# Jubilee Spinning & Weaving Mills Ltd.

# Annual Report 2017

# Contents

# Company Information

**Board of Directors**

| | |
|---|---|
| Mr. Muhammad Rafi | (Chairman) |
| Mr. Shams Rafi | (Chief Executive) |
| Mr. Salman Rafi | |
| Mr. Usman Shafi | |
| Mr. Aurangzeb Shafi | |
| Mr. Umer Shafi | |
| Mr. Jahanzeb Shafi | |

**Audit Committee**

| | |
|---|---|
| Mr. Salman Rafi | (Chairman) |
| Mr. Usman Shafi | (Member) |
| Mr. Muhammad Rafi | (Member) |

**Company Secretary**

Mr. Sheikh Naseer Ahmed

**Auditors**

Riaz Ahmed & Company
Chartered Accountants

**Legal Advisor**

Amjad H. Bokhari & Associates
Mr. Anser Mukhtar

**Bankers**

Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
Allied Bank Limited

**Registered Office**

45-A, Zafar Ali Road, Gulberg-V
Lahore, Pakistan

**Mills**

B-28, Manghopir Road, S.I.T.E.
Karachi

# Notice of Annual General Meeting

Notice is hereby given that the 44th Annual General Meeting of the shareholders of Jubilee Spinning & Weaving Mills Limited (the "Company") will be held on Saturday, the October 28, 2017 at 9.30 a.m. at the registered office of the company at 45-A, Off: Zafar Ali Road, Gulberg-V, Lahore to transact the following business:-

**Ordinary Business**

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.

2. To appoint Auditors of the Company and fix their remuneration.

By Order of The Board

(Sh. Naseer Ahmad)
Corporate Secretary

Registered Office:
45-A, Off: Zafar Ali Road,
Gulberg-V, Lahore:
T:+92-42-111-245-245
F:+92-42-111-222-245
Dated: October 05, 2017

**Notes:**

1. The Members' Register will remain closed from October 21, 2017 to October 28, 2017 (both days inclusive). Physical / CDC transfers received at the Registered Office of the Company by the close of business on October 20, 2017.

2. A member eligible to attend and vote in this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting. A proxy must be a member of the Company.

3. Shareholders are requested to immediately notify the change in address, if any.

4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

   **a. For attending the meeting:**

   i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   **b. For Appointing Proxies**

   i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original CNIC or original passport at the time of the Meeting.

v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

**5. Computerized National Identity Card (CNIC) / National Tax Number (NTN)**

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc., and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs or NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Independent Share Registrar without any further delay.

**6. Dividend Mandate Option**

Section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 01, 2017 issued by Securities and Exchange Commission of Pakistan (SECP) has directed all listed companies to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders with effect from November 01, 2017.

In view of above, you are advised to provide your complete bank account/IBAN detail as per format given below to our share Registrar M/s. Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore (in case CDC accountholders/Sub accountholder, please provide said details to respective member Stock Exchange) enabling us to comply with above Section/Circular.

| | |
|---|---|
| Dividend Mandate Detail | |
| Folio Number | |
| Name of Shareholder | |
| Title of Bank Account | |
| Bank Account Number (Complete) | |
| Bank's Name, Branch Name, Code and Address | |
| Cell Number | |
| Landline number, if any | |
| CNIC Number (also attach copy) | |

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the company and the concerned Share Registrar as soon as these occur.

**7. Availability of Audited Financial Statements on Company's Website**

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2017 along with Auditors and Directors Reports thereon on its website: www. www.jsw.com.pk

8. **Transmission of Financial Statements to the Members through e-mail**

In pursuance of SECP notification S.R.O 787 (I)/2014 dated September 08, 2014, the companies have been allowed to circulate their Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Director's Report (Annual Financial Statements) along with Notice of Annual General Meeting (Notice) through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company for which form may be downloaded from the Company's website: www.jsw.com.pk

# Director's Report To The Shareholders

Dear Shareholders,

The Directors are pleased to present the Audited Financial Statements of the Company for the year ended June 30, 2017 along with Auditors' Report.

**Company Overview**

Jubilee Spinning & Weaving Mills Limited is a textile manufacturing unit. The company was incorporated in Pakistan and its registered office is at 45-A off Zafar Ali Road, Gulberg-V, Lahore, Pakistan. The original activity of the company was to manufacture and sell yarn. In 2014, the company discarded its spinning business and disposed of its operating fixed assets. Subsequently the company rented out its property to third parties to generate income.

**Financial Results at a Glance**

During the year, the Company earned after tax profit of Rs. 115,352,129 after charging costs, expenses and provisions. This is an increases of Rs. 109,605,592 as compared to the previous financial year. The financial results of the company are summarized as follows:

| | Rupees | Rupees |
|---|---|---|
| | **June 30, 2017** | **June 30, 2016** |
| Sales | 24,032,001 | 17,894,825 |
| Cost of sales | (8,124,169) | (11,043,138) |
| Gross profit | 15,907,832 | 6,851,687) |
| Gross profit ( % ) | 66% | 38% |
| Selling, admin and other operating cost | (27,456,480) | (25,768,915) |
| Other income | 152,678,963 | 32,912,380 |
| Finance Charges | (24,207) | (98,896) |
| Provision for tax | (25,350,339) | (8,149,719) |
| Profit after tax | 115,352,129 | 5,746,537 |
| Earning per share | 3.55 | 0.18 |

**Review of Operations and Future Prospects**

The company earned profit before tax Rs. 140.70 million for the year ending June 30, 2017. Compared to previous year, the gross profit has improved by Rs. 9.06 million (+28%). Although profit after tax include gains from disposal of investment and a revaluation surplus on investment property, rental income has increased and contributes a substantial amount towards Company's profitability. This rental income along with service charges is expected to improve financial results in coming years.

**Reservations in Auditors' Report**

The auditors' report for the year highlight some opinions adversely which are addressed below:

**Quote**

During the year, property having carrying value of Rupees 77.753 million has been transferred to investment property. However, no fair valuation has been carried out nor the effect thereof has been accounted for in the books of account of the Company at the time of transfer to investment property as required by approved accounting standards as applicable in Pakistan. Furthermore, fair valuation of investment property has not being carried out at each reporting date as required by approved accounting standards as applicable in Pakistan. Last such fair valuation has been carried out and accounted for as at 30 June 2017 after lapse of three years since last fair valuation as on 30 June 2014 resulting in a fair value gain of Rupees 42.365 million accounted for during the year. Had such fair valuation being carried out with sufficient regularity at each reporting date, the fair value gain on investment property during the year, profit for the year and total comprehensive income for the year would have been different;

**Unquote**

The financial results presented in this report include fair revaluation as on June 30, 2017.

**Quote**

Trade debts, loans and advances and other receivables as at 30 June 2017 include Rupees 19.298 million, Rupees 22.574 million and Rupees 14.755 million respectively receivable from an associated company. In addition, trade debts, loans and advances and other receivables as at 30 June 2017 include aggregate balance of Rupees 10.159 million receivable from other than related parties outstanding for more than one year. The management has not provided us with its assessment of balances doubtful of recovery nor did account for any provision in the financial statements.

**Unquote**

Management is actively pursuing for the recovery of the balance amount form the above-mentioned company. Resultantly, during the period there is a net decline of Rs. 6.28 million in receivables from the above-mentioned company. Receivable from other than related parties includes 5.04 million from government institutions in respect of sales tax and custom rebate.

**Quote**

During the year, one of the financial institutions, on default by the associated company, has realized the Company's investments in equity securities pledged against lending to associated company. The Company has treated the market price of such securities at the date of realization by the financial institution as disposal value amounting to Rupees 40.963 million and accounted for it under the head 'other receivables'. Further, their exists frequent cash transactions under the head loans and advances and other receivables with same associated company. Such transactions and balances lack the business rationale and may attract the provisions of the repealed Companies Ordinance, 1984. We remained unable to satisfy ourselves in respect of such transactions and balances;

**Unquote**

The financial Institution has transferred/sold the pledged shares without intimation to the Company. The Company is in communication with the said financial Institution to reverse the transaction. To give a true and fair view of the state of the affairs, the company booked this transaction and will reverse it as soon as the shares are in Company's name.

**Quote**

An amount of Rupees 20 million credited to the Company's bank account during the year was initially accounted for as interest free long term financing from directors which has been subsequently adjusted with the balance receivable from associated company under 'loans and advances' at year-end. We remained unable to substantiate the source and terms and conditions attached to this transaction due to lack of supporting documents. Moreover, fair valuation of interest free long term financing from directors (Note 7) has not been properly accounted for in the financial statements as required by Technical Release 32 'Accounting Directors Loans' issued by the Institute of Chartered Accountants of Pakistan. Had the proper accounting of fair valuation of interest free long term financing from directors been made, finance cost for the year would have higher by Rupees 6.188 million and profit and total comprehensive income for the year would have been lower by same amount.

**Unquote**

The company received Rs. 20 million from its associated company which is being reflected in Company's accounts and also in its bank statement. Initially this inflow was erroneously recorded as sponsor's loan but has now been correctly recorded and shown in the right account. As this was not a sponsor's loan the question of fair valuation does not arise.

**Quote**

Revenue amounting Rupees 24.032 million accounted for in the financial statements represents billing to tenants in respect of use of Company's power house equipment. During the year, the Company has disposed of its power house equipment in October 2016 and placed alternate power generators. However, these alternate power house generators, generating the aforesaid revenue have not been recognized in the books of account of the Company nor did any rent being charged in the financial statements. Moreover, in the absence of legal opinion to this effect, we remained unable to satisfy ourselves as to whether the aforesaid arrangement with the tenants is in compliance with all the applicable regulatory provisions including income tax, sales tax and electricity duty on such revenue;

**Unquote**

The company disposed of its own generator and now has three generators of different capacities on a trial. Once this trial is complete, the assets will be included in the company's book as required.

**Quote**

During the year, the Company has written back long outstanding markup of Rupees 24.517 million accrued on long term financing obtained from financial institution. The principal obligation was discharged in prior years while the payment of mark up thereon was standstill. In the absence of proper supporting evidence as to the clearance of obligation of the Company from the financial institution, we remained unable to satisfy ourselves in respect of such write back;

**Unquote**

The accrued markup was written back after obtaining confirmation from the concerned financial institution. On our request, the bank issued a statement showing nothing is receivable form Jubilee Spinning & Weaving Mills Limited.

**Quote**

Direct confirmation response from one of the legal counsel of the Company has confirmed us the existence of certain litigations being dealt by him. However, the Company has not furnished us with any information nor disclosed any information in the financial statements. In the absence of information as to litigations and documentary evidence thereof, we remained unable to ascertain whether a provision against such litigations should be made or an adequate disclosure is required in the financial statements;

**Unquote**

No current litigations is expected to have any effect on the company's financial statements in any manner. Therefore, no provision or disclosure has been included in these financial statements.

**Quote**

Utility bill for the month of June 2017 from Sui Southern Gas Company Limited (SSGC) reflects the outstanding demand of Rupees 37.134 million in addition to current billing. However, the outstanding liability in books of account of the Company against such demand amount to Rupees 8.136 million only as at 30 June 2017. In the absence of information about the background of demand and the Company's actions there against, we remained unable to satisfy ourselves in respect of understatement of expenses and respective liability in the financial statements;

**Unquote**

SSGC has been including sales tax in the bill which was agreed by FBR to be charged at the rate of zero percent. SSGC has charged the sales tax from previous years that created an incorrect liability. The company has filed a case against the inclusion of the sales tax. Our legal counsel, in his confirmation, also does not show the incurrence of any liability in respect of this demand from SSGC.

**Quote**

The latest audited / unaudited financial statements of Cresox (Private) Limited, an associated company accounted for under equity method of accounting (Note 15.4), were not available with the Company. In the absence of latest audited financial statements, we remained unable to satisfy ourselves whether a share of profit, if any, of the of associate be accounted for in the financial statements; and

**Unquote**

Current year's audited/draft financial statements of Cresox (Pvt.) Limited were not available to incorporate share of profit or loss in our books. This fact has already been disclosed in Note 15.4 to the financial statement. The investment in Cresox (Pvt.) Limited has been completely written off in previous years due to losses. Therefore, any accumulation in losses in Cresox (Pvt.) Limited does not have any impact on the profitability of the company.

**Quote**

As on 30 June 2017, accumulated loss of the Company is Rupees 417.23 million. Effective from March 2014, the Company has closed its textile operations. During the current and preceding years, the Company has disposed of all of its operating fixed assets except for leasehold land and building on leasehold land. These events indicate a material uncertainty which 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. The financial statements and notes thereto do not disclose this fact. The management of the Company also did not provide us its assessment of going concern assumption used in preparation of the financial statements and the future financial projections indicating the economic viability of the Company. These facts indicate that going concern assumption used in preparation of the financial statements is inappropriate.

**Unquote**

The company has disclosed in Note 1.3 the closure of its core operation in 2014. Subsequently the company disposed of all plant and machinery after obtaining shareholder's approval in an EOGM dated April 04, 2015. The management has rented out its premises to third parties, adopted renting as a core business activity and applied to the SECP to alter the object clause III of its memorandum of association. Now, after engaging in renting business, the company is in profitable state, is reducing its accumulated losses, improving its current ratios, etc. These stated facts indicate that the company's financial position is getting stronger and will continue to operate as a going concern.

**Board of Directors**

Following persons are/were the directors during the period:

| | |
|---|---|
| Mr. Muhammad Rafi | Chairman |
| Mr. Shams Rafi | Chief Executive Officer |
| Mr. Salman Rafi | Director |
| Mr. Usman Shafi | Director |

| | |
|---|---|
| Mr. Umer Shafi | Director |
| Mr. Jahanzeb Shafi | Director |
| Mr. Aurangzeb Shafi | Director |
| Mr. Tariq Shafi | Retired |
| Mr. Shaukat Shafi | Retired |
| Mr. Akber Khan | Retired |
| Mr. Masood A. Shaikh | Retired |

**Pattern of Shareholding**

The statement of pattern of shareholding of the company as at June 30, 2017 is annexed. This statement is prepared in accordance with Code of Corporate Governance.

**Earning per Shares**

The basic earing per share for the period under review is Rs.3.55 (2016: Rs. 0.18).

**Corporate Governance Compliance**

As required by the Code of Corporate Governance, directors are pleased to report that:

a) The financial statements of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for those disclosed in financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and is being consistently and effectively reviewed by the internal audit department and will continue to be reviewed and any weakness in the system will be eliminated.

f) There are no significant doubts upon the company's ability to continue as a going concern. The auditors' reservation regarding going concern matter has been duly addressed above.

g) There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.

h) The company did not declare dividend because of accumulated losses.

i) Transactions with Related Parties have been approved by the Audit Committee and the Board.

j) Value of gratuity was Rupees 18.91 million as on June 30, 2017 as per audited accounts.

k) Attendance at 5 meetings of the Board of Directors held during the year under review were as under:

| Name of Director | Meetings attended |
|---|---|
| Mr. Shaukat Shafi | 1 |
| Mr. Masood A. Sheikh | 2 |
| Mr. Akber Khan | 2 |
| Mr. Tariq Shafi | 4 |

| **Name of Director** | **Meetings attended** |
|---|---|
| Mr. Jahanzeb Shafi | 5 |
| Mr. Usman Shafi | 2 |
| Mr. Umer Shafi | - |
| Mr. Aurangzeb Shafi | 3 |
| Mr. Muhammad Rafi | 1 |
| Mr. Shams Rafi | 1 |
| Mr. Salman Rafi | 1 |

Mr. Umer Shafi had expressed his inability to attend the meetings and requested for leave of absence which the Board granted.

l) During the period from July 01, 2016 to 30th June 2017 change in the holding of Directors, CEO, CFO and Company Secretary and their spouses as under:

| | | **Balance As on 30-06-2016** | **Change** | **Balance As on 30-6-2017** |
|---|---|---|---|---|
| Mr. Shaukat Shafi | Retired | 2,400,529 | - | - |
| Mr. Tariq Shafi | Retired | 5,285,531 | - | - |
| Mr. Jahanzeb Shafi | | 204,218 | 88,000 | 292,218 |
| Mr. Umer Shafi | | 1,206,073 | - | 1,206,073 |
| Mr. Usman Shafi | | 1,198,434 | - | 1,198,434 |
| Mr. Masood A. Sheikh | Retired | 3,725 | (3,725) | - |
| Mr. Akber Khan | Retired | - | 3,725 | - |
| Mr. Muhammad Rafi | | - | - | 4,226,500 |
| Mr. Shams Rafi | | - | - | 692,810 |
| Mr. Salman Rafi | | - | - | 591,979 |
| Mr. Aurangzeb Shafi | | 225,855 | 297,000 | 522,855 |

m) Following associated companies have the investments as under:

| | |
|---|---|
| Crescent Sugar and Distillery Limited | 474,323 |

o) The holdings of NIT and ICP are as under:

| | |
|---|---|
| Investment Corporation of Pakistan | 1891 |
| IDBP | 90 |

**Shams Rafi**
Chief Executive

Karachi
October 05, 2017

# ڈائریکٹرز رپورٹ برائے حصص یافتگان

معزز شیئر ہولڈرز!

کمپنی کے ڈائریکٹرز اختتامی مالی سال برائے 30 جون 2017ء کے لئے ''آڈیٹڈ فنانشل اسٹیٹمنٹ'' کو بمعہ ''آڈیٹرز رپورٹ'' پیش کرتے ہوئے انتہائی مسرت محسوس کرتے ہیں۔

**کمپنی کا عمومی جائزہ**

جوبلی اسپننگ اینڈ ویونگ ملز لمیٹڈ ایک ٹیکسٹائل مینوفیکچر یونٹ ہے۔ کمپنی پاکستان میں تشکیل پائی جس کے رجسٹرڈ آفس کا پتہ A-45 آف ظفر علی روڈ، گلبرگ V، لاہور، پاکستان ہے۔ کمپنی کی بنیادی سرگرمیوں میں دھاگہ/سوت/اون (Yarn) تیار اوراس کی فروخت شامل تھا۔ 2014ء میں کمپنی نے اپنا اسپننگ بزنس ترک کر دیا اوراس کے آپریٹنگ فکسڈ اثاثہ جات کو نمٹا دیا گیا۔ بعدازاں کمپنی نے اپنی جائیداد (Property) کو آمدنی کے حصول کے لئے تھرڈ پارٹیوں کو کرایہ پر دے دیا۔

**مالی نتائج کا سرسری جائزہ**

مالی سال کے دوران کمپنی نے ٹیکس، لاگتوں کی ادائیگی، اخراجات، رسد (Provision) اور بعدازادائیگی ٹیکس Rs.115,352,129 کا منافع حاصل کیا۔ یہ گزشتہ مالی سال کے مقابلے میں Rs.109,605,592 زیادہ تھا۔ کمپنی کے مالیاتی نتائج کا خلاصہ ذیل میں پیش کیا جارہا ہے:

| | روپے | روپے |
|---|---|---|
| اختتام سال | 30 جون 2017ء | 30 جون 2016ء |
| فروخت | 24,032,001 | 17,894,825 |
| فروخت کی لاگت | (8,124,169) | (11,043,138) |
| کل منافع (%) | 66% | 38% |
| فروخت، انتظامی اور دیگر امور کی لاگت | (27,456,480) | (25,768,915) |
| دیگر آمدنی | 152,678,963 | 32,912,380 |
| ٹیکس کی ادائیگی | (25,350,339) | (8,149,719) |
| بعدازادائیگی ٹیکس منافع | 115,352,129 | 5,746,537 |
| فی حصص آمدنی | 3.55 | 0.18 |

**کمپنی کے امور اور مستقبل کی توقعات/امکانات (Prospects) کا جائزہ**

کمپنی نے گزشتہ مالی سال کے مقابلے میں اختتامی مالی سال برائے 30 جون 2017ء کے لئے 140.70 ملین روپے قبل ازادائیگی ٹیکس منافع حاصل کیا اور کل منافع (Gross Profit) میں 9.06 ملین روپے (+28%) کی بہتری سامنے آئی۔ تاہم بعدازادائیگی ٹیکس منافع سرمایہ کاری کو ترک (Disposal) کرنے اور جائیداد (Property) کی انویسٹمنٹ کی قدر و قیمت پر نظر ثانی (Revaluation) اور اضافے

کے ذریعے حاصل ہوا۔

کرایہ سے ہونے والی آمدنی میں اضافہ ہوا جس نے کمپنی کی منفعت کے لئے خاصی بڑی مقدار میں رقم کے حصول میں اہم کردار ادا کیا۔ کرایہ سے ہونے والی آمدنی بمعہ سروس چارجز کے حوالے سے امید ہے کہ آئندہ سالوں میں اس کے مالی نتائج میں بہتری آئے گی۔

**آڈیٹرز رپورٹ میں تحفظات**

مالی سال کے لئے آڈیٹرز رپورٹ میں کچھ متضاد(Adverse) آراء پیش کی گئیں جن کو ذیل میں بیان کیا جاتا ہے:

**حوالہ**

مالی سال کے دوران Rs.77.753 ملین روپے مالیت کی ایک جائیداد(Property) بطور ''انویسٹمنٹ پراپرٹی'' ٹرانسفر ہوئی۔ تاہم ''انویسٹمنٹ پراپرٹی'' میں ٹرانسفر کے قدر و قیمت کا درست/منصفانہ اندازہ نہیں لگایا گیا اور (ساتھ ہی) ٹرانسفر کے موقع پر کمپنی کی بکس آف اکاؤنٹ میں اس کا موثر طور پر نفاذ(effect) کیا گیا نہ ہی پاکستان میں ضروریات کے مطابق نافذ العمل اکاؤنٹنگ کے تصدیق شدہ معیارات کو ملحوظ رکھا گیا۔ مزید یہ کہ پاکستان میں نافذ العمل اکاؤنٹنگ کے تصدیق شدہ معیارات کی ضروریات کے برخلاف ''انویسٹمنٹ پراپرٹی'' کی درست قدر و قیمت ہر رپورٹنگ کی تاریخ ظاہر نہیں کی گئی۔ ایسی آخری درست قدر و قیمت سامنے آئی جس کی 30 جون 2017 کو آخری درست قدر و قیمت مورخہ 30 جون 2014ء، کے تین سال کا عرصہ گزر جانے کے بعد اطلاع دی گئی۔ جس کے نتیجے میں مالی سال کے دوران درست قدر و قیمت (Valuation) 42.365 ملین روپے حاصل کی گئی۔ ہر رپورٹنگ تاریخ پر ایسی درست/منصفانہ قدر و قیمت(Fair valuation) کو مناسب طور پر اور باقاعدگی سے پیش کیا گیا۔ مالی سال کے دوران انویسٹمنٹ پراپرٹی سے حاصل شدہ درست قدر و قیمت، سال کا منافع اور کل جامع آمدنی(Comprehensive income) برائے مالی سال مختلف ہوسکتی ہیں۔

**غیر حوالہ جاتی**

30 جون 2017ء کی اس رپورٹ میں، پیش کردہ مالی نتائج میں دوبارہ منصفانہ/درست قدر و قیمت(Fair revaluation) کا تعین شامل ہے۔

**حوالہ**

مورخہ 30 جون 2017ء تک تجارتی قرضہ جات، قرضے، اڈوانس اور دیگر قابل وصول (ادائیگیاں) جس میں بالترتیب 19.298 ملین روپے، 22.574 ملین روپے اور 14.755 ملین روپے شامل تھے، ایک ایسوسی ایٹیڈ کمپنی سے واجب الوصول(Receivable) تھے۔
اس کے علاوہ 30 جون 2017ء تک تجارتی قرضہ جات، قرضے اور اڈوانس اور دیگر واجب الوصول (Receivable) (ادائیگیوں) کے مجموعی بقایاجات 10.159 ملین روپے متعلقہ پارٹیوں کے علاوہ ایک سال سے زائد عرصے سے واجب الادا حساب(Outstanding) میں تھے۔

انتظامیہ نے اپنے بقایاجات کے تعین اور وصولیوں میں شبہات کے حوالے سے کوئی چیز فراہم نہیں کی۔

غیر حوالہ جاتی

انتظامیہ نے سعیِ پیہم (Pursuing) کے ذریعے متذکرہ بالا کمپنی سے بقایا رقم کی وصولی کے لئے کوششیں کیں۔ نتیجے کے طور پر ''دورانئے'' (Period) میں متذکرہ بالا کمپنی سے واجب الوصول (ادائیگیوں) میں 6.28 ملین روپے کی خالص کمی سامنے آئی۔ متعلقہ پارٹیوں کے علاوہ قابل وصول ادائیگیوں میں 5.04 ملین روپے حکومتی اداروں سے سیلز ٹیکس اور کسٹم (ڈیوٹی) میں کمی/کٹوتی (Rebate) کے بعد شامل تھے۔

حوالہ

سال کے دوران، مالیاتی اداروں میں سے ایک، جو کہ ایسوسی ایٹیڈ کمپنی کا نادہندہ تھا، کو احساس ہوا کہ کمپنی کی ایکوئٹی سیکورٹیز (Equity Securities) میں انویسٹمنٹ، ایسوسی ایٹیڈ کمپنی کو قرض دینے کے عمل کے خلاف ہے۔ کمپنی ایسی سیکورٹیز کے مارکیٹ پرائز کو مالیاتی ادارے کی جانب سے احساس (Realization) ہوجانے کے بعد کی تاریخ سے (ٹھیک) Treat کر چکی ہے اور 40.963 ملین روپے ''دیگر واجب الوصول (ادائیگیوں)'' میں ترک اور حساب کئے گئے اور ان کی ہیڈ لوز میں موجودہ متواتر نقدی کی لین دین، ایڈوانسز اور دیگر واجب الوصول (ادائیگیاں) اسی ایسوسی ایٹیڈ کمپنی سے ہیں۔ ایسی ٹرانزیکشنز (رقم کا لین دین) اور بقایاجات کاروباری دلیل اساسی/اصول (Rationale) کے مطابق نہیں۔ اور ان کی ختم شدہ کمپنیز آرڈیننس 1984ء کی جانب توجہ دلائی جاسکتی ہے۔ ہم ابھی تک ایسی رقم کے لین دین (Transactions) اور بقایاجات کے حوالے سے مطمئن نہیں ہیں۔

غیر حوالہ جاتی

مالیاتی ادارہ کمپنی کی مرضی کے بغیر گروی/رہن شدہ شیئرز ٹرانسفر/فروخت کر چکا ہے۔ کمپنی اس سلسلے میں متذکرہ بالا مالیاتی ادارے سے گفت و شنید کر رہی ہے کہ وہ ٹرانزیکشن کو منسوخ کردے۔ حالات و معاملات کی درست اور منصفانہ وضاحت کے لئے کمپنی نے یہ ٹرانزیکشن مختص (Booked) کردی ہیں اور جلد ہی انہیں شیئرز کمپنی کے نام منتقل ہونے پر واپس کردیا جائے گا۔

حوالہ

مالی سال کے دوران 20 ملین روپے کی رقم کمپنی کے بینک اکاؤنٹ میں جمع کرائی گئی جسے ڈائریکٹرز کی جانب سے ابتدائی طور پر طویل المدت غیر سودی سرمایہ کاری کے لئے جمع کرایا گیا۔ جسے بعد ازاں سال کے اختتام پر ''لونز اینڈ ایڈوانسز'' کے تحت ایڈجسٹ کردیا جائے گا۔ ملحقہ دستاویزات کی عدم دستیابی کی وجہ سے ہم اس لین دین کے متعلق شکوک وشبہات کا اظہار کرتے ہیں۔ مزید برآں، ڈائریکٹرز کی جانب سے سود سے پاک مالیاتی سرمایہ کاری کی واضح مالیت کو مناسب انداز میں مالیاتی گوشواروں میں نہیں دکھایا گیا جو کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس کے ٹیکنیکل ریلیز 32 'اکاؤنٹنگ ڈائریکٹرز لونز'' کے تحت لازمی ہیں۔ ڈائریکٹران کی جانب سے سود سے پاک اس سرمایہ کاری کی اگر مناسب انداز میں مختص مالیت کی جاتی تو اس سال کی مالیاتی لاگت 6.188 ملین روپے سے زیادہ ہوتی اور اس سال کی کل جامع آمدنی اس رقم سے

کم ہوتی۔

غیر حوالہ جاتی

کمپنی کو متعلقہ کمپنی کی طرف سے موصول ہونے والے 20 ملین روپے کی عکاسی کمپنی کے حسابات میں نہیں کی گئی اور اس کے بینک کے گوشوارے میں بھی نہیں ہے۔ شروع میں تو اسے غلطی سے اسے اسپانسر لون میں ریکارڈ کیا گیا لیکن اب اس کی تصحیح کر کے اسے صحیح اکاؤنٹ میں دکھایا گیا ہے۔ کیونکہ یہ اسپانسر لون نہیں تھا اس لئے واضح مالیت کا سوال ہی پیدا نہیں ہوتا۔

حوالہ

24.032 ملین روپے کا ریوینیو مالیاتی گوشواروں میں اس طرح دکھایا گیا ہے کہ وہ کرائے داروں کو کمپنی کے پاور ہاؤس ایکویپمنٹ کو استعمال کرنے پر بل کی رقومات کی وجہ سے موصول ہوئے۔ دوران سال کمپنی نے پاور ہاؤس ایکویپمنٹ کو اکتوبر 2016 میں فروخت کر دیا اور متبادل جنریٹرز نصب کر دیئے۔ تاہم، ان متبادل پاور ہاؤس جنریٹر سے حاصل ہونے والے ریوینیو کو مالی کتابوں میں نہ تو موصول شدہ دکھایا گیا اور نہ ہی کرائے سے حاصل ہونے والی رقم کو مالیاتی گوشواروں کو دکھایا گیا۔ مزید برآں، اس سلسلے میں قانونی رائے کی عدم موجودگی، کی وجہ سے ہم اپنے آپ کو مطمئن نہ کر سکے کہ کرایہ داری اہتمام سے موصول ہونے والے اس ریوینیو پر لاگو قوانین کی پاسداری کی گئی ہے یا نہیں مثلاً انکم ٹیکس، سیلز ٹیکس، الیکٹریسٹی ڈیوٹی وغیرہ۔

غیر حوالہ جاتی

کمپنی نے اپنا جنریٹر فروخت کر دیا اور اب مختلف گنجائشوں کے حامل تین جنریٹر کی آزمائش جاری ہے۔ جیسے ہی آزمائش مکمل ہو جائے گی، تو یہ اثاثے کمپنی کی کتابوں میں ریکارڈ کر لئے جائیں گے۔

حوالہ

سال کے دوران، کمپنی نے طویل عرصے سے واجب الادا مارک اپ کی رقم 24.517 ملین روپے واپس کر دیئے جو ایک مالیاتی ادارے سے قرضے کی مد میں ادا شدہ تھے۔ اصل واجب الادا رقم سابقہ سالوں میں ادا کر دی گئی تھی لیکن مارک اپ واجب الادا رہا۔ مناسب ملحقہ ثبوت کی عدم موجودگی کی وجہ سے کمپنی کا مالیاتی ادارے کو اس قسم کے واجب رقم کی واپس ادائیگی کے سلسلے میں ہم اپنے آپ کو مطمئن نہ کر سکے۔

غیر حوالہ جاتی

مذکورہ مارک اپ کی واپس ادائیگی کا متعلقہ مالیاتی ادارے سے تصدیق نامہ موصول ہوا۔ ہماری درخواست پر بینک نے گوشوارہ جاری کیا جس میں دکھایا گیا تھا کہ جوبلی اسپننگ اینڈ ویونگ ملز سے کوئی رقم قابل وصول نہیں۔

**حوالہ**

کمپنی کے ایک قانونی وکیل کے بلاواسطہ جواب میں اس بات کی تصدیق کی گئی کہ وہ کچھ مقدمہ بازی کو نمٹا رہا ہے۔ کمپنی نے اس قسم کی کوئی معلومات ہمیں فراہم نہیں کیں اور نہ ہی مالیاتی گوشواروں میں اس کا انکشاف کیا گیا۔ اس مقدمہ بازی سے متعلق معلومات اور دستاویزی ثبوت کی عدم موجودگی میں، ہم اس بات کا تعین نہ کر سکے کہ اس مقدمہ بازی کے لئے علیحدہ سے کوئی رقم مختص کی گئی ہے یا پھر اس کا انکشاف مالیاتی گوشواروں میں کیا گیا ہے۔

**غیر حوالہ جاتی**

موجودہ مقدمہ بازی سے کمپنی کے مالیاتی گوشوارں پر کسی بھی قسم کے اثرات متوقع نہیں ہیں۔ لہذا اس کے لئے کوئی بھی مختص شدہ رقم مالیاتی گوشوراں میں دکھائی گئی۔

**حوالہ**

جون 2017 کا سوئی سدرن گیس کمپنی لمیٹڈ (SSGC) کے یوٹیلٹی بل سے عکاسی ہوتی ہے کہ 37.134 روپے موجودہ بلنگ کے علاوہ واجب الادا ہیں۔ جبکہ کمپنی کے حسابات میں سال 30 جون 2017 میں واجب الادرقم 8.136 ملین روپے دکھائی گئی ہے۔ معلومات کی عدم موجودگی میں کہ اس مطالبہ کا پس منظر کیا ہے اور اس سلسلے میں کمپنی کے افعال کیا ہیں، ہم اس سلسلے میں اخراجات میں کمی اور مالیاتی گوشواروں میں دکھائے گئے متعلقہ واجبات سے ہم اپنے آپ کو مطمئن نہ کر سکے۔

**غیر حوالہ جاتی**

SSGC اس بل میں سیلز ٹیکس کو شامل کر رہی ہے جبکہ FBR کی ہدایت کے مطابق اسے 0 فیصد چارج کرنا چاہئے۔ SSGC نے سابقہ سالوں کے سیلز ٹیکس کا مطالبہ بھی کیا ہے جس سے یہ غلط واجبہ پیدا ہو گیا ہے۔ کمپنی نے سیلز ٹیکس میں شامل کرنے پر ایک مقدمہ دائر کیا ہے۔ ہم نے اپنے وکیل سے بھی تصدیق کی ہے جس سے ہمیں پتا چلتا ہے کہ SSGC کا یہ مطالبہ بلا جواز ہے۔

**حوالہ**

چونکہ کریسوکس (پرائیوٹ) لمیٹڈ ایک ذیلی ادارہ ہے، اس لئے کے حالیہ آڈٹ شدہ/ غیر آڈٹ شدہ مالیاتی گوشواروں میں حسابات کے ایکویٹی طریقہ کار کے تحت رکھے جاتے ہیں (نوٹ 15.4)، جو کہ کمپنی میں دستیاب نہیں ہے۔ لہذا حالیہ آڈٹ شدہ مالیاتی گوشواروں کی غیر موجودگی میں، ہم اپنے آپ کو اس بات سے مطمئن نہ کر پائے کہ حصہ منافع، اگر کوئی ہو، اسے مالیاتی گوشواروں میں شامل کیا گیا ہے یا نہیں۔

**غیر حوالہ جاتی**

کریسوکس (پرائیوٹ) لمیٹڈ کے موجودہ سال کے آڈٹ شدہ/ ڈرافٹ مالیاتی گوشوارے ہی موجود نہیں تھے جس سے ہمیں منافع یا خسارہ کا پتا

چل سکے۔ اس حقیقت کا پہلے ہی مالیاتی گوشواروں کے نوٹ نمبر 15.4 میں انکشاف کیا گیا ہے۔ گزشتہ سالوں میں خسارے کی وجہ سے کریسوکس (پرائیویٹ) لمیٹڈ میں کی گئی سرمایہ کاری کو مکمل طور پر حذف کر دیا گیا ہے۔ لہذا، کریسوکس (پرائیویٹ) لمیٹڈ کے مجموعی خسارہ کمپنی کے منافع پر اثر انداز نہیں ہوسکتا۔

حوالہ

مختتمہ سال 30 جون 2017 میں کمپنی کا مجموعی خسارہ 417.23 ملین رہا۔ مارچ 2014 سے کمپنی نے اپنے ٹیکسٹائل کے آپریشنز کو ختم کر دیا ہے۔ موجودہ اور سابقہ سال میں لیز شدہ زمین اور لیز شدہ عمارت کے علاوہ کمپنی کے آپریشن میں استعمال ہونے والے تمام متعین اثاثے فروخت کر دئے گئے۔ جس سے کمپنی کو کاروبار کو چلانے کی اہلیت پر صاف خصوصی شکوک وشبہات پیدا ہوتے ہیں لہذا وہ اپنے اثاثوں کو قابل عمل نہیں بنا سکتی اور کاروباری واجبات کو ادا کرنے کی اہل نہیں ہے۔ مالیاتی گوشواروں اور نوٹس میں اس حقیقت کا انکشاف نہیں کیا گیا۔ کمپنی کی انتظامیہ کاروبار کو چلانے کے اپنے مالیاتی گوشواروں کی تیاری میں کوئی ٹھوس ثبوت پیش نہیں کئے اور نہ ہی مستقبل کمپنی کی اقتصادی اہلیت کی طرف کوئی اشارہ کیا گیا ہے۔ لہذا کاروبار چلانے کے لئے مالیات گوشواروں کی تیاری کے دوران درست انکشافات کا اظہار نہیں کیا گیا۔

غیر حوالہ جاتی

کمپنی نے نوٹ نمبر 1.3 میں 2014 سے اپنے تمام آپریشنز بند کرنے کا انکشاف کیا ہے۔ کمپنی نے EOGM منعقدہ اپریل 04، 2015 میں حصص یافتگان کی منظوری کے بعد تمام پلانٹ اور مشینری فروخت کر دی۔

کرائے داری کو بطور بنیادی کاروبار اختیار کرتے ہوئے کمپنی نے اپنی جائیداد کسی تیسرے فریق کو کرائے پر دے دی اور SECP کو کمپنی کے اغراض ومقاصد کے تحت کاروباری مقاصد میں تبدیلی کے لئے درخواست دے دی۔ لہذا اب کرائے داری کے کاروبار اختیار کرنے کے بعد، کمپنی منافع بخش ہوگئی ہے، اس کے مجموعی خسارہ کم ہوا ہے، جس کی وجہ سے اس کی موودہ شرحوں میں بہتری آئی ہے۔

مذکورہ حقائق سے اس بات کی نشاندہی ہوتی ہے کہ کمپنی کی مالی حالت مضبوط ہورہی ہے اور یہ بطور چلتے ہوئے ادارے کے طور پر کام کرتی رہے گی۔

## بورڈ آف ڈائریکٹرز

اس مدت کے دوران مندرجہ ذیل ڈائریکٹر ہیں/ تھے:

| | |
|---|---|
| جناب محمد رفیع | چیئرمین |
| جناب شمس رفیع | چیف ایگزیکٹو آفیسر |

| | |
|---|---|
| جناب سلمان رفیع | ڈائریکٹر |
| جناب عثمان شفیع | ڈائریکٹر |
| جناب عمر شفیع | ڈائریکٹر |
| جناب جہانزیب شفیع | ڈائریکٹر |
| جناب اورنگزیب شفیع | ڈائریکٹر |
| جناب طارق شفیع | ریٹائرڈ |
| جناب شوکت شفیع | ریٹائرڈ |
| جناب اکبر خان | ریٹائرڈ |
| جناب مسعود اے شیخ | ریٹائرڈ |

## حصص داری کی ساخت

سال 30 جون 2017 کے لیئے کمپنی کے حصص یافتگان کا گوشوارہ منسلک ہے۔ یہ گوشوارہ ادارتی ضابطہ اخلاق کے مطابق تیار کیا گیا ہے۔

## فی حصص منافع

بنیادی فی حصص منافع جائزہ مدت کے دوران 3.55 روپے رہا (2016 میں 0.18 روپے)

## ادارتی ضابطہ اخلاق

ادارتی ضابطہ اخلاق کے تحت ڈائریکٹران بمسرت طور پر رپورٹ کرتے ہیں کہ:

a- کمپنی کے مالیاتی گوشوارے متعلقہ معاملات، آپریشنز کے نتائج، کیش کی آمد ورفت اور ایکویٹی میں تبدیلی کو واضح طور پر ظاہر کرتے ہیں۔

b- حسابات کی کتابیں درست انداز میں رکھی گئی ہیں۔

c- درست حساباتی پالیسیاں تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کوملحوظ خاطر رکھا گیا ہے سوائے ان کے جن کا انکشاف مالیاتی گوشواروں اور حساباتی تخمینے کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

d- مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کوملحوظ خاطر رکھا گیا ہے اور کسی بھی قسم کے انحراف کا انکشاف کیا گیا ہے اور وضاحت کی گئی ہے۔

e- اندرونی گرفت کا نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

f- کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں شک وشبہ نہیں ہے۔ چلتے ہوئے ادارے کے حوالے سے آڈیٹرز کے تحفظات کا ازالہ

کیا گیا ہے۔

g- رائج ادارتی ضابطوں سے کوئی ٹھوس انحراف نہیں ہے۔

h- کمپنی نے خسارہ کی وجہ سے کسی منافعہ منقسمہ کا اعلان نہیں کیا۔

i- متعلقہ فریقین کے درمیان ہونے والی لین دین کو بورڈ اور آڈٹ کمیٹی کی منظوری سے کی گئی ہے۔

j- آڈٹ شدہ حسابات کے تحت کریچویٹی کی مالیت 18.91 ملین رہی۔

k- جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے 5 اجلاس ہوئے جس میں حاضری کی تفصیلات درج ذیل ہیں:

| ڈائریکٹر کا نام | اجلاس (تعداد حاضری) |
|---|---|
| جناب شوکت شفیع | 1 |
| جناب مسعود اے شیخ | 2 |
| جناب اکبر خان | 2 |
| جناب طارق شفیع | 4 |
| جناب جہانزیب شفیع | 5 |
| جناب عثمان شفیع | 2 |
| جناب عمر شفیع | - |
| جناب اورنگزیب شفیع | 3 |
| جناب محمد شفیع | 1 |
| جناب شمس رفیع | 1 |
| جناب سلمان رفیع | 1 |

جناب عمر شفیع نے حاضری کے لئے اپنی مجبوری ظاہر کی اور بورڈ نے ان کی غیر حاضری منظور کر لی

یکم جولائی 2016 سے 30 جون 2017 کے دوران ڈائریکٹر، سی ای او، سی ایف او اور کمپنی کے سیکریٹری اور ان کے شریک حیات کی حصہ داری درج ذیل رہی:

| | | افتتاحی بیلنس 30 جون 2016 | تبدیلی | اختتامی بیلنس 30 جون 2017 |
|---|---|---|---|---|
| جناب شوکت شفیع | ریٹائرڈ | 2,400,529 | - | - |
| جناب طارق شفیع | ریٹائرڈ | 5,285,531 | - | - |

| | | | | |
|---|---|---|---|---|
| جناب جہانزیب شفیع | | 204,218 | 88,000 | 292,218 |
| جناب عمر شفیع | | 1,206,073 | - | 1,206,073 |
| جناب عثمان شفیع | | 1,198,434 | - | 1,198,434 |
| جناب مسعود اے شیخ | ریٹائرڈ | 3,725 | (3,725) | - |
| جناب اکبر خان | ریٹائرڈ | - | 3725 | - |
| جناب محمد رفیع | | - | - | 4,226,500 |
| جناب شمس رفیع | | - | - | 692,810 |
| جناب سلمان رفیع | | - | - | 591,979 |
| جناب اورنگزیب شفیع | | 225,855 | 297,000 | 522,855 |

ہماری منسلکہ کمپنیوں کی طرف سے کی گئی سرمایہ کاری درج ذیل ہیں

| | |
|---|---|
| کریسنٹ شوگر اینڈ ڈسٹلری لمیٹڈ | 474,323 |

NIT اور ICP کی حصہ داری درج ذیل ہے:

| | |
|---|---|
| انویسٹمنٹ کارپوریشن آف پاکستان | 1891 |
| آئی ڈی بی پی | 90 |

**شمس رفیع**
**چیف ایگزیکٹو**

کراچی
05 اکتوبر، 2017

# Key Operating and Financial Ratios

## For The Period From 2011 To 2017

| Operating Information | | 2017 | 2016 (restated) | 2015 | 2014 | 2013 (restated) | 2012 (restated) | 2011 (restated) |
|---|---|---|---|---|---|---|---|---|
| Sales - Net | Rs. In Mln | 24.03 | 17.89 | 14.87 | 332.94 | 394.45 | 217.25 | 783.74 |
| Cost of Goods Sold | Rs. In Mln | 8.12 | (11.04) | 29.51 | 361.58 | 399.23 | 230.47 | 792.22 |
| Gross Profit/(Loss) | Rs. In Mln | 15.91 | 6.85 | (14.64) | (28.64) | (4.78) | (13.21) | (8.48) |
| Profit/(Loss) from operations | Rs. In Mln | 140.73 | 14.00 | (37.50) | (39.15) | 0.09 | 5.17 | (25.18) |
| Profit/(Loss) befor taxation | Rs. In Mln | 140.70 | 13.90 | (37.68) | (41.49) | (5.08) | (107.60) | (105.16) |
| Profit/(Loss) after taxation | Rs. In Mln | 115.35 | 5.75 | (40.36) | (37.91) | (6.71) | (109.92) | (113.76) |
| Financial Information | | | | | | | | |
| Paid up Capital | Rs. In Mln | 324.91 | 324.91 | 324.91 | 324.91 | 324.91 | 324.91 | 324.91 |
| Equity Balance | Rs. In Mln | (31.02) | (119.26) | (114.62) | (71.78) | (39.03) | (51.27) | 42.68 |
| Fixed Assets | Rs. In Mln | 635.05 | 594.94 | 681.32 | 643.43 | 627.50 | 638.00 | 763.04 |
| Current Assets | Rs. In Mln | 137.78 | 136.72 | 242.81 | 270.74 | 307.22 | 158.49 | 107.43 |
| Current Liabilities | Rs. In Mln | 151.15 | 165.72 | 200.84 | 252.65 | 273.50 | 160.06 | 172.84 |
| Total Assets | Rs. In Mln | 783.46 | 738.63 | 924.13 | 914.17 | 934.72 | 796.49 | 870.47 |
| Key Ratios | | | | | | | | |
| Gross Margin | percent | 66.19 | 38.29 | (98.45) | (8.60) | (1.21) | (6.08) | (1.08) |
| Operating Margin | percent | 585.58 | 78.23 | (252.19) | (11.76) | 0.02 | 2.38 | (3.21) |
| Net Profit/(Loss) | percent | 479.99 | 32.14 | (271.42) | (11.39) | (1.70) | (50.60) | (14.52) |
| Return on Capital Employed | percent | 0.18 | 0.01 | (0.06) | (0.06) | (0.01) | (0.17) | (0.15) |
| Current Ratio | Times | 0.91 | 0.82 | 1.21 | 1.07 | 1.12 | 0.99 | 0.62 |
| Earning Per Share | Rs. | 3.55 | 0.18 | (1.24) | (1.17) | (0.21) | (3.38) | (3.50) |
| Production Statistics | | | | | | | | |
| Number of Spindle | Numbers | - | - | - | 9,000.00 | 9,000.00 | 9,000.00 | 9,000.00 |
| Production converted into 20/s Count | Kgs | - | - | - | 750,277.00 | 793,510.00 | 362,011.00 | 990,769.00 |

## Vision & Mission Statement

### Vision Statement

Jubilee Spinning & Weaving Mills Limited is a manufacturing concern that produces high quality cotton and polyester carded and combed yarn. The company is committed to making sustained efforts towards optimum utilization of its resources and intends to play a pivotal role in the economic and social development of Pakistan thereby improving the quality of life of its people.

### Mission Statement

To achieve a leadership position in providing high quality services.

To be recognized as an organization that delivers on its commitments with integrity.

To be an equal opportunity employer and to motivate every employee to strive for excellence in meeting and exceeding customers' needs to ensure the company's future prosperity.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.

# Statement of Compliance With The Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

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

| CATEGORY | NAME |
|---|---|
| Independent directors | - |
| Executive directors | Mr. Shams Rafi (Chief Executive)<br>Mr. Salman Rafi |
| Non-executive directors | Mr. Jahanzeb Shafi<br>Mr. Aurangzeb Shafi<br>Mr. Muhammad Rafi<br>Mr. Umer Shafi<br>Mr. Usman Shafi |

   The requirement of independent directors in composition of Board under the code will fulfilled at the time of next election of directors.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board after date of director's election.

5. The Company has not formulated the "Code of Conduct". Accordingly, no steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies are being developed having regard to the level of materiality.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman. Board met at least once in every quarter. The Board held four meetings during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Five out of seven directors of the company are exempted from the requirement of Directors' Training Program's (DTP) prescribed under the clause 5.19.7 of the Code.

10. No new appointment of Chief Financial Officer (CFO) and Head of Internal Audit were made. Company Secretary was appointed during the period.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises 03 members, of whom 02 are non-executive directors.

16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit department with qualified and experienced persons and they are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

18. The board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and chairman of the committee is non-executive director.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enriched in the CCG have been complied with except for the following, toward which progress is being made by the company to seek compliance.

    - Representation of independent director on the Board will be fulfilled during next financial year.
    - The company is in the process of formulating the "Code of Conduct" and appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
    - Overall corporate strategy and significant policies are being developed having regard to level of materiality.
    - In accordance with the criteria specified in clause 5.19.7 of the Code, Five directors of the Company are exempted from the requirement of DTP. The remaining two directors will obtain training under the said training program in due course.

**Shams Rafi**
Chief Exective

# Review Report To The Members On Statement of Compliance With The Best Practices of 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 JUBILEE SPINNING & WEAVING MILLS LIMITED ("the Company") for the year ended 30 June 2017 to comply with the Listing Regulations of Pakistan 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. 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 a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The 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 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 approval of related party transactions by the Board of Directors upon recommendations 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, we report that:

- One member of the audit committee is not a non-executive director and chairman of the audit committee is not an independent director in contravention of clause 5.19.16 of the Code;
- The internal audit function of the Company is ineffective in contravention of clause 5.19.21 of the Code;
- One of the non-executive directors holds the position of Chief Financial Officer. Further, he does not meet the qualification requirements prescribed in clause 5.19.9 of the Code; and
- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive profit, its cash flows and changes in equity for the year then ended.

Based on our review, with the exception of the matters described in the preceding paragraphs, 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 2017.

We draw attention to note 23 of the Statement of Compliance with the Code of Corporate Governance which describes following significant instances of non-compliance with the requirements of the Code: (i). there is no independent director on the board of directors; (ii). the 'Code of Conduct' along with its supporting policies and procedures has not been developed and disseminated; (iii). overall corporative strategy and significant policies having regards to level of materiality have not been developed; and (iv). no director attended any director' training program during the year. Our report is not further qualified in respect of these matters.

**Riaz Ahmed & Company**
**Chartered Accountant**

**Name of Engagement Partner:**
**Muhammad Hamid Jan**

Karachi
October 5, 2016

# Auditors' Report To The Members of Jubilee Spinning & Weaving Mills Limited

We have audited the annexed balance sheet of JUBILEE SPINNING & WEAVING MILLS LIMITED ("the Company") as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except mentioned in paragraphs (i) to (x) below, 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 repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

(i) During the year, property having carrying value of Rupees 77.753 million has been transferred to investment property. However, no fair valuation has been carried out nor the effect thereof has been accounted for in the books of account of the Company at the time of transfer to investment property as required by approved accounting standards as applicable in Pakistan. Furthermore, fair valuation of investment property has not being carried out at each reporting date as required by approved accounting standards as applicable in Pakistan. Last such fair valuation has been carried out and accounted for as at 30 June 2017 after lapse of three years since last fair valuation as on 30 June 2014 resulting in a fair value gain of Rupees 42.365 million accounted for during the year. Had such fair valuation being carried out with sufficient regularity at each reporting date, the fair value gain on investment property during the year, profit for the year and total comprehensive income for the year would have been different;

(ii) Trade debts, loans and advances and other receivables as at 30 June 2017 include Rupees 19.298 million, Rupees 22.574 million and Rupees 14.755 million respectively receivable from an associated company. In addition, trade debts, loans and advances and other receivables as at 30 June 2017 include aggregate balance of Rupees 10.159 million receivable from other than related parties outstanding for more than one year. The management has not provided us with its assessment of balances doubtful of recovery nor did account for any provision in the financial statements.

(iii) During the year, one of the financial institutions, on default by the associated company, has realized the Company's investments in equity securities pledged against lending to associated company. The Company has treated the market price of such securities at the date of realization by the financial institution as disposal value amounting to Rupees 40.963 million and accounted for it under the head 'other receivables'. Further, their exists frequent cash transactions under the head loans and advances and other receivables with same associated company. Such transactions and balances lack the business rationale and may attract the provisions of the repealed Companies Ordinance, 1984. We remained unable to satisfy ourselves in respect of such transactions and balances;

(iv) An amount of Rupees 20 million credited to the Company's bank account during the year was initially accounted for as interest free long term financing from directors which has been subsequently adjusted with the balance receivable from associated company under 'loans and advances' at year-end. We remained unable to substantiate the source and terms and conditions attached to this transaction due to lack of supporting documents. Moreover, fair valuation of interest free long term financing from directors (Note 7) has not been properly accounted for in the financial statements as required by Technical Release 32 'Accounting Directors Loans' issued by the Institute of Chartered Accountants of Pakistan. Had the proper accounting of fair valuation of interest free long term financing from directors been made, finance cost for the year would have higher by Rupees 6.188 million and profit and total comprehensive income for the year would have been lower by same amount;

(v) Revenue amounting Rupees 24.032 million accounted for in the financial statements represents billing to tenants in respect of use of Company's power house equipment. During the year, the Company has disposed of its power house equipment in October 2016 and placed alternate power generators. However, these alternate power house generators, generating the aforesaid revenue have not been recognized in the books of account of the Company nor did any rent being charged in the financial statements. Moreover, in the absence of legal opinion to this effect, we remained unable to satisfy ourselves as to whether the aforesaid arrangement with the tenants is in compliance with all the applicable regulatory provisions including income tax, sales tax and electricity duty on such revenue;

(vi) During the year, the Company has written back long outstanding markup of Rupees 24.517 million accrued on long term financing obtained from financial institution. The principal obligation was discharged in prior years while the payment of mark up thereon was standstill. In the absence of proper supporting evidence as to the clearance of obligation of the Company from the financial institution, we remained unable to satisfy ourselves in respect of such write back;

(vii) Direct confirmation response from one of the legal counsel of the Company has confirmed us the existence of certain litigations being dealt by him. However, the Company has not furnished us with any information nor disclosed any information in the financial statements. In the absence of information as to litigations and documentary evidence thereof, we remained unable to ascertain whether a provision against such litigations should be made or an adequate disclosure is required in the financial statements;

(viii) Utility bill for the month of June 2017 from Sui Southern Gas Company Limited (SSGC) reflects the outstanding demand of Rupees 37.134 million in addition to current billing. However, the outstanding liability in books of account of the Company against such demand amount to Rupees 8.136 million only as at 30 June 2017. In the absence of information about the background of demand and the Company's actions there against, we remained unable to satisfy ourselves in respect of understatement of expenses and respective liability in the financial statements;

(ix) The latest audited / unaudited financial statements of Cresox (Private) Limited, an associated company accounted for under equity method of accounting (Note 15.4), were not available with the Company. In the absence of latest audited financial statements, we remained unable to satisfy ourselves whether a share of profit, if any, of the of associate be accounted for in the financial statements; and

(x) As on 30 June 2017, accumulated loss of the Company is Rupees 417.226 million. Effective from March 2014, the Company has closed its textile operations. During the current and preceding years, the Company has disposed of all of its operating fixed assets except for leasehold land and building on leasehold land. These events indicate a material uncertainty which 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. The financial statements and notes thereto do not disclose this fact. The management of the Company also did not provide us its assessment of going concern assumption used in preparation of the financial statements and the future financial projections indicating the economic viability of the Company. These facts indicate that going concern assumption used in preparation of the financial statements is inappropriate.

(a) except for the effects of the matters stated in paragraphs (i) to (x) above, in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

(b) except for the effects of the matters stated in paragraphs (i) and (x) above, in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with 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;

(c) in our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters stated in paragraphs (i) to (x) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Riaz Ahmed & Company**
**Chartered Accountant**

**Name of Engagement Partner:**
**Muhammad Waqas**

Karachi
Date: October 5, 2017

# BALANCE SHEET

| | Note | 2017 Rupees | 2016 Rupees Restated |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| **Authorized share capital** | | | |
| 34,000,000 (2016: 34,000,000) ordinary shares of Rupees 10 each | | **340,000,000** | 340,000,000 |
| Issued, subscribed and paid up share capital | 3 | **324,912,050** | 324,912,050 |
| Reserves | 4 | **(355,936,140)** | (444,169,316) |
| **Total equity** | | **(31,024,090)** | (119,257,266) |
| Surplus on revaluation of property, plant and equipment | 5 | **139,975,386** | 217,449,204 |
| Surplus on revaluation of investment property | 6 | **508,013,003** | 429,977,289 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Long term financing | 7 | **-** | - |
| Deferred income tax | 8 | **11,635,173** | 9,473,330 |
| Employees' retirement benefits | 9 | **3,725,984** | 35,259,509 |
| | | **15,361,157** | 44,732,839 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | **101,887,852** | 116,861,975 |
| Current portion of long term financing | 7 | **14,574,680** | 8,386,191 |
| Accrued mark-up | | - | **24,517,429** |
| Provisions | 11 | **9,928,940** | 9,928,940 |
| Provision for taxation | | **24,744,878** | 6,029,220 |
| | | **151,136,350** | 165,723,755 |
| **TOTAL LIABILITIES** | | **166,497,507** | 210,456,594 |
| **CONTINGENCIES AND COMMITMENTS** | 12 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **783,461,806** | 738,625,821 |

The annexed notes form an integral part of these financial statements.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

# AS AT JUNE 30, 2017

| | Note | 2017 Rupees | 2016 Rupees Restated |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 13 | **61,501,605** | 141,507,472 |
| Investment property | 14 | **573,548,423** | 453,429,981 |
| Long term investments | 15 | **362,628** | 839,358 |
| Long term loans | 16 | **1,158,840** | 1,682,278 |
| Long term deposits | | **9,108,326** | 4,449,009 |
| | | **645,679,822** | 601,908,098 |
| **CURRENT ASSETS** | | | |
| Trade debts | 17 | **25,184,600** | 24,982,606 |
| Loans and advances - considered good | | **23,322,714** | 27,437,554 |
| Other receivables - considered good | | **64,615,614** | 24,868,500 |
| Advance income tax and refund | | **10,176,960** | 10,080,767 |
| Short term investments | 18 | **12,199,009** | 47,748,374 |
| Cash and bank balances | 19 | **2,283,087** | 1,599,922 |
| | | **137,781,984** | 136,717,723 |
| **TOTAL ASSETS** | | **783,461,806** | 738,625,821 |

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

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

| | Note | 2017<br>Rupees | 2016<br>Rupees |
|---|---|---|---|
| Revenue | 20 | **24,032,001** | 17,894,825 |
| Cost of revenue | 21 | **(8,124,169)** | (11,043,138) |
| Gross profit | | **15,907,832** | 6,851,687 |
| Administrative and general expenses | 22 | **(26,091,758)** | (14,731,718) |
| Other expenses | 23 | **(1,364,722)** | (11,037,197) |
| | | **(27,456,480)** | (25,768,915) |
| Impairment loss on long term investment | | **(403,640)** | - |
| Other income | 24 | **152,678,963** | 32,912,380 |
| Profit from operations | | **140,726,675** | 13,995,152 |
| Finance cost | 25 | **(24,207)** | (98,896) |
| Profit before taxation | | **140,702,468** | 13,896,256 |
| Provision for taxation | 26 | **(25,350,339)** | (8,149,719) |
| Profit after taxation | | **115,352,129** | 5,746,537 |
| Earnings per share- basic and diluted (Rupees) | 27 | **3.55** | 0.18 |

The annexed notes form an integral part of these financial statements.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Profit after taxation | **115,352,129** | 5,746,537 |
| **Items that will not be reclassified to profit or loss** | | |
| - Actuarial gain on remeasurement of employees retirement benefits | **8,147,845** | 266,723 |
| - Related deferred tax | **(2,444,354)** | (82,684) |
| | **5,703,491** | 184,039 |
| **Items that may be reclassified subsequently to profit or loss** | | |
| - Fair value reserve reclassified on disposal of available for sale investments | **(33,290,325)** | (386,161) |
| - Fair value adjustment on available for sale investments | **6,656,370** | 1,886,776 |
| | **(26,633,955)** | 1,500,615 |
| | **(20,930,464)** | 1,684,654 |
| **TOTAL COMPREHENSIVE PROFIT FOR THE YEAR** | **94,421,665** | 7,431,191 |

The annexed notes form an integral part of these financial statements.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

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

| | Note | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash (used in) / generated from operations | 28 | **(80,087,851)** | 61,519,638 |
| Finance cost paid | | **(24,207)** | (98,896) |
| Income tax paid | | **(6,730,874)** | (9,829,877) |
| Gratuity paid | | **(8,640,474)** | (61,200) |
| Net decrease in long term loans to employees | | **523,438** | 42,000 |
| **Net cash flow from / (used in) operating activities** | | **(94,959,968)** | 51,571,665 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of property, plant and equipment | | **1,060,000** | 5,700,023 |
| Proceeds on disposal of investment | | **45,904,617** | 5,864,269 |
| Rental income | | **48,616,468** | 23,235,558 |
| Dividends received | | **62,048** | 565,771 |
| **Net cash flow from investing activities** | | **95,643,133** | 35,365,621 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of long term financing | | **-** | (86,442,502) |
| Long term loan obtained | | **-** | - |
| **Net cash used in financing activities** | | **-** | (86,442,502) |
| **Net increase in cash and cash equivalents** | | **683,165** | 494,784 |
| **Cash and cash equivalents at the beginning of the year** | | **1,599,922** | 1,105,138 |
| **Cash and cash equivalents at the end of the year** | 29 | **2,283,087** | 1,599,922 |

The annexed notes form an integral part of these financial statements.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

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

| | Share capital | RESERVES | | | | | | | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|
| | | CAPITAL | | | REVENUE | | | Total | |
| | | Fair value reserve on 'available for sale' investments | Equity portion of directors' loans | Sub Total | General reserve | Accumulated loss | Sub Total | | |
| | ---------- | ---------- | ---------- | ---------- | Rupees | ---------- | ---------- | ---------- | ---------- |
| **Balance as at 30 June 2015** | **324,912,050** | **35,411,518** | **19,329,816** | **54,741,334** | **51,012,000** | **(545,289,465)** | **(494,277,465)** | **(439,536,131)** | **(114,624,081)** |
| Transfer from surplus on revaluation of property, plant and equipment | | | | | | | | | |
| on account of incremental depreciation | - | - | - | - | - | 1,560,798 | 1,560,798 | 1,560,798 | 1,560,798 |
| Related deferred tax | - | - | - | - | - | (483,847) | (483,847) | (483,847) | (483,847) |
| | - | - | - | - | - | 1,076,951 | 1,076,951 | 1,076,951 | 1,076,951 |
| Profit for the year | - | - | - | - | - | 5,746,537 | 5,746,537 | 5,746,537 | 5,746,537 |
| Other comprehensive loss for the year | - | 1,500,615 | - | 1,500,615 | - | 184,039 | 184,039 | 1,684,654 | 1,684,654 |
| Total comprehensive loss for the year | - | 1,500,615 | - | 1,500,615 | - | 5,930,576 | 5,930,576 | 7,431,191 | 7,431,191 |
| Fair value adjustments on interest free loan from sponsor's shareholder - net | - | - | (13,141,327) | (13,141,327) | - | - | - | (13,141,327) | (13,141,327) |
| **Balance as at 30 June 2016** | **324,912,050** | **36,912,133** | **6,188,489** | **43,100,622** | **51,012,000** | **(538,281,938)** | **(487,269,938)** | **(444,169,316)** | **(119,257,266)** |
| Profit for the year | - | - | - | - | - | 115,352,129 | 115,352,129 | 115,352,129 | 115,352,129 |
| Other comprehensive income for the year | - | (26,633,955) | - | (26,633,955) | - | 5,703,491 | 5,703,491 | (20,930,464) | (20,930,464) |
| Total comprehensive income for the year | - | (26,633,955) | - | (26,633,955) | - | 121,055,620 | 121,055,620 | 94,421,665 | 94,421,665 |
| Fair value adjustments on interest free loan from sponsor's shareholder - net | - | - | (6,188,489) | (6,188,489) | - | - | - | (6,188,489) | (6,188,489) |
| **Balance as at 30 June 2017** | **324,912,050** | **10,278,178** | **-** | **10,278,178** | **51,012,000** | **(417,226,318)** | **(366,214,318)** | **(355,936,140)** | **(31,024,090)** |

The annexed notes form an integral part of these financial statements.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

# NOTES TO THE ACCOUNTS
# FOR THE YEAR ENDED JUNE 30, 2017

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** Jubilee Spinning & Weaving Mills Limited (the Company) was incorporated in Pakistan as a public limited company on 12 December 1973 under the Companies Act, 1913 (Now the Companies Act, 2017). The Company obtained certificate of commencement of business in January 1974. Shares of the Company are listed on Pakistan Stock Exchange Limited. Its registered office is situated at 40-A, Off: Zafar Ali Khan Road, Gulberg V, Lahore whereas the production facilities are located at B-28, Manghopir Road, S.I.T.E, Karachi. The principal objective of the Company is to engage in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities which generate electricity for use within the production site.

**1.2** Due to intermittent availability of raw materials owing to shortage of working capital and continuous losses, the Company's has closed its core operations since 2014. The Company has rented out its premises to earn rental income and service revenue from use of power generation equipment by the tenants.

**1.3** During the year, the Company has passed a special resolution in its annual general meeting held on 31 October 2016 to specifically add the business of renting out the buildings and / or open area of the Company's premises to institutions, corporations, companies, other entities and individuals to its Memorandum of Association (MOA). Subsequently, the Company has filed the petition with the Securities and Exchange Commission of Pakistan (SECP) seeking approval to the amended MOA, the response to which is pending till the reporting date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of Preparation

### a) 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

### b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets and financial assets and liabilities which have been stated at revalued amounts, fair values, cost, amortized cost and present value as mentioned in respective policy notes. Accrual basis of accounting has been used in these financial statements except for the cash flow information.

**c) Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

**Post employment gratuity - defined benefit plan**

The provision for gratuity has been accounted for based on independent actuarial valuation as at the reporting date which depends upon certain actuarial assumptions and judgments made by the actuary.

**Useful lives, patterns of economic benefits and impairments - Property, plant and equipment**

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

**Current taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Provision for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

**Impairment of investments in associated companies**

In making an estimate of future cash flows from the Company's investments in associated companies, the management considers future dividend stream and an estimate of the terminal value of these investments.

**Classification of investments**

Classification of an investment is made on the basis of intended purpose for holding such investment. The classification of investments is re-evaluated on regular basis.

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**d) 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. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**e) Amendments to published approved standards that are effective in current year and are relevant to the Company**

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross -reference from the interim financial statements to the location of that information.

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

**f) Amendments to published standards that is effective in current year but not relevant to the Company**

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**g) Standards and amendments to published standards that is not yet effective but relevant to the Company**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments.

Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for derecognition of the financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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

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

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

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

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

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). Amendments have been made to state that that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) - (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 - 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

**h) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Employee Benefits**

The Company operates an unfunded gratuity scheme for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. Actuarial gains and losses are recognized in statement of comprehensive income as remeasurement effect of employees retirements benefits.

## 2.3 Taxation

### a) Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted, after taking into account the applicable rebates and credits, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

## 2.4 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The Company charges all the exchange differences to profit and loss account.

## 2.5 Property, plant, equipment and depreciation

### a) Owned

**Initial recognition**

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

**Measurement subsequent to initial recognition**

**Revaluation model**

Leasehold Land, Building on Leasehold Land and Plant and Machinery, are stated at revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment loss (if any). Surplus on revaluation is credited to "surplus on revaluation of property, plant and equipment"; net of related deferred tax liability, except in case of surplus on leasehold land where deferred tax is not recognized. Revaluation is carried out by independent valuers with sufficient regularity so that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment net of related deferred tax is transferred directly to retained earnings (accumulated loss account) in statement of changes in equity.

**Cost model**

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

**Subsequent costs**

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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the year in which these are incurred.

**Depreciation**

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 13. The Company charges the depreciation on a proportionate basis from the date when the asset is available for use till the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

**De-recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

**b) Capital Work in progress**

Capital work-in-progress is stated at cost less impairment loss (if any) and represents expenditure incurred on property, plant and equipment in the course of construction and installation. These expenditures are transferred to relevant fixed assets category as and when the assets are available for intended use.

**2.6 Investments**

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

**a) Investment at fair value through profit or loss**

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

**b) Held-to-maturity**

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

**c) Investment in associates - (with significant influence)**

Investments in associates where the company has a significant influence are recorded under equity method as required by International Accounting Standard (IAS)-28 'Investments in Associates'.

**d) Available-for-sale**

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

**Quoted**

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

**Unquoted**

Available for sale investments in unquoted investments are carried at cost less impairment in value, if any.

**e) De-recognition of investments**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**2.7 Inventories**

Inventories, except for stock in transit and waste stock/rags are stated at lower of cost and net realizable value. Cost is determined as follows:

**Stores, spare parts and loose tools**

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

**Stock-in-trade**

Cost of raw material, work-in-process and finished goods are determined as follows:

(i) For raw materials Weighted average cost

| | | |
|---|---|---|
| (ii) | For work-in-process | Weighted average cost of raw material plus proportion of the factory overhead expenses |
| (iii) | Finished goods | Weighted average manufacturing cost. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon.

Waste stock/rags are valued at net realizable value.

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

**2.8 Borrowing cost**

The borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalized as part of the cost of that asset. All other interest, mark-up and other charges are recognized in profit and loss account.

**2.9 Revenue recognition**

Revenue and income from different sources is recognized as under:

- Sales are recognized on the basis of dispatch of goods to customers, which is invoice date.
- Profit on bank deposits is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive the dividend has been established.
- Rental income is recognized on accrual basis.
- Services income is recognized when the services are rendered.
- In case of investments in associates stated using equity method under IAS-28, Company's share in the post acquisition profits of the associates is recognized in profit and loss account there-by adjusting the carrying amounts of related investments. The dividend received from such associates is deducted from the carrying value of the related investments.

**2.10 Share Capital**

Ordinary shares are classified as equity.

**2.11 Financial instruments**

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the following individual policy statements associated with each item and in the accounting policy of investments (Note 2.6).

**a) Trade and other receivables**

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**b) Borrowings**

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

**c) Trade and other payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

**2.12 Provisions**

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

**2.13 Impairment**

**a) Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

**b) Non financial assets**

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 such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except in case of revalued property, plant and machinery in which case these are first adjusted against related revaluation surplus and remaining loss, if any, are taken to profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account except where revaluation surplus was previously reduced in which case such reversal is credited to revaluation surplus.

**2.14 Off setting of financial assets and financial liabilities**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**2.15 Investment properties**

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

Gain or losses arising from a change in fair value of investment property are included in the profit and loss account currently.

**2.16 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

**2.17 Segment reporting**

Segment reporting is based on the operating segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), and Power Generation.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

**2.18 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated if there is any potential dilutive effect on the Company's reported net profits.

**2.19 Dividend and other appropriations**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved and other appropriations are recognized in the period in which these are approved by the Board of Directors.

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

| 2017 (NUMBER OF SHARES) | 2016 (NUMBER OF SHARES) | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| 700 | 700 | Ordinary shares of Rupees 10 each fully paid in cash | 7,000 | 7,000 |
| 1,500,000 | 1,500,000 | Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash (Note 3.1) | 15,000,000 | 15,000,000 |
| 5,516,167 | 5,516,167 | Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 55,161,670 | 55,161,670 |
| 16,500,000 | 16,500,000 | Ordinary shares of Rupees 10 each issued against conversion of loan from directors and associates (Note 3.2) | 165,000,000 | 165,000,000 |
| 8,974,338 | 8,974,338 | Ordinary shares of Rupees 10 each issued to shareholders of Jubilee Energy Limited under the Scheme of Amalgamation (Note 3.3) | 89,743,380 | 89,743,380 |
| **32,491,205** | **32,491,205** | | **324,912,050** | **324,912,050** |

**3.1** Issue of shares for consideration other than cash represents shares issued to shareholders of the Crescent Textile Mills Limited on bifurcation in the year 1974.

**3.2** These represent the ordinary shares issued to directors and associates against their loan after obtaining approval from shareholders in an Extra Ordinary General Meeting and from Securities and Exchange Commission of Pakistan (SECP).

**3.3** These represent the ordinary shares issued to the shareholders of Jubilee Energy Limited pursuant to approval of scheme of amalgamation by the honorable Lahore High Court.

**3.4** As at 30 June 2017, Crescent Cotton Mills Limited (associated company) held 474,323 (2016: 474,323) ordinary shares of Rupees 10 each of the company.

**3.5** Capital risk management policies and procedures

The Company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders; and

- to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensurating to the circumstances.

## 4. RESERVES

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **Composition of reserves is as follows:** | | |
| **Capital** | | |
| Fair value reserve on 'available for sale' investments | 10,278,178 | 36,912,133 |
| Equity portion of direcrots' loan (Note 4.1) | - | 6,188,489 |
| | 10,278,178 | 43,100,622 |
| **Revenue** | | |
| General | 51,012,000 | 51,012,000 |
| Accumulated loss | (417,226,318) | (538,281,938) |
| | (366,214,318) | (487,269,938) |
| | **(355,936,140)** | **(444,169,316)** |

**4.1** This represents the balance of fair value adjustment of interest free loan from Sponsor shareholders' (Director) recognized in preceeding years using discount rate ranging from 9.47% to 11.90% per annum.

## 5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (PPE) - NET OF DEFERRED TAX

This represents the surplus resulting from revaluation of leasehold land occupaid by the Company as at 30 June 2017.

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Balance as at 01 July | 138,935,285 | 471,691,118 |
| Transferred to surplus on revaluation of investment property | (77,753,203) | (331,195,035) |
| Increase in surplus on revaluation | 279,385 | - |
| Incremental depreciation charged during the year transferred to equity | - | (1,560,798) |
| | (77,473,818) | (332,755,833) |
| | 61,461,467 | 138,935,285 |
| Less: Related deferred tax liability | | |
| Opening balance | - | 7,842,530 |
| Effect of transferred to surplus on revaluation of investment property | - | (7,358,683) |
| Effect of incremental depreciation charged during the year | - | (483,847) |
| | - | - |
| | 61,461,467 | 138,935,285 |
| Surplus on revaluation of associated company accounted for under equity method (Note 5.4) | 78,513,919 | 78,513,919 |
| | **139,975,386** | **217,449,204** |

**5.1** Surplus attributable to incremental depreciation taken to statement of changes in equity (net of deferred tax) during the year is Nil (2016: Rupees 1,076,951).

| | | |
|---|---|---|
| Revaluation surplus transferred to equity on account of incremental depreciation - gross | - | 1,560,798 |
| Less: Related deferred tax {Note 2.5(a)} | - | (483,847) |
| | - | 1,076,951 |

**5.2** The latest revaluation of leasehold land have been determined by an independent valuer as at 30 June 2017 having relevant professional qualification. The fair value was determined from market based evidence in accordance with the market values of similar land existing in the near vicinity.

**5.3** The cost of leasehold land revalued as at 30 June 2017 is Nil.

**5.4** This represents the Company's share of the surplus on revaluation of property, plant and equipment of the associated company {Cresox (Private) Limited} accounted for in previous years as a result of amalgamation of the associated company with its wholly owned subsidiary. The last revaluation of leasehold land was carried out as at 30 June 2010. Before this revaluation, the lease hold land was also revalued as at 30 September 1995, 30 September 2002, 30 September 2004, 30 June 2008, and 30 June 2009 respectively.

| **6 SURPLUS ON REVALUATION OF INVESTMENT PROPERTY - NET OF DEFERRED TAX** | **2017 Rupees** | **2016 Rupees** |
|---|---|---|
| Balance as at 01 July | 429,977,289 | 105,960,399 |
| Transferred from surplus on revaluation of PPE - net of tax | 77,753,203 | 323,836,352 |
| Effect of change in tax rate | 282,511 | 180,538 |
| | **508,013,003** | **429,977,289** |

| **7 LONG TERM FINANCING** | | |
|---|---|---|
| **From sponsor shareholders of the Company:** | | |
| Opening Balance | 8,386,191 | 81,687,366 |
| Loan obtained during the year | - | - |
| Add: Fair value adjustment under IAS-39 | 6,188,489 | 13,141,327 |
| Closing balance ((Note 7.1) | 14,574,680 | 94,828,693 |
| Less: Paid during the year | - | (86,442,502) |
| | 14,574,680 | 8,386,191 |
| Less: Current portion | (14,574,680) | (8,386,191) |
| Total | - | - |

**7.1** These represent balance of unsecured interest free loans obtained from the sponsor directors of the Company and are due on 30 June 2017. These had been recognized at amortized cost under IAS-39 "Financial Instruments: Recognition and Measurement" using discount rate ranging from 9.47% to 11.90% per annum. The resulting difference was transferred to equity and has been amortized over the term of the loan ended on 30 June 2017.

| **8 DEFERRED INCOME TAX** | | |
|---|---|---|
| Deferred tax liability on revaluation of investment property | 8,475,339 | 8,757,850 |
| Deferred tax liability on remeasurement of employees retirement benefits | 3,159,834 | 715,480 |
| | **11,635,173** | **9,473,330** |

| **8.1 Deferred tax liability on revaluation of investment property** | | |
|---|---|---|
| Opening | 8,757,850 | 1,579,705 |
| Transferred from deferred tax liability on revaluation of PPE | - | 7,358,683 |
| Effect of change in tax rate | (282,511) | (180,538) |
| | **8,475,339** | **8,757,850** |

**9 EMPLOYEES RETIREMENT BENEFITS**

| **Staff gratuity scheme -unfunded** | | |
|---|---|---|
| Present value of defined benefit obligation (Note 9.2 & 9.3) | 18,923,801 | 35,259,509 |
| Less: Payable to ex-employees (current liability) | (15,197,817) | - |
| | **3,725,984** | **35,259,509** |

### 9.1 General description

The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the Company at varying percentages of last drawn salary. The percentage depends on the number of service years with the Company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2017.

### 9.2 Movement in present value of defined benefit obligation

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Balance at beginning of the year | 35,259,509 | 35,100,695 |
| Current service cost | 181,923 | 168,834 |
| Interest cost | 270,688 | 317,903 |
| Benefits paid during the year | (8,640,474) | (61,200) |
| Actuarial gain | (8,147,845) | (266,723) |
| Balance as at end of the year | **18,923,801** | **35,259,509** |

### 9.3 Movement in balances

| | | |
|---|---|---|
| Balance at beginning of the year | 35,259,509 | 35,100,695 |
| Charge for the year (Note 9.4) | (7,695,234) | 220,014 |
| | 27,564,275 | 35,320,709 |
| Benefits paid during the year | (8,640,474) | (61,200) |
| Balance at the end of the year | **18,923,801** | **35,259,509** |

### 9.4 Charge for the year

| | | |
|---|---|---|
| **In profit and loss account:** | | |
| Current service cost | 181,923 | 168,834 |
| Interest cost | 270,688 | 317,903 |
| | **452,611** | **486,737** |
| **In statement of comprehensive income:** | | |
| Actuarial gain/loss due to change in: | | |
| - Experience adjustments | (8,149,964) | (266,723) |
| - Financial assumptions | 2,119 | - |
| | (8,147,845) | (266,723) |
| | **(7,695,234)** | **220,014** |

### 9.5 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:

| | | |
|---|---|---|
| Estimated rate of increase in salary of the employees | **6.75%** | 6.25% |
| Discount rate | **7.75%** | 7.25% |

### 9.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at reporting date:

| | Defined benefit obligation | | |
|---|---|---|---|
| | Change in assumption Percentage | Increase in assumption Rupees | Decrease in assumption Rupees |
| Discount Rate | 1 | 3,564,995 | 3,901,206 |
| Salary Increase | 1 | 3,903,956 | 3,559,509 |

| | 2017 Rupees | 2016 Rupees |
|---|---|---|

## 10 TRADE AND OTHER PAYABLES

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Creditors | 9,865,073 | 12,450,434 |
| Gratuity payable to ex-employess (Note 9) | 15,197,817 | - |
| Accrued liabilities | 7,722,177 | 6,802,530 |
| Advances from customers / tenants | 20,744,868 | 32,555,651 |
| Insurance payable | 12,735,179 | 12,735,179 |
| Income tax deducted at source | 14,797,367 | 14,685,039 |
| Security deposits | 7,750,000 | 7,750,000 |
| Unclaimed dividend | 577,737 | 577,737 |
| Unclaimed balance of Workers' profit participation fund | 1,673 | 1,673 |
| Due to director, associates and others | - | 1,820,620 |
| Other liabilities | 12,495,961 | 27,483,112 |
| | **101,887,852** | **116,861,975** |

## 11 PROVISIONS

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Provision for penalty on account of non-deposition of withholding tax | **9,928,940** | 9,928,940 |

This represents provision made for penalty against non-deposition of withholding tax in prescribed time as per the Income Tax Ordinance, 2001.

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

Bank Guarantee from:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Standard Chartered Bank (Pakistan) Limited (Note 12.1.1) | 793,800 | 793,800 |
| Habib Bank Limited (Note 12.1.2) | 2,000,000 | 2,000,000 |
| | **2,793,800** | **2,793,800** |

12.1.1 This represents a guarantee issued by Standard Chartered Bank (Pakistan) Limited to the Honorable High Court, Sindh on account of cotton soft waste (carded and combed) fully paid.

12.1.2 This represents a guarantee issued by Habib Bank Limited in favor of Sui Southern Gas Company Limited on behalf of the Company for payment of gas bills. The guarantee is secured against hypothecation charge over current assets of Rupees 12 million (2016: Rupees 12 million).

### 12.2 Commitments

There were no capital or other commitments as at 30 June 2017 (2016: Nil).

## 13 OPERATING ASSETS

| | Owned | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Lease hold land | Building on lease hold land | Plant and machinery | Installations and equipment | Office machines and electrical appliances | Vehicles | Office equipment | Furniture and fixtures | Factory tools and equipment | |
| | Rupees | | | | | | | | | |
| **Year ended 30 June 2016** | | | | | | | | | | |
| Opening net book amount | 448,055,627 | 33,791,563 | 16,691,834 | 1,676,236 | 65,198 | 1,380,310 | 319,602 | 66,278 | 463,949 | 502,510,597 |
| Additions / Transfer in | - | - | - | - | - | - | - | - | - | - |
| Surplus / deficit on revaluation during the year | - | - | - | - | - | - | - | - | - | - |
| Impairment loss | - | - | - | - | - | - | - | - | - | - |
| Transferred to investment property / Disposal: | | | | | | | | | | |
| Cost / re-assessed value | 309,120,342 | 111,507,611 | 155,650,803 | 8,613,452 | 452,842 | 5,447,450 | 1,514,899 | 841,301 | 8,735,261 | 601,883,961 |
| Accumulated depreciation | - | (79,938,408) | (142,572,812) | (7,084,174) | (396,218) | (4,465,158) | (1,237,327) | (780,834) | (8,332,324) | (244,807,255) |
| Transfer / disposals - net | 309,120,342 | 31,569,203 | 13,077,991 | 1,529,278 | 56,624 | 982,292 | 277,572 | 60,467 | 402,937 | 357,076,706 |
| Depreciation charge | - | (2,222,360) | (1,192,983) | (146,958) | (8,574) | (246,691) | (42,030) | (5,811) | (61,012) | (3,926,419) |
| | **138,935,285** | - | **2,420,860** | - | - | **151,327** | - | - | - | **141,507,472** |
| **Carrying value as at 30 June 2016** | | | | | | | | | | |
| Cost / Re-assessed value | 138,935,285 | - | 25,056,923 | - | - | 1,460,734 | - | - | - | 165,452,942 |
| Accumulated depreciation | - | - | (18,240,595) | - | - | (1,309,407) | - | - | - | (19,550,002) |
| Accumulated impairment | - | - | (4,395,468) | - | - | - | - | - | - | (4,395,468) |
| **Net book amount** | **138,935,285** | - | **2,420,860** | - | - | **151,327** | - | - | - | **141,507,472** |
| Rate of depreciation (%) | | 10 | 10 | 10 | 15 | 20 | 15 | 10 | 15 | |
| **Year ended 30 June 2017** | | | | | | | | | | |
| Opening net book amount | 138,935,285 | - | 2,420,860 | - | - | 151,327 | - | - | - | 141,507,472 |
| Additions / Transfer in | - | - | - | - | - | - | - | - | - | - |
| Surplus / deficit on revaluation during the year | 279,385 | - | - | - | - | - | - | - | - | 279,385 |
| Impairment loss | - | - | - | - | - | - | - | - | - | - |
| Transferred to investment property / Disposal: | | | | | | | | | | |
| Cost / re-assessed value | 77,753,203 | - | 25,056,923 | - | - | 517,804 | - | - | - | 103,327,930 |
| Accumulated depreciation | - | - | (18,320,185) | (434,352) | (18,754,537) | | | | | |
| Accumulated impairment | - | - | (4,395,468) | - | - | - | - | - | - | (4,395,468) |
| Transfer / disposals - net | 77,753,203 | - | 2,341,270 | - | - | 83,452 | - | - | - | 80,177,925 |
| Depreciation charge | - | - | (79,590) | - | - | (27,737) | - | - | - | (107,327) |
| | **61,461,467** | - | - | - | - | **40,138** | - | - | - | **61,501,605** |
| **Carrying value as at 30 June 2017** | | | | | | | | | | |
| Cost / Re-assessed value | 61,461,467 | - | - | - | - | 942,930 | - | - | - | 62,404,397 |
| Accumulated depreciation | - | - | - | - | - | (902,792) | - | - | - | (902,792) |
| **Net book amount** | **61,461,467** | - | - | - | - | **40,138** | - | - | - | **61,501,605** |
| Rate of depreciation (%) | | 10 | 10 | 10 | 15 | 20 | 15 | 10 | 15 | |

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **13.1 Depreciation charge for the year has been allocated as follows:** | | |
| **Owned** | | |
| Cost of sales (Note 21) | 79,590 | 3,623,313 |
| Administrative expenses (Note 22) | 27,737 | 303,106 |
| | **107,327** | **3,926,419** |

**13.2 Detail of operating assets disposed of during the year is as follows:**

| Description | Cost Revalued Rupees | Net Book Value Rupees | Sale Proceeds Rupees | Gain /(Loss) Rupees | Mode of Disposal | |
|---|---|---|---|---|---|---|
| **Plant and Machinery** | | | | | | |
| Generator | 25,056,923 | 2,341,270 | 1,000,000 | (1,341,270) | Negotiation | Star Textile Mills Limited |
| **Vehilces** | | | | | | |
| Suzuki pickup (KQ-4213) | 517,804 | 83,452 | 60,000 | (23,452) | Negotiation | Mr. Abdul Hameed, Karachi |
| | **25,574,727** | **2,424,722** | **1,060,000** | **(1,364,722)** | | |

**13.3** During the year, certain calculation errors in transfer of owner occupaid land and building to investment property in priors years and respective surplus on revaluations have been corrected retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. There is no impact of such adjustments on profit and loss, other comprehensive income and total comprehensive imcome in the prior years. Impact of such adjustments on balance sheet of corresponding year is as under:

| | |
|---|---|
| Decrease in property, palnt and equipment - land | 70,270,964 |
| Increase in investment property | 7,518,094 |
| Decrease in revaluation surplus on property, palnt and equipment | 70,270,964 |
| Increase in revaluation surplus on investment property | 7,518,094 |

## 14 INVESTMENT PROPERTY

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Opening net book value | 453,429,981 | 112,740,436 |
| Transfer from owner occupied properties during the year | 77,753,203 | 340,689,545 |
| | 531,183,184 | 453,429,981 |
| Fair value gain | 42,365,239 | - |
| Closing net book value | **573,548,423** | **453,429,981** |

**14.1** Investment property represents the leasehold land and building comprising godowns leased out by the Company to multiple tenants. The fair value of investment property have been determined by an independent valuer as at 30 June 2017 having relevant professional qualification. The fair value was determined from market based evidence in accordance with the market values of similar land and building existing in the near vicinity. The transfers from owner occupaid properties during the current and preceeding year have been made on respective carrying values at the date of transfer which represents the revalued amounts as at 05 April 2015. Last revaluation of the investment property before transfer during the current and preceeding year was carried out and accounted for as on 30 June 2014.

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **15 LONG TERM INVESTMENTS** | | |
| **Available for sale - Associated company (without significant influence)** | | |
| Taxmac (Private) Limited (Note 15.1) | 116,360 | 520,000 |
| Premier Insurance Limited - quoted (Note 15.2) | 246,268 | 319,358 |
| Crescent Industrial Chemical Limited (Note 15.3) | - | - |
| | **362,628** | **839,358** |
| **Associated companies (with significant influence) - Under equity method** | | |
| Cresox (Private) Limited (Note 15.4) | - | - |
| | **362,628** | **839,358** |

**15.1** Taxmac (Private) Limited is an associate under provisions of the repealed Companies Ordinance, 1984. However, the Company has no power to participate in financial and operating decisions of Taxmac (Private) Limited. Therefore, the investment has been carried at cost less impairmet, if any. The movement in carrying value durig the year is as under:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Opening value | 520,000 | 520,000 |
| Less: Impairment charge for the year | (403,640) | - |
| Closing Value | **116,360** | **520,000** |

Represented by:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Cost | 520,000 | 520,000 |
| Less: Accumulated impairment | (403,640) | - |
| | **116,360** | **520,000** |

**15.2** Premier Insurance Limited (PIL) is an associate under provisions of the repealed Companies Ordinance, 1984 due to common directorship. However, the Company has no significant influence over PIL. Therefore, the investment has been carried at fair value. The movement in carrying value durig the year is as under:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Opening carrying value | 319,358 | 364,068 |
| Fair value loss | (73,090) | (44,710) |
| | **246,268** | **319,358** |

**15.3** This represents investment of 184,000 shares in Crescent Industrial Chemical Limited which was fully impaired in previous years represented as under:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Cost | 1,840,000 | 1,840,000 |
| Less: Accumulated impairment | (1,840,000) | (1,840,000) |
| | - | - |

**15.4** The Company holds 24.93% holding in Cresox (Private) Limited, an associated company with sigificant influence being accounted for under equity method of accounting in these financial statements. The Investment in Cresox (Private) Limited has been fully impaired in preceding years due to share of loss accounted for under equity method of accounting.

Latest financial statements of Cresox (Private) Limited were not available. Therefore, summarized financial position of CSPL have not been presented in these financial statements.

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **16 LONG TERM LOANS - considered good - secured** | | |
| Due from employees (Note 16.1) | 1,633,978 | 1,946,278 |
| Less: Current portion | (475,138) | (264,000) |
| | **1,158,840** | **1,682,278** |

**16.1** These represent balance of loans given to employees secured against gratuity payable on retirement. These were recoverable in equal monthly instalments. The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of staff loans is not considered material and hence not recognized.

**17 TRADE DEBTS**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **Unsecured - considered good:** | | |
| Related party (Note 17.1) | 19,297,988 | 22,119,988 |
| Others (Note 17.2) | 5,886,612 | 2,862,618 |
| | **25,184,600** | **24,982,606** |
| **Considered doubtful:** | | |
| Others - unsecured | 8,942 | 8,942 |
| Less: Provision for doubtful debts | | |
| As at 01 July | 8,942 | 8,942 |
| Less: Reversal due to recovery | - | - |
| As at 30 June | 8,942 | 8,942 |
| | **25,184,600** | **24,982,606** |

**17.1** This represents receivable from Cresox (Private) Limited - an associated company.

**17.2** This includes service income amounting to Rupees 3,023,994 receivable from tenants against use of Company's power house equipment.

**17.3** As at 30 June 2017, trade debts due from related party amounting to Rupees 19,297,988 million (2016: Rupees 22,119,988 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| 6 months to 1 year | - | 200,000 |
| more than 1 year | 19,297,988 | 21,919,988 |
| | **19,297,988** | **22,119,988** |

**17.4** As at 30 June 2017, trade debt due from other than related party amounting to Rupees 2,862,618 (30 June 2016: Rupees 2,892,618) were past due but not impaired. The ageing analysis of is as follows:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| 6 months to 1 year | - | 306,052 |
| more than 1 year | 2,862,618 | 2,556,566 |
| | **2,862,618** | **2,862,618** |

**17.5** As at 30 June 2017, trade debts of Rupees 8,942 (2016: Rupees 8,942) were impaired and provided for. The ageing of these trade debts was more than 5 years. These trade debts do not include amounts due from related parties.

**18. SHORT TERM INVESTMENTS**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Available for sale (Note 18.1) | **12,199,009** | **47,748,374** |

| | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| **18.1** | **Investments available for sale** | | |
| | **Related parties - Quoted** | | |
| | Crescent Cotton Mills Limited<br>Nil (2016: 510,600) fully paid ordinary shares of Rupees 10 each | - | 3,150,402 |
| | **Other than related parties - Quoted** | | |
| | Samba Bank Limited<br>1,917,545 (2016: 1,917,545) fully paid ordinary shares of Rupees 10 each | - | 24,211,563 |
| | Crescent Jute Products Limited<br>1,716,683 (2016: 1,716,683) fully paid ordinary shares of Rupees 10 each | 13,732,069 | 13,732,069 |
| | Shakarganj Mills Limited<br>39,138 (2016: 39,138) fully paid ordinary shares of Rupees 10 each | 228,175 | 228,175 |
| | PICIC Insurance Company Limited<br>Nil (2016: 11,658) fully paid ordinary shares of Rupees 10 each | - | 116,580 |
| | **Other than related parties - Unquoted** | | |
| | Crescent Spinning Mills Limited<br>290,000 (2016: 290,000) fully paid ordinary shares of Rupees 10 each | 362,500 | 362,500 |
| | | **14,322,744** | **41,801,289** |
| | Opening impairment loss | (30,937,679) | (32,329,408) |
| | Impairment loss on investment disposed of during the year | 18,490,045 | 1,391,729 |
| | Closing balance of impairment loss | (12,447,634) | (30,937,679) |
| | Carrying cost net of impairment loss | **1,875,110** | **10,863,610** |
| | Opening balance of fair value reserve | 36,884,764 | 35,339,439 |
| | Fair value adjustment for the year | 6,729,460 | 1,931,486 |
| | Fair value reserve transferred to profit and loss account on disposal of investment | (33,290,325) | (386,161) |
| | | 10,323,899 | 36,884,764 |
| | | **12,199,009** | **47,748,374** |

| | | | |
|---|---|---|---|
| **19** | **CASH AND BANK BALANCES** | | |
| | Cash in hand | - | 370,632 |
| | Cash at bank at current account (Note 19.1) | 2,283,087 | 1,229,290 |
| | | **2,283,087** | **1,599,922** |

**19.1** This includes an amount of Rupees. 0.793 million (2016: Rupees 0.793 million) under lien with Standard Chartered Bank (Pakistan) Limited against the guarantees issued on behalf of the Company.

| | | | |
|---|---|---|---|
| **20** | **REVENUE** | | |
| | Service revenue | **24,032,001** | **17,894,825** |
| **21** | **COST OF REVENUE** | | |
| | Repair and maintenance | 5,177,758 | 5,370,323 |
| | Fuel, water and power | 2,195,918 | 1,231,490 |

| | | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| | Depreciation (Note 13.1) | 79,590 | 3,623,313 |
| | Miscellaneous expenses | 670,903 | 818,012 |
| | | **8,124,169** | **11,043,138** |

## 22 ADMINISTRATIVE AND GENERAL EXPENSES

| | | | |
|---|---|---|---|
| | Salaries, allowances and benefits | 11,900,065 | 4,891,425 |
| | Travelling, conveyance and entertainment | 30,000 | 96,458 |
| | Printing stationery | 331,067 | 297,132 |
| | Communication | 196,219 | 188,366 |
| | Rent, rates and taxes | 109,613 | - |
| | Insurance | 229,202 | - |
| | Subscription and periodicals | 606,261 | 667,225 |
| | Repair and maintenance | 8,215,142 | 4,418,528 |
| | Stores and spares written off | - | 1,778,935 |
| | General expenses | 1,454,774 | 593,443 |
| | Auditors' remuneration (Note 22.1) | 545,000 | 537,750 |
| | Advertisement | 470,000 | 94,300 |
| | Legal and professional charges | 1,976,678 | 865,050 |
| | Depreciation (Note 13.1) | 27,737 | 303,106 |
| | | **26,091,758** | **14,731,718** |

### 22.1 Auditors' remuneration

| | | | |
|---|---|---|---|
| | Audit fee | 325,000 | 325,000 |
| | Half yearly review | 70,000 | 70,000 |
| | Out of pocket expenses | 150,000 | 142,750 |
| | | **545,000** | **537,750** |

## 23 OTHER EXPENSES

| | | | |
|---|---|---|---|
| | Loss on sale of property, plant and equipment | 1,364,722 | 10,687,138 |
| | Loss on disposal of short term investment | - | 350,059 |
| | | **1,364,722** | **11,037,197** |

## 24 OTHER INCOME

| | | | |
|---|---|---|---|
| | **Income from financial assets** | | |
| | Dividend income | 62,048 | 565,771 |
| | Gain on disposal of available for sale investments | 36,916,117 | 1,407,507 |
| | Liabilities no more payable written back | 24,517,429 | 7,500,709 |
| | | **61,495,594** | **9,473,987** |
| | **Income from non financial assets** | | |
| | Rental income | 48,616,468 | 23,235,558 |
| | Gain on remeasurement of fair value of investment property | 42,365,239 | - |
| | Others | 201,662 | 202,835 |
| | | **91,183,369** | **23,438,393** |
| | | **152,678,963** | **32,912,380** |

## 25 FINANCE COST

| | | | |
|---|---|---|---|
| | Bank charges | **24,207** | **98,896** |

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **26 PROVISION FOR TAXATION** | | |
| Current (Note 26.1) | 24,744,878 | 6,029,220 |
| Prior year | 605,461 | 2,604,346 |
| Deferred (Note 5.1) | - | (483,847) |
| | **25,350,339** | **8,149,719** |

### 26.1 Current

The tax liability of the Company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 2001. The income tax assessments of the company have been finalized up to and including tax year 2009. Due to available tax losses, no provision for tax is required except for income chargeable to tax under seperate head of income, final tax, alternate corporate tax and minimum tax. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of final and minimum taxation.

### 26.2 Deferred

Deferred tax asset from excess of deductible temporary differences and accumulated tax losses over taxable temporary differences chargeable to profit and loss account has not been accounted for in these financial statements. The management expects that it is not probable that taxable profits under normal tax regime / taxable temporary differences would be available in near future against which the deferred tax asset can be utilized. However, the deferred tax liability arising on surplus on revaluation of property, plant and equipment, the surplus on revaluation of investment property, and on remeasurement of employees retirement benefits respectively, has been fully recognized in these financial statements (Note 8).

## 27 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

| | | 2017 | 2016 |
|---|---|---|---|
| Profit attributable to ordinary shares | (Rupees) | **115,352,129** | **5,746,537** |
| Weighted average number of ordinary shares | (Numbers) | **32,491,205** | **32,491,205** |
| Earnings per share | (Rupees) | **3.55** | **0.18** |

## 28 CASH GENERATED FROM OPERATIONS

| | 2017 | 2016 |
|---|---|---|
| **Profit before taxation** | 140,702,468 | 13,896,256 |
| **Adjustments for non-cash charges and other items:** | | |
| Depreciation | 107,327 | 3,926,419 |
| Impairment loss | 403,640 | - |
| Provision for gratuity | 452,611 | 486,737 |
| Dividend income | (62,048) | (565,771) |
| Liabilities written back | (24,517,429) | (7,500,709) |
| Fair value gain on investment property | (42,365,239) | - |
| Rental income | (48,616,468) | (23,235,558) |
| Gain on disposal of available for sale investments | (36,916,117) | (1,407,507) |
| Loss on disposal of property, plant and equipment | 1,364,722 | 10,687,138 |
| Loss on disposal of short term investments | - | 350,059 |
| Finance cost | 24,207 | 98,896 |

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| | (150,124,794) | (17,160,296) |
| Net cash used in operating activities before working capital changes | **(9,422,326)** | **(3,264,040)** |
| **Working capital changes** | | |
| (Increase) / decrease in current assets | | |
| Stores and spares | - | 1,778,935 |
| Trade debts | (201,994) | 122,268,583 |
| Loans and advances | 4,114,840 | (8,936,957) |
| Long term deposits | (4,659,317) | 2,582,310 |
| Other receivables | (39,747,114) | (11,016,813) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (30,171,940) | (41,892,380) |
| Working capital changes | (70,665,525) | 64,783,678 |
| Net cash (used in) / generated from operations after working capital changes | **(80,087,851)** | **61,519,638** |

**29 CASH AND CASH EQUIVALENTS**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Cash and bank balance | **2,283,087** | **1,599,922** |

**30 CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION**

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| **Chief Executive Officer** | | |
| Managerial remuneration and other benefits | - | - |
| House rent and utilities | - | - |
| Gratuity | - | - |
| | - | - |
| Number of executive | 1 | 1 |
| **Directors** | | |
| Managerial remuneration | - | - |
| Housing and utilities | - | - |
| Gratuity | - | - |
| | - | - |
| Number of directors | 6 | 6 |
| **Executives** | | |
| Managerial remuneration | 75,484 | 75,484 |
| Housing and utilities | 41,516 | 41,516 |
| | **117,000** | **117,000** |
| Number of executives | **1** | **1** |

**30.1** The chief executive officer and directors of the Company are working without remuneration.

**30.2** The chief executive officer is provided with free use of Company maintained cars. One (2016: one) other employee is also provided with the Company maintained car.

**30.3** No meeting fee was paid to any director during the year (2016: Nil).

**30.4** No remuneration was paid to any directors of the Company (2016: Nil).

## 31 PLANT CAPACITY AND ACTUAL PRODUCTION

**Spinning**

During the preceeding year, the Company has disposed of all of its plant and machinery, therefore, its production capacity has reduced to zero.

| **Power plant** | **2017** | **2016** |
|---|---|---|

The capacity of power house generators in use of the Company for supply of electricity to tenants is as under:

| | | |
|---|---|---|
| Generation Capacity (KW) | 1,711 | 1,053 |
| Actual generation (KW) | 747 | 747 |

### 31.1 Reasons for low production

The Company has disposed of all of its plant and machinery, therefore, its production capacity has reduced to zero. Since production capacity of spining unit reduced to zero, the power plant capacity is also reduced.

## 32 TRANSACTION WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| | Relationship with the Company | Nature of transaction | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|
| i. | Associated Companies | Collections | (2,822,000) | (121,752,774) |
| | | Advance payment | 21,151,622 | 36,296,200 |
| | | Advance recovered | (25,477,600) | (26,686,930) |
| ii. | Staff Retirement Funds | Expense charged for retirement benefit plans | 452,611 | 220,014 |
| | | Payment to retirement benefit plans | 8,640,474 | 61,200 |
| | | **Receivable / (Payable)** | | |
| i. | Associated Companies | Trade debts | 19,297,988 | 22,119,988 |
| | | Loans and advances | 22,574,022 | 26,900,000 |
| | | Other receivable | 14,754,675 | 14,754,675 |
| ii. | Directors | Due to / (from) director, associates and others | 14,574,680 | 10,206,811 |

## 33. SEGMENT INFORMATION

**33.1** The company has 02 reportable business segments. The following summary describes the operation in each of the company's reportable segments:

**Rental:** Production of different quality of yarn using natural and artificial fibers.

**Power Generation:** Generation and distribution of power.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.

**33.1.1 Segment results**

| | Spinning | | Power Generation | | Total - Company | |
|---|---|---|---|---|---|---|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Sales | - | - | 24,032,001 | 17,894,825 | 24,032,001 | 17,894,825 |
| Cost of sales | - | - | (8,124,169) | (11,043,138) | (8,124,169) | (11,043,138) |
| Gross profit | - | - | 15,907,832 | 6,851,687 | 15,907,832 | 6,851,687 |
| Unallocated income and expenses: | | | | | | |
| Administrative and general expenses | | | | | (26,091,758) | (14,731,718) |
| Other operating expenses | | | | | (1,364,722) | (11,037,197) |
| Impairment loss on long term investment | | | | | (403,640) | - |
| Other income | | | | | 152,678,963 | 32,912,380 |
| Finance cost | | | | | (24,207) | (98,896) |
| Taxation | | | | | (25,350,339) | (8,149,719) |
| Profit after taxation | | | | | **115,352,129** | **5,746,537** |

**33.2 Segment Assets**

| | Spinning | | Power Generation | | Total - Company | |
|---|---|---|---|---|---|---|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Segment assets | - | - | 3,023,994 | 23,003,518 | 3,023,994 | 23,003,518 |
| Unallocated assets | | | | | 780,437,812 | 715,622,303 |
| | | | | | **783,461,806** | **738,625,821** |
| Segment liabilities | - | 138,674,836 | - | 1,966,088 | - | 140,640,924 |
| Unallocated liabilities | | | | | 166,497,507 | 69,815,670 |
| | | | | | **166,497,507** | **210,456,594** |

## 34 FINANCIAL RISK MANAGEMENT

### 34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.

**(a) Market risk**

**(i) 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

**Sensitivity analysis**

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and financial liabilities at the reporting date.

**(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 instrument traded in the market. The Company is not exposed to commodity price risk.

**Sensitivity analysis**

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

| Index | Impact on profit after taxation | | Statement of other comprehensive income (fair value reserve) | |
|---|---|---|---|---|
| | 2017 Rupees | 2016 Rupees | 2017 Rupees | 2016 Rupees |
| KSE 100 (5% increase) | - | - | 622,264 | 2,403,387 |
| KSE 100 (5% decrease) | - | - | (622,264) | (2,403,387) |

**(iii) Interest rate risk**

This represents 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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no fixed rate borrowings.

**(b) Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2017 Rupees | 2016 Rupees |
|---|---|---|
| Investments | 12,561,637 | 48,587,732 |
| Loans and advances | 24,481,554 | 29,119,832 |
| Deposits | 9,108,326 | 4,449,009 |
| Trade debts | 25,184,600 | 24,982,606 |
| Other receivables | 60,539,229 | 20,985,820 |
| Bank balances | 2,283,087 | 1,229,290 |
| | **134,158,433** | **129,354,289** |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

| | Rating Short Term | Rating Long term | Agency | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|---|
| **Banks** | | | | | |
| National Bank of Pakistan | A1+ | AAA | JCR-VIS | 40,658 | 40,658 |
| Allied Bank Limited | A1+ | AA+ | PACRA | 19,040 | 19,040 |
| Faysal Bank Limited | A1+ | AA | JCR-VIS | 4,251 | 4,251 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 1,385,566 | 35,341 |
| Standard Chartered Bank (Pakistan) Ltd | A1+ | AAA | PACRA | 816,600 | 816,600 |
| Habib Bank Limited | A1+ | AAA | JCR-VIS | - | 4,494 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 16,972 | 308,906 |
| | | | | **2,283,087** | **1,229,290** |

| **Investments** | Rating Short Term | Rating Long term | Agency | 2017 Rupees | 2016 Rupees |
|---|---|---|---|---|---|
| Samba Bank Limited | A1 | AA | JCR-VIS | - | 14,668,454 |

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 18.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and cash and bank balances. At 30 June 2017, the Company has Rupees 2.287 million (2016: Rupees 1.599 million) cash and bank balances. Management believes the liquidity risk to be low considering the nature of individual items in the net-wroking capital position and their realizability pattern. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2017.

| | Carrying Amount | Contractual Cash Flows | 6 month or less | 6-12 month | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Long term financing | 14,574,680 | 14,574,680 | 14,574,680 | - | - | - |
| Trade and other payables | 51,147,800 | 51,147,800 | 25,573,900 | 25,573,900 | - | - |
| Accrued Markup | - | - | - | - | - | - |
| | **65,722,480** | **65,722,480** | **40,148,580** | **25,573,900** | **-** | **-** |

Contractual maturities of financial liabilities as at 30 June 2016

| | Carrying Amount | Contractual Cash Flows | 6 month or less | 6-12 month | 1-2 Year | More than 2 Years |
|---|---|---|---|---|---|---|
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Long term financing | 8,386,191 | 14,574,680 | - | 14,574,680 | - | - |
| Trade and other payables | 69,621,285 | 69,621,285 | 34,810,643 | 34,810,642 | - | - |
| Accrued markup | 24,517,429 | 24,517,429 | 24,517,429 | - | - | - |
| | **102,524,905** | **108,713,394** | **59,328,072** | **49,385,322** | **-** | **-** |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 10 to these financial statements.

**34.2 Recognized fair value measurements - financial assets**

**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table:

| **Recurring fair value measurements**<br>**As at 30 June 2017** | **Level 1**<br>**Rupees** | **Level 2**<br>**Rupees** | **Level 3**<br>**Rupees** | **Total**<br>**Rupees** |
|---|---|---|---|---|
| Investments - available for sale | 12,445,277 | - | 116,360 | 12,561,637 |
| Investments at fair value through profit or loss | - | - | - | - |
| | **12,445,277** | **-** | **116,360** | **12,561,637** |
| **As at 30 June 2016** | | | | |
| Investments - available for sale | 48,067,732 | - | 520,000 | 48,587,732 |
| Investments at fair value through profit or loss | - | - | - | - |
| | **48,067,732** | **-** | **520,000** | **48,587,732** |

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

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

**(ii) Valuation techniques used to determine fair values**

Valuation technique used to value financial instruments includes the use of quoted market prices and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

## 34.3 Recognized fair value measurements - non-financial assets

### (i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

| **As at 30 June 2017** | **Level 1 Rupees** | **Level 2 Rupees** | **Level 3 Rupees** | **Total Rupees** |
|---|---|---|---|---|
| Operating fixed assets | - | 61,461,467 | - | 61,461,467 |
| Investment property | - | 573,548,423 | - | 573,548,423 |
| | **-** | **635,009,890** | **-** | **635,009,890** |
| **As at 30 June 2016** | | | | |
| Operating fixed assets | - | 141,356,145 | - | 141,356,145 |
| Investment property | - | 453,429,981 | - | 453,429,981 |
| | **-** | **594,786,126** | **-** | **594,786,126** |

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

### (ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its freehold land after 2-3 years. At the end of each reporting period, the management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

### (iii) Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land after every 2-3 years.

### 34.4 Financial instruments by categories

**as at 30 june 2017**

**asset s as per balance sheet**

| | Loans and receivables | Available for sale | Total |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Investments | - | 12,561,637 | 12,561,637 |
| Loans and advances | 24,481,554 | - | 24,481,554 |
| Deposits | 9,108,326 | - | 9,108,326 |
| Trade debts | 25,184,600 | - | 25,184,600 |
| Other receivables | 60,539,229 | - | 60,539,229 |
| Cash and bank balances | 2,283,087 | - | 2,283,087 |
| | **121,596,796** | **12,561,637** | **134,158,433** |

| | Financial liabilities at amortized cost |
|---|---|
| | Rupees |
| **Liabilities as per balance sheet** | |
| Long term financing | - |
| Current portion of long term financing | 14,574,680 |
| Accrued mark-up | - |
| Trade and other payables | 83,440,435 |
| | **98,015,115** |

**As at 30 June 2016**

**Assets as per balance sheet**

| | Loans and receivables | Available for sale | Total |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Investments | - | 48,587,732 | 48,587,732 |
| Loans and advances | 29,119,832 | - | 29,119,832 |
| Deposits | 4,449,009 | - | 4,449,009 |
| Trade debts | 24,982,606 | - | 24,982,606 |
| Other receivables | 20,985,820 | - | 20,985,820 |
| Cash and bank balances | 1,599,922 | - | 1,599,922 |
| | **81,137,189** | **48,587,732** | **129,724,921** |

| | Financial liabilities at amortized cost |
|---|---|
| | Rupees |
| **Liabilities as per balance sheet** | |
| Current portion of long term financing | 8,386,191 |
| Accrued mark-up | 24,517,429 |
| Trade and other payables | 98,535,606 |
| | **131,439,226** |

## 35 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

35.1

| Description | Note | 2017 Carried Under Non-Shariah agreements Rupees | 2017 Carried Under Shariah agreements Rupees | 2016 Carried Under Non-Shariah agreements Rupees | 2016 Carried Under Shariah agreements Rupees |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Long term loans | 16 | - | 1,158,840 | - | 1,682,278 |
| Deposits | | - | 9,108,326 | - | 4,449,009 |
| Loans and advances | | - | 23,322,714 | - | 27,437,554 |
| Cash and bank balances | 19 | 2,283,087 | - | 1,599,922 | - |
| **Liabilites** | | | | | |
| Long term financing | 7 | - | 14,574,680 | - | 14,574,680 |
| **Income** | | | | | |
| Loss on sale of short term investment at fair value through profit and loss | 23 | - | - | (350,059) | - |
| Gain on disposal of available for sale investments | 24 | 36,916,117 | - | 1,407,507 | - |
| Unrealized loss on re-measurement of investments at fair value through profit or loss | | - | - | - | - |

### 35.2 Dividend income earned from

| | Note | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| | 24 | | |
| Pakistan Oil Fields | | - | 67,200 |
| Cresent Steel & Allied Products Limited | | 60,148 | 87,975 |
| Pakistan Petroleum Limited | | - | 31,019 |
| Nishat Mills Limited | | - | 29,363 |
| Shakarganj Limited | | - | 313,370 |
| Oil & Gas Development Company Limited | | 1,900 | 22,610 |
| Cresent Textile Mills Limited | | - | 1,199 |
| Premier Insurance Limited | | - | 13,035 |
| | | **62,048** | **565,771** |

### 35.3 Sources of other income

| | Note | 2017 Rupees | 2016 Rupees |
|---|---|---|---|
| | 24 | | |
| Dividend income | | 62,048 | 565,771 |
| Liabilities written back | | 24,517,429 | 7,500,709 |
| Commission income | | 201,662 | 202,835 |
| Gain on disposal of available for sale investments | | 36,916,117 | 1,407,507 |
| Gain on remeasurement of fair value of investment property | | 42,365,239 | - |
| Rental income | | 48,616,468 | 23,235,558 |
| | | **152,678,963** | **32,912,380** |

## 35.4 Relationship with banks

| Name | Relationship | |
|---|---|---|
| | Non Islamic window operations | With Islamic windows operations |
| National Bank of Pakistan | ✓ | - |
| Allied Bank Limited | ✓ | - |
| Faysal Bank Limited | ✓ | - |
| Habib Metropolitan Bank Limited | ✓ | - |
| Standard Chartered Bank (Pakistan) Limited | ✓ | - |
| United Bank Limited | ✓ | - |
| Habib Bank Limited | ✓ | - |
| Al-Barka Bank Limited | ✓ | - |
| Soneri Bank Limited | ✓ | - |

## 36 NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | At year end | Average | At year end | Average |
| Permanent employees | 7 | 8 | 8 | 9 |
| Contractual employees | 17 | 16 | - | - |

## 37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on October 5, 2017 by the Board of Directors of the Company.

## 38 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified for better presentation, whereever necessary, for the purpose of comparision. However, no significant re-arrangements have been made except as disclosed in Note 13.3.

## 39 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

**Shams Rafi**
Chief Executive

**Salman Rafi**
Director

# Form 34
# Pattern of Share Holding
# As on June 30, 2017

| Shareholders | From | To | Total Shares |
|---|---|---|---|
| 468 | 1 | 100 | 15,660 |
| 414 | 101 | 500 | 112,868 |
| 136 | 501 | 1,000 | 111,248 |
| 236 | 1,001 | 5,000 | 611,278 |
| 44 | 5,001 | 10,000 | 355,986 |
| 23 | 10,001 | 15,000 | 291,586 |
| 13 | 15,001 | 20,000 | 231,584 |
| 10 | 20,001 | 25,000 | 234,451 |
| 18 | 25,001 | 30,000 | 521,151 |
| 13 | 30,001 | 35,000 | 416,392 |
| 3 | 35,001 | 40,000 | 117,128 |
| 6 | 40,001 | 45,000 | 254,564 |
| 6 | 45,001 | 50,000 | 281,399 |
| 5 | 50,001 | 55,000 | 270,385 |
| 1 | 55,001 | 60,000 | 57,464 |
| 1 | 60,001 | 65,000 | 65,000 |
| 3 | 65,001 | 70,000 | 207,971 |
| 7 | 70,001 | 75,000 | 506,125 |
| 3 | 75,001 | 80,000 | 232,005 |
| 1 | 80,001 | 85,000 | 80,630 |
| 1 | 85,001 | 90,000 | 88,673 |
| 1 | 90,001 | 95,000 | 95,000 |
| 1 | 95,001 | 100,000 | 98,500 |
| 1 | 100,001 | 105,000 | 100,500 |
| 2 | 115,001 | 120,000 | 233,462 |
| 1 | 120,001 | 125,000 | 125,000 |
| 1 | 160,001 | 165,000 | 163,450 |
| 1 | 175,001 | 180,000 | 179,921 |
| 1 | 180,001 | 185,000 | 182,629 |
| 1 | 285,001 | 290,000 | 285,357 |
| 1 | 290,001 | 295,000 | 292,218 |
| 1 | 300,001 | 305,000 | 305,000 |
| 1 | 350,001 | 35,500 | 350,850 |
| 1 | 470,001 | 475,000 | 474,323 |
| 1 | 520,001 | 525,000 | 522,855 |
| 1 | 575,001 | 580,000 | 576,747 |
| 1 | 685,001 | 690,000 | 689,348 |
| 1 | 1,195,001 | 1,200,000 | 1,198,434 |
| 1 | 1,205,001 | 1,210,000 | 1,206,073 |
| 1 | 2,390,001 | 2,395,000 | 2,391,204 |
| 1 | 2,400,001 | 2,405,000 | 2,400,529 |
| 1 | 2,420,001 | 2,425,000 | 2,422,162 |
| 1 | 2,595,001 | 2,600,000 | 2,598,012 |
| 1 | 2,745,001 | 2,750,000 | 2,747,852 |
| 1 | 3,560,001 | 3,565,000 | 3,561,731 |
| 1 | 4,225,001 | 4,230,000 | 4,226,500 |
| **1,438** | | | **32,491,205** |

| Categories of Shareholders | Numbers | Shares held | % age |
|---|---|---|---|
| Individual | 1,384 | 15,087,503 | 46.4 |
| More than 5% | 6 | 16,121,490 | 49.6 |
| Joint Stock companies | 35 | 1,270,847 | 3.9 |
| Insurance Companies | 2 | 5,130 | 0.0 |
| Financial Institution | 8 | 4,127 | 0.0 |
| NIT & ICP | 2 | 1,981 | 0.0 |
| Modaraba | 1 | 127 | 0.0 |
| Total | 1,438 | 32,491,205 | 100 |

# Pattern of Share Holding
# As on June 30, 2017

**Categories of Shareholder**

| | | Number of shares held | % |
|---|---|---|---|
| **1** | **Directors, Chief Executive Officer, their spouse and minor children** | | |
| | Chief Executive/Director | | |
| | Shams Rafi | 692,810 | 2.1 |
| | Directors | | |
| | Aurangzeb Shafi | 522,855 | 1.6 |
| | Jahanzeb Shafi | 292,218 | 0.9 |
| | Muhammed Rafi | 4,228,922 | 13.0 |
| | Salman Rafi | 591,979 | 1.8 |
| | Umer Shafi | 1,206,073 | 3.7 |
| | Usman Shafi | **1,198,434** | **3.7** |
| | Directors' Spouse and their minor children | | |
| | Mussarat Rafi | 10,587 | 0.0 |
| | | 8,743,878 | 27 |
| 2 | NIT & ICP | | |
| | Investment Corporation Of Pakistan | 1,891 | 0.0 |
| | Idbl (Icp Unit) | 90 | 0.0 |
| | | 1,981 | 0 |
| 3 | Banks, DFI, NBFIs | 4,127 | 0.0 |
| 4 | Insurance Companies | 5,130 | 0.0 |
| 5 | Modaraba and Mutual Funds | 127 | 0.0 |
| 6 | Shareholders More than 5% | 16,121,490 | 49.6 |
| 7 | Other companies, Corporate Bodies, Trust etc. | 1,270,847 | 3.9 |
| 8 | General Public | 6,343,625 | 19.5 |
| | **Grand Total** | **32,491,205** | **100** |
| | Shareholders more than 5% shareholding | | |
| | Muhammed Rafi | 4,226,500 | 13.0 |
| | Tariq Shafi | 3,561,731 | 11.0 |
| | Rizwan Shafi | 2,747,852 | 8.5 |
| | Shoaib Shafi | 2,598,012 | 8.0 |
| | Ahmad Shafi | 2,422,162 | 7.5 |
| | Shaukat Shafi | 2,400,529 | 7.4 |
| | Muhammad Anwar | 2,391,204 | 7.4 |
| | | **20,347,990** | **63** |

# 44th Annual General Meeting
## Form of Proxy

I/We ______________________________ of __________________ a member/members of Jubilee Spinning & Weaving Mills Limited and holder of ______________ shares as per Registered Folio/CDC # ___________________________ do hereby appoint

___________________________________________________________________________

of __________________ or failing him ________________________________________

of __________________ who is also member of the Company vide Registered Folio/CDC # ___________________ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company to be held on Saturday the October 31, 2016 at 9.30 AM at Registered Office, 45-A, Off Zafar Ali Road, Gulberg-V, Lahoreand at any adjournment thereof.

As witness my hand this _______________ day of ____________________2017.

Witness's Signature
Name: _________________________
Address: _______________________
______________________________
CNIC # ________________________

Witness's Signature
Name: _________________________
Address: _______________________
______________________________
CNIC # ________________________

| Affix<br><br>Revenue<br><br>Stamp of Rs. 5/- |
|---|

Date:
Place:
Note:

CNIC

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

# جوبلی اسپننگ اینڈ ویونگ ملز لمیٹڈ

## مختار نامہ

میں/ہم ____________________ ساکن ____________________ بحیثیت رکن جوبلی اسپنگ اینڈ ویونگ ملز لمیٹڈ ________ شیئرز کے رجسٹرڈ فولیونمبر CDC/ حصہ داری/ Participant ID/ Investor/SubA/C#/# کے حامل ہیں، اکاؤنٹ نمبر: ____________ بذریعہ ہذا تقرر (Appoint) کرتے ہیں ____________________ ساکن ____________ یا عدم موجودگی کی صورت میں محترم/محترمہ ____________________ ساکن ____________ جو کہ کمپنی کے رکن بھی ہیں، ان کی عدم موجودگی کی صورت میں بذریعہ رجسٹرڈ فولیو ______ # CDC کمپنی کی 44ویں سالانہ جنرل میٹنگ جو کہ مورخہ 28 اکتوبر 2017ء بروز ہفتہ کمپنی کے رجسٹرڈ آفس نمبر A-45، آف ظفر علی روڈ، گلبرگ V، لاہور میں منعقد ہوگی، اس میں ہماری جانب سے میری/ ہماری مختار (پروکسی) کو سنبھالنا/نگرانی کرنا، بولنا اور اجلاس کے اختتام پر میرے/ ہمارے لئے ووٹ دینے کے اہل ہیں۔

آج بروز ____________ مورخہ ________ 2017ء کو بطور گواہ دستخط کئے گئے۔

پانچ روپے مالیت کی رسیدی ٹکٹ چسپاں کریں۔

دستخط گواہ ____________

نام: ____________

ایڈریس: ____________

شناختی کارڈ نمبر: ____________

دستخط رکن

دستخط گواہ ____________

نام: ____________

ایڈریس: ____________

شناختی کارڈ نمبر: ____________

مورخہ:

بمقام: لاہور

| قومی شناختی کارڈ نمبر | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

نوٹ:

(1) اس فارم کو مکمل اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتہ پار ارسال کریں۔

(2) اجلاس میں شرکت اور ووٹ دینے کے مستحق سی ڈی سی حصص داران اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ مہیا کریں اور پراکسی کی صورت میں اپنے CNIC یا پاسپورٹ کی مصدقہ کاپی لازمی منسلک کریں۔


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