

**HAJI MOHAMMAD ISMAIL MILLS
LIMITED**

ANNUAL ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2016

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH
BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the code") prepared by the Board of Directors of **Haji Mohammad Ismail Mills Limited** ("the Company") for the year ended June 30, 2016 to comply with the requirements of Listing Regulation No. 35 chapter XI 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.

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.

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 the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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

Further, we highlight below an instance of non-compliance with the requirement of the Code as reflected in the note/paragraph reference where this is stated in the Statement of Compliance:

- i. As disclosed in point 8 of the statement, the Chairman of the BOD of the listed company has not been elected and all the BOD meetings held during the year were presided by the Chief Executive Officer of the Company.

Karachi
Date:

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Haji Mohammad Ismail Mills Limited** ("the Company") as at June 30, 2016 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 we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on 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 above said statements. We believe that our audit provides a reasonable basis for our opinion, we report that:

1. The financial statements of the Company have been prepared on going concern basis, despite of the facts that the Company has closed down its yarn manufacturing operation in October, 2007 and production activities remained suspended. The electric power generation and its sale were also suspended in August, 2012. The management has disposed off the assets of the Company including land, building, plant & machinery to pay off its major debts during the year ended June 30, 2015 as disclosed in note 1.2 of notes to the financial statements. Furthermore, the Company has not prepared any detailed business plan including profit or cash flow projection for an appropriate period subsequent to the reporting date. The foregoing conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

The significance of matters discussed in the preceding paragraph, lead us believe that the going concern assumption used in preparation of the financial statements of the Company is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amount respectively.

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) 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 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;
 - iv. due to significance of the matter referred to in paragraph (I) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes have not been prepared in all material respect as at June 30, 2016 and of its profit, comprehensive income, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984.
 - v. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Engagement Partner: **Ahsan Elahi Vohra - FCA**

Karachi
Dated:

HAJI MOHAMMAD ISMAIL MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Long term deposits	5	50,000	50,000
Deffered tax		-	30,170
CURRENT ASSETS			
Investment-available for sale	6	15,069,888	41,046,200
Advances tax - net of provision	7	1,575,719	1,549,239
Trade deposits	8	200,000	200,000
Other receivables	9	9,959,501	8,311,968
Cash and bank balances	10	23,481,994	705,993
		50,287,102	51,813,400
		<u>50,337,102</u>	<u>51,893,570</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
12,000,000 (2015: 12,000,000) ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up capital	11	119,750,400	119,750,400
Reserves		<u>(70,815,003)</u>	<u>(69,408,001)</u>
		48,935,397	50,342,399
LONG TERM LIABILITIES			
Deferred Tax	5	33,382	-
CURRENT LIABILITIES			
Trade and other payables	12	1,368,323	1,551,171
		<u>50,337,102</u>	<u>51,893,570</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

HAJI MOHAMMAD ISMAIL MILLS LIMITED
Profit and Loss Account
For the Year Ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
Operating expenses			
Administrative expenses	14	(2,890,232)	(1,494,227)
Other expenses	15	(257,310)	-
Operating loss		(3,147,542)	(1,494,227)
Other income	16	1,547,098	7,159,007
		<u>(1,600,444)</u>	<u>5,664,780</u>
Finance cost	17	(2,308)	(1,722)
(Loss)/ Profit before taxation		(1,602,752)	5,663,058
Taxation	18	(164,377)	(619,537)
(Loss)/ Profit after taxation		<u>(1,767,129)</u>	<u>5,043,521</u>
(Loss)/ Earnings per share - basic and diluted	19	<u>(0.15)</u>	<u>0.42</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



CHIEF EXECUTIVE


DIRECTOR

Haji Mohammad Ismail Mills Limited
Statement of Comprehensive Income
For the Year Ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
(Loss)/ Profit after taxation		(1,767,129)	5,043,521
Items that may be reclassified subsequently to profit and loss			
(Loss) / gain on re-measurement on investments available for sale to fair value - net of tax		360,127	(1,037,592)
Total comprehensive (loss)/ income for the year		<u><u>(1,407,002)</u></u>	<u><u>4,005,929</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

HAJI MOHAMMAD ISMAIL MILLS LIMITED
CASH FLOW STATEMENT
For the Year Ended June 30, 2016

Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ Profit before taxation	(1,602,752)	5,663,058
Adjustments for:		
Finance cost	2,308	1,722
Fair value adjustment of investment	360,127	(1,037,592)
	<u>362,435</u>	<u>(1,035,870)</u>
(Loss)/ Profit before working capital changes	(1,240,317)	4,627,188
(Increase)/ decrease in current assets:		
Short term investment - net	25,976,312	6,074,067
Other receivables	(1,647,533)	(3,929,116)
	24,328,779	2,144,951
Decrease in current liabilities:		
Trade creditors, accrued and other liabilities	(182,848)	(148,911)
Cash generated from operations	22,905,614	6,623,228
Taxes paid	(127,305)	(872,310)
Finance cost paid	(2,308)	(1,722)
	<u>(129,613)</u>	<u>(874,032)</u>
Net cash generated from operating activities	22,776,001	5,749,196
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term loan	-	(5,678,165)
Net cash used in financing activities	-	(5,678,165)
Net increase in cash and cash equivalents	22,776,001	71,031
Cash and cash equivalents at beginning of the year	705,993	634,962
Cash and cash equivalents at end of the year	23,481,994	705,993

The annexed notes from 1 to 26 form an integral part of these financial statements.

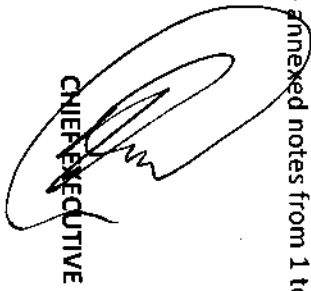

CHIEF EXECUTIVE


DIRECTOR

HAJI MOHAMMAD ISMAIL MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the Year Ended June 30, 2016

	Issued, subscribed and paid-up capital	Reserves		Sub total	Total	
		Capital	Revenue			
	Share premium	Fair value reserve	Accumulated loss			
Balance as at July 01, 2014	119,750,400	6,912,000	826,406	(81,152,336)	(73,413,930)	46,336,470
Profit for the year	-	-	-	5,043,521	5,043,521	5,043,521
Other comprehensive income for the year - net of tax	-	-	(1,037,592)	-	(1,037,592)	(1,037,592)
Total Comprehensive income for the year	-	-	(1,037,592)	5,043,521	4,005,929	4,005,929
Balance as at June 30, 2015	119,750,400	6,912,000	(211,186)	(76,108,815)	(69,408,001)	50,342,399
Profit for the year	-	-	-	(1,767,129)	(1,767,129)	(1,767,129)
Other comprehensive loss for the year - net of tax	-	-	360,127	-	360,127	360,127
Total Comprehensive loss for the year	-	-	360,127	(1,767,129)	(1,407,002)	(1,407,002)
Balance as at June 30, 2016	119,750,400	6,912,000	148,941	(77,875,944)	(70,815,003)	48,935,397

The annexed notes from 1 to 26 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

HAJI MOHAMMAD ISMAIL MILLS LIMITED
NOTES TO THE THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

1 THE COMPANY AND ITS OPERATIONS

- 1.1** The Company was incorporated in Pakistan as a Private Limited Company on February 5, 1980 and subsequently converted to public limited company on October 15, 1987. Shares of the company were subsequently listed on the Pakistan Stock Exchange on November 29, 1994. The registered address of the company is situated at 406-Commerce Centre, Hasrat Mohani Road, Karachi 74200.
- 1.2** The Company has closed down its yarn manufacturing operation in October, 2007 and production activities remained suspended. The electric power generation and its sale were also suspended in August, 2012. The management has disposed off the assets of the Company including land, building, plant & machinery to pay off its major debts during the year ended June 30, 2015. The management of the company has decided to change the business dimensions of the company from existing to fast moving goods. The management has prepared new business plan. The new business objects were not specified in the Memorandum of Association of the company. Management was feeling hurdles in implementing its new business plan.

Management is planning to get involve in distribution business itself or through merger, corporate restructuring or through prosperous investors for revival of the company as sufficient funds are required to implement new business plan. The management is also negotiating with financial institutions for financing of the proposed business plan. In view of the new business dimensions, the company shall remain as a going concern company.

Subsequent to the year ended June 30, 2016 management has added new object clauses in Memorandum of Association and approved by members in EOGM on 23rd September 2016.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards ammendments and interpretations

a) Standards, ammendments or interpretations which became effective during the year:

There were certain new standards, ammendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), interpretations which became effective during the year but are not considered to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

b) Standards, ammendments or interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 - 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - 'Investments in Associates and Joint Ventures') [effective for annual periods beginning on or after 01 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41 (effective for annual periods beginning on or after 01 January 2016)]. Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 - 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 12 'Income Taxes' are 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 are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendment is likely to result in additional disclosure in Company's financial statements.
- Amendments to IFRS 2 - 'Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments effective for annual period beginning on or after 01 July 2016). The new cycle of improvements contain amendments to the following standards.

- IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 - 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 - 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

3 BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefit

Defined benefit plan

The company operates as unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income. The most recent actuarial valuation was carried on June 30, 2013 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting exceeds 10 percent of the present value of defined benefit obligation at that date.

4.2 Taxation

Current

Provision for current taxation is made on the taxable income, if any, after taking into account tax credit and tax rebate available.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.3 Trade and other payables

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

4.4 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any except freehold land which is stated at revalued amount. Depreciation is calculated on straight line method to write-off the cost or revalued amount of assets, less their residual values, over their expected useful lives. Remaining useful lives of significant assets and their residual values are reviewed periodically and changes in estimates arising from such review is accounted for in current and future years.

Depreciation on additions during the year is charged on pro-rata basis when the asset is acquired or capitalized. Similarly the depreciation was charged on additions and no depreciation was charged on deletion during the period.

In the year of revaluation depreciation is charged after the date of valuation until the year end. Gain or Loss on disposal of property, plant and equipments are included in operating income. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Assets subject to finance lease

Assets held under finance leases are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of related obligations under the lease less financial charges allocated to future payments are shown as liability. The financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Assets acquired under finance lease are depreciated apply straight-line method on a basis similar to owned assets. Depreciation of leased assets is charged to income currently.

4.6 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.7 Capital Work-in-progress

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.8 Investment

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standard (IAS 39) Financial Instrument: Recognition and measurement at the time of the purchase and classifies these investments as fair value through profit or loss account, held to maturity or available for sale.

(a) Financial assets at fair value through profit or loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuation in prices are classified as "fair value through profit or loss account". These investments are initially recognised at cost and transaction cost associated with the investment are taken directly to profit and loss account. Subsequent to initial measurement, investments at fair value through profit or loss are marked to market, using the closing market rates at the end of each day and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments, based on the quoted market rates ruling at the day-end, are taken to profit and loss account.

(b) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intent and ability to hold to maturity.

(c) Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as "available for sale" These investments are initially recognized at cost which includes transaction cost which includes transaction costs associated with the investment. Subsequent to initial measurement, "available for sale" investments are revalued and are remeasured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to shareholder's equity.

All purchases and sales of investments that required delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the company commits to purchase or sale the asset. All other purchases and sales are recognised as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to received cash flows from the investments have expired, have been realized or transferred and the company has transferred substantially all risk and rewards of ownership.

Impairment of investments is recognised when there is a permanent diminution in their values.

4.9 Stores, spares and loose tools

These are valued at cost or net realizable value whichever is less. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred.

4.10 Stock in trade

Stock in trade are valued at lower of average cost and net realizable value applying the following basis.

Raw material

At average cost except those in transit which are stated at actual cost

Work in process and finished goods

Cost of direct material and a proportion of manufacturing overhead based on normal capacity

Waste

At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily incurred in order to make the sale.

4.11 Foreign currencies

Transactions in foreign currency are recorded in Rupees at rates of exchange prevailing at the date of transaction. All monetary assets and liabilities in foreign currency are re-translated at exchange rate prevailing on the balance sheet date. All exchange differences are accounted for in income currently.

4.12 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank balances.

4.13 Financial instruments

Financial instruments carried at the balance sheet date include trade debts, loans and advances, trade deposits, other receivables, cash and bank balances, long term financing, short term borrowings, trade and other payables and interest/mark-up on loans. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified into the contract is discharged, cancelled or expired.

4.14 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is off set and the net account is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Trade debts

Trade Debts are carried at original invoice less an estimate made for doubtful debts based on a review of all out standing amounts at the year end. Bad debts are written off when identified.

4.16 Borrowings

Financing and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis.

4.17 Trade and other payables

These are recognised using the trade date accounting and are measured at cost which is the fair value of the consideration to be paid for the goods and services in future.

4.18 Borrowing cost

Borrowing costs directly attributable to acquisition and construction of qualifying assets are capitalized up to the date of commencement of commercial production. All other borrowing costs are charged to the income.

4.19 Related party transactions and transfer pricing

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with the comparable uncontrolled price method.

4.20 Revenue recognition

Export sales are accounted for on shipment basis and exchange difference, if any on account of export proceeds are adjusted in the period realization. Local sales are recognised on dispatch of goods to the customer. Dividend is recognized as income when the right to receive dividend is established. Profit on deposits is recognized on time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.21 Dividend

The dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

5 DEFERRED TAX

This represents deferred tax liability/asset on unrealized gain/loss on revaluation of equity investments available for sale.

2016
Rupees 2015
Rupees

6 INVESTMENT - AVAILABLE FOR SALE

15,069,888 41,046,200

2016	2015	Name of the investee company	2016	2015	2016	2015
			Market value		Cost	
No of shares / certificates			Rupees	Rupees		
46,400		Pakistan petroleum limited	-	7,621,664	-	7,839,280
10,000		Century paper and board mills limited	-	589,200	-	582,100
309,000		Faisal bank limited	-	4,857,480	-	4,720,372
20,000		Oil and gas development company limited	-	3,584,800	-	3,684,600
12,300		Crecent steel Allied Products Limited	1,409,703	-	1,370,362	-
16,000		Ghandara Nissan Limited	2,498,400	-	2,512,663	-
14,500		Habib Bank Limited	2,864,620	-	2,840,590	-
500		HINOPAK Motors Limited	479,515	-	483,501	-
17,500		Mandviwala Mauser Plastics Ind Ltd	53,900	-	88,563	-
25,000		Nishat Mills Limited	2,697,500	-	2,628,528	-
105,000		Pakistan international bulk terminal limited	3,367,350	-	3,323,284	-
50,000		Sui Southern Gas Company Limited	1,376,500	-	1,325,142	-
5,000	6,000	Engro fertilizers limited	322,400	532,140	314,932	526,140
11,500		Allied Bank Ltd.	-	1,149,310	-	1,158,395
500		Engro power qadirpur limited	-	19,540	-	19,685
9,000		Glaxosmithkline Pakistan limited	-	1,759,860	-	1,744,200
50,000		Hum network limited	-	804,500	-	819,000
25,000		K- Electric Ltd	-	210,500	-	212,250
100,000		Avanceon Limited	-	3,343,000	-	3,437,000
100,000		Descon Chemical Limited	-	555,000	-	577,000
20,000		Fauji Fertilizer Bun Qasim Limited	-	1,106,400	-	1,125,200
5,000		Fauji Fertilizer Company Limited	-	747,100	-	750,600
20,000		Pakgen Power Limited	-	600,200	-	602,800
3,900		Millat Tractor Limited	-	2,674,698	-	2,699,697
10,000		National Bank of Pakistan	-	531,900	-	537,000
23,200		Nishat (Chunian) Limited-R	-	174,928	-	174,232
116,000		Nishat (Chunian) Limited	-	4,260,680	-	4,091,320
54,500		PICIC Growth Fund	-	1,496,025	-	1,504,200
101,000		Sui Northern Gas Pipelines Limited	-	2,690,640	-	2,762,350
500		Synthetic Products Enterprises Limited	-	27,435	-	26,135
10,000		United Bank Limited	-	1,709,200	-	1,694,000
245,800	1,051,500		15,069,888	41,046,200	14,887,565	41,287,556
		Add/(Less): Adjustment arising from re-measurement to Fair value	Note 6.1	-	182,323	(241,356)
245,800	1,051,500		15,069,888	41,046,200	15,069,888	41,046,200

	Note	2016 Rupees	2015 Rupees
6.1 Unrealized gain on revaluation of available for sale of investments			
Balance as of 01 July		(241,356)	826,406
Unrealized appreciation in the value of investments		680,989	4,246,887
Loss/ (Gain) recognised in the income statement on sale		257,310	(5,314,649)
Balance as of 30 June		<u>182,323</u>	<u>(241,356)</u>
7 ADVANCE TAX - net of provision			
Opening		1,549,239	1,326,636
Paid during the year		190,857	1,047,755
Provision for the year		(164,377)	(825,153)
Closing		<u>1,575,719</u>	<u>1,549,239</u>
8 TRADE DEPOSITS			
Bank guarantee margin		<u>200,000</u>	<u>200,000</u>
9 OTHER RECEIVABLES			
Sales tax		642,103	642,103
Other receivable		9,317,398	7,669,865
		<u>9,959,501</u>	<u>8,311,968</u>
10 CASH AND BANK BALANCES			
Cash at bank		23,477,190	187,590
Cash in hand		4,803	518,403
		<u>23,481,994</u>	<u>705,993</u>
11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
9,576,240 (2015: 9,576,240) Ordinary shares of Rs. 10 each allotted for consideration paid in cash		95,762,400	95,762,400
2,398,800 (2015: 2,398,800) Ordinary shares of Rs.10 each issued as bonus share		23,988,000	23,988,000
		<u>119,750,400</u>	<u>119,750,400</u>
11.1 4,353,276 (2015: 4,353,276) Ordinary share held by associate company.			
11.2 The Company has one class of ordinary shares which carry no rights to fixed income.			

	Note	2016 Rupees	2015 Rupees
12 TRADE AND OTHER PAYABLES			
Creditors		-	1,380,496
Accrued expenses		1,368,323	170,675
		<u>1,368,323</u>	<u>1,551,171</u>

13 CONTINGENCIES AND COMMITMENTS

Contingencies

Letter of guarantee issued		<u>200,000</u>	<u>200,000</u>
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Commitments

There are no commitments as at June 30, 2016 (2015: Nil).

	Note	2016 Rupees	2015 Rupees
14 ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		1,679,971	448,255
Remuneration to executive	14.1	850,427	730,994
Printing and stationery		36,310	25,375
Communication expenses		62,506	74,459
Auditors remuneration	14.2	78,000	78,000
Fees, subscription and periodicals		183,018	137,144
		<u>2,890,232</u>	<u>1,494,227</u>

14.1 Remuneration To Executives and Directors

	2016	2016	2015	2015
	----- Rupees -----			
	<u>Executives</u>	<u>Directors</u>	<u>Executives</u>	<u>Directors</u>
Remuneration	850,427	-	730,994	-
Number of Persons	1	-	1	-

Chief executive and directors have waived their remuneration and meeting fees.

	Note	2016 Rupees	2015 Rupees
14.2 Auditors Remuneration			
Half yearly review fee		13,000	13,000
Statutory audit fee		65,000	65,000
		<u>78,000</u>	<u>78,000</u>
15 OTHER EXPENSES			
Capital loss on sales of shares		257,310	-
		<u>257,310</u>	<u>-</u>

	Note	2016 Rupees	2015 Rupees
16 OTHER INCOME			
Profit on PLS Account		216,898	140,455
Capital gain on sales of shares		-	5,314,649
Dividend income		1,330,200	1,703,903
		<u>1,547,098</u>	<u>7,159,007</u>
17 FINANCE COST			
Bank charges and commission		<u>2,308</u>	<u>1,722</u>
18 TAXATION			
Current		(164,377)	(825,153)
Prior Year		-	205,616
		<u>(164,377)</u>	<u>(619,537)</u>
19 EARNINGS PER SHARE-BASIC AND DILUTED			
(Loss)/ Profit after taxation for the year in rupees		<u>(1,767,129)</u>	<u>5,043,521</u>
Weighted average number of shares outstanding during the year		<u>11,975,040</u>	<u>11,975,040</u>
(Loss)/ Earnings per share in rupees		<u>(0.15)</u>	<u>0.42</u>

20 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

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

- 20.1 Credit risk
- 20.2 Liquidity risk
- 20.3 Market risk

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

20.1 Credit risk

20.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and cash and bank balances. Out of total financial assets of Rs. 48.711 million (June 30, 2015 : Rs. 50.264 million), financial assets which are subject to credit risk aggregate to Rs. 33.049 million (June 30, 2015 : Rs. 8.626 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2016 Rupees	2015 Rupees
Long term deposit		50,000	50,000
Trade Deposits		200,000	200,000
Other receivables		9,317,398	7,669,865
Cash and bank balances		23,481,994	705,993
		33,049,392	8,625,858

20.2 Liquidity risk

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

		2016					
		Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
		----- Rupees -----					
Non - derivative Financial liabilities							
Trade and other payables		1,368,323	1,368,323	-			-
		1,368,323	1,368,323	-	-	-	-
		2015					
		Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	One to five years	More than five years
		----- Rupees -----					
Non - derivative Financial liabilities							
Trade and other payables		1,551,171	-	180,175	-	-	1,370,996
		1,551,171	-	180,175	-	-	1,370,996

20.3 Market risk

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

20.3.1 Interest rate risk

There is no interest bearing security as at June 30, 2016

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rates at the reporting date would not affect cashflow.

20.4 Fair value of financial assets and liabilities

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

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurement and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13 has not affected the financial statements.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs)

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	-----As at June 30, 2016-----			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
ASSETS				
Investment in securities -				
Available for sale				
- Listed Equity Securities	<u>15,069,888</u>	<u>-</u>	<u>-</u>	<u>15,069,888</u>

	-----As at June 30, 2015-----			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
ASSETS				
Investment in securities -				
Available for sale				
- Listed Equity Securities	<u>41,046,200</u>	<u>-</u>	<u>-</u>	<u>41,046,200</u>

	2016 Rupees	2015 Rupees
20.5 Off balance sheet items		
Contingencies		
Letter of guarantee issued	<u>200,000</u>	<u>200,000</u>
Commitments		
There is no commitments as on balance sheet date (2015: NIL)	<u>-</u>	<u>-</u>

21 CAPITAL RISK MANAGEMENT

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

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

22 PLANT CAPACITY AND PRODUCTION

Since the company has sold out its plant therefore no analysis has been given.

23 POST BALANCE SHEET EVENT

There are no significant post balance sheet events.

24 ACCOUNTING ESTIMATES AND JUDGMENTS

24.1 Income taxes

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. Furthermore, the company may be able to avail the benefit of the payment of turnover tax, provided sufficient taxable profits are available in next five years when this credit can be utilized.

24.2 Property, plant and equipment

The company reviews the value of the assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge.

25 GENERAL

25.1 Number of persons employed

The number of employees of the Company as at June 30, 2016 were 5 (2015: 2).

25.2 Figures have been rounded off to the nearest Rupees.

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 6, 2016 by the board of directors of the Company.



CHIEF EXECUTIVE



DIRECTOR