MEGA CONGLOMERATE (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
June 30, 2016

GF 7 - 10, Karachi Dock Labour Board (K.D.L.B.) Building, 58 West Wharf Road, Karachi.

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Auditors' Report to the Members

I have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Mega Conglomerate (Private) Limited and its subsidiary companies excluding Imperial Developers and Builders (Private) Limited and Haleeb Foods Limited as at June 30, 2016 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. I have also expressed separate opinion on the financial statements of Mega Conglomerate (Private) Limited other than Imperial Developers and Builders (Private) Limited and Haleeb Foods Limited for which an opinion was expressed by Muniff Ziauddin Junaidy & Company and Ernst & Young Ford Rhodes Sidat Hyder respectively. These financial statements are the responsibility of the Holding company's management. My responsibility is to express an opinion on these financial statements based on my audit.

My 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 I considered necessary in the circumstances.

In my opinion, except for the matter referred to in note 3.2 and 6.2 of the consolidated financial statements present fairly the financial position of Mega Conglomerate (Private) Limited and its subsidiary company as at June 30, 2016 and the results of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan, except the attention drawn by the auditor of subsidiary company without qualifying the report.

i. *The interest free long term loan from associated undertakings as disclosed in note 27 is being shown at historical cost which is not in accordance with the requirements of IFRS for SME which require the same to be recorded at amortized cost, the amount of which has not been determined by the company.*

Mohammad Bilal & Co.
Chartered Accountant

Karachi:
Dated: 0 8 OCT 2016

Mega Conglomerate (Private) Limited
Consolidated Balance Sheet
As on 30 June 2016

	Note	2016	2015 Restated
		Rupees in thousand	
ASSETS			
Non-current assets			
Long term investment	5.	200,433	200,433
Property, Plant and Equipment	6.	8,960,362	7,977,984
Intangible Assets	8.	149	222
Long Term Loan	10.	11,744	15,140
Long Term Deposits	11.	6,163	28,027
		9,178,851	8,221,806
Goodwill		654,920	655,191
Current assets			
Stores, Spares and Loose Tools	9.	233,837	245,174
Stock-in-Trade	12.	1,060,044	1,687,777
Trade Debts	13.	23,562	70,589
Loan and Advances	14.	85,628	96,732
Advances, Deposits, & Prepayments	16.	132,644	183,215
Other Receivables	17.	94,083	5,632
Tax refunds due from the Government	15.	1,766,875	1,717,864
Financial Assets at fair value through profit and loss	18.	712,782	-
Short Term Investments	19.	467,990	-
Cash and bank balances	20.	218,509	666,162
		4,795,954	4,673,145
Total Assets		14,629,725	13,550,141
EQUITY AND LIABILITIES			
Equity			
Share capital	21.	1,170,162	1,170,162
Unappropriated profit		2,380,206	1,524,707
		3,550,368	2,694,868
Surplus on Revaluation of Fixed Assets	22.	1,109,113	1,261,949
Non Controlling Interest		1,534,917	958,910
Non current liabilities			
Loan from Financial Institutions	23.	1,500,000	1,833,833
Liabilities against Assets subject to Finance Lease	24.	-	278,181
Suppliers' Credit	25.	-	249,436
Due to associated undertakings	26.	3,334,979	2,824,411
Deferred Taxation	27.	412,134	417,094
Deferred Mark-up	28.	-	209,057
		5,247,113	5,812,012
Current liabilities			
Trade and Other payables	29.	2,214,422	2,177,042
Profit Payable	30.	20,872	41,665
Provision for Taxation	15.2	95,037	-
Short Term Borrowings	31.	798,910	-
Current Portion of Long Term Liabilities	32.	58,973	603,695
		3,188,214	2,822,402
Total equity and liabilities		14,629,725	13,550,141

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

Chairman

Director

Mega Conglomerate (Private) Limited
Consolidated Profit & Loss Account
For the Year ended June 30, 2016

		2016	2015 Restated
		Rupees in thousand	
Net sales	34.	**15,470,400**	16,266,169
Cost of goods sold	35.	**(11,700,224)**	(12,931,037)
Gross profit / (Loss)		**3,770,176**	3,335,132
Distribution, Marketing & Selling Expenses	36.	**(995,096)**	(1,179,321)
Administrative & selling expenses	37.	**(143,356)**	(137,563)
Other Operating Expenses	38.	**(520,107)**	(200,998)
Unrealised Loss on Investment		**(4,779)**	-
Finance Cost	40.	**(193,708)**	(293,983)
Operating profit / (Loss)		**1,913,130**	1,523,267
Other Operating Income	39.	**93,160**	30,478
Profit / (Loss) before taxation		**2,006,290**	1,553,745
Provision for taxation	41.	**(556,178)**	(642,027)
Profit / (Loss) after taxation		**1,450,112**	911,718
Minority Interest		**(646,519)**	(402,422)
Profit / (Loss) after minority interest		**803,593**	509,296
Other Comprehensive Income / (Loss)		-	-
Total Comprehensive Income / (Loss)		**803,593**	509,296

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

Chairman **Director**

Mega Conglomerate (Private) Limited
Consolidated Cash Flow Statement
For the Year ended June 30, 2016

	2016	2015
		Restated
	Rupees in thousand	
Cash flow from operating activities		
Profit / (loss) before taxation	2,084,302	1,553,745
Adjustment for non cash charges and other items		
Less: Interest income	-	-
Adjustment for:		
Depreciation	415,794	412,991
Dividend receipt of associated company	(78,012)	
Unrealised Loss on Investment	4,779	-
Finance cost	193,559	293,832
Provision for gratuity	34,707	32,510
Gain on sale of operating fixed assets - net	(3,126)	(14)
Provision for short term trade deposit	2,147	37
Impairment on fixed assets	46,135	-
Fair Value adjustment		
- long term loan	(1,570)	(1,825)
- mutual funds	(858)	-
	613,555	737,531
Provision for:		
Obsolete/slow moving stores, spares and loose tools made-net	25,868	5,222
Obsolete/slow moving stock in trade / (write off)-net	(9,612)	(822)
doubtful advances	15,321	6,488
doubtful long term deposit	-	365
Doubtful sales tax refunds	225,529	-
Doubtfull trade debts write off / (reversal) made	(203)	(104)
	256,903	11,149
	2,954,760	2,302,425
Working capital changes		
Increase / (decrease) in current liabilities		
Stores, spares and loose tools	(14,531)	(2,781)
Stock in trade	637,345	(863,801)
Trade debts	47,230	(41,948)
Loan and advances	(4,652)	183,307
Trade deposits and short term prepayments	47,627	96,893
Other receivables	(144,382)	200
Sales tax and special excise duty refundable	(378,176)	(535,045)
Due to associated undertaking	(203,168)	(271,429)
Trade and other payables	(51,977)	39,403
	(64,683)	(1,395,201)
Net cash generated from operations	2,890,077	907,224
Taxes paid	(329,097)	(335,355)
Gratuity paid	(18,056)	(38,935)
Net cash generated from operating activities	2,542,925	532,934
Cash flow from investing activities		
Property, plant and equipment acquired	(1,524,119)	(1,593,489)
Sales Proceeds from disposal of operating fixed assets	5,934	176
Short Term Investment	(472,769)	-
Long term deposits	10,331	(1,455)
Long term loan - unsecured	4,966	4,966
Investment in mutual fund	(712,782)	-
Dividend receipt of associated company	78,012	-
Long term investment	(49,730)	36,256
Net cash used in investing activities	(2,660,157)	(1,553,546)
Cash flow from financing activities		
Long term financing - net	(843,705)	678,801
Liabilities against subject to finance lease-net	(325,714)	(11,246)
Supplier's credit	(451,039)	160,589
Short term borrowing-net	798,910	-
Loan from associated undertaking	557,667	69,986
Due to associated undertaking	13,744	-
Dividend transferred to shareholders	(139,308)	-
Retention money	59,025	12,182
Net cash generated from investing activities	(330,420)	1,266,733
Net increase in cash and bank balances	(447,652)	246,121
Cash and bank balances at beginning of the period	666,162	420,042
Cash and bank balances at end of the period	218,509	666,162

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

Chairman **Director**

MEGA CONGLOMERATE (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
For the Year ended June 30, 2016

Rupees in thousand

Restated

		Reserve			
		Capital Reserve	Revenue Reserve		
	Share Capital	Share Premium	General Reserve	Accumulated Profit/(Loss)	Total
Balance as at July 01, 2014	1,170,162	0	0	746,871	1,917,033
Profit/(loss) for the year	0	0	0	695,302	695,302
Issuance of Share Capital	0	0	0	0	0
Adjustment of profit, due to previous year losses of other undertakings, which were disinvested during the year.	0	0	0	82,534	82,534
Total comprehensive income / (loss) for the year	0	0	0	777,836	777,836
Balance at June 30, 2015	**1,170,162**	**0**	**0**	**1,524,707**	**2,694,869**
Balance as at July 01, 2015	1,170,162	0	0	1,524,707	2,694,869
Profit/(loss) for the year	0	0	0	803,593	803,593
Issuance of Share Capital	0	0	0	0	0
Adjustment of profit, due to previous year losses of other undertakings, which were disinvested during the year.	0	0	0	(3,462)	(3,462)
Total comprehensive income / (loss) for the year	0	0	0	800,131	800,131
Surplus on revaluation of operating fixed assets	0	0	0	55,368	55,368
Balance at June 30, 2016	**1,170,162**	**0**	**0**	**2,380,206**	**3,550,368**

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

Chairman

Director

1. THE GROUP AND ITS OPERATIONS

1.1 The Group :

Mega Conglomerate (Private) Limited was incorporated in Pakistan as a private limited Group on 8th June, 2010 under the Companies Ordinance, 1984 with registered office in Karachi, Sindh.

1.2 Basis of consolidation

The consolidated financial statements including the financial statement of subsidiaries, as per list in note 4.1 (xix), have been consolidated on a line by line basis for the year ending June 30, 2014 (2013: Applicable only for those companies which became subsidiary of holding company).

The consolidated financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standard comprise of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and provisions of and directives issued under the Companies Ordinance, 1984. Whenever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS for SMEs, the requirements of the Companies Ordinance, 1984 or directives issued by the SECP shall prevail.

All inter-company balances and transactions have been eliminated.

1.3 Amendments to the fifth schedule to the Companies Ordinance, 1984 and the applicability of IFRS for SMEs issued by IASB

On September 10, 2015, the Securities and Exchange Commission of Pakistan (SECP) through SRO 928(I)/2015 has amended the Fifth Schedule to the Companies Ordinance, 1984. The amendments, inter alia, pertains to:

(i) changes in the definitions of 'Medium Sized Company' and 'Small Sized Company',

(ii) deletion of definition of 'Economically Significant Company',

On the same date, the SECP through SRO 929(I) 2015 has notified the applicable accounting and financial reporting standards for preparation of financial statements for each class of company to which Fifth Schedule of the Companies Ordinance, 1984 is applicable. The accounting and financial reporting standards as prescribed under the SRO relevant to each class of companies are applicable for annual financial period beginning on or after January 01, 2015.
Consequent to above SROs, the Company will meet the definition of 'Medium Sized Company'. Accordingly, the Company has to prepare its financial statements for the year ended June 30, 2016, using the International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB) with certain exceptions as allowed by SECP. Keeping in view the nature of transactions of the Company, the above changes in the accounting reporting framework would not result in any material impact on the financial statements of the Company.

These are the Group's first set of financial statements prepared in accordance with the IFRSs for SMEs. Previously, these financial statements were prepared in accordance with Accounting and Financial Reporting Standards for Small and Medium-sized entities (AFRS for SMEs) issued by Institute of Chartered Accountants of Pakistan (ICAP).

The effect of transition to IFRSs for SMEs on total equity, profit and cash flows are not presented as the transition has no significant (and material) effect on the amounts reported in respect of comparative prior year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirement of the Companies Ordinance, 1984. Approved accounting standards comprise of Accounting & Financial Reporting Standards for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan. Whenever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan (SECP) and mentioned a subsidiary (Haleeb Foods Limited) including its policies and disclosure wherever required.

3.2 Going Concern Assumption

The account have been prepared in accordance with going concern assumption basis mainly on account of investments made in different subsidiaries / associated concern to improve the efficiency.

3.3 Critical Assumptions, Judgements and Estimates

The preparation of financial statements in conformity with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful lives of depreciable assets (refer note: 4.1 (i)) and provision for doubtful receivables (refer note: 4.1(ix)). However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New / Revised Standards and Amendments

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

IFRS 10 - Consolidated Financial Statements

IFRS 11 - Joint Arrangements

IFRS 12 - Disclosure of Interest in Other Entities

IFRS 13 - Fair Value Mesurement

The following revised standards, amendements & interpretations with respect to approved accounting standards are applicable in Pakistan would be effective from the dates mentioned below. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or interpretation		**Effective date (Accounting period beginning on or after)**
IAS 19	Employee Benefits - Amended Standard resulting from the past employment benefits & termination benefits projects	July 01, 2014
IFRS 2	Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)	January 1, 2018
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRIC 13	Fair Value Measurements	January 01, 2015
IAS 7	Financial Instruments: Disclosures - Disclosure Initiative -	January 1, 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 1, 2017

IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Group's financial statements in the period of the initial application except certain additional disclosures.

In addition to the above, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan

IFRS 11	Joint Arrangements	January 01, 2016
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

The management will assess the impact of the above standards when these are notified by the SECP in accordance with the effective date in the notification.

3.5 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention, except for revaluation of certain financial instruments and certain property, plant and equipment at revalued amount and recognition of certain employee retirement benefits at present value.

3.6 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

3.7 Retrospective Restatement of Error

During the year the Company identified error in recognition of deferred tax against minimum tax and surplus on revaluation of land as result of detailed review carried out at year end. This has been adjusted retrospectively as per the requirements of IAS-8 "Accounting policies, changes in accounting estimates and errors".

3.8 Critical judgements in applying accounting policies for Consolidation of accounts

Not all of these significant policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management of subsidiary considers critical because of their complexity. Judgement of estimation involved in their application and their impact on these consolidated financial statements.

Estimates and judgements by management of subsidiary are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgements involve assumptions or estimates in respect of future events where the actual results may differ from these estimates.

The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

(a). Employees retirement benefits

The cost of defined benefit retirement plans is determined in subsidiary using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

(b). Useful life, residual value, pattern of flow of economics benefits and impairment

Estimate with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of the assets for possible impairments on an annual basis may change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

(c). Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Thus, in subsidiary, provisions are based on reasonable estimates taking into account the applicable tax laws and the decision by appellate authorities on certain issues in the past, wherever applicable. The group has been obtained certificate under section 59AA for relief in taxation.

Deferred tax assets are recognised by subsidiary for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d). Provision for obsolescence of inventories

Provisionfor absolescence of inventories, including stores, spares and loose tools and stock in trade is made on the basis of managemnt's estimate of net realizable value and ageing analysis prepared on an item-by-item basis by subsidiary.

(e). Provision for doubtful debts

Trade and other receivables at each reporting date are assessed whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgement by management of subsidiary is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actaul cash flows may differ resulting in subsequent changes to be provisions.

(f). Trade receivables and impairment

The Company reviews its trade and other receivables at each reporting date to assess whether provision should be recorded in profit and loss account for any doubtful receivables. Especially, judgment by management is required in the estimation of the amount and timing of future cash flows while determining the extent of provision required. Such estimates are based on assumption about a number of factors including credit history of counter party. Actual cash flows may differ resulting in subsequent changes to the provisions.

Other areas where estimates and judgements are involved have been disclosed in respective notes to the consolidated financial statements.

(g). Impairment of financial assets

The Group assesses whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h). Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at recoverable amount for specialized assets.

(i). Stock in trade

Provision for obsolescence of inventories including stores, spares and loose tools and stock in trade is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment and depreciation

(i). Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any except freehold land, road and pavements, buildings on freehold, plant and machinery, plant equipment, communication installations and electric installations. Freehold land is stated at revalued amount, whereas roads and pavement, building on freehold land, plant and machinery, plant equipment, communication installation and electric installations are revalued amount less accumulated depreciation and any identified impairmaent loss.

Depreciation is charged to income applying the reducing balance method whereby cost of an asset less its residual value is written off over its estimated useful life, except vehicles which are depreciated by applying the straignt line method. Estimated useful life of an asset is reviewed periodically taking into account commercial and techinical obsolescence as well as normal wear and tear. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the assets are disposed off.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Up on disposal, any revaluation reserve relationg to the particular asset being sold is transferred to reatined earnings.

Residual values and estimated useful lives are reviewed at each balance sheet date, with the effect of changes in estimate accounted for on prospective basis.

Subsequent costs are included in the carrying amount or recognized as a seprate 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 income during the period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expenses.

The Group assesses at each balance sheet date whether ther is any indication that property, plant and machinery may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to income statement. The recoverable amount is higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Particulars	Rate in Subsidiary
Road and pavements	10%
Building on freehold land	10%
Plant and machinery	10%
Office equipment	33%
Plant equipment	10%
Communication installations	10%
Furniture and fixtures	10%
Electric installation	10%
Vehicles	20%

(ii). Assets subject to finance lease

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

(iii). Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost less any recognised impairment loss. All expenditure connected with specific assets incurred during processing period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

(iv). Intangible assets

Computer software license acquired by the Comapany are stated at cost less accumulated amortization. Cost represents the cost incurred to acquire the software license. The cost of computer software is amortised over the estimated useful life in subsidiary company i.e., 2 years.

(v). Leases

Leases for which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets at the commencement of lease, less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance costs are classified as current and long term deepending upon the timing of the payment. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to income over the lease term.

(vi). Inventories

Stocks, stores, spares and loose tools are valued at lower of cost or net reliazable value expect those in transit, which are valued at invoice including other charges, if any, incurred thereon. Basis of determinining costis as follow:

Store, spares and loose tools	- At periodic moving average cost
Raw material	- At periodic moving average cost
Packing material	- At periodic moving average cost
Work in process	- At raw material periodic moving average cost

Cost in relation to finished goods represents annual average cost, which consists of prime cost and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary cource of business less costs necessarily to be incurred to make the sale. Provision is made in the consolidated financial statements for obsolete and slow moving items based on management's estimate.

(vii). Loans, advances and other receivables

Loans, advances and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the amount will not be able to collect all or any amounts due, according to the original terms of receivables. Loans, advances and other receivables considered irrecoverable are written off.

a) Held-to-maturity

These are investments with fixed maturity and has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs.

b) Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and Receivables comprise "Trade Debts", "Advances, Deposits and Other receivables" and "Cash and Bank balances" in the balance sheet. Loans and Receivables are carried at amortized cost using the effective interest method.

c) Available-for-sale

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until (i) the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognised in the profit and loss account and removed from the available-for-sale reserve.

(viii). Trade debts and other receivables

Trade debts and other receivables are stated at cost less impairment losses, if any which equals to the fair value of the consideration to be received in future.

(ix). Provisions, Contingent assets & Contingent liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent assets are not recognized and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

(x). Stores & Spares

Stores & Spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving avergae cost. Items in transit are stated at cost accumulated up to the balance sheet date. The company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

(xi). Other assets

Other assets are stated at cost less impairment losses, if any.

(xii). Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet date at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balance with banks on current and deposit accounts.

(xiii). Borrowing

Borrowings are initially rocorded at the value of proceeds received. In subsequent periods the borrowings are carried at cost. Finance costs are accounted for on an accrual basis and are included in accrued profit to the extent of the amount remaining unpaid.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund.

(xiv). Taxation

Current

Provision of current tax is based on the taxable income or minimum tax provision for tax year in accordance with Income Tax Ordinance, 2001. The change for current tax is calculated using prevailing tax rates expected to apply to the profit for the year if enacted after taking account tax credits and rebates available, if any, and taxes paid under the final tax regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary difference arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax assets is generally recognised for all deductible temporary difference only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax asset is reduced to the extent that is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognized for all taxable temporary differences.

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 income statement, except in the case of items credited or charged to equity in which case it is included in equity.

(xv). Trade and Other Payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services recived, whether or not billed.

(xvi). Provision

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

(xvii). Revenue recognition

(xviii). Sales of goods

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customers, usually on delivery or shipment of the goods to the customers.

(xix). Interest income

Revenue is recognized as interest/profit accrues on savings accounts with reference to the principal outstanding and the applicable rate of return.

(xx). Foreign Currency transaction

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are transalated into rupees at the spot rate. All non-monetary items are transalated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Excahnge differences are included in profit and loss account.

(xxi). Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are measured to be finite. Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization method for an intangible asset with a finite life is reviewed at each financial year end. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

(xxii). Impairment

(xxiii). Financial assets

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

(xxiv). Non-financial assets

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there should be any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account as incurred.

When conditions giving rise to impairment loss subsequently reverse, impairment loss is reversed and carrying amount of the asset is increased to the revised recoverable amount. Revised carrying amount is limited to carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in profit and loss account.

(xxv). Financial instruments

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expires. Any gain or losses on de-recognition of financial assets and financial liabilities are included in the income.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be.

Financial instruments carried on the balance sheet include trade debts, loans and advances, other receivables, cash and bank balances, long term finances, short term borrowings and trade and other payables.

(xxvi). Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally 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.

(xxvii). List of Subsidiary companies

The following companies have been included for the purpose of consolidation of Financial Statements.

a. VMFG (Private) Limited
b. G4 Mega Pakistan (Private) Limited
c. Imperial Developers & Builders (Private) Limited
d. Haleeb Foods Limited

MEGA CONGLOMERATE (PRIVATE) LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year ended June 30, 2016

7.1 OPERATING FIXED ASSETS

Rupees in thousand

	Cost / revalued amount						Depreciation							
Particulars	As at July o1, 2014	Revaluation Adjustment	Transfer from CWIP / Leased Assets	Addition/ (Deletion)	Adjustments	As at June 30, 2015	As at July o1, 2013	Impairment Charge for the year	Transfer from CWIP / Leased Assets	Depreciation Charge for the Year	Addition/ (Deletion)	Adjustments	As at June 30, 2014	Net Book alue at June 30, 2014
Owned Assets														
Freehold land	297,660	-	-	-	-	297,660	-	-	-	-	-	-	-	297,660
Roads and pavements	19,055	-	-	-	-	19,055	6,040	-	-	1,301	-	(217)	7,124	11,931
Buildings on freehold land	444,852	-	-	4,663	1	449,516	139,884	-	-	30,876	-	(5,160)	165,600	283,916
Plant and machinery	3,231,243	(23,726)	1,219,143	215,594	70,028	4,712,282	804,126	19,820	471,381	257,132	-	81,208	1,633,667	3,078,615
Office equipment	48,258	-	-	4,573 (424)	863	53,270	36,236	-	-	4,723	(265)	1,707	42,401	10,869
Plant equipment	316,328	(53,366)	79,798	29,960	17,589	390,309	95,909	26,022	30,751	23,106	-	12,575	188,363	201,946
Communication installations	1,416	-	-	-	-	1,416	382	-	-	102	-	(17)	467	949
Furniture and fixtures	58,113	-	-	1,147	25	59,285	29,218	293	-	2,909	-	(488)	31,932	27,353
Electric installations	55,261	-	-	-	-	55,261	16,677	-	-	3,858	-	(643)	19,892	35,369
Vehicles	24,807	-	1,833	6,614 (6,447)	1	26,808	13,162	-	1,833	3,252	(3,798)	(472)	13,977	12,831
Vehicles-CWIP	4,428	-	-	3,265	-	7,693	1,436	-	-	950	-		2,386	5,307
Generator	4,266	-	-	-	-	4,266	2,656	-	-	640	-		3,296	970
Concrete Pump	6,751	-	-	-	-	6,751	4,684	-	-	1,013	-		5,697	1,054
Tower Crane	35,074	-	-	-	-	35,074	21,976	-	-	5,261	-		27,237	7,837
Concrete Boom	3,191	-	-	-	-	3,191	2,036	-	-	479	-		2,515	676
Hoist Lift	9,076	-	-	305	-	9,381	2,722	-	-	1,388	-		4,110	5,271
Sub-Total	4,559,779	(77,092)	1,300,774	259,250		6,131,218	1,177,144	46,135		336,990	(4,063)		2,148,664	3,982,554
Leased Assets														
Plant and machinery	1,219,143	-	(1,219,143)	-	-	-	388,292	-	(471,380)	83,088	-	-	-	-
Plant equipment	79,798	-	(79,798)	-	-	-	25,305	-	(30,752)	5,447	-	-	-	-
Vehicles	4,055	-	(1,833)	(2,222)	-	-	4,055	-	(1,833)	-	(2,222)	-	-	-
Sub-Total	1,302,996	-	(1,300,774)	(2,222)		-	417,652	-		88,535	(2,222)		-	-
Total	5,862,773	(77,092)	-	257,028	-	6,131,218	1,594,796	46,135		425,525	(6,285)		2,148,664	3,982,554

MEGA CONGLOMERATE (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended June 30, 2015

7.1 OPERATING FIXED ASSETS

Rupees in thousand

Particulars	Cost / revalued amount						Depreciation							
	As at July o1, 2014	Revaluation Adjustment	Transfer from CWIP	Addition/ (Deletion)	Adjustments	As at June 30, 2015	As at July o1, 2013	Impairment Charge for the year	Transfer from CWIP / Leased Assets	Depreciation Charge for the Year	Addition/ (Deletion)	Adjustments	As at June 30, 2014	Net Book alue at June 30, 2014
Owned Assets														
Freehold land	283,600	14,060	-	-	-	297,660	-	-		-	-	-	-	297,660
Roads and pavements	18,937	118	-	-	-	19,055	4,618	-		1,422	-	-	6,040	13,015
Buildings on freehold land	439,423	2,015	3,414	-	-	444,852	106,711	-		33,173	-	-	139,884	304,968
Plant and machinery	2,700,698	6,031	524,514	-	-	3,231,243	561,490	-		242,636	-	-	804,126	2,427,117
Office equipment	42,515	-	6,157	(414)	-	48,258	32,077	-		4,411	(252)	-	36,236	12,022
Plant equipment	301,649	1,998	12,681	-	-	316,328	72,676	-		23,233	-	-	95,909	220,419
Communication installations	1,173	9	234	-	-	1,416	286	-		96	-	-	382	1,034
Furniture and fixtures	57,872	-	241	-	-	58,113	26,030	-		3,188	-	-	29,218	28,895
Electric installations	52,587	350	2,324	-	-	55,261	12,611	-		4,066	-	-	16,677	38,584
Vehicles	24,707	-	100	-	-	24,807	9,675	-		3,487	-	-	13,162	11,645
Vehicles-CWIP	4,428	-	-	-	-	4,428	772	-		664	-	-	1,436	2,992
Generator	4,266	-	-	-	-	4,266	2,016	-		640	-	-	2,656	1,610
Concrete Pump	6,751	-	-	-	-	6,751	3,671	-		1,013	-	-	4,684	2,067
Tower Crane	35,074	-	-	-	-	35,074	16,715	-		5,261	-	-	21,976	13,098
Concrete Boom	3,191	-	-	-	-	3,191	1,557	-		479	-	-	2,036	1,155
Hoist Lift	9,076	-	-	-	-	9,076	1,361	-		1,361	-	-	2,722	6,354
Sub-Total	3,985,947	24,581	549,665	(414)		4,559,779	852,266	-		325,130	(252)		1,177,144	3,382,635
Leased Assets														
Plant and machinery	1,217,078	2,065	-	-	-	1,219,143	296,967	-		91,325	-	-	388,292	830,851
Plant equipment	79,304	494	-	-	-	79,798	19,351	-		5,954	-	-	25,305	54,493
Vehicles	4,055	-	-	-	-	4,055	4,055	-		-	-	-	4,055 -	- -
Sub-Total	1,300,437	2,559	-	-		1,302,996	320,373	-		97,279	-		417,652	885,344
Total	5,286,382	27,140	549,665	(414)		5,862,775	1,172,639	-		422,409	(252)		1,594,796	4,267,978

MEGA CONGLOMERATE (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended June 30, 2016

7.2 CAPITAL WORK IN PROGRESS

Rupees in thousand

Particulars	As at July 01, 2015	Additions during the year / Transferred from other category	Transferred to fixed assets	Transferred to other category / expensed out	As at June 30, 2016
Buildings on freehold land	1,208	3,455	(4,663)	-	-
Plant and machinery owned	138,098	95,468	(215,594)	-	17,972
Office equipment	264	4,309	(4,573)	-	-
Plant equipment	653	29,307	(29,960)	-	-
Communication and installation	-	-	-	-	-
Furniture and fixtures	-	1,147	(1,147)	-	-
Electric installations	-	-	-	-	-
Vehicles	-	6,614	(6,614)	-	-
Software	2,550	5,100	-	-	7,650
G4 Tower	3,567,233	1,384,953	-	-	4,952,186
	3,710,006	1,530,353	(262,551)	-	4,977,808

MEGA CONGLOMERATE (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended June 30, 2015

7.2 CAPITAL WORK IN PROGRESS

Rupees in thousand

Particulars	As at July 01, 2014	Additions during the year / Transferred from other category	Transferred to fixed assets	Transferred to other category / expensed out	As at June 30, 2015
Buildings on freehold land	-	4,622	(3,414)	-	1,208
Plant and machinery owned	38,298	624,314	(524,514)	-	138,098
Office equipment	-	6,421	(6,157)	-	264
Plant equipment	-	13,334	(12,681)	-	653
Communication and installation	-	234	(234)	-	-
Furniture and fixtures	-	241	(241)	-	-
Electric installations	11	2,313	(2,324)	-	-
Vehicles	-	100	(100)	-	-
Software	-	2,550	-	-	2,550
G4 Tower	2,618,346	948,887	-	-	3,567,233
	2,656,655	1,603,016	(549,665)	-	3,710,006

	Note	2016	2015 Restated
		Rupees in thousand	
5. LONG TERM INVESTMENT			
Long term investment - available for sale		200,433	200,433
		200,433	200,433

5.1 This includes investment in M/s. Dynasel Limited and M/s. Imperial Developers & Builders (Private) Limited, upto the extent of amount mentioned as above. The Investment is measured at cost.

5.2 At present investment in M/s. Dynasel Limited under letigation in Honourable Court of Law. The management anticipates a favourable outcome of this petition. Hence, no provision has been made.

	Note	2016	2015 Restated
		Rupees in thousand	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	3,982,554	4,267,978
Capital work in progress	7.	4,977,808	3,710,006
		8,960,362	7,977,984
7. CAPITAL-WORK-IN-PROGRESS			
Opening balance	6.2	3,710,006	2,656,655
Additions/(deletions) during the year	6.2	1,267,802	1,053,351
		4,977,808	3,710,006
8. INTANGIBLE ASSETS			
Cost			
Opening balance		222	331
Addition during the year		-	-
Closing balance		222	331
Accumulated Amortization			
Opening balance		-	-
Amortization for the year		(73)	(109)
Closing balance		(73)	(109)
Net book value as on June 30, 2013		149	222
9. STORES, SPARES AND LOOSE TOOLS			
General store		89,836	99,210
Chemical	9.1	9,374	6,809
Spares	9.2	191,588	170,454
Loose Tools		510	304
		291,308	276,777
Provision for slow moving/ obsolete items	9.3	(57,471)	(31,603)
		233,837	245,174

9.1 Chemical include chemical in transit valuing Rs.3.833 million (2015: Rs.1,033 million).

9.2 Spares include spares in transit valuing Rs.6.117 million (2015: Rs.1.969 million).

9.3 **Provision for slow moving / obsolete items**

	2016	2015
Opening balance	31,603	26,381
Charge for the year	25,868	5,222
Reversal during the year	-	-
Write off during the year	-	-
	25,868	5,222
Closing balance	57,471	31,603

10. LONG TERM LOAN - UNSECURED

	Note	2016	2015 Restated
		Rupees in thousand	
Opening balance		20,106	23,247
Fair value adjustment - current year		1,570	1,825
		21,676	25,072
Received during the year		(4,966)	(4,966)
		16,710	20,106
Receivable within one year	10.1	(4,966)	(4,966)
Closing balance		11,744	15,140

10.1 This unsecured loan has been given to Sui Northern Gas Pipelines Limited on soft term basis for the development of infrastructure for supply of natural gas to the Company's Rahim Yar Khan Plant. Markup is charged at the rate of 1.5% per annum (2015: 1.5% per annum). This amount is receivable in 10 equal annual installments which commenced from February 2011.

In compliance with IFRS-9, this loan amounting to Rs. 49.659 million has been recorded at fair value on initial recognition calculated using a rate of 10.48% per annum. Loss on initial recognition was Rs. 22.850 million which is being amortized over the period of loan.

11. LONG TERM DEPOSITS

	Note	2016	2015 Restated
		Rupees in thousand	
Lease security deposits		11,533	14,081
Other deposits		6,528	14,311
		18,061	28,392
Current Maturity		(11,533)	-
Provision for doubtful deposits	11.1	(365)	(365)
		6,163	28,027

11.1 Provision for doubtful deposits

Opening balance	-	-
Charge for the year	365	(365)
Write off during the year	-	-
Closing Balance	365	(365)

12. STOCK IN TRADE

	Note	2016	2015
Raw Material	12.1	756,757	925,799
Provision for obsolete stock	12.2	(1,638)	(3,061)
		755,119	922,738
Packing Material	12.3	180,007	238,550
Provision for slow moving / obsolete stock	12.4	(22,588)	(22,612)
		157,419	215,938
Work in Process		10,886	13,989
Finished Goods	12.5	136,620	535,112
		1,060,044	1,687,777

12.1 Raw material include material in transit valuing Rs. 248 million (2015: Rs.149 million).

12.2 Provision for obsolete stock

Opening balance	3,061	3,498
Charge for the year	795	749
Reversal during the year	(2,218)	(1,186)
Write off during the year	-	-
	(1,423)	(437)
Closing balance	1,638	3,061

12.3 Packing material include material in transit valuing Rs.Nil (2014: Rs.0.128 million).

	Note	2016	2015 Restated
		Rupees in thousand	

12.4 Provision for slow moving / obsolete stock

Opening balance		22,612	22,997
Charge for the year		-	120
Reversal during the year		(24)	(505)
Write off during the year		-	-
		(24)	(385)
Closing balance		22,588	22,612

12.5 Provision represents raw and packaging material which are either obsolete or used in products which the Company has discontinued. There is no likelihood of future production or consumption, accordingly these raw and packaging material have been fully provided for in the current year.

	Note	2016	2015 Restated
		Rupees in thousand	

13. TRADE DEBTS - UNSECURED

	Note	2016	2015
Considered			
- Good		23,562	70,589
- Doubtful		263,623	263,826
		287,185	334,415
Provision for doubtful debts	13.1	(263,623)	(263,826)
		23,562	70,589

13.1 Provision for doubtful debts

	Note	2016	2015
Opening balance		263,826	263,930
Charge for the year		-	-
Reversal during the year		(203)	(104)
		(203)	(104)
Closing balance	13.1.1	263,623	263,826

13.1.1 These represent amounts due from institutions, international chain of accounts and direct distribution to retailers (comprises large number of individual retail shops). These are long outstanding balances.

	Note	2016	2015 Restated
		Rupees in thousand	

14. LOAN AND ADVANCES

	Note	2016	2015
Due from associated companies, considered good	14.1	435	435
Less: Write off during the year		(435)	-
		-	435
Current portion of:			
- long term loan, considered good		4,966	4,966
Advance payments - unsecured, considered good			
- Suppliers and contractors		61,727	72,561
- Employees		18,935	18,770
		80,662	91,331
Considered doubtful			
- Suppliers and contractors		29,515	14,194
- Employees		1,039	1,039
		30,554	15,233
		116,182	111,965
Provision for doubtful advances	14.2	(30,554)	(15,233)
		85,628	96,732

14.1 This represents amount due from Dynasel (Private) Limited and Prompt Soultions (Private) Limited written off during the year.

	Note	2016	2015
			Restated
		Rupees in thousand	

14.2 Provision for doubtful advances

Opening balance	15,233	8,745
Charge for the year	15,321	6,488
Reversal during the year	-	-
	15,321	6,488
Closing balance	30,554	15,233

15. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2016	2015
Sales Tax refundable	15.1	1,766,875	1,722,816
Income tax refundable - net	15.2	-	104,251
		1,766,875	1,827,067
Provision for doubtful refunds	15.3	-	(109,203)
		1,766,875	1,717,864

15.1 This relates to zero rated dairy products vide SRO 549(1)/2008 dated 11 June 2008.

	Note	2016	2015
			Restated
		Rupees in thousand	

15.2 Income tax refundable - net

Opening balance	104,251	33,522
Add: Advance tax, tax deducted at source and adjustments made during the year	326,192	335,355
Add: Prior period effect	237,787	-
	668,230	368,877
Provision for income tax made during the year	(763,267)	(264,626)
Closing balance	(95,037)	104,251

15.3 Provision for doubtful refunds

Opening balance	109,203	109,203
Charge for the year	225,529,000	-
Closing balance	225,638,203	109,203

These represent sales tax refunds on account of input tax adjustments, which have been deferred by the tax department on account of various objections. Considering the past practice of the department in allowing the refunds to the Company and balances recovered thereon, these balances considered impaired and are fully provided.

	Note	2016	2015
			Restated
		Rupees in thousand	

16. ADVANCE, DEPOSITS, AND PREPAYMENTS

	Note	2016	2015
Advance & Deposits		134,580	184,051
Prepayments		3,005	1,958
Other receivables		-	-
		137,585	186,009
Provision for doubtful deposits	16.1	(4,941)	(2,794)
		132,644	183,215

16.1 Provision for doubtful deposits

Opening balance	2,794	2,794
Charge for the year	2,147	-
Reversal for the year	-	-
Closing balance	4,941	2,794

	Note	2016	2015 Restated
		Rupees in thousand	

17. OTHER RECEIVABLES

Insurance claim receivable		9,059	1,173
Excise Duty of Candia Bottle		32	32
Custom Duty receivable		2,951	2,951
Mark-up receivable		114	140
transfer from long term security deposits		11,533	-
Receivables from directors		68,261	-
Others		2,133	1,336
		94,083	5,632

18. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT AND LOSS

Mutual Funds		712,782	-

18.1 The amount relates to 71,082,920.8159 units (2015: Nil) of Government Securities Fund managed -B by Allied Bank Asset Management

	Note	2016	2015 Restated
		Rupees in thousand	
19. SHORT TERM INVESTMENTS		467,990	-

	Note	2016	2015 Restated
		Rupees in thousand	

20. CASH AND BANK BALANCES

Cash in Hand		369	1,246
Cash at Bank			
- Current account		151,723	313,201
- Saving account		66,417	351,715
		218,140	664,916
		218,509	666,162

20.1 This includes foreign currency bank balances amounting to Rs. 61,803 (2015: Rs. 61,803)

20.2 Savings accounts carry mark-up at the rates varying from 5% to 5.5% per annum (2015: 5% to 6% per annum).

	Note	2016	2015 Restated
		Rupees in thousand	

21. SHARE CAPITAL

2016	2015		2016	2015
No of shares				
Authorised capital				
130,000,000	130,000,000	Ordinary shares of Rs 10/- each	1,300,000	1,300,000
Issued, subscribed & paid up capital				
117,016,160	117,016,160	Ordinary shares of Rs 10/- each	1,170,162	1,170,162

	Note	2016	2015 Restated
		Rupees in thousand	

22. SURPLUS ON REVALUATION OF FIXED ASSETS

		2016	2015 Restated
Opening balance		1,679,891	1,807,041
Surplus arisen on revaluation carries out during the year		-	27,140
transferred to accumulated loss on account of:			
- incremental depreciation for the year		(141,246)	(154,290)
- realized on impairment of revalued fixed assets		(77,092)	-
- realized on deposal of revalued fixed assets		-	-
		(218,338)	(154,290)
		1,461,553	1,679,891
Less: Related deferred tax liability			
- surplus on revaluation of fixed assets - opening		(417,942)	(459,902)
- surplus on revaluation of fixed assets - during the year		-	(8,956)
- impairment of revalued fixed assets		-	-
- incremental depreciation		42,374	50,916
- realized on impairment of revalued fixed assets		23,128	-
- realized on disposal of revalued fixed assets		-	-
		(352,440)	(417,942)
Closing Balance		1,109,113	1,261,949

The Company had revalued its freehold land, roads & pavements, buildings on freehold land, plant and machinery, plant equipment, communication installations and electric installations on June 22, 2015. The revaluation exercise was carried out by M/s Asif Associates (Pvt.) Ltd. (Appraisers / Valuers), Lahore.

	Note	2016	2015 Restated
		Rupees in thousand	

23. LOAN FROM FINANCIAL INSTITUTIONS

	Note	2016	2015 Restated
Diminishing Musharakah Finance			
Meezan Bank Limited	23.1 & 23.2	1,000,000	916,892
Dubai Islamic Bank Pakistan Limited		500,000	-
Burj Bank (formerly known as Dawood Islamic Bank Limited)	23.1 & 23.3	-	152,354
		1,500,000	1,069,246
Syndicated Musharakah Finances	23.1	-	1,003,030
		1,500,000	2,072,276
Current maturity	32.	-	(238,443)
		1,500,000	1,833,833

23.1 All of the above term finance have been repaid by the Company during the year.

23.2 The Group obtained Rs. 500,000,000 of Diminishing Musharka Finance from Meezan Bank Limited. The finance carries mark up rate of 6 months KIBOR + 1.00%. The finance is secured by equitable mortgage charge by deposit of title deed along with 25% margin on land and any construction thereof located at G-4, block 7, clifton along with personal guarantee of directors. The repayment of principal will start from May 10, 2018.

23.3 The Group obtained Rs. 500,000,000 of Diminishing Musharka Finance from Meezan Bank Limited. The finance carries mark up rate of 3 months KIBOR + 0.50%. The finance is secured by equitable mortgage charge by deposit of title deed along with personal guarantee of directors. The repayment of principal will start from June 20, 2018.

23.4 The Group obtained Rs. 500,000,000 Diminishing Musharka Finance from Dubai Islamic Bank. The finance carries mark up rate of 3 months KIBOR + 1.00%. The finance is secured by equitable mortgage charge by deposit of title deed along with personal guarantee of directors. The repayment of principal will start from June 21, 2018.

	Note	2016	2015 Restated
		Rupees in thousand	

23.4 Syndicate Musharakah Finances

	2016	2015
Burj Bank (Formerly known as Dawood Islamic Bank Limited)	-	163,063
Bank Islami (Pakistan) Limited	-	138,966
Habib Metropolitan Bank Limited	-	201,173
Meezan Bank Limited	-	60,947
Dubai Islamic Bank (Pakistan) Limited	-	83,138
Standard Chartered Bank (Pakistan) Limited	-	184,180
Standard Chartered Modaraba	-	115,415
Al Baraka Bank Pakistan Limited (Al Baraka Islamic Bank)	-	56,148
	-	1,003,030

24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016	2015
Present value of minimum lease payments		-	325,714
Current maturity shown under current liabilities	32.	-	(47,533)
		-	278,181

The amounts of future payments and period in which these will be due are as follows:

	Note	2016	2015 Restated
		Rupees in Thousand	

24.1 Minimum Lease Payments

	Note	2016	2015
Not later than one year		-	70,565
Later than one year but not later than five years		-	318,016
Later than five years		-	-
		-	388,581
Finance cost allocated to future period		-	(62,867)
		-	.325,714
Current maturity shown under current liabilities	32.	-	(47,533)
		-	278,181
Present value of minimum lease payments			
Not later than one year		-	47,533
Later than one year but not later than five years		-	278,181
Later than five years		-	-
		-	325,714

24.2 The company has acquired plant and machinery, plant equipment and vehicles under finance lease agreements from commercial banks.

25. SUPPLIER'S CREDIT

The amount of future payments and the period during which they will become due are:

	Note	2016	2015 Restated
		Rupees in Thousand	
Year ending June 30,	2014	-	-
	2015	-	-
	2016	-	313,418
	2017	68,787	138,299
	2018	-	103,976
	2019	-	42,068
		68,787	597,761
Future finance charges		(9,814)	(87,749)
		58,973	510,012
Current maturity shown under current liabilities	32.	(58,973)	(260,576)
		-	249,436
Minimum Lease Payments are shown below:			
Not later than one year		68,787	313,418
Later than one year but not later than five years		-	284,343
Total minimum lease payments		68,787	597,761
Present values are shown below:			
Not later than one year		58,973	260,576
Later than one year but not later than five years		-	249,436
Total minimum lease payments		58,973	510,012

26. DUE TO ASSOCIATED UNDERTAKING

	Note	2016	2015 Restated
		Rupees in thousand	
Balance at the beginning of the year		2,610,125	2,253,704
Received during the year		761,110	656,421
		3,371,235	2,910,125
Paid during the year		(36,256)	(28,571)
		3,334,979	2,881,554
Not later than one year	32.	-	(57,143)
Later than one but not later than five year		3,334,979	2,824,411

26.1 It is the interest free loan which has been provided by the associated undertakings for the purpose of meeting the working capital requirements & project related costs of the Company. The repayment of this loan will start after consultation between the Company and the associated undertakings.

27. DEFERRED TAXATION

Deferred tax is calculated fully on temporary differences under the liability method using tax at the rate of 35%

	Note	2016	2015 Restated
		Rupees in thousand	
Deferred tax as at July 01		417,094	117,371
Charged to profit and loss for the year		20,946	377,401
Charged to Equity		(23,128)	(76,640)
Charge to OCI		(2,778)	(1,038)
Deferred tax as at June 30		412,134	417,094

The deferred tax asset comprises of:

	Note	2016	2015 Restated
		Rupees in thousand	
Taxable temporary differences arising in respect of:			
- Accelerated tax depreciation		282,096	377,529
- Revaluation during the year		-	-
- Deferred tax liability on leased assets		-	33,897
- Deferred tax liability on revaluation surplus		352,440	417,942
		634,536	829,368
Deductible temporary differences arising in respect of:			
- Unused tax losses and minimum taxes		-	(265,220)
- Others		(218,586)	(146,016)
- Acturial Loss		(3,816)	(1,038)
		(222,402)	(412,274)
		412,134	417,094

28. DEFERRED MARK-UP

		2016	2015
Lease finance charges		-	35,165
Long term finances		-	173,892
		-	209,057

The loan to which this deferred mark up is related has been paid along with deferred mark up during the year.

	Note	2016	2015 Restated
		Rupees in thousand	
29. TRADE AND OTHER PAYABLES			
Creditors		1,045,465	1,075,884
Bills Payable		946	100
Retention money		73,811	14,275
Due to associated undertakings	29.1	5,404	5,404
Accrued expenses		711,174	646,400
Advance payments		102,375	273,825
Payable to Gratuity Fund	29.2	94,009	68,398
Due to provident fund	29.3	56	1,183
Income tax deducted at source		9,256	4,749
Sales Tax suppliers deducted at source		9,204	8,589
Workers' (Profit Participation Fund		96,706	75,823
Workers' Welfare Fund		62,326	148
Others		3,690	2,264
		2,214,422	2,177,042

29.1 This represent the balance arisen due to normal trading transactions carried in the ordinary course of business

29.2 The amount included in respect of defined retirement plan is as follows:

29.3 As mentioned in note 3.12, the Company operates a funded gratuity scheme for all of its employees who have completed the qualifying period of 3 years as defined under the scheme. Contributions are made to the scheme based on actuarial recommendations. The actuarial valuation was carried out as at June 30, 2016 using the Projected unit Credit Method.

	Note	2016	2015 Restated
		Rupees in thousand	
30. PROFIT PAYABLE			
Accrued profit			
Lease finance charges		-	4,656
Profit accrued on			
- long term finances		-	21,937
- supplier's credit		9,259	9,259
- short term borrowings		11,613	5,813
		20,872	37,009
		20,872	41,665
Overdue profit		-	-
		20,872	41,665

	Note	3690.2	2015 Restated
		Rupees in thousand	
31. SHORT TERM BORROWINGS		798,910	-

Short term finance facilities are available from commercial banks aggregating to Rs. 1,000 million (2015: Rs. Nil) for running finance. Running finance facilities carry mark-up ranging from 3 months KIBOR + 25 bps per annum to 3 months KIBOR + 100 bps per annum (2015: Nil) with no floor and no cap, payable quarterly for utilized portion of the facility.

In addition, non funded facilities of letter of credit amounting to Rs. 1,500 million (2015: Rs. Nil) and for letter of guarantee amounting to Rs. 100 million were also provided by these banks. The letter of guarantee is a sub-limit of letter of credit.

The running finance facility and letter of credit are secured by charge over all present and future current and fixed assets with 25 % margin and pledge/lein on investment in Government securities fund of ABL Asset Management Company (AMC) with 5 % margin. Letter of credit is also secured by pari passu charge over all present and future current and fixed assets of Haleeb Foods limited with 25 % margin and lien over import documents/accepted bill of exchange. Letter of guarantee is secured by 100 % cash collateral to the extent of Rs. 63 million & remaining through charge over plant and machinery of the Company.

As at 30 June 2016, the unutilized facility under letter of credit amounted to Rs. 1,049 million (2015: Rs. Nil).

	Note	2016	2015 Restated
		Rupees in thousand	
32. CURRENT PORTION OF LONG TERM LIABILITIES			
Due to associated undertaking		-	57,143
Long term financing		-	238,443
Liabilities agaisnt assets subject to finance lease		-	47,533
Supplier's credit		58,973	260,576
		58,973	603,695

33. CONTINGENCIES AND COMMITMENTS

33.1 Contingencies

Custom's cases

33.1.1 The Collectorate of Customs, Sales Tax and Central Excise Duty has issued an order against the Company dated April 23, 2004 in which the Company was accused of allegedly evading sales tax amounting to Rs. 5.770 million on Candia Tea Max milk by treating them as exempt supplies. The Collectorate directed the Company to deposit the evaded amount along with the additional tax and penalty. The Collectorate of Customs, Sales Tax and Central Excise Duty noted in its order that Candia Tea Max is neither fresh nor dried milk as exempted by 6th Schedule of Sales Tax Act 1990 and therefore liable to pay sales tax on its supply. The Company filed an appeal against this order in Appellate Tribunal who vide its order dated August 31, 2006, had set-aside the order of the Additional Collectorate and has remanded back the case to the Collector for de novo consideration.

Sales tax cases

33.1.2 In respect of tax periods from January 2011 to February 2012, the Company has filed writ petition in the Lahore High Court (LHC), Lahore against the show cause notice dated 27th August 2012 issued by the Deputy Commissioner Inland Revenue, Large Taxpayers Unit, Lahore for recovery of sales tax amounting to Rs.158.879 million. The issue involved is that PCT Heading 1901.9090 of the prime product of the Company Tea Max is appearing in both the zero rating SRO 549 and in the sixth schedule of the sales tax act, 1990.The case is sub-judice in the Lahore High Court. The Company has obtained stay order from the Lahore High Court.

33.1.3 The DCIR has issued Order in Original No.01/2013 & Order in Original No.02/2013 both dated May 27, 2013 while rejecting the input tax claim amounting to Rs. 7.652 million and Rs.0.563 million for the tax periods of December 2011 and January 2012 respectively, in terms of section 7 and 10 of the Sales Tax Act, 1990 read with Sales Tax Rules, 2006 notified vide S.R.O 555(I)/2006 dated June 05, 2006. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) who have declared both the orders illegal vide orders dated September 27, 2013. Tax department have filed appeals in the Appellate Tribunal Inland Revenue against the orders of the Commissioner Inland Revenue (Appeals).

33.1.4 The Deputy Commissioner Inland Revenue has issued an Order in Original No.A-02/2013 while making certain demand amounting to Rs.59.418 million under section 25 of the Sales Tax Act, 1990 for the tax period from July 2009 to June 2010. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against this order on June 25, 2013 and the Commissioner Inland Revenue (Appeals) vide order dated August 30, 2013 decided the case in favor of the Company and has set aside the demand of PKR 59.418 million. Tax department have filed appeal in the Appellate Tribunal Inland Revenue against the order of the Commissioner Inland Revenue (Appeals).

33.1.5 In respect of tax period from July 2013 to June 2014, the company has filed writ petition in the Lahore High Court (LHC) against the show cause notice dated 11th February 2015, issued by the Deputy Commissioner Inland Revenue, Large Tax Payer Unit, Lahore for recovery of Sales Tax amounting to Rs. 4.707 million. The issue involved is that department is of the opinion that flavored milk falls under PCT heading No. 2202.90 and is not zero rated under SRO 670 (I)/2013. The case is sub-judice in the Lahore High Court and Stay has been obtained from the Lahore High Court.

33.1.6 In respect of tax periods July 2014 to December 2014, the company has filed writ petition in the Lahore High Court (LHC) against the show cause notice dated 2nd March 2015, issued by the Deputy Commissioner Inland Revenue, Large Tax Payer Unit. Lahore, for recovery of Sales Tax amounting to Rs. 2.328 million from July 2014 to December 2014. The issue involved is that department is of the opinion that flavored milk falls under PCT heading No. 2202.90 and is not zero rated under SRO 608 (I)/2014. The case is sub-judice in the Lahore High Court and Stay obtained from Lahore High Court.

33.1.7 In respect of February 2013, the Deputy Commissioner Inland Revenue has issued an Order in Original No.05/2015 dated 23rd May, 2015, while making demand amounting to Rs.3.034 million under the Sales Tax Act, 1990 on account of input claimed on advertisement services for the tax period February 2013. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against this order which has been decided in favor of the Company. Department has filed an appeal before Income Tax Appellate Tribunal which is pending.

33.1.8 Deputy Commissioner Income Tax (DCIT) vide order dated 03 December, 201520 October 2015 determined the demand of Rs. 6.7 million for non withholding of sales tax on advertisement and sales promotion expenses during the period from July 2009 to June 2012. The company have filed an appeal before Commissioner Income Tax (Appeal). Proceedings are pending.

33.1.9 Assessment Order No.24/2015-16 dated 31 May 2016 passed by the Deputy Commissioner Inland Revenue in respect of a tax periods from 01 July, 2013 to 30 June, 2014 amounting to Rs. 201 million. The Company has filed an appeal before Commissioner Income Tax (Appeal) on the remaining issues proceedings against which are still pending.

33.1.10 Deputy Commissioner Income Tax (DCIT) issued the Company a notice dated 27 January 2015 whereas he is of the view that zero rating appearing in SRO 549 of 2008 is only restricted to import and supplies thereof. The Company has filed writ petition in the Lahore High Court (LHC) and have obtained stay. The proceedings are in process.

33.1.11 Deputy Commissioner Income Tax (DCIT) vide order dated 13 August, 2015 rejected Company's deferred sales tax refund claims amounting to Rs. 45 Million. The company has filed an appeal before Commissioner Income Tax (Appeals) who has remanded the case back to Deputy Commissioner Inland Revenue (DCIR).

33.1.12 Deputy Commissioner Income Tax (DCIT) had issued the Company a notice dated 19 August 2015 demanding Rs. 2.8 Million on account of proration of input tax associated with exempt sales. Company has challenged the notice before Lahore High Court and have obtained stay. Proceedings are pending.

33.1.13 Deputy Commissioner Income Tax (DCIT) vide order dated 28 December 2015 had determined the demand of Rs. 1 Million on account of default surcharge due to excess sanction of refund amount of Rs. 3.6 Million. Commissioner Income Tax (Appeals), vide order dated 9 February 2016, has confirmed the order of DCIT. The Company has filed an appeal before Appellate Tribunal which is pending.

Income tax cases

33.1.14 The Company had preferred an appeal before the Commissioner Inland Revenue (Appeals) against the balance demand of Rs. 3.47 million raised by the department for the Tax Year 2004 as a result of order passed under section 122(5A) of the Ordinance, who had deleted the aforementioned order and the Company had obtained the appeal effect order of Rs. 4.8 million refund accordingly. The Department had filed an appeal before the Appellate Tribunal Inland Revenge (ATIR). ATIR, vide their order dated 17 Sep-15, has set-aside the order of Deputy Commissioner Income Tax (DCIT). DCIT has now completed the revised proceedings and issued a revised order dated 30 June 2016 according to which he has determined an additional refund of Rs. 2.7 Million.

33.1.15 The Taxation Officer has made certain additions/disallowances in the assessment and created a demand of Rs. 10.919 million. The Company filed an appeal before the Commissioner Income Tax (CIT) (Appeals) against this order. The order passed by the Taxation Officer was however upheld by the CIT (A) vide order dated 22 July 2009. The Company has filed an appeal before the Income Tax Appellate Tribunal Inlands Revenue, which is pending for adjudication. The Taxation Officer has made certain additions/disallowances in the assessment completed u/s 122(3) of the Ordinance for Tax Year 2003 and created a demand of Rs. 10.919 million. The Company filed an appeal before the CIT (A) against this order. The order passed by the Taxation Officer was however upheld by the CIT (A) vide order dated 22 July 2009. The Company has filed an appeal before the Income Tax Appellate Tribunal Inlands Revenue, which is pending for adjudication.

33.1.16 The Taxation Officer had made certain additions/disallowances in the assessment and created a demand of Rs. 9.174 million. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals) and the Commissioner Inland Revenue (Appeals) vide order dated August 19, 2013 decided the case by deleting the additions related to proration of WWF between NTR and FTR, Provisional exchange loss and gain on sale of fixed assets and decided the case in favor of the Company other then Rejecting of calculation of percentage for proration of expenses between NTR and FTR and addition on account of gratuity and maintained the order of the DCIT on other above matters. However, a rectification application was filed before the CIR (A) by the company. Moreover, the department has preferred an appeal against the order passed by CIA (Appeals) on the issues settled in the favor of the Company. Proceedings are still pending.

33.1.17 The Taxation Officer has passed order u/s 161/205 of the Ordinance for Tax Year 2009 on account of non-deduction of tax on payments and created a demand of Rs. 10.633 million. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals) who had decided the appeal in favor of the Company. Tax department has filed appeal in the Appellate Tribunal Inland Revenue against the order of the CIR (Appeals). Proceedings are pending.

33.1.18 The Company, based on opinion of legal advisors, is hopeful of favourable outcome in above cases. Accordingly no provision has been recorded in these financial statements.

33.2 Commitments

33.2.1 Counter guarantees given by the Company to its bankers outstanding as at June 30, 2016 were for Rs. 103.3 million (2015: Rs 86 million).

33.2.2 Commitments for irrevocable letter of credit outstanding at the year-end were as follows:

33.2.3 Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs. 6,497 thousand (2015: Rs. 6,497 THOUSAND) in favor of Karachi Building Control Authority as at the balance sheet date.

	Note	2016	2015 Restated
		Rupees in thousand	
34. SALES - NET			
Gross Revenue		**15,631,571**	16,364,536
Discounts		**(49)**	(70)
Replacements		**(76,865)**	(79,705)
Discounting charges		-	15
Sales tax		**(102,802)**	(18,607)
		(179,716)	(98,367)
Processing Income		**18,545**	-
		15,470,400	16,266,169

	Note	2016	2015 Restated
		Rupees in thousand	
35. COST OF SALES			
Raw material consumed		5,682,868	7,539,281
Packing material consumed		3,877,444	3,907,967
Salaries, wages and benefits	35.1	375,711	340,938
Stores consumed		327,351	281,132
Fuel and Power		434,195	581,664
Repair and maintenance		99,333	52,566
Insurance		9,208	6,945
Techinical fees		439	50
Depreciation		353,249	321,785
Travelling, conveyance and vehicles' running		34,180	35,456
Communication		2,125	1,503
Provision for slow moving / obsolets stores, spares and loose tools		25,868	5,222
Provision for slow moving / obsolete stock in trade		795	869
Others		67,698	88,469
		11,290,464	13,163,847
Work in Process			
Opening		13,989	15,391
Closing		(10,886)	(13,989)
		3,103	1,402
Cost of goods manufactured		11,293,567	13,165,249
Finished goods			
Opening		543,277	309,065
Purchased during the year		-	-
Closing		(136,620)	(543,277)
		406,657	(234,212)
		11,700,224	12,931,037

35.1 Salaries, wages and benefits include Rs. 0.715 million (2015: Rs. 7.015 million) in respect of provident fund contribution and Rs. 22.7 million (2015: Rs. 17.137 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015 Restated
		Rupees in thousand	
36. DISTRIBUTION AND MARKETING EXPENSES			
Salaries and benefits	36.1	171,532	162,198
Travelling and conveyance		36,003	38,858
Rent, rates and taxes		4,615	4,522
Communication		4,006	3,452
Freight and handling		554,786	562,134
Advertisement and sales promotion - net		207,431	388,820
Abnormal Replacements and truck Damages		8,910	-
Others		7,813	19,337
		995,096	1,179,321

36.1 Salaries, wages and benefits include Rs. 0.289 million (2015: Rs. 5.349 million) in respect of provident fund contribution and Rs. 4.8 million (2015: Rs. 8.514 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015
			Restated
		Rupees in thousand	
37. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		**425**	300
Salaries and benefits	**37.1**	**64,832**	59,046
Travelling and conveyance		**3,770**	5,510
Rent, rates and taxes		**10,968**	12,044
Entertainment		**4,948**	5,865
Communication		**4,281**	4,231
Printing and stationery		**1,455**	780
Utilities		**4,544**	4,831
Insurance		**8,428**	8,160
Repair and maintenance		**12,055**	7,524
Vehicle running		**3,530**	4,015
Subscription and fees		**217**	1,623
Training and seminars		**1,066**	545
Auditors' remuniration		**1,256**	1,220
Legal and professional		**7,959**	6,824
Depreciation		**10,015**	10,138
Others		**3,608**	4,907
		143,356	137,563

37.1 Salaries, wages and benefits include Rs. 0.021 million (2015: Rs. 3.64 million) in respect of provident fund contribution and Rs. 4.93 million (2015: Rs. 4.579 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015
			Restated
		Rupees in thousand	
37.2 AUDITORS' REMUNERATION			
Statutory Audit Fee		**1,150**	1,125
Out of Pocket Expenses		**95**	95
		1,245	1,220

	Note	2016	2015
38. OTHER OPERATING EXPENSES			
Donations	**38.1**	**10,259**	15,060
Rahim Yar Khan Plant operating expenses	**38.2**	**-**	20,150
Depreciation - RYK Plant		**52,530**	81,068
Workers' Profit Participation Fund		**105,573**	77,831
Provision for doubtful trade debts - sales tax refund		**225,529**	-
Workers ' Wel;fare Fund		**62,178**	-
Provision for doubtful advances		**17,468**	6,889
Due to associated company written off		**435**	-
impairment of assets		**46,135**	-
		520,107	200,998

38.1 Directors have no interest in donations

38.2 Rahim Yar Khan Plant operating expenses

	2016	2015
Salaries and benefits	**-**	9,588
Others	**-**	10,562
	-	20,150

38.2.1 Salaries, wages and benefits include Rs. Nil (2015: Rs. 0.498 million) in respect of provident fund contribution and Rs. Nil (2015: Rs. 0.282 million) in respect of staff retirement benefits - gratuity.

	Note	2016	2015 Restated
		Rupees in thousand	

39. OTHER OPERATING INCOME

	Note	2016	2015
Income from financial assets:			
Profit on			
- Long term loan		1,915	2,244
- PLS account		52,133	7,162
- Financial assets at fair value through profit and loss		18,230	-
Income from assets other than financial assets			
Gain on sale of operating fixed assets - net		3,126	14
Creditors written off		-	5,915
Rahim yar Khan Plant farm income		5,567	-
Provision for slow moving/obsolete store, spares and loose tools - reversed		2,242	1,691
Provision for doubtful trade debts - reserved		203	104
Sale of scrap - net of sales tax	39.1	9,744	11,841
Miscellaneous		-	1,507
		93,160	30,478

39.1 Sales tax on sales of scrap is Rs. 1.86 million (2015: Rs. 2.01 million).

40. FINANCE COST

	2016	2015
Profit on employees provident fund	20,949	37,972
Profit on:		
- Long term finances	165,890	253,766
- Short term borrowings	5,659	-
Bank charges	1,210	2,245
	193,708	293,983

41. TAXATION

	2016	2015
For the year		
- Current	773,019	264,626
- Prior Year	(237,787)	-
	535,232	264,626
Deferred Tax		
- Related to origination and reversal of temporary difference	(16,972)	373,949
- Due to reduction in tax rate	37,918	3,452
	20,946	377,401
	556,178	642,027

42. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to the chief executive and director of the subsidiary were as follows:

	2016		2015	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
	Rupees in thousand		Rupees in thousand	
Managerial remuneration	19,790	-	31,422	-
Bonus	6,786	-	3,743	-
Retirement benefits	1,942	-	3,625	-
Contribution to Gratuity & PF	2,111	-	3,543	-
Fee	-	425	-	300
	30,629	425	42,333	300

42.1 No Company maintained car has been provided to the Chief Executive & any other directors.

42.2 Key management personnel have also been provided with company maintained cars.

43. RELATED PARTY TRANSACTIONS

The related parties of the subsidiary comprises of shareholders, associated companies, key management personnel and staff retirement benefit plan. Transactions with related parties are in the ordinary course of business. The outstanding balances with related parties at june 30, 2013 are included in note 16 and 18. Remuneration of Director including Chief Executive is included in note 40. Other significant transactions with related parties are as follows:

Related party	Nature of balance	Note	2016	2015 Restated
			Rupees in thousand	
Inshipping (Private) Limited	Loan		214,286	214,286
Prompt Solutions (Private) Limited	Loan and advances		378	378
Dynasel (Private) Limited	Loan and advances		57	57
Chaudhary Foundation	Payables		-	-

	Note	2016	2015 Restated
		Rupees in thousand	
44. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year before taxation		2,084,302	1,553,745
Adjustments for:			
Unrealised Loss on Investment		4,779	
Depreciation		415,794	412,991
Dividend receipt of associated compsany		(78,012)	-
Finance cost		193,559	293,832
Provision for gratuity		34,707	32,510
Provision for short term trade deposit		2,147	37
Gain on sale of operating fixed assets - net		(3,126)	(14)
Fair Value Adjustment			
- long term loan		(1,570)	(1,825)
- mutual funds		(858)	-
Impairment on fixed assets		46,135	-
Provision for:			
- obsolete / slow moving stores, spares and loose tools made - net		25,868	5,222
- obsolete / slow moving stock in trade / (write off) - net		(9,612)	(822)
- doubtful advances		15,321	6,488
- doubtful long term deposit		-	365
- doubtful trade debts write off / (reversal) made		(203)	(104)
- doubtful sales tax refund write off / (reversal) made		225,529	-
Cash inflow / (outflow) from operating activities before working capital changes		2,954,760	2,302,425
Working capital changes			
- stores, spares and loose tools		(14,531)	(2,781)
- stock in trade		637,345	(863,801)
- trade debt		47,230	(41,948)
- loan and advances		42,937	280,581
- trade deposits and short term prepayment		38	(381)
- other receivables		(144,382)	200
- sales tax and special excise duty refundable		(378,176)	(535,045)
- Due to associated undertaking		(203,168)	(271,429)
- trade and other payablesContainer rent		(51,977)	39,403
Net (outflow) from working capital changes		(64,683)	(1,395,201)
Cash generated from operations			
Taxes paid		(329,097)	(335,355)
Gratuity paid		(18,056)	(38,935)
		2,542,925	532,934

45. Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Group's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Group is carried out by the Board of Directors of the Group. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk and investment of excess liquidity. All treasury related transactions are carried out within the paramenters of these policies.

45.1 Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk from its operational activities (primarily for trade receivables) and from its financing activities, including long term deposits, loans and advances, deposits with banks and financial institutions.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

45.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses. The Compan's treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

45.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. The Group is not exposed to commodity price risk and equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits with banks. The exposure to other two risks and their management is explained below.

45.4 Foreign Exchange Risk

Currency risk is the risk that the value of financial asset and financial liabilities will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

The Group is exposed to foreign exchange risk on import of raw materials and store, spares and tools mainly denominated in Euro and US Dollars.

45.5 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations, short term borrowing and finance leases with floating interest rates.

45.6 Capital Risk Management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Group monitors its capital by using the debt equity ratio. The Group includes within debt its long term loan, liabilities against assets subject to finance lease and short term finances and within equity its share capital and reserves.

46. Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value. Fair value is determined on the basis of objective evidence at each reporting date.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or

Level 3: Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable

47. GENERAL

Figures have been rounded off nearest to "000 Rupees and reclassified in subsidiary.

48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 0 8 OCT 2016 by the Board of Directors of the Group.

Chairman

Director