

ANNUAL REPORT

2018

CONTENTS

COMPANY INFORMATION	2
NOTICE OF ANNUAL GENERAL MEETING	3
VISION AND MISSION STATEMENT	5
DIRECTORS' REPORT	6
STATEMENT OF COMPLIANCE	16
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	18
AUDITORS' REPORT TO THE MEMBERS	19
KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS	21
BALANCE SHEET	22
PROFIT & LOSS ACCOUNT	23
STATEMENT OF COMPREHENSIVE INCOME	24
CASH FLOW STATEMENT	25
STATEMENT OF CHANGES IN EQUITY	26
NOTES TO THE FINANCIAL STATEMENTS	27
PATTERN OF SHAREHOLDING	52

COMPANY INFORMATION

Chief Executive Officer	Mr. Naeem Omer
Chairman	Mr. Muhammad Omer
Directors	Mr. Naeem Omer Mr. Anwaar Abbass Mr. Muhammad Asghar Mr. Muhammad Aslam Bhatti Mr. Muhammad Kashif Mr. Muhammad Omer Mr. Shahid Iqbal
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 Kashif
Member:	Mr. Muhammad Asghar
Company Secretary	Mr. Muhammad Ijaz Shahid
Auditors	M/s Rizwan and Company Chartered Accountants 114-A, Tipu Block, New Garden Town, 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: 042 - 35916714, 35916719 Fax: 042 - 35869037
Legal Advisor	Syed Waqar Hussain Naqvi 2nd Floor, Nawa-e-Waqt Building, 4 Shahrah-e-Fatima Jinnah Road, Lahore. Tel: 042-363660624-5
Head Office / Registered Office	73/4, Block-K, DHA, Phase 1, Lahore Cantt Lahore, Pakistan Ph: 042 - 35709952-54 Fax No. 042 - 35709955 Email: fm@bilalfibres.com Web site: www.bilalfibres.com
Mills	38th KM, Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the share holders of BILAL FIBRES LIMITED that the 32nd ANNUAL GENERAL MEETING of the Company will be held at the registered office of the company, 73/4, Block-K, DHA, Phase 1, Lahore Cantt, Lahore on 26th of October 2018 (Friday) at 09:00 A.M, to transact the following business:

Ordinary Business

1. To confirm the Minutes of last Extra Ordinary General Meeting of the Company held on 20th of December 2017.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2018 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2019 and fix their remuneration. The retiring Auditors M/s Rizwan & Company, Chartered Accountants have offered themselves for reappointment. A Shareholder of the company has proposed that in place of retiring Auditors, M/s Aslam Malik & Company, Chartered Accountants, be appointed as External Auditors of the Company for the financial year 2018-19.
4. To consider the following Special Businesses with the permission of chair.

Special Business 1.

To consider and, if thought fit, pass with or without modification the following resolutions as Special Resolution:

RESOLVED THAT, pursuant to the provisions of the section 32 and all other applicable provision(s), if any of the Companies Act, 2017, the adoption of an additional Sub Clause 2(a) after sub clause 2 of the Object clause iii of the Memorandum of Association of the Company be and hereby approved. The sub clause so approved is being read as under:

2(a): to lease out the Company's factory premises with or without plant and machinery in order to generate cash flows.

FURTHER RESOLVED THAT, The Chief Executive of the Company be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things as deemed necessary, proper or desirable and to sign and execute all necessary documents, application and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary e-forms with the Registrar of Companies.

Special Business 2.

RESOLVED THAT, the subject to obtaining the requisite approvals, renew the lease term of the Company's factory premises with or without plant and machinery to M/s MKB Spinning Mills for the period of eleven (11) months".

By order of the Board
Lahore.
Dated: 4th October 2018

(Muhammad Ijaz Shahid)
Company Secretary

NOTES:

- 1) The share transfer books of the company will remain closed from 20th October 2018 to 26th October 2018 (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).
- 4) Shareholders are requested to notify any change in their addresses, if any, immediately.

اطلاع سالانہ اجلاس عام

بلال فائبرز لمیٹڈ کے تمام حصص داران کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ کمپنی کا 32 واں سالانہ اجلاس مورخہ 26 اکتوبر 2018ء بروز جمعہ بوقت صبح 9:00 بجے کمپنی کے رجسٹرڈ آفس واقع 73/4 کے بلاک، ڈی ایچ اے، فیئر، لاہور کینٹ، لاہور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عام امور:

- 1- کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ 20 دسمبر 2017ء کی کارروائی کو توثیق۔
- 2- سال ختمہ 30 جون 2018ء سے کی بابت کمپنی کے سالانہ تفتیح شدہ حسابات معدان پریڈائز میگزائن و آڈیٹرز رپورٹس کی وصولی، غور و خوض اور ان کی قبولیت۔
- 3- 30 جون 2019ء کو ختم ہونے والے اگلے سال کیلئے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین۔ ریٹائرڈ آڈیٹرز میسرز رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کیلئے خود کو پیش کیا ہے۔ کمپنی کے ایک شیئر ہولڈر نے مئی سال 19-2018ء کیلئے ریٹائر ہونے والے آڈیٹرز کی جگہ، میسرز اسلم ملک اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کا بیرونی آڈیٹرز مقرر کرنے کی تجویز دی ہے۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

خصوصی امور:-----

غور و خوض اور اگر بہتر خیال کیا گیا تو درج ذیل ”خصوصی قرارداد“ کو معہ یا بلا ترمیم منظور کرنا۔ قرار پایا کہ کمپنی کے میمورنڈم آف ایسوسی ایشن کی سب کلاز 2 آف او بیجیکٹ کلاز III کے بعد ایک ایڈیشنل سب کلاز 2(a) کو اپنا پانچویں ایکٹ 2017ء کی اگر کوئی ہو، دفعہ 32 کی دفعات اور تمام دیگر قابل اطلاق دفعات کی پیروی میں ہے اور بذریعہ ہذا منظور کی گئی ہے اس طرح منظور کی گئی سب کلاز درج ذیل کے مطابق پڑھی جا رہی ہے۔

2(a) کیش فلور پیدا کرنے کیلئے کمپنی کے فیکٹری پریسز معہ یا بغیر پلانٹ اور مشینری کرایہ پر دینا۔ مزید قرار پایا کہ کمپنی کے چیف ایگزیکٹو بذریعہ ہذا کورہ بالا قرارداد کو موثر بنانے کے ساتھ ساتھ رجسٹر آف کمپنیز کے ہاں ضروری۔ ای فارمز داخل کرانے کے مقصد کیلئے تمام ایسے عوامل، کام، معاملات اور چیزیں جو ضروری، مناسب یا پسندیدہ خیال ہوں گے کیلئے اور دستخط کرنے اور تمام ضروری دستاویزات، درخواستیں اور ریٹرنز مکمل کرنے کے لئے کمپنی کی طرف بااختیار ہیں۔

خصوصی امور۔ 2

قرار پایا کہ ضروری منظوریاں حاصل ہونے کے حوالہ سے کمپنی کے فیکٹری پریسز معہ یا بغیر پلانٹ اور مشینری میسرز MKB سپننگ ملز کو کرایہ پر دینے کی مدت کی تجدید گیارہ ماہ کی مدت کیلئے ہے۔

حسب الحکم بورڈ

(محمد اعجاز شاہد)

کمپنی سیکرٹری

لاہور

مورخہ 14 اکتوبر 2018ء

نوٹ:

- 1- کمپنی کی منتقلی حصص کی کتابیں مورخہ 20 اکتوبر 2018ء تا 26 اکتوبر 2018ء (بشمول ہر دو ایام) بند رہیں گی۔
- 2- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل ممبر پر کسی مقرر کرنے کا اہل ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں، اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً وصول ہو جانی چاہیں۔ پراکسی کو لازمی کمپنی کا ممبر ہونا چاہیے۔
- 3- CDC کے کھانہ داران اگر اس اجلاس میں شرکت کے خواہاں ہیں تو اپنے اصل اصدقہ کمپیوٹرائزڈ قومی شناختی کارڈ بمعہ پارٹنیشن آئی ڈی اور اپنے CDC کا ڈنٹ نمبر شناخت کیلئے سالانہ اجلاس عام میں ہمراہ لائیں۔ پراکسی کے ساتھ شناختی کارڈ کی تصدیق شدہ کاپی، کھاتے اور پارٹنیشن آئی ڈی نمبر منسلک کریں۔ کارپوریٹ انٹیٹی کو صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) اجلاس عام کے وقت مہیا کرنا ہوگا۔
- 4- حصہ داروں سے التماس ہے کہ اگر ان کے رجسٹرڈ پیسہ میں کوئی تبدیلی ہو، تو فی الفور مطلع فرمائیں۔

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 vale 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 32nd 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, 2018.

FINANCIAL PERFORMANCE

During the financial year under review, there are no production and sales of the company and the only source of revenue is the rent of the factory amounting to Rupees 6 million. Due to depreciation of Rupees 42.747 million and certain adjustment of Balance sheet items the company declared a net loss after tax of Rupees 78.366 million in the current period as compared to after tax profit of Rupees. 13.363 million in the previous year.

The financial results are summarized hereunder:-

Particulars	Rupees in Million		% age
	Year Ended 30-06-2018	Year Ended 30-06-2017	
Sales - Rental Income	-	95.05	(100.00)
Gross loss	-	(48.82)	(100.00)
Operating loss	(33.49)	1.16	2,983.21
Finance Cost	17.37	21.31	(18.46)
Net Loss before tax	(50.86)	(22.47)	126.37
Net Loss after tax	(78.38)	13.36	(686.54)
Loss per shares	(5.56)	0.95	(686.54)

The period under review has also been proved difficult for the textile industry of Pakistan. Severe energy crisis and financial impediments have obstructed the utilization of production capacities. The root cause for this non operation had been non availability of working capital facility, litigations with the banking companies and challenging market conditions. Fall in sale price of yarn, power and gas crisis, rate variance and other fixed production overheads have also badly affect the Company.

More than 150 units have either closed their operations or they are looking to close down. The lack of support from the government in the country along with intense competition with foreign competitors is grinding the sector from the both ends specifically the comparatively small units. The cost of production in Pakistan for an average sized textile unit is more than even the sales price offered by many other countries manufacturers. This scenario is certainly clarifying the position that in these circumstances, viability or continuance of operations is tough and those units who are still operating are mostly incurring losses.

FUTURE PROSPECTS

We believe that the spinning industry is the backbone of the economy and there is potential demand in the international markets for Pakistani textile products. We are very hopeful that new government and APTMA must take further well planned tangible steps to uplift and support the economy and textile sector especially for the spinning industry and so the next financial year will be better for the Company and the textile industry.

The management is also 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.

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 international or local investors for a joint venture to invest in the technological improvements to make it a profitable and international competitive unit.

AUDITORS' REPORT

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

- a) The Company has suspended its operations since June 16, 2016 and has leased out the factory. Further at the balance sheet date the Company's accumulated losses stand at Rupees 421.303 million and its current liabilities exceed its current assets by Rupees 760.899 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 24.1, 24.2, 24.3) 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 472.297 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.

- b) In order to meet the day to day expenditure, the company, during the last quarter of financial year ended on 30 June 2017, leased out the factory for which consent of the general meeting was obtained as required under Section 183 of the Companies Act, 2017 (Section 196 of the repealed Companies Ordinance, 1984). However, the company is not allowed under the principal object clause of its Memorandum of Association to involve in such business activity.

Relevant approval already been taken and the changes in the Memorandum of association will be done very soon.

- 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, 2018. 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 since the closure of Factory. Secondly, we lease out the factory to the third party so ethically it's not correct to interfere in their activities.

- 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 7 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.

- e) As fully explained in notes 24.1, 24.2 and 24.3 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:17), Liabilities against assets subject to finance lease (Note No. 19) and short term borrowings (Note 23) in these financial statements. Moreover, due to litigation none of the banking companies confirmed us the balances of long term financing (Note No.17), Liabilities against assets subject to finance lease (Note 19) and short term borrowings (Note No. 23). 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.

- 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 5.9 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 regulation 19 which is non compliance of the Regulations

Will be arranged in possible shortest time.

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

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.

DIVIDEND

Due to Accumulated losses of the company, directors do not recommend any dividend for the year ended 30th June 2018.

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, 2019.

CORPORATE & FINANCIAL REPORTING FRAME WORK

In compliance to new listing regulations of stock exchanges & as required under the Companies Act. 2017, your directors are pleased to state as under: -

- a) The system of internal control is sound in design and has been effectively implemented and monitored.
- b) Board is satisfied with the Company's ability to continue as a going concern.
- c) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of the Stock Exchanges.
- d) Significant deviations from last year operating results of the Company and reasons thereof have been explained.
- e) There are no statutory payments on account of taxes, duties, levies and charges those are outstanding as on June 30, 2018 except for those disclosed in the financial statements.
- f) There are no significant plans for corporate restructuring, business expansions till the settlement of the court cases.
- g) Key operating and financial data for the last six years in summarized form is included in this annual report.
- h) Statement showing "Pattern of shareholding" as on 30-06-2018 is also enclosed herewith.

RELATED PARTY TRANSACTIONS

At each board meeting the Board of Directors approves Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

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 employment.

Employment Initiatives

With respect to our employment opportunities, our rented factory has more than 600 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 staff to follow the safety as specified.

Employee Welfare

Company has provided employees Medical Services upto a certain level to its permanent employees.

Training

Bilal Fibres whenever had the resources provide the opportunity for the training to students who want to complete their internships.

ACKNOWLEDGEMENT

The Directors would like to express their profound appreciation for continued /devoted services and hard work rendered by the company's executives and staff. 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 08 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	08
Mr. Anwar Abbass	08
Mr. Shahid Iqbal	06
Mr. Muhammad Omer	07
Mr. Muhammad Asghar	05
Mr. Amjad Ali	03
Mr. Muhammad Aslam Bhatti	08
Mr. Muhammad Kashif	05

For and on behalf of the
Board of Directors

Lahore
Dated: 4th October, 2018

(Naeem Omer)
Chief Executive

روزگار کے اقدامات

ہمارے ملازمت کے مواقع کے سلسلے میں، 600 سے زائد ملازمین ہیں جو براہ راست کمپنی میں خدمات سرانجام دیتے ہیں اور اپنے خاندانوں کی روزی کما رہے 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 عملے، کارکنوں کو دی جاتی ہے۔ مل میں فیبر 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۔

ٹرینینگ

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

اظہار تشکر

ڈائریکٹرز نان 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 بینکرز کی مسلسل حمایت کو ریکارڈ پر رکھتے اور شکر یہ ادا کرتے ہیں۔

ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ 18 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری مندرجہ ذیل ہے:

نام ڈائریکٹر	اجلاس میں شرکت کی تعداد
نعیم عمر	08
انور عباس	08
شاہد اقبال	06
محمد عمر	07
محمد اصغر	05
امجد علی	03
محمد اسلم بھٹی	08
محمد کاشف	05

منجانب بورڈ آف ڈائریکٹرز

(نعیم عمر)

چیف ایگزیکٹو

لاہور

تاریخ: 14 اکتوبر 2018

مالیاتی حسابات کی پریزنٹیشن

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

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۔

ڈیویڈنڈ

کمپنی کے مجموعی نقصانات کی وجہ سے 30 جون 2018 کو ختم ہونے والے سال کے لئے ڈائریکٹرز نے کسی بھی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

محاسب

موجودہ محاسب میسرز رضوان اینڈ کمپنی، چارٹرڈ ایکاؤنٹنٹس، سبکدوش ہو گئے ہیں اور اہل ہونے کی بناء پر 30 جون، 2018 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 ایکچینج کے نئے لسٹنگ قوانین اور کمپنیز ایکٹ 2017 کی ضروریات کے مطابق، آپ کے ڈائریکٹرز، خوشی بیان کرتے ہیں کہ:-

(a) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور موثر طور پر عملدرآمد اور نگرانی کی گئی ہے۔

(b) کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

(c) اسٹاک ایکچینج کے فہرست قوانین میں تفصیلی، 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۔

(e) 30 جون 2018 کو مالی حسابات میں انکشاف کے علاوہ، ٹیکس، فرائض، لیویز 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 منصوبے نہیں ہیں۔

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

(h) 30 جون 2018 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۔

(d) کمپنی کے پراپرٹی پلانٹ اور سامان کا تازہ ترین تجزیہ 30 جون 2013 کو کیا گیا تھا۔ 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 رقوم 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 درستگی کی تصدیق نہیں کر سکتے ہیں۔

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

(e) جیسا کہ 24.1، 24.2 اور 24.3 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: 17) پر مارک اپ/فنڈز کی لاگت فراہم کی تھی، ان میں اثاثوں کے عوض واجبات کے فنانس لیز (نوٹ نمبر 19) اور مختصر مدتی قرضے (نوٹ: 23) 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 17)، فنانس لیز کے حوالہ سے واجبات (نوٹ نمبر 19) اور مختصر مدتی قرضے (نوٹ نمبر 23) 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 درستگی کے ساتھ تعین کرنے سے قاصر تھے۔

ہمارا قانونی مشیر پُر اعتماد ہے کہ مقدمات مناسب وقت میں قابل اطمینان ہو سکتے ہیں، جب ایک بار پھر تمام متعلقہ نتائج قائم ہو جائیں گے۔ (f) غیر معمولی تفتیش کی عدم موجودگی میں ہم کئی سالوں کی بنیاد پر قابل ادارم اور گزشتہ لی گئی تنخواہ جس کا مالی حسابات کے نوٹ 5.9 میں انکشاف کیا گیا ہے، کی درستگی کی تصدیق کرنے سے قاصر ہیں۔

ہم قابل اطلاق مقامی قانون کے مطابق اصل ذمہ داری سے کام کرتے ہیں اور دیگر قابل ادائیگی بک کرتے ہیں۔
کوڈ آف کارپوریٹ گورننس:

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

a- ڈائریکٹرز کے لئے تربیتی کورس کے لئے مناسب انتظامات ریگولیشن 19 کے مطابق نہیں کئے گئے ہیں جو ریگولیشنز کی عدم تعمیل ہے۔ ممکن مختصر مدت میں انتظام کیا جائے گا۔

b- بورڈ نے ایک موثر داخلی آڈٹ فنکشن قائم نہیں کیا ہے اور اس سلسلے میں ریگولیشن کے مطابق مناسب عملہ بھی بھرتی نہیں کیا ہے۔ کمپنی نے اپنے آپریشن بند کر دیئے اور تمام ملازمین کمپنی کو چھوڑ گئے۔ لہذا ایک بار کاروبار دوبارہ شروع ہو جائے تمام متعلقہ تعمیلات کی جائیں گی۔

محاسب کی رپورٹ

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

(a) کمپنی نے 16 جون 2016 سے اپنے آپریشنوں کو معطل کر دیا اور فیکٹری کو کرایہ پر دے دیا ہے۔ اس کے علاوہ بیلنس شیٹ کی تاریخ تک کمپنی کے مجموعی نقصانات 421.303 ملین روپے پر برقرار ہے اور اس کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 760.899 ملین روپے کی حد سے زائد ہیں۔ اس کے علاوہ، مالیاتی نتائج منفی 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 24.1، 24.2 اور 24.3 میں مکمل طور پر بیان کیا گیا ہے)۔ بینکنگ کمپنیوں سے طویل مدتی فنڈز 472.297 ملین روپے اور متعلقہ مالیاتی اخراجات، اثاثوں پر فنانس لیز کی بابت واجبات معاہدوں سے لاگت 108.306 روپے، مختصر مدتی قرضوں سے متعلقہ لاگت 143.855 ملین روپے کی رقم کمپنی ادا کرنے کے قابل نہیں تھی، اگر بینکنگ کمپنیوں کی طرف سے دائر کردہ ایگزیکوشن 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 کے لئے کوئی رسمی کاروباری منصوبہ منظور نہیں کیا گیا ہے۔ ان حالات اور واقعات سے ظاہر ہوتا ہے کہ مواد کی غیر یقینی صورتحال کا سامنا کرنا پڑ سکتا ہے جس کی وجہ سے کمپنی کی صلاحیت پر تشویش ظاہر کی جا رہی ہے جو یہ احساس دلاتی 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 تشویش کے تحت تیار کیے گئے ہیں۔ مذکورہ حالات اور واقعات کی وجہ سے، ہماری رائے میں، کمپنی کو درپیش کوئی جاری تشویش نہیں ہے اور اس لئے جاری تشویش کی بنیاد پر مالی حسابات کی تیاری غیر مناسب ہے۔ ہماری رائے میں، مالی حسابات کو قابل وصولی رقوم کے لئے اثاثوں کی قدر کو کم کرنے اور کوئی مزید ذمہ داریاں، جو پیدا ہو سکتی ہیں فراہم کرنے کے لئے ایڈجسٹمنٹ کی عکاسی کرتی ہے۔ یہ ایڈجسٹمنٹ کافی ہو سکتی ہے، اور ذیل میں پیرا گراف (b) تا (f) میں زیر بحث مزید قابلیتوں کے پیش نظر ہم درستگی کی مناسب حد تک ضروری ایڈجسٹمنٹ اور دفعات کی مقدار کا تعین کرنے میں قاصر ہیں۔ انتظامیہ غیر ضروری کام سے بچنے کے لئے ایک بار پھر تمام قانونی مقدمات کو حتمی شکل دے کر کاروباری منصوبہ تیار کیا جائے گا اور اس کے مطابق آپریشن شروع کیا جائے گا۔

(b) یومیہ خرچ کے لئے، 30 جون 2017 کو ختم ہونے والے مالی سال کی آخری سہ ماہی کے دوران کمپنی نے کمپنیز ایکٹ 2017 کے سیکشن 183 (منسوخ شد کمپنیز آرڈیننس، 1984 کے سیکشن 196) کے تحت درکار اجلاس عام کی رضامندی پر فیکٹری کو کرایہ پر دے دیا گیا ہے۔ اس کے علاوہ، کمپنی کو ایسی کاروباری سرگرمی میں مصروف کے لئے اپنی میمورنڈم آف ایسوسی ایشن کے اصول کے تحت اجازت نہیں ہے۔ متعلقہ منظوری پہلے ہی دے دی گئی اور میمورنڈم آف ایسوسی ایشن میں متعلقہ تبدیلی جلد از جلد کی جائے گی۔

(c) ہم نے 30 جون 2018 کو مادی انوسٹری 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 پلچڈ ہیں اور مقدمے کی سماعت کے تحت ہیں جبکہ فیکٹری اب تیسری پارٹی کے پاس کرایہ پر ہے۔ انتظامیہ نے مزید بتایا کہ مل 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 متعلقہ انتظامات نہیں کئے جاسکتے ہیں اور بیلنس گزشتہ سال نظر ثانی شدہ مالی حسابات جیسے ہی ظاہر ہو رہے ہیں۔ دوسرا، ہم نے فیکٹری تیسرے فریق کو کرایہ پر دی ہے اس لئے ان کی سرگرمیوں میں مداخلت کرنا اخلاقی طور پر درست نہیں ہے۔

ڈائریکٹرز رپورٹ

محترم حصص داران

کمپنی کے ڈائریکٹرز 32 ویں سالانہ جنرل اجلاس میں آپ کو خوش آمدید کہتے ہیں اور 30 جون، 2018 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظر ثانی شدہ حسابات کے ساتھ ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

زیر جائزہ مالی سال کے دوران، کمپنی کی کوئی پیداوار اور فروخت نہیں ہوئی اور آمدنی کا واحد ذریعہ فیکٹری کا کرایہ 6 ملین روپے ہے۔ روپیہ کی قدر میں 42.747 ملین روپے کی کمی اور بیلنس شیٹ اسٹیم کے کسی قدر تصفیہ کے باعث کمپنی نے گزشتہ سال 13.363 ملین روپے ٹیکس کے بعد منافع کے مقابلے موجودہ مدت میں 78.366 ملین روپے ٹیکس کے بعد خالص نقصان برداشت کیا ہے۔

مالی نتائج کا خلاصہ حسب ذیل ہے:

روپے بلین میں

تفصیل	سال ختمہ 30 جون 2018	سال ختمہ 30 جون 2017	فیصد
فروخت - کرایہ داری	-	95.05	(100.00)
مجموعی نقصان	-	(48.82)	(100.00)
آپریٹنگ نقصان	(33.49)	1.16	2,983.21
مالی اخراجات	17.37	21.31	(18.46)
ٹیکس سے پہلے خالص نقصان	(50.86)	(22.47)	126.37
ٹیکس کے بعد خالص نقصان	(78.38)	13.36	(686.54)
ٹی شیئر نقصان	(5.56)	0.95	(686.54)

زیر جائزہ مدت بھی پاکستان کی ٹیکسٹائل انڈسٹری کیلئے دشوار ثابت ہوئی۔ شدید بجلی بحران اور مالی پابندیوں نے پیداواری صلاحیتوں کے استعمال میں رکاوٹ ڈال دی ہے۔ اس نان آپریشن کی بنیادی وجہ ورکنگ کیپٹل سہولت کی عدم دستیابی، بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی اور مشکل مارکیٹ حالات تھے۔ یارن کی فروخت قیمتوں میں کمی، بجلی اور گیس کا بحران، شرح میں تغیر اور دیگر معین پیداواری بالائی اخراجات نے بھی کمپنی کو پُر ی طرح متاثر کیا ہے۔

150 سے زائد یونٹس نے یا تو اپنے کاروبار بند کر دیئے ہیں یا وہ بند کرنے کا سوچ رہے ہیں۔ ملک میں حکومت سے تعاون کی کمی کے ساتھ ساتھ غیر ملکی حریفوں کے ساتھ سخت مقابلہ ہر لحاظ سے خاص طور نسبتاً چھوٹے یونٹس کے سیکٹر کو پیش رہا ہے۔ ایک اوسط سائز کے ٹیکسٹائل یونٹ کے پاکستان میں پیداواری اخراجات کئی دیگر ممالک کے میڈیو فیکچررز کی طرف سے پیشکش کردہ فروخت قیمتوں سے زیادہ ہیں۔ یہ منظر نامہ صورت حال کی منصفانہ وضاحت کر رہا ہے کہ ان حالات میں انڈسٹری کی بقاء یا آپریشنز جاری رکھنا بہت دشوار کام ہے اور وہ یونٹس جو ابھی کام کر رہے ہیں ان میں سے اکثر نقصان برداشت کر رہے ہیں۔

مستقبل کے امکانات

ہمارا یقین ہے کہ سپننگ انڈسٹری معیشت کی ریڑھ کی ہڈی ہے اور پاکستانی ٹیکسٹائل مصنوعات کی بین الاقوامی منڈیوں میں کافی مانگ ہے۔ ہم بہت پامائید ہیں کہ نئی حکومت اور اپنا معیشت اور ٹیکسٹائل سیکٹر خاص طور پر سپننگ انڈسٹری کو اپراٹھانے کے لئے معقول اقدامات اٹھائے گا۔ انتظامیہ اور عملہ سخت محنت کر رہا ہے اور پُر امید ہے کہ کوششوں، خود عزمی اور اللہ تعالیٰ کے فضل سے کمپنی جلد ہی ان مسائل پر قابو پا لے گی۔

Chairman's Review

I am pleased to welcome you to the 32nd Annual General Meeting of your Company and present on behalf of the Board of Directors, the Audited Statements of Accounts for the year ended 30 June 2018 along with my review on the performance of your Company.

Industry overview:

Over the years industry has become uncompetitive largely due to increased cost of doing business particularly for higher utilities cost and low capacity utilization. Especially Punjab based industry faced more headwinds as higher LNG prices made it difficult even to compete locally with industry of other provinces. Export package announced by the Prime Minister in January 2017 also failed to stem decline in exports as its implementation remained far from reality. Higher input cost due to increased raw materials prices and minimum wage rate affected its operational viability and gross margins of industry were very thin in the year. Due to un-conducive business environment slowly and gradually the base of conventional industry was weakening in general as was evident from consistent plunge of Pakistan's share of textile in global market.

Company's performance

The decision to close the mills operation looks wiser now which at least stop the sponsors to inject money to cover the gap. During the year the company earn Rupees 6 million in term of rent which after meeting the day to day expenses was used to pay off the market creditors. The management of the company also dealing with the litigation cases with their bankers in the court of law and our legal counsel are confident for a amicable settlement with them in due course of time.

Future Prospects

The future of the company mainly depending on the future of the textile sector in Pakistan. If there will be any positive sign than the management believe to find a investor and then to improve the textile technology to enter the competitive international market. By the time to give the mill on rent for production of textile product is the most feasible option. Also we are looking for the amicable settlement with our banker in due course of time and then to plan it accordingly.

Acknowledgement

On my and on behalf of the board of directors of your company i take this opportunity of acknowledging the devoted and sincere services of employees of the Company. I am also grateful to our bankers, shareholders and the government organizations.

Muhammad Omer

Chairman

Lahore

October 04, 2018

چیرمین کی جائزہ رپورٹ

میں 32 ویں سالانہ جنرل اجلاس میں آپ کو خوش آمدید کہتا ہوں اور بورڈ آف ڈائریکٹرز کی جانب سے 30 جون، 2018 کو ختم ہونے والے مالی سال کے لئے کمپنی کے نظر ثانی شدہ حسابات کے ساتھ ساتھ آپ کی کمپنی کی کارکردگی پر اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

صنعتی جائزہ

کئی سالوں سے صنعت کاروبار کرنے کے زیادہ اخراجات خاص طور پر اعلیٰ مستعمل اخراجات اور کم پیداواری صلاحیت کی وجہ سے غیر مسابقتی ہو گئی ہے۔ خاص طور پر پنجاب کی صنعت کو زیادہ دشواریوں کا سامنا ہے کیونکہ LNG کی زیادہ قیمتوں نے دیگر صوبوں کی صنعتوں کے ساتھ ساتھ مقامی سطح پر بھی مقابلہ کرنا مشکل بنا دیا ہے۔

جنوری 2017 میں وزیر اعظم کا اعلان کردہ برآمد کیٹیج بھی برآمدات کو بڑھانے میں ناکام ہو گیا کیونکہ اس کی تعمیل حقیقت سے کہیں زیادہ دور رہی ہے۔ خام مال کی زیادہ قیمتوں، کم سے کم اجرت کی شرح کی وجہ سے اعلیٰ ان پٹ اخراجات نے اس کی آپریشنل صلاحیت کو متاثر کیا اور صنعت کا مجموعی مارجن موجودہ سال میں بہت ہی کم تھا۔ ناقابل اعتماد کاروباری ماحول کی وجہ سے روایتی صنعت کی بنیاد عام طور آہستہ آہستہ اور بتدریج کمزور ہو رہی ہے جیسا کہ عالمی منڈی میں پاکستانی ٹیکسٹائل کے حصہ مسلسل کمی سے ثابت ہوتا ہے۔

کمپنی کی کارکردگی

ملز کے آپریشنز بند کرنے کا فیصلہ اب عقلمندانہ نظر آتا ہے جو کم از کم اسپانسرز کو مزید نقصان سے تو بچائے گا۔ سال کے دوران کمپنی نے کرایہ کی مد میں 6 بلین روپے کمائے جو یومیہ اخراجات پورا کرنے کے بعد مارکیٹ قرضوں کو ادا کرنے کے لئے استعمال کیا جائے گا۔ کمپنی کی انتظامیہ قانونی عدالت میں اپنے بینکرز کے ساتھ قانونی چارہ جوئی کو بھی ڈیل کر رہی ہے اور ہمارا قانونی مشیر پر اعتماد ہے کہ مقدمات مناسب وقت میں قابل اطمینان ہو سکتے ہیں۔

مستقبل کے امکانات

کمپنی کا مستقبل بنیادی طور پر پاکستان میں ٹیکسٹائل شعبہ کے مستقبل پر انحصار کرتا ہے۔ جب حالات اچھے نظر آئے تو انتظامیہ بین الاقوامی مسابقتی کے لئے تکنیکی اصلاحات میں سرمایہ کاری کرنے کیلئے ایک سرمایہ کار تلاش کرے گی۔ تب تک مل کو ٹیکسٹائل مصنوعات کی پیداوار کیلئے کرایہ پر دینا بہترین قابل عمل آپشن ہے۔ اس کے علاوہ ہم اپنے بینکرز کے ساتھ مناسب وقت میں قابل اطمینان تصفیہ کی تلاش اور پھر اس پر عمل کی منصوبہ بندی بھی کر رہے ہیں۔

اظہار تشکر

میری اور کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے میں کمپنی کے عملے اور کارکنوں کی طرف سے فراہم کردہ مسلسل / وقف خدمات اور سخت محنت کے لئے زبردست خراج تحسین پیش کرتا ہوں۔ میں کمپنی کے بینکرز، شیئرز، ہولڈرز اور سرکاری اداروں کی مسلسل حمایت کا شکریہ ادا کرتا ہوں۔

(محمد عمر)

چیرمین

لاہور

تاریخ: 14 اکتوبر 2018

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2018

Bilal Fibres Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

1. The total number of directors are seven and all are males;

The composition of the Board of Directors (the Board") as at 30 June 2018 is as follows:

Category	Name
Independent Directors	Mr. Muhammad Kashif Mr. Muhammad Aslam Bhatti
Executive Director	Mr. Naeem Omer
Non-Executive Directors	Mr. Anwar Abbas Mr. Muhammad Omer Mr. Shahid Iqbal Mr. Muhammad Asghar

* Mr. Amjad Ali Director of the Company resigned with effect from 20 December 2017. Mr Muhammad Kashif was appointed as Director of the Company to fill the casual vacancy in the office of directors with effect from 20 December 2017.

2. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. 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.
4. 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.
5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board /shareholders as empowered by the relevant provisions of the Act and these regulations.
6. The meetings of the Board were presided over by the Chairman and, in his absence, by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recordings and circulating minutes of meeting of the board.
7. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
8. Due to the closure of factory and no business activity the Board has not arranged Directors Training Program and there is only trained director in the list of directors.
9. There were no new appointment of Chief Financial Officer and Company Secretary and head of internal audit Due to no business activity presently the internal audit function not in place, therefore, no Head of Internal Audit and the function of CFO and company secretary performed by the same person.

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
11. The Board has formed committees comprising of members given below:

Audit Committee:

Mr. Muhammad Aslam Bhatti (Chairman)
Mr. Anwar Abbas
Mr. Muhammad Omer

There were 4 meetings of Audit Committee. However, due to closure of business activities there has not been effective internal audit function and also no suitable staff has been appointed in this regard.

HR AND REMUNERATION COMMITTEE

Mr. Shahid Iqbal (Chairman)
Mr. Muhammad Asghar
Mrs. Muhammad Kashif

There are 1 meeting of HR and Remuneration Committee, however, due to closure of business activities there was no updated terms of reference of the committee.

12. Due to no business activity presently the Board has not set up an effective internal audit function and there are no staff for the purpose.
13. The statutory auditors of the Company confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
14. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regards.
15. We confirm that except as disclosed all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Chief Executive Officer

Bilal Fibres Limited
Director



Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the "Regulations") prepared by the Board of Directors of Bilal Fibres Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where it/these is/are stated in the Statement of Compliance:

Paragraph Reference	Description
12	The Board has not set up an effective internal audit function and also no suitable staff appointed in this regard as required by regulation 32
13	Appropriate arrangements for orientation courses for the directors have not been carried out as required by regulation 19 which is non compliance of the Regulations

Islamabad:
Dated: October 04, 2018

RIZWAN & COMPANY
CHARTERED ACCOUNTANTS
 Engagement Partner: Rashid Iqbal, FCA

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INDEPENDENT AUDITOR'S REPORT

To the Members of BILAL FIBRES LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of BILAL FIBRES LIMITED (Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Because of the significance of the matters discussed in items (a) to (f) of the basis of opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss and comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse 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. Further at the balance sheet date the Company's accumulated losses stand at Rupees 421.303 million and its current liabilities exceed its current assets by Rupees 760.899 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 24.1, 24.2, 24.3) 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 472.297 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 financial year ended on 30 June 2017, leased out the factory for which consent of the general meeting was obtained as required under Section 183 of the Companies Act, 2017 (Section 196 of the repealed Companies Ordinance, 1984). However, 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, 2018. 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 7 of the financial statements.

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e) As fully explained in notes 24.1, 24.2 and 24.3 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:17), Liabilities against assets subject to finance lease (Note No. 19) and short term borrowings (Note 23) in these financial statements. Moreover, due to litigation none of the banking companies confirmed us the balances of long term financing (Note No.17), Liabilities against assets subject to finance lease (Note 19) and short term borrowings (Note No. 23). 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 5.9 of the financial statements.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

I Preparation of financial statements under the Companies Act, 2017

As referred to in note 3.1 to the financial statements, the Companies Act 2017 (the Act) become applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In the case of the Company, specific additional disclosure and changes to the existing disclosures have been included in the financial statements as referred in note 3.1 to the accompanying financial statements.

The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.

How the matter is addressed in our audit

We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of the information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.

ii Contingencies and Company's exposure to litigation risk

The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases and other contingencies, details of which are disclosed in notes 24.1 to 24.10 and note 12.1 to the annexed financial statements.

Given the nature and amounts involved in such cases and contingencies, and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses and the contingency crystallizes, and therefore, we have identified this as key audit matter.

How the matter is addressed in our audit

Our audit procedures included the following:

- Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee.
- Reading correspondence of the Company with regulatory departments and the Company's external counsel, where available. Where relevant, also assessing external legal advices obtained by the Company.
- Discussing open matters and developments with the in-house legal department personnel of the Company.
- Circularising external confirmations from legal advisors and others, where appropriate on material cases, and assessing the replies received thereto.
- Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to

be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) because of the significance of the matters discussed in items (a) to (f) of the basis of opinion section of our report, proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the significance of the matters discussed in items (a) to (f) of the basis of opinion section of our report, the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in accordance with the accounting policies consistently applied, however these are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Rashid Iqbal (FCA)**.

Islamabad

Dated: October 04, 2018

RIZWAN & COMPANY
CHARTERED ACCOUNTANTS

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2018	2017	2016	2015	2014	2013
ASSETS EMPLOYED						
Property, plant and equipment	930.431	973.317	1,024.439	1,065.256	1,044.195	1,054.930
Long term deposits	3.356	3.389	3.389	3.609	3.601	3.601
Current assets	102.464	91.439	222.578	254.202	303.972	290.650
Total assets employed	1,036.251	1,068.144	1,250.406	1,323.066	1,351.769	1,349.182
FINANCED BY						
Shareholders' equity	(280.303)	(209.202)	(230.115)	(94.302)	19.956	(69.983)
Surplus on revaluation of fixed assets	293.016	300.296	307.846	319.215	323.212	332.625
	12.713	91.094	77.731	224.913	343.168	262.642
Deferred Income	-	-	4.857	9.713	14.570	19.426
Long term liabilities	-	-	390.853	435.749	464.981	549.656
Loan from directors/sponsors	110.459	92.372	91.744	63.705	40.633	52.500
Deferred tax liability	49.701	22.257	14.117	72.973	127.231	129.339
Other deferred liabilities		-	13.946	16.601	19.236	22.455
	160.160	114.629	119.808	153.279	187.101	204.293
Current Liabilities	863.378	862.421	657.158	499.412	341.949	313.164
Total funds invested	1,036.251	1,068.144	1,250.406	1,323.066	1,351.769	1,349.182
PROFIT & LOSS						
Turnover (net)	-	95.048	1,067.924	1,638.364	2,042.478	1,823.174
Revenue - Income	-	1.500	-	-	-	-
	-	96.548	1,067.924	1,638.364	2,042.478	1,823.174
Gross (Loss) / Profit	-	(39.319)	(154.876)	(69.913)	106.109	136.468
Operating (Loss) / Profit	(33.489)	1.162	(188.737)	(115.865)	62.156	156.287
Finance cost	17.373	21.307	24.164	55.966	58.645	55.182
(loss) / Profit before taxation	(50.862)	22.468	(212.901)	(171.831)	3.511	101.105
(loss) / Profit after taxation	(78.381)	13.363	(152.123)	(126.493)	(16.275)	62.816
Earnings per share (Rs.)	(5.56)	0.95	(10.79)	(8.97)	(1.15)	4.46
Number of spindle installed	-	29,016	29,016	29,016	29,016	29,016
Number of spindle worked	-	-	29,016	29,016	29,016	29,016
Number of shifts per day	-	-	3	3	3	3
Actual production converted into 20's count (Kgs in million)	-	-	9.681	10.763	11.356	10.308

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017
NON - CURRENT ASSETS			
Property, plant and equipment:			
Operating fixed assets	7	869,920,052	909,620,603
Assets subject to finance lease	8	60,511,406	63,696,217
Long term deposits	9	3,356,180	3,388,820
		<u>933,787,638</u>	<u>976,705,640</u>
CURRENT ASSETS			
Stock in trade	10	57,872,747	57,872,747
Trade deposits and short term prepayments	11	2,925,765	4,305,093
Other receivables	12	14,795,975	2,009,094
Sale tax refundable		3,540,913	3,540,913
Advance income tax	13	22,958,878	22,982,453
Cash and bank balances	14	369,276	728,480
		<u>102,463,554</u>	<u>91,438,780</u>
		<u>1,036,251,192</u>	<u>1,068,144,420</u>
SHARE CAPITAL AND RESERVES			
Authorized capital			
15,000,000 (2017: 15,000,000) ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital			
14,100,000 (2017: 14,100,000) ordinary shares of Rs. 10 each fully paid in cash	15	141,000,000	141,000,000
Accumulated loss		(421,303,103)	(350,201,634)
Surplus on revaluation - property, plant & equipment	16	293,016,254	300,295,808
		<u>12,713,151</u>	<u>91,094,174</u>
NON - CURRENT LIABILITIES			
Long term financing from banking companies	17	-	-
Long term financing from directors and associates	18	110,459,417	92,372,319
Liabilities against assets subject to finance lease	19	-	-
Deferred liabilities	20	49,700,560	22,256,864
		<u>160,159,977</u>	<u>114,629,183</u>
CURRENT LIABILITIES			
Trade and other payables	21	41,163,337	58,769,856
Unclaimed dividend		235,776	235,776
Accrued interest / mark up	22	97,520,034	97,520,034
Short term borrowings	23	143,855,534	143,855,534
Current portion of:			
Long term financing from banking companies	17	472,297,052	453,733,532
Liabilities against assets subject to finance lease	19	108,306,331	108,306,331
		<u>863,378,064</u>	<u>862,421,063</u>
Contingencies and commitments	24	-	-
		<u>1,036,251,192</u>	<u>1,068,144,420</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018	2017
		Rupees	
Sales	25	-	95,047,600
Cost of sales	26	-	(135,866,420)
Gross loss		-	(40,818,820)
Distribution cost	27	-	(447,616)
Administrative expenses	28	(48,009,378)	(10,631,408)
Other operating income	29	14,520,441	95,672,998
Finance cost	30	(17,373,390)	(21,306,820)
(Loss) / profit before taxation		(50,862,327)	22,468,334
Provision for taxation	31	(27,518,696)	(9,105,031)
(Loss) / profit for the year		(78,381,023)	13,363,303
Earnings per share - basic and diluted	32	(5.56)	0.95

The annexed notes from 1 to 42 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017
(Loss) / profit for the year		<u>(78,366,023)</u>	13,363,303
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		<u>(78,366,023)</u>	<u>13,363,303</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018	2017
		Rupees	
(Loss) / profit before taxation		(50,862,327)	22,468,334
Adjustments for:			
Depreciation on operating fixed asset	7.1	39,562,364	42,335,451
Depreciation on asset subject to finance lease	8	3,184,811	3,352,432
Notional income on interest free loans	29	(1,778,297)	(1,371,520)
Gain on disposal of operating fixed assets	7.5	(281,813)	(1,340,332)
Creditor balances added back		(6,460,331)	(83,474,986)
Gratuity balances added back		-	(3,129,640)
Finance cost	30	17,373,390	21,306,820
Amortization of deferred income		-	(4,856,520)
Operating cash flows before working capital changes		737,797	(4,709,962)
(Increase) / decrease in current assets			
Stores, spares and loose tools		-	11,279,963
Stock in trade		-	83,050,792
Trade debts		-	19,873,453
Loans and advances		-	17,089,036
Trade deposits and short term prepayments		1,379,328	1,045,418
Other receivables		(12,786,881)	(1,500,000)
Sale tax refundable		-	(22,508)
(Decrease) in trade and other payables		(11,146,188)	(119,275,497)
		(22,553,741)	11,540,657
Cash (used in) / generated from operations		(21,815,944)	6,830,695
Finance costs		(241,325)	(492,150)
Taxes paid		(51,425)	(326,033)
Staff retirement benefits - gratuity		-	(120,800)
Net cash (used in) / generated from operating activities		(22,108,694)	5,891,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		420,000	6,775,000
Long term deposits		32,640	-
Net cash generated from investing activities		452,640	6,775,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing from banking companies		10,936,850	-
Short term borrowings - Net		-	(250,000)
Increase / (Decrease) in financing from directors and associate		10,360,000	(12,100,000)
Net cash generated from / (used in) financing activities		21,296,850	(12,350,000)
Net (decrease) / increase in cash and cash equivalents		(359,204)	316,712
Cash and cash equivalents at beginning of the year		728,480	411,768
Cash and cash equivalents at end of the year	14	369,276	728,480

The annexed notes from 1 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
	----- Rupees -----			
Balance as at June 30, 2016	141,000,000	(371,114,782)	307,845,653	77,730,871
Incremental depreciation on revalued assets for the year - net of deferred tax		7,549,845	(7,549,845)	-
Total comprehensive income for the year	-	13,363,303	-	13,363,303
Balance as at June 30, 2017	141,000,000	(350,201,634)	300,295,808	91,094,174
Incremental depreciation on revalued assets for the year - net of deferred tax	-	7,279,554	(7,279,554)	-
Total comprehensive loss for the year	-	(78,381,023)	-	(78,381,023)
Balance as at June 30, 2018	141,000,000	(421,303,103)	293,016,254	12,713,151

The annexed notes from 1 to 42 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, 2018

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 (now the companies Act, 2017) 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 73/4 K Block, DHA Phase 1, Lahore. The manufacturing unit is located at 38 Kilometer Sheikhpura Road, Tehsil Jaranwala, District Faisalabad in the province of Punjab.

1.2 Significant transactions and events affecting the Company's financial position and performance

The Company had closed its operation since June 16, 2016 and reported accumulated losses of Rupees 421.303 million (June 30, 2017: Rupees 350.202 million). The current liabilities exceeded its current assets by Rupees 760.915 million (June 30, 2017: Rupees 770.982 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 is 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 for a further 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 companies Act, 2017 and the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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.

3 AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS AND FORTHCOMING REQUIREMENTS

3.1 The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
 - incorporation of significant additional disclosures.
- Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in the relevant notes 1.2, 5.1, 6.33, 37, 40.

3.2 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

3.4 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4 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 5. 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.

4.1 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.

4.2 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.

4.3 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.

4.4 Other Areas

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) Surplus on revaluation of property, plant & equipment
- b) Estimation of net realizable value
- c) Computation of deferred taxation
- d) Disclosure of contingencies

5 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.

5.1 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 recognized in other comprehensive income. 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 the statement of profit or loss to the extent of deficit previously charged to statement of profit or loss. Deficit on revaluation of an item of property, plant and equipment is charged to profit or loss. However, if there is an existing surplus available in the revaluation surplus in respect of that asset, deficit is recognized in other comprehensive income to that extent. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation is transferred to unappropriated profit or loss.

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 7. 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.

5.2 Accounting for leases and assets subject to finance lease

5.2.1 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.

5.2.2 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.

5.3 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.

5.4 Long term deposits

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

5.5 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.

5.6 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.

5.6.1 Raw material

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

5.6.2 Finished goods and work in process

Raw material cost plus appropriate manufacturing overheads

5.6.3 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.

5.7 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.

5.8 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.

5.9 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 numbers 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.

5.10 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.

5.10.1 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.

5.10.2 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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

5.15 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.

5.16 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.

5.17 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.

5.18 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.

5.19 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 Act, 2017 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.

5.20 Research and development cost

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

5.21 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.

6 Change in accounting policy

Section 235 of the Repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets. The specific provision/section in the Repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. In view of foregoing and the contents of note 2.1 & note 3.1 the accounting and presentation of revaluation surplus is required to be made in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- present surplus on revaluation of fixed assets under equity;
- offset the deficit arising from revaluation of the particular asset; and
- transfer the realized surplus directly to the retained earnings/unappropriated profit;

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of freehold land to reserves. There is no other impact of the retrospective application on the amounts of surplus presented in prior years.

7 Property plant and equipment
7.1 Operating fixed assets

DESCRIPTION	2018						2017								
	BALANCE AS AT JULY 01, 2017			FOR THE YEAR			BALANCE AS AT JUNE 30, 2018			FOR THE YEAR			BALANCE AS AT JUNE 30, 2017		
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transferred in (Accumulated Cost / Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	RATES %	Cost	Accumulated Depreciation	Net Book Value	RATES %
Freehold land	123,440,000	-	123,440,000	-	-	-	-	123,440,000	-	123,440,000	0	123,440,000	-	123,440,000	0
Building on freehold land	241,589,156	44,752,439	196,836,717	-	-	-	9,841,836	241,589,156	54,594,275	186,994,881	5	241,589,156	54,594,275	186,994,881	5
Plant and machinery	708,445,474	124,402,506	584,042,968	-	-	-	29,202,148	708,445,474	153,604,654	554,840,820	5	708,445,474	153,604,654	554,840,820	5
Factory equipment	129,250	100,437	28,813	-	-	-	2,881	129,250	103,318	25,932	10	129,250	103,318	25,932	10
Office & electric equipment	10,869,612	6,698,478	4,171,134	-	-	-	417,113	10,869,612	7,115,591	3,754,021	10	10,869,612	7,115,591	3,754,021	10
Furniture and fixture	3,533,809	2,573,367	960,442	-	-	-	96,044	3,533,809	2,669,411	864,398	10	3,533,809	2,669,411	864,398	10
Vehicles	339,110	198,581	140,529	-	-	339,110 (200,923)	2,342	-	-	-	20	-	-	-	20
	1,088,346,411	178,725,808	909,620,603	-	-	339,110 (200,923)	39,562,364	1,088,007,301	218,087,249	869,920,052		1,088,007,301	218,087,249	869,920,052	
DESCRIPTION	2018						2017								
	BALANCE AS AT JULY 01, 2016			FOR THE YEAR			BALANCE AS AT JUNE 30, 2017			FOR THE YEAR			BALANCE AS AT JUNE 30, 2017		
	Cost	Accumulated Depreciation	Net Book Value	Additions	Transferred in (Accumulated Cost / Depreciation)	Disposal (Cost) / Accumulated Depreciation	Depreciation Charge	Cost	Accumulated Depreciation	Net Book Value	RATES %	Cost	Accumulated Depreciation	Net Book Value	RATES %
Freehold land	123,440,000	-	123,440,000	-	-	-	-	123,440,000	-	123,440,000	0	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	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	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	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	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	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	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		1,088,346,411	178,725,808	909,620,603	

		2018	2017
	Note	Rupees	
9. Long term deposits			
Utilities		3,356,180	3,376,220
Others		-	12,600
		<u>3,356,180</u>	<u>3,388,820</u>
10. Stock in trade			
Raw material	10.1	57,528,875	57,528,875
Waste		343,872	343,872
		<u>57,872,747</u>	<u>57,872,747</u>
10.1	It includes carrying value of pledged stock amounting to Rs. 57.872 million (June 30, 2017: Rs. 57.872 million)		
11. Trade deposits and short term prepayments			
Bank guarantee margin		2,925,765	4,070,915
Prepayments		-	234,178
		<u>2,925,765</u>	<u>4,305,093</u>
12. Other receivables			
Considered good			
Export rebate		-	509,094
Rent receivable		4,900,000	1,500,000
Other receivable	12.1	9,895,975	-
		<u>14,795,975</u>	<u>2,009,094</u>
12.1	This represents late payment surcharge and tariff adjustment claimed by Sui Northern Gas Pipelines Limited (SNGPL) against the orders of the Honorable Lahore High Court, Lahore while encashing bank guaranty by Silk Bank Limited. The Company has filed suit against the SNGPL for recovery of this amount which is pending adjudication.		
13. Advance income tax			
Opening		22,982,453	23,621,896
Paid during the year		51,425	326,033
Adjusted against provision for taxation		(75,000)	(965,476)
		<u>22,958,878</u>	<u>22,982,453</u>
14. Cash and bank balances			
Cash with banks			
In current accounts		87,822	540,695
In business plus account		-	11
		<u>87,822</u>	<u>540,706</u>
Cash in hand		281,454	187,774
		<u>369,276</u>	<u>728,480</u>
15. 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.

16. Surplus on revaluation of property, plant and equipment - net of tax	Note	2018	2017
		Rupees	
Surplus on revaluation of property, plant and equipment at the beginning of the year		388,978,449	399,763,942
Transfer to unappropriated profit in respect of:			
Incremental depreciation on revalued assets		7,279,554	7,549,845
Related deferred tax liability		3,119,809	3,235,648
		<u>10,399,363</u>	<u>10,785,493</u>
Surplus on revaluation of property, plant and equipment as at the end of year		378,579,086	388,978,449
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		88,682,641	91,918,289
Amount realized during the year		(3,119,809)	(3,235,648)
Incremental depreciation on revalued assets		85,562,832	88,682,641
		<u>293,016,254</u>	<u>300,295,808</u>
17. Long term financing from banking companies			
Secured			
Under mark up arrangements			
Demand finance			
Demand finance - Settled amount	17.1	102,288,671	94,662,001
Demand finance - II	17.2	3,697,000	3,697,000
Demand finance - III	17.3	6,977,063	6,977,063
Demand finance - IV	17.4	174,170,823	174,170,823
Demand finance - IV (unserviceable)	17.5	62,820,000	62,820,000
Demand finance - VIII	17.6	19,938,937	19,938,937
Forced demand finance	17.7	10,936,850	-
Frozen mark up			
Demand finance - II	17.8	252,000	252,000
Demand finance - III	17.9	140,091	140,091
Demand finance - IV	17.10	89,609,132	89,609,132
Demand finance - VIII	17.11	1,466,485	1,466,485
		<u>472,297,052</u>	<u>453,733,532</u>
Less : Current portion of long term loan			
Due to decree by the banking companies	17.12	472,297,052	453,733,532
		<u>-</u>	<u>-</u>
17.1 Demand finance - Settled amount			
Gross amount payable	17.1.1	123,137,000	123,137,000
Present value adjustments - deferred notional income	17.1.2	(20,848,329)	(28,474,999)
Present value of settled amount		<u>102,288,671</u>	<u>94,662,001</u>

17.1.1 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 limited (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.

- 17.1.2** 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 17.1.1 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	2018	2017
		Rupees	
Opening balance		<u>28,474,999</u>	35,189,685
Occurred during the year		-	-
Amortized during the year		<u>(7,626,670)</u>	(6,714,686)
Closing balance		<u><u>20,848,329</u></u>	<u>28,474,999</u>

- 17.2** 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, 2017 : 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired 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.
- 17.3** 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, 2017 : 10 percent per annum) payable quarterly . The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired 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 ad future fixed assets (including land, building and machinery) of the company.
- 17.4** The loan was 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, 2017 : 3 months average KIBOR). The loan was repayable in 30 installments payable quarterly commencing from September 30, 2009 which expired 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.
- 17.5** Overdue markup was converted into demand finance facility amounting to Rs. 65.825 million. The facility was repayable in 34 quarterly installments starting from September 30, 2009 which ended 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.
- 17.6** The loan was obtained to finance imported polyester subsequently restructured as demand finance. The loan was repayable in 32 quarterly installments commencing from March 31, 2010 which expired 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.
- 17.7** This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.
- 17.8** Deferred mark up on demand finance II for Rs. 0.252 million (June 30, 2017 : Rs. 0.252 million) frozen and converted into long term financing. Frozen markup was payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commencing from December 2009.

- 17.9** Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2017 : for Rs. 0.140 million) froze and converted in to long term financing. Frozen markup was payable in 33 equal quarterly installments of Rs. 0.011 million commencing from December 2009.
- 17.10** Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2017: Rs. 89.609 million) frozen and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.
- 17.11** Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2017 : Rs. 1.466 million) froze and converted into long term financing. Frozen markup was payable in 33 quarterly installments of Rs. 0.114 million commencing from December 2009.
- 17.12** 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 24 to the financial statements. The detail of the financial arrangements with the banking companies is given in the Note numbers 17.1 to 17.11

18. Long term financing from directors and associates	Note	2018	2017
		Rupees	
Unsecured - From directors and associates			
Interest free loan	18.1	145,261,600	134,901,600
Present value adjustments	18.2	(34,802,183)	(42,529,281)
Present value of interest free loan from directors and associates		<u>110,459,417</u>	<u>92,372,319</u>

18.1 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. 92,761,600 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 has subordinated to the loans from banking companies.

18.2 This represent the difference between amortized cost and face value of interest free loan (as explained in note 18.1 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	2018	2017
		Rupees	
Opening balance		42,529,281	55,257,745
Occurred during the year		1,778,297	1,371,520
Amortized during the year		(9,505,395)	(14,099,984)
Closing balance		<u>34,802,183</u>	<u>42,529,281</u>

19. Liabilities against assets subject to finance lease

	2018			2017		
	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
	-----Rupees-----			-----Rupees-----		
Overdue installments	155,582,331	47,276,000	108,306,331	-	-	-
Up to one year	-	-	-	155,582,331	47,276,000	108,306,331
	<u>155,582,331</u>	<u>47,276,000</u>	<u>108,306,331</u>	<u>155,582,331</u>	<u>47,276,000</u>	<u>108,306,331</u>

19.1 The lease is obtained under sale and lease back transaction of plant and machinery from Bank of Punjab. The total lease rentals due under the lease agreements were 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 to be executed in bank's favor and 33 post dated cheques for complete adjustment of principal. In view of pending litigation the amount is shown in current liabilities (see note 24.1 & 24.2).

19.2 Amount of lease liability includes an amount of Rs. 22.645 million (June 30, 2017 : Rs. 22.645 million) deferred markup transferred to memo account. The deferred markup was payable in 16 quarterly installments starting from March 31, 2014 which ended 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	2018	2017
		Rupees	
Lease liability		85,661,821	85,661,821
Deferred markup		22,644,510	22,644,510
		<u>108,306,331</u>	<u>108,306,331</u>
		2018	2017
19.3 Current maturity of the lease liabilities	Note	Rupees	
Over due installments		108,306,331	25,100,000
Payable within one year		-	83,206,331
		<u>108,306,331</u>	<u>108,306,331</u>
20. Deferred liabilities			
Deferred tax	20.1	49,700,560	22,256,864
		<u>49,700,560</u>	<u>22,256,864</u>
20.1 Deferred taxation			
Opening balance		22,256,864	14,117,309
Provided / (reversed) during the year through profit and loss		27,443,696	8,139,555
		<u>49,700,560</u>	<u>22,256,864</u>
This comprises the following:			
Deferred tax liability on taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		85,562,832	88,682,641
Tax depreciation allowance		112,171,594	114,199,781
		197,734,426	202,882,422
Deferred tax asset on deductible temporary differences:			
Finance lease		(30,607,369)	(30,314,943)
Tax losses and tax credits		(117,426,497)	(150,310,615)
		<u>(148,033,866)</u>	<u>(180,625,558)</u>
		<u>49,700,560</u>	<u>22,256,864</u>
21. Trade and other payables			
Trade Creditors		16,474,445	28,760,614
Accrued liabilities		13,992,973	19,128,475
Staff retirement benefit payable		10,695,919	10,695,919
Others		-	184,848
		<u>41,163,337</u>	<u>58,769,856</u>

22. 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
	<u>97,520,034</u>	<u>97,520,034</u>

22.1 It includes overdue markup of Rupees 26.65 million (June 30, 2017 : Rupees 26.65 million), Rupees 27.08 (June 30, 2017: Rupees 27.08) and Rupees 43.78 million (June 30, 2017: Rupees 43.78 million) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.

23. Short term borrowings

Secured	Note	2018 Rupees	2017
From banking companies			
Cash finance	23.2	143,855,534	143,855,534
		<u>143,855,534</u>	<u>143,855,534</u>

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

23.2 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 17.3 above and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR plus 3 percent (June 30, 2017: 3 months KIBOR plus 3 percent).

24. Contingencies and commitments

Contingencies

24.1 The Honorable Lahore High Court, Lahore while disposing the suit C.O.S No. 55/2012 passed a decree of Rupees 419.608 million 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, 2018. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

24.2 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 January 28, 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.

24.3 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 04, 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 off by the Honorable judge of the Lahore High Court, Lahore.

24.4 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.

24.5 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 80.89 million as outstanding dues against the banking facilities provided by the bank. The case was shifted to the Banking Court by the Lahore High Court. The Company has also filed a suit against the bank before the Banking Court Lahore claiming recovery of Rs.89.156 million. The outcome of the case is not ascertainable as at June 30, 2018. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.

24.6 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 counsel 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.

	2017	2016
	Rupees	
24.7 Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
24.8 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
24.9 Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	23,082,000
24.10 Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
Commitments outstanding	-	-

25. Sales

Yarn Local		
Sales - net	-	95,047,600
	-	95,047,600

26. Cost of sales

	2018	2017
	Rupees	
Cost of goods manufactured	-	52,815,627
Finished goods		
Opening stock	343,872	83,394,665
Closing stock	(343,872)	(343,872)
	-	83,050,793
Cost of goods sold	-	135,866,420

26.1 Cost of goods manufactured

Raw material consumed	26.1.1	-	-
Packing material consumed		-	5,560
Salaries, wages and benefits		-	4,600,631
Stores and spares consumed		-	35,311
Fuel and power		-	2,661,053
Repairs and maintenance		-	379,306
Insurance		-	190,876
Depreciation	7.2	-	44,454,564
Others		-	488,326
		-	52,815,627

26.1.1 Raw material consumed

Opening stock	57,528,875	57,528,875
Closing stock	(57,528,875)	(57,528,875)
	-	-

26.1.2 It represents the stock pledged and under custody of the bank and the cases are under litigation in the court of law.

27. Distribution cost

Others	-	447,616
	-	447,616

		2018	2017
		Rupees	
28. Administrative expenses	Note		
Directors' remuneration		1,800,000	1,800,000
Staff salaries and benefits		1,871,000	2,045,340
Postage and telecommunication		284,319	426,965
Vehicles running and maintenance		-	8,802
Traveling and conveyance		4,030	445,881
Printing and stationery		92,900	127,334
Fee and subscriptions		313,180	157,994
Utilities		-	575,110
Newspapers and periodicals		-	4,547
Advertisement		79,145	159,375
Insurance		-	569,156
Auditors' remuneration	28.1	350,000	350,000
Legal and professional		42,000	739,600
Rent, rates and taxes		371,579	39,590
Donations	28.2	-	18,000
Repairs and maintenance		-	412,045
Depreciation	7.2	42,747,175	1,233,319
Others		54,050	1,518,350
		48,009,378	10,631,408
28.1 Auditors' remuneration			
Audit fee		300,000	300,000
Half yearly		50,000	50,000
		350,000	350,000
28.2	None of the directors or their spouses had any interest in the donee institutions.		
29 Other operating income		2018	2017
From other than financial assets	Note	Rupees	
Rental income	29.1	6,000,000	1,500,000
Gain on Disposal of vehicle		281,813	1,340,332
Creditor balances written back		6,460,331	83,474,986
Gratuity balances added back		-	3,129,640
Amortization of deferred income		-	4,856,520
Notional income on interest free loan from directors and associates		1,778,297	1,371,520
		14,520,441	95,672,998
29.1	In order to meet the day to day expenses during the last quarter of 2017 the factory were given on lease initially for a period of 11 months. In June 2018, the factory were given on lease for another 11 months till April, 30,2019.		
30. Finance cost		2018	2017
	Note	Rupees	
Notional charges on interest free loans	17.1.2 & 18.2	17,132,065	20,814,670
Bank charges and commission		241,325	492,150
		17,373,390	21,306,820
30.1	Due to the litigation with the banking companies, the Company has not provided mark up on long term financing, liabilities against assets subject to finance lease and short term borrowings as disclosed in note 17, 19 and 23 of the financial statements.		

31. Provision for taxation	Note	2018	2017
		Rupees	
Current			
Current year		75,000	965,476
Deferred			
Current year	20.1	27,443,696	8,139,555
		<u>27,503,696</u>	<u>9,105,031</u>

31.1 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as the company has declared accounting loss for the year. Therefore, minimum tax@1.25% has been provided in these financial statements. Income tax assessment has been filed up to June 30, 2016 under self assessment.

32. Earning / (loss) per share - basic and diluted		2018	2017
Profit / (loss) for the year	Rupees	<u>(78,366,023)</u>	<u>13,363,303</u>
Weighted average number of ordinary shares	Numbers	<u>14,100,000</u>	<u>14,100,000</u>
Earnings per share - basic	Rupees	<u>(5.56)</u>	<u>0.95</u>

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

33 Financial Instruments by Category	Note	2018	2017
		Rupees	
Financial Assets as per Financial Statements			
Loans and Receivables			
Maturity upto one year			
Trade deposits		2,925,765	4,070,915
Other receivables		14,795,975	1,500,1000
Cash and bank balances		369,276	728,480
Maturity after one year			
Long term deposits		3,356,180	3,388,820
		<u>21,447,196</u>	<u>9,688,215</u>
Financial Liabilities as per Financial Statements			
Maturity upto one year			
Trade and other payables		30,467,618	48,073,937
Unclaimed dividend		235,776	235,776
Accrued interest / mark up		97,520,034	97,520,034
Short term borrowings		143,855,534	143,855,534
Current portion of:			
Long term financing from banking companies		472,297,052	453,733,532
Liabilities against assets subject to finance lease		108,306,331	108,306,331
Maturity after one year			
Long term financing from directors and associates		110,459,417	92,372,319
		<u>963,141,562</u>	<u>944,097,463</u>

34 Financial instruments and related disclosures

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

- 34.1 Credit risk
- 34.2 Liquidity risk
- 34.3 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.

34.1 Credit risk

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. 21.447 million (June 30, 2017 : Rs. 9.688 million), financial assets which are subject to credit risk aggregate to Rs. 21.077 million (June 30, 2017 : Rs 8.960 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.

	2018	2017
	Rupees	
Long term deposits	3,356,180	3,388,820
Trade deposits	2,925,765	4,070,915
Other receivables	14,795,975	1,500,1000
Cash and bank balances	369,276	728,480
	6,651,221	8,188,215

34.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2018					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	472,297,052	472,297,052	-	472,297,052	-	-
Long term loans from directors and associates	110,459,417	152,988,698	-	-	152,988,698	-
Finance lease	108,306,331	155,582,331	-	155,582,331	-	-
Trade and other payables	30,467,418	30,467,418	30,467,418	-	-	-
	235,776	235,776	235,776	-	-	-
Unclaimed dividends	97,520,034	97,520,034	-	97,520,034	-	-
Accrued markup / interest	143,855,534	143,855,534	143,855,534	-	-	-
Short term borrowings						
	963,141,562	1,052,946,843	174,558,728	725,399,417	152,988,698	-

	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	453,733,532	453,733,532	-	453,733,532	-	-
Long term loans from directors	92,372,319	134,901,600	-	-	82,401,600	52,500,000
Finance lease	108,306,331	155,582,331	77,791,166	30,515,166	-	-
Trade and other payables	48,073,937	48,073,937	48,073,937	-	-	-
	235,776	235,776	235,776	-	-	-
Unclaimed dividends						
Accrued markup / interest	97,520,034	97,520,034	-	97,520,034	-	-
Short term borrowings	143,855,534	150,077,285	150,077,285	-	-	-
	<u>944,097,464</u>	<u>1,040,124,496</u>	<u>276,178,164</u>	<u>581,768,732</u>	<u>82,401,600</u>	<u>52,500,000</u>

34.2.1 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.

34.3 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 interest rate risk only.

34.3.1 Currency risk

Exposure to currency risk

The Company is not exposed to any currency risk as at the balance sheet date (2017: Nil). therefore no sensitivity analysis is required

34.3.2 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.

	2018	2017
	Rupees	
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	<u>32,471,576</u>	<u>32,471,576</u>
Variable rate instruments		
Financial assets	-	-
Financial liabilities	<u>691,987,341</u>	<u>650,779,311</u>

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 as used for June 30 2017.

34.4 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.

34.5 Off balance sheet items	2018	2017
	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	6,000,000	23,082,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

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

35 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.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing from banking companies, long term financing from directors and associates, liability against asset subject to finance lease and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2018	2017
Borrowings	Rupees	834,918,334	798,267,716
Total equity	Rupees	12,713,151	91,094,174
Total capital employed	Rupees	847,631,485	889,361,890
Gearing ratio	Percentage	98.50	89.76

36 Plant capacity and production

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

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

37 Related Party Disclosure

			2018	2017
37.1 Transactions with related parties			Rupees	
Key management personnel	Salaries and benefits	38	1,800,000	1,800,000
	Sale of vehicle to associate		-	2,275,000
Directors	Receipt of loan from directors		8,460,000	
	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. Long term financing from directors and associates, and remuneration to chief executive and executives are disclosed in notes 18 and 38 to the financial statements respectively.

36.2 Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place:

Sr. no.	Party Name	Basis of Relationship	Aggregate % of Share holding in the company
1.	M. Naeem Omer	CEO	16.63%
2.	Hasham Omer	Associate	N/A
3.	Mrs. Farah Naeem	Associate	N/A

38 Remuneration to chief executive and executives

There is no executive in the company during the year (2017: Nil). There is only one chief executive and salaries and benefits amounting to Rs. 1,800,000 are provided during the year.

39 Corresponding figures

Figures have been rearranged / reclassified in compliance with the accounting and reporting standards applicable in Pakistan wherever necessary to reflect more appropriate presentation for the purpose of comparison.

40 Number of employees

	2018	2017
Number of employees worked as at June 30	4	5
Number of factory employees worked as at June 30	-	-
Average number of employees worked during the year	4	150
Average number of factory employees worked during the year	-	75

41 Events after the balance sheet date

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

42 Date of authorization for issue

These financial statements have been authorized for issue on 4th October, 2018 by the board of directors of the company.

PATTERN OF SHAREHOLDING AS AT JUNE 30,2018

1.1 Name of the Company

2.1. Pattern of holding of the shares held by the shareholders as at

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
179	1	100	9,327
465	101	500	203,284
158	501	1000	149,505
330	1001	5000	944,098
129	5001	10000	1,049,566
39	10001	15000	496,815
36	15001	20000	673,634
24	20001	25000	564,500
5	25001	30000	146,000
7	30001	35000	230,500
11	35001	40000	418,500
6	40001	45000	259,000
11	45001	50000	550,000
3	50001	55000	154,100
3	55001	60000	168,500
4	60001	65000	253,500
1	65001	70000	70,000
3	70001	75000	224,500
2	75001	80000	156,500
2	80001	85000	166,500
2	85001	90000	176,500
2	90001	95000	187,500
5	95001	100000	496,500
2	100001	105000	204,500
1	110001	115000	110,500
2	115001	120000	237,000
1	120001	125000	123,500
1	175001	180000	180,000
1	185001	190000	185,500
2	195001	200000	400,000
2	210001	215000	425,000
1	285001	290000	289,000
1	575001	580000	575,497
1	1765001	1770000	1,769,674
1	1850001	1855000	1,851,000
1443			14,100,000

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	2,405,986	17.0637
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	8,033	0.0570
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000
2.3.5 Insurance Companies	52,100	0.3695
2.3.6 Modarabas and Mutual Funds	33	0.0002
2.3.7 Share holders holding 10% or more	4,196,171	29.7601
2.3.8 General Public		
a. Local	11,455,814	81.2469
b. Foreign	0	0.0000
2.3.9 Others (to be specified)		
Joint Stock Companies	178,034	1.2627

Catagories of Shareholding required under Code of Coprorate Governance (CCG) As on June 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings 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	2,345,171	16.6324%
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. MUHAMMAD KASHIF	10,000	0.0709%
6	MR. MUHAMMAD ASLAM BHATTI	10,000	0.0709%
7	MR. ANWAR ABBAS	9,800	0.0695%

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	MIAN NAEEM OMER	2,345,171	16.6324%
2	MR. MUHAMMAD RAFIQ ZAKI (CDC)	1,851,000	13.1277%

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

S.No	NAME	SALE	PURCHASE
1	MIAN NAEEM OMER	2,500,000	-
2	MRS. FARAH NAEEM W/O MIAN NAEEM OMER	1,163,113	-
3	MR. KASHIF ALI	-	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, 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018

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.