBOR Ask rate + 1.50% payable quarterly	2,023	2,527
NIB Bank Limited Loan 13 Under LTFF scheme		16 quarterly June-2015	2,037	10.90% p.a. payable quarterly	-	30,588
NIB Bank Limited Loan 14 Under LTFF scheme		16 quarterly October-2015	803	10.90% p.a. payable quarterly	-	12,850
SONERI Bank Loan 1 Under LTFF scheme	6.4	16 quarterly March-2018	14,457	5% p.a. payable quarterly	231,310	-
Standard Chartered Bank Loan 1 Under LTFF scheme		8 Half Yearly October-2012	2,995	11.10% p.a. payable quarterly	-	5,990
Standard Chartered Bank Loan 2 Under LTFF scheme		8 Half Yearly November-2012	21,886	11.10% p.a. payable quarterly	-	43,784
United Bank Limited Loan 1 Under LTF-EOP scheme		12 half yearly April-2010	931	7.00% p.a. payable quarterly	-	931

6/1/2016

Particulars	Note	Number of Installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2018	2019
-----Rs 000s-----						
United Bank Limited Loan 2 Under LTFF scheme		16 half yearly November-2010	363	10.00% p.a. payable quarterly	-	2,176
United Bank Limited Loan 3 Under LTFF scheme		10 half yearly December-2012	1,319	10.60% p.a. payable quarterly	-	5,276
United Bank Limited Loan 4 Under LTFF scheme		12 half yearly December-2011	657	10.60% p.a. payable quarterly	-	2,234
United Bank Limited Loan 5 Under LTFF scheme		12 half yearly January-2012	128	10.60% p.a. payable quarterly	-	644
United Bank Limited Loan 6 Under LTFF scheme		12 half yearly February-2012	741	10.60% p.a. payable quarterly	-	3,708
United Bank Limited Loan 7 Under LTFF scheme		12 half yearly April-2012	3,686	11.20% p.a. payable quarterly	-	18,432
United Bank Limited Loan 8 Under LTFF scheme		19 half yearly November-2011	7,441	11.20% p.a. payable quarterly	-	81,657
United Bank Limited Loan 9 Under LTFF scheme		19 half yearly December-2011	5,916	11.20% p.a. payable quarterly	-	66,072
United Bank Limited Loan 10 Under LTFF scheme	6.6	12 half yearly September-2013	269	Average six months KIBOR Ask rate + 1.00% payable half yearly	1,612	2,150
United Bank Limited Loan 11	6.6	12 half yearly October-2013	1,235	Average six months KIBOR Ask rate + 1.00% payable half yearly	7,411	9,683
United Bank Limited Loan 12	6.6	12 half yearly December-2013	5,892	Average six months KIBOR Ask rate + 1.00% payable half yearly	35,792	47,133
United Bank Limited Loan 13 Under LTFF scheme	6.6, 6.9	12 half yearly January-2014	259	12.70% p.a. payable quarterly	-	2,338
United Bank Limited Loan 14 Under LTFF scheme	6.6, 6.9	12 half yearly March-2014	1,526	11.20% p.a. payable quarterly	-	13,727
United Bank Limited Loan 15	6.6	12 half yearly January-2014	11,913	Average six months KIBOR Ask rate + 1.00% payable half yearly	63,387	107,213
United Bank Limited Loan 16 Under LTFF scheme	6.5, 6.9	10 half yearly July-2017	1,802	8.00% p.a. payable quarterly	18,020	18,020
United Bank Limited Loan 17 Under LTFF scheme	6.5, 6.9	10 half yearly August-2017	398	6.60% p.a. payable quarterly	3,985	3,985
United Bank Limited Loan 18 Under LTFF scheme	6.5, 6.9	10 half yearly September-2017	215	6.60% p.a. payable quarterly	2,150	2,150
United Bank Limited Loan 19 Under LTFF scheme	6.5, 6.9	10 half yearly October-2017	102	6.60% p.a. payable quarterly	1,020	1,020
United Bank Limited Loan 20	6.5	10 half yearly November-2017	2,385	Average six months KIBOR Ask rate + 1.25% payable quarterly	23,860	23,860
United Bank Limited Loan 21 Under LTFF scheme	6.5, 6.9	10 half yearly December-2017	89	6.60% p.a. payable quarterly	890	890
United Bank Limited Loan 22 Under LTFF scheme	6.5, 6.9	10 half yearly February-2018	316	5% p.a. payable quarterly	3,167	-
United Bank Limited Loan 23 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	4,182	5% p.a. payable quarterly	41,822	-
United Bank Limited Loan 24 Under LTFF scheme	6.5, 6.9	10 half yearly April-2018	1,827	5% p.a. payable quarterly	18,270	-
United Bank Limited Loan 25 Under LTFF scheme	6.5, 6.9	10 half yearly May-2018	954	5% p.a. payable quarterly	9,546	-

6/18/20

Particulars	Note	Number of installments and commencement month	Installment amount Rs. in 000s	Mark-up rate per annum	2016	2015
					-----Rs 000s-----	
United Bank Limited Loan 20 Under LTFF scheme	6.5, 6.9	10 half yearly March-2018	12,111	5% p.a. payable quarterly	121,114	-
Samba Bank Limited Loan 1 Under LTFF scheme		9 half yearly May-2015	17,245	10.90% p.a. payable quarterly	-	137,955
Samba Bank Limited Loan 2 Under LTFF scheme		9 half yearly June-2015	4,450	10.90% p.a. payable quarterly	-	35,644
Total from Other Banks					3,639,931	2,630,326

6.3 Non-Banking Financial Institutions - Secured

Pair Investment Company 1 Under LTFF scheme	6.9, 6.10	12 half yearly May-2018	11,417	6% p.a. payable half yearly	137,000	-
Pair Investment Company 2 Under LTFF scheme	6.9, 6.10	12 half yearly June-2018	11,346	6% p.a. payable half yearly	136,150	-
Pak Kuwait Investment Pvt. Ltd Loan 1 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly February-2018	10,093	3% p.a. payable quarterly	322,990	-
Pak Kuwait Investment Pvt. Ltd Loan 2 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	2,479	3% p.a. payable quarterly	79,340	-
Pak Kuwait Investment Pvt. Ltd Loan 3 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	1,218	3% p.a. payable quarterly	38,970	-
Pak Kuwait Investment Pvt. Ltd Loan 4 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly March-2018	8,312	3% p.a. payable quarterly	265,086	-
Pak Kuwait Investment Pvt. Ltd Loan 5 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly May-2018	816	3% p.a. payable quarterly	26,120	-
Pak Kuwait Investment Pvt. Ltd Loan 6 Under LTFF scheme	6.5, 6.9, 6.10	32 quarterly June-2018	417	3% p.a. payable quarterly	13,330	-
Pak Brunei Investment Company Loan Under LTFF scheme	6.5, 6.9, 6.10	16 quarterly December-2018	28,637	2.5% p.a. payable quarterly	458,187	-
Total from Non-Banking Financial Institutions					1,478,073	-

6.4 These loans are secured by first pari passu charge over present and future property, plant and equipment of the direct subsidiary and equitable mortgage over land and building.

6.5 These loans are secured by charge over specified machinery.

6.6 These loans are secured by way of pari passu charge over the property, plant and equipment of the direct subsidiary.

6.7 Habib Metropolitan Bank Limited is a related party and associated company by virtue of common directorship of one of the Directors of the direct subsidiary.

6.8 Grace period of one year in payment of principal outstanding under LTF-EOP facilities was allowed by the banks as per State Bank of Pakistan SMEFD circular No. 01 dated January 22, 2009.

6.9 The financing availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years from the date when financing was availed. However, where financing facilities have been provided for a period of up to five years maximum grace period shall not exceed one year as per State Bank of Pakistan MFD Circular No. 07 dated December 31, 2007.

6.10 These loans are secured by ranking charge over present and future property plant and equipment of the direct subsidiary and will subsequently upgraded by way of pari passu charge.

6.11 These loans are obtained from Shariah Compliant Banks.

6.12 The direct subsidiary can avail prepayment option and rollover option for loans at its discretion.

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7 DEFERRED TAXATION

	Note	2016	2015
		-----Rs. 000s-----	
Deferred tax liability	7.1	323,908	359,548
Deferred tax asset of an indirect subsidiary	7.2	(996)	(3,194)
		<u>322,912</u>	<u>356,354</u>
7.1 Deferred tax arises due to:			
Taxable temporary differences in respect of			
Accelerated tax depreciation allowance		352,990	392,567
Provision for income of subsidiaries		14,600	9,209
		<u>367,590</u>	<u>401,776</u>
Deductible temporary differences in respect of			
Provision for gratuity		(4,062)	(5,408)
Provision for doubtful debts		(26,477)	(24,388)
Provision for slow moving items		(13,143)	(12,432)
		<u>(43,682)</u>	<u>(42,228)</u>
		<u>323,908</u>	<u>359,548</u>
7.1.1	This represent net deferred taxation in respect of temporary differences of the Subsidiary Companies. Deferred taxation has been calculated only to the extent of those temporary differences which do not relate to income falling under the Final Tax Regime of the Income Tax Ordinance, 2001.		
7.2 Deferred tax asset of an indirect subsidiary			
Deductible temporary differences in respect of			
Accelerated tax depreciation allowance		(312)	(446)
Unused tax losses		(684)	(2,748)
		<u>(996)</u>	<u>(3,194)</u>
7.3 Movement in deferred taxation			
	<u>Liability</u>	<u>Asset</u>	<u>Total</u>
Opening	359,548	(3,194)	356,354
Charged to profit and loss account	(36,592)	2,198	(34,394)
Charged to other comprehensive income	952	-	952
	<u>323,908</u>	<u>(996)</u>	<u>322,912</u>

8 STAFF RETIREMENT BENEFITS

8.1 Reconciliation of the present value of defined benefit obligation and movement in net defined benefit liability	Note	2016	2015
		-----Rs. 000s-----	
Opening balance		48,833	44,816
Charge for the year	8.2	36,585	33,531
Remeasurement loss charged in other comprehensive income		(8,376)	16,437
Benefits paid during the year		(35,696)	(45,951)
		<u>41,346</u>	<u>48,833</u>
8.2 Charge for the year recognized in profit and loss account			
Current service cost		31,722	27,920
Past Service cost	8.4	-	1,458
Interest cost		2,620	2,339
		<u>34,342</u>	<u>31,717</u>
Charge in respect of obligation of the indirect subsidiary	8.5	2,243	1,814
	28.1	<u>36,585</u>	<u>33,531</u>
8.3 Significant actuarial assumptions used			
Following significant actuarial assumptions were used for the valuation of the direct subsidiary's obligations:			
Discount rate used		7.25% p.a	9.75% p.a
Expected increase in salary for year end obligation		6.25% p.a	8.75% p.a
Average expected remaining working life time of employees		5 years	9 years
Mortality rates		SLIC 2001-2005	SLIC 2001-2005
		Set back 1 Year	Set back 1 Year
8.4	Past service cost has arisen due to change in plan (eligible payment days) for certain employees of the direct subsidiary.		
8.5	Provision in respect of the obligation of direct subsidiary is made in accordance with applicable labour laws in UAE. Since the obligation is insignificant so no actuarial valuation is carried out by the direct subsidiary and provision is made using actual liability method.		

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8.6 General Description

The scheme provides retirement benefits to all its eligible employees who are not part of the provident fund scheme and who have attained the minimum qualifying period. Actuarial valuation of the scheme is carried out periodically and latest actuarial valuation was carried out at June 30, 2016. The disclosure is based on information included in that actuarial report.

8.7 Sensitivity Analysis

Year end sensitivity analysis (± 100 bps) on Defined Benefit Obligation as presented by actuary in its report.

	Note	2016	2015
		---Rs. 000s---	
Discount Rate + 100 bps		34,171	40,225
Discount Rate - 100 bps		37,543	48,442
Salary increase + 100 bps		37,543	48,442
Salary increase - 100 bps		34,142	40,162

9 TRADE AND OTHER PAYABLES

Creditors	- Due to related parties	10,746	11,793
	- Others	2,866,479	3,641,765
		2,877,225	3,653,558
Provisions and accrued expenses	9.1.1, 9.1.2, 9.1.3 & 12.7	1,947,389	1,139,057
Advance from customers		329,173	274,889
Workers' profit participation fund	9.2	75,029	49,498
Workers' welfare fund	9.3	27,235	15,986
Unclaimed dividend		2,140	1,274
Dividend payable	9.4	9,473	-
Taxes withheld	9.5	71,378	25,627
Payable to employees' provident fund	9.5	14,270	2,158
Others		24,464	31,345
		5,377,777	5,393,392

9.1.1 Accrued expenses include infrastructure cess amounting to Rs. 133 million (2015: Rs. 94.2 million). The direct subsidiary along with other petitioners have challenged the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.1.2 The direct subsidiary along with several other companies has filed a suit in the Honorable Sindh High Court challenging the Notification via SRO No. (I) / 2015 dated 31 August, 2015 regarding increase in the Gas rate tariff. The Honorable Sindh High Court has already passed interim orders to suspend the operation of the notification and payments of bills on regular basis at the tariff prevailing prior to the issuance of the impugned notification and restrained from taking any coercive action against the Subsidiary Company; thereafter Honorable Sindh High Court has given the decision in favor of the Subsidiary Company. The Government has filed an appeal in the Divisional Bench of the Honorable Sindh High Court there against. However, as a matter of prudence, full provision of Rs. 98.689 million has been made in the consolidated financial statements.

9.1.3 The direct subsidiary along with several other companies has filed a suit in the Honorable Sindh High Court challenging the charging of captive power tariff instead of Industry tariff rate to the direct subsidiary, since the direct subsidiary is producing Electricity for its own consumption only, not for sale. The Honorable Sindh High Court has passed the interim orders for not charging the Captive power tariff rates and consequently restrained from taking any coercive action against the direct subsidiary. However, in view of the uncertainties in such matter, full provision of Rs. 139.585 million has been made in the consolidated financial statements.

	Note	2016	2015
		-----Rs. 000s-----	
9.2 Workers' profit participation fund			
Opening balance		49,498	84,102
Allocation for the year	29	71,671	42,069
Interest for the year	9.2.1	3,358	7,429
		124,527	133,600
Payments made during the year		(49,498)	(84,102)
Closing balance		75,029	49,498

9.2.1 The direct subsidiary retains Workers' Profit Participation Fund for its business operations till the date of allocation to the workers. Interest is payable at prescribed rate under Companies Profit (Workers Participation) Act, 1968 on funds utilized by the direct subsidiary till the date of allocation / payment to workers.

9.3 The direct subsidiary along with other petitioners have challenged the constitutionality of the amendments brought into Workers' Welfare Fund Ordinance, 1971 through Finance Acts of 2006 and 2008. The Honorable Sindh High Court has given the decision in favor of the Government. The direct subsidiary has filed an appeal in the Supreme Court of Pakistan against the above decision. However, in view of the uncertainties in such matters, full amount has been expensed out in the consolidated financial statements.

9.4 Dividend payable includes the dividend amount Rs.7,033 million held by the Gul Ahmed Textile Mills Limited, as referred in Note no. 4.2.3 pertaining to the Petitioners of the suit filed in the Honourable High Court of Sindh against the tax on bonus shares imposed through Finance Act 2014. The amount includes Rs. 5.395 million and Rs. 0.24 million of Gul Ahmed Holdings (Private) Limited and an Associate Company respectively. In view of uncertainties the recognition of this dividend income of Rs. 5.395 million has been deferred by the Holding Company till final outcome.

9.5 These has been paid subsequent to balance sheet date.

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	Note	2016	2015
		Rs. 000s	
10 ACCRUED MARK-UP/PROFIT			
Mark-up/ profit on long term financing		46,852	71,540
Mark-up/profit on short term borrowings		67,516	134,941
		<u>114,368</u>	<u>206,481</u>

10.1 This includes Rs. 6.83 million and Rs. 13.93 million (2015:Rs. 6.80 million and Rs. 28.6 million) in long term financing and short term borrowings respectively under Shariah Compliant arrangements.

10.2 Accrued mark-up includes mark-up due to following related parties:

Long term financing			
Habib Metropolitan Bank Limited - associated company		-	14,205
Short term borrowings			
Habib Metropolitan Bank Limited - associated company		2,528	1,729
Silk Bank Limited - associated company		-	7,182
		<u>2,528</u>	<u>8,911</u>
		<u>2,528</u>	<u>23,116</u>

11 SHORT TERM BORROWINGS - SECURED

Short term bank borrowings			
Foreign currency		894,500	967,746
Local currency		7,525,100	7,077,400
	11.1	<u>8,419,600</u>	<u>8,045,146</u>
Short term running finance		<u>4,446,893</u>	<u>793,028</u>
		<u>12,866,493</u>	<u>8,838,174</u>

11.1 Short term bank borrowing includes Istisna (Shariah Compliant) amounting to Rs. 2,702 million (2015: Rs. 2,209 million) in local currency and Rs. 114 (2015: Rs. Nil) in foreign currency. Istisna is an Islamic mode of finance.

11.2 Short term borrowings are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts, other receivables and pledge over cotton. Unavailed facility at the year end was Rs. 2,975 million (2015: Rs. 7,004 million). The facility for short term finance matures within twelve months. Short term borrowings include following from related parties:

	2016	2015
	Rs. 000s	
Habib Metropolitan Bank Limited - associated company	622,639	183,551
Silk Bank Limited - associated company	-	475,000
	<u>622,639</u>	<u>658,551</u>

11.3 Foreign currency mark-up/profit rates range from 1.15% to 2.00% (2015: 1.15% to 2.00%) per annum. Local currency mark-up/profit rates range from 3.00% to 9.98% (2015: 5.75% to 13.21%) per annum.

12 LOANS FROM DIRECTOR

	2016	2015
	<u>281,000</u>	<u>1,000</u>

12.1 This represents unsecured and markup free loans provided by a Director in order to meet the short term funding requirements of the Holding Company.

13 CONTINGENCIES AND COMMITMENTS

13.1 The direct subsidiary owns and possesses a plot of land measuring 44 acres in Deh Khanto, which is appearing in the books at a cost of Rs. 84 million (2015:Rs. 84 million). The direct subsidiary holds title deeds of the land which are duly registered in its name. Ownership of the land has been challenged in the Honorable Sindh High Court by some claimants who claim to be the owners, as this land was previously sold to them and subsequently resold to the direct subsidiary. The claim of the alleged owners is fictitious. The direct subsidiary is confident that its title to the land is secure and accordingly no provision in this behalf has been made in these consolidated financial statements.

13.2 The direct subsidiary has filed a suit in the Honorable Sindh High Court for recovery of Rs. 33.409 million (2015: Rs. 33.409 million) against sale of property included in other receivables note no.21. The direct subsidiary's management and its legal counsel are of the opinion that the case will be decided in the direct subsidiary's favor and as such no provision has been made there against.

13.3 The direct subsidiary has filed a Petition in the Honorable Sindh High Court against order passed by the Board of Trustees, Employees' Old-Age Benefits Institution (EOBI) for upSubsidiary the unjustified additional demand of payment raised by EOBI for accounting years 2000-01 and 2001-02 amounting to Rs.50.827 million (2015: Rs.50.827 million). This demand had been raised after lapse of more than two years although the records and books of the direct subsidiary were verified by the EOBI to their entire satisfaction and finalization of all matters by EOBI. The Honorable Sindh High Court has already restrained EOBI from taking any action or proceedings against the direct subsidiary. No provision has been made there against in these consolidated financial statements as the direct subsidiary is confident of the favorable outcome of the Petition.

13.4 The direct subsidiary has filed a Constitution Petition in the Honorable Sindh High Court against the City District Government of Karachi for striking down the unjustified demand of payment of Ground Rent of Rs.10 million (2015: Rs. 10 million) and against which part payment of Rs. 2.57 million has been made. The Honorable Sindh High Court has already restrained the City District Government of Karachi from taking any coercive action against the direct subsidiary. No provision has been made there against in these consolidated financial statements as the direct subsidiary is confident of the favorable outcome of the Petition. Also refer note no. 20.2.

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13.5 The direct subsidiary has filed a suit in the Honorable Sindh High Court for recovery of Rs. 17.851 million (2015: Rs. 17.851 million) against a customer for the sale of fabric included in trade debts note no. 19. However, in view of the uncertainties in such matters, full provision has been made in the consolidated financial statements.

13.6 The direct subsidiary along with several other companies has filed a Constitution Petition in the Honorable Sindh High Court against a notice issued by the Employment Old Age Benefit Institution (EOBI) to the direct subsidiary to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the direct subsidiary. No provision of the amount involved i.e., Rs. 98.778 million has been made in these consolidated financial statements as the direct subsidiary is confident of the favorable outcome of the Petition.

13.7 On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The direct subsidiary along with several other companies has filed a suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015 and hence the direct subsidiary has not paid GIDC under the above referred laws. Further as the direct subsidiary is confident that the case will be decided in favor of the Appellants hence no provision in respect of the GIDC Act, 2011 and GIDC Ordinance, 2014 is made in these consolidated financial statements amounting to Rs.868.221 million (2015: Rs. 868.221 million).

However as a matter of abundant prudence amount payable under the GIDC Act, 2015 commencing from May 22, 2015 to the balance sheet date amounting to Rs. 584.934 million (2015: Rs. 44.473 million) has been provided in these consolidated financial statements.

13.8 During the year 2015, the direct subsidiary issued 25% bonus shares for the year ended June 30, 2014 accordingly 30,828,638 shares were receivable by GAHPL from GTML. The Government, through Finance Act 2014, imposed 5% income tax on bonus shares which resulted in tax amounting to Rs.79,599,548 on the bonus entitlement against which the subsidiary Company withheld 1,541,432 shares.

The Holding Company along with several other shareholders filed a suit in the Honorable Sindh High Court, challenging the legality of tax on bonus shares which was decision in favor of the Government. The Holding Company thereafter has then filed an appeal in the Division Bench of Honorable Sind High Court against the above decision. The Division Bench has issued stay against the recovery of the above tax.

The Holding Company is confident that the case will be decided in the favor of the Appellants; however in view of uncertainties, the Holding Company has not taken these 1,541,432 shares for consolidation purposes consequently no provision is required against the tax amount. Also the corresponding dividend in respect of these bonus shares declared during the pendency of the case aggregating to Rs. 6.936 million (2016: Rs. 5.936 million) has not been accrued.

13.9 Guarantees

- (a) Rs. 706 million (2015: Rs. 656 million) against guarantees issued by banks which are secured by pari passu hypothecation charge over stores and spares, stock-in-trade, trade debts and other receivables. These guarantees includes guarantees issued by related party amounting to Rs. 638 million (2015: Rs. 588million)
- (b) Post dated cheques Rs. 1,000 million (2015 : Rs. 462 million) are issued to Custom Authorities in respect of duties on imported items availed on the basis of consumption and export plans.
- (c) Bills discounted Rs. 2,267 million (2015: Rs. 1,858 million).
- (d) Corporate guarantee of Rs. 93.365 million (2015: Rs. 96.873 million) has been issued to a bank by the direct subsidiary in favor of an indirect direct subsidiary - GTM (Europe) Limited - UK. .

14.0 Commitments

- (a) The Group is committed for capital expenditure as at June 30, 2016 of Rs. 2,103 million (2015: Rs. 1,335 million)
- (b) The Group is committed for non capital expenditure items under letters of credits as at June 30, 2016 of Rs. 819 million (2015: Rs. 2,000 million)
- (c) The Group is committed to minimum rental payments for each of following period as follows:

	Note	2016	2015
		Rs. 000s	
Not more than one year		497,517	408,079
More than one year but not more than five years		1,670,611	1,486,287
More than five years		994,367	939,586
		<u>3,162,495</u>	<u>2,833,952</u>

14 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	14.1	10,524,519	8,711,930
Capital work in progress (CWIP)	14.2	1,545,089	337,212
		<u>12,069,608</u>	<u>9,049,142</u>

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14.1 Operating fixed assets

Note	Leasehold land	Buildings and structures on leasehold land	Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
Rs. 000s							
Movement in net book value during the year ended June 30, 2016							
Opening net book value (NBV)	227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Direct additions (at Cost)	-	28,861	128,617	12,598	101,824	249,445	521,345
Transfer from CWIP	-	662,167	1,818,692	-	11,100	-	2,491,959
Reclassification made by subsidiary	-	3,202	-	(3,202)	-	-	-
Disposal at NBV 14.1.2	-	-	(61,895)	-	(690)	(15,587)	(78,172)
Scraped at NBV	-	-	-	(531)	(403)	-	(1,014)
Depreciation charge 13.1.1	-	(232,094)	(748,019)	(5,825)	(45,685)	(93,735)	(1,125,358)
Foreign currency retranslation	-	1,163	-	504	815	1,347	3,829
Closing net book value	227,564	1,983,013	7,542,245	53,754	237,567	480,376	10,524,519
Net book value as at June 30, 2016							
Cost	227,564	3,623,079	14,918,908	121,418	591,846	969,658	20,452,473
Accumulated depreciation	-	(1,641,229)	(7,376,663)	(68,168)	(355,094)	(490,629)	(9,931,783)
Foreign currency retranslation	-	1,163	-	504	815	1,347	3,829
Net book value	227,564	1,983,013	7,542,245	53,754	237,567	480,376	10,524,519
Movement in net book value during the year ended June 30, 2015							
Opening net book value (NBV)	227,564	1,000,544	5,941,828	51,170	158,654	340,845	7,720,611
Direct additions (at Cost)	-	164,370	205,838	6,355	42,507	93,683	512,753
Transfer from CWIP	-	518,654	984,818	66	8,795	-	1,512,333
Disposal at NBV 14.1.2	-	-	(40,279)	(58)	(856)	(10,358)	(63,551)
Scraped at NBV	-	-	-	(501)	(1,009)	-	(1,510)
Depreciation charge 13.1.1	-	(163,854)	(681,355)	(6,828)	(37,405)	(79,264)	(968,706)
Closing net book value	227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Net book value as at June 30, 2015							
Cost	227,564	2,928,849	13,033,494	112,553	480,095	735,800	17,518,355
Accumulated depreciation	-	(1,409,135)	(6,628,644)	(62,343)	(309,409)	(396,894)	(8,806,425)
Net book value	227,564	1,519,714	6,404,850	50,210	170,686	338,906	8,711,930
Depreciation rate % per annum	-	10 to 20	10 to 20	10 to 12	15 to 33	20 to 25	

14.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2016	2015
		-----Rs. 000s-----	
Cost of goods manufactured	26.1	854,834	758,913
Distribution cost	27	154,214	106,228
Administrative expenses	28	116,310	103,565
		1,125,358	968,706

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14.1.2 Details of operating assets sold

Particulars of assets	Cost	Written down value	Sale proceeds	Loss/ (Gain) on Disposal	Mode of Disposal	Particulars of Buyers
-----Rs. 000s -----						
Plant and machinery						
Ink Jet Engraving	6,897	5,175	1,000	(4,175)	Negotiation	A.K. Sons P-30 Street No.1, Block Madina Town Faisalabad
Finisher Drawing Frame	207	97	150	53	Negotiation	Al-Ahmed Textile Mills (Pvt) Ltd. Room No. 305 3rd Floor Anum Empire ZCC-1 Block 7/8 KCHS Karachi Faisalabad
Ring Spinning	38,680	14,838	2,100	(12,738)	Negotiation	Basfa Textile (Pvt.) Ltd 20-K.M Ferozepur Road Al Noor Town Lahore City
Drawing Frame	33,653	13,274	11,000	(2,274)	Insurance Claim	EFU General Insurance Ltd Tower Branch No-105 Floor K.D.L.B. Building W.W Road Karachi
Card Crosrol	6,990	504	1,200	696	Negotiation	Farhan Cotton Waste Industry Plot # A1122 Sindh Industries Trading Estate, Noorabad, Hyderabad
Simplex Toyoda Frame	6,376	162	300	138	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town 56-P Main Kashmir Road Amin Town Faisalabad
Ring Spinning	25,906	8,329	900	(7,429)	Negotiation	Ideal Trading Co. 56-P Main Kashmir Road Amin Town 56-P Main Kashmir Road Amin Town Faisalabad
Ring Spinning	2,671	906	100	(806)	Negotiation	Jilani Textile Traders Shop No. 2, Madina Mosque Labour Square Hyderabad
Card Crosrol	24,001	5,730	4,000	(1,730)	Negotiation	Spincot Textile Mills (Pvt) Limited Suit No. 1-A, 2nd Floor, Craze-I, Plaza Defence, Lahore
Card Crosrol	30,041	12,824	4,400	(8,424)	Negotiation	Unique Spinning Mills (Pvt) Ltd. Plot # A-6, Site, Kotri
Written down value below Rs. 50,000	1,342	56	600	544	Negotiation	Various
	176,764	61,895	25,750	(36,145)		
Office equipment						
Split A-C	469	80	90	10	Negotiation	Aman Airconditioning Services Shop # 2-3 Plot # 37 Commercial Street Ph-11 Ext DHA, Karachi
Written down value below Rs. 50,000	3,595	610	552	(58)	Negotiation	Various
	4,064	690	642	(46)		
Vehicles						
Toyota Corolla - ARW-749	1,348	254	522	268	Company Policy	Abdul Sami - Employee Flat No 22/3, Mariya Society Khalid Bin Waleed Road, Karachi
Suzuki Alto - ATK-215	679	157	272	115	Company Policy	Abdullah Faisal - Employee House No C-47, Block-L, North Nazimabad, Karachi
Toyota Corolla - ASU-743	1,342	322	671	349	Company Policy	Ali Gohar Bhutto - Employee Gul Ahmed Textile Mills Ltd Unit No 4 House No 01, Malir, Karachi
Honda City - ASV-704	1,307	331	524	193	Company Policy	Fakhar Rafique Siddique - Employee House No.A-332, Block-2 Gulistan-E-Johar, Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	Loss/ (Gain) on Disposal	Mode of Disposal	Particulars of Buyers
-----Rs. 000s-----						
Suzuki Cultus - ARH-523	720	133	288	155	Company Policy	Iqbal Godil - Employee House# A-70,Block-4 Dhoraji Colony Gulshan-E-Iqbal, Karachi
Suzuki Swift - ATG-957	1,083	255	437	182	Company Policy	Mehmood Younus - Employee House No 601 Jamaluddin Afghani Road Al Madina Arcade Muslimabad Pechs,Block-3 Karachi
Honda City - AUE-224	1,338	387	536	149	Company Policy	Mohammad Ovais - Employee Haroon Royal City Phase# 1, Flat No 147 Area Gulistan-E-Johar Block-17
Suzuki Liana - ASU-109	1,097	264	440	176	Company Policy	Muhammad Javed - Employee Flat No 19, Gul Ahmed Textile Mills Ltd Karachi
Suzuki Alto - APW-964	517	79	265	186	Company Policy	Muhammad Nadeem - Employee Flat No D-24 Block-20, Rashid Minhas Road Gulshane-E-Iqbal, Karachi
Suzuki Mehran - ARK-472	489	99	196	97	Company Policy	Muqteet Azfar - Employee House No.A-493,Block 11-A, North Karachi
Suzuki Cultus - AUE-182	883	260	353	93	Company Policy	Nayyar Hameed - Employee House No N-21, Gulistan-E-Johar,Block-15 Karachi
Suzuki Cultus - AJT-428	604	59	425	366	Company Policy	Salim Ghaffar - Employee House No. A1/174, 2Nd Floor, Block 13-D-2 KDA Scheme 24, Gulshan-E-Iqbal, Karachi
Suzuki Cultus - ATP-217	864	215	346	131	Company Policy	Shahid Iqbal Babar - Employee House No.F-18,Usmania Colony Nazimabad No 1, Liaqatabad, Karachi
Suzuki Cultus - AUE-912	882	265	353	88	Company Policy	Zain-Ul-Abedin - Employee House No.A-203,Gulshan-E-Iqbal Block 13-D-2,Karachi
Honda City - AVV-861	1,383	463	783	320	Company Policy	Abdul Qayyum - Employee House No R-412, Ameenabad Makir City, Karachi
Toyota Corolla - ATT-498	1,449	310	580	270	Company Policy	Akhter Saeed - Employee House # A-382,Block-3 Gulshan-e-Iqbal Karachi
Toyota Corolla - ARZ-963	1,302	241	521	280	Negotiation	Khawaja Fazal-Ur-Rehman Flat No 1-A/2 Area Saba Avenue, Phase-5, DHA Karachi,
Suzuki Mehran - ASQ-609	518	113	207	94	Negotiation	Mr.Asif Mehmood House# Z-125 Street No 4
Suzuki Mehran - AST-407	511	112	256	144	Negotiation	Mr.Kamran Ali Qureshi House# H-171,Area New L Block Orangi Town, Karachi
Toyota Corolla - ASV-362	1,388	321	556	235	Negotiation	Arbab Ali Rajar Goat Haji Muhammad Ali Rajar Tappal Ghar Tando Adam
Toyota Corolla - AUD-404	1,461	423	585	162	Negotiation	Mohammad Fayyaz Goth Ghulam Hussain,Post Office Nizam Kila Tahseel Liaquat Pur District Rahim Yar Khan
Toyota Viosha - AJC-020	2,403	183	825	642	Negotiation	Mr. Muhammad Hussain Khan Shop No P-59,North Nazimabad Karachi
Toyota Corolla GLI - ASN-473	1,388	328	555	227	Negotiation	Muhammad Ali Aslam House No B-33, Dhoraji Colony Karachi
Suzuki Mehran - ARH-904	462	84	332	248	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town North Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	Loss/ (Gain) on Disposal	Mode of Disposal	Particulars of Buyers
-----Rs. 000s-----						
Liana RXI - ATP-218	1,199	278	637	359	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town North Karachi
Honda City - AUG-589	1,458	422	1,157	735	Negotiation	Muhammad Anwar House # R-121, Sector 5/C-2 Hilal Town North Karachi
Suzuki Cultus - ATS-493	864	196	670	474	Negotiation	Muhammad Faizan House # B-189, Area Zaman Town, Korangi # 4, Sector # 35/A Karachi
Suzuki Alto - AQD-945	521	77	511	434	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A Karachi
Suzuki Alto - ASF-157	663	153	552	390	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A Karachi
Suzuki Alto - ASD-746	658	122	486	364	Negotiation	Muhammad Imran House # 875, Area Hussainabad Korangi # 4, Sector # 35/A Karachi
Suzuki Alto - AMH-810	513	63	205	142	Negotiation	Muhammad Kamran House No 61, Peer Illahi Bux Colony Karachi
Suzuki Cultus - ASK-829	815	196	326	130	Negotiation	Muhammad Mehboob Alam House No.3/1322, Mansoor Nagar Sector 11-1/2, Orangi Town Karachi
Honda City - AUE-227	1,338	380	536	156	Negotiation	Feroz Abdul Rehman Dasair House No,20 Area Jinnah Housing, Karachi
Suzuki Alto - AUE-618	697	210	279	69	Negotiation	Furqan Ahmed Plot No 107, House No M-4 Block 13-D-2, Gulshan-E-Iqbal, Karachi
Hyundai Grace Van - CN-6770	1,231	97	628	531	Negotiation	Imran Ahmed House # 219, Sector 35-B, Korangi # 4 Karachi
Suzuki Alto - ASY-609	664	154	333	179	Negotiation	Muhammad Younus House # 875, Area Hussainabad
Toyota Corolla GLI - AWN-084	1,574	526	1,450	924	Negotiation	Muhammad Younus House No A-414 Iqra Complex Perfume Chowk Gulistan-e-Johar Karachi
Toyota Corolla GLI - ASN-641	1,388	334	555	221	Negotiation	Obaid-Ul-Rehman Siddiqui House No B123, Block-1, North Nazimabad Karachi
Suzuki Liana - AST-571	1,097	254	440	186	Negotiation	Owais Baig Wall Garden House No. 201 Area Ghulam Hussain Qasim Road, Garden West
Suzuki Alto - AUL-348	708	205	355	150	Negotiation	Rehan Haseeb Flat#B, 11, Area Imran Arcade F.B Area Block 7 Karachi
Suzuki Alto - AUE-179	698	191	349	158	Negotiation	Saif Asghar House No B-30, Muhilla Meer Hassan Abad Latifabad, Hyderabad
Honda City - ATC-192	1,269	305	508	203	Negotiation	Shahbaz Ahmed Railway Housing Society, Flat No.521, Area Samama Hill View, Gulistan-E-Johar Block-A, 16 Karachi.
Toyota Corolla - ASF-461	1,311	315	525	210	Negotiation	Sheikh Muhammad Umar House No 22 M.C.H.S Tipu Sultan Road, Karachi
Honda City - AUK-550	1,357	363	1,112	749	Negotiation	Syed Muhammad Ali Warsi House No.A-162, Area Gulbarg, F.B.Area, Block # 12 Karachi

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Particulars of assets	Cost	Written down value	Sale proceeds	Loss/ (Gain) on Disposal	Mode of Disposal	Particulars of Buyers
-----Rs. 000s-----						
Suzuki Alto VXR - ASK-815	662	142	487	345	Negotiation	Muhammad Arshad House # 358, Sector 9/E, Jinnah Colony Orangi Town House, Karachi
Toyota Corolla - ATG-937	1,302	279	975	696	Negotiation	Muhammad Bilal Khan House # B-34, Area Sir Syed Town, North Karachi, Sector
Honda City - AKC-692	951	84	750	666	Negotiation	Muhammad Sohail Flat No.B-3, Ghulam Hussain Qasim Road, Block B-72, Garden West, Karachi.
Honda City - ATY-401	1,338	358	807	449	Negotiation	Muhammad Tahir Ifikhar House # 291 Area Kamran Block Allama Iqbal Town Lahore
Honda City - AUG-158	1,339	358	537	179	Negotiation	Mushtaq Ahmed House No.B-30, Area Sir Syed Town North Karachi, Sector 11-C/1 Karachi.
Suzuki Alto VXR - APK-439	516	71	408	337	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Suzuki Alto VXR - ANT - 308	516	71	508	437	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Suzuki Alto VXR - AMK-876	516	67	418	351	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Suzuki Alto VXR - AQH-316	516	70	462	392	Negotiation	Naveed Rauf House#16/2, Nazimabad, Sector 11-H Karachi
Honda Civic - AZQ-482	2,048	1,052	1,450	398	Negotiation	Syed Hassan Riaz Bukhari House No.120, Sector 33 Opp. Khayaban-e-Mohafiz, DHA, Karachi.
Suzuki Cultus VXR - ARL-051	851	146	521	375	Negotiation	Syed Muhammad Taufiq House # B-150, Gulshan-E-Iqbal, Block-6 Karachi
Toyota Corolla - BEP-173	1,852	1,636	1,828	192	Insurance Claim	EFU General Insurance Ltd Tower Branch No-105Th Floor K.D.L.B. Building W.W Road Karachi
Mercedes Benz R Class	3,209	674	898	224	Negotiation	Ryan Oliver 101 Brinksway, Stockport, SK3 OHX United Kingdom
Written down value below Rs. 50,000	1,255	80	670	590	Negotiation	Various
	62,312	15,567	33,161	17,574		
2016	243,140	78,172	59,553	(18,619)		
2015	181,032	63,551	71,601	8,050		

14.1.3 Details of net (loss) / Gain on disposal of property, plant and equipment

	Note	2016	2015
-----Rs. 000s-----			
Other income - gain on sale of property plant and equipment	30	19,015	26,631
Other operating expenses - loss on sale of property plant and equipment	29	(37,634)	(20,581)
		(18,619)	8,050

10/10/20

14.2 CAPITAL WORK-IN-PROGRESS

	2016				2015			
	Machinery and store items held for capitalisation	Civil Work	Other assets	Total	Machinery and store items held for capitalisation	Civil Work	Other assets	Total
	Rs. 000s							
Cost as at start	254,586	80,051	2,575	337,212	341,999	153,887	1,410	497,296
Capital expenditure incurred during the year	2,534,641	1,156,600	8,595	3,699,836	897,405	444,818	10,026	1,352,249
Transferred to property, plant and equipment	(1,818,692)	(662,167)	(11,100)	(2,491,959)	(984,818)	(518,854)	(8,861)	(1,512,333)
Cost as at end	970,535	574,484	70	1,545,089	254,586	80,051	2,575	337,212

15 INTANGIBLE ASSETS

	Note	Computer Software	Trade Marks	2016	2015
		Rs. 000s			
Net carrying value basis as at June 30					
Opening net book value		11,481	4,353	15,834	24,020
Additions (at cost)		7,182	2,130	9,312	5,517
Amortisation charge	15.1	(5,189)	(1,941)	(7,130)	(13,703)
Foreign currency retranslation difference		-	2,476	2,476	-
Closing net book value		13,474	7,018	20,492	15,834
Gross carrying value basis as at June 30					
Cost	15.3	175,120	18,963	194,083	184,771
Accumulated amortisation		(161,646)	(14,421)	(176,067)	(168,937)
Foreign currency retranslation difference		-	2,476	2,476	-
Net book value		13,474	7,018	20,492	15,834

Amortization is charged using straight line method over a period of:

5 years 10 years

15.1 The cost is being amortised using straight line method over a period of five years and the amortisation charge has been allocated as follows:

Distribution Cost	27	507	41
Administrative Expenses	28	6,623	13,662
		7,130	13,703

15.2 Remaining useful life range from one to ten years

15.3 This includes cost of Rs. 152,985 million (2015: Rs. 118.92 million) in respect of assets which are fully amortized but are still in use of the Group.

16 LONG TERM LOANS AND ADVANCES

Considered good - Secured

- Due from executives (other than CEO and Directors)
- Due from non-executive employees

16.2	35,618	20,725
	2,185	1,424
	37,803	22,149

Current portion being receivable within twelve months

- Due from executives
- Due from non-executive employees

21	(15,122)	(9,029)
	(861)	(261)
	(15,983)	(9,290)
	21,820	12,859

16.1 Loans and advances have been given for the purchase of cars, motorcycles, household equipments and housing assistance in accordance with the terms of employment and are repayable in monthly instalments. These loans are secured against cars, outstanding balance of retirement benefits and/or guarantees of two employees.

Included in these are loans of Rs. 10.574 (2015: Rs. 8.117 million) to executives and Rs. 0.465 million (2015: Rs. 0.475 million) to non-executive which carry no interest. The balance amount carries mark-up ranging from 6.5% to 14% (2015: 7% to 14%). Interest free long term loan have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

	2016	2015
	Rs. 000s	
16.2 Reconciliation of carrying amount of loans to executives		
Opening balance	20,725	15,680
Disbursement during the year	28,344	11,569
Transfer from non-executive to executive employees	-	36
Recovered during the year	(13,451)	(6,560)
Closing balance	35,618	20,725

16.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 35.168 million (2015: Rs. 20.725 million).

17 Long term deposits

Considered good

- Security Deposit - Rent
- Security Deposit - Utilities
- Others

149,964	90,445
5,335	2,531
2,837	596
158,135	93,572

17.1 These are interest free deposit kept with various parties under normal business terms.

18 STORES, SPARE PARTS AND LOOSE TOOLS

- Stores
- Spare parts
- Loose tools

564,426	433,310
450,956	362,328
3,749	4,463
1,019,131	800,101

Provision for slow moving/obsolete items

18.1	(115,684)	(101,039)
	903,447	699,062

18.1 Movement in provision for slow moving/obsolete items

- Opening balance
- Charge for the year
- Closing balance

28	101,039	90,394
	14,645	10,645
	115,684	101,039

6/12/20

	Note	2016	2015
		-----Rs. 000s-----	
19 STOCK-IN-TRADE			
Raw materials	18.1	2,337,553	2,076,097
Work-in-process		230,825	237,034
Finished goods	18.2	11,488,824	9,148,067
		<u>14,057,202</u>	<u>11,461,198</u>

18.1 Raw material amounting to Rs.Nil (2015: Nil) has been pledged with the banks as at balance sheet date.

18.2 Finished goods include stock of waste valuing Rs.59 million (2015: Rs. 38 million) determined at net realizable value.

	Note	2016	2015
		-----Rs. 000s-----	
20 TRADE DEBTS			
Export debtors - secured			
- Considered good	19.1	1,939,039	1,026,236
Local debtors - unsecured			
- Considered good	20.1	847,743	1,125,837
- Considered doubtful		233,035	198,210
		<u>1,080,778</u>	<u>1,324,047</u>
Allowance for impairment of doubtful trade debts	20.3	3,019,817	2,350,283
		<u>(233,035)</u>	<u>(198,210)</u>
		<u>2,786,782</u>	<u>2,152,073</u>

20.1 Includes amount due from related parties as under:

Swisstex Chemicals (Private) Limited- Associated Company	<u>2,587</u>	<u>1,427</u>
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20.2 The maximum aggregate month end balance due from related parties during the year was Rs.2.6 million (2015: Rs. 1.8 million).

19.2.1 Aging analysis of the amounts due from related parties is as follows

	Upto 1 month	1-6 months	More than 6 months	As at June 2016
				-----Rs. 000s-----
Swisstex Chemicals (Private) Limited	1,160	-	1,427	<u>2,587</u>

	Upto 1 month	1-6 months	More than 6 months	As at June 2015
Swisstex Chemicals (Private) Limited	1,427	-	-	<u>1,427</u>

	Note	2016	2015
		-----Rs. 000s-----	
20.3 Movement in allowance for impairment of doubtful trade debts			
Opening balance		198,210	168,385
Charge for the year	28	34,825	29,825
Closing Balance		<u>233,035</u>	<u>198,210</u>

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21 LOANS AND ADVANCES

Considered good

Current portion being receivable within twelve months following the balance sheet date

- Executives
- Other employees

Advances to suppliers

Others

	15,122	9,029
	861	261
16	15,983	9,290
20.1	711,358	337,387
20.2	2,570	2,570
	<u>729,911</u>	<u>349,247</u>

21.1 Advances to suppliers includes Rs. 0.924 million(2015: Rs. Nil) with Win Star (Private) Limited which is a related party.

21.2 This represent amount of Rs. 2.57 million (2015: Rs. 2.57million) paid to Nazir Sindh High Court, Karachi in compliance with the Order of the Honourable Sindh High Court in respect of ground rent suit as mentioned in Note 12.4.

22 OTHER RECEIVABLES

Duty drawback and local taxes and levies
Mark-up rate subsidy receivable
Receivable against sale of property
Fair value of forward exchange contracts
Receivables against Bank Guarantee Margin
Others

Note	June 2016	June 2015
	-----Rs. 000s-----	
	354,615	225,195
	6,918	6,918
13.2	33,409	33,409
	-	18,762
	36,142	6,594
	<u>44,625</u>	<u>40,521</u>
	<u>475,709</u>	<u>331,399</u>

23 TAX REFUNDS DUE FROM GOVERNMENT

Sales tax
Income tax

Note	June 2016	June 2015
	-----Rs. 000s-----	
	798,468	538,928
	<u>115,492</u>	<u>211,266</u>
	<u>913,960</u>	<u>750,196</u>

24 CASH AND BANK BALANCES

Cash in hand
Balances with banks in current accounts
- Local currency
- Foreign currency

	159,032	11,312
	87,121	105,427
	<u>93,823</u>	<u>19,494</u>
23.1 & 23.2	<u>180,944</u>	<u>124,921</u>
	<u>339,976</u>	<u>136,233</u>

24.1 Bank balances include amounts held by related parties as under:

Habib Metropolitan Bank Limited - associated company
Silk Bank Limited - associated company

65,153	15,785
-	2,936
<u>65,153</u>	<u>18,721</u>

24.2 This includes an amount of Rs. 7.853 million (2015:Rs.16.011 million) placed under Shariah compliant arrangements.

10/2/2016

	Note	2016	2015
		-----Rs. 000s -----	
25 SALES			
Local	25.1	12,397,822	12,266,853
Export			
Direct export		20,212,199	21,155,202
Indirect export		443,211	693,290
		20,655,410	21,848,492
Duty drawback		272,628	214,121
		33,325,860	34,329,466
Brokerage and commission		(138,184)	(112,147)
		33,187,676	34,217,319

25.1 Sales are exclusive of sales tax amounting to Rs. 475.857 million (2015: Rs. 443.367 million).

	Note	2016	2015
		-----Rs. 000s -----	
26 COST OF SALES			
Opening stock of finished goods		9,148,067	8,873,680
Cost of goods manufactured	26.1	27,283,518	27,572,739
Purchase of finished goods		578,907	489,632
		37,010,492	36,936,051
Closing stock of finished goods		(11,488,824)	(9,148,067)
		25,521,668	27,787,984

26.1 Cost of goods manufactured

Raw materials consumed	26.2	7,671,158	9,425,068
Stores, spare parts and loose tools consumed		4,057,004	3,908,439
Staff cost	28.1	5,155,417	4,645,142
Fuel, power and water		2,529,862	2,005,092
Insurance		133,709	137,082
Repair and maintenance		782,227	775,533
Depreciation	13.1.1	854,834	758,913
Other manufacturing expenses		182,600	150,889
Purchases and processing charges		6,114,128	5,789,916
Cost of samples shown under distribution cost		(203,630)	(116,296)
		27,277,309	27,479,778
Work-in-process			
Opening		237,034	329,995
Closing		(230,825)	(237,034)
		6,209	92,961
		27,283,518	27,572,739

26.2 Raw materials consumed

Opening stock	2,076,097	2,926,027
Purchases during the year	7,932,614	8,575,138
Closing stock	(2,337,553)	(2,076,097)
	7,671,158	9,425,068

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	Note	2016	2015
		-----Rs. 000s-----	
27 DISTRIBUTION COST			
Staff Cost	28.1	922,308	663,203
Freight and shipment expenses		257,699	287,085
Insurance		26,415	26,843
Advertisement and publicity		954,054	832,109
Participation in exhibitions		-	40,208
Cost of samples transferred from cost of goods manufactured		203,630	116,296
Rent, rates and taxes		602,839	429,251
Depreciation	13.1.1	154,214	106,228
Amortization	14.1	507	41
Export development surcharge		49,327	51,708
Other expenses		114,637	91,826
		<u>3,285,630</u>	<u>2,644,798</u>

28 ADMINISTRATIVE EXPENSES			
Staff Cost	28.1	681,905	627,664
Rent, rates and taxes		205,088	116,675
Repairs and maintenance		71,714	68,861
Vehicle up keep and maintenance		119,688	136,978
Utilities		143,453	129,377
Conveyance and traveling		206,165	163,146
Printing and stationery		54,558	44,641
I.T. expenses		51,857	38,422
Postage and telecommunication		122,359	85,122
Legal and consultancy fees		63,132	55,186
Depreciation	13.1.1	116,310	103,565
Amortization	14.1	6,623	13,662
Auditors' remuneration	28.2	4,446	4,199
Donations	28.3	12,753	14,951
Insurance		25,786	25,338
Provision for doubtful trade debts	19.3	34,825	29,825
Provision for slow moving/obsolete items	17.1	14,645	10,645
Other expenses		162,109	123,110
		<u>2,097,416</u>	<u>1,791,367</u>

28.1 Staff cost	Cost of sales		Distribution cost		Administrative expenses		Total	
	2016	2015	2016	2015	2016	2015	2015	2015
	-----Rs. 000s-----							
- Salaries, wages & benefits	6,012,297	4,509,153	900,881	645,994	655,986	602,821	6,569,164	5,757,968
Retirement benefits								
- Gratuity	34,342	31,717	-	-	2,243	1,814	36,585	33,531
- Contribution to provident fund	69,848	55,277	20,561	16,123	21,410	20,188	111,819	91,588
	104,190	86,994	20,561	16,123	23,653	22,002	148,404	125,119
- Staff compensated absences	38,930	48,995	866	1,086	2,266	2,841	42,062	52,922
	<u>5,155,417</u>	<u>4,645,142</u>	<u>922,308</u>	<u>663,203</u>	<u>681,905</u>	<u>627,664</u>	<u>6,759,630</u>	<u>5,936,009</u>

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	Note	2016	2015
		-----Rs. 000s-----	
28.2 Auditor's Remuneration			
Audit fee - Statutory audit of the Subsidiary Company		1,652	1,375
Review fee of half yearly accounts		110	110
Fee for consolidation of holding and subsidiaries		200	165
Review fee of statement of compliance with code of corporate governance		55	55
Other certification fee		39	32
Sindh sales tax on services at 6%		112	96
Audit fee - Foreign Subsidiaries		2,044	2,021
Out of pocket expenses		234	345
		<u>4,446</u>	<u>4,199</u>

28.3 Donation includes donation to the following organizations in which a director is / was a trustee:

Name of Director	Interest in Donee	Name of Donee		
Zain Bashir and Ziad Bashir	Directors	LITE Development and Management Group	175	-
Mohomed Bashir	Trustee (up to February 2014)	Fellowship fund for Pakistan	-	1,980
Mohomed Bashir	Trustee	Habib University Foundation	-	6,000
			<u>175</u>	<u>7,980</u>

29 OTHER OPERATING EXPENSES

Workers' profit participation fund	9.2	71,671	42,069
Workers' welfare fund		27,235	15,986
GIDC paid in preceding years written off		-	105,251
Loss on sale of property, plant and equipment		37,634	20,581
Property, plant and equipment scrapped		1,014	1,510
		<u>137,554</u>	<u>185,397</u>

30 OTHER INCOME

Income from financial assets			
Mark-up on loan and advances		1,371	1,116
Profit/Markup on bank deposits		5,776	-
Gain on sale of short term investments		-	5,983
Dividend income		-	406
Net exchange gain on forward contracts		-	18,762
Exchange gain on realization of export receivables- Net		102,974	185,585
		<u>110,121</u>	<u>211,852</u>
Income from non-financial assets			
Gain on sale of Property, plant and equipment		19,015	28,631
Scrap sales		18,428	20,595
Unclaimed liabilities written back		10,917	82,017
Others		1,968	-
		<u>50,328</u>	<u>131,243</u>
		<u>160,449</u>	<u>343,095</u>

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	Note	2016	2015
		-----Rs. 000s-----	
31 FINANCE COST			
Mark-up/ profit on long term financing	30.1 & 30.4	288,156	334,266
Mark-up/ profit on short term borrowings	30.2 & 30.3 & 30.4	512,458	682,483
Profit on murabaha		-	22,491
Interest on workers' profit participation fund		3,358	7,429
Bank charges		106,076	109,215
Commission		5,795	4,545
		<u>915,643</u>	<u>1,360,449</u>
31.1 Includes mark-up on long term financing charged by related parties as under:			
Habib Metropolitan Bank Limited - Associated Company		<u>26,210</u>	<u>60,720</u>
31.2 Includes mark-up on short term borrowings charged by related parties as under:			
Habib Metropolitan Bank Limited - Associated Company		<u>19,725</u>	<u>14,365</u>
Silk Bank Limited - Associated Company		<u>3,162</u>	<u>14,259</u>
		<u>22,887</u>	<u>28,624</u>
31.3 It includes net exchange gain of Rs. 23 million (2015: Rs. 224 million) on short term borrowing in foreign currency.			
30.4 This includes Rs. 57.68 million and Rs. 90.66 million (2015:Rs. 39.25 million and Rs. 130.2 million) in long term financing and short term borrowing respectively under Shariah Compliant mode of financing.			

	Note	2016	2015
		-----Rs. 000s-----	
32 PROVISION FOR TAXATION			
Current			
- for the year		<u>236,204</u>	<u>234,155</u>
- prior		<u>3,157</u>	<u>(76,196)</u>
		<u>239,361</u>	<u>157,959</u>
Deferred		<u>(34,394)</u>	<u>19,440</u>
	32.1	<u>204,967</u>	<u>177,399</u>
32.1 Reconciliation between accounting profit and tax expense			
Net Profit for the year before taxation		<u>1,390,014</u>	
Tax rate (%)		32%	
Tax on accounting profit		<u>444,804</u>	
Tax effect of			
Tax credits/ Rebates		<u>(149,658)</u>	
Prior year		<u>3,157</u>	
Final Tax Regime		<u>(82,516)</u>	
Super tax		<u>33,453</u>	
Inadmissible		<u>1,566</u>	
Tax rate		<u>(10,608)</u>	
Subsidiaries - exemption and utilization of tax losses		<u>(12,766)</u>	
Provision in respect of unappropriated profits of subsidiary		<u>5,391</u>	
Others		<u>(27,856)</u>	
		<u>(239,837)</u>	
Tax Expense		<u>204,967</u>	

31.1.1 Comparative Provision for current taxation had been made on the basis of minimum tax on turnover under section 113, final taxation, tax credit and separate block income under the Income Tax Ordinance, 2001. Accordingly, reconciliation of tax expense with the accounting profit had not been prepared.

	Note	2016	2015
		Rs. 000s	
33 EARNINGS PER SHARE - basic and diluted			
Profit for the year- attributable to the Parent Entity		<u>796,151</u>	<u>413,075</u>
Weighted average number of shares		<u>80,640</u>	<u>80,640</u>
Earnings per share (Rs.)	33.1	<u>9,872.90</u>	<u>5,122.46</u>
33.1 There is no dilutive effect on the earnings per share of the Holding Company as the Holding Company has no potential ordinary shares.			

CHD

The Group's Operations have been divided in three segments based on the nature of process and internal reporting. Following are the three reportable business segments:

a) Gai Almond Holdings (Pvt) Ltd
b) Spinning
c) Weaving
d) Processing, More Tools and Apparel
e) Foreign subsidiaries

To acquire shares of subsidiary company used to sell an holding company.
Production of different qualities of yarn using both natural and artificial Fibers.
Weaving is a method of fabric production in which two distinct sets of yarns or threads are interlaced together at right angles. In the simplest form, they are just stretched between two beams.
Production of grey fabric, its processing into various types of fabrics for sale as ready-made garments.
Subsidiaries are also in the textile business resulting products in the different types of fabrics.

Transactions among the business segments are recorded at cost.

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	11,120	11,749	(1,488)	287,253	205,082	227,620	5,051,400	5,061,487	31,848	28,011	8,153	(8,857)	17,634	1,887	13,564	12,500	2,282,292	1,803,170
Other operating expenses:																		
Depreciation	939,885																137,254	182,267
Amortization																	(182,267)	
Provision for doubtful accounts																	149,649	149,649
Financial costs																	2,500,000	2,500,000
Other																	892,048	1,202,751
Provision for doubtful accounts																	1,390,014	300,410
Financial costs																		
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M.2 Unaffiliated here, represent these assets and liabilities which are common to all segments and thus include long term deposits, other receivables, deferred liabilities, certain common borrowing and other concrete assets and liabilities.

1.4 Based on judgement made by management. However, Twelve and Apical segments have been aggregated into single operating segment as the improvements have similar economic characteristics in respect of nature of the products, nature of production process, type of customer, method of distribution and nature of results measurement.

3.4.5 Information about major customers

Revenue from major customers whose revenue exceeds 10% of gross sales in FY: 7,150 million (2018), Rn: 40,027 million

24/07/22

34.6 Information by geographical area

	<u>Revenue</u>		<u>Non-current assets</u>	
	2016	2015	2016	2015
	<u>Rs.000</u>			
Pakistan	12,702,849	12,847,996	12,241,277	9,156,597
Germany	4,384,073	5,567,692	-	-
United Kingdom	2,240,373	1,769,699	7,756	5,300
China	552,880	1,657,174	-	-
United States	3,002,934	2,969,100	4,247	4,418
Netherlands	1,790,750	2,082,832	-	-
France	1,638,947	2,011,317	-	-
United Arab Emirates	871,096	169,988	17,772	8,286
Spain	1,517,638	791,583	-	-
Italy	1,433,697	633,051	-	-
Sweden	740,890	607,244	-	-
Other Countries	2,311,549	3,109,643	-	-
Total	33,187,676	34,217,319	12,271,052	9,174,601

Note

2016 2015

Rs. 000s

35 CASH AND CASH EQUIVALENTS

Cash and bank balances	24	339,976	136,233
Short term borrowings	11	(12,866,493)	(8,838,174)
		<u>(12,526,517)</u>	<u>(8,701,941)</u>

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

2016

2015

	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	<u>Rs. 000s</u>							
Managerial remuneration	9,020	6,765	689,816	705,601	8,200	6,150	504,361	518,711
House rent allowance	3,608	2,706	275,194	281,508	3,280	2,460	201,745	207,485
Other allowances	1,085	739	151,923	153,747	1,003	677	90,054	91,734
Contribution to provident fund	751	564	45,216	46,531	683	513	33,723	34,919
	<u>14,463</u>	<u>10,774</u>	<u>1,162,149</u>	<u>1,187,387</u>	<u>13,166</u>	<u>9,800</u>	<u>829,883</u>	<u>852,849</u>
Number of persons	1	1	548	550	1	1	413	415

- 36.1 The Chief Executive, Directors and certain Executives are provided with free use of Company's maintained cars and are also covered under Group's Health Insurance Plan along with their dependents.
- 36.2 The Chief Executive is also provided with free residential telephones.
- 36.3 Aggregate amount charged in the accounts for the year for meeting fee to four Non Executive Directors and the Chairman was Rs. 1.9 million (2015: five Non Executive Directors and Chairman Rs. 2.2 million).
- 36.4 Executive means an employee other than the Chief Executive and Executive Directors, whose basic salary exceeds five hundred thousand rupees in a financial year for the Subsidiary Company and Senior Executive Staff of the Subsidiaries.

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37 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise associated companies, companies where directors also hold directorship, directors of the Group and key management personnel. The Group in the normal course of business carries out transactions with various related parties.

Relationship with the Group	Nature of Transactions	2016	2015
		----- Rs. 000s -----	-----
Associated companies and other related parties	Purchase of goods	37,173	48,931
	Sale of goods	1,160	3,124
	Rent paid	71,558	9,900
	Fees paid	1,500	1,500
	Commission/Discount	847	5,532
	Donation paid	175	7,980
	Bills discounted	4,590,010	3,174,522
	Commission/Bank charges paid	31,693	34,051
	Mark-up/interest charged	49,097	89,344
	Subsidiary Company's contribution to provident fund	113,463	91,588
	Dividend paid	24,388	147
	Right shares subscribed	36,961	-

Relationship with the Group	Nature of Outstanding Balances		
		2016	2015
Associated companies and others related parties	Borrowings from Banks	622,639	1,149,965
	Trade and other payables - Creditors	10,746	11,793
	Payable to employee's provident fund	14,270	2,158
	Bank guarantee	637,583	587,583
	Accrued mark-up	2,528	23,116
	Loans to key management personnel & executive	35,618	20725
	Trade debts	2,587	1,427
	Prepaid Rent	35,197	-
	Deposit with banks	65,153	18,486

There are no transactions with directors of the Group and key management personnel other than under the terms of employment. Loan and remuneration of the key management personnel are disclosed in Note no. 15 and 34 respectively.

Related parties status of outstanding receivables and payable as at June 30, 2016 are also included in respective notes to the consolidated financial statements.

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38 CAPACITY AND PRODUCTION

Unit	2016			2015		
	Capacity	Production (000s)	Working	Capacity	Production (000s)	Working
Spinning Kgs. (20 Counts converted)	48,237	32,440	3 shifts	46,970	33,929	3 shifts
Weaving Sq. meters (50 Picks converted)	159,205	111,940	3 shifts	159,205	103,461	3 shifts

Production of Weaving and Spinning is lower as compared to capacity due to variation in production mix and various technical and market factors.

The production capacity and its comparison with actual production of Processing, Home Textile and Apparel segments is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

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39 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of the Group as at June 30, 2016 are as follows:

2016						
Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	

Rs. 000s

Financial assets

Loans and receivables

Loans and advances	10,878	15,886	26,764	5,105	5,934	11,039	37,803
Long term deposits	-	-	-	-	158,136	158,136	158,136
Trade debts	-	-	-	2,786,782	-	2,786,782	2,786,782
Other receivables	-	-	-	80,767	-	80,767	80,767
Cash and bank balances	-	-	-	339,976	-	339,976	339,976
	10,878	15,886	26,764	3,212,630	164,070	3,376,700	3,403,464

Financial liabilities

Long term financing	487,400	4,630,604	5,118,004	-	-	-	5,118,004
Staff retirement benefits	-	-	-	-	41,346	41,346	41,346
Short term borrowings	12,866,493	-	12,866,493	-	-	-	12,866,493
Trade and other payables	75,029	-	75,029	4,874,962	-	4,874,962	4,949,991
Accrued mark-up / profit	-	-	-	114,368	-	114,368	114,368
	13,428,922	4,630,604	18,059,526	4,989,330	41,346	5,030,676	23,090,202

Off balance sheet items

Guarantees	-	-	-	799,437	-	799,437	799,437
Bills discounted	-	-	-	2,266,673	-	2,266,673	2,266,673
Commitments	-	-	-	3,419,160	2,664,978	6,084,138	6,084,138
	-	-	-	6,485,270	2,664,978	9,150,248	9,150,248

Financial assets and liabilities of the Group as at June 30, 2015 were as follows

2015						
Interest/mark-up/profit bearing			Non interest/mark-up/profit bearing			Total
Maturity upto one Year	Maturity after one Year	Sub total	Maturity upto one Year	Maturity after one Year	Sub total	

Rs. 000s

Financial assets

Loans and receivables

Loans and advances	6,588	6,969	13,557	2,702	5,890	8,592	22,149
Long term deposits	-	-	-	-	93,572	93,572	93,572
Trade debts	-	-	-	2,152,073	-	2,152,073	2,152,073
Other receivables	-	-	-	99,286	-	99,286	99,286
Cash and bank balances	-	-	-	135,952	-	135,952	135,952
	6,588	6,969	13,557	2,390,013	99,462	2,489,475	2,503,032

Financial liabilities

Long term financing	714,008	2,407,732	3,121,740	-	-	-	3,121,740
Staff retirement benefits	-	-	-	-	48,833	48,833	48,833
Short term borrowings	8,838,174	-	8,838,174	-	-	-	8,838,174
Trade and other payables	49,498	-	49,498	4,995,942	-	4,995,942	5,045,440
Accrued mark-up/profit	-	-	-	206,481	-	206,481	206,481
	9,601,680	2,407,732	12,009,412	5,202,423	48,833	5,251,256	17,260,668

Off balance sheet items

Guarantees	-	-	-	752,945	-	752,945	752,945
Bills discounted	-	-	-	1,858,208	-	1,858,208	1,858,208
Commitments	-	-	-	3,742,586	2,425,873	6,168,459	6,168,459
	-	-	-	6,353,739	2,425,873	8,779,612	8,779,612

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40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the Group's financial performance.

Risk Management is carried out under policies and principles approved by the management. All treasury related transactions are carried out within the parameters of these policies and principles.

The information about the Group's exposure to each of the above risk, the Group's objectives, policies and procedures for measuring and managing risk, and the Group's management of capital, is as follows:

40.1 Market risks

Market risk is the risk that the fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. Market risk comprises of three types of risks: Currency risk, interest rate risk and other price risk. The Group is exposed to currency risk and interest rate risk only.

a Currency risk

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

Exposure to foreign currency risk

The Group is exposed to foreign currency risk arising from foreign exchange fluctuations due to the following financial assets and liabilities:

	2016	2015
	-- Equivalent USD 000s --	
Trade debts	18,520	10,126
Cash and bank balances	896	192
Borrowings from financial institutions	(8,527)	(9,549)
Trade and other payables	(1,589)	(20,582)
Net exposure	9,300	(19,813)

The Group manages foreign currency risk through obtaining forward covers and due monitoring of the exchange rates and net exposure.

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	2016	2015
	----- 000s -----	
Foreign currency commitments outstanding at year end are as follows:		
USD	7,420	19,276
EURO	7,191	1,510
JPY	912,410	324,013
CHF	1,993	6,035
GBP	-	13

The following significant exchange rates were applied during the year:

Rupee per USD

Average rate	104.8	101.35
Reporting date rate (Buying/Selling)	104.90 / 104.70	101.45 / 101.25

Foreign currency sensitivity analysis

A five percent strengthening/weakening of the PKR against the USD at June 30, 2016 would have increased/decreased the profit before tax by Rs. 48.685 million (2015: Rs.100.501 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2015.

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

b Interest/mark-up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in the interest/mark-up rates. The Group has long term finance and short term borrowings at fixed and variable rates. During the year the Group has in order to avoid adverse effect of high interest/mark-up rate exercised the prepayment option.

The Group is mainly exposed to interest/mark-up rate risk on long and short term financing and these are covered by Subsidiary "Prepayment Option" and "Rollover Option", which can be exercised upon any adverse movement in the underlying interest/mark-up rates.

Financial assets include balances of Rs. 26 million (2015: Rs. 14 million) which are subject to interest / mark-up rate risk. Financial liabilities include balances of Rs.18,060 million (2015: Rs. 12,009 million) which are subject to interest/mark-up rate risk. Applicable interest/mark-up rates for financial assets and liabilities are given in respective notes.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2016, if interest/mark-up rates on long term financing would have been 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 10.75 million (2015: Rs 5.38 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

At June 30, 2016, if interest rates on short term borrowings would have been 1% higher/lower with all other variables held constant, before tax profit for the year would have been Rs. 128.665 million (2015: Rs. 88.382 million) lower / higher, mainly as a result of higher/lower interest/mark-up expense on floating rate borrowings.

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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 and loss account. Therefore, a change in interest rate at the balance sheet would not effect profit or loss of the Group.

c Other price risk

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

40.2 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.

Exposure to credit risk

Group's operating activities exposes it to credit risks arising mainly in respect of loans and advances, trade debts, deposits and other receivables and cash at bank. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2016	2015
		-----	-----
		Rs. 000s	
Loans and advances	16	37,803	22,149
Long term deposits		158,136	93,572
Trade debts	20	2,786,782	2,152,073
Other receivables		80,767	99,286
Bank balances	24	180,944	124,686
		<u>3,244,432</u>	<u>2,491,766</u>

The Group manages credit risk as follows:

Loans and advances

These loans are due from employees and are secured against vehicles, outstanding balance of provident fund and retirement dues of the relevant employee. In addition, the Group obtains guarantees by two employees against each disbursement on account of loans and these are up to the extent of loans outstanding as at the date of default. The guarantor will pay the outstanding amount if the counter party will not meet their obligation, however no such instance has occurred.

The Group actively makes recovery of these loans and the Group does not expect these employees will fail to meet their obligations hence no impairment allowance is made.

Long Term Deposits

These are receivable mainly against rental property and utilities against which chances of default are remote, hence no impairment allowance is required there against.

Trade debts

Trade debts are due from local and foreign customers. The Group manages credit risk inter alia by setting out credit limits in relation to individual customers and/or by obtaining advance against sales and/or through letter of credits and/or by providing doubtful debts.

Export debts are secured under irrevocable letter of credit, document acceptance, cash against documents and other acceptable banking instruments.

10/11/2016

The Group actively pursues for the recovery of the debt and based on past experience and business relationship and credit worthiness of these customers, the Group does not expect these customers will fail to meet their obligations except for some doubtful debtors against which adequate allowance for impairment have been made in these consolidated financial statements.

The Group has established an allowance for impairment of the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. This allowance is based on the management assessment of a specific loss component that relates to individually significant exposures. The movement in allowance for impairment in respect of trade debts during the year can be assessed by reference to note no.19.3

Aging of trade debts is as follows:

	Note	2016	2015
		Rs. 000s	
1 to 6 months		2,621,915	2,064,983
6 months to 1 year		158,242	71,558
1 year to 3 years		6,625	15,532
	20	<u>2,786,782</u>	<u>2,152,073</u>

The Group believes that no impairment allowance is necessary in respect of trade debts past due other than the amount provided.

Other receivables

The Group believes that no impairment allowance is necessary in respect of receivables that are past due. The Group actively monitors and pursues for the recovery and the Group expect that the recovery will be made soon and can be assessed by reference to note no. 21.

Bank balances

The Group limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating.

The bank balances along with credit ratings are tabulated below

	Note	2016	2015
		Rs. 000s	
AAA		45,000	27,625
AA+		70,251	19,820
AA		18,693	24,789
A+		554	47,633
A		45,830	896
A-		205	3,105
AA-		411	818
	24	<u>180,944</u>	<u>124,686</u>

Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

Financial assets that are either past due or impaired

The credit quality of financial assets that are either past due or impaired can be assessed by reference to historical information and external ratings or to historical information about counter party default rates.

The management believes that there are no financial assets that are impaired except against which allowance for impairment has been made as a matter of prudence.

Signature

40.3 Liquidity risk

Liquidity risk represent the risk where the Group will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The exposure to liquidity risk along with their maturities is disclosed in respective notes and in note no. 37.

The Group manages liquidity risk by maintaining sufficient cash in hand and at banks and ensuring the fund availability through adequate credit facilities. At June 30, 2016, the Group has Rs. 15,842 million (2015: Rs. 15,842 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 2,975 million (2015: Rs. 7,004 million) and also has Rs. 339,666 million (2015: Rs. 135,952 million) being cash in hand and balances at banks. Based on the above, management believes the liquidity risk is insignificant.

40.4 Capital risk management

The primary objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	----- Rs. 000s -----	
Total borrowings	17,984,497	11,959,914
Cash and bank	(339,976)	(136,233)
Net debt	17,644,521	11,823,681
Total equity	5,744,616	4,978,576
Total equity and debt	23,389,137	16,802,257
Gearing ratio (%)	75	70

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk and borrowing cost.

41 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques:

- Level 1 Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If inputs used to measure the fair values of an asset or a liability fall into different levels then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers, if any, between levels of the fair value hierarchy is recognized at the end of the reporting period during which the transfer has occurred. The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of changes in market and trading activity and changes in inputs used in valuation techniques.

As at balance sheet the fair value of all the financial assets and liabilities approximates to their carrying values. The property plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values. The fair values of forward exchange contracts is determined based on the forward exchange rates at the reporting date included in the level 2 of the fair value hierarchy.

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42 PROVIDENT FUND RELATED DISCLOSURES

Following is the information base on latest financial statements of the fund:

	Note	2016 Un-audited	2015 Audited
Size of the fund - Total assets (Rs. 000s)		<u>851,930</u>	<u>730,476</u>
Cost of investments made (Rs. 000s)		<u>721,812</u>	<u>618,699</u>
Percentage of investments made		<u>84.73%</u>	<u>84.70%</u>
Fair value of investments (Rs. 000s)	42.1	<u>777,547</u>	<u>682,703</u>

		2016		2015	
		Un-audited		Audited	
42.1	The break-up of fair value of investment is:	Rs. 000s	---%---	Rs. 000s	---%---
	Shares in listed companies	78,014	10.03%	77,530	11.37%
	Government securities	437,017	56.20%	413,663	60.64%
	Debt securities	130,650	16.80%	85,698	12.56%
	Mutual funds	63,509	8.17%	74,083	10.88%
	Balance in saving accounts	68,357	8.79%	31,729	4.55%
		<u>777,547</u>	<u>100.00%</u>	<u>682,703</u>	<u>100.00%</u>

42.2 The investment out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as on year end were 15,313 (2015: 13,422) and average number of employees during the year were 12,724 (2015: 12,937).

44 DATE OF AUTHORIZATION

01 OCT 2016

These Consolidated Financial Statements were authorized for issue on _____, 2016 by the Board of Directors of the Holding Company.

45 GENERAL

45.1 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except that deferred tax asset of Rs.3.194 million pertaining to an indirect subsidiary, which was due to oversight offset against deferred tax liability of the Subsidiary Company in the preceding periods, have been presented as a deferred tax asset.

45.2 Figures have been rounded off to the nearest thousand rupees.



MOHOMED BASHIR
Chief Executive



MOHAMMED ZAKI BASHIR
Director