AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HUSEIN INDUSTRIES LIMITED** as at June 30, 2016 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) During the financial year ended June 30, 2015, the Company had derecognized bank liabilities amounting to Rs. 427.486 million and credited it to profit and loss account for the year ended June 30, 2015 as disclosed in note 18.2 to the financial statements, the Company had also reclassified its current and overdue portion of long term loan based on underlying settlement arrangement. The waiver of loan of Rs. 427.486 million as well as transfer of current and overdue portion of Rs. 770.847 (2015: Rs. 713.677) million to long term loan is dependent on compliance with terms of settlement as per restructuring agreement with the bank. This has resulted in understatement of liabilities and overstatement of shareholder’s equity by the aforesaid amount. Further, this has also resulted in understatement of current liabilities and overstatement of long term liabilities due toreclassification of current and overdue portion to long term loan.

b) in our opinion, except as stated in paragraph (a) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion:

i) except for paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

d) Except for the effects of the matters stated in paragraph (a) above and possible adjustments that may be required but are not determined, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof give a true and fair view of the state of the Company’s affairs as at June 30, 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matter

We draw attention to note 1.1 to thefinancial statements which indicates that the Company has incurred after tax loss amounting to Rs. 15.858 (2015: Rs. 109.646) million and its accumulated losses stood at Rs. 1,076.832 (2015: Rs. 1,062.984) million resulting in negative shareholders'equity of Rs. 644.573 (2015: Rs. 630.725) million. Further, the Company's gross profit for the current year is nil (2015: gross loss of Rs. 84.576 million). These conditions along with other matters set forth in note 1.1 to the financial statements indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and also discusses the reasons for preparing the financial statements on going concern basis including the expectation of future profitability on account of change in business of the Company, restructuring of banking loans, financial support from directors and other matters. These plans including the viability of the new business are subject to inherent uncertainty as future events are always subject to change.

Our opinion is not qualified in respect of above matter.

Other matter

The Company is required to convene its annual general meeting (AGM) of the shareholders and lay therein audited financial statements within four months from the close of the year end. The said required AGM and subsequent corporate actions of the financial year ended on June 30, 2016 have been delayed which entails penalties from the regulator. The disclosure and attributable reasons whereof have not been stated in these financial statements.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

Engagement Partner:
Mohammad Iqbal

REVIEW REPORT TO THE MEMBERS ON 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 Husein Industries Limited (the Company), for the year ended June 30, 2016 to comply with the requirements of the Listing Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). 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 requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management'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 for their review and approval 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 upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which have not been stated in the Statement of Compliance:

a) The independent director does not meet the criteria of independence under clause 5.19.1.b.vii of the Code.

b) Secretarial Compliance Certificate was not filed with the registrar along with annual return of the Company as required under clause 5.19.14.b of the Code.

c) Independent director as member of Audit Committee does not meet the criteria of independence under clause 5.19.1.b.vii of the Code.

Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company`s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the Statement of Compliance:

i)	Paragraph 16	The terms of reference of audit committee could not be discussed in quarterly meetings as required in clause 5.19.19 of the Code, because quarterly and half yearly financial statements relating to the financial year ended June 30, 2016 were not issued in the stipulated time.
ii)	Paragraph 24	Position of Chairman of the Board and CEO of the Company has been assigned to the same person which is a non-compliance of clause 5.19.4.c of the Code.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

Engagement Partner
Mohammad Iqbal

HUSEIN INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
ASSETS		- - - - (Rupees in '000') - - - -	
Non-Current Assets			
Property, plant and equipment	4	**303,507**	320,664
Long term investments	5	**6,966**	4,956
Long term deposits	6	**7,933**	7,981
Deferred taxation	7	**-**	-
		318,406	333,601
Current Assets			
Stores, spares and loose tools	8	**22,675**	22,675
Stock-in-trade	9	**203,947**	203,947
Trade debts	10	**55,763**	83,087
Advances	11	**-**	1,693
Deposit and short term prepayment	12	**725**	750
Tax refunds due from the Government	13	**12,292**	12,164
Cash and bank balances	14	**365**	468
		295,767	324,784
Total Assets		**614,173**	658,385
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Share Capital			
15,000,000 Ordinary shares of Rs. 10 each		**150,000**	150,000
Issued, subscribed and paid up capital	15	**106,259**	106,259
Reserves	16	**(750,832)**	(736,984)
Shareholders' equity		**(644,573)**	(630,725)
Surplus on revaluation of fixed assets	17	**152,133**	152,133
Non-Current Liabilities			
Long term financing	18	**370,000**	870,000
Deferred liability	19	**8,685**	7,669
		378,685	877,669
Current Liabilities			
Trade and other payables	20	**237,028**	259,308
Short term borrowing	21	**5,900**	-
Current portion of long term finance	22	**485,000**	-
		727,928	259,308
Contingencies and Commitments	23	**-**	-
Total Equity and Liabilities		**614,173**	658,385

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

HUSEIN INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
Sales - net	24	-	3,234
Cost of sales	25	-	(87,810)
Gross profit / (loss)		-	(84,576)
Distribution cost	26	-	(268)
Administrative expenses	27	**(27,447)**	(5,299)
Operating loss		**(27,447)**	(90,143)
Other operating expenses	28	-	(458,713)
Finance cost - bank charges		**(8)**	(75)
Other income	29	**11,597**	12,884
Restructuring adjustment	18.3	-	427,486
Loss before taxation		**(15,858)**	(108,561)
Taxation	30	-	(1,085)
Loss after taxation		**(15,858)**	(109,646)
Loss per share - basic and diluted		**(1.49)**	(10.32)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

HUSEIN INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	- - - - (Rupees in '000') - - - -	
Loss for the year after taxation	**(15,858)**	(109,646)
Other comprehensive income / (loss) for the year		
Item to be classified to profit and loss account in subsequent periods		
Gain / (loss) on remeasurement of available for sales investments	**2,010**	(1,861)
Total comprehensive loss for the year	**(13,848)**	(111,507)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer ***Director***

HUSEIN INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	- - - - (Rupees in '000') - - - -	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(15,858)**	(108,561)
Adjustments for:		
Depreciation	**17,157**	26,786
Provision for staff gratuity	**1,016**	1,848
Restructuring adjustment	**-**	(427,486)
Bad debts expense	**-**	434,079
Dividend income	**(12)**	(10)
Financial charges	**8**	75
Gain on disposal of fixed assets - net	**-**	(136)
	18,169	35,156
Cash generated from / (used in) operating activities before	**2,311**	(73,405)
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	**-**	15,925
Stock-in-trade	**-**	10,996
Trade debts	**27,324**	159,248
Loans and advances	**1,693**	14,659
Deposit and short term prepayment	**73**	(4)
Other receivables	**-**	548
	29,090	201,372
Increase / (decrease) in current liabilities	**(22,280)**	(120,534)
Net cash generated from operations	**9,121**	7,433
Staff gratuity paid	**-**	(8,128)
Taxes paid - net	**(128)**	(213)
Financial charges paid	**(8)**	(75)
Net cash generated from / (used in) operating activities	**8,985**	(983)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	**-**	855
Dividend received	**12**	10
Net cash generated from investing activities	**12**	865
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	**(15,000)**	-
Proceeds of short term borrowing	**5,900**	-
Net cash used in financing activities	**(9,100)**	-
Net decrease in cash and cash equivalents (A+B+C)	**(103)**	(118)
Cash and cash equivalent at beginning of the year	**468**	586
Cash and cash equivalent at end of the year	**365**	468

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

HUSEIN INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Ordinary Share capital	Reserves: Capital: Share Premium	Reserves: Revenue: General	Reserves: Revenue: Accumulated losses	Reserves: Revenue: Sub total	Total reserves	Total Shareholders' Equity
	Rupees in '000'						
Balance at June 30, 2014	106,259	33,858	292,142	(951,477)	(659,335)	(625,477)	(519,218)
Total Comprehensive loss for the year ended June 30, 2015							
Loss for the year	-	-	-	(109,646)	(109,646)	(109,646)	(109,646)
Other comprehensive loss for the year	-	-	-	(1,861)	(1,861)	(1,861)	(1,861)
	-	-	-	(111,507)	(111,507)	(111,507)	(111,507)
Balance at June 30, 2015	**106,259**	**33,858**	**292,142**	**(1,062,984)**	**(770,842)**	**(736,984)**	**(630,725)**
Total Comprehensive loss for the year ended June 30, 2016							
Loss for the year	**-**	**-**	**-**	**(15,858)**	**(15,858)**	**(15,858)**	**(15,858)**
Other comprehensive income for the year	**-**	**-**	**-**	**2,010**	**2,010**	**2,010**	**2,010**
	-	**-**	**-**	**(13,848)**	**(13,848)**	**(13,848)**	**(13,848)**
Balance at June 30, 2016	**106,259**	**33,858**	**292,142**	**(1,076,832)**	**(784,690)**	**(750,832)**	**(644,573)**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Chief Executive Officer

Director

b) NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on May 25, 1953 as a Public Limited Company under the repealed Companies Act, 1913 (now the Company Ordinance, 1984) in the name of Husein Textile Mills Limited, which was subsequently changed to Husein Industries Limited in 1964. Its shares are listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited). The major activities of the Company are textile manufacturing, producing cotton and polyester yarn, cloth and garments which are marketed within, and outside Pakistan. The registered office of the Company is situated at HT-8, Landhi Industrial Area, Karachi.

The trading of Company's shares has been suspended by Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange Limited) on December 09, 2013 on account of non holding of Annual General Meeting and other secretarial non-compliances.

Going Concern Assumption

The Company has incurred after tax loss amounting to Rs. 15.858 (2015: Rs. 109.646) million and its accumulated losses stood at Rs. 1,076.832 (2015: Rs. 1,062.984) million resulting in negative shareholders equity of Rs. 644.573 (2015: Rs. 630.725) million. Further the Company's gross profit for the current year is Nil (2015: gross loss of Rs. 84.576 million). Moreover, the operational activities have been closed down in financial year 2014, consequently, there has been no production and sales during the current year. Accordingly, the Company is unable to pay its creditors on due dates and has also not been able to meet its obligations under various financing agreements with the banking company.

The above conditions indicate the existence of 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.

Subsequent to the year end, the management of the Company has taken the following steps / measures including future plans to revive and improve the operational and financial conditions of the Company.

The Board of Directors having major shareholdings has decided in their meeting on December 30, 2016 to cease its textile business and has developed business diversification strategy to enter into real estate development, construction and allied businesses. The company will not only utilize its own land but also has plans to buy land for this purpose. The Board has also obtained approval of the proposed business along with change in object clause from members in the annual general meeting held on January 30, 2017.

In July 2016, the Bank at the request of the Company has restructured the long term and short term financing agreements at Rs. 870 million resulting into waiver of principal loan and accrued markup amounting to Rs. 274.104 and Rs. 153.382 million respectively on terms and conditions as disclosed in note 18.1 to these financial statements.

In the First phase of real estate business, the company's owned land situated at LT-21, scheme-3 Measuring 38,010 Square Yards Landhi Industrial Area, Karachi will be sold in the form of residential and commercial plots and sites, for which legal formalities including approval of layout plan from Karachi Development Authority are in process. Further, the Banking Company has issued No Objection Certificate in respect of sub-division / bifurcation of the mortgaged property bearing plot number LT-21 in order to settle its liabilities towards the banking Company.

The Company has strong financial support from its directors and is confident about the viability of the proposed business.

Subsequent to completion of legal formalities required for commercialization of plot LT-21, the Company has started receiving positive response from the Customers for sale of residential and commercial plots, and have started placing deposits with the Company. Till the issuance of these financial statements, significant amount of revised bank loan installments have been repaid with the help of these funds.

The Board has also approved sale of textile plant and machinery, stock in trade and stores and spares which will facilitate the repayment of revised bank loan.

Further, the Company has given its building along with plant and machinery installed therein on lease, the inflows of which will be utilized to pay off the revised bank loan.

The Board has approved five year financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off its revised bank loan, trade creditors, other payables and project development expenditures but also generate additional cash inflows in the form of profits.

Accordingly these financial statements have been prepared on the going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in relevant notes to these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 *Critical accounting estimates and judgments*

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment is exercised in application of accounting policies are as follows:

(i) Assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment - note 3.1 and 4;

(ii) Assumptions and estimates used in determining the provision for slow moving stores and spares - note 3.3 and 8;

(iii) Assumptions and estimates used in writing down items of stock in trade to their net realizable value - note 3.4 and 9;

(iv) Assumptions and estimates used in calculating the provision for doubtful trade debts - note 3.5 and 10;

(v) Assumptions and estimates used in the recognition of current and deferred taxation - note 3.11 , 7 and 30;

(vi) Assumptions and estimates used in accounting for staff retirement benefits - note 3.8 and 19;

2.5 *New / revised standards that became effective for the year*

The following new / revised standards are effective for the year ended June 30, 2016. These standards are, either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'

IFRS 13 'Fair Value Measurement' also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the company, except for certain additional disclosures.

2.6 Amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods beginning on or after the date mentioned against each of them. These amendments are either not relevant to the company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective Date (accounting periods beginning on or after)
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
- Amendments to IFRS 10 ‘Consolidated Financial Statements’, IFRS 12 ‘Disclosure of Interests in Other Entities’ and IAS 28 ‘Investments in Associates and Joint Ventures’ - Applying the consolidation exception	January 1, 2016
- Amendments to IFRS 11 ‘Joint Arrangements’ - Amendments regarding the accounting for acquisitions for an interest in a joint venture	January 1, 2016
- Amendments to IAS 1 ‘Presentation of Financial Statements’ - Amendments as a result of the disclosure initiative	January 1, 2016
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 38 ‘Intangible Assets’ - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
- Amendments to IAS 16 ‘Property, Plant and Equipment’ and IAS 41 ‘Agriculture’ - Bearer plants	January 1, 2016
- Amendments to IAS 27 ‘Separate Financial Statements’ – equity method in separate financial statements	January 1, 2016

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are as follows:

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation except for freehold land and leasehold land which are stated at revalued amount and cost respectively. 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 repairs and maintenance are charged to profit and loss account during the financial year in which they are incurred.

The depreciation is charged to income applying reducing balance method. The depreciation on additions during the year is charged at half of the applicable rate while no depreciation is charged on deletion during the period. Gain or loss on disposal of operating fixed assets, if any, are recognized in profit and loss account, as and when incurred. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvement are capitalized and the assets so replaced, if any, are retired.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date, if significant and appropriate. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

3.2 Long term investments

- ***Available for sale***

  Long term investment are classified as "Available for Sale" which represent investments which are not held for trading. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition , there are remeasured are fair value.

  Any gain or loss arising from a change in the fair value of investments available for sale is recognized directly in other comprehensive income until the investment is disposed of or determined to be impaired. At the time of disposal , the cumulative gain or loss previously recorded in equity is recognized in profit and loss account.

3.3 Stores, spares and loose tools

These are valued at lower of average cost or net realizable value except items in transit which are stated at invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Obsolete items are recorded at nil value. Provision is made for slow moving stocks based on parameters set by the management.

3.4 Stock-in-trade

Stock in trade has been valued on the following basis;

Raw Material

These are valued at lower of cost determined using annual average method or net realizable value except items in transit which are stated at invoice values plus other charges paid thereon.

Work in process and finished goods

These are valued at lower of average manufacturing cost or net realizable value. Average manufacturing cost in relation to work in process and finished goods represents direct cost of material, direct wages and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale. Obsolete items are recorded at nil value. Provision is made for slow moving stocks based on parameters set by the management.

3.5 Trade debts

Trade debts are recognized initially at original invoice amount. Provision for bad debts is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts considered irrecoverable are written off.

3.6 Advances

Loan, advances and other receivables are carried at cost which is the fair value of the consideration to be received.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks in current and deposit accounts.

3.8 Retirement benefits:

- ***Gratuity***

The Company operates an unfunded defined gratuity scheme covering all its employees who have completed one year of service with the Company. Gratuity is based on employees' last drawn salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of June 30, 2011 using the "Projected Unit Credit Method".

The Company is only recording provision of interest cost against retirement benefits of present employees as total strength of these employees, by law, do not qualify for entitlement of any retirement benefits. Hence, current service costs are not recorded in these financial statements.

3.9 Employee compensated absences

The Company provides for compensated absences for all eligible employees in the year in which these are earned in accordance with the rules of the Company.

3.10 Trade and other payables

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

3.11 Taxation

Current

Provision for current taxation is made in accordance with provision 's of Income tax ordinance 2001. The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or applicable minimum tax on turnover or Alternate Corporate Tax, whichever is higher.

Deferred

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or the settlement of the carrying amounts of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit for the foreseeable future will be available against which such temporary differences and tax losses can be utilized.

3.12 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Revenue Recognition

Revenue from sale is recognized on dispatch of goods to customers, when significant risk and rewards are transferred to the customer.

Rental income is recognized on accrual basis in accordance with terms of agreement.

Dividend from investment available for sale are recorded when right to receive the same is

established. Gain on sale of fixed assets is recognized on occurrence of transactions.

Other income is recognized on the occurrence of related transactions.

3.14 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.15 Offsetting of financial assets and financial liabilities

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

3.16 Borrowing cost

Borrowing cost are recognized as expense in the period in which these are incurred except for those that are directly attributable to the assets acquired from the proceeds of such respective fixed asset acquired are capitalized.

3.17 Foreign currency translation

Transactions in foreign currency are translated into rupees at the rate of exchange prevailing at the date of transaction. Exchange gains and losses are included in income currently. All monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date.

3.18 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment loss arising on financial assets is recognized in profit and loss account.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization. if no impairment loss had been recognized.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Operating fixed assets

Particulars	Free hold land	Lease hold land	Building on lease hold land	Plant and machinery	Furniture and fittings / Office equipment	Vehicles	Total
	(Rupees in '000')						
Net book value as at July 01, 2014	157,925	593	63,518	121,021	1,865	3,247	348,169
Year ended June 30, 2015							
Additions during the year	-	-	-	-	-	-	-
Disposal during the year							
Cost	-	-	-	(13,234)	-	-	(13,234)
Depreciation	-	-	-	12,515	-	-	12,515
	-	-	-	(719)	-	-	(719)
Depreciation for the year	-	-	(3,176)	(22,751)	(208)	(651)	(26,786)
Net book value as at June 30, 2015	**157,925**	**593**	**60,342**	**97,551**	**1,657**	**2,596**	**320,664**
Year ended June 30, 2016							
Additions during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposal during the year							
Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	**-**	**-**	**(3,017)**	**(13,439)**	**(181)**	**(520)**	**(17,157)**
Net book value as at June 30, 2016	**157,925**	**593**	**57,325**	**84,112**	**1,476**	**2,076**	**303,507**
At June 30, 2015							
Cost / revalued amount *	157,925 *	593	130,093	734,395	13,303	20,952	1,057,261
Accumulated depreciation	-	-	(69,751)	(636,844)	(11,646)	(18,356)	(736,597)
Net book value	157,925	593	60,342	97,551	1,657	2,596	320,664
At June 30, 2016							
Cost / revalued amount *	**157,925 ***	**593**	**130,093**	**734,395**	**13,303**	**20,952**	**1,057,261**
Accumulated depreciation	**-**	**-**	**(72,768)**	**(650,283)**	**(11,827)**	**(18,876)**	**(753,754)**
Net book value	**157,925**	**593**	**57,325**	**84,112**	**1,476**	**2,076**	**303,507**
Depreciation rate	**-**	**-**	**5%**	**10-15%**	**6-15%**	**20-25%**	

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	

4.2 The allocation of depreciation is as follows:

	Note	2016	2015
Cost of sales	25	-	25,927
Administrative expenses	27	**17,157**	859
		17,157	26,786

4.3 Had there been no revaluation the status of revalued free hold land would have been at cost amounting to Rs. 5.792 (2015: Rs. 5.792) million.

4.4 The management has not reclassified property bearing No. HT-8 as investment property in accordance with IAS - 40 because the owner occupied portion is significant as compared to the portions rented out.

5 LONG TERM INVESTMENTS

Available for sale

- in quoted companies

2016	2015		2016	2015
- - - - Number of Shares - - - -			- - - - (Rupees in '000') - - - -	
5,138	5,138	Pakistan Tobacco Company Limited	**4,644**	6,500
2,711	2,711	Dawood Lawrencepur Limited	**312**	317
7,849	7,849		**4,956**	6,817
		Add: Gain / (loss) on remeasurement of investments	**2,010**	(1,861)
			6,966	4,956

The market value of each quoted security is as follows:

	2016	2015
	- - - - (Rupees) - - - -	
Pakistan Tobacco Company Limited	**1,261**	904
Dawood Lawrencepur Limited	**180**	115

6 LONG TERM DEPOSITS

	2016	2015
	- - - - (Rupees in '000') - - - -	
Against:		
Utilities	**3,417**	3,465
CDC account	**25**	25
Services	**20**	20
Bank guarantee	**4,471**	4,471
	7,933	7,981

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
7 DEFERRED TAXATION			
This comprises of the following: -			
Taxable temporary difference			
Accelerated tax depreciation		**(23,572)**	(1,525)
Deductible temporary differences			
Provision for gratuity		**2,692**	248
Provision for doubtful debts		**4,534**	472
Effect of unabsorbed tax depreciation		**263,099**	268,182
Effect of tax losses		**208,075**	155,158
		478,400	424,060
		454,828	422,535
Deferred tax asset not recognized	7.1	**(454,828)**	(422,535)
		-	-

7.1 Deferred tax asset as at June 30, 2016 to the extent of Rs. 454.828 (2015: Rs. 422.535) million has not been recognized because of the inherent uncertainties in forecasts of sufficient taxable profits in foreseeable future against which such benefits can be utilized.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
8 STORES, SPARES AND LOOSE TOOLS			
Stores		**41,586**	41,586
Spare parts and loose tools		**7,818**	7,818
		49,404	49,404
Less: Provision for write-down to net realizable value	8.1 & 8.2	**(26,729)**	(26,729)
		22,675	22,675

8.1 The Company carried out valuation of stores, spares and loose tools from RBS Associates, who has determined the net realizable value of Rs. 22.675 million in their report dated December 14, 2016. Hence, the carrying value of the stores and spares has been reduced accordingly.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
8.2 Movement in provision for write-down to net realizable value			
Opening balance		**26,729**	11,031
Provision for write-down to net realizable value	28	**-**	15,698
Closing balance		**26,729**	26,729
9 STOCK-IN-TRADE			
Raw material		**2,423**	2,423
Work in process		**182,019**	182,019
Finished goods		**19,505**	19,505
	9.1	**201,524**	201,524
		203,947	203,947

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
9.1 Work in process and finished goods			
Gross value		**254,460**	254,460
Less: Provision for write-down to net realizable value	9.1.1	**(52,936)**	(52,936)
		201,524	201,524

The Company carried out valuation of its stock from RBS Associates, who has determined the net realizable value of Rs.203.947 million in their report dated December 14, 2016. Hence, the carrying value of the stock in trade has been reduced accordingly.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
9.1.1 Movement in provision for write-down to net realizable value			
Opening balance		**52,936**	44,000
Provision for write-down to net realizable value	28	**-**	8,936
Closing balance		**52,936**	52,936

10 TRADE DEBTS

	2016	2015
Exports		
Considered good	**53,806**	52,265
Considered doubtful	**3,265**	3,265
	57,071	55,530
Local		
Considered good	**1,957**	30,822
Considered doubtful	**11,362**	11,362
	13,319	42,184
	70,390	97,714
Provision against debts considered doubtful	**(14,627)**	(14,627)
	55,763	83,087

11 ADVANCES

- Considered good

	2016	2015
Advances		
to employees	**-**	111
to suppliers	**-**	1,582
	-	1,693

12 DEPOSIT AND SHORT TERM PREPAYMENT

	2016	2015
Deposit against court case	**725**	725
Short term prepayment	**-**	25
	725	750

	2016	2015
	- - - - (Rupees in '000') - - - -	

13 TAX REFUNDS DUE FROM THE GOVERNMENT

	2016	2015
Income tax	**127**	-
Duty drawback	**3,676**	3,676
Sales tax	**8,489**	8,488
	12,292	12,164

14 CASH AND BANK BALANCES

	2016	2015
Cash in hand	**253**	346
Cash at bank		
- in current account	**112**	122
[including foreign currency account Rs. 80,644 (2015: Rs. 90,399)]		
	365	468

15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016	*2015*			
Number of Shares				
		Ordinary shares of Rs.10 each		
4,119,366	4,119,366	fully paid in cash	**41,194**	41,194
6,506,486	6,506,486	issued as bonus shares	**65,065**	65,065
10,625,852	10,625,852		**106,259**	106,259

15.1 It includes 2,185,964 (2015: 2,185,964) ordinary shares of Rs. 10 each held by the associated undertaking of the Company.

15.2 The ordinary shareholders are entitled to receive all distributions including dividends 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. The Company may not pay dividend until certain financial requirements under its long term finance facilities are satisfied.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	

16 RESERVES

	Note	2016	2015
Capital reserves	16.1	**33,858**	33,858
Revenue reserves	16.2	**292,142**	292,142
Accumulated losses		**(1,076,832)**	(1,062,984)
		(784,690)	(770,842)
		(750,832)	(736,984)

16.1 This represents share premium received in the preceding years and is held for utilization of purposes as stated in Section 83 of the Companies Ordinance, 1984.

16.2 This represents appropriation of profit in preceding years.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
17 SURPLUS ON REVALUATION OF FIXED ASSETS	17.1	**152,133**	152,133

17.1 The Company carried out revaluation of free hold land by an independent valuer, M/s. Akbani & Javed Associates who determined the fair value of freehold land on the basis of market value as of March 04, 2011 amounting to Rs. 157.925 million resulting in surplus on revaluation amounting to Rs.152.133 million. Revaluation surplus was credited to surplus on revaluation of fixed assets account as required by Section 235 of the Companies Ordinance, 1984.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
18 LONG TERM FINANCING			
From a banking company - secured			
- against			
Term finance		**870,000**	1,060,229
Restructuring adjustment		**-**	(190,229)
	18.1	**870,000**	870,000
Less: Current Maturity	22	**(500,000)**	-
		370,000	870,000

18.1 At year end, the Banking company has confirmed the outstanding amount of Term Finance as per previous agreement dated May 23, 2011 amounting to Rs. 1,060.229 million. However the management has recorded the loan at restructured amount as fully explained in note 18.2 to these financial statements on the basis of steps and measures taken as disclosed in note 1.1 to these financial statements.

18.2 Settlement (restructuring) Agreement dated July 11, 2016

On July 11, 2016, Company has entered into a Settlement (restructuring) Agreement with the lender (bank) according to which the total principal loan liability of Rs. 1,144.104 million, comprising of long term finance and short term finance amounting to Rs. 1,060.229 million and Rs. 83.875 million respectively outstanding as on May 27, 2016 will be restructured and reduced to Rs. 870 million and outstanding markup amounting to Rs. 141.999 million as on May 27, 2016 will be completely waived while the personal guarantees of the Directors will be cancelled subject to the following conditions:

i) Revised schedule for repayment:

Date	*Amount (Rs. in million)*	*Payment Mode*
26-Jul-16	**50.00**	Post dated cheques deposited against the mentioned installments on the date of this Settlement Agreement (which have been duly deposited with the bank).
25-Sep-16	**125.00**	
25-Dec-16	**125.00**	
25-Mar-17	**100.00**	
25-Jun-17	**100.00**	
25-Sep-17	**100.00**	
25-Dec-17	**100.00**	
25-Mar-18	**42.50**	
25-Jun-18	**42.50**	
25-Sep-18	**42.50**	
25-Dec-18	**42.50**	
Total	**870.00**	

ii) In case of delay of more than 60 days in payment of any installment, markup at the rate of 3 Months KIBOR + 1% p.a. (calculated on daily basis) will be charged on the delayed installment.

iii) The Company will repatriate the proceeds of outstanding export overdue bills or will settle the pending claim with Foreign Exchange Adjudication Court of SBP in a timely manner.

iv) In case of default of any two quarterly installments, this Settlement Agreement shall stand withdrawn and all the outstanding liability as per the Bank's book along with the outstanding plus future markup payable at the rate of 3 Months KIBOR + 1% p.a. applicable from the date of default shall become payable.

Upon receipt of Rs. 350 million and next receipt of Rs. 150 million as per the payment schedule mentioned above, bank will release the mortgaged property bearing no. LT-21, Landhi Industrial Area, Karachi and open plots and land situated at Lahore-Faisalabad Road, Sheikhupura respectively.

The mortgaged property bearing no. HT-8 located at Landhi Industrial Area, Karachi will continue to remain mortgaged to cover the Letter of Guarantees exposure amounting to Rs. 40.636 million along with the cash margin of Rs. 4.237 million.

The Company is in the process of complying with all the requirements of the Settlement Agreement which were due till the date of issue of these financial statements.

18.3 Considering the facts mentioned in note 18.2 above, the management had reduced the total bank liabilities to Rs. 870 million and the resulting waiver amounting to Rs. 427.486 million was credited to profit and loss account for the year ended June 30, 2015. The breakup of waived amount is as follows;

	Note	*(Rupees in '000')*
Long term financing		**190,229**
Accrued markup on long term finance		**124,473**
Accrued markup on short term borrowings	18.3.1	**28,909**
Short term borrowings		**83,875**
		427,486

18.3.1 It includes waiver of markup amounting to Rs. 11.383 million excessively recorded by the Company over and above the amount waived by the bank.

	Note	***2016***	*2015*
		- - - - (Rupees in '000') - - - -	
19 DEFERRED LIABILITY			
- Staff retirement benefits			
Staff gratuity	19.1	**8,685**	7,669

19.1 Movement in Net Liability recognized

	Note	2016	2015
Net liability at the beginning of the year		**7,669**	13,949
Charge for the year	19.3	**1,016**	1,848
		8,685	15,797
Benefits paid during the year		**-**	(8,128)
Net liability at the end of the year		**8,685**	7,669

	Note	**2016**	2015
		- - - - (Rupees in '000') - - - -	

19.2 Reconciliation of Payable to Defined Benefit Plan

Present value of defined benefit obligation	**8,685**	7,669
Unrecognized actuarial gains	**-**	-
Net liability at the end of the year	**8,685**	7,669

19.3 Charge for the Defined benefit Plan

Interest cost	**1,016**	1,848

19.4 Following significant assumptions have been made for the purpose of actuarial valuation:

	2016	2015
Expected rate of increase in salary	**12.50% p.a.**	12.50% p.a.
Discount rate	**12.50% p.a.**	12.50% p.a.
Mortality rate	**EFU 61-66 mortality table**	
Withdrawal rate	**Age dependent**	Age dependent

20 TRADE AND OTHER PAYABLES

	Note	**2016**	2015
Trade creditors		**16,484**	38,452
Accrued liabilities	20.1	**169,265**	166,506
Advance rental income		**2,596**	5,205
Advance against scrap sale		**500**	-
Security deposit against rent		**4,054**	5,016
Unclaimed dividend	20.2	**44,129**	44,129
		237,028	259,308

20.1 This includes Rs. 163.518 (2015: Rs. 162.881) million prudently recorded by the Company against liability of Sui Southern Gas Company Limited (SSGC). In year 2012, the company filed a case in the Honourable District and Session Court Malir Karachi against SSGC praying that no amount of the liability is payable against the initial claim of 17.6 million. The case is pending for adjudication in the Honourable Court till the date of these financial statements. In the mean time, SSGC continued to charge minimum gas levy and markup on outstanding amount including markup which aggregated to Rs. 187.891 million as at balance sheet date (2015: Rs. 165.896 million). The management is confident based on legal advisor's opinion and the fact that markup on markup is illegal, that the Company is likely to succeed in waiving of the aforesaid additional charges. Accordingly, the Company has not recorded liability of Rs. 24.373 million in these financial statements.

20.2 Since the directors of the Company are the major shareholders, therefore the unclaimed dividend mainly pertains to the directors. The Company will pay these in future when positive cash flows will arise in the form of profits.

21 SHORT TERM BORROWING

	Note	**2016**	2015
		- - - - (Rupees in '000') - - - -	
Loan from director (a related party) - unsecured	21.1	**5,900**	-

21.1 Represents unsecured interest free loan obtained from director (a related party) of the company and is repayable on demand.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	

22 CURRENT PORTION OF LONG TERM FINANCE

	Note	2016	2015
Current maturity	18	**500,000**	-
Less: Payment made during the year	22.1	**(15,000)**	-
		485,000	-

22.1 During the course of negotiations with the bank in the current financial year, the Company paid Rs. 15 million at the request of the bank, as a gesture of goodwill, to show seriousness of the Company to arrive at a settlement.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

The Company has no contingent liabilities in respect of any legal claim in the ordinary course of business other then disclosed elsewhere in these financial statements.

Commitments

The banking companies have issued bank guarantees amounting to Rs. 47.190 (2015 : Rs. 47.190) million in favor of Karachi Electric Limited (formerly known as Karachi Electric Supply Company Limited) and Sui Southern Gas Company Limited on behalf of the Company. The available and unavailed balance as on June 30, 2016 amounting to Rs. 47.554 (2015 : Rs. 47.554) million and Rs. 0.364 (2015 : Rs.0.364) million respectively.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	

24 SALES - NET

	Note	2016	2015
Local		**-**	3,270
Less: sales tax		**-**	(36)
		-	3,234

25 COST OF SALES

	Note	2016	2015
Raw materials consumed	25.1	**-**	-
Store and spares consumed		**-**	319
Salaries, wages and allowances	25.2	**-**	36,075
Fuel and power		**-**	21,541
Repairs and maintenance		**-**	1,888
Depreciation	4.2	**-**	25,927
		-	85,750
Work in process			
Opening		**182,019**	193,015
Impairment	28	**-**	(8,936)
Closing	9	**(182,019)**	(182,019)
	9.1.1	**-**	2,060
Cost of goods manufactured		**-**	87,810
Finished goods			
Opening		**19,505**	19,505
Purchases during the year		-	-
Closing	9	**(19,505)**	(19,505)
		-	-
		-	87,810

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
25.1 Raw materials consumed			
Opening stock		**2,423**	2,423
Purchases during the year		**-**	-
		2,423	2,423
Closing stock	9	**(2,423)**	(2,423)
		-	-

25.2 This includes an amount of Rs. Nil (2015: Rs. 1,201,000) in respect of provision for staff retirement benefit.

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
26 DISTRIBUTION COST			
Carriage and transport		**-**	81
Commission		**-**	26
Advertisement and subscriptions		**-**	139
Other		**-**	22
		-	268

	Note	2016	2015
27 ADMINISTRATIVE EXPENSES			
Staff salaries, wages and allowances	27.1	**2,273**	2,575
Directors' remuneration		**2,324**	-
Rent, rates and taxes		**-**	25
Legal and professional charges		**335**	-
Broker commission on rented godown		**233**	-
Travelling and conveyance		**50**	871
Fuel and power		**4,119**	-
Stationery, postage and telephone		**28**	335
Repairs and maintenance		**287**	-
Depreciation	4.2	**17,157**	859
Directors' meeting fee		**10**	3
Auditors' remuneration	27.2	**631**	631
		27,447	5,299

27.1 This includes an amount of Rs. 1,016,000 (2015 : Rs. 647,000) in respect of provision for staff retirement benefit.

	2016	2015
	- - - - (Rupees in '000') - - - -	
27.2 Auditors' remuneration		
Audit fee	**500**	500
Half yearly review	**75**	75
Corporate governance review	**20**	20
Out of pocket expenses	**36**	36
	631	631

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	

28 OTHER OPERATING EXPENSES

Impairment - stores and spares	8.2	-	15,698
- stock-in-trade	9.1.1	-	8,936
Bad debts expense		-	434,079
		-	458,713

29 OTHER INCOME

	Note	2016	2015
Income from financial assets			
Dividend		**12**	10
Exchange gain / (loss) on foreign debtors and bank accounts - net	29.1	**1,531**	1,538
		1,543	1,548
Income from other than financial assets			
Rent income		**10,032**	11,195
Gain on disposal of fixed assets - net		**-**	136
Miscellaneous		**22**	5
		10,054	11,336
		11,597	12,884

29.1 This include exchange gain on translation of foreign currency balances of export debtors into reporting currency amounting to Rs. 1.541 (2015: Rs. 1.525) million.

	2016	*2015*
	- - - - (Rupees in '000') - - - -	

30 TAXATION

Current	-	1,085

30.1 This represents the taxability of income under separate tax regime, therefore, no material tax reconciliation is given.

30.2 Income tax assessments of the Company have been finalized up to and including tax year 2015. However, the Commissioner of Income tax may, at any time during the period of five years from the date of filing of return, select the deemed assessment for audit.

	2016	*2015*
	- - - - (Rupees in '000') - - - -	

31 LOSS PER SHARE
- Basic and Diluted

Loss after taxation		**(15,858)**	(109,646)
Weighted average number of ordinary shares		**10,625,852**	10,625,852
Loss per share - Basic and diluted	***Rupees***	**(1.49)**	(10.32)

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 Financial Instrument by Category

	Note	2016	2015
		- - - - (Rupees in '000') - - - -	
Financial assets			
Available for sale investments			
Long term investments	5	**6,966**	4,956
Loans and receivables			
Long term deposits	6	**7,933**	7,981
Trade debts	10	**55,763**	83,087
Deposit	12	**725**	725
Cash and bank balances	14	**365**	468
		64,786	92,261
		71,752	97,217
Financial Liabilities			
- at amortized cost			
Long term financing		**855,000**	870,000
Trade and other payables	20	**234,432**	254,103
		1,089,432	1,124,103

32.2 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Company has exposures to the following risks from its use of financial instruments:-

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

32.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally out of receivables from customers, advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margin are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The carrying amounts of financial assets represent the maximum credit exposure, as specified below:

	2016	*2015*
	- - - - (Rupees in '000') - - - -	
Long term deposits	**7,933**	7,981
Trade debts	**55,763**	83,087
Deposit	**725**	725
Bank balances	**112**	122
	64,533	91,915

Trade debts
Ageing of debtors and impairment losses

The aging of trade debtors at the balance sheet date was:-

Past due 1-180 days	**-**	-
Past due 181-365 days	**-**	1,634
More than one year	**70,390**	96,080
	70,390	97,714
Less: Provision against doubtful debts	**(14,627)**	(14,627)
	55,763	83,087

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due over one year do not require any provision.

Total debtors include Rs. 57.071 (2015: Rs. 55.530) million receivable from customers on account of export sales, and the balance represents various domestic customers.

The credit quality of the receivables can be assessed with reference to the historical performance and market reputation. The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows: -

Name of the Bank	***Rating agency***	***Short term ratings***
MCB Bank Limited	PACRA	A1+
Habib Metropolitan Bank Limited	PACRA	A1+
First Women Bank Limited	PACRA	A2
Soneri Bank Limited	PACRA	A1+
Habib Bank Limited	JCR-VIS	A1+

32.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, timely collection from trade debtors, the availability of adequate funds through committed credit facilities and the ability to close out meet business needs due to dynamic nature of the business. Company finances its operations through equity, working capital, term finance and running finance facilities from banks with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The following are the contractual maturities of financial liabilities: -

	2016			
	Carrying Amount	***Contractual cash flows***	***Up to one year***	***More than one year***
	- - - - - - - - - - - - - Rupees in '000' - - - - -			***- - - - - - - -***
Financial liabilities				
Long term financing	**855,000**	**855,000**	**485,000**	**370,000**
Trade and other payables	**234,432**	**234,432**	**234,432**	**-**
	1,089,432	**1,089,432**	**719,432**	**370,000**

	2015			
	Carrying Amount	*Contractual cash flows*	*Up to one year*	*More than one year*
	- - - - - - - - - - - - Rupees in '000' - - - - -			*- - - - - - - -*
Financial liabilities				
Long term financing	870,000	870,000	-	870,000
Trade and other payables	254,103	254,103	254,103	-
	1,124,103	1,124,103	254,103	870,000

Contractual cash flows for long term finance do not include mark up as the charging rate has not been decided by the banking company at reporting date.

32.5 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest / mark up rate risk and price risk. The market risks associated with the Company's business activities are discussed as under:

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Currently the Company is exposed to currency risk on account of trade debtors-exports and foreign currency bank account.

	2016	2015
	- - - - (Rupees in '000') - - - -	
Trade debtors-exports	**57,071**	55,530
Foreign currency bank account	**81**	90
	57,152	55,620

The following significant exchange rate has been applied:

	Average Rate		***Spot Rate at Reporting Date***	
	2016	*2015*	***2016***	*2015*
Pound Sterling to Rupees	**159.11**	159.58	**139.73**	159.99
USD to Rupees	**101.99**	101.45	**104.75**	101.77

Currency risk sensitivity analysis

At reporting date, if the Rupees is strengthened by 10% against the US dollar, Pound Sterling, Canadian dollar and Euro with all other variables held constant, loss/profit for the year would have been higher by the amount shown below:

	2016	2015
	- - - - (Rupees in '000') - - - -	
Effect on profit and loss	**(5,715)**	(5,562)

The weakening of the Rupees against US dollar, Pound Sterling, Canadian dollar and Euro would have had an equal but opposite impact on the loss/profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss/profit for the year and assets of the Company.

Interest rate risk

The 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.

The Company does not have significant interest bearing assets. Majority of the interest rate risk arises from Company's long-term financing. At the balance sheet date, the interest rate profile of the Company's interest bearing financial liabilities is:

	2016	2015
	- - - - (Rupees in '000') - - - -	
Variable rate instruments		
Financial liabilities		
- Long term and short term loans	**855,000**	870,000

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased the loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, etc., remain constant. The analysis has been performed on the same basis for 2015.

	Profit and Loss 100 bp	
	Increase	(Decrease)
	- - - - (Rupees in '000') - - - -	
As at June 30, 2016		
Cash flow Sensitivity	**8,550**	**(8,550)**
As at June 30, 2015		
Cash flow Sensitivity	8,700	(8,700)

Price risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- ***Sensitivity analysis***

  At reporting date, if the market prices of each security held by the Company as long term investment had increased / decreased by Rupee 1 with all other variables remain constant, other comprehensive income would have been higher / lower by the amount shown below. The analysis is performed on same basis for year 2015.

	- - - - (Rupees) - - - -	
	Increase	(Decrease)
As at June 30, 2016		
Available for sale investment through OCI	**7,849**	**(7,849)**
As at June 30, 2015		
Available for sale investment through OCI	7,849	(7,849)

Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like market price risk, interest rate risk and investing excessive liquidity.

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2016.

Consistent with others in the industry, the company monitors capital on the basis of its gearing ratio. This is calculated as net debt divided by total shareholders' equity plus net debt. Net debt is calculated as total debts from financial institutions less cash and bank balances.

		2016	*2015*
		- - - - (Rupees in '000') - - - -	
Total debt		**855,000**	870,000
Less: Cash and bank balances		**(365)**	(468)
Net debt	**A**	**854,635**	869,532
Total shareholders' equity	**B**	**(644,573)**	(630,725)
Net debt and equity	**C=A+B**	**210,062**	238,807
Gearing ratio	**D=A/C**	**407%**	364%

32.6 *Fair Value of Financial Instruments*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of the financial assets and liabilities reported in the financial statements approximate their fair values.

32.6.1 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its long term investments in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's free hold land and long term investments in terms of fair value hierarchy, explained above, at June 30, 2016 is as follows:

	2016		
	Level 1	***Level 2***	***Level 3***
	- - - - - - - (Rupees in thousand) - - - - - - -		
Assets measured at fair value			
Long term investments	**6,966**	**-**	**-**
Free hold land	**-**	**157,925**	**-**

	2015		
	Level 1	*Level 2*	*Level 3*
	- - - - - - - (Rupees in thousand) - - - - - - -		
Assets measured at fair value			
Long term investments	4,956	-	-
Free hold land	-	157,925	-

33 RELATED PARTY TRANSACTIONS

Related parties comprise directors and key management personnel. Year end balances of related parties are disclosed in relevant notes to these financial statements. Details of remuneration and perquisites paid to Chief Executive and Directors during the year are disclosed in note 34. Transactions with the related parties are as follows:

	2016	2015
	(Rupees in thousand)	
Loan received from director	**5,900**	-

34 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company are as follows: -

	Chief Executive		**Directors**		**Executives**	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015	**June 30, 2016**	June 30, 2015
	--------------	---------	---------Rupees-----		-----------	------
Managerial remuneratio	**264,000**	264,000	**-**	-	**726,000**	985,900
House Rent	**96,000**	96,000	**-**	-	**538,000**	730,440
Utilities	**-**	385,310	**-**	-	**700,000**	955,000
Fee	**-**	-	**10,000**	3,000	**-**	-
	360,000	745,310	**10,000**	3,000	**1,964,000**	2,671,340
Number of persons	**1**	1	**6**	6	**2**	5

In addition, the Chief Executive, Directors and executives are provided with free use of the Company's maintained cars.

During the current year, Chief Executive Officer has voluntarily reduced remuneration due to financial constraints of the Company.

35 CAPACITY AND PRODUCTION

The installed production capacity as assessed by the technical management of the Company is stated below.

	2016	2015
Yarn		
Number of spindles installed	**22,296**	22,296
Number of spindles worked	**Nil**	Nil
Production capacity - kgs	**3,407,515**	3,407,515
Production of yarn after conversion into 20 count - kgs	**Nil**	Nil
Number of shifts worked per day	**Nil**	Nil

Cloth

Against the production capacity of 4,107,937 square meters of cloth, the actual production during the year was nil (2015: nil) square meters.

Reason for shortfall

The Company has ceased its operational activities related to textile business as disclosed in note 1.1 to these financial statements.

36 OPERATING SEGMENTS

Since the operational activities have been closed down in the financial year 2014 resulting in all previously reported segments earning nil revenue and incurring nil expenditure and therefore does not meet anymore the basic criteria to qualify as an operating segment as per IFRS 8.

37 GENERAL

37.1 Number of employees as at June 30, 2016 and average number of employees during the year were 4 (2015: 4) and 4 (2015: 134) respectively.

37.2 Figures have been rounded off to the nearest of thousand Rupees.

38 DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive Officer	***Director***