

Annual Report
2017



Tri-Star
Polyester Ltd.



Company Information

Board of Directors:	Mr. Rashid Ahmad Mr. Asad Ahmad Ms. Uzma Ahmad Ms. Marium Ahmad Ms. Tahir Ahmad Mr. Mohammad Haroon Saeed Mr. Jawed Dost Muhammad	Non Executive Chairman Chief Executive Executive Director Executive Director Non Executive Director Non Executive Director Independent Director
Auditors:	M/s. Ghalib & Co. Chartered Accountants	
Bankers:	Al Baraka Bank (Pakistan) Ltd. Bank Al Habib Ltd. Habib Bank Ltd.	
Audit Committee:	Mr. Jawed Dost Muhammad Mr. Tahir Ahmad Mr. Mohammad Haroon Saeed	Chairman Member Member
Human Resource Committee	Mr. Jawed Dost Muhammad Mr. Asad Ahmad Ms. Uzma Ahmad	Chairman Member Member
Legal Counsel:	Mr. Abid S. Zuberi Bar-at-Law	
Registered Office:	F/498, S.I.T.E., Karachi-75700	
Shares Registrar / Transfer Agent:	Hameed Majeed Associates (Pvt) Ltd. 4 th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.	
Plant:	F/538, S.I.T.E., Karachi-75700	



Notice of Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Company will be held on 31st October, 2017 at 2:00 pm at F/538 S.I.T.E., Karachi to transact the following business:

ORDINARY BUSINESS

1. Recitation from the Holy Quran.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 2017.
3. To discuss and consider the issue of appointment of the Auditors whose term is expiring on the forth coming Annual General Meeting and to fix their remuneration. However, the retiring auditor M/s Ghalib & Co, have offered themselves for re-appointment.
4. To approve the issue of 10% bonus shares as dividend for the year ending 30th June 2017, in accordance with Section 83 of the Companies Act, 2017 as recommended by the Board of Directors of the Company.
5. To consider the issuance of right shares at the rate of (1:1) at par amongst the existing shareholders of the Company. The entitlement of right shares being declared simultaneously will not be applicable on Bonus shares as declared above subject to approval of serial No. 6 below.

SPECIAL BUSINESS:

To pass the following resolutions as Special Resolutions:

- 6 (a) Resolved that Clause III of the Memorandum of Association of the Company is hereby replaced by the following:
 - (III) (i) The principal line of business of the Company shall be to carry out manufacturing, buying, selling, wholesale, retailing, import and export of textile products, including but not limited to polyester filament yarn, fabric, embroidered fabric both stitched and unstitched.
 - (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
 - (iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.



(iv) It is hereby undertaken that the company shall not:

- (a) engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;
- (b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;
- (c) engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.

6 (b) Further Resolved that

- (i) Clause V of the Memorandum and Articles of Association after the proposed amendment shall be read as under:

"The Authorised Capital of the Company be increased from Rs. 300,000,000 (Rupees Three Hundred Million Only) divided into 30,000,000 (Thirty Million) ordinary shares of 10 each to RS 1,000,000,000/- (Rupees One Billion Only), divided into 100,000,000 (One Hundred Million) Ordinary Shares of Rs. 10/- each.

The Company shall have the power to increase, reduce or reorganize the Capital of the Company, subdivide the Share Capital of the Company into different classes in accordance with the provisions of the Companies Act 2017."

7. To consider and approve conversion of Directors' / Sponsors' / Associated Parties' loan to Ordinary Share (equity). As per Annual Accounts for the financial year ending June 30, 2017 the Non-Current Liabilities section contains long term loan from associated and related parties of Rs. 158,011,625 (Rupees One Hundred Fifty Eight Million Eleven Thousand Six Hundred and Twenty Five Only). This loan was provided between 2005 and 2009 to reduce the losses accruing to the Company by virtue of commercial borrowing from the financial institutions/commercial banks.

It is proposed by the Board of Directors that out of this amount Rs. 118,011,620 (Rupees One Hundred Eighteen Million Eleven Thousand Six Hundred and Twenty Only) be converted into 11,801,162 (Eleven Million Eight Hundred and One Thousand One Hundred and Sixty Two) Ordinary Shares at par value of Rs. 10/- per share, vide Board Resolution dated October 5, 2017 – subject to approval by SECP under Section 83 (b) of the Companies Act, 2017.

The details of loan and proposed conversion into ordinary shares of Rs 10/- each is as follows:

<u>Particulars</u>	<u>Loan Amount</u>	<u>No of Shares</u>
<u>Associated & Related Parties:</u>		
Prestige Enterprises (Pvt) Ltd.Rs.	31,000,000	3,100,000
Tri-Star Industries (Pvt) Ltd.	558,000	55,800
Farnaz Ahmad	37,325,000	3,732,500
Tri-Star Investments Ltd.	512,800	51,280



Directors' Loan:

Asad Ahmad	21,128,106	2,112,810
Rashid Ahmad	2,500,000	250,000
Uzma Ahmad	375,000	37,500

Sponsors' Loan:

Uzma Ahmad	50,000	5,000
Shamima Begum	<u>24,562,719</u>	<u>2,456,272</u>

Total Rs. 118,011,625 11,801,162

8. To authorise the Company Secretary, to do all acts, deeds and things, take any or all-necessary actions to complete all legal formalities and file all necessary documents as maybe necessary or incidental for the purpose of implementing the aforesaid resolutions. That the aforesaid resolutions and terms and conditions shall be subject to any amendments, modifications, addition or deletion as maybe suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to have been approved as part of these Special Resolutions without the need for the shareholders to pass a fresh Special Resolution.
9. To transact any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Karachi:
10th October 2017

NOTES:

1. The Share Transfer books of the Company will remain closed from 21.10.2017 to 31.10.2017 (both days Inclusive). Transfers received in order at the office of the Share Registrar before the close of business on October 20, 2017 will be considered in time for the purpose of attendance of the Annual General Meeting and entitlement of bonus shares and letter of rights.
2. A member entitled to attend Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxies in order to be effective must be received at the registered office of the Company at F/498, S.I.T.E, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
3. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport alongwith the Participant's I.D. number and their account number at the time of attending Annual General Meeting in order to authenticate their identity.
4. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.



5. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 470(I)/2016 dated 31st May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc. ("Annual Report") along with the Notice of Annual General Meeting ("Notice") to its shareholders through Email or CD/DVD/USB at the registered addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the attached standard request form (also available on the company's website www.tristar.com.pk and send at the Company address.

7. The audited financial statements of the Company for the year ended June 30, 2017 have been placed at the Company's website: www.tristar.com.pk
8. Members are requested to notify any change in their addresses immediately.



STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company:

The board of Directors of the Company has proposed the following amendments in the Memorandum of Association of the Company:

Sr. #	New Clause #	Existing Clause of Memorandum of Association.	Review of Proposed Amendments in Memorandum of Association
1	III (i)	III. (1) To carry on the exclusive business of manufacturers of Polyester filament yarn which is singularly one object of the company so as to qualify for exemption from income tax under clause (118 E) of Part 1 of Second Schedule of the Income Tax Ordinance 1979 or any other fiscal incentive which may be given by the government from time to time. Other objects which follow are ancillary and supportive to this singular object to do this exclusive business.	The principal line of business of the Company shall be to carry out manufacturing, buying, selling, wholesale, retailing, import and export of textile products, including but not limited to polyester filament yarn, fabric, embroidered fabric stitched and unstitched.
2		Existing sub clauses 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22	[To be deleted]
3	III (ii)	[To be added]	Except for the businesses mentioned in sub-clause (iii) hereunder, the company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
4	III (iii)	[To be added]	Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or



			Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.
5	III (iv)	[To be added]	<p>It is hereby undertaken that the company shall not:</p> <ul style="list-style-type: none">(a) Engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation;(b) Launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;(c) Engage in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.
6	V	The Share Capital of the Company is Rs. 300,000,000 (Rupees Three Hundred Million Only) divided into 30,000,000 (Thirty Million) ordinary shares of 10 each. The Company shall have the power to increase, reduce or reorganize the Capital of the Company, subdivide the Share Capital of the Company, into different classes in accordance with the provisions of the Companies Ordinance, 1984.	The Share Capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) ordinary shares of 10 each. The Company shall have the power to increase, reduce or reorganize the Capital of the Company, subdivide the Share Capital of the Company, into different classes in accordance with the provisions of the Companies Act 2017."



Directors' Report

The audited accounts of the Company for the year ended June 30, 2017 are presented herewith.

FINANCIAL RESULTS

The Financial Results of the Company are summarized as follows:

	Notes	Rupees 2017	Rupees 2016
Sales - Net	21	200,181,917	20,077,138
Cost of Sales	22	118,059,592	18,444,839
Gross Profit		82,122,325	1,632,299
<u>Operating Expenses</u>			
Distribution and Selling Cost	23	(114,900)	(36,900)
Administrative and General Expenses	24	(7,878,642)	(483,393)
		(7,993,542)	(520,293)
Operating Profit		74,128,783	1,112,006
Finance Cost	25	(51,791)	(6,142,235)
Liabilities Written Back	26	1,356,040	-
Profit/(Loss) Before Taxation		75,433,032	(5,030,229)
<u>Taxation</u>			
- Current	12	(2,001,819)	(200,771)
- Deferred		4,416,072	5,026,423
		2,414,253	4,825,652
Profit/(Loss) after Taxation		77,847,285	(204,577)
Earning/(Loss) per Share - Basic	27	3.63	(0.01)

BUSINESS

As reported during last quarters, Alhamdulillah the growth in sales is geometrical and the same trend continued during the last quarter of period under discussion. We expect the trend to continue and hope to open more retail outlets as per Financial Plan approved by the Board of Directors of your Company, which is expected to improve the profitability of the Company and we would be able to achieve better results in future.

DIVIDEND

The Board of Directors have recommended for issuance of 10% of bonus shares as dividend for the year ended 30.6.2017

BOARD OF DIRECTORS

The present Board of Directors assumed their office with effect from 21st December, 2015 for a period of three years.



AUDITORS

The present Auditors M/s. Ghalib & Co., Chartered Accountants, are retiring and being eligible offer themselves for re-appointment. Under the terms of the code of Corporate Governance, they have been recommended by the Audit Committee for re-appointment as auditors until the conclusion of the next Annual General Meeting.

PATTERN OF SHARE HOLDING

A statement showing pattern of share holding in the Company as on June 30, 2017 appear on Page No. 42.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations' cash flows and change in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e. Despite the fact and because of the prevailing conditions that there are no employees at the payroll of the company as disclosed in notes to the financial statements, the normal work of the company is performed by the employees of the group company. The management is of opinion that the company has sound system of internal control.
- f. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- g. No trading of Company Certificates was done by Chief Executive, Directors, Company Secretary and their spouses.
- h. None of the Director, Executives, and their spouses and minors children have traded in the shares of the company during the year.
- i. Key operating and financial data for the last six years in summarized form is annexed.
- j. During the year four (04) meetings of the Board of Directors were held, attendance by each Director is as follows:-

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	05
Ms. Uzma Ahmad	05
Ms. Marium Ahmed (Co-opted on 01.09.2016)	04
Mr. Rashid Ahmad	05
Mr. Tahir Ahmad	05
Mr. Danish Ahmad (Resigned on 31.08.2016)	-
Mr. Tanvir Hasan	04
Mr. Mohammad Haroon Saeed	05

- k. The pattern of certificate holdings is annexed.

On behalf of the Board

ASAD AHMAD
Chief Executive

Place: Karachi, October 05, 2017.



Statement of Compliance with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance contained in Clause No. 5.19.23(a) of the Pakistan Stock Exchange (PSX) Rule Book for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practice of Corporate Governance.

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

1. The Company encourages representation of independent and non-executive directors on its Board. At present the Board has 1 Independent Director and 3 Non-Executive Directors out of total of 7 Directors as follows:

Mr. Asad Ahmad	Chief Executive
Ms. Uzma Ahmad	Executive Director
Ms. Marium Ahmad	Executive Director
Mr. Rashid Ahmad	Non Executive Director
Mr. Tahir Ahmad	Non Executive Director
Mr. Mohammed Haroon Saeed	Non Executive Director
Mr. Jawed Dost Muhammad	Independent Director

The company has changed the Independent Director on 25.08.2017 and Mr. Jawed Dost Muhammad has been appointed in place of Mr. Tanvir Hasan to meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointments and determination of remuneration and terms and condition of employment of CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over the Chief Executive and, in his absence, by the director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.



9. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of Corporate bodies. It has accordingly not been felt necessary to put them through any orientation course.
10. There was no new appointment of CFO/Secretary or Head of internal audit.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the code and fully described the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.
14. The Company has complied with all the corporate and financial reporting requirement of the code.
15. The Board has formed an audit committee and it comprises 3 members.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed, and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of 3 members, of whom 2 are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set up an effective internal audit function. It comprises of 3 members of whom who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programs of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificate of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the code have been complied with.

Place: Karachi
Dated: October 5, 2017

ASAD AHMAD
Chief Executive



Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the 'Statement of Compliance with the Best Practices' contained in the 'Code of Corporate Governance' prepared by the Board of Directors of Tri-Star Polyester Limited to comply with the requirements of Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the 'Code of Corporate Governance' is that of the board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the 'Statement of Compliance' reflects the status of the company's compliance with the provisions of the 'Code of Corporate Governance', and report if it does not. A review is limited primarily to inquiries of the company personnel and review of the various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems, sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls, and the effectiveness of such controls.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Director's for their review and approval it's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Director's upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, Except for the non-establishment of an effective internal audit function for the reason explained in point 9 and 17 of the "statement of Compliance with Code of Corporate Governance", nothing has come to our attention that causes us to believe, that the 'Statement of Compliance' does not appropriately reflect the company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance, for the year June 30, 2016.

sd/-

Ghalib & Co.

Chartered Accountants

Place: Karachi.

Dated: October 05, 2017



Auditors' Report to the Members

We have audited the annexed Balance Sheet of **M/s. Tri-Star Polyester Limited**, as at June 30, 2017 and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (hereinafter collectively referred to as the "financial statements"), 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 purpose of our audit.

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

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

- a) The Company is engaged in the business to manufacture value added embroidered fabric. However, the Company yet to complete the legal formalities required to change the Object Clause of Memorandum of Association as fully disclosed in note 1.1 to the Financial Statements;
- b) We have not been able to verify the investment made in units of National Investment Trust (NIT) amounting to 210,909,050 (2016: 158,617,550)- as disclosed in note 16 and 16.1 to the financial statements. Further, no provision has been made in the accounts for the NIT investments the recovery and realization of which are doubtful, the same has been explained in Note No. 16.1 to the financial statements. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by Rs. 210,909,050 (2016: 158,617,550) and the Shareholder's Equity would have been decreased by the same amount;
- c) The Company has not maintained a separate bank account for unclaimed dividend as required by repealed Companies Ordinance 1984 as disclosed in note 11.1 to the financial statements;
- d) in our opinion :-
 - i) except for the effects of the matters stated in paragraphs (a) and (b) the Balance Sheet and Profit & Loss Account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied except for the change in accounting Policies and estimates as disclosed in note 6.4, 9.2,14.2 and 34 to the financial Statements with which we concur;
 - 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;
- e) in our opinion, except for the matter discussed in the preceding paragraph (a) to (c) and consequently if any adjustment may be required to the carrying amounts and classification of assets and liabilities, the financial statement and the notes thereto do not disclose this fact and to the best of our information and according to the explanation given to us, the Balance sheet, profit and loss account, Cash flow statement and statement of change 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 Profit its cash flow and change in Equity for the year then ended; and
- f) In our opinion "no Zakat was deductible at source under the Zakat and Ushr ordinance 1980".
- g) As part of our audit of the financial statements for the year ended June 30, 2017, we also audited the adjustments on account of change in accounting policy and Estimates as described in note 34 to the financial statements that were applied to amend the financial statements for the year ended June 30, 2015 and 2016. In our opinion, such adjustments are appropriate and have been properly reflected.

Chartered Accountants
Engagement Partner: Mohammad Ghalib

Place: Karachi
Dated: October 5, 2017



Vision Statement

Tri-Star Polyester Limited is committed to strive for excellence in all areas of its activity.

Mission Statement

We view our business objective of providing quality product that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.

Core Value

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.

Statement of Ethics and Business Practices

The articulation of this statement is based on following points:

1. Questionable and improper payments or use of the Company's assets.
2. Political contributions.
3. Conflict of interest.
4. Books and records of the Company.
5. Payment of amounts due to customers, agents or distributors.
6. Reporting violations.
7. Means as important as the end.
8. Integrity and scrupulous dealings.
9. Strict observance of the laws of the country.
10. Giving and receiving gifts.

**Balance Sheet as at**

Notes	Rupees 2017	Rupees 2016	Rupees 2015
		Restated	
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL & RESERVES</u>			
<u>Authorised Capital</u>			
30,000,000 (2016: 30,000,000) Ordinary Shares of Rs.10/- each			
	300,000,000	300,000,000	300,000,000
Issued, Subscribed and Paid-up Capital	214,657,330	214,657,330	214,657,330
Capital Reserve - (a Share Premium account)	39,386,665	39,386,665	39,386,665
Unrealised Gain on Investment	176,398,375	124,106,875	119,835,175
Accumulated (Loss)	(143,391,777)	(129,787,885)	(139,208,176)
Shareholders' Equity	287,050,593	248,362,985	234,670,994
Surplus on revaluation Property, plant and equipments.	204,365,295	211,797,221	219,935,240
<u>NON-CURRENT LIABILITIES</u>			
Long term Loan from Associated and related parties	158,011,625	62,053,522	54,979,273
Deferred taxation	30,050,832	34,466,904	39,493,327
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	40,474,656	16,510,228	9,965,911
Accrued Interest on Loan from Associates	43,291	-	-
Due to Associated Undertaking - unsecured - interest free	4,861,558	5,311,558	5,595,558
Provision for taxation	2,202,591	200,771	-
	47,582,096	22,022,557	15,561,469
Contingencies and Commitments	-	-	-
	727,060,441	578,703,189	564,640,304

Note: The annexed notes form an integral part of these accounts.

KARACHI: October 05, 2017



June 30, 2017

	Notes	Rupees 2017	Rupees 2016	Rupees 2015
ASSETS				
NON-CURRENT ASSETS				
Tangible Fixed Assets				
Property, Plant and Equipments	14	358,667,108	379,133,073	395,465,850
Long Term Deposits	15	783,995	783,995	103,995
Long Term Investments - at Cost	16	210,909,050	158,617,550	154,345,850
CURRENT ASSETS				
Stores, Spares and Loose Tools	17	5,560,502	6,931,965	6,931,965
Trade Debts - Unsecured , Considered Good		109,102,583	20,021,166	-
Stock-in-Trade	18	33,262,575	6,089,372	409,500
Trade Deposits and Prepayments - considered good	19	1,458,371	146,828	413,035
Income Tax Refunds and Advances		7,072,301	6,977,673	6,948,454
Cash and Bank Balances	20	243,956	1,567	21,655
		156,700,288	40,168,571	14,724,609
		727,060,441	578,703,189	564,640,304

ASAD AHMAD
CHIEF EXECUTIVE

UZMA AHMAD
DIRECTOR



Profit & Loss Account

For the year ended June 30, 2017

	Notes	Rupees 2017	Rupees 2016
Sales - Net	21	200,181,917	20,077,138
Cost of Sales	22	118,059,592	18,444,839
Gross Profit		82,122,325	1,632,299
<u>Operating Expenses</u>			
Distribution and Selling Cost	23	(114,900)	(36,900)
Administrative and General Expenses	24	(7,878,642)	(483,393)
		(7,993,542)	(520,293)
Operating Profit		74,128,783	1,112,006
Finance Cost	25	(51,791)	(6,142,235)
Liabilities Written Back	26	1,356,040	-
Profit/(Loss) Before Taxation		75,433,032	(5,030,229)
<u>Taxation</u>			
- Current	12	(2,001,819)	(200,771)
- Deferred		4,416,072	5,026,423
		2,414,253	4,825,652
Profit/(Loss) after Taxation		77,847,285	(204,577)
Earning/ (Loss) Per Share - Basic	27	3.63	(0.01)

Note: The annexed notes form an integral part of these accounts.

ASAD AHMAD
CHIEF EXECUTIVE

UZMA AHMAD
DIRECTOR

KARACHI: October 05, 2017



Cash Flow Statement

For the year ended June 30, 2017

	Note	Rupees 2017	Rupees 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before Taxation		75,433,032	(5,030,229)
Adjustment for Non-Cash and Other Income:			
- Depreciation		23,186,351	16,457,152
- Unwinding of Loan		-	6,141,185
- Financial Expenses		51,791	1,050
		<u>23,238,142</u>	<u>22,599,387</u>
		<u>98,671,174</u>	<u>17,569,158</u>
Working Capital Changes			
(Increase)/Decrease in Current Assets			
Stores and Spares		1,371,463	-
Trade Debts		(89,081,417)	(20,021,166)
Stock-in-Trade		(27,173,203)	(5,679,872)
Trade deposits, Prepayments & Statutory balances		(1,311,543)	266,207
Increase/(Decrease) in Current Liabilities			
Trade and other Payables		23,964,428	6,544,317
Due to Associated Undertaking		(450,000)	(284,000)
		<u>(92,680,272)</u>	<u>(19,174,514)</u>
Taxes Paid		(94,626)	(29,220)
Financial Charges Paid		(8,500)	(1,050)
		<u>(103,126)</u>	<u>(30,270)</u>
Net Cash Inflow/(Outflow) from Operating Activities		<u>5,887,776</u>	<u>(1,635,626)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Fixed Assets		(2,720,386)	(124,375)
Net Cash Inflow/(Outflow) from Investing Activities		<u>(2,720,386)</u>	<u>(124,375)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Long term Deposits		-	(680,000)
Long term Loan Associated and Related Parties		(2,925,000)	2,419,913
Net Cash Inflow/(Outflow) from Financing Activities		<u>(2,925,000)</u>	<u>1,739,913</u>
Net increase in Cash and Cash Equivalents		242,390	(20,088)
Cash and Cash Equivalents at the beginning		1,567	21,655
Cash and Cash Equivalents at the end	30	<u><u>243,956</u></u>	<u><u>1,567</u></u>

Note: The annexed notes form an integral part of these accounts.

The even dated auditors' report hitherto is annexed.

ASAD AHMAD
CHIEF EXECUTIVE

UZMA AHMAD
DIRECTOR

KARACHI: October 05, 2017



Statement of Changes in Equity

For the year ended June 30, 2017

Particulars	Share Capital	Capital Reserve	Unrealized gain / (loss) due to change in fair value of investment	Unappropriated Profit/Accumulated (Loss)	Total
	Rupees				
Balance as on June 30, 2015 - As Reported	214,657,330	39,386,665		(139,208,176)	<u>Restated</u> 114,835,819
Effect of Restatement in investment as per IAS 39 Previously Shown as at Cost Investment now Restates as per IAS 39 as Available for Sales investment on Fair market value.			119,835,175		119,835,175
Balance as on June 30, 2015 - Restated	214,657,330	39,386,665	119,835,175	(139,208,176)	234,670,994
Net Loss for the year ended June 2016				(204,577)	(204,577)
Due to Change in Accounting Policy of Investment as disclosed in note 16.1 to the financial Statements Unrealized gain / (loss) due to change in fair value of investment			4,271,700		4,271,700
Amortization of Associated and Related Party Loan				1,486,849	1,486,849
Incremental Depreciation transfer from Surplus on revaluation of Property, Plant and Equipment Related Deferred tax				11,967,675 (3,829,656) 8,138,019	11,967,675 (3,829,656) 8,138,019
Balance as at June 30, 2016	214,657,330	39,386,665	124,106,875	(129,787,885)	248,362,985
Net Profit for the year ended June 2017				77,847,285	77,847,285
Unrealized gain / (loss) due to change in fair value of investment			52,291,500		52,291,500
Reversal of Loans to Cost as disclosed in note 9 and 9.2 to the financial Statements				(98,883,103)	(98,883,103)
Increment Depreciation transfer from Surplus on revaluation of Property, Plant and Equipment Related Deferred tax				10,770,907 (3,338,981) 7,431,926	10,770,907 (3,338,981) 7,431,926
Balance as on June 30, 2017	214,657,330	39,386,665	176,398,375	(143,391,777)	287,050,593

Note: The annexed notes form an integral part of these accounts.
The even dated auditors report hitherto is annexed.

ASAD AHMAD
CHIEF EXECUTIVE

UZMA AHMAD
DIRECTOR

KARACHI: October 05, 2017



Last Six Years Results At A Glance

Particulars	2017	2016	2015	2014	2013	2012
Financial Position						
Paid -up Capital (Rs.)	214,657,330	214,657,330	214,657,330	214,657,330	214,657,330	214,657,330
Reserves (Rs.)	215,785,040	163,493,540	159,221,840	(90,497,619)	(82,058,741)	(19,281,716)
Fixed Assets - WDV (Rs.)	358,667,108	379,133,073	395,465,850	41,342,796	433,065,471	251,087,946
Investment at Cost (Rs.)	210,909,050	158,617,550	154,345,850	34,510,675	34,510,675	34,510,675
Current Assets (Rs.)	156,700,288	40,168,571	14,725,609	14,623,206	14,557,226	14,512,185
Current Liabilities (Rs.)	47,582,096	22,022,557	15,561,469	15,357,918	15,327,605	15,215,449
Income						
Sales	200,181,917	20,077,138	-	-	-	-
Net Profit/(Loss) for the year	77,847,285	(204,575)	(19,429,930)	(18,190,317)	(113,056,396)	(9,345,190)
Accumulated Profit/(Loss)	(143,391,777)	(129,787,885)	(140,404,945)	(129,884,284)	(121,445,406)	(8,389,011)
Statistics & Ratios						
Operating Profit/(Loss) Ratio(%)	37.03	5.54	-	-	-	-
Net Profit/(Loss) Ratio (%)	38.89	(1.02)	-	-	-	-
Current Ratio	3.29 : 1	1.82:1	0.95 : 1	0.95 : 1	0.95 : 1	0.95 : 1
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	3.63	(0.01)	(0.91)	(0.85)	(5.27)	(0.44)
Break value Per Share (Rs.)	13.37	11.57	10.93	5.78	6.18	11.44
Net Assets (Rs. in Million)	287.05	248.36	234.67	124.16	132.60	245.65
Cash Dividend (%)	-	-	-	-	-	-
Bonus Dividend (%)	10%	-	-	-	-	-



Notes to the Accounts

For the year ended June 30, 2017

1. CORPORATE INFORMATION

Tri-Star Polyester Limited (the Company) was incorporated in Pakistan, as a public limited company on November 14, 1990, under the Companies Ordinance, 1984 and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company and manufacturing facilities is located at F/498, S.I.T.E., Karachi - 75700, Pakistan. The Principal activity of the Company is manufacturing and sale of polyester filament yarn. The company's commercial operation remained idle since many years.

- 1.1 The Company has started operations to produce value added Embroided Fabric as OEM for brand 'Image' for stitched and unstitched fabric. In order to carry out the said business the legal formalities including amendment in the Memorandum of Association is in the process of being completed by the Company by seeking approval of shareholders in the forthcoming Annual Meeting as a Special Resolution and subsequently obtaining approval from SECP.

2. STATEMENT OF COMPLIANCE

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS (IAS-39) as mentioned in note 16 to the financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

3. BASIS OF PREPARATION

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the certain fixed assets which are stated on revalued amounts, financial assets and liabilities which are carried at their fair values, Further, accrual basis of accounting is followed except for cash flow information.

4. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on October 05, 2017.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:



5.1 New standards, interpretations and amendments

The Company has adopted the following revised standards, amendments and interpretation of IFRS which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above accounting standards did not have any effect on the financial statements.

5.2 Standards and amendments to approved accounting standards that are not very affective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2: Share-based Payments - Classification and measurement of Share based Payments Transaction (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet Finalized
IAS 7 Statement of Cash Flows - Disclosure Initiative (Amendment)	January 01, 2017



IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 (see note 2 below). The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRS 16 - Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised in any future period affected.

On the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a. Recognition of taxation and deferred tax (Note 6.4)
- b. Determination the residual values and the useful lives of property, plant and equipment (Note 6.4)
- c. Impairment of inventories/adjustment of inventories to their Net Realizable Value (Note 6.7, 6.8)



d. Impairment of financial assets (Note 6.6)

6.1 Taxation

Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is provided Proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

6.2 Property, Plant and Equipment

- ***Owned***

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any; except for lease hold land and capital works in progress which are stated at cost accumulated upto the balance sheet date.

- ***Leased***

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as at inception, less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

- ***Depreciation***

Full years' depreciation is charged irrespective of date of Purchase or transfer of assets from capital work in progress, using the reducing balance method, while no depreciation has been charged on assts in the year of their disposal. Whereby the cost of an asset is written off over its estimated useful life and the rates applied are in no case less than the rates prescribed by the Central Board of Revenue.

An amount equal to the incremental depreciation charged on revalued property, plant and equipment is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

The carrying values of assets are reviewed for impairment when events or changes-in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash- generating units are written down to their recoverable amount.

- ***Repairs, Renewals and Maintenance***

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are



determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

6.3 Finance Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

6.4 Investment

Investments are stated at cost due to the in litigation with the Income tax department as fully described in note 16.1 to the financial statements.

During the year the company change the accounting policy to accounted for the investment in the financial statements of the company as per IAS 39 and disclosed the fair value as Price Quoted in stock exchange investment shows as available for Sales, Available for sale investments are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with. After initial recognition, investment which are classified as available for sale are premeasured at fair value. Unrealized gains and losses on available for sale investments are recognized in equity till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Had the company accounted for these investment as per previous policy the shareholder equity will be decreased by Rs. 176,398,375 and consequently the investment of the company will also decreased by the same amount.

6.5 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated upto the date of the balance sheet.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

6.6 Stock-in-Trade

These are valued as follows:

Raw Material	:	At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Work-in-Process	:	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock-in-Transit	:	At cost accumulated upto the balance sheet date.
Packing Material	:	At lower of weighted average cost or net realizable value.



Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

Stock in trades are regularly reviewed by the management and any obsolete items are brought down to their NRV.

6.7 Trade Debts and other Receivables

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Provision for impairment is based on the management's assessment of customers' out standings and creditworthiness. Bad debts are written off as incurred.

6.8 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

6.9 Revenue Recognition

- Revenue from sales is recognized on despatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the investee company.
- Other Income is recognized on accrual Basis.

6.10 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, 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 that a reliable estimate can be made for the amount of this obligation.

6.11 Financial Instruments

Recognition

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

Off Setting

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



Derivatives

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

6.12 Related Party Transaction

All transactions with related parties are carried out by the company at arm's length prices with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.

6.13 Loan, Advances and other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

6.14 Short Term and Long Term Loans

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

6.15 Dividends and Appropriation to Reserve

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

6.16 Contingent Liability

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

6.17 Contingent Assets

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

6.19 Post Employment Benefits - Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its staff.

6.20 Trade and Other Payables

Trade and other payables are stated at their cost.

6.21 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances



7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Ordinary Shares of Rs. 10/- each

2017	2016		Rupees 2017	Rupees 2016
19,693,333	19,693,333	Fully Paid in Cash	196,933,330	196,933,330
1,772,400	1,772,400	Issued as fully paid bonus shares	17,724,000	17,724,000
<u>21,465,733</u>	<u>21,465,733</u>		<u>214,657,330</u>	<u>214,657,330</u>

23,311 (2016 : 9,957,011) Shares are held by Associated Companies.

8. Surplus on Revaluation of Property, Plant and Equipment

Opening Balance	250,268,125	262,235,800
Surplus arising on revaluation during the year	-	-
Transferred to unappropriated profit:		
- Surplus relating to incremental depreciation charged during the year - net of deferred tax	(7,431,926)	(8,138,019)
- Related Deferred Tax Liability	(3,338,981)	(3,829,656)
	<u>(10,770,907)</u>	<u>(11,967,675)</u>
	239,497,218	250,268,125
Less: related deferred tax liability on:		
- Opening Balance	38,470,904	42,300,560
- Surplus arising on revaluation during the year	-	-
- Incremental depreciation charged during the year	(3,338,981)	(3,829,656)
	<u>35,131,922</u>	<u>38,470,904</u>
	<u>204,365,295</u>	<u>211,797,221</u>

8.1 The following fixed assets of the company were revalued on June 29, 2013. The revaluation was carried out by independent valuer M/s. Sadruddin Associates (Private) Limited (Fire, Marine, Motor & Machinery Errection & Breakdown, Surveyor, Loss Adjustors, Plant and Machinery Valuers, Industrial Property & Real Estate Appraisers.) Basis of revaluation are as follows:

Land

Valuation of land is determined by obtaining key market date from property brokers, dealers and estate agents to ascertain the Present market value considering its location.

Building

Revalued amount of building has been determined simply. After taking into account the re-statement value have been computer after applying present market rate of construction.

Plant and Machinery

Revalued amount of plant and machinery has been determined by Physically inspected the Plant and Machinery. The age, make, origin, condition etc. has been taken into account, to arrive at the present market value. At the time of our survey/inspection, we observed that plant/machinery were in operational condition. The present value has been computed after application of suitable appreciation/depreciation factors, Rate of inflation and devaluation has been considered for optimum and closest approximate result of the valuation of entire machinery for obtaining the nearest value have taken 5% to 10% installation charges and other levies to start and complete the machinery.



The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land and Building by Rs. 290.308 million and Decrease/impairment in the value of Plant and Equipment by Rs. 100.287 million.

	WDV as on June 30, 2013	Revaluation	Revaluation Surplus/Impairment Loss
	Rupees		
Lease hold land	7,440,950	150,000,000	142,559,050
Factory building on lease hold land	3,819,945	150,275,280	146,455,335
Plant & Machinery	230,287,430	130,000,000	(100,287,430)
Electrical Equipments	706,262	2,000,000	1,293,739
Surplus on Revaluation	242,254,586	432,275,280	290,308,124
Impairment Loss in Plant and Machinery	-	-	(100,287,430)

The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution of share holders.

9. Long Term Loan from Associated and related Parties.

	Rupees 2017	Rupees 2016
Loan from Associated Undertaking - unsecured - interest free	109,395,800	109,395,800
Less: Present value adjustment	(67,215,255)	(71,450,513)
Add: Interest charged to profit and loss account	-	4,235,258
	42,180,545	42,180,545
Reversal of Loan as disclosed in note 9.1	67,215,255	
	109,395,800	42,180,545
Director Loan - Unsecured - interest free	24,003,106	23,928,106
Less: Present value adjustment	(14,701,968)	(15,540,072)
Add: Interest charged to profit and loss account	-	838,104
	9,301,138	9,226,138
Reversal of Loan as disclosed in note 9.1	14,701,968	
	24,003,106	9,226,138

	Rupees 2017	Rupees 2016
Loan from Sponsors - unsecured , Interest free	24,612,719	27,612,719
Less: Present value adjustment	(16,965,880)	(18,033,703)
Add: Interest charged to profit and loss account	-	1,067,823
	7,646,839	10,646,839
Reversal of Loan as disclosed in note 9.1	16,965,880	
	24,612,719	10,646,839
	158,011,625	62,053,522



- 9.1 Up to the last year ended June 30, 2016 the above loans are interest free and amortised as required by International Accounting Standards 39. During the year the terms and conditions of Agreement of loan were changed by way of novation of Agreement of loan between the Lenders and the Company and are now interest bearing from June 30, 2017 @ 10% therefore the amortisation of Loan has been reversed and loans are stated at actual cost of the Loan and repayable on demand to the associates and Directors of the company. Had the company applied previous estimate /policy of the loans at amortised cost the Loans of associates and Directors as at June 30, 2017 would have been reduced by Rs. 98,883,103/- and consequently accumulated losses would have been reduced by Rs. 98,883,103/-.

10. Deferred Taxation

Liability / (asset) balances arising in respect of:

Accelerated tax depreciation	(30,050,832)	(34,466,904)
Finance lease transactions	-	-
Provisions and others	-	-
Accumulated tax losses and available tax credits	<u>(52,774,285)</u>	<u>(47,482,485)</u>
Deferred tax (asset)	<u>(82,825,117)</u>	<u>(81,949,390)</u>
Deferred tax asset not recognized	<u>(82,825,117)</u>	<u>81,949,389</u>
	-	-
Deferred tax liability in respect of:		
- Revaluation net of related depreciation	<u>30,050,832</u>	<u>34,466,904</u>
	<u><u>30,050,832</u></u>	<u><u>34,466,904</u></u>

11. TRADE AND OTHER PAYABLES

Accrued Expenses	10,761,771	1,985,881
Trade Creditors	21,350,411	6,257,097
Unclaimed Dividend	8,094,295	8,094,295
Zakat Payable	172,955	172,955
Others	95,224	-
	<u>40,474,656</u>	<u>16,510,228</u>

12. PROVISION FOR TAXATION

Balance at the beginning	200,771	-
Less: Adjustments	-	-
	<u>200,771</u>	<u>-</u>
Add: Provisions for Taxation		
Current year	<u>2,001,819</u>	<u>200,771</u>
	<u><u>2,202,591</u></u>	<u><u>200,771</u></u>

The income tax returns of the company have been filed up to tax year 2016 to income tax department and the assessment of the company has been finalized up to and including the tax year 2015. However, the commissioner of income tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.

13. CONTINGENCIES AND COMMITMENTS	Rupees 2017	Rupees 2016
Guarantees issued by banks	nil million	nil million
Letters of Credit in respect of committed capital expenditures	nil million	nil million
Letters of Credit for other than capital expenditures	nil million	nil million

14. TANGIBLE FIXED ASSETS	Rupees 2017	Rupees 2016
Property, Plant and Equipment	358,667,108	397,133,073
	<u>358,667,108</u>	<u>397,133,073</u>

Property, Plant and Equipment - at cost less accumulated depreciation

Particulars	Cost				Rate %	Depreciation				Written Down Value as at June 30, 2017
	As at July 01, 2016	Additions/ Transfers/ (Deletion)	Revaluation	As at June 30, 2017		As at July 01, 2016	Transfer/ (Deletion)	For the Year	As at June 30, 2017	
	Rupees					Rupees				
Owned										
Lease hold land	150,000,000	-	-	150,000,000	-	-	-	-	-	150,000,000
Factory Building on lease hold land	177,434,832	-	-	177,434,832	10	67,884,152	-	10,955,068	78,839,220	98,595,612
Plant & Machinery	465,128,007	384,000	-	465,512,007	3.33	347,687,341	-	11,782,467	359,469,807	106,042,200
Electrical Installations	7,276,200	-	-	7,276,200	10	5,818,200	-	145,800	5,964,000	1,312,201
Furniture and Fixture	1,237,067	-	-	1,237,067	10	1,128,983	-	10,808	1,139,791	97,276
Office Equipments	630,537	31,200	-	661,737	10	577,258	-	8,448	585,706	76,031
Air Conditioner & Ref.	430,235	334,287	-	764,522	10	391,601	-	37,292	428,893	335,629
Vehicles	1,330,550	-	-	1,330,550	20	1,323,850	-	1,340	1,325,190	5,360
Fork Lifter	630,735	-	-	630,735	20	627,384	-	670	628,054	2,681
Computers	176,850	428,500	-	605,350	10	162,321	-	44,303	206,624	398,726
Studio Equipment	-	482,570	-	482,570	10	-	-	48,257	48,257	434,313
Generators	-	1,059,829	-	1,059,829	10	-	-	105,983	105,983	953,846
Fire Fighting Equipments	79,112	-	-	79,112	10	72,101	-	701	72,802	6,310
Gas Installations	883,124	-	-	883,124	10	430,986	-	45,214	476,199	406,925
2017	805,237,249	2,720,386	-	807,957,635		426,104,176	-	23,186,351	449,290,527	358,667,108
2016	805,112,874	124,375	-	805,237,249		409,647,024	-	16,457,152	426,104,176	379,133,073

**Allocation of Depreciation**

Depreciation for the period has been allocated as follows:

	Rupees 2017	Rupees 2016
Cost of Sales	23,035,903	16,431,641
Administrative and General Expense	150,448	25,511
	23,186,351	16,457,152

- 14.1 The company has started its operations and used the manufacturing Facility provided by the for its product (Value added Embroidered Fabric) with the Brand name "Image".
- 14.2 Register of fixed assets of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors.
- 14.3 Up to the last year ended June 30, 2016 the company has charged Depreciation on its Plant and Machinery @ 3.33% during the year the company Change its estimate to Charge the depreciation of its Plant and Machinery @ 10%. According to Application of Depreciation Policy/Estimate during the current financial Year the written down value of Fixed assets of the company as at June 30, 2017 would have been reduced by Rs. 7,858,905 and consequently Accumulated losses higher, and For the year Profit of the company as of Balance sheet date would have been reduced by Rs. 7,858,905 as disclosed in note 6.4 to the financial Statements.
- 14.4 Lease hold land, Factory Building on lease hold land, Plant and Machinery and electrical equipments were revalued on 29.06.2013 by M/s. Sadruddin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land, Building and Electrical Equipments by 290.308 million and decrease/impairment in the value of Plant and Equipment value by Rs. 100.287 million.
- 14.5 Revaluation of land, building and plant & machinery had been carried out on June 29, 2013 by independent professional valuers M/s. Sadruddin Associates (Pvt) Ltd., a PBA approved valuer on the basis of market value. Revaluation surplus had been credited to surplus on revaluation of property plant and equipment account to comply with the requirement of Section 235 of the Companies Ordinance, 1984.

Had there been no revaluation the related figures of land, building and plant & machinery at June 30, 2017 would have been as follows:

	2017			
	Cost	Accumulated Depreciation	Depreciation Charged during the year	Written Down Value
Lease hold land	150,000,000	-	-	150,000,000
Factory building on lease hold land	177,434,832	78,560,747	9,887,409	88,986,676
Plant & machinery	465,128,007	344,670,406	4,011,238	116,446,363
Electrical Equipment	7,276,200	5,912,513	136,369	1,227,318
	799,839,039	429,143,666	14,035,015	356,660,357

	2016			
	Cost	Accumulated Depreciation	Depreciation Charged during the year	Written Down Value
Lease hold land	150,000,000	-	-	150,000,000
Factory building on lease hold land	177,434,832	67,574,737	10,986,009	98,874,086
Plant & machinery	465,128,007	340,520,993	4,149,414	120,457,600
Electrical Equipment	7,276,200	5,760,992	151,521	1,363,687
	799,839,039	413,856,722	15,286,944	370,695,373

OPERATING FIXED ASSETS - At Cost less Accumulated Depreciation
June 30, 2016

Particulars	Cost				Rate %	Depreciation				Written Down Value as at June 30, 2016
	As at July 01, 2015	Additions/ Transfers/ (Deletion)	Revaluation	As at June 30, 2016		As at July 01, 2015	Transfer/ (Deletion)	For the Year	As at June 30, 2016	
	Rupees					Rupees				
Owed										
Lease hold land	150,000,000	-	-	150,000,000	-	-	-	-	-	150,000,000
Factory Building on lease hold land	177,434,832	-	-	177,434,832	10	55,711,855	-	12,172,298	67,884,152	109,550,680
Plant & Machinery	465,128,007	-	-	465,128,007	3.33	343,641,852	-	4,045,489	347,687,341	117,440,666
Electrical Installations	7,276,200	-	-	7,276,200	10	5,656,200	-	162,000	5,818,200	1,458,000
Furniture and Fixture	1,237,067	-	-	1,237,067	10	1,116,974	-	12,009	1,128,983	108,084
Office Equipments	630,537	-	-	630,537	10	571,338	-	5,920	577,258	53,279
Air Conditioner & Ref.	430,235	-	-	430,235	10	387,309	-	4,293	391,602	38,633
Vehicles	1,330,550	-	-	1,330,550	20	1,322,175	-	1,675	1,323,850	6,700
Fork Lifter	630,735	-	-	630,735	20	626,546	-	838	627,384	3,351
Computers	176,850	-	-	176,850	10	160,706	-	1,614	162,320	14,530
Fire Fighting Equipments	79,112	-	-	79,112	10	71,322	-	779	72,101	7,011
Gas Installations	758,749	124,375	-	883,124	10	380,748	-	50,238	430,986	452,138
2016	805,112,874	124,375	-	805,237,249		409,647,025	-	16,457,153	426,104,178	379,133,071
2015	805,112,874	-	-	805,112,874		391,684,913	-	17,962,111	409,647,024	395,465,850

Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Cost of Sales

Administrative and General Expense

Rupees 2016	Rupees 2015
----------------	----------------

16,431,641	17,933,532
------------	------------

25,511	28,578
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<u>16,457,152</u>	<u>17,962,111</u>
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15. LONG TERM DEPOSITS

Karachi Electric Supply Corporation	Rupees 2017	Rupees 2016
PTCL	14,975	14,975
Linde Pakistan Ltd.	3,200	3,200
Sui Southern Gas Co. Ltd.	14,000	14,000
Others	750,820	750,820
	1,000	1,000
	<u>783,995</u>	<u>783,995</u>

16. LONG TERM INVESTMENT - Available for Sale

2,455,000 (2016: 2,455,000) N.I.T Units (Average cost price Rs. 14.0573)	Rupees 2017	Rupees 2016
Market value as at June 30 are as under (2016: June 30) @ Rs. 85.91 (2016: Rs. 64.41) per Unit	34,510,675	34,510,675
	176,398,375	124,106,875
	<u>210,909,050</u>	<u>158,617,550</u>



- 16.1 In, September 1996, the Income Tax Authorities raided the Company's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the bearer NIT units of the company; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company has filed a suit against the Income Tax Authorities in the Honorable High Court of Sind, challenging the said act as being illegal. The Honorable High Court of Sind, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.
- 16.2 The above investment of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical verification therefore the same has not been accounted for as required by IAS - 39.
- 16.3 Up to the last year the company valued the above investment in NIT Units by using the Cost method due to Reason Disclosed in note 16.1 and 16.2. to the financial Statements during the year the company has Change its accounting Policy to value the investment from cost to Available for sales investment as required by IAS 39. Had the company accounted for these investment as per previous policy the shareholder equity would be decreased by Rs. 176,398,375 and consequently the Investment of the company decreased by same amount.

	Rupees 2017	Rupees 2016
17. STORES, SPARES & LOOSE TOOLS		
Stores and Spares	4,058,694	5,315,844
Packing Material	120,350	234,663
Cops	1,207,948	1,207,948
Fuel, Oil and Lubricants	173,510	173,510
	<u>5,560,502</u>	<u>6,931,965</u>
18. STOCK-IN-TRADE		
Raw Materials	3,357,245	409,500
Work in Process	1,062,615	-
Finished Goods	28,842,715	5,679,872
	<u>33,262,575</u>	<u>6,089,372</u>
19. TRADE DEPOSITS, PREPAYMENTS AND STATUTORY BALANCES - CONSIDERED GOOD		
Deposits	46,500	46,500
Sales Tax Refundable	1,411,871	100,328
	<u>1,458,371</u>	<u>146,828</u>
20. CASH AND BANK BALANCES		
Cash-in-Hand	238,691	69
Cash at Bank - Current Accounts	20.1 5,265	1,498
	<u>243,956</u>	<u>1,567</u>
20.1 The Company has conventional banking relationships with all the banks.		
21. SALES - NET		
Gross Sales	200,181,917	20,679,166
Sales Tax	-	(602,028)
	<u>200,181,917</u>	<u>20,077,138</u>

22. COST OF SALES

Raw Material Consumed	22.1	37,320,912	6,248,164
Fuel and Power		65,593,350	444,385
Water		160,500	24,100
Salaries, Wages and Other Benefits	22.2	13,644,137	950,229
EOBI Contribution		51,836	-
SESSI Contribution		81,785	-
Store consumed		96,244	-
Convyance Expenses		8,337	-
Freight Inward		76,140	-
Oil and Grece		3,805	-
Security Expenses		322,000	-
Repairs and Maintenance		1,890,101	26,192
Depreciation		23,035,903	16,431,641
		<u>142,285,050</u>	<u>24,124,711</u>
Work-in-process - Opening		-	-
Work-in-process - Closing		(1,062,615)	-
Cost of Goods Manufactured		<u>141,222,435</u>	<u>24,124,711</u>
Finished Goods - Opening		5,679,872	-
Finished Goods - Closing		(28,842,715)	(5,679,872)
		<u>118,059,592</u>	<u>18,444,839</u>

22.1 Raw Material Consumed

Opening Stock	409,500	409,500
Purchases	40,389,007	6,248,164
	<u>40,798,507</u>	<u>6,657,664</u>
Closing Stock	(3,477,595)	(409,500)
Raw Material Consumed	<u>37,320,912</u>	<u>6,248,164</u>

22.2 Salaries, wages and other benefits include Rs. Nil million relating to staff retirement benefits.

23. DISTRIBUTION COSTS AND SELLING EXPENSES

Advertisement Expenses	24,300	36,900
Dispacting Expenses	90,600	
	<u>114,900</u>	<u>36,900</u>

24. ADMINISTRATIVE AND GENERAL EXPENSES

	Rupees 2017	Rupees 2016
Vehicle up Keep	217,423	63,965
Postage, Telephone & Telex	232,669	98,577
Stationary & Printing	199,489	390
Salaries and Benfits	3,961,529	-
Fee & Subscription	671,875	217,950
Depreciation	150,448	25,511
General Expenses	43,541	2,000
Computer Expenses	269,435	-
Entertainments Expenses	72,727	-
Travelling Expenses	1,089,265	-
Convetance Expenses	207,792	-
Medical Expenses	1,207	-



Registrar Services	169,062	-
Computer software	500,000	-
Security Expenses	7,180	-
Trade Mark Mintenance	10,000	-
Auditors' Remuneration	24.1 75,000	75,000
	<u>7,878,642</u>	<u>483,393</u>
24.1 Auditors' Remuneration		
Audit Fee	75,000	75,000
	<u>75,000</u>	<u>75,000</u>
25. FINANCE COST		
Bank Charges and Commissions	8,500	1,050
Interest on Loan from Associated and Directors	43,291	-
Unwinding of Discount - on Associated and Related Party Loans-reversal-note 9	-	6,141,185
	<u>51,791</u>	<u>6,142,235</u>
26. EARNING PER SHARE - BASIC		
Profit after Taxation	<u>77,847,285</u>	<u>(204,577)</u>
Weighted Average Number of Ordinary Shares	<u>21,465,733</u>	<u>21,465,733</u>
Earning Per Share - Basic	Rupees 3.63	(0.01)
27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES		
27.1 No remuneration or benefit paid to Chief Executive, Director and Executives of the Company due to Company not involve in the operational activities.		
27.2 The Chief Executive Officer, Director and Executives of the Company are provided with free use of Company maintained cars and utilities at their residences.		
28. RELATED PARTY TRANSACTIONS		
	Rupees	Rupees
	2017	2016
Loan from Associated Companies	nil	75,000
Loan from Sponsors	nil	50,000
Loan Paid to Sponsors of the company	3,000,000	--
Loan from Directors	75,000	2,295,000
Interest Charge on Loan from Related Party	43,291	--
Purchase	10,954,714	6,248,164
Electricity Purchased from Associated Company	65,593,350	444,385
Sales	200,181,917	20,077,138
All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note No. 27 above.		
29. CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	243,956	1,567



30. PLANT CAPACITY AND PRODUCTION

		Metric Tons	Metric Tons
Actual production on Annual Basis	30.1	4,000	4,000
Actual production		nil	nil

30.1 Reason for company not in Production

No production activity was done during the year due to high production cost and low market demand of Polyester Filament yarn. The company now manufactures value added fabric (as textile unit) with the Brand name "Image" both stitched and unstitched. The capacity of this segment cannot be determined as this depends upon the design/number of stitches in a design and styling which is unique for each design.

31. FINANCIAL INSTRUMENTS

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

Credit Risk
Liquidity Risk
Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

31.1 Credit Risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	Rupees 2017	Rupees 2016
Long Term Investment	210,909,050	34,510,675
Long Term Deposits	783,995	33,175
Trade Deposits and Prepayments	1,458,371	146,828
Cash with Banks in Current Accounts	243,956	1,567
	<u>213,395,372</u>	<u>34,692,245</u>

31.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.



2017					
Particulars	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
Financial Liabilities					
Long term Loan from Associated and related Parties. Interest free	158,011,625	158,011,625	-	-	158,011,625
Trade and other payables	40,474,656	40,474,656	652,789	39,821,867	-
Due to Associated Company - interest free	5,311,558	5,311,558	-	5,311,558	-
	<u>203,797,839</u>	<u>203,797,839</u>	<u>652,789</u>	<u>45,133,425</u>	<u>158,011,625</u>

2016					
Particulars	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
Rupees					
Financial Liabilities					
Long term Loan from Associated and related Parties. Interest free	62,053,522	62,053,522	-	-	62,053,522
Trade and other payables	16,510,228	16,510,228	1,385,936	8,579,975	-
Due to Associated Company - interest free	5,595,558	5,595,558	-	5,595,558	-
	<u>84,159,309</u>	<u>84,159,309</u>	<u>1,385,936</u>	<u>14,175,533</u>	<u>62,053,522</u>

31.3 Market Risk

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

31.4 Currency Risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

31.5 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks. At the balance sheet date there no interest rate profile of the Company.

31.6 Risk Management Policies

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

31.7 Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.



Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

	Rupees 2016	Rupees 2016
Total Borrowings	162,873,183	67,365,080
Less: Cash and Bank Balances	243,956	1,567
Net Debt	<u>162,629,227</u>	<u>67,363,513</u>
Total Equity	287,050,593	248,362,985
Total Capital	<u>449,679,820</u>	<u>315,726,498</u>
Gearing Ratio	<u>0.36</u>	<u>0.21</u>

31.8 Fair Value of Financial Instruments

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

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

32. Reclassifications/Corresponding Figures

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant restatements / reclassification in these financial statements as under as disclosed in change in accounting Policy in note 16 & 16.3 and Accounting Estimates as disclosed in note 6.4 and 14.2 to the financial statements the effects of the change in accounting policy as disclosed below:

32.1 Change in accounting policy

Long term Investment

The effects of change in accounting policy to value the value of investment NIT units taken in the accounts from this year at market/ fair value has been accounted for retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as at 1 July 2015 has been presented and disclosed as part of the statement of changes in equity and Statement of comprehensive income respectively. The Balance Sheet and Profit and Loss account also presents the prior year numbers as restated, due to the said change in accounting policy has been accounted for retrospectively and the effects in the comparative figures have been restated as below. This change in accounting policy has also impact on the statement of cash flows for the same amount.



	---- 2016 ----			---- 2015 ----		
	As previously reported	Impact due to change in policy	As Restated	As previously reported	Impact due to change in policy	As Restated
	----- RUPEES -----					
Effect on balance sheet						
Share holders Equity	124,256,110	124,106,875	248,362,985	114,835,819	119,835,175	234,670,994
Long term Investmnet	34,510,675	124,106,875	158,617,550	34,510,675	119,835,175	154,345,850

32.2 Change in Estimates Depreciation

a) Up to the last year ended June 30, 2016 the company has charged Depreciation on its Plant and Machinery @ 3.33% during the year the company Change its estimate to Charge the depreciation ofn its Plant and Machinery @ 10%. According to Application of Depreciation Policy/Estimate during the current financial Year the written down value of Fixed assets of the company as at June 30, 2017 would have been reduced by Rs. 7,858,905 and consequently Accumulated losses higeher , and For the year Profit of the company as of Balance sheet date would have been reduced by Rs. 7,858,905 as disclosed in note 6.4 and 14.2 to the financial Statements.

Change in Estimates Loan amortisation

b) Up to the last year ended June 30, 2016 the above loans are interesrest free and amortised at as required by International Accounting Standards 39 during the year the board has decided the same Loans are Interest Bearing From June 30, 2017 mark up Charge @ 10% per anum therefore the amortisation of the Loan has been reversed and loans are Stated at actual Cost of the Loan and Repayable on Demand to the associates and Directors of the company had the company applied Previous Estimate /Policy of the loans at amortised Cost the Loans of the Directors and Associates as at June 30, 2017 would have been reduced by Rs. 98,883,103 and consequently Accumulated losses Lower by Same amount.

33. Number of Employees

Number of persons employed contractual as at year end were 58 (2016: 28) and the average number of persons employed during the year were 48 (2016: 6).

34. GENERAL

a) Figures have been rounded off to the nearest rupee.

b. Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.

ASAD AHMAD
CHIEF EXECUTIVE

UZMA AHMAD
DIRECTOR

KARACHI: October 05, 2017

**Pattern of Shareholding**

As at June 30, 2017

Number of Share Holders	Share Holdings			Total Shares Held
637	1	—	100	38,693
1,129	101	—	500	417,045
1,363	501	—	1,000	1,131,399
547	1,001	—	5,000	1,287,476
101	5,001	—	10,000	775,391
26	10,001	—	15,000	333,798
14	15,001	—	20,000	251,903
7	20,001	—	25,000	159,200
5	25,001	—	30,000	142,100
1	30,001	—	35,000	32,000
6	35,001	—	40,000	226,005
3	40,001	—	45,000	134,499
6	45,001	—	50,000	292,935
5	55,001	—	60,000	296,720
2	60,001	—	65,000	127,500
1	65,001	—	70,000	69,000
2	70,001	—	75,000	145,000
1	75,001	—	80,000	80,000
2	90,001	—	95,000	185,833
4	95,001	—	100,000	400,000
1	135,001	—	140,000	140,000
1	200,001	—	205,000	202,500
1	220,001	—	225,000	222,500
1	235,001	—	240,000	238,916
1	270,001	—	275,000	274,136
1	275,001	—	280,000	277,390
1	290,001	—	295,000	292,500
1	295,001	—	300,000	300,000
1	410,001	—	415,000	413,500
1	645,001	—	650,000	650,000
1	695,001	—	700,000	700,000
1	750,001	—	755,000	754,794
1	765,001	—	770,000	769,000
1	770,001	—	775,000	772,500
1	830,001	—	835,000	831,500
1	895,001	—	900,000	900,000
1	2,035,001	—	2,040,000	2,037,500
1	2,120,001	—	2,125,000	2,125,000
1	3,035,001	—	3,040,000	3,037,500
3,881				21,465,733

Proxy Form

I, _____
of _____ being a member
of Tri-Star Polyester Ltd., Karachi and holder of _____ Shares as per
R.F. No. _____ and/or CDC Participant I.D. No. _____ and Sub
Account No. _____ hereby appoint _____ of
_____ or failing him _____ of
_____ as my proxy to attend and vote for me and on my behalf at
the Annual General Meeting of the Company to be held on October 31, 2017 at F/538, S.I.T.E.,
Karachi and at any adjournment thereof.

As witness my hand this _____ day of _____, 2017.

Signed by the said _____

Please affix
Rs. 5/-
Revenue
Stamp

To be signed over Revenue Stamp

- IMPORTANT:**
- a) This form of proxy duly completed must be received at the registered office of the Company at F/498, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
 - b) CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
 - c) A proxy should also be a share holder of the Company.