36th

ANNUAL REPORT

2017

CONTENTS

DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors are pleased to place before you the Financial Statements for and as at the year ended 30 June 2017 along with the Notes thereon at the 36th Annual General Meeting of the Company.

COMPANY'S AFFAIRS

There have been no material changes or commitments effecting the financial position of the Company since the close of the current financial year on 30 June 2017.

During the current Financial Year the Company's merger with (Colony) Sarhad Textile Mills Limited was duly approved by the Honorable Lahore High Court and this was duly acknowledged by the office of the Registrar, SECP.

The Company's financial statements as at 30 June 2017 are being presented on a realizable basis, duly incorporating the assets and liabilities of (Colony) Sarhad Textile Mills Limited. The Company is in the process of finalizing the plans to assess the way forward as a going concern.

The increased share capital is not reflected in these accounts, as the issuance of shares to shareholders of (Colony) Sarhad Textile Mills Limited has not been completed.

The process of issuing shares of Suhail Jute Mills Ltd to the Shareholders of (Colony) Sarhad Textile Mills Ltd at the sanctioned swap ratio is underway and once the physical issuance of shares is completed, the merger transaction will deemed to be duly effected.

Once the physical issuance of shares is complete the share capital of Suhail Jute Mills Ltd will be increased to 4,332,819 shares of RS. 10 each, with the paid up capital raised to RS 43,328,188. The effect of the share issue is currently refected in the Merger Reserve, which will be appropriately adjusted.

During the financial year the Company incurred a loss of RS.57.976 million (loss of RS. 15.48 per share). The amounts represent the Administrative Costs expended to maintain and secure the merged Assets of the Company and provide for the Finance Cost on outstanding borrowings. The loss for the year includes costs incurred by the merged Company as well.

AUDITORS REPORT

The value of the merged Company's Assets and Liabilities have been assessed by management at the realizable value and as reflected in the books of account. It is not expected that there will be any material difference in the values that have been reflected.

We expect to carry out a full fair value assessment of the combined, post-merger assets and liabilities of the Company through an independent valuer and incorporate the same in the accounts. at the earliest possible time.

EXCEPTIONS:

1 In respect of (9) above the Company was unable to comply with the requirement to arrange formal training courses because of financial constraints. Every effort is made to keep Directors abreast of requirements by the Company, otherwise, It is intended to comply during the next financial year and we seek a condonation in the light of our financial constraints.

2 In respect of (17), the Board has not formed the requisite committee as yet. The principal reason for this is that the Company operations are currently suspended and it is in the process of a substantial financial restructuring in the form of a proposed Scheme of Arrangement. It is intended to constitute the Committee after the completion of the Scheme of Arrangement and condonation is sought in the light of facts submitted above.

3 The Company has been unable to meet subscription of the Stock Exchanges due to its financial constraints.

SOHAIL FAROOQ SHAIKH
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND OPERATIONS

Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited Company under the Companies Act, 1913 (now Companies Ordinance, 1984). Its shares are quoted on Pakistan stock exchanges in Pakistan. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpindi, while the production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa.

2. MERGER OF SUHAIL JUTE MILLS LIMITED AND (COLONY) SARHAD TEXTILE MILLS LIMITED

The merger of formerly (Colony) Sarhad Textile Mills Limited (CSTM) with and into the Company, was made in pursuance of the court order sanctioning the scheme of arrangement for meger, whereby the entire undertaking of CSTM, including all properties, assets, liabilities, rights and obligations of CSTM as at June 30, 2012 were merged with and vest in the Company in consideration for issue of 150,050 fully paid ordinary shares to the shareholders of CSTM which rank pari passu with the existing shares of the Company.

CSTM was incorporated in Pakistan as a private limited company in 1953 under the Companies Act, 1913 now the Companies Ordinance, 1984 and was converted into public limited company in 1955. CSTM was listed on Pakistan Stock Exchanges and principally engaged in the business of manufacturing and sales of yarn and gray fabrics.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company has incurred loss after taxation of Rupees 58.127 million. The Company has suffered accumulated losses of Rupees 733.28 million as on June 30, 2017 which has turned equity into negative balance of Rupees 493.59 million. The company has ceased operations since June 2012.

Keeping in view the above factors the management of the Company decided to prepare these financial statements on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

4. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the guidance of circular No.17 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 . In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 shall prevail.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i) Assumptions and estimates used in determining the residual values and useful lives of property, plant and equipment (Note 23);

ii) Assumptions and estimates used in accounting for defined benefit plan (Note 11).

iii) Provision for obsolescence of stores and spare parts (Note No. 20).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

6. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

6.1 Standards, interpretations and amendments not yet adopted

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective for period beginning on or after
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2018
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts (Amendments)	January 1, 2018
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation / disclosures. The Company is yet to assess the full impact of the amendments.

6.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

6.3 The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service Concession Arrangements

6.4 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2017

There were standard and amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements are summarized below:

7.1 Accounting convention

These financial statements on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention.

7.2 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision is made annually to cover obligations under the scheme in accordance with actuarial recommendations. Projected Unit Credit Method has been used for actuarial valuation. The results of current valuation carried on June 30, 2017, are summarized in Note 11. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows.

Actuarial gains and losses (re-measurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur.

7.3 Taxation

Current

Provision for current taxation is based on taxable income of the Company after taking into account rebates, if any, allowable to the Company. In case of loss the tax liability is calculated according to the section 113 of Income Tax Ordinance, 2001.

Deferred

Deferred income tax, if any, is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognized for all taxable temporary timing differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the timing differences will reverse, based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the cases where it is included in equity.

7.4 Trade and other payables

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

7.5 Borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in trade and other payables to the extent of the amount remaining unpaid.

7.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

7.7 Property, plant and equipment

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation except land and capital work in progress, which are stated at revalued amount / cost. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on a reducing balance basis and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in Note 23. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which asset is disposed off.

Subsequent costs are included in the asset's carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the Company and the cost of the item can be measured reliably.

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

7.8 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their respective recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

7.9 Stores and spare parts

These are valued at weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred up to the balance sheet date.

7.10 Stock in trade

Stock in trade is stated at the lower of average cost and net realizable value, less allowance for obsolete items.

Raw material	at moving average purchase cost and directly attributable expenses.
Work in process and finished goods	at moving average cost of raw materials and applicable manufacturing expenses.
Raw material in transit	at invoice value plus other charges incurred up to the balance sheet date.

7.11 Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less any allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made. Other receivables and receivables from related parties are recognized and carried at cost.

7.12 Cash and cash equivalents

Cash and bank balances are defined as cash in hand, demand deposits and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks on current accounts and deposit accounts availed by the Company.

7.13 Foreign currency transactions and translations

Foreign exchange transactions are translated into reporting currency at the rates of exchange prevailing on the date of transactions except repayments of foreign currency loans, which are covered against exchange rate risk. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gain and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the balance sheet date exchange rates are included in profit and loss account.

7.14 Financial Instruments

7.14.1 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 & 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 and 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. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Consistent with prior years, loans and receivables with less than twelve months maturities are classified as trade debts, loans and advances, deposits, other receivables and profit receivable from banks in the balance sheet.

c) 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 off the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

Changes in fair value of securities classified as available-for-sale are recognized in equity.
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortized cost.

7.14.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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 de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

7.14.3 Offsetting of financial assets and financial 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.

7.15 Contingent liabilities

Contingent liabilities are disclosed when:

a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or

b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.16 Revenue recognition

Local sales are recorded when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer.

Export sales are recorded on shipment basis while export rebate is accounted for on receipt basis.
Return on investment in associated undertaking is recorded on accrual basis while return on bank deposits are accounted for on a time proportioned basis on the principal amount outstanding.
Dividend income on investments is recognized when the right to receive the payment is established.

CORPORATE GOVERNANCE

In respect of the Review report on Corporate Governance, it is submitted that the Company has been non-operational for a considerable period of time and has been in a transitional state of implementing a Merger for the period under review. As such its full compliance with the Code has not been possible.

On specific matters, it is stated that:

I. The Company intends to induct an Independent Director at the earliest.

II. The Company could not afford the cost of the required Courses, but has striven to keep the Directors apprised of duties and responsibilities.

III. As the Company has been non-operational and not involved in fresh hiring, it relies on long established HR practices, and is in compliance with Labour laws, in respect of its long-serving employees

IV. Financial constraints have prevented clearance of Stock Exchange dues.

V. The Company does not have a full time Chairman; A Director other than CEO is elected to Chair a Board meeting. There is no statutory requirement to have a full time Chairman.

VI. The Company has not created or maintained a functional website due to cost and qualified personnel constraints, but intends to do so in the near future.

We take this opportunity to welcome our new shareholders from the former (Colony) Sarhad Textile Mills Ltd.

The Board wishes to express its appreciation for the efforts of all officers and staff of both Companies.

S.NO	NAME OF DIRECTOR	ATTENDANCE
1	Mr. Sohail Farooq Shaikh	3
2	Mr. Farrukh Haroon Rashid	Nil
3	Mr. Mahir Mohsin Shaikh	1
4	Mrs. Neelum Sohail Shaikh	3
5	Mrs. Sadia Mohsin	Nil
6	Mrs. Nadia Shaikh	3
7	Mr Mohammad Shahmeer Shaikh	3

RAWALPINDI

ON BEHALF OF THE DIRECTORS
CHIEF EXECUTIVE

CORPORATE GOVERNANCE

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The Board wishes to express its appreciation for the efforts of all officers and staff of both Companies.

S.NO	NAME OF DIRECTOR	ATTENDANCE
1	Mr. Sohail Farooq Shaikh	3
2	Mr. Farrukh Haroon Rashid	Nil
3	Mr. Mahir Mohsin Shaikh	1
4	Mrs. Neelum Sohail Shaikh	3
5	Mrs. Sadia Mohsin	Nil
6	Mrs. Nadia Shaikh	3
7	Mr Mohammad Shahmeer Shaikh	3

RAWALPINDI

ON BEHALF OF THE DIRECTORS
CHIEF EXECUTIVE

	Note	2017 Rupees	2016 Rupees
8. SHARE CAPITAL			
Authorized:			
5,000,000 (2016 : 5,000,000) Ordinary shares of Rupees 10 each.		50,000,000	50,000,000
Issued, subscribed and paid up:			
3,245,000 (2016 : 3,245,000) ordinary shares of Rupees 10 each, issued for cash		32,450,000	32,450,000
500,000 (2016 : 500,000) ordinary shares of Rupees 10 each, issued for consideration other than cash	8.2	5,000,000	5,000,000
		37,450,000	37,450,000

8.1 Shares held by associated undertakings:

	Note	2017 No. of shares held	2016 No. of shares held
(Colony) Sarhad Textile Mills Limited	8.2	500,000	500,000
M. Farooq (Private) Limited		500	500
Surriya Farooq Charitable Foundation		20,000	20,000

8.2 These issue of shares to (Colony) Sarhad Textile Mills Limited is in accordance with the Deed of Composition dated April 10, 1983 between Nowshera Textiles Limited, Nowshera (Khyber Pakhtunkhwa), (Colony) Sarhad Textile Mills Limited, Nowshera, (Khyber Pakhtunkhwa) and Suhail Jute Mills Limited, Nowshera (Khyber Pakhtunkhwa).

The shares held by CSTM in the Company will be cancelled pursuant to terms of scheme of arrangement for meger sanctioned by the court.

9. RESERVES

	Note	2017	2016
General reserve	9.1	3,380,000	3,380,000
Dividend equalization reserve	9.2	7,490,000	7,490,000
Capital reserve		1,251,607	-
Accumulated loss		(745,251,743)	(358,291,864)
		(733,130,136)	(347,421,864)

9.1 This represents amount transferred to the general reserve from Reserve for Participation Term Certificates (PTC) contingencies created in year 1992.

9.2 This represents the reserve for the purpose of cash and stock dividend at 20 percent of the issued share capital proposed in 1992, but not approved by the shareholders.

	Note	2017 Rupees	2016 Rupees
10. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance			
Free hold land		878,418,412	607,683,803
Building		98,476,144	98,476,144
Plant and machinery		188,174,667	188,174,667
		1,165,069,223	894,334,614
Surplus / (deficit) on revaluation made during the year:			
Free hold land		342,316,197	-
Building		(23,476,144)	-
Plant and machinery		(64,901,667)	-
		253,938,386	-
		1,419,007,609	894,334,614
Accumulated depreciation		(103,813,344)	(97,875,889)
		1,315,194,265	796,458,725

Revaluation of free hold land, building on free hold land and plant and machinery of the Company was carried out on January 26, 2017 by an independent valuer, BFA (Private) Limited, under the market value basis. Previously, the revaluation of free hold land, building on free hold land and plant and machinery of the Company was carried out on June 30, 2011 prior to that the free hold land of the Company was revalued in 1992 and 2008, whereas the buildings on free hold land and plant and machinery were revalued in 1995 and 2008.

	Note	2017 Rupees	2016 Rupees
11. STAFF RETIREMENT BENEFITS			
Staff retirement benefits	11.1	4,701,089	4,720,831
Deferred liabilities - staff gratuity		1,302,841	-
		6,003,930	4,720,831

	Note	2017 Rupees	2016 Rupees
11.1 The amounts recognized in the balance sheet:			
Present value of defined benefit obligation		4,701,089	4,720,831

		2017 Rupees	2016 Rupees
11.2 Movement in present value of defined benefit obligation:			
Opening balance		4,720,831	4,141,673
Charge for the year	11.3	583,381	661,309
Actuarial gain		(603,123)	(60,251)
Benefits paid		-	(21,900)
		4,701,089	4,720,831

11.3 Charge for the year:

Current service cost	241,049	260,699
Interest cost	342,332	400,610
	583,381	661,309

11.4 Re-measurement recognized in OCI:

Actuarial gain on re-measurement of defined benefit obligation	603,123	60,251

11.5 The principal actuarial assumptions used in actuarial valuations were as follows:

Valuation discount rate	7.75%	7.25%
Salary increase rate short term (1 year)	0.00%	0.00%
Salary increase rate long term	7.75%	7.25%
Withdrawal rates	Low	Moderate
Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

11.6 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined obligation at the end of reporting period would have increased / (decreased) as result of a change in respective assumptions.

	Effect of increase	Effect of decrease
	---Rupees---	
Discount rate change by 1 percent	4,410,359	5,037,114
Salary increase rate change by 1 percent	5,056,124	4,388,738
Withdrawal rates change by 10 percent / 1 year mortality age set back / set forward	4,701,079	4,701,079

The above sensitivity analysis are based on the changes in assumptions while holding all other assumption constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (present value of the defined benefit obligation calculated with the projected credit unit method at the end of the reporting period) has been applied when calculating the liability recognized within the balance sheet.

	Note	2017 Rupees	2016 Rupees
12. TRADE AND OTHER PAYABLES			
Trade creditors		22,779,540	6,139,963
Accrued expenses	12.1	42,596,722	33,521,374
Security deposits		1,600	1,500
Advance from customers		3,400,000	-
Workers' Profit Participation Fund	12.2	42,013,859	29,711,071
Workers' welfare fund		269,503	-
Unclaimed dividend		384,359	197,548
Withholding tax payable		221,486	222,803
Taxation		500,000	-
Payable to employee retirement benefit funds	12.3	31,877,227	31,952,543
Other payables		2,937,008	165,613
		146,981,304	101,912,415

12.1 This includes an amount payable to director of the Company on account of remuneration and godown rent.

	Note	2017 Rupees	2016 Rupees
12.2 Workers' Profit Participation Fund			
Opening balance		39,129,470	27,039,562
Interest for the year	12.2.1	2,884,389	2,671,509
		42,013,859	29,711,071

12.2.1 Interest on the balance is charged at the rate of 8.89 (2016 : 9.88) percent per annum.

	Note	2017 Rupees	2016 Rupees
12.3 Payable to employee retirement benefit funds			
Gratuity payable	12.3.1	28,471,386	28,750,286
Provident fund payable	12.3.2	3,405,841	3,202,257
		31,877,227	31,952,543

12.3.1 This represents gratuity payable to 301 (2016 : 301) employees who left after the floods in July 2010.

12.3.2 This represents balance of the amount payable to employees that has arisen as a result of the discontinuation of the Provident Fund of the Company.

12.3.3 The Company has invested an amount of Rupees 3,346,651 (2016 : Rupees 3,202,257) against the balance of the discontinued Provident Fund, in Units of "NAFA Government Securities Liquid Fund". The Investment is being held in the name of Suhail Jute Mills Limited.

	Note	2017 Rupees	2016 Rupees
13. SHORT TERM BORROWINGS			
From banking companies - Secured			
Faysal Bank Limited	13.1	128,809,828	128,809,828
Albaraka Islamic Bank	13.2	30,000,000	30,000,000
		158,809,828	158,809,828
From director - unsecured	13.3	170,265,962	91,484,356
		329,075,790	250,294,184
13.1 Faysal Bank Limited			
Running finance facility	13.1.1	127,885,528	127,885,528
Finance against imported merchandise	13.1.2	924,300	924,300
		128,809,828	128,809,828

13.1.1 Running Finance facility of Rupees 128.55 million was sanctioned in June 2011 and is payable on demand. The facility had been obtained to meet working capital requirements. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and Pari Passu charge for Rupees 280 million on fixed assets of Company including Land, Building and Plant & Machinery.

The Bank has filled a recovery suit against the Company in Lahore High Court. The decision of court is still pending.

13.1.2 Finance against imports facility of Rupees 20 million had been obtained to finance import of raw material, and is payable on demand. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against pledge of imported goods in factory godown amounting to Rupees 1,027,000 with built in margin under custody of bank's appointed Maccadum and lien over shipping documents.

The Bank has filled a recovery suit against the Company in Lahore High Court. The decision of court is still pending.

13.2 Albaraka Islamic Bank

The Company has drawn down Rupees 30 million out of total facility of Rupees 30 million sanctioned in October 2011. It carries mark-up at the rate 6 months KIBOR plus 2.5 percent per annum (if paid with in 180 days) and 3 months KIBOR plus 3 percent per annum (if paid within 90 days). This facility expired in June 2012.

This facility is also secured against First Pari Passu charge over entire present and future fixed assets of the company including free hold land and building on free hold land.

The court on petition filed by the bank ordered a decree in favor of the bank.

13.3 Loan from Director

This represents interest free unsecured borrowing from the director, Mr. Sohail Farooq Shaikh, of the Company payable at the convenience of the Company.

14. PROVISION FOR TAXATION

14.1 No provision for current taxation has been made due to the reason that the Company has no taxable income. Turnover tax under section 113 of Income Tax Ordinance, 2001 does not apply as the Company has no turnover during the year.

14.2 Deferred tax asset is not recognized in the financial statements because the Company has sufficient tax losses available and it is probable that the Company will not be able to utilize deductible temporary differences in near future.

15. CONTINGENCIES AND COMMITMENTS

Contingencies

15.1 The Sarhad Development Authority has filed an appeal in Peshawar High Court against the decision made in the civil suit (No. 180/1) on May 26, 2011 in favor of Suhail Jute Mills Limited for the recovery of an amount of Rupees 2,550,000 against surrender of land measuring six acres situated at Gadoon Industrial Estate, Khyber Pakhtunkhwa. The Sarhad Development Authority had acknowledged the surrender of land and made a payment of Rupees 1,667,343 after deducting charges of Rupees 882,657 which was returned by the Company with the plea that total amount should be refunded. The Company has also filed an appeal before the District Judge, Peshawar against other pleas related to this issue dismissed in the above decision.

15.2 Income tax demand of Rupees 8,771,178 for the tax year 2010 was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 which has been remanded back by Commissioner Inland Revenue (appeals) to the Deputy Commissioner Inland Revenue for re-determination of the liability, if any. The proceedings before Deputy Commissioner Inland Revenue has not yet finalized. The management and the tax advisor of the Company do not expect any unfavorable outcome or serious loss to the Company in this case.

15.3 Company has secred running finance facilities from Faysal Bank and Albaraka Bank as disclosed in Note 11 to the financial statements. These bank have filed suits for recovery of all outstanding over due principal and mark-up amount. In case of Faysal Bank the proceedings are pending with Lahore High Court and there are remote chances of decision in favor of the Company. In case of Albaraka Bank the Banking Court, Rawalpindi has already issued decree in favor of the Bank, which is not yet executed in view of charge on assets of Faysal Bank, as well and and the Company is not pursuing the matter further. Accordingly as company is already in legal proceedings with both banks mark-up on outstanding borrowing amount has not been serviced and charged in these financial statements from July 01, 2014 in case of Faysal Bank and from July 01, 2012 in case of Albaraka Bank. The management and legal advisor are of the opinion that mark-up freezes' upon decree by the court / initiation of recovery proceedings.

15.4 The company is contingently liable in respect of guarantees of Rupees 463,100 issued by the bank in normal course of business.

15.5 The company is in litigation with sales tax authorities circle 1, Rawalpindi for refund of sales tax amounting to Rupees 2.452 million (2016: 2.452 million). The case is pending with the Honorable Lahore High Court, Lahore.

15.6 The company is in litigation with various parties for which cases have been filed by / against the company in different courts of law as normal business events.

	Note	2017 Rupees	2016 Rupees
16. CASH AND BANK BALANCES			
Cash in hand		59,250	49,867
Cash at banks			
Current accounts		92,420	424,716
Saving accounts		9,855	9,632
		161,525	484,215
17. ADVANCES - CONSIDERED GOOD			
Income tax		128,034	97,742
Staff			
Loans		279,598	154,598
Expenses		27,132	60,880
		434,764	313,220
18. DEPOSITS AND PREPAYMENTS			
Deposits		501,940	466,960
Prepayments		270,360	248,910
		772,300	715,870
19. OTHER RECEIVABLES			
Income tax		1,391,983	164,526
Sarhad Development Authority	15.1	2,550,000	2,550,000
Rent receivable		18,000	-
Other		12,133	7,418
		3,972,116	2,721,944

20. STORES AND SPARE PARTS

	2017 Rupees	2016 Rupees
Spare parts	7,620,045	7,621,911
Stores	2,105,139	2,110,339
	9,725,184	9,732,250
Provision for obsolescence	(7,784,741)	(6,325,963)
	1,940,443	3,406,287

21. LONG TERM INVESTMENT

Available for sale investment - unquoted

Farooq Energy Company (Private) Limited 190 shares (2016 : 190) of Rupees 1,000 each	190,000	190,000

22. LONG TERM SECURITY DEPOSITS

Sui Northern Gas Pipelines Limited	30,000	30,000
Building	232,482	145,000
	262,482	175,000

23. PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Office equipment	Furniture and fixtures	Motor vehicles	Library books	Total
	Rupees							
As at July 01, 2015								
Cost	610,000,000	86,250,000	154,227,397	4,430,011	2,867,596	11,160,181	53,031	868,988,216
Accumulated depreciation	-	(9,893,495)	(19,447,287)	(3,477,443)	(2,254,485)	(10,487,883)	(52,699)	(45,613,292)
Net book value	610,000,000	76,356,505	134,780,110	952,568	613,111	672,298	332	823,374,924
Year ended June 30, 2016								
Opening net book value	610,000,000	76,356,505	134,780,110	952,568	613,111	672,298	332	823,374,924
Additions	-	-	-	111,300	-	-	-	111,300
Disposals	-	-	-	(7,511)	-	(29,626)	-	(37,137)
Cost	-	-	-	(189,750)	-	(2,815,698)	-	(3,005,448)
Accumulated depreciation	-	-	-	182,239	-	2,786,072	-	2,968,311
Depreciation charge	-	(2,290,695)	(4,432,574)	(105,636)	(61,311)	(128,534)	(100)	(7,018,850)
Net book value	610,000,000	74,065,810	130,347,536	950,721	551,800	514,138	232	816,430,237
As at July 01, 2016								
Cost	610,000,000	86,250,000	154,227,397	4,351,561	2,867,596	8,344,483	53,031	866,094,068
Accumulated depreciation	-	(12,184,190)	(23,879,861)	(3,400,840)	(2,315,796)	(7,830,345)	(52,799)	(49,663,831)
Net book value	610,000,000	74,065,810	130,347,536	950,721	551,800	514,138	232	816,430,237
Year ended June 30, 2017								
Opening net book value	610,000,000	74,065,810	130,347,536	950,721	551,800	514,138	232	816,430,237
Acquired through merger	238,000,000	43,642,802	-	750,878	74,083	245	1	282,468,009
Cost	238,000,000	48,850,000		7,818,917	1,654,289	23,426	7,692	296,354,324
Accumulated depreciation	-	(5,207,198)		(7,068,039)	(1,580,206)	(23,181)	(7,691)	(13,886,315)
Additions	-	-	-	19,500	-	-	-	19,500
Surplus on revaluation	342,316,197	(23,478,144)	(64,901,667)	-	-	-	-	253,936,386
Disposals	-	-	-	-	-	(2,469)	-	(2,469)
Cost	-	-	-	-	-	(522,822)	-	(522,822)
Accumulated depreciation	-	-	-	-	-	520,353	-	520,353
Depreciation charge	-	(2,716,056)	(3,803,421)	(172,110)	(62,588)	(102,383)	(70)	(6,856,628)
Net book value	1,190,316,197	91,516,412	61,642,448	1,548,989	563,295	409,531	163	1,345,997,035
As at June 30, 2017								
Cost	1,190,316,197	111,623,856	89,325,730	12,189,978	4,521,885	7,845,087	60,723	1,415,883,456
Accumulated depreciation	-	(20,107,444)	(27,683,282)	(10,640,989)	(3,958,590)	(7,435,556)	(60,560)	(69,886,421)
Net book value	1,190,316,197	91,516,412	61,642,448	1,548,989	563,295	409,531	163	1,345,997,035
Depreciation rate	-	1.5 - 3%	3 - 15%	10%	10%	20%	30%	

23.1 Detail of assets disposed off during the year:

Qty	Description	Cost/ Revalued Amount	Accumulated Depreciation	Net book Value	Sale price	Mode of Disposal	Sold to
		Rupees					
1	Suzuki Margalla RIU-7785	522,822	520,353	2,469	185,000	Negotiation	Nasir Bashir

23.2 Cost of free hold land, building on free hold land and plant and machinery are stated at revalued amounts (see Note 10). The carrying amount of these items of property, plant and equipment measured using the cost model are as under:

	2017			2016		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	Rupees					
Lease hold land	12,519,048	-	12,519,048	7,589,031	-	7,589,031
Building on land	26,049,078	(16,912,994)	9,136,084	19,015,207	(16,847,977)	2,167,230
Plant & machinery	131,156,789	(119,937,239)	11,219,550	131,156,789	(119,536,549)	11,620,240
Office equipment	142,289	-	142,289	-	-	-
	169,867,204	(136,850,233)	33,016,971	157,761,027	(136,384,526)	21,376,501

	Note	2017 Rupees	2016 Rupees
24. COST OF SALES			
Opening stock finished goods		-	-
Cost of goods manufactured	24.1	-	-
		-	-
Closing stock finished goods		-	-
		-	-
24.1 Cost of goods manufactured			
Raw material consumed:			
Opening balance		824,389	824,389
Purchases		-	-
		824,389	824,389
Closing stock		(824,389)	(824,389)
		-	-

25. FACTORY OPERATING EXPENSES

Factory operating expenses for the year have been classified as administrative expenses as the factory remained un-operational and the expenses incurred were of administrative nature.

26. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	26.1	**10,059,932**	6,868,858
Directors' remuneration	26.2	**9,323,240**	7,520,633
Directors' meeting fee		**9,500**	9,000
Traveling		**345,540**	182,841
Motor vehicle running expenses		**1,384,587**	1,401,079
Entertainment		**554,682**	445,946
Printing and stationery		**363,960**	208,178
Communication		**453,309**	395,570
News paper and periodicals		**54,402**	29,295
Rent, rates and taxes		**2,374,495**	937,514
Utilities		**3,113,933**	2,119,359
Fees and subscription		**148,009**	91,034
Legal and professional		**889,890**	604,620
Auditors' remuneration	26.3	**250,000**	250,000
Depreciation	23	**6,856,628**	7,018,850
Repairs and maintenance		**805,437**	502,300
Insurance		**-**	7,460
Miscellaneous		**90,707**	84,843
Provision for obsolete stores and spare		**1,458,778**	1,455,125
Bad debts written off		**11,554,312**	-
		50,091,341	30,132,505

26.1 Salaries, wages and benefits include gratuity provision of Rupees 583,381 (2016 : Rupees 661,309).

26.2 Directors' remuneration

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below:

	2017 - Rupees		2016 - Rupees	
	Director	Managing Director	Director	Managing Director
Fee	9,500	-	9,000	-
Remuneration	-	6,002,880	-	4,347,000
Rented accommodation	-	2,148,300	-	1,954,800
Traveling and conveyance	-	105,722	-	191,951
Communication	-	43,829	-	84,752
Utilities	-	1,022,509	-	942,130
Rupees	9,500	9,323,240	9,000	7,520,633
Number	1	1	1	1

The Managing Director has also been provided with a Company maintained car, utilities and telephone at his residence.

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SUHAIL JUTE MILLS LIMITED** as at June 30, 2017, the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year then ended. Except for the matter referred to in paragraph 1, we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1 During the year the company merged with it associated company (Colony) Sarhad Textile Mills Limited following an order of the honorable Lahore High Court. Consequent upon that assets and liabilities of the two companies should be stated at fair value as required by IFRS. The company has not ascertained fair value of its assets and liabilities through an independent valuer or by applying any other method. As a result we have not been able to ascertain whether these assets and liabilities have been stated at an appropriate carrying amount. The amount of misstatement, if any, has not been determined.

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984.

(b) in our opinion:

i. the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company.

(c) in our opinion, because of the significance of the matters discussed in paragraph 1 above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements, hence we do not express an opinion on the annexed balance sheet of **SUHAIL JUTE MILLS LIMITED** as at June 30, 2017, the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Amir Alam Khan & Co.

Rawalpindi, 04-11-17

Amir Alam Khan & Co.
Chartered Accountants
Abdul Basit

AMIR ALAM KHAN & CO. Chartered Accountants RAWALPINDI

	Note	2017 Rupees	2016 Rupees
26.3 Auditors' remuneration			
Statutory audit		175,000	175,000
Half yearly review of financial statements		75,000	75,000
		250,000	250,000

27. FINANCE COST

Mark-up on bridge finance	5,227,129	-
Interest on workers' profit participation fund	2,884,389	2,671,509
Bank charges	162,825	192,187
	8,274,343	2,863,696

28. OTHER OPERATING INCOME

Income from financial assets		
Mark-up on borrowing by associated undertaking	-	502,490
Interest on bank deposits	249	279
Income from assets other than financial assets		-
Old liabilities written back	-	2,566,437
Rental income	207,000	-
Gain on sale of property, plant and equipment	182,531	1,275,863
	389,780	4,345,069

29. LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation - Rupees	(57,975,904)	(48,474,397)
Weighted average number of ordinary shares	3,745,000	3,745,000
Loss per share - Rupees	(15.48)	(12.94)

29.1 There are no dilutive potential ordinary shares outstanding as at reporting date.

	Note	2017 Rupees	2016 Rupees
30. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(57,975,904)	(48,474,397)
Adjustment for:			
Financial charges		8,274,343	2,863,696
Gain on sale of property, plant and equipment		(182,531)	(1,275,863)
Depreciation		6,856,628	7,018,850
Old liabilities written back		-	(2,566,437)
Income tax refunds written off		-	19,823,265
Bad debts written off		11,554,312	-
Markup on borrowing by associated undertaking			(502,490)
Provision for stores and spares obsolescence		1,458,778	1,455,125
Staff retirement benefit		583,381	661,309
Joint office expenses		-	(1,000,000)
		(29,430,993)	(21,996,942)
Working capital changes:			
(Increase) / decrease in current assets			
Stores and spare parts		7,066	9,426
Advances - considered good		3,456	(78,204)
Receivables		(153,887)	(99,569)
Deposits and prepayments		2,345	(503,448)
Increase / (decrease) in current liabilities			
Trade and other payables		7,647,899	5,955,935
		7,506,879	5,284,140
Cash used in operations		(21,924,114)	(16,712,802)
Financial charges paid		(162,825)	(192,187)
Employees' retirement benefits paid		(12,902)	(21,900)
Taxes paid		-	-
Net cash used in operating activities		(22,099,841)	(16,926,889)

31. FINANCIAL INSTRUMENTS BY CATEGORY

31.1 Financial risk management objectives and policies:

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is significant due to non-availability of finances to pay off the borrowings from banks. This is due to no production since July 2010.

	Note	2017 Rupees	2016 Rupees
FINANCIAL ASSETS			
Due from associated undertaking		-	69,037,148
Long term investment		190,000	190,000
Short term investments		3,346,651	3,202,257
Advances and receivables		2,859,731	2,712,016
Deposits and prepayments		501,940	466,960
Cash and bank balances		161,525	484,215
		7,059,847	76,092,596
FINANCIAL LIABILITIES			
Staff retirement benefits		6,003,930	4,720,831
Loan from directors		170,265,962	91,484,356
Trade and other payables		100,576,456	71,978,541
Accrued mark-up		54,086,276	54,086,276
Running finance under mark up arrangements		158,809,828	158,809,828
		489,742,452	381,079,832

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 32.1, 32.2 and 32.3 below:

32.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rupees 7,059,847 (2016 : Rupees 76,092,596), the financial assets that are subject to credit risk amounted to Rupees 7,000,597 (2016: Rupees 76,042,729).

The maximum exposure to credit risk as at June 30, 2017, along with comparative is tabulated below:

	Note	2017 Rupees	2016 Rupees
Financial assets			
Due from associated undertaking		-	69,037,148
Long term investment		190,000	190,000
Short term investments		3,346,651	3,202,257
Advances and receivables		2,859,731	2,712,016
Deposits and prepayments		501,940	466,960
Cash and bank balances		102,275	434,348
		7,000,597	76,042,729

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. The Company's major exposure is with its associated undertaking.

32.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management is exposed to liquidity risk as the borrowing facilities have expired, not renewed and payable at any time on demand of the sponsoring bank.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

	With in one year	More than one year	2017	2016
	------Rupees------			
Financial Liabilities				
Interest bearing:				
Accrued mark-up	54,086,276	-	54,086,276	54,086,276
Short term borrowing	223,210,499	-	223,210,499	158,809,828
Staff retirement benefits	-	6,003,930	6,003,930	4,720,831
Non Interest bearing:				
Trade and other payables	100,576,456	-	100,576,456	71,978,541
Loan from directors	105,865,291	-	105,865,291	91,484,356
	483,738,522	6,003,930	489,742,452	381,079,832

32.3 Market Risk

Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has no foreign currency exposures.

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. At June 30, 2017 the Company's financial instruments mainly affected due to changes in the interest rates on amounts placed on deposits with banks where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on the balances placed on deposits with banks is not considered to be material.

33. RELATED PARTY TRANSACTIONS

The related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence, major suppliers and employers funds. All transactions with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 26.2 to the financial statements. Balances outstanding and transaction made with related parties at the year end are as follows:

	Note	2017 Rupees	2016 Rupees
Associated company			
(Colony) Sarhad Textile Mills Limited			
Markup on borrowing		-	502,490
Joint office expenses charged		-	1,000,000
Contribution to staff retirement benefits			
Gratuity - expense charged		583,381	661,309
Gratuity - payment made		(12,902)	(21,900)
Key management personnel			
Managing Director			
Loan received		15,016,134	19,427,289
Loan repayments		635,200	230,481

34. PRODUCTION DATA

	2017 Kgs	2016 Kgs
Capacity on 360 days basis	6,000,000	6,000,000
Production achieved		
Sacking cloth	-	-
Hessian cloth	-	-
Twine	-	-
	-	-

It is difficult to describe precisely the production capacity of a Jute mill since it fluctuates widely depending on the pattern of production and number of shifts worked in a particular year. The production facilities of the Company remained idle throughout the year due to non availability of raw material.

35. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt.

36. ENTITY-WIDE INFORMATION

36.1 The Company constitutes of a single reportable segment, the principal classes of products are Jute Twine, Gunny Bags, Hessian Cloth and Rice bags.

36.2 The Company's principal classes of products accounted for the following percentages of sales:

	2017	2016
Jute Twine	**0.00%**	0.00%
Gunny bags	**0.00%**	0.00%
Hessian cloth	**0.00%**	0.00%
Others	**0.00%**	0.00%
	0.00%	0.00%

36.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country.

36.4 Information about major customers

The Company has not made sales to any major external customers which tantamount to 10 percent or more of the entity's revenue.

	2017	2016
37. NUMBER OF EMPLOYEES		
Total number of employees at end of the year	93	50
Average number of employees for the year	94	50

38. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 03rd November 2017 by the Board of Directors of the Company.

39. GENERAL

39.1 In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

39.2 The comparative figures do no include the effect of merger therefore are not entirely comparable.

Rawalpindi,

CHIEF EXECUTIVE

U Sohail
DIRECTOR

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Share Capital And Reserves			
Share capital	8	37,450,000	37,450,000
Reserves	9	(733,130,135)	(347,421,864)
Merger reserve		202,240,275	-
		(493,439,860)	(309,971,864)
Surplus On Revaluation Of Fixed Assets	10	1,315,194,265	796,458,725
Liabilities			
Staff retirement benefits	11	6,003,930	4,720,831
Trade and other payables	12	146,981,304	101,912,415
Accrued mark-up		54,086,276	54,086,276
Short term borrowings	13	329,075,790	250,294,184
Provision for taxation	14	-	-
		536,147,300	411,013,706
Contingencies And Commitments	15	-	-
		1,357,901,705	897,500,567
Assets			
Cash and bank balances	16	161,525	484,215
Short term investments	12.3.3	3,346,651	3,202,257
Advances - considered good	17	434,764	313,220
Deposits and prepayments	18	772,300	715,870
Other receivables	19	3,972,116	2,721,944
Stores and spare parts	20	1,940,443	3,406,287
Stock in trade - Raw material		824,389	824,389
Long term investment	21	190,000	190,000
Long term security deposits	22	262,482	175,000
Due from associated undertaking		-	69,037,148
Property, plant and equipment	23	1,345,997,035	816,430,237
		1,357,901,705	897,500,567

The annexed notes from 1 to 39 form an integral part of these financial statements.

Rawalpindi.

CHIEF EXECUTIVE

U. Sohail

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
SALES		-	-
COST OF SALES	24	-	-
GROSS LOSS		-	-
FACTORY OPERATING EXPENSES	25	-	-
ADMINISTRATIVE EXPENSES	26	(50,091,341)	(30,132,505)
FINANCE COST	27	(8,274,343)	(2,863,696)
INCOME TAX REFUNDS WRITTEN OFF		-	(19,823,265)
OTHER OPERATING INCOME	28	389,780	4,345,069
LOSS BEFORE TAXATION		(57,975,904)	(48,474,397)
TAXATION	14	-	-
LOSS AFTER TAXATION		(57,975,904)	(48,474,397)
LOSS PER SHARE - Basic and diluted	29	(15.48)	(12.94)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Rawalpindi,

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
LOSS AFTER TAXATION		(57,975,904)	(48,474,397)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified to profit and loss			
Actuarial gain on re-measurement of staff benefit		603,123	60,251
TOTAL COMPREHENSIVE LOSS		(57,372,781)	(48,414,146)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Rawalpindi.

CHIEF EXECUTIVE

Usohail

DIRECTOR

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	30	(22,099,841)	(16,926,889)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from sale of asset		185,000	1,313,000
Purchase of office equipment		(19,500)	(111,300)
Short term investment		(144,394)	(3,072,156)
Cash accquired as result of merger		448,135	-
Net cash flows generated from / (used in) investing activities		469,241	(1,870,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		21,307,910	19,193,538
Net cash generated from financing activities		21,307,910	19,193,538
Net (decrease) / increase in cash and cash equivalents		(322,690)	396,193
Cash and cash equivalents at the beginning of the year		484,215	88,022
Cash and cash equivalents at end of the year		161,525	484,215

The annexed notes from 1 to 39 form an integral part of these financial statements.

Rawalpindi,

CHIEF EXECUTIVE

U Sohail
DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up share capital	Revenue reserves					Merger reserve	Total
		General reserve	Dividend equalization reserve	Fair value reserve	Accumulated loss	Total		
	Rupees							
BALANCE AS AT JUNE 30, 2015	37,450,000	3,380,000	7,490,000	-	(316,133,269)	(305,263,269)	-	(267,813,269)
Total comprehensive income for the year	-	-	-	-	(48,414,146)	(48,414,146)	-	(48,414,146)
Net loss for the year	-	-	-	-	(48,474,397)	(48,474,397)	-	(48,474,397)
Other comprehensive income								
Gain on re-measurement of staff benefit plans	-	-	-	-	60,251	60,251	-	60,251
Effect of incremental depreciation	-	-	-	-	6,255,551	6,255,551	-	6,255,551
BALANCE AS AT JUNE 30, 2016	37,450,000	3,380,000	7,490,000	-	(358,291,864)	(347,421,864)	-	(309,971,864)
Adjustments made for merger								
(Colony) Sarhad Textile Mills Limited	40,000,000			1,926,607	(335,524,552)	(333,597,945)	-	(293,597,945)
Cancellation of shares of CSTM	(40,000,000)	-	-		-	-	-	(40,000,000)
Merger reserve	-	-	-	(675,000)	-	(675,000)	202,240,275	201,565,275
	37,450,000	3,380,000	7,490,000	1,251,607	(693,816,416)	(681,694,809)	202,240,275	(442,004,534)
Total comprehensive income for the year	-	-	-	-	(57,372,781)	(57,372,781)	-	(57,372,781)
Net loss for the year	-	-	-		(57,975,904)	(57,975,904)	-	(57,975,904)
Other comprehensive income								
Gain on re-measurement of staff benefit plans	-	-	-	-	603,123	603,123	-	603,123
Effect of incremental depreciation	-	-	-	-	5,937,455	5,937,455	-	5,937,455
BALANCE AS AT JUNE 30, 2017	37,450,000	3,380,000	7,490,000	1,251,607	(745,251,742)	(733,130,135)	202,240,275	(493,439,860)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Rawalpindi,

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

Code of corporate governance as applicable as on 30th June 2017, has been complied with.

For and on behalf of the Board
Chief Executive

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Suhail Jute Mills Limited** (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.9 of the Rule book of the Pakistan Stock Exchange where the Company is listed.

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

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

Based on our review, we report that:

i. The Board has not appointed an 'Independent Director' as required by clause (i)(b) of the Code of Corporate Governance.

ii. The Board did not arrange any orientation course for its directors to appraise them of duties and responsibilities as required by clause (xi) of the Code of Corporate Governance.

iii. The Company has not formed the Human Resource and Remuneration Committees as required by clause (xxv) of the Code of Corporate Governance.

iv. The Company has not paid the subscription of the Pakistan stock Exchange Limited.

v. The Chairman and Chief Executive Officer of the Company is the same person, which is the contravention of clause (b)(i) of the Code of Corporate Goverance.

vi. The Company does not have functional website, which is the contravention of clause (v)(a) of the Code of Corporate Goverance.

Except for the matters stated, nothing has come to our attention, which causes us to believe that the Statement of Compliane does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2017.

Rawalpindi.
04-11-17

Amir Alam Khan & Co.
Chartered Accountants
Abdul Basit

AMIR ALAM KHAN & CO. Chartered Accountants RAWALPINDI