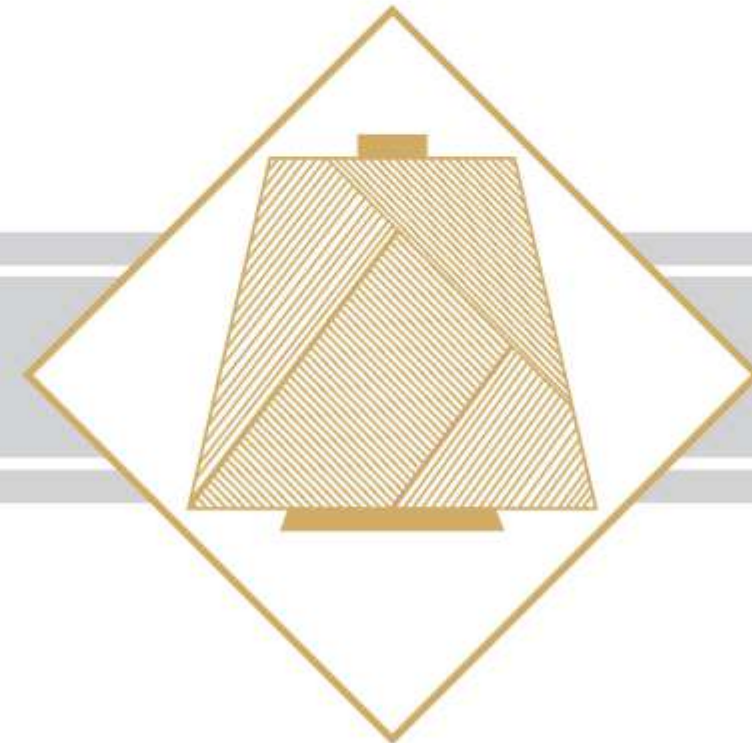


31st ANNUAL REPORT 2017



BILAL
FIBRES LIMITED



Manufacturers & Exporters of
“CHAMPION” and “CAPTAIN” Brand Yarn

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COMPANY INFORMATION

| | |
|--|--|
| Chairman / Chief Executive | Mr. Naeem Omer |
| Directors | Mr. Naeem Omer Mr. Anwaar Abbass Mr. Shahid Iqbal Mr. Muhammad Omer Mr. Muhammad Asghar Mr. Amjad Ali Mr. Muhammad Aslam Bhatti |
| Audit committee | |
| Chairman: | Mr. Muhammad Aslam Bhatti |
| Member: | Mr. Anwaar Abbass |
| Member: | Mr. Muhammad Omer |
| Human Resource & Remuneration committee | |
| Chairman: | Mr. Shahid Iqbal |
| Member: | Mr. Muhammad Asghar |
| Member: | Mr. Shahid Iqbal |
| Company Secretary | Mr. Muhammad Ijaz Shahid |
| Auditors | M/s Rizwan and Company Chartered Accountants 114-A, Tipu Black, New Garden Twon Lahore |
| Bankers | The Bank of Punjab NIB Bank Limited Silk Bank Limited |
| Share Registrar | M/s Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 0423-591-6714, 35916719 Fax: 0423 -5869037 |
| Legal Advisor | Syed Waqar Hussain Naqvi 2nd Floor, Nawa-e-Waqt Building, 4 Shahrah-e-Fatima Jinnah Road, Lahore. Tel: 042-36360624-5 |
| Head office/ Registered office | 112-B, Block E/1, Ghalib Road, Gulberg III, Lahore. Telephone: 0423-5717701-6 Fax No. 0423-5717707 Email: info@bilalfibres.com Web site: www.bilalfibres.com |
| Mills | 38th KM, Shiekhupura Road, Tehsil Jaranwala, District Faisalabad. Telephone: 041-4689075, 4689076 Fax No. 042-4689279 Email: mills@bilalfibres.com Email: bilalfib@fsd.comsats.net.pk |

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all share holders of BILAL FIBRES LIMITED that the 31st ANNUAL GENERAL MEETING of the Company will be held at the registered office of the company, 112-B, Block-E/1, Ghalib Road, Gulberg III, Lahore on 31st of October 2017 (Tuesday) at 09:00 A.M, to transact the following business:

Ordinary business

1. To confirm the Minutes of last Annual General Meeting of the Company held on 31st of October 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2017 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the next year ending on June 30, 2018.

Special business

4. To consider and if deemed fit, pass the following "Special Resolutions" with or without modifications:

"RESOLVED THAT the Company be and is hereby authorized to lease its factory with or without plant and machinery to generate cash flows to meet day to day expenses in accordance with provisions of Section 183(3)(a) of the Companies Act, 2017.

"RESOLVED FURTHER THAT the Chief Executive of the Company be and are hereby authorized to complete any or all necessary required corporate and legal formalities for the completion of subject transactions. Chief Executive is also authorized to delegate any of his powers to any person in respect of the above as he may consider appropriate.

"RESOLVED FURTHER THAT the above authority shall remain in-force until revoked by the shareholders of the Company"

A statement under Section 134(3) of the Companies Act, 2017 pertaining to special business is being sent to the shareholders along with the notice of meeting.

5. To consider any other business with the permission of chair.

By order of the Board

Lahore.
Dated: 7th October 2017

(Muhammad Ijaz Shahid)
Company Secretary

NOTES:

- 1) The share transfer books of the company will remain closed from 24th October 2017 to 31st October 2017 (both days inclusive).
- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the company.

- 3) For identification, CDC Account holders who wish to attend the Annual General Meeting are requested to please bring with them original/attested copy of their Computerized National Identity Card along with the participants I.D number and their account numbers in Central Depository Company of Pakistan to facilitate identification at Annual General Meeting. In case of proxy, an attested copy proxy's Identity card, Accounts & participants I.D numbers be enclosed. In case of corporate entity, the BOD, resolution/ Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

c) Shareholders are requested to notify any change in their addresses, if any, immediately.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2017.

Lease of Factory facility with or without plant and machinery

The Board of Directors of the Company has recommended to lease its factory premises with or without plant and machinery to generate cash flows to meet day to day expenses in accordance with provisions of Section 183(3)(a) of the Companies Act, 2017.

As the Company had closed its operation since June 16, 2016 and reported accumulated losses of Rupees 350.202 million. The current liabilities exceeded its current assets by Rupees 770.982 million as of balance sheet date. The company is facing hard time to settle its liabilities towards banking companies to pay long term financing liabilities against subject to finance lease, short term borrowings and related finance costs. The management after settling trade creditors keen to sort out court cases with the banking companies and at the same time in search of local or chinese investors to enter into joint venture arrangement to invest in the plant and machinery in order to compete with the international market players. In order to meet the day to day expenses of the Company for the time being; the Company has leased its factory premises to a reputable party initially for a period of 11 months which may be extended to further period.

INSPECTION OF DOCUMENTS

Information pertaining to company's Memorandum and Articles of Association and other related information of the Company may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings in the Company.

CORPORATE VISION / MISSION STATEMENT

VISION

To be a customer oriented company having wide and diversified customer base with the team of professional working together to add value to all stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION

To be a distinctive yarn seller with international presence delivering best quality yarn through innovative techniques and effective resource management by maintaining high ethical and professional standards.

To accomplish excellent financial results which can benefit all the stakeholders including members and employees of the Company.

To fulfill obligations toward the society, being a good corporate citizen.

DIRECTORS' REPORT

Dear Shareholders

The Directors of the Company welcome you to the 31st Annual General Meeting and are pleased to present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2017.

More than hundred and twenty textile mills of Punjab close their units due to non-viability and competitiveness of the industry. The government had failed to reduce their cost of business especially power tariff, ban imported yarn and fabrics and announce the much-delayed textile bailout package. Therefore, due to high cost of doing business the textile sector had nothing to offer their international buyers against the regional competitors. The cost of doing business in the textile sector has gone through the roof and the burden of incidental taxes, provincial cess, system inefficiencies and the punitive withholding tax regime have added fuel to the fire. Further, the textile sector did not demand any subsidy, but only withdrawal of the unjust surcharge on power tariff "to deny the industry the benefit of low power cost" due to decline in furnace oil rates.

Now the directors believe that it was a wiser decision to close the operations on June 16, 2016 as there are no sign of positive change in this sector. As such decision of closure of business avoided further loss to the company. During the year the only good sign is that we managed to settle after negotiation all the market creditors and rented out the factory in order to meet the day to day expenses of the company.

FINANCIAL PERFORMANCE

During the financial year under review, the sales of the company has decreased from Rs.1,067.924 million to Rs. 95.047 as the company was able to sell the left over stock of last year. Further, Rs 1.5 earned from rent of factory. The company has suffered a gross loss of Rs 39.318 million and after certain adjustments in balance sheet items declared a net profit of Rs 13.363 million in the current period as compared to after tax loss of Rs.152.123 million in the previous year.

The matters with the banking companies are under litigation with the banking companies in the court of law and there are no credit line available to the company. Further, there is no sign to start the production in such a period where the high end units in the textile sector facing difficulties to manage the operations.

The directors already injected a lot and till there will not be any sign of revival of this sector in Pakistan its decided not to start the own production process.

The financial results are summarized hereunder: -

| | YEAR | | | |
|----------------------------|----------------|---------------|----------------|---------------|
| | 2017 | | 2016 | |
| | Rs. in Million | %age to sales | Rs. in Million | %age to sales |
| Sales - net | 96.547 | - | 1,067.924 | - |
| Gross (Loss) | (39.318) | (40.72) | (154.876) | (14.50) |
| Finance cost | 21.306 | 22.07 | 24.164 | 2.26 |
| Net pre-tax profit/ (loss) | 22.468 | 23.27 | (212.901) | (19.94) |
| Net profit/ (Loss) | 13.363 | 13.84 | (152.123) | (14.24) |
| Earnings per share (Rs.) | 0.95 | - | (10.79) | - |

OPERATING PERFORMANCE

The factory remained closed for own operations during the year and there are no permanent employee/staff/employees/workers. Therefore, no production of yarn during the year. During the last quarter of the financial year the factory given on monthly rent in order to meet the day to day expenses of the company.

The Company is in litigation with all the banking companies as there were no such funds to pay even the mark up of the banking companies. The complete details of the litigation cases are fully disclosed in note 26.1, 26.2 and 26.3 of the financial statements. However, the company after due negotiations duly settled the majority of market creditors of the company.

The management & staff are working very hard and quite optimistic that with the efforts, self commitment and above all with blessing of Allah (SWT) the company will overcome these problems soon.

FUTURE PROSPECTS

Under the circumstances the most important factor is to negotiate with the banking companies and to settle borrowings of the company. The company also in process to find out the Chinese or local investor for a joint venture to invest in the technological improvements to make it a profitable and international competitive unit. The management is confident that once a positive sign in the textile sector appearing than the relevant investments will be available. Till then the company will be on rent to meet the day to day expenditures.

AUDITORS' REPORT

The auditors have observations on the following areas in their report:

- (1) The Company has suspended its operations since June 16, 2016 and has leased out the factory without the approval of the general meeting. Further at the balance sheet date the Company's accumulated losses stand at Rupees 350.202 million, its equity is eroded by Rupees 209.202 million and its current liabilities exceed its current assets by Rupees 770.982 million. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favour of the banking companies (as fully explained in note 26.1, 26.2, 26.3) due to its inability to comply with loan agreements. The company is also unable to pay long term financing from banking companies amounting to Rupees 453.733 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 108.306 along with the finance cost, short term borrowings amounting to Rupees 143.855 million along with the related finance cost, accrued markup amounting to Rupees 97.52 million if the execution applications filed by the banking companies are decided by the courts. At present, there is no formal approved business plan for future periods. These conditions and events indicate material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, as described in Note 1.2, these financial statements have been prepared under the going concern assumption. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in paragraphs (b) to (f) below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

The management avoid the unnecessary working so once all the litigations are finalized than the business plan will be developed and the operation will be started accordingly.

- (2) In order to meet the day to day expenditure, the company, during the last quarter of the financial year, has leased out the factory without the consent of the general meeting as required under Section 196 of the repealed Companies Ordinance, 1984 (Section 183 of the Companies Act, 2017). Further, the company is not allowed under the principal object clause of its Memorandum of Association to involve in such business activity.

Relevant approval will be taken in the upcoming general meeting and for relevant change in the Memorandum of association we will discuss with our legal advisor to upgrade it accordingly

- (3) We did not observe the taking of the physical inventory of stock in trade amounting to Rupees 57.873 million and the mills plant and machinery as of June 30, 2017. The management informed us that the stocks are pledged with the banking companies and are under litigation while the factory is now on lease with the third party. The management further informed us that since the date of closure of mill's operations, there is no movement in stock in trade and mill's plant & machinery during the period under audit.

Due to litigation with the banking companies nobody there to listen us so the relevant arrangements could not be made and the balance appearing is same as appearing in last year audited financial statement. Secondly, we lease out the factory to the third party so ethically it's not correct to interfere in their activities.

- (4) The latest revaluation of the company's property plant and equipment was carried out on June 30, 2013. In view of suspension of mill's operations fresh revaluation and impairment test of company's property plant and equipment should have been carried out by the company as at the balance sheet date. The Company has not carried out comparison of carrying value of property, plant and equipment as against their recoverable amount as at balance sheet date. These adjustments are likely to be substantial, and we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy. In the absence of revaluation within the time frame/period as defined in paragraph 31 of International Accounting Standard 16, (Property, plant and equipment) and impairment test under International Accounting Standard 36 (Impairment of assets) as at the balance sheet date we cannot confirm the accuracy of the carrying value of property plant and equipment as disclosed in note 5 of the financial statements.

Our first priority is to deal and settle our matters with our bankers and all the machinery are under lien/pledge with the bankers and they have their own valuation of such assets. However, we are aware of non compliance with the International Accounting Standard 16 and once settled with the banking companies everything will be in compliance.

- (5) As fully explained in notes 26.1, 26.2 and 26.3 the company is in litigation with the banking companies. The company had not worked out and provided the amount of markup/cost of funds on long term financing amounting (Note:18), Liabilities against assets subject to finance lease (Note No. 20) and short term borrowings (Note 25) in these financial statements. Moreover, due to litigation none of the banking companies confirmed us the balances of long term financing (Note No.18), Liabilities against assets subject to finance lease (Note 20) and short term borrowings (Note No. 25). Based on available underlying records, response from the legal counsel and non-confirmation of loan balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.

Our legal counsel are confident that the cases will be settled amicable in due course of time once greed than all the relevant resultant will be incorporated.

- (6) In the absence of actuarial valuation we were unable to confirm the accuracy of the amount of gratuity payable worked out on the basis of number of years worked and last drawn salary as disclosed in note 4.9 of the financial statements.

We worked out the actual liability as per the applicable local law and booked as other payable.

CODE OF CORPORATE GOVERNANCE:

The auditors have drawn attention to following areas in their report:

- a. Appropriate arrangements for orientation courses for the directors have not been carried out as required by clause 5.19.7 of code.

Regarding Director training program as required by clause 5.19.7 CCG, the Company is taking measures to get its director registered with Director training program in accordance with the requirements of the Code of Corporate Governance in the following year.

- b. The board has not set up an effective internal audit function and also no suitable staff appointed in this regard as required by 5.19.21.

The company closed its operations and all the employees left the company. So once the business restart than all the relevant compliances will be made.

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements, prepared by the management of the company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

BOOKS OF ACCOUNTS

The company has maintained proper books of accounts.

ACCOUNTING POLICIES

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

ACCOUNTING YEAR

The accounting year of the company is from 1st July to 30th June.

AUDIT COMMITTEE

The board of directors in compliance to the code of corporate governance has established an audit committee and the following one independent director and two non-executive directors are its member.

| | |
|---------------------------|----------|
| Mr. Muhammad Aslam Bhatti | Chairman |
| Mr. Anwar Abbas | Member |
| Mr. Muhammad Omer | Member |

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee and the

following one independent director and two non-executive directors are its member.

| | |
|---------------------|----------|
| Mr. Shahid Iqbal | Chairman |
| Mr. Amjad Ali | Member |
| Mr. Muhammad Asghar | Member |

DIVIDEND

Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended 30th June 2017.

AUDITORS

The present Auditors M/s Rizwan & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2017.

CORPORATE & FINANCIAL REPORTING FRAME WORK

In compliance to new listing regulations of stock exchanges & as required under the repealed Companies Ordinance 1984, your directors are pleased to state as under: -

- The system of internal control is sound in design and has been effectively implemented and monitored.
- Board is satisfied with the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.
- Significant deviations from last year operating results of the Company and reasons thereof have been explained.
- There are no statutory payments on account of taxes, duties, levies and charges those are outstanding as on June 30, 2016 except for those disclosed in the financial statements.
- There are no significant plans for corporate restructuring, business expansions and discontinuation of operations except for improvement in the normal business activities to increase the business.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- Statement showing "Pattern of shareholding" as on 30-06-2016 is also enclosed herewith.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As a routine, we strive to safeguard the health and well being of our employees, neighbors and customers, as well as the communities in which we live, work and operate. The Company continuously takes initiatives for CSR activities as mentioned in paragraphs to follow.

Society

We strive to contribute to society's welfare through providing educational opportunities and employment.

Employment Initiatives

With respect to our employment opportunities, there are more than 847 employees who are directly serving to the Company and earning the livelihood of their families.

Safety and Health

Safety is a fundamental component in all our operations. We strict our workers to follow the safety as specified.

Employee Welfare

Company has provided employees Medical Services such as medical insurance to employees and their families. Group life insurance is also given to staff, workers. Fair Price Shop at mill offers our workers basic necessity food and related items at affordable prices. It operates on a "No Profit" basis while certain products are available to workers at subsidized prices.

Training

Bilal Fibres gives training to students who want to complete their internships, we also provide necessary apprenticeship to industrial diploma holders in our production departments.

ACKNOWLEDGEMENT

The Directors would like to express their profound appreciation for continued /devoted services and hard work rendered by the company's executives, staff and workers. The Directors are also thankful and wish to place on record their deep gratitude to the bankers of our company.

DIRECTORS' MEETINGS

During the year 07 meetings of the Board of Directors were held. Attendance by each director is as follows:

| Name of Director | Number of Meetings attended |
|---------------------------|-----------------------------|
| Mr. Naeem Omer | 07 |
| Mr. Anwar Abbass | 07 |
| Mr. Shahid Iqbal | 07 |
| Mr. Muhammad Omer | 07 |
| Mr. Muhammad Asghar | 06 |
| Mr. Amjad Ali | 06 |
| Mr. Muhammad Aslam Bhatti | 07 |

For and on behalf of the
Board of Directors

Lahore
Dated: 7th October, 2017

(Naeem Omer)
Chief Executive

30 جون 2016 کو مالی حسابات میں انکشاف کے علاوہ، میکسر، فرائز، لیوز اور واجبات کی مد میں کوئی قانونی ادائیگی نہیں ہے۔

(f) کاروبار کو بڑھانے کے لئے عام کاروباری سرگرمیوں میں بہتری کے علاوہ کارپوریٹ کی بحالی، کاروباری اخراجات اور آپریشن کی معطلی کے لئے کوئی اہم منصوبہ نہیں ہے۔

(g) گزشتہ چھ سالوں کے لئے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار اس سالانہ رپورٹ میں شامل کئے گئے ہیں۔

(h) 30 جون 2016 کے مطابق ظاہر کردہ "نمونہ حصص داری" بھی منسلک کیا گیا ہے۔

کارپوریٹ سماجی ذمہ داریاں (سی ایس آر)

کارپوریٹ سماجی ذمہ داری (سی ایس آر) معاشرے کی طرف ذمہ داری سے متعلق کاروبار کے بارے میں ہے۔ معمول کے طور پر، ہم اپنے ملازمین، ہمسایوں اور گاہکوں کے ساتھ ساتھ ہم کمیونٹی جس میں ہم رہتے، کام اور

کاروبار چلاتے ہیں کی صحت کی حفاظت اور فلاح کی کوشش کرتے ہیں۔ کمپنی درج ذیل پیراگرافوں میں مذکورہ CSR سرگرمیوں کے لئے مسلسل بنیادی اقدامات کرتے ہیں۔

سوسائٹی

ہم تعلیمی مواقع اور روزگار فراہم کرنے کے ذریعے معاشرے کی فلاح و بہبود میں شرکت کرنے کی کوشش کرتے ہیں۔

روزگار کے اقدامات

ہمارے ملازمت کے مواقع کے سلسلے میں، 847 سے زائد ملازمین ہیں جو براہ راست کمپنی میں خدمات سرانجام دیتے ہیں اور اپنے خاندانوں کی روزی کھاتے ہیں۔

حفاظت اور صحت

ہمارے تمام آپریشنوں میں حفاظت ایک بنیادی جزو ہے۔ ہم اپنے کارکنوں کو محفوظ رکھنے کے لئے سختی سے حفاظتی اقدامات پر عمل کرتے ہیں۔

ملازمین کی ویلفیئر

کمپنی نے ملازمین کو طبی خدمات جیسے کہ ملازمین اور ان کے خاندانوں میں طبی انشورنس فراہم کی ہیں۔ گروپ لائف انشورنس بھی ملے، کارکنوں کو دی جاتی ہے۔ مل میں فیکٹری پرائس شاپ ہمارے کارکنوں کو بنیادی ضرورت خوراک

اور متعلقہ اشیاء سستی قیمت پر پیش کرتی ہے۔ یہ ایک "غیر منافع" کی بنیاد پر چلتی ہے جبکہ کارکنوں کو مخصوص مصنوعات رعایتی قیمتوں پر دستیاب ہیں۔

ٹریڈنگ

بلال فائبر ان طالب علموں کو تربیت دیتا ہے جو اپنی انٹرنشپس کو مکمل کرنا چاہتے ہیں، ہم اپنے پروڈکشن ٹیموں میں صنعتی ڈپلومہ ہولڈرز کو ضروری آپریشنل فراہم کرتے ہیں۔

اظہار تشکر

ڈائریکٹرز، ان ایگزیکٹوز، عملے اور کارکنوں کی طرف سے فراہم کردہ مسلسل/وقف خدمات اور سخت محنت کے لئے زبردست خراج تحسین پیش کرتے ہیں۔ ڈائریکٹرز ہماری کمپنی کے پیئرز کی مسلسل حمایت کو بیکارڈ پر رکھتے اور شکر یہ ادا کرتے ہیں۔

ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے سات 107 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری مندرجہ ذیل ہے:

| نام ڈائریکٹر | اجلاس میں شرکت کی تعداد |
|----------------|-------------------------|
| فہیم عمر | 07 |
| انور عباس | 07 |
| شاہد اقبال | 07 |
| محمد عمر | 07 |
| محمد اصغر | 06 |
| اصد علی | 06 |
| محمد اسلم بھٹی | 07 |

منجانب بورڈ آف ڈائریکٹرز

(نعیم عمر)

چیف ایگزیکٹو

اکاؤنٹس کی کتابیں

کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔

اکاؤنٹنگ پالیسیاں

مالی حسابات کی تیاری میں مناسب ایکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور ایکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

بین الاقوامی ایکاؤنٹنگ معیارات (آئی اے ایس)

مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے،

اکاؤنٹنگ سال

کمپنی کا ایکاؤنٹنگ سال 1 جولائی سے 30 جون تک ہے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے کے مطابق آڈٹ کمیٹی قائم کی ہے اور مندرجہ ذیل ایک آزاد ڈائریکٹر اور دو نان ایگزیکٹو ڈائریکٹرز اس کے رکن ہیں۔

| | |
|----------------|----------|
| محمد اسلم بھٹی | چیئر مین |
| انور عباس | رکن |
| محمد عمر | رکن |

انسانی وسائل اور ریمیزیشن کمیٹی

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے کے مطابق انسانی وسائل اور ریمیزیشن کمیٹی تشکیل دی ہے اور مندرجہ ذیل ایک آزاد ڈائریکٹر اور دو نان ایگزیکٹو ڈائریکٹرز اس کے رکن ہیں۔

| | |
|------------|----------|
| شاہد اقبال | چیئر مین |
| اصد علی | رکن |
| محمد اصغر | رکن |

ڈیویڈنڈ

کمپنی کے مجموعی نقصانات کی وجہ سے 30 جون 2017 کو ختم ہونے والے سال کے لئے ڈائریکٹرز نے کسی بھی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

محاسب

موجودہ محاسب میسر زرخوان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سہلہ ڈس ہوگئے ہیں اور اہل ہونے کی بنا پر 30 جون 2017 کو ختم ہونے والے اگلے سال کے لئے دوبارہ تقرری کے لئے اپنے آپ کو پیش کرتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

اسٹاک ایکسچینج کے نئے سٹیک قوانین اور منسوخ شدہ گھنیز آرڈیننس 1984 کی ضروریات کے مطابق، آپ کے ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:-

(a) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر عملدرآمد اور نگرانی کی گئی ہے۔ کمپنی کے گولنگ کنٹریں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

(c) اسٹاک ایکسچینج کے ذمہ داری قوانین میں تبدیلی، کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

(d) گزشتہ سال کمپنی کے آپریٹنگ نتائج اور اس کی وجوہات سے اہم انحراف کی وضاحت کی گئی ہے۔

کے تحت ہیں جبکہ فیکٹری اب تیسری بارٹی کے پاس کراہیہ پر ہے۔ انتظامیہ نے مزید بتایا کہ ایل کے آپریشنز کی بندش کی تاریخ سے، آڈٹ مدت کے دوران تجارت اور مل کے پلانٹ اور مشینری کے اسٹاک میں کوئی تحریک نہیں ہوئی ہے۔

بینکنگ کمپنیوں کے ساتھ قانونی مقدمہ بازی کی وجہ سے کوئی بھی ہماری بات سننے کے لئے تیار نہیں اس لئے مختلف انتظامات نہیں کئے جاسکتے ہیں اور عین گزشتہ سال نظر ثانی شدہ مالی حسابات جیسے ہی ظاہر ہو رہے ہیں۔ دوسرا، ہم نے جیفری تیسرے فرین کو کراہیہ پر دی ہے اس لئے ان کی سرگرمیوں میں مداخلت کرنا اخلاقی طور پر درست نہیں ہے۔

(4) کمپنی کے پراپرٹی پلانٹ اور سامان کا تازہ ترین تجزیہ 30 جون 2013 کو کیا گیا تھا۔ مل آپریشن کے معطلی کے سلسلے میں کمپنی کے جائیداد پلانٹ اور سامان کی تازہ تجدید اور خرابی کی جانچ کمپنی کی بیلنس شیٹ کی تاریخ تک کیا جانا چاہئے۔ کمپنی نے بیلنس شیٹ کی تاریخ کو اپنی قابل وصولی رقم کے مقابلے جائیداد، پلانٹ اور آلات کی قیمتوں کا تجزیہ نہیں کیا ہے۔ یہ ایڈجسٹمنٹ کافی ہونے کا امکان ہے، اور ہم مناسب درستی کے ساتھ لازمی ضروریات اور احکامات کی مقدار کا تعین کرنے میں قاصر ہیں۔ بین الاقوامی اکاؤنٹنگ سٹینڈرڈ 16، (پراپرٹی، پلانٹ اور سامان) اور بین الاقوامی اکاؤنٹنگ سٹینڈرڈ 36 (اثاثوں کے نقصانات) کے تحت معاوضہ ٹیسٹ پیراگراف 31 میں بیان کردہ ٹائم فریم/مدت کے اندر تجزیہ کی غیر موجودگی میں، بیلنس شیٹ کی تاریخ کو ہم مالی حسابات کے نوٹ 5 میں انکشاف کے مطابق پراپرٹی پلانٹ اور سامان کی قیمت کی درستی کی تصدیق ہم نہیں کر سکتے ہیں۔

ہماری پہلی ترجیح ہمارے معاملات کو اپنے پیمنٹرز کے ساتھ معاملات کو حل کرنا ہے اور تمام مشینری پیمنٹرز کے ساتھ رہن/پلمنٹ ہیں اور ان کے ہاں اس طرح کے اثاثوں کی اپنی قدر ہے۔ تاہم، ہم بین الاقوامی اکاؤنٹنگ سٹینڈرڈ 16 پر عدم عمل سے آگاہ ہیں اور ایک بار بینکنگ کمپنیوں کے ساتھ ملے ہو جائیں سب کچھ مل ہو جائے گا۔

(5) جیسا کہ 1، 2، 26، 26 اور 26.3 نوٹس میں مکمل طور پر وضاحت کی گئی ہے کمپنی بینکنگ کمپنیوں کے ساتھ قانونی مقدمات میں ہے۔ کمپنی نے کام نہیں کیا اور طویل مدتی فنانسنگ کی رقم (نوٹ: 18) پر مارک اپ/فینڈ ز کی لاگت فراہم کی تھی، ان میں اثاثوں کے عوض واجبات کے فنانس لیز (نوٹ نمبر 20) اور مختصر مدتی قرضے (نوٹ 25) کے مطابق فراہم کئے گئے۔ اس کے علاوہ، قانونی مقدمہ بازی کی وجہ سے کسی بھی بینکنگ کمپنی نے ہمیں طویل مدتی فنانسنگ (نوٹ نمبر 18)، فنانس لیز کے حوالہ سے واجبات (نوٹ نمبر 20) اور مختصر مدتی قرضے (نوٹ نمبر 25) کی توثیق نہیں کی ہے۔ دستیاب بنیادی ریکارڈز پر مبنی، قانونی کونسل کی طرف سے جواب اور بینکنگ کمپنیوں سے قرض کے بیلنس کی غیر توثیق کی وجہ سے، ہم کسی بھی اختلاف کی ان مالی حسابات پر اثر کا درستی کے ساتھ تعین کرنے سے قاصر تھے۔

ہمارا قانونی مشیر پر اعتماد ہے کہ مقدمات مناسب وقت میں قابل اطمینان ہو سکتے ہیں، جب ایک بار پھر تمام مختلف نتائج قائم ہو جائیں گے۔

(6) غیر معمولی تحقیق کی عدم موجودگی میں ہم کئی سالوں کی بنیاد پر قابل ادا رقم اور گزشتہ لی گئی تنخواہ جس کا مالی حسابات کے نوٹ 4.9 میں انکشاف کیا گیا ہے، کی درستی کی تصدیق کرنے سے قاصر ہیں۔

ہم قابل اطلاق مقامی قانون کے مطابق اصل ذمہ داری سے کام کرتے ہیں اور دیگر قابل ادا تنگی بک کرتے ہیں۔

کوڈ آف کارپوریٹ گورننس:

حساب نے اپنی رپورٹ میں درج ذیل شعبوں پر توجہ دی ہے:

a- ڈائریکٹرز کے لئے تربیتی کورس کے لئے مناسب انتظامات کوڈ کی کل از 5.19.7 کے مطابق نہیں کئے گئے ہیں۔

CCG کی فنڈ 5.19.7 کے مطابق ڈائریکٹرز بینکنگ پروگرام کے بارے میں، کمپنی اپنے ڈائریکٹرز کو مندرجہ ذیل سال میں کارپوریٹ گورننس کی ضروریات کے مطابق ڈائریکٹرز بینکنگ پروگرام میں رجسٹرڈ کرانے کے لئے اقدامات کر رہی ہے۔

b- بورڈ نے ایک موزوں عملی آڈٹ فنکشن قائم نہیں کیا ہے اور اس سلسلے میں 5.19.21 کی ضرورت کے مطابق مناسب عملہ بھی مقرر نہیں کیا ہے۔

کمپنی نے اپنے آپریشن بند کر دیئے اور تمام ملازمین کمپنی کو چھوڑ گئے۔ لہذا ایک بار کاروبار بارہ شروع ہو جائے

تمام متعلقہ ترمیمات کی جائیں گی۔

مالیاتی حسابات کی پریزنٹیشن

کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

آپریٹنگ کارکردگی

سال کے دوران فیکٹری نے اپنے آپریشنز بند رکھے اور فیکٹری کے کوئی مستقل ملازمین/عملہ کارکنان موجود نہیں ہیں۔ لہذا، سال کے دوران یارن کی کوئی پیداوار نہیں ہوئی ہے۔ مالی سال کی آخری سہ ماہی کے دوران کمپنی کے یومیہ اخراجات کو پورا کرنے کے لئے فیکٹری ماہانہ کراہیہ پر دی گئی۔

کمپنی تمام بینکنگ کمپنیوں کے ساتھ قانونی مقدمہ بازی میں ہے کیونکہ بینکنگ کمپنیوں کے مارک اپ ادا کرنے کے لئے کوئی فنڈ موجود نہیں تھے۔ قانونی مقدمات کی مکمل تفصیلات مالی حسابات کے نوٹ 1، 26.2، 26 اور 26.3 میں مکمل طور پر افشا ہیں۔ تاہم، کمپنی نے مذاکرات کے بعد کمپنی کے اکثر مارکیٹ قرض دہندگان کے ساتھ معاملات کو باقاعدہ طے کیا۔

انتظامیہ اور عملہ سخت محنت کر رہا ہے اور پُر امید ہے کہ کوششوں، خود غمی اور اللہ تعالیٰ کے فضل سے کمپنی جلد ہی ان مسائل پر قابو پالے گی۔

مستقبل کے امکانات

حالات کے تحت بینکنگ کمپنیوں کے ساتھ مذاکرات اور کمپنی کے قرضوں کو حل کرنا سب سے اہم عنصر ہے۔ کمپنی اسے منافع بخش اور بین الاقوامی مستقلی یونٹ بنانے کے لئے تکنیکی اصلاحات میں سرمایہ کاری کرنے کے لئے ایک مشترکہ منصوبے کے لئے پیشیا مقامی سرمایہ کاروں کی بھی تلاش کر رہی ہے۔ انتظامیہ کو یقین ہے کہ مختلف سرمایہ کاری کے نتیجے میں نیکٹائل کے شعبے میں ایک بار پھر مثبت علامات ظاہر ہوگی۔ تب تک یومیہ اخراجات کو پورا کرنے کے لئے کمپنی کراہیہ پر ہوگی۔

محاسب کی رپورٹ

محاسب نے اپنی رپورٹ میں درج ذیل شعبوں کا جائزہ لیا ہے:

(1) کمپنی نے 16 جون 2016 سے اپنے آپریشنز کو معطل کر دیا اور جنرل اجلاس کی منظوری کے بغیر فیکٹری کو کراہیہ پر دے دیا ہے۔ اس کے علاوہ بیلنس شیٹ کی تاریخ تک کمپنی کے مجموعی نقصانات 350.202 ملین روپے پر برقرار ہیں، اس کی ایکویٹی 209.202 ملین روپے سے تجاوز کر گئی ہے اور اس کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 770.982 ملین روپے کی حد سے زائد ہیں۔ اس کے علاوہ، مالیاتی نتائج کلیدی مالیاتی شرح ظاہر کرتے ہیں اور کمپنی کے عدالتی مقدمات کا قرض کے معاہدوں کے مطابق عمل نہ کرنے کی وجہ سے بینکنگ کمپنیوں کے حق میں فیصلہ کیا گیا ہے (جیسا کہ نوٹ 1، 26، 26 اور 26.3 میں مکمل طور پر بیان کیا گیا ہے)۔

بینکنگ کمپنیوں سے طویل مدتی فنڈز 453.733 ملین روپے اور مختلف مالیاتی اخراجات، اثاثوں پر فنانس لیز کی بابت واجبات مع فنانس لاگت 108.306 روپے مختصر مدتی قرضوں مع مختلف لاگت 143.855 ملین روپے کی رقم کمپنی ادا کرنے کے قابل نہیں تھی، اگر بینکنگ کمپنیوں کی طرف سے دائر کردہ ایگزیکیشن درخواستوں پر عدالتوں کی طرف سے فیصلہ کیا جاتا ہے، تو یقیناً مارک اپ کی رقم 97.52 ملین روپے ہو جاتی۔ فی الحال، مستقبل

ہے کہ کمپنی اپنے اثاثوں پر کاروبار کے عام کورس میں اپنے واجبات ادا کرنے کے قابل نہیں رہ سکتی ہے۔ تاہم، نوٹ 1.2 میں مجوزہ کے مطابق، یہ مالی حسابات جاری توثیق کے تحت تیار کیے گئے ہیں۔ مذکورہ حالات اور واقعات

کی وجہ سے، ہماری رائے میں، کمپنی کو درپیش کوئی جاری توثیق نہیں ہے اور اس لئے جاری توثیق کی بنیاد پر مالی حسابات کی تیاری غیر مناسب ہے۔ ہماری رائے میں، مالی حسابات کو قابل وصولی رقم کے لئے اثاثوں کی قدر کو کم

کرنے اور کوئی مزید ذمہ داریاں، جو پیچیدہ ہو سکتی ہیں فراہم کرنے کے لئے ایڈجسٹمنٹ کی عکاسی کرتی ہے۔ یہ ایڈجسٹمنٹ کافی ہو سکتی ہے، اور ذیل میں پیراگراف (b) تا (f) میں زیر بحث مزید تفصیلات کے پیش نظر ہم درستی کی مناسب حد تک ضروری ایڈجسٹمنٹ اور دفعات کی مقدار کا تعین کرنے میں قاصر ہیں۔

انتظامیہ غیر ضروری کام سے بچنے کے لئے بار پھر تمام قانونی مقدمات کو حتمی حل دے کر کاروباری منصوبہ تیار کیا جائے گا اور اس کے مطابق آپریشن شروع کیا جائے گا۔

(2) یومیہ خرچ کے لئے، مالی سال کی آخری سہ ماہی کے دوران کمپنی نے منسوخ شدہ کینیڈا آرڈیننس، 1984 کے سیکشن 196 (کینیڈا ایکٹ 2017 کے سیکشن 183) کے تحت درکار اجلاس عام کی رضامندی کے بغیر فیکٹری کو کراہیہ پر دے دیا ہے۔ اس کے علاوہ، کمپنی کو ایسی کاروباری سرگرمی میں مصروف کے لئے اپنی میمورنڈم آف ایبوسی ایشن کے اصول کے تحت اجازت نہیں ہے۔

متعلقہ منظوری آئندہ اجلاس عام میں دی جائے گی اور میمورنڈم آف ایبوسی ایشن میں متعلقہ تبدیلی کے لئے ہم اپنے قانونی مشیر کے ساتھ تبادلہ خیال کریں گے۔

(3) ہم نے 30 جون 2017 کو مادی انونٹری اسٹاک ان ٹریڈ کی رقم 57.873 ملین روپے اور ملز پلانٹ اور مشینری کا مشاہدہ نہیں کیا۔ انتظامیہ نے ہمیں بتایا کہ اسٹاک بینکنگ کمپنیوں کے ہاں پلمنٹ ہیں اور مقدمے کی سماعت

ڈائریکٹرز رپورٹ

محترم حصص داران

کمپنی کے ڈائریکٹرز 31 ویں سالانہ جنرل اجلاس میں آپ کو خوش آمدید کہتے ہیں اور 30 جون، 2017 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظر ثانی شدہ حسابات کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

پنجاب کی ایک سوئیس سے زائد ٹیکسٹائل ملوں نے صنعت کے عدم استحکام اور مسابقت کی وجہ سے اپنے پونف بند کر دیئے ہیں۔ حکومت ان کے کاروباری اخراجات کو کم کرنے میں ناکام رہی، خاص طور پر بجلی ٹیرف، درآمد شدہ پارن اور کپڑے پر پابندی اور بہت تاخیر سے ٹیکسٹائل بیل آؤٹ پیکیج کا اعلان۔ لہذا، کاروباری اعلیٰ لاگت کی وجہ سے ٹیکسٹائل شعبہ کے پاس علاقائی حریفوں کے مقابلے اپنے بین الاقوامی خریداروں کو پیش کرنے کے لئے کچھ نہیں تھا۔ ٹیکسٹائل کے شعبے میں کاروباری لاگت میں بہت زیادہ اضافہ ہو گیا ہے اور اچانک ٹیکس، مصوبائی چندہ، نظام کی کمزوریوں اور تادیبی دہولنگ ٹیکس نظام نے جلتی آگ پر تیل چھڑکا ہے۔ اس کے علاوہ، ٹیکسٹائل سیکٹرز نے فرس تیل کی شرحوں میں کمی کی وجہ سے "صنعت کو کم قیمت بجلی کے فوائد دینے سے انکار" بجلی کے ٹیرف پر صرف غیر قانونی اضافی رقم کی واپسی کے علاوہ کسی اعانت کا مطالبہ نہیں کیا۔

اب ڈائریکٹرز کا خیال ہے کہ 16 جون، 2016 کو آپریشن بند کرنے کا یہ فیصلہ عقلمندانہ تھا کیونکہ اس شعبے میں مثبت تبدیلی کا کوئی امکان نہیں ہے، کاروبار کو بند کرنے کے اس فیصلے سے کمپنی کو مزید نقصان سے بچایا گیا۔ سال کے دوران صرف ایک اٹھی علامت یہ ہے کہ ہم مذاکرات کے ذریعے تمام مارکیٹ کے قرضے مذاکرات کے بعد طے کرنے اور ٹیکسٹائل کو کرایہ پر دے کر کمپنی کے یومیہ اخراجات کو پورا کرنے میں کامیاب ہوئے۔

مالیاتی کارکردگی زیر جائزہ مالی سال کے دوران کمپنی کی فروخت 1,067.924 ملین روپے سے 95.047 ملین روپے تک کم ہو گئی کیونکہ کمپنی گزشتہ سال بچ جانے والے اسٹاک کو فروخت کرنے کے قابل تھی۔ اس کے علاوہ، ٹیکسٹائل کے کرایہ سے 1.5 ملین روپے کمائے گئے۔ کمپنی نے 39.318 ملین روپے کا مجموعی نقصان برداشت کیا ہے اور بیلنس شیٹ آنکھ میں کچھ ایڈجسٹمنٹ کے بعد گزشتہ سال میں 152.123 ملین روپے بعد از ٹیکس نقصان کے مقابلے موجودہ مدت میں 13.363 ملین روپے کے خالص منافع کا اعلان کیا ہے۔

بینکنگ کمپنیوں کے ساتھ معاملات قانونی عدالت میں بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی کے لئے درج ہیں اور کمپنی کے پاس کوئی کریڈٹ لائن دستیاب نہیں ہے۔ اس کے علاوہ، ایسی مدت میں پیداوار شروع ہونے کی کوئی علامت نہیں ہے جہاں ٹیکسٹائل کے شعبے میں اعلیٰ ادارے آپریشنز کو منظم کرنے میں مشکلات کا سامنا کر رہے ہیں۔

ڈائریکٹروں نے پیلے ہی بہت نقصان اٹھایا اور جب تک کہ پاکستان میں اس شعبے کی بحالی کا کوئی امکان نہیں ہوگا، فیصلہ کیا ہے کہ اپنا پیداواری عمل شروع نہ کریں۔

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:-

| سال | | سال | | |
|-------------|---------------|-------------|---------------|----------------------------------|
| 2016 | 2017 | 2016 | 2017 | |
| فیصدی فروخت | روپے بلین میں | فیصدی فروخت | روپے بلین میں | |
| - | 1,067.924 | - | 96.547 | فروخت |
| (14.50) | (154.876) | (40.72) | (39.318) | مجموعی (نقصان) / منافع |
| 2.26 | 24.164 | 22.07 | 21.306 | مالی لاگت |
| (19.94) | (212.901) | 23.27 | 22.468 | قبل از ٹیکس خالص منافع / (نقصان) |
| (14.24) | (152.123) | 13.84 | 13.363 | خالص منافع / (نقصان) |
| - | (10.79) | - | 0.95 | فی ٹیکس آمدنی (روپے) |

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of the Rule Book of listing regulations of Pakistan Stock Exchange Ltd. 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 CCG in the following manner:

- The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| Category | Name |
|-------------------------|---|
| Independent Directors | Mr. Amjad Ali Mr. Muhammad Aslam Bhatti |
| Executive Directors | Mr. Naeem Omer |
| Non-Executive Directors | Mr. Anwar Abbas Mr. Muhammad Omer Mr. Shahid Iqbal Mr. Muhammad Asghar |

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the company 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 Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- Four Casual vacancies occurred on the Board of Directors of the Company during the year which was filled by the Directors within the prescribed period.
- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 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.
- 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 employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
- The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose 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.
- The board arranged no training programs for its directors during the year.
- There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.
- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 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 CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an Independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and remuneration committee. It comprises three members, of whom two are non-executive directors and one is independent director, and the chairman of the committee is a non-executive director.
18. The board has not set up an effective internal audit function and also no suitable staff appointed in this regard.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 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/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with. For and on behalf of the Board

Lahore

For and on behalf of the Board

(Naeem Omer)
Chairman/CEO
CNIC # 33100-0571105-5

Date: October 07, 2017



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REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Bilal Fibres Limited "the Company" for the year ended June 30, 2017 to comply with the requirements of, Rule book of Pakistan Stock Exchange Limited Chapter 5, clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance 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's statement on internal controls covers all the risks and control 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 audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of 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 June 30, 2017.

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

| Paragraph Reference | Description |
|---------------------|--|
| 9 | Appropriate arrangements for orientation courses for the directors have not been carried out as required by clause 5.19.7 |
| 18 | The board has not set up an effective internal audit function and also no suitable staff appointed in this regard as required by 5.19.21 |

Lahore:

Dated: 7th October, 2017

RIZWAN & COMPANY
Chartered Accountants
Engagement Partner:
Rizwan Bashir, FCA



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of BILAL FIBRES LIMITED as at June 30, 2017 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 except for the matters as discussed in paragraphs (c) and (d) below, we have obtained all the information and explanation 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 repealed 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion, and after due verification we report that:

- a) The Company has suspended its operations since June 16, 2016 and has leased out the factory without the approval of the general meeting. Further at the balance sheet date the Company's accumulated losses stand at Rupees 350.202 million, its equity is eroded by Rupees 209.202 million and its current liabilities exceed its current assets by Rupees 770.982 million. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favour of the banking companies (as fully explained in note 26.1, 26.2, 26.3) due to its inability to comply with loan agreements. The company is also unable to pay long term financing from banking companies amounting to Rupees 453.733 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 108.306 along with the finance cost, short term borrowings amounting to Rupees 143.855 million along with the related finance cost, accrued markup amounting to Rupees 97.52 million if the execution applications filed by the banking companies are decided by the courts. At present, there is no formal approved business plan for future periods. These conditions and events indicate material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, as described in Note 1.2, these financial statements have been prepared under the going concern assumption. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in paragraphs (b) to (f) below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.
- b) In order to meet the day to day expenditure, the company, during the last quarter of the financial year, has leased out the factory without the consent of the general meeting as required under Section 196 of the repealed Companies Ordinance, 1984 (Section 183 of the Companies Act, 2017). Further, the company is not allowed under the principal object clause of its Memorandum of Association to involve in such business activity.
- c) We did not observe the taking of the physical inventory of stock in trade amounting to Rupees 57.873 million and the mills plant and machinery as of June 30, 2017. The management informed us that the stocks are pledged with the banking companies and are under litigation while the factory is now on lease with the third party. The management further informed us that since the date of closure of mill's operations, there is no movement in stock in trade and mill's plant & machinery during the period under audit.
- d) The latest revaluation of the company's property plant and equipment was carried out on June 30, 2013. In view of suspension of mill's operations fresh revaluation and impairment test of company's property plant and equipment should have been carried out by the company as at the balance sheet date. The Company has not carried out comparison of carrying value of property, plant and equipment as against their recoverable amount as at balance sheet date. These adjustments are likely to be substantial, and we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy. In the absence of revaluation within the time frame/period as defined in paragraph 31 of International Accounting Standard 16, (Property, plant and equipment) and impairment test under International Accounting Standard 36 (Impairment of assets) as at the balance sheet date we cannot confirm the accuracy of the carrying value of property plant and equipment as disclosed in note 5 of the financial statements.

- e) As fully explained in notes 26.1, 26.2 and 26.3 the company is in litigation with the banking companies. The company had not worked out and provided the amount of markup/cost of funds on long term financing amounting (Note:18), Liabilities against assets subject to finance lease (Note No. 20) and short term borrowings (Note 25) in these financial statements. Moreover, due to litigation none of the banking companies confirmed us the balances of long term financing (Note No.18), Liabilities against assets subject to finance lease (Note 20) and short term borrowings (Note No. 25). Based on available underlying records, response from the legal counsel and non-confirmation of loan balances from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.
- f) In the absence of actuarial valuation we were unable to confirm the accuracy of the amount of gratuity payable worked out on the basis of number of years worked and last drawn salary as disclosed in note 4.9 of the financial statements.
- g) Because of the significance of the matters discussed in paragraph (a) to (f) above, in our opinion, proper books of accounts have not been kept by the company as required by the repealed Companies Ordinance, 1984;
- h) in our opinion—
- (i) because of the significance of the matters discussed in paragraph (a) to (f) above, the balance sheet and profit and loss account together with the notes forming part thereof have not been drawn up in conformity with the repealed Companies Ordinance, 1984, and are not in accordance with the accounting policies consistently applied, however these are in agreement with the books of accounts;
- (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 except as mentioned in paragraph (b) above;
- I in our opinion, because of the significance of the matters discussed in paragraph (a) to (f) above, 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 do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- j) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
The financial statements of Company for the year ended June 30, 2016, were audited by another auditor who expressed a modified opinion and emphasis of matter paragraph on those statements on October 07, 2016.
- (a) As explained in note 32.1, the company has not accounted for the finance cost for the year amounting to Rs. 11.131 million, Rs. 5.475 million and Rs. 1.257 million on long term financing, liabilities against assets subject to finance lease and on short term borrowings respectively. Had the company accounted for the finance cost, loss for the year would have been higher by Rs. 17.863 million, accrued markup would have been higher by Rs. 17.863 million, and accumulated loss would have been higher by Rs. 17.863 million.
- (b) Without further qualifying our opinion, we draw attention to note 1.2 in the financial statements which indicates that the company incurred a net loss of Rupees 152,532,786 during the year ended June 30, 2016 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 434,990,426. These conditions, along with other matters as explained in note 1.2 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

LAHORE
Date: 07 October 2017

RIZWAN & COMPANY
CHARTERED ACCOUNTANTS
Engagement Partner: Rizwan Bashir

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

| PARTICULARS | Year Ended 30th June | | | | | |
|--|----------------------|-----------|-----------|-----------|-----------|-----------|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| ASSETS EMPLOYED | | | | | | |
| Property, plant and equipment | 973.317 | 1,024.439 | 1,065.256 | 1,044.195 | 1,054.930 | 876.684 |
| Long term deposits | 3.389 | 3.389 | 3.609 | 3.601 | 3.601 | 3.594 |
| Current assets | 91.439 | 222.578 | 254.202 | 303.972 | 290.650 | 297.678 |
| Total assets employed | 1,068.144 | 1,250.406 | 1,323.066 | 1,351.769 | 1,349.182 | 1,177.956 |
| FINANCED BY | | | | | | |
| Shareholders' equity | (209.202) | (230.115) | (94.302) | 19.956 | (69.983) | (137.552) |
| Surplus on revaluation of fixed assets | 300.296 | 307.846 | 319.215 | 323.212 | 332.625 | 228.606 |
| Loan from directors/sponsors | 92.372 | 91.744 | 63.705 | 40.633 | 52.500 | 52.500 |
| | 183.466 | 169.475 | 288.618 | 383.802 | 315.142 | 143.554 |
| Deferred Income | - | 4.857 | 9.713 | 14.570 | 19.426 | 24.283 |
| Long term liabilities | - | 390.853 | 435.749 | 464.981 | 549.656 | 493.630 |
| Deferred tax liability | 22.257 | 14.117 | 72.973 | 127.231 | 129.339 | 57.544 |
| Other deferred liabilities | - | 13.946 | 16.601 | 19.236 | 22.455 | 20.242 |
| | 22.257 | 28.064 | 89.574 | 146.467 | 151.793 | 77.786 |
| Current Liabilities | 862.421 | 657.158 | 499.412 | 341.949 | 313.164 | 438.703 |
| Total funds invested | 1,068.144 | 1,250.406 | 1,323.066 | 1,351.769 | 1,349.182 | 1,177.956 |
| PROFIT & LOSS | | | | | | |
| Turnover (net) | 96.548 | 1,067.924 | 1,638.364 | 2,042.478 | 1,823.174 | 1,634.807 |
| Gross (Loss)/profit | (39.319) | (154.876) | (69.913) | 106.109 | 136.468 | 79.496 |
| Operating Profit / (loss) | 1.162 | (188.737) | (115.865) | 62.156 | 156.287 | 36.582 |
| Finance cost | 21.307 | 24.164 | 55.966 | 58.645 | 55.182 | 64.848 |
| Profit / (loss) before taxation | 22.468 | (212.901) | (171.831) | 3.511 | 101.105 | (28.266) |
| Profit / (loss) after taxation | 13.363 | (152.123) | (126.493) | (16.275) | 62.816 | (34.950) |
| Earnings per share (Rs.) | 0.95 | (10.79) | (8.97) | (1.15) | 4.46 | (2.48) |
| Number of spindle installed | 29,016 | 29,016 | 29,016 | 29,016 | 29,016 | 29,016 |
| Number of spindle worked | - | 29,016 | 29,016 | 29,016 | 29,016 | 29,016 |
| Number of shifts per day | - | 3 | 3 | 3 | 3 | 3 |
| Actual production converted into 20's count (Kgs in million) | - | 9.681 | 10.763 | 11.356 | 10.308 | 11.262 |

BALANCE SHEET
AS AT JUNE 30, 2017

| | | 2017 Rupees | 2016 Rupees |
|---|------|----------------|----------------|
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment: | Note | | |
| Operating fixed assets | 5 | 909,620,603 | 957,390,721 |
| Assets subject to finance lease | 6 | 63,696,217 | 67,048,649 |
| Long term deposits | 7 | 3,388,820 | 3,388,820 |
| | | 976,705,640 | 1,027,828,190 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 8 | - | 11,279,963 |
| Stock in trade | 9 | 57,872,748 | 140,923,540 |
| Trade debts | 10 | - | 19,873,453 |
| Loans and advances | 11 | - | 17,089,036 |
| Trade deposits and short term prepayments | 12 | 4,305,093 | 5,350,512 |
| Other receivables | 13 | 2,009,094 | 509,094 |
| Sale tax refundable | | 3,540,912 | 3,518,404 |
| Advance income tax | 14 | 22,982,453 | 23,621,896 |
| Cash and bank balances | 15 | 728,480 | 411,768 |
| | | 91,438,780 | 222,577,666 |
| | | 1,068,144,420 | 1,250,405,856 |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital | | | |
| 15,000,000 (2016: 15,000,000) ordinary shares of Rs. 10 each | | 150,000,000 | 150,000,000 |
| Issued, subscribed and paid up capital | | | |
| 14,100,000 (2016: 14,100,000) ordinary shares of Rs. 10 each fully paid in cash | 16 | 141,000,000 | 141,000,000 |
| Accumulated loss | | (350,201,634) | (371,114,783) |
| | | (209,201,634) | (230,114,783) |
| SURPLUS ON REVALUATION | | | |
| Property, plant and equipment | 17 | 300,295,808 | 307,845,653 |
| NON - CURRENT LIABILITIES | | | |
| Long term financing from banking companies | 18 | - | 307,646,270 |
| Long term financing from directors and associates | 19 | 92,372,319 | 91,743,855 |
| Liabilities against assets subject to finance lease | 20 | - | 83,206,331 |
| Deferred liabilities | 21 | 22,256,864 | 28,063,668 |
| Deferred income | 22 | - | 4,856,520 |
| | | 114,629,183 | 515,516,644 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 23 | 59,005,632 | 251,060,197 |
| Accrued interest / mark up | 24 | 97,520,034 | 97,520,034 |
| Short term borrowings | 25 | 143,855,534 | 144,105,534 |
| Current portion of: | | | |
| Long term financing from banking companies | 18 | 453,733,532 | 139,372,576 |
| Liabilities against assets subject to finance lease | 20 | 108,306,331 | 25,100,000 |
| | | 862,421,063 | 657,158,341 |
| Contingencies and commitments | 26 | - | - |
| | | 1,068,144,420 | 1,250,405,856 |

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

| | Note | 2017 Rupees | 2016 Rupees |
|---|------|---------------------|----------------------|
| Sales-net | 27 | 96,547,600 | 1,067,924,088 |
| Cost of sales | 28 | (135,866,420) | (1,222,800,142) |
| Gross loss | | <u>(39,318,820)</u> | <u>(154,876,054)</u> |
| Distribution cost | 29 | (447,616) | (18,142,600) |
| Administrative expenses | 30 | (10,631,408) | (32,252,479) |
| Other operating expenses -loss on sale of vehicle | | - | (41,594) |
| Other operating income | 31 | 94,172,998 | 16,575,615 |
| Finance cost | 32 | (21,306,820) | (24,164,076) |
| Profit / (loss) before taxation | | <u>22,468,334</u> | <u>(212,901,188)</u> |
| Provision for taxation | 33 | (9,105,031) | 60,778,153 |
| Profit / (loss) for the year | | <u>13,363,303</u> | <u>(152,123,035)</u> |
| Earnings per share - basic and diluted | 34 | <u>0.95</u> | <u>(10.79)</u> |

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

| Note | 2016 Rupees | 2015 Rupees |
|---|-------------------|----------------------|
| Profit / (loss) for the year | 13,363,303 | (152,123,035) |
| Other comprehensive income for the year | | |
| Item that will not be reclassified to profit and loss account: | | |
| Remeasurement of staff retirement benefits | - | 6,863,017 |
| Deferred tax on remeasurement of staff retirement benefits | - | (1,921,988) |
| Total other comprehensive income - net of tax | - | 4,941,029 |
| Total comprehensive income / (loss) for the year | <u>13,363,303</u> | <u>(147,182,006)</u> |

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

| | Note | 2017 Rupees | 2016 Rupees |
|---|------|---------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) before taxation | | 22,468,334 | (212,901,187) |
| Adjustments for: | | | |
| Depreciation on operating fixed asset | | 42,335,451 | 45,486,761 |
| Depreciation on asset subject to finance lease | | 3,352,432 | 3,528,876 |
| Notional income on interest free loans | | (1,371,520) | (11,719,091) |
| Provision for staff retirement benefits - gratuity | | - | 4,208,837 |
| Loss / (gain) on disposal of operating fixed assets | | (1,340,332) | 41,594 |
| Creditor balance added back | | (83,474,986) | - |
| Gratuity balance added back | | (3,129,640) | - |
| Finance cost | | 21,306,820 | 24,164,076 |
| Amortization of deferred income | | (4,856,520) | (4,856,524) |
| Operating cash flows before working capital changes | | (4,709,962) | (152,046,658) |
| (Increase) / decrease in current assets | | | |
| Stores, spares and loose tools | | 11,279,963 | (492,087) |
| Stock in trade | | 83,050,792 | 10,037,505 |
| Trade debts | | 19,873,453 | 15,783,734 |
| Loans and advances | | 17,089,036 | 8,081,040 |
| Trade deposits and short term prepayments | | 1,045,418 | 366,835 |
| Other receivables | | (1,500,000) | - |
| Sale tax refundable | | (22,508) | (1,577,312) |
| (Decrease) / increase in trade and other payables | | (119,275,497) | 120,027,899 |
| | | 11,540,657 | 152,227,613 |
| Cash generated from operations | | 6,830,695 | 180,954 |
| Payments for : | | | |
| Finance costs | | (492,150) | (6,653,287) |
| Taxes paid | | (326,033) | (6,007,801) |
| Staff retirement benefits - gratuity | | (120,800) | - |
| Net cash generated from / (used in) operating activities | | 5,891,712 | (12,480,134) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | - | (16,290,872) |
| Proceeds from disposal of property, plant and equipment | | 6,775,000 | 8,050,000 |
| Long term deposits | | - | 220,000 |
| Net cash generated from / (used in) investing activities | | 6,775,000 | (8,020,872) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing repayment to banking companies | | - | (7,205,000) |
| Short term borrowings - Net | | (250,000) | (9,806,142) |
| (Decrease) / Increase in financing from directors and associate | | (12,100,000) | 32,080,000 |
| Net cash (used in) / generated from financing activities | | (12,350,000) | 15,068,858 |
| Net increase / (decrease) in cash and cash equivalents | | 316,712 | (5,432,148) |
| Cash and cash equivalents at beginning of the year | | 411,768 | 5,843,916 |
| Cash and cash equivalents at end of the year | | 728,480 | 411,768 |

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

| | Share capital | Accumulated loss | Total |
|--|--------------------|----------------------|----------------------|
| | ----- Rupees ----- | | |
| Balance as at June 30, 2015 | 141,000,000 | (235,302,161) | (94,302,161) |
| Incremental depreciation on revalued assets for the year - net of deferred tax | - | 11,369,384 | 11,369,384 |
| Total comprehensive loss for the year | - | (147,182,006) | (147,182,006) |
| Balance as at June 30, 2016 | 141,000,000 | (371,114,783) | (230,114,783) |
| Incremental depreciation on revalued assets for the year - net of deferred tax | - | 7,549,845 | 7,549,845 |
| Total comprehensive income for the year | - | 13,363,304 | 13,363,304 |
| Balance as at June 30, 2017 | 141,000,000 | (350,201,634) | (209,201,634) |

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** The company is limited by shares, incorporated in Pakistan on April 13, 1987 under the repealed Companies Ordinance, 1984 and is quoted on Pakistan stock exchange limited. The principal business of the company is manufacture and sale of yarn. The registered office of the company is situated at 112-B, E/1, Ghalib Road, Gulberg III, Lahore. The manufacturing unit is located at 38 Kilometer Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.
- 1.2** The Company had closed its operation since June 16, 2016 and reported accumulated losses of Rupees 350.202 million (June 30, 2016: Rupees 371.115 million). The current liabilities exceeded its current assets by Rupees 770.982 million (June 30, 2016: Rupees 434.581 million) as of balance sheet date. These conditions along with adverse key financial ratios and company's court cases with the banking companies on its inability to comply with covenants of loan agreements and to pay long term financing liabilities against assets subject to finance lease, short term borrowings and related finance costs on due dates indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements, however, have been prepared under the going concern assumptions as the management after settling trade creditors are seeking amicable settlement of cases with the banking companies and at the same time in search of local or international investors to enter into joint venture arrangement to invest in the plant and machinery in order to compete with the international market players. Moreover In order to meet the day to day expenses; the company has leased out the factory premises initially for a period of 11 months which may be extended to 5 years.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 (the Ordinance) and the 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 as notified under the repealed Companies Ordinance, 1984, and directives issued under the repealed Companies Ordinance, 1984. Wherever the requirements of the repealed Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS, the requirements of the repealed Companies Ordinance, 1984 or the requirements of the said directives prevail.

The Companies Ordinance, 1984 has been repealed upon enactment of the Companies Act, 2017 on May 30, 2017. The SECP vide its Circular 17 of 2017 dated July 20, 2017 has clarified that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New and amended standards and interpretations become effective

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

- IFRS 10 – Consolidated Financial Statements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 27 – Separate Financial Statements : Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 – Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets
Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment

IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of

IFRS 7 – Financial Instruments: Disclosures - Servicing

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements

2.3.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| Standard or Interpretation | Effective Date (Annual periods beginning on or after) |
|--|---|
| IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments) | 01 January 2018 |
| IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |
| IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment) | 01 January 2017 |
| IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments) | 01 January 2017 |
| IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments) | 01 January 2018 |
| IAS 40 Investment Property: Transfers of Investment Property (Amendments) | 01 January 2018 |
| IFRIC 22 Foreign Currency Transactions and Advance Consideration | 01 January 2018 |
| IFRIC 23 Uncertainty over Income Tax Treatments | 01 January 2019 |

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

| Standard | IASB effective date (Annual periods beginning on or after) |
|--|--|
| IFRS 9 – Financial Instruments: Classification and Measurement | 01 January 2018 |
| IFRS 14 – Regulatory Deferral Accounts | 01 January 2016 |
| IFRS 15 – Revenue from Contracts with Customers | 01 January 2018 |
| IFRS 16 – Leases | 01 January 2019 |
| IFRS 17 – Insurance Contracts | 01 January 2021 |

3 BASIS OF MEASUREMENT

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

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

3.1 Provision for taxation

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

3.2 Financial instruments

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.3 Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.4 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

- a) Estimation of net realizable value
- b) Computation of deferred taxation
- c) Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss, if any. Freehold land is stated at cost / revaluation less any identified impairment loss, if any. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

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

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent that it reverses deficit on revaluation of the same assets previously recognized in profit or loss, in which case the surplus is credited to profit or loss to the extent of deficit previously charged to income. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any held in surplus on revaluation of property, plant and equipment relating to previous revaluation of that item. On subsequent sale or retirement of revalued item of property, plant and equipment the attributable surplus remaining in the surplus on revaluation of property, plant and equipment is transferred directly to unappropriated profit. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost / revalued amount of an asset over its estimated useful life at the rates as disclosed in note 5. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the asset is derecognized.

4.2 Accounting for leases and assets subject to finance lease**4.2.1 Operating lease**

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.2.2 Finance lease**Recognition**

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for intended use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Stores held for capital expenditure are stated at cost less any accumulated impairment in value, if any.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

| | |
|-------------------|---|
| In hand | Weighted average cost |
| In transit | Cost comprising invoice value plus other charges incurred thereon |

4.6.2 Finished goods and work in process

Raw material cost plus appropriate manufacturing overheads

4.6.3 Waste Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost / at nominal amount which is the fair value of the consideration to be received in future. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits**Defined benefit plan**

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Till June 30, 2016 provision was made annually to cover the obligation on the basis of actuarial valuation and charged to income using the Projected Unit Credit Method.

The company closed its operation on June 16, 2016 and at the balance sheet date there are no permanent employees of the company. The company has determined the gratuity payable balance as at June 30, 2016 on the basis of number of years worked and last drawn salary. On calculation the difference amount was transferred to other income and the payable amount booked as gratuity payable under the head of trade and other payables.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Rental income is recognized on monthly accrual basis

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into pak rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated in contracted rates. Foreign currency translations are translated into Pak rupee at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. No monetary items are translated into pak rupees on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

4.20 Research and development cost

Research and development cost is charged to profit and loss account in the year in which it is incurred.

4.21 Dividend and other appropriations

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders. Appropriation of profits are reflected in the statements of changes in equity in the period in which such appropriations are made.

5 Property plant and equipment
5.1 Operating fixed assets

| DESCRIPTION | 2017 | | | | | | | | | | |
|-----------------------------|-----------------------------|--------------------------|--------------------|-----------|--|--|---------------------|-----------------------------|--------------------------|--------------------|--------------------|
| | BALANCE AS AT JULY 01, 2016 | | | Additions | FOR THE YEAR | | | BALANCE AS AT JUNE 30, 2017 | | | DEPRECIATION RATES |
| | Cost | Accumulated Depreciation | Net Book Value | | Transferred in (Cost) / Accumulated Depreciation | Disposal (Cost) / Accumulated Depreciation | Depreciation Charge | Cost | Accumulated Depreciation | Net Book Value | |
| Freehold land | 123,440,000 | - | 123,440,000 | - | - | - | - | 123,440,000 | - | 123,440,000 | 0 |
| Building on freehold land | 241,589,156 | 34,392,612 | 207,196,544 | - | - | 10,359,827 | 241,589,156 | 44,752,439 | 196,836,717 | 5 | |
| Plant and machinery | 708,445,474 | 93,663,402 | 614,782,072 | - | - | 30,739,104 | 708,445,474 | 124,402,506 | 584,042,968 | 5 | |
| Factory equipment | 129,250 | 97,236 | 32,014 | - | - | 3,201 | 129,250 | 100,437 | 28,813 | 10 | |
| Office & electric equipment | 10,869,612 | 6,235,019 | 4,634,593 | - | - | 463,459 | 10,869,612 | 6,698,478 | 4,171,134 | 10 | |
| Furniture and fixture | 3,533,809 | 2,466,651 | 1,067,158 | - | - | 106,716 | 3,533,809 | 2,573,367 | 960,442 | 10 | |
| Vehicles | 11,309,017 | 5,070,677 | 6,238,340 | - | - | 10,969,907 (5,535,240) | 663,144 | 339,110 | 198,581 | 140,529 | 20 |
| | 1,099,316,318 | 141,925,597 | 957,390,721 | - | - | 10,969,907 (5,535,240) | 42,335,451 | 1,088,346,411 | 178,725,808 | 909,620,603 | |

| DESCRIPTION | 2016 | | | | | | | | | | |
|-----------------------------|-----------------------------|--------------------------|--------------------|-------------------|--|--|---------------------|-----------------------------|--------------------------|--------------------|--------------------|
| | BALANCE AS AT JULY 01, 2015 | | | Additions | FOR THE YEAR | | | BALANCE AS AT JUNE 30, 2016 | | | DEPRECIATION RATES |
| | Cost | Accumulated Depreciation | Net Book Value | | Transferred in (Cost) / Accumulated Depreciation | Disposal (Cost) / Accumulated Depreciation | Depreciation Charge | Cost | Accumulated Depreciation | Net Book Value | |
| Freehold land | 123,440,000 | - | 123,440,000 | - | - | - | 123,440,000 | - | 123,440,000 | - | |
| Building on freehold land | 240,954,800 | 23,493,094 | 217,461,706 | 634,356 | - | 10,899,518 | 241,589,156 | 34,392,612 | 207,196,544 | 5 | |
| Plant and machinery | 691,790,841 | 61,692,739 | 630,098,102 | 16,654,633 | - | 31,970,663 | 708,445,474 | 93,663,402 | 614,782,072 | 5 | |
| Factory equipment | 129,250 | 93,679 | 35,571 | - | - | 3,557 | 129,250 | 97,236 | 32,014 | 10 | |
| Office & electric equipment | 10,727,912 | 5,726,029 | 5,001,883 | 141,700 | - | 508,990 | 10,869,612 | 6,235,019 | 4,634,593 | 10 | |
| Furniture and fixture | 3,511,892 | 2,348,077 | 1,163,815 | 21,917 | - | 118,574 | 3,533,809 | 2,466,651 | 1,067,158 | 10 | |
| Vehicles | 23,598,009 | 7,282,616 | 16,315,393 | - | - | 12,288,992 (4,197,398) | 1,985,459 | 11,309,017 | 5,070,677 | 6,238,340 | 10 |
| | 1,094,152,704 | 100,636,234 | 993,516,470 | 17,452,606 | - | 12,288,992 (4,197,398) | 45,486,761 | 1,099,316,318 | 141,925,597 | 957,390,721 | |

5.2 Depreciation charge for the year on operating fixed assets and assets subject to finance lease has been allocated as follows:

| Note | 2017 Rupees | | 2016 Rupees | |
|-------------------------|-------------|-------------------|-------------------|--|
| | | | | |
| Cost of sales | 28.1 | 44,454,564 | 46,402,614 | |
| Administrative expenses | 30 | 1,233,319 | 2,613,023 | |
| | | 45,687,883 | 49,015,637 | |

The Company had its freehold land, buildings on freehold land, plant and machinery and vehicles revalued. Revaluation of the assets was carried out by the independent valuers " M/S Empire Enterprises (Pvt.) Ltd. " on June 30, 2013 . Freehold land was revalued at market value and building on free hold land, machinery and vehicles are valued at depreciated replacement cost.

5.3 Particulars of operating fixed assets disposed of during the year are as follows:

| Description | Cost | Accumulated Depreciation | Net Book Value | Sales proceeds | Mode of disposal | Particulars of purchaser |
|-------------|-------------------|--------------------------|------------------|------------------|------------------|---|
| Vehicle | 561,600 | 315,170 | 246,430 | 800,000 | Negotiation | Muhammad Ayyub, Lahore |
| Vehicle | 619,200 | 302,170 | 317,030 | 950,000 | Negotiation | Data Cotton Factory, Rahimyar Khan |
| Vehicle | 460,800 | 224,870 | 235,930 | 600,000 | Negotiation | Ameer Co, Lahore |
| Vehicle | 23,040 | 12,930 | 10,110 | 12,000 | Negotiation | Mr. Yaseen Mehmood, Lahore |
| Vehicle | 290,304 | 141,668 | 148,636 | 500,000 | Negotiation | Muhammad Aamer Nadeem, Mangowal, Gujrat |
| Vehicle | 374,400 | 191,843 | 182,557 | 450,000 | Negotiation | Ameer Co, Lahore |
| Vehicle | 28,737 | 16,127 | 12,610 | 18,000 | Negotiation | Mr. Majid Subhan, Lahore |
| Vehicle | 444,863 | 256,894 | 187,969 | 100,000 | Negotiation | JADE Machinery (Pvt) Ltd, Lahore |
| Vehicle | 75,400 | 42,928 | 32,472 | 35,000 | Negotiation | Mr. Muhammad Zubair, Faisalabad |
| Vehicle | 659,087 | 297,409 | 361,678 | 250,000 | Negotiation | JADE Machinery (Pvt) Ltd, Lahore |
| Vehicle | 82,182 | 47,457 | 34,725 | 25,000 | Negotiation | JADE Machinery (Pvt) Ltd, Lahore |
| Vehicle | 1,492,824 | 849,914 | 642,910 | 600,000 | Negotiation | Mr. Muhammad Ijaz Shahid, Lahore |
| Vehicle | 973,723 | 483,096 | 490,627 | 535,000 | Negotiation | Tariq Engineering Works, Lahore |
| Vehicle | 2,767,845 | 1,424,681 | 1,343,164 | 1,000,000 | Negotiation | Mr. Hasham Omer, Lahore |
| Vehicle | 2,115,902 | 928,082 | 1,187,820 | 900,000 | Negotiation | Mrs. Farah Naeem, Lahore |
| | 10,969,907 | 5,535,239 | 5,434,668 | 6,775,000 | | |

5.4 Gain on disposal of property, plant and equipment

| | 2017 Rupees | 2016 Rupees |
|---|--------------------|------------------|
| Cost | 10,969,907 | 12,288,992 |
| Less : Accumulated depreciation | (5,535,239) | (4,197,398) |
| | 5,434,668 | 8,091,594 |
| Sale proceeds | (6,775,000) | (8,050,000) |
| Net (gain)/ loss on disposal of property, plant and equipment | (1,340,332) | 41,594 |

6 ASSETS SUBJECT TO FINANCE LEASE

| DESCRIPTION | 2017 | | | | | | | | | | |
|---------------------|-----------------------------|--------------------------|-------------------|-----------|---|--|---------------------|-----------------------------|--------------------------|-------------------|--------------------|
| | BALANCE AS AT JULY 01, 2016 | | | Additions | FOR THE YEAR | | | BALANCE AS AT JUNE 30, 2017 | | | DEPRECIATION RATES |
| | Cost | Accumulated Depreciation | Net Book Value | | Transfer to (Cost) / Accumulated Depreciation | Disposal (Cost) / Accumulated Depreciation | Depreciation Charge | Cost | Accumulated Depreciation | Net Book Value | |
| Plant and machinery | 92,365,821 | 25,317,172 | 67,048,649 | - | - | - | 3,352,432 | 92,365,821 | 28,669,604 | 63,696,217 | 5 |
| | 92,365,821 | 25,317,172 | 67,048,649 | - | - | - | 3,352,432 | 92,365,821 | 28,669,604 | 63,696,217 | |

| DESCRIPTION | 2016 | | | | | | | | | | |
|---------------------|-----------------------------|--------------------------|-------------------|-----------|---|--|---------------------|-----------------------------|--------------------------|-------------------|--------------------|
| | BALANCE AS AT JULY 01, 2015 | | | Additions | FOR THE YEAR | | | BALANCE AS AT JUNE 30, 2016 | | | DEPRECIATION RATES |
| | Cost | Accumulated Depreciation | Net Book Value | | Transfer to (Cost) / Accumulated Depreciation | Disposal (Cost) / Accumulated Depreciation | Depreciation Charge | Cost | Accumulated Depreciation | Net Book Value | |
| Plant and machinery | 92,365,821 | 21,788,296 | 70,577,525 | - | - | - | 3,528,876 | 92,365,821 | 25,317,172 | 67,048,649 | 5 |
| | 92,365,821 | 21,788,296 | 70,577,525 | - | - | - | 3,528,876 | 92,365,821 | 25,317,172 | 67,048,649 | |

| | Note | 2017 Rupees | 2016 Rupees |
|------------------------------|------|------------------|------------------|
| 7. Long term deposits | | | |
| Utilities | | 3,376,220 | 3,376,220 |
| Others | | 12,600 | 12,600 |
| | | 3,388,820 | 3,388,820 |

| | Note | 2017 Rupees | 2016 Rupees |
|--|------|----------------|-------------------|
| 8. Store, Spare parts and loose tools | | | |
| Stores | | - | 3,825,993 |
| Spare parts | | - | 7,406,552 |
| Loose tools | | - | 47,418 |
| | | - | 11,279,963 |

8.1 During the year store, spare parts and loose tools amounting to Rs 3.807 million settled with the store suppliers.

| | Note | 2017 Rupees | 2016 Rupees |
|--------------------------|------|-------------------|--------------------|
| 9. Stock in trade | | | |
| Raw material | 9.1 | 57,528,875 | 57,528,875 |
| Finished goods | 9.2 | - | 83,050,792 |
| Waste | | 343,873 | 343,873 |
| | | 57,872,748 | 140,923,540 |

9.1 It includes carrying value of pledged stock amounting to Rs. 57.528 million (June 30, 2016: Rs. 51.866 million)

9.2 Finished goods amounting to Rs. NIL (June 30, 2016: Rs.83.05 million) stated at their net realizable value

| | Note | 2017 Rupees | 2016 Rupees |
|------------------------------------|------|----------------|-------------------|
| 10. Trade debts | | | |
| Considered good - unsecured | | | |
| Local- not past due | | - | 19,873,453 |
| | | - | 19,873,453 |

| | Note | 2017 Rupees | 2016 Rupees |
|------------------------------------|------|----------------|-------------------|
| 11. Loans and advances | | | |
| Considered good - unsecured | | | |
| Employees - interest free | | - | 681,263 |
| For services / expenses | | - | 216,152 |
| Suppliers | | - | 16,191,621 |
| | | - | 17,089,036 |

| | Note | 2017 Rupees | 2016 Rupees |
|--|------|------------------|------------------|
| 12. Trade deposits and short term prepayments | | | |
| Bank guarantee margin | | 4,070,915 | 5,070,915 |
| Prepayments | | 234,178 | 279,597 |
| | | 4,305,093 | 5,350,512 |

| | Note | 2017 Rupees | 2016 Rupees |
|------------------------------|------|------------------|----------------|
| 13. Other receivables | | | |
| Considered good | | | |
| Export rebate | | 509,094 | 509,094 |
| Rent receivable | | 1,500,000 | - |
| | | 2,009,094 | 509,094 |

| | Note | 2017 Rupees | 2016 Rupees |
|---|------|-------------------|-------------------|
| 14. Advance income tax | | | |
| Opening | | 23,621,896 | 17,614,095 |
| Paid during the year | | 326,033 | 6,007,801 |
| Adjusted against provision for taxation | | (965,476) | - |
| | | 22,982,453 | 23,621,896 |

| | Note | 2017 Rupees | 2016 Rupees |
|-----------------------------------|------|----------------|----------------|
| 15. Cash and bank balances | | | |
| Cash with banks | | | |
| In current accounts | | 540,695 | 279,086 |
| In business plus account | | 11 | 459 |
| | | 540,706 | 279,545 |
| Cash in hand | | 187,774 | 132,223 |
| | | 728,480 | 411,768 |

16. Issued, subscribed and paid up capital
The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

| | Note | 2017 Rupees | 2016 Rupees |
|--|------|--------------------|--------------------|
| 17. Surplus on revaluation of property, plant and equipment - net of tax | | | |
| Surplus on revaluation of property, plant and equipment at the beginning of the year | | 399,763,942 | 416,005,920 |
| Transfer to unappropriated profit in respect of: | | | |
| Incremental depreciation on revalued assets | | 7,549,845 | 11,369,384 |
| Related deferred tax liability | | 3,235,648 | 4,872,593 |
| | | 10,785,493 | 16,241,977 |
| Surplus on revaluation of property, plant and equipment as at the end of year | | 388,978,449 | 399,763,942 |
| Related deferred tax liabilities on: | | | |
| Revaluation at the beginning of the year | | 91,918,289 | 96,790,882 |
| Amount realized during the year | | (3,235,648) | (4,872,593) |
| Incremental depreciation on revalued assets | | 88,682,641 | 91,918,289 |
| | | 300,295,808 | 307,845,653 |

18. Long term financing from banking companies

Secured

Under mark up arrangements

Demand finance

| | | | |
|-------------------------------------|------|--------------------|-------------|
| Demand finance - Settled amount | 18.1 | 94,662,001 | 87,947,315 |
| Demand finance - II | 18.2 | 3,697,000 | 3,697,000 |
| Demand finance - III | 18.3 | 6,977,063 | 6,977,063 |
| Demand finance - IV | 18.4 | 174,170,823 | 174,170,823 |
| Demand finance - IV (unserviceable) | 18.5 | 62,820,000 | 62,820,000 |
| Demand finance - VIII | 18.6 | 19,938,937 | 19,938,937 |

Frozen mark up

| | | | |
|-----------------------|-------|-------------------|------------|
| Demand finance - II | 18.7 | 252,000 | 252,000 |
| Demand finance - III | 18.8 | 140,091 | 140,091 |
| Demand finance - IV | 18.9 | 89,609,132 | 89,609,132 |
| Demand finance - VIII | 18.10 | 1,466,485 | 1,466,485 |

453,733,532 447,018,846

Less : Current portion of long term loan

| | | | |
|--|-------|--------------------|-------------|
| Overdue installments | | - | 94,493,576 |
| Installments due within one year | | - | 44,879,000 |
| Due to decree by the banking companies | 18.11 | 453,733,532 | - |
| | | 453,733,532 | 139,372,576 |
| | | - | 307,646,270 |

18.1 Demand finance - Settled amount

Note

| | | 2017 Rupees | 2016 Rupees |
|--|--------|---------------------|----------------|
| Gross amount payable | 18.1.1 | 123,137,000 | 123,137,000 |
| Present value adjustments - deferred notional income | 18.1.2 | (28,474,999) | (35,189,685) |
| Present value of settled amount | | 94,662,001 | 87,947,315 |

18.1.1 During the year ended June 30, 2013 the company had rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million with NIB Bank (now MCB Bank Limited). As per the terms of revised agreement, the rescheduled loan is repayable in 106 monthly installments, commenced from June 12, 2013 and expiring on March 31, 2022. The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 million), specific / exclusive charge of Rs. 124.246 million on machinery and 3 gas generators, second charge of Rs. 100.00 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor.

18.1.2 This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013 as explained in note 18.1.1 above) from NIB Bank Limited. Amortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows.

| Present value adjustments | Note | 2017 | 2016 |
|---------------------------|------|--------------------|-------------|
| | | Rupees | Rupees |
| Opening balance | | 35,189,685 | 44,189,245 |
| Occurred during the year | | - | - |
| Amortized during the year | | (6,714,686) | (8,999,560) |
| Closing balance | | 28,474,999 | 35,189,685 |

18.2 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2016 : 10 percent per annum payable quarterly). The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expiring on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.

18.3 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2016 : 10 percent per annum) payable quarterly . The loan is repayable in thirty two quarterly installments, commenced from March 31, 2010 and expiring on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.

18.4 The loan is rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65.208 million and lease finance facility amounted Rs.6.925 million. The loan is subject to markup at the rate of 3 months average KIBOR of quarter (June 30, 2016 : 3 months average KIBOR). The loan is repayable in 30 installments payable quarterly commenced from September 30, 2009 and expiring on December 31, 2017. The loan is secured against registered joint pari passu charge of Rs.190 million on the present and future fixed assets(including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Meezan Bank Limited), ranking charge on fixed assets of the company of RS. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs. 2.188 and personal guarantees of sponsoring director.

18.5 Overdue markup is converted into demand finance facility amounted to Rs. 65.825 million. The facility is repayable in 34 quarterly installments started from September 30, 2009 and ending on December 31, 2017. The loan is secured against ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.

18.6 The loan is obtained to finance imported polyester subsequently restructured as demand finance. The loan is repayable in 32 quarterly installments commenced from March 31, 2010 and expiring on December 31, 2017. The loan is secured against registered specific charge for Rs.33.515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.

18.7 Deferred mark up on demand finance II for Rs. 0.252 million (June 30, 2016 : Rs. 0.252 million) frozen and converted into long term financing. Frozen markup is payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commencing from December 2009.

18.8 Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2016 : for Rs. 0.140 million) frozen and converted in to long term financing. Frozen markup is payable in 33 equal quarterly installments of Rs. 0.011 million commencing from December 2009.

18.9 Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2016: Rs. 89.609 million) freezed and converted in to long term financing. Frozen markup will be paid in lump sum on December 31, 2017.

18.10 Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2016 : Rs. 1.466 million) frozen and converted into long term financing. Frozen markup is payable in 33 quarterly installments of Rs. 0.114 million commencing from December 2009.

18.11 The long term financing from Banking companies have been shown under the current liabilities in view of suits for recovery and execution applications filed by the banking companies under the Honorable Lahore High Court , Lahore as disclosed in Note number 26 to the financial statements. The detail of the financial arrangements with the banking companies is given in the Note numbers 18.1 to 18.10

| 19. Long term financing from directors and associates | Note | 2017 | 2016 |
|---|------|-------------------|-------------------|
| | | Rupees | Rupees |
| Unsecured - From directors and associates | | | |
| Interest free loan | 19.1 | 134,901,600 | 147,001,600 |
| Present value adjustments | 19.2 | (42,529,281) | (55,257,745) |
| Present value of interest free loan from directors and associates | | 92,372,319 | 91,743,855 |

19.1 As at June 30, 2015, The management of the Company entered into an agreement with directors and associates and decided repayment terms of the interest free and unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, loan from directors and associates amounting to Rs. 82,401,600 will be paid on July 30, 2020 and remaining Rs. 52,500,000 will be paid on July 30, 2022. These loans have been recognized at amortized cost using effective discount rate of 10 percent. The resulting difference has been charged to profit and loss account and will be amortized over the remaining life of the loan. Out of the above amount, Rs. 52,500,000 is subordinated to the loans from banking companies.

19.2 This represent the difference between amortized cost and face value of interest free loan (as explained in note 19.1 above). Amortized cost has been determined using effective interest rate of 10.00% per annum being the weighted average rate of return prevailing in the market. Movement of the deferred notional income is as follows.

| Movement in present value | Note | 2017 Rupees | 2016 Rupees |
|---------------------------|------|-------------------|-------------------|
| Opening balance | | 55,257,745 | 51,216,722 |
| Occurred during the year | | 1,371,520 | 11,719,091 |
| Amortized during the year | | (14,099,984) | (7,678,068) |
| Closing balance | | 42,529,281 | 55,257,745 |

20. Liabilities against assets subject to finance lease

| | 2017 | | | 2016 | | |
|---|------------------------|--------------------------------------|---|------------------------|--------------------------------------|---|
| | Minimum lease payments | Financial charges for future periods | Present value of minimum lease payments | Minimum lease payments | Financial charges for future periods | Present value of minimum lease payments |
| Up to one year | 155,582,331 | 47,276,000 | 108,306,331 | 68,909,000 | 43,809,000 | 25,100,000 |
| Later than one year but not later than five years | - | - | - | 86,673,331 | 3,467,000 | 83,206,331 |
| | 155,582,331 | 47,276,000 | 108,306,331 | 155,582,331 | 47,276,000 | 108,306,331 |

20.1 The lease is obtained under sale and lease back transaction of plant and machinery. The total lease rentals due under the lease agreements are payable in 33 quarterly installments commencing from December 31, 2009. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of 3 months average KIBOR of the last day of quarter. The cost of repairs and insurance are borne by the lessee. The liability is secured by a lease agreement lien on leased assets, trust receipts be executed in bank's favor and 33 post dated cheques for complete adjustment of principal. The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term.

20.2 Amount of lease liability includes an amount of Rs. 22.645 million (June 30, 2016 : Rs. 22.645 million) deferred markup transferred to memo account. The deferred markup is payable in 16 quarterly installments started from March 31, 2014 and ending on December 31, 2017. The breakup of the present value of minimum lease payment is given below.

| Breakup of present value of minimum lease payments | Note | 2017 Rupees | 2016 Rupees |
|--|------|--------------------|--------------------|
| Lease liability | | 85,661,821 | 85,661,821 |
| Deferred markup | | 22,644,510 | 22,644,510 |
| | | 108,306,331 | 108,306,331 |

20.3 Current maturity of the lease liabilities

| | Note | 2017 Rupees | 2016 Rupees |
|-------------------------|------|--------------------|-------------------|
| Over due installments | | 25,100,000 | 18,411,000 |
| Payable within one year | | 83,206,331 | 6,689,000 |
| | | 108,306,331 | 25,100,000 |

21. Deferred liabilities

| | Note | 2017 Rupees | 2016 Rupees |
|--------------------------------------|------|-------------------|-------------------|
| Staff retirement benefits - gratuity | 4.9 | - | 13,946,359 |
| Deferred tax | 21.2 | 22,256,864 | 14,117,309 |
| | | 22,256,864 | 28,063,668 |

21.1 Staff retirement benefits-gratuity

21.1.1 Movement in the liability

| | | |
|--|--------------|-------------------|
| Transferred to trade and other payable | (10,695,919) | |
| Transferred to other income | (3,129,640) | |
| Paid during the year | (120,800) | - |
| Closing liability | - | 13,946,359 |

21.1.2 Movement in present value of defined benefit obligation

| | | |
|---|---|-------------------|
| Present value of defined benefit obligation | - | 16,600,539 |
| Current service cost | - | 3,397,701 |
| Interest cost | - | 811,136 |
| Remeasurements (gain)/ loss | - | (6,863,017) |
| Benefits paid | - | - |
| Present value of defined benefit obligation | - | 13,946,359 |

21.1.3 Historical information

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------|------------|-------------|-------------|-------------|
| Present value of defined benefit obligation | - | 13,946,359 | 16,600,539 | 19,236,219 | 22,454,575 |
| Experience adjustments on plan liabilities | - | 6,863,017 | (1,995,705) | (3,098,469) | (4,996,767) |

21.1.4 Liability recognized in the balance sheet

| | Note | 2017 Rupees | 2016 Rupees |
|-----------------------------|------|----------------|-------------------|
| Present value of obligation | | - | 13,946,359 |
| | | - | 13,946,359 |

21.1.5 Expense recognized

21.1.5.1 In profit and loss account

| | | |
|----------------------|---|------------------|
| Current service cost | - | 3,397,701 |
| Interest cost | - | 811,136 |
| | - | 4,208,837 |

| | Note | 2017 Rupees | 2016 Rupees |
|---|------|----------------|----------------|
| 21.1.5.2 In other comprehensive income | | | |
| Remeasurement in the year | | - | (6,863,017) |
| | | - | (6,863,017) |

21.1.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

21.1.7 Principle actuarial assumptions

| | Note | 2017 Rupees | 2016 Rupees |
|-----------------------------------|------|----------------|----------------|
| Discount factor used | | | 8.33% |
| Expected rate of salary increases | | | 10.00% |

21.1.8 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

21.2 Deferred taxation

| | Note | 2017 Rupees | 2016 Rupees |
|--|------|----------------|----------------|
| Opening balance | | 14,117,309 | 72,973,474 |
| Provided / (reversed) during the year through profit and loss | | 8,139,555 | (60,778,153) |
| Charged through other comprehensive income due to remeasurements | | - | 1,921,988 |
| | | 22,256,864 | 14,117,309 |

This comprises the following:

Deferred tax liability on taxable temporary differences:

| | | |
|---|-------------|-------------|
| Surplus on revaluation of property, plant and equipment | 88,682,641 | 91,918,289 |
| Tax depreciation allowance | 114,199,781 | 118,361,475 |
| | 202,882,422 | 210,279,764 |

Deferred tax asset on deductible temporary differences:

| | | |
|--------------------------------------|---------------|---------------|
| Finance lease | (30,314,943) | (30,331,188) |
| Tax losses and tax credits | (150,310,615) | (161,925,589) |
| Staff retirement benefits - gratuity | - | (3,905,678) |
| | (180,625,558) | (196,162,456) |
| | 22,256,864 | 14,117,309 |

22. Deferred income

| | | |
|---------------------------|-------------|-------------|
| Opening balance | 4,856,520 | 9,713,044 |
| Amortized during the year | (4,856,520) | (4,856,524) |
| | - | 4,856,520 |

This represents excess of sale proceeds over carrying amount in sale and lease back transactions. This amount is being amortized over the lease term in equal proportion.

23. Trade and other payables

| | Note | 2017 Rupees | 2016 Rupees |
|----------------------------------|--------|----------------|----------------|
| Trade Creditors | | 28,760,614 | 93,619,173 |
| Advance from customer | | - | 123,614,842 |
| Accrued liabilities | | 19,128,475 | 33,393,558 |
| Unclaimed dividend | | 235,776 | 235,776 |
| Staff retirement benefit payable | 21.1.1 | 10,695,919 | - |
| Others | | 184,848 | 196,848 |
| | | 59,005,632 | 251,060,197 |

24. Accrued interest / mark up

Interest / mark up on secured finances:

| | | |
|---|------------|------------|
| Long term financing from banking companies | 26,650,426 | 26,650,426 |
| Liabilities against assets subject to finance lease | 27,087,037 | 27,087,037 |
| Short term borrowings | 43,782,571 | 43,782,571 |
| | 97,520,034 | 97,520,034 |

24.1 It includes overdue markup of Rupees 26.65 million (June 30, 2016 : Rupees 24.742 million), Rupees 27.08 (June 30, 2016: Rupees 27.72) and Rupees 43.78 million (June 30, 2016: Rupees 41.360 million) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.

25. Short term borrowings

| | Note | 2017 Rupees | 2016 Rupees |
|------------------------|------|----------------|----------------|
| Secured | | | |
| From banking companies | | | |
| Cash finance | 25.2 | 143,855,534 | 144,105,534 |
| | | 143,855,534 | 144,105,534 |

25.1 The aggregate of credit limits available for short term borrowings from banking companies were Rs. 275 million (2016: Rs.275 million). These above facilities have expired on various dates by June 30, 2015.

25.2 These are secured against pledge of cotton bales at 10 percent margin, imported cotton at invoice value, polyester / yarn at 15 percent margin under lock and key of banks' approved macadam, join pari passu charge over land, building and machinery, exclusive charge on machinery, securities as mentioned in note 18.3 above and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR to 3 months KIBOR plus 3 percent (June 30, 2016: 3 months KIBOR plus 3 percent).

26. Contingencies and commitments**Contingencies**

26.1 The honorable Lahore High Court while disposing the suit C.O.S No. 55/2012 passed a decree Rupees 419.608 together with the cost and the cost of funds in favour of the Bank of Punjab. The company has filed a regular first appeal no1017/2016 on August 09, 2016 before the Honorable Lahore High court, Lahore. The outcome of the case is not ascertainable as at June 30, 2017. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

26.2 The Bank of Punjab has filed execution petition no 82/2016 dated September 19, 2016 with the honorable Lahore high court, Lahore for execution of decree dated 28 January 2016 of Rs 419.608 million together with the cost and the cost of fund in the favor of Bank of Punjab which is pending adjudication till the balance sheet date.

26.3 The NIB Bank Limited (now MCB) has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297.403 million as outstanding dues against the banking facilities provided by the bank. Consent decree was passed on September 16, 2013 by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million on the basis of resettlement agreement dated September 4, 2013. Resettlement agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in resettlement agreements company had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed of by the Honorable judge of the Lahore High Court, Lahore.

26.4 The NIB Bank limited has filed an execution application no 87/2016 dated July 19, 2016 for execution of judgment and decree dated September 16, 2013 for the decreed amount of Rs 250.011 million with the honorable Lahore high court, Lahore plus cost of funds. The case is pending adjudication till the balance sheet date.

26.5 The Silk Bank Limited has filed a suit C.O.S 67/2016 before Honorable Lahore High Court, Lahore against Company for recovery of Rupees 88.88 million as outstanding dues against the banking facilities provided by the bank. The case was shifted to the Banking Tribunal by the Lahore high court. The Company has also filed a suit against the bank before the Banking Tribunal Lahore. The outcome of the case is not ascertainable as at June 30, 2017. However, legal council is hopeful that the outcome of the case will be decided in favor of the Company.

26.6 The company has filed a writ petition before the Honorable Lahore High court, Lahore against the illegal levy of license/permit fee to the tune of Rs. 200,000 by the District Govt. Faisalabad. Legal council of the company is of the view that this similar of petitions had already been decided by the Honorable Lahore High Court, Lahore in favour of petitioner. legal council is hopeful that the outcome of the case will be decided in favour of the company.

26.7 Claims not acknowledged in view of pending appeals before appellate authorities / high court

26.8 Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material

26.9 Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas

26.10 Bank guarantee issued in favor of Collector of custom Karachi

| | 2017 Rupees | 2016 Rupees |
|--|----------------|----------------|
| | 100,000 | 100,000 |
| | 17,537,477 | 17,537,477 |
| | 23,082,000 | 23,082,000 |
| | 2,675,000 | 2,675,000 |

Commitments outstanding

-

| 27. Sales - net | Note | 2017 | | 2016 | |
|--|--------|---------------------|----------------------|--------|--|
| | | Rupees | | Rupees | |
| Yarn | | | | | |
| Local | | 95,047,600 | 1,011,149,522 | | |
| Export | | - | 40,975,019 | | |
| | | 95,047,600 | 1,052,124,541 | | |
| Raw material - local | | - | 8,719,330 | | |
| Waste - local | | - | 7,080,217 | | |
| Rental income | 27.1 | 1,500,000 | - | | |
| | | 96,547,600 | 1,067,924,088 | | |
| 27.1 In order to meet the day to day expenses during the last quarter of 2017 the factory premises were given on lease initially for a period of 11 months | | | | | |
| 28. Cost of sales | Note | 2017 | | 2016 | |
| | | Rupees | | Rupees | |
| Cost of goods manufactured | 28.1 | 52,815,627 | 1,291,169,894 | | |
| Opening stock | | 83,394,665 | 15,024,914 | | |
| Closing stock | | (343,872) | (83,394,665) | | |
| | | 83,050,793 | (68,369,752) | | |
| Cost of goods sold | | 135,866,420 | 1,222,800,142 | | |
| 28.1 Cost of goods manufactured | | 2017 | | 2016 | |
| Raw material consumed | 28.1.1 | - | 813,398,089 | | |
| Cost of raw material sold | 28.1.1 | - | 8,924,812 | | |
| Packing material consumed | | 5,560 | 22,238,727 | | |
| Salaries, wages and benefits | | 4,600,631 | 150,780,112 | | |
| Staff retirement benefits - gratuity | | | 3,134,778 | | |
| Stores and spares consumed | | 35,311 | 24,496,657 | | |
| Fuel and power | | 2,661,053 | 183,260,347 | | |
| Repairs and maintenance | | 379,306 | 14,755,996 | | |
| Insurance | | 190,876 | 3,377,967 | | |
| Depreciation | 5.2 | 44,454,564 | 46,402,614 | | |
| Others | | 488,326 | 3,439,036 | | |
| | | 52,815,627 | 1,274,209,135 | | |
| Work in process | | | | | |
| Opening stock | | - | 16,960,759 | | |
| Closing stock | | - | 16,960,759 | | |
| | | 52,815,627 | 1,291,169,894 | | |
| 28.1.1 Raw material consumed | | 2017 | | 2016 | |
| Opening stock | | 57,528,875 | 118,975,372 | | |
| Purchases | | - | 760,876,404 | | |
| | | 57,528,875 | 879,851,776 | | |
| Cost of raw material sold | | - | (8,924,812) | | |
| Closing stock | | (57,528,875) | (57,528,875) | | |
| | | (57,528,875) | (66,453,687) | | |
| | | - | 813,398,089 | | |
| 29. Distribution cost | | 2017 | | 2016 | |
| Ocean freight | | - | 171,791 | | |
| Commission | | - | 3,586,646 | | |
| Local sale expenses | | - | 4,313,138 | | |
| Staff salaries and benefits - gratuity | | - | 4,827,740 | | |
| Miscellaneous export expenses | | - | 2,150,198 | | |
| Export development surcharge and Wharfrage | | - | 255,965 | | |
| Others | | 447,616 | 2,837,122 | | |
| | | 447,616 | 18,142,600 | | |

| 30. Administrative expenses | Note | 2017 | | 2016 | |
|---|---------------|-------------------|---------------------|--------|--|
| | | Rupees | | Rupees | |
| Directors' remuneration | | 1,800,000 | 1,800,000 | | |
| Staff salaries and benefits | | 2,045,340 | 13,850,371 | | |
| Staff retirement benefits - gratuity | | - | 1,074,059 | | |
| Postage and telecommunication | | 426,965 | 706,528 | | |
| Vehicles running and maintenance | | 8,802 | 313,664 | | |
| Traveling and conveyance | | 445,881 | 551,328 | | |
| Printing and stationery | | 127,334 | 289,407 | | |
| Fee and subscriptions | | 157,994 | 339,588 | | |
| Utilities | | 575,110 | 515,638 | | |
| Newspapers and periodicals | | 4,547 | 9,882 | | |
| Advertisement | | 159,375 | 35,375 | | |
| Insurance | | 569,156 | 834,599 | | |
| Auditors' remuneration | 30.1 | 350,000 | 630,000 | | |
| Legal and professional | | 739,600 | 1,035,900 | | |
| Rent, rates and taxes | | 39,590 | 370,700 | | |
| Donations | 30.2 | 18,000 | 1,509,000 | | |
| Repairs and maintenance | | 412,045 | 858,533 | | |
| Depreciation | 5.2 | 1,233,319 | 2,613,023 | | |
| Others | | 1,518,350 | 4,914,884 | | |
| | | 10,631,408 | 32,252,479 | | |
| 30.1 Auditors' remuneration | | 2017 | | 2016 | |
| Audit fee | | 300,000 | 550,000 | | |
| Half yearly | | 50,000 | 80,000 | | |
| | | 350,000 | 630,000 | | |
| 30.2 None of the directors or their spouses had any interest in the donee institutions. | | | | | |
| 31. Other operating income | | 2017 | | 2016 | |
| From other than financial assets | Note | Rupees | Rupees | | |
| Gain on Disposal of vehicle | | 1,340,332 | - | | |
| Creditor balances written back | | 83,474,986 | - | | |
| Gratuity balances added back | | 3,129,640 | - | | |
| Amortization of deferred income | | 4,856,520 | 4,856,524 | | |
| Notional income on interest free loan from directors and associates | 19.2 | 1,371,520 | 11,719,091 | | |
| | | 94,172,998 | 16,575,615 | | |
| 32. Finance cost | | 2017 | | 2016 | |
| Interest / mark up on | | | | | |
| Long term financing from banking companies | | - | 2,393,000 | | |
| Short term borrowings | | - | 10,936,138 | | |
| Notional charges on interest free loans | 18.1.2 & 19.2 | 20,814,670 | 9,982,634 | | |
| Bank charges and commission | | 492,150 | 852,304 | | |
| | | 21,306,820 | 24,164,076 | | |
| 32.1 Due to the litigation with the banking companies, the Company has not been provided mark up on long term financing, liabilities against assets subject to finance lease and short term borrowings as disclosed in note 18, 20 and 25 of the financial statements. In 2016, mark up of Rs.11.131 million, Rs.5.47 million and Rs.1.257 million on long term financing, liabilities against assets subject to finance lease and short term borrowings respectively has also not been provided by the company | | | | | |
| 33. Provision for taxation | Note | 2017 | | 2016 | |
| | | Rupees | Rupees | | |
| Current | | | | | |
| Current year | | 965,476 | - | | |
| Deferred | | | | | |
| Current year | | 8,139,555 | (60,778,153) | | |
| | | 9,105,031 | (60,778,153) | | |

34. Earnings per share - basic and diluted

| | | 2017 Rupees | 2016 Rupees |
|--|---------|----------------|----------------|
| Profit / (loss) for the year | Rupees | 13,363,303 | (152,123,035) |
| Weighted average number of ordinary shares | Numbers | 14,100,000 | 14,100,000 |
| Earnings per share - basic | Rupees | 0.95 | (10.79) |

There is no dilutive effect on basic loss per share of the company.

35 Financial instruments and related disclosures

The company has exposures to the following risks from its use of financial instruments.

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management

framework. The board is also responsible for developing and monitoring the company's risk management policies.

35.1 Credit risk

35.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 8.19 million (June 30, 2016 : Rs. 29.426 million), financial assets which are subject to credit risk aggregate to Rs. 7.459 million (June 30, 2016 : Rs 29.014 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

| | 2017 Rupees | 2016 Rupees |
|---|------------------|-------------------|
| Long term deposits | 3,388,820 | 3,388,820 |
| Trade debts | - | 19,873,453 |
| Loans and advances | - | 681,263 |
| Trade deposits and short term prepayments | 4,070,915 | 5,070,915 |
| Cash and bank balances | 728,480 | 411,768 |
| | <u>8,188,215</u> | <u>29,426,219</u> |

35.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

| | 2017 Rupees | 2016 Rupees |
|----------|----------------|-------------------|
| Domestic | - | 19,873,453 |
| Export | - | - |
| | <u>-</u> | <u>19,873,453</u> |

35.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

| | 2017 Rupees | 2016 Rupees |
|-------|----------------|-------------------|
| Yarn | - | 19,145,333 |
| Waste | - | 728,120 |
| | <u>-</u> | <u>19,873,453</u> |

35.1.4 The aging of trade debtors at the balance sheet is as follows.

| | 2017 Rupees | 2016 Rupees |
|----------------------|----------------|-------------------|
| Not past due | - | - |
| Past due 0 - 90 days | - | 19,873,453 |
| | <u>-</u> | <u>19,873,453</u> |

| | 2017 | | | | | |
|---|--------------------|------------------------|--------------------|----------------------|-------------------|----------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More Than five years |
| Long term financing | | | | | | |
| Long term loans from directors and associates | 453,733,532 | 453,733,532 | - | 453,733,532 | - | - |
| Finance lease | 92,372,319 | 92,372,319 | - | - | - | 92,372,319 |
| Trade and other payables | 108,306,331 | 155,582,331 | 77,791,166 | 30,515,166 | - | - |
| Accrued markup / interest | 48,309,713 | 48,309,713 | 48,309,713 | - | - | - |
| Short term borrowings | 97,520,034 | 97,520,034 | - | 97,520,034 | - | - |
| | 143,855,534 | 150,077,285 | 150,077,285 | - | - | - |
| | <u>944,097,464</u> | <u>997,595,215</u> | <u>276,178,164</u> | <u>581,768,732</u> | <u>-</u> | <u>92,372,319</u> |

| | 2016 | | | | | |
|---|----------------------|------------------------|--------------------|----------------------|--------------------|----------------------|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | Two to five years | More than five years |
| Long term financing | | | | | | |
| Long term loans from directors and associates | 447,018,846 | 567,543,052 | 110,107,653 | 25,283,000 | 397,595,399 | 34,557,000 |
| Finance lease | 91,743,855 | 147,001,600 | - | - | - | 147,001,600 |
| Trade and other payables | 108,306,331 | 155,582,331 | 34,454,500 | 34,454,500 | 100,818,331 | - |
| Accrued markup / interest | 120,152,721 | 120,152,721 | 120,152,721 | - | - | - |
| Short term borrowings | 97,520,034 | 97,520,034 | 97,520,034 | - | - | - |
| | 144,105,534 | 150,338,098 | 150,338,098 | - | - | - |
| | <u>1,008,847,321</u> | <u>1,238,137,836</u> | <u>512,573,006</u> | <u>59,737,500</u> | <u>498,413,730</u> | <u>181,558,600</u> |

35.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

35.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

35.3.1 Currency risk

Exposure to currency risk

The company is not exposed to any currency risk as at the balance sheet date (2016: nil). therefore no sensitivity analysis is required

35.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from long term financing form banking companies, liabilities against assets subject to finance lease, short term borrowings and deposits in accounts with banks. At the balance sheet date the company is in litigation with the banking companies and has not providing the mark up on all borrowings. Therefore, risk if any can not be accurately determined at the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follow.

| | 2017 Rupees | 2016 Rupees |
|----------------------------------|----------------|----------------|
| Fixed rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 32,471,576 | 32,471,576 |
| Variable rate instruments | | |
| Financial assets | - | - |
| Financial liabilities | 650,779,311 | 644,314,625 |

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss 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 June 30, 2016.

| | Profit and loss | | Equity | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 100 bps increase | 100 bps decrease | 100 bps increase | 100 bps decrease |
| | Rupees | | | |
| Cash flow sensitivity - variable rate instruments 2017 | (0.00) | 0.00 | - | - |
| Cash flow sensitivity - variable rate instruments 2016 | 133,291 | (133,291) | - | - |

35.4 Fair value of financial assets and liabilities

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

35.5 Off balance sheet items

| | 2017 Rupees | 2016 Rupees |
|--|----------------|----------------|
| Claims not acknowledged in view of pending appeals before appellate authorities / High court | 100,000 | 100,000 |
| Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material | 17,537,477 | 17,537,477 |
| Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas | 23,082,000 | 23,082,000 |
| Bank guarantee issued in favor of the directors excise and taxation, Karachi | 2,675,000 | 2,675,000 |

35.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

36 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

37 Plant capacity and production

| | | |
|---|------------|------------|
| Total number of spindles installed | 29,016 | 29,016 |
| Total number of spindles worked | - | 24,957 |
| Number of shifts per day | - | 3 |
| Installed capacity converted into 20/1 count (Kgs.) | 11,889,912 | 11,889,912 |
| Actual production converted into 20/1 count (Kgs.) | - | 9,680,658 |

The company closed its business operation since June 16, 2016. Therefore no production during the year.

38 Transactions with related parties

| | | | |
|---------------------------------|---|------------|------------|
| Key management personnel | Salaries and benefits | 1,800,000 | 6,946,000 |
| | Retirement benefits | - | 433,000 |
| | Sale of vehicle to associate | 2,275,000 | - |
| Directors | Receipt of loan from directors | - | 32,080,000 |
| | Repayment of loan to director and associate | 12,100,000 | - |

The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Trade debts, long term financing from directors and associates, and remuneration to chief executive and executives are disclosed in notes 10, 19 and 39 to the financial statements respectively.

39 Remuneration to chief executive and executives

| | 2017 | | 2016 | |
|----------------------|-----------------|-----------|-----------------|-----------|
| | Chief executive | Executive | Chief executive | Executive |
| | Rupees | | Rupees | |
| Remuneration | 1,200,000 | - | 1,200,000 | 3,430,667 |
| House rent allowance | 540,000 | - | 540,000 | 1,543,800 |
| Utility allowance | 60,000 | - | 60,000 | 171,533 |
| | 1,800,000 | - | 1,800,000 | 5,146,000 |
| Number of persons | 1 | - | 1 | 5 |

40 Corresponding figures

Figures have been rearranged / reclassified whenever necessary for the purpose of comparison. However, no major reclassification / rearrangement has been made in these financial statements.

| | 2017 | 2016 |
|--|------|------|
| 41 NUMBER OF EMPLOYEES | | |
| Total number of employees worked as at | 5 | 879 |
| Average number of employees worked during the year | 150 | 847 |

42 Events after the balance sheet date

There are no subsequent events occurring after the balance sheet date.

43 Date of authorization for issue

These financial statements have been authorized for issue on 7th October, 2017 by the board of directors of the company.

PATTERN OF SHAREHOLDING AS AT JUNE 30,2017

| 4. No. of Shareholders | -----Shareholding----- | | Total Shares Held |
|------------------------|------------------------|---------|-------------------|
| | From | To | |
| 182 | 1 | 100 | 9,403 |
| 406 | 101 | 500 | 173,054 |
| 82 | 501 | 1000 | 74,660 |
| 89 | 1001 | 5000 | 220,074 |
| 18 | 5001 | 10000 | 153,366 |
| 4 | 10001 | 15000 | 48,315 |
| 1 | 25001 | 30000 | 25,500 |
| 1 | 35001 | 40000 | 36,000 |
| 1 | 40001 | 45000 | 42,000 |
| 1 | 45001 | 50000 | 50,000 |
| 2 | 50001 | 55000 | 105,600 |
| 1 | 60001 | 65000 | 60,598 |
| 1 | 70001 | 75000 | 75,000 |
| 1 | 80001 | 85000 | 82,000 |
| 1 | 110001 | 115000 | 114,000 |
| 1 | 455001 | 460000 | 456,000 |
| 1 | 1160001 | 1165000 | 1,163,113 |
| 1 | 4845001 | 4850000 | 4,845,171 |
| 1 | 6365001 | 6370000 | 6,366,146 |
| 795 | | | 14,100,000 |

| 5. Categories of shareholders | Share held | Percentage |
|---|------------|------------|
| 5.1 Directors, Chief Executive Officers, and their spouse and minor children | 6,069,099 | 43.0433 |
| 5.2 Associated Companies, undertakings and related parties. | - | - |
| 5.3 NIT and ICP | 8,533 | 0.0605 |
| 5.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | - | - |
| 5.5 Insurance Companies | 52,100 | 0.3695 |
| 5.6 Modarabas and Mutual Funds | 33 | 0.0002 |
| 5.7 Share holders holding 10% | 11,211,317 | 79.5129 |
| 5.8 General Public | 7,449,701 | 52.8348 |
| 5.9 Others (to be specified) | | |
| Joint Stock Companies | 520,534 | 3.6917 |

**Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2017**

| Sr. No. | Name | No. of Shares Held | Percentage |
|--|--------------------------------------|--------------------|------------|
| Associated Companies, Undertaking and related parties (Name Wise Detail): | | | |
| | | - | - |
| Mutual Funds (Name Wise Detail) | | | |
| | | - | - |
| Directors and their spouse and minor children (Name Wise Detail) | | | |
| 1 | MIAN NAEEM OMER | 4,845,171 | 34.3629% |
| 2 | MR.MUHAMMAD ASGHAR | 11,015 | 0.0781% |
| 3 | MR. SHAHID IQBAL | 10,000 | 0.0709% |
| 4 | MR. MUHAMMAD OMER | 10,000 | 0.0709% |
| 5 | MR. AMJAD ALI | 10,000 | 0.0709% |
| 6 | MR. MUHAMMAD ASLAM BHATTI | 10,000 | 0.0709% |
| 7 | MR. ANWAR ABBAS | 9,800 | 0.0695% |
| 8 | MRS. FARAH NAEEM W/O MIAN NAEEM OMER | 1,163,113 | 8.2490% |
| Executives: | | | |
| | | - | - |
| Public Sector Companies & Corporations: | | | |
| | | - | - |
| Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds: | | | |
| | | 52,133 | 0.3697% |
| Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail) | | | |
| 1 | MR. HASHAM OMER | 6,366,146 | 45.1500% |
| 2 | MIAN NAEEM OMER | 4,845,171 | 34.3629% |
| 3 | MRS. FARAH NAEEM W/O MIAN NAEEM OMER | 1,163,113 | 8.2490% |

All traders in the shares of the listed company, carried out by its Directors, Executive and their spouses and minor children shall be disclosed:

| Sr. No. | Name | SALE | PURCHASE |
|---------|---------------------------|------|----------|
| 1 | MR. SHAHID IQBAL | - | 10,000 |
| 2 | MR. MUHAMMAD OMER | - | 10,000 |
| 3 | MR. AMJAD ALI | - | 10,000 |
| 4 | MR. MUHAMMAD ASLAM BHATTI | - | 10,000 |

PROXY FORM

Folio No. _____ CDC Participants Identity Card No. _____ A/C No. _____

I/We _____

of _____ being

a member(s) of BILAL FIBERS LIMITED, a holder of _____

ordinary shares as per Registered Folio No. _____

hereby appoint _____

of _____

Shares Registered Folio No. _____

who is also member of BILAL FIBERS LIMITED, as my proxy to vote for me and my behalf at the 31st Annual General Meeting of the Company to be held on Tuesday, the 31st October, 2017 and at any adjournment thereof.

Signed this _____ day of _____ 2017

Witness:

1.

2.

Please
affix
Revenue Stamp

N.B. (Signature should agree with specimen signature registered with the Company)

NOTICE:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Officer of the Company duly stamped and signed not later than 48 hours before the time of meeting.