SINGER®

2016 ANNUAL REPORT

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 shareholderswith steady asset growth and return on investmentin 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 PAGE

Company Information

Board of Directors
Umair Khan
Chairman

Haroon Ahmad Khan
Chief Executive Officer

Rasheed Y. Chinoy

Adnan Aftab

Brig (Retd.) Mukhtar Ahmed

Zafar Uddin Mehmood

Moazzam Ahmad Khan

Chief Financial Officer

Nadeem M. Butt

Chief Internal Auditor

Khurram Ali

Company Secretary

Tauseef Ahmed Zakai

Audit Committee

Brig (Retd.) Mukhtar Ahmed
Chairman

Umair Khan
Member

Moazzam Ahmad Khan
Member

Rasheed Y. Chinoy
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
Sindh Bank Limited
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.

Website

www.singer.com.pk

NOTICE OF MEETING

Notice

Notice is hereby given that the Fifty Sixth Annual General Meeting of SINGER PAKISTAN LIMITED will be held on 28th April 2017 at 11:00 a.m. at Plot No. 39, Sector # 19, Korangi Industrial Area, Karachi.

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2016 together with the Reports of Directors' and Auditors' thereon.
2. To appoint Auditors of the Company for the financial year ending 31 December 2017 and to fix their remuneration.
3. To consider any other business with the permission of the Chair.

By order of the Board

Ahmed

Tauseef Ahmed Zakai
Company Secretary

Karachi : 06th April, 2017

NOTES

MEMBERS' REGISTER CLOSURE

1) The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from 22nd April 2017 to 28th April 2017 (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:

NOTICE OF MEETING

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: 20.0%

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.

NOTICE OF MEETING

(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

	2016	2015	2014	2013
ASSETS EMPLOYED				
Current Assets	1,915,696	1,783,205	2,035,523	2,383,136
Current Liabilities	1,719,247	1,836,344	1,944,960	1,905,696
NET CURRENT ASSETS	196,449	(53,139)	90,563	477,440
Property , Plant & Equipment	1,657,732	1,309,999	1,032,370	642,318
Intangible Assets	22,345	26,074	29,826	33,596
Investment	-	-		-
Employee retirement benefits - Prepayments	-	-	-	3,548
Long Term Deposits	18,514	23,380	26,802	31,962
TOTAL ASSETS EMPLOYED	**1,895,040**	**1,306,314**	**1,179,561**	**1,188,864**
FINANCED BY:				
Share Capital	454,056	454,056	454,056	454,056
Reserves & unappropriated profit	(145,252)	(256,599)	(114,991)	161,667
Surplus on revaluation of fixed assets	1,095,855	819,486	570,192	296,594
Deferred Income	2,340	4,211	-	464
Employee retirement benefits - Obligation	51,612	47,803	19,931	19,380
Long term loans , Debenture Lease Facilities, Deposit and Deferred liabilities	755,629	237,375	250,413	256,703
TOTAL CAPITAL EMPLOYED	**2,214,240**	**1,306,332**	**1,179,601**	**1,188,864**
Sales	1,587,842	1,689,125	1,798,626	2,293,396
Profit from operations	75,057	(48,644)	(223,133)	226,182
Profit after taxation	95,377	(150,766)	(285,719)	36,259
Earning per share	2.10	(3.32)	(6.29)	0.80
Bonus share				
Amount	-	-	-	-
%	-	-	-	-
Cash dividend				
Amount	-	-	-	-
%	-	- -	-	-

TEN YEARS AT A GLANCE

(Rupees in '000')

2012 (Restated)	2011	2010	2009 (Restated)	2008	2007
2,216,944	2,067,261	1,831,867	1,609,991	1,593,872	1,361,138
1,673,872	1,524,999	1,339,354	1,160,329	1,156,781	918,298
543,072	542,262	492,513	449,662	437,091	442,840
652,417	656,101	661,989	210,499	212,213	156,915
1,753	1,759	3,607	5,083	7,638	4,666
-	-	-	-	-	6,894
9,001	13,728	18,795	15,863	30,139	5,617
30,565	32,109	32,104	31,844	32,100	27,396
1,236,808	**1,245,959**	**1,209,008**	**712,951**	**719,181**	**644,328**
412,778	375,253	341,140	310,127	275,668	245,038
164,511	160,508	159,757	162,849	181,805	144,298
291,337	301,371	305,615	-	-	-
1,392	3,247	4,175	5,103	6,031	6,959
16,483	8,006	3,929	5,173	2,360	1,962
350,307	397,574	394,392	229,699	253,317	246,071
1,236,808	**1,245,959**	**1,209,008**	**712,951**	**719,181**	**644,328**
2,390,532	2,403,853	2,263,122	2,116,878	2,131,378	1,744,173
263,636	234,739	207,491	181,992	188,854	139,006
42,079	30,620	27,921	15,503	52,561	41,951
0.93	0.74	0.74	0.45	1.69	1.52
41,278	37,525	34,114	31,013	34,459	30,630
10.0%	10.0%	10.0%	10.0%	12.5%	12.5%
-	-	-	-	-	-
-	-	-	-	-	-

ڈائریکٹران کی رپورٹ
برائے مالی سال ۳۱ دسمبر ۲۰۱۶ء

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ سالانہ رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے اختتامی سال ۳۱ دسمبر ۲۰۱۶ پیش کر رہے ہیں۔

نتائج کا عمومی جائزہ

ہم آپکو انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ برائے اختتامی سال ۳۱ دسمبر ۲۰۱۶ قبل از ٹیکس خالص منافع 124.48 ملین رہا جبکہ اسی مدت کے لئے سال ۲۰۱۵ میں 191.82 ملین روپے کا نقصان ہوا تھا۔ مالیاتی گوشواروں میں یہ مثبت تبدیلی اس لائحہ عمل کی غماز ہے جس کے تحت نہ صرف لاگت میں کمی کر کے گراس مارجن میں اضافہ، میٹریل کی دستیابی کے بہتر اور کارآمد نظام کی تشکیل، موجودہ اور دستیاب ذرائع کا عمدہ اور کارآمد استعمال، ترسیل کا قابل عمل اور کارآمد نظام، انتظامی اخراجات میں نمایاں کمی، سرمایہ کاری کے اثاثوں کا از سر نو تعین اور تمام شعبہ جات کے درمیان بہتر ٹیم ورک شامل ہے۔ آپ کی انتظامیہ مستقل بڑھوتری اور حصص کندگان کیلئے اطمینان بخش منافع کا عزم صمیم رکھتی ہے۔ مالیاتی کارکردگی مندرجہ ذیل جدول سے آشکار ہے۔

	برائے سال ۲۰۱۶	برائے سال ۲۰۱۵
	روپے '۰۰۰'	روپے '۰۰۰'
مجموعی سیلز	1,587,842	1,689,125
مجموعی مارجن	489,289	298,573
خالص منافع / (نقصان) قبل از ٹیکس	124,627	(191,823)
خالص منافع / (نقصان) بعد از ٹیکس	95,377	(150,766)
فی حصص آمدنی / (نقصان) بنیادی اور پتلا (روپے میں)	2.10	(3.32)

مستقبل کا نکتہ نظر

گلاس ڈور ریفریجریٹرز اور انورٹر ائرکنڈیشنرز کامیابی کے ساتھ ۲۰۱۷ میں متعارف کروائے جا چکے ہیں جن کی پیداوار پورے زور و شور سے جاری ہے۔ ہم اس امر کا اظہار کرتے ہوئے فخر محسوس کر رہے ہیں کہ آپ کی کمپنی کو Curved Glass Door Refrigerator کے متعدد ماڈل متعارف کروانے میں سبقت حاصل ہے۔ ان نئے ماڈلز کے اضافہ اور ڈیلر نیٹ ورک پر بھرپور توجہ نہ صرف ہمارے برانڈ کی توقیر میں اضافہ کا باعث بنے گی بلکہ اس طرح ہم مارکیٹ کے رجحان کے ساتھ چلنے کی صلاحیت حاصل کرینگے جو نہ صرف ہماری آمدنی میں اضافہ کا باعث بنے گی بلکہ کمپنی کو اس کے اہداف حاصل کرنے میں مددگار ثابت ہوگی۔

بورڈ آف ڈائریکٹرز

اس رپورٹ کو پیش کرتے وقت مندرجہ ذیل ڈائریکٹران اس عہدہ پر فائز ہیں:

جناب عمیر خان۔ چیرمین
جناب ہارون احمد خان۔ چیف ایگزیکیوٹیو آفیسر
جناب ظفرالدین محمود
بریگیڈیر (رٹائرڈ) مختار احمد
جناب عدنان آفتاب
جناب معظم اے۔ خان
جناب رشید وائی۔ چنائے

افرادی قوت

تمام ملازمین کو یکساں مواقع کی فراہمی ہماری افرادی قوت کی پالیسی کا بنیادی جزو ہے، ہم تمام ملازمین کو بنیادی سہولیات کی فراہمی اور انکی بہترین صلاحیتوں کو اجاگر کرنے میں یقین رکھتے ہیں۔ ہم ملازمین کی صلاحیتوں کو نکھارنے پر بھی یقین رکھتے ہیں کیونکہ ہم جانتے ہیں کہ ملازمین کی صلاحیتوں کو نکھار کر ہی انھیں مستقبل کے لیئے تیار کیا جاسکتا ہے۔ ملازمین کا اپنے حالات کار سے اطمینان اور ملازمین کی کارکردگی میں مسلسل اضافے کیلئے مستقل تربیت انتہائی اہم عنصر ہے جسکو صرف ٹریننگ کے ذریعے نکھارا جاسکتا ہے۔ ہمارا افرادی قوت کا شعبہ فیلڈ اسٹاف کے لیئے کام کے دوران تربیت، ورکشاپس، سیمینارز اور کانفرنسز کا انعقاد کرتا رہتا ہے۔ ٹریننگ اور

ڈائریکٹران کی رپورٹ
برائے مالی سال ۳۱ دسمبر ۲۰۱۶ء

ڈیویلپمینٹ پلان پرفارمنس ریویو پلان کا لازمی جزو ہیں جس میں مخصوص ٹریننگ کے مواقع بھی شامل ہیں جن کے ذریعہ صلاحیتوں کو اجاگر کیا جاتا ہے۔

مشترکہ سماجی ذمہ داریاں

کمپنی سماجی ذمہ داری کے اصولوں پر کاربند ہے اور اعلیٰ ترین سماجی اقدار پر قائم ہے۔ کمپنی کے CSR پروگرام میں ماحول کی حفاظت، فلاحی اسکیمیں، حفاظتی اقدامات، صنعتی تعلقات، کاروباری جگہوں کا محفوظ ہونا اور کاروبار کو بہترین اصولوں پر چلانا یقینی بنایا جاتا ہے۔

انفارمیشن ٹیکنالوجی

معلوماتی نظام کی ترقی و ترویج کا عزم رکھتے ہوئے، I.T. میں زیادہ سے زیادہ سرمایہ کاری کر کے متعلقہ معلوماتی نظام کو بہتر بنانے کیلئے پالیسی شروع کی گئی ہے، جس سے انتظامیہ کی فیصلہ سازی پر زیادہ سے زیادہ اور بہتر سے بہتر عملدرآمد ممکن ہوگا۔

کاروبار کے طریقہ کار میں بہتری

ہر لمحہ بدلتے کاروباری معاملات کی اس دنیا میں یہ ضروری ہے کہ کاروبار کے نئے طریقوں کو سمجھ کر انہیں اختیار کیا جائے۔ اسی امر کو مدنظر رکھتے ہوئے آپکی انتظامیہ نے کاغذی عمل کو الیکٹرونکس (I.T.) پر منتقل کرنے کا فیصلہ کیا ہے، جس پر جلد ہی مکمل عمل درآمد شروع کر دیا جائے گا۔

شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کے نمونہ کا گوشوارہ صفحہ 101 پر ملاحظہ کریں۔

ذیلی کمپنی

آپکی کمپنی نے ڈیلرز کو اپنی مصنوعات فراہم کرنے کیلئے 'الیکٹرونکس مارکیٹنگ کمپنی (پرائیویٹ) لیمیٹڈ' کے نام سے ایک ذیلی کمپنی تشکیل دی ہے جو مکمل طور پر آپکی کمپنی کی ملکیت ہے۔ اس نئی کمپنی کے ۱۰/- روپے فی حصص کے حامل ۲۰۰،۰۰۰ عمومی حصص ہیں۔ یہ ذیلی کمپنی ستمبر ۲۰۱۶ میں تشکیل دی گئی تھی۔ جسنے اپنا کاروبار فروری ۲۰۱۷ میں شروع کیا ہے۔

آڈیٹرز

کمپنی کے موجودہ بیرونی آڈیٹرز KPMG Taseer Hadi & Co., Chartered Accountants اپنے عہدہ سے مستعفی ہو گئے ہیں اور انہوں نے ایک بار پھر اپنی خدمات برائے اختتامی سال ۳۱ دسمبر ۲۰۱۷ پیش کی ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ

بورڈ آف ڈائریکٹرز نے سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ریگولیشنز برائے کوڈ آف کارپوریٹ گورنینس کے یقینی نفاذ کیلئے خاطر خواہ اقدامات اٹھائے ہیں۔

کارپوریٹ اور فائنینشل رپورٹنگ فریم ورک کے بارے میں ہماری گزارشات درج ذیل ہیں:

انتظامیہ کے بنائے ہوئے مالیاتی گوشوارے اس امر کے غماز ہیں کہ اس کے انتظامی معاملات، نتائج، پیسے کا بہاؤ، ایکویٹی میں تبدیلی جیسے امور صحیح طور پر بیان کیئے گئے ہیں۔

خانگی حسابات برقرار رکھے گئے ہیں۔

اکاؤنٹنگ پالیسیاں ترتیب دیتے ہوئے اس امر کا مسلسل اہتمام کیا گیا ہے کہ وہ درست اور مناسب ہونے کے ساتھ ساتھ مبنی بر حقیقت ہوں۔

کمپنی کے مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیار کے مطابق ہیں جو پاکستان میں رائج ہیں۔

اندرون کمپنی کنٹرول بہت محفوظ نظام پر ترتیب دیا گیا ہے اور اس بات کو یقینی بنایا گیا ہے کہ اسکا اطلاق پر اثر ہو، انحراف ممکن نہ ہو اور اسکی نگرانی قابل عمل ہو۔

کمپنی کا جاری و ساری رہنا تمام شکوک سے بالاتر ہے۔

جیسا کہ لسٹنگ کے ضوابط میں مفصلاً تحریر کیا گیا ہے کوڈ آف کارپوریٹ گورننس کی کسی بھی شق سے انحراف نہیں کیا گیا ہے۔

بیک نظر جائزہ کے لیئے گزشتہ دس سال کے کلیدی معاملات اور مالیاتی گوشواروں کا خلاصہ منسلک کیا گیا ہے۔

ڈائریکٹران کی رپورٹ
برائے مالی سال ۳۱ دسمبر ۲۰۱۶۔

۳۱ دسمبر ۲۰۱۶ کے اختتام پر پراویڈنٹ فنڈ، گریجوئیٹی فنڈ اور پینشن فنڈ کی سرمایہ کاری مندرجہ ذیل ہے:

پراویڈنٹ فنڈ 49.147 ملین روپے

گریجوئیٹی فنڈ 18.843 ملین روپے

پینشن فنڈ 43.208 ملین روپے

بقایا ڈیوٹی، ٹیکسز اور قانونی مدات (اگر ہوں) کیئے گئے اخراجات مالیاتی گوشواروں میں ظاہر کردیئے گئے ہیں۔

کاروباری سال میں بورڈ آف ڈائریکٹرز کی ٦ میٹنگز منعقد کی گئیں، ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	بورڈ اجلاسوں میں حاضریوں کی تعداد	آڈٹ کمیٹی کے اجلاسوں میں حاضریوں کی تعداد	ایچ۔آر کمیٹی کے اجلاسوں میں حاضریوں کی تعداد
جناب عمیر خان	۵	۳	۲
جناب ہارون احمد خان	٦	۴	۲
جناب محمود احمد	۵	۔	۔
جناب ظفر الدین محمود	۔	۔	۔
بریگیڈیر (ریٹائرڈ) مختار احمد	٦	۴	۲
جناب عدنان آفتاب	٦	۔	۔
جناب معظم اے۔خان	۱	۱	۔
جناب رشید وائی۔چنائے	٦	۴	۔

ان ڈائریکٹران کو غیر حاضری کی رخصت دی گئی جو بورڈ میٹنگ میں شرکت نہ کرسکے۔

سال کے دوران کمپنی کے ڈائریکٹرز، چیف آپریٹنگ آفیسر، چیف فائننشل آفیسر، کمپنی سیکریٹری، ایگزیکیوٹو زانکی بیگمات اور نابالغ بچوں میں سے کسی نے بھی کمپنی کے شیئرز کی خرید وفروخت کا کاروبار نہیں کیا سوائے اسکے جسکا تذکرہ تازہ ترین ہولڈنگ کے پیٹرن میں کیا گیا ہے۔

اختیارات اور کاروباری عمل کا بیان جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت لازم ہیں، بورڈ نے باقائدہ منظور کیا ہے اور تمام ملازمین اور ڈائریکٹران نے اس پر دستخط کیئے ہیں۔

مجموعی نکات

بورڈ کی نگاہ آنے والی سالانہ جنرل میٹنگ پر ہے جہاں ۲۰۱٦ کے دوران کمپنی کی کارکردگی پر تبادلۂ خیال ہوگا۔ بورڈ کے ارکان دل کی گہرائیوں سے شکر گزار ہیں اس اعتماد اور بھروسے کے جو حصص کنندگان نے ان پر کیا۔
اسی طرح ہم اپنے ملازمین کے بھی شکر گزار ہیں کیونکہ اچھے اور شاندار نتائج سب سے پہلے ملازمین کی کاوشوں کے مرہون منت ہوتے ہیں۔
۲۰۱٦ میں انہی تمام کاوشوں نے اہم کردار ادا کیا جسکے لیئے ہم ان کے شکر گزار ہیں۔

ویب سائٹ

تمام متعلقہ حضرات اور عوام الناس سنگر پاکستان لیمیٹڈ کی ویب سائٹ www.singer.com.pk پر لاگ آن ہوسکتے ہیں۔

اعترافات

کمپنی کے بورڈ آف ڈائیریکٹرز خلوص دل سے اپنی کمپنی کے ملازمین کی انتھک محنت اور جذبے کی قدر کرتے ہیں اور انکے شکر گزار ہیں۔ اس موقع سے فائدہ اٹھاتے ہوئے بورڈ آف ڈائریکٹرز اپنے تمام حصص کنندگان، کسٹمرز، ڈیلرز، سپلائرز اور مالیاتی اداروں کا شکریہ ادا کرتے ہیں، جنھوں نے اس آزمائش کی گھڑی میں مسلسل ہمارا ساتھ دیا اور ہمارے شانہ بشانہ کھڑے رہے۔

منجانب بورڈ

جناب ہارون احمد خان

چیف آپریٹنگ آفیسر

REPORT OF THE DIRECTORS
For the year ended 31st December 2016.

The Directors of your Company are pleased to present the Annual Report and the Company's audited financial statements for the year ended December 31, 2016.

OVERVIEW OF RESULTS

We are pleased to inform that Net Profit before tax for the year ended December 31, 2016 stand at Rs. 124.627 Million compared to a net loss of Rs. 191.823 Million for 2015. The positivity reflected in the statement of accounts occurred due to change in strategies like cost savings evident by increase in gross margins, efficient material planning, effective resource utilization, planned logistic activities, reduction in administrative expenses, revaluation of investment assets and valuable teamwork among all departments. Your Management is committed to maintain sustainable growth and adequate returns for the shareholders. The financial performance for the year is summarized as follows:

	2016 PKR "000"	2015 PKR "000"
Gross Sales	1,587,842	1,689,125
Gross Margin	489,943	298,573
Net Profit/(Loss) Before Tax	124,627	(191,823)
Net Profit/(Loss) After Tax	95,377	(150,766)
Earnings / (Loss) per share-basic and diluted (in Rupees)	2.10	(3.32)

FUTURE OUTLOOK

Glass Door Refrigerator models and Inverter Air Conditioner models are successfully launched in 2017 and the production of these new models is in full pace. We are proud to mention that your company is the first one to introduce curved glass door refrigerator variants in the product line. Introduction of these new models and our focus on dealers' network shall not only enhance your Company's brand image and bring the Company products in line with market trends, but shall also have a positive impact on profitability and shall contribute towards achievement of overall organizational goals.

BOARD OF DIRECTORS

The Directors of the Company in office at the date of this report are as follows:

Mr. Umair Khan - Chairman
Mr. Haroon A. Khan - Chief Executive Officer
Mr. Zaffar Uddin Mahmood
Brig. (Retd.) Mukhtar Ahmed
Mr. Adnan Aftab
Mr. Moazzam A. Khan
Mr. Rasheed Y. Chinoy

RECOMMENDATION FOR DIVIDEND

A good return & payout to shareholders is one of the primary objectives of your Company. However, taking into consideration accumulated losses sustained by the Company in the past, the Directors of the Company has not recommended any payment towards dividend and bonus shares, for approval by the shareholders.

HUMAN RESOURCE

The principle of equal opportunity is central to our HR policies and we are committed to equipping all employees with their job roles and support them to realize their full potential. The company places high regard in grooming talent as it believes that its employees are the sustainable competitive advantage for the future. An important aspect of employee satisfaction and career enrichment is a continuous drive towards training and development. Activities conducted by our human resource section include on-the-job trainings, workshops, seminars and conferences for field staff. Training and development plans are integral part of performance review process and includes specific training events to develop new skills.

CORPORATE SOCIAL RESPONSIBILITY

The company operates in a socially responsible manner and is committed to the highest standards of corporate behavior. Accordingly, the company's CSR program has a very wide scope encompassing initiatives in the areas of environmental protection, welfare schemes, consumer protection measures, industrial relations, occupational safety and business ethics.

REPORT OF THE DIRECTORS
For the year ended 31st December 2016.

INFORMATION TECHNOLOGY
In line with our endeavors to upgrade information systems we have started with our policy to invest more and more in Information Technology (IT) and upgrade of related infrastructure, thereby enhancing both qualitative and quantitative aspects of management decision making.

BUSINESS PROCESS IMPROVEMENTS
In this world of ever changing business processes, it is essential to evolve new ways of business dealing and processes. Keeping this concept in mind the management evolved business processes by converting paper based systems to electronic.

PATTERN OF SHAREHOLDING
A statement of the pattern of shareholding is shown on page 101.

SUBSIDIARY COMPANY
Your company has established a fully owned subsidiary in the name and style of 'Electronic Marketing Company (Private) Limited', holding 200,000 ordinary shares of Rs.10/-, for marketing of the Company's products to its dealers. The company was incorporated in September 2016 and commenced its operations in February 2017.

AUDITORS
The present external auditors, 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 2017.

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;
- The Board is making adequate arrangements to carry out orientation courses for its Directors to acquaint them with this code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of your Company for and on your behalf, as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan;
- Adequate systems and controls are in place for identification and redress of grievances arising from unethical practices;
- 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 2015 are as follows:
  - Provident Fund Rs. 49.147 million
  - Gratuity Fund Rs. 18.843 million
  - Pension Fund Rs. 43.208 million
- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- During the last business year six meetings of the board of directors were held. Attendance by each director was as follows:

REPORT OF THE DIRECTORS
For the year ended 31st December 2016.

Name of director	No. of Board meetings attended	No. of Audit Committee meetings attended	No. of HR&R Committee meetings attended
Mr. Umair Khan	5	3	2
Mr. Haroon A. Khan	6	4	2
Mr. Mehmood Ahmed	5	-	-
Mr. Zaffar Uddin Mahmood	-	-	-
Brig. (Retd.) Mukhtar Ahmed	6	4	2
Mr. Adnan Aftab	6	-	-
Mr. Moazzam A. Khan	1	1	-
Mr. Rasheed Y. Chinoy	6	4	-

- Leave of absence was granted to directors who could not attend the board meetings.
- 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.
- Your company maintains a board sanctioned code of conduct called ‘Statement of Ethics and Business Conduct’ which is regularly updated. The code of conduct requires adherence with external laws and regulations as well as internal steering documents and is systematically implemented and followed up through our compliance system. Your Board has ensured appropriate to disseminate it throughout the Company along-with supporting policies and procedures.
- Your Company has complied with all the corporate and financial reporting requirements of the Code as of 31 December 2016, except as mentioned in the Statement of Compliance.

GENERAL

The board looks forward to the forthcoming Annual General Meeting of the shareholders to discuss company performance in 2016, and is profoundly thankful for the trust and confidence reposed in the board by the shareholders.

We are exceedingly grateful to our employees as good results are first and foremost due to people, and thank all the employees whose efforts played a major role in the results achieved in 2016.

WEBSITE

All our stakeholders and general public can log on to the Singer Pakistan limited website at www.singer.com.pk

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 Company. The Board would also like to take this opportunity to extend their welcome and thanks to all its shareholders, customers, dealers, suppliers and the financial institutions for their continuous support in this challenging time.

On behalf of the Board

Chief Executive Officer
Karachi: 6th April 2017


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Statement of Compliance
For the year ended 31 December 2016

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 2016 the Board included:

Category	Names
Non-executive directors	Mr. Zafar Uddin Mehmood Mr. Moazzam Ahmad Khan Mr. Rasheed Y. Chinoy
Independent director	Mr. Umair Khan (Chairman)
Executive directors	Mr. Haroon Ahmad Khan (Director & Chief Executive Officer) Mr. Adnan Aftab Brig. (Retd.) Mukhtar Ahmed

The independent director as of 31 December 2016 met the criteria of independence under clause 5.19.1(b) of the CCG.

At 31 December 2016, the number of executive directors exceeded one third of the elected directors including the Chief Executive (the limit imposed by the Code of Corporate Governance).

2. All the directors as of 31 December 2016 have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the directors of the Company as of 31 December 2016 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 vacancy occurring on the Board on 15 December 2015 was filled up by the Directors during the year within 90 days i.e. 19 January 2016. However on 19 January 2016, the entire Board was also reconstituted due to the change in the ownership of the Company as also explained in note 1 to the financial statements.
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 2016 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. The Code of Corporate Governance requires that by 30 June 2018, at least half of the directors on the Board shall acquire the certification of the directors training programme offered by institutions that meet the criteria specified by Securities and Exchange Commission of Pakistan. One director 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, one director is exempt from training by virtue of his minimum education and years of experience on the board of a listed company as stipulated in the Code of Corporate Governance. Arrangement shall be made to comply with the requirement regarding the remaining directors within the time frame specified above.

10. During the year, the Company Secretary, Chief Financial Officer (CFO) and Head of Internal Audit had resigned and a new Company Secretary, CFO and Head of Internal Audit were appointed. The Board has approved appointments of Company Secretary, CFO and Head of Internal Audit. The remunerations, terms and conditions of the employment of Company Secretary, CFO and Head of Internal Audit and any changes thereto have been approved by the Board of Directors.
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 2016, except as mentioned in the Statement of Compliance.
15. The Board has formed an Audit Committee. It comprised of four members, of whom one is independent director, two are non-executive directors (other than the independent director) and one director is the executive director. Chairman of the Committee is an executive director. As per the Code of Corporate Governance, every listed company shall establish an Audit Committee at least of three members comprising of non-executive directors and at least one independent director. However one executive director is on the Audit Committee who is also the Chairman of the Committee.
16. The meetings of the Audit Committee during the year ended 31 December 2016 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 2016 had formed a Human Resource and Remuneration Committee (HR & R). It comprises three members, of whom one is an independent director and two are executive directors including the Chairman of the Committee. The Code of Corporate Governance requires that majority of the members shall be non-executive directors. However in the Company's case executive directors were in majority. The Company intends to address this matter shortly.
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.

Haroon Ahmad Khan
Chief Executive Officer
Karachi: 06 April 2017

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan

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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") as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ('PSX') as prepared by the Board of Directors of Singer Pakistan Limited ("the Company") for the year ended 31 December 2016 to comply with the requirements of Listing Regulations of Pakistan 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 audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The 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 2016.

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

(a) Paragraph 1, which mentions that number of executive directors exceeded one third of the elected directors including the Chief Executive as mentioned in the Code of Corporate Governance.

(b) Paragraph 15, which mentions that one of the executive director of the Company is a member and also the Chairman of the Audit Committee as against the requirement of the Code of Corporate Governance under which the Audit Committee shall comprise non-executive directors and at least one independent director.

(c) Paragraph 17, which mentions that majority of the members of the Human Resource and Remuneration Committee are executive directors as against the requirement of the Code of Corporate Governance under which the majority of the members shall be non-executive directors.

Date: 06 April, 2017
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG

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Auditors' Report to the Members

We have audited the annexed balance sheet of Singer Pakistan Limited ("the Company") as at 31 December 2016 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;

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 2016 and of the profit, 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).

Date: 06 April, 2017
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani
Engagement Partner

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Balance Sheet
As at 31 December 2016

Singer Pakistan Limited
Balance Sheet
As at 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
70,000,000 (2015: 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	4	-	117,837
Accumulated loss		(150,252)	(379,436)
Shareholders equity		308,804	197,457
Surplus on revaluation of property, plant and equipment - net of tax	5	1,095,855	819,468
Non-current liabilities			
Long term loans - secured	6	528,125	46,875
Liabilities against assets subject to finance lease	7	10,944	17,353
Employee retirement benefits - obligation	8	51,612	47,803
Deferred tax - net	9	216,560	173,147
Deferred income	10	2,340	4,211
Total non-current liabilities		809,581	289,389
Current liabilities			
Trade and other payables	11	474,696	411,735
Mark-up accrued on short term running finances and long term loans		40,005	33,294
Short term running finances - secured	12	1,177,396	1,321,668
Current portion of long term loans	6	18,750	59,647
Current portion of liabilities against assets subject to finance lease	7	6,529	8,129
Current portion of deferred income	10	1,871	1,871
Total current liabilities		1,719,247	1,836,344
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		3,933,487	3,142,658

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,657,732	1,309,999
Intangible assets	15	22,345	26,074
Investment property	16	317,200	-
Investment in a subsidiary Company	17	2,000	-
Long term deposits	18	18,514	23,380
Total non-current assets		2,017,791	1,359,453
Current assets			
Stores, spares and loose tools		5,112	10,885
Stock-in-trade	19	509,039	291,180
Trade debts and other receivables	20		
- Retail		714,943	1,137,389
- Wholesale		348,374	45,191
Advances, deposits, prepayments and other receivables	21	33,036	28,026
Taxation - net	31	157,100	158,294
Investments	22	-	36,000
Cash and bank balances	23	148,092	76,240
Total current assets		1,915,696	1,783,205
TOTAL ASSETS		3,933,487	3,142,658

Chief Executive

Director

Profit and Loss Account

For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
Sales		1,587,842	1,689,125
Sales tax		(188,236)	(201,191)
	24	1,399,606	1,487,934
Cost of sales	25	(910,317)	(1,189,361)
Gross margin		489,289	298,573
Marketing, selling and distribution costs	26	(444,943)	(441,705)
Administrative expenses	27	(68,046)	(68,943)
Other expenses	28	(12,604)	(62,912)
Other income	29	191,364	15,116
		(334,229)	(558,444)
		155,060	(259,871)
Earned carrying charges	20.6	111,361	226,343
Finance costs	30	(141,794)	(158,295)
		(30,433)	68,048
Profit / (loss) before taxation		124,627	(191,823)
Taxation	31	(29,250)	41,057
Profit / (loss) for the year		95,377	(150,766)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	32	2.10	(3.32)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
Profit / (loss) for the year		**95,377**	(150,766)
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Actuarial gain / (loss) on employee retirement benefit	8.7	**2,749**	(16,929)
Related tax effect		**(828)**	5,264
		1,921	(11,665)
Total comprehensive income / (loss) for the year		**97,298**	(162,431)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		124,627	(191,823)
Adjustment for:			
- Depreciation on property, plant and equipment		68,434	47,581
- Amortisation of intangible assets		3,729	3,788
- Finance costs		141,794	158,295
- Loss on sale of property, plant and equipment		1,703	1,692
- Unrealised gain on investment property at fair value		(109,400)	-
- Amortisation of deferred income		(1,871)	(1,868)
- Provision for doubtful debts		(68,802)	50,026
- Provision for slow moving stock		(10,597)	14,361
- Provision for employee retirement benefits		8,089	12,106
		157,706	94,158
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,773	(4,272)
Stock-in-trade		(207,262)	122,659
Trade debts and other receivables		188,065	95,652
Advances, deposits, prepayments and other receivables		(5,010)	(1,446)
		(18,433)	212,593
Decrease in current liabilities			
Trade and other payables		62,961	(87,884)
		202,234	218,867
Income tax paid - net		(20,060)	(33,944)
Finance costs paid		(133,331)	(168,109)
Employee retirement benefits paid		(1,531)	(1,163)
Long term deposits - net		4,866	3,422
Net cash flows from operating activities		52,178	19,073
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(301,494)	(590)
Proceeds from disposal of property, plant and equipment		847	21,257
Investments in Subsidiary during the year - net		(2,000)	-
Bank balances held in employees security deposits accounts		(59,993)	(1,349)
Investments matured during the year - net		36,000	15,500
Net cash flows from investing activities		(326,641)	34,818
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(9,761)	(13,711)
Short term borrowing		(14,900)	294,900
Disbursement of loans-net		440,353	(61,899)
Net cash flows from financing activities		415,692	219,290
Net increase in cash and cash equivalents		141,229	273,181
Cash and cash equivalents at beginning of the year		(951,877)	(1,225,058)
Cash and cash equivalents at end of the year	33	(810,648)	(951,877)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity
For the year ended 31 December 2016

	Note	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Accumulated (loss)	Total
		(Rupees in '000)				
Balance as at 1 January 2015		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 gain 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					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
Transfer of revenue reserve to accumulated loss	4.2	-	-	(117,837)	117,837	-
Total comprehensive income for the year ended 31 December 2016						
Profit for the year		-	-	-	95,377	95,377
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax	8.7	-	-	-	1,921	1,921
		-	-	-	97,298	97,298
Transfer from surplus on revaluation of property, plant and equipment - (incremental depreciation) - net of tax	5	-	-	-	14,049	14,049
Balance as at 31 December 2016		454,056	5,000	-	(150,252)	308,804

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Notes to the Financial Statements

For the year ended 31 December 2016

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 Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19,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. However during the current year, Singer (Pakistan) B.V., Netherlands 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 on leasehold land which are stated at revalued amounts less subsequent depreciation and impairment losses, if any and investment property which is stated at fair value.

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 be enrounded 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, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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:
- Residual value, market values and useful lives of Property, Plant and Equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Investment Property (note 3.3)
- Provision for employee retirement benefit plans (note 3.4)
- Stock in trade and stores and spares and loose tools at net realisable value (notes 3.5 and 3.6)
- Provision for impairment of trade debts and other receivables (note 3.7)
- Provision for warranty claims (note 3.14)
- Taxation (note 3.16)

Notes to the Financial Statements

For the year ended 31 December 2016

2.5 Standards and IFRIC interpretations 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 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1st January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes taxd eductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments required is closures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments;(b) classification of share-based payments settled net of tax with holdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled.
  The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

  -Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5

  -'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

  -Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

  -IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

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

Notes to the Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in thesefinancial statements. However during the year, the company adopted the accounting policies asdisclosed in note 3.3 and 3.8 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 (in case of buildings only) 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 regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. 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 there valuation 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. I 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.

Notes to the Financial Statements

For the year ended 31 December 2016

3.2 Intangible assets

Intangible assets are stated at cost. 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. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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

Gain or loss from de recognition of intangible assets are recognised in Profit and loss account.

3.3 Investment property

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company’s intentions regarding the use of a property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipments. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings/accumulated losses and the transfer is not made through the profit and loss account. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the profit and loss account (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and loss account would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent re measurement). The revaluations of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

3.4 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 also 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.

Notes to the Financial Statements

For the year ended 31 December 2016

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.

3.5 Stores, spares and loose tools

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. 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. Provision is made for any excess of carrying value over the estimated net realizable value and is recognised in the Profit and loss account.

3.6 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.

3.7 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.

3.8 Investments in Subsidiary

Investment in subsidiary is initially recognised and carried at cost. The carrying amount of investment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist the investment's recoverable amount is estimated which is the higher of the value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment loss is recognised in profit and loss account. An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment loss is recognised in the profit and loss account.

3.9 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.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, and deposits held with banks (excluding bank deposits held in employee security deposit accounts) 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 (excluding murabaha finances)availed by the Company are also included as part of cash and cash equivalents for the purpose of cash flow statement.

3.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.12 Liability against assets subject to finance lease

Lease payments made under finance leases are apportioned between the finance expense and there ducti on 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.

3.13 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.

3.14 Warranty obligations

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

3.15 Revenue recognition

- Sales are stated net of sales tax, rebate and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

- 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 over the period of the sale under the hire purchase arrangement.

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

3.16 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.

Notes to the Financial Statements

For the year ended 31 December 2016

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 the settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset (including the deferred tax asset on tax losses) 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.

3.17 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

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.

3.18 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 de recognised when its contractual obligations are discharged, cancelled or expired. Gain or loss on de recognition is recognised in Profit and loss account.

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.

3.19 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.

3.20 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.

3.21 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.

Notes to the Financial Statements

For the year ended 31 December 2016

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 ad is count 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.

3.22 Foreign currency translations

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.

3.23 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.

3.24 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 & RESERVES

2016	2015		2016	2015
(Number of shares)			(Rupees in '000)	
		Fully paid-up ordinary sharesof 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

4.1 During the year, in January 2016, Singer (Pakistan) B.V., Netherlands, disposed off its entire share holding in the Company (comprising 31,909,024 ordinary shares of Rs. 10 each).

Currently, the single largest investor group comprises of (a) Poseidon Synergies (Private) Limited (8,509,024 shares at 18.70% of the total share capital), (b) Mr. Haroon Ahmad Khan (7,000,000 shares at 15.42% of the total share capital) and (c) Mrs. Nighat Haroon Khan (2,900,000 shares at 6.39% of the total share capital) cumulatively at 40.50%.

4.2 Revenue reserves have been transferred to accumulated losses as per the approval of Board of Directors of the Company in their meeting held on 29 April 2016

Notes to the Financial Statements

For the year ended 31 December 2016

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

	Note	2016	2015
		(Rupees in '000)	
Surplus on revaluation of leasehold land and buildings - as on 01 January		1,156,684	859,091
Surplus on revaluation of leasehold land recognised during the year	14.1.1	362,597	480,293
Surplus on revaluation of buildings on leasehold land recognised during the year - net	14.1.1	(37,576)	(152,870)
Surplus on disposal of asset recognised in equity		-	(12,071)
Incremental depreciation transferred to equity	*	(19,245)	(17,759)
	5.1	1,462,460	1,156,684
Deferred tax liability - as on 1 January		(337,216)	(288,939)
Deferred tax on revaluation recognised during the year		(94,351)	(95,457)
Deferred tax on disposal of shop reversed during the year		-	3,711
Tax effect due to change in tax rate proportion		-	38,173
Deferred tax reversal on investment property		59,766	-
Tax effect on transfer of incremental depreciation to retained earnings	*	5,196	5,296
Deferred tax liability		(366,605)	(337,216)
Balance as at 31 December (2016: land: Rs. 975.81 million & building: Rs. 120.045 million)		1,095,855	819,468

5.1 This includes balance of Rs. 204.999 million representing surplus on revaluation of the portion of land and building classified as investment property during the year. The balance is as of 5 July 2016, the date when the above related assets were classified as investment property.

5.2 Refer note 14.1.1 for details.

* Net effect amounting to Rs. 14.05 million (2015: Rs. 12.46 million) has been transferred to equity.

6. LONG TERM LOANS - secured

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

	Security	Frequency of Instalments	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	2016	2015
						(Rupees in '000)	
Term loan 1	6.1	quarterly	2016-2021	Refer note 6.4	3 Months KIBOR Plus 3.00%	500,000	-
Term loan 2	6.2	quarterly	2014-2019	4,688	3 Months KIBOR Plus 1.75%	46,875	70,312
Term loan 3	6.1	quarterly	2012-2015	5,585	3 Months KIBOR Plus 1.50%	-	5,585
Term loan 4	6.2	half-yearly	2011-2016	12,500	6 Months KIBOR Plus 1.50%	-	25,000
Term loan 5	6.2	quarterly	2012-2016	1,875	3 Months KIBOR Plus 1.50%	-	5,625
						546,875	106,522
Current portion of long term loans							
Term loan 2	6.2	quarterly	2014-2019	4,688	3 Months KIBOR Plus 1.75%	(18,750)	(23,437)
Term loan 3	6.1	quarterly	2012-2015	5,585	3 Months KIBOR Plus 1.50%	-	(5,585)
Term loan 4	6.2	half-yearly	2011-2016	12,500	6 Months KIBOR Plus 1.50%	-	(25,000)
Term loan 5	6.2	quarterly	2012-2016	1,875	3 Months KIBOR Plus 1.50%	-	(5,625)
						(18,750)	(59,647)
						528,125	46,875

Notes to the Financial Statements
For the year ended 31 December 2016

6.1 Equitable mortgage charge on owned shops of the Company and first pari passu charge on land, building, machinery and equipments located at the factory (refer note 12.2).

6.2 First pari passu charge on land, building, machinery and equipment located at the factory (refer note 12.2).

6.3 At the year-end, the applicable mark-up rate was between 7.87% to 9.12% per annum (2015: 8.1% to 9%).

6.4 Term loan 1 from a Bank obtained during the year is repayable in different quarterly principal amounts between Rs. 32.4 million to Rs. 52.684 million from 30 June 2018 to 24 March 2021.

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:

	2016			2015		
	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	7,855	1,326	6,529	10,091	1,962	8,129
Later than one year and not later than five years	11,562	618	10,944	19,063	1,710	17,353
	19,417	1,944	17,473	29,154	3,672	25,482

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 (2015: KIBOR plus 1.75% to 5.0% per annum). KIBOR is 1 month/ 3 months and 6 months average ask side. At the year-end the applicable rate ranged between 7.12% to 11.15% (2015: 7.46% to 13.18%) 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

		2016	2015
		(Rupees in '000)	
Employee retirement benefits - obligation			
- Gratuity fund - permanent employees	*8.2*	19,780	22,345
- Gratuity - field staff	*8.2*	13,346	14,670
- Pension fund	*8.2*	18,486	10,788
		51,612	47,803

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 2016 under the Projected Unit Credit method are given below.

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

	2016	2015
	(Percentage)	
1) Discount rate per annum	8.00	9.00
2) Expected per annum rate of increase in future salaries	6.00 to 7.00	6.00 to 7.00
3) Expected rate of increase in pension	Nil	Nil

Notes to the Financial Statements

For the year ended 31 December 2016

	Note	Pension Fund		Gratuity					
				Permanent employees (funded)		Field staff (unfunded)		Total	
		2016	2015	2016	2015	2016	2015	2016	2015
		(Rupees in '000)							
8.2 Amounts recognised in balance sheet									
Present value of defined benefit obligation	8.4	80,268	75,101	34,166	47,564	13,346	14,670	47,512	62,234
Fair value of plan assets	8.5	(61,782)	(64,313)	(14,386)	(25,219)	-	-	(14,386)	(25,219)
Liability on the balance sheet		18,486	10,788	19,780	22,345	13,346	14,670	33,126	37,015
8.3 Movement in net defined benefit liability recognised in balance sheet									
Opening balance		10,788	2,674	22,345	7,870	14,670	9,387	37,015	17,257
Cost recognised in profit or loss for the year	8.6	2,827	1,508	5,055	4,152	207	6,446	5,262	10,598
Contribution / payments during the year		-	-	-	-	(1,531)	(1,163)	(1,531)	(1,163)
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss	8.7	4,871	6,606	(7,620)	10,323	-	-	(7,620)	10,323
Closing balance		18,486	10,788	19,780	22,345	13,346	14,670	33,126	37,015

	Note	Pension Fund		Gratuity					
				Permanent employees		Field staff		Total	
		2016	2015	2016	2015	2016	2015	2016	2015
		(Rupees in '000)							
8.4 Movement in present value of defined benefit obligations									
Liability for defined benefit obligation at 1 January		75,101	71,256	47,564	52,466	14,670	9,387	62,234	61,853
Benefits paid		(6,183)	(6,038)	(12,188)	(10,471)	(1,531)	(1,163)	(13,719)	(11,634)
Current service cost		1,877	1,240	3,128	3,366	207	6,446	3,335	9,812
Interest cost		6,704	7,229	4,304	5,216	-	-	4,304	5,216
Re-measurements - actuarial (gain) / loss on obligation		2,769	1,414	(8,642)	(3,013)	-	-	(8,642)	(3,013)
Liability for defined benefit obligation at 31 December		80,268	75,101	34,166	47,564	13,346	14,670	47,512	62,234
8.5 Movements in the fair value of plan assets									
Fair value of plan assets - at 1 January		64,313	68,582	25,219	44,596	-	-	25,219	44,596
Refund during the year		-	-	-	-	-	-	-	-
Benefits paid		(6,183)	(6,038)	(12,188)	(10,471)	-	-	(12,188)	(10,471)
Expected return on plan assets		5,754	6,961	2,377	4,430	-	-	2,377	4,430
Re-measurements on assets - actuarial gain / (loss)		(2,102)	(5,192)	(1,022)	(13,336)	-	-	(1,022)	(13,336)
Fair value of plan assets - at 31 December	8.9	61,782	64,313	14,386	25,219	-	-	14,386	25,219

Notes to the Financial Statements

For the year ended 31 December 2016

8.6 Expense recognised in profit or loss account

Current service cost	**1,877**	1,240	**3,128**	3,366	**207**	6,446	**3,335**	9,812
Net Interest cost	**950**	268	**1,927**	786	**-**	-	**1,927**	786
	2,827	1,508	**5,055**	4,152	**207**	6,446	**5,262**	10,598
The expense is recognised in the following line items in the profit and loss account:								
Cost of sales	**1,119**	575	**2,001**	1,583	**-**	-	**2,001**	1,583
Marketing, selling and distribution costs	**1,177**	641	**2,105**	1,765	**207**	6,446	**2,312**	8,211
Administrative expenses	**531**	292	**950**	804	**-**	-	**950**	804
	2,827	1,508	**5,055**	4,152	**207**	6,446	**5,262**	10,597

8.7 Actuarial loss/(gain) recognised in other comprehensive income (OCI) during the year

Actuarial loss / (gain) on obligation	**2,769**	1,414	**(8,642)**	(3,013)	**-**	-	**(8,642)**	(3,013)
Actuarial (gain) / loss on plan assets	**2,102**	5,192	**1,022**	13,336	**-**	-	**1,022**	13,336
Total actuarial loss / (gain) recognised in OCI	**4,871**	6,606	**(7,620)**	10,323	**-**	-	**(7,620)**	10,323

8.8 Return on plan assets

Actual return on plan assets	**4,068**	5,642	**1,337**	2,646	**-**	-	**1,337**	2,646

8.9 Composition of plan assets

	Pension Fund		Gratuity			
			Permanent employees		Field staff	
	2016	2015	**2016**	2015	**2016**	2015
	----------------	-------(Rupees in '000)-------	----------------			
Cash and cash equivalents (after adjusting current liabilities)	**1,581**	21,105	**892**	6,376	**-**	-
Debt instruments - Government Bonds / Securities						
i) Pakistan Investment Bonds	**10,554**	23,208	**6,044**	18,843		
ii) Special Savings Certificates	**30,722**	-	**-**	-	**-**	-
iii) Treasury Bills	**18,925**	20,000	**14,262**	-	**-**	-
iv) Current Liabilities	**-**	-	**(6,812)**	-	**-**	-
Total fair value of plan assets	**61,782**	64,313	**14,386**	25,219	**-**	-

8.10 Historical information

	Pension Fund				
	2016	2015	2014	2013	2012
	----------	----------	(Rupees in '000)	----------	----------
Present value of the defined benefit obligation	**80,268**	75,101	71,256	61,869	59,814
Fair value of plan assets	**(61,782)**	(64,313)	(68,582)	(65,417)	(68,815)
Deficit / (surplus) in the plan	**18,486**	10,788	2,674	(3,548)	(9,001)
Experience adjustments arising on plan liabilities	**(1,488)**	(5,870)	(5,785)	(2,990)	994
Experience adjustments arising on plan assets	**2,102**	5,192	(3,962)	(204)	120
	Gratuity - funded				
Present value of the defined benefit obligation	**34,166**	47,564	52,466	49,535	41,891
Fair value of plan assets	**(14,386)**	(25,219)	(44,596)	(37,997)	(32,141)
Deficit / (surplus) in the plan	**19,780**	22,345	7,870	11,538	9,750

	Gratuity - unfunded				
Present value of the defined benefit obligation	13,346	14,670	9,387	7,842	6,733

8.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2016	
	Pension	Gratuity
	(Rupees in '000)	
Actuarial liability		
Discount rate +0.5%	76,901	33,122
Discount rate -0.5%	83,920	35,268
Long term salary increases +0.5%	81,102	35,368
Long term salary increases -0.5%	79,469	33,020

8.12 The expected charge to profit and loss account for post employment benefit gratuity and pension plans for the year ending 31 December 2017 are Rs. 4.48 million and Rs. 3.94 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
8.13 Number of employees covered in the scheme	104	199	336

9. DEFERRED TAX LIABILITY - net

Deferred tax asset and liability comprises of taxable and deductible temporary differences in respect of the following:

	Note	Balance as at 1 January 2015	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 December 2015	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 December 2016
		(Rupees in '000)						
Taxable temporary differences on:								
- accelerated tax depreciation		25,839	4,507	-	30,346	46,044	-	76,390
- surplus on revaluation of property, plant and equipment	5	288,939	(9,007)	57,284	337,216	(5,196)	34,585	366,605
		314,778	**(4,500)**	**57,284**	**367,562**	**40,848**	**34,585**	**442,995**
Deductible temporary differences on:								
- provision for defined benefit plans		(2,976)	(1,301)	-	(4,277)	498	-	(3,779)
- provision against slow moving and obsolete stock		(4,349)	(6,926)	-	(11,275)	3,323	-	(7,952)
- provision for doubtful debts and other receivables		(68,754)	(5,841)	-	(74,595)	24,306	-	(50,289)
- provision for warranty obligations		(2,096)	341	-	(1,755)	50	-	(1,705)
- recoupable tax		(7,479)	7,479	-	-	-	-	-
- tax losses (note 9.1)		(69,212)	(33,301)	-	(102,513)	(60,197)	-	(162,710)
		(154,866)	**(39,549)**	**-**	**(194,415)**	**(32,020)**	**-**	**(226,435)**
Deferred tax liability / (assets) - net		**159,912**	**(44,049)**	**57,284**	**173,147**	**8,828**	**34,585**	**216,560**

Notes to the Financial Statements

For the year ended 31 December 2016

9.1 This includes deferred tax of Rs. 16.05 million (2015: Rs. 10.30 million) recorded on unabsorbed tax depreciation and amortisation.

9.2 Deferred tax liability (net) has been recognised at 30%, being the rate enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled.

9.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

10. DEFERRED INCOME

	Note	2016	2015
		(Rupees in '000)	
Balance as at 1 January			
Cost		18,627	11,141
Accumulated amortisation		(12,545)	(10,677)
Unamortized balance of deferred income		6,082	464
Transactions during the year			
Additions	10.1	-	7,486
Amortisation for the year	10.1	(1,871)	(1,868)
Unamortized balance of deferred income		4,211	6,082
Current Portion of deferred income	10.1	(1,871)	(1,871)
Balance as at 31 December		2,340	4,211
Balance as at 31 December			
Cost		18,627	18,627
Accumulated amortisation		(14,416)	(12,545)
Unamortized balance of deferred income		4,211	6,082

10.1 In the previous year, the Company entered in a sale and lease back arrangement of specific items of plant and machinery resulting in a deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 4.211 million, out of which Rs. 1.871 million (2015: Rs. 1.871 million) has been 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. 1.871 million (2015: Rs. 1.404 million) 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 instalments 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	2016	2015
		(Rupees in '000)	
Trade credit		134,895	159,634
Bills payable	11.4	150,972	97,455
Accrued liabilities		56,678	46,006
Due to associated companies			
- for goods		-	1,139
- others		-	517
		-	1,656
Advances from dealers		1,167	417
Retention from employees	11.1	55,461	34,676
Provisions in respect of warranty obligations	11.2	6,020	6,019
Sales tax and excise duty - net		54,055	60,409
Workers' profits participation fund	11.3	6,682	-
Workers' welfare fund		2,490	-
Unclaimed dividend		1,325	1,325
Others	11.5	4,951	4,138
		474,696	411,735

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For the year ended 31 December 2016

11.1 This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2015: 5%) per annum. These are held in investments and a bank accounts.

11.2 Warranty obligations

	Note	2016	2015
		(Rupees in '000)	
Balance at beginning of the year		6,019	6,610
Provision for the year	26	13,623	12,630
Provision utilised during the year		(13,622)	(13,221)
Balance at end of the year		6,020	6,019

11.3 Workers' profits participation fund

	Note	2016	2015
Allocation for the year	28	6,682	-
Balance at end of the year		6,682	-

11.4 At 31 December 2016, Rs. 150.97 million was due against the LC usance facilities against total sub limit of Rs. 640million which are secured against the lien on import bills and carries mark-up rate ranging between 23% to 25% perannum. These are repayable by March 2016.

11.5 Includes Rs. 0.965 million (2015: Rs. 1.034 million) payable to the Provident Fund due for December 2016, which were paid subsequent to the year end.

This also includes withholding income tax obligation of Rs. 1.652 million (2015: Rs. 2.388 million) which was also paid subsequent to the year end.

12. SHORT TERM RUNNING FINANCES - secured

12.1 This represents short term running finance and murabaha finance facilities available from various banks aggregating to Rs. 1,287 million (2015: Rs. 1,321.7 million), carrying mark-up rates ranging from 7.4% to 8.6% (2015: 7.5% to 9.1%) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Company.

12.2 Above arrangements including long term loans (refer note 6) are secured by way of joint hypothecation equitable and pari passu charge over fixed assets, stocks, stores and spares and present and future trade debts of the Company of Rs. 3,235 million.

13. CONTINGENCIES AND COMMITMENTS

13.1 The Company has filed a Constitutional petition before the Sindh High court at Karachi, challenging the vires of Rule58T of the Sales Tax Special Procedure Rules relating to 2 percent Extra Sales tax on certain home appliances. Thiswas based on the advice of the tax and legal advisors that the said vires are not applicable on the Company. Thecase is pending before the Honourable Court. An interim order has been received in favour of the Company. TheCompany is confident that no liability is expected to occur. Amount involved is Rs. 64.24 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 ofshort 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 ofSales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and 11.15 million forthe 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. 190.6million, against which the Company had filed an appeal with the Commissioner Inland Revenue Appeals (CIRAppeals). 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 theCompany. 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.

13.2 Commitments under letters of credit as at 31 December 2016 amounted to Rs. 171.82 million (2015: Rs. 12.7 million).

Notes to the Financial Statements

For the year ended 31 December 2016

13.3 Commitments in respect of Ijarah rentals payable in future period as at 31 December 2016 amounted to Rs. 3.649 million (2015: Rs. 5.74 million) for vehicles and plant & machinery.

	2016	2015
	(Rupees in '000)	
Not later than one year	1,497	1,447
Later than one year and not later than five years	2,152	4,297
	3,649	5,744

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Operating fixed assets	*14.1*	1,585,584	1,309,665
Capital work-in-progress	*14.2*	72,148	334
		1,657,732	1,309,999

14.1 Operating fixed assets

2016

	Lease-hold land	Buildings on lease-hold land	Leasehold improvements *	Plant and machinery Owned	Plant and machinery Leased	Furniture and equipment Owned	Furniture and equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
	-------	-------	-------	-------	-------	-------	(Rupees in '000)	-------	-------	-------	-------	-------
At 1 January 2016												
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
During the year 2016												
Additions / transfers	-	4,883	208,166	6,763	-	700	-	8,289	-	882	-	229,682
Revaluation (note 14.1.1)	362,597	(37,576)	-	-	-	-	-	-	-	-	-	325,021
Transfer to investment property - note 16	(202,800)	(5,000)	-	-	-	-	-	-	-	-	-	(207,800)
Transfer												
Cost	(12,097)	(7,307)	-	-	-	-	-	-	-	-	-	(19,404)
Depreciation	12,097	7,307	-	-	-	-	-	-	-	-	-	19,404
	-	-	-	-	-	-	-	-	-	-	-	-
Disposals												
Cost	-	-	-	-	-	(51)	-	(5,271)	-	(4,985)	-	(10,307)
Depreciation	-	-	-	-	-	51	-	2,721	-	4,985	-	7,757
	-	-	-	-	-	-	-	(2,550)	-	-	-	(2,550)
Depreciation charge for the year	(13,456)	(7,073)	(28,818)	(3,163)	(2,264)	(3,781)	(136)	(755)	(1,348)	(7,640)	-	(68,434)
Closing net book value	**1,091,341**	**194,016**	**205,032**	**26,682**	**26,822**	**7,943**	**567**	**10,426**	**11,114**	**11,641**	**-**	**1,585,584**
As at 31 December 2016												
Cost / revaluation	1,092,700	194,502	327,043	102,462	33,969	46,109	1,360	14,321	19,896	49,728	1,863	1,883,952
Accumulated depreciation	(1,359)	(486)	(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)
Net book value	**1,091,341**	**194,016**	**205,032**	**26,682**	**26,822**	**7,943**	**567**	**10,426**	**11,114**	**11,641**	**-**	**1,585,584**
Depreciation rate (% per annum)	**1.49**	**3**	**10**	**8.33**	**8.33**	**10-20**	**10**	**20**	**20**	**20**	**20**	

2015

At 1 January 2015

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For the year ended 31 December 2016

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
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												
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 / sale & lease back												
Cost of sale & lease back of asset	-	-	-	(26,296)	-	-	-	-	-	-	-	(26,296)
Cost of disposal	-	(12,530)	-	(174)	-	(104)	-	(640)	-	-	-	(13,448)
Depreciation on sale & lease back of asset	-	-	-	15,247	-	-	-	-	-	-	-	15,247
Depreciation	-	188	-	174	-	104	-	320	-	-	-	786
	-	(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	20	20	

* Other than building on owned leasehold land.

14.1.1 Leasehold land and buildings on leasehold land of the Company were revalued on 27 December 2016 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. The difference between the market values as of 27 December 2016 and 31 December 2016 is not considered to be material.

The revaluation of the above assets were last carried out in 2015 (land and building), 2014 (land and building), 2013 (land only) and 2010 (land only). The resulting surplus has been credited to the revaluation surplus account. The impact of revaluation for the year amounting to Rs. 325.021 million has been incorporated in the financial statement.

Had land and buildings been stated on historical cost basis, the net book value as of 31 December 2016 would have been as follows:

Notes to the Financial Statements

For the year ended 31 December 2016

	Cost	Accumulated depreciation	Net carrying value
	----------------	(Rupees in '000)	----------------
Land - owned property	273	110	163
Building - owned property	43,790	16,057	27,733

14.1.2 Depreciation for the year has been allocated as follows:

	Notes	2016	2015
		(Rupees in '000)	
Cost of sales	25.1	**23,971**	22,490
Marketing, selling and distribution costs	26	**41,681**	22,144
Administrative expenses	27	**2,782**	2,947
		68,434	47,581

14.1.3 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)	----------------------			
Vehicles							
- Toyota Corolla	1,012	506	506	815	309	Tender	Mr. Iftikhar Ahmed, Karachi
- Honda Accord	4,196	2,184	2,012	-	(2,012)	Company Policy	Mr.Kamal Shah, ex-Chairman
Written down value not exceeding Rs. 50,000 each	5,099	5,067	32	32	-	*	
2016	**10,307**	**7,757**	**2,550**	**847**	**(1,703)**		
2015 (Other than asset sale and leased back)	13,448	786	12,662	10,970	(1,692)		

* Assets of WDV Rs. Nil, written off while motorcycle of WDV of Rs. 0.032 million sold to the employees.

14.2 Capital work-in-progress (CWIP)

	2016	2015
	(Rupees in '000)	
Balance as at 1 January	**334**	2,435
Additions during the year	**72,214**	308
Write off during the year	**(334)**	-
Transfers to operating fixed assets	**(66)**	(2,409)
Balance as at 31 December	**72,148**	334

Breakup of capital work in progress is as follows:

	2016	2015
- Plant and machinery	**72,148**	-
- Advance for software	**-**	334
	72,148	334

15. INTANGIBLE ASSETS

	2016	2015
	(Rupees in '000)	
Software		
Cost		
Balance as at 1 January	**49,761**	49,726
Addition during the year	**-**	35
	49,761	49,761

Notes to the Financial Statements

For the year ended 31 December 2016

Amortization			
Accumulated amortization as at 1 January		(23,687)	(19,900)
Amortisation for the year	15.2	(3,729)	(3,787)
		(27,416)	(23,687)
Net book value		22,345	26,074
Balance as at 31 December			
Cost		49,761	49,761
Accumulated amortisation		(27,416)	(23,687)
Net carrying value		22,345	26,074

15.1 Software is being amortised at 10% - 20% per annum (2015: 10% - 20% per annum) on a straight line basis.

15.2 Amortisation for the year has been allocated as follows:

		2016	2015
		(Rupees in '000)	
Marketing, selling and distribution costs	26	3,356	3,409
Administrative expenses	27	373	378
		3,729	3,787

16. INVESTMENT PROPERTY

Carrying value on transfer from property, plant and equipment	14.1	207,800	-
Fair value gain recognised in profit and loss account during the year - unrealised		109,400	-
Carrying value at the year end		317,200	-

During the year, the Company entered in a rent agreement with third party and sublet certain portion of land and building thereon to the third party. Changes in fair values are recognised as gain in Profitand Loss and included in 'Other Income'. The investment property comprises of land and building, comprising 68,000 square feet out of total 339,993 square feet.

The fair value of investment property was determined by an external independent property valuer M/s Asif Associates (Private) on 5 July 2016 and 27 December 2016 Limited based upon independent inquiries active local realtors, recent experience in the location and the records of the valuer. The fairvalue measurement of the Investment Property has been categorized as a level 3 fair value based onthe input to the valuation technique used. The difference between the market values as of 27 December 2016 and 31 December 2016 is not considered to be material. Original cost of land and building on land classified as Investment Property is Rs. 4.65 million. There has been no additions / deletions in these assets during the year.

During the year, the Company received an amount of Rs. 2.1 million as advance rental payment, which has been amortized during the year and included in Profit and Loss as "Other Income".

17. INVESTMENT IN A SUBSIDIARY COMPANY

2016	2015			2016	2015
(Number of shares)				(Rupees in '000)	
200,000	-	Electronics Marketing Company (Private) Limited - at cost	17.1	2,000	-
200,000	-			2,000	-

17.1 The Company holds 100% ownership interest in Electronics Marketing company (Private) Limited (EMC). The subsidiary company was incorporated on 9 September 2016. The principal activity of the Company is to carry out distribution/ wholesales business of all kinds of electronic appliances, its components and accessories, etc. The Chief Executive Officer of EMC is Mr. Nadeem Mahmood Butt. Net assets of the Subsidiary Company as at 31 December 2016 was Rs. 1.7 million.

Notes to the Financial Statements

For the year ended 31 December 2016

18. LONG TERM DEPOSITS

		2016	2015
		(Rupees in '000)	
Deposits			
- shops and others		13,896	18,870
- leases		4,618	4,510
		18,514	23,380

19. STOCK-IN-TRADE

		2016	2015
Raw materials			
- in stores (in hand)		71,620	32,700
- in third party premises	19.1	4,735	4,431
- in bonded warehouse		-	13,240
- in transit		87,102	26,190
		163,457	76,561
Work in process		36,023	16,557
Finished goods			
- own manufactured		285,313	176,014
- purchased for resale		52,324	60,723
		337,637	236,737
Provision for slow moving and damaged stock	19.2	(28,078)	(38,675)
		509,039	291,180

19.1 This represents raw materials lying at premises of certain vendors where these are processed to be used in the next stage of production. Major parties with whom the stock amounting to Rs. 3.87 million is held are Rainbow Engineering, Al Noor Associates, Mirza Plastic, Premier Plastic and Saghir Brothers.

19.2 The Company has reversed provision of Rs. 10.597 million (2015: recognised provision of Rs. 14.36 million) for slow moving and damaged items during the year.

20. TRADE DEBTS AND OTHER RECEIVABLES

	Notes	2016	2015
		(Rupees in '000)	
20.1 Retail Network			
Considered good - unsecured			
Hire purchase			
- Retail		508,583	819,025
- Institutional		143,438	212,260
		652,021	1,031,285
Unearned carrying charges	20.6	(29,460)	(38,149)
	20.3	622,561	993,136
Other receivables	20.4	92,382	144,253
		714,943	1,137,389
Considered doubtful		159,376	230,289
		874,319	1,367,678
Provision for doubtful debts and other receivables	20.5	(159,376)	(230,289)
		714,943	1,137,389
20.2 Wholesale			
Considered good - unsecured			
Dealers		348,374	45,191
Considered doubtful		18,204	16,093
		366,578	61,284

Notes to the Financial Statements

For the year ended 31 December 2016

Provision for doubtful debts	*20.5*	**(18,204)**	(16,093)
	20.7	**348,374**	45,191

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

20.4 Other receivables comprise of amounts recoverable from the current and former field employees amounting to Rs. 122.879 million (2015: Rs. 281.55 million) out of which Rs. 24 million (2015: Rs. 137 million) is considered as doubtful. Provision of Rs. 24 million has been made against this balance, net of securities available with the Company.

20.5 The Company has reversed a provision of Rs. 68.8 million (2015: recognised provision of Rs. 39.61 million) for doubtful trade debts and other receivables while an amount of Rs. Nil (2015: Nil million) was written off during the year against provision. Provision is held based on management estimate and age of the balances as indicated in note 35.1.

20.6 Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 111.361 million (2015: Rs. 226.343 million).

20.7 Sales to the dealers do not carry any interest.

21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2016	2015
		(Rupees in '000)	
Advances - considered good			
- Employees and executives	*21.1*	**828**	1,142
- Suppliers		**2,870**	720
		3,698	1,862
Deposits			
- Trade and leases		**8,412**	1,915
- Customs and others		**8,381**	6,862
		16,793	8,777
Prepayments		**4,372**	5,503
Other receivables			
- Claims	*21.3*	**16,158**	19,661
- Accrued mark-up on investments		**-**	230
- Others		**1,422**	1,473
		17,580	21,364
Provision for doubtful claims	*21.4*	**(9,407)**	(9,480)
		33,036	28,026

21.1 At 31 December 2016, the advances due from executives amounted to Rs. 0.528 million (2015: Rs. 0.175 million).

21.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 1.36 million (2015: Rs. 1.142 million).

21.3 Claims includes claims from suppliers and product claims amounting to Rs. 16.16 million (2015: Rs. 19.66 million) against which provision of Rs. 9.41 million (2015: Rs. 9.48 million) is held.

21.4 Additional provision during the year was Rs. Nil million (2015: Rs. 0.13 million) while Rs. 0.073 million (2015: Rs. Nil) has been written off during the year.

21.5 All the above balances are interest free and unsecured.

22. INVESTMENTS - available for sale

	2016	2015
	(Rupees in '000)	
Balance as at the year end	**-**	36,000

Notes to the Financial Statements

For the year ended 31 December 2016

This represents term deposit receipts in respect of amounts retained from employees as security. This carries mark-up ranging from Nil (2015: 6.1 % to 6.6%) per annum.

23. CASH AND BANK BALANCES

	Note	2016	2015
		(Rupees in '000)	
Balances with banks in current accounts	23.1	65,624	3,902
Cash in hand	23.2	82,468	72,338
		148,092	76,240

23.1 This includes an amount of Rs. 61.31 million (2015: Rs. 1.35 million) relating to employees security deposit held in a separate bank accounts by the company.

23.2 This includes cash in transit of Rs. 80.216 million (2015: Rs. 70.96 million) representing the balance held with the outlets and dealers and were deposited in the bank accounts subsequent to the year-end.

24. NET REVENUE

	2016	2015
	(Rupees in '000)	
Sales		
- Local	1,587,842	1,689,125
Sales tax	(188,236)	(201,191)
	1,399,606	1,487,934

25. COST OF SALES

	Note	2016	2015
Opening stock - finished goods			
- own manufactured		176,014	254,442
- purchased for resale		60,723	46,037
		236,737	300,479
Purchases		223,185	274,250
Cost of goods manufactured	25.1	788,032	851,369
		1,247,954	1,426,098
Closing stock - finished goods			
- own manufactured		(285,313)	(176,014)
- purchased for resale		(52,324)	(60,723)
		(337,637)	(236,737)
		910,317	1,189,361

25.1 Cost of goods manufactured

	Note	2016	2015
		(Rupees in '000)	
Opening stock of raw materials		76,560	121,953
Purchases		755,987	640,749
		832,547	762,702
Closing stock of raw materials		(163,457)	(76,560)
Raw material consumed		669,089	686,142
Salaries, wages and other benefits	25.1.1	84,781	78,954
Stores and spares consumed		12,950	5,731
Depreciation on property, plant and equipment	14.1.2	23,971	22,490
Fuel and power		14,530	12,094
Insurance		8,839	14,372
Rent, rates and taxes		567	844
Repairs and maintenance		1,089	1,002
Travelling and conveyance		1,798	1,358
Communication		210	235

Notes to the Financial Statements

For the year ended 31 December 2016

Printing and stationery		270	261
(Reversal of provision) / provision for slow moving and damaged stock	19.2	(10,597)	14,361
		807,497	837,844
Work-in-process			
Opening stock		16,557	30,082
Closing stock		(36,023)	(16,557)
		(19,466)	13,525
Cost of goods manufactured		788,032	851,369

25.1.1 These include provision of Rs. 4.099 million (2015: Rs. 3.261 million) in respect of employee retirement benefits.

26. MARKETING, SELLING AND DISTRIBUTION COSTS

		2016	2015
		(Rupees in '000)	
Publicity and sales promotion		46,224	45,326
Commission expense		124,136	139,906
Salaries and benefits	26.1	89,181	88,017
Rent, rates and taxes		74,652	68,093
Utilities		16,804	14,782
Warranty obligations	11.2	13,623	12,630
Depreciation on property, plant and equipment	14.1.2	41,681	22,144
Amortisation of intangible assets	15.2	3,356	3,409
Travelling and conveyance		12,905	18,276
Communication		10,397	11,604
Printing and stationery		6,843	6,693
Training and sundries		5,141	10,825
		444,943	441,705

26.1 These include provision of Rs. 6.25 million (2015: Rs. 11.25 million) in respect of employee retirement benefits.

27. ADMINISTRATIVE EXPENSES

		2016	2015
		(Rupees in '000)	
Salaries and benefits	27.1	40,243	40,134
Legal and professional charges		12,456	13,317
Rent, rates and taxes		789	720
Utilities		3,281	3,490
Communication		4,176	4,080
Travelling and conveyance		2,301	2,165
Depreciation on property, plant and equipment	14.1.2	2,782	2,947
Amortisation of intangible assets	15.2	373	378
Printing and stationery		1,645	1,712
		68,046	68,943

27.1 These include provision of Rs. 2.726 million (2015: Rs. 2.19 million) in respect of employee retirement benefits.

28 OTHER EXPENSES

		2016	2015
		(Rupees in '000)	
Provision for doubtful debts and others assets	20.5	-	39,606
Other receivables written off		-	10,420
Auditors' remuneration	28.1	1,260	1,050
Exchange loss - net		722	2,963
Operating lease rentals		1,450	1,453
Workers' profits participation fund	11.3	6,682	-
Workers' welfare fund		2,490	-
Other assets written off		-	7,420
		12,604	62,912

Notes to the Financial Statements

For the year ended 31 December 2016

28.1 Auditors' remuneration

Audit fee		**900**	750
Fee for the review of interim financial information		**113**	94
Fee for the review of code of corporate governance and other certifications		**79**	66
Out of pocket expenses		**168**	140
		1,260	1,050

29. OTHER INCOME

		2016	2015
		(Rupees in '000)	
Income from financial assets			
Interest on investments		**476**	2,836
Income from non-financial instruments			
Loss on disposal of property, plant and equipment	*14.1.3*	**(1,703)**	(1,692)
Amortisation of deferred income	*10*	**1,871**	1,868
Unrealized gain on fair value measurement of investment property	*16*	**109,400**	-
Warranty income		**9,118**	12,104
Rental income on investment property	*16*	**2,100**	-
Reversal of provision against bad and doubtful trade debts and other receivables	*20.5*	**68,802**	-
Liabilities written back as no longer payable		**1,300**	-
		191,364	15,116

30. FINANCE COSTS

		2016	2015
		(Rupees in '000)	
Mark-up on long term loans		**36,852**	13,605
Mark-up on short term running finances under mark-up arrangements and payments against documents by the banks		**93,974**	132,243
Finance lease charges		**1,752**	2,826
Interest on employee retention money		**4,260**	4,260
Bank charges		**4,956**	5,361
		141,794	158,295

31. TAXATION

Current year	*31.1*	**2,383**	2,629
Prior year		**18,043**	363
Deferred	*10*	**8,824**	(44,049)
		29,250	(41,057)

31.1 Represents the tax charge under the final tax regime.

31.2 During the year ended 31 December 2015, the Company had incurred taxable losses. However, provision for minimum turnover tax charge of Rs. 9 million under the Income Tax Ordinance, 2001, was During the year ended 31 December 2015, the Company had incurred taxable losses. However, to adjust the same against its future tax liability under normal tax regime with in the time limit as specified for adjustments of minimum tax in the Income Tax Ordinance, 2001. Similarly for the current year ended 31 December 2016 provision for minimum tax amounting to Rs. 13.182 million has also not been made in these financial statements on the same basis.

31.3 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.

Notes to the Financial Statements

For the year ended 31 December 2016

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, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 46.25 million. Appeal has been filed with Appellate Tribunal Inland revenue against these issues. However, the Company based on the merits of matters 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.

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

	2016	2015
	(Percent)	
Applicable tax rate	31.0	32.0
Prior year	14.5	0.2
Effect of minimum tax due to restatement		
Permanent differences, tax effect of income assessed under Final Tax Regime	(22.0)	(10.8)
Effective tax rate	23.5	21.4

32. EARNINGS / (LOSS) PER SHARE - basic and diluted

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

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

	2016	2015
	(Rupees in '000)	
Earnings / (loss) for the year	95,377	(150,766)
	(Number of shares in '000)	
Weighted average number of ordinary shares	45,406	45,406
	(Rupee)	
Earnings / (loss) per share - basic and diluted	2.10	(3.32)

33. CASH AND CASH EQUIVALENTS

	2016	2015
	(Rupees in '000)	
Cash and bank balances (excluding balance relating to the employees security deposit)	86,750	74,891
Short term running finance - secured (excluding Murabaha financing)	(897,398)	(1,026,768)
	(810,648)	(951,877)

34. 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:

Notes to the Financial Statements
For the year ended 31 December 2016

	2016 (Unaudited)	2015
	(Rupees in '000)	
Size of the fund - net assets	47,145	61,122
Cost of the investment made	40,485	49,147
Fair value of the investment made	46,033	60,305
	(Percentage)	
Percentage of the investment made (of the size of funds)	97.6%	98.7%

The breakup of fair value of investments is:

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank balances	508	1%	3,177	6%
Pakistan Investment Bonds	41,551	90%	47,284	78%
Term Deposit Receipt	-	-	9,844	16%
Treasury Bills	3,974	9%	-	-
	46,033	100%	60,305	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. During the year, there were few delays in the monthly deposit of contributions to the Provident Fund account. However the Company compensated the Provident Fund by way of extra payment on account of opportunity cost of the Fund, not material though it was.

35. 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

35.1 Credit risk

Credit risk is the risk that the counter party 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 credit worthiness 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:

Notes to the Financial Statements

For the year ended 31 December 2016

	Carrying amount	
	2016	2015
	(Rupees in '000)	
- Long term deposits	**18,514**	23,380
- Trade debts and other receivables	**1,063,317**	1,182,580
- Deposits and other receivables	**16,585**	13,569
- Investments (including mark-up thereon)	**-**	36,230
- Balances with banks	**65,624**	3,902
	1,164,040	1,259,661

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.

	2016			2015		
	Gross Receivable	**Provision**	**Net Receivable**	Gross Receivable	Provision	Net Receivable
	(Rupees in '000)			(Rupees in '000)		
Trade debts and other receivables	**1,240,898**	**(177,580)**	**1,063,317**	1,428,962	(246,382)	1,182,580
Deposits and other receivables	**25,992**	**(9,407)**	**16,585**	23,049	(9,480)	13,569
	1,266,890	**(186,987)**	**1,079,902**	1,452,011	(255,862)	1,196,149

Trade debts and other receivables and deposits and other receivables of Rs. 408.603 million (2015: Rs. 432.207 milion) are past due over 180 days (from the due date) of which Rs. 186.99 million (2015: Rs. 255.86 million) have been provided. Dues from 1 to 180 days (from the due date) but not provided amounts to Rs. 162.097 million (2015: Rs. 330.574 million). Remaining balance of Rs. 696.19 million (2015: Rs. 689.23 million) is not yet due. At 31 December 2016, provision relates to numerous individual customers and as mentioned in note 20.5 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.

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.

35.2 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 11.4 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.

Notes to the Financial Statements

For the year ended 31 December 2016

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

	2016				
	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	546,875	(675,942)	(77,624)	(151,140)	(447,178)
Liabilities against assets subject to finance lease	17,473	(19,417)	(7,855)	(7,450)	(4,112)
Trade and other payables	401,665	(401,665)	(401,665)	-	-
Mark up accrued on short term running finance and long term loan	40,005	(40,005)	(40,005)	-	-
Short term running finance - secured	1,177,396	(1,177,396)	(1,177,396)	-	-
	2,183,414	(2,314,425)	(1,704,545)	(158,590)	(451,290)

	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)	(10,091)	(7,567)	(11,496)
Trade and other payables	341,468	(341,468)	(341,468)	-	-
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)	-	-
	1,828,434	(1,841,359)	(1,771,226)	(30,512)	(39,621)

35.3 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.

35.3.1 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:

	2016	2015	2016	2015
	(USD in '000)		(Rupees in '000)	
Trade and other payables	582	663	60,994	69,516

The following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2016	2015	2016	2015
USD to PKR	104.83	102.71	104.80	104.85

Notes to the Financial Statements

For the year ended 31 December 2016

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.

	2016	2015
	(Rupees in '000)	
Effect on profit and loss accounts	6,099	6,952

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impacton 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.

35.3.2 Interest rate risk

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

		2016	2015
Financial assets		(Rupees in '000) Carrying amount	
Fixed rate instruments			
Trade debts and other receivables	*20*	622,561	993,136
Investments	*22*	-	36,000
Financial liabilities			
Fixed rate instruments			
Retention from employees	*11*	55,461	34,676
Variable rate instruments			
Long term loans - secured	*6*	546,875	106,522
Liabilities against assets subject to finance lease	*7*	17,473	25,482
Short term running finances - secured	*12*	1,177,396	1,321,668

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.

35.4 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 with outany 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:

Notes to the Financial Statements

For the year ended 31 December 2016

- 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 2016	**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	**18,514**	**-**	**18,514**	**-**
Trade debts and other receivables	**1,063,317**	**-**	**1,063,317**	**-**
Deposit and other receivables	**16,585**	**-**	**16,585**	**-**
Cash and Bank balance	**65,624**	**82,468**	**148,092**	**-**
	1,164,040	**82,468**	**1,246,508**	**-**

31 December 2016	**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	**-**	**546,875**	**546,875**	**-**
Liabilities against assets subject to finance lease	**-**	**17,473**	**17,473**	**-**
Trade and other payables	**-**	**401,665**	**401,665**	**-**
Mark-up accrued on short term running finances and long term loans	**-**	**40,005**	**40,005**	**-**
Short term running finance			**-**	
- secured	**-**	**1,177,396**	**1,177,396**	**-**
	-	**2,183,414**	**2,183,414**	**-**

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	-
Deposits and other receivables	13,569	-	13,569	-
Investments	36,230	-	36,230	
Cash and Bank balance	3,902	72,338	76,240	-
	1,259,661	72,338	1,331,999	-

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	-	341,468	341,468	-
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	-
	-	1,828,434	1,828,434	-

36. CAPITAL RISK MANAGEMENT

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

The Company is not exposed to externally exposed capital requirements.

37. 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**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	-----------------------------(Rupees in '000) -----------------------------							
Managerial remuneration	**3,316**	3,270	**3,307**	2,900	**32,890**	19,451	**39,513**	25,621
Contribution to provident fund	**282**	272	**247**	242	**2,206**	1,367	**2,735**	1,881
Reimbursable expenditure	**515**	270	**314**	289	**2,551**	5,749	**3,381**	6,308
Housing	**1,020**	945	**1,329**	800	**13,543**	8,848	**15,892**	10,593
Leave fare assistance and others	**1,046**	1,332	**-**	1,478	**1,761**	2,322	**2,807**	5,132
	6,179	6,089	**5,197**	5,709	**52,952**	37,737	**64,327**	49,535
Number of persons	***2**	1	**2**	1	**50**	22	**54**	24

37.1 * During the year, ex-Chief Executive of the Company retired on 16 December 2016. Mr. Haroon Ahmed Khan was appointed as new Chief Executive of the Company by Board of Directors in the 341st Board of Directors' meeting held on 16 December 2016.

37.2 In addition to the above, the Chief Executive, two Directors and the 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.

37.3 In addition, aggregate amount charged in the financial statements for payments on account of meeting fee to four(2015: five) non-executive directors was Rs. 0.52 million (2015: Rs. 1.6 million) and payments on account of remuneration to the then non-executive Chairman was Rs. nil (2015: Rs. 2.018 million).

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprised of associated companies, companies with common directorship, major shareholders, directors, key management personnel of the Company and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December 2016 with related parties other than those which have been disclosed elsewhere in these financial statements are as follows:

		Transaction value		Balance payable / (receivable)	
		2016	2015	**2016**	2015
		(Rupees in '000)			
Purchase of goods	*38.1*	**13,986**	12,499	**-**	1,139
Services obtained	*38.1*	**2,686**	3,809	**-**	4,639
Dividend on non-remittable shares		**-**	-	**-**	517
Investment on term deposit placement and accrued interest thereon {(maturity) / investments}		**-**	(18,933)	**-**	-
Payable to Pension Fund	*8.2 & 38.2*	**7,698**	8,114	**18,486**	10,788
Payable to Permanent Employees Gratuity Fund	*8.2 & 38.2*	**(2,565)**	14,475	**19,780**	22,345
Payable to Provident Fund	*11.5 & 38.2*	**4,983**	4,597	**965**	1,034
Remuneration of key management personnel	*38.3*	**46,392**	39,611	**-**	-
Loan received from a director - interest free		**28,000**	-	**-**	-
Loan repaid to the director - interest free		**(28,000)**	-	**-**	-
Expenses paid on behalf of the subsidiary company - interest free, unsecured and considered good		**160**	-	**(160)**	-

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

38.2 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) as applicable. Contributions to the provident fund are made in accordance with the service rules.B1:B4

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

38.4 Other transaction are at agreed rate.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity (Units)	**2016** Actual production (Units)	2015 Actual production (Units)
Sewing machines	50,000	**219**	8,721
Gas appliances	25,000	**10,812**	9,722
Refrigerators / deep freezers	25,000	**29,416**	18,785
Colour televisions / flat panels	22,500	**3,002**	4,700
Microwave oven	10,000	**494**	1,039
Split Air conditioners	10,000	**1,300**	3,705

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.

40. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

40.1 Sales to domestic customers in Pakistan are 100% (2015: 100%) of the revenue during the year.

40.2 All non-current assets of the Company at 31 December 2016 are located in Pakistan.

40.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the year.

41. GENERAL

41.1 Earned carrying charges of Rs. 226.343 million each included in net revenue and commission expense of Rs. 139.906 million earlier included in net sales figure have respectively been seperately classified along with financial cost and included in marketing, selling and distribution expenses for better presentation.

41.2 The total number of employees as at year-end were 794 (2015: 828) and average number of employees were 811 (2015: 925).

41.3 These financial statements were authorised for issue in the meeting of Board of Directors held on 6 April 2017.

Chief Executive

Director

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

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Auditors' Report to the Members

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Singer Pakistan Limited and its subsidiary company ("the Group") as at 31 December 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Singer Pakistan Limited and its subsidiary company namely Electronics Marketing Company (Private) Limited. These consolidated financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Singer Pakistan Limited and its subsidiary company as at 31 December 2016 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date:
Karachi

Singer Pakistan Limited Consolidated Financial Statements

Consolidated Balance Sheet
As at 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
70,000,000 (2015: 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	4	-	117,837
Accumulated loss		(150,507)	(379,436)
Shareholders equity		308,549	197,457
Surplus on revaluation of property, plant and equipment - net of tax	5	1,095,855	819,468
Non-current liabilities			
Long term loans - secured	6	528,125	46,875
Liabilities against assets subject to finance lease	7	10,944	17,353
Employee retirement benefits - obligation	8	51,612	47,803
Deferred tax - net	9	216,560	173,147
Deferred income	10	2,340	4,211
Total non-current liabilities		809,581	289,389
Current liabilities			
Trade and other payables	11	474,796	411,735
Mark-up accrued on short term running finances and long term loans		40,005	33,294
Short term running finances - secured	12	1,177,396	1,321,668
Current portion of long term loans	6	18,750	59,647
Current portion of liabilities against assets subject to finance lease	7	6,529	8,129
Current portion of deferred income	10	1,871	1,871
Total current liabilities		1,719,347	1,836,344
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		3,933,332	3,142,658

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Balance Sheet
As at 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,657,732	1,309,999
Intangible assets	15	22,345	26,074
Investment property	16	317,200	-
Long term deposits	17	18,514	23,380
Total non-current assets		2,015,791	1,359,453
Current assets			
Stores, spares and loose tools		5,112	10,885
Stock-in-trade	18	509,039	291,180
Trade debts and other receivables	19		
- Retail		714,943	1,137,389
- Wholesale		348,374	45,191
Advances, deposits, prepayments and other receivables	20	32,876	28,026
Taxation - net	31	157,100	158,294
Investments	21	-	36,000
Cash and bank balances	22	150,097	76,240
Total current assets		1,917,541	1,783,205
TOTAL ASSETS		3,933,332	3,142,658

Chief Executive

Director

Consolidated Profit and Loss Account
For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
Sales		1,587,842	1,689,125
Sales tax		(188,236)	(201,191)
	23	1,399,606	1,487,934
Cost of sales	24	(910,317)	(1,189,361)
Gross margin		489,289	298,573
Marketing, selling and distribution costs	25	(444,943)	(441,705)
Administrative expenses	26	(68,046)	(68,943)
Other expenses	28	(12,854)	(62,912)
Other income	29	191,364	15,116
		(334,479)	(558,444)
		154,810	(259,871)
Earned carrying charges	20.6	111,361	226,343
Finance costs	30	(141,799)	(158,295)
		(30,438)	68,048
Profit / (loss) before taxation		124,372	(191,823)
Taxation	31	(29,250)	41,057
Profit / (loss) for the year		95,122	(150,766)
		(Rupees)	
Earnings / (loss) per share - basic and diluted	32	2.09	(3.32)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
Profit / (loss) for the year		**95,122**	(150,766)
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Actuarial gain / (loss) on employee retirement benefit	*8.7*	**2,749**	(16,929)
Related tax effect		**(828)**	5,264
		1,921	(11,665)
Total comprehensive income / (loss) for the year		**97,043**	(162,431)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flow Statement
For the year ended 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		124,372	(191,823)
Adjustment for:			
- Depreciation on property, plant and equipment		68,434	47,581
- Amortisation of intangible assets		3,729	3,788
- Finance costs		141,799	158,295
- Loss on sale of property, plant and equipment		1,703	1,692
- Unrealised gain on investment property at fair value		(109,400)	-
- Amortisation of deferred income		(1,871)	(1,868)
- Provision for doubtful debts		(68,802)	50,026
- Provision for slow moving stock		(10,597)	14,361
- Provision for employee retirement benefits		8,089	12,106
		157,456	94,158
Working capital changes			
(Increase) / decrease in current assets			
Stores, spares and loose tools		5,773	(4,272)
Stock-in-trade		(207,262)	122,659
Trade debts and other receivables		188,065	95,652
Advances, deposits, prepayments and other receivables		(4,850)	(1,446)
		(18,273)	212,593
Decrease in current liabilities			
Trade and other payables		63,061	(87,884)
		202,244	218,867
Income tax paid - net		(20,060)	(33,944)
Finance costs paid		(133,336)	(168,109)
Employee retirement benefits paid		(1,531)	(1,163)
Long term deposits - net		4,866	3,422
Net cash flows from operating activities		52,183	19,073
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(301,494)	(590)
Proceeds from disposal of property, plant and equipment		847	21,257
Bank balances held in employees security deposits accounts		(59,993)	(1,349)
Investments matured during the year - net		36,000	15,500
Net cash flows from investing activities		(324,640)	34,818
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(9,761)	(13,711)
Short term borrowing		(14,899)	294,900
Disbursement of loans-net		440,353	(61,899)
Net cash flows from financing activities		415,693	219,290
Net increase in cash and cash equivalents		143,236	273,181
Cash and cash equivalents at beginning of the year		(951,877)	(1,225,058)
Cash and cash equivalents at end of the year	33	(808,641)	(951,877)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Note	Issued subscribed and paid-up capital	Capital reserve	Revenue reserve	Accumulated (loss)	Total
		(Rupees in '000)				
Balance as at 1 January 2015		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 gain 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					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
Transfer of revenue reserve to accumulated loss	*4.2*	-	-	(117,837)	117,837	-
Total comprehensive income for the year ended 31 December 2016						
Profit for the year		-	-	-	95,122	95,122
Net actuarial loss recognised directly in 'Other Comprehensive Income' net of tax	*8.7*	-	-	-	1,921	1,921
		-	-	-	97,043	97,043
Transfer from surplus on revaluation of property, plant and equipment - (incremental depreciation) - net of tax	*5*	-	-	-	14,049	14,049
Balance as at 31 December 2016		454,056	5,000	-	(150,507)	308,549

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Notes to the Financial Statements
For the year ended 31 December 2016

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" comprises of the Holding Company and the Subsidiary Company mentioned below:

Holding Company- Singer Pakistan Limited

Singer Pakistan Limited ("the Company") is incorporated in Pakistan as a public company limited by shares and is quoted on Pakistan Stock Exchange. The Company is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides the manufacturing and assembling of the same. The registered office of the Company is located at Plot No. 39, Sector 19,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. However during the current year, Singer (Pakistan) B.V., Netherlands disinvest the entire share holding, details of which are mentioned in note 4 to these financial statements.

Subsdiary Company- Electronics Marketing Company (Private) Limited (EMC)
Electronics Marketing Company (Private) Limited ("the Company") was incorporated on 09 September 2016 as a private limited company under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary company of Singer Pakistan Limited (the Holding Company). The Company has yet to commence its operations. The principal activity of the Company will be to carry out distribution/ wholesales business of all kinds of electronic appliances, its components and accessories, etc.

The registered office of the Company is located at Plot 39, Sector 19, Korangi Industrial Area, Singer Roundabout, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.3 Functional and presentation currency

These consolidated 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 be enrounded off to the nearest thousand of rupees unless otherwise stated.

2.4 Use of estimates and judgments

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

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

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

- Residual value, market values and useful lives of Property, Plant and Equipment (note 3.1)
- Useful lives of intangible assets (note 3.2)
- Investment Property (note 3.3)
- Provision for employee retirement benefit plans (note 3.4)
- Stock in trade and stores and spares and loose tools at net realisable value (notes 3.5 and 3.6)
- Provision for impairment of trade debts and other receivables (note 3.7)
- Provision for warranty claims (note 3.13)
- Taxation (note 3.15)

2.5 Standards and IFRIC interpretations 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 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1st January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of there porting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments required is closures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments;(b) classification of share-based payments settled net of tax with holdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled.
  The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

  -Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity'sinterests that are classified as held for sale or discontinued operations in accordance with IFRS 5

  -'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

  -Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's financial statements.

Consolidated Notes to the Financial Statements
For the year ended 31 December 2016

-IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset,expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The above amendments are not likely to have an impact on Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Group's financial statements. However during the year, the company adopted the accounting policies as disclosed in note 3.3 and 3.8 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 (in case of buildings only) 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 regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset. 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 there valuation 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. I 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 Group 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. 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. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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

Gain or loss from de recognition of intangible assets are recognised in Profit and loss account.

3.3 Investment property

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Group's intentions regarding the use of a property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipments. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings/accumulated losses and the transfer is not made through the profit and loss account. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the profit and loss account (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and loss account would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent re measurement). The revaluations of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

3.4 Employee retirement and other service benefits

Defined benefit plans

a) The Holding 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.

Consolidated Notes to the Financial Statements
For the year ended 31 December 2016

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

3.5 Stores, spares and loose tools

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. 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. Provision is made for any excess of carrying value over the estimated net realizable value and is recognised in the Profit and loss account.

3.6 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.

3.7 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.

Consolidated Notes to the Financial Statements
For the year ended 31 December 2016

3.8 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.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, and deposits held with banks (excluding bank deposits held in employee security deposit accounts) 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 (excluding murabaha finances)availed by the Company are also included as part of cash and cash equivalents for the purpose of cash flow statement.

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.11 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.

3.12 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.

3.13 Warranty obligations

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

3.14 Revenue recognition

- Sales are stated net of sales tax, rebate and sales return and are recognised when persuasive evidence of a sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when the Company has transferred significant risks and rewards of ownership to third parties. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

- 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 over the period of the sale under the hire purchase arrangement.

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

3.15 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 the settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. A deferred tax asset (including the deferred tax asset on tax losses) 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.

3.16 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

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.

3.17 Financial instruments

The Group 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. Gain or loss on derecognition is recognised in Profit and loss account.

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.

3.18 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.

3.19 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 Group 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.

3.20 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 ad is count 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.

3.21 Foreign currency translations

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.

3.22 Dividends and appropriation of profit

Dividend and appropriation to reserves are recognised in the consolidated 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 consolidated financial statements in the period in which such transfers are made.

3.23 Earnings per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year. The Group is not exposed to the dilutive effect on EPS.

3.23 Basis of consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. The financial information of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities and the profit and loss accounts transactions of the subsidiary have been consolidation on a line by line basis.

The accounting policies of a subsidiary company are changed, when necessary, to align them with the policies adopted by the Group.

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Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL & RESERVES

2016	2015		2016	2015
(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

4.1 During the year, in January 2016, Singer (Pakistan) B.V., Netherlands, disposed off its entire share holding in the Company (comprising 31,909,024 ordinary shares of Rs. 10 each).

Currently, the single largest investor group comprises of (a) Poseidon Synergies (Private) Limited (8,509,024 shares at 18.70% of the total share capital), (b) Mr. Haroon Ahmad Khan (7,000,000 shares at 15.42% of the total share capital) and (c) Mrs. Nighat Haroon Khan (2,900,000 shares at 6.39% of the total share capital) cumulatively at 40.50%.

4.2 Revenue reserves have been transferred to accumulated losses as per the approval of Board of Directors of the Holding Company in their meeting held on 29 April 2016

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

	Note	2016	2015
		(Rupees in '000)	
Surplus on revaluation of leasehold land and buildings - as on 01 January		**1,156,684**	859,091
Surplus on revaluation of leasehold land recognised during the year	*14.1.1*	**362,597**	480,293
Surplus on revaluation of buildings on leasehold land recognised during the year - net	*14.1.1*	**(37,576)**	(152,870)
Surplus on disposal of asset recognised in equity		**-**	(12,071)
Incremental depreciation transferred to equity	*	**(19,245)**	(17,759)
	5.1	**1,462,460**	1,156,684
Deferred tax liability - as on 1 January		**(337,216)**	(288,939)
Deferred tax on revaluation recognised during the year		**(94,351)**	(95,457)
Deferred tax on disposal of shop reversed during the year		**-**	3,711
Tax effect due to change in tax rate proportion		**-**	38,173
Deferred tax reversal on investment property		**59,766**	-
Tax effect on transfer of incremental depreciation to retained earnings	*	**5,196**	5,296
Deferred tax liability		**(366,605)**	(337,216)
Balance as at 31 December (2016: land: Rs. 975.81 million & building: Rs. 120.045 million)		**1,095,855**	819,468

5.1 This includes balance of Rs. 204.999 million representing surplus on revaluation of the portion of land and building classified as investment property during the year. The balance is as of 5 July 2016, the date when the above related assets were classified as investment property.

5.2 Refer note 14.1.1 for details.

* Net effect amounting to Rs. 14.05 million (2015: Rs. 12.46 million) has been transferred to equity.

6. LONG TERM LOANS - secured

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

	Security	Frequency of Instalments	Repayment period	Amount of instalment (principal) (Rupees in '000)	Mark-up rate	2016	2015
						(Rupees in '000)	
Term loan 1	6.1	quarterly	2016-2021	Refer note 6.4	3 Months KIBOR Plus 3.00%	500,000	-
Term loan 2	6.2	quarterly	2014-2019	4,688	3 Months KIBOR Plus 1.75%	46,875	70,312
Term loan 3	6.1	quarterly	2012-2015	5,585	3 Months KIBOR Plus 1.50%	-	5,585
Term loan 4	6.2	half-yearly	2011-2016	12,500	6 Months KIBOR Plus 1.50%	-	25,000
Term loan 5	6.2	quarterly	2012-2016	1,875	3 Months KIBOR Plus 1.50%	-	5,625
						546,875	106,522
Current portion of long term loans							
Term loan 2	6.2	quarterly	2014-2019	4,688	3 Months KIBOR Plus 1.75%	(18,750)	(23,437)
Term loan 3	6.1	quarterly	2012-2015	5,585	3 Months KIBOR Plus 1.50%	-	(5,585)
Term loan 4	6.2	half-yearly	2011-2016	12,500	6 Months KIBOR Plus 1.50%	-	(25,000)
Term loan 5	6.2	quarterly	2012-2016	1,875	3 Months KIBOR Plus 1.50%	-	(5,625)
						(18,750)	(59,647)
						528,125	46,875

6.1 Equitable mortgage charge on owned shops of the Company and first pari passu charge on land, building, machinery and equipments located at the factory (refer note 12.2).

6.2 First pari passu charge on land, building, machinery and equipment located at the factory (refer note 12.2).

6.3 At the year-end, the applicable mark-up rate was between 7.87% to 9.12% per annum (2015: 8.1% to 9%).

6.4 Term loan 1 from a Bank obtained during the year is repayable in different quarterly principal amounts between Rs. 32.4 million to Rs. 52.684 million from 30 June 2018 to 24 March 2021.

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:

	2016			2015		
	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	7,855	1,326	6,529	10,091	1,962	8,129
Later than one year and not later than five years	11,562	618	10,944	19,063	1,710	17,353
	19,417	1,944	17,473	29,154	3,672	25,482

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 (2015: KIBOR plus 1.75% to 5.0% per annum). KIBOR is 1 month/ 3 months and 6 months average ask side. At the year-end the applicable rate ranged between 7.12% to 11.15% (2015: 7.46% to 13.18%) per annum.
The Holding Company intends to acquire the assets at the end of the lease term through adjustment of lease security deposit.

Consolidated Notes to the Financial Statements
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8. EMPLOYEE RETIREMENT BENEFITS

	Note	2016	2015
		(Rupees in '000)	
Employee retirement benefits - obligation			
- Gratuity fund - permanent employees	8.2	19,780	22,345
- Gratuity - field staff	8.2	13,346	14,670
- Pension fund	8.2	18,486	10,788
		51,612	47,803

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 Holding Company. Gratuity is payable to field staff after at least 5 years of service with the holding company.

The details of employee retirement benefit based on actuarial valuations carried out by an independent actuary as at 31 December 2016 under the Projected Unit Credit method are given below.

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

	2016	2015
	(Percentage)	
1) Discount rate per annum	8.00	9.00
2) Expected per annum rate of increase in future salaries	6.00 to 7.00	6.00 to 7.00
3) Expected rate of increase in pension	Nil	Nil

	Note	Pension Fund		Gratuity					
				Permanent employees (funded)		Field staff (unfunded)		Total	
		2016	2015	2016	2015	2016	2015	2016	2015
		(Rupees in '000)							
8.2 Amounts recognised in balance sheet									
Present value of defined benefit obligation	8.4	80,268	75,101	34,166	47,564	13,346	14,670	47,512	62,234
Fair value of plan assets	8.5	(61,782)	(64,313)	(14,386)	(25,219)	-	-	(14,386)	(25,219)
Liability on the balance sheet		18,486	10,788	19,780	22,345	13,346	14,670	33,126	37,015
8.3 Movement in net defined benefit liability recognised in balance sheet									
Opening balance		10,788	2,674	22,345	7,870	14,670	9,387	37,015	17,257
Cost recognised in profit or loss for the year	8.6	2,827	1,508	5,055	4,152	207	6,446	5,262	10,598
Contribution / payments during the year		-	-	-	-	(1,531)	(1,163)	(1,531)	(1,163)
Total amount of re measurements recognised in other comprehensive income (OCI) - actuarial loss	8.7	4,871	6,606	(7,620)	10,323	-	-	(7,620)	10,323
Closing balance		18,486	10,788	19,780	22,345	13,346	14,670	33,126	37,015

	Pension Fund		Gratuity					
			Permanent employees		Field staff		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
8.4 Movement in present value of defined benefit obligations	(Rupees in '000)							
Liability for defined benefit obligation at 1 January	75,101	71,256	47,564	52,466	14,670	9,387	62,234	61,853
Benefits paid	(6,183)	(6,038)	(12,188)	(10,471)	(1,531)	(1,163)	(13,719)	(11,634)
Current service cost	1,877	1,240	3,128	3,366	207	6,446	3,335	9,812

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Interest cost	6,704	7,229	4,304	5,216	-	-	4,304	5,216
Re-measurements - actuarial (gain) / loss on obligation	2,769	1,414	(8,642)	(3,013)	-	-	(8,642)	(3,013)
Liability for defined benefit obligation at 31 December	80,268	75,101	34,166	47,564	13,346	14,670	47,512	62,234

8.5 Movements in the fair value of plan assets

	Note								
Fair value of plan assets - at 1 January		64,313	68,582	25,219	44,596	-	-	25,219	44,596
Refund during the year		-	-	-	-	-	-	-	-
Benefits paid		(6,183)	(6,038)	(12,188)	(10,471)	-	-	(12,188)	(10,471)
Expected return on plan assets		5,754	6,961	2,377	4,430	-	-	2,377	4,430
Re-measurements on assets - actuarial gain / (loss)		(2,102)	(5,192)	(1,022)	(13,336)	-	-	(1,022)	(13,336)
Fair value of plan assets - at 31 December	*8.9*	61,782	64,313	14,386	25,219	-	-	14,386	25,219

8.6 Expense recognised in profit or loss account

Current service cost	1,877	1,240	3,128	3,366	207	6,446	3,335	9,812
Net Interest cost	950	268	1,927	786	-	-	1,927	786
	2,827	1,508	5,055	4,152	207	6,446	5,262	10,598
The expense is recognised in the following line items in the profit and loss account:								
Cost of sales	1,119	575	2,001	1,583	-	-	2,001	1,583
Marketing, selling and distribution costs	1,177	641	2,105	1,765	207	6,446	2,312	8,211
Administrative expenses	531	292	950	804	-	-	950	804
	2,827	1,508	5,055	4,152	207	6,446	5,262	10,597

8.7 Actuarial loss/(gain) recognised in other comprehensive income (OCI) during the year

Actuarial loss / (gain) on obligation	2,769	1,414	(8,642)	(3,013)	-	-	(8,642)	(3,013)
Actuarial (gain) / loss on plan assets	2,102	5,192	1,022	13,336	-	-	1,022	13,336
Total actuarial loss / (gain) recognised in OCI	4,871	6,606	(7,620)	10,323	-	-	(7,620)	10,323

8.8 Return on plan assets

Actual return on plan assets	4,068	5,642	1,337	2,646	-	-	1,337	2,646

8.9 Composition of plan assets

	Pension Fund		Gratuity			
			Permanent employees		Field staff	
	2016	2015	2016	2015	2016	2015
	-------------------------	(Rupees in '000)	-------------------------			
Cash and cash equivalents (after adjusting current liabilities)	1,581	21,105	892	6,376	-	-
Debt instruments - Government Bonds / Securities						
i) Pakistan Investment Bonds	10,554	23,208	6,044	18,843		
ii) Special Savings Certificates	30,722	-	-	-	-	-
iii) Treasury Bills	18,925	20,000	14,262	-	-	-
iv) Current Liabilities	-	-	(6,812)	-	-	-
Total fair value of plan assets	61,782	64,313	14,386	25,219	-	-

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8.10 Historical information

	Pension Fund				
	2016	2015	2014	2013	2012
	(Rupees in '000)				
Present value of the defined benefit obligation	80,268	75,101	71,256	61,869	59,814
Fair value of plan assets	(61,782)	(64,313)	(68,582)	(65,417)	(68,815)
Deficit / (surplus) in the plan	18,486	10,788	2,674	(3,548)	(9,001)
Experience adjustments arising on plan liabilities	(1,488)	(5,870)	(5,785)	(2,990)	994
Experience adjustments arising on plan assets	2,102	5,192	(3,962)	(204)	120
	Gratuity - funded				
Present value of the defined benefit obligation	34,166	47,564	52,466	49,535	41,891
Fair value of plan assets	(14,386)	(25,219)	(44,596)	(37,997)	(32,141)
Deficit / (surplus) in the plan	19,780	22,345	7,870	11,538	9,750
	Gratuity - unfunded				
Present value of the defined benefit obligation	13,346	14,670	9,387	7,842	6,733

8.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2016	
	Pension	Gratuity
	(Rupees in '000)	
Actuarial liability		
Discount rate +0.5%	76,901	33,122
Discount rate -0.5%	83,920	35,268
Long term salary increases +0.5%	81,102	35,368
Long term salary increases -0.5%	79,469	33,020

8.12 The expected charge to profit and loss account for post employment benefit gratuity and pension plans for the year ending 31 December 2017 are Rs. 4.48 million and Rs. 3.94 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
8.13 Number of employees covered in the scheme	104	199	336

9. DEFERRED TAX LIABILITY - net

Deferred tax asset and liability comprises of taxable and deductible temporary differences in respect of the following:

		Balance as at 1 January 2015	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 December 2015	Recognized in profit and loss account	Recognised in surplus on revaluation of property, plant and equipment	Balance as at 31 December 2016
		(Rupees in '000)						
Taxable temporary differences on:								
- accelerated tax depreciation		25,839	4,507	-	30,346	46,044	-	76,390
- surplus on revaluation of property, plant and equipment	5	288,939	(9,007)	57,284	337,216	(5,196)	34,585	366,605
		314,778	**(4,500)**	**57,284**	**367,562**	**40,848**	**34,585**	**442,995**

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Deductible temporary differences on:							
- provision for defined benefit plans	(2,976)	(1,301)	-	(4,277)	498	-	(3,779)
- provision against slow moving and obsolete stock	(4,349)	(6,926)	-	(11,275)	3,323	-	(7,952)
- provision for doubtful debts and other receivables	(68,754)	(5,841)	-	(74,595)	24,306	-	(50,289)
- provision for warranty obligations	(2,096)	341	-	(1,755)	50	-	(1,705)
- recoupable tax	(7,479)	7,479	-	-	-	-	-
- tax losses (note 9.1)	(69,212)	(33,301)	-	(102,513)	(60,197)	-	(162,710)
	(154,866)	**(39,549)**	**-**	**(194,415)**	**(32,020)**	**-**	**(226,435)**
Deferred tax liability / (assets) - net	**159,912**	**(44,049)**	**57,284**	**173,147**	**8,828**	**34,585**	**216,560**

9.1 This includes deferred tax of Rs. 16.05 million (2015: Rs. 10.30 million) recorded on unabsorbed tax depreciation and amortisation.

9.2 Deferred tax liability (net) has been recognised at 30%, being the rate enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled.

9.3 The management has recorded deferred tax asset based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels, etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

10. DEFERRED INCOME

		2016	2015
		(Rupees in '000)	
Balance as at 1 January			
Cost		**18,627**	11,141
Accumulated amortisation		**(12,545)**	(10,677)
Unamortized balance of deferred income		**6,082**	464
Transactions during the year			
Additions	*10.1*	**-**	7,486
Amortisation for the year	*10.1*	**(1,871)**	(1,868)
Unamortized balance of deferred income		**4,211**	6,082
Current Portion of deferred income	*10.1*	**(1,871)**	(1,871)
Balance as at 31 December		**2,340**	4,211
Balance as at 31 December			
Cost		**18,627**	18,627
Accumulated amortisation		**(14,416)**	(12,545)
Unamortized balance of deferred income		**4,211**	6,082

10.1 In the previous year, the Holding Company entered in a sale and lease back arrangement of specific items of plant and machinery resulting in a deferred income (representing excess of sales proceed over the carrying amount of respective assets) of Rs. 4.211 million, out of which Rs. 1.871 million (2015: Rs. 1.871 million) has been classified incurrent 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. 1.871 million (2015: Rs. 1.404 million) 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 instalments of Rs. 0.39 million by 31 March 2019. The obligation carries mark-up at 6 months KIBOR plus 5% per annum.

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11. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in '000)	
Trade credit		134,895	159,634
Bills payable	11.4	150,972	97,455
Accrued liabilities		56,678	46,006
Due to associated companies			
- for goods		-	1,139
- others		-	517
		-	1,656
Advances from dealers		1,167	417
Retention from employees	11.1	55,461	34,676
Provisions in respect of warranty obligations	11.2	6,020	6,019
Sales tax and excise duty - net		54,055	60,409
Workers' profits participation fund	11.3	6,682	-
Workers' welfare fund		2,490	-
Unclaimed dividend		1,325	1,325
Others	11.5	4,951	4,138
		474,696	411,735

11.1 This represents security deposits from field staff repayable on retirement, resignation or termination from service and carries interest at 5% (2015: 5%) per annum. These are held in investments and a bank accounts.

11.2 Warranty obligations

	Note	2016	2015
		(Rupees in '000)	
Balance at beginning of the year		6,019	6,610
Provision for the year	26	13,623	12,630
Provision utilised during the year		(13,622)	(13,221)
Balance at end of the year		6,020	6,019

11.3 Workers' profits participation fund

	Note	2016	2015
Allocation for the year	28	6,682	-
Balance at end of the year		6,682	-

11.4 At 31 December 2016, Rs. 150.97 million was due against the LC usance facilities available to the Holding Company against total sub limit of Rs. 640 million which are secured against the lien on import bills and carries mark-up rate ranging between 23% to 25% perannum. These are repayable by March 2016.

11.5 Includes Rs. 0.965 million (2015: Rs. 1.034 million) payable to the Provident Fund of the holding company due for December 2016, which were paid subsequent to the year end.

This also includes withholding income tax obligation of Rs. 1.652 million (2015: Rs. 2.388 million) which was also paid subsequent to the year end.

12. SHORT TERM RUNNING FINANCES - secured

12.1 This represents short term running finance and murabaha finance facilities available from various banks aggregating to Rs. 1,287 million (2015: Rs. 1,321.7 million), carrying mark-up rates ranging from 7.4% to 8.6% (2015: 7.5% to 9.1%) per annum. These arrangements are secured by hypothecation of stock-in-trade, trade debts and charge on property, plant and equipment of the Holding Company.

12.2 Above arrangements including long term loans (refer note 6) are secured by way of joint hypothecation equitable and pari passu charge over fixed assets, stocks, stores and spares and present and future trade debts of the Holding Company of Rs. 3,235 million.

13. CONTINGENCIES AND COMMITMENTS

13.1 Singer Pakistan Limited - Holding Company

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The Company has filed a Constitutional petition before the Sindh High court at Karachi, challenging the vires of Rule58T of the Sales Tax Special Procedure Rules relating to 2 percent Extra Sales tax on certain home appliances. Thiswas based on the advice of the tax and legal advisors that the said vires are not applicable on the Company. Thecase is pending before the Honourable Court. An interim order has been received in favour of the Company. TheCompany is confident that no liability is expected to occur. Amount involved is Rs. 64.24 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 ofshort 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 ofSales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and 11.15 million forthe 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. 190.6million, against which the Company had filed an appeal with the Commissioner Inland Revenue Appeals (CIRAppeals). 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 theCompany. 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.

13.2 Commitments under letters of credit as at 31 December 2016 amounted to Rs. 171.82 million (2015: Rs. 12.7 million).

13.3 Commitments in respect of Ijarah rentals payable in future period as at 31 December 2016 amounted to Rs. 3.649 million (2015: Rs. 5.74 million) for vehicles and plant & machinery.

	2016	2015
	(Rupees in '000)	
Not later than one year	1,497	1,447
Later than one year and not later than five years	2,152	4,297
	3,649	5,744

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Operating fixed assets	*14.1*	1,585,584	1,309,665
Capital work-in-progress	*14.2*	72,148	334
		1,657,732	1,309,999

14.1 Operating fixed assets

	2016											
	Lease-hold land	Buildings on lease-hold land	Leasehold improvements *	Plant and machinery Owned	Plant and machinery Leased	Furniture and equipment Owned	Furniture and equipment Leased	Vehicles Owned	Vehicles Leased	Computers Owned	Computers Leased	Total
	(Rupees in '000)											
At 1 January 2016												
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
During the year 2016												
Additions / transfers	-	4,883	208,166	6,763	-	700	-	8,289	-	882	-	229,682
Revaluation (note 14.1.1)	362,597	(37,576)	-	-	-	-	-	-	-	-	-	325,021
Transfer to investment property - note 16	(202,800)	(5,000)	-	-	-	-	-	-	-	-	-	(207,800)

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Transfer												
Cost	(12,097)	(7,307)	-	-	-	-	-	-	-	-	-	(19,404)
Depreciation	12,097	7,307	-	-	-	-	-	-	-	-	-	19,404
	-	-	-	-	-	-	-	-	-	-	-	-
Disposals												
Cost	-	-	-	-	-	(51)	-	(5,271)	-	(4,985)	-	(10,307)
Depreciation	-	-	-	-	-	51	-	2,721	-	4,985	-	7,757
	-	-	-	-	-	-	-	(2,550)	-	-	-	(2,550)
Depreciation charge for the year	(13,456)	(7,073)	(28,818)	(3,163)	(2,264)	(3,781)	(136)	(755)	(1,348)	(7,640)	-	(68,434)
Closing net book value	**1,091,341**	**194,016**	**205,032**	**26,682**	**26,822**	**7,943**	**567**	**10,426**	**11,114**	**11,641**	**-**	**1,585,584**
As at 31 December 2016												
Cost / revaluation	1,092,700	194,502	327,043	102,462	33,969	46,109	1,360	14,321	19,896	49,728	1,863	1,883,952
Accumulated depreciation	(1,359)	(486)	(122,010)	(75,780)	(7,147)	(38,166)	(793)	(3,895)	(8,782)	(38,087)	(1,863)	(298,368)
Net book value	**1,091,341**	**194,016**	**205,032**	**26,682**	**26,822**	**7,943**	**567**	**10,426**	**11,114**	**11,641**	**-**	**1,585,584**
Depreciation rate (% per annum)	**1.49**	**3**	**10**	**8.33**	**8.33**	**10-20**	**10**	**20**	**20**	**20**	**20**	
						2015						
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 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
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												
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 / sale & lease back												
Cost of sale & lease back of asset	-	-	-	(26,296)	-	-	-	-	-	-	-	(26,296)
Cost of disposal	-	(12,530)	-	(174)	-	(104)	-	(640)	-	-	-	(13,448)
Depreciation on sale & lease back of asset	-	-	-	15,247	-	-	-	-	-	-	-	15,247
Depreciation	-	188	-	174	-	104	-	320	-	-	-	786
	-	(12,342)	-	(11049)	-	-	-	(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	20	20	

* Other than building on owned leasehold land.

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14.1.1 Leasehold land and buildings on leasehold land of the Holding Company were revalued on 27 December 2016 by an independent valuer M/s Asif Associates (Private) Limited on market value basis after making independent market inquiries from local property dealers and estate agents to ascertain the market price for properties of the same nature in the immediate neighbourhood and adjoining areas. The difference between the market values as of 27 December 2016 and 31 December 2016 is not considered to be material.

The revaluation of the above assets were last carried out in 2015 (land and building), 2014 (land and building), 2013 (land only) and 2010 (land only). The resulting surplus has been credited to the revaluation surplus account. The impact of revaluation for the year amounting to Rs. 325.021 million has been incorporated in the financial statement.

Had land and buildings been stated on historical cost basis, the net book value as of 31 December 2016 would have been as follows:

	Cost	Accumulated depreciation	Net carrying value
	----------------	(Rupees in '000)	----------------
Land - owned property	273	110	163
Building - owned property	43,790	16,057	27,733

14.1.2 Depreciation for the year has been allocated as follows:

		2016	2015
		(Rupees in '000)	
Cost of sales	*24.1*	23,971	22,490
Marketing, selling and distribution costs	*25*	41,681	22,144
Administrative expenses	*26*	2,782	2,947
		68,434	47,581

14.1.3 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)	----------------------	----------------------		
Vehicles							
- Toyota Corolla	1,012	506	506	815	309	Tender	Mr. Iftikhar Ahmed, Karachi
- Honda Accord	4,196	2,184	2,012	-	(2,012)	Company Policy	Mr.Kamal Shah, ex-Chairman
Written down value not exceeding Rs. 50,000 each	5,099	5,067	32	32	-	*	
2016	**10,307**	**7,757**	**2,550**	**847**	**(1,703)**		
2015 (Other than asset sale and leased back)	13,448	786	12,662	10,970	(1,692)		

* Assets of WDV Rs. Nil, written off while motorcycle of WDV of Rs. 0.032 million sold to the employees.

14.2 Capital work-in-progress (CWIP)

	2016	2015
	(Rupees in '000)	
Balance as at 1 January	334	2,435
Additions during the year	72,214	308
Write off during the year	(334)	-
Transfers to operating fixed assets	(66)	(2,409)
Balance as at 31 December	72,148	334
Breakup of capital work in progress is as follows:		
- Plant and machinery	72,148	-
- Advance for software	-	334
	72,148	334

Consolidated Notes to the Financial Statements
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15. INTANGIBLE ASSETS

	Note	2016	2015
		(Rupees in '000)	
Software			
Cost			
Balance as at 1 January		49,761	49,726
Addition during the year		-	35
		49,761	49,761
Amortization			
Accumulated amortization as at 1 January		(23,687)	(19,900)
Amortisation for the year	15.2	(3,729)	(3,787)
		(27,416)	(23,687)
Net book value		22,345	26,074
Balance as at 31 December			
Cost		49,761	49,761
Accumulated amortisation		(27,416)	(23,687)
Net carrying value		22,345	26,074

15.1 Software is being amortised at 10% - 20% per annum (2015: 10% - 20% per annum) on a straight line basis.

15.2 Amortisation for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000)	
Marketing, selling and distribution costs	26	3,356	3,409
Administrative expenses	27	373	378
		3,729	3,787

16. INVESTMENT PROPERTY

	Note	2016	2015
Carrying value on transfer from property, plant and equipment	14.1	207,800	-
Fair value gain recognised in profit and loss account during the year - unrealised		109,400	-
Carrying value at the year end		317,200	-

During the year, the Holding Company entered in a rent agreement with third party and sublet certain portion of land and building thereon to the third party. Changes in fair values are recognised as gain in Profit and Loss and included in 'Other Income'. The investment property comprises of land and building, comprising 68,000 square feet out of total 339,993 square feet.

The fair value of investment property was determined by an external independent property valuer M/s Asif Associates (Private) on 5 July 2016 and 27 December 2016 Limited based upon independent inquiries active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the Investment Property has been categorized as a level 3 fair value based on the input to the valuation technique used. The difference between the market values as of 27 December 2016 and 31 December 2016 is not considered to be material. Original cost of land and building on land classified as Investment Property is Rs. 4.65 million. There has been no additions / deletions in these assets during the year.

Consolidated Notes to the Financial Statements
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During the year, the Holding Company received an amount of Rs. 2.1 million as advance rental payment, which has been amortized during the year and included in Profit and Loss as "Other Income".

17. LONG TERM DEPOSITS

		2016	2015
		(Rupees in '000)	
Deposits			
- shops and others		13,896	18,870
- leases		4,618	4,510
		18,514	23,380

18. STOCK-IN-TRADE

		2016	2015
Raw materials			
- in stores (in hand)		71,620	32,700
- in third party premises	18.1	4,735	4,431
- in bonded warehouse		-	13,240
- in transit		87,102	26,190
		163,457	76,561
Work in process		36,023	16,557
Finished goods			
- own manufactured		285,313	176,014
- purchased for resale		52,324	60,723
		337,637	236,737
Provision for slow moving and damaged stock	18.2	(28,078)	(38,675)
		509,039	291,180

18.1 This represents raw materials lying at premises of certain vendors where these are processed to be used in the next stage of production. Major parties with whom the stock amounting to Rs. 3.87 million is held are Rainbow Engineering, Al Noor Associates, Mirza Plastic, Premier Plastic and Saghir Brothers.

18.2 The Holding Company has reversed provision of Rs. 10.597 million (2015: recognised provision of Rs. 14.36 million) for slow moving and damaged items during the year.

19. TRADE DEBTS AND OTHER RECEIVABLES

19.1 Retail Network
Considered good - unsecured

		2016	2015
		(Rupees in '000)	
Hire purchase			
- Retail		508,583	819,025
- Institutional		143,438	212,260
		652,021	1,031,285
Unearned carrying charges	19.6	(29,460)	(38,149)
	19.3	622,561	993,136
Other receivables	19.4	92,382	144,253
		714,943	1,137,389
Considered doubtful		159,376	230,289
		874,319	1,367,678
Provision for doubtful debts and other receivables	19.5	(159,376)	(230,289)
		714,943	1,137,389

Consolidated Notes to the Financial Statements
For the year ended 31 December 2016

19.2 Wholesale
Considered good - unsecured

	Note	2016	2015
Dealers		348,374	45,191
Considered doubtful		18,204	16,093
		366,578	61,284
Provision for doubtful debts	19.5	(18,204)	(16,093)
	19.7	348,374	45,191

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

19.4 Other receivables comprise of amounts recoverable from the current and former field employees amounting to Rs. 122.879 million (2015: Rs. 281.55 million) out of which Rs. 24 million (2015: Rs. 137 million) is considered as doubtful. Provision of Rs. 24 million has been made against this balance, net of securities available with the Company.

19.5 The Holding Company has reversed a provision of Rs. 68.8 million (2015: recognised provision of Rs. 39.61 million) for doubtful trade debts and other receivables while an amount of Rs. Nil (2015: Nil million) was written off during the year against provision. Provision is held based on management estimate and age of the balances as indicated in note 35.1.

19.6 Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 111.361 million (2015: Rs. 226.343 million).

19.7 Sales to the dealers do not carry any interest.

20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2016 (Rupees in '000)	2015 (Rupees in '000)
Advances - considered good			
- Employees and executives	20.1	828	1,142
- Suppliers		2,870	720
		3,698	1,862
Deposits			
- Trade and leases		8,412	1,915
- Customs and others		8,381	6,862
		16,793	8,777
Prepayments		4,372	5,503
Other receivables			
- Claims	20.3	16,158	19,661
- Accrued mark-up on investments		-	230
- Others		1,262	1,473
		17,420	21,364
Provision for doubtful claims	20.4	(9,407)	(9,480)
		32,876	28,026

20.1 At 31 December 2016, the advances due from executives amounted to Rs. 0.528 million (2015: Rs. 0.175 million).

20.2 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 1.36 million (2015: Rs. 1.142 million).

Consolidated Notes to the Financial Statements
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20.3 Claims includes claims from suppliers and product claims amounting to Rs. 16.16 million (2015: Rs. 19.66 million) against which provision of Rs. 9.41 million (2015: Rs. 9.48 million) is held.

20.4 Additional provision during the year was Rs. Nil million (2015: Rs. 0.13 million) while Rs. 0.073 million (2015: Rs. Nil) has been written off during the year.

20.5 All the above balances are interest free and unsecured.

21. INVESTMENTS - available for sale

		2016	2015
		(Rupees in '000)	
Balance as at the year end		-	36,000

This represents term deposit receipts in respect of amounts retained from employees as security. This carries mark-up ranging from Nil (2015: 6.1 % to 6.6%) per annum.

22. CASH AND BANK BALANCES

		2016	2015
		(Rupees in '000)	
Balances with banks in current accounts	22.1	67,629	3,902
Cash in hand	22.2	82,468	72,338
		150,097	76,240

22.1 This includes an amount of Rs. 61.31 million (2015: Rs. 1.35 million) relating to employees security deposit held in a separate bank accounts by the holding company.

22.2 This includes cash in transit of Rs. 80.216 million (2015: Rs. 70.96 million) representing the balance held with the outlets and dealers and were deposited in the bank accounts subsequent to the year-end.

23. NET REVENUE

	2016	2015
	(Rupees in '000)	
Sales		
- Local	1,587,842	1,689,125
Sales tax	(188,236)	(201,191)
	1,399,606	1,487,934

24. COST OF SALES

		2016	2015
Opening stock - finished goods			
- own manufactured		176,014	254,442
- purchased for resale		60,723	46,037
		236,737	300,479
Purchases		223,185	274,250
Cost of goods manufactured	24.1	788,032	851,369
		1,247,954	1,426,098
Closing stock - finished goods			
- own manufactured		(285,313)	(176,014)
- purchased for resale		(52,324)	(60,723)
		(337,637)	(236,737)
		910,317	1,189,361

24.1 Cost of goods manufactured

	2016	2015
	(Rupees in '000)	
Opening stock of raw materials	76,560	121,953
Purchases	755,987	640,749
	832,547	762,702

Consolidated Notes to the Financial Statements
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Closing stock of raw materials		**(163,457)**	(76,560)
Raw material consumed		**669,089**	686,142
Salaries, wages and other benefits	*24.1.1*	**84,781**	78,954
Stores and spares consumed		**12,950**	5,731
Depreciation on property, plant and equipment	*14.1.2*	**23,971**	22,490
Fuel and power		**14,530**	12,094
Insurance		**8,839**	14,372
Rent, rates and taxes		**567**	844
Repairs and maintenance		**1,089**	1,002
Travelling and conveyance		**1,798**	1,358
Communication		**210**	235
Printing and stationery		**270**	261
(Reversal of provision) / provision for slow moving and damaged stock	*19.2*	**(10,597)**	14,361
		807,497	837,844
Work-in-process			
Opening stock		**16,557**	30,082
Closing stock		**(36,023)**	(16,557)
		(19,466)	13,525
Cost of goods manufactured		**788,032**	851,369

24.1.1 These include provision of Rs. 4.099 million (2015: Rs. 3.261 million) in respect of employee retirement benefits.

25. MARKETING, SELLING AND DISTRIBUTION COSTS

		2016	2015
		(Rupees in '000)	
Publicity and sales promotion		**46,224**	45,326
Commission expense		**124,136**	139,906
Salaries and benefits	*26.1*	**89,181**	88,017
Rent, rates and taxes		**74,652**	68,093
Utilities		**16,804**	14,782
Warranty obligations	*11.2*	**13,623**	12,630
Depreciation on property, plant and equipment	*14.1.2*	**41,681**	22,144
Amortisation of intangible assets	*15.2*	**3,356**	3,409
Travelling and conveyance		**12,905**	18,276
Communication		**10,397**	11,604
Printing and stationery		**6,843**	6,693
Training and sundries		**5,141**	10,825
		444,943	441,705

26.1 These include provision of Rs. 6.25 million (2015: Rs. 11.25 million) in respect of employee retirement benefits.

26. ADMINISTRATIVE EXPENSES

		2016	2015
		(Rupees in '000)	
Salaries and benefits	*27.1*	**40,243**	40,134
Legal and professional charges		**12,456**	13,317
Rent, rates and taxes		**789**	720
Utilities		**3,281**	3,490
Communication		**4,176**	4,080
Travelling and conveyance		**2,301**	2,165
Depreciation on property, plant and equipment	*14.1.2*	**2,782**	2,947
Amortisation of intangible assets	*15.2*	**373**	378
Printing and stationery		**1,645**	1,712
		68,046	68,943

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26.1 These include provision of Rs. 2.726 million (2015: Rs. 2.19 million) in respect of employee retirement benefits.

27. OTHER EXPENSES

	Note	2016	2015
		(Rupees in '000)	
Provision for doubtful debts and others assets	20.5	-	39,606
Other receivables written off		-	10,420
Auditors' remuneration	28.1	1,510	1,050
Exchange loss - net		722	2,963
Operating lease rentals		1,450	1,453
Workers' profits participation fund	11.3	6,682	-
Workers' welfare fund		2,490	-
Other assets written off		-	7,420
		12,854	62,912

27.1 Auditors' remuneration

	2016	2015
Audit fee	1,000	750
Fee for the review of interim financial information	113	94
Fee for the review of code of corporate governance and other certifications	79	66
Fee for corporate advisory services	150	-
Out of pocket expenses	168	140
	1,510	1,050

28. OTHER INCOME

	Note	2016	2015
Income from financial assets			
Interest on investments		476	2,836
Income from non-financial instruments			
Loss on disposal of property, plant and equipment	14.1.3	(1,703)	(1,692)
Amortisation of deferred income	10	1,871	1,868
Unrelieved gain on fair value measurement of investment property	16	109,400	-
Warranty income		9,118	12,104
Rental income on investment property	16	2,100	-
Reversal of provision against bad and doubtful trade debts and other receivables	20.5	68,802	-
Liabilities written back as no longer payable		1,300	-
		191,364	15,116

29. FINANCE COSTS

	2016	2015
	(Rupees in '000)	
Mark-up on long term loans	36,852	13,605
Mark-up on short term running finances under mark-up arrangements and payments against documents by the banks	93,974	132,243
Finance lease charges	1,752	2,826
Interest on employee retention money	4,260	4,260
Bank charges	4,956	5,361
	141,794	158,295

30. TAXATION

	Note	2016	2015
Current year	31.1	2,383	2,629
Prior year		18,043	363

Deferred	10	8,824	(44,049)
		29,250	(41,057)

Singer Pakistan Limited - Holding Company

30.1 Represents the tax charge under the final tax regime.

30.2 During the year ended 31 December 2015, the Company had incurred taxable losses. However, provision for minimum turnover tax charge of Rs. 9 million under the Income Tax Ordinance, 2001, was During the year ended 31 December 2015, the Company had incurred taxable losses. However, to adjust the same against its future tax liability under normal tax regime with in the time limit as specified for adjustments of minimum tax in the Income Tax Ordinance, 2001. Similarly for the current year ended 31 December 2016 provision for minimum tax amounting to Rs. 13.182 million has also not been made in these financial statements on the same basis.

30.3 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, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 46.25 million. Appeal has been filed with Appellate Tribunal Inland revenue against these issues. However, the Company based on the merits of matters 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.

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

	2016	2015
	(Percent)	
Applicable tax rate	31.0	32.0
Prior year	14.5	0.2
Effect of minimum tax due to restatement		
Permanent differences, tax effect of income assessed under Final Tax Regime	(22.0)	(10.8)
Effective tax rate	23.5	21.4

31. EARNINGS / (LOSS) PER SHARE - basic and diluted

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

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

	2016	2015
	(Rupees in '000)	
Earnings / (loss) for the year	95,122	(150,766)
	(Number of shares in '000)	
Weighted average number of ordinary shares	45,406	45,406
	(Rupee)	

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Earnings / (loss) per share - basic and diluted	2.09	(3.32)

32. CASH AND CASH EQUIVALENTS

	2016	2015
	(Rupees in '000)	
Cash and bank balances (excluding balance relating to the employees security deposit)	88,755	74,891
Short term running finance - secured (excluding Murabaha financing)	(897,396)	(1,026,768)
	(808,641)	(951,877)

33. PROVIDENT FUND RELATED DISCLOSURE

The Holding 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:

	2016	2015
	(Unaudited) (Rupees in '000)	
Size of the fund - net assets	47,145	61,122
Cost of the investment made	40,485	49,147
Fair value of the investment made	46,033	60,305
	(Percentage)	
Percentage of the investment made (of the size of funds)	97.6%	98.7%

The breakup of fair value of investments is:

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Bank balances	508	1%	3,177	6%
Pakistan Investment Bonds	41,551	90%	47,284	78%
Term Deposit Receipt	-	-	9,844	16%
Treasury Bills	3,974	9%	-	-
	46,033	100%	60,305	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. During the year, there were few delays in the monthly deposit of contributions to the Provident Fund account. However the Holding Company compensated the Provident Fund by way of extra payment on account of opportunity cost of the Fund, not material though it was.

34. FINANCIAL INSTRUMENTS

The Board of Directors of the Group 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

34.1 Credit risk

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

The management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Group'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 Group 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	
	2016	2015
	(Rupees in '000)	
- Long term deposits	**18,514**	23,380
- Trade debts and other receivables	**1,063,317**	1,182,580
- Deposits and other receivables	**16,425**	13,569
- Investments (including mark-up thereon)	**-**	36,230
- Balances with banks	**67,629**	3,902
	1,165,885	1,259,661

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.

	2016			2015		
	Gross Receivable	**Provision**	**Net Receivable**	Gross Receivable	Provision	Net Receivable
	(Rupees in '000)			(Rupees in '000)		
Trade debts and other receivables	**1,240,898**	**(177,580)**	**1,063,317**	1,428,962	(246,382)	1,182,580
Deposits and other receivables	**25,838**	**(9,407)**	**16,425**	23,049	(9,480)	13,569
	1,266,730	**(186,987)**	**1,079,742**	1,452,011	(255,862)	1,196,149

Trade debts and other receivables and deposits and other receivables of Rs. 408.603 million (2015: Rs. 432.207 milion) are past due over 180 days (from the due date) of which Rs. 186.99 million (2015: Rs. 255.86 million) have been provided. Dues from 1 to 180 days (from the due date) but not provided amounts to Rs. 162.097 million (2015: Rs. 330.574 million). Remaining balance of Rs. 696.19 million (2015: Rs. 689.23 million) is not yet due. At 31 December 2016, provision relates to numerous individual customers and as mentioned in note 20.5 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.

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.

34.2 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 11.4 and 12 to ensure flexibility in funding. In addition, the Group 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:

	2016				
	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	546,875	(675,942)	(77,624)	(151,140)	(447,178)
Liabilities against assets subject to finance lease	17,473	(19,417)	(7,855)	(7,450)	(4,112)
Trade and other payables	401,665	(401,665)	(401,665)	-	-
Mark up accrued on short term running finance and long term loan	40,005	(40,005)	(40,005)	-	-
Short term running finance - secured	1,177,396	(1,177,396)	(1,177,396)	-	-
	2,183,514	(2,314,525)	(1,704,646)	(158,590)	(451,290)

	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)	(10,091)	(7,567)	(11,496)
Trade and other payables	341,468	(341,468)	(341,468)	-	-
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)	-	-
	1,828,434	(1,841,359)	(1,771,226)	(30,512)	(39,621)

34.3 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 Group's income or the value of its holdings of financial instruments.

34.3.1 Currency risk

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

	2016	2015	2016	2015
	(USD in '000)		(Rupees in '000)	
Trade and other payables	582	663	60,994	69,516

The following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2016	2015	2016	2015
USD to PKR	104.83	102.71	104.80	104.85

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.

	2016	2015
	(Rupees in '000)	
Effect on profit and loss accounts	6,099	6,952

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impacton 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.

34.3.2 Interest rate risk

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

		2016	2015
Financial assets		(Rupees in '000) Carrying amount	
Fixed rate instruments			
Trade debts and other receivables	*20*	622,561	993,136
Investments	*22*	-	36,000
Financial liabilities			
Fixed rate instruments			
Retention from employees	*11*	55,461	34,676
Variable rate instruments			
Long term loans - secured	*6*	546,875	106,522
Liabilities against assets subject to finance lease	*7*	17,473	25,482
Short term running finances - secured	*12*	1,177,396	1,321,668

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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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 2015.

	Profit and loss	
	100 bp increase	100 bp decrease
	(Rupees in '000)	
As at 31 December 2016		
Cash flow sensitivity - variable rate instruments	(17,417)	17,417
As at 31 December 2015		
Cash flow sensitivity - variable rate instruments	(14,537)	14,537

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

34.3.3 Mismatch of interest rate sensitive financial assets and financial liabilities

	2016		
	Carrying amount	Exposed to yield / interest risk One year or less	Non-interest bearing financial instruments
	---------------- (Rupees in '000) ----------------		
Financial assets			
Long term deposits	18,514	-	18,514
Trade debts and other receivables	1,063,317	622,561	440,756
Deposits and other receivables	16,585	-	16,585
Cash and bank balance	148,092	-	148,092
	1,246,508	622,561	623,947
Financial liabilities			
Long term loans - secured	(546,875)	(546,875)	-
Liabilities against assets subject to finance lease	(17,473)	(17,473)	-
Trade and other payables	(401,765)	(55,461)	(346,304)
Mark up accrued on short term running finance and long term loan	(40,005)	-	(40,005)
Short term running finance - secured	(1,177,396)	(1,177,396)	-
	(2,183,514)	(1,797,205)	(386,309)
	(935,161)	(1,174,645)	239,482

	2015		
	Carrying amount	Exposed to yield / interest risk One year or less	Non-interest bearing financial instruments
	---------------- (Rupees in '000) ----------------		
Financial assets			

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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	(341,468)	(34,676)	(306,792)
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)	-
	(1,828,434)	(1,488,348)	(340,086)
	(496,435)	(459,212)	(37,223)

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

Financial assets	**2016 Percentage**	2015 Percentage
Trade debts	**7% - 32%**	7% - 32%
Investments	**0%**	6.1% - 6.6%
Financial liabilities		
Long term loans - secured	**7.87% - 9.12%**	8.1% - 9.0%
Liabilities against assets subject to finance lease	**7.12% - 11.15%**	7.46% - 13.18%
Trade and other payables	**5%**	5%
Short term running finance - secured	**7.4% - 8.6%**	7.5% - 9.1%

34.3.4 Other price risk

34.4 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 with outany 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 Group 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 Group 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 2016	**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	**18,514**	**-**	**18,514**	**-**
Trade debts and other receivables	**1,063,317**	**-**	**1,063,317**	**-**
Deposit and other receivables	**16,425**	**-**	**16,425**	**-**
Cash and Bank balance	**67,629**	**82,468**	**150,097**	**-**
	1,165,885	**82,468**	**1,248,353**	**-**

31 December 2016	**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	**-**	**546,875**	**546,875**	**-**
Liabilities against assets subject to finance lease	**-**	**17,473**	**17,473**	**-**
Trade and other payables	**-**	**401,765**	**401,765**	**-**
Mark-up accrued on short term running finances and long term loans	**-**	**40,005**	**40,005**	**-**
Short term running finance			**-**	
- secured	**-**	**1,177,396**	**1,177,396**	**-**
	-	**2,183,514**	**2,183,514**	**-**

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	-
Deposits and other receivables	13,569	-	13,569	-
Investments	36,230	-	36,230	
Cash and Bank balance	3,902	72,338	76,240	-
	1,259,661	72,338	1,331,999	-

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	-	341,468	341,468	-
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	-
	-	1,828,434	1,828,434	-

35. 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.

36. 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	----------------------------(Rupees in '000) ----------------------------							
Managerial remuneration	3,316	3,270	3,307	2,900	32,890	19,451	39,513	25,621
Contribution to provident fund	282	272	247	242	2,206	1,367	2,735	1,881
Reimbursable expenditure	515	270	314	289	2,551	5,749	3,381	6,308
Housing	1,020	945	1,329	800	13,543	8,848	15,892	10,593
Leave fare assistance and others	1,046	1,332	-	1,478	1,761	2,322	2,807	5,132
	6,179	6,089	5,197	5,709	52,952	37,737	64,327	49,535
Number of persons	*2	1	2	1	50	22	54	24

36.1 * During the year, ex-Chief Executive of the Holding Company retired on 16 December 2016. Mr. Haroon Ahmed Khan was appointed as new Chief Executive of the Company by Board of Directors in the 341st Board of Directors' meeting held on 16 December 2016.

36.2 In addition to the above, the Chief Executive, two Directors and the 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.

36.3 In addition, aggregate amount charged in the financial statements for payments on account of meeting fee to four(2015: five) non-executive directors was Rs. 0.52 million (2015: Rs. 1.6 million) and payments on account of remuneration to the then non-executive Chairman was Rs. nil (2015: Rs. 2.018 million).

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprised of associated companies, companies with common directorship, major shareholders, directors, key management personnel of the Company and employee retirement benefit funds. The aggregate value of transactions and outstanding balances as at 31 December 2016 with related parties other than those which have been disclosed elsewhere in these financial statements are as follows:

		Transaction value		Balance payable / (receivable)	
		2016	2015	**2016**	2015
		(Rupees in '000)			
Purchase of goods	*38.1*	**13,986**	12,499	**-**	1,139
Services obtained	*38.1*	**2,686**	3,809	**-**	4,639
Dividend on non-remittable shares		**-**	-	**-**	517
Investment on term deposit placement and accrued interest thereon {(maturity) / investments}		**-**	(18,933)	**-**	-
Payable to Pension Fund	*8.2 & 38.2*	**7,698**	8,114	**18,486**	10,788
Payable to Permanent Employees Gratuity Fund	*8.2 & 38.2*	**(2,565)**	14,475	**19,780**	22,345
Payable to Provident Fund	*11.5 & 38.2*	**4,983**	4,597	**965**	1,034
Remuneration of key management personnel	*38.3*	**46,392**	39,611	**-**	-
Loan received from a director - interest free		**28,000**	-	**-**	-
Loan repaid to the director - interest free		**(28,000)**	-	**-**	-

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

37.2 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) as applicable. Contributions to the provident fund are made in accordance with the service rules. B1:B4

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

37.4 Other transaction are at agreed rate.

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity (Units)	Actual production **2016** (Units)	Actual production 2015 (Units)
Sewing machines	50,000	**219**	8,721
Gas appliances	25,000	**10,812**	9,722
Refrigerators / deep freezers	25,000	**29,416**	18,785
Colour televisions / flat panels	22,500	**3,002**	4,700
Microwave oven	10,000	**494**	1,039
Split Air conditioners	10,000	**1,300**	3,705

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.

39. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

39.1 Sales to domestic customers in Pakistan are 100% (2015: 100%) of the revenue during the year.

39.2 All non-current assets of the Company at 31 December 2016 are located in Pakistan.

39.3 Sale to any single customer did not equal or exceed 10% of the Company's revenue during the year.

40. GENERAL

40.1 Earned carrying charges of Rs. 226.343 million each included in net revenue and commission expense of Rs. 139.906 million earlier included in net sales figure have respectively been seperately classified along with financial cost and included in marketing, selling and distribution expenses for better presentation.

40.2 The total number of employees as at year-end were 794 (2015: 828) and average number of employees were 811 (2015: 925).

40.3 These consolidated financial statements were authorised for issue in the meeting of Board of Directors held on 6 April 2017.

Chief Executive	Director

Pattern of Shareholding
As of December 31, 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
UMAIR KHAN	1	1,000	0.00
HAROON AHMAD KHAN	3	7,002,209	15.42
ZAFAR UDDIN MEHMOOD	1	1,000	0.00
MUKHTAR AHMED	1	1,000	0.00
ADNAN AFTAB	1	500,000	1.10
MOAZZAM AHMAD KHAN	1	1,000	0.00
RASHEED Y.CHINOY	1	33,293	0.07
NIGHAT HAROON KHAN	2	2,900,000	6.39
Associated Companies, undertakings and related parties			
CONTINENTAL FURNISHING COMPANY	1	319	0.00
PAKISTAN AGENCIES LTD	1	319	0.00
POSEIDON SYNERGIES (PVT) LTD	1	8,509,024	18.74
Executives	-	-	-
Public Sector Companies and Corporations	2	100,040	0.22
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	2	84,500	0.19
Mutual Funds			
MCBFSL - TRUSTEE JS VALUE FUND	1	272,000	0.60
CDC - TRUSTEE JS LARGE CAP. FUND	1	235,000	0.52
CDC - TRUSTEE JS ISLAMIC FUND	1	146,000	0.32
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	355,000	0.78
MC FSL - TRUSTEE JS GROWTH FUND	1	110,000	0.24
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	8	0.00
General Public			
a. Local	1555	23,580,603	51.93
b. Foreign	5	2,597	0.01
Others	23	1,570,710	3.46
Totals	**1607**	**45,405,622**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
POSEIDON SYNERGIES (PVT) LTD	8,509,024	18.74
HAROON AHMAD KHAN	7,002,209	15.42
SAIMA FAISAL	3,300,000	7.27
NIGHAT HAROON KHAN	2,900,000	6.39

# Of Shareholders	Shareholdings'Slab			Total Shares Held
323	1	to	100	7,465
355	101	to	500	126,284
217	501	to	1000	199,839
429	1001	to	5000	1,067,697
98	5001	to	10000	779,274
35	10001	to	15000	449,930
30	15001	to	20000	556,111
20	20001	to	25000	490,810
10	25001	to	30000	282,074
5	30001	to	35000	169,793
9	35001	to	40000	350,000
1	40001	to	45000	44,000
11	45001	to	50000	543,000
1	50001	to	55000	55,000
2	55001	to	60000	120,000
4	60001	to	65000	253,000
1	65001	to	70000	70,000
1	70001	to	75000	73,000
3	75001	to	80000	229,500
1	80001	to	85000	82,974
1	85001	to	90000	89,500
1	90001	to	95000	95,000
9	95001	to	100000	895,500
1	105001	to	110000	110,000
2	125001	to	130000	256,500
1	140001	to	145000	142,000
1	145001	to	150000	146,000
1	160001	to	165000	165,000
4	195001	to	200000	799,500
1	225001	to	230000	225,001
2	230001	to	235000	466,500
1	245001	to	250000	250,000
3	270001	to	275000	819,000
1	335001	to	340000	336,000
1	350001	to	355000	355,000
1	395001	to	400000	400,000
1	415001	to	420000	415,894
1	460001	to	465000	465,000
2	495001	to	500000	996,400
1	545001	to	550000	550,000
1	590001	to	595000	595,000
1	730001	to	735000	734,800

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	745001	to	750000	750,000
1	895001	to	900000	900,000
2	1095001	to	1100000	2,200,000
1	1100001	to	1105000	1,105,000
1	1295001	to	1300000	1,300,000
1	1530001	to	1535000	1,534,252
1	1545001	to	1550000	1,550,000
1	1995001	to	2000000	2,000,000
1	2495001	to	2500000	2,500,000
1	3295001	to	3300000	3,300,000
1	4495001	to	4500000	4,500,000
1	8505001	to	8510000	8,509,024
1607				**45,405,622**

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 Sixth Annual General Meeting of the Company to be held on Friday, 28 April 2017 and at any adjournment thereof.

As witness my / our hand this ______________________________ day of ______________________________ 2017.

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. ______________________________
ParticipantIDNo.______________________________
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.
(b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
(c) To write down their Folio Numbers.

4. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

AFFIX
CORRECT
POSTAGE

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

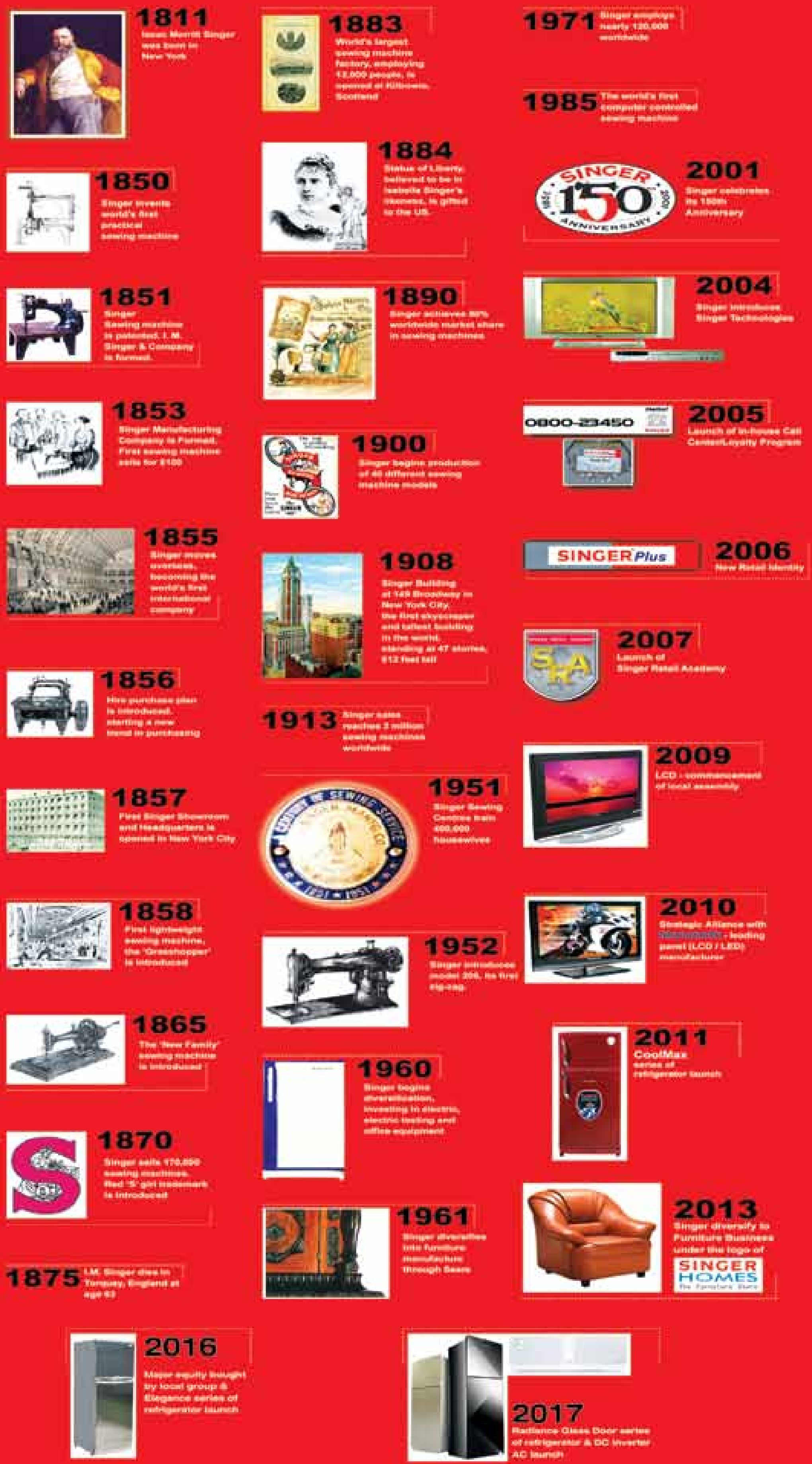
Fold here

Fold here

Fold here

Fold here

SINGER® HISTORY



SINGER® Operating since 1877

IF UNDELIVERED, PLEASE RETURN TO

SINGER PAKISTAN LIMITED

PLOT NO. 39, SECTOR 19, KORANGI INDUSTRIAL AREA, KARACHI