

33rd ANNUAL REPORT 2019

BILAL
FIBRES LIMITED

BILAL FIBRES LIMITED
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 Aslam Malik & Co Chartered Accountants Suite No. 18, 19, FF Floor, Central Plaza, Barket Market New Garden Town, Lahore
Bankers	The Bank of Punjab MCB (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	Aakif Majeed But 9-G, Mustaq Gurmani Road, Gulber II, Lahore Lahore. Tel: 0321-6000606
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. Ph: 041 - 4689075, 4689076 Fax No. 041 - 4689279

CORPORATE VISION / MISSION STATEMENT

VISION

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

MISSION

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all share holders of BILAL FIBRES LIMITED that the 33rd 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 28th of October 2019 (Monday) at 09:00 A.M, to transact the following business:

- 1.To confirm the Minutes of last Extra Ordinary General Meeting of the Company held on 29th of April 2019.
- 2.To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2019 together with the Directors' and Auditors' reports thereon.
- 3.To appoint auditors and fix their remuneration for the next year ending on June 30, 2020.
- 4.To consider any other business with the permission of chair.

Lahore.

Dated: 3rd October 2019

NOTES:

By order of the Board
(Muhammad Ijaz Shahid)
Company Secretary

- 1) The share transfer books of the company will remain closed from 22 October 2019 to 28 October 2019 (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) The Shareholders are requested to notify any change in their addresses, if any, immediately to our Share Registrar, M/S Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

MEDIA BRIDGE

اطلاع سالانہ اجلاس عام

بلال فائبرز لمیٹڈ کے تمام حصص داران کو بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ کمپنی کا 33 واں سالانہ اجلاس مورخہ 28 اکتوبر 2019ء بروز پیر بوقت صبح 09:00 بجے کمپنی کے رجسٹرڈ آفس واقع 73/4 کے بلاک، ڈی ایچ اے، فیڑا، لاہور کینٹ، لاہور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

- (1) کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ 29 اپریل 2019ء کی کارروائی کی توثیق۔
- (2) سال مختتمہ 30 جون 2019ء کی بابت کمپنی کے سالانہ تنقیح شدہ حسابات معہ ان پر ڈائریکٹران و آڈیٹرز رپورٹس کی وصولی، غور و خوض اور ان کی قبولیت۔
- (3) 30 جون 2020ء کو ختم ہونے والے اگلے سال کیلئے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

حسب الحکم بورڈ
(محمد اعجاز شاہد)

کمپنی سیکرٹری

لاہور
مورخہ 3 اکتوبر 2019ء
نوٹ:

- 1- کمپنی کی منتقلی حصص کی کتابیں 22 اکتوبر 2019ء تا 28 اکتوبر 2019ء (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 کھاتہ داران اگر اس اجلاس میں شرکت کے خواہاں ہیں تو اپنے اصل / مصدقہ کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی بمعہ پارٹیشنٹ آئی ڈی اور اپنے CDC کا وٹ نمبر شناخت کیلئے سالانہ اجلاس عام میں ہمراہ لائیں۔ پراکسی کے ساتھ شناختی کارڈ کی تصدیق شدہ کاپی، کھاتے اور پارٹیشنٹ آئی ڈی نمبر منسلک کریں۔ کارپوریٹ اینٹیٹیٹی کی 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 پتے میں کوئی تبدیلی ہو تو فی الفور ہمارے سیکرٹری رجسٹرار میسر کارپ لنک پرائیویٹ لمیٹڈ، ونگز اریڈ، 1 کے، کمرشل ماڈل ٹاؤن لاہور کو مطلع فرمائیں۔

DIRECTORS' REPORT

Dear Shareholders

The Directors of the Company welcome you to the 33rd 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, 2019.

The cost of doing business in the textile sector in Pakistan has gone through the roof and the burden of incidental taxes, provincial cess, system inefficiencies and the punitive withholding tax regime have added fuel to the fire. Now, the directors believe that it was a wiser decision to close the operations on June 16, 2016 as still there are no sign of positive change in this sector. Such decision of closure of business avoided further loss to the company. During the year the only good sign is that after meeting our day to day expenditures we managed to pay after negotiation to almost all of the market creditors from the sources of rented out the factory and the injection by the director on offloading their shares in the market.

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 39.562 million and certain adjustment of Statement of Financial Position items the company declared a net loss after tax of Rupees 8.682 million in the current period as compared to net loss after tax of Rupees 78.381 million in the previous year.

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

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

The financial results are summarized hereunder: -

Particulars	June 30, 2019	June 30, 2018
	(Rupees)	
Sales	-	-
Cost of sales	-	-
Gross loss	-	-
Distribution cost	-	-
Administrative expenses	(55,648,770)	(48,009,378)
Other operating income	10,648,572	14,520,441
Finance cost	(13,091,547)	(17,373,390)
	(58,091,745)	(50,862,327)
Loss before taxation	(58,091,745)	(50,862,327)
Provision for taxation	49,410,060	(27,518,696)
Loss for the period	(8,681,685)	(78,381,023)
Loss per share - basic and diluted	(0.62)	(5.56)

OPERATING PERFORMANCE

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

The Company is in litigation with all the banking companies as there were no such funds to pay even the mark up of the banking companies. The complete details of the litigation cases are fully disclosed in note 25 of the financial statements. However, the company after due negotiations duly settled the majority of market creditors of the company.

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

FUTURE PROSPECTS

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

AUDITORS' REPORT

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

- a) We did not observe the counting of the physical inventory of stock in trade amounting to Rs 57.87 million and physical inspection of the mills plant and machinery as of June 30, 2019; however, we received independent valuation report subsequently. 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.

- b) The Company's Stocks are carried in the statement of financial position at Rs 57.87 million. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from IFRSs as applicable in Pakistan. Consequently, we were unable to determine whether any adjustments were necessary in this regard.

As the stock pledged with the banking companies, due to litigation with the banking companies it is not practicable to evaluate the Net Reliasable Value of stock.

- c) As fully explained in note 25 the company is in litigation with the banking companies. The company had not worked out and provided the amount of mark-up on long term financing from financial institutions, Liabilities against assets subject to finance lease and short term borrowings (Note 23) in these financial statements. Moreover, due to litigation out of Rs. 473.34 million of long term loan only Rs 174 million were confirmed through direct confirmation from bank of Punjab and remaining banks do not confirm us the balances of long term financing (Note No.18), 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.

- d) As explained in note 9 to the financial statements, company has leased out the factory land and building along with plant & machinery since April 01, 2017. During the year company has changed its policy and charged the impact of change in fair value to other comprehensive income and do not restated the financial statements to fully describe the impact of change in accounting policy from the date of change in use of land and building which constitutes a departure from IFRSs as applicable in Pakistan.

Had the change in accounting policy been properly applied and accounted for, then the fair value difference at the date of transfer from property, plant & equipment to investment property would have been charged to other comprehensive income, and subsequently difference between the fair values of investment property should be charged to Profit & Loss account for the year ended June 30, 2017 and 2018. In the absence of fair values at the date of transfer of land and building, as at April 01, 2017 and subsequently June 30, 2017 and 2018 we were unable to quantify the impact.

It is not practicable to obtain four valuation reports as at April 01, 2017, June 30, 2017, June 30, 2018 and June 30, 2019 simultaneously. We evaluate property, plant and equipment as at June 30, 2019 only.

- e) At the balance sheet date, the Company's accumulated losses stand at Rupees 422.14 million and its current liabilities exceed its current assets by Rupees 753.56million. This situation may be further deteriorated if the possible effects of matter discussed in paragraph (a) to (d) above all accounted for in the financial statements. The Company has suspended its operations since June 16, 2016 and has leased out the factory. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favor of the banking companies, 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 473.33million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 155.582 along with the finance cost, short term borrowings amounting to Rupees 143.855 million along with the related finance cost, accrued mark-up 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 on 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 (a) to (d) above 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.

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 June 30, 2019.

AUDITORS

The present Auditors M/s Aslam Malik & Co., Chartered Accountants, being due for retirement has offered themselves for reappointment for the next year ending June 30, 2020.

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, 2019 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 30-06-2019 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:

<u>Name of Director</u>	<u>Number of Meetings attended</u>
Mr. Naeem Omer	08
Mr. Anwar Abbass	08
Mr. Shahid Iqbal	06
Mr. Muhammad Omer	07
Mr. Muhammad Asghar	05
Mr. Muhammad Aslam Bhatti	08
Mr. Muhammad Kashif	05

For and on behalf of the
Board of Directors

Lahore
Dated: 3rd October, 2019

(Naeem Omer)
Chief Executive

Chairman's Review

I am pleased to welcome you to the 32rd 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 03, 2019

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company: **Bilal Fibres Limited**

Year ending: **June 30, 2019**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are as per the following:

Gender	Number
Male	7
Female	-

2. The composition of board is as follows:

Category	Names
Independent Directors	1. Mr. Muhammad Kashif 2. Mr. Muhammad Aslam Bhatti
Other Non Executive Directors	1. Mr. Anwaar Abbas 2. Mr. Muhammad Omer 3. Mr. Shahid Iqbal 4. Mr. Muhammad Asghar
Executive Director	1. Mr. Naeem Omer (Chief Executive)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a

director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021.

Presently no director has participated in the training program required as per Regulation, however in the next financial year the compliance of the said Regulation will be ensured.

10. There were no new appointment of Chief Financial Officer and Company Secretary and head of internal audit due to no business activity and the function of CFO and Company Secretary performed by the same person.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	<p>Chairman: Mr. Muhammad Aslam Bhatti (Independent Director)</p> <p>Members: Mr. Anwaar Abbas Mr. Muhammad Omer</p>
HR & Remuneration Committee	<p>Chairman: Mr. Shahid Iqbal (Chairman)</p> <p>Members: Mr. Muhammad Asghar Mrs. Muhammad Kashif</p>

The Company was in compliance with the Code of Corporate Governance, 2012 for the year ended June 30, 2019. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:


Committees	Frequency
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Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2019
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2019

15. 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.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP 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.
17. 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 regard.
18. We confirm that all other requirements of the Regulations have been complied with.

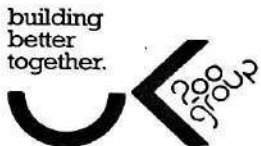


(Naeem Omer)
Chief Executive Officer



(Muhammad Omer)
Chairman

Lahore: October 03, 2019



Aslam Malik & Co.
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bilal Fibres Limited

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 30 June 2019 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 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 procedures to access 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 30 June 2019.

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

Paragraph Reference	Description
15	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.

Place: - Lahore
Dated October 3, 2019

Aslam Malik & Co.
(Aslam Malik & Co.)
Chartered Accountants
Hafiz Muhammad Ahmad



Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
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amc **Aslam Malik & Co.**
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INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BILAL FIBRES LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Bilal Fibres Limited** (the Company), which comprise the statement of financial position as at **June 30, 2019**, and the statement of profit or loss and other 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.

in our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the basis of adverse section of our audit report paragraph (a) to (e), the statement of financial position, statement of profit or loss and other 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, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) We did not observe the counting of the physical inventory of stock in trade amounting to Rs 57.87 million and physical inspection of the mills plant and machinery as of June 30, 2019; however, we received independent valuation report subsequently. 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.
- b) The Company's Stocks are carried in the statement of financial position at Rs 57.87 million. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from IFRSs as applicable in Pakistan. Consequently, we were unable to determine whether any adjustments were necessary in this regard.
- c) As fully explained in note 25 the company is in litigation with the banking companies. The company had not worked out and provided the amount of mark-up on long term financing from financial institutions, Liabilities against assets subject to finance lease and short term borrowings

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(Note 23) in these financial statements. Moreover, due to litigation out of Rs. 473.34 million of long term loan only Rs 174 million were confirmed through direct confirmation from bank of Punjab and remaining banks do not confirm us the balances of long term financing (Note No.18), 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.

- d) As explained in note 9 to the financial statements, company has leased out the factory land and building along with plant & machinery since April 01, 2017. During the year company has changed its policy and charged the impact of change in fair value to other comprehensive income and do not restated the financial statements to fully describe the impact of change in accounting policy from the date of change in use of land and building which constitutes a departure from IFRSs as applicable in Pakistan.

Had the change in accounting policy been properly applied and accounted for, then the fair value difference at the date of transfer from property, plant & equipment to investment property would have been charged to other comprehensive income, and subsequently difference between the fair values of investment property should be charged to Profit & Loss account for the year ended June 30, 2017 and 2018. In the absence of fair values at the date of transfer of land and building, as at April 01, 2017 and subsequently June 30, 2017 and 2018 we were unable to quantify the impact.

- e) At the balance sheet date, the Company's accumulated losses stand at Rupees 422.14 million and its current liabilities exceed its current assets by Rupees 753.56 million. This situation may be further deteriorated if the possible effects of matter discussed in paragraph (a) to (d) above all accounted for in the financial statements. The Company has suspended its operations since June 16, 2016 and has leased out the factory. Further, the financial results show adverse key financial ratios and the company's court cases are decreed in favour of the banking companies, 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 473.33 million and the related finance cost, Liabilities against assets subject to finance lease amounting to Rupees 155.582 along with the finance cost, short term borrowings amounting to Rupees 143.855 million along with the related finance cost, accrued mark-up 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 on 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 (a) to (d) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

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 adverse our opinion.

Key Audit Matters

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.

In addition to the matters as mention in the basis for adverse opinion section of our report we have determined that there are no key audit matters to communicate in our report.

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 for the year ended June 30, 2019.

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, on other information obtained prior to the date of this auditor's report, 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 are 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the 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 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) under section 7 of that Ordinance.

Other Matter

Previous year financial statements were audited by another firm of chartered accountants who expressed an adverse opinion on going concern and others matter.

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahmad**.

Place: Lahore
Date: October 3, 2019

Aslam Malik
(Aslam Malik & Co.)
Chartered Accountants



BILAL FIBRES LIMITED;

KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Year Ended 30th June					
	2019	2018	2017	2016	2015	2014
ASSETS EMPLOYED						
Property, plant and equipment	471.666	930.431	973.317	1,024.439	1,065.256	1,044.195
Investment Property	542.740	-	-	-	-	-
Long term deposits	1.156	3.356	3.389	3.389	3.609	3.601
Current assets	102.185	102.479	91.439	222.578	254.202	303.972
Total assets employed	1,117.747	1,036.266	1,068.144	1,250.406	1,323.066	1,351.769
FINANCED BY						
Shareholders' equity	(281.136)	(280.303)	(209.202)	(230.115)	(94.302)	19.956
Surplus on revaluation of fixed assets	418.903	293.016	300.296	307.846	319.215	323.212
	137.767	12.713	91.094	77.731	224.913	343.168
Deferred Income	-	-	-	4.857	9.713	14.570
Long term liabilities	-	-	-	390.853	435.749	464.981
Loan from directors/sponsors	117.307	110.459	92.372	91.744	63.705	40.633
Deferred Liability	6.936	60.396	22.257	14.117	72.973	127.231
Other deferred liabilities	-	-	-	13.946	16.601	19.236
	124.243	170.856	114.629	119.808	153.279	187.101
Current Liabilities	855.737	852.682	862.421	657.158	499.412	341.949
Total funds invested	1,117.747	1,036.266	1,068.144	1,250.406	1,323.066	1,351.769
PROFIT & LOSS						
Turnover (net)	-	-	95.048	1,067.924	1,638.364	2,042.478
Revenue - Income	-	-	1.500	-	-	-
	-	-	96.548	1,067.924	1,638.364	2,042.478
Gross (Loss) / Profit	-	-	(39.319)	(154.876)	(69.913)	106.109
Operating (Loss) / Profit	(45.000)	(33.489)	1.162	(188.737)	(115.865)	62.156
Finance cost	(13.091)	17.373	21.307	24.164	55.966	58.645
(loss) / Profit before taxation	(58.091)	(50.862)	22.468	(212.901)	(171.831)	3.511
(loss) / Profit after taxation	(8.682)	(78.366)	13.363	(152.123)	(126.493)	(16.275)
Earnings per share (Rs.)	(0.62)	(5.56)	0.95	(10.79)	(8.97)	(1.15)
Number of spindle installed	-	-	29,016	29,016	29,016	29,016
Number of spindle worked	-	-	-	29,016	29,016	29,016
Number of shifts per day	-	-	-	3	3	3
Actual production converted into 20's count (Kgs in million)	-	-	-	9.681	10.763	11.356

BILAL FIBRES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment:			
Operating fixed assets	7	414,179,914	869,920,052
Assets subject to finance lease	8	57,485,837	60,511,406
Investment Property	9	542,740,000	-
Long term deposits	10	1,156,180	3,356,180
		1,015,561,931	933,787,638
CURRENT ASSETS			
Stock in trade	11	57,872,747	57,872,747
Deposits and short Term Prepayments	12	2,925,765	2,925,765
Other receivables	13	20,795,975	14,795,975
Sales tax refundable		3,540,913	3,540,913
Advance tax	14	16,915,459	22,958,878
Cash and bank balance	15	133,971	369,276
		102,184,830	102,463,554
		1,117,746,761	1,036,251,192
SHARE CAPITAL AND REVERSED			
Authorised shares capital			
15,000,000 (June 30, 2018: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up shares capital			
14,100,000 (June 30, 2018: 14,100,000) Ordinary shares of Rs. 10 each	16	141,000,000	141,000,000
Accumulated loss		(422,136,589)	(421,303,103)
Surplus on revaluation - Property, plant & equipment	17	418,903,299	293,016,254
		137,766,713	12,713,151
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	18	-	-
Long term financing from directors and associates	19	117,307,353	110,459,417
Liabilities against assets subject to finance lease	20	-	-
Deferred liabilities	21	6,936,010	60,396,479
		124,243,363	170,855,896
CURRENT LIABILITIES			
Trade and other payables	22	32,482,381	30,467,418
Unclaimed dividend		235,776	235,776
Accrued Interest/Mark up payable	23	97,520,034	97,520,034
Short term borrowings	24	143,855,534	143,855,534
Current portion of:			
Long term financing from Banking Companies	18	473,336,630	472,297,052
Liabilities against assets subject to finance lease	20	108,306,331	108,306,331
		855,736,686	852,682,145
Contingencies and commitments	25	-	-
		1,117,746,761	1,036,251,192

The annexed notes form part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

BILAL FIBRES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

Particulars	June 30, 2019 June 30, 2018	
	(Rupees)	
Sales	-	-
Cost of sales	-	-
Gross loss	-	-
Distribution cost	-	-
Administrative expenses	(55,648,770)	(48,009,378)
Other operating income	10,648,572	14,520,441
Finance cost	(13,091,547)	(17,373,390)
	(58,091,745)	(50,862,327)
Loss before taxation	(58,091,745)	(50,862,327)
Provision for taxation	49,410,060	(27,518,696)
Loss for the period	(8,681,685)	(78,381,023)
Loss per share - basic and diluted	(0.62)	(5.56)

The annexed notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

BILAL FIBRES LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
(Rupees)			
Loss after taxation		(8,681,685)	(78,381,023)
Other comprehensive income			
Item that will not be reclassified to profit and loss account:			
Revaluation Surplus on Land & Building		241,654,864	-
Impairment Loss on Plant & Machinery		(108,384,271)	-
Remeasurement of staff retirement benefits - net of deferred tax		464,652	-
Total comprehensive income / (loss) for the year		125,053,560	(78,381,023)

The annexed notes form part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

BILAL FIBRES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Accumulated loss	Surplus on revaluation of fixed assets	Total
----- (Rupees) -----				
Balance as on 01 July 2017	141,000,000	(350,201,634)	300,295,808	91,094,174
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	7,279,554	(7,279,554)	-
Total comprehensive loss for the period	-	(78,381,023)	-	(78,381,023)
Balance as on June 30, 2018	141,000,000	(421,303,103)	293,016,254	12,713,151
Incremental depreciation - net of tax	-	7,383,548	(7,383,548)	-
Remeasurement of staff retirement benefits - net of deferred tax		464,652		464,652
Net Profit/(loss) loss for the year		(8,681,685)		(8,681,685)
Other comprehensive loss for the year	-		133,270,593	133,270,593
Balance as on June 30, 2019	141,000,000	(422,136,589)	418,903,299	137,766,713

The annexed notes form part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

BILAL FIBRES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(58,091,745)	(50,862,327)
Adjustment for non-cash and other related items:		
Depreciation on operating fixed assets	37,556,221	39,562,364
Depreciation on assets subject to finance lease	3,025,571	3,184,811
Impairment loss	8,714,508	-
Notional income on interest free loans	13,087,514	(1,778,297)
Loss on disposal of property, plant and equipment	-	(281,813)
Actuarial Gain/Loss	-	-
Creditors balances added back	(453,500)	(6,460,331)
Staff retirement benefit (Current Service Cost, Past Service Cost and Gains/Losses on Settlements)	(4,186,227)	-
Finance cost	4,033	17,373,390
Interest on staff retirement benefits	890,970	-
Cash flow generated from operating activities before working capital changes	<u>547,345</u>	<u>737,797</u>
Effect on cash flow due to working capital changes :		
(Increase) / decrease in current assets:		
Trade deposits and short term prepayments	-	1,379,328
Other receivables	(6,000,000)	(12,786,881)
Advance tax	6,043,419	-
Decrease in trade and other payables	3,338,386	(11,146,188)
Net cash used in working capital	<u>3,381,805</u>	<u>(22,553,741)</u>
Cash generated from / (used in) operations	3,929,150	(21,815,944)
Finance cost paid	(4,033)	(241,325)
Income tax paid	-	(51,425)
Net cash used in operating activities	<u>3,925,117</u>	<u>(22,108,694)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	420,000
Long term deposits	-	32,640
Net cash used in investing activities	<u>-</u>	<u>452,640</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in long term financing - net	1,039,578	10,936,850
Increase in short term borrowings - net	-	-
Increase/(decrease) in financing from directors and associates	(5,200,000)	10,360,000
Net cash generated from /(used in) financing activities	<u>(4,160,422)</u>	<u>21,296,850</u>
Net (decrease)/increase in cash and cash equivalents	<u>(235,305)</u>	<u>(359,204)</u>
Cash and cash equivalents at the beginning of the period	369,276	728,480
Cash and cash equivalents at the end of the period	<u><u>133,971</u></u>	<u><u>369,276</u></u>

The annexed notes form part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

BILAL FIBRES LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 422.136 million (June 30, 2018: Rupees 421.303 million). The current liabilities exceeded its current assets by Rupees 753.55 million (June 30, 2018: Rupees 760.915 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.

During the year the company has revalued its land, building and impairment loss on plant & machinery as stated in note 17 to the financial statements. Further, company change its accounting policy and recognized land and building as investment property, previously stated in Property, Plant and Equipment.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- 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 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

2.3.1 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” became applicable to the Company from July 1, 2018. For related changes in accounting policies and impact on the Company’s financial statements refer note 4 to these financial statements.

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

4.5 Functional and presentation currency

These financial statements are presented in Pak Rupee which is company's functional currency.

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

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost / revalued amount of an asset over its estimated useful life at the rates as disclosed in note 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 Investment properties

Properties comprising leasehold land and building which are not occupied by the Company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties will be carried out with sufficient regularity.

5.4 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.

5.5 Long term deposits

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

5.6 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.

5.7 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.

5.7.1 Raw material

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

5.7.2 Finished goods and work in process

Raw material cost plus appropriate manufacturing overheads

5.7.3 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.

5.8 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any loss allowance for uncollectible amounts. An estimated loss allowance is made when there is objective evidence that collection of the full amount is no longer probable. The amount of loss allowance 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.

5.9 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.

5.10 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.

Provision for Gratuity was made annually to cover the obligation on the basis of actuarial valuation and charged to income using the Projected Unit Credit Method.

5.11 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.

5.11.1 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.

5.11.2 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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

5.16 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.

5.17 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

5.17.1 Financial Assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through profit or loss;
- c) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows

Debt Instrument

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- i The rights to receive cash flows from the asset have expired
- ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Effective July 1, 2018, the Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits and other receivables
- Cash and bank balances

Simplified approach for trade debts

The Company recognizes life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date,

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 150 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the

5.17.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss;
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value

b) Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.17.3 Off-setting of financial assets and financial liabilities.

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability 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.

5.20 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.

5.21 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 Policies

- i At the year end company has classified its land and building as investment property in accordance with "IAS 40 " which applies to the accounting for property held to earn rentals or for capital appreciation (or both).

The new accounting policy was adopted on June 28, 2019 for a transfer from owner-occupied property to investment property carried at fair value, IAS 16 was applied up to the date of reclassification. Difference arising between the carrying amount under IAS 16 at that date and the fair value is accounted for as a revaluation under IAS 16. The effect of change in accounting policy is described below:

Particulars			
	As Stated in Property, Plant and Equipment	Effect of Change in Accounting	As reclassified in Investment Property
Effect on Statement of Financial Position			
Property, Plant & Equipment	542,740,000	(542,740,000)	-
Investment Property	-	542,740,000	542,740,000

ii. IFRS 9 - Financial Instruments

IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities
ii) impairment for financial assets.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- a) Amortized cost, where the effective interest rate method will apply;
 - b) Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
 - c) Fair value through profit or loss.
- Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:
- i) Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
 - ii) Fair value through profit or loss.

Application of IFRS 9 had no impact on financial liability of the company.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 on financial assets as at July 1, 2018 is as follows:

	Measurement Category		Carrying Amount	
	Original (IAS 39)	New (IFRS 9)	Original Rs.	New Rs.
Non-Current Financial Assets				
Long term deposits	Held to Maturity	Amortised Cost	3,356,180	3,356,180
Current Financial Assets				
Deposits	Loans and Receivable	Amortised Cost	2,925,765	2,925,765.00
Other receivables	Loans and Receivable	Amortised Cost	14,795,975	14,795,975.00
Cash and bank balance	Loans and Receivable	Amortised Cost	369,276	369,276

iii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018. As a result of the application of IFRS 15, freight charges relating to Exports that were classified in Distribution costs, have now been netted off against Revenue from Exports.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption.

The application of IFRS 15 has no material impact on the financial statements of the Company.

7 Property, Plant and Equipment
7.1 Operating Fixed Assets

PARTICULARS	COST				Rate %	DEPRECIATION			WDV As at June 30, 2019	
	As at June 30, 2018	Additions	Disposal	Transfer/Adjustment		Revaluation Adjustment	As at June 30, 2019	Transfer/Adjustment		For the Period
Freehold land	123,440,000	-	-	(277,740,000)	154,300,000	-	(63,944,020)	9,349,744	-	0
Building on freehold land	241,589,156	-	-	(328,944,020)	87,354,864	0	(181,346,697)	27,742,041	-	410,000,000
Plant and machinery	708,445,476	-	-	(181,346,697)	(117,098,779)	410,000,000	-	2,593	105,911	23,339
Factory equipment	129,250	-	-	-	129,250	10	-	375,403	7,490,995	3,378,617
Office & electric equipment	10,869,612	-	-	-	10,869,612	10	-	86,440	2,755,851	777,958
Furniture and fixture	3,533,809	-	-	-	3,533,809	10	-	-	-	-
June 30, 2019	1,088,007,303	-	-	-	424,532,671	-	(245,290,717)	37,556,221	10,352,757	414,179,914
June 30, 2018	1,088,346,411	-	(339,110)	-	1,088,007,301	-	(200,923)	39,562,364	218,087,249	869,920,052

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

	2019	2018
Cost of sales	37,556,221	42,747,175
Administrative expenses	37,558,240	42,749,193

7.3 The Company had revalued its Land, Building and Plant and Machinery. Revaluation of the assets was carried out by the independent valuers "MS Impulse (Pvt.) Ltd. On June 28, 2019. The forced sale value of Land is Rs. 236.08, Building is Rs. 225.25 and plant & machinery as per the valuation report was Rs. 307.50 million.

7.4 No operating fixed assets disposed off during the year.

	2019	2018
Cost	-	339,110
Less: Accumulated depreciation	-	(200,923)
sale proceeds (Net Gain)/Loss on disposal of fixed assets	-	138,187
	-	(420,000)
	-	(281,813)

8 ASSETS SUBJECT TO FINANCE LEASE

PARTICULARS	COST				Rate %	DEPRECIATION			WDV As at June 30, 2019	
	As at June 30, 2018	Additions	Disposal	Transfer/Adjustment		Revaluation Adjustment	As at June 30, 2019	Transfer/Adjustment		For the Period
Plant and machinery	92,365,822	-	-	-	92,365,822	5	-	3,025,571	34,879,985	57,485,837
June 30, 2019	92,365,822	-	-	-	92,365,822	-	-	3,025,571	34,879,985	57,485,837
June 30, 2018	92,365,821	-	-	-	92,365,821	-	-	3,184,811	31,854,415	60,511,406

June 30, 2019 June 30, 2018
Rupees

9 INVESTMENT PROPERTY

Opening net book value	-	-
Transfer from property, plant & equipment during the year	542,740,000	-
Fair value gain	-	-
Closing net book value	<u>542,740,000</u>	<u>-</u>

9.1 Investment property represents the land and building leased out by the company to MKB Spinning Mills Limited since April 01, 2017. The fair value of investment property is determined by the M/s Impluse (Pvt.) Ltd. independent valuer as at June 28, 2019 having relevant professional experience. The fair market value was determined from market based evidence in accordance with the market value of similar land and building existing in near vicinity.

9.2 Forced Sale Value

The forced sale value of Land and Building is 236.08 and 225.25 million respectively.

9.3 Particulars of investment properties (i.e land & building) are as follows:

Description	Address		Area of land	Covered area of building
Land & building	Chak No 60-61/ R.B, 38-Km, Sheikhpura Road, Faisalabad		154.3 Kanals	250,349 Sq. Feet

10 LONG TERM DEPOSITS

Utilities	1,156,180	3,356,180
	<u>1,156,180</u>	<u>3,356,180</u>

11 STOCK IN TRADE

Raw Material	57,528,875	57,528,875
Waste	343,872	343,872
	<u>57,872,747</u>	<u>57,872,747</u>

11.1 It includes carrying value of pledged stock amounting to Rs. 57.872 million (June 30, 2018: Rs. 57.872 million)

12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Bank Guarantee Margin	2,925,765	2,925,765
	<u>2,925,765</u>	<u>2,925,765</u>

13 OTHER RECEIVABLE

Considered Good:		
Mkb Spinning Mills Ltd, Fsd		4,900,000
Other receivables	13.1	9,895,975
		<u>10,900,000</u>
		<u>20,795,975</u>
		<u>14,795,975</u>

13.1 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.

14 ADVANCE INCOME TAX

Opening balance	22,958,879	22,982,453
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	June 30, 2019	June 30, 2018
	Rupees	
Paid during the year	-	51,425
Adjusted against provision for taxation	75,000	(75,000)
Refund received during the year	(5,752,920)	-
Reversal of amount in assessment of Tax Year 2016	(365,500)	-
	16,915,459	22,958,878

		June 30, 2019	June 30, 2018
		Rupees	
15	CASH AND BANK BALANCES		
	Cash in hand	45,917	281,454
	Cash at banks	88,054	87,822
		<u>133,971</u>	<u>369,276</u>
16	ISSUED, SUBSCRIBED AND PAID UP SHARES CAPITAL		
	14,100,000 (June 30, 2018: 14,100,000) Ordinary shares of Rs. 10 each in cash	141,000,000	141,000,000
		<u>141,000,000</u>	<u>141,000,000</u>
16.1	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.		
17	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPEMENT - NET OF TAX		
	Opening balance	378,579,086	388,978,449
	Revaluation Surplus of Land and Building during the year	241,654,864	-
	Impairment Loss on Plant & Machinery	(108,384,271)	-
	Less: Transferred to unappropriated profit		
	Incremental depreciation for the period	7,383,548	7,279,554
	Related deferred tax liability	3,015,815	3,119,809
		<u>10,399,363</u>	<u>10,399,363</u>
		368,179,723	378,579,086
	Less: Related deferred tax liabilities on		
	Opening balance	85,562,832	88,682,641
	incremental depreciation for the year	(3,015,815)	(3,119,809)
		<u>82,547,017</u>	<u>85,562,832</u>
		418,903,299	293,016,254
18	LONG TERM FINANCING FROM BANKING COMPANIES - SECURED		
	Demand Finance - Under mark up arrangements		
	Demand finance - Settled amount	103,328,249	102,288,671
	Demand finance - II	3,697,000	3,697,000
	Demand finance - III	6,977,063	6,977,063
	Demand finance - IV	174,170,823	174,170,823
	Demand finance - IV (unserviceable)	62,820,000	62,820,000
	Demand finance - VIII	19,938,937	19,938,937
	Forced demand finance	10,936,850	10,936,850
	Frozen mark up		
	Demand finance - II	252,000	252,000

June 30, 2019 June 30, 2018

Rupees

Demand finance - III	18.9	140,091	140,091
Demand finance - IV	18.10	89,609,132	89,609,132
Demand finance - VIII	18.11	1,466,485	1,466,485
		473,336,630	472,297,052
Less : Current portion of long term loan Due to decree by the banking companies		(473,336,630)	(472,297,052)
		-	-
18.1 Demand finance - Settled amount			
Gross amount payable	18.1.1	123,137,000	123,137,000
Present value adjustment - deferred notional income	18.1.2	(19,808,751)	(20,848,329)
Present value of settled amount		103,328,249	102,288,671

18.1.1 During the year ended June 30, 2013 the Company had rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen markup on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million with NIB Bank 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 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decretal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decretal amount less any payment made against by the principal borrower and the guarantor.

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

Present value adjustments

Opening balance	20,848,329	28,474,999
Occurred during the period	-	-
Amortized during the period	(1,039,578)	(7,626,670)
	19,808,751	20,848,329

18.2 The loan is obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2018: 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.

18.3 The loan is obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2018: 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.

18.4 The loan was rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V

June 30, 2019 June 30, 2018
Rupees

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, 2018: 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.

- 18.5** 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.
- 18.6** 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.
- 18.7** This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.
- 18.8** Deferred mark up on demand finance II for Rs. 0.252 million (June 30, 2018: 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.
- 18.9** Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2018: 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.
- 18.10** Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2018: Rs. 89.609 million) freezed and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.
- 18.11** Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2018: 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.

June 30, 2019 June 30, 2018

Rupees

18.12 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 25 to the financial statements. The detail of the financial arrangements with the banking companies is given in the Note numbers 18.1 to 18.11

19 LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED

Interest free loan	19.1	140,061,600	145,261,600
Present value adjustment	19.2	(22,754,247)	(34,802,183)
		117,307,353	110,459,417

19.1 As at June 30, 2015, the management of the Company entered into an agreement with directors and associates and decided repayment terms of the interest free and unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, loan from directors and associates amounting to Rs. 87,561,600 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.

19.2 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

Opening balance		34,802,183	42,529,281
Occurred during the period		-	1,778,297
Amortized during the period		(12,047,936)	(9,505,395)
		22,754,247	34,802,183

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Overdue installments		155,582,331	-
Upto one year		-	155,582,331
Minimum lease payments		155,582,331	155,582,331
Less: Finance charges for future years		(47,276,000)	(47,276,000)
Present value of minimum lease payments		108,306,331	108,306,331
Less: current maturity of lease liability		(108,306,331)	(108,306,331)
		-	-

20.1 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 25.1 & 25.2).

20.2 Amount of lease liability includes an amount of Rs. 22.645 million (June 30, 2018: 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

		June 30, 2019	June 30, 2018
		Rupees	
21 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	21.1	6,936,010	10,695,919
Deferred tax	21.2	-	49,700,560
		6,936,010	60,396,479
21.1.1 The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on June 30, 2019.			
21.1.2 Movement in present value of defined benefit obligation			
Balance at the beginning of the period		10,695,919	10,695,919
Service cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)		(4,186,227)	-
Interest cost		890,970	-
Benefit paid during the year		-	-
Actuarial (gain)/loss		(464,652)	-
Experience adjustment		-	-
Balance at the end of the period		6,936,010	10,695,919
21.1.3 Reconciliation of Net Defined Benefit Liability			
Net defined benefit liability at the beginning of the period		10,695,919	-
Cost chargeable to Statement of Profit or Loss during the period		(3,295,257)	-
Cost chargeable to Other Comprehensive income		(464,652)	-
Benefits paid during the period		-	-
Net defined benefit liability at the end of the period		6,936,010	-
21.1.4 Amount chargeable to Statement of Profit or Loss			
Service cost		(4,186,227)	-
Net Interest on Net Defined Benefit Liability (Asset)		890,970	-
		(3,295,257)	-
21.1.5 Remeasurements of Net Defined Benefit Liability			
Actuarial (Gains)/Losses due to changes in Demographic Assumptions		-	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions		-	-
Actuarial (Gains)/Losses due to experience adjustments		(464,652)	-
Return on Plan Assets		-	-
Effect of Changes in Asset Ceiling		-	-
Amount Chargeable to Other Comprehensive Income (OCI)		(464,652)	-
Average Expected Remaining Working Lifetime			
21.1.6 of Members		5 Years	-
Average Duration of Liabilities		3 Years	-
21.1.7 Principal Actuarial Assumptions (Sensitivity Analysis)			
Discount rate expected increase of +1%		6,727,390	-
Discount rate expected decrease of -1%		7,166,837	-
Estimated rate of increase in salary of the employees +1%		7,164,699	-
Estimated rate of increase in salary of the employees -1%		6,725,613	-

	June 30, 2019	June 30, 2018
	Rupees	
21.2 Deferred Tax		
Balance at the beginning of the period	49,700,560	22,256,864
Provided/Revised during the period	(49,700,560)	27,443,696
	<u>-</u>	<u>49,700,560</u>

During the year company reversed the opening deferred tax liability because company has brought forward losses on which deferred tax asset arrived. Company did not recognize deferred tax assets in the current year, as the attributable temporary

22 TRADE AND OTHER PAYABLES

Trade creditors	16,420,945	16,474,445
Accrued liabilities	16,061,436	13,992,973
	<u>32,482,381</u>	<u>30,467,418</u>

ACCRUED INTEREST/MARK UP PAYABLE -

23 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>

23.1 It includes overdue markup of Rupees 26.65 million (June 30, 2018: Rupees 26.65 million), Rupees 27.08 (June 30, 2018: Rupees 27.08) and Rupees 43.78 million (June 30, 2018: 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.

24 SHORT TERM BORROWINGS - SECURED

Cash finance from banking companies	24.1	143,855,534	143,855,534
		<u>143,855,534</u>	<u>143,855,534</u>

24.1 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.

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

These are subject to mark up ranging between 3 months KIBOR plus 3 percent (June 30, 2018: 3 months KIBOR plus 3 percent).

25 CONTINGENCIES AND COMMITMENTS

25.1 The Honorable Lahore High Court, 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, 2019. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

25.2 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 financial statements date.

- 25.3 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 decreetal 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 decreetal 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.

June 30, 2019 June 30, 2018
Rupees

25.4	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 financial statements date.		
25.5	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, 2019. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.		
25.6	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.		
	Claims not acknowledged in view of pending appeals before appellate authorities / high court	100,000	100,000
25.7	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
25.8	Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
25.9	Bank guarantee issued in favor of Collector of custom Karachi	2,675,000	2,675,000
	Commitments outstanding	-	-
26	SALES	-	-
27	COST OF SALES		
	Cost of goods manufactures	27.1	-
	Finished Goods:		
	Opening stock	343,872	343,872
	Closing stock	(343,872)	(343,872)
	Cost of goods sold	-	-

		June 30, 2019	June 30, 2018
		Rupees	
27.1	Cost of goods manufactured		
	Raw material consumed	27.1.1	-
	Depreciation	-	-
	Work in process:		
	Opening stock	-	-
	Closing stock	-	-
		-	-
27.1.1	Raw material consumed		
	Opening stock	57,528,875	57,528,875
	Closing stock	(57,528,875)	(57,528,875)
		-	-
27.1.2	It represents the stock pledged and under custody of the bank and the cases are under litigation in the court of law.		
28	DISTRIBUTION COST	-	-
29	ADMINISTRATIVE EXPENSES		
	Directors' remuneration	1,800,000	1,800,000
	Staff salaries and benefits	1,104,000	1,871,000
	Staff retirement benefits - gratuity	890,970	-
	Postage and telecommunication	-	284,319
	Traveling and conveyance	-	4,030
	Printing and stationery	-	92,900
	Fee and subscriptions	7,500	313,180
	Advertisement	-	79,145
	Auditors' remuneration	350,000	350,000
	Legal and professional	-	42,000
	Rent, rates and taxes	-	371,579
	Impairment Loss on plant & machinery	8,714,508	-
	Impairment Loss on sui gas long term deposit	2,200,000	-
	Depreciation	40,581,792	42,747,175
	Others	-	54,050
		55,648,770	48,009,378
29.1	Auditor's Remuneration		
	Annual audit fee	300,000	300,000
	Half yearly fee	50,000	50,000
		350,000	350,000
30	OTHER OPERATING INCOME		
	Rental income	6,000,000	6,000,000
	Gain on Disposal of vehicle	-	281,813
	Creditor balances written back	453,500	6,460,331
	Gain on settlement - Gratuity	4,186,227	-
	Notional income on interest free loan from directors and associates	-	1,778,297
	Other income	8,845	-

31 FINANCE COST

Notional charges on interest free loans
Bank charges and commission

	June 30, 2019	June 30, 2018
	Rupees	
	10,648,572	14,520,441
	13,087,514	17,132,065
	4,033	241,325
	13,091,547	17,373,390

	June 30, 2019	June 30, 2018
	Rupees	
32 TAXATION EXPENSES		
Current tax		
Current year	-	75,000
Prior year	290,500	
Deferred tax		
Current year	(49,700,560)	27,443,696
	<u>(49,410,060)</u>	<u>27,518,696</u>

32.1 Comparison of Tax Provision with Tax Assessment

It is management's assessment that the provision for taxation made in the financial statements is sufficient.

32.2 Comparison of Tax Provision with Tax Assessment

	2018	2017	2016
	Rupees		
Tax Provision as per Accounts	75,000	965,476	-
Tax Assessment	-	372,000	408,218
Excess / (Deficit)	<u>75,000</u>	<u>593,476</u>	<u>(408,218)</u>

32.3 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 gross loss for the year. Therefore, minimum tax @ 1.25% has been provided in these financial statements. Income tax assessment has been finalized up to June 30, 2016.

33 Earning / (loss) per share - basic and diluted

Profit / (loss) for the year	Rupees	(8,681,685)	(78,381,023)
Weighted average number of ordinary shares	Number	14,100,000	14,100,000
Earnings per share - basic	Rupees	<u>(0.62)</u>	<u>(5.56)</u>

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

	Note	June 30, 2019	June 30, 2018
		Rupees	
34 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets as per Financial Statements			
Loans and Receivables			
Maturity upto one year:			
Trade deposits and short term prepayments		2,925,765	2,925,765
Other receivables		20,795,975	14,795,975
Cash and bank balances		133,971	369,276
Maturity after one year:			
Long term deposits		1,156,180	3,356,180
		25,011,891	21,447,196
Financial Liabilities as per Financial Statements			
Maturity upto one year:			
Trade and other payables		32,482,381	30,467,418
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		473,336,630	472,297,052
Liabilities against assets subject to finance lease		108,306,331	108,306,331
Maturity after one year:			
Long term financing from directors and associates		117,307,353	110,459,417
		973,044,039	963,141,562

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

35.1 Credit risk

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. 25.012 million (June 30, 2018: Rs. 21.447 million), financial assets which are subject to credit risk aggregate to Rs. 24.877 million (June 30, 2018: Rs 21.077 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.

Long term deposits	1,156,180	3,356,180
Trade deposits	2,925,765	2,925,765
Other receivables	20,795,975	14,795,975
Cash and bank balances	133,971	369,276
	25,011,891	21,447,196

35.2 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.

2019

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	473,336,630	473,336,630	-	473,336,630	-	-
Long term loans from	117,307,353	140,061,600	-	-	140,061,600	-
Finance lease	108,306,331	155,582,331	-	155,582,331	-	-
Trade and other	32,482,381	32,482,381	32,482,381	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup /	97,520,034	97,520,034	-	97,520,034	-	-
Short term borrowings	143,855,534	143,855,534	143,855,534	-	-	-
	973,044,039	1,043,074,286	176,573,691	726,438,995	140,061,600	-

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	110,459,417	152,988,698	-	-	152,988,698	-
Finance lease	108,306,331	155,582,331	-	155,582,331	-	-
Trade and other	30,467,418	30,467,418	30,467,418	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
interest	97,520,034	97,520,034	-	97,520,034	-	-
Short term borrowings	143,855,534	143,855,534	143,855,534	-	-	-
	963,141,562	1,052,946,843	174,558,728	725,399,417	152,988,698	-

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

35.3 Market risk

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

35.3.1 Currency risk

Exposure to currency risk

The Company is not exposed to any currency risk as at the balance sheet date (2018: Nil). therefore no sensitivity analysis is required

35.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from long term financing from 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.

Fixed rate instruments

Financial assets	-	-
Financial liabilities	32,471,576	32,471,576

Variable rate instruments

Financial assets	-	-
Financial liabilities	693,026,919	691,987,341

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, 2018.

35.4 Fair value of financial assets and liabilities

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

35.5 Off balance sheet items

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	6,000,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

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

the financial statements.

36 CAPITAL RISK MANAGEMENT

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

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.

Borrowings	Rupees	842,805,848	834,918,334
Total equity	Rupees	137,766,713	12,713,151
Total capital employed	Rupees	<u>980,572,560</u>	<u>847,631,485</u>
Gearing ratio	Percentage	<u>85.95</u>	<u>98.50</u>

37 PLANT CAPACITY AND PRODUCTION

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

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

38 RELATED PARTY DISCLOSURE

38.1 Transactions with related parties

Key management personnel	Salaries and benefits	38	1,800,000	1,800,000
Directors	Receipt of loan from directors		300,000	8,460,000
	Repayment of loan to director and associate		5,500,000	-

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.

38.2 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
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1.	M. Naeem Omer	CEO	16.63%
2.	Hasham Omer	Associate	N/A
3.	Mrs. Farah Naeem	Associate	N/A

39 REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

There is no executive in the company during the year (2018: Nil). There is only one chief executive and salaries and benefits amounting to Rs. 1,800,000 (2018: Rs. 1,800,000) are provided during the year. No salaries and benefits have been provided to the directors during the year.

40 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.

41 NUMBER OF EMPLOYEES

	<u>2019</u>	<u>2018</u>
Number of employees worked as at June 30	<u>4</u>	<u>4</u>
Number of factory employees worked as at June 30	<u>-</u>	<u>-</u>
Average number of employees worked during the year	<u>4</u>	<u>4</u>
Average number of factory employees worked during the year	<u>-</u>	<u>-</u>

42 EVENTS AFTER THE BALANCE SHEET DATE

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

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 3, 2019 by the board of directors of the company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019

1.1 Name of 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	
169	1	100	9,202
453	101	500	197,170
161	501	1,000	152,859
297	1,001	5,000	827,903
105	5,001	10,000	885,576
39	10,001	15,000	504,885
33	15,001	20,000	604,634
17	20,001	25,000	391,500
12	25,001	30,000	346,500
11	30,001	35,000	364,500
7	35,001	40,000	272,000
4	40,001	45,000	172,000
11	45,001	50,000	542,000
6	50,001	55,000	311,600
5	55,001	60,000	289,500
2	60,001	65,000	125,000
2	65,001	70,000	138,000
3	70,001	75,000	225,000
1	75,001	80,000	80,000
1	90,001	95,000	95,000
4	95,001	100,000	396,500
1	100,001	105,000	101,000
1	105,001	110,000	108,500
2	110,001	115,000	228,000
1	115,001	120,000	117,500
1	145,001	150,000	150,000
1	160,001	165,000	160,500
1	185,001	190,000	185,500
1	200,001	205,000	201,500
1	245,001	250,000	250,000
1	285,001	290,000	289,000
1	295,001	300,000	300,000
1	325,001	330,000	329,500
1	575,001	580,000	575,497
1	990,001	995,000	994,500
1	1,405,001	1,410,000	1,408,000
1	1,765,001	1,770,000	1,769,674
1,360			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)	-	0.0000
2.3.3 NIT and ICP	8,033	0.0570
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	-	0.0000
2.3.5 Insurance Companies	52,100	0.3695
2.3.6 Modarbas and Mutual Funds	33	0.0002
2.3.7 Share holders holding 10% or more	2,345,171	16.6324
2.3.8 General Public		
a. Local	11,620,814	82.4171
b. Foreign	-	0.0000
2.3.9 Others (to be specified)	13,034	0.0924
Joint Stock Companies		

**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019**

Sr. No.	Name	No. of Share 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. MUHAMMAD 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 interest in the listed company (Name Wise Detail)

1	MIAN NAEEM OMER	2,345,171	16.6324%
2	MISS FATIMA (CDC)	1,408,000	9.9858%
3	MR. MUHAMMAD RAFIQ ZAKI (CDC)	994,500	7.0532%

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

S.No	NAME	SALE	PURCHASE
1	Nil		
	Dear Sir, please check at your end		

PROXY FORM

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

I/We _____

of _____ being

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

of ordinary as per Registered Folio No. _____

hereby appoint _____

of _____

Shares Registered Folio No. _____

who is also member of BILAL FIBRES LIMITED, as my proxy to vote for me and my behalf at the 33rd Annual General Meeting of the Company to be held on Monday, October 28, 2019 and at any adjournment thereof.

Signed this _____ day of _____ 2019

Witness:

1.

Please affix Revenue Stamp

2.

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.