

Annual Report 2018



MUBARAK
TEXTILE MILLS LIMITED



27th

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2018

VISION STATEMENT

To Be Dynamic, Profitable and Growth Oriented Company

MISSION STATEMENT

To be a foremost company receptive to the needs of our Customers acknowledged for consistently providing fine Quality Product and services by understanding the behavior and preparing fully to meet the challenges of global Market standards and making best efforts in production planning quality of products and marketing strategies and so give consistent financial return to the shareholders on their investment.

ANNUAL REPORT 2018

CONTENTS

COMPANY PROFILE	3
NOTICE OF ANNUAL GENERAL MEETING	4
DIRECTORS' REPORT	5-6
STATEMENT OF COMPLIANCE	7-8
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE	9
STATEMENT OF ETHICS	10
AUDITOR'S REPORT TO THE MEMBERS	11-12
BALANCE SHEET	13
PROFIT & LOSS ACCOUNT	14
STATEMENT OF COMPREHENSIVE INCOME	15
CASH FLOW STATEMENT	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE ACCOUNTS	18-32
PATTERN OF SHAREHOLDING AS PER CODE OF CORPORATE GOVERNANCE	33
PATTERN OF SHAREHOLDINGS	34



MUBARAK TEXTILE MILLS LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS	MR. ZULFIQAR ALI CH. NASEER AHMED MR. ABDUL SHAKOOR MR. SHAKEEL AHMED MR. IMTIAZ HUSSAIN QURESHI MR. NADEEM ABBAS MR. NAFEES IQBAL	CHIEF EXECUTIVE
AUDIT COMMITTEE	MR. NADEEM ABBAS CH. NASEER AHMED MR. NAFEES IQBAL	CHAIRMAN MEMBER MEMBER
HUMAN RESOURCE COMMITTEE	MR. ZULFIQAR ALI MR. SHAKEEL AHMED MR. IMTIAZ HUSSAIN QURESHI	CHAIRMAN MEMBER MEMBER
COMPANY SECRETARY	MR. ABDUL SHAKOOR	
CHIEF FINANCIAL OFFICER	M. BABAR KHAN	
AUDITORS	M/S. ISHTIAQ AHMAD & CO. CHARTERED ACCOUNTANTS	
SHARE REGISTRAR	HAMEED MAJEED ASSOCIATES (PVT) LTD. H.M. HOUSE, 7-BANK SQUARE, LAHORE.	
BANKERS	HABIB METROPOLITAN BANK LTD FAYSAL BANK LIMITED	
REGISTERED OFFICE / MILLS	20-KM OFF FEROZEPUR ROAD, LAHORE, PAKISTAN. TEL: 042-35950674 FAX: 042-35950675	
WEB	www.mtmpk.com info@mtmpk.com	
E-Mail	mubarak_textile@yahoo.com	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting of the Shareholders of MUBARAK TEXTILE MILLS LIMITED, will be held on Monday the 25th day of March, 2019 at 11:00 a.m. at 20-KM Off Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on 31.10.2017.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports thereon for the year ended 30th June, 2018.
3. To appoint auditors for the year ending 30th June, 2019 and fix their remuneration.

ANY OTHER BUSINESS

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

By Order of the Board

LAHORE
Dated: 31st January, 2019

S/d
(ABDUL SHAKOOR)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from 22nd March, 2019 to 27th March, 2019 (both days inclusive) transfers received in order on 21st March, 2019 will be considered in time.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and particular of participants I.D. numbers and account numbers in CDC, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

DIRECTORS' REPORT

Dear Members,
Assalam-o-Alaikum,

The Directors of the Company MUBARAK TEXTILE MILLS LTD are pleased to present annual Report of the Company for the year ended 30th June, 2018 along with the financial statements and Auditors' report thereon.

FINANCIAL REVIEW:

	June, 2018	June, 2017
Sales/Processing Income	-	-
Operating Profit/(Loss)	(9,583,797)	(6,643,231)
Financial cost:	1,825,759	2,098,069
Taxation for year	1,149,949	1,225,194
Profit/(Loss) for the year	(4,241,589)	(1,795,496)
Profit/(Loss) per Share	(0.79)	(0.33)

The company sustained loss before taxation for Rs. 3.091(M) after providing for all the administrative and financial charges including depreciation for Rs. 3.264(M) as compared to pre-tax loss of Rs. Rs. 0.570(M) of the last year.

Due to over all crises to the industry and energy problem the Management of the company could not involve in any business activity to make viable the company. However the management is working over stitching of Knitwear garments on conversion basis by April, 2019 and hope will be successful to make the company profitable.

AUDITORS' REPORT TO THE MEMBERS:

In reply to the Auditors' observations your Directors have the following view:

1. Balance confirmation letters were sent to the Debtors & Creditors directly by the Auditors, and its responsibility of the parties to response and confirm the balances.
2. Regarding going concern management of the company have the view that currently revenue being earned from rental income are sufficient to meet the immediate obligations of the company and for future the management is working over manufacturing of knitwear garments on conversion basis and hope be successful and will be meeting its obligation, and there will be no doubt about its going concern

TRADING IN THE SHARES OF THE COMPANY

No trading in the Shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

BOARD MEETING

During the year 5 Board meeting were held, which were attended as follows.

1.	Mr. Zulfiqar Ali	5
2.	Mr. Imtaiz Hussain Qureshi	4
3.	Mr. Ch. Naseer Ahmad	4
4.	Mr. Nadeem Abbass	5
5.	Mr. Nafees Iqbal	5
6.	Mr. Abdul Shakoor	5
7.	Mr. Shakeel Ahmed	4

Leave of absence were granted to the directors who could not attend the board meeting.

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS:

PARTICULARS	2018	2017	2016	2015	2014	2013
		Rupees	Rupees	Rupees	Rupees	Rupees
PAID UP CAPITAL	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
FIXED ASSETS AT COST	145,114,408	148,378,344	26,762,861	27,746,431	28,796,707	29,920,214
ACCUMULATED DEPRECIATION	6,311,271	3,047,335	26,716,621	25,733,051	24,682,775	23,559,268
CURRENT ASSETS	11,385,158	12,092,227	12,067,687	12,291,962	12,100,021	12,157,555
CURRENT LIABILITIES	33,839,082	61,547,971	62,095,737	62,799,662	63,192,328	62,745,848
SALES	-	-	-	-	-	-
OTHER INCOME	8,317,916	8,170,998	7,324,106	7,305,252	6,382,057	8,282,086
PRE-TAX PROFIT/(LOSS)	(3,091,640)	(343,460)	192,966	8,508	(530,212)	(1,211,205)
TAXATION	1,149,949	1,225,194	946,886	474,177	957,309	793,209

AUDITORS.

The present auditors M/s. Ishtiaq Ahmad & Co. Chartered Accountants retired and being eligible offer themselves as external auditors of the Company for the year 2018-2019.

PATTERN OF SHARE HOLDING

The pattern of shareholding is annexed to report. The statement is prepared in accordance with the code of Corporate Governance.

DIVIDEND

Due to tight liquidity position the board of Directors has decided to pass over the dividend.

CORPORATE GOVERNANCE.

As required by the Code of Corporate Governance (CCG), the Board of Directors hereby declares that:

1. The financial statements for the year ended June 30, 2018 present fair view of state of affairs; the result of its operations, Cash Flows and Changes in equity.
2. The proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2018 and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standard (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There is no doubt about the Company to continue as going concern.
7. There is no material departure from best practices of Corporate Governance as detailed in listing regulations.

LABOUR / MANAGEMENT RELATIONS

Relations between Management and the employees / workers remained cordial throughout the year. The management places on record its appreciation for the dedication and the hard work of the employees for the progress of the company and hope they will continue their cooperation and team spirit for the prosperity of the company.

For and on behalf of the Board

Lahore.

Dated: 31st January, 2019

(Zulfiqar Ali)
Chief Executive

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE TO THE MEMBERS

This statement is being presented to comply with the code of Corporate Governance (the Code) contained in the Listing Regulations of the Pakistan Stock Exchange Ltd., for the purpose of establishing a frame work of good Governance, whereby a listed Company has applied the principles contained in the CCG in the following manners:

1. The Company encourages representation of independent Non-Executive Directors representing minority interest on its Board of Directors and at present Board includes:

independent Director

Mr. Shakeel Ahmed

Director

Executive Directors

MR. ZULFIQAR ALI

CEO/Director

MR. ABDUL SHAKOOR

Director

Non-Executive Directors

CH. NASEER AHMED

Director

MR. IMTIAZ HUSSAIN QURESHI

Director

MR. NADEEM ABBAS

Director

MR. NAFEES IQBAL

Director

The independent Director meet the criteria of independent under clause 5.19.1.(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director in more than seven Listed companies including this company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any bank loan or DFI or an INBFI or not being a member of Exchange has been declared as a defaulted by the Exchange.
4. No casual vacancy occurred on the Board during the period under review.
5. The Company has prepared the statement of ethics and business practices to establish the standard of conduct and ensured that appropriate steps have been taken to disseminate it through out the company which have been signed by the Directors and Employees of the company.
6. The Board have developed a Mission Statement overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.
7. All the powers of the Board have duly been exercised and the Board has taken decisions on material transactions including appointment, determination of remuneration and terms & conditions of employment of CEO and other Executive Directors, non 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 meeting 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 meeting. The minutes were appropriately circulated.

9. The Board of Directors of the Company are aware of their responsibilities and fully conversant with the provisions of the Companies Act 2017 and all other business and regulatory laws and the provisions of Memorandum & Articles of Association required for managing the affairs of the Company on behalf of Shareholders.
10. The Board has approved the appointment of CFO, Company Secretary and head of internal audit including their remuneration and terms & conditions of employment as determined by the Chief Executive Officer.
11. The Directors Report for this year has been prepared in compliance with requirement of the code and fully describes all the matters to be disclosed.
12. The Financial Statements of the company were duly endorsed by CEO, and CFO before approval of the Board.
13. The Directors, CEO and Executive 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 CCG.
15. The Board has formed an audit committee comprising of three members out of which two are non-executive Directors and Chairman of Committee is an executive Director.
16. The meeting of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an internal audit function, the audit staff in suitably qualified and experienced for the said purpose and are coversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
18. 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 childrens do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidance of Code of ethics as adopted by institute of Chartered Accountants of Pakistan.
19. 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 regards.
20. The Board has formed an HR and remuneration Committee, it comprises of three members, of whom two are non-executive Directors and Chairman of the Committee is executive Director.
21. The closed period, prior to announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the Directors, employees & stock exchange(s).
22. Material/ price sensitive information has been disseminates 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.

For and on behalf of the Board

Lahore:
31st January, 2019

(Zulfiqar Ali)
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mubarak Textile Mills Limited

Review Report on the Statement of Compliance with the 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 of Mubarak Textile Mill Limited (the Company) for the year ended 30 June 2018 to comply with the requirements of section 156 of the Act.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls 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 the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended 30 June 2018.

Lahore:
31st January, 2019

ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANTS

STATEMENTS OF ETHICS & GOOD BUSINESS PRACTICES

1. Company's interest & loyalty.
2. Contribution to society & human well being.
3. Avoid harm to others.
4. Honesty to Trustworthiness.
5. Respect the privacy of others.
6. Honor confidentiality.
7. Strive to achieve the highest quality, effectiveness and dignity in both process of product.
8. Acquire and maintain professional competence.
9. Know and respect laws pertaining to professional work.
10. Accept and provide appropriate professional review.

INDEPENDENT AUDITOR'S REPORT

To the members of MUBARAK TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements**Adverse Opinion**

We have audited the annexed financial statements of **Mubarak Textile Mills Limited** ['the Company'], which comprise the statement of financial position as at June 30, 2018, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, 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 Statements 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 Accountants 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, we report that:

We did not receive direct balance confirmation from parties, including debtors amounting to Rs. 8.568 Million, creditors amounting Rs. 28.042 Million. Further, other alternative procedure also could not be performed to obtain sufficient and appropriate audit evidence. The company has also not performed any age analysis of debtors in compliance with the requirements of IFRS-7. In the absence of sufficient and appropriate audit evidence, the balances remained unconfirmed and unverified and, we were unable to assess any impairment of the said balances.

As discussed in note 2.1, the company has ceased its operations since 2011, the company has suffered a loss Rs. 1.569 Million during the current year and the company's current liabilities exceed its current assets by Rs. 22,454 Million as on June 30, 2018. These events indicate substantial doubt that company's ability to continue as going concern and therefore unable to realize its assets and discharge its liabilities in normal course of business. Due to the significance of these, the company's going concern assumption seems inappropriate.

We didn't receive direct balance confirmation from a bank namely Faysal Bank Limited, Multan Cantt with a balance of Rs. 3,107/- and also Faysal Bank Limited, New Garden Town, Lahore with a balance of Rs. 12,097/- as at June 30, 2018. Further, other alternative procedures also could not be performed to obtain sufficient and appropriate audit evidence. In the absence of sufficient and appropriate audit evidence, the balance remained unconfirmed, unverified and resultantly we are unable to determine that whether adjustment might have been necessary in respect of the bank balance and any related adjustment in the profit and loss account.

In our opinion because of the matters stated above, the financial statements do not give a true and fair view of the financial position of the company and of its financial performance and of the loss, its cash flow and statement of changes in equity together with notes forming part thereof for the year ended June 30, 2018.

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 period. 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.

Except for the matter described in the Basis for Adverse Opinion section. We have determined that there are no other key audit matters to communicate in our report.

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 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 Act, 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.

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

Auditor's Responsibilities for the Audit of the 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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions 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 statements, 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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.

We also provide the board of directors with a statement 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:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Safder Zia (FCA).

Lahore:
31st January, 2019

ISHTIAQ AHMAD & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT JUNE 30, 2018

	NOTE	2018 Rupees	2017 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment	3	145,114,408	148,378,344
Long Term Deposits	4	1,414,408	954,408
		146,528,816	149,332,752
CURRENT ASSETS			
Trade debtors	5	8,567,893	9,283,773
Loans and advances	6	20,100	334,550
Deposits and prepayments	7	1,078,137	697,360
Tax refunds due from the Government	8	1,636,039	1,636,039
Cash & bank balances	9	82,989	140,505
		11,385,158	12,092,227
		157,913,974	161,424,979
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share capital	10	54,000,000	54,000,000
Unappropriated loss		(98,397,571)	(96,784,767)
Surplus on Revaluation of Property, Plant and Equipment	11	127,607,898	130,111,322
Shareholders equity		83,210,327	87,326,555
NON CURRENT LIABILITIES			
Long term loan	12	40,036,988	11,848,938
Employee benefit obligation	13	827,577	701,515
		40,864,565	12,550,453
CURRENT LIABILITIES			
Trade & other payable	14	32,689,133	32,185,198
Accrued markup on short term running finance		-	492,384
Short term borrowing - secured	15	-	27,645,195
Provision for taxation	16	1,149,949	1,225,194
		33,839,082	61,547,971
Contingencies and Commitments	17	-	-
		157,913,974	161,424,979

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
Sales / Processing receipts		-	-
Cost of Goods sold		-	-
Gross Profit / (Loss)		-	-
OPERATING EXPENSES			
Administrative	18	9,583,797	6,643,231
Operating Loss		(9,583,797)	(6,643,231)
Other operating income	19	8,317,916	8,170,998
		(1,265,881)	1,527,767
Finance cost	20	1,825,759	2,098,069
Net (Loss) / Profit for the year before taxation		(3,091,640)	(570,302)
Taxation	21	1,149,949	1,225,194
Net Loss for the year after taxation		(4,241,589)	(1,795,496)
BASIC LOSS PER SHARE	22	(0.79)	(0.33)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

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

	Note	2018 Rupees	2017 Rupees
Profit / (Loss) for the year		(4,241,589)	(1,795,496)
Other Comprehensive Income:		-	
Gratuity		125,361	120,180
Incremental depreciation transferred from revaluation surplus	11	2,503,424	1,342,163
Total Comprehensive Loss		<u>(1,612,804)</u>	<u>(333,153)</u>

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30,2018

	Note	2018 RUPEES	2017 RUPEES
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash generated from operation	23	4,606,359	3,535,659
Taxes paid		(2,428,587)	(909,631)
Finance cost paid		(2,318,143)	(1,972,963)
Net cash inflow / (outflow) from operating activities		(140,371)	653,065
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
Increase in long term deposit		(460,000)	-
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		28,188,050	-
Net cash (outflow) / inflow from financing activities		28,188,050	-
Net increase/(decrease) in cash & cash equivalents		27,587,679	653,065
Cash & cash equivalents as at July 01, 2017		(27,504,690)	(28,157,755)
Cash & cash equivalents as at June 30, 2018	24	82,989	(27,504,690)

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

	PAID UP CAPITAL	ACCUMULATED (LOSS) (RESTATED)	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
	(-----RUPEES-----)			
Balance as at July 01, 2016	54,000,000	(95,856,761)	7,697,042	(34,159,719)
Add: Revaluation Surplus during the year	-	-	123,756,443	123,756,443
Less: Incremental depreciation during the year	-	-	(1,342,163)	(1,342,163)
Restatement impact of gratuity		(594,853)		
Total Comprehensive Income / (Loss) for the year ended June 30, 2017	-	(333,153)	-	(333,153)
Balances as at June 30, 2017	54,000,000	(96,784,767)	130,111,322	87,921,408
Add: Revaluation Surplus during the year	-	-	-	-
Less: Incremental depreciation during the year	-	-	(2,503,424)	(2,503,424)
Total Comprehensive Income / (Loss) for the year ended June 30, 2018	-	(1,612,804)	-	(1,612,804)
	54,000,000	(98,397,571)	127,607,898	83,805,180

The annexed notes from 1 to 30 form an integral part of these Financial Statements.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 THE COMPANY AND ITS OPERATIONS:

Mubarak Textile Mills Limited (the company) was incorporated on 11th August, 1991 as a Private Limited Company and was subsequently converted into a Public Limited Company with its shares quoted in Pakistan Stock Exchange. The registered office of the company is situated at 20 k.m off Ferozepure road Lahore. The Project is a composite Knitwear unit comprising of Knitting, Dying, Finishing, Embroidery & stitching. The Mill is located at 20 k.m off Ferozepure road in district Lahore in the province of the Punjab.

2 SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF COMPLIANCE

2.1 Basis of accounting:

The company has ceased its operation in 2011. The company has suffered a loss of Rs 1.764 million and total comprehensive gain of Rs 0.864 million during the year its accumulated losses as at June 30, 2018 were Rs. 95.920 million. As of this date, the company's current liabilities exceeded its current assets by Rs. 19.976 million. These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

The management has planned to enter in trading business in the near future, however to sustain the current working capital requirements the management has leased out its property (building).

These financial statements have been prepared on a going concern basis on the assumption that company would be able to obtain the working capital from the sources referred above.

These financial statements do not include adjustments relating to recoverability and classification of recorded assets amount and classification of liabilities that may be necessary to continue as a going concern.

2.2 Statement of compliance:

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, (repealed, see below) provisions of and directives issued under the Companies Ordinance, 1984. Wherever, the requirement of the Companies Ordinance, 1984 or directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

The Securities and Exchange Commission of Pakistan, via its Circular No. 17 of 2017, dated July 20, 2017 read with the related Press Release, has instructed companies to prepare financial statements, for the year ended 30 June, 2017, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company will prepare its annual financial statements for the year ending 30 June, 2018 in accordance with the provisions of the Companies Act, 2017.

2.3 New Standards, amendments to approved accounting standards and new interpretations

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

Effective date (annual
reporting periods
beginning on or after)

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the off setting disclosures to condensed interim financial statements
IFRS 9	Financial Instruments

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

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements
IFRS 17	Insurance Contracts

2.4 Accounting convention

These financial statements have been prepared under the Historical Cost Convention and modified by revaluation of land, building and plant and machinery during the year ended 30th September, 1996 and subsequently during financial year ending September 30, 2003 and recently in December 2016.

2.5 FINANCIAL INSTRUMENTS AND MEASUREMENT

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 asset 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. Loan and receivables are classified as trade debts, loan and advances, deposits 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 of the investment within twelve months from the balance sheet date.

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 and are carried at amortised cost.

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

The fair value of quoted investments are based on current prices. If the market for the financial asset is not active (and for unlisted securities), the company measures the investment at cost less impairment in value if any.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right 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.

Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provision of the instrument.

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Derivative financial instruments

These are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Off - Setting

A financial asset and financial liabilities of a particular party is offset against each other and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognised amount and also intends either to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.6 Impairment

The carrying amounts 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 exist, the assets recoverable amount is estimated and impairment losses are recognised.

2.7 Staff retirement Benefits

The company operates an un-funded Gratuity Scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme. In accordance with the actuarial recommendations. Liability is provided annually on the basis of last drawn salary, length of service of the employee.

During the year management has restated its financial statements for the year ended 30 June 2017 and has incorporated the employee benefit obligation as per IAS-9 - "Employee benefit plan".

The above mention revision has been accounted for as change in accounting policy in accordance with requirement of IAS 8 "Accounting policies, changes in accounting Estimates and errors". Accordingly the effect of change in accounting policy has been recognized retrospectively in the profit and loss account for the current year. Had there been no change in the accounting policy, the loss after taxation for the year would have been reduced by Rs,126,062 and retained earning would have been decreased by Rs,701,515.

2.8 Property, plant and equipment

Property, Plant and Equipments are stated at cost or revaluation less accumulated depreciation except freehold land which is stated at cost or revaluation. Surplus arising out of revaluation of Property, Plant and Equipment is directly transferred to "Surplus on Revaluation of Property, Plant and Equipment".

Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain and losses on disposal of assets is taken to profit and loss account.

2.9 Assets subject to finance lease

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Finance cost are charged to the Profit and Loss Account over the lease period. Property, plant and equipment acquired under finance leases are depreciated at the rates stated in note 3.

2.10 Taxation**2.10.1 Current**

Provision for current taxation is based on the taxable income at the current rates of taxation (it may be pointed out that the taxable income falls under the presumptive tax regime) after taking into account tax credits and tax rebates available, if any.

2.10.2 Deferred

As company has cease its operation its solely income is income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 "Income Taxes".

2.11 Store and spares

These are valued at moving average cost.

2.12 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.13 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand with banks and short term borrowings.

2.14 Revenue recognition

Local sales are recorded on dispatch of goods to the customers.

Export sales are accounted for on shipment basis and exchange difference if any on account of export proceeds are adjusted in the period of realization. Export bills receivable at the balance sheet date are accounted for at the value realised subsequently.

Processing charges are booked on completion of jobs.

2.15 Foreign Currency translation

Transactions in foreign currencies are translated into Pak rupees at the rates of the exchange approximately those prevailing on the date of transactions. Monetary assets and liabilities at rates of exchange ruling on the balance sheet date. Exchange differences are included in profit and loss account currently.

2.16 Borrowing Cost

Borrowing cost related to the financing of major projects is capitalized. All other borrowing costs are expensed as incurred.

2.17 Trade Debtors

Trade debtors originated by the company are recognized and carried at original invoice less any allowance for any uncollectible amounts. Known bad debts, if any, are written-off and provision is made against debts considered doubtful.

2.18 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the accounts.

2.19 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services recovered, where or not billed to the company.

3 PROPERTY, PLANT AND EQUIPMENT

2017										
Particulars	COST / REVALUATION				DEPRECIATION					W.D.V.
	As at July 01, 2017	Additions / Deletions	Adjustment	As at June 30, 2018	Rate %	As at July 01, 2017	Adjustment	Charged for the year	To June 30, 2018	As at June 30, 2018
OWNED:										
Land - freehold	84,875,000	-	-	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	63,636,000	-	-	63,636,000	5	1,590,900	-	3,102,255	4,693,155	58,942,845
Electric installations	1,075,000	-	-	1,075,000	10	53,750	-	102,125	155,875	919,125
Fire fighting equipment	102,220	-	-	102,220	10	91,663	-	1,056	92,719	9,501
Tube well	92,000	-	-	92,000	10	4,600	-	8,740	13,340	78,660
Sui gas installation	947,099	-	-	947,099	10	766,629	-	18,047	784,676	162,423
Vehicles	698,360	-	-	698,360	20	539,793	-	31,713	571,506	126,854
Rupees	151,425,679	-	-	151,425,679	-	3,047,335	-	3,263,936	6,311,271	145,114,408

2016										
Particulars	COST / REVALUATION				DEPRECIATION					W.D.V.
	As at July 01, 2016	Additions / Deletions	Adjustment	As at June 30, 2017	Rate %	As at July 01, 2016	Adjustment	Charged for the year	To June 30, 2017	As at June 30, 2017
OWNED:										
Land - freehold	9,700,000	-	75,175,000	84,875,000	-	-	-	-	-	84,875,000
Building on freehold land	37,976,096	-	25,659,904	63,636,000	5	21,904,994	(22,306,772)	1,992,678	1,590,900	62,045,100
Electric installations	3,656,657	-	(2,581,657)	1,075,000	10	3,193,146	(3,216,322)	76,926	53,750	1,021,250
Fire fighting equipment	102,220	-	-	102,220	10	90,490	-	1,173	91,663	10,557
Tube well	399,050	-	(307,050)	92,000	10	281,263	(287,152)	10,489	4,600	87,400
Sui gas installation	947,099	-	-	947,099	10	746,577	-	20,052	766,629	180,470
Vehicles	698,360	-	-	698,360	20	500,151	-	39,642	539,793	158,567
Rupees	53,479,482	-	97,946,197	151,425,679	-	26,716,621	(25,810,246)	2,140,960	3,047,335	148,378,344

3.1 As company has ceased its operations therefore all depreciation has been charged to Administrative expenses

3.2 Had There been no revaluation of Property Plant and Equipment the cost would have been Rs. 71,483,207/- (2016: 71,483,207/-) as referred in note 11.2

	NOTE	2018 Rupees	2017 Rupees
4 LONG TERM DEPOSITS			
Comprise of securities/deposits in respect of:			
Telephone		31,000	31,000
Electricity		167,880	167,880
Gas cylinder		1,181,700	721,700
Other		33,828	33,828
		<u>1,414,408</u>	<u>954,408</u>
5 TRADE DEBTORS			
Un Secured - Considered Good		<u>8,567,893</u>	<u>9,283,773</u>
These are related to local sales and processing receipts and are unsecured but considered good by the management. However it shall be noted that the company has not maintained any aging for the debtors past due but not impaired as per IFRS - 7 Financial Instruments: Disclosures. Moreover no impairment of receivables was charged during the year.			
6 LOANS AND ADVANCES			
Employees - Considered Good		<u>20,100</u>	<u>334,550</u>
7 DEPOSITS AND PREPAYMENTS			
Advance income tax		<u>1,078,137</u>	<u>697,360</u>
8 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		1,531,023	1,531,023
Income tax refundable		105,016	105,016
		<u>1,636,039</u>	<u>1,636,039</u>
9 CASH AND BANK BALANCES			
Cash In hand		58,420	102,614
Cash with banks			
- current accounts		24,569	37,891
		<u>82,989</u>	<u>140,505</u>
10 SHARE CAPITAL			
Authorized			
8,000,000 (2017: 8,000,000) Ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued subscribed and paid up			
5,400,000 (2017: 5,400,000) Ordinary shares of Rs. 10 each			
Issue for cash		<u>54,000,000</u>	<u>54,000,000</u>
11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Revaluation of Property, Plant and Equipment has been carried out on June 20, 2003, by independent valuers M/s Hamid Mukhtar & Co. (Pvt) Ltd registered surveyors and valuation consultants on the basis of market value in respect of land, building and plant and machinery respectively and verified by M/s Yousaf Adil & Co. Chartered Accountants and during the year revaluation was again carried out in respect of land, building and electric equipments by independent valuers M/s Surval on December 23, 2016 on the basis of market value and further verified by Ilyas Saeed & Co. Chartered Accountants.			

	Note	2018 Rupees	2017 Rupees
<u>Surplus on revaluation of Property, Plant and Equipment:</u>			
Opening balance		130,111,322	7,697,042
Surplus during the year		-	123,756,443
Incremental depreciation for the year transferred to statement of comprehensive income	11.2	(2,503,424)	(1,342,163)
		127,607,898	130,111,322

11.1 Surplus on revaluation of operating Property, Plant and Equipment to the extent of depreciation charged on appreciated value of corresponding operating Property, Plant and Equipment has been transferred to statement of comprehensive income.

11.2 Effect of revaluation of Property, Plant and Equipment

Particulars	Original cost of Revalued Assets	Written Down Value At the time of Revaluation	Assessed value	Revaluation Surplus	Effect of Revaluation Conducted As Per Circular-29 dt. 15.10.2002 on	Net Effect of Revaluation
	A	B	C	D=C-B	E	F=D+E
Land	4,248,420	9,700,000	84,875,000	81,675,880	(1,049,000)	80,626,880
Building	15,766,650	15,669,324	63,636,000	55,038,410	(621,636)	54,416,774
Electronic Items	1,167,000	552,233	1,167,000	614,767	-	614,767
Plant and Machinery	51,468,437	36,989,607	88,482,000	51,492,393	(6,583,404)	44,908,989
Vehicles	-	-	-	-	278,567	278,567
	72,650,507	62,911,164	238,160,000	188,821,450	(7,975,473)	180,845,977
Less: Charged to Profit & Loss on Destruction of Plant & Machinery.	-	-	4,249,459	4,249,459	-	4,249,459
	72,650,507	62,911,164	233,910,541	184,571,991	(7,975,473)	176,596,518

Less: Incremental depreciation transferred to statement of comprehensive income upto 30.06.2017. 46,485,196
130,111,322

Less: Incremental depreciation transferred to statement of comprehensive income for the year 30-06-2018. 2,503,424

127,607,898

12 LONG TERM LOANS Un secured	Note	2018 Rupees	2017 Rupees
- Sponsor	12.1	40,036,988	11,848,938
12.1 Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management as long term. As the repayment terms of loans have not been finalized. Amortized cost of these loans as required by IAS-39 (Financial Instruments Recognition and Measurement) cannot be calculated with sufficient reliability.			
13. EMPLOYEE BENEFIT OBLIGATION	Note	2018 Rupees	(RESTATED) 2017 Rupees
13.1 The amounts recognised in the statement of financial position are determined as follows:			
Present value of the defined benefit obligation		827,577	701,515
Fair value of plan assets		-	-
		827,577	701,515
13.2 The amounts recognised in the statement of profit or loss:			
Current service costs		197,056	180,741
Interest cost		54,367	46,101
		251,423	226,842
13.3 Changes in the present value of the defined benefit obligation are as follows			
Opening defined benefit obligation		701,515	594,853
Service cost		197,056	180,741
Interest cost		54,367	46,101
Actuarial losses (gains)		2,938	-
Experience adjustments		(128,299)	(120,180)
		827,577	701,515
13.4 Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:			
Discount rate used for Interest Cost in P&L Charge		7.75%	7.75%
Discount rate used for year end obligation		9.00%	7.75%
Salary increase used for year end obligation			
Salary Increase FY2018		N/A	6.75%
Salary Increase FY2019		8.00%	6.75%
Salary Increase FY2020		8.00%	6.75%
Salary Increase FY2021		8.00%	6.75%
Salary Increase FY2022		8.00%	6.75%
Salary Increase FY2023		8.00%	6.75%
Salary Increase FY2024 onward		8.00%	6.75%
Next salary is increased at		01-Jul-18	01-Jul-17
Mortality Rates		SLIC 2001-2005 Setback 1Year	SLIC 2001-2005 Setback 1Year
Withdrawal Rates		Age-Based (per appendix)	Age-Based (per appendix)
Retirement Assumption		Age 60	Age 60

	Note	2018	2017
		Rupees	Rupees
14 TRADE AND OTHER PAYABLES			
Trade creditors		28,042,529	28,159,924
Advance Payment		-	1,150,000
Accrued expenses		2,264,610	693,280
Tax deducted at source		-	822,616
Unclaimed dividend		103,962	103,962
Other Liabilities		2,278,032	1,255,416
		32,689,133	32,185,198

15. SHORT TERM BORROWING

Short term running finance - secured	15.1	-	-
Overdraft - secured	15.2	-	27,645,195
		-	27,645,195

15.2 This represents bank overdraft facility obtained from standard chartered bank limited against sanctioned limit of Nill (2017: 28 million) secured against personal accounts of sponsors on which lien can be marked on any account and in any form under the following masters i.e TD, saving, current accounts etc. It carries margin at the rate nill (2016:3 months kibor +1% per annum).

	Note	2018	2017
		Rupees	Rupees
16 PROVISION FOR TAXATION			
Opening balance		1,225,194	946,871
Add: Provision for the year		1,149,949	1,225,194
Prior year adjustment		-	-
		2,375,143	2,172,065
Less: Paid during the year		527,834	212,271
Adjusted during the year against the assessment completed		697,360	734,600
		1,149,949	1,225,194

16.1 Income/ Loss declared by the company for the financial year ending 30 June, 2015 (tax year 2016) have been deemed to be assessed as declared as per section 120 of the Income Tax Ordinance, 2001.

16.2 As company has cease its operation its solely income is income from property. Therefore, company was not required to provide the deferred taxation as there will be no timing difference as per IAS-12 income taxes.

17 Contingencies and Commitments

The Honorable Supreme Court of Pakistan had constituted a commission on written off loans by taking Suo Moto notice in Case No. 26 of 2007 title deadbeats got loan off Rs. 54 Bln written off. The above mentioned case included a loan of HBL Ltd (The Lenders file No. 131/02-2006) sanctioned to the Company. The commission of write off loans as constituted above concluded in its finding in case no 02-HBL-206 on 06.12.2012 that the incumbent company had availed a write off of Rs. 334.606M (Principal amount Rs. 172.707M and Markup etc. Rs. 161.899M). After a number of hearings the Honorable Supreme Court in its order dated 08.01.2019 had decided that basis of settlement of the written off amounts re-opened by the commission shall the 75% of the principal amount earmarked by the commission in its recommendation, in the case of the company which aggregated to Rs. 172.707M. Further it was decided in the order that borrowers who have not availed of this option to date but have applied for this option be given eight weeks from the date of the order i.e. 08.01.2019 to avail this relief.

Furthermore, borrowers who have not applied for this option shall be treated as on individual basis by a special bench which is being constituted by the court.

It may be mentioned here that the court in its above order also specifically decided that the claim of the financial institution (lenders i.e HBL) shall stand waived off and furthermore the amount deposited by the borrowers (if any) shall be credited to Diamer Basha and Mohmand Dam Funds.

The contingent liability constitutes a material uncertainty computed on the basis of the above order to the extent of Rs. 129.530M (75% of Rs. 172.707M) which has to be liquidated within eight weeks of the date of the order i.e. 08.01.2019.

18	Administrative expenses	Note	2018 Rupees	2017 Rupees
	Salaries and benefits		3,114,162	2,690,132
	Traveling and conveyance		84,585	74,000
	Communication expenses		106,306	116,191
	Printing & stationery		21,124	128,545
	Rent, rates and taxes		106,816	132,005
	Fee and subscription		301,263	258,580
	Entertainment		46,556	28,712
	Repair & maintenance		226,880	416,334
	Auditors' remuneration	18.1	187,500	187,500
	Advertisement & Publicity		123,290	49,000
	Legal & professional charges		1,761,192	227,192
	Power and fuel		240,187	193,919
	Depreciation	3	3,263,936	2,140,960
	Miscellaneous		-	161
			<u>9,583,797</u>	<u>6,643,231</u>
18.1	Auditors' remuneration			
	Statutory audit		177,500	177,500
	Out of pocket expenses		10,000	10,000
			<u>187,500</u>	<u>187,500</u>
19	OTHER OPERATING INCOME			
	Rental Income		7,644,702	8,170,998
	Creditors Writeoff		673,214	-
			<u>8,317,916</u>	<u>8,170,998</u>
20	FINANCE COST			
	Mark up short term running finance-secured		1,823,917	2,094,301
	Bank charges		1,842	3,768
			<u>1,825,759</u>	<u>2,098,069</u>
21	TAXATION			
	This relates to:			
	Current year		1,149,949	1,225,194
	Prior year		-	-
			<u>1,149,949</u>	<u>1,225,194</u>
22	BASIC EARNING LOSS PER SHARE			
	Loss after Taxation attributable to ordinary shareholders		<u>(4,241,589)</u>	<u>(1,795,496)</u>
			Number of shares	
	No. of ordinary shares issued and subscribed at the end of the year		<u>5,400,000</u>	<u>5,400,000</u>
			R u p e e s	
	Loss per share		<u>(0.79)</u>	<u>(0.33)</u>
22.1	There is no dilutive effect on the basic earning/ (Loss) per share.			

23 CASH GENERATED FROM OPERATIONS

Profit /(loss) before taxation		(3,091,640)	(570,302)
Adjustment for non cash charges and other items:			

Depreciation	3	3,263,936	2,140,960
Non- cash employee benefits expenses		251,423	226,842
Finance cost		1,825,759	2,098,069
		5,341,118	4,465,871

Working capital changes	23.1	2,356,881	(359,910)
		4,606,359	3,535,659

Note	2018	2017
	Rupees	Rupees

23.1 WORKING CAPITAL CHANGES

(increase) / decrease in current assets

Trade debtors	715,880	(73,240)
Loans and advances	314,450	31,760
	1,030,330	(41,480)

Increase/ (decrease) in current liabilities

Trade and other payables	1,326,551	(318,430)
	2,356,881	(359,910)

24 CASH AND CASH EQUIVALENTS

Cash and bank balances	82,989	140,505
Bank overdraft	-	(27,645,195)
	82,989	(27,504,690)

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**Financial assets and liabilities**

	2018				
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing	
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
Financial assets					
Long term deposits		-	-	-	1,414,408
Trade debtors		-	-	8,567,893	-
Loans and advances		-	-	20,100	-
Deposits and prepayments		-	-	1,078,137	-
Cash and bank balance		-	-	82,989	-
		-	-	9,749,119	1,414,408
					11,163,527

2017					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets					
Long term deposits	-	-	-	954,408	954,408
Trade debtors	-	-	9,283,773	-	9,283,773
Loans and advances	-	-	334,550	-	334,550
Deposits and prepayments	-	-	697,360	-	697,360
Cash and bank balance	-	-	140,505	-	140,505
	-	-	10,456,188	954,408	11,410,596

2018					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	40,036,988	40,036,988
Short term borrowing-Secured	-	-	-	-	-
Accrued markup on short term running finance	-	-	-	-	-
Employee benefit obligation	-	-	-	827,577	827,577
Trade and other payables	-	-	32,689,133	-	32,689,133
	-	-	32,689,133	40,864,565	73,553,698

2017					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans	-	-	-	11,848,938	11,848,938
Short term running finance	27,645,195	-	-	-	27,645,195
Accrued markup on short term running finance	-	-	492,384	-	492,384
Employee benefit obligation (Restated)	-	-	-	701,515	701,515
Trade and other payables	-	-	31,362,582	-	31,362,582
	27,645,195	-	31,854,966	12,550,453	72,050,614

25.1 FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to foreign exchange risk arising from various currency exposures. Company uses forward exchange contracts, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, Company designates contracts with Company's bankers as fair value hedges or cash flow hedges, as appropriate.

(a) Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	June 30, 2018	June 30, 2017
Long term deposits	1,414,408	954,408
Trade debtors	8,567,893	9,283,773
Deposits and prepayments	1,078,137	697,360
Cash and bank balances	82,989	140,505

(b) Interest / Mark up rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for loans obtained from the financial institutions.

(c) Capital Management:

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

(d) Foreign currency risk

Foreign currency risk may arise against receivable export sale to foreign undertakings, but the company is not exposed to major currency risk.

(e) Liquidity risk

Liquidity risk reflects company's inability in raising funds to meet commitments. The management closely monitors company's liquidity and cash flow position to ensure adequate liquidity and manage the assets keeping in view the liquidity position.

25.2 Fair value of assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximated their fair value.

26 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive and executive of the company is as follows;

Description	2018			2017		
	Chief Executive	Working Directors	Executives	Chief Executive	Working Directors	Executives
Basic salary	-		-	-		-
House rent	-		-	-		-
Other allowances	-		-	-		-
	-		-	-		-
No. of persons	1	1	-	1	1	-

26.1 The chief Executive officers and working Director is not drawing any remuneration from the company.

27 NUMBER OF EMPLOYEES

	2018	2017
The no. of employees as at June 30, 2018	12	12
Average no. of employees during the year	12	12

28 RATED CAPACITY AND ACTUAL PRODUCTION

The rated capacity and capacity attained was not disclosed as all the plant and machinery were disposed off by the company during the preceding financial year.

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 31st January, 2019 by the Board of Directors of the company.

30 GENERAL

30.1 Figures has been rounded of to the nearest rupee.

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

Form 34
(Section 236)
Pattern of Holding of Shareholders
As on June 30, 2018

Number of shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
75	1 -	100	2,592	0.05
439	101 -	500	216,208	4.00
26	501 -	1000	25,600	0.47
29	1001 -	5000	79,000	1.46
11	5001 -	10000	95,100	1.76
5	10001 -	15000	62,500	1.16
2	25001 -	30000	56,000	1.04
2	35001 -	40000	78,000	1.44
1	65001 -	70000	66,000	1.22
1	85001 -	90000	88,500	1.64
1	100001 -	105000	100,500	1.86
1	185001 -	190000	187,000	3.46
1	405001 -	410000	409,000	7.57
1	3930001 -	3935000	3,934,000	72.85
595			5,400,000	100.00

Sr.#	Name	No of Shareholders	Shares Held	Percentage of Capital
1.	Directors, Chief Executive Officer, their spouse and minor children	7	5,500	0.1019
2.	General Public (Local)	582	5,314,499	98.4166
3.	Others	6	80,001	1.4815
	Total	595	5,400,000	100.000

PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Sr.#	Name	Shares Held	Percentage of Capital
Directors, Chief Executive Officer, their spouse and minor children			
1	MR. SHAKEEL AHMED	1,000	0.0185
2	MR. ZULFIQAR ALI	1,000	0.0185
3	CH. NASEER AHMAD	1,000	0.0185
4	MR. NAFEES IQBAL	500	0.0093
5	MR. IMTIAZ HUSSAIN QURESHI.	500	0.0093
6	MR. NADEEM ABBAS	500	0.0093
7	MR. ABDUL SHAKOOR	1,000	0.0185
Running Total of: Directors, Chief Executive Office, and their spouse and minor children		5,500	0.1019
Banks Developments Financial Institutions, Non Banking Financial Institutions			
1	CAPITAL VISION SECURITIES (PVT) LIMITED	500	0.0093
2	CAPITAL VISION SECURITIES (PVT) LTD.	2,000	0.0370
3	TIME SECURITIES (PVT.) LTD.	10,500	0.1944
4	HUSSAIN MILLS LIMITED	66,000	1.2222
5	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0185
6	MAPLE LEAF CAPITAL LIMITED	1	0.0000
Running Total of: Banks Developments Financial Institutions, Non Banking Financial Institutions		80,001	1.4815
General Public (Local)		5,314,999	98.4166
GRAND TOTAL		5,400,000	100.0000
Shareholders having more than 5% Shares			
1	MR REHAN AHMED	3,934,000	72.8519
2	MR MUZAFFAR AHMAD	409,000	7.5741
TOTAL		4,343,000	80.4259

MUBARAK TEXTILE MILLS LIMITED

FORM OF PROXY

Please quote Reg. folio Number

--

I/We _____

of _____

Being a Member of Mubarak Textile Mills Limited, Hereby appoint

(NAME)

_____ another Member of the Company or failing

(NAME)

of _____

(Being a Member of the Company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf, at the _____th Annual General Meeting of the Company to be held on Monday, 25th March, 2019 at 20-km Off Ferozepur Road, Lahore, at 11.00 a.m. and at any adjournment thereof.

As witness my hand this _____ Day of _____ 2019

Signed by _____

In the presence of _____

Folio No.	CDC Account No.	
	Participant I.D	Account No.

Affix Revenue
Stamps of
appropriate Value

Note:

- This form of proxy duly completed must be deposited at the Company's Registered office at 20-km Off Ferozepur Road, Lahore or company's shares registrar Hameed Majeed Associates (Pvt.) LTD. HM House, 7 Bank square, Lahore not less than 48 hours before the time of meeting.
- If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- For CDC Account Holders / Corporate Entities
In Addition to the above, the following requirements have to be met.
 - Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (Unless it has been provided earlier along-with proxy form to the Company)