

HASSAN ALI RICE EXPORT CO, LIMITED
(FORMERLY; REGENT TEXTILE INDUSTRIES LIMITED)

**FIFTY FIFTH ANNUAL REPORT
FOR THE YEAR ENDED
30TH JUNE 2016**

HASSAN ALI RICE EXPORT CO, LIMITED
(FORMERLY; REGENT TEXTILE INDUSTRIES LIMITED)

BOARD OF DIRECTORS

Chairman

Mr. Nizam A. Hashwani

Chief Executive/ Director

Mr. Amin A. Hashwani
Mr. Abdullah A. Hashwani
Mrs. Sultana A. Hashwani
Mrs. Farieha A. Hashwani
Mrs. Shahrina Hashwani
Mr. Aziz

Company Secretary

Syed Muhammed. Yousuf

Auditors

Daudally, Lalani & Co
Chartered Accountant

Registered

A-66, Site Monghopir Road, Karachi.

HASSAN ALI RICE EXPORT CO, LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Eighth Annual General Meeting of the Company will be held on Saturday 29th October 2016, at 02:30 P.m at Hassan Ali Rice Export Co, Limited (Formerly Regent textile Industries Limited) , 1st Floor Cotton Exchange Building I.I. Chundriger Road , Karachi, to transact the following business:

1. To confirm the minutes of the Fifty Seventh Extra Ordinary General Meeting held on 22nd June 2016.
2. To receive and adopt the audited account for the year ended 30th June 2016, together with the Auditors and Directors report thereon.
3. To appoint Auditors for the year ended 30th June 2017, and to fix their remuneration. The retiring auditors M/S. Daudally, Lalani & Co. Chartered Accountants being eligible have offered themselves for re-appointment.
4. To transact any other business with the permission of Chairman.

By Order of the Board

Karachi, 06th October 2016.

Syed Mohammad. Yousuf
Company Secretary

NOTES:

1. The share Transfer Books of the Company will remain closed from 23-10-2016 to 29-10-2016 (Both days inclusive).
2. All members should bring their Original National Identity Cards for their identification purpose.
3. The form of the proxies must be submitted with the Company within the stipulated time, duly witnessed by person whose name , address and NIC number must be mentioned on the form along with attested copies of the NIC of the beneficial owner and the proxy.
4. Proxies in order to be effective must be received at the Registered office of the Company duly stamped, signed and witness not late then 48 hours before the time for holding the meeting during working hours.
5. The members are requested to immediately notify the change of address, if any and also to supply a copy of NIC for record of the Company.

HASSAN ALI RICE EXPORT CO, LIMITED

(FORMERLY: REGENT TEXTILE INDUSTRIES LIMITED)

DIRECTORS' REPORT

The Board of Directors of your company are pleased to present Fifty Fifth Annual Report together with Audited financial statements of the company along with Auditors Report thereon for the year ended 30th June 2016.

The Company has sustained net loss before tax amounting to Rs.73.816 million, the results are summarized below;

	30.06.2016 RUPEES	30/6/2015 RUPEES
Sales revenue	297,274,176	524,134,541
Cost of Sales	(367,057,527)	(576,015,946)
Gross (Loss)	(69,783,351)	(51,881,405)
Operating expenses	(5,515,568)	(16,298,419)
Other Income	1,462,848	1,325,642
Loss before taxation	(73,836,071)	(66,854,182)
Loss after taxation	(111,226,828)	(49,341,637)
Loss per shares	(23.37)	(10.37)

The main reason of loss was the shortage of long staple raw cotton, unmatched prices of cotton yarn in the local market and the import of long staple raw cotton at a higher price to meet the requirement of fine count yarn productivity.

The Management observed that the growing results of the Rice polishing plant in the last five years and looking at the past and future of the Textile Industry, it is strongly felt that the core business of polished rice will generate more profit in comfortable manner. The management has decided to diversify business from textile spinning to export of rice by setting up a Rice Processing Unit with a capacity of 40 tone per hour by importing / local new machineries with the construction of new Pre Fabricated Structure Building.

The name of the company also changed from Regent Textile Industries Limited to Hassan Ali Rice Export Co, Limited to make the identical to Rice Export with the change of object clause in the Memorandum and Article of Association with the following wording;

‘To set up and run Rice Processing Unit to carry on the business of Rice as an exporter, supplier, indenter and trader and to procure and sell rice broken, paddy for processing, husking, upgrading and polishing of rice and its products as may deem expedient’

The Board of Directors also decided to sell all textile machineries to the prospective buyers at the best price not below the book value, and dismantle the present structure building as deem necessary for the Rice Processing Unit at the Site Factory premises Monghopir Road, Karachi subject to the permission from land authority SITE Limited Karachi.

The Management has arranged finance facility for Project financing in respect of Rice Processing Plant and Machineries to the extent of Rs.500 million from JS Bank Limited under a long term arrangement for a period from 7 to 10 years at the markup rate not below 5% per annum.

The Directors have not recommended any dividend for the year ended 30th June 2016, because of the loss for the year and cash flow position.

Referring to the Auditor's opinion for raising doubts on going concern on account of negative equity, the reasons highlighted at Note No.1.3 of the accounts are self explanatory and that with the support of associated persons, the operational activity of the company would continue to be intact and the auditors observation about the doubt as a going concern can not sustain in near future also. There is no any significance of adverse impact on the Company's operational activity being supported by its associated concerns/ majority shareholders.

SOCIAL COMPLIANCE AND HUMAN RESOURCES:

The Company's human resources policy has been based on the values of fairness, merit, equal opportunity and social responsibility. In complying of this policy, the company does not employ any child labour and we endeavor to keep healthy working condition,

Taxation

Provision for taxation has been provided. Tax liability as highlighted at Notes # 30 of the Accounts.

CORPORATE GOVERNANCE;

Your Company has been complying with the rules & regulation of securities & Exchange Commission of Pakistan and has implemented better internal control policies with more rigorous checks and balances.

AUDITORS;

In accordance with the guidelines provided under the code of corporate governance, the Board of Directors have recommended the name M/S. Daudally, lalani & Co, Chartered Accountants for appointment of Auditors, as required u/s, 253 of the Companies Ordinance 1984.

RELATED PARTY TRANSACTION;

The Board of Directors has approved the policy for transaction between the company and its related parties on an arm length base and relevant rules determined as per the Comparable uncontrolled price method.

The pattern of share holding as required under section 234 of the Companies Ordinance 1984, for the period ended 30th June 2016, annexed.

ACKNOWLEDGEMENT;

We take pleasure in expressing appreciation and thank all the employees and excellent team efforts , devotion and loyalty throughout the year. We would also like to acknowledge the support and cooperation received from valued customers, banks, for their confidence and support during the period.

Karachi: 06/10/2016

By Order of the Board

AMIN A. HASNIWANI
Chief Executive

HASSAN ALI RICE EXPORT CO, LIMITED

(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)

PATTERN OF SHARE HOLDING

FOR THE YEAR ENDED 30TH JUNE 2016

NOS OF SHARE HOLDERS	SHARE HOLDERS	NOS OF SHARE HOLDERS
23	FROM	100
37	1 TO	1,041
9	101	500
13	501	13,298
2	1,001	1,000
2	5,001	8,550
2	25,001	5,000
3	1,200,001	31,115
		25,000
		18,612
		1,200,000
		330,678
		1,500,000
		4,359,373
89		4,758,663

CATEGORIES OF SHARE HOLDER	NOS OF SHARE HOLDERS	NO OF SHARES	% OF SHARE HOLD
INDIVIDUALS	80	4,747,512	99.77
INVESTMENT COMPANIE	4	4,450	0.09
INSURANCE COMP	2	500	0.01
FINANCIAL INSTIT	1	6,100	0.13
OTHERS	2	101	0.00
	89	4,758,663	100

Abdullah A. Hashwani

Mr. Abdullah A. Hashwani
Director

Amin A. Hashwani

Mr. Amin A. Hashwani
Chief Executive

HASSAN ALI RICE EXPORT CO, LIMITED

(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)

DETAIL OF CATEGORIES OF SHARES

AS AT 30 JUNE 2016.

SERIAL NO	NAME OF DIRECTORS	NUMBER OF SHARES
1	MR. NIZAM A HASHWANI	1,438,569
2	MR. ABDULLAH A HASHWANI	1,453,103
3	MR. AMIN A HASHWANI	1,467,702
4	MRS. SULTANA A HASHWANI	166,088
5	MRS. FARIEHA A HASHWANI	500
6	MRS. SHAHRINA HASHWANI	1,415
7	MR AZIZ	500
SHARES HELD BY DFI, INSURANCE, CO ETC		7,851
GENERAL PUBLIC		57,847
SHARES HELD BY RELATIVE & ASSOCIATES		
MRS. SHEREZAD ZAHIR RAHIMTOOLA		165,088
		4,758,663



Mr. Abdullah A. Hashwani
Director



Mr. Amin A. Hashwani
Chief Executive

**HASSAN ALI RICE
EXPORT COMPANY LIMITED
(FORMERLY REGENT
TEXTILE INDUSTRIES LIMITED)
AUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016**

DAUDALLY, LALANI & CO. CHARTERED ACCOUNTANTS

Fortune Center Suite No.505-506, 5th Floor P.E.C.H.S., Shahrah-e-Faisal, Karachi Tel: 34328480-82
Fax: 34328483, Web: www.daudallylalani.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HASSAN ALI RICE EXPORT COMPANY LIMITED (FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)** 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account 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;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive loss, 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 (XXIII of 1980).

DAUDALLY, LALANI & CO.

CHARTERED ACCOUNTANTS

(-2-)

Without qualifying our opinion we draw attention to the fact that the Company has accumulated losses of Rs. 300,438,577 (2015: Rs. 189,255,644) thereby making the equity negative by Rs. 251,943,770 (2015: Rs. 140,760,837). However, for the reasons more explained in note 1.3, the annexed financial statements of the company have been prepared on going concern basis, without making any adjustments for realization of its assets and settlement of its liabilities.


CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: SOHAIL LALANI
KARACHI 06 OCT 2016

HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	181,451,285	192,994,422
Capital work in progress - plant & machinery		1,706,893	1,943,875
Long term investments	5	6,822,082	6,351,246
Deferred taxation - net	6	-	33,523,275
		<u>189,980,260</u>	<u>234,812,818</u>
CURRENT ASSETS			
Stores and spares		1,090,848	2,237,801
Stock in trade	7	25,874,366	26,209,013
Trade debtors	8	400,256	4,207,262
Advances, prepayments and other receivables	9	7,360,570	10,582,418
Advance income tax	10	4,212,640	4,350,666
Due from associated undertaking	11	37,142,509	38,946,714
Due from directors		5,667	4,503
Current portion of long term investment and profit	5	6,477,828	5,700,444
Cash and bank balances	12	3,439,086	17,090,720
		<u>86,003,770</u>	<u>109,329,541</u>
		<u>275,984,030</u>	<u>344,142,358</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
7,500,000 (2015: 7,500,000) ordinary shares of Rs. 10 each		<u>75,000,000</u>	<u>75,000,000</u>
Issued, subscribed and paid up capital	13	47,586,630	47,586,630
Special reserve	14	908,177	908,177
Accumulated loss		(300,438,577)	(189,255,644)
		(251,943,770)	(140,760,837)
Surplus on revaluation of property, plant and equipment	15	86,818,857	86,862,750
		(165,124,913)	(53,898,087)
NON-CURRENT LIABILITIES			
Subordinate loan	16	355,000,000	155,000,000
Deferred taxation - net	6	212,716	-
		<u>355,212,716</u>	<u>155,000,000</u>
CURRENT LIABILITIES			
Short term borrowing	17	-	4,090,500
Creditors, accrued and other liabilities	18	5,225,580	16,413,387
Due to associated undertaking	19	77,678,604	217,275,912
Provision for taxation		2,972,742	5,241,345
Unclaimed dividend		19,301	19,301
		<u>85,896,227</u>	<u>243,040,445</u>
COMMITMENTS			
	26	-	-
		<u>275,984,030</u>	<u>344,142,358</u>
TOTAL EQUITY AND LIABILITIES			

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

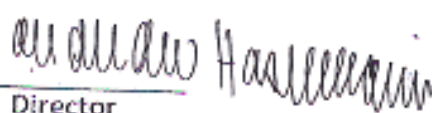

Director


Director/
Page 1
Chief Executive

HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	20	297,274,176	524,134,541
Cost of sales	21	(367,057,527)	(576,015,946)
Gross loss		<u>(69,783,351)</u>	<u>(51,881,405)</u>
Operating expenses			
Administrative	22	4,964,597	5,017,465
Selling		151,980	290,829
Financial	23	398,991	10,990,125
		<u>(5,515,568)</u>	<u>(16,298,419)</u>
		<u>(75,298,919)</u>	<u>(68,179,824)</u>
Other income	24	1,462,848	1,325,642
Loss before taxation		<u>(73,836,071)</u>	<u>(66,854,182)</u>
Taxation			
Current			
For the year		(2,972,742)	(5,241,345)
Prior year		(682,023)	-
Deferred			
For the year		23,635	22,753,890
Prior year		(33,759,627)	-
		<u>(37,390,757)</u>	<u>17,512,545</u>
Loss after taxation		<u>(111,226,828)</u>	<u>(49,341,637)</u>
Loss per share	27	<u>(23.37)</u>	<u>(10.37)</u>

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

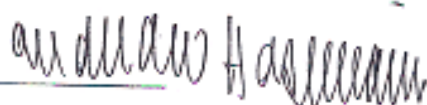

Director


Director/
Chief Executive
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HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Loss after taxation	(111,226,828)	(49,341,637)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(111,226,828)</u>	<u>(49,341,637)</u>

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



Director


 Director
 Chief Executive

HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before taxation	(73,836,071)	(66,854,182)
Adjustment for non cash charges & other items		
Depreciation	9,818,126	10,926,757
Gain on disposal of fixed asset	7,434	-
Financial charges	398,991	10,990,125
	<u>10,224,551</u>	<u>21,916,882</u>
Operating cash flows before working capital changes	(63,611,520)	(44,937,300)
Working capital changes		
Stores & spares	1,146,953	595,290
Stock in trade	334,647	69,851,617
Trade debts	3,807,006	(2,134,978)
Advances and other receivables	3,221,848	938,206
Due from associated undertaking	1,804,205	(27,695,594)
Due from directors	(1,163)	(4,503)
Creditors, accrued & other liabilities	(11,187,807)	(1,414,761)
	<u>(874,311)</u>	<u>40,135,277</u>
Net cash used in operations	(64,485,831)	(4,802,023)
Financial charges paid	(398,991)	(10,990,125)
Income tax paid	(5,800,215)	(4,640,350)
	<u>(6,199,206)</u>	<u>(15,630,475)</u>
Net cash used in operating activities	<u>(70,685,037)</u>	<u>(20,432,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed of fixed asset	7,300,000	(13,219,619)
Property, plant & equipment	(5,567,552)	
Capital work in progress	236,982	(689,530)
Long term investments	(586,990)	3,949,845
Profit receivable on long term investments	(661,230)	(318,447)
Net cash generated from / (used in) investing activities	<u>721,211</u>	<u>(10,277,751)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to associated undertaking	(139,597,308)	84,517,642
Subordinate loan	200,000,000	-
Due to directors	-	(481,695)
Net cash flow from financing activities	<u>60,402,692</u>	<u>84,035,947</u>
Net (decrease)/increase in cash and cash equivalents	(9,561,134)	53,325,699
Cash and cash equivalents at the beginning of the year.	13,000,220	(40,325,479)
Cash and cash equivalents at the end of the year.	<u>3,439,086</u>	<u>13,000,220</u>

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

Hassan Ali Rice

Chief Executive

[Signature]
 Director
 Chief Executive
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HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed & paid up capital	Revenue Reserve		Total
		Special Reserve	Accumulated Loss	
=====Rupees=====				
Balance as at June 30, 2014	47,586,630	908,177	(139,962,777)	(91,467,970)
Total comprehensive loss for the year ended June 30, 2015	-	-	(49,341,637)	(49,341,637)
Transferred from surplus on revaluation of property, plant & equipment on account of incremental depreciation charged	-	-	48,771	48,771
Balance as at June 30, 2015	47,586,630	908,177	(189,255,643)	(140,760,836)
Total comprehensive loss for the year ended June 30, 2016	-	-	(111,226,828)	(111,226,828)
Transferred from surplus on revaluation of property, plant & equipment on account of incremental depreciation charged	-	-	43,894	43,894
Balance as at June 30, 2016	47,586,630	908,177	(300,438,577)	(251,943,770)

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



Director



Director/
Chief Executive

HASSAN ALI RICE EXPORT COMPANY LIMITED
(FORMERLY REGENT TEXTILE INDUSTRIES LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 NATURE AND STATUS OF THE COMPANY

1.1 The company was incorporated in 1961 under the Companies Act 1913 (now Companies Ordinance, 1984) in Pakistan as a public limited company and previously remained listed on Karachi Stock Exchange. The company was principally engaged in manufacturing and sale of cotton yarn under the brand name of "TEXTURE". Currently it is in process of replacing building and acquiring plant & equipment for purposed business of rice processing, and export and domestic sale. Its registered office is at A-66 Manghopir Road, S.I.T.E Karachi.

Upon request of the company for delisting and for buy-back of shares by its sponsors at price agreed with the Karachi Stock Exchange, the company was delisted by the Exchange effective May 25, 2012. Effective May 11, 2016 the company obtained SECP's approval to change in name to Hassan Ali Rice Export Company Limited and for new business of rice processing and export and domestic sales.

1.2 The company has under taking of spinning units comprising 12,960 spindles and was a sick unit. The present management of the company had, with the negotiation of Industrial and Development Bank of Pakistan taken over in 1988 and managed to run the project for healthy growth for economy and the contribution towards the national economy. Due to sustained losses in business over the years the Company is in process of diversifying to rice processing, domestic sale and export business.

1.3 The company has sustained accumulated losses of Rs. 300,438,577 (2015: Rs. 189,255,644), resulting in negative equity of Rs. 251,943,770 (2015: Rs. 140,760,837). However, these financial statements have been prepared under a going concern assumption without taking any adjustments because management anticipates continued support from its associated undertakings.

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 and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise Accounting and Financial Reporting Standards for Medium Size Entities (MSEs) issued by The Institute of Chartered Accountants of Pakistan as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except certain items of property, plant & equipment which are stated at their revalued amounts.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are summarized below:

3.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation except leasehold land and old building which are stated at revalued amount.

The company is charging depreciation from the month of purchase in case of additions while no depreciation is charged for the month in which asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are taken to current profit and loss account.

3.2 Stores

Stores are valued at average cost.

3.3 Stock in trade

Stock in trade comprises raw cotton, work in process, finished goods and packing material. Stock-in-trade is valued at lower of cost and net realizable value. Cost signifies average cost. Net realizable value signifies the selling price less cost necessarily to be incurred to make the sale.

3.4 Revenue recognition

Revenue from sale of goods is recognized on dispatch of goods to customers. Profit / mark-up on deposits and investments are accounted on accrual basis.

3.5 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax credits and rebates available (if any).

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

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

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

3.6 Foreign currency transaction

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

3.7 Provision

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

3.8 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account,

3.9 Off setting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability

3.10 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debt is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

3.11 Trade and other payables

Short term liabilities for trade and other payables are carried at cost.

3.12 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognized into the profit and loss account over the period of the borrowings on an effective mark-up basis.

3.13 Other receivables

Other receivables are recognized at their original value.

3.14 Contingent assets

A contingent asset is disclosed where an inflow of economic benefits is probable.

3.15 Contingent liabilities

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and short term borrowing. The cash and cash equivalents are subject to insignificant changes in value.

3.17 Impairment of 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 loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss, if any. Impairment losses are recognized as an expense in the profit and loss account.

3.18 Transactions with related parties

The company enters into transactions with related parties at arm's length prices determined in accordance with the methods approved by the board of directors.

3.19 Dividends and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.20 Investments

Investments with fixed or determinable payments and fixed maturity that the company has the positive intent and ability to hold to maturity are treated as held to maturity and are initially recognized at cost. Subsequently, these investments are valued at amortized cost.

3.21 Functional and presentation currency

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

3.22 Critical accounting estimates and judgments

The preparation of financial statements in conformity with 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, including expectation 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 discussed in note 31.

4 PROPERTY, PLANT & EQUIPMENT

Particulars	Net carrying value basis year ended June 30, 2016				Gross carrying value basis as at June 30, 2016				
	Opening Net book value (NBV)	Addition (at cost)	Depre- ciation charge	Disposal (at book value)	Closing Net Book value	Cost	Accumulated Depreciation	Net book value	Rate %
Rupees									
Company owned									
Lease hold land	87,250,000	-	-	-	87,250,000	87,250,000	-	87,250,000	-
Factory building mill	4,657,903	2,545,920	(465,790)	-	6,738,033	28,046,549	(21,308,516)	6,738,033	10
Factory labour colony	1,326,367	-	(132,637)	-	1,193,730	6,054,800	(4,861,070)	1,193,730	10
Plant & machinery	49,121,332	1,421,575	(3,879,219)	(7,292,566)	39,371,122	176,303,759	(136,932,637)	39,371,122	10
Laboratory equipment	636,680	-	(63,668)	-	573,012	6,458,712	(5,885,701)	573,011	10
Air conditioning equipment	12,314,753	-	(1,231,475)	-	11,083,278	19,657,946	(8,574,668)	11,083,278	10
Power house machinery	21,568,826	-	(2,156,883)	-	19,411,943	77,063,176	(57,651,233)	19,411,943	10
Work shop equipment	15,514	-	(1,551)	-	13,963	210,802	(196,839)	13,963	10
Fire fighting equipment	1,808	-	(181)	-	1,627	24,625	(22,998)	1,627	10
Scales & measuring equipment	16,136	-	(1,614)	-	14,522	219,000	(204,478)	14,522	10
Office equipment	334,211	-	(33,421)	-	300,790	514,513	(213,723)	300,790	10
Electric & gas equipment	12,550,626	1,550,057	(1,255,063)	-	12,845,620	15,439,429	(2,593,809)	12,845,620	10
Furniture and fixture	70,246	-	(7,025)	-	63,221	744,138	(680,917)	63,221	10
Gas installation	18,185	-	(1,818)	-	16,367	251,691	(235,324)	16,367	10
Computer equipment	41,284	-	(12,385)	-	28,899	451,305	(422,406)	28,899	30
Fans & air conditioners	388,694	50,000	(41,786)	-	396,908	730,475	(333,566)	396,909	10
Telephone installation	27,614	-	(2,761)	-	24,853	198,158	(173,305)	24,853	10
Vehicle/motor cycle	2,654,247	-	(530,849)	-	2,123,398	5,574,350	(3,450,952)	2,123,398	20
June 30, 2016	192,994,422	5,567,552	(9,818,126)	(7,292,566)	181,451,282	425,193,428	(243,742,143)	181,451,285	

Land and building have been mortgaged to the extent of Rs. 491 Million (2015: Rs. 491 Million) with Faysal Bank Limited in respect of finance facility availed from associated concerns, Messrs Hassan Ali Rice Export Company and Syndicate Mineral Export Company.

4 PROPERTY, PLANT & EQUIPMENT

Particulars	Net carrying value basis year ended June 30, 2015			Gross carrying value basis as at June 30, 2015		
	Opening Net book value (NBV)	Addition (at cost)	Depre- ciation charge	Closing Net Book value	Cost	Accumulated Depreciation
						Net book value
						Rate %
Rupees						
Company owned						
Lease hold land	87,250,000	-	-	87,250,000	87,250,000	-
Factory building mill	5,149,207	26,000	(517,304)	4,657,903	25,500,629	(20,842,726)
Factory labour colony	1,473,741	-	(147,374)	1,326,367	6,054,800	(4,728,433)
Plant & machinery	48,678,364	5,503,596	(5,060,628)	49,121,332	183,802,754	(134,681,422)
Laboratory equipment	707,422	-	(70,742)	636,680	6,458,712	(5,822,033)
Air conditioning equipment	12,283,815	1,259,320	(1,228,382)	12,314,753	19,657,946	(7,343,193)
Power house machinery	23,090,748	793,768	(2,315,690)	21,568,826	77,063,176	(55,494,350)
Work shop equipment	17,238	-	(1,724)	15,514	210,802	(195,288)
Fire fighting equipment	2,009	-	(201)	1,808	24,625	(22,817)
Scales & measuring equipment	17,929	-	(1,793)	16,136	219,000	(202,864)
Office equipment	255,345	108,000	(29,134)	334,211	514,513	(180,302)
Electric & gas equipment	8,925,512	4,594,235	(969,121)	12,550,626	13,889,372	(1,338,746)
Furniture and fixture	78,051	-	(7,805)	70,246	744,138	(673,892)
Gas installation	20,205	-	(2,020)	18,185	251,691	(233,506)
Computer equipment	5,142	43,700	(7,558)	41,284	451,305	(410,021)
Fans & air conditioners	384,179	46,000	(41,485)	388,694	680,475	(291,780)
Telephone installation	30,682	-	(3,068)	27,614	198,158	(170,544)
Vehicle/motor cycle	2,331,975	845,000	(522,728)	2,654,247	5,574,350	(2,920,103)
June 30, 2015	190,701,560	13,219,619	(10,926,757)	192,994,422	428,546,446	(235,552,021)
						192,994,422

Land and building have been mortgaged to the extent of Rs. 491 Million (2014: Rs. 491 Million) with Faysal Bank Limited in respect of finance facility availed from associated concerns, Messrs Hassan Ali Rice Export Company and Syndicate Mineral Export Company.

5 LONG TERM INVESTMENTS

Held to maturity

Defence saving certificates

Fixed deposits

(Note 5.1)

(Note 5.2)

2016
Rupees

2015
Rupees

1,615,000

5,496,583

7,111,583

6,188,327

13,299,910

(289,501)

(6,188,327)

(6,477,828)

6,822,082

1,615,000

4,909,593

6,524,593

5,527,097

12,051,690

(173,347)

(5,527,097)

(5,700,444)

6,351,246

Add: Profit accrued upto June 30,

Less: Current portion of principal
Profit on the above

5.1 These certificates are held by Habib Bank Limited (which were issued for ten years from the year 2001) against guarantee Rs. 4,316,604 (2015: Rs. 6,282,800), issued to Messrs Sui Southern Gas Company Limited. These certificates are in the name of the Company's director.

5.2 These deposits with Habib Metropolitan Bank Limited are held by Habib Bank Limited against guarantee mentioned at note 5.1 above. These carry interest @ 11% to 15% per annum (2015: 11% to 15% per annum).

2016
Rupees

2015
Rupees

6 DEFERRED TAXATION - Net

Deferred tax asset recognised on unabsorbed tax losses

Deferred tax liability recognised on surplus on revaluation of
property, plant & equipment (Note # 15)

(212,716)

(212,716)

33,759,627

(236,352)

33,523,275

6.1 Considering operating results in foreseeable future opening balance of deferred tax asset - net Rs.33,523,275 has been charged off in Profit & Loss Account in these financial statements.

7 STOCK IN TRADE

Raw cotton

Work in process

Finished goods

Packing material

627,091

25,214,500

32,775

25,874,366

12,054,183

5,151,243

8,732,997

270,590

26,209,013

8 TRADE DEBTORS

Unsecured, considered good

400,256

4,207,262

9 ADVANCES, PREPAYMENTS & OTHER RECEIVABLES

Unsecured, considered good

Advances

to suppliers

to staff

141,967

611,192

753,159

527,134

2,269,757

2,796,891

86,150

Prepayments

Other receivables

Sales tax

Insurance claim

2,260,956

4,346,455

7,360,570

1,832,866

5,866,511

10,582,418

			2016 Rupees	2015 Rupees
10 ADVANCE INCOME TAX				
Advance income tax			4,212,640	4,340,666
Income tax refundable - Tax year 2013				10,000
			<u>4,212,640</u>	<u>4,350,666</u>
11 DUE FROM ASSOCIATED UNDERTAKING				
Unsecured, interest free Syndicate Minerals Export Company			<u>37,142,509</u>	<u>38,946,714</u>
12 CASH & BANK BALANCES				
Cash in hand			559,693	243,843
Cash at banks in current accounts			2,879,393	16,846,877
			<u>3,439,086</u>	<u>17,090,720</u>
13 ISSUED, SUBSCRIBED & PAID UP CAPITAL				
	2016	2015		
	264,373	264,373	Ordinary shares of Rs. 10/- each issued for cash	
			2,643,730	2,643,730
	4,494,290	4,494,290	Ordinary shares of Rs. 10/- each issued as right shares for cash	
	<u>4,758,663</u>	<u>4,758,663</u>	44,942,900	44,942,900
			<u>47,586,630</u>	<u>47,586,630</u>
14 SPECIAL RESERVE				
Under Section 15bb of Income Tax Act, 1922			<u>908,177</u>	<u>908,177</u>
15 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT				
Balance as on July 01,			87,099,102	87,174,134
Less: Transferred to retained earnings on account of incremental depreciation charged for the year - net off deferred tax			43,894	48,771
Related deferred tax liability			23,635	26,261
			67,529	75,032
Surplus on revaluation of operating property, plant & equipment as at June 30			<u>87,031,573</u>	<u>87,099,102</u>
Less: Related deferred tax liability:				
Balance as at July 01,			236,352	262,613
Incremental depreciation charged during the year transferred to profit and loss account			(23,635)	(26,261)
			212,716	236,352
Balance as on June 30 ,			<u>86,818,857</u>	<u>86,862,750</u>

15.1 The revaluation of building and land was carried out by Messrs G.B. Potts & Co. Limited, on September 15, 1986 resulting in surplus of Rs. 22,327,969. A further revaluation of land was carried out by Messrs Iqbal Nanjee & Co. on September 30, 2000 resulting in surplus of Rs. 94,835,969. The revaluation surplus of Rs. 94,835,969 was credited to surplus on revaluation of fixed assets account. Its present account balance is net of incremental depreciation transferred to retained earnings.

15.2 Under section 235 of the Companies Ordinance, 1984:

- Depreciation on assets which were revalued was determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year has been taken to the profit and loss account.
- An amount equal to incremental depreciation for the year has been transferred from "surplus on revaluation of property, plant & equipment account" to "accumulated loss" through statement of changes in equity to adjust surplus to the extent of the incremental depreciation charged during the year.

16 SUBORDINATE LOAN

Associated undertakings

Hassan Ali Rice Export Company

(Note 16.1)

2016
Rupees

295,000,000

2015
Rupees

140,000,000

Syndicate Minerals Export Company

(Note 16.2)

60,000,000

15,000,000

355,000,000

155,000,000

16.1 The unsecured and interest free loan was obtained from Messrs Hassan Ali Rice Export Company, an associated undertaking, and has been reclassified as a "Subordinated Loan", vide an agreement dated September 30, 2000 (to cover the entire transaction); whereby the company had, inter-alia, been allowed a grace period of five years to enable payments subsequent to the year end September 30, 2005. The interest free loan was obtained to strengthen / support the financial position of the company. Subsequently, to meet the working capital requirements of the company, the said loan was enhanced to the tune of Rs. 150 Million vide a supplementary agreement dated September 30, 2003 which was further extended to September 30, 2007. Later on, vide supplemental agreement of loan dated September 08, 2007, the company had been allowed a grace period of further two years for repayments from December 31, 2009, which was subsequently extended for a further period of two years. The grace period was then increased by further three years, i.e., upto December 31, 2014 and in 2014 - 2015 it was been extended to December 31, 2017. In current year the loan is enhanced to Rs. 300 million & repayment has been extended to 2018.

16.2 The unsecured and interest free loan having a limit of Rs.25 million has been obtained, vide an agreement dated March 20, 2009 and is repayable after the full satisfaction of secured loans of creditors and within a period of seven years from the date of its disbursement. By agreement tenure has been extended to 2018 with limit Rs. 100 million.

17 Short term borrowing

Bank Islami Murabaha Account

2016
Rupees

2015
Rupees

4,090,500

The running finance facility available is upto Rs. 75 (2015: Rs 75) million till November 30, 2015 to meet working capital requirements. The facility is secured against pledge of cotton and yarn with 10% margin to be kept in lock and personal guarantees of directors. Mark-up is payable @ nil (2015: KIBOR + 3% P.A).

2016
Rupees

2015
Rupees

18 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

for goods

for services and accrued expenses

630,386

1,597,348

2,078,118

11,215,894

2,708,504

12,813,242

2,161,801

2,161,801

Accrued interest on long term loans and charges

Security deposit

Other liabilities

-

1,000

355,275

1,437,344

5,225,580

16,413,387

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	2016 Rupees	2015 Rupees
19 DUE TO ASSOCIATED UNDERTAKING		
Unsecured, interest free	<u>77,678,604</u>	<u>217,275,912</u>
20 SALES		
Yarn-local	296,445,222	523,047,471
Waste	871,454	1,087,070
Gross Sales	<u>297,316,676</u>	<u>524,134,541</u>
Less: Sales commission	42,500	-
	<u>297,274,176</u>	<u>524,134,541</u>
21 COST OF SALES		
Raw material consumed		
Opening stock	12,054,183	41,830,770
Purchase - local raw material	111,717,546	224,038,404
- import	69,933,958	55,121,155
	<u>181,651,504</u>	<u>279,159,559</u>
	193,705,687	320,990,329
Less: closing stock	-	(12,054,183)
	<u>193,705,687</u>	<u>308,936,146</u>
Packing material consumed	4,382,800	5,739,449
Manufacturing overheads		
Salaries, wages & other benefits	(Note 21.1) 72,616,545	84,523,203
Stores & spares consumed	3,096,967	3,873,680
Cotton incidental charges	3,742,240	7,007,525
Fuel, power & water	71,629,560	85,014,265
Repairs & maintenance	16,858,216	24,849,604
Depreciation	9,818,126	10,926,757
Vehicle running & maintenance	577,765	1,837,208
Traveling & conveyance	305,691	845,878
Insurance	481,938	473,634
Telephone	368,170	301,708
Printing & stationery	62,726	106,563
Other expenses	1,368,447	1,601,194
	<u>180,926,391</u>	<u>221,361,219</u>
	379,014,878	536,036,814
Work in process		
Opening	5,151,243	5,902,712
Closing	(627,091)	(5,151,243)
	<u>4,524,152</u>	<u>751,469</u>
Cost of goods manufactured	<u>383,539,030</u>	<u>536,788,283</u>
Finished goods		
Opening	8,732,997	47,960,660
Closing	(25,214,500)	(8,732,997)
	<u>(16,481,503)</u>	<u>39,227,663</u>
	<u>267,057,527</u>	<u>576,015,946</u>

21.1 This does not include any post retirement staff benefits since all the employees have been hired on contractual basis.

		2016 Rupees	2015 Rupees
22 ADMINISTRATIVE EXPENSES			
Staff salaries & allowances	(Note 22.1)	1,935,438	2,056,120
Director's remuneration	(Note 22.2)	1,042,194	960,137
Vehicle running and maintenance		219,682	147,215
Telephone		138,885	178,596
Auditors' remuneration	(Note 22.3)	188,720	125,100
Legal and professional		444,970	395,000
Entertainment		113,393	105,086
Fees and subscription		553,785	737,910
Traveling and conveyance		113,420	152,492
Computer running and maintenance		47,580	18,290
Repairs and maintenance		16,380	7,290
Charity and donations	(Note 22.4)	11,500	15,350
Printing and stationery		40,948	78,682
Miscellaneous		97,702	40,197
		<u>4,964,597</u>	<u>5,017,465</u>

22.1 This does not include any post retirement staff benefits since all the employees have been hired on contractual basis.

22.2 This comprises remuneration Rs. 480,000 (2015: Rs.480,000), housing utilities Rs.522,194 (2015: Rs.480,137) petrol Rs. 40,000 (2015: nil) provided to him.

22.3 Auditors' remuneration

Audit fee	120,000	100,000
Out of pocket expenses	68,720	25,100
	<u>188,720</u>	<u>125,100</u>

22.4 No director or his spouse had any interest in above donated funds.

23 FINANCIAL EXPENSES

Bank charges and commission	288,245	10,619,827
Mark up on short term loan	110,746	370,298
	<u>398,991</u>	<u>10,990,125</u>

24 OTHER INCOME

Rental income	745,000	737,500
Profit on investments	710,414	588,142
Gain on Disposal of fixed Assets	7,434	-
	<u>1,462,848</u>	<u>1,325,642</u>

25 TAXATION

25.1 The income tax assessments of the company have been finalized upto tax year 2015.

25.2 In view of available carry forward tax losses, the provision for current year taxation is based on minimum tax @ 1% (2015: 1%) under Section 113 of the Income Tax Ordinance, 2001 and to the extent of final tax liability on rental income, if any. Accordingly, numerical reconciliation between the average effective rate and applicable tax rate has not been presented.

	2016 Rupees	2015 Rupees
26 COMMITMENTS		
Bank guarantees	<u>4,316,604</u>	<u>6,282,800</u>

These guarantees have been issued on behalf of the company as explained fully at sub-notes # 5.1 and 5.2.

		2016 Rupees	2015 Rupees
27 LOSS PER SHARE			
Net loss for the year	Rupees	<u>(111,226,828)</u>	<u>(49,341,637)</u>
Weighted average number of ordinary shares in issue		<u>4,758,663</u>	<u>4,758,663</u>
Loss per share (basic)	Rupees	<u>(23.37)</u>	<u>(10.37)</u>
There is no dilutive effect on basic earning per share.			

		2016 Rupees	2015 Rupees
28 CASH AND CASH EQUIVALENTS			
Cash and bank balances	(Note 12)	3,439,086	17,090,720
Short term borrowings	(Note 17)	<u>-</u>	<u>(4,090,500)</u>
		<u>3,439,086</u>	<u>13,000,220</u>

29 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 Interest rate risk exposure

The company's exposure to interest rate risk and the effective rates on its financial assets and liabilities are summarised as follows:

	Total	2016				Non-Interest Bearing		
		Interest / Markup Bearing		Total		Less than one year	One to five years	More than five years
		Less than one year	One to five years					
Financial assets								
Long term investments	6,822,082	-	6,822,082	6,822,082	-	-	-	-
Current portion of long term investment and profit	6,477,828	5,700,444	-	5,700,444	-	777,384	-	-
Trade debtors	400,256	-	-	-	-	400,256	-	-
Advances and other receivables	4,346,455	-	-	-	-	-	-	-
Due from associated undertakings	37,142,509	-	-	-	-	37,142,509	-	-
Due from directors	5,667	-	-	-	-	5,667	-	-
Cash and bank balances	3,439,086	-	-	-	-	-	-	-
Rupees	58,633,883	5,700,444	6,822,082	12,522,526	-	46,111,357	-	-
Financial liabilities								
Subordinate loan	355,000,000	-	-	-	-	-	355,000,000	-
Creditors, accrued & other liabilities	5,225,580	-	-	-	-	5,225,580	-	-
Due to associated undertaking	77,678,604	-	-	-	-	77,678,604	-	-
Rupees	437,904,184	-	-	-	-	82,904,184	355,000,000	-
Net financial assets (liabilities)	(379,270,301)	5,700,444	6,822,082	12,522,526	(36,792,827)	(355,000,000)	(391,792,827)	(391,792,827)

2015

Total	Interest / Markup Bearing			Non-Interest Bearing		
	Less than one year	One to five years	More than five years	Less than one year	One to five years	More than five years
						Total
Financial assets						
Long term investments	6,351,246	6,351,246	-	-	-	-
Current portion of long term investment and profit	5,700,444	-	-	-	-	-
Trade debtors	4,207,262	-	-	4,207,262	-	-
Advances and other receivables	5,866,511	-	-	5,866,511	-	-
Due from associated undertakings	38,946,714	-	-	38,946,714	-	-
Due from directors	4,503	-	-	4,503	-	-
Cash and bank balances	17,090,720	-	-	17,090,720	-	-
Rupees	78,167,400	5,700,444	6,351,246	12,051,690	66,115,710	17,090,720
						66,115,710
Financial liabilities						
Subordinate loan	155,000,000	-	-	-	155,000,000	-
Short term borrowing	4,090,500	-	-	-	-	-
Creditors, accrued & other liabilities	16,413,387	-	-	16,413,387	-	-
Due to associated undertaking	217,275,912	-	-	217,275,912	-	-
Rupees	392,779,799	4,090,500	-	4,090,500	155,000,000	217,275,912
Net financial assets / (liabilities)	(314,612,399)	1,609,944	6,351,246	7,961,190	(167,573,589)	(322,573,589)

The effective interest / markup rate for each of the monetary financial instruments is given in respective notes.

29.2 Concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures and limiting transactions with specific counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the company performance to developments affecting a particular industry or geographic location.

The company is not materially exposed to credit risk.

29.3 Fair values of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair

Underlying the definition of fair value is the presumption that the company is a going concern with out any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as shown in these financial statements.

Fair value of financial assets and liabilities are as follows

	2016 Book Value	2016 Fair Value	2015 Book Value	2015 Fair Value
Financial assets				
Long term investments	6,822,082	6,822,082	6,351,246	6,351,246
Trade debtors	400,256	400,256	4,207,262	4,207,262
Advances, prepayments and other receivables	4,346,455	4,346,455	5,866,511	5,866,511
Due from associated undertakings	37,142,509	37,142,509	38,946,714	38,946,714
Due from directors	5,667	5,667	4,503	4,503
Current portion of long term investment and profit	6,477,828	6,477,828	5,700,444	5,700,444
Cash and bank balances	3,439,086	3,439,086	17,090,720	17,090,720
	58,633,883	58,633,883	78,167,400	78,167,400
Financial liabilities				
Subordinate loan	355,000,000	355,000,000	155,000,000	155,000,000
Short term borrowings	-	-	4,090,500	4,090,500
Creditors, accrued & other liabilities	5,225,580	5,225,580	16,413,387	16,413,387
Due to associated undertaking	77,678,604	77,678,604	217,275,912	217,275,912
	437,904,184	437,904,184	392,779,799	392,779,799

29.4 Liquidity risk

Liquidity risk reflects the company's inability of raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

29.5 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The company has no foreign currency transactions during the year. The Company has no foreign currency and foreign exchange risk as payment was made immediately when invoiced was received and LC at sight was opened.

29.6 Maturities of assets and liabilities

Liquidity risk is the risk that an institution will be unable to meet its funding requirements.

The table below summarises the maturity profile of the company's assets and liabilities. The contractual maturities of assets and liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturities. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets liabilities will be realised / settled based on the past history of the company.

	2016			
	Total	Upto one year	One year to five years	Over five years
-----Rupees-----				
Assets:				
Property, plant & equipment	181,451,285	-	-	181,451,285
Capital work in progress	1,706,893	-	1,706,893	-
Long term investments	6,822,082	-	6,822,082	-
Deferred taxation	-	-	-	-
Stores & spares	-	-	-	-
Stock in trade	1,090,848	1,090,848	-	-
Trade debtors	25,874,366	25,874,366	-	-
Advances, prepayments and other receivables	400,256	400,256	-	-
Advance income tax	7,360,570	7,360,570	-	-
Due from associated undertakings	4,212,640	4,212,640	-	-
Due from directors	37,142,509	300,000	-	-
Current portion of long term investment and profit	5,667	5,666	-	-
Cash and bank balances	6,477,828	6,477,828	-	-
	3,439,086	3,439,086	-	-
	275,984,030	49,161,260	8,528,975	181,451,285
Liabilities :				
Subordinate loan	355,000,000	-	355,000,000	-
Deferred taxation	212,716	-	212,716	-
Creditors, accrued & other liabilities	5,225,580	5,225,580	-	-
Due to associated undertaking	77,678,604	77,678,604	-	-
Provision for taxation	2,972,742	2,972,742	-	-
Unclaimed dividend	19,301	19,301	-	-
	441,108,943	85,896,227	355,212,716	-
Net assets	(165,124,913)	(36,734,967)	(346,683,741)	181,451,285
Represented by :				
Issued, subscribed & paid up capital	47,586,630			
Special reserve	908,177			
Accumulated loss	(300,438,577)			
Surplus on revaluation of property, plant & equipment	86,818,857			
	(165,124,913)			

2015

Total	Upto one year	One year to five years	Over five years
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=====Rupees=====

Assets:

Property, plant & equipment	192,994,422	-	-	192,994,422
Capital work in progress	1,943,875	1,943,875	-	-
Long term investments	6,351,246	-	6,351,246	-
Deferred taxation	33,523,275	-	33,523,275	-
Stores & spares	2,237,801	2,237,801	-	-
Stock in trade	26,209,013	26,209,013	-	-
Trade debtors	4,207,262	4,207,262	-	-
Advances, prepayments and other receivables	10,582,418	10,582,418	-	-
Advance income tax	4,350,666	4,350,666	-	-
Due from associated undertaking	38,946,714	300,000	-	-
Due from directors	4,503	4,503	-	-
Current portion of long term investment and profit	5,700,444	2,736,776	-	-
Cash and bank balances	17,090,720	17,090,720	-	-
	344,142,360	69,663,034	39,874,521	192,994,422

Liabilities :

Subordinate loan	155,000,000	-	155,000,000	-
Short term borrowing	4,090,500	4,090,500	-	-
Creditors, accrued & other liabilities	16,413,387	16,413,387	-	-
Due to associated undertaking	217,275,912	217,275,912	-	-
Provision for taxation	5,241,345	5,241,345	-	-
Unclaimed dividend	19,301	19,301	-	-
	398,040,445	243,040,445	155,000,000	-
Net assets	(53,898,086)	(173,377,411)	(115,125,479)	192,994,422

Represented by :

Issued, subscribed & paid up capital	47,586,630
Special reserve	908,177
Accumulated loss	(189,255,644)
Surplus on revaluation of property, plant & equipment	86,862,750
	<u>(53,898,086)</u>

30 RELATED PARTY TRANSACTIONS

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors and key management employees. The company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the method as approved by the board of directors.

	2016 Rupees	2015 Rupees
Financing received from associated concerns		
Hassan Ali Rice Export Company	302,136,442	100,287,642
Syndicate Mineral Export	90,131,419	2,014,720
Financing from associated concerns refunded		
Hassan Ali Rice Export Company	286,733,750	15,770,000
Syndicate Mineral Export	43,327,214	29,710,315
Rental income from associated concern		
Syndicate Mineral Export	720,000	737,500

31 ACCOUNTING ESTIMATES AND JUDGEMENTS

Income Taxes

In making the estimates for income taxes currently payable by the company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Property, plant and equipment

The company's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of different classes of property, plant and equipment, are based on revaluation performed by external professional valuers. Further, the company reviews the value of the assets for possible impairment on annual basis. Any change in the estimate in the future years might affect the carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock in trade and stores and spares

The Company's management reviews the Net Realizable Value (NRV) and impairment of stock in trade and stores and spares to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made.

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 OCT 2016 by the board of directors of the company.

33 GENERAL

Figures have been rounded off to the nearest rupee.

Director

Andaleeb Hashmi

Director /
Chief Executive