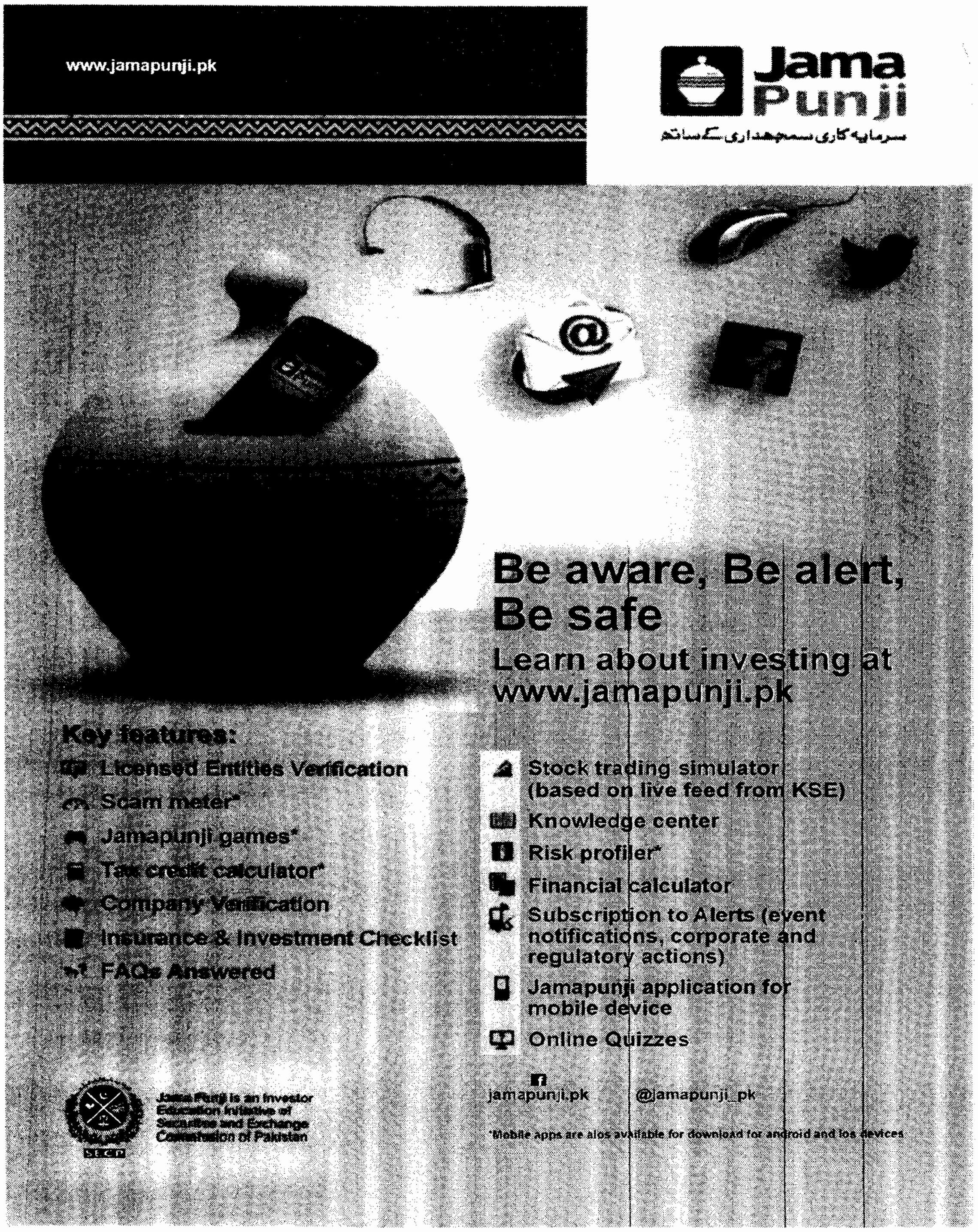
Annual Report 2018

AYESHA
TEXTILE MILLS LIMITED


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
*Mobile apps are alos available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan
SECP

AYESHA TEXTILE MILLS LIMITED

CONTENTS

Company Information

Board Of Directors	
Chairman/Chief Executive	Mr. Anjum Rafi
Directors	Mr. Tariq Rafi Mr. Arif Rafi Mr. Abdullah Rafi Mr. Imran Khan Mr. Waseem Lodhi Mr. Muhammad Abbas
Company Secretary/ CFO	Mr. Shahid Bashir
Audit Committee	
Chairman	Mr. Muhammad Abbas
Members	Mr. Tariq Rafi Mr. Waseem Lodhi
Human Resource And Remuneration Committee	
Chairman	Mr. Anjum Rafi
Members	Mr. Imran Khan Mr. Arif Rafi
Auditors	Kamran & Co. Chartered Accountants
Legal Advisor	Abdus Samad Advocate
Bankers	United Bank Limited Bank Al-Habib Limited National Bank of Pakistan Faysal Bank Limited Allied Bank Limited Habib Bank Limited Bank of Punjab Silk Bank Limited
Registered Office	97-B, Gulberg II, Lahore. Tel: 35756707 - 35756710 - 35757861 Fax: 35712151 - 35761378
Mills	Sheikhupura - Lahore Road, Sheikhupura (Ismailabad Unit) Sheikhupura - Faisalabad Road, Sheikhupura (Kharianwala Unit)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the Shareholders of Ayesha Textile Mills Limited (the "Company") that Annual General Meeting of the Company will be held on Saturday, October 27, 2018 at 11:30 a.m. at 97-B, Gulberg II, Lahore to transact the following business:-

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

2. To appoint auditors for the year ended 2017-2018 and to fix their remuneration.

Lahore — **By order of the Board**

October 03, 2018 — **IMRAN KHAN**

(Company Secretary)

NOTES :

1. The members registered will remain closed from October 21, 2018 to October 27, 2018 both dates inclusive). Transfer received at CorpTech Associates (Pvt) Limited, 503-E, Johar Town, Lahore, the independent share registrar of the company by the close of business October 20, 2017 will be treated in time.
2. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at Registered Office not later than 48 hours before the time for holding the Meeting.
3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
   a. **For attending the meeting**
      - **i.** In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
      - **ii.** In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
   b. **For Appointing Proxies**
      - **i.** In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
      - **ii.** The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
      - **iii.** Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
      - **iv.** The proxy shall produce his original CNIC or original passport at the time of the Meeting.
      - **v.** In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.
4. **Submission of Copies of Valid CNICs**: Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
5. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.ayeshagroup.pk.
6. **Dividend Mandate (Mandatory)**: In accordance with the provisions of section 242 of the Companies Act, 2017 Dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circulars No. 18 of 2017 dated August 01, 2017 has presently waived this condition till October 31, 2017. After this date, any Dividend payable shall be paid in the manner prescribed only. Therefore all shareholders are requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants/Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC.
7. **Unclaimed Dividend/Shares:** Shareholders who could not collect their dividend/physical shares are advised to contact at registered office of the company to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017 after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.
8. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2018 are being placed on the Company's website: www.ayeshagroup.pk.
9. Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

DIRECTORS' REPORT

On behalf of the directors, it is my pleasure to present the 53nd annual report with audited financial statements of the company and auditors' report thereon for the year ended June 30, 2018 which reflects the affairs of the company.

Financial highlights	2018	2017
	(Rupees '000)	
Loss before Taxation	(28,052)	(3,942)
Taxation	(2,960)	(190,737)
Loss after taxation	(31,012)	(194,679)

The above data for the year shows a net loss after tax of Rs. 31.012 million compared to last year after tax loss of Rs. 194.679 Million.

The losses incurred are due to shut down the production since November 2015.

The directors are fully committed in bringing the company to its full capacity by managing the company efficiently and effectively.

We draw your attention on the qualifications in the the auditors' report and note 1.1 to these financial statements in which it has been explained that the Company incurred a net loss of Rs. 31.01 million (2017: Rs. 194.68 million) resulting in accumulated losses of Rs. 286.45 million at the close of the year ended 30 June 2018. The Company's current liabilities exceed its current assets by Rs. 670.94 million (2017: Rs. 657.02 million).

These conditions along with adverse key financial ratios, the Company's inability to comply with loan agreements and inability to pay long-term financing on due dates indicate the existence of a material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

(a) The management has prepared a five (5) years future plan showing profitability.

(b) The sponsoring directors have given a written commitment stating that they will provide out of private sources working capital as required by the Company.

(c) The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conversation, close monitoring of other fixed cost. The management is certain to generate sufficient savings as consequences of adopting all such measures.

(d) Management is considering different options to revive the production of closed units and is very much confident that production of the closed units will be revived in few months.

Earning Per Share
Loss per share for the year is Rs. 22.15 as compared to loss per share of Rs. 139.06 in the previous year.

Dividend

Though the company liquidity position is marginally favorable the directors have not recommended any payment of dividend for the period as it intends to use the resources for settling of its debts and expansion.

Related parties

The board of directors has approved the policy for transaction/contract between Company and its related parties on an arm's length basis and relevant rate to be determined as per the "comparable un-controlled price method".

Taxation

Provision for taxation in respect of export proceeds and other income has been fully provided. For outstanding taxes and levies, please refer to note 27 and 11.2 to the annexed audited financial statements.

Statement of compliance with the best practices on transfer pricing

The Company has fully complied with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Environment, health, safety and social action

Ayesha Textile Mills Ltd provides and maintains, so far as reasonably practicable, plant equipment, systems and working conditions which are safe and without risk to the health of all employees and public. Management has maintained safe environment in all its operations throughout the year.

Compliance with the code of Corporate Governance

The Board of Directors have pleasure to inform you that the Company has taken necessary steps to comply with the provisions of the code of Corporate Governance as incorporated in the listing regulations of the Karachi and Lahore Stock Exchanges. Statements of Compliance with the Code of Corporate Governance is annexed.

Statements on Corporate & Financial Reporting Framework

The Company complies with the Code in the following manner.

a. The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and change in equity.

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure if any there from has been adequately disclosed.

e. The Board has set-up an effective internal audit function internally / and has outsourced some internal audit function to M/s Fazal Mahmood and Company Chartered Accountants, who are considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their Representatives) are involved in their internal audit function on a full time basis.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. We have prepared and circulated statements of ethics and business strategy among directors and employees.

i. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

j. As required by the code of corporate governance, we have included the following information in this report:

Statements of pattern of shareholding
Statements of shares held by associate undertaking and related parties
Statements of the board meetings held during the year and attendance by each director
Key operation and financial statistics for last six years.

Board of Directors

Since the last report, there has been no change in the composition to the Board. During the year under review, seven board meetings were held and the number of meetings attended by each Director is given hereunder:-

Name of Director	No. Of Meetings Attended
Mr. Anjum Rafi (CEO)	5
Mr. Tariq Rafi	3
Mr. Arif Rafi	5
Mr. Abdullah Rafi	5
Mr. Imran Khan Rafi	5
Mr. Waseem Lodhi	5
Mr. Muhammad Abbas	4

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The Name of its member are given in the Company profile.
The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors form time to time to improve the systems with in the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appointment of external auditors and review of periodic accounts.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee during the financial year. The Name of its member are given in the Company profile.

AUDITORS

The present auditors M/s Kamran & Company, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for re-appointment under the terms of the Code of Corporate Governance.

ACKNOWLEDGEMENTS

The Directors of the Company wish to think its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible.

Anjum Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

SIX YEARS AT A GLANCE

	2018	2017	2016	2015	2014	2013
			(Rupees '000)			
Sales	---	---	364,876	2,005,360	3,256,947	3,370,749
Gross Profit	---	---	(251,096)	(85,248)	113,497	226,540
Profit / (loss) before taxation	(28,052)	(3,942)	(298,500)	(44,915)	(77,106)	74,700
Provision for tax	(2,960)	(190,643)	(3,655)	(29,188)	9,892	(19,531)
Profit / (loss) after taxation	(31,012)	(194,585)	(302,155)	(15,727)	(86,998)	94,231
Total assets	1,056,693	1,079,352	1,348,267	3,225,813	3,502,698	3,487,448
Current liablilities	726,871	716,574	924,112	942,406	972,914	828,433
	329,822	362,778	424,155	2,283,407	2,529,784	2,659,015
Represented By:						
Equity & Surplus	103,514	133,467	249,835	1,831,503	1,802,342	1,875,832
Long Term Loans	195,336	196,486	157,545	197,115	395,571	417,032
Deferred Liabilities	30,972	32,825	16,775	254,789	331,871	366,151
	329,822	362,778	424,155	2,283,407	2,529,784	2,659,015

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The entire organization of Ayesha Textile Mills Limited will be guided by the following principles in its pursuit of excellence in all activities for attainment of the company's objectives:

AS DIRECTOR

Foster a conducive environment through responsive policies.
Maintain organizational effectiveness for the achievement of the company goals.
Encourage and support compliance of legal and industrial requirements.
Protect the interest and assets of the company.

AS EXECUTIVE AND MANAGERS

Ensure the profitability of operations.
Provide the direction and leadership to the organization.
Ensure total customer's satisfaction through excellent products and services.
Promote a culture of excellence, conservation, and continual improvements.
Cultivate work ethics and harmony among colleagues and associates.
Encourage initiatives and self realization among employees through meaningful empowerment.
Ensure an equitable method of working and reward system.

AS EMPLOYEE AND STAFF

Devote productive time and efforts.
Observe company's policies and regulations.
Exercise prudence in using company's resources.
Strive for excellence and quality.
Must avoid making personal gain (other than authorized salary and benefits) at the Company's expense, participating in or assisting activities which compete with Ayesha Textile Mills Limited, working for any customer or suppliers of Ayesha Textile Mills Limited and to hold any ownership interest in a customer, supplier, distributor or competitor.

FINANCIAL INTEGRITY

Compliance with accepted accounting rules and procedures required at all time.

In addition to being duly authorized, all transactions must be properly and fully recorded. No entry or document may be false or misleading and no undisclosed and unrecorded account, fund or asset may be established or maintained. No corporate payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it.

All information supplied to the auditors must be complete and not misleading.

Ayesha Textile Mills Limited will not knowingly assist fraudulent activities (e.g. tax evasion) by others. If you have any reason to believe that fraudulent activities are taking place (whether in Ayesha Textile Mills Limited or by others with whom we do business), you must report it to your manager immediately.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd. and Lahore Stock Exchange (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner.

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

Category	Names
Independent Directors	**Mr. Imran Khan**
Executive Directors	**Mr. Anjum Rafi** **Mr. Abdullah Rafi** **Mr. Waseem Lodhi**
Non-Executive Directors	**Mr. Muhammad Abbas** **Mr. Tariq Rafi** **Mr. Arif Rafi**

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4. Casual vacancy occurring in the board of directors of the company during the year was duly filled up..

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 statements, overall corporate strategy and significant policies of the company. A record of particulars of significant policies along with 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 appointment and determination of remuneration and terms and condition of employment of the CEO and other executive directors, have been taken by the Board/Shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The board arranged one training program for its directors during the year.

10. The new appointment of CFO was according to the terms and conditions of employment which has been approved by the board of directors.

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

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

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

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

15. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors including the chairman of the committee.

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 and as required by the Code of Corporate Governance. 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 three (03) Members; of who two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set-up an effective internal audit function for which staff appointed who are 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 program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

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

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

23. We confirm that all other material principles contained in the code have been complied with.

Anjum Rafi
Chairman/Chief Executive

Abdullah Rafi
Director

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2018.

The Company has fully complied with the best practices on transfer pricing as contained in the relating listing regulations of the Karachi and Lahore Stock Exchanges of Pakistan.

Anjum Rafi	**Abdullah Rafi**
Chairman/Chief Executive	**Director**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **AYESHA TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, because of the matters stated in para (a) below, the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

(a) The company does not operate fully under the best practices contained in the Regulations as applicable to the Company including non-operative internal audit function, non-appointment of independent director, non-certification of director's training program and various other non-compliances to the Regulations as applicable to the Company.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended 30 June 2018.

ISLAMABAD
October 07, 2018

KAMRAN & CO.
Chartered Accountants
Engagement Partner
Kamran Fatah (FCA)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements of **M/S AYESHA TEXTILE MILLS LIMITED**, which comprises the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanation given to us, because of the significance of the matters as discussed in basis for adverse opinion paragraph the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give information required by Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR ADVERSE OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

a) As explained in note 1.1 to the financial statements, the Company has incurred a net loss of Rs. 31.012 million (2017: Rs. 194.679 million) resulting in accumulated losses of Rs. 286.451 million (June 30 2017: 257.292 million) at the close of the year ended 30 June 2018. The Company's current liabilities exceed its current assets by Rs. 670.939 million (2017: Rs. 657.017 million). The Company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the Company are ceased. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;

b) Long-term finances and outstanding short-term borrowings as mentioned in note 10, 14-16 to the financial statements remain unconfirmed in the absence of direct confirmation from financial institutions and related parties, owing the disputes with financial institutions over outstanding balances, the same could not be otherwise verified.

c) We are unable to confirm trade and other payables amounting to Rs 243.698 million in absence of direct balance confirmation and other alternate audit procedures.

d) No provision for accrued mark-up over outstanding loan balances has been provided in financial statements. We are unable to determine the quantum of provision with reasonable accuracy and therefore, its impact on results for the year and equity could not be quantified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit MattersS. No. Key Audit Matters

AUDITORS' REPORT TO THE MEMBERS

e) In the absence of direct confirmations from legal advisor of the Company, we were unable to comment on the status of the cases or other litigations, if any, involving the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters

S. No.	Key Audit Matters	How the matter was addressed in our audit
I.	**First Time Application of third and fourth schedules to the Companies Act, 2017** As referred to in note - 2 to the annexed financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments relating to disclosures required in the Company's financial statements.	Our audit procedures included the following: Considering the management's process to identify the necessary amendments required in the Company's financial statements. Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

AUDITORS' REPORT TO THE MEMBERS

II. De-listing	How the matter was addressed in our audit
As referred to in note 36 to the annexed financial statements, the Company is in process of de-listing. De-listing of the Company is affecting the rights and stakes of the minority shareholders including buy-back price of the shares. We consider it as key audit matter.	Our audit procedures included the following: We inquire form the management about the status of de-listing process.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Acts, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Refer para (a) above under 'Basis for adverse opinion'.

Boards of directors are responsible for overseeing the Company's financial reporting process.

AUDITORS' REPORT TO THE MEMBERS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exist. Misstatement can arise from fraud or error and are consider material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional Judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Refer para (a) above under 'Basis for adverse opinion'.

Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the financial statements represent the underlying transaction and events in a manner that achieve fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITORS' REPORT TO THE MEMBERS

We also provide the board of directors with a statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion because of the significance of the matters as described in basis for adverse opinion above:

a) Proper books of account have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) The statements of financial position, the statements of profits or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are agreement with the books of account and return;

c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and

d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement Partner on the audit resulting in this independent auditor's report is Kamil Fatah (ACA).

KAMRAN & CO.
Chartered Accountants
Engagement Partner
Kamran Fatah (FCA)

ISLAMABAD:
October 07, 2017

BALANCE SHEET AS AT JUNE 30, 2018

	NOTE	2018	2017	2016
			(Rupees '000)	
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	7	14,000	14,000	14,000
Reserves	8	77,627	77,627	77,627
(Accumulated loss) / Unappropriated profit		(283,451)	(257,292)	(107,155)
Surplus on revaluation of property, plant and equipment	9	298,338	299,132	342,588
		103,514	133,467	327,060
Non current liabilities				
Long-term finances	10	195,336	196,486	157,545
Deferred liabilities	11	30,972	32,825	16,775
		226,308	229,311	174,320
Current liabilities				
Trade and other payables	12	243,698	233,401	408,770
Mark-up accrued on borrowings	13	32,272	32,272	29,037
Short-term borrowings from financial institutions	14	239,511	239,511	289,890
Short-term borrowings from related parties	15	49,899	49,899	49,899
Current portion of long-term finances	16	161,491	161,491	146,516
		726,871	716,574	924,112
Contingencies and commitments	17	—	—	—
		1,056,693	1,079,352	1,425,492
ASSETS				
Non-current assets				
Property, plant and equipment	18	991,459	1,010,493	1,030,163
Long-term investments		—	—	30,383
Long-term loans and advances		—	—	917
Deferred tax asset		—	—	153,716
Long-term deposits	19	9,302	9,302	9,302
		1,000,761	1,019,795	1,224,481
Current assets				
Stores, spare and loose tools		—	—	126,750
Trade debts	20	1,500	—	6,679
Loans and advances	21	782	—	5,216
Trade deposits and short-term prepayments		—	—	2,001
Balances due from government	22	53,369	57,101	58,229
Cash and bank balances	23	281	2,456	2,136
		55,932	59,557	201,011
TOTAL ASSETS		1,056,693	1,079,352	1,425,492

The annexed notes from 1 to 38 form an integral part of these financial statements.

Anjum Rafi
Chairman/Chief Executive

Abdullah Rafi
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018	2017
		(Rupees '000)	
Other operating income	24	16,572	30,426
Administrative and general expenses	25	44,614	31,114
Finance cost	26	10	3,254
		44,624	34,368
Loss before taxation		(28,052)	(3,942)
Taxation	27	(2,960)	(190,737)
Loss after taxation	25	(31,012)	(194,679)
		(Rupees)	(Rupees)
Loss per share (basic and anti-dilutive)	28	(19.14)	(138.99)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Anjum Rafi
Chairman/Chief Executive

Abdullah Rafi
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018	2017
		(Rupees '000)	
Loss for the year		(31,012)	(194,679)
Other comprehensive income for the year			
Item that will not be reclassified to Profit and Loss Account:			
Write back of revaluation reserve		—	42,669
Total other comprehensive loss - net of tax		—	42,669
Total comprehensive loss for the year		(31,012)	(152,010)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Anjum Rafi
Chairman/Chief Executive

Abdullah Rafi
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018	2017
		(Rupees '000)	
A Cash flow from operating activities			
Profit / (Loss) before taxation		(28,052)	(3,942)
Add / (Less): Adjustment for non-cash items:			
Depreciation on property, plant and equipment	18.3	19,034	19,670
Liabilities written back (net of write offs)		—	(17,215)
Finance cost	26	10	3,254
		19,044	5,709
Operating (loss) before working capital changes		(9,008)	1,767
Working capital changes			
(Increase) / Decrease in current assets			
Trade debts		(1,500)	(1,045)
Loan and advances		(782)	4,038
Balances due from government		—	150
(Decrease) in trade and other payables		10,297	(133)
		8,015	3,010
Net cash generated from operations		(993)	4,777
Income taxes paid		(22)	(1,982)
Finance cost paid		(10)	(19)
Net cash generated from operating activities		(1,025)	2,776
B Cash flow from financing activities			
Repayment of long term finances		(1,025)	(5,991)
Bank over draft		—	3,536
Net cash (out) flow in financing activities		(1,025)	(2,455)
Net increase / (decrease) in cash and cash equivalents (A+B)		(2,175)	319
Cash and cash equivalents at the beginning of the year	23	2,456	2,136
Cash and cash equivalents at the end of the year	23	281	2,456

The annexed notes from 1 to 38 form an integral part of these financial statements.

Anjum Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

(Rupees '000)

	Share Capital	Reserves				Accumulated profit	Revaluation surplus on property, plant and equipment	Total Equity
		Capital	General	Special	Investments			
As at 30 June 2016 - as previously reported	14,000	6,124	70,550	267	686	(69,235)		317,924
Impact of restatement - note 6.1								
Effect of prior period error - note 6.2						(37,920)		
As at 30 June 2016 - as restated						(107,155)		
Total comprehensive loss for the year	—	—	—	—	—	(152,010)		(300,084)
Incremental depreciation on revaluation of property, plant and equipment for the year (net of tax)	—	—	—	—	—	2,106		2,106
Revaluation surplus on property, plant and equipment - adjustment due to change in tax	—	—	—	—	—	1,890		1,890
Adjustment of writing off revaluation surplus related to associated undertakings	—	—	—	—	—	1,890		1,890
As at June 30, 2017	14,000	6,124	70,550	267	686	(257,292)		22,392
Total comprehensive loss for the year	—	—	—	—	—	1,853		(151,916)
Incremental depreciation on revaluation of property, plant and equipment for the year (net of tax)	—	—	—	—	—	—		2,083
Revaluation surplus on property, plant and equipment - adjustment due to change in tax rate	—	—	—	—	—	—		2,083
As at June 30, 2018	14,000	6,124	70,550	267	686	(286,451)		(127,441)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND ACTIVITIES

Ayesha Textile Mills Limited ('the Company') is a public limited company incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed at Pakistani Stock Exchange (formerly Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 97-B, Gulberg II, Lahore. The Company was engaged in manufacturing and sale of cotton and PC yarn. The Company had ceased its operations since November 2015.

1.1 GOING CONCERN ASSUMPTION

The Company had suffered severe energy crisis in the from of unscheduled and unprecedented gas and electricity load shedding which catastrophically impaired the production of the company resulting in total seizure of the Company's production (November 2015) as compared to major short fall in production due to seizure of Unit II of the Company situated at 9 kilometer, Faisalabad Road, Kharianwala, Sheikhupura, (April 2015).

The Company incurred a net loss of Rs. 31.01 million (2017: Rs. 194.68 million) resulting in accumulated losses of Rs. 286.45 million at the close of the year ended 30 June 2018. The Company's current liabilities exceed its current assets by Rs. 670.94 million (2017: Rs. 657.02 million).

These conditions along with adverse key financial ratios, the Company's inability to comply with loan agreements and inability to pay long-term financing on due dates indicate the existence of a material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

(a) The management has prepared a five (5) years future plan showing profitability.

(b) The sponsoring directors have given a written commitment stating that they will provide out of private sources working capital as required by the Company.

(c) The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conversation, close monitoring of other fixed cost. The management is certain to generate sufficient savings as consequences of adopting all such measures.

(d) Management is considering different options to revive the production of closed units and is very much confident that production of the closed units will be revived in few months.

The management anticipates that above steps will not only bring the Company out of existing financial crisis but also contribute significantly towards the improvement of the Company's financial position in the foreseeable future.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 30 June 2018:

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective:

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

3.3 Standards adopted by the Securities and Exchange Commission of Pakistan

Title Standard/Interpretation		Effective date (annual reporting periods beginning on or after)
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019

IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

4. BASIS OF PREPARATION

4.1 Measurement

These financial statements have been prepared under historical cost convention modified by:

- financial instruments at fair value;
- employee retirement benefits at present value; and
- revaluation of certain items of property, plant and equipment.

4.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting 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 expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

a) Depreciation method, rates and useful lives of property, plant and equipment
b) Revaluation of property, plant and equipment
c) Employee benefits
d) Recoverable amount of assets/cash generating units and impairment
e) Taxation
f) Provisions
g) Contingencies

4.3 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. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies below had been adopted in preparation of these financial statements:

5.1 Property, plant and equipment

Property, plant and equipment except freehold land is stated at cost / revalued amounts (if any) less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Capital work in progress and stores held for capital expenditure are stated at cost less accumulated impairment losses, if any. Cost also includes borrowing costs wherever applicable.

When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income during the period in which they are incurred.

Depreciation is charged to profit and loss account applying the reducing balance method over its estimated useful life at the rates specified in note 18 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which they are available for use while no depreciation is charged for the whole year in which property, plant and equipment purchased, and no depreciation in the year in which it is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment, if any, are recognized in the income of the relevant year, as and when incurred. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

5.2 **Surplus on revaluation of fixed assets**

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost.

5.3 **Employee retirement benefits (gratuity)**

The Company was operating an unfunded and unapproved gratuity scheme (defined benefit plan) for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.
As the company has ceased its operations and accordingly, the company has stop providing for employee retirment benefits and amount no longer payable to employees had been written back. Hence, had not provided additional disclosures required under IAS 19.

5.4 **Taxation**

Income tax expense comprise current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in 'profit and loss account / statement of comprehansive income' or 'equity', in which case it is recognized in ' statement of profit or loss and other comprehensive comprehensive income' or 'equity'.

Current
Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

Deferred
As the Company has ceased its operations during the year, hence the Company has not provided any further charge of deferred tax except the deferred tax liability over revaluation surplus created over assets of the Company in their financial statements. The charge of deferred tax will be eliminated at the time of the actual adjustment of total income tax liability of the Company.

5.5 **Borrowings and borrowing costs**

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are included in markup accrued on loans and other payables to the extent of amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent the borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

5.6 Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) **Financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) **Held to maturity investments**
Held to maturity are financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market, where management has the intention and ability to hold till maturity are carried at amortized cost.

d) **Available for sale financial assets**
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the reporting date. Available for sale financial assets in such case are classified as short term investments in the statement of financial position.
When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized as "Other comprehensive income" are included in the profit or loss as gains and losses on disposal of short term investments. Interest on available for sale securities calculated using effective interest method is recognized as profit or loss. Dividends on available for sale equity instruments are recognized in the profit or loss when the Company's right to receive payments is established.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method. The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognized in the profit or loss. Changes in the fair value of instruments classified as 'available for sale' are recognized in 'Other comprehensive income' until derecognized or impaired, when the accumulated fair value adjustments recognized in unrealized surplus on revaluation of investments are included in the profit or loss for the year. The Company assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities
All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at cost, which is the fair value of the consideration given. Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

Off-setting of financial assets and liabilities
A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable 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.

5.7 Trade and other payable

a) Financial liabilities
These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

b) Non-financial liabilities
These on initial recognition and subsequently are measured at cost.

5.8 Long term deposits

These are stated at cost which represents the fair value of consideration given.

5.9 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items except stores in transit which are valued at invoice values plus other charges incurred thereon up to the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

5.10 Stock-in-trade

Basis of valuations are as follows:

Particulars	
Raw material - at warehouse	at lower of weighted average cost and net realizable value
- in transit	at cost accumulated to the balance sheet date
Work-in-process	at estimated manufacturing cost
Finished goods	at lower of cost and net realizable value
Waste	at realizable value

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

5.11 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and short-term deposits which are held to maturity.

5.13 Impairment

a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. For nonfinancial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognized in profit and loss account.

5.14 Provisions

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

5.15 Revenue recognition

TSales are recorded on dispatch of goods to customers. Dividends income is recognized when right to receive dividend is established. Profit on bank deposits is recognized on accrual basis.

5.16 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) **Sale of goods and services**
Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) **Purchases of goods and services**
Purchases of goods from related parties are recognized at actual cost to the Company. Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) **Dividend distribution**
Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

5.17 Determination of fair value

A number of Company's accounting policies require determination of fair value, for both financial and non-financial assets and liabilities. Fair values of assets and liabilities is determined as follows:

a) **Trade and other receivables**
The fair value of trade and other receivables is estimated as the present value of future net cash in flows, discounted at the market rate of interest at the reporting date.

b) **Trade and other payables**
The fair value of trade and other payables is estimated as the present value of future net cash out flows, discounted at the market rate of interest at the reporting date.

c) **Borrowings**
The fair value of borrowings is determined using effective interest method.

5.18 Figures

Figures have been rounded off to the nearest of rupee.

6. RESTATEMENT OF PRIOR PERIOD BALANCES

6.1 RESTATEMENT OF PRIOR PERIOD BALANCES

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land and building stands amended as follows:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As previously reported	As re-stated	Re-statement
		(Rupees '000)	
As at 30 June 2017			
	299,132	—	(299,132)
Effect on statement of financial position	—	299,132	299,132
Surplus on revaluation of property, plant and equipment			
Share capital and reserves			
	—	299,132	299,132
Effect on statement of changes in equity			
Revaluation surplus on property, plant and equipment	—	—	—

	As previously reported	As re-stated	Re-statement
As at 30 June 2016		(Rupees '000)	
Effect on statement of financial position			
Surplus on revaluation of property, plant and equipment	227,443	—	(227,443)
Share capital and reserves	—	227,443	227,443
Effect on statement of changes in equity			
Revaluation surplus on property, plant and equipment	—	227,443	227,443
Effect on statement of comprehensive income			
Gain on revaluation of land and buildings - net of deferred tax	—	—	—

6.2 **Prior period error**

During the financial year ended 30 June 2016 the Company had revalued its property, plant and equipment. This transaction was correctly recongised in the financial statements for the year ended 30 June 2016 except for the deferred tax on revaluation surplus to be transferred from surplus on revaluation of fixed assets. Financial statements for the year ended 30 June 2017 have been restated, to incorporate the impact of surplus / impairment realized on fresh revaluation of fixed assets, which has been applied retrospectively and the comparative information has also been restated in accordance with the treatment specified in International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of restatement is summarized below.

Net impact of prior period restatement

Year ended 30 June 2016

Increase in surplus on revaluation of fixed assets	(184,774)
(Decrease) in deferred tax on surplus of revaluation of fixed assets	(111,978)
(Decrease) in accumulated surplus	296,752

Other effects

This prior period restatement has no impact on earnings per share and statement of cash flows as a result of retrospective application of above transactions.

Amendments' to IAS 1 'Presentation of Financial Statements' regarding comparative information

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third statement of financial position as required by IAS 8, the statement of financial position should be as at the beginning of the preceding period i.e. the opening position. No notes are required to support this statement of financial position.

7. SHARE CAPITAL

	2018	2017	2018	2017
	(Number of shares)		(Rupees '000)	
Authorized capital				
Ordinary shares of Rs. 10 each	5,000,000	5,000,000	50,000	50,000
Issued subscribed and paid up capital				
Ordinary shares of Rs. 10 each	350,000	350,000	3,500	3,500
- Ordinary shares of Rs. 10 each	1,050,000	1,050,000	10,500	10,500
	1,400,000	1,400,000	14,000	14,000

		2018	2017	Equity Held
		(Number of shares)		% age
7.1	Shares held by associated companies / related parties	342,824	342,824	24.49%
	Amin Textile Mills (Private) Limited	61,600	61,600	4.40%
		404,424	404,424	28.89%
	Surriya Textile Mills (Private) Limited			

7.2 The shareholders' are entitled to receive all distributed to them including dividend and other entitlements in the form of bonus shares and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

7.3 There is no movement in share capital during the year.

8. RESERVES

		2018	2017
		(Rupees '000)	
Capital reserves		6,124	6,124
Special reserves	- note 8.1	267	267
Investment in associate	- note 8.2	686	686
General reserves		70,550	70,550
		77,627	77,627

8.1 Special reserve

This represents reserve created under section 15 BB of the Income Tax Ordinance, 2001.

8.2 Investment in associates

9. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - NET OF TAX

This represents surplus created on revaluation of property, plant and equipment of -

		2018	2017
		(Rupees '000)	
Company's own assets	- note 9.1	298,338	299,132
Associated undertakings	- note 9.2	—	—
		298,338	299,132

		2018	2017
		(Rupees '000)	
9.1	**Company's own assets - net of deferred tax**		
	At the beginning of the year	331,957	334,672
	Transfer to unappropriated profit in respect of:		
	- Incremental depreciation on revalued assets	2,647	2,715
	- Related deferred tax liability	—	—
		2,647	2,715
		329,310	331,957
	Related deferred tax liabilities:		
	- At beginning of the year	32,825	34,753
	- Effect of change in tax rate	(1,059)	(1,086)
	- Incremental depreciation on revalued assets	(794)	(842)
		30,972	32,825
		298,338	299,132

9.1.1 The Company, revalued its freehold land, buildings on freehold land and plant and machinery for different locations during the year ending 30 June 2016 (detailed below) in order to book property, plant and equipment at realizable value. The said revaluation exercise was carried-out by M/s. Hamid Mukhtar & Co. (Private) Limited and M/s. SURVAL (approved Valuers on the panel of Pakistan Banks' Association) to replace the carrying amounts of assets with the market values and revaluation adjustments were incorporated.

The basis of revaluation are as under:

Freehold land	The value of land is based on inquiries in the activity of land and also information obtained from different sources in the area.
Buildings on freehold land	The value of building is based on information of construction details, covered areas and quality of constructions were noted and new rate of construction per square foot was determined based upon estimates of balance life to arrive at new construction value.
Plant and Machinery	The value is based on inquiries from the local market, market based comparisons and setting price of machinery to obtain prevalent replacement values of similar local and imported machinery items.

		2018	2017
		(Rupees '000)	
9.2	Associated undertakings	—	42,669
	Bashir cotton Mills (Private) Limited	—	(42,669)
	Less: write back of investments	—	—

Description	Interest	Other terms and conditions: Security	Other terms and conditions: Arrangements and repayments	2018 (Rupees '000)	2017 (Rupees '000)
Allied Bank Limited	3 months kibor (2017: 3 months kibor)	The loan is secured by first pari passu charge over plant and machinery of the Company to the extent of Rs. 204.380 million inclusive of specific charge of Rs. 133.616 million over plant and machinery and mortgage of land of the Company situated at Shiekhupura and personal guarantee of directors of Company.	The loan is repayable in seventy two (72) installments, commenced from March 2011.	137,189	137,189
			The mark-up will accrue over a period of six years and will be transferred to frozen mark-up account. Frozen mark-up will be repaid in thirty six (36) equal monthly installments commencing from March 2017 after repayment of principal amount of the loan.	92,344	92,344
			Demand Finance 2 (frozen mark-up) which stands overdue and was payable in forty five (45) equal monthly installments commenced from March 31, 2011.	12,925	12,925
			Demand Finance 3 (frozen mark-up) which also stands overdue and was payable on December 2011.	2,636	2,636
Bank of Punjab	3 months kibor plus 50 bps with floor of 7% (2017: 3 months kibor plus 50 bps with floor of 7%)	The loan is secured by exclusive charge over on specific machinery of the Company to the extent of Rs. 107 million inclusive of ranking charge over specific machinery of the Company to the extent of Rs. 230.200 million, present and future current assets amounting to Rs. 208 million and personal guarantee of directors of the Company.	This loan had been rescheduled last year. According to the amended agreement, the loan is repayable in seventeen (17) equal quarterly installments commenced from June 2015.	35,293	36,443
			The frozen mark-up is repayable in twenty four (24) equal monthly installments commencing from March 2017 after the repayment of principal amount of the loan.	22,524	22,524
Faysal Bank Limited	Avergae kibor (2017: Nil)		This loan had been created by converting short-term borowings in Demand Finance. According to the amended agreement, the loan is repayable in four years.	53,916	53,916
				356827	357,977

Description	Interest	Other terms and conditions: Security	Other terms and conditions: Arrangements and repayments	2018 (Rupees '000)	2017 (Rupees '000)
Allied Bank Limited	3 months kibor (2017: 3 months kibor)	The loan is secured by first pari passu charge over plant and machinery of the Company to the extent of Rs. 204.380 million inclusive of specific charge of Rs. 133.616 million over plant and machinery and mortgage of land of the Company situated at Shiekhupura and personal guarantee of directors of Company.	The loan is repayable in seventy two (72) installments, commenced from March 2011.	137,189	137,189
			The mark-up will accrue over a period of six years and will be transferred to frozen mark-up account. Frozen mark-up will be repaid in thirty six (36) equal monthly installments commencing from March 2017 after repayment of principal amount of the loan.	92,344	92,344
			Demand Finance 2 (frozen mark-up) which stands overdue and was payable in forty five (45) equal monthly installments commenced from March 31, 2011.	12,925	12,925
			Demand Finance 3 (frozen mark-up) which also stands overdue and was payable on December 2011.	2,636	2,636
Bank of Punjab	3 months kibor plus 50 bps with floor of 7% (2017: 3 months kibor plus 50 bps with floor of 7%)	The loan is secured by exclusive charge over on specific machinery of the Company to the extent of Rs. 107 million inclusive of ranking charge over specific machinery of the Company to the extent of Rs. 230.200 million, present and future current assets amounting to Rs. 208 million and personal guarantee of directors of the Company.	This loan had been rescheduled last year. According to the amended agreement, the loan is repayable in seventeen (17) equal quarterly installments commenced from June 2015.	35,293	36,443
			The frozen mark-up is repayable in twenty four (24) equal monthly installments commencing from March 2017 after the repayment of principal amount of the loan.	22,524	22,524
Faysal Bank Limited	Avergae kibor (2017: Nil)		This loan had been created by converting short-term borowings in Demand Finance. According to the amended agreement, the loan is repayable in four years.	53,916	53,916
				356827	357,977

		2018	2017
		(Rupees '000)	
11. DEFERRED LIABILITIES			
Employee retirement benefits	- note 11.1	—	—
Deferred taxation	- note 11.2	30,972	32,825
		30972	32,825

11.1 Employee retirement benefits

The amount recognized in balance sheet is as follows:

Net liability at beginning of the year	—	16,775
Less: Amount no longer payable written back	—	(16,775)
	—	—

The movement in present value of defined benefit obligations is as under:

At beginning of the year	—	16,775
Less: Amount no longer payable written back	—	(16,775)
At end of the year	—	—

Employee retirement benefits

As the company has ceased its operations and accordingly, the company has stop providing for employee retirment benefits and amount no longer payable to employees had been written back. Hence, had not provided additional disclosures required under IAS 19.

	2018	2017
	(Rupees '000)	
11.2 Deferred taxation		
Deferred tax liability on taxable temporary differences		
Surplus on revaluation of property, plant and equipment	30,972	107,542
Deferred tax asset on deductible temporary differences	—	—
	30,972	107,542

As the furture taxable profits are not available to the Company hence no deferred tax asset is recognized in the finanical statements except the deferred tax liability over revaluation surplus created over assets of the Company.

12. TRADE AND OTHER PAYABLES			
Trade creditors		175,000	175,000
Advances from customers		58,151	58,151
Accrued liabilities		250	250
Other Payable		10,297	—
		243,698	233,401
13. MARK-UP ACCRUED ON BORROWINGS			
Long term financing	- note 13.1	6,406	6,406
Short term borrowings	- note 13.2	25,866	25,866
		32,272	32,272

13.1 Long term finances

The mark-up on long-term finances is frozen by all the financial institutions, which will be paid on repayment of principal portion of loans, hence no provision for accrued mark-up is provided in financial statements.

13.2 Short-term borrowings

The Company has only provided mark-up for first half of the financial year, which was paid, for the subsequent period, the management of the Company is in negotiations with financial institutions

For rescheduling / restructuring of its short-term borrowing along with mark-up to be converted in long-term finances.

		Sanctioned Limits		Amount Availed	
		2018	2017	2018	2017
		(Rupees '000)		(Rupees '000)	
14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS					
Interest bearing secured borrowings					
Running finance	- note 14.1	1,006,000	1,006,000	233,178	233,178
Book overdraft	- note 14.2			6,333	6,333
		1,006,000	1,006,000	239,511	239,511

14.1 Running finance

Various banks have sanctioned credit facilities of Rs. 1,006 million (2017 : Rs. 1,006 million) for working capital requirements which were expired last year and had not been renewed by the financial institutions. These facilities carried markup ranging from 8.50% to 20.00% (2017 : 8.50% to 20.00%) per annum. These were secured against pledge of cotton with 10% to 20% margin, pledge of polyester, lien, first pari passu charge on current assets and fixed assets, ranking charge over all present and future current assets of the Company and personal guarantees of the directors of the Company.

14.2 This represents cheques issued in excess of bank balance. Since there was no bank facility, this has been groped under book overdraft.

		2018	2017
		(Rupees '000)	
15. SHORT-TERM BORROWINGS FROM RELATED PARTIES			
Borrowings from related parties	- note 15.1	49,899	49,899

15.1 Loan from associated undertakings

This represents unsecured and interest free borrowings from related parties of the Company. The loan is payable on demand with mutual consent of management of the Company, therefore, the loan is classified under current liabilities. Maximum aggregate balance at the end of any month during the year was Rs. 49.899 million (2017: 49.899 million).

16. CURRENT PORTION OF LONG-TERM FINANCES			
Long-term finances	- note 10	161,491	161,491

17. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Bank guarantees issued in favour of government departments	28,154	28,154

b) The Company had filed a suit COS No. 9/2012 against the financial institutions before the Honorable Lahore High Court, Lahore against the claim of Rs. 109.334 million on account of their charging excess markup and markup over markup on long-term finances. The Company withheld payment of Rs. 50.00 million to the financial institutions outstanding as on December 31, 2008 in running finance. The management of the Company has evaluated after consulting their solicitors that the Company has a prima facie good case for which there is every likelihood of success and hence no provision has been made for the same in these financial statements. The outcome of the case is not ascertainable as at 30 June 2017.

c) The Company is in the process of negotiations with various financial institutions over the rescheduling / restructuring of short-term borrowings to long-term finances in view of the turmoiled financial position of the Company, primarily due to the overall disturbed economic and social environment of the country. In lieu of the stated negotiations, the Company is no longer providing mark-up on short-term borrowings. The management of the Company is of the view that these negotiations will soon be finalized in favour of the Company.

d) There are no outstanding commitments of the Company as on year end (2016: Nil).

18. PROPERTY, PLANT AND EQUIPMENT

18.1 Reconciliation of carrying values at end and beginning of the year

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE	Annual rate of depreciation
	At beginning of the year	Additions / (Disposals)	At end of the year	At beginning of the year	Charge for the year	At end of the year	At end of the year	% age
	(Rupees '000)							
As at 30 June 2018								
Freehold land	273,384	–	273,384	–	–	–	273,384	–
Buildings on freehold land	358,870	–	358,870	44,946	7,848	52,794	306,076	2.50
Plant and machinery	521,825	–	521,825	102,770	10,476	113,246	408,579	2.50
Tools and equipment	814	–	814	729	10	738	76	10.00
Furniture and fixtures	3,780	–	3,780	3,045	74	3,119	661	10.00
Office equipments	2,893	–	2,893	2,459	43	2,502	391	10.00
Computers and equipment	1,428	–	1,428	1,334	28	1362	66	30.00
Motor vehicles	31,988	–	31,988	29,206	556	29,762	2,226	20.00
Total at 30 June 2018	1,194,982	–	1,194,982	184,489	19,034	203,523	991,459	
As at 30 June 2017								
Freehold land	273,384	–	273,384	–	–	–	273,384	–
Buildings on freehold land	358,870	–	358,870	36,897	8,049	44,946	313,924	2.50
Plant and machinery	521,825	–	521,825	92,025	10,745	102,770	419,055	2.50
Tools and equipment	814	–	814	719	10	729	85	10.00
Furniture and fixtures	3,780	–	3,780	2,963	82	3,045	735	10.00
Office equipments	2,893	–	2,893	2,411	48	2,459	434	10.00
Computers and equipment	1,428	–	1,428	1,293	41	1,334	94	30.00
Motor vehicles	31,988	–	31,988	28,511	695	29,206	2,782	20.00
Total at 30 June 2017	1,194,982	–	1,194,982	164,819	19,670	184,489	1,010,493	

18.2 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows:

	Cost	Accumulated Depreciation (Rupees '000)	Book Value
As at 30 June 2018			
Freehold land	47,316	—	47,316
Buildings on freehold land	147,319	104,608	42,711
Plant and machinery	1,369,679	800,977	568,702
	1,564,314	905,585	658,729
As at 30 June 2017			
Freehold land	47,316	—	47,316
Buildings on freehold land	147,319	103,513	43,806
Plant and machinery	1,369,679	786,395	583,284
	1,564,314	889,908	674,406

18.3 **Depreciation for the year has been allocated as -**

Administrative and general expenses	- note 25	18,695	19,322
Other income - rental income from generator		339	348
		19,034	19,670

As the company's operations are NIL, the depreciation is charged to administrative expenses.

18.4 **Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:**

Location	Usage of immovable property	Total Area (In acres)
Unit-I 32-Km, Lahore Sheikhupura Road,Ismail Abad-Sheikhupura	Manufacturing facility	13.000
Unit-II 8-km, Sheikhupura Faisalabad Road, Kharianwala, District Sheikhupura	Manufacturing facility	21.162

		2018	2017
		(Rupees '000)	
19. LONG-TERM DEPOSITS			
Deposits with various institutions	- note 19.1	9,302	9,302

19.1 These are interest free refundable deposits with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	2018	2017
	(Rupees '000)	
20. TRADE DEBTS		
Local debts (unsecured but considered good)	1,500	—
21. LOANS AND ADVANCES		
Advances to Suppliers and contractors - considered good	782	—

		2018	2017
		(Rupees '000)	

22. BALANCES DUE FROM GOVERNMENT

		2018	2017
Income tax recoverable	- note 22.1	19,457	23,189
Sales tax refundable		33,912	33,912
		53,369	57,101

22.1 Income tax recoverable

	2018	2017
At beginning of the year	23,189	24,317
Add: Income tax deducted / collected during the year	22	1,982
Less: Provision for current year's taxation	(3,754)	(3,110)
At end of the year	19,457	23,189

23. CASH AND BANK BALANCES

	2018	2017
In hand	277	1,623
With banks:		
on current accounts	—	833
on saving accounts	4	—
	4	833
	281	2,456

23.1 Mark up rate in respect of savings accounts ranges between 6% and 9% (2017: 6% to 9%) per

24. OTHER OPERATING INCOME

	2018	2017
Rental income	16,572	13,211
Liabilities written back (net of write offs)	—	17,215
	16,572	30,426

25. ADMINISTRATIVEEXPENSES

		2018	2017
Salaries and allowances	- note 25.1	2,725	2,107
Rent, rates and taxes		163	—
Vehicle running and maintenance		—	666
Travelling and conveyance		47	435
Utilities and communications		21,915	4,727
Printing and stationery		—	65
Legal and professional charges		—	1,669
Auditors' remuneration	- note 25.2	250	250
Depreciation on property, plant and equipment	- note 18.3	18,695	19,322
Other expenses		819	1,873
		44,614	31,114

31.1 Salaries and allowances

This include employee retirement benefits amounting to Rs. NIL (2017: NIL).

31.2 Auditors' remuneration

	2018	2017
Statutory audit fee	150	150
Fee for interim review and other certifications	100	100
	250	250

		2018	2017
		(Rupees '000)	
26.	**FINANCE COST**		
	Mark-up on long-term finances	—	3,235
	Bank charges and commission	19	19
		19	3,254
27.	**TAXATION**		
	Current	3,754	3,110
	Deferred	(794)	187,533
		2,960	190,643

27.1

Provision for current year's taxation has been made in accordance with the relevant provisions of the Income Tax Ordinance, 2001.

27.2

Income tax assessments of the Company have been finalized up to tax year 2017 in accordance with deeming provision of the Income Tax Ordinance, 2001.

27.3

	2018	2017	2018	2017
	% age		(Rupees '000)	
Applicable tax rate	30.00%	31.00%	(8,416)	(1,222)
Tax effects of amounts that are:				
Not allowable for taxation	2.83%	-96.38%	(794)	187,627
Difference in tax rates	-43.38%	-4,773.20%	12,170	4,332
Effective tax rate/tax	-10.55%	-4,838.58%	2,960	190,737

27.4

As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
		Rupees	
Provision as per financial statements	3,110	1,140	529
Tax assessment	3,110	1,140	529

			2018	2017
28.	**LOSS PER SHARE (BASIC AND ANTI-DILUTIVE)**			
	Loss attributable to ordinary equity holders of the Company	**(Rupees)**	(31,012,000)	(194,679,000)
	Weighted average number of ordinary shares	**(Number)**	1,400,000	1,400,000
	Loss per share - basic and anti dilutive	**(Rupees)**	(22.15)	(138.06)

28.1

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of financial assets and liabilities approximate their fair values.

30. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:
a) Credit risk;
b) Liquidity risk; and
c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

30.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering application for credit approvals, granting, renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, financial viability of all counterparties is regularly monitored/assessed.

Concentration of credit risk arise when a number of counterparties are engaged in a similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Credit risk primarily arises from long-term advances, trade debts, loans and advances and balances with banks. To manage exposures to credit risk in respect of trade debts, management performs credit reviews taking into account the customers' financial position, past experience and other relevant factors. Where considered necessary advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce credit risk. Credit risk on bank balances is limited as the counterparties are banks with reasonably high credit ratings.

	2018	2017
	(Rupees '000)	
Long-term deposits	9,302	9,302
Trade debts	1,500	—
Loans and advances	782	—
Bank balances	281	2,456
	20,316	11,758

The maximum exposure to credit risk for trade debts at the balance sheet date by

Local parties	1,500	—

The aging of trade debts at the balance sheet date was as follows:

Falling within 1 to 30 days	1,500	—
Falling within 30 to 90 days and over	—	—
	1,500	—

Impairment losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

30.2 Liquidity risk management

Liquidity risk reflects the Company's inability in 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 customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk table

The following table detail the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective markup rate please see note to these financial statements. Carrying amount and contractual cashflows of trade and other financial liabilities are approximately same.

	2018			
	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
	(Rupees '000)			
Long-term finances	356,827	363,233	167,897	195,336
Trade and other payables	175,250	175,250	175,250	—
Short-term borrowings	239,511	265,377	265,377	—
Borrowings from related parties	49,899	49,899	49,899	—
	821,487	853,759	658,423	195,336

	2017			
	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
	(Rupees '000)			
Long-term finances	357,977	364,383	167,897	196,486
Trade and other payables	175,250	175,250	175,250	—
Short-term borrowings	239,511	265,377	265,377	—
Borrowings from related parties	49,899	49,899	49,899	—
	822,637	854,909	658,423	196,486

30.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

a) Foreign currency risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of raw materials and plant and machinery, if any. The Company is not exposed to any foreign currency risk as there are very minimal such transactions.

b) Interest rate risk
The interest rate risk is the risk that value of financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature in given period. At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Exposure to currency risk
The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar. The currencies in which these transactions primarily are denominated is US Dollar. The company is not exposed to currency risk as at year end.

Interest rate risk
The interest rate risk is the risk that value of financial instrument will fluctuate due to changes in the market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Variable rate instruments	**30 JUNE 2018**	**30 JUNE 2017**	**30 JUNE 2018**	**30 JUNE 2017**
	% age		**(Rupees '000)**	
Short term borrowings	Ranging 8.5%to 20.0%	Ranging 8.5%to 20.0%	239,511	239,511
Long term finances	3M KIBOR + 5% with floor of 7%	3M KIBOR + 5% with floor of 7%	356,827	357,977

Fair value sensitivity analysis for floating rate instruments
The Company does not account for any fixed / floating rate financial assets and liabilities at fair value through profit and loss therefore, a change in interest rate would not affect profit or loss.

c) Price risk management
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuates as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument traded in the market. The Company is not exposed to any significant price risk.

30.4 Determination of fair values of financial instruments
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31. CAPITAL RISK MANAGEMENT

The company's prime object when managing capital are to safeguard its ability to continue as a going concern in order to provide adequate 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 or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowing divided by total capital employed. Borrowing represents long term financing form banking companies and suppliers, long term financing from associated undertakings, long term financing from directors and sponsors and long term portion of liabilities against assets subject to finance lease. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	2018	2017
	(Rupees '000)	
Total borrowings	484,746	485,896
Less: Cash and bank balance	281	2,456
Net debt	484,465	483,440
Total Equity	103,514	133,467
Total capital	587,979	616,907
Gearing ratio	82%	78%

32. TRANSACTIONS WITH RELATED PARTIES

No remuneration has been paid to directors, chief executive and executives during the

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Disclosure of transactions between the Company and related parties

The related parties of the Company comprise of associated undertakings, directors of the Company, key management personnel and entities under common directorship. Balances are disclosed elsewhere in the financial statements.

33.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company Name	Basis of relationship
Ali Leather Works (Private) Ltd	By virtue of common management and directorship
Amin Textile Mills (Private) Ltd	By virtue of common management and directorship
Surriya Textile Mills (Private) Ltd	By virtue of common management and directorship
Bashir Cotton Mills (Private) Ltd	By virtue of common management and directorship

34. PLANT CAPACITY AND ACTUAL PRODUCTION

	2018	2017
Rated annual capacity after conversion into 20's (Kgs)	18,754,968	18,754,968
Actual production of yarn after conversion into 20's count (Kgs)	506,772	506,772
Total number of spindles installed	59,472	59,472
Average number of spindles worked per shift	—	—
Number of shifts worked during the year	—	—
Number of shifts worked per day	3	3

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year.

35. NUMBER OF EMPLOYEES

	2018	2017
	(Numbers)	
Number of employees as at year end	15	15
Average employees during the year	15	15

35. DELISTING OF THE COMPANY

The management has informed that the Company is in process of de-listing from stock exchanges and voluntary buy back of shares as per procedure laid down in listing regulations of the stock exchange as well as under the repealed Companies Ordinance, 1984.

43. RECLASSIFICATIONS AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on **October 03, 2018.**

Anjum Rafi
Chairman/Chief Executive

Abdullah Rafi
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2018

Number of Shareholders	From	To	Total Shares Held
52	1	100	259
1	101	500	165
-	501	1,000	0
12	1,001	5,000	44,008
19	5,001	10,000	156,024
1	10,001	15,000	12,004
1	60,001	65,000	61,600
-	65,001	70,000	0
-	70,001	75,000	0
-	75,001	80,000	0
-	80,001	85,000	0
-	85,001	90,000	0
6	90,001	145,000	783,116
1	145,001	345,000	342,824
93			1,400,000

Categories of Shareholders	Number	Shares Held	Percentage
CEO, DIRECTORS, & THEIR SPOUSE:			
Mr. Muhammad Rafi s/o Late Muhammad Ismail	1	113,852	8.13
Mrs. Surriya Begum w/o Muhammad Rafi	1	117,804	8.41
Mr. Tariq Rafi s/o Muhammad Rafi	1	137,920	9.85
Mr. Arif Rafi s/o Muhammad Rafi	1	137,908	9.85
Mr. Anjum Rafi s/o Muhammad Rafi	1	137,936	9.85
Mr. Abdullah Rafi s/o Muhammad Rafi	1	137,696	9.84
Mr. AGK Lodhi s/o M. Yousaf Khan Lodhi	1	10,000	0.71
Mr. Nasir Anwar s/o Muhammad Anwar	1	8,004	0.57
Mrs. Komal Nasir w/o Nasir Anwar	1	8,004	0.57
ASSOCIATED COMPANIES:			
Amin Textile Mills (Pvt.) Ltd.	1	342,824	24.49
Surriya Textile Mills (Pvt.) Ltd.	1	61,600	4.40
FINANCIAL INSTITUTIONS:			
National Bank of Pakistan-Trustee Department	1	165	0.01
Individuals	81	188,291	13.45
	93	1,400,000	100.00

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST	Shares Held	Percentage
Amin Textile Mills (Pvt.) Ltd.	342,824	24.49

AYESHA TEXTILE MILLS LIMITED

FORM OF PROXY

The Secretary,
Ayesha Textile Mills Limited
97-B, Gulberg II,
Lahore.

I/We ....

of ....

being Member/s of Ayesha Textile Mills Limited hereby appointed ....

of .... as my/our proxy to vote for me/us ....

on my/our behalf at the 53nd Annual General Meeting of the Company to be held on October 28,

In witness my hand this .... day of.. 2018

Signature on Rs. 5 Revenue Stamp

Notes:-

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his behalf. This form of proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

2.

پراکسی فارم (مختار نامہ)

عائشہ ٹیکسٹائل ملز لمیٹڈ

97-B گلبرگ II لاہور

میں/ہم ____________ کا/کی ____________

بحیثیت رکن/شیئر ہولڈر عائشہ ٹیکسٹائل ملز لمیٹڈ اور حامل ____________ عام حصص بمطابق رجسٹر فولیو نمبر ____________

بذریعہ ہذا محترم/محترمہ ____________ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

مورخہ 29 اکتوبر 2016 بروز ہفتہ بوقت گیارہ بجے دن کو اپنے/ہمارے ایماء پر: ____________

منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ____________ بتاریخ ____________ 2016ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔ ____________

ممبر کے دستخط ____________

ریونیو کی مہر 5 روپے

1. گواہان

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی نمبر ____________

2. گواہان

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی نمبر ____________

نوٹ:

1۔ پراکسی تقرری کے یہ آلات تقرر کرنے والے کے دستخط یا اس کے باقاعدہ بااختیار وکیل کے تحریری اجازت نامہ، یا اگر تقرر کرنے والا کارپوریشن ہے تو عام مہر یا ایک آفیشل کے تحت یا ایسے بااختیار وکیل کے دستخط ہوں گے۔ جو کمپنی کا رکن نہیں ہے اسے پراکسی مقرر نہیں کیا جائے گا سوائے ایک کارپوریشن کے جو ووٹ ڈالنے کے لئے ایک غیر رکن شخص کو پراکسی مقرر کر سکتی ہے۔

2۔ پراکسی اور مختار نامہ یا اتھارٹی (اگر کوئی ہوں) تقرر کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے دفتر میں وقت سے کم از کم 48 (اڑتالیس) گھنٹے قبل اجلاس جس میں ووٹ دینے کے مقاصد کے لئے انسٹرومنٹ میں نامزد شخص کی تجویز پیش کی جمع کروایا جائے گا، بصورت دیگر پراکسی کا انسٹرومنٹ کارآمد نہ ہوگا۔

3۔ سی ڈی سی حصص یافتگان یا ان کے پراکسیز کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ معہ پارٹیسپنٹ (شرکت) آئی ڈی نمبر اور اکاؤنٹ نمبر اپنی شناخت کی سہولت کے لئے اپنے ہمراہ لانا چاہیے۔ تفصیلی طریقہ کار نوٹس AGM کے نوٹ میں دیا گیا ہے۔

I). افراد کی صورت میں، بحیثیت رکن یا ذیلی رکن جن کی سکیورٹیز اور رجسٹریشن کی تفصیلات ضوابط کے مطابق موجود ہوں پراکسی فارم مذکورہ بالا قوائد کے مطابق جمع کروائیں۔

II). پراکسی فارم پر دو گواہان کے نام پتے اور شناختی کارڈ نمبرز اور ان کے دستخط بھی موجود ہونے چاہیے۔

III). تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی پراکسی فارم کے ساتھ پیش کی جائے گی۔

IV). پراکسی فارم کے حامل کا اصل شناختی کارڈ یا اصل پاسپورٹ میٹنگ کے وقت پیش کرے گا۔

V). کارپوریشن کی صورت میں بورڈ کی قرارداد/مختار نامہ اور پراکسی فارم کے حامل کے دستخط کا نمونہ بھی پراکسی فارم کے ساتھ پیش کیا جائے گا۔

AYESHA TEXTILE MILLS LTD.
97-B GULBERG II, LAHORE.
Tel: 042-35756707-710 Fax: 042-35712151
E-mail: ayshabd@brain.net.pk
Website: www.ayeshagroup.com