

HASSAN ALI RICE EXPORT CO, LIMITED

FIFTY NINTH ANNUAL REPORT  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2017

HASSAN ALI RICE EXPORT CO, 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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Ninth Annual General Meeting of the Company will be held on Monday 30<sup>th</sup> October 2017, at 02:30 P.m at Hassan Ali Rice Export Co, Limited , 1st Floor Cotton Exchange Building I.I. Chundrigger Road , Karachi, to transact the following business:

1. To confirm the minutes of the Fifty Eighth Annual General Meeting held on 29<sup>th</sup> October 2016.
2. To receive and adopt the audited account for the year ended 30<sup>th</sup> June 2017, together with the Auditors and Directors report thereon.
3. To appoint auditors M/s Feroz Sharif Tariq & Co , Chartered Accountants as statutory auditors for the year 2018 in place of retiring auditors M/s Daudally, lalani & Co, Chartered Accountants till the conclusion of the next Annual General Meeting.

Furthermore, one of the member has given the Notice under section 253 of the Companies Ordinance 1984 proposing M/s Feroz Sharif tariq & Co Chartered Accountants as External Auditor of the Company in place of M/s. Daudally Lalani & Co, Chartered Accountants.

4. To transact any other business with the permission of Chairman.

By Order of the Board

Karachi.07<sup>th</sup> October 2017.

Syed Mohammad. Yousuf  
Company Secretary

### NOTES:

1. The share Transfer Books of the Company will remain closed from 24-10-2017 to 30-10-2017 (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

## DIRECTORS REPORT

The Board of Directors of your company are pleased to present Fifty Ninth Annual Report together with Audited financial statements of the company along with Auditors Report thereon for the year ended 30<sup>th</sup> June 2017.

The Company has sustained net loss before tax amounting to Rs.6,914,430, the results are summarized below;

	30.06.2017 RUPEES	30/6/2016 RUPEES
Sales revenue	109,295,793	297,274,176
Cost of Sales	(110,390,454)	(367,057,527)
Gross (Loss)	(1,109,661)	(69,783,351)
Operating expenses	(7,425,931)	(5,515,568)
Other Income	1,606,162	1,462,848
Loss before taxation	(6,914,430)	(73,836,071)
Loss after taxation	(8,176,628)	(111,226,828)
Loss per shares	(1.72)	(23.37)

In this financial year sales included only the yarn stock of last financial year except this, there were no textile activity. However in this financial year we were exported little quantity of rice. The main reason of loss was due to the slump in textile activities and depreciation charged for the full year as required to follow under IAS and accounting policy. Further in this financial year took most of the time in installation of machineries and construction of the building, therefore the production activities remain very slow..

The Management has arranged finance facility for Project in respect of Rice Processing Plant and Machineries to the extent of Rs.377 million from JS Bank Limited under SBP longterm Financing Scheme under LTFF / FFSAP for a period from 10 years at concessional rate of 5% per annum and these Limit / facilities are sanctioned for 10 years with a grace period of two (2) years. Further, Mr. Abdullah A Haswani has taken responsibility to provide interest free loan by arranging funds from his proprietor ship concern amounting to Rs. 150 million with an option to convert in Comapnie's Equity with Board approval.

All Textile related machineries were sold except those which could be utilized in our Rice processing Unit and will remain as assets of the Company.

The Directors have not recommended any dividend for the year ended 30<sup>th</sup> June 2017, because of the loss for the year and cash flow position.

# HASSAN ALI RICE EXPORT CO. LIMITED

## 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 position as highlighted at Notes # 25 of the Accounts.

## AUDITORS;

In accordance with the guidelines provided in Companies Ordinance 1984, the Board of Directors, have recommended the name M/S. Feroz Sharif tariq & Co, Chartered Accountants on retirement of M/S. Daudally, Ialani & Co, Chartered Accountants for appointment of Auditors, as required u/s, 253 of the Companies Ordinance 1984 for the year 2017/2018

## RELATED PARTY TRANSECTION;

The Board of Directors has approved the policy for transaction between the company and its related parties.

The pattern of share holding as required under section 234 of the Companies Ordinance 1984, for the period ended 30<sup>th</sup> June 2017, 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: 06/10/2017

By Order of the Board

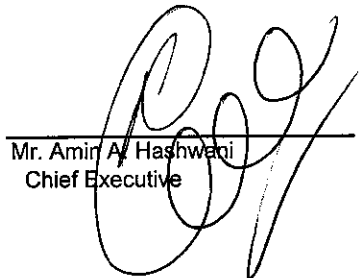
AMINA HASHWANI  
Chief Executive

HASSAN ALI RICE EXPORT CO LIMITED  
 DETAIL OF CATEGORIES OF SHARES  
 AS AT 30TH JUNE 2017

SERIAL NO	NAME OF SHRE HOLDERS	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. FERIEHA A HASHWANI	500
6	MRS. SHAHRINA HASHWANI	1,415
7	MR AZIZ	500
	SHARES HELD BY DFI, INSURANCE CO ETC	7,351
	GENERALPUBLIC	58,347
	SHARES HELD BY RELATIVE & ASSOCIATES;	
	MRS. SHEREZAD RAMIToola	165,088

4,758,663

  
 Mr. Abdullah A. Hashwani  
 Director

  
 Mr. Amir A. Hashwani  
 Chief Executive

# HASSAN ALI RICE EXPORT CO LIMITED


## PATTERN OF SHARE HOLDING

### FOR THE YEAR ENDED 30TH JUNE 2017

NOS OF SHARE HOLDERS		SHARE HOLDERS		NOS OF SHARE HOLDERS
23	FROM	1	TO	100
37		101		500
9		501		1,000
13		1,001		5,000
2		5,001		25,000
2		25,001		1,200,000
3		1,200,001		1,500,000
89				4,758,663

CATEGORIES OF SHARE HOLDER	NOS OF SHARE HOLDRS	NO OF SHARES	% OF SHARE HOLD
INDIVIDUALS	83	4,751,312	99.85
INVESTMENT COMPANIE	2	650	0.01
INSURANCE COMP	1	100	0.00
FINANCIAL INSTIT	2	6,600	0.14
OTHERS	1	1	0.00
	89	4,758,663	100

  
 Mr. Abdullah A. Hashwani  
 Director

  
 Mr. Amin A. Hashwani  
 Chief Executive

**HASSAN ALI RICE EXPORT CO.  
LIMITED**

**AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**DAUDALLY, LALANI & CO. CHARTERED ACCOUNTANTS**

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Fortune Center Suite No #505 & 506, 5<sup>th</sup> Floor P.E.C.H.S., Shahrah-e-Faisal, Tel: 34328480-82 Fax: (92-21) 34328483




## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **HASSAN ALI RICE EXPORT CO. LIMITED** as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that 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, 2017 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 (XVIII of 1980).

  
CHARTERED ACCOUNTANTS  
ENGAGEMENT PARTNER: SOHAIL LALANI  
KARACHI

06 OCT 2017

**HASSAN ALI RICE EXPORT CO. LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	160,054,218	181,451,285
Capital work in progress - plant & machinery		489,988,629	1,706,893
Long term investments	5	6,822,082	6,822,082
		<u>656,864,929</u>	<u>189,980,260</u>
<b>CURRENT ASSETS</b>			
Stores and spares		119,365	1,090,848
Stock in trade	6	-	25,874,366
Trade debtors	7	-	400,256
Advances and other receivables	8	40,704,347	7,360,570
Advance income tax		3,654,075	4,212,640
Due from associated undertaking	9	-	37,142,509
Due from directors		6,838	5,667
Current portion of long term investment and profit	5	6,419,810	6,477,828
Cash and bank balances	10	1,360,050	3,439,086
		<u>52,264,485</u>	<u>86,003,770</u>
<b>TOTAL ASSETS</b>		<u><u>709,129,414</u></u>	<u><u>275,984,030</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
7,500,000 (2016: 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	11	47,586,630	47,586,630
Special reserve	12	908,177	908,177
Accumulated loss		<u>(308,575,700)</u>	<u>(300,438,577)</u>
		<u>(260,080,893)</u>	<u>(251,943,770)</u>
Surplus on revaluation of property, plant and equipment	13	86,779,353	86,818,857
		<u>(173,301,540)</u>	<u>(165,124,913)</u>
<b>NON-CURRENT LIABILITIES</b>			
Subordinate loan	14	360,000,000	355,000,000
Loan from director	15	100,000,000	-
Loan from bank	16	330,058,372	-
Deferred taxation - net	17	191,444	212,716
		<u>790,249,816</u>	<u>355,212,716</u>
<b>CURRENT LIABILITIES</b>			
Adverse bank balance - current account		68,953	-
Creditors, accrued and other liabilities	18	13,367,904	5,225,580
Due to associated undertaking	19	77,632,022	77,678,604
Provision for taxation	25	1,092,958	2,972,742
Unclaimed dividend		19,301	19,301
		<u>92,181,138</u>	<u>85,896,227</u>
<b>COMMITMENTS</b>	26	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>709,129,414</u></u>	<u><u>275,984,030</u></u>

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

Chief Executive

Director

**HASSAN ALI RICE EXPORT CO. LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
Sales	20	109,295,793	297,274,176
Cost of sales	21	(110,390,454)	(367,057,527)
Gross loss		<u>(1,094,661)</u>	<u>(69,783,351)</u>
Operating expenses			
Administrative	22	872,074	4,964,597
Selling		6,363,507	151,980
Financial	23	190,350	398,991
		(7,425,931)	(5,515,568)
		<u>(8,520,592)</u>	<u>(75,298,919)</u>
Other income	24	1,606,162	1,462,848
Loss before taxation		<u>(6,914,430)</u>	<u>(73,836,071)</u>
<b>Taxation</b>			
Current	25		-
For the year		(1,092,958)	(2,972,742)
Prior year		(190,512)	(682,023)
Deferred			
For the year		21,272	23,635
Prior year		-	(33,759,627)
		<u>(1,262,198)</u>	<u>(37,390,757)</u>
Loss after taxation		<u><u>(8,176,628)</u></u>	<u><u>(111,226,828)</u></u>
Loss per share	27	<u>(1.72)</u>	<u>(23.37)</u>

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

Chief Executive

Director

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

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss before taxation	(6,914,430)	(73,836,071)
Adjustment for non cash charges & other items		
Depreciation	8,157,215	9,818,126
Gain on disposal of fixed asset	(271,777)	7,434
Financial charges	190,350	398,991
	<u>8,075,788</u>	<u>10,224,551</u>
Operating cash flows before working capital changes	1,161,358	(63,611,520)
Working capital changes		
Stores & spares	971,483	1,146,953
Stock in trade	25,874,366	334,647
Trade debts	400,256	3,807,006
Advances and other receivables	(33,343,777)	3,221,848
Due from associated undertaking	37,142,509	1,804,205
Due from directors	(1,171)	(1,163)
Creditors, accrued & other liabilities	8,142,324	(11,187,807)
	<u>39,185,990</u>	<u>(874,311)</u>
Net cash generated from (used in) operations	40,347,348	(64,485,831)
Financial charges paid	(190,350)	(398,991)
Income tax paid	(2,604,689)	(5,800,215)
	<u>(2,795,039)</u>	<u>(6,199,206)</u>
Net cash generated from (used in) operating activities	<u>37,552,309</u>	<u>(70,685,037)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale proceed of fixed asset	13,541,345	7,300,000
Property, plant & equipment	(29,715)	(5,567,552)
Capital work in progress	(488,281,736)	236,982
Long term investments	249,501	(586,990)
Profit receivable on long term investments	(191,483)	(661,230)
Net cash (used in) / generated from investing activities	<u>(474,712,088)</u>	<u>721,210</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Due to associated undertaking	(46,582)	(139,597,308)
Subordinate loan	5,000,000	200,000,000
Loan from bank	330,058,372	-
Due to directors	100,000,000	-
Net cash generated from financing activities	<u>435,011,790</u>	<u>60,402,692</u>
Net decrease in cash and cash equivalents	(2,147,988)	(9,561,135)
Cash and cash equivalents at the beginning of the year	3,439,085	13,000,220
Cash and cash equivalents at the end of the year	<u>28 1,291,097</u>	<u>3,439,085</u>

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

  
Chief Executive


  
Director

**HASSAN ALI RICE EXPORT CO. LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Loss after taxation	(8,176,628)	(111,226,828)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(8,176,628)</u>	<u>(111,226,828)</u>

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

  
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**Chief Executive**

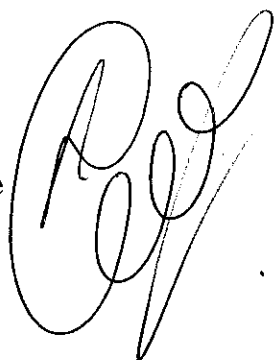
  
\_\_\_\_\_  
**Director**

**HASSAN ALI RICE EXPORT CO. LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Issued, subscribed & paid up capital	Revenue Reserve		Total
		Special Reserve	Accumulated Loss	
	=====Rupees =====			
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)
Total comprehensive loss for the year ended June 30, 2017	-	-	(8,176,628)	(8,176,628)
Transferred from surplus on revaluation of property, plant & equipment on account of incremental depreciation charged	-	-	39,504	39,504
Balance as at June 30, 2017	47,586,630	908,177	(308,575,700)	(260,080,893)

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

Chief Executive




Director

## 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 engaged in 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 (now merged in Pakistan Stock Exchange Limited), 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 Co. Limited from Regent Textile Industries Limited and for new business of rice processing, export and domestic sales.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) through its Circular # 17 of 2017 dated July 20, 2017 read with Circular # 23/2017 of October 04, 2017 has directed the companies whose financial year ends on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance 1984. The Company is a medium-sized entity as defined in SECP's SRO 859(I)/2007 of August 21, 2017 read with SRO 929(I)/2015 of September 10, 2015. Hence, these financial statements have been prepared in accordance with the Approved Accounting Standards as applicable to medium-sized entities in Pakistan. Approved Accounting Standards comprise International Financial Reporting Standard for Small and Medium Sized Entities (SMEs) issued by International Accounting Standards Board (IASB) and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 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 rice, 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, currently.



### **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, 2017					Gross carrying value basis as at June 30, 2017				
	Opening Net book value (NBV)	Addition (at cost)	Depre- ciation charge	Disposal (at book value)	Transfers (at book value)	Closing Net Book value	Cost	Accumulated Depreciation	Net book value	Rate %
Rupees										
<b>Company owned</b>										
Lease hold land	87,250,000	-	-	-	-	87,250,000	87,250,000	-	87,250,000	-
Factory building mill	6,738,033	-	(673,803)	-	-	6,064,230	28,046,549	(21,982,319)	6,064,230	10
Factory labour colony	1,193,730	-	(119,373)	-	-	1,074,357	6,054,800	(4,980,443)	1,074,357	10
Plant & machinery	39,371,122	-	(2,750,985)	(11,861,272)	-	24,758,865	105,861,285	(81,102,420)	24,758,865	10
Laboratory equipment	573,012	3,715	(57,580)	-	-	519,146	6,458,712	(5,943,281)	519,146	10
Air conditioning equipment	11,083,278	-	(1,108,328)	-	-	9,974,950	19,657,946	(9,682,996)	9,974,950	10
Power house machinery	19,411,943	-	(1,645,359)	(1,408,295)	(1,550,057)	14,808,232	67,513,119	(52,704,887)	14,808,232	10
Work shop equipment	13,963	-	(1,396)	-	-	12,566	210,802	(198,235)	12,567	10
Fire fighting equipment	1,627	-	(1,63)	-	-	1,464	24,625	(23,161)	1,464	10
Scales & measuring equipment	14,522	-	(1,452)	-	-	13,069	219,000	(205,930)	13,070	10
Office equipment	300,790	-	(30,079)	-	-	270,711	514,513	(243,802)	270,711	10
Electric & gas equipment	12,845,620	-	(1,284,562)	-	1,550,057	13,111,115	16,989,486	(3,878,371)	13,111,115	10
Furniture and fixture	63,221	26,000	(6,972)	-	-	82,249	744,138	(687,889)	82,249	10
Gas installation	16,367	-	(1,637)	-	-	14,730	251,691	(236,961)	14,730	10
Computer equipment	28,899	-	(8,670)	-	-	20,229	451,305	(431,076)	20,229	30
Fans & air conditioners	396,908	-	(39,691)	-	-	357,217	730,475	(373,257)	357,218	10
Telephone installation	24,853	-	(2,485)	-	-	22,368	198,158	(175,790)	22,368	10
Vehicle/motor cycle	2,123,398	-	(424,680)	-	-	1,698,718	5,574,350	(3,875,632)	1,698,718	20
	181,451,282	29,715	(8,157,215)	(13,269,567)	-	160,054,217	346,750,954	(186,726,450)	160,054,218	

June 30, 2017

#### 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 %
<b>Company owned</b>									
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
<b>June 30, 2016</b>	<b>192,994,422</b>	<b>5,567,552</b>	<b>(9,818,126)</b>	<b>(7,292,566)</b>	<b>181,451,282</b>	<b>425,193,428</b>	<b>(243,742,143)</b>	<b>181,451,285</b>	

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.

## 5 LONG TERM INVESTMENTS

### Held to maturity

		2017 Rupees	2016 Rupees
Defence saving certificates	(Note 5.1)	1,615,000	1,615,000
Fixed deposits	(Note 5.2)	5,247,082	5,496,583
		6,862,082	7,111,583
Add: Profit accrued upto June 30,		6,379,810	6,188,327
		13,241,892	13,299,910
Less: Current portion of principal		(40,000)	(289,501)
Profit on the above		(6,379,810)	(6,188,327)
		(6,419,810)	(6,477,828)
		6,822,082	6,822,082

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 (2016: Rs. 4,316,604), 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 (2016: 11% to 15% per annum).

## 6 STOCK IN TRADE

	2017 Rupees	2016 Rupees
Raw cotton	-	-
Work in process	-	627,091
Finished goods	-	25,214,500
Packing material	-	32,775
	-	25,874,366

The Company disposed off old yarn stock and shifted to rice processing. However, all processed rice were sold out during the year.

## 7 TRADE DEBTORS

Unsecured, considered good	-	400,256
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## 8 ADVANCES, PREPAYMENTS & OTHER RECEIVABLES

Unsecured, considered good		
Advances		
to suppliers	141,967	141,967
to staff	288,963	611,192
	430,930	753,159
Other receivables		
Sales tax	38,002,953	2,260,956
Insurance claim	2,270,465	4,346,455
	40,273,418	6,607,411
	40,704,347	7,360,570

## 9 DUE FROM ASSOCIATED UNDERTAKING

Unsecured, interest free		
Syndicate Minerals Export Company	-	37,142,509

	2017 Rupees	2016 Rupees
<b>10 CASH &amp; BANK BALANCES</b>		
Cash in hand	76,180	559,693
Cash at banks in current accounts	1,283,870	2,879,393
	<u>1,360,050</u>	<u>3,439,086</u>

# **11 ISSUED, SUBSCRIBED & PAID UP CAPITAL**

2017	2016			
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	44,942,900	44,942,900
<u>4,758,663</u>	<u>4,758,663</u>		<u>47,586,630</u>	<u>47,586,630</u>

# **12 SPECIAL RESERVE**

Under Section 15bb of Income Tax Act, 1922	<u>908,177</u>	<u>908,177</u>
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# **13 SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT**

Balance as on July 01,	87,031,573	87,099,102
Less: Transferred to retained earnings on account of incremental depreciation charged for the year - net off deferred tax	39,504	43,894
Related deferred tax liability	21,272	23,635
	60,776	67,529
Surplus on revaluation of operating property, plant & equipment as at June 30	<u>86,970,797</u>	<u>87,031,573</u>
Less: Related deferred tax liability:		
Balance as at July 01,	212,716	236,352
Incremental depreciation charged during the year transferred to profit and loss account	(21,272)	(23,635)
(Note 17)	191,444	212,716
Balance as on June 30 ,	<u>86,779,353</u>	<u>86,818,857</u>

- 13.1 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

13.2 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.

#### 14 SUBORDINATE LOAN

##### Associated undertakings

		2017 Rupees	2016 Rupees
Hassan Ali Rice Export Company	(Note 14.1)	295,000,000	295,000,000
Syndicate Minerals Export Company	(Note 14.2)	65,000,000	60,000,000
		<u>360,000,000</u>	<u>355,000,000</u>

14.1 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 extended to December 31, 2017. In current year the loan is enhanced to Rs. 300 million & repayment has been extended to December 31, 2018.

14.2 The unsecured and interest free loan having a limit of Rs.25 million was obtained, vide an agreement dated March 20, 2009 and was 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 dated June 22, 2016 loan is repayable within next 7 years with limit Rs. 100 million.

#### 15 LOAN FROM DIRECTOR

Mr. Abdullah Hashwani

	2017 Rupees	2016 Rupees
	<u>100,000,000</u>	<u>-</u>

This unsecured, interest free loan is repayable by July 31, 2018 extendable by mutual understanding or with option to convert it in to Company's equity with Board's approval. Agree loan limit is Rs. 150 million.

#### 16 LOAN FROM BANK

JS Bank Limited

	2017 Rupees	2016 Rupees
	<u>330,058,372</u>	<u>-</u>

This loan with sanctioned limit of Rs.377 million carries mark up rate 5% per annum under SBP LTTF/FFSAP scheme, secured by personal guarantee of sponsor directors and 1st exclusive charge over fixed assets (land & building and plant & machinery) amounting to Rs.903 million. These facilities are repayable in 10 years with a grace period of 2 years.

#### 17 DEFERRED TAXATION - NET

Deferred tax liability recognised on surplus on revaluation of property, plant & equipment (Note # 13)

	2017 Rupees	2016 Rupees
	<u>191,444</u>	<u>212,716</u>

	2017 Rupees	2016 Rupees
<b>18 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors		
for goods	709,332	630,386
for services and accrued expenses	5,371,776	2,078,118
	6,081,108	2,708,504
Accrued interest on custom debentures	2,161,801	2,161,801
Other liabilities	5,124,995	355,275
	<u>13,367,904</u>	<u>5,225,580</u>
<b>19 DUE TO ASSOCIATED UNDERTAKING</b>		
Unsecured, interest free	<u>77,632,022</u>	<u>77,678,604</u>
<b>20 SALES</b>		
Yarn-local	25,214,500	296,445,222
Rice-export	82,371,651	-
Waste	255,760	871,454
Scrap	1,453,882	-
Gross Sales	109,295,793	297,316,676
Less: Sales commission	-	42,500
	<u>109,295,793</u>	<u>297,274,176</u>
Rice export is exempt from sales tax. Other sales are exclusive of sales tax Rs. 3,560,848 (2016: Rs. 15,403,348)		
<b>21 COST OF SALES</b>		
Raw material consumed		
Opening stock	-	12,054,183
Purchase - local raw material	71,545,261	111,717,546
- import	-	69,933,958
	71,545,261	181,651,504
	<u>71,545,261</u>	<u>193,705,687</u>
Less: closing stock	-	-
	<u>71,545,261</u>	<u>193,705,687</u>
Packing material consumed	1,185,380	4,382,800
Manufacturing overheads		
Salaries, wages & other benefits	(Note 21.1) 320,780	72,616,545
Stores & spares consumed	132,301	3,096,967
Cotton incidental charges	60,649	3,742,240
Fuel, power & water	1,656,225	71,629,560
Repairs & maintenance	255,584	16,858,216
Depreciation	8,157,215	9,818,126
Vehicle running & maintenance	277,405	577,765
Traveling & conveyance	102,097	305,691
Insurance	-	481,938
Telephone	287,192	368,170
Printing & stationery	73,251	62,726
Other expenses	495,523	1,368,447
	<u>11,818,222</u>	<u>180,926,391</u>
Balance carried forward	84,548,863	379,014,878



	2017 Rupees	2016 Rupees
Balance brought forward	84,548,863	379,014,878
Work in process		
Opening	627,091	5,151,243
Closing	-	(627,091)
	627,091	4,524,152
Cost of goods manufactured	85,175,954	383,539,030
Finished goods		
Opening	25,214,500	8,732,997
Closing	-	(25,214,500)
	25,214,500	(16,481,503)
	<u>110,390,454</u>	<u>367,057,527</u>

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

## 22 ADMINISTRATIVE EXPENSES

Staff salaries & allowances	(Note 22.1)	48,000	1,935,438
Director's remuneration	(Note 21.2)	-	1,042,194
Vehicle running and maintenance		107,520	219,682
Telephone		31,857	138,885
Auditors' remuneration	(Note 22.3)	137,700	188,720
Legal and professional		110,600	444,970
Entertainment		30,849	113,393
Fees and subscription		242,210	553,785
Traveling and conveyance		60,610	113,420
Computer running and maintenance		27,880	47,580
Repairs and maintenance		-	16,380
Charity and donations	(Note 22.4)	11,000	11,500
Printing and stationery		41,168	40,948
Miscellaneous		22,680	97,702
		<u>872,074</u>	<u>4,964,597</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. nil (2016: Rs.480,000), housing utilities Rs. - (2016: Rs. 522,194) petrol Rs. - (2016: 40,000) provided to him.

### 22.3 Auditors' remuneration

Audit fee	120,000	120,000
Out of pocket expenses	17,700	68,720
	<u>137,700</u>	<u>188,720</u>

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

## 23 FINANCIAL EXPENSES

Bank charges and commission	190,350	288,245
Mark up on short term loan	-	110,746
	<u>190,350</u>	<u>398,991</u>

	2017 Rupees	2016 Rupees
<b>24 OTHER INCOME</b>		
Rental income	720,000	745,000
Profit on investments	592,790	710,414
Gain on disposal of fixed assests	271,777	7,434
Gain on disposal of stores & spares	21,595	-
	<u>1,606,162</u>	<u>1,462,848</u>

## 25 TAXATION

25.1 The income tax assessments of the company have been finalized upto tax year 2016.

25.2 In view of available carry forward tax losses, the provision for current year taxation is based on minimum tax @ 1% (2016: 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.

	2017 Rupees	2016 Rupees
<b>26 COMMITMENTS</b>		
Bank guarantees	<u>4,316,604</u>	<u>4,316,604</u>

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

	2017 Rupees	2016 Rupees
<b>27 LOSS PER SHARE</b>		
Net loss for the year	<u>(8,176,628)</u>	<u>(111,226,828)</u>
Weighted average number of ordinary shares in issue	<u>4,758,663</u>	<u>4,758,663</u>
Loss per share (basic)	<u>(1.72)</u>	<u>(23.37)</u>

There is no dilutive effect on basic loss per share.

## 28 CASH AND CASH EQUIVALENTS

Cash and bank balances	(Note 10)	1,360,050	3,439,086
Adverse bank balance		<u>(68,953)</u>	<u>-</u>
		<u>1,291,097</u>	<u>3,439,086</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:

	2017				
	Interest / Markup Bearing			Non-Interest Bearing	
	Total	Less than one year	One to five years	More than five years	Total
<b>Financial assets</b>					
Long term investments	6,822,082	-	6,822,082	-	-
Current portion of long term investment and profit	6,419,810	6,228,327	-	-	191,483
Other receivables	2,270,465	-	-	-	2,270,465
Due from directors	6,838	-	-	-	6,838
Cash and bank balances	1,360,050	-	-	-	1,360,050
Rupees	16,879,245	6,228,327	6,822,082	-	13,050,409
					3,828,836
<b>Financial liabilities</b>					
Subordinate loan	360,000,000	-	-	-	360,000,000
Loan from director	100,000,000	-	-	-	100,000,000
Long term loan - bank	330,058,372	-	-	-	-
Creditors, accrued & other liabilities	13,367,904	-	-	-	13,367,904
Due to associated undertaking	77,632,022	-	-	-	77,632,022
Adverse bank balance	68,953	-	-	-	68,953
Unclaimed dividend	19,301	-	-	-	19,301
Rupees	881,146,552	-	-	-	330,058,372
					91,088,180
					460,000,000
<b>Net financial assets \ (liabilities)</b>	<b>7 (864,267,307)</b>	<b>6,228,327</b>	<b>6,822,082</b>	<b>-</b>	<b>(317,007,963)</b>
					<b>(87,259,344)</b>
					<b>(460,000,000)</b>
					<b>-</b>
					<b>(547,259,344)</b>

**2016**

	Total	Interest / Markup Bearing			Total	Non-Interest Bearing			Total
		Less than one year	One to five years	More than five years		Less than one year	One to five years	More than five years	
<b>Financial assets</b>									
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	-	-	777,384
Trade debtors	400,256	-	-	-	-	400,256	-	-	400,256
Other receivables	4,346,455	-	-	-	-	4,346,455	-	-	4,346,455
Due from associated undertakings	37,142,509	-	-	-	-	37,142,509	-	-	37,142,509
Due from directors	5,667	-	-	-	-	5,667	-	-	5,667
Cash and bank balances	3,439,086	-	-	-	-	3,439,086	-	-	3,439,086
Rupees	58,633,883	5,700,444	6,822,082	-	12,522,526	46,111,357	-	-	46,111,357
<b>Financial liabilities</b>									
Subordinate loan	355,000,000	-	-	-	-	-	355,000,000	-	355,000,000
Creditors, accrued & other liabilities	5,225,580	-	-	-	-	5,225,580	-	-	5,225,580
Due to associated undertaking	77,678,604	-	-	-	-	77,678,604	-	-	77,678,604
Unclaimed dividend	19,301	-	-	-	-	19,301	-	-	19,301
Rupees	437,923,485	-	-	-	-	82,923,485	355,000,000	-	437,923,485
<b>Net financial assets \ (liabilities)</b>	<b>(379,289,602)</b>	<b>5,700,444</b>	<b>6,822,082</b>	<b>-</b>	<b>12,522,526</b>	<b>(36,812,128)</b>	<b>(355,000,000)</b>	<b>-</b>	<b>(391,812,128)</b>

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 of 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

	2017 Book Value	2017 Fair Value	2016 Book Value	2016 Fair Value
=====Rupees=====				
<b>Financial assets</b>				
Long term investments	6,822,082	6,822,082	6,822,082	6,822,082
Trade debtors	-	-	400,256	400,256
Advances and other receivables	2,270,465	2,270,465	4,346,455	4,346,455
Due from associated undertakings	-	-	37,142,509	37,142,509
Due from directors	6,838	6,838	5,667	5,667
Current portion of long term investment and profit	6,419,810	6,419,810	6,477,828	6,477,828
Cash and bank balances	1,360,050	1,360,050	3,439,086	3,439,086
	<u>16,879,245</u>	<u>16,879,245</u>	<u>58,633,883</u>	<u>58,633,883</u>
	2017 Book Value	2017 Fair Value	2016 Book Value	2016 Fair Value
=====Rupees=====				
<b>Financial liabilities</b>				
Subordinate loan	360,000,000	360,000,000	355,000,000	355,000,000
Loan from director	100,000,000	100,000,000	-	-
Long term loan - bank	330,058,372	330,058,372	-	-
Creditors, accrued & other liabilities	13,367,904	13,367,904	5,225,580	5,225,580
Due to associated undertaking	77,632,022	77,632,022	77,678,604	77,678,604
Adverse bank balance	68,953	68,953	-	-
Unclaimed dividend	19,301	19,301	19,301	19,301
	<u>881,146,552</u>	<u>881,146,552</u>	<u>437,923,485</u>	<u>437,923,485</u>

## 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.

2017				
Total	Upto one year	One year to five years	Over five years	
=====Rupees=====				
Property, plant & equipment	160,054,218	-	-	160,054,218
Capital work in progress	489,988,629	-	489,988,629	-
Long term investments	6,822,082	-	6,822,082	-
Stores & spares	119,365	119,365	-	-
Advances and other receivables	40,704,347	40,704,347	-	-
Advance income tax	3,654,075	3,654,075	-	-
Due from associated undertaking	-	300,000	-	-
Due from directors	6,838	6,838	-	-
Current portion of long term investment and profit	-	-	-	-
Cash and bank balances	1,360,050	1,360,050	-	-
	702,709,604	46,144,675	496,810,711	160,054,218
Subordinate loan	360,000,000	-	360,000,000	-
Loan from director	100,000,000	100,000,000	-	-
Deferred taxation - net	191,444	-	191,444	-
Loan from bank	330,058,372	330,058,372	-	-
Adverse bank balance - current account	68,953	68,953	-	-
Creditors, accrued and other liabilities	13,367,904	13,367,904	-	-
Due to associated undertaking	77,632,022	77,632,022	-	-
Provision for taxation	1,092,958	1,092,958	-	-
Unclaimed dividend	19,301	19,301	-	-
	882,430,954	522,239,510	360,191,444	-
	(179,721,350)	(476,094,835)	136,619,267	160,054,218
Issued, subscribed and paid up capital	47,586,630			
Special reserve	908,177			
Accumulated loss	(308,575,700)			
Surplus on revaluation of property, plant and equipment	86,779,353			
	(173,301,540)			

2016

	Total	Upto one year	One year to five years	Over five years
=====Rupees=====				
<b>Assets:</b>				
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	-
Stores & spares	1,090,848	1,090,848	-	-
Stock in trade	25,874,366	25,874,366	-	-
Trade debtors	400,256	400,256	-	-
Advances, prepayments and other receivables	7,360,570	7,360,570	-	-
Advance income tax	4,212,640	4,212,640	-	-
Due from associated undertaking	37,142,509	300,000	-	-
Due from directors	5,667	5,666	-	-
Current portion of long term investment and profit	6,477,828	6,477,828	-	-
Cash and bank balances	3,439,086	3,439,086	-	-
	275,984,030	49,161,260	8,528,975	181,451,285
<b>Liabilities :</b>				
Subordinate loan	355,000,000	-	355,000,000	-
Deferred taxation - net	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	-
<b>Net assets</b>	<u>(165,124,913)</u>	<u>(36,734,967)</u>	<u>(346,683,741)</u>	<u>181,451,285</u>
<b>Represented by :</b>				
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			
	<u>(165,124,913)</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.

	2017 Rupees	2016 Rupees
<b>Financing received from associated person and concerns</b>		
Director Mr. Abdullah Hashwani	100,000,000	
Hassan Ali Rice Export Company	2,744,368	302,136,442
Syndicate Mineral Export	42,948,964	90,131,419
<b>Financing from associated concerns refunded</b>		
Hassan Ali Rice Export Company	2,802,405	286,733,750
Syndicate Mineral Export	75,000	43,327,214
<b>Rental income from associated concern</b>		
Syndicate Mineral Export	720,000	720,000

### 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, if any, and stores and spares to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made.

### 32 NUMBER OF EMPLOYEES

Number of employees as at June 30  
Average number of employees during the year

2017	2016
55	63
53	168

### 33 GENERAL

Figures have been rounded off to the nearest rupee.

### 34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 OCT 2017 by the board of directors of the company.

Chief Executive

Director