ROSHAN PACKAGES (PRIVATE) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Roshan Packages (Private) Limited ('the company') as at June 30, 2016, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

A. F. FERGUSON & CO., *Chartered Accountants, a* member firm *of the PwC network*
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KARACHI LAHORE ISLAMABAD

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016, and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

A.F.Ferguson & Co.

Chartered Accountants

Lahore, October 03, 2016

Engagement partner: Khurram Akbar Khan

ROSHAN PACKAGES (PRIVATE) LIMITED

BALANCE SHEET AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (2015: 50,000,000)			
ordinary shares of Rs 10 each		500,000,000	500,000,000
Issued, subscribed and paid up share capital			
29,939,000 (2015: 29,939,000)			
ordinary shares of Rs 10 each	5	299,390,000	299,390,000
Revenue reserve: Un-appropriated profit		988,261,900	719,607,869
		1,287,651,900	1,018,997,869
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	6	1,142,934,176	168,636,434
NON-CURRENT LIABILITIES			
Supplier's credit - unsecured	7	265,800,913	148,967,269
Loans from directors - unsecured	8	18,133,163	18,133,163
Long term finances - secured	9	436,108,100	-
Liabilities against assets subject to finance lease	10	29,411,603	7,381,371
Deferred taxation	11	295,672,712	131,501,839
Deferred liabilities	12	42,011,304	37,794,230
		1,087,137,795	343,777,872
CURRENT LIABILITIES			
Current portion of long term liabilities	13	120,058,910	20,809,906
Short term borrowings - secured	14	604,845,393	361,619,247
Trade and other payables	15	882,121,078	935,360,865
Accrued finance cost	16	10,353,180	5,214,533
		1,617,378,561	1,323,004,551
CONTINGENCIES AND COMMITMENTS	17		
		5,135,102,432	2,854,416,726

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	2,919,838,826	1,183,670,997
Assets subject to finance lease	19	45,160,209	13,475,440
Intangible asset	20	4,654,042	-
Investment in subsidiary	21	200,563,000	-
Long term deposits		13,672,635	6,548,786
		3,183,888,712	1,203,695,223
CURRENT ASSETS			
Stores and spares	22	55,723,979	44,273,473
Stock-in-trade	23	445,186,665	554,392,973
Trade debts - unsecured	24	963,552,761	737,001,616
Advances, deposits, prepayments and other receivables	25	349,796,983	245,469,111
Cash and bank balances	26	136,953,332	69,584,330
		1,951,213,720	1,650,721,503
		5,135,102,432	2,854,416,726

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Director

ROSHAN PACKAGES (PRIVATE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	27	3,621,881,861	3,568,368,904
Cost of sales	28	(3,107,313,485)	(3,186,272,461)
Gross profit		514,568,376	382,096,443
Administrative expenses	29	(79,212,254)	(76,687,929)
Selling and distribution expenses	30	(72,109,889)	(73,515,077)
Other expenses	31	(37,512,627)	(12,958,146)
Other income	32	2,155,260	4,843,441
Finance cost	33	(45,655,236)	(56,498,321)
Profit before taxation		282,233,630	167,280,411
Taxation	34	(20,500,617)	(34,614,662)
Profit for the year		261,733,013	132,665,749
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of operating fixed assets realised through incremental depreciation charged on related assets for the year - net of tax		6,587,522	12,854,826
Remeasurement of retirement benefits - net of tax		333,496	(15,479)
		6,921,018	12,839,347
Total comprehensive income for the year		268,654,031	145,505,096

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive **Director**

ROSHAN PACKAGES (PRIVATE) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Cash flows from operating activities			
Cash generated from operations	35	221,389,062	374,917,687
Finance cost paid		(53,473,289)	(54,317,362)
Income tax paid		(81,394,348)	(93,013,093)
Net increase in long term deposits		(7,123,849)	(3,005,186)
Gratuity paid		(1,845,412)	-
Net cash inflow from operating activities		77,552,164	224,582,046
Cash flows from investing activities			
Purchase of property, plant and equipment		(535,842,666)	(56,285,938)
Purchase of intangible asset		(478,069)	-
Investment in subsidiary		(200,563,000)	-
Proceeds from disposal of operating fixed assets		16,356,481	2,171,348
Profit on bank deposits received		4,661	9,352
Net cash outflow from investing activities		(720,522,593)	(54,105,238)
Cash flows from financing activities			
Proceeds from loans from directors		-	10,633,163
Repayment of long term finances		-	(3,968,362)
Payment of supplier's credit		(23,680,921)	(54,068,971)
Proceeds from short term finances acquired		1,052,518,375	58,784,188
Proceeds from long term finances		480,295,600	-
Proceeds from sale and leaseback transaction		17,300,000	-
Repayment of short term finances		(823,323,393)	(241,383,830)
Payment of finance lease liabilities		(6,801,394)	(4,052,385)
Net cash inflow/(outflow) from financing activities		696,308,267	(234,056,197)
Net increase/ (decrease) in cash and cash equivalents		53,337,838	(63,579,109)
Cash and cash equivalents at the beginning of the year		(47,340,066)	16,239,043
Cash and cash equivalents at the end of the year	36	5,997,772	(47,340,066)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive **Director**

ROSHAN PACKAGES (PRIVATE) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Revenue reserve: Un-appropriated profit	Total
		Rupees	
Balance as on July 01, 2014	299,390,000	574,102,773	873,492,773
Profit for the year	-	132,665,749	132,665,749
Other comprehensive income for the year	-	12,839,347	12,839,347
Total comprehensive income for the year	-	145,505,096	145,505,096
Balance as on June 30, 2015	299,390,000	719,607,869	1,018,997,869
Profit for the year	-	261,733,013	261,733,013
Other comprehensive income for the year	-	6,921,018	6,921,018
Total comprehensive income for the year	-	268,654,031	268,654,031
Balance as on June 30, 2016	299,390,000	988,261,900	1,287,651,900

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive **Director**

ROSHAN PACKAGES (PRIVATE) LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. The company and its activities

Roshan Packages (Private) Limited (the 'company') was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984, on August 13, 2002. It is principally engaged in the manufacture and sale of corrugation and flexible packaging materials.

The address of the registered office of the company is 325 G-III, M.A. Johar Town, Lahore. The corrugation packaging facility is located at 7 km, Sundar Raiwind Road, Lahore, and flexible packaging facility is located at Plot No. 142, Sundar Industrial Estate, Raiwind, Lahore.

These financial statements are the separate financial statements of the company. Consolidated financial statements are prepared separately.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, or the requirements of the said directives prevail.

2.2 During the year, SECP has made amendments in the Fifth Schedule to the Companies Ordinance, 1984, through SRO 928(I)/2015 dated September 10, 2015. These amendments relate to the changes made in the classification of non-listed companies for the purpose of preparation of their financial statements. Under these amendments, the company falls under the definition of a 'Large Sized Company'. Further, through SRO 929(I)/2015 dated September 10, 2015, SECP has directed large sized companies as classified under the amended Fifth Schedule to the Companies Ordinance, 1984, to follow applicable financial and accounting reporting standards. As a result of these amendments, the company is required to follow IFRSs as issued by IASB and as notified by SECP for annual accounting periods beginning on or after January 01, 2015 i.e. from the start of current financial year. However, such amendments do not have any impact on the company's financial statements as the company was already following the required framework.

2.3 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2015, but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

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

- IAS 27 (revised) ‘Separate financial statements’. This standard replaces the current IAS 27 ‘Consolidated and Separate Financial Statements’ (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The company's current accounting treatment is already in line with the requirements of this standard.

2.3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2016, but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements, except for the following:

- IAS 27 (Amendments), ‘Separate financial statements’ are applicable on accounting periods beginning on or after January 1, 2016. These provide entities the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The company shall apply these amendments from July 1, 2016, and has not yet evaluated whether it shall change its accounting policy to avail this option.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain operating fixed assets and recognition of certain employee retirement benefits at present value.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates which have been explained as follows:

a) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature are in accordance with the law, the amounts are shown as contingent liabilities.

b) Useful lives and residual values of property, plant and equipment

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

c) Employee retirement benefits

The company uses the valuation performed by an independent actuary as the present value of its obligations under the gratuity scheme. The valuation is based on the assumptions as mentioned in note 4.12. The obligations under accumulating compensated absences are recognised on the basis of accumulated leaves and the last drawn salary.

4. Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets except freehold land, buildings on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land, plant and machinery and electric installations are stated at revalued amount less accumulated depreciation and any identified impairment loss. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amount has been determined by an independent professional valuer on the basis of present market value. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit. Each year, the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the profit) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to other comprehensive income. All transfers to/from surplus on revaluation of operating fixed assets are net of applicable deferred taxation.

Depreciation on operating fixed assets is charged to profit and loss account, on the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 18 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2016, has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

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

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 recognized as an income or expense.

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.2.3 Major spare parts and stand-by equipment

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

4.3 Intangible asset

Expenditure incurred to acquire computer software has been capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

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

4.4 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.5 Investments

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

4.5.1 Investment in equity instruments of subsidiaries

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the profit and loss account.

The company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of approved accounting standards.

4.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.7 Leases

The company is the lessee:

4.7.1 Finance leases

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 10. The liabilities are classified as current and long term depending upon the timing of the payment.

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

Assets acquired under a finance lease are depreciated over the useful life of the asset on a reducing balance method at the rates given in note 19. Depreciation of leased assets is charged to profit and loss account.

4.7.2 Operating leases

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

4.8 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the balance sheet date. For items which are slow moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realizable value. The company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.9 Stock-in-trade

All stocks are valued at the lower of cost and net realizable value. Cost in relation to raw materials, except for those in transit, signifies weighted average cost and that relating to work-in-process and finished goods, annual average cost comprising cost of direct materials, labor and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.10 Financial assets

4.10.1 Classification

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

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, advances, deposits, other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

4.10.2 Recognition and measurement

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the company measures the investments at cost less impairment in value, if any.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.4.

4.10.3 Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument.

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

4.10.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.12 Employee retirement benefits

The main features of the schemes operated by the company for its employees are as follows:

a) Defined benefit plan - Gratuity

The company operates an un-funded gratuity scheme for all employees. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for the gratuity scheme was carried out as at June 30, 2016. Projected unit credit method was used for valuation of the scheme.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Past service costs are recognized immediately in the profit and loss account.

b) Accumulating compensated absences

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to profit.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

4.13 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.14 Provisions

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

4.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.18 Revenue recognition

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

Revenue from sale of goods is recognized on dispatch of goods to customers. Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.19 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.20 Dividend

Dividend distribution to the company's members is recognised as a liability in the period in which the dividends are approved.

4.21 Contingent liabilities

Contingent liability is disclosed
when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Issued, subscribed and paid up share capital

2016	2015			2016	2015
(Number of shares)				Rupees	Rupees
24,836,000	24,836,000	Ordinary shares of Rs 10 each fully paid in cash		248,360,000	248,360,000
5,103,000	5,103,000	Ordinary shares of Rs 10 each fully paid for consideration other than cash	- note 5.1	51,030,000	51,030,000
29,939,000	29,939,000			299,390,000	299,390,000

5.1 These shares were issued against the fair value of land acquired which measures 48 kanals and 12 marlas and is situated opposite to Sundar Industrial Estate, Bhai Kot, Raiwind, Lahore.

6. Surplus on revaluation of operating fixed assets

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations, adjusted by incremental depreciation arising out of revaluation of abovementioned assets except freehold land. The latest valuation was carried out by independent professional valuers, Unicorn International Surveyors, on June 30, 2016, on present market value basis. Surplus on revaluation of operating fixed assets can be utilized by the company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

The revaluation surplus relating to abovementioned operating fixed assets, excluding freehold land, is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on the abovementioned assets excluding freehold land and the equivalent depreciation based on the historical cost of these assets. The movement in revaluation surplus is as follows:

		2016 Rupees	2015 Rupees
Opening balance - net of tax		168,636,434	181,491,260
Revaluation surplus during the year		1,124,414,791	-
Deferred tax on revaluation surplus	- note 11	(143,529,527)	-
Surplus transferred to other comprehensive income for the year on account of incremental depreciation - net of tax		(6,587,522)	(12,854,826)
Closing balance - net of tax		1,142,934,176	168,636,434

7. Supplier's credit - unsecured

Supplier's credit	- note 7.1	327,960,580	164,751,307
Current portion shown under current liabilities	- note 13	(62,159,667)	(15,784,038)
		265,800,913	148,967,269

7.1 This comprises of payable to Windmoller & Holscher, Germany in respect of the following assets:

Varex II 5-Layer Co-Extrusion Line machine	- note 7.1.1	171,384,577	-
Gravure Printing Press Heliostar SH machine	- note 7.1.2	156,576,003	164,751,307
		327,960,580	164,751,307

7.1.1 This represents interest free amount payable to Windmoller & Holscher, Germany against purchase of Varex II 5-Layer Co-Extrusion Line machine on deferred payment basis in ten half yearly unequal installments starting from August 06, 2016, which has been discounted at a rate of 10.37% per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

	2016 Rupees
Supplier's credit	210,369,804
Discounting adjustment	(52,263,440)
	158,106,364
Unwinding of discount on liability	10,806,941
	168,913,305
Exchange loss	2,471,272
	171,384,577
Current maturity	(36,284,319)
	135,100,258

7.1.2 This represents interest free amount payable to Windmoller & Holscher, Germany against purchase of Gravure Printing Press Heliostar SH machine on deferred payment basis in ten half yearly unequal installments that have started from March 13, 2016, which has been discounted at a rate of 9.52% per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

	2016 Rupees	2015 Rupees
Supplier's credit	210,406,544	210,406,544
Discounting adjustment	(45,084,447)	(45,084,447)
	165,322,097	165,322,097
Unwinding of discount on liability	12,184,912	511,728
	177,507,009	165,833,825
Exchange loss/(gain)	2,749,915	(1,082,518)
	180,256,924	164,751,307
Paid during the year	(23,680,921)	-
	156,576,003	164,751,307
Current maturity	(25,875,348)	(15,784,038)
	130,700,655	148,967,269

8. Loans from directors - unsecured

Loans from Chief Executive	- note 8.1	13,220,765	13,220,765
Loan from Director	- note 8.1	4,912,398	4,912,398
		18,133,163	18,133,163

8.1 These are composed of:

Lender	2016 Rupees	2015 Rupees	Rate of mark-up per annum	Date of repayment	Mark-up payable
Chief Executive					
Loan 1	7,500,000	7,500,000	* Average borrowing rate of the company	July 01, 2017	Annually
Loan 2	5,720,765	5,720,765	* Average borrowing rate of the company	July 01, 2017	Annually
Director	4,912,398	4,912,398	* Average borrowing rate of the company	July 06, 2017	Annually
	18,133,163	18,133,163			

* Average borrowing rate of the company is 7.45% per annum (2015: 10.91% per annum)

8.1.1 Loan 1 from Chief Executive was previously repayable on July 21, 2016. During the current year, the date of repayment has been extended to July 01, 2017, with other terms remaining unchanged.

		2016 Rupees	2015 Rupees
9. Long term finances - secured			

These have been obtained from the following financial institutions:

Dubai Islamic Bank Limited	- note 9.1	355,812,500	-
United Bank Limted	- note 9.2	80,295,600	-
		436,108,100	-

9.1 Dubai Islamic Bank Limited

Opening balance		-	-
Receipt		400,000,000	-
		400,000,000	-
Current maturity	- note 13	(44,187,500)	-
		355,812,500	-

9.1.1 This represents Shirkat El Melk facility of Rs 400 million for financing the expansion of flexible packaging facility. The principal portion of Rs 307 million is repayable in sixteen equal quarterly installments of Rs 19.188 million beginning on March 16, 2017, and remaining principal portion of Rs 93 million is repayable in sixteen equal quarterly installments of Rs 5.813 million beginning on May 22, 2017. Mark up is payable quarterly at the rate of three months Karachi Inter Bank Offered Rate ('KIBOR') plus 0.9 percent per annum. The mark-up rate charged during the year on the outstanding balance ranged from 7.25% to 7.40%. It is secured by a first exclusive charge over fixed assets of the company's flexible packaging facility located at Sundar Industrial Estate, Lahore, first hypothecation charge over plant & machinery of the corrugation packaging facility of the company located at Sunder, Raiwind Road opposite to Sunder Industrial Estate, Lahore and personal guarantees of all the directors of the company.

	2016 Rupees	2015 Rupees
9.2 United Bank limited		
Opening balance	-	-
Receipt	80,295,600	-
	80,295,600	-
Current maturity	-	-
	80,295,600	-

9.2.1 This represents term finance facility for the purchase of machinery for corrugation packaging facility. The aggregate amount of the facility is Rs 400 million out of which Rs 80.295 million has been availed as of the reporting date. It is repayable in eight half yearly installments beginning on November 03, 2017. Mark up is payable semi annually at the rate of six months KIBOR plus 0.9 percent per annum. The mark-up rate charged during the year on the outstanding balance is 7.26 % per annum. It is secured by first exclusive charge over present and future land, building and plant and machinery of the corrugation packaging facility of the company located at Sunder, Raiwind Road opposite to Sunder Industrial Estate, Lahore and personal guarantees of all the directors of the company.

		2016 Rupees	2015 Rupees
10. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		43,123,346	12,407,239
Current portion shown under current liabilities	- note 13	(13,711,743)	(5,025,868)
		29,411,603	7,381,371

The minimum lease payments have been discounted at an implicit interest rate of KIBOR plus 1.5% reset every six months. The implicit interest rate used during the year to arrive at the present value of minimum lease payments ranges from 9.66% to 21.70% (2015: 12.60% to 22.35%). Since the implicit interest rate is linked with KIBOR, the amount of minimum lease payments and finance charge may vary from period to period.

Taxes, repairs and insurance costs are to be borne by the company. The lease is secured against personal guarantees of all the directors of the company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease payments	Future finance charges	Present value of lease liability	
			2016	2015
	Rupees	Rupees	Rupees	Rupees
Not later than one year	17,752,718	4,040,975	13,711,743	5,025,868
Later than one year and not later than five years	32,584,284	3,172,681	29,411,603	7,381,371
	50,337,002	7,213,656	43,123,346	12,407,239

11. Deferred taxation

		2016	2015
		Rupees	Rupees
Deferred tax liability comprises temporary differences relating to:			
Accelerated tax depreciation		153,872,114	87,917,678
Revaluation surplus		207,351,306	59,441,643
Assets subject to finance lease		604,450	315,543
Deferred liabilities		(16,556,841)	(14,389,287)
Provision for doubtful debts		(1,791,941)	(1,783,738)
Intangible asset		(2,274)	-
Minimum tax available for carry forward		(18,331,992)	-
Alternate corporate tax available for carry forward		(12,186,950)	-
Tax credit under section 65B available for carry forward		(17,285,160)	-
		295,672,712	131,501,839
The gross movement in deferred tax liability during the year is as follows:			
Opening balance		131,501,839	156,474,066
Deferred tax on revaluation surplus	-note 6	143,529,527	-
Charged/(credited) to other comprehensive income		140,729	(6,489)
Charged/(credited) to profit and loss account	- note 34	20,500,617	(24,965,738)
Closing balance		295,672,712	131,501,839

12. Deferred liabilities

Accumulating compensated absences	- note 12.1	1,963,830	1,715,859
Provision for gratuity	- note 12.2	40,047,474	36,078,371
		42,011,304	37,794,230

	2016 Rupees	2015 Rupees
12.1 Accumulating compensated absences		
Opening liability	1,715,859	3,867,320
Provision/(reversal) for the year	455,983	(2,049,410)
	2,171,842	1,817,910
Transferred to trade and other payables for employees who have left	(208,012)	(102,051)
Liability as at year end	1,963,830	1,715,859
12.2 Provision for gratuity		
Opening liability	36,078,371	25,896,798
Provision for the year	8,470,661	11,086,271
	44,549,032	36,983,069
Paid during the year	(1,845,412)	-
Transferred to trade and other payables for employees who have left	(2,656,146)	(904,698)
Liability as at year end	40,047,474	36,078,371
12.2.1 Movement in present value of defined benefit obligation		
Opening liability	36,078,371	25,896,798
Current service cost	5,646,695	7,692,914
Interest cost	3,298,191	3,371,389
Remeasurements - actuarial (gain)/loss	(474,225)	21,968
Paid during the year	(1,845,412)	-
Transferred to trade and other payables for employees who have left	(2,656,146)	(904,698)
Liability as at year end	40,047,474	36,078,371

12.2.2 Amounts of present value of defined benefit obligation for current and prior year are as follows:

	2016 Rupees	2015 Rupees
As at June 30		
Present value of defined benefit obligation	40,047,474	36,078,371
Remeasurements - actuarial (gain)/loss	(474,225)	21,968

12.2.3 Assumptions used for valuation of the defined benefit scheme for employees are as under:

		2016	2015
Discount rate	Per annum	7.25%	9.75%
Expected rate of increase in salary	Per annum	6.25%	8.75%
Duration of the plan	Number of years	6	5

Mortality rates are assumed to be based on the SLIC (2001-2005) mortality table.

12.2.4 Year end sensitivity analysis (±100 bps) on defined benefit obligation is as follows:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	35,888,676	44,914,837	44,914,837	35,815,720

13. Current portion of long term liabilities

		2016 Rupees	2015 Rupees
Supplier's credit - unsecured	- note 7	62,159,667	15,784,038
Liabilities against assets subject to finance lease	- note 10	13,711,743	5,025,868
Long term finances - secured	- note 9.1	44,187,500	-
		120,058,910	20,809,906

14. Short term borrowings - secured

		2016 Rupees	2015 Rupees
Running finance	- note 14.1	130,955,560	116,924,396
Term finances			
- Import finance	- note 14.2	17,115,462	-
- Murabaha/Istisna	- note 14.3	406,774,371	186,304,467
- Local bill discounting	- note 14.4	50,000,000	58,390,384
		473,889,833	244,694,851
		604,845,393	361,619,247

14.1 Running finance

Short term running finance facilities available from commercial banks under mark-up arrangements amount to Rs 150 million (2015: Rs 150 million) at mark-up rates ranging from one month to three months KIBOR plus 1% per annum, payable quarterly, on the balance outstanding. The aggregate running finances are secured against first and joint pari passu charge over present and future current assets of the company. The mark-up rate charged during the year on the outstanding balance ranged from 7.25% to 8.01% (2015: 7.83% to 11.68%) per annum.

14.2 Import finance

Import finance facilities available from various commercial banks under profit arrangements amount to Rs 650 million (2015: Rs 650 million) at mark-up rates ranging from one to three month KIBOR plus 1% per annum, payable at the maturity of the respective transaction. The aggregate import finances are secured against first and joint pari passu charge over all present and future current assets of the company. The mark-up rate charged during the year on the outstanding balance ranged from 7.07% to 7.51% (2015: 10.63% to 11.97%) per annum.

14.3 Murabaha/Istisna

Murabaha/Istisna facilities available from various commercial banks under profit arrangements amount to Rs 650 million (2015: Rs 350 million) at mark-up rates ranging from six month KIBOR plus 0.50% to 1% per annum, payable at the maturity of the respective transaction. The aggregate murabaha/istisna finances are secured against first and joint pari passu charge over all present and future current assets of the company. The mark-up rate charged during the year on the outstanding balance ranged from 6.64% to 9.74% (2015: 7.88% to 11.44%) per annum.

14.4 Local bill discounting

Local bill discounting facilities available from various commercial banks under profit arrangements amount to Rs 50 million (2015: Rs 60 million) at mark-up rates ranging from one month to three months KIBOR plus 0.50% to 2% per annum, payable at the maturity of the respective transaction. The aggregate local bill discounting finances are secured against first and joint pari passu charge over all present and future current assets of the company. The rates of profit charged during the year on the outstanding balance ranged from 7.10% to 8.09% (2015: 7.91% to 11.61%) per annum.

14.5 Letters of credit and guarantee

Of the aggregate facility of Rs 1,320 million (2015: Rs 1,250 million) for opening letters of credit and Rs 70.22 million (2015: Rs 20.22 million) for guarantees, the amount utilized at June 30, 2016 was Rs 352.158 million (2015: Rs 396.501 million) and Rs 6.276 million (2015: Rs 1.850 million) respectively. The aggregate facilities for opening letters of credit and guarantees are secured by a first pari passu charge over current assets of the company and lien over import documents.

15. Trade and other payables

		2016 Rupees	2015 Rupees
Trade creditors		544,667,290	515,286,198
Bills payable		214,110,297	286,387,746
Advances from customers		16,874,039	35,933,352
Retention money		4,267,953	6,520,714
Accrued liabilities		42,435,798	35,042,922
Sales tax payable		-	1,296,797
Withholding tax payable		2,446,061	2,172,383
Workers' profit participation fund	- note 15.1	53,575,839	45,692,702
Workers' welfare fund		1,113,570	3,816,545
Advances from employees		2,630,231	3,211,506
		882,121,078	935,360,865

15.1 Workers' profit participation fund

		2016	2015
Opening balance		45,692,702	33,314,242
Provision for the year	- note 31	14,914,954	8,987,967
Interest for the year	- note 33	3,450,096	3,390,493
		64,057,752	45,692,702
Less: Payments during the year		10,481,913	-
Closing balance		53,575,839	45,692,702

16. Accrued finance cost

	2016	2015
Accrued markup/interest on:		
- Long term finance - secured	3,274,536	-
- Short term borrowings - secured	6,163,726	5,056,987
- Loan from directors	914,918	157,546
	10,353,180	5,214,533

17. Contingencies and commitments

17.1 Contingencies

(i) The banks have issued the following on behalf of the company:

(a) Letter of guarantee issued in favour of Sui Northern Gas Pipelines Limited for Rs 1.854 million (2015: Rs 1.854 million).

(b) Letter of guarantee issued in favour of Office of Excise and Taxation for Rs 0.220 million (2015: Nil).

(c) Letter of guarantee of Rs 4.202 million (2015: Nil) issued in favor of a shipping company.

(ii) Post dated cheques not provided in the financial statements have been furnished by the company in favor of the Collector of Customs against custom levies aggregating to Rs 79.371 million (2015: Rs 235.848 million) in respect of goods imported.

(iii) Additional Commissioner Inland Revenue ('ACIR'), through an order dated May 22, 2012 disallowed the company's claim of tax credit of Rs 11.112 million against minimum tax liability for Tax Year 2011. Against the subject order, the company's management preferred an appeal before the Commissioner of Inland Revenue (Appeals), who upheld the ACIR's order. The company's management has preferred a second appeal before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. Company's management considers that reasonable grounds exist to support its stance in the appeal and is of the view that the decision would be in company's favour. Consequently, no provision has been made in these financial statements on this account.

17.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure amounting to Rs 360.126 million (2015: Nil).

(ii) Letters of credit and contracts other than for capital expenditure amounting to Rs 86.553 million (2015: Rs 93.426 million).

(iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2016 Rupees	2015 Rupees
Not later than one year	6,019,145	5,642,400
Later than one year and not later than five years	15,575,178	21,507,400
	21,594,323	27,149,800

18. Property, plant and equipment

		2016	2015
Operating fixed assets	- note 18.1	2,800,546,724	970,569,679
Capital work-in-progress	- note 18.2	119,292,102	213,101,318
		2,919,838,826	1,183,670,997

18.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Furniture and fixtures	Office equipment	Vehicles	Total
								(Rupees)
COST / REVALUED AMOUNT								
Balance as at July 01, 2014	136,425,000	290,788,405	878,910,656	30,767,353	5,525,347	26,257,428	36,517,168	1,405,191,357
Additions during the year	17,422,320	34,579,328	22,869,002	476,244	202,723	4,846,538	309,956	80,706,111
Transfer in from leased assets - note 19	-	-	-	-	-	-	1,524,000	1,524,000
Disposal during the year	-	-	-	-	-	-	(3,194,447)	(3,194,447)
Balance as at June 30, 2015	**153,847,320**	**325,367,733**	**901,779,658**	**31,243,597**	**5,728,070**	**31,103,966**	**35,156,677**	**1,484,227,021**
Balance as at July 01, 2015	153,847,320	325,367,733	901,779,658	31,243,597	5,728,070	31,103,966	35,156,677	1,484,227,021
Additions during the year	68,365,000	147,728,544	546,116,119	34,609,736	1,162,584	2,613,244	17,350,000	817,945,227
Transfer in from leased assets - note 19	-	-	-	-	-	-	2,417,760	2,417,760
Disposal during the year	(17,422,320)	-	-	-	-	-	(18,829,000)	(36,251,320)
Revaluation during the year	609,335,000	317,644,379	351,461,723	7,437,294	-	-	-	1,285,878,396
Balance as at June 30, 2016	**814,125,000**	**790,740,656**	**1,799,357,500**	**73,290,627**	**6,890,654**	**33,717,210**	**36,095,437**	**3,554,217,084**
DEPRECIATION								
Balance as at July 01, 2014	-	39,382,809	365,582,864	8,158,476	2,017,932	5,619,625	20,382,821	441,144,527
Additions during the year	-	12,719,432	53,164,640	2,281,305	361,599	2,321,764	3,339,711	74,188,452
Transfer in from leased assets - note 19	-	-	-	-	-	-	748,589	748,589
Disposal during the year	-	-	-	-	-	-	(2,424,225)	(2,424,225)
Balance as at June 30, 2015	**-**	**52,102,241**	**418,747,504**	**10,439,781**	**2,379,531**	**7,941,389**	**22,046,896**	**513,657,343**
Balance as at July 01, 2015	-	52,102,243	418,747,504	10,439,781	2,379,531	7,941,389	22,046,895	513,657,343
Charge for the year	-	14,655,322	55,700,170	2,613,900	401,297	2,435,189	2,984,681	78,790,559
Transfer in from leased assets - note 19	-	-	-	-	-	-	1,180,185	1,180,185
Disposal during the year	-	-	-	-	-	-	(1,421,332)	(1,421,332)
Revaluation during the year	-	44,822,093	115,167,265	1,474,247	-	-	-	161,463,605
Balance as at June 30, 2016	**-**	**111,579,658**	**589,614,939**	**14,527,928**	**2,780,828**	**10,376,578**	**24,790,429**	**753,670,360**
Book value as at June 30, 2015	**153,847,320**	**273,265,492**	**483,032,154**	**20,803,816**	**3,348,539**	**23,162,577**	**13,109,781**	**970,569,679**
Book value as at June 30, 2016	**814,125,000**	**679,160,998**	**1,209,742,561**	**58,762,699**	**4,109,826**	**23,340,632**	**11,305,008**	**2,800,546,724**
Annual depreciation rate	**-**	**5%**	**10%**	**10%**	**10%**	**10%**	**20%**	

18.1.1 Freehold land, buildings on freehold land, plant and machinery and electric installations were revalued by an independent professional valuer, Unicorn International Surveyors on June 30, 2016 on present market value basis. The revaluation surplus net of deferred tax was credited to surplus on revaluation of operating fixed assets. Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

	2016 Rupees	2015 Rupees
Freehold land	147,714,453	96,771,772
Buildings on freehold land	363,817,163	228,514,852
Plant and machinery	834,171,280	328,292,821
Electric installations	50,949,858	18,750,918
	1,396,652,754	672,330,363

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

		2016	2015
Cost of sales	- note 28	72,647,612	68,565,700
Administrative expenses	- note 29	4,095,298	3,748,501
Selling and distribution expenses	- note 30	2,047,649	1,874,251
		78,790,559	74,188,452

18.1.3 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The tables below analyze the non-financial assets carried at fair value as at June 30, 2016 and June 30, 2015.

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

The following table presents the company's freehold land, buildings on freehold land, plant and machinery and electric installations that are measured at fair value at June 30, 2016.

				Rupees
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements of following items of operating fixed assets				
Freehold land	-	814,125,000	-	814,125,000
Buildings on freehold land	-	-	679,160,998	679,160,998
Plant and machinery	-	-	1,209,742,561	1,209,742,561
Electric installations	-	-	58,762,699	58,762,699
	-	814,125,000	1,947,666,258	2,761,791,258

The following table presents the company's freehold land, buildings on freehold land, plant and machinery and electric installations that are measured at fair value at June 30, 2015.

				Rupees
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements of following items of operating fixed assets				
Freehold land	-	153,847,320	-	153,847,320
Buildings on freehold land	-	-	273,265,492	273,265,492
Plant and machinery	-	-	483,032,154	483,032,154
Electric installations	-	-	20,803,816	20,803,816
	-	153,847,320	777,101,462	930,948,782

Movements of the above mentioned assets and surplus on revaluation of these assets have been disclosed in note 18.1 and note 7 respectively to these financial statements. There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

Valuation techniques used to derive level 2 and level 3 fair values:

The company obtains independent valuations for its freehold land, building on freehold land, plant and machinery, and electric installations at least every three years. At the end of each reporting period, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery, and electric installations have been determined using a depreciated replacement cost approach, whereby, the current replacement cost of plant and machinery, and electric istallations of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear.

Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

Description	Fair value at June 30		Significant Unobservable inputs	Quantitative Data / Range and relationship to the fair value
	2016	2015		
Buildings on freehold land	679,160,998	273,265,492	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.
Plant and machinery	1,209,742,561	483,032,154	Cost of acquisition of similar plant and machinery with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.
Electric installations	58,762,699	20,803,816	Cost of acquisition of similar electric installations with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using cost of acquisition of similar electric installations with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar electric installations, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of electric installations.

		2016	2015
18.2 Capital work-in-progress		**Rupees**	**Rupees**
Civil works		10,833,931	1,336,790
Plant and machinery		958,267	199,919,024
Intangibles		-	5,249,845
Electric installations		3,759,721	6,595,659
Advances - considered good			
- against civil works		19,586,041	-
- against electric installations		3,235,160	-
- against purchase of plant and machinery		80,918,982	-
		103,740,183	-
		119,292,102	213,101,318

The reconciliation of the carrying amount is as follows:			
Opening balance		213,101,318	37,602,468
Additions during the year		652,772,418	209,921,439
Borrowing cost capitalized	- note 18.2.1	35,436,824	-
Transfers during the year		(782,018,458)	(34,422,589)
Closing balance		119,292,102	213,101,318

18.2.1 This includes the following:

Mark up on loan from Dubai Islamic Bank Limited	13,173,804	-
Mark up on loan from United Bank Limited	958,267	-
Unwinding of discount on supplier's credit for purchase of Gravure Printing Press Heliostar SH machine	10,497,812	-
Unwinding of discount on supplier's credit for purchase of Varex II 5-Layer Co-extrusion Line machine	10,806,941	-
	35,436,824	-

19. Assets subject to finance lease		**Vehicles (Rupees)**
COST		
Balance as at July 01, 2014		11,037,760
Additions during the year		7,837,500
Transferred to operating fixed assets during the year	- note 18.1	(1,524,000)
Balance as at June 30, 2015		17,351,260
Balance as at July 01, 2015		17,351,260
Additions during the year		37,517,500
Transferred to operating fixed assets during the year	- note 18.1	(2,417,760)
Balance as at June 30, 2016		52,451,000

DEPRECIATION		Vehicles (Rupees)
Balance as at July 01, 2014		1,816,020
Charge for the year		2,808,389
Transferred to operating fixed assets during the year	- note 18.1	(748,589)
Balance as at June 30, 2015		3,875,820
Balance as at July 01, 2015		3,875,820
Charge for the year		4,595,156
Transferred to operating fixed assets during the year	- note 18.1	(1,180,185)
Balance as at June 30, 2016		7,290,791
Book value as at June 30, 2015		13,475,440
Book value as at June 30, 2016		45,160,209
Annual depreciation rate		**20%**

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

		2016 Rupees	2015 Rupees
Cost of sales	- note 28	844,503	1,965,872
Administrative expenses	- note 29	2,150,191	561,678
Selling and distribution expenses	- note 30	1,600,462	280,839
		4,595,156	2,808,389

20. Intangible asset

		Computer software Rupees
COST		
Additions during the year		5,727,914
Balance as at June 30, 2016		5,727,914
Amortization		
Charge for the year	-note 29	1,073,872
Balance as at June 30, 2016		1,073,872
Book value as at June 30, 2016		4,654,042
Annual amortization rate		**20%**

21. Investment in subsidiary

Related party - Subsidiary **Unquoted:** **Roshan Sun Tao Paper Mills (Private) Limited**		2016 Rupees	2015 Rupees
6,000 (2015: Nil) fully paid ordinary shares of Rs 10 each [Equity held 60% (2015: Nil)] - Cost Book value per share Rs 9.99 (2015: Nil)	-note 21.1	60,000	-
Share deposit money		200,503,000	-
		200,563,000	-

The company has incorporated a subsidiary, Roshan Sun Tao Paper Mills (Private) Limited ("Subsidiary"), and has taken up 6,000 shares of Rs 10 each of initial paid up share capital. The principal activity of the Subsidiary will be manufacturing, supplying and dealing in corrugated papers. The investment in subsidiary is accounted for using cost method.

22. Stores and spares

Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

		2016 Rupees	2015 Rupees
23. Stock-in-trade			
Raw materials [including in transit Rs 47.589 million (2015: Rs 103.535 million)]		412,003,304	525,542,719
Work-in-process		10,285,840	9,626,357
Finished goods	- note 23.1	22,897,521	19,223,897
		445,186,665	554,392,973

23.1 Finished goods of Rs 4.657 million (2015: Rs 0.375 million) are being carried at net realizable value.

		2016 Rupees	2015 Rupees
24. Trade debts - unsecured			
Considered good	- note 24.1	963,552,761	737,001,616
Considered doubtful		6,038,445	6,038,445
		969,591,206	743,040,061
Less: Provision for doubtful debts		6,038,445	6,038,445
		963,552,761	737,001,616

24.1 Includes an amount of Rs 105.450 million (2015: Rs 89.623 million) due from Roshan Enterprises, a related party (associated undertaking). Its age analysis is as follows:

	2016 Rupees	2015 Rupees
Neither past due nor impaired	-	15,930,609
Past due but not impaired:		
- 1 to 30 days	7,442,152	47,572,152
- 31 to 60 days	40,565,063	26,119,745
- 61 to 90 days	57,442,533	-
	105,449,748	73,691,897
	105,449,748	89,622,506

		2016 Rupees	2015 Rupees

25. Advances, deposits, prepayments and other receivables

Advances - considered good:			
- To Chief Executive		-	759,800
- To employees	- note 25.1	2,425,304	2,995,818
- To suppliers		51,166,036	50,251,970
Balances with statutory authorities:			
- Sales tax receivable		44,984,896	23,978,677
- Income tax receivable		240,899,593	163,358,716
Prepayments		1,945,306	1,418,221
Security deposits		3,896,925	2,660,573
Receivable from Subsidiary - considered good	- note 25.2	4,478,923	-
Letters of credit - margins, deposits, opening charges etc.		-	45,336
		349,796,983	245,469,111

25.1 Includes advances to executives amounting to Rs 0.738 million (2015: Rs 0.354 million).

25.2 This represents amounts due from the Subsidiary against incorporation expenses.

26. Cash and bank balances

		2016 Rupees	2015 Rupees
At banks on:			
- Savings accounts	- note 26.1	12,158	17,405
- Current accounts		136,877,545	69,464,634
		136,889,703	69,482,039
Cash in hand		63,629	102,291
		136,953,332	69,584,330

26.1 Profit on the balances in savings accounts ranges from 5.0% to 7.5% (2015: 5.0% to 7.5%) per annum.

27. Sales

			2016 Rupees	2015 Rupees
Gross sales		- note 27.1	4,213,511,649	4,145,465,317
Less:	Sales tax		576,781,970	566,868,260
	Discounts and commission	- note 27.2	14,847,818	10,228,153
			591,629,788	577,096,413
			3,621,881,861	3,568,368,904

27.1 Includes sales of Rs 112.744 million (2015: Rs 117.625 million) to Roshan Enterprises, a related party (associated undertaking).

27.2 Includes discount of Nil (2015: Rs 0.095 million) to Roshan Enterprises, a related party (associated undertaking).

		2016 Rupees	2015 Rupees
28. Cost of sales			
Raw materials consumed		2,635,566,941	2,716,703,456
Carriage inward expenses		2,260,733	8,634,587
Packing material consumed		15,840,913	16,426,434
Production supplies		57,032,894	78,618,497
Fuel and power		88,704,102	91,547,287
Salaries, wages and other benefits	- note 28.1	164,946,244	144,203,110
Repairs and maintenance		31,384,688	5,107,672
Printing and stationery		632,039	327,657
Insurance		4,734,459	5,452,330
Rent	- note 28.2	715,365	504,840
Security charges		7,099,290	6,389,116
Travelling and conveyance		16,815,590	13,663,055
Communication expenses		1,079,331	788,822
Vehicle running expenses		652,736	1,018,876
Depreciation on operating fixed assets	- note 18.1.2	72,647,612	68,565,700
Depreciation on assets subject to finance lease	- note 19.1	844,503	1,965,872
Others		10,689,152	15,134,486
		3,111,646,592	3,175,051,797
Opening work-in-process	- note 23	9,626,357	13,074,804
Closing work-in-process	- note 23	(10,285,840)	(9,626,357)
		(659,483)	3,448,447
Cost of goods manufactured		3,110,987,109	3,178,500,244
Opening stock of finished goods	- note 23	19,223,897	26,996,114
Closing stock of finished goods	- note 23	(22,897,521)	(19,223,897)
		(3,673,624)	7,772,217
		3,107,313,485	3,186,272,461

28.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2016 Rupees	2015 Rupees
Gratuity		
Current service cost	3,539,169	5,385,040
Interest cost for the year	2,067,201	2,359,972
	5,606,370	7,745,012
Accumulating compensated absences		
Charge/(credit) for the year	285,796	(1,434,587)

28.2 This represents operating lease rentals.

		2016 Rupees	2015 Rupees
29. Administrative expenses			
Salaries, wages and other benefits	- note 29.1	37,994,853	35,614,752
Legal and professional charges		3,103,959	2,908,500
Fees and subscription		1,343,383	1,216,705
Travelling and conveyance		4,834,306	2,776,335
Insurance		851,246	335,423
Printing and stationery		636,130	452,263
Repairs and maintenance		1,989,720	316,392
Vehicle running and maintenance		3,685,434	2,732,857
Utilities		1,248,199	1,072,863
Rent	- note 29.2	4,330,170	4,321,310
Security charges		445,656	557,280
Communication		2,649,805	3,013,913
Depreciation on operating fixed assets	- note 18.1.2	4,095,298	3,748,501
Depreciation on assets subject to finance lease	- note 19.1	2,150,191	561,678
Amortization on intangible asset	- note 20	1,073,872	-
Entertainment		4,390,438	2,508,059
Others		4,389,594	14,551,098
		79,212,254	76,687,929

29.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

	2016	2015
Gratuity		
Current service cost	1,573,288	1,538,583
Interest cost for the year	918,945	674,278
	2,492,233	2,212,861
Accumulating compensated absences		
Charge/(credit) for the year	127,046	(409,883)

29.2 This represents operating lease rentals.

		2016 Rupees	2015 Rupees
30. Selling and distribution expenses			
Salaries, wages and other benefits	- note 30.1	19,461,653	24,471,217
Travelling and conveyance		7,674,692	6,976,536
Freight and transportation		36,580,930	27,297,165
Vehicle running and maintenance		594,263	1,616,695
Postage and telephone		841,645	625,270
Printing and stationery		1,370	3,176,304
Advertisement and business promotion		628,471	5,516,496
Entertainment		688,309	1,680,304
Depreciation on operating fixed assets	- note 18.1.2	2,047,649	1,874,251
Depreciation on assets subject to finance lease	- note 19.1	1,600,462	280,839
Others		1,990,445	-
		72,109,889	73,515,077

		2016 Rupees	2015 Rupees

30.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

		2016 Rupees	2015 Rupees
Gratuity			
Current service cost		534,238	769,291
Interest cost for the year		312,045	337,139
		846,283	1,106,430
Accumulating compensated absences			
Charge/(credit) for the year		43,141	(204,942)

31. Other expenses

		2016 Rupees	2015 Rupees
Exchange loss		18,979,251	-
Donations		1,294,418	479,213
Workers' profit participation fund	- note 15.1	14,914,954	8,987,967
Workers' welfare fund		1,150,497	3,490,966
Loss on disposal of operating fixed assets		1,173,507	-
		37,512,627	12,958,146

32. Other income

		2016 Rupees	2015 Rupees
Income from financial assets:			
- Profit on bank deposits		4,661	9,532
Income from non-financial assets:			
- Gain on disposal of operating fixed assets		-	1,401,126
- Exchange gain		-	1,092,529
- Liabilities no longer payable written back		1,685,980	1,460,338
- Others		464,619	879,916
		2,150,599	4,833,909
		2,155,260	4,843,441

33. Finance cost

		2016 Rupees	2015 Rupees
Interest/mark up on:			
- Finance leases		1,864,173	1,780,075
- Short term borrowings - secured		32,717,419	43,537,054
- Loan from directors		1,345,299	1,967,808
- Workers' profit participation fund	- note 15.1	3,450,096	3,390,493
Bank charges and others		5,102,878	5,311,163
Discounting charges		1,175,371	511,728
		45,655,236	56,498,321

34. Taxation

		2016 Rupees	2015 Rupees
Current - for the year		-	59,580,400
Deferred	- note 11	20,500,617	(24,965,738)
		20,500,617	34,614,662

	2016 % age	2015 % age
34.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate as per Income Tax Ordinance, 2001	32.00	33.00
Effect of items not deductible for tax purposes	0.28	0.03
Effect of change in prior years' tax	(0.08)	2.88
Effect of deferred tax asset not recognized on capital loss	0.25	-
Effect of difference in rate	(1.62)	(13.56)
Disadvantage/(benefit) in respect of certain income taxed at different rate	0.08	(0.17)
Allowable as tax credit	(17.00)	(1.49)
Effect of items deductible for tax purpose	(6.65)	-
	(24.74)	(12.31)
Average effective tax rate charged to profit and loss account	7.26	20.69

	2016 Rupees	2015 Rupees
35. Cash generated from operations		
Profit before taxation	282,233,630	167,280,411
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	78,790,559	74,188,452
Depreciation on assets subject to finance lease	4,595,156	2,808,389
Amortization of intangible assets	1,073,872	-
Profit on bank deposits	(4,661)	(9,532)
Exchange loss/(gain)	18,979,251	(1,092,529)
Finance cost	45,655,236	56,498,321
Loss/(gain) on disposal of operating fixed assets	1,173,507	(1,401,126)
Provision for/(reversal of) accumulating compensated absences	455,983	(2,049,410)
Provision for gratuity	8,944,886	11,086,271
Profit before working capital changes	441,897,419	307,309,247
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(11,450,505)	(5,548,648)
- Decrease/(increase) in stock-in-trade	109,206,308	(124,777,693)
- Increase in trade debts	(226,551,145)	(51,715,363)
- Increase in advances, deposits, prepayments and other receivables	(26,786,995)	(42,210,656)
- (Decrease)/increase in trade and other payables	(64,926,020)	291,860,800
	(220,508,357)	67,608,440
	221,389,062	374,917,687

		2016 Rupees	2015 Rupees
36. Cash and cash equivalents			
Cash and bank balances	- note 26	136,953,332	69,584,330
Short term borrowings - running finance	- note 14.1	(130,955,560)	(116,924,396)
		5,997,772	(47,340,066)

37. Remuneration of Chief Executive and Directors

37.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and directors of the company is as follows:

	Chief Executive		Directors	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Short term employee benefits				
Managerial remuneration	3,272,940	3,272,940	5,454,912	5,454,912
Housing rent	1,472,820	1,472,820	2,454,720	2,454,720
Medical expenses	327,120	327,120	545,184	545,184
Utilities	327,120	327,120	545,184	545,184
Bonus	272,745	270,000	454,576	450,000
	5,672,745	5,670,000	9,454,576	9,450,000
Number of persons	1	1	2	2

37.2 The company also provides the chief executive and directors with company maintained cars.

38. Transactions with related parties

The related parties mainly comprise the subsidiary, associated undertakings, directors, key management personnel and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 37. Significant transactions with related parties have been disclosed in the respective notes to these financial statements.

39. Financial risk management

39.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the company's foreign exchange risk exposure is restricted to amounts payable to the foreign entities.

At June 30, 2016 if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 7.299 million (2015: Rs 9.563 million) lower/higher, mainly as a result of exchange losses/gains on translation of USD denominated financial instruments.

At June 30, 2016 if the Rupee had weakened/strengthened by 5% against the Euro with all other variables held constant, the impact on post tax profit for the year would have been Rs 13.757 million (2015: 7.044 million) lower/higher, mainly as a result of exchange losses/gains on translation of Euro denominated financial instruments.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises mainly from borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

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

	2016 Rupees	2015 Rupees
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	12,158	17,405
Financial liabilities	-	-
Net exposure	12,158	17,405
Floating rate instruments:		
Financial assets	-	-
Financial liabilities		
Loans from directors	(18,133,163)	(18,133,163)
Long term finances - secured	(480,295,600)	-
Liabilities against assets subject to finance lease	(43,123,346)	(12,407,239)
Short term borrowings - secured	(604,845,393)	(361,619,247)
	(1,146,397,502)	(392,159,649)
Net exposure	(1,146,397,502)	(392,159,649)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, post tax profit for the year would have been Rs 3.832 million (2015: Rs 2.917 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

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

	2016 Rupees	2015 Rupees
Long term deposits	13,672,635	6,548,786
Trade debts	969,591,206	743,040,061
Advances, deposits and other receivables	4,478,923	-
Bank balances	136,889,703	69,482,039
	1,124,632,467	819,070,886

As of June 30, age analysis of trade debts was as follows:

	2016 Rupees	2015 Rupees
Neither past due nor impaired	147,333,014	444,977,325
Past due but not impaired:		
1 to 30 days	317,101,591	144,928,731
31 to 60 days	244,572,523	73,486,107
61 to 90 days	231,514,977	66,078,667
91 to 365 days	23,030,656	7,530,786
	816,219,747	292,024,291
Past due and impaired:		
above 365 days	6,038,445	6,038,445
	969,591,206	743,040,061

(ii) Credit quality of financial assets

The credit quality of company's bank balances can be assessed by reference to external credit ratings as follows:

	Rating		Rating	2016	2015
	Short Term	**Long Term**	**Agency**	**Rupees**	**Rupees**
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	107,767	108,029
Allied Bank Limited	A1+	AA+	PACRA	3,497,760	2,642,521
Bank Alfalah Limited	A1+	AA	PACRA	1,621,291	1,915,120
Bank Al-Habib Limited.,	A1+	AA+	PACRA	15,422,873	19,081,538
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	50,652,995	3,692,319
Habib Bank Limited	A-1+	AAA	JCR-VIS	600,145	746,893
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	75,024	75,024
MCB Bank Limited	A1+	AAA	PACRA	46,582,936	31,377,846
Meezan Bank Limited	A1+	AA	JCR-VIS	15,181,703	8,927,631
National Bank of Pakistan	A-1+	AAA	JCR-VIS	122,925	49,479
Soneri Bank Limited	A1+	AA-	PACRA	380,388	135,161
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	952,649	166,810
The Bank of Punjab	A1+	AA-	PACRA	1,097,767	562,781
United Bank Limited	A-1+	AA+	JCR-VIS	434,025	887
Askari Bank Limited	A-1+	AA	JCR-VIS	159,455	
				136,889,703	**69,482,039**

Due to the company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on thei obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the company's business, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the company's cash and cash equivalents (note 36) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the company. The company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Carrying amount	Less than one year	One to five years	More than five years
At June 30, 2016	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Liabilities against assets subject to finance lease	43,123,346	13,711,743	29,411,603	-
Long term finances - secured	480,295,600	44,187,500	436,108,100	-
Supplier's credit - unsecured	327,960,580	62,159,667	265,800,913	-
Loans from directors - unsecured	18,133,163	-	18,133,163	-
Short term borrowings - secured	604,845,393	604,845,393	-	-
Trade and other payables	805,481,338	805,481,338	-	-
Accrued finance cost	10,353,180	10,353,180	-	-
	2,290,192,600	1,540,738,821	749,453,779	-
At June 30, 2015				
Liabilities against assets subject to finance lease	12,407,239	5,025,868	7,381,371	-
Supplier's credit - unsecured	164,751,307	15,784,038	148,967,269	-
Loans from directors - unsecured	18,133,163	-	18,133,163	-
Short term borrowings - secured	361,619,247	361,619,247	-	-
Trade and other payables	843,237,580	843,237,580	-	-
Accrued finance cost	5,214,533	5,214,533	-	-
	1,405,363,069	1,230,881,266	174,481,803	-

39.2 Fair value estimation

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

39.3 Financial instruments by categories	Loans and receivables 2016 Rupees	2015 Rupees
Assets as per balance sheet		
Long term deposits	13,672,635	6,548,786
Trade debts	969,591,206	743,040,061
Advances, deposits and other receivables	4,478,923	-
Cash and bank balances	136,953,332	69,584,330
	1,124,696,096	819,173,177

	Financial liabilities at amortized cost 2016 Rupees	2015 Rupees
Liabilities as per balance sheet		
Long term finances - secured	480,295,600	-
Supplier's credit - unsecured	327,960,580	164,751,307
Loans from directors - unsecured	18,133,163	18,133,163
Liabilities against assets subject to finance lease	43,123,346	12,407,239
Short term borrowings - secured	604,845,393	361,619,247
Trade and other payables	805,481,338	843,237,580
Accrued finance cost	10,353,180	5,214,533
	2,290,192,600	1,405,363,069

39.4 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

39.5 Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital includes equity as shown in the balance sheet plus net debt.

The gearing ratio as at June 30, 2016 and June 30, 2015 is as follows:

	2016 Rupees	2015 Rupees
Borrowings - notes 8, 9, 13 and 14	972,318,596	262,828,014
Less: Cash and cash equivalents - note 36	5,997,772	(47,340,066)
Net debt	966,320,824	310,168,080
Total equity (includes surplus on revaluation of operating fixed assets)	2,430,586,076	1,187,634,303
Gearing ratio	28.45%	20.71%

In accordance with the terms of agreement with the lenders of long term finances (as referred to in note 9 to these financial statements), the company is required to comply with certain financial covenants in respect of capital requirements which the company has complied with throughout the reporting period.

40. Number of employees	**2016**	**2015**
Number of employees as at June 30	436	334
Average number of employees during the year	385	303

41. Corresponding figures

Corresponding figures have been re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant reclassification has been made.

42. Date of authorization for issue

These financial statements were authorized for issue on 3 October, 2016 by the Board of Directors of the company.

43. Events after the balance sheet date

The Board of Directors has proposed a bonus share issue of 45,061,000 shares i.e. 1.505 share for every 1 share held of the existing issued, subscribed and paid up capital of the company at their meeting held on August 25, 2016 for approval of the members at the Extraordinary General Meeting to be held on September 23, 2016. These financial statements do not reflect this appropriation.

Chief Executive **Director**