FAISALABAD GARMENT CITY COMPANY

FINANCIAL STATEMENTS

For the year ended June 30, 2016

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of M/s **Faisalabad Garment City Company** for the year ended June 30, 2016.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2016.

Chartered Accountants

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: SEPTEMBER 29, 2016
FAISALABAD

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAISALABAD GARMENT CITY COMPANY** ("the Company") as at June 30, 2016 and the related income and expenditure account, cash flow statement and statement of changes in funds 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 income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied except for the change disclosed in note 6.1 of the annexed financial statements with which we concur;

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

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

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with 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 deficit, its cash flows and changes in funds for the year then ended; and

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

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: September 29, 2016
FAISALABAD

FAISALABAD GARMENT CITY COMPANY

BALANCE SHEET

AS AT JUNE 30, 2016

ASSETS	Note	2016 RUPEES	2015 RUPEES
NON CURRENT ASSETS			
Property and equipments	8	**169,768,115**	159,636,385
Advance for purchase of land	9	**7,111,835**	7,111,835
Investment property	10	**436,225,354**	454,218,964
Long term deposits	11	**9,622,056**	9,622,056
		622,727,360	630,589,240
CURRENT ASSETS			
Advances, prepayments and other receivables	12	**2,574,328**	3,312,892
Tax refund due from government	13	-	17,707,669
Cash and bank balances	14	**73,082,394**	59,798,759
		75,656,722	80,819,320
TOTAL ASSETS		**698,384,082**	711,408,560
FUND AND LIABILITIES			
ACCUMULATED FUNDS			
Public sector development fund		**690,929,000**	691,019,000
Accumulated surplus		**(20,604,019)**	8,146,496
		670,324,981	699,165,496
NON CURRENT LIABILITIES			
Long term deposits	15	**9,792,693**	8,907,581
Deferred liabilities	16	**3,190,729**	2,256,030
		12,983,422	11,163,611
CURRENT LIABILITIES			
Trade and other payables	17	**669,383**	1,079,452
Provision for taxation		**14,406,296**	-
		15,075,679	1,079,452
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL FUND AND LIABILITIES		**698,384,082**	711,408,560

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

25. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, subsidiary company, associated undertaking, directors and other executives of the company and staff retiremen benefits. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chief executive, directo and others have been disclosed in the relevant notes to these financial statements.

26. NUMBER OF EMPLOYEES

The total number of employees at the end of the year was 16 (2015 : 17).

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 SEP 2016 by the Board of Directors of the Company.

28. GENERAL

28.1 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. However, majc reclassification made in the corresponding figures is as under;

Description	2015	Reclassification	
	Rupees	From	To
Electric installation and equipments	2,331,871	Office equipments	Electric installation and equipments
Sale of tender documents	16,000	Revenue	Other income

28.2 Rounding

Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

FAISALABAD GARMENT CITY COMPANY

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 RUPEES	2015 RUPEES
Revenue	19	**41,617,976**	38,393,847
Operating and other expenses	20	**15,184,512**	11,852,340
Depreciation on:			
Operating fixed assets	8	**3,243,731**	1,142,192
Investment property	10	**17,993,610**	18,695,935
		36,421,853	31,690,467
		5,196,123	6,703,380
Other income	21	**5,195,862**	4,732,420
Surplus before taxation		**10,391,985**	11,435,800
Taxation	22	**39,142,500**	-
(Deficit)/surplus after taxation		**(28,750,515)**	11,435,800
Other comprehensive income		-	-
Total comprehensive (deficit)/surplus		**(28,750,515)**	11,435,800

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

FAISALABAD GARMENT CITY COMPANY

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 RUPEES	2015 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**10,391,985**	11,435,800
Adjustments for non cash and other items:			
Depreciation on operating fixed assets		**3,243,731**	1,142,192
Depreciation on investment property		**17,993,610**	18,695,935
Provision for gratuity		**1,926,949**	378,234
Finance cost		**1,235**	2,900
Profit on bank deposits		**(5,039,362)**	(4,588,920)
Interest income on deposit with SNGPL		**(127,500)**	(127,500)
Loss on disposal of operating fixed assets		**-**	23,336
Operating cash flows before working capital changes		**28,390,648**	26,961,977
Changes in working capital			
(Increase)/decrease in current assets			
Advances, prepayments and other receivables		**(253,452)**	75,750
Increase/(decrease) in current liabilities			
Trade and other payables		**(410,069)**	(5,292,935)
		(663,521)	(5,217,185)
Cash generated from operations		**27,727,127**	21,744,792
Finance cost paid		**(1,235)**	(2,900)
Gratuity paid		**(992,250)**	-
Income tax paid		**(7,028,536)**	(6,106,238)
Interest income on deposit with SNGPL		**127,500**	127,500
Receipt of long term deposit		**885,112**	-
Net cash generated from operating activities		**20,717,718**	15,763,154
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property and equipments		**(13,375,461)**	(23,634,679)
Profit on bank deposits		**6,031,378**	3,046,401
Net cash used in investing activities		**(7,344,083)**	(20,588,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Public sector development fund received		**-**	13,800,000
Lapse of public sector development fund		**(90,000)**	
Net cash (used)/generated from financing activities		**(90,000)**	13,800,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**13,283,635**	8,974,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**59,798,759**	50,823,883
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**14**	**73,082,394**	59,798,759

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	Funds	Accumulated (Deficit) / surplus	Total
	[R	U P E E	S]
Balance as at July 01, 2014	677,219,000	(3,289,304)	673,929,696
Public Sector Development Fund - received during the year	13,800,000	-	13,800,000
Total comprehensive income for the year	-	11,435,800	11,435,800
Balance as at June 30, 2015	**691,019,000**	**8,146,496**	**699,165,496**
Lapse of Public Sector Development Fund	**(90,000)**	-	**(90,000)**
Total comprehensive deficit for the year	-	**(28,750,515)**	**(28,750,515)**
Balance as at June 30, 2016	**690,929,000**	**(20,604,019)**	**670,324,982**

The annexed notes 1 to 28 form an integral part of these financial statements.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

1. STATUS AND ACTIVITIES

Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the Companies Ordinance, 1984 as a Company Limited by Guarantee without the addition of word "Limited" to its name. The registered office of the Company is situated at Value Addition City, 1-1/2 km Khurrianwala Sahianwala Road, Khurrianwala, Faisalabad. The principal object of the Company is to promote, finance, establish, run, manage, maintain and develop state of art facilities for garment, home textile, hosiery made-ups, accessories and allied industry in Textile City of Faisalabad by providing necessary infrastructure to manufacturers, designers and exporters, after necessary approvals/sanctions of the Government of Pakistan.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to staff retirement gratuity, useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

6. STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these financial statements, except for adoption of IFRS - 13 'Fair Value Measurement'.

IFRS 13 'Fair Value Measurement' (effective for the periods beginning on or after January 1, 2015).

IFRS 13 Fair Value Measurement bacame effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result, the Company has included the additional disclosures in this regard in notes 24.4 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures.

IFRS 16, 'Leases' (effective for periods beginning on or after January 01, 2019).

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The amendment is not likely to have any impact on the Company's financial statements.

Annual improvements 2012-2014 cycles applicable for annual periods beginning on or after January 1, 2016. The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting. The amendment is not likely to have an impact on the Company's financial statements.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods. The amendment is not likely to have an impact on the Company's financial statements.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). This amendment may have an impact on discount rate and related disclosures. The full impact of future adoption is still being assessed.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred. The amendment is not likely to have an impact on the Company's financial statements.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:

IFRS - 1	First time adoption of International Financial Reporting Standards
IFRS - 9	Financial Instruments
IFRS - 15	Revenue from contracts with customers
IFRS - 16	Leases

7. Summary of significant accounting policies

7.1 Staff retirement benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. The amount of liability for each employee at year end is computed by number of years completed multiplied by the last drawn monthly salary. The difference between the current and the previous liability net of payment made during the year is charged to income as an expense for the year.

7.2 Taxation

Provision for current tax is based on the taxable income for the period 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 surplus for the period 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 period for such years.

Deferred tax is accounted for using the balance sheet liability method, where applicable.

7.3 Property and equipments

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income by applying the reducing balance method at the rates specified in the operating fixed assets note 8.1.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. The residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are
Gains and losses on disposal of assets are included in current income .

Capital work in

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

7.4 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost.

Depreciation is charged to income by applying the reducing balance method at the rates specified in note 10 to the financial statements so as to write off the depreciable amount over its estimated useful life. Depreciation on additions during the year is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of asset is recognized as income or expense in the year in which the asset is disposed off.

7.5 Impairment

An assessment is made at each balance sheet date to determine whether there is an indication for impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment loss is recognised in the income and expenditure account. However, if in a subsequent period the recoverable amount of the asset exceeds its carrying amount, the impairment loss is reversed to the extent of carrying amount had there been no impairment loss.

7.6 Trade and other receivables

Trade debts and other receivables are carried at contracted amount less an estimate made for any debts considered doubtful of recovery. Debts considered irrecoverable are written off.

7.7 Cash and cash equivalents

Cash and cash equivalents, for the purpose of cash flow statement, are comprised of cheques in hand, cash and bank balances.

7.8 Provisions

A provision is recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

7.9 Trade and other payables

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

7.10 Contingencies

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

7.11 Revenue recognition

-Rental income is recognized as revenue on a straight line basis over the term of the respective lease arrangements.
-Profit on bank deposits is accounted for on time proportion basis.
-Other revenues are recorded on accrual basis.

7.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets or part thereof and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortized cost or cost as the case may be.

7.13 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to offset the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.14 Related party transactions

Transactions with related parties are executed at arms' length basis under the pricing method approved by the Board of Directors.

	Note	2016 RUPEES	2015 RUPEES
8. PROPERTY AND EQUIPMENTS			
Operating fixed assets	8.1	**46,528,805**	9,303,334
Capital work in progress	8.2	**123,239,310**	150,333,051
		169,768,115	159,636,385

8.1 Operating fixed assets

	2016									
DESCRIPTION	COST				DEPRECIATION				W.D.V	Rate
	As at July 01, 2015	Additions	Deletions	As at June 30, 2016	As at July 01, 2015	For the Year	Adjust ment	As at June 30, 2016	As at June 30, 2016	%
		[R U P E E S]								
Building	-	31,446,897	-	31,446,897	-	1,466,759	-	1,466,759	29,980,138	5
Furniture and fixtures	1,103,726	2,582,814	-	3,686,540	615,744	87,386	-	703,130	2,983,410	10
Computers	1,582,711	-	-	1,582,711	718,694	259,205	-	977,899	604,812	30
Office equipments	4,917,790	1,272,103	-	6,189,893	1,075,610	435,106	-	1,510,716	4,679,177	10
Electric installation and equipments	2,331,871	3,568,103	-	5,899,974	205,267	451,695	-	656,962	5,243,012	10
Cars	2,940,302	-	-	2,940,302	1,072,461	373,568	-	1,446,029	1,494,273	20
Motor cycles	193,000	66,585	-	259,585	151,394	9,431	-	160,825	98,760	20
Generator	148,712	1,532,700	-	1,681,412	75,607	160,581	-	236,188	1,445,224	10
Total	**13,218,112**	**40,469,202**	-	**53,687,314**	**3,914,778**	**3,243,731**	-	**7,158,508**	**46,528,805**	

	2015									
DESCRIPTION	COST				DEPRECIATION				W.D.V	Rate
	As at July 01, 2014	Additions	Deletions	As at June 30, 2015	As at July 01, 2014	For the Year	Adjust ment	As at June 30, 2015	As at June 30, 2015	%
		[R U P E E S]								
Furniture and fixtures	1,119,776	-	(16,050)	1,103,726	568,255	55,362	(7,872)	615,744	487,982	10
Computers	734,227	848,484	-	1,582,711	590,825	127,869	-	718,694	864,017	30
Office equipments	1,955,047	2,992,493	(29,750)	4,917,790	703,951	386,252	(14,592)	1,075,610	3,842,180	10
Electric installation and equipments	-	2,331,871	-	2,331,871	-	205,267	-	205,267	2,126,604	10
Cars	1,051,635	1,888,667	-	2,940,302	723,543	348,918	-	1,072,461	1,867,841	20
Motor cycles	193,000	-	-	193,000	140,992	10,402	-	151,394	41,606	20
Generator	148,712	-	-	148,712	67,484	8,123	-	75,607	73,105	10
Total	**5,202,397**	**8,061,515**	**(45,800)**	**13,218,112**	**2,795,050**	**1,142,192**	**(22,464)**	**3,914,778**	**9,303,334**	

8.1.1 Detail of operating fixed assets disposed of during the year :

Description	Mode of disposal	Cost	Book value	Sale proceeds	(Loss)/Gain
		[R U P E E S]			
2016	-	-	-	-	-
2015	Written off	**45,800**	**23,336**	-	**(23,336)**

8.2 CAPITAL WORK IN PROGRESS

	Note	2016 RUPEES	2015 RUPEES
Advance to Building Contractors	8.2.1	**2,182,674**	11,752,800
Civil work in progress		**121,056,636**	138,580,251
	8.2.2	**123,239,310**	150,333,051

8.2.1 This is secured against cheque received as security from the contractor amounting to Rs. 11,000,000/-.

8.2.2 Reconciliation of capital work in progress at the beginning and end of the year is as follows:

Balance as on July 01,	**150,333,051**	140,454,056
Additions during the year	**2,016,120**	15,573,164
	152,349,171	156,027,220
Transferred to operating fixed assets	**(29,109,861)**	-
Transferred to Investment property	-	(5,694,169)
Balance as on June 30,	**123,239,310**	150,333,051

9. ADVANCE FOR PURCHASE OF LAND

Advance for purchase of land	9.1	**7,111,835**	7,111,835

9.1 This represents advance for purchase of 38.919 acres of freehold land on which construction work is in progress. Out of the total amount of the advance, amounts totalling Rs. 89.853 million for 28.094 Acres of land (equivalent to 224 Kanal and 15 Marlas) have been capitalized on transferring the land in the name of the Company, whereas the title for the remaining piece of land is in the process of being transferred in the name of company until the balance sheet date.

10. INVESTMENT PROPERTY

	2016								
	COST				DEPRECIATION			Book Value	Rate
Description	As at July 01, 2015	Additions	Transfers	As at June 30, 2016	As at July 01, 2015	For the year	As at June 30, 2016	As at June 30, 2016	%
			[	RU	PE	ES	]		
Land	94,346,760	-	-	94,346,760	-	-	-	94,346,760	-
Building	442,923,424	-	-	442,923,424	83,051,220	17,993,610	101,044,830	341,878,594	5
Total	**537,270,184**	-	-	**537,270,184**	**83,051,220**	**17,993,610**	**101,044,830**	**436,225,354**	

	2015								
	COST				DEPRECIATION			Book Value	Rate
Description	As at July 01, 2014	Additions	Transfers	As at June 30, 2015	As at July 01, 2014	For the year	As at June 30, 2015	As at June 30, 2015	%
			[	RU	PE	ES	]		
Land	94,346,760	-	-	94,346,760	-	-	-	94,346,760	-
Building	437,229,255	-	5,694,169	442,923,424	64,355,285	18,695,935	83,051,220	359,872,204	5
Total	**531,576,015**	-	**5,694,169**	**537,270,184**	**64,355,285**	**18,695,935**	**83,051,220**	**454,218,964**	

11. LONG TERM DEPOSITS

	Note	2016 RUPEES	2015 RUPEES
Security deposits with / for:			
FESCO		**7,069,056**	7,069,056
SNGPL	11.1	**2,550,000**	2,550,000
Supply of water		**3,000**	3,000
		9,622,056	9,622,056

11.1 This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up @ 5% p.a. receivable in arrears.

12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Considered good			
Advances:			
Suppliers - unsecured		**237,362**	352,320
Employees - secured	12.1	**279,500**	220,000
Prepayments:			
Prepaid insurance		**234,914**	229,115
Others		**5,000**	-
Other receivables:			
Rent Receivable - secured		**334,904**	36,793
Interest on deposits with SNGPL - unsecured	11.1	**127,500**	127,500
Accrued profit on bank deposits - unsecured		**1,355,148**	2,347,164
		2,574,328	3,312,892

12.1 These are secured against staff retirement benefits.

13. TAX REFUND DUE FROM GOVERNMENT

	Note	2016 RUPEES	2015 RUPEES
Income tax		-	17,707,669

14. CASH AND BANK BALANCES

	Note	2016 RUPEES	2015 RUPEES
Cash in hand		**26,096**	17,044
Cash at bank:			
in current accounts		**825,735**	10,110
in deposit accounts	**14.1**	**72,230,563**	59,771,605
		73,082,394	59,798,759

14.1 The bank deposit accounts carry mark-up @ 5.80% to 7.25% (2015 : 9%) per annum.

14.2 Deposit accounts also include security received from tenants. (refer to note 15).

15. LONG TERM DEPOSITS

	Note	2016 RUPEES	2015 RUPEES
Security deposits from tenants	**15.1**	**9,792,693**	8,907,581

15.1 This represents security received from tenants and is refundable on the expiry of tenancy period. These are unsecured and interest free.

16. DEFERRED LIABILITEIS

	Note	2016 RUPEES	2015 RUPEES
Staff retirement gratuity	**16.1**	**3,190,729**	2,256,030

16.1 This represents an unfunded gratuity scheme, which provides retirement benefits for all employees of the company who attain the minimum qualifying period.

16.2 Reconciliation of staff retirement benefits at the beginning and end of the year is as follows:

	2016 RUPEES	2015 RUPEES
Balance as on July 01,	**2,256,030**	1,877,796
Add: Provision for the year	**1,926,949**	378,234
	4,182,979	2,256,030
Less: Payments made during the year	**(992,250)**	-
Balance as on June 30,	**3,190,729**	2,256,030

17. TRADE AND OTHER PAYABLES

	2016 RUPEES	2015 RUPEES
Accrued expenses	**486,280**	789,108
Other payables	**183,103**	290,344
	669,383	1,079,452

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies:

There are no significant contingencies at the balance sheet date which need to be disclosed in the financial statements.

18.2 Commitments:

There are no significant commitments at the balance sheet date which need to be disclosed in the financial statements.

19. REVENUE	Note	2016 RUPEES	2015 RUPEES
Rental income - building	19.1	**41,617,976**	38,393,847
		41,617,976	38,393,847

19.1 This represents the rental income received from the following:

Masood Textile Mills Limited	**26,212,381**	24,203,193
Interloop Limited	**15,405,595**	14,190,654
	41,617,976	38,393,847

20. OPERATING AND OTHER EXPENSES

	Note	2016	2015
Salaries and benefits	20.1	**9,506,828**	9,938,924
Electricity and power		**298,866**	159,259
Postage and telecommunication		**210,716**	169,686
Water and sewerage		**48,080**	68,275
Entertainment		**353,037**	387,829
News paper expenses		**-**	2,764
Repairs and maintenance		**379,229**	374,481
Printing and stationery		**388,512**	132,054
Vehicle running and maintenance		**114,495**	158,500
Travelling and conveyance		**682,776**	782,066
Horticulture/ gardening		**830,820**	239,935
Training expenses		**50,000**	210,153
Fee and taxes		**58,280**	63,615
Legal and professional charges		**636,180**	1,016,775
Auditors' remuneration		**95,000**	95,000
Insurance		**629,194**	562,426
Meeting expenses		**392,869**	133,066
Advertisement		**426,463**	-
Inauguration expenses		**10,922**	-
Bank charges		**1,235**	2,900
Office utilities		**65,200**	4,062
Loss on disposal of operating fixed assets		**-**	23,336
Others		**5,810**	18,659
		15,184,512	14,543,765
Less: Transferred to Capital work in progress		**-**	(2,691,425)
		15,184,512	11,852,340

20.1 It includes Rs. 1,926,949 (2015: Rs. 378,234) in respect of staff retirement benefits.

21. OTHER INCOME

	2016	2015
Income from financial assets		
Profit on bank deposits	**5,039,362**	4,588,920
Interest income on deposit with SNGPL	**127,500**	127,500
Income from non-financial assets		
Sale of tender documents	**29,000**	16,000
	5,195,862	4,732,420

22. TAXATION

	2016	2015
Current	**11,586,206**	-
Prior year's adjustment	**27,556,293**	-
	39,142,500	-

22.1 The provision for taxation is made using prevailing tax rates under Income tax ordinance, 2001, after incorporating tax credits and rebates, if any. Provision fo deferred tax is not required as there are no temporary differences that are expected to arise in the foreseeable future.

23. REMUNERATION OF CHAIRMAN,CHIEF EXECUTIVE, COMPANY SECRETARY, PROJECT DIRECTOR AND EXECUTIVES

23.1 The aggregated amounts charged in these financial statements for the year ended in respect of the above are as follows :

	Note	30 June 2016			
		Chairman	**Chief Executive**	**Project Director/ Company Secretary**	**Executives**
		[R U P E E S]			
Remuneration		-	-	-	**875,133**
Vehicle running allowance	23.2	154,245	-	-	-
Medical Allowance		-	-	-	**54,000**
		154,245	-	-	**929,133**
Number		1	-	-	1

	30 June 2015			
	Chairman	**Chief Executive**	**Project Director/ Company Secretary**	**Executives**
	[R U P E E S]			
Remuneration	-	-	2,907,426	748,352
Vehicle running allowance	147,457	17,400	26,598	-
Entertainment	-	-	6,000	-
Telephone	-	-	6,000	-
Medical Allowance	-	-	120,000	54,000
Others	-	-	-	-
	147,457	17,400	3,066,024	802,352
Number	1	1	1	1

23.2 It represents Rs. 10 per km (2015 : Rs. 10 per km) paid to the Chairman/Chief Executive to meet running expenses of his car provided by the company as well a repair and maintenance expenses of the car.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through a mix of funds received from Government and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk, credit risk and liquidity risk. The company's finance department oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite.

	Note	2016 Rupees	2015 Rupees
FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets			
Long term deposits	11	**9,622,056**	9,622,056
Advances and other receivables	12	**2,097,052**	2,731,457
Cash and bank balances	14	**73,082,394**	59,798,759
		84,801,502	72,152,272
Financial Liabilities			
Long term deposits	15	**9,792,693**	8,907,581
Trade and other payables	17	**669,383**	1,079,452
		10,462,076	9,987,033

24.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: yield/mark-up rate risk, currency risk and other price risk, such as equity risk. The company is not exposed to any type of risk.

24.2 Credit risk and concentration of credit risk

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The company's total financial assets subject to credit risk are as follows:

FINANCIAL ASSETS			
Long term deposits	11	**9,622,056**	9,622,056
Advances and other receivables	12	**2,097,052**	2,731,457
Bank balances	14	**73,056,298**	59,781,715
		84,775,406	72,135,228

Credit quality of financial assets

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For deposits and receivables, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews credit exposure. Accordingly, the company is not exposed to any significant credit risk.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

24.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. The management believes that the company is not exposed to any liquidity risk.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2016 and 2015 based on contractual undiscounted payments date.

	2016			
	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
	[Rupees]			
Financial Liabilities				
Long term deposits	-	-	**9,792,693**	**9,792,693**
Trade and other payables	**669,383**	-	-	**669,383**
	669,383	-	**9,792,693**	**10,462,076**

	2015			
	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
	[Rupees]			
Financial Liabilities				
Long term deposits	-	-	8,907,581	8,907,581
Trade and other payables	1,079,452	-	-	1,079,452
	1,079,452	-	8,907,581	9,987,033

24.4 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

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

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2016							
	Carrying Amount				Fair Value			
	Financial assets other than cash and cash equivalents	Cash and cash equivalents	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
				[RUPEES]				
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Long term deposits	9,622,056	-	-	9,622,056	-	-	-	-
Advances and other receivables	2,097,052	-	-	2,097,052	-	-	-	-
Cash and bank balances	-	73,082,394	-	73,082,394	-	-	-	-
	11,719,108	73,082,394	-	84,801,502	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term deposits	-	-	9,792,693	9,792,693	-	9,792,693	-	9,792,693
Trade and other payables	-	-	669,383	669,383	-	669,383	-	669,383
	-	-	10,462,076	10,462,076	-	10,462,076	-	10,462,076

	2015							
	Carrying Amount				Fair Value			
	Financial assets other than cash and cash equivalents	Cash and cash equivalents	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
				[RUPEES]				
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Long term deposits	9,622,056	-	-	9,622,056	-	-	-	-
Advances and other receivables	2,731,457	-	-	2,731,457	-	-	-	-
Cash and bank balances	-	59,798,759	-	59,798,759	-	-	-	-
	12,353,513	59,798,759	-	72,152,272	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term deposits	-	-	8,907,581	8,907,581	-	8,907,581	-	8,907,581
Trade and other payables	-	-	1,079,452	1,079,452	-	1,079,452	-	1,079,452
	-	-	9,987,033	9,987,033	-	9,987,033	-	9,987,033

24.5 Capital risk Management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to meet the requirements of and provide economic benefits (monetary & non-monetary) to all the stakeholders thereby reducing the cost of capital.