



MUBARAK TEXTILE MILLS LTD.

Registered Office / Mills : 20km, Off Ferozepur Road, Lahore, Pakistan.
Tel: 92-42-35950674 Fax: 92-42-35950675 E-mail:mubarak_textile@yahoo.com Webmail: www.mtmpk.com

Ref. No. _____

Date _____

February 15, 2019

To,
The Director
Corporate Supervision Department (CSD),
Securities & Exchange Commission of Pakistan
NIC Building, 63 - Jinnah Avenue,
Islamabad.

Sub: Application for Seeking Direction of Commission for Holding the Overdue Annual General Meeting (AGM) of M/s. Mubarak Textile Mills Limited (CUIN # 0024809)

Dear Sir,

1) Background

- i. M/s. Mubarak Textile Mills Ltd (the "Company"), CUIN No. 0024809 having registered office at 20 – KM Off Ferozepur Road, Lahore is listed on Pakistan Stock Exchange (PSX) seeks Direction of Commission for holding overdue Annual General Meeting (AGM) for the year ended June 30, 2018.
- ii. In this regard, it is stated that the Company held its last Annual General Meeting (AGM) on 31st October, 2017 under Section 132 of the Companies Act, 2017 in which the audit financial statements for year ended June 30, 2017 were laid before the members for approval and all the required annual returns were filed with SECP.
- iii. The Company was required to hold its AGM for the financial year ended June 30, 2018 by October 27th, 2018 and present the financial statements for the year ended June 30, 2018 before the members.
- iv. Unfortunately, due to unforeseen circumstances explained below the AGM could not be held on time.



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2) Reasons for Non-Holding of AGM on Time

- i. The Honorable Supreme Court of Pakistan had taken action vide Sou-Moto authority for recovery of the loan previously written-off by the financial institution in year 2003 – 2004. The proceedings of the case were still in progress and the judgment was awaited. For finalization of Financial Statements for the year ended June 30, 2018, a clear picture of the position of the Company with respect to commitments and contingent liabilities existing as at financial statements date was necessary in order to present true and fair affairs to the shareholders.
- ii. The staff was busy dealing with Court and consulting lawyers, therefore was regretfully unable to apply for extension under given time or inform the Commission accordingly.
- iii. The much awaited judgement from Court has been issued and the financial statements have been compiled after taking account of the implications of judgement.

3) Direction of SECP under Section 147 of the Companies Act, 2017

Now, under instructions of PSX vide its letter No. PSX/Gen-5553 dated December 11, 2018 (copy enclosed), we hereby apply for the direction of Securities & Exchange Commission of Pakistan (SECP) for holding of due AGM to lay there in the audited financial statements for the year ended June 30, 2018 for members approval on or before 25th March, 2019.

In support of our application, we attach the following documents for your record:

- i. Original Challan of Rs. 15,000/- being application fee
- ii. Certificate of Company's auditors as to the state of its accounts, reasons for delay in completion of audit and the minimum time required for the purpose.



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iii. Letter No. PSX/Gen-5553 dated December 11, 2018 received from PSX

iv. Affidavit regarding the correctness of application

v. Copy of audited financial statements for the year ended June 30, 2018

(A copy of this application along with supporting documents is also being sent to Registrar, Company Registration Office, Lahore and Pakistan Stock Exchange (PSX)).

We would therefore like to request that the delay in holding of AGM due to the reasons explained above may kindly be condone and direction be given for holding of AGM for laying the audited financial statements therein before members and meet compliance with the relevant requirements of Companies Act, 2017 and PSX Rule Book.

Looking forward to your favorable response.

Thanking you.

Yours truly,

For & on behalf of
Mubarak Textile Mills Ltd

(ABDUL SHAKOOR)
Company Secretary

Copy for Information:

i) The Joint Registrar of Companies
Companies Registration Office
Securities & Exchange Commission
of Pakistan, Associated House, Lahore

✓ ii) The General Manager
Pakistan Stock Exchange Ltd
Karachi for similar action.

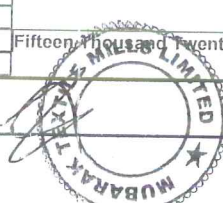
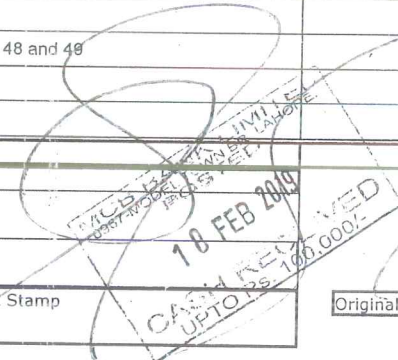
iii) M/s Ishtiaq & Co.
Chartered Accountants,
Lahore


 SECP Challan M-2019-016347
02

Bank Branch	LAHORE, MCB - Model Town[967]	Date	18-02-2019
Account Title	Securities and Exchange Commission of Pakistan	Account No.	0183089871000097
Name of Company	MUBARAK TEXTILE MILLS LIMITED	Registration No.	0024809
Receipt under Companies Act, 2017			

Code No.	Head of Accounts	Amount (Rs)
61051	Registration Fee for New Incorporation	
61053	Filing Fee	
61055	Mortgages / Charge Registration	
61054	Additional Filing Fee	
61056	Availability of Name Fee	
61057	Copying Fee	
61058	Inspection Fee	
61059	License Fee - U/S 42 / Renewal Fee	
61060	Application Fee	
61063	Application for extension in AGM	
61052	Enhancement of Capital Fee (Form - 7)	
61061	Appeal/Complaint Fee	
61064	Application for Capital issue U/S 86	
61063	Application for extension in AGM	15000.00
24071	CLD Penalty	
24075	Penalty imposed by Enforcement	
61060	Annual Fee payable by an Inactive Company u/s 424	
61060	Annual Renewal Fee under for Free Zone Companies u/s 454	
61060	Application for change of Name u/s 11 and 12	
61060	Application Fee for Petition u/s 32	
61060	Application for conversion of status of the Company u/s 46,, 47, 48 and 49	
61060	Application for Issuance of Shares at discount u/s 82	
52403	Bank Collection Charges (To Be Paid By Applicant)	25.00
Total		15025.00

Payment Details	
Cheque No.	
Drawn On	
Rupees (in words)	Fifteen Thousand Twenty Five Rupees Only
Name of Depositor	
Depositor Signature	Teller Signature & Bank Stamp



Original

- Payment may kindly be deposited in the bank within a month of the date appearing in date column of challan.
- Photocopy of the challan shall not be entertained, kindly print separate challans for each company/ Form.
- Cutting and erasing of any field on challan is not allowed.
- Challan number and amount of money deposited must be clearly legible on a printed challan.
- If system erroneously generates a challan without company name or challan No. then kindly do not deposit that challan into bank and contact concerned CRO.



Ishtiaq Ahmad & Co.
Chartered Accountants

**AUDITORS' CERTIFICATE AS TO THE STATE OF COMPANY'S ACCOUNTS, REASONS FOR DELAY IN
COMPLETION OF AUDIT AND THE MINIMUM TIME REQUIRED FOR THE PURPOSE**

[Section 132 & Regulation 27]

I / We are auditors of M/S Mubarak Textile Mills Ltd, and it is, hereby, reported that the Company's Annual Accounts have been completed and audited by us and that the delay in completion of audit was due to pending case in Court regarding recovery of the loan previously written-off by the financial institution in year 2003 – 2004, the decision of which was awaited.

Signature: _____

Ishtiaq Ahmad
+ Co

Name: Safder Zia (FCA)

Date: 13-Feb-2019





Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.
UAN: 111-001-122 Fax: 32410825
Website: www.psx.com.pk Email: info@psx.com.pk

Gen-5553

December 11, 2018

Ref. No. PSX/ _____

The Chief Executive Officer
Mubarak Textile Mills Limited
20-KM Off:
Ferozepur Road,
Lahore

Subject: Non-holding of Annual General Meeting and Non-submission of Annual Audited Accounts

Dear Sir,

Reference is made to your letter dated Nil relating to non-holding of Annual General Meeting and non-submission of Annual Audited Accounts for the year June 30, 2018

Please find enclosed our Notice No.PSX/N-6497 dated December 11, 2018 for your information, record and necessary compliance.

We have read through the contents of your letter under reference. In this regard, may we begin by highlighting that a listed company by its nature is subject to high standards of disclosures, professional conduct and adherence to the relevant requirements, as the minority investors who own a certain percentage ownership of the Company and who cannot be involved in the daily affairs of the Company are able to gather all material information such as financial statements and any other material corporate information within the stipulated time.

May we also highlight that holding of Annual General Meeting (AGM) is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM, including consideration and approval of a company's financial statements, which not only depicts the financial position and performance of the company but also shows the results of management's utilization of resources entrusted to it.

You shall appreciate that the Company is in continuous non-compliance of such important requirement and accordingly being a front line Regulator, the Exchange must take regulatory action(s) against the Company under the PSX Regulations and in order to maintain fair market practices for all.

In view thereof, the default of Clause 5.11.1.(c) & (d) is being added against the name of the Company in the Daily Quotations of the Exchange and the Company is advised to take appropriate measures for holding of overdue AGM, which include applying for direction of the Securities and Exchange Commission of Pakistan for holding the overdue AGM and submit the copy of application to the Exchange.

Moreover, please note that in case of continuous non-compliance i.e. failure to hold AGMs for two consecutive years, trading in shares of the Company will be suspended followed by further action(s) under subsequent provisions of Clause 5.11.2. of PSX Regulations.

Furthermore, it may also be noted that the Company has failed to pay Annual Listing Fee and Listed Company Supervisory Fee of SECP for the year 2018-19 amounting to Rs. 100,000/- and Rs.10,000/-, which was required to be paid by September 30, 2018 and is now required to be paid with surcharge under Clause 5.18.1.(e) of PSX Regulations.

The above may be noted for information, record and compliance purposes.

Yours sincerely,

Hafiz Maqsood Munshi
Manager
Companies & Securities Compliance – RAD

Copy to:
The Director (CSD) – SECP
The Additional Director (AD-SMD) – SECP
The Acting Chief Regulatory Officer - PSX
The DGM, Listing Department – PSX



AFFIDAVIT

I, Mr. zulfiqar Ali S/o. Ch. Zilla Din, CNIC #. 36302-0275053-1, resident of village Jumawala, P.O. Gulzarpur, Distt. Multan, Chief Executive Officer of Mubarak Textile Mills Ltd. Do hereby affirm today on 15th February, 2019 and declare that we have applied to Securities & Exchange Commission of Pakistan, Islamabad for extension for holding the 27th Annual General Meeting (over due) of the Company on or before 25th March, 2019 and the facts given in the prescribed application form are true and correct to the best of my knowledge & belief.

(Zulfiqar Ali)
Chief Executive Officer
Mubarak Textile Mills Ltd

Dated: 15th February, 2019

Witness:

1.

2.

Signature _____
Signature _____

Name: Abdul Shakoor
CNIC#. 36302-0582550-1
House No. 05, Hussain Mills colony
Fazalabad, vehari Road, Multan.

Name: Shakeel Ahmed
CNIC#. 35102-3558559-3
Mohallah Kot Peeran, Kutchery
Road, Kasur.

11.2 Effect of revaluation of Property, Plant and Equipment

Particulars	Original cost of Revalued Assets	Written Down Value At the time of Revaluation	Assessed value	Revaluation Surplus	Effect of Revaluation Conducted As Per Circular-29 dt. 15.10.2002 on	Net Effect of Revaluation
	A	B	C	D=C-B	E	F=D+E
Land	4,248,420	9,700,000	84,875,000	81,675,880	(1,049,000)	80,626,880
Building	15,766,650	15,669,324	63,636,000	55,038,410	(621,636)	54,416,774
Electronic Items	1,167,000	552,233	1,167,000	614,767	-	614,767
Plant and Machinery	51,468,437	36,989,607	88,482,000	51,492,393	(6,583,404)	44,908,989
Vehicles	-	-	-	-	278,567	278,567
	<u>72,650,507</u>	<u>62,911,164</u>	<u>238,160,000</u>	<u>188,821,450</u>	<u>(7,975,473)</u>	<u>180,845,977</u>
Less: Charged to Profit & Loss on Destruction of Plant & Machinery.	-	-	4,249,459	4,249,459	-	4,249,459
	<u>72,650,507</u>	<u>62,911,164</u>	<u>233,910,541</u>	<u>184,571,991</u>	<u>(7,975,473)</u>	<u>176,596,518</u>

Less: Incremental depreciation transferred to statement of comprehensive income upto 30.06.2017. 46,485,196

130,111,322

Less: Incremental depreciation transferred to statement of comprehensive income for the year 30-06-2018. 2,503,424

127,607,898

12 LONG TERM LOANS	Note	2018	2017
Un secured		Rupees	Rupees
- Sponsor	12.1	<u>40,036,988</u>	<u>11,848,938</u>

12.1 Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management as long term. As the repayment terms of loans have not been finalized. Amortized cost of these loans as required by IAS-39 (Financial Instruments Recognition and Measurement) cannot be calculated with sufficient reliability.

13. EMPLOYEE BENEFIT OBLIGATION	Note	2018	(RESTATED) 2017
		Rupees	Rupees
13.1 The amounts recognised in the statement of financial position are determined as follows:			
Present value of the defined benefit obligation		827,577	701,515
Fair value of plan assets		-	-
		<u>827,577</u>	<u>701,515</u>
13.2 The amounts recognised in the statement of profit or loss:			
Current service costs		197,056	180,741
Interest cost		54,367	46,101
		<u>251,423</u>	<u>226,842</u>
13.3 Changes in the present value of the defined benefit obligation are as follows			
Opening defined benefit obligation		701,515	594,853
Service cost		197,056	180,741
Interest cost		54,367	46,101
Actuarial losses (gains)		2,938	-
Experience adjustments		(128,299)	(120,180)
		<u>827,577</u>	<u>701,515</u>

13.4 Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:

Discount rate used for Interest Cost in P&L Charge	7.75%	7.75%
Discount rate used for year end obligation	9.00%	7.75%
Salary increase used for year end obligation		
Salary Increase FY2018	N/A	6.75%
Salary Increase FY2019	8.00%	6.75%
Salary Increase FY2020	8.00%	6.75%
Salary Increase FY2021	8.00%	6.75%
Salary Increase FY2022	8.00%	6.75%
Salary Increase FY2023	8.00%	6.75%
Salary Increase FY2024 onward	8.00%	6.75%
Next salary is increased at	01-Jul-18	01-Jul-17
Mortality Rates	SLIC 2001-2005 Setback 1Year	SLIC 2001-2005 Setback 1Year
Withdrawal Rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement Assumption	Age 60	Age 60

	Note	2018 Rupees	2017 Rupees
14 TRADE AND OTHER PAYABLES			
Trade creditors		28,042,529	28,159,924
Advance Payment		-	1,150,000
Accrued expenses		2,264,610	693,280
Tax deducted at source		-	822,616
Unclaimed dividend		103,962	103,962
Other Liabilities		2,278,032	1,255,416
		<u>32,689,133</u>	<u>32,185,198</u>
15. SHORT TERM BORROWING			
Short term running finance - secured	15.1	-	-
Overdraft - secured	15.2	-	27,645,195
		<u>-</u>	<u>27,645,195</u>

15.2 This represents bank overdraft facility obtained from standard chartered bank limited against sanctioned limit of Nil (2017: 28 million) secured against personal accounts of sponsors on which lien can be marked on any account and in any form under the following masters i.e TD, saving, current accounts etc. It carries margin at the rate nil (2016:3 months kibar +1% per annum).

	Note	2018 Rupees	2017 Rupees
16 PROVISION FOR TAXATION			
Opening balance		1,225,194	946,871
Add: Provision for the year		1,149,949	1,225,194
Prior year adjustment		-	-
		<u>2,375,143</u>	<u>2,172,065</u>
Less: Paid during the year		527,834	212,271
Adjusted during the year against the assessment completed		697,360	734,600
		<u>1,149,949</u>	<u>1,225,194</u>

16.1 Income/ Loss declared by the company for the financial year ending 30 June, 2015 (tax year 2016) have been deemed to be assessed as declared as per section 120 of the Income Tax Ordinance, 2001.

16.2 As company has cease its operation its solely income is income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 income taxes.

17 Contingencies and Commitments

There is no contingency and commitment as at year end (2016 : nil)

18 Administrative expenses	Note	2018 Rupees	2017 Rupees
Salaries and benefits		3,114,162	2,690,132
Traveling and conveyance		84,585	74,000
Communication expenses		106,306	116,191
Printing & stationery		21,124	128,545
Rent, rates and taxes		106,816	132,005
Fee and subscription		301,263	258,580
Entertainment		46,556	28,712
Repair & maintenance		226,880	416,334
Auditors' remuneration	18.1	187,500	187,500
Advertisement & Publicity		123,290	49,000
Legal & professional charges		1,761,192	227,192
Power and fuel		240,187	193,919
Depreciation	3	3,263,936	2,140,960
Miscellaneous		-	161
		<u>9,583,797</u>	<u>6,643,231</u>
18.1 Auditors' remuneration			
Statutory audit		177,500	177,500
Out of pocket expenses		10,000	10,000
		<u>187,500</u>	<u>187,500</u>
19 OTHER OPERATING INCOME			
Rental Income		7,644,702	8,170,998
Creditors Writeoff		673,214	-
		<u>8,317,916</u>	<u>8,170,998</u>
20 FINANCE COST			
Mark up short term running finance-secured		1,823,917	2,094,301
Bank charges		1,842	3,768
		<u>1,825,759</u>	<u>2,098,069</u>
21 TAXATION			
This relates to:			
Current year		1,149,949	1,225,194
Prior year		-	-
		<u>1,149,949</u>	<u>1,225,194</u>
22 BASIC EARNING LOSS PER SHARE			
Loss after Taxation attributable to ordinary shareholders		<u>(4,241,589)</u>	<u>(1,795,496)</u>
No. of ordinary shares issued and subscribed at the end of the year		<u>5,400,000</u>	<u>5,400,000</u>
Loss per share		<u>(0.79)</u>	<u>(0.33)</u>
22.1 There is no dilutive effect on the basic earning/ (Loss) per share.			
23 CASH GENERATED FROM OPERATIONS			
Profit /(loss) before taxation		(3,091,640)	(570,302)
Adjustment for non cash charges and other items:			
Depreciation	3	3,263,936	2,140,960
Non- cash employee benefits expenses		251,423	226,842
Finance cost		1,825,759	2,098,069
		5,341,118	4,465,871
Working capital changes	23.1	2,356,881	(359,910)
		<u>4,606,359</u>	<u>3,535,659</u>

23.1 WORKING CAPITAL CHANGES	Note	2018 Rupees	2017 Rupees
(increase) / decrease in current assets			
Trade debtors		715,880	(73,240)
Loans and advances		314,450	31,760
		1,030,330	(41,480)
Increase/ (decrease) in current liabilities			
Trade and other payables		1,326,551	(318,430)
		<u>2,356,881</u>	<u>(359,910)</u>
24 CASH AND CASH EQUIVALENTS			
Cash and bank balances		82,989	140,505
Bank overdraft		-	(27,645,195)
		<u>82,989</u>	<u>(27,504,690)</u>

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	2018					Total
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets						
Long term deposits	-	-	-	1,414,408		1,414,408
Trade debtors	-	-	8,567,893	-		8,567,893
Loans and advances	-	-	20,100	-		20,100
Deposits and prepayments	-	-	1,078,137	-		1,078,137
Cash and bank balance	-	-	82,989	-		82,989
	-	-	9,749,119	1,414,408		11,163,527

	2017					Total
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets						
Long term deposits	-	-	-	954,408		954,408
Trade debtors	-	-	9,283,773	-		9,283,773
Loans and advances	-	-	334,550	-		334,550
Deposits and prepayments	-	-	697,360	-		697,360
Cash and bank balance	-	-	140,505	-		140,505
	-	-	10,456,188	954,408		11,410,596

	2018					Total
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities						
Long term loans	-	-	-	40,036,988		40,036,988
Short term borrowing-Secured	-	-	-	-		-
Accrued markup on short term running finance	-	-	-	-		-
Employee benefit obligation	-	-	-	827,577		827,577
Trade and other payables	-	-	32,689,133	-		32,689,133
	-	-	32,689,133	40,864,565		73,553,698

	2017					Total
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities						
Long term loans	-	-	-	11,848,938		11,848,938
Short term running finance	27,645,195	-	-	-		27,645,195
Accrued markup on short term running finance	-	-	492,384	-		492,384
Employee benefit obligation (Restated)	-	-	-	701,515		701,515
Trade and other payables	-	-	31,362,582	-		31,362,582
	27,645,195	-	31,854,966	12,550,453		72,050,614

25.1 FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to foreign exchange risk arising from various currency exposures. Company uses forward exchange contracts, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, Company designates contracts with Company's bankers as fair value hedges or cash flow hedges, as appropriate.

(a) Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	June 30, 2018	June 30, 2017
Long term deposits	1,414,408	954,408
Trade debtors	8,567,893	9,283,773
Deposits and prepayments	1,078,137	697,360
Cash and bank balances	82,989	140,505

(b) Interest / Mark up rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions.

(c) Capital Management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

(d) Foreign currency risk

Foreign currency risk may arise against receivable export sale to foreign undertakings, but the company is not exposed to major currency risk.

(e) Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. The management closely monitors company's liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

25.2 Fair value of assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximated their fair value.

26 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive and executive of the company is as follows;

Description	2018			2017		
	Chief Executive	Working Directors	Executives	Chief Executive	Working Directors	Executives
Basic salary	-	-	-	-	-	-
House rent	-	-	-	-	-	-
Other allowances	-	-	-	-	-	-
	-	-	-	-	-	-
No. of persons	1	1	-	1	1	-

26.1 The chief Executive officers and working Director is not drawing any remuneration from the company.

27 NUMBER OF EMPLOYEES

	2018	2017
The no. of employees as at June 30, 2018	<u>12</u>	<u>12</u>
Average no. of employees during the year	<u>12</u>	<u>12</u>

28 RATED CAPACITY AND ACTUAL PRODUCTION

The rated capacity and capacity attained was not disclosed as all the plant and machinery were disposed off by the company during the preceding financial year.

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31.01.2019 by the Board of Directors of the company.

30 GENERAL

30.1 Figures has been rounded of to the nearest rupee.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director



Ishtiaq Ahmad & Co.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of **MUBARAK TEXTILE MILLS Limited**

Report on the Audit of the Financial Statements

Adverse Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of *Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, we report that:

We did not receive direct balance confirmation from parties, including debtors amounting to Rs. 8.568 Million, creditors amounting Rs. 28.042 Million. Further, other alternative procedure also could not be performed to obtain sufficient and appropriate audit evidence. The company has also not performed any age analysis of debtors in compliance with the requirements of IFRS-7. In the absence of sufficient and appropriate audit evidence, the balances remained unconfirmed and unverified and, we were unable to assess any impairment of the said balances.

As discussed in note 2.1, the company has ceased its operations since 2011, the company has suffered a loss Rs. 1.569 Million during the current year and the company's current liabilities exceed its current assets by Rs. 22,454 Million as on June 30, 2018. These events indicates substantial doubt that company's ability to continue as going concern and therefore unable to realize its assets and discharge its liabilities in normal course of business. Due to the significance of these, the company's going concern assumption seems inappropriate.

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We didn't receive direct balance confirmation from a bank namely Faysal Bank Limited, Multan Cantt with a balance of Rs. 3,107/- and also Faysal Bank Limited, New Garden Town, Lahore with a balance of Rs. 12,097/- as at June 30, 2018. Further, other alternative procedures also could not be performed to obtain sufficient and appropriate audit evidence. In the absence of sufficient and appropriate audit evidence, the balance remained unconfirmed, unverified and resultantly we are unable to determine that whether adjustment might have been necessary in respect of the bank balance and any related adjustment in the profit and loss account.

In our opinion because of the matters stated above, the financial statements do not give a true and fair view of the financial position of the company and of its financial performance and of the loss, its cash flow and statement of changes in equity together with notes forming part thereof for the year ended June 30, 2018.

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.

Except for the matter described in the Basis for Adverse Opinion section. We have determined that there are no other 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, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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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.

Boards 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 user 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.

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Ishtiaq Ahmad & Co. Chartered Accountants

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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 been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Safder Zia (FCA).

Ishtiaq Ahmad
ISHTIAQ AHMAD & CO
CHARTERED ACCOUNTANTS
Lahore
Date:





Ishtiaq Ahmad & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mubarak Textile Mills Limited

Review Report on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Mubarak Textile Mill Limited (the Company) for the year ended 30 June 2018 to comply with the requirements of section 156 of the Act.

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

As part of our audit of 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 controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors' for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2018.

Ishtiaq Ahmad
ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANT

Engagement Partner: Safder Zia

Place: Lahore

Date:



Behind Queen Center Shahrah-e-Fatima Jinnah, Lahore Pakistan.

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MUBARAK TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2018

	NOTE	2018 Rupees	(Restated) 2017 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment	3	145,114,408	148,378,344
Long Term Deposits	4	1,414,408	954,408
		146,528,816	149,332,752
CURRENT ASSETS			
Trade debtors	5	8,567,893	9,283,773
Loans and advances	6	20,100	334,550
Deposits and prepayments	7	1,078,137	697,360
Tax refunds due from the Government	8	1,636,039	1,636,039
Cash & bank balances	9	82,989	140,505
		11,385,158	12,092,227
		157,913,974	161,424,979
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share capital	10	54,000,000	54,000,000
Unappropriated loss		(98,397,571)	(96,784,767)
Surplus on Revaluation of Property, Plant and Equipment	11	127,607,898	130,111,322
Shareholders equity		83,210,327	87,326,555
NON CURRENT LIABILITIES			
Long term loan	12	40,036,988	11,848,938
Employee benefit obligation	13	827,577	701,515
		40,864,565	12,550,453
CURRENT LIABILITIES			
Trade & other payable	14	32,689,133	32,185,198
Accrued markup on short term running finance		-	492,384
Short term borrowing - secured	15	-	27,645,195
Provision for taxation	16	1,149,949	1,225,194
		33,839,082	61,547,971
Contingencies and Commitments	17	-	-
		157,913,974	161,424,979

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

MUBARAK TEXTILE MILLS LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	(Restated) 2017 Rupees
Sales / Processing receipts		-	-
Cost of Goods sold		-	-
Gross Profit / (Loss)		-	-
OPERATING EXPENSES			
Administrative	18	9,583,797	6,643,231
Operating Loss		(9,583,797)	(6,643,231)
Other operating income	19	8,317,916 (1,265,881)	8,170,998 1,527,767
Finance cost	20	1,825,759	2,098,069
Net (Loss) / Profit for the year before taxation		(3,091,640)	(570,302)
Taxation	21	1,149,949	1,225,194
Net Loss for the year after taxation		(4,241,589)	(1,795,496)
BASIC LOSS PER SHARE	22	(0.79)	(0.33)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

MUBARAK TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	(Restated) 2017 Rupees
Loss for the year		(4,241,589)	(1,795,496)
Other Comprehensive Income:			
Gratuity		125,361	120,180
Incremental depreciation transferred from revaluation surplus	11	2,503,424	1,342,163
Total Comprehensive Loss		(1,612,804)	(333,153)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

MUBARAK TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Note</u>	<u>2018</u> <u>RUPEES</u>	<u>(Restated)</u> <u>2017</u> <u>RUPEES</u>
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash generated from operation	23	4,606,359	3,535,659
Taxes paid		(2,428,587)	(909,631)
Finance cost paid		(2,318,143)	(1,972,963)
Net cash inflow / (outflow) from operating activities		(140,371)	653,065
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
Increase in long term deposit		(460,000)	-
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		28,188,050	-
Net cash (outflow) / inflow from financing activities		28,188,050	-
Net increase/(decrease) in cash & cash equivalents		27,587,679	653,065
Cash & cash equivalents as at July 01, 2017		(27,504,690)	(28,157,755)
Cash & cash equivalents as at June 30, 2018	24	82,989	(27,504,690)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

MUBARAK TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	PAID UP CAPITAL	ACCUMULATED (LOSS) (RESTATED)	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
	(-----RUPEES-----)			
Balance as at July 01, 2016	54,000,000	(95,856,761)	7,697,042	(34,159,719)
Add: Revaluation Surplus during the year	-	-	123,756,443	123,756,443
Less: Incremental depreciation during the year	-	-	(1,342,163)	(1,342,163)
Restatement impact of gratuity		(594,853)		
Total Comprehensive Income / (Loss) for the year ended June 30, 2017	-	(333,153)	-	(333,153)
Balances as at June 30, 2017	<u>54,000,000</u>	<u>(96,784,767)</u>	<u>130,111,322</u>	<u>87,921,408</u>
Add: Revaluation Surplus during the year	-	-	-	-
Less: Incremental depreciation during the year	-	-	(2,503,424)	(2,503,424)
Total Comprehensive Income / (Loss) for the year ended June 30, 2018	-	(1,612,804)	-	(1,612,804)
	<u><u>54,000,000</u></u>	<u><u>(98,397,571)</u></u>	<u><u>127,607,898</u></u>	<u><u>83,805,180</u></u>

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

MUBARAK TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 THE COMPANY AND ITS OPERATIONS:

Mubarak Textile Mills Limited (the company) was incorporated on 11th August, 1991 as a Private Limited Company and was subsequently converted into a Public Limited Company with its shares quoted in Pakistan Stock Exchange. The registered office of the company is situated at 20 k.m off Ferozepure road Lahore. The Project is a composite Knitwear unit comprising of Knitting, Dying, Finishing, Embroidery & stitching. The Mill is located at 20 k.m off Ferozepure road in district Lahore in the province of the Punjab.

2 SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF COMPLIANCE

2.1 Basis of accounting:

The company has ceased its operation in 2011. The company has suffered a loss of Rs 1.764 million and total comprehensive gain of Rs 0.864 million during the year its accumulated losses as at June 30, 2018 were Rs. 95.920 million. As of this date, the company's current liabilities exceeded its current assets by Rs. 19.976 million. These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

The management has planned to enter in trading business in the near future, however to sustain the current working capital requirements the management has leased out its property (building).

These financial statements have been prepared on a going concern basis on the assumption that company would be able to obtain the working capital from the sources referred above.

These financial statements do not include adjustments relating to recoverability and classification of recorded assets amount and classification of liabilities that may be necessary to continue as a going concern.

2.2 Statement of compliance:

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, (repealed, see below) provisions of and directives issued under the Companies Ordinance, 1984. Wherever, the requirement of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

The Securities and Exchange Commission of Pakistan, via its Circular No. 17 of 2017, dated July 20, 2017 read with the related Press Release, has instructed companies to prepare financial statements, for the year ended 30 June, 2017, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company will prepare its annual financial statements for the year ending 30 June, 2018 in accordance with the provisions of the Companies Act, 2017.

2.3 New Standards, amendments to approved accounting standards and new interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016

IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the off setting disclosures to condensed interim financial statements
IFRS 9	Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements
IFRS 17	Insurance Contracts

2.4 Accounting convention

These financial statements have been prepared under the Historical Cost Convention and modified by revaluation of land, building and plant and machinery during the year ended 30th September, 1996 and subsequently during financial year ending September 30, 2003 and recently in December 2016.

2.5 FINANCIAL INSTRUMENTS AND MEASUREMENT

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss:

Financial asset at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables:

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non current assets. Loan and receivables are classified as trade debts, loan and advances, deposits in the balance sheet.

c) Available-for-sale financial assets:

Available-for-sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within twelve months from the balance sheet date.

d) Held to maturity:

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortised cost.

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

The fair value of quoted investments are based on current prices. If the market for the financial asset is not active (and for unlisted securities), the company measures the investment at cost less impairment in value if any.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provision of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 and modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Off - Setting

A financial asset and financial liabilities of a particular party is offset against each other and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognised amount and also intends either to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognised.

2.7 Staff retirement Benefits

The company operates an un-funded Gratuity Scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme. In accordance with the actuarial recommendations. Liability is provided annually on the basis of last drawn salary, length of service of the employee.

During the year management has restated its financial statements for the year ended 30 June 2017 and has incorporated the employee benefit obligation as per IAS-9 - "Employee benefit plan".

The above mention revision has been accounted for as change in accounting policy in accordance with requirement of IAS 8 "Accounting policies, changes in accounting Estimates and errors". Accordingly the effect of change in accounting policy has been recognized retrospectively in the profit and loss account for the current year. Had there been no change in the accounting policy, the loss after taxation for the year would have been reduced by Rs,126,062 and retained earning would have been decreased by Rs,701,515.

2.8 Property, plant and equipment

Property, Plant and Equipments are stated at cost or revaluation less accumulated depreciation except freehold land which is stated at cost or revaluation. Surplus arising out of revaluation of Property, Plant and Equipment is directly transferred to "Surplus on Revaluation of Property, Plant and Equipment".

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain and losses on disposal of assets is taken to profit and loss account.

2.9 Assets subject to finance lease

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance cost are charged to the Profit and Loss Account over the lease period. Property, plant and equipment acquired under finance leases are depreciated at the rates stated in note 3.

2.10 Taxation**2.10.1 Current**

Provision for current taxation is based on the taxable income at the current rates of taxation (it may be pointed out that the taxable income falls under the presumptive tax regime) after taking into account tax credits and tax rebates available, if any.

2.10.2 Deferred

As company has cease its operation its solely income is income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 "Income Taxes".

2.11 Store and spares

These are valued at moving average cost.

2.12 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.13 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand with banks and short term borrowings.

2.14 Revenue recognition

Local sales are recorded on dispatch of goods to the customers.

Export sales are accounted for on shipment basis and exchange difference if any on account of export proceeds are adjusted in the period of realization. Export bills receivable at the balance sheet date are accounted for at the value realised subsequently.

Processing charges are booked on completion of jobs.

2.15 Foreign Currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of the exchange approximately those prevailing on the date of transactions. Monetary assets and liabilities at rates of exchange ruling on the balance sheet date. Exchange differences are included in profit and loss account currently.

2.16 Borrowing Cost

Borrowing cost related to the financing of major projects is capitalized. All other borrowing costs are expensed as incurred.

2.17 Trade Debtors

Trade debtors originated by the company are recognized and carried at original invoice less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

2.18 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

2.19 Trade and other payables

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

3 PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / REVALUATION				DEPRECIATION				W.D.V. As at June 30, 2018	
	As at July 01, 2017	Additions / Deletions	Adjustment	As at June 30, 2018	Rate %	As at July 01, 2017	Adjustment	Charged for the year		To June 30, 2018
OWNED:										
Land - freehold	84,875,000	-	-	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	63,636,000	-	-	63,636,000	5	1,590,900	-	3,102,255	4,693,155	58,942,845
Electric installations	1,075,000	-	-	1,075,000	10	53,750	-	102,125	155,875	919,125
Fire fighting equipment	102,220	-	-	102,220	10	91,663	-	1,056	92,719	9,501
Tube well	92,000	-	-	92,000	10	4,600	-	8,740	13,340	78,660
Sui gas installation	947,099	-	-	947,099	10	766,629	-	18,047	784,676	162,423
Vehicles	698,360	-	-	698,360	20	539,793	-	31,713	571,506	126,854
Rupees	151,425,679	-	-	151,425,679	-	3,047,335	-	3,263,936	6,311,271	145,114,408
2016										
Particulars	COST / REVALUATION				DEPRECIATION				W.D.V. As at June 30, 2017	
	As at July 01, 2016	Additions / Deletions	Adjustment	As at June 30, 2017	Rate %	As at July 01, 2016	Adjustment	Charged for the year		To June 30, 2017
OWNED:										
Land - freehold	9,700,000	-	75,175,000	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	37,976,096	-	25,659,904	63,636,000	5	21,904,994	(22,306,772)	1,992,678	1,590,900	62,045,100
Electric installations	3,656,657	-	(2,581,657)	1,075,000	10	3,193,146	(3,216,322)	76,926	53,750	1,021,250
Fire fighting equipment	102,220	-	-	102,220	10	90,490	-	1,173	91,663	10,557
Tube well	399,050	-	(307,050)	92,000	10	281,263	(287,152)	10,489	4,600	87,400
Sui gas installation	947,099	-	-	947,099	10	746,577	-	20,052	766,629	180,470
Vehicles	698,360	-	-	698,360	20	500,151	-	39,642	539,793	158,567
Rupees	53,479,482	-	97,946,197	151,425,679	-	26,716,621	(25,610,246)	2,140,960	3,047,335	148,378,344

3.1 As company has ceased its operations therefore all depreciation has been charged to Administrative expenses

3.2 Had There been no revaluation of Property Plant and Equipment the cost would have been Rs. 71,483,207/- (2016: 71,483,207/-) as referred in note 11.2

	Note	2018 Rupees	2017 Rupees
4 LONG TERM DEPOSITS			
Comprise of securities/deposits in respect of:			
Telephone		31,000	31,000
Electricity		167,880	167,880
Gas cylinder		1,181,700	721,700
Other		33,828	33,828
		<u>1,414,408</u>	<u>954,408</u>
5 TRADE DEBTORS			
Un Secured - Considered Good		<u>8,567,893</u>	<u>9,283,773</u>
These are related to local sales and processing receipts and are unsecured but considered good by the management. However it shall be noted that the company has not maintained any aging for the debtors past due but not impaired as per IFRS - 7 Financial Instruments: Disclosures. Moreover no impairment of receivables was charged during the year.			
6 LOANS AND ADVANCES			
Employees - Considered Good		<u>20,100</u>	<u>334,550</u>
7 DEPOSITS AND PREPAYMENTS			
Advance income tax		<u>1,078,137</u>	<u>697,360</u>
8 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		1,531,023	1,531,023
Income tax refundable		105,016	105,016
		<u>1,636,039</u>	<u>1,636,039</u>
9 CASH AND BANK BALANCES			
Cash In hand		58,420	102,614
Cash with banks - current accounts		24,569	37,891
		<u>82,989</u>	<u>140,505</u>
10 SHARE CAPITAL			
Authorized			
8,000,000 (2016: 8,000,000) Ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued subscribed and paid up			
5,400,000 (2016: 5,400,000) Ordinary shares of Rs. 10 each		54,000,000	54,000,000
Issue for cash		<u>54,000,000</u>	<u>54,000,000</u>

11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Revaluation of Property, Plant and Equipment has been carried out on June 20, 2003, by independent valuers M/s Hamid Mukhtar & Co. (Pvt) Ltd registered surveyors and valuation consultants on the basis of market value in respect of land, building and plant and machinery respectively and verified by M/s Yousaf Adil & Co. Chartered Accountants and during the year revaluation was again carried out in respect of land, building and electric equipments by independent valuers M/s Surval on December 23, 2016 on the basis of market value and further verified by Ilyas Saeed & Co. Chartered Accountants.

	Note	2018 Rupees	2017 Rupees
Surplus on revaluation of Property, Plant and Equipment:			
Opening balance		130,111,322	7,697,042
Surplus during the year		-	123,756,443
Incremental depreciation for the year transferred to statement of comprehensive income	11.2	(2,503,424)	(1,342,163)
		<u>127,607,898</u>	<u>130,111,322</u>

11.1 Surplus on revaluation of operating Property, Plant and Equipment to the extent of depreciation charged on appreciated value of corresponding operating Property, Plant and Equipment has been transferred to statement of comprehensive income.