SINGER®

ANNUAL REPORT 2015

VISION & MISSION

Our Vision

To be the leading retailer of home appliances in Pakistan.

Our Mission

To improve the standard of life of our customers
by offering high-quality products and services at affordable prices.

Our Values

Customers

We strive our best to live up to the expectations of our customers by providing quality products at affordable prices, efficient services and an enjoyable shopping experience.

Shareholders

We provide a reasonable return while safeguarding their investment.

Employees

We respect our employees and encourage teamwork while providing opportunities for career development.

Competitors

We respect our competitors and recognize their contribution to the market.

Community

We conduct our business by conforming to the highest ethical standards and share the social responsibility of the less fortunate.

Our Objectives

To provide our customers with the best services and shopping experience.	To provide our customers with products of modern technology.	To develop our employees to achieve their potential.	To provide our shareholders with steady asset growth and return on investment in line with the industry norm.	To establish a culture of learning and leadership development and ethical business performance.	To continuously respond to market signals and endeavour to be the market leader.

Content

COMPANY INFORMATION

Board of Directors
Haroon Ahmad Khan
Chairman

M. Mahmood Ahmed
Chief Executive Officer

Umair Khan

Zafar Uddin Mehmood

Brig. (Retd.) Mukhtar Ahmed

Adnan Aftab

Moazzam Ahmad Khan

Rasheed Y. Chinoy

Chief Financial Officer
Qaiser Pervaiz

Chief Internal Auditor
Khurram Ali

Company Secretary
Tauseef Ahmed Zakai

Audit Committee
Umair Khan
Chairman

Rasheed Y. Chinoy
Member

Moazzam Ahmad Khan
Member

HR and Remuneration Committee
Brig (Retd.) Mukhtar Ahmed
Chairman

Haroon Ahmad Khan
Member

Umair Khan
Member

Bankers
Al Baraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Al Falah Limited

Burj Bank Limited

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

National Bank of Pakistan

Soneri Bank Limited

The Bank of Punjab

United Bank Limited

Auditors
KPMG Taseer Hadi & Co
Chartered Accountants

Share Registrar
Central Depository Company of
Pakistan Limited
CDC House, 99-B, Block ‘B
S.M.C.H.S. Main Shahra-e-Faisal
Karachi-74400, Pakistan

Registered and Head Office
Plot No. 39, Sector 19,
Korangi Industrial Area
Karachi.

Web site
www.singer.com.pk

SINGER PAKISTAN LIMITED

NOTICE OF MEETING

Notice is hereby given that the Fifty Fifth Annual General Meeting of SINGER PAKISTAN LIMITED will be held on Thursday 28 April 2016 at 11:30 a.m. at Plot No. 39, Sector # 19, Korangi Industrial Area, Karachi, to transact the following business :

ORDINARY BUSINESS

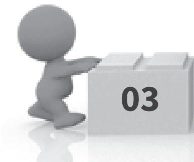
1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Reports of Directors' and Auditors' thereon.

2. To appoint Auditors of the Company for the financial year ending 31 December 2016 and to fix their remuneration.

By order of the Board

Tauseef Ahmed Zakai
Company Secretary

Karachi : 6 April, 2016



NOTES

MEMBERS' REGISTER CLOSURE

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 22th April 2016 to 28th April 2016 (both days inclusive).

APPOINTMENT OF PROXY (IES)

2) A Member of the Company entitled to attend, speak and vote at the General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the General Meeting as are available to the Member. Proxy Forms, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a Member of the Company. The proxy shall produce his / her original Computerized National Identity Cards (CNIC) or passport to prove his / her identity. The Registered Office of the Company is located at Plot No. 39, Sector 19, Korangi Industrial Area, Karachi.

3) In case of corporate entity, the Board of Directors' / Trustees' resolution / power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

4) Members are requested to notify any change in their addresses immediately to our Registrar.

5) Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Registrar at the earliest.

6) CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC), or original passport at the time of attending the meeting. CDC account holders are also requested to bring their CDC participant ID numbers and account number.

ii) In case of corporate entity, the Board of Directors' / Trustees' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTMENT OF PROXIES:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement (note 2 above).

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

v) In the case of corporate entity, the Board of Directors' / Trustees' resolution / power of attorney with specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

7) Electronic Transmission of Financial Statements and Notice of Meeting

Pursuant to Notification vide SRO 787 (1)/2014 dated September 08, 2014 of the Securities and Exchange Commission of Pakistan; Members who desire to receive Annual Financial Statements and Notice of Meeting through electronic mail system (e-mail) in future, instead of registered post/courier, are requested to submit their consent on the FORM available for the purpose on Company's website.

8) Deduction of Withholding Tax on the amount of Dividend

Pursuant to Circular No. 19/2014 dated October 24, 2014 of the Securities and Exchange Commission of Pakistan; Members are hereby advised about changes made in the section 150 of the Income Tax Ordinance, 2001, as under;

(i) The Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a. For filers of income tax returns: 12.5%
b. For non-filers of income tax returns: 17.5%

To enable the Company to make tax deduction on future dividend payments, if any, in accordance with the tax payment status of the members, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL.

(ii) For any query/problem/information, the investors may contact the Company Secretary (at the Registered Office address and number) and/or the Share registrar at the address given at the end of the notice.

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. Share Registrar Department, Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

Address of Share Registrar of the Company:
Manager, Share Registrar Department
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Shahra-e-Faisal
Karachi.
Phone: 0800-23275
Email: info@cdcpak.com

TEN YEARS AT A GLANCE

(Rupees in '000)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ASSETS EMPLOYED				(Restated)			(Restated)			
Current Assets	**1,783,205**	2,035,523	2,383,136	2,216,944	2,067,261	1,831,867	1,609,991	1,593,872	1,361,138	1,094,432
Current Liabilities	**1,836,344**	1,944,960	1,905,696	1,673,872	1,524,999	1,339,354	1,160,329	1,156,781	918,298	804,710
NET CURRENT ASSETS	**(53,139)**	90,563	477,440	543,072	542,262	492,513	449,662	437,091	442,840	289,722
Property , Plant & Equipment	**1,309,999**	1,032,370	642,318	652,417	656,101	661,989	210,499	212,213	156,915	110,312
Intangible Assets	**26,074**	29,826	33,596	1,753	1,759	3,607	5,083	7,638	4,666	822
Investment				-	-	-	-	-	6,894	7,026
Employee retirement benefits - Prepayments	**-**	-	3,548	9,001	13,728	18,795	15,863	30,139	5,617	3,578
Long Term Deposits	**23,380**	26,802	31,962	30,565	32,109	32,104	31,844	32,100	27,396	20,475
TOTAL ASSETS EMPLOYED	**1,306,314**	**1,179,561**	**1,188,864**	**1,236,808**	**1,245,959**	**1,209,008**	**712,951**	**719,181**	**644,328**	**431,935**
FINANCED BY:										
Share Capital	**454,056**	454,056	454,056	412,778	375,253	341,140	310,127	275,668	245,038	133,173
Reserves & unappropriated										
profit	**(256,599)**	(114,991)	161,667	164,511	160,508	159,757	162,849	181,805	144,298	122,323
Surplus on revaluation of										
fixed assets	**819,468**	570,152	296,594	291,337	301,371	305,615	-	-	-	-
Deferred Income	**4,211**	-	464	1,392	3,247	4,175	5,103	6,031	6,959	7,887
Employee retirement benefits - Obligation	**47,803**	19,931	19,380	16,483	8,006	3,929	5,173	2,360	1,962	2,193
Long term loans , Debenture, Lease										
Facilities, Deposit and Deferred liabilities	**237,375**	250,413	256,703	350,307	397,574	394,392	229,699	253,317	246,071	166,359
TOTAL CAPITAL EMPLOYED	**1,306,314**	**1,179,561**	**1,188,864**	**1,236,808**	**1,245,959**	**1,209,008**	**712,951**	**719,181**	**644,328**	**431,935**
Sales	**1,689,125**	1,798,626	2,293,396	2,390,532	2,403,853	2,263,122	2,116,878	2,131,378	1,744,173	1,427,112
Profit from operations	**(48,644)**	(223,133)	226,182	263,636	234,739	207,491	181,992	188,854	139,006	109,372
Profit after taxation	**(150,766)**	(285,719)	36,259	42,079	30,620	27,921	15,503	52,561	41,951	32,291
Earning per share	**(3.32)**	(6.29)	0.80	0.93	0.74	0.74	0.45	1.69	1.52	1.43
Bonus share										
Amount	**-**	-	-	41,278	37,525	34,114	31,013	34,459	30,630	19,976
%	**-**	-	-	10.0%	10.0%	10.0%	10.0%	12.5%	12.5%	15.0%
Cash dividend										
Amount	**-**	-	-	-	-	-	-	-	-	-
%	**-**	-	-	-	-	-	-	-	-	-

Singer Pakistan Limited

REPORT OF THE DIRECTORS

For the year ended 31 December 2015

The Directors of your Company are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 December, 2015.

OVERVIEW OF RESULTS

The Company could not achieve the revenue, primarily due to the fact that the management implemented control on credit sales to improve cash sales and collections. This also adversely affected the sales and profitability. Moreover, the high turnover of sales staff was also the factor of lower sales and profitability.

The Board of Directors regret to report that during the year 2015, the net revenue of the Company declined by approx. 6% to Rs. 1,574 million from Rs. 1,668 million compared to the previous year.

Marketing, Selling and Distribution costs decreased to Rs. 302 million from Rs. 311 million as compared to the previous year, mainly due to cost rationalization measures implemented by the management to control expenses. Moreover, there was also relocation of shops to improve profitability. Administrative expenses also decreased.

Other Operating Expenses decreased to Rs. 62.9 million from Rs. 232 million. The significant decline in other operating expenses is mainly due to the fact that provision for a major amount was created last year against doubtful debts.

Please also note that finance cost has reduced from Rs. 199.7 million to Rs. 158.3 million. The management also successfully reduced receivables and inventory levels to improve cash flow, resultantly overall borrowing costs also reduced.

Loss after taxation for the year is Rs. 150.77 million as against Rs. 285.7 million in the last year. As part of the account cleansing exercise, further provision have been created against debtors and inventories. However, the management was again successful in obtaining the waiver from the parent Company for payment of Royalty for the year 2015.

In line with Company's policy, revaluation of factory, land and building has been updated which has resulted in surplus of Rs. 327.4 million. The net worth of the Company including the above surplus of revaluation of fixed assets is Rs. 1,016.9 million at the end of 2015 as against Rs. 909.2 million at the end of 2014.

PROFITABILITY AND APPROPRIATIONS

The loss for the year 2015 and the appropriations considered for the year 2016 are as follows:

	2015 **(Rupees in '000)**
Total comprehensive loss	(162,431)
Transfer from surplus on revaluation of Property, plant and equipment	20,823
Accumulated loss brought forward	(237,828)
Accumulated loss carried forward	(379,436)

The Board of Directors has recommended that in view of the loss suffered (the reasons for which have been given above), no dividend should be declared and no bonus shares should be issued in respect of the year ended 31 December 2015. Further, as explained later in future prospects, several initiatives are proposed to be taken to endeavour to make your Company profitable again.

EARNINGS PER SHARE

Loss per share for the year ended 31 December 2015 is Rs. (3.32) as against the loss of Rs. (6.29) for the previous year.

FUTURE OUTLOOK

With the change of major shareholders and under guidelines of the Board of Directors, following new strategies have been formulated:

(a) Increase in top line i.e. turnover
(b) Rationalization of cost structure both manufacturing and other support services
(c) Cost improvements/reduction in the factory, particularly, in the cost of production and the goods manufactured in our factory.
(d) Arrangement of adequate funding requirement for the Company to turnaround the business into a profitable venture.

However, the achievement of these strategies would be dependent on the business environment.

BOARD OF DIRECTORS

Mr. Abdul Hamid Dagia had resigned from the Company's Board on December 15, 2015 and Mr. Fareed Khan on January 07, 2016, respectively.

Subsequent to the year end, pursuant to the policy decision of Singer Asia Limited, Singer (Pakistan) B.V. (holding company) sold/disinvested its entire shareholding to various independent investors in tranches. As a consequence, the nominee directors of Singer on the Board of Singer Pakistan Limited, i.e. Mr. Kamal Shah, Mr. Gavin J. Walker, Mr. Badaruddin F. Vellani and Mr. Bashir Ahmed, resigned on January 19, 2016. In order to fill the casual vacancies new directors were appointed, after which the Company's Board now comprises of following gentlemen:

1. Mr. Haroon Ahmad Khan, Chairman
2. Mr. M. Mahmood Ahmed, Chief Executive Officer
3. Mr. Umair Khan
4. Mr. Zafar Uddin Mahmood
5. Brig. (Retd.) Mukhtar Ahmed
6. Mr. Adnan Aftab
7. Mr. Moazzam Ahmad Khan
8. Mr. Rasheed Y. Chinoy

HUMAN RESOURCES

The Board of Directors would focus on training, particularly field staff in order to improve the retail business and this would be both on-the-job training and attending seminars and conferences.

CORPORATE SOCIAL RESPONSIBILITY

In line with Company's policy of recognizing the importance of Corporate Social Responsibilities, the Company is continuing its sewing and stitching classes for ladies of low income group. Thousands of ladies have benefited from this programme so far and have been successful in finding jobs in industrial concerns.

AUDITORS

The present Auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and offer themselves for re-appointment for the audit of the accounts of the Company for the year ending 31 December 2016.

PATTERN OF SHAREHOLDING

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance is shown on page 58 of this report.

HOLDING COMPANY

Singer (Pakistan) B.V. held 70.28% of the issued share capital of Singer Pakistan Limited till 19 January 2016.

GENERAL

During the period from end of the financial year of the Company to which the Balance Sheet relates and the date of this report, there have been no material commitments made and no changes have occurred which materially affect the financial position of the Company other than the change in Board of Directors.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors has taken adequate measures for the implementation of the Regulations of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

We give below our statement on Corporate and financial reporting framework:

The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

Proper books of accounts of the Company have been maintained;

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Company's financial statements;

The system of internal control is sound in design and has been effectively implemented and monitored;

There are no doubts upon the Company's ability to continue as a going concern;

There has been no material departure from best practices of Corporate Governance, as detailed in the Listing Regulations;

Key operating and financial data for last ten years has been provided as an annexure in a summarized form;

Value of investments of Gratuity Fund, Provident and Pension Funds (unaudited), as based on their latest accounts for the year ended 31 December 2014 are as follows:

- Provident Fund Rs. 58.81 million
- Gratuity Fund Rs. 38.22 million
- Pension Fund Rs. 52.64 million

During the year, four meetings of the Board of Directors, four meetings of the Audit Committee and two meetings of the HR&R Committee were held. Attendance by the Directors at those meetings was as follows:

Name of Directors	Attendance at Board Meeting	Attendance at Audit Committee Meeting	Attendance at HR&R Committee Meeting
Mr.Kamal Shah	4	4	2
Mr.Mehmood Ahmed	4	-	2
Mr.Badaruddin F. Vellani	4	4	-
Mr.Rasheed Y. Chinoy	4	4	2
Mr.Abdul Hamid Dagia	4	3	-
Mr.Fareed Khan	4	4	2
Mr.Bashir Ahmed	3	-	-
Mr.Qaiser Pervaiz	4	-	-

There have been no trades during the year in the shares of the Company, carried out by its Directors, CEO, COO, CFO & Company Secretary, Executives and their spouses and minor children except as disclosed in the pattern of shareholding.

ACKNOWLEDGEMENTS

The Board of Directors of the Company would like to take this opportunity to acknowledge and appreciate the continuous commitment and hard work of the employees of the Singer Company. The Board would also like to take this opportunity to extend their welcome and thanks to all its customers, dealers, suppliers and the financial institutions for this continuous support in this challenging time.

On behalf of the Board

M. Mahmood Ahmed
Chief Executive Officer
Karachi : 5 April, 2016

Singer Pakistan Limited

Statement of Compliance

For the year ended 31 December 2015

Statement of Compliance with Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Rule Book Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchange) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As on 31 December 2015 the Board included:

Category	Names
Non-executive directors	Mr. Kamal Shah (Chairman) Mr. Gavin J. Walker Mr. Badaruddin F. Vellani Mr. Rasheed Y. Chinoy Mr. Fareed Khan
Independent directors	Mr. Bashir Ahmed
Executive directors	Mr. M. Mahmood Ahmed (Chief Executive Officer) Mr. Qaiser Pervaiz (Alternate of Mr. Gavin J. Walker)

The independent directors as of 31 December 2015 met the criteria of independence under clause 5.19.1(b) of the CCG.

Subsequent to the year end, the Board of Directors of the Company was changed details of which are given in the Director's Report.

2. Except for 5 directors, the directors as of 31 December 2015 have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. Except for 5 directors, all the resident directors of the Company as of 31 December 2015 have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurring on the Board on 25 February 2015 and 15 December 2015 was filled up by the Directors within 90 days i.e. on 27 March 2015 and 19 January 2016 respectively.

5. The Company has prepared a Code of Conduct called 'Statement of Ethics and Business Conduct' which includes certain policies and procedures, and has ensured that appropriate steps have been taken to disseminate it throughout the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of Significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of the Chief Executive Officer (CEO), other executive and non-executive directors have been taken by the Board.

8. The meetings of the Board during the year ended 31 December 2015 were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In order to apprise the Directors of their duties and responsibilities and for their orientation purpose they were informed about the recent developments / changes in applicable laws and regulations affecting the industry and the Code of Corporate Governance. The Directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. However the Code of Corporate Governance requires all the directors to have a certification under a directors training programme offered by the institutions that meet the criteria specified by SECP and that from 30 June 2012 to 30 June 2016, every year, a minimum of one director on the board shall acquire the said certification under this programme each year and thereafter all directors shall obtain it. Two directors on the Board has obtained certification from the director's training program offered by a local institution that meet the criteria specified by the Securities and Exchange Commission of Pakistan. Further, two other directors are exempt from training by virtue of their minimum education and years of experience on the board of a listed company as stipulated in the Code of Corporate Governance. Remaining directors as of 31 December 2015 still had to obtain the certification. Nonetheless, arrangement shall be made to comply with the requirement regarding the new Board of Directors.

10 During the year, the Company Secretary had resigned and a new Secretary was appointed. No new appointment of the CFO and Head of Internal Audit was made during the year. Furthermore during the year there was no change in the remunerations, terms and conditions of the employment of CFO, Company Secretary and Head of Internal Audit (and the new Company Secretary worked at the same remunerated terms and conditions of employment as earlier).

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code as of 31 December 2015, except as mentioned in the Statement of Compliance.

15. The Board has formed an Audit Committee. It comprised of five members, of whom one is independent director and four are non-executive directors, including the Chairman of the Committee. The independent director of the Committee had resigned from the Board of Directors of the Company on 15 December 2015 and his replacement was appointed on 19 January 2016.

16. The meetings of the Audit Committee during the year ended 31 December 2015 were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code.

The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board as of 31 December 2015 had formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the Chairman of the Committee.

18. The Board has set up an effective internal audit function on a full-time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of Company's securities, were determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

M. Mahmood Ahmed
Chief Executive Officer
Karachi: 05 April 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Review report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Singer Pakistan Limited ("the Company") for the year ended 31 December 2015 to comply with the requirements of rule No. 5.19 of the listing rulebook of the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchange), where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective auditapproach. 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 Code 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 of 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 Code as applicable to the Company for the year ended 31 December 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraphs reference where these are stated in the Statement of Compliance:

(a) Paragraph 2 relating to the confirmation from the directors that none of them is serving as a director in more than seven listed companies, which in the Company's case 5 out of 7 directors have not given the confirmation.

(b) Paragraph 3 relating to the fact that 5 out of 7 resident directors of the Company as of 31 December 2015 have not confirmed that they are registered as tax payers and none of them have defaulted in the payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.

(c) Paragraph 9 relating to training of directors, which explains the fact that two directors have obtained the certification of the director's training program offered by a local institution that meet the criteria specified by the SECP and that two other directors are exempt from training by virtue of their minimum education and years of experience on the Board of a listed company as stipulated in the Code of Corporate Governance. Remaining directors as of 31 December 2015 still had to obtain the said certification.

KPMG Taseer Hadi & Co.

Date: 5 April 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 except for the change in accounting policy mentioned in note 2.5 to the 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, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the loss, 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).

KPMG Taseer Hadi & Co.

Date: 5 April 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entily.

Balance Sheet

As at 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
70,000,000 (2014: 70,000,000) ordinary shares of Rs. 10 each		**700,000**	700,000
Issued, subscribed and paid-up capital	4	**454,056**	454,056
Capital reserve		**5,000**	5,000
Revenue reserve		**117,837**	117,837
Accumulated loss		**(379,436)**	(237,828)
Shareholders equity		**197,457**	339,065
Surplus on revaluation of property, plant and equipment - net of tax	5	**819,468**	570,152
Non-current liabilities			
Long term loans - secured	6	**46,875**	81,875
Liabilities against assets subject to finance lease	7	**17,353**	8,626
Employee retirement benefits - obligation	8	**47,803**	19,931
Deferred tax - net	9	**173,147**	159,912
Deferred income	10	**4,211**	-
		289,389	270,344
Current liabilities			
Trade and other payables	11	**411,735**	499,619
Mark-up accrued on short term running finances and long term loans		**33,294**	45,934
Short term running finances - secured	12	**1,321,668**	1,305,600
Current portion of long term loans	6	**59,647**	86,546
Current portion of liabilities against assets subject to finance lease	7	**8,129**	6,797
Current portion of deferred income	10	**1,871**	464
		1,836,344	1,944,960
		3,142,658	3,124,521
Contingencies and commitments	13		

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman	Chief Executive

Balance Sheet

As at 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,309,999**	1,032,370
Intangible assets	15	**26,074**	29,826
Long term deposits	16	**23,380**	26,802
		1,359,453	1,088,998
Current assets			
Stores, spares and loose tools		**10,885**	6,613
Stock-in-trade	17	**291,180**	428,200
Trade debts and other receivables	18	**1,182,580**	1,317,837
Advances, deposits, prepayments and other receivables	19	**28,026**	26,580
Taxation - net	29	**158,294**	124,251
Investments	20	**36,000**	51,500
Cash and bank balances	21	**76,240**	80,542
		1,783,205	2,035,523
		3,142,658	3,124,521

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman

Chief Executive

Profit and Loss Account

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
Sales		**1,689,125**	1,798,626
Earned carrying charges		**226,343**	253,388
Sales tax, commissions and discounts		**(341,097)**	(383,723)
Net revenue	22	**1,574,371**	1,668,291
Cost of sales	23	**(1,189,361)**	(1,272,862)
Gross margin		**385,010**	395,429
Marketing, selling and distribution costs	24	**(301,799)**	(311,062)
Administrative expenses	25	**(68,943)**	(75,436)
Finance costs	26	**(158,295)**	(199,685)
Other expenses	27	**(62,912)**	(232,064)
		(591,949)	(818,247)
		(206,939)	(422,818)
Other income	28	**15,116**	16,323
Loss before taxation		**(191,823)**	(406,495)
Taxation	29	**41,057**	120,776
Loss for the year		**(150,766)**	(285,719)
		(Rupees)	
Loss per share - basic and diluted	30	**(3.32)**	(6.29)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman **Chief Executive**

Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
Loss for the year		**(150,766)**	(285,719)
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Actuarial (loss) / gain on employee retirement benefit	8.3	**(16,929)**	5,975
Related tax effect		**5,264**	(1,894)
		(11,665)	4,081
Total comprehensive loss for the year		**(162,431)**	(281,638)

Surplus / (deficit) arising on revaluation of property, plant and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity and accordingly changes therein are reported directly into equity.

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman

Chief Executive

Cash Flow Statement

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(191,823)**	(406,495)
Adjustment for:			
- Depreciation on property, plant and equipment		**47,581**	38,716
- Amortisation of intangible assets		**3,788**	3,880
- Finance costs		**158,295**	199,685
- Gain on sale of property, plant and equipment		**1,692**	(830)
- Amortisation of deferred income		**(1,868)**	(928)
- Provision for doubtful debts		**50,026**	221,699
- Provision for slow moving stock		**14,361**	18,097
- Provision for employee retirement benefits		**12,106**	9,887
		94,158	83,711
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(4,272)**	(490)
Stock-in-trade		**122,659**	185,011
Trade debts and other receivables		**95,652**	(136,335)
Advances, deposits, prepayments and other receivables		**(1,446)**	9,231
		212,593	57,417
Increase in current liabilities			
Trade and other payables		**(87,884)**	16,533
Net cash from operations		**218,867**	157,661
Income tax paid net		**(33,944)**	(40,796)
Finance costs paid		**(168,109)**	(192,983)
Employee retirement benefits (paid) / received		**(1,163)**	187
Long term deposits - net		**3,422**	5,160
Net cash flows from operating activities		**19,073**	(70,771)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(590)**	(12,473)
Proceeds from disposal of property, plant and equipment		**21,257**	5,664
Investments matured during the year -net		**15,500**	6,400
Net cash flows from investing activities		**36,167**	(409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(13,711)**	(10,125)
Repayment of long term loans		**(61,899)**	10,296
Net cash flows from financing activities		**(75,610)**	171
Net decrease in cash and cash equivalents		**(20,370)**	(71,009)
Cash and cash equivalents at beginning of the year		**(1,225,058)**	(1,154,049)
Cash and cash equivalents at end of the year	*31*	**(1,245,428)**	(1,225,058)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman

Chief Executive

Statement of Changes in Equity

For the year ended 31 December 2015

	Note	**Issued subscribed and paid-up capital**	**Capital reserve**	**Revenue reserve**	**Unappropriated profit / accumulated (loss)**	**Total**
		------	------	**(Rupees in '000)**	------	------
Balance as at 1 January 2014		454,056	5,000	117,837	38,830	615,723
Total comprehensive income for the year ended 31 December 2014						
Loss for the year		-	-	-	(285,719)	(285,719)
Net actuarial gain recognised directly in 'Other Comprehensive Income' net of tax	*8.7*	-	-	-	4,081	4,081
		-	-	-	(281,638)	(281,638)
Transfer from surplus on revaluation of property, plant and equipment - (incremental depreciation) - net of tax	*5*	-	-	-	4,980	4,980
Balance as at 31 December 2014		454,056	5,000	117,837	(237,828)	339,065
Total comprehensive income for the year ended 31 December 2015						
Loss for the year		-	-	-	(150,766)	(150,766)
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax	*8.7*	-	-	-	(11,665)	(11,665)
		-	-	-	(162,431)	(162,431)
Transfer from surplus on revaluation of property, plant and equipment (on sale of a building) - net of tax - Note 14.1.2					8,360	8,360
Transfer from surplus on revaluation of property, plant and equipment - (incremental depreciation) - net of tax	*5*	-	-	-	12,463	12,463
Balance as at 31 December 2015		**454,056**	**5,000**	**117,837**	**(379,436)**	**197,457**

The annexed notes 1 to 39 form an integral part of these financial statements.

Chairman

Chief Executive

Notes to the Financial Statements

For the year ended 31 December 2015

1. STATUS AND NATURE OF BUSINESS

Singer Pakistan Limited ("the Company") is incorporated in Pakistan as a public company limited by shares and is quoted on Karachi and Lahore Stock Exchanges. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector19, Korangi Industrial Area, Korangi, Karachi.

Up to 31 December 2015, the Company was a subsidiary of Singer (Pakistan) B.V., Netherlands, whereas its ultimate parent company was Retail Holdings N.V., Netherlands. Subsequent to the year end the Parent company Singer (Pakistan) B.V., Netherlands has disinvested the entire shareholding details of which are mentioned in note 4 to these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for leasehold land and buildings which are stated at revalued amounts less subsequent depreciation and impairment losses, if any.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees 'Rupees' or 'Rs.' which is also the Company's functional currency. All financial information presented in Pakistani Rupees have been rounded off to the nearest thousand of rupees unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively commencing form the period of revision. The areas where judgements and estimates made by the management that may have a significant effect on the amount recognised in the financial statements are included in the following notes:

- Provision for employee retirement benefit plans (note 3.3)
- Taxation (note 3.14)
- Residual value, market values and useful lives of Property, Plant and Equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Provision for impairment of trade debts and other receivables (note 3.6)
- Stock in trade and stores and spares and loose tools at net realisable value (notes 3.4 and 3.5)
- Provision for warranty claims (note 3.12)

2.5 Application of new Standards and IFRIC Interpretations

2.5.1 New, amended and revised standards and interpretations of IFRSs that became applicable during the year

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January, 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial statements of the Company.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments in to the Company, except certain additional disclosures mentioned in note 33.4 to these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- 'Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- 'Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 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.

  - 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 derecognized 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.

  - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

  - 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 above amendments are not likely to have an impact on Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change in accounting policy as mentioned in note 2.5 to these financial statements.

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land and buildings which are stated at the revalued amounts less subsequent depreciation and impairment losses and capital work in progress which are stated at cost less impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset. Leasehold land and buildings are revalued by independent professionally qualified valuer with sufficient regualarity to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation on property, plant and equipment is credited to the 'Surplus on revaluation of property, plant and equipment' account shown below equity. The surplus on revaluation of property, plant and equipment can be applied by the Company in setting-off any deficit arising from the revaluation of property, plant and equipment of the same or any other fixed assets of the Company (under the Companies Ordinance, 1984).

Depreciation is charged to the profit and loss account applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. Amount equivalent to incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. The rates of depreciation are stated in note 14.1 to the financial statements.

The assets' residual values and useful lives are reviewed, at each balance sheet and if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate. Normal repairs and maintenance are charged to profit and loss account as and when incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Gains and losses on disposal of assets are taken to the profit and loss account currently. When revalued assets are sold, the amount included in surplus on revaluation of property, plant and equipment is transferred to retained earnings. The revaluations are also carried out at regular intervals so as to ensure that the recorded values of the relevant assets does not materially differ from their market values.

Leased

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, an asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments, determined at the inception of the lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Depreciation is charged on the same basis as used for owned assets.

Sale and lease back

Where the sale and lease back transactions result in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the profit and loss account.

Capital work in progress

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended use.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives unless such lives are indefinite.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

3.3 Employee retirement and other service benefits

Defined benefit plans

a) The Company operates a funded defined benefit pension scheme for executives and managers and a funded gratuity scheme for all of its eligible employees other than field staff. Provisions / contributions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

b) The Company operates an unfunded gratuity scheme for its field staff. Benefits under the scheme are payable to staff on the completion of prescribed qualifying period of service. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Amount recognised in balance sheet represents the present value of defined benefit obligations as reduced by the fair value of the plan assets, if any. All actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognised in the profit and loss account currently. Current service costs together with net interest cost are also charged to the profit and loss account.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Defined contribution plan

The Company operates a recognised provident fund scheme covering all eligible employees. The Company and employees make equal monthly contributions to the fund.

3.4 Stores, spares and loose tools

These are valued at lower of cost determined on first-in-first-out basis and net realisable value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the balance sheet date less any impairment losses.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimates. These are based on their future usability.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable value except for stock in transit which is stated at lower of cost (comprising invoice value plus other charges incurred thereon) and net realisable value. Cost in relation to work in process and manufactured finished goods represents direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

3.6 Trade debts and other receivables

These are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost.

Provision for doubtful debts is established where there is objective evidence that the Company will not be able to collect amount due according to the original terms of the receivable and other receivables is based on management's assessment of anticipated uncollectible amounts based on Company's past experience, historical bad debts statistics and ageing analysis. Debts are written off when considered irrecoverable.

3.7 Investments

Held to maturity

These are investments where the management has positive intent and ability to hold them up to maturity and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method. Held to maturity investment comprise term deposit receipts, where these are not part of the cash and cash equivalents of the Company.

Available for sale

All investments, other than those held to maturity are classified as Available for sale.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, and deposits held with banks with original maturities of three months or less and where these are held for the purpose of meeting short term cash commitments rather then for investments or other purposes.. Short term running finance facilities availed by the Company are also included as part of cash and cash equivalents for the purpose of cash flow statement.

3.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

3.10 Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Provisions

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

3.12 Warranty obligations

The Company accounts for its warranty obligations based on historical trends when the underlying products or services are sold.

3.13 Revenue recognition

- Revenue from sales of goods are recognised on delivery of goods to the buyers when the significant risks and rewards of ownership are transferred to the buyers.

- Revenue from services rendered is recognised in profit and loss account when the related services are performed.

- Carrying charges representing the difference between the cash sale price and hire purchase price are recognised in the profit and loss account using the effective interest rate method.

- Income on investments is recognised on accrual basis using the effective interest rate method.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognized directly in Equity / surplus on revaluation of fixed assets.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any, and taxes paid under the Final Tax Regime and minimum tax payable. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset is recognised to the extent that it is probable that the future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax arising on surplus on revaluation of fixed assets is recorded directly in the surplus account.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalised as part of the cost of the relevant asset.

3.16 Financial instruments

The Company recognises financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognised initially at cost, which is the fair value of the consideration given or received respectively. These are subsequently measured at fair value or amortised cost, as the case may be depending on the particular accounting policy.

Financial assets are derecognised when the contractual right to cash flows from the asset expire, or when substantially all the risks and reward of ownership of the financial asset are transferred. Financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset.

3.17 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the balance sheet at their estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the financial statements only when the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.19 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that the financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in profit and loss account.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets and inventories, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, 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. Value in use is assessed through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss for goodwill, if any, is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.20 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

3.21 Dividends and appropriation of profit

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the balance sheet date is considered as non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

3.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data (or loss per share as relevant) for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company is not exposed to the dilutive effect on EPS.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		**2015**	2014
(Number of shares)			**(Rupees in '000)**	
		Fully paid-up ordinary shares of Rs. 10 each		
11,461,568	11,461,568	Issued for cash	**114,616**	114,616
703,733	703,733	Issued for consideration other than cash	**7,037**	7,037
33,240,321	33,240,321	Issued as paid bonus shares	**332,403**	332,403
45,405,622	45,405,622		**454,056**	454,056

At 31 December 2015 Singer (Pakistan) B.V., Netherlands, which is wholly owned subsidiary of Retail Holdings N.V., Netherlands, held 31,909,024 (2014: 31,909,024) ordinary shares of Rs. 10 each (representing 70.275% shares of the total share capital). Subsequent to the year end the Singer (Pakistan) B.V., Netherlands disposed off its entire shareholding. Due to this change,

The single largest investor group comprises of (a) Poseidon Synergies (Pvt) Limited (8,509,024 shares at 18.70% of the total share capital), (b) Mr. Haroon Ahmed Khan (2,500,000 shares at 5.51% of the total share capital) and (c) Mrs. Nighat Haroon Khan (2,000,000 shares at 4.40% of the total share capital) cumulatively at 29.95%. By virtue of this change Mr. Haroon Ahmad Khan is now the Chairman of the Company.

5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

	Note	2015	2014
		(Rupees in '000)	
Surplus on revaluation of leasehold land and buildings - as on 01 January		**859,091**	447,443
Surplus on revaluation of leasehold land recognised during the year	*14.1.1*	**480,293**	30,502
Surplus on revaluation of buildings recognised during the year	*14.1.1*	**(152,870)**	388,648
Surplus on disposal of shop recognised in equity		**(12,071)**	-
Incremental depreciation transferred to equity	*	**(17,759)**	(7,502)
		1,156,684	859,091
Deferred tax liability as on 1 January		**(288,939)**	(150,849)
Deferred tax on revaluation of leasehold land recognised during the year		**(95,457)**	(141,011)
Deferred tax on revaluation of buildings reversed/ (recognised) during the year		**3,711**	-
Tax effect due to change in tax rate proportion		**38,173**	398
Adjustment on transfer of incremental depreciation to retained earnings	*	**5,296**	2,523
Deferred tax liability		**(337,216)**	(288,939)
Balance as at 31 December		**819,468**	570,152

Refer note 14.1.1 for details.

* Net effect amounting to Rs. 12.46 million (2014: Rs. 4.98 million) has been transferred to equity.

6. LONG TERM LOANS - secured

This represents long term loans from financial institutions under mark-up arrangements:

	Security	Instalments payable	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	2015 (Rupees in '000)	2014
Term loan 1	6.1	quarterly	2012-2015	5,585	3 Months KIBOR Plus 1.50%	**5,585**	30,296
Term loan 2	6.2	half-yearly	2011-2016	12,500	6 Months KIBOR Plus 1.50%	**25,000**	50,000
Term loan 3	6.2	quarterly	2012-2016	1,875	3 Months KIBOR Plus 1.50%	**5,625**	13,125
Term loan 4	6.2	quarterly	2014-2019	4,688	3 Months KIBOR Plus 1.75%	**70,312**	75,000
						106,522	168,421
Current portion of long term loans							
Term loan 1	6.1	quarterly	2012-2015	-	3 Months KIBOR Plus 1.50%	**(5,585)**	(30,296)
Term loan 2	6.2	half-yearly	2011-2016	-	6 Months KIBOR Plus 1.50%	**(25,000)**	(37,500)
Term loan 3	6.2	quarterly	2012-2016	-	3 Months KIBOR Plus 1.50%	**(5,625)**	(9,375)
Term loan 4	6.2	quarterly	2014-2019	-	3 Months KIBOR Plus 1.75%	**(23,437)**	(9,375)
						(59,647)	(86,546)
						46,875	81,875

6.1 Equitable mortgage charge on owned shops of the Company and first pari passu charge on land, building, machinery and equipment located at its factory.

6.2 First pari passu charge on land, building, machinery and equipment located at its factory.

6.3 At the year-end, the applicable mark-up rate was between 8.1% to 9% per annum.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The future minimum lease payments and their present values, to which the Company is committed under various lease arrangements are as follows:

	2015			2014		
	Minimum lease payments	**Finance charge**	**Present value of minimum lease payments**	Minimum lease payments	Finance charge	Present value of minimum lease payments
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Not later than one year	**10,091**	**1,962**	**8,129**	8,184	1,387	6,797
Later than one year and not later than five years	**19,063**	**1,710**	**17,353**	9,859	1,233	8,626
	29,154	**3,672**	**25,482**	18,043	2,620	15,423

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases bearing pre-determined mark-up rates at KIBOR plus 1.75% to 5% per annum (2014: KIBOR plus 1.5% to 2.25% per annum). (KIBOR means 3 months and 6 months average ask side and 1 month). At the year-end the applicable rate ranged between 7.46% to 13.18% (2014: 9.77% to 13.65%) per annum.

The company intends to acquire the assets at the end of the lease term through adjustment of lease security deposit.

8. EMPLOYEE RETIREMENT BENEFITS

		2015	2014
		(Rupees in '000)	
Employee retirement benefits - obligation			
- Gratuity fund - permanent employees	*8.2*	**22,345**	7,870
- Gratuity - field staff	*8.2*	**14,670**	9,387
- Pension fund	*8.2*	**10,788**	2,674
		47,803	19,931

Pension scheme is available to all permanent whole-time employees in the executive and manager grades including the whole-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of ages. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Company. Gratuity is payable to field staff after at least 5 years of service with the company.

The details of employee retirement benefit based on actuarial valuations carried out by an independent actuary as at 31 December 2015 under the Projected Unit Credit method are given below.

8.1 The principal assumptions used in the actuarial valuation are as follows:

	2015	2014
	(Percentage)	
1) Discount rate per annum	**9.00**	10.50
2) Expected per annum rate of increase in future salaries	**6.00 to 7.00**	7.0 to 10.00
3) Expected rate of increase in pension	**Nil**	Nil

		Pension Fund		**Gratuity**					
				Permanent employees		**Field staff (unfunded)**		**Total**	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
		----------	----------	----------	---------- (Rupees in '000)	----------	----------	----------	----------
8.2 Amounts recognised in balance sheet									
Present value of defined benefit obligation	*8.4*	**75,101**	71,256	**47,564**	52,466	**14,670**	9,387	**62,234**	61,853
Fair value of plan assets	*8.5*	**(64,313)**	(68,582)	**(25,219)**	(44,596)	**-**	-	**(25,219)**	(44,596)
Liability on the balance sheet		**10,788**	2,674	**22,345**	7,870	**14,670**	9,387	**37,015**	17,257
8.3 Movement in net defined benefit liability recognised in balance sheet									
Opening balance		**2,674**	(3,548)	**7,870**	11,538	**9,387**	7,842	**17,257**	19,380
Cost recognised in profit or loss for the year	*8.6*	**1,508**	726	**4,152**	4,803	**6,446**	4,358	**10,598**	9,161
Contribution / payments during the year		**-**	3,000	**-**	-	**(1,163)**	(2,813)	**(1,163)**	(2,813)
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss	*8.7*	**6,606**	2,496	**10,323**	(8,471)	**-**	-	**10,323**	(8,471)
Closing balance		**10,788**	2,674	**22,345**	7,870	**14,670**	9,387	**37,015**	17,257

			Pension Fund		Gratuity					
					Permanent employees		Field staff		Total	
			2015	2014	2015	2014	2015	2014	2015	2014
8.4	**Movement in present value of defined benefit obligations**		----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
	Liability for defined benefit obligation at 1 January		**71,256**	61,869	**52,466**	49,535	**9,387**	7,842	**61,853**	57,377
	Benefits paid		**(6,038)**	(5,816)	**(10,471)**	(8,980)	**(1,163)**	(2,813)	**(11,634)**	(11,793)
	Current service cost		**1,240**	1,152	**3,366**	3,418	**6,446**	4,358	**9,812**	7,776
	Interest cost		**7,229**	7,593	**5,216**	6,308	**-**	-	**5,216**	6,308
	Re-measurements - actuarial (gain) / loss on obligation		**1,414**	6,458	**(3,013)**	2,185	**-**	-	**(3,013)**	2,185
	Liability for defined benefit obligation at 31 December		**75,101**	71,256	**47,564**	52,466	**14,670**	9,387	**62,234**	61,853
8.5	**Movements in the fair value of plan assets**									
	Fair value of plan assets - beginning of the year		**68,582**	65,417	**44,596**	37,997	**-**	-	**44,596**	37,997
	Refund during the year		**-**	(3,000)	**-**	-	**-**	-	**-**	-
	Benefits paid		**(6,038)**	(5,816)	**(10,471)**	(8,980)	**-**	-	**(10,471)**	(8,980)
	Expected return on plan assets		**6,961**	8,019	**4,430**	4,923	**-**	-	**4,430**	4,923
	Re-measurements on assets - actuarial gain / (loss)		**(5,192)**	3,962	**(13,336)**	10,656	**-**	-	**(13,336)**	10,656
	Fair value of plan assets - end of the year	*8.9*	**64,313**	68,582	**25,219**	44,596	**-**	-	**25,219**	44,596
8.6	**Expense recognised in profit or loss account**									
	Current service cost		**1,240**	1,152	**3,366**	3,418	**6,446**	4,358	**9,812**	7,776
	Net Interest cost		**268**	(426)	**786**	1,385	**-**	-	**786**	1,385
			1,508	726	**4,152**	4,803	**6,446**	4,358	**10,598**	9,161
	The expense is recognised in the following line items in the profit and loss account:									
	Cost of sales		**575**	318	**1,583**	2,101	**-**	-	**1,583**	2,101
	Marketing, selling and distribution costs		**641**	272	**1,765**	1,799	**6,446**	4,358	**8,211**	6,157
	Administrative expenses		**292**	136	**804**	903	**-**	-	**804**	903
			1,508	726	**4,152**	4,803	**6,446**	4,358	**10,597**	9,161
8.7	**Actuarial loss/(gain) recognised in other comprehensive income (OCI) during the year**									
	Actuarial loss / (gain) on obligation		**1,414**	6,458	**(3,013)**	2,185	**-**	-	**(3,013)**	2,185
	Actuarial (gain) / loss on plan assets		**5,192**	(3,962)	**13,336**	(10,656)	**-**	-	**13,336**	(10,656)
	Total actuarial loss / (gain) recognised in OCI		**6,606**	2,496	**10,323**	(8,471)	**-**	-	**10,323**	(8,471)
8.8	**Return on plan assets**									
	Actual return on plan assets		**5,642**	11,981	**2,646**	15,578	-	-	**2,646**	15,578

		Pension Fund		Gratuity			
				Permanent employees		Field staff	
		2015	2014	2015	2014	2015	2014
8.9	**Composition of plan assets**	----------	----------	(Rupees in '000)	----------	----------	----------
	Cash and cash equivalents (after adjusting current liabilities)	**21,105**	11,727	**6,376**	6,213	**-**	-
	Debt instruments - Government Bonds / Securities						
	i) Pakistan Investment Bonds	**23,208**	19,439	**18,843**	25,240		
	ii) Special Savings Certificates	**-**	35,393	**-**	9,982	**-**	-
	iii) Treasury Bills	**20,000**	2,023	**-**	-	**-**	-
	iv) National Savings Bond	**-**	-	**-**	3,161	**-**	-
	Total fair value of plan assets	**64,313**	68,582	**25,219**	44,596	**-**	-

		Pension Fund				
		2015	2014	2013	2012	2011
8.10	**Historical information**	----------	----------	(Rupees in '000)	----------	----------
	Present value of the defined benefit obligation	**75,101**	71,256	61,869	59,814	53,621
	Fair value of plan assets	**(64,313)**	(68,582)	(65,417)	(68,815)	(67,349)
	Deficit in the plan	**10,788**	2,674	(3,548)	(9,001)	(13,728)
	Experience adjustments arising on plan liabilities	**(5,785)**	(5,785)	(2,990)	994	1,077
	Experience adjustments arising on plan assets	**5,192**	(3,962)	(204)	120	(1,449)
				Gratuity - funded		
	Present value of the defined benefit obligation	**47,564**	52,466	49,535	41,891	41,580
	Fair value of plan assets	**(25,219)**	(44,596)	(37,997)	(32,141)	(38,389)
	Deficit / (surplus) in the plan	**22,345**	7,870	11,538	9,750	3,191
				Gratuity - unfunded		
	Present value of the defined benefit obligation	**14,670**	9,387	7,842	6,733	4,815

8.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2015	
	Pension	Gratuity
	(Rupees in '000)	
Actuarial liability		
Discount rate +0.5%	**72,126**	**46,362**
Discount rate -0.5%	**78,314**	**48,832**
Long term salary increases +0.5%	**75,808**	**48,964**
Long term salary increases -0.5%	**74,426**	**46,226**

8.12 The expected charge to profit and loss account for post employment benefit gratuity and pension plans for the year ending 31 December 2016 are Rs. 5.05 million and Rs. 2.83 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
8.13 Number of employees covered in the scheme	91	218	366

9. DEFERRED TAX LIABILITY - net

		2015	2014
		(Rupees in '000)	
Taxable temporary differences arising on:			
Revaluation of leasehold land and buildings	*9.1*	**337,216**	288,939
Accelerated tax depreciation on owned and leased assets		**30,346**	25,839
		367,562	314,778
Deductible temporary differences arising on:			
Provision for slow moving stock-in-trade		**(11,275)**	(4,349)
Provision for doubtful debts and other receivables		**(74,595)**	(68,754)
Provision for warranty obligations		**(1,755)**	(2,096)
Provision for employee retirement benefits		**(4,277)**	(2,976)
Tax loss		**(102,513)**	(69,212)
Recoupable tax		**-**	(7,479)
		(194,415)	(154,866)
Net deferred tax liability		**173,147**	159,912

9.1 The increase in deferred tax liability of Rs. 48.28 million (2014: Rs. 138.09 million) has been recognised directly in the surplus on revaluation of fixed assets. Remaining net increase in deferred tax asset of Rs. 35.04 million (net increase in 2014: Rs. 146.26 million) has been recognised in the profit and loss account.

10. DEFERRED INCOME

		2015	2014
Opening balance as at 1 January		**11,141**	11,141
Additions during the year	*10.1*	**7,486**	-
		18,627	11,141
Accumulated amortisation - opening		**(10,677)**	(9,749)
Amortisation during the year	*28*	**(1,868)**	(928)
		(12,545)	(10,677)
Unamortized balance of deferred income		**6,082**	464
Current portion of deferred income	*10.1*	**(1,871)**	(464)
Balance as at 31 December		**4,211**	-

10.1 During the year the Company entered in a sale and lease back arrangement of specific items of plant and machinery resulting in deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 7.486 million, out of which Rs. 1.871 million (2014: Rs. Nil) is classified in current liabilities, being the current portion of deferred income.

The deferred income will be amortized and recognised in the profit and loss account over the lease term. During the year Rs. 1.404 million (2014: Rs. Nil) was amortized and recognised in the profit and loss account.

As per the term of the lease agreement, the amount is repayable in 48 monthly installments of Rs. 0.39 million by 31 March 2019. The obligation carries mark-up at 6 months KIBOR plus 5% per annum.

11. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees in '000)	
Creditors		**159,634**	122,321
Bills payable	12.2	**97,455**	168,948
Accrued liabilities		**49,428**	70,242
Due to associated companies			
- for goods		**1,139**	3,332
- others		**517**	517
		1,656	3,849
Advances from dealers		**417**	1,167
Retention from employees	11.1	**34,676**	55,757
Provisions in respect of warranty obligations	11.2	**6,019**	6,610
Sales tax and excise duty - net		**60,409**	66,120
Workers' profits participation fund	11.3	**-**	-
Unclaimed dividends		**808**	808
Others		**1,233**	3,797
		411,735	499,619

11.1 This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2014: 5%) per annum. These are held in investments and a bank accounts.

11.2 Warranty obligations

	Note	2015	2014
Balance at beginning of the year		**6,610**	8,459
Provision made during year	24	**12,630**	1,545
Provision utilised during the year		**(13,221)**	(3,394)
Balance at end of the year		**6,019**	6,610

11.3 Workers' profits participation fund

	2015	2014
Balance at beginning of the year	**-**	4,938
Interest on funds utilised in the Company's business	**-**	277
	-	5,215
Payments / adjustment during the year	**-**	(5,215)
Balance at end of the year	**-**	-

11.4 Singer Asia Limited has confirmed that no royalty is payable as of the year ended 31 December 2015.

12. SHORT TERM RUNNING FINANCES - secured

12.1 This represents short term running finance and murahaba finance facilities available from various banks aggregating to Rs. 1,321.7 million (2014: Rs. 1,305.6 million), carrying mark-up rates ranging from 7.5% to 9.1% (2014: 10.64% to 12.18%) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

The outstanding liability as at 31 December 2015 exceeds the approved limit of Rs. 1,312 million due to unpresented cheques outstanding at the year end. These were met through deposits subsequent to the year-end.

12.2 At 31 December 2015, Rs. 93.79 million was due to the banks against the LC usance facilities against total sub limit of Rs. 840 million which are secured against the lien on import bills and carries mark-up rates ranging between 16% to 25% per annum. These are repayable by March 2016.

13. CONTINGENCIES AND COMMITMENTS

13.1 There are certain pending lawsuits initiated by and against the Company concerning shop leases and ex-employees. However, the management believes that no significant liability is likely to occur in these cases.

13.2 The Company has filed a Constitutional petition before the Sindh High court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2 percent Extra Sales tax on certain home appliances. This was based on the advice of the tax and legal advisors that the said vires are not applicable on the Company. The case is pending before the Honourable Court. An interim order has been received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 50.74 million against which no provision has been made as the Company based on the legal advisor's advice is confident of a favourable decision.

During 2014, the Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and 11.15 million for the period from 1 January 2014 to 30 September 2014 respectively. The Company has replied and submitted explanation with the tax authorities. Since then no further action has been initiated by the tax authorities.

The Company had earlier received a sales tax recovery order from the sales tax authorities amounting to Rs. 190.6 million, against which the Company had filed an appeal with the Commissioner Inland Revenue Appeals (CIR Appeals). CIR (Appeals) had deleted one item while the remaining matters were set aside. Moreover, the management based on consultation with its tax advisor, is of the view that matter would be decided in favour of the Company. However, CIR has filed an appeal against Company on the matters of SRO 647/2007 regarding input tax adjustments against 90% output tax and payment of sales tax on instalment sales at the time of receipt of instalment instead at the time when instalment sales are actually being made for which no hearing has been taken place yet. Amount involved is Rs. 171.71 million. However, as mentioned above no potential liability is expected to occur.

13.3 Commitments under letters of credit as at 31 December 2015 amounted to Rs. 12.7 million (2014: Rs. 41.9 million).

13.4 Commitment in respect of capital expenditure as at 31 December 2015 amounted to Rs. 14.03 million (2014: Rs. 17.064 million) representing software development.

13.5 Commitments in respect of Ijarah rentals payable in future period as at 31 December 2015 amounted to Rs. 5.74 million (2014: Rs. 7.02 million) for vehicles and Plant & machinery.

	2015	2014
	(Rupees in '000)	
Not later than one year	**1,447**	1,472
Later than one year and not later than five years	**4,297**	5,547
	5,744	7,019

14. PROPERTY, PLANT AND EQUIPMENT

		2015	2014
Operating fixed assets	*14.1*	**1,309,665**	1,029,935
Capital work-in-progress	*14.2*	**334**	2,435
		1,309,999	1,032,370

14.1 Operating fixed assets

	2015											
	Lease-hold land	Buildings on lease-hold land	Leasehold improvements	Plant and machinery		Furniture and equipment		Vehicles		Computers		Total
				Owned	Leased	Owned	Leased	Owned	Leased	Owned	Leased	
	(Rupees in '000)											
At 1 January 2015												
Cost / revaluation	472,222	417,120	117,536	112,794	22,400	44,249	1,360	9,970	21,869	53,831	1,863	1,275,214
Accumulated	(570)	(1,073)	(83,902)	(79,608)	(7,521)	(30,790)	(521)	(5,191)	(6,614)	(27,626)	(1,863)	(245,279)
Net book value	471,652	416,047	33,634	33,186	14,879	13,459	839	4,779	15,255	26,205	-	1,029,935
During the year 2015												
Additions	-	-	1,341	-	20,944	1,315	-	-	-	-	-	23,600
Revaluation (note 14.1.1)	480,293	(152,870)	-	-	-	-	-	-	-	-	-	327,423
Transfer / Adjustment												
Cost	(7,515)	(12,218)	-	9,375	(9,375)	-	-	1,973	(1,973)	-	-	(19,733)
Depreciation	7,515	12,218	-	(4,504)	4,504	-	-	(987)	987	-	-	19,733
	-	-	-	4,871	(4,871)	-	-	986	(986)	-	-	-
Disposals												
Cost	-	(12,530)	-	(26,470)	-	(104)	-	(640)	-	-	-	(39,744)
Depreciation	-	188	-	15,421	-	104	-	320	-	-	-	16,033
	-	(12,342)	-	(11,049)	-	-	-	(320)	-	-	-	(23,711)
Depreciation charge for the year	(6,945)	(12,053)	(9,290)	(3,926)	(1,866)	(3,750)	(136)	(3)	(1,807)	(7,806)	-	(47,582)
Closing net book value	**945,000**	**238,782**	**25,685**	**23,082**	**29,086**	**11,024**	**703**	**5,442**	**12,462**	**18,399**	**-**	**1,309,665**
As at 31 December 2015												
Cost / revaluation	945,000	239,502	118,877	95,699	33,969	45,460	1,360	11,303	19,896	53,831	1,863	1,566,760
Accumulated depreciation	-	(720)	(93,192)	(72,617)	(4,883)	(34,436)	(657)	(5,861)	(7,434)	(35,432)	(1,863)	(257,095)
Net book value	**945,000**	**238,782**	**25,685**	**23,082**	**29,086**	**11,024**	**703**	**5,442**	**12,462**	**18,399**	**-**	**1,309,665**
Depreciation rate (% per annum)	**1.45**	**3**	**10**	**8.33**	**8.33**	**10-20**	**10**	**20**	**20**	**10-20**	**20**	

	2014											
At 1 January 2014												
Cost / revaluation	447,667	44,042	110,005	123,539	24,420	42,928	1,360	14,949	21,205	52,923	1,863	884,901
Accumulated depreciation	-	(14,449)	(73,332)	(86,104)	(6,862)	(27,143)	(385)	(7,665)	(5,364)	(19,750)	(1,863)	(242,917)
Net book value	447,667	29,593	36,673	37,435	17,558	15,785	975	7,284	15,841	33,173	-	641,984
During the year 2014												
Additions	-	-	7,531	424	-	1,321	-	-	2,088	986	-	12,350
Revaluation (note 14.1.1)	30,502	388,648	-	-	-	-	-	-	-	-	-	419,150
Transfer / Adjustment												
Cost	(5,947)	(15,570)	-	2,020	(2,020)	-	-	1,424	(1,424)	-	-	(21,517)
Depreciation	5,947	15,570	-	(819)	819	-	-	(712)	712	-	-	21,517
	-	-	-	1,201	(1,201)	-	-	712	(712)	-	-	-
Disposals												
Cost	-	-	-	(13,189)	-	-	-	(6,403)	-	(78)	-	(19,670)
Depreciation	-	-	-	11,585	-	-	-	3,202	-	50	-	14,837
	-	-	-	(1,604)	-	-	-	(3,201)	-	(28)	-	(4,833)
Depreciation charge for the year	(6,517)	(2,194)	(10,570)	(4,270)	(1,478)	(3,647)	(136)	(16)	(1,962)	(7,926)	-	(38,716)
Closing net book value	471,652	416,047	33,634	33,186	14,879	13,459	839	4,779	15,255	26,205	-	1,029,935
As at 31 December 2014												
Cost / revaluation	472,222	417,120	117,536	112,794	22,400	44,249	1,360	9,970	21,869	53,831	1,863	1,275,214
Accumulated depreciation	(570)	(1,073)	(83,902)	(79,608)	(7,521)	(30,790)	(521)	(5,191)	(6,614)	(27,626)	(1,863)	(245,279)
Net book value	471,652	416,047	33,634	33,186	14,879	13,459	839	4,779	15,255	26,205	-	1,029,935
Depreciation rate (% per annum)	1.45	3	10	8.33	8.33	10-20	10	20	20	10-20	20	

14.1.1 As mentioned in International Accounting Standard - IAS 16 dealing with 'Property, Plant and Equipment', the revaluation need to carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the respective period. Accordingly during the year, leasehold land and buildings on leasehold land of the Company were again revalued by an independent valuer by M/s Joseph Lobo (Private) Limited in December of 2015 which resulted in additional revaluation surplus of Rs. 480.293 million on leasehold land and reduction by Rs. 152.87 million in buildings on leasehold land and has been disclosed in note 5 to the financial statements. The revalued amount of the leasehold land is Rs. 945 million and buildings on leasehold land is Rs. 238.78million. The valuation was on the basis of the market value. The revaluation, in case of leasehold land, was after the examination of the land features and access roads as well as the general security in the immediate vicinity and the location and frontage. Furthermore, independent enquiries through local realtors and other real estate sources was also carried out. In case of buildings it was after independent inquiries from active local realtors, occupants of the shops in the neighbouring buildings, scrutiny of past sales and the records of the valuer.

In 2014, the revaluation carried out for the leasehold land and buildings on leasehold land resulted in additional revaluation surplus of Rs. 30.502 million and Rs. 388.648 million respectively were taken to Surplus on Revaluation of Property, Plant and Equipment account. Earlier revaluations were carried out for leasehold land during the years ended 31 December 2013 and 2010 and the resulting surplus of Rs. 13.22 million and Rs. 453 million respectively were also taken to the 'Surplus on Revaluation of Property, Plant and Equipment account'.

Had leasehold land and buildings been stated on historical cost basis, the net book value as of 31 December 2015 would have been as follows:

	Cost	**Accumulated depreciation**	**Net book value**
		(Rupees in '000)	
Leasehold land	350	138	212
Building on leasehold lands	43,480	16,594	26,886

14.1.2 Surplus on the earlier revaluation of a building on its disposal amounting to Rs. 12.07 million have been transferred to equity. Transfer net of tax, is Rs. 8.36 million. The sale was made to Mr. Muhammad Hanif, Hyderabad after negotiation at Rs. 10 million.

14.1.3 Depreciation for the year has been allocated as follows:

		2015	2014
		(Rupees in '000)	
Cost of sales	*23.1*	**22,490**	14,447
Marketing, selling and distribution costs	*24*	**22,144**	21,226
Administrative expenses	*25*	**2,947**	3,043
		47,581	38,716

14.1.4 Details of property, plant and equipment disposed off during the year

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	----------	(Rupees in '000)	----------				
Building on leasehold land							
HSR shop	12,530	188	12,342	10,000	(2,342)	Negotiation	Mr. Muhammad Hanif, Hyderabad
Vehicles							
- Suzuki Cultus	640	320	320	520	200	Tender	Mr.Abdul Waheed Khan, Karachi
Written down value not exceeding Rs. 50,000 each	278	278	-	450	450	Negotiation	Mr.Zahid, Karachi
2015	**13,448**	**786**	**12,662**	**10,970**	**(1,692)**		
2014	19,670	14,837	4,833	5,663	830		

14.2 Capital work-in-progress (CWIP)

	2015	2014
	(Rupees in '000)	
Balance as at 1 January	**2,435**	334
Additions during the year	**308**	2,101
Transfers to operating fixed assets	**(2,409)**	-
Balance as at 31 December	**334**	2,435
Breakup of capital work in progress is as follows:		
- Advance for software	**334**	334
- Plant and machinery	**-**	2,101
	334	2,435

15. INTANGIBLE ASSETS

	2015	2014
Software		
Balance as at 1 January		
Cost	**49,726**	49,616
Accumulated amortisation	**(19,900)**	(16,020)
Net book value	**29,826**	33,596
During the year		
Additions / transfer - net	**35**	110
Amortisation for the year	**(3,787)**	(3,880)
Closing net book value	**26,074**	29,826
Balance as at 31 December		
Cost	**49,761**	49,726
Accumulated amortisation	**(23,687)**	(19,900)
Net book value	**26,074**	29,826

15.1 Software is being amortised at the rate of 10% - 20% per annum (2014: 10% - 20% per annum) on a straight line basis.

15.2 Amortisation for the year has been allocated as follows:

	2015	2014
Marketing, selling and distribution costs	**3,409**	3,492
Administrative expenses	**379**	388
	3,788	3,880

16. LONG TERM DEPOSITS

	Note	2015	2014
		(Rupees in '000)	
Deposits			
- shops and others		**18,870**	25,256
- leases		**4,510**	1,546
		23,380	26,802

17. STOCK-IN-TRADE

	Note	2015	2014
Raw materials			
- in stores		**32,700**	31,681
- in third party premises	*17.1*	**4,431**	5,798
- in bonded warehouse		**13,240**	45,118
- in transit		**26,190**	39,356
		76,561	121,953
Work in process		**16,557**	30,082
Finished goods			
- own manufactured	*17.3*	**176,014**	254,442
- purchased for resale		**60,723**	46,037
		236,737	300,479
Provision for slow moving and damaged stock	*17.2 & 17.3*	**(38,675)**	(24,314)
		291,180	428,200

17.1 This represents raw materials lying at premises of certain vendors where these are processed to be used in the next stage of production.

17.2 The Company has recognised a net provision of Rs. 14.36 million (2014: Rs. 18.09 million) for slow moving and damage items during the year.

17.3 Provision of Rs. 10.59 million earlier had been netted off against finished goods and as such has now been grossed up.

18. TRADE DEBTS AND OTHER RECEIVABLES

	Note	2015	2014
Considered good - unsecured			
Hire purchase	*18.1*		
- Retail		**819,025**	950,659
- Institutional		**212,260**	218,261
		1,031,285	1,168,920
Unearned carrying charges		**(38,149)**	(79,783)
	18.1	**993,136**	1,089,137
Dealers		**45,191**	48,777
		1,038,327	1,137,914
Other receivables	*18.2*	**144,253**	179,923
		1,182,580	1,317,837
Considered doubtful		**246,382**	207,520
		1,428,962	1,525,357
Provision for doubtful debts and other receivables	*18.3*	**(246,382)**	(207,520)
		1,182,580	1,317,837

18.1 The remaining instalment period of above trade debts are generally for a period ranging from 6 months to 12 months carrying interest rates ranging between 7% to 32%.

18.2 Other receivables comprise of amounts recoverable from the current and former field employees amounting to Rs. 281.55 million (2014: Rs. 329.06 million) out of which 137.30 million (2014: Rs. 149.14 million) is considered as doubtful. Provision of Rs. 137.30 million has been made against this balance, net of securities available with the Company.

18.3 The Company has recognised a provision of Rs. 39.61 million (2014: Rs. 214.63 million) for doubtful debts and other receivables while an amount of Rs. 0.744 million (2014: Rs. 29.81 million) was written off during the year against provision.

19. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015	2014
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	*19.1*	**1,142**	826
- Suppliers		**720**	5,178
		1,862	6,004
Deposits			
- Trade and leases		**1,915**	1,865
- Customs and others		**6,862**	6,407
		8,777	8,272
Prepayments		**5,503**	6,575
Other receivables			
- Claims	*19.3*	**19,661**	12,956
- Accrued mark-up on investments		**230**	488
- Others	*19.3*	**1,473**	1,635
		21,364	15,079
Provision for doubtful claims	*19.4*	**(9,480)**	(9,350)
		28,026	26,580

19.1 The advances due from executives amount to Rs. 0.175 million (2014: Rs. 0.145 million).

19.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 1.142 million (2014: Rs. 0.470 million).

19.3 Claims includes claims from suppliers and product claims amounting to Rs. 19.66 million (2014: Rs. 12.96 million) against which provision of Rs. 9.48 million (2014: Rs. 9.35 million) is held.

19.4 Additional provision during the year was Rs. 0.13 million (2014: Rs. 7.07 million) while Rs. Nil balance (2014: Rs. 6.14 million) has been written off during the year.

20. INVESTMENTS

	2015	2014
	(Rupees in '000)	
	Available for sale	Held to maturity
Balance as at the year end	**36,000**	51,500

This represents term deposit receipts in respect of amounts retained from employees as security. This carries mark-up ranging from 6.1% to 6.60% (2014: 9.25 % to 9.6%) per annum, maturing on various dates by 19 January 2016. This includes term deposit placement with a related party of Rs. Nil million (2014: Rs. 18.50 million).

The current year's balance has been classified as Available for Sale due to a premature encashment of investments. Earlier these were classified as held to maturity.

The reclassification have had no financial effect except for the reclassification.

21. CASH AND BANK BALANCES

		2015	2014
		(Rupees in '000)	
Balances with banks in current accounts	*21.1*	**3,902**	4,479
Cash in hand	*21.2*	**72,338**	76,063
		76,240	80,542

21.1 This includes an amount of Rs. 1.35 million (2014: Rs. 2.1 million) relating to employees security deposit kept in a separate bank accounts by the company.

21.2 This includes cash in transit of Rs. 70.96 million (2014: Rs. 75.78 million) representing the balance held with the outlets and were deposited in the bank accounts subsequent to the year-end.

22. NET REVENUE

		2015	2014
Sales			
- Local		**1,689,125**	1,798,626
Earned carrying charges		**226,343**	253,388
		1,915,468	2,052,014
Sales tax		**(201,191)**	(222,186)
Commissions and discounts		**(139,906)**	(161,537)
		(341,097)	(383,723)
		1,574,371	1,668,291

23. COST OF SALES

		2015	2014
Opening stock - finished goods			
- own manufactured		**254,442**	357,644
- purchased for resale		**46,037**	76,338
		300,479	433,982
Purchases		**274,250**	177,464
Cost of goods manufactured	*23.1*	**851,369**	961,895
		1,426,098	1,573,341
Closing stock - finished goods			
- own manufactured		**(176,014)**	(254,442)
- purchased for resale		**(60,723)**	(46,037)
		(236,737)	(300,479)
		1,189,361	1,272,862

23.1 Cost of goods manufactured		2015	2014
		(Rupees in '000)	
Opening stock of raw materials		**121,953**	165,144
Purchases		**640,749**	807,906
		762,702	973,050
Closing stock of raw materials		**(76,560)**	(121,953)
Raw material consumed		**686,142**	851,097
Salaries, wages and other benefits	*23.1.1*	**78,954**	98,294
Stores and spares consumed		**5,731**	27,467
Depreciation on property, plant and equipment	*14.1.3*	**22,490**	14,447
Royalty reversal	*11.4*	**-**	(96,951)
Fuel and power		**12,094**	17,992
Insurance		**14,372**	16,017
Rent, rates and taxes		**844**	2,302
Repairs and maintenance		**1,002**	2,452
Travelling and conveyance		**1,358**	1,715
Communication		**235**	309
Printing and stationery		**261**	340
Provision for slow moving and damaged stock- net	*17.2*	**14,361**	18,097
		837,844	953,578
Work-in-process			
Opening stock		**30,082**	38,399
Closing stock		**(16,557)**	(30,082)
		13,525	8,317
Cost of goods manufactured		**851,369**	961,895

23.1.1 These include provision of Rs. 2.16 million (2014: Rs. 2.42 million) in respect of employee retirement benefits.

24. MARKETING, SELLING AND DISTRIBUTION COSTS

Publicity and sales promotion		**45,326**	62,455
Salaries and benefits	*24.1*	**88,017**	84,137
Rent, rates and taxes		**68,093**	65,806
Provision for doubtful debts		**-**	-
Utilities		**14,782**	22,091
Warranty obligations	*11.2*	**12,630**	1,545
Depreciation on property, plant and equipment	*14.1.3*	**22,144**	21,226
Amortisation of intangible assets	*15.2*	**3,409**	3,492
Travelling and conveyance		**18,276**	19,938
Communication		**11,604**	11,808
Printing and stationery		**6,693**	8,250
Training and sundries		**10,825**	10,314
		301,799	311,062

24.1 These include provision of Rs. 8.85 million (2014: Rs. 6.43 million) in respect of employee retirement benefits.

25. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		(Rupees in '000)	
Salaries and benefits	*25.1*	**40,134**	42,256
Legal and professional charges	*25.2*	**13,317**	16,628
Rent, rates and taxes		**720**	1,205
Utilities		**3,490**	3,240
Communication		**4,080**	4,262
Travelling and conveyance		**2,165**	2,402
Depreciation on property, plant and equipment	*14.1.3*	**2,947**	3,043
Amortisation of intangible assets	*15.2*	**379**	388
Printing and stationery		**1,711**	2,012
		68,943	75,436

25.1 These include provision of Rs. 1.09 million (2014: Rs. 1.04 million) in respect of employee retirement benefits.

25.2 Legal and professional expense up to the previous years was included in 'Other Expense'. However, the amount has been reclassified to Administrative Expenses for better presentation.

26. FINANCE COSTS

	Note	2015	2014
		(Rupees in '000)	
Mark-up on long term loans		**13,605**	21,155
Mark-up on short term running finances under mark-up arrangements and payments against documents by the banks		**132,243**	164,551
Interest on workers' profits participation fund	*11.3*	**-**	277
Finance lease charges		**2,826**	2,076
Interest on employee retention money		**4,260**	4,970
Bank charges		**5,361**	6,656
		158,295	199,685

27. OTHER EXPENSES

	Note	2015	2014
Provision for doubtful debts and others assets	*18.2*	**39,606**	214,629
Other receivables written off		**10,420**	7,070
Auditors' remuneration	*27.1*	**1,050**	900
Exchange (loss) / gain - net		**2,963**	(681)
Operating lease rentals		**1,453**	759
Other assets written off		**7,420**	9,387
		62,912	232,064

27.1 Auditors' remuneration

	2015	2014
Audit fee	**750**	660
Fee for the review of interim financial information	**94**	85
Fee for the review of code of corporate governance and other certifications	**66**	55
Out of pocket expenses	**140**	100
	1,050	900

28. OTHER INCOME

	Note	2015	2014
		(Rupees in '000)	
Income from financial assets			
Interest on investments		**2,836**	4,874
Income from non-financial instruments			
(Loss) / gain on disposal of property, plant and equipment	*14.1.4*	**(1,692)**	830
Amortisation of deferred income	*10*	**1,868**	928
Warranty income / others	*28.1*	**12,104**	9,691
		15,116	16,323

28.1 Others represents reversal of liability of Rs. 2.342 million no longer payable.

29. TAXATION

	Note	2015	2014
Current	*29.1*	**(6,378)**	17,809
Prior		**363**	7,679
Deferred		**(35,042)**	(146,264)
		(41,057)	(120,776)

29.1 Includes minimum tax of Rs. Nil and amount of Rs. 2.96 million (2014: Rs. 3.7 million) representing the tax under the financial tax regime.

29.2 A Divisional Bench of the Sindh High Court (SHC) in May 2013 had held that where no tax is payable due to tax losses, minimum tax cannot be carried forward for adjustment against the future tax liability.

The Company considers that strong grounds are available whereby the aforesaid decision can be challenged and an appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect amounting to Rs. 31.93 million (including Rs. 15.39 million for the current year) has been made in these financial statements.

29.3 The income tax assessments of the Company have been finalised up to and including the tax year 2007. The Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the ACIR amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to CIR(A) against these orders.

Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR (appeals) has set aside certain issues for reassessment and deleted certain items. For these tax years while it has maintained the apportionment of expenses between FTR and NTR income, other income attributable to NTR income, bad debts written off against the NTR income, etc. appeal has been filed with Appellate Tribunal Inland revenue against these issues. Additional tax demand is Rs. 46.25 million. However, the Company based on discussion with its tax advisors is of the view that ultimate decisions are expected in its favour and as such no provision there against has been made.

In respect of certain other tax years, the Company has filed appeals with Appellate Tribunal Inland Revenue authorities for disallowances. However, no adverse liability is expected to occur in any of these cases.

29.4 Numerical reconciliation between average effective tax rate and applicable tax rate

	2015	2014
	(Percent)	
Applicable tax rate	**32.0**	33.0
Prior year	**0.2**	1.8
Permanent differences, tax effect of income assessed under Final Tax Regime	**(10.8)**	(5.1)
Effective tax rate	**21.4**	29.7

30. LOSS PER SHARE - basic and diluted

The calculation of (loss) / earnings per share (basic and diluted) is based on (loss) / profit attributable to owners of ordinary shareholders of the Company.

There is no dilutive effect on the basic loss per share of the Company, which is based on:

	2015	2014
	(Rupees in '000)	
Loss for the year	**(150,766)**	(285,719)
	(Number of shares in '000)	
Weighted average number of ordinary shares	**45,406**	45,406
	(Rupee)	
Loss per share - basic and diluted	**(3.32)**	(6.29)

31. CASH AND CASH EQUIVALENTS

	2015	2014
	(Rupees in '000)	
Cash and bank balances	**76,240**	80,542
Short term running finance - secured	**(1,321,668)**	(1,305,600)
	(1,245,428)	(1,225,058)

32. PROVIDENT FUND RELATED DISCLOSURE

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Details of the net assets and investments out of this fund based on the unaudited financial statements are as follows:

	2015	2014
	(Unaudited)	
	(Rupees in '000)	
Size of the fund - net assets	**61,122**	69,282
Cost of the investment made	**49,147**	62,156
Fair value of the investment made	**60,305**	68,048
	(Percentage)	
Percentage of the investment made (of the size of funds)	**98.7%**	98.2%

The breakup of fair value of investments is:

	2015		2014	
	(Rupees in '000)	**%**	(Rupees in '000)	%
Bank balances	**3,177**	**5%**	491	1%
Pakistan Investment Bonds	**47,284**	**78%**	53,373	78%
Term Deposit Receipt	**9,844**	**17%**	14,184	21%
	60,305	**100%**	68,048	100%

The management, based on the un-audited financial statements of the fund, is of the view that the investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated there under.

33. FINANCIAL INSTRUMENTS

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Concentration of credit arises when a number of counter parties 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 the changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry.

The Company's customers mainly comprise of individuals. The Company's exposure to credit risk is dependent on the individual characteristics of each customer. However management also considers the demographics of the Company's customer base.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's evaluation includes consideration of financial position of customer and obtaining references. Customers that fail to meet the Company's credit evaluation criterion may transact with the Company on cash basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, and existence of previous financial difficulties. In case of hire purchase sales, the title of the goods is transferred to the customer after the payment of final instalment by the customer.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk before any credit enhancements at the reporting date was:

	Carrying amount	
	2015	2014
	(Rupees in '000)	
- Long term deposits	**23,380**	26,802
- Trade debts and other receivables	**1,182,580**	1,317,837
- Deposits and other receivables	**13,569**	7,106
- Investments (including mark-up thereon)	**36,230**	51,988
- Balances with banks	**3,902**	4,479
	1,259,661	1,408,212

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company's credit risk is distributed over several individual customers buying for domestic household needs and several dealers. No single customer accounts for 10% or more of the Company's total revenue.

Trade debts and other receivables of Rs. 422.727 million (2014: 338.09 million) are past due over 180 days (from the due date) of which Rs. 246.382 million (2014: Rs. 207.52 million) have been provided. Dues from 1 to 180 days (from the due date) but not provided amounts to Rs. 330.574 million (2014: Rs. 446.18 million). Remaining balance of Rs. 675.661 million (2014: Rs. 741.08 million) is not yet due. At 31 December 2015, provision relates to numerous individual customers and as mentioned in note 18.2 which has been determined by the management in accordance with the approved policy based on the ageing of the customer balances and historical bad debt statistics. Based on the past experience, consideration of financial position, past track records and subsequent recoveries, the management believes that the unprovided amounts are recoverable. None of the other financial assets of the Company are past due. Details of the deposits are given in note 16.

Balances with banks are held with banks, which bear high credit ratings. These ratings carried out mostly by the local credit rating agencies range between A1+ to A-2 for short term ratings and in case of long term ratings it ranges between AAA to A.

None of the financial assets of the Company are secured an impaired except as those which has been provided for in these financial statements.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in notes 11.1 and 12 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

The following are the contractual maturities of the financial liabilities (based on the remaining period as of the year-end), including estimated interest payments:

	2015				
	Carrying amount	**Contractual cash flows**	**One year or less**	**One to two years**	**Two to five years**
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured	**106,522**	**(115,775)**	**(64,705)**	**(22,945)**	**(28,125)**
Liabilities against assets subject to finance lease	**25,482**	**(29,154)**	**(10,532)**	**(7,567)**	**(11,055)**
Trade and other payables	**344,890**	**(344,890)**	**(344,890)**	**-**	**-**
Mark up accrued on short term running finance and long term loan	**33,294**	**(33,294)**	**(33,294)**	**-**	**-**
Short term running finance - secured	**1,321,668**	**(1,321,668)**	**(1,321,668)**	**-**	**-**
	1,831,856	**(1,844,781)**	**(1,775,089)**	**(30,512)**	**(39,180)**

	2014				
	Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years
	(Rupees in '000)				
Financial liabilities					
Long term loans - secured	168,421	(186,835)	(96,163)	(43,797)	(46,875)
Liabilities against assets subject to finance lease	15,423	(18,043)	(8,184)	(4,890)	(4,969)
Trade and other payables	425,722	(425,722)	(425,722)	-	-
Mark up accrued on short term running finance and long term loan	45,934	(45,934)	(45,934)	-	-
Short term running finance - secured	1,305,600	(1,305,600)	(1,305,600)	-	-
	1,961,100	(1,982,134)	(1,881,603)	(48,687)	(51,844)

33.3 Market risk

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

33.3.1 Currency risk

The Company is mainly exposed to currency risk on import of raw materials and merchandise denominated in US dollars. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2015	2014	**2015**	2014
	(USD in '000)		**(Rupees in '000)**	
Trade and other payables	**663**	1,054	**69,516**	106,422

The following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2015	2014	**2015**	2014
USD to PKR	**102.71**	100.76	**104.85**	100.97

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency trade payables.

	2015	2014
	(Rupees in '000)	
Effect on profit and loss accounts	**6,952**	10,642

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impact on the post tax profits.

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

33.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

		2015	2014
Financial assets		**(Rupees in '000)**	
		Carrying amount	
Fixed rate instruments			
Trade debts and other receivables	*18*	**993,136**	1,089,137
Investments	*20*	**36,000**	51,500
Financial liabilities			
Fixed rate instruments			
Retention from employees	*11*	**34,676**	55,757
Variable rate instruments			
Long term loans - secured	*6*	**106,522**	168,421
Liabilities against assets subject to finance lease	*7*	**25,482**	15,423
Short term running finances - secured	*12*	**1,321,668**	1,305,600

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 and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss	
	100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2015		
Cash flow sensitivity - variable rate instruments	**(14,537)**	**14,537**
As at 31 December 2014		
Cash flow sensitivity - variable rate instruments	(14,895)	14,895

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

33.3.3 Mismatch of interest rate sensitive financial assets and financial liabilities

	2015		
	Carrying amount	Exposed to yield / interest risk One year or less	Non-interest bearing financial instruments
	---------- (Rupees in '000) ----------		
Financial assets			
Long term deposits	**23,380**	**-**	**23,380**
Trade debts and other receivables	**1,182,580**	**993,136**	**189,444**
Deposits and other receivables	**13,569**	**-**	**13,569**
Investments	**36,230**	**36,000**	**230**
Cash and bank balance	**76,240**	**-**	**76,240**
	1,331,999	**1,029,136**	**302,863**
Financial liabilities			
Long term loans - secured	**(106,522)**	**(106,522)**	**-**
Liabilities against assets subject to finance lease	**(25,482)**	**(25,482)**	**-**
Trade and other payables	**(344,890)**	**(34,676)**	**(310,214)**
Mark up accrued on short term running finance and long term loan	**(33,294)**	**-**	**(33,294)**
Short term running finance - secured	**(1,321,668)**	**(1,321,668)**	**-**
	(1,831,856)	**(1,488,348)**	**(343,508)**
	(499,857)	**(459,212)**	**(40,645)**

	2014		
	Carrying amount	Exposed to yield / interest One year or less	Non-interest bearing financial instruments
	---------- (Rupees in '000) ----------		
Financial assets			
Long term deposits	26,802	-	26,802
Trade debts and other receivables	1,317,837	1,089,137	228,700
Deposits and other receivables	7,106	-	7,106
Investments	51,988	51,500	488
Cash and bank balance	80,542	-	80,542
	1,484,275	1,140,637	343,638
Financial liabilities			
Long term loans - secured	(168,421)	(168,421)	-
Liabilities against assets subject to finance lease	(15,423)	(15,423)	-
Trade and other payables	(425,722)	(55,757)	(369,965)
Mark up accrued on short term running finance and long term loan	(45,934)	-	(45,934)
Short term running finance - secured	(1,305,600)	(1,305,600)	-
	(1,961,100)	(1,545,201)	(415,899)
	(476,825)	(404,564)	(72,261)

Effective interest / mark-up rates for the financial assets and financial liabilities are as follows:

	2015 Percentage	2014 Percentage
Financial assets		
Trade debts	**7% - 32%**	7% - 31%
Investments	**6.1% - 6.6%**	9.25% - 9.6%
Financial liabilities		
Long term loans - secured	**8.1% - 9.0%**	11.68% - 11.93%
Liabilities against assets subject to finance lease	**7.46% - 13.18%**	9.77% - 13.65%
Trade and other payables	**5%**	5%
Short term running finance - secured	**7.5% - 9.1%**	10.64% - 12.18%

33.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Company did not have financial instruments exposed to other price risk.

33.4 Fair value of financial instruments

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 date.

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

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 Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

31 December 2015	**Carrying Amount**			**Fair value**
	Loans and receivables	**Other financial assets**	**Total**	**Total**
	(Rupees in '000)			
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value				
Long term deposits	23,380	-	23,380	-
Trade debts and other receivables	1,182,580	-	1,182,580	-
Deposit and other receivables	20,431	-	20,431	-
Investments	36,230	-	36,230	-
Cash and Bank balance	3,902	72,338	76,240	-
	1,266,523	**72,338**	**1,338,861**	-

31 December 2015	**Carrying Amount**			**Fair value**
	Loans and receivables	**Financial liabilities**	**Total**	**Total**
	(Rupees in '000)			
Financial liabilities not measured at fair value				
Long term loans - secured	-	106,522	106,522	-
Liabilities against assets subject to finance lease	-	25,482	25,482	-
Trade and other payables	-	344,890	344,890	-
Mark-up accrued on short term running finances and long term loans	-	33,294	33,294	-
Short term running finance			-	
- secured	-	1,321,668	1,321,668	-
	-	**1,831,856**	**1,831,856**	**-**

31 December 2014	Carrying Amount			Fair value
	Loans and receivables	Other financial assets	Total	Total
	(Rupees in '000)			
On-balance sheet financial and non-financial instruments				
Financial assets not measured at fair value				
Long term deposits	26,802	-	26,802	-
Trade debts and other receivables	1,317,837	-	1,317,837	-
Deposits and other receivables	13,513	-	13,513	-
Investments	51,988	-	51,988	
Cash and Bank balance	4,479	76,063	80,542	-
	1,414,619	76,063	1,490,682	-

31 December 2014	Carrying Amount			Fair value
	Loans and receivables	Financial liabilities	Total	Total
	(Rupees in '000)			
Financial liabilities not measured at fair value				
Long term loans - secured	-	168,421	168,421	-
Liabilities against assets subject to finance lease	-	15,423	15,423	-
Trade and other payables	-	425,722	425,722	-
Mark-up accrued on short term running finances and long term loans	-	45,934	45,934	-
Short term running finance - secured	-	1,305,600	1,305,600	-
	-	1,961,100	1,961,100	-

33.4.1 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

33.4.2 Leasehold land and buildings have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 14.1.1. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The revaluation, in case of leasehold land, was after the examination of the land features and access roads as well as the general security in the immediate vicinity and the location and frontage. Furthermore, independent enquiries through local realtors and other real estate sources was also carried out. In case of buildings it was after independent inquiries from active local realtors, occupants of the shops in the neighbouring buildings, scrutiny of past sales and the records of the valuer. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

34. CAPITAL RISK MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. There were no major changes in the Company's approach to capital management during the year.

The Company is not exposed to externally exposed capital requirements.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(Rupees in '000)							
Managerial remuneration	**3,270**	4,010	**2,900**	4,873	**19,451**	19,591	**25,621**	28,474
Contribution to provident fund	**272**	334	**242**	388	**1,367**	1,585	**1,881**	2,307
Reimbursable expenditure	**270**	328	**289**	491	**5,749**	6,089	**6,308**	6,908
Housing	**945**	1,159	**800**	1,304	**8,848**	8,636	**10,593**	11,099
Leave fare assistance and others	**1,332**	1,777	**1,478**	655	**2,322**	2,070	**5,132**	4,502
	6,089	7,608	**5,709**	7,711	**37,737**	37,971	**49,535**	53,290
Number of persons	**1**	1	**1**	1	**20**	24	**22**	26

35.1 In addition to the above, the Chief Executive, the Directors and then Executives are provided with free use of the Company maintained cars, club facility and certain items of furniture and fixtures in accordance with their entitlement. The Company also makes contributions based on actuarial calculations to gratuity and pension funds.

35.2 In addition, aggregate amount charged in the financial statements for payments on account of fee to five (2014: five) non-executive directors was Rs. 1.6 million (2014: Rs. 2.425 million) and payments on account of remuneration to the then non-executive Chairman was Rs. 2.018 million (2014: Rs. 2.035 million).

36. TRANSACTIONS WITH RELATED PARTIES

As at year-end, related parties comprised of the then parent company Singer (Pakistan) B.V., Netherlands, the then ultimate parent company Retail Holdings N.V., Netherlands, the then related foreign group companies, local associated companies, the then directors of the Company, companies where directors also hold directorships, key management personnel and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December with related parties other than those which have been disclosed else where in these financial statements are as follows:

		Transaction value		Balance payable / (receivable)	
		2015	2014	**2015**	2014
		(Rupees in '000)			
Royalty	*11.5*	**-**	(96,951)	**-**	-
Purchase of goods		**12,499**	12,067	**1,139**	3,332
Services obtained		**3,809**	6,986	**468**	4,639
Dividend on non-remittable shares		**-**	-	**517**	517
Investment on term deposit placement and accrued interest thereon {(maturity) / investments}		**(18,933)**	18,505	**-**	18,505
Employee retirement benefits	*36.2*	**27,457**	5,026	**34,030**	10,544
Remuneration of key management personnel	*36.3*	**39,611**	44,230	**-**	-

36.1 Purchases of goods, materials and services obtained are entered into at agreed prices.

36.2 Contributions to the employee retirement benefits and accrual of liability and expense are made in accordance with the terms of employee retirement benefit schemes and actuarial advice (note 8). Contributions to the provident fund are made in accordance with the service rules.

36.3 Remuneration of the key management personnel are in accordance with their terms of employment.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity (Units)	2015 Actual production (Units)	2014 Actual production (Units)
Sewing machines	50,000	**8,721**	11,867
Gas appliances	25,000	**9,722**	12,037
Refrigerators	25,000	**18,785**	24,372
Colour televisions / flat panels	22,500	**4,700**	5,871
Microwave oven	10,000	**1,039**	1,742
Split Air conditioners	10,000	**3,705**	4,109

Capacity reflects units expected to be produced on the basis of normal production hours. The under utilisation of capacity is mainly attributed to market conditions and competition.

38. AVERAGE NUMBER OF EMPLOYEES

The total number of employees as at year-end were 828 (2014: 1,022) and average number of employees were 925 (2014: 1,201).

39. GENERAL

These financial statements were authorised for issue in the meeting of Board of Directors held on 5 April , 2016.

Chairman

Chief Executive

Pattern Of Shareholding

As at 31 December 2015

As per requirement of Code of Corporate Governance

Description	No. of Shares
Associated Companies, Undertakings and Related Parties	
SINGER (PAKISTAN) B.V.	31,909,024
CONTINENTAL FURNISHING COMPANY	319
PAKISTAN AGENCIES LTD	319
INDUSTRIAL ENGINEERS LTD.	319
Chairman	
KAMAL SHAH	83,511
Chief Executive and Directors	
M.MAHMOOD AHMED	249
GAVIN WALKER	244
BADARUDDIN FATEHALI VELLANI	2,330
BASHIR AHMED	4,864
MR. FAREED KHAN	182
RASHEED Y. CHINOY	449,187
Director's spouse(s)	
Mrs Kamal Shah	108,361
Executives	5,136
Public Sector Companies and Corporations, Banks/ finance institutions,	
insurance companies, takaful, modarabas and pension funds	299,200
Shareholders holding five percent or more voting interest	
SINGER (PAKISTAN) B.V.-Holding Company	31,909,024

Pattern of Shareholdings

As at December 31, 2015

Pattern of Holding of Shares Held by Shares Holders

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held
287	1	100	5,936
339	101	500	115,200
236	501	1000	215,541
466	1001	5000	1,206,709
102	5001	10000	844,443
36	10001	15000	474,940
21	15001	20000	406,258
15	20001	25000	360,810
6	25001	30000	173,074
9	30001	35000	304,354
4	35001	40000	156,969
3	40001	45000	132,000
6	45001	50000	299,000
3	50001	55000	163,013
3	55001	60000	180,000
2	65001	70000	136,000
1	70001	75000	75,000
1	80001	85000	81,181
1	85001	90000	90,000
1	90001	95000	91,500
4	95001	100000	396,500
2	100001	105000	206,000
1	105001	110000	108,361
1	115001	120000	118,000
1	125001	130000	130,000
1	150001	155000	153,500
1	165001	170000	166,500
1	170001	175000	174,000
1	190001	195000	191,500
1	245001	250000	250,000
1	280001	285000	285,000
2	295001	300000	599,200
1	430001	435000	433,293
1	545001	550000	547,500
1	650001	655000	652,500
1	730001	735000	734,800
1	1355001	1360000	1,358,500
1	1530001	1535000	1,534,252
1	31850001	31855000	31,854,288
1566			**45,405,622**

Categories of Shareholders

S.No	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage %
1	Associated Companies, Undertakings and Related Parties	4	31,909,981	70.28
2	Joint Stock Companies	16	492,576	1.08
3	General Public -Local -Foreign	1,526 5	11,167,212 1,536,605	24.59 3.38
4	Banks, Development Finance Institutions,NBFIs, Mutual Funds & Modarbas	3	299,248	0.67
	TOTAL	1,554	45,405,622	100.00

Notes

SINGER

FORM OF PROXY

The Company Secretary
Singer Pakistan Limited
Plot No. 39, Sector 19
Korangi Industrial Area
Karachi

I/We____

of ____

being a member of **Singer Pakistan Limited** hereby appoint ___________________________

____

of ____

or failing him ____

of ____

as my proxy in my absence to attend, speak and vote for me on my behalf at the Fifty Fifth Annual General Meeting of the Company to be held on Thursday, 28 April 2016 and at any adjournment thereof.

As witness my / our hand this ________________________day of ____________________ 2016.

Rs. 5/- Revenue Stamp

Witness No.1
Name : ______________________________
Address : ______________________________
____
CNIC No.: ______________________________

____
Signature of Member(s)

Witness No. 2
Name : ______________________________
Address : ______________________________
____
CNIC No. : ______________________________

____
(Name in Block letters)

Folio No. __________________
Participant ID No. ___________
Account No. in CDC _________

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. A Member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. Members are requested:
   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Singer Pakistan Limited
Plot No. 39, Sector 19
Korangi Industrial Area
Karachi

Fold here Fold here

Fold here Fold here

Back Inside

ECO Cool ALD 122 Refrigerator

Specifications:

- Scratch resistance and texture body
- Led light
- Big storage
- Anti Fungus gasket
- Low electric consumption
- Copper piping
- Roll bond freezer for quick cooling

SINGER AT A GLANCE

14 Extension

139 Modern Outlets

Our Retail Presence

Zone	Singer Plus	Warehouse	Service Centre	Total
South	72	5	3	80
North	67	3	3	73
Total	**139**	**8**	**6**	**153**

SINGER PAKISTAN LIMITED

Plot No. 39, Sector- 19, Korangi Industrial Area, Karachi -74900, Pakistan

Tel: +92 21-35052941-5, 0331-2870001-10, Fax: +92 21-35052956

Website: www.singer.com.pk