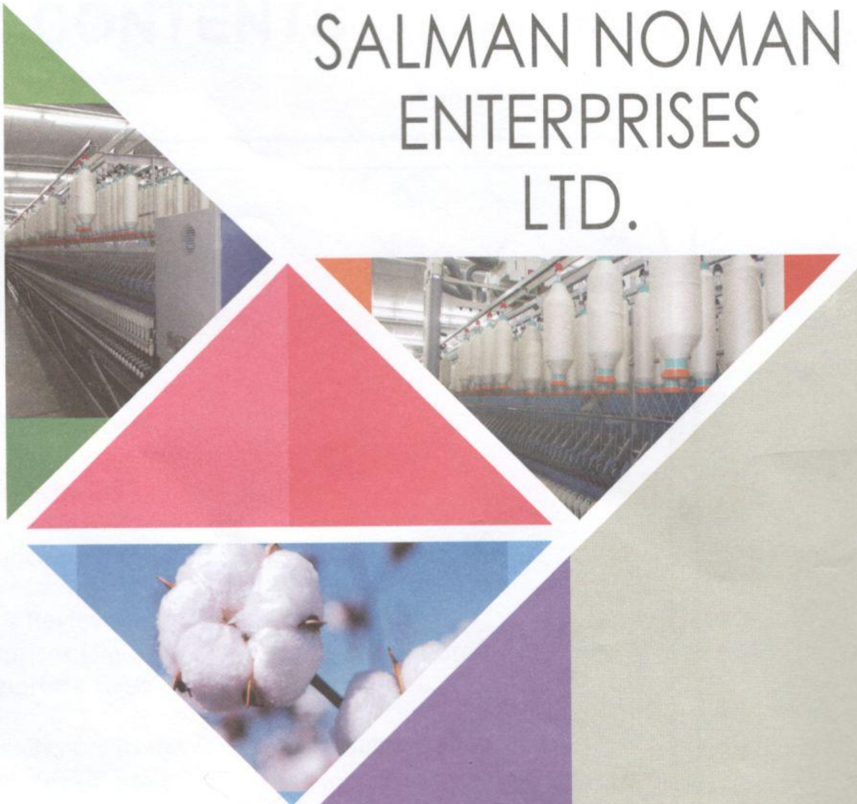
SALMAN NOMAN ENTERPRISES LTD.



Annual Report 2018

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS	MR. NOMAN ALMAS	CHIEF EXECUTIVE-EXECUTIVE DIRECTOR
	MR. ABDUL SHAKOOR	INDEPENDENT DIRECTOR
	MR. MUHAMMAD AKRAM	INDEPENDENT DIRECTOR
	MR. NAVEED AHMED	INDEPENDENT DIRECTOR
	MR. MUHAMMAD FIAZ	NON-EXECUTIVE DIRECTOR
	MR. MUHAMMAD RAMZAN	NON-EXECUTIVE DIRECTOR
	MR ZAHID ALI	NON-EXECUTIVE DIRECTOR
AUDIT COMMITTEE	MR. NAVEED AHMED	CHAIRMAN-INDEPENDENT DIRECTOR
	MR. ABDUL SHAKOOR	INDEPENDENT DIRECTOR
	MR. ZAHID ALI	NON-EXECUTIVE DIRECTOR
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. MUHAMMAD AKRAM	CHAIRMAN-INDEPENDENT DIRECTOR
	MR. MUHAMMAD FIAZ	NON-EXECUTIVE DIRECTOR
	MR. MUHAMMAD RAMZAN	NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY	MR. MUHAMMAD SAEED	
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS	
REGISTERED OFFICE	3 – K.M. BALLOKI ROAD BHAI PHERU, DISTT. KASUR	
REGISTRAR SHARE SERVICE	CORPLINK (PVT) LIMITED. WINGS ARCADE, 1-K, COMMERCIAL, MODEL TOWN, LAHORE.	
HEAD OFFICE:	76-B,NEW MUSLIM TOWN, LAHORE – 54600 WEB SITE: www.sntextile.com E-MAIL:snel36@hotmail.com nauman@sntextile.com	
MILLS	3-KM, BALLOKI ROAD BHAI PHERU DISTT. KASUR.	

NOTICE OF MEETING

Notice is hereby given that 33rdAnnual General Meeting of Members of the Company will be held on Saturday27thOctober, 2018 at 03:00 P.M. at Salman Noman Enterprises Limited, 3-K.M. Balloki Road, Bhai Pheru (Distt: Kasur) to transact the following business:-

1. Recitation from HOLY QURAAN.

2. To confirm the minutes of the Last Annual General Meeting.

3. To receive and adopt the audited accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors Report thereon.

4. To appoint auditors and fix their remuneration for the year 2018-2019. M/s. Mushtaq & Company Chartered Accountants, being eligible, offer themselves for re-appointment.

5. To consider any other business with the permission of the Chief.

By Order of the Board

Lahore:
Dated: October 06, 2018

(MUHAMMAD SAEED)
Company Secretary

NOTE:

1. The Share Transfer Books of the Company will remain closed from October 21st, 2018 toOctober27th, 2018 (both days inclusive).

2. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. Shareholders who have deposited their shares into Central Depository Company are advised to bring their National Identity Card alongwith their CDC account number at the meeting venue.

4. Shareholders are requested to notify the change in address, if any, immediately

Vision:

To strive for excellence through commitment, integrity, honesty and team work.

Mission:

The mission of company is to operate state of the art spinning machinery capable of producing high quality carded cotton and blended yarn for knitting and weaving.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Providing quality products and services to our customers mainly engaged in the manufacturing of textile products.
- Manufacturing of cotton and blended yarn as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Far East.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (MBR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company welcome you to the 33rd Annual General Meeting and are pleased to present the annual report together with Audited Accounts of the Company for the financial year ended June 30, 2018.

More than hundred textile mills of Punjab close their units due to non-viability and competitiveness of the industry. The government had failed to reduce their cost of business especially power tariff, ban imported yarn and fabrics and announce the much delayed textile bailout package. Therefore, due to high cost of doing business the textile sector had nothing to offer their international buyers against the regional competitors. The cost of doing business in the textile sector has gone through the roof and the burden of incidental taxes, provincial cess, system inefficiencies and the punitive withholding tax regime have added fuel to the fire. Now the directors believe that it was a wiser decision to close the operations to some period of times and will start the operations as the conditions are feasible. As such decision of closure of business avoided further loss to the company.

FINANCIAL HIGHLIGHTS

The Company showed a loss after tax Rs. 171,430,829 million for the year where as it was Rs. 153,110,103 for the last year. The Financial results are summarized hereunder:-

	2018 Rupees	2017 Rupees
SALES	277,110,604	597,279,585
GROSS LOSS	(390,555,895)	(95,354,670)
OPERATING LOSS	(124,322,563)	(117,175,543)
FINANCIAL EXPENSES	(44,335,552)	(43,757,032)
TAXATION	(2,772,714)	7,822,472
NET LOSS AFTER TAX	(171,430,829)	(153,110,103)
LOSS PER SHARES	(38.38)	(34.28)

The period under review has also been proved difficult period for the textile industry. The Management has closed its operations in February, 2018 due to the adverse operating conditions prevailing the textile spinning sector. The driving force for this non operation had been non-availability of working capital facility, litigations with the banking companies and challenging market conditions. Due to unilateral blockage of working capital line by the banks, the required working capital was not at our disposal and the company could not efficiently purchase raw material to run its operations. Fall in sale price of yarn, electricity and gas crisis, major consumption rate variance; low quality cotton resulted in lower yield and other fixed production overheads has also badly effect the profitability of the company.

The matters with the banking companies are under litigation with the banking companies in the court of law and there are no credit lines available to the company.

The directors are still making a lot of efforts to start the operation and they are fully confident that they will start the operations soon.

The factory remained closed the operations and there are no permanent employee/workers. The Company is in litigation with all the banking companies as there were no such funds to pay even the mark up of the banking companies. The complete details of the litigation cases are fully disclosed in note 16.1of the financial statements. However, the company is trying to make negotiation with the creditors to settle their outstanding payments.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

a). The board has arranged directors training program for Mr. Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore. The training program for the remaining directors not arranged as the company close its operations for a certain period of time. When the Company will start its operations the training program for the remaining directors will be conducted.

b). The internal audit function is no more in working as the company close its operations The board will set up an effective internal audit function as required by 5.19.21 when the operation will be started again.

c). The Audit Committee and Human Resource Committee are no more in function as all the employees left the Company.

The company closed its operations and all the employees left the company. So once the business restart than all the relevant compliances will be made.

AUDITORS

The present auditors Messrs Mushtaq& Company, Chartered Accountants, retired and new auditors will be appointed as required by the Companies Act, 2017 for the next year.

PATTERN OF SHAREHOLDING

The pattern of shareholding as required by Section 227 (2)(f) of the Companies Act, 2017 and under Code of Corporate Governance is enclosed.

DISCLAIMER OPINION

The company has ceased its operations since February 2018. During the year, the Company incurred loss amounting to Rs. 171.431 million (June 30, 2017: Rs. 153.110 million) and accumulated losses raised to Rs. 658.705 million (June 30, 2017: Rs. 499.631 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 829.047 million (June 30, 2017: Rs. 667.329 million) at the year end. This situation may result in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 147.868 million, short term borrowing amounting to Rs. 168.691 million and accrued markup Rs. 134.602 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, decline in sale price of yarn, electricity and gas crisis, major consumption rate variance; low quality of cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.
Further refer to paragraph (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n) and (o) in the Auditor's Report.

The above refer information from Point (b) to (o) as highlighted in in the auditor's report are not provided to the auditors as all the employees left the company.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the preceding six years is annexed.

DIVIDEND

As the accounts shows considerable losses for the year therefore no dividend is recommended by the Board of Directors in their meeting for the year ended June 30, 2018.

STATUTORY PAYMENTS

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2018 except for those disclosed in the financial statements.

For & on behalf of the Board

NAUMAN ALMAS
Chief Executive

Lahore,
Dated: October 06, 2018

حصص داران کو ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 33 ویں سالانہ اجلاس عام میں آپ کو خوش آمدید کہتے ہیں اور 30 جون 2018ء کو اختتام پذیر مالی سال کے لئے کمپنی کے پڑتال شدہ کھاتوں کے ہمراہ سالانہ رپورٹ پیش کرنے میں فخر محسوس کرتے ہیں۔

کپڑے کی صنعت میں مقابلہ اور عدم سازگاری کی بنا پر پنجاب میں تقریباً 100 سے زائد ٹیکسٹائل ملوں نے اپنے یونٹس بند کر دیئے۔ حکومت خصوصاً توانائی کے نرخوں، دھاگے اور کپڑے کی درآمد کی مد میں اپنے کاروباری اخراجات کی کمی میں ناکام ہوگئی اور حکومت نے انتہائی تاخیر سے ٹیکسٹائل بیل آؤٹ پیکج دیا۔ لہٰذا، کاروبار کی انتہائی لاگت کی وجہ سے ٹیکسٹائل کا شعبہ ملکی حریفوں کے مقابلہ میں بین الاقوامی خریداروں کو کچھ نہ پیش کر سکا۔ ٹیکسٹائل کا کاروبار جاری رکھنے کی لاگت آسمان کو چھو رہی ہے اور واقعاتی ٹیکس، صوبائی محصولات، نظام کی نااہلی اور ود ہولڈنگ ٹیکس میں ظالمانہ اضافہ نے جلتی پر تیل کا کام کیا۔ ڈائریکٹر پرامید ہیں کہ کچھ عرصہ کے لئے آپریشنز کی بندش حوصلہ افزا عمل تھا اور حالات سازگار ہونے پر انہیں فعال کر دیا جائے گا۔ کاروبار بند کرنے کے فیصلہ سے کمپنی مزید نقصان سے بچ گئی۔

مالیاتی اشارے

کمپنی نے گذشتہ برس میں 153,110,103 روپے کے مقابلہ میں رواں سال 171,430,829 روپے علاوہ ٹیکس خسارہ ظاہر کیا۔ مالیاتی نتائج کا خلاصہ حسب ذیل ہے۔

تفصیلات	2018ء روپے	2017ء روپے
فروخت	277,110,604	597,279,585
مجموعی خسارہ	(390,555,895)	(95,354,670)
آپریٹنگ خسارہ	(124,322,563)	(117,175,543)
مالیاتی اخراجات	(44,335,552)	(43,757,032)
محصولات	(2,772,714)	7,822,472
خالص خسارہ علاوہ ٹیکس	(171,430,829)	(153,110,103)
خسارہ فی حصص	(38.38)	(34.28)

زیر جائزہ مدت ٹیکسٹائل کی صنعت کے لئے مشکل ترین دور تھا۔ انتظامیہ نے ٹیکسٹائل سپننگ سیکٹر کو درپیش ابتر حالات کے باعث فروری 2018ء میں اپنے آپریشنز کو بند کر دیا۔ اس کی بنیادی وجہ ورکنگ کیپٹل سہولت کا فقدان، بینکنگ کمپنیوں کے ساتھ قانونی چارہ جوئی اور منڈی کے مشکل حالات ہیں۔ بینکوں کی جانب سے ورکنگ کیپٹل کی یک طرفہ رکاوٹ کی وجہ سے مطلوب ورکنگ کیپٹل میں فقدان رہا اور کمپنی اپنے افعال کو متحرک کرنے کے لئے خام مال کی خریداری نہ کر سکی۔ سوت کی قیمت فروخت میں کمی، بجلی اور گیس کا بحران، کھپت کی شرح میں تغیر، ناقص معیار کی کپاس کم پیداوار کی بنیادی وجوہات ہیں اور دیگر مستقل پیداواری اخراجات نے بھی کمپنی کی آمدنی پر برے اثرات ڈالے۔

بینکوں کے ساتھ بھی کچھ معاملات عدالت میں میں زیر سماعت ہیں اور کمپنی کو کسی قسم کی قرضہ کی سہولت فراہم نہیں کی جا رہی۔

ڈائریکٹرز کام کے دوبارہ آغاز کے لئے کوششیں کر رہے ہیں اور وہ پرامید ہیں کہ کام کا آغاز بہت جلد ہو جائے گا۔

فیکٹری میں کام مکمل طور پر بند ہیں اور مستقل ملازم/ مزدور موجود نہیں۔ کمپنی مختلف بینکوں کے ساتھ قانونی چارہ جوئی کر رہی ہے اور بینکوں کو کسی قسم کا مارک اپ واجب الادا نہیں۔ مالیاتی گوشواروں کے نوٹ 16.1 میں قانونی چارہ جوئی کی مکمل تفصیلات بیان کی گئی ہیں۔ تاہم، کمپنی واجبات کی ادائیگی کے لئے مختلف قرض خواہان سے رابطہ کی کوشش کر رہی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

a) بورڈ نے محترم نعمان الماس کے لئے ایک ٹریننگ پروگرام مرتب کیا ہے اور انہوں نے یونیورسٹی آف لاہور کی جانب سے منعقدہ ڈائریکٹر ٹریننگ پروگرام کے تحت نومبر 2014ء میں مستند ڈائریکٹر کا سرٹیفکیٹ (سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت) حاصل کیا ہے۔ باقی ڈائریکٹرز کے لئے ٹریننگ پروگرام مرتب نہ کیا گیا کیونکہ کمپنی نے غیر معینہ مدت کے لئے اپنا کام بند کر دیا۔ جونہی کمپنی اپنے کام کا دوبارہ آغاز کرے گی تو باقی ڈائریکٹرز کے لئے ٹریننگ پروگرام فوری طے کر لیا جائے گا۔

b) کمپنی کے کام میں بندش کی وجہ سے انٹرنل آڈٹ ممکن نہ تھا۔ کام کے آغاز سے ہی بورڈ 5.19.21 کے تحت انٹرنل آڈٹ کا انتظام کر لے گا۔

c) کمپنی میں ملازمین کی عدم موجودگی کی وجہ سے آڈٹ اور ہیومن ریسورس کمیٹیاں فعال نہ ہیں۔

کمپنی نے اپنا کام بند کر دیا ہے اور تمام ملازمین نے کمپنی کو چھوڑ دیا ہے۔ لہٰذا جونہی کاروبار کا آغاز ہو گا تو متعلقہ تعمیل کی جائے گی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور کمپنیز ایکٹ 2017ء کے تحت آئندہ برس کے لئے نئے آڈیٹرز کا تقرر کیا جائے گا۔

شیئر ہولڈنگ کی وضع

کمپنیز ایکٹ کے سیکشن (f)(2)227 اور کوڈ آف کارپوریٹ گورننس کے تحت شیئر ہولڈنگ کی وضع ساتھ منسلک ہے۔

اعلان

کمپنی نے فروری 2018ء سے اپنا کام بند کر دیا ہے۔ سال بھر میں، کمپنی کو 171.431 ملین روپے (30 جون 2017: 153.110 ملین روپے) کا خسارہ برداشت کرنا پڑا اور سال کے اختتام پر مجموعی خسارہ 658.705 ملین روپے (30 جون 2017: 499.631 ملین روپے) تک پہنچ گیا۔ مزید برآں، کمپنی کے حالیہ واجبات حالیہ اثاثہ جات سے 829.047 ملین روپے (30 جون 2017: 667.329 ملین روپے) بڑھ گئے۔ یہ حالات شدید بحران میں تبدیل ہو گئے اور کمپنی قرضوں کے معاہدہ کی تعمیل میں ناکام ہو گئی اور مالیاتی اداروں کو 147.868 ملین روپے کی طویل مدتی فائننسنگ، طویل مدتی قرضہ کی مد میں 168.691 ملین روپے اور ان پر 134.602 ملین

روپے سود، ادا کرنے میں ناکام ہوگئی۔ مالیاتی اداروں کی جانب سے ورکنگ کیپٹل کی بندش، سوت کی قیمت فروخت میں کمی، بجلی اور گیس کا بحران، کھپت کی شرح میں بھاری تغیر، کپاس کے ناقص معیار کی وجہ سے پیداوار میں کمی اور دیگر مستقل پیداواری واجبات خساری کی بنیادی وجوہات میں شامل ہیں۔ ابتر مالی حالات کی وجہ سے غیر یقینی کی صورت حال پیدا ہوئی اور کمپنی اپنا کاروبار جاری رکھنے کی صلاحیت کھوبیٹھی۔ اور لہٰذا، کمپنی اپنے اثاثہ جات کے قبضہ اور اپنے واجبات کی ادائیگی میں ناکام ہوگئی۔

مزید معلومات کے لئے آڈیٹرز کی رپورٹ کے پیراگراف (b)، (c)، (d)، (e)، (f)، (g)، (h)، (i)، (j)، (k)، (l)، (m)، (n) اور (o) ملاحظہ کریں۔

آڈیٹر کی رپورٹ میں ہائی لائٹ کئے گئے نقاط (b) سے (o) آڈیٹرز کو پیش نہ کئے گئے کیونکہ کمپنی کے تمام ملازمین فارغ ہو گئے تھے۔

بنیادی فعالی اور مالیاتی اعدادو شمار

گذشتہ چھے برس کے بنیادی فعالی اور مالیاتی اعدادوشمار ساتھ منسلک ہیں۔

منافع منقسمہ

کئی برسوں سے کھاتوں میں نمایاں خسارہ کی وجہ سے 30 جون 2018ء کو اختتام پذیر سال کے لئے اجلاس میں کوئی منافع منقسمہ تجویز نہ کیا گیا۔

قانونی ادائیگیاں

مالیاتی گوشواروں میں بیان کردہ تفصیلات کے علاوہ 30 جون 2018ء تک ٹیکس، ڈیوٹی اور جرمانوں کی مد میں کوئی ادائیگیاں واجب الادا نہیں۔

برائے/منجانب بورڈ

نعمان الماس

چیف ایگزیکٹو

لاہور

06 اکتوبر، 2018ء

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS:

Description	2018	2017	2016	2015	2014	2013
	-----Rupees-----					
Earning and Distribution						
Sale-net	277,110,604	597,279,585	1,129,820,767	1,266,758,386	1,447,051,095	1,284,222,860
Profit / (loss) before Tax	(168,658,115)	(160,932,575)	(245,286,740)	(187,698,407)	(52,071,074)	(9,476,480
Tax	(2,772,714)	7,822,472	61,810,085	62,227,639	4,546,793	(4,510,272
Net Earning / (loss)	(171,430,829)	(153,110,103)	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752
Dividend	-	-	-	-	-	-
Retained (used) in Business	(171,430,829)	(153,110,103)	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752
Net Earning / (loss) per share	(38.38)	(34.28)	(41.07)	(28.09)	(10.64)	(3.13
Dividend declared per share	-	-	-	-	-	-
Break up value per share	(64.36)	(25.98)	7.36	48.60	63.13	72.8
Financial Position						
Share Capital	44,670,360	44,670,360	44,670,360	44,670,360	44,670,360	44,670,36
Accumulated Profit / (loss)	(658,890,660)	(499,445,440)	(363,511,942)	(192,963,611)	(79,509,328)	(44,307,51
Surplus on revaluation of fixed Assets	326,720,850	338,706,459	351,704,020	365,385,664	316,841,519	324,826,85
	(287,499,450)	(116,068,621)	32,862,438	217,092,413	282,002,551	325,189,70
Long term loans & deferred liabilities	201,614,275	226,269,072	333,352,886	431,365,267	455,989,904	477,122,41
Total Capital Employed	(85,885,175)	110,200,451	366,215,325	648,457,680	737,992,455	802,312,11
Represented						
Fixed Assets	726,695,219	761,062,187	796,071,755	827,231,473	788,647,359	799,665,75
Long term Deposit	16,467,060	16,467,060	7,029,480	7,029,480	7,119,480	7,185,48
Net Current Assets / (Current Liabilities)	(829,047,454)	(667,328,796)	(436,885,911)	(185,803,273)	(57,774,384)	(4,539,12

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Sr.No	Category	Gender	Total
(i)	Independent Director	Male	3
(ii)	Executive Director	Male	1
(iii)	Non-Executive Director	Male	3

2. The composition of board is as follows:

Category	Names
Independent Director	Mr.Abdul Shakoor, Mr.Muhammad Akram, Mr. Naveed Ahmed
Executive Director	Mr.Noman Almas
Non-Executive Director	Mr. Muhammad Fiaz, Mr.Muhammad Ramzan, Mr.Zahid Ali

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. ThecompanyhaspreparedaCodeofConductandhasensuredthatappropriatestepshavebeentaken to disseminate it throughout the company alongwith its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has arranged directors training program for Mr. Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFOandCEOdulyendorsedthefinancialstatementsbeforeapprovaloftheboard.
12. **Audit Committee**

    The board has formed an Audit Committee. It comprises three members, of whom two are independent directors and one is Non-Executive director. The chairman of the committee is an independent director.

    meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance

    The board has formed committees comprising of members given below:

Name	Category
Mr. Naveed Ahmed	Chairman-Independent director
Mr. Abdul Shakoor	Independent director
Mr. Zahid Ali	Non-Executive Director

a) HR and Remuneration Committee
The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
The board has formed committees comprising of members given below:

Name	Category
Mr. Muhammad Akram	Chairman-Independent director
Mr. Muhammad Fiaz	Non-Executive Director
Mr. Muhammad Ramzan	Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
   a) Audit Committee 05
   b) HR and Remuneration Committee 05

15. The board has setup an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guide lines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and On Behalf of Board of Directors.

Lahore:
Dated: October 06, 2018

(Muhammad Fiaz)
Chairman

Independent Auditor's Review Report
To the members of Salman Noman Enterprises Limited
on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Salman Noman Enterprises Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Because of the limitation of scope as highlighted in paragraph below, we do not express any conclusion on the annexed Statement of Compliance.

- Management has not provided us the documents for review, as prepared by the Company to comply with the Regulations. Consequently, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for conclusion on Statement of Compliance.

Place: Karachi
Dated: October 6, 2018

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Anwarul Haque, FCA

Independent auditor's report to the members of
Salman Noman Enterprises Limited
Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **Salman Noman Enterprises Limited (the Company)**, which comprise the statemen of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, th statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and othe explanatory information.

We do not express an opinion on the accompanying financial statements of the company. Because of significance of matters described in the basis fo disclaimer of opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an aud opinion on the financial statements.

Basis for Disclaimer of Opinion

a) As reported in note 2.2 of these financial statements, Company has ceased its operations since February 2018. During the year, the Compan incurred loss amounting to Rs. 171.431 million (June 30, 2017: Rs. 153.110 million) and accumulated losses raised to Rs. 658.705 million (Jun 30, 2017: Rs. 499.631 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 829.047 millio (June 30, 2017: Rs. 667.329 million) at the year end. This situation may result in severe liquidity crisis and inability of the company to comply wit loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 147.868 million, short term borrowin amounting to Rs. 168.691 million and accrued markup Rs. 134.602 million. The main reason of loss was due to curtailment of working capital line by financial institutions, decline in sale price of yarn, electricity and gas crisis, major consumption rate variance; low quality of cotton resulted i lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of materia uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realiz its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concer assumption, but management has not prepared and provided to us any cash flow projections and future plans for revival of its operations.

b) We have not been able to inspect the existence of Property Plant & Equipment as at June 30,2018, because we were denied access to premise and no data and records were provided to us for verification. It rendered us unable to obtain sufficient appropriate audit evidence about existence physical condition and reported carrying value of fixed assets amounting to Rs. 725,955,719. We remain unable to verify this amount by applyin other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustment to these amounts were necessary;

c) Revaluation of Free Hold Land, Building and Plant & Machinery has not been carried out with sufficient regularity as required under paragraph 3 of IAS 16 "Property, Plant and Equipment".As per company's adopted practice, revaluation was due in current year. We remain unable t determine whether any adjustment is necessary in carrying value of these assets on account of revaluation deficit/surplus;

d) Management has not provided to us the data and records for verification of 'Long term deposits' having reported carrying value of Rs. 16,467,060 We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequentl we were unable to determine whether any adjustments to these amounts were necessary;

e) We have not been able to observe the physical stock taking of inventories as at June 30,2018 because we were denied access to premises and n data and records were provided to us for verification. It rendered us unable to obtain sufficient appropriate audit evidence about existence physical condition and reported carrying values of 'Stores Spare Parts & Loose tools' and 'Stock in Trade' amounting to Rs. 30,453,008, and Rs 90,012,572 respectively. We remain unable to verify these balances by applying other alternate audit procedures as the information was no provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

f) Management has not provided to us the data and records for verification of 'Trade debts' and 'Trade Creditors' having reported carrying value o Rs. 2,448,541 and Rs. 219,165,081 respectively. We have not been able to circulate letter for external confirmations to customers and supplier because we were not provided with the relevant details. We remain unable to verify these balances by applying other alternate audit procedure as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts wer necessary;

g) Management has not provided to us the data and records for verification of 'Trade deposits and short term prepayments, Tax refunds due fron Government, Withholding tax payable and Provision for taxation' having reported carrying value of Rs. 1,850,000, Rs 35,269,523, Rs. 25,846,76 and Rs. 10,652,251 respectively. We remain unable to verify these balances by applying other alternate audit procedures as the information wa not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

h) Management has not provided to us the records and bank statements for verification of Long term financing from banking companies amounting t Rs. 149,511,945, Liabilities against assets subject to finance lease amounting to Rs. 81,855,397,Long term financing from directors and other amounting to Rs. 138,683,905, Long term loans from others amounting to Rs. 49,658,313, Short term borrowings amounting to Rs. 176,690,537 Foreign bills payable amounting to Rs. 67,148,573, Accrued markup / interest on these financing arrangements amounting to Rs. 134,601,51 andCash at bank amounting to Rs. 252,511. We have not been able to circulate letter for external confirmations to banks, directors and other because we were not provided with the relevant details. We remain unable to verify these balances by applying other alternate audit procedure as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts wer necessary;

i) Management has not provided to us the data and records for verification of Surplus On Revaluation on property, plant and equipment having reported carrying value of Rs. 326,535,171. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

j) Management has not provided to us the data and records for verification of Deferred liabilities having carrying value of Rs. 4,074,332 and other current liabilities having carrying values of Rs. 133,059,275. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

k) Management has not provided to us the data and records for verification of Sales - net amounting to Rs. 277,110,604, Cost of sales amounting to Rs. 390,555,895, Operating expenses amounting to Rs. 10,877,272, Finance cost amounting Rs. 44,335,552, Tax Expense amounting to Rs. 2,772,714. We remain unable to verify these transactions by applying other alternate audit procedures as the information was not provided to us. Consequently, we were unable to determine whether any adjustments to these amounts were necessary;

l) We have not been able to circulate letter for external confirmations to Legal Advisor because we were not provided with the relevant details. We were unable to determine the impact of expected outcome of outstanding litigations on these financial statements because we were not allowed to communicate with legal advisor of the company;

m) These financial statements have not been prepared in accordance with the requirements of Companies Act, 2017 and disclosure requirements of Fourth Schedule of Companies Act, 2017 are not complied with;

n) We have not been able to verify to all supplementary information given in the Notes to the Financial Statements because management has not provided us the relevant records and

o) Company's accounting policy on revaluation surplus on property plant & equipment and related disclosures are not in accordance with the requirements of International Accounting Standard (IAS-16) "Property Plant & Equipment".

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing as applicable in Pakistan and to issue an auditor's report. However, because of matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirement that are relevant to our audit of financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

We further report that because of non-availability of relevant records, we do not express any opinion as to whether:

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 and other 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Anwarul Haque, FCA.

MUSHTAQ & CO
Chartered Accountants

Karachi.
Dated: October 6, 2018

BALANCE SHEET
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 (June 30, 2017: 10,000,000) ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	5	44,670,360	44,670,360
Accumulated loss		(658,704,981)	(499,445,440)
		(614,034,621)	(454,775,080)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	326,535,171	338,706,459
NON CURRENT LIABILITIES			
Long term financing from banking companies	7	48,505,746	65,257,746
Liabilities against assets subject to finance lease	8	10,350,292	18,241,689
Long term financing from directors and others	9	138,683,905	138,683,905
Deferred liabilities	10	4,074,332	4,085,732
Long term loans from others	11	-	-
		201,614,275	226,269,072
CURRENT LIABILITIES			
Trade and other payables	12	445,219,693	454,332,152
Accrued mark up / interest	13	134,601,511	91,155,869
Short term borrowings	14	176,690,537	178,157,275
Current portion of non current liabilities	15	222,169,617	197,526,220
Provision for taxation		10,652,251	7,879,537
		989,333,609	929,051,053
CONTINGENCIES AND COMMITMENTS	16		
		903,448,434	**1,039,251,504**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

BALANCE SHEET
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	726,695,219	761,062,187
Long term deposits	18	16,467,060	16,467,060
CURRENT ASSETS			
Stores, spare parts and loose tools	19	30,453,008	42,613,726
Stock in trade	20	90,012,572	151,679,639
Trade debts	21	2,448,541	4,491,374
Loans and advances	22	-	11,780,811
Trade deposits and short term prepayments	23	1,850,000	2,282,519
Other receivables	24	-	-
Tax refunds due from Government	25	35,269,523	34,529,010
Cash and bank balances	26	252,511	14,345,177
		160,286,155	261,722,257
		903,448,434	**1,039,251,504**

DIRECTOR **CHIEF FINANCIAL OFFICER**

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

	Note	2018 Rupees	2017 Rupees
Sales - net	27	277,110,604	597,279,585
Cost of sales	28	(390,555,895)	(692,634,255)
Gross (loss) / profit		(113,445,291)	(95,354,670)
Distribution cost	29	(38,219)	(472,720)
Administrative expenses	30	(10,831,553)	(20,793,852)
Other operating expenses	31	(7,500)	(554,301)
Finance cost	32	(44,335,552)	(43,757,032)
Loss before taxation		(168,658,115)	(160,932,575)
Taxation	33	(2,772,714)	7,822,472
Loss for the year after taxation		**(171,430,829)**	**(153,110,103)**
Loss per share - basic and diluted	35	**(38.38)**	**(34.28)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

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

	2018 Rupees	2017 Rupees
Loss for the year after taxation	(171,430,829)	(153,110,103)
Other comprehensive income for the year		
Item that will not be reclassified to profit and loss account:		
Remeasurement on staff retirement benefits	-	5,970,062
Impact of deferred tax	-	(1,791,019)
Total other comprehensive income (loss) - net of tax	-	4,179,043
Total comprehensive loss for the year	**(171,430,829)**	**(148,931,060)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(168,658,115)	(160,932,575)
Adjustments for:		
Depreciation	34,366,968	35,749,068
Provision for staff retirement benefits - gratuity	-	4,633,678
Exchange loss on revaluation of supplier credit	-	528,301
Finance cost	44,335,552	43,757,032
(Loss) / Profit before working capital changes	(89,955,595)	(76,264,496)
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	12,160,718	15,640,683
Stock in trade	61,667,067	75,142,879
Trade debts	2,042,833	19,699,125
Loans and advances	11,780,811	9,282,545
Trade deposits and short term prepayments	2,282,519	21,247
Other receivables	-	183,900
Tax refund due from Government	(453,398)	(3,863,766)
	89,480,552	116,106,613
Increase / (decrease) in current liabilities		
Trade and other payables	(12,647,958)	22,157,141
Cash (used)/generated from operations	(13,123,002)	61,999,258
Payments for:		
Finance cost	(25,410)	(2,667,376)
Staff retirement benefits - gratuity	(11,400)	(6,346,503)
Income taxes	533,884	(2,559,190)
	497,074	(11,573,069)
Net cash generated from operating activities	(12,625,928)	50,426,189
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	-	(739,500)
Long term deposits	-	(11,287,580)
Net cash used in investing activities	-	(12,027,080)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in:		
Short term borrowings	(1,466,738)	(34,298,379)
Payments for:		
Liabilities against assets subject to finance lease	-	(1,750,000)
Net cash (used in) / generated from financing activities	(1,466,738)	(36,048,379)
Net increase in cash and cash equivalents (A+B+C)	(14,092,666)	2,350,730
Cash and cash equivalents at the beginning of the year	14,345,177	11,994,447
Cash and cash equivalents at the end of the year	**252,511**	**14,345,177**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

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

	Issued, subscribed and paid up capital	Unappropriated profits/(loss)	Total
	-----Rupees-----		
Balance as at June 30, 2016	**44,670,360**	**(363,511,941)**	**(318,841,581)**
Total comprehensive loss for the year	-	(148,931,060)	(148,931,060)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	12,997,561	12,997,561
Balance as at June 30, 2017	**44,670,360**	**(499,445,440.12)**	**(454,775,080)**
Total comprehensive loss for the year	-	(171,430,829)	(171,430,829)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	12,171,288	12,171,288
Balance as at June 30, 2018	**44,670,360**	**(658,704,981)**	**(614,034,621)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND ACTIVITIES

The company was incorporated in Pakistan on November 05, 1985 as a Public Limited Company under the Companies Ordinance, 1984. The registered office and mills of the company are situated at 03 kilometer Bhai Pheru, Tehsil Chunian, District Kasur. The company is listed on Pakistan stock exchange limited. The principal business of the company is manufacturing and sale of yarn.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Going concern assumption

During the year, the Company incurred loss amounting to Rs. 171.431 million (June 30, 2017: Rs. 153.110 million) and has reported accumulated losses amounting to Rs. 658.705 million (June 30, 2017: Rs. 499.445 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 829.047 million (June 30, 2017: Rs. 667.329 million) at the year end. This results in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 147.868 million, short term borrowing amounting to Rs. 168.691 million and accrued markup Rs. 134.602 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance, low quality cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability in the future and continuous support of financial institutions by bringing its liabilities to serviceable levels and ability of adequate working capital through continued support from directors and sponsors.

(a) the principal lenders of the Company; and

(b) the sponsors of the Company.

These financial statements have been prepared on going concern assumption on the basis of following mitigating factors:

i It has been another tough year for textile industry. Company has ceased its operations since February 2018. We suffered heavy losses not only due to market conditions and also due to shutdown of mill for almost four months during current financial year. Government has announced textile package and we are also looking forward that we will be able to survive with our current spin plan.

ii We are planning to run our new frames with our full production capacity to get maximum production. We will not use old machines which consume more man power and electricity and produce less comparatively.

iii Overall season of cotton is very good this year. We are expecting record cotton production in this season, which is good news for textile sector. It will help our industry to run on its own available cotton rather than to import at higher rates from abroad.

iv We are also planning to produce more specialized yarn which will help us to have more profitability.

v We are also hopeful that next financial year will be batter not only for us but for overall textile sector. General elections are due in year 2018 and we believe that Government will give more incentives to business community to keep them on their side.

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.4 Standards, interpretations and amendments to published approved accounting standards

2.4.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following standards, amendments and interpretations are effective for the year beginning on or after January 1, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The Company's policy is already in line with these amendments.

- IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

- Amendments to IAS 1, 'Presentation of financial statements are made in the context of the IASB's disclosure initiative, which explores how financial statements disclosure can be improved. The amendments provide clarifications on a number of issues, including:

  - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
  - Notes – confirmation that the notes do not need to be presented in a particular order.
  - Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position and performance.
  - Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

- The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

- IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules tc contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result ir the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and require recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition c lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange fo consideration. The Company has yet to assess the impact of this standard on its financial statements.

- Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is nc affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impa on the Company's financial statements.

- Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures th enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cas changes. The amendments are not likely to have a material impact on the Company's financial statements.

- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant the company and therefore have not been presented here.

3 **BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention on accrual basis, except for recognition of staff retirement benefits which are based on actuarial values (net present value), certain items of property, plant and equipment which are stated at revalued amounts and certain financial assets are stated at fair value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 **Provision for taxation**

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 **Staff retirement benefits - gratuity**

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation.

3.3 **Financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 **Property, plant and equipment**

The company reviews recoverable amount, useful life , residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.5.1 Provision for doubtful debts

3.5.2 Estimation of net realizable value

3.5.3 Computation of deferred taxation

3.5.4 Disclosure of contingencies

4 **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of theses financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxabl profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on th rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.2 Trade and other payables

Liabilities for trade and other payables are carried at their cost which is the fair value of the consideration to be paid in the future for goods and services receive whether or not billed to the company.

4.3 Provisions

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

4.4 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of amount remaining unpaid.

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

4.5 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to principal outstanding and the applicable rate of return.

4.6 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss. Free land is stated at cost / revaluation less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction pe and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future econ benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charg income statement during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to wri historical cost of an asset over its estimated useful life at the rates as disclosed in note 17.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain c arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the in statement in the year the assets is derecognized.

4.7 Accounting for leases and assets subject to finance lease

4.7.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any ide impairment loss. The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classi current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.7.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.8 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.90 Long term deposits

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

4.10 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.11 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	Weighted average cost except those in transit which are stated at cost comprising invoice value plus other charges incurred thereon.
Finished good and work in process	Raw material cost plus appropriate manufacturing overheads.
Waste	Net realizable value

Average manufacturing cost in relation to work in process and finished goods, consists of direct material, labor and a proportion of manufacturing overheads based on normal capacity.

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.12 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income statement. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.14 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffere an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if an Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amour Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that th increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in pri years. A reversal of an impairment loss is recognized as income immediately.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except tho covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the da of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on t date of transaction or on the date when fair values are determined. Exchange differences are included in income statement currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized wh the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financ assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted a disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

4.18 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 v the exception of loan taken from related parties which is interest free.

4.19 Dividend

Dividend distributed to the share holders is recognized as a liability in the period in which it is approved by the shareholders.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		Note	2018	2017
Number of shares				Rupees	Rupees
4,467,036	4,467,036	Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash		44,670,360	44,670,3
4,467,036	4,467,036			44,670,360	44,670,3

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

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year		444,543,747	463,111,692
Add: Surplus arised during the year		-	-
Transfer to unappropriated profit in respect of:			
Incremental depreciation on revalued assets		12,171,288	12,997,561
Related deferred tax liability		5,468,260	5,570,384
		17,639,548	18,567,945
Surplus on revaluation of property, plant and equipment as at the end of year		426,904,199	444,543,747
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		105,837,288	111,407,672
Surplus arised during the year		-	-
Prior year effect		-	-
Incremental depreciation on revalued assets		(5,468,260)	(5,570,384)
		100,369,028	105,837,288
		326,535,171	338,706,459

7 LONG TERM FINANCING FROM BANKING COMPANIES

Secured - from banking companies	Note	2018 Rupees	2017 Rupees
Term finance - I	7.1	28,647,606	39,399,606
Demand finance - I	7.2	-	-
Term finance - II - Frozen markup	7.3	19,858,140	25,858,140
Demand finance - II - frozen markup	7.4	-	-
		48,505,746	65,257,746

	SNBL TF-I	NBP DF-I	Frozen Markup SNBL TF II	Frozen Markup NBP DF-II	2018 Rupees	2017 Rupees
Note	7.1	7.2	7.3	7.4		
Opening balance	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Transferred / restructured during the year	-	-	-	-	-	-
	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Repaid during the year	-	-	-	-	-	-
	85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Current Maturity						
Overdue installment	(45,696,000)	(22,126,199)	(11,400,000)	(5,032,000)	(84,254,199)	(67,502,199)
Current portion	(10,752,000)	-	(6,000,000)	-	(16,752,000)	(16,752,000)
Current portion 15	(56,448,000)	(22,126,199)	(17,400,000)	(5,032,000)	(101,006,199)	(84,254,199)
	28,647,606	-	19,858,140	-	48,505,746	65,257,746

7.1 This represents term finance obtained from Soneri Bank Limited to pay off import bills of the company related to BMRE. The company has made down payment of Rs. 2.00 million and remaining outstanding amount will be repayable in 12 equal monthly installments of Rs. 1.5 million (started from March 31, 2013 and ending on February 28, 2014) and 96 equal monthly installments of Rs. [illegible] million (starting from March 31, 2014 and ending on February 28, 2022) along with markup due from the month of March 2014. The loan is secured against joint pari passu charges of Rs. [illegible] (Soneri Bank Limited's share of Rs. 164,000,000) on all the present and future fixed assets (both movable and immovable) of the company, Equitable mortgage with legal mortgage on House no. 41, Block L, Gulberg III, Lahore in the name of Mr. Noman Almas Valuing Rs. 55,000,000 and personal guarantee of sponsoring directors. The loan is subject to mark up at one month KIBOR plus 2.00 percent (June 30, 2017 : one months KIBOR plus 2.00 percent) per annum payable monthly from March 31, 2014. Markup payable from July 01, 2011 to February 28, 2014 is payable as mentioned in note 7.3

7.2 This demand finance represents the overdue amount of import/inland letter of credit (usance) of 90 days is obtained from National Bank of Pakistan. As per the terms of agreement, the loan is repayable in 12 equal quarterly installments of Rs. 4.426 millions each (started from June 30, 2013 and ending on March 31, 2016). It carries markup at three month Kibor plus 2.50% (June 30, 2017 : three month Kibor plus 2.50%) per annum payable quarterly with prompt payable rebate as mentioned in agreement. The facility is secured against first joint pari passu charge of Rs. 135 millions on fixed assets of the company and personal guarantee of the sponsoring directors of the company.

7.3 As fully explained in note 7.1 overdue markup up to June 30, 2013 amounting to Rs. 30.046 million on term finance -I facility has been freezed and converted into term finance-II (frozen markup account). As per the terms of agreement as fully explained in note 7.1 above, markup accrued up to February 2014 has been deferred and transferred to frozen markup account and is payable in 74 monthly installments of Rs. 0.3 million (starting from January 2016 and ending on June 2017) and Rs. 0.5 million (starting from July 2017 and finally adjusted by February 2022).

7.4 As fully explained in note 7.2 above, markup and charges amounted to Rs. 10.066 million on overdue amount of inland letter of credits (usance) from National Bank of Pakistan has been freezed and converted into demand finance - II (frozen markup account). As per the terms of agreement. Demand finance II (Frozen markup) is payable in ten equal quarterly installments of Rs. 1.006 millions each (started from December 31, 2013 and ending on March 31, 2016). The facility is secured against ranking charge on fixed assets of Rs. 33 millions subsequent to joint pari passu charge on fixed assets of the company within six months from the date of creation of demand finance and personal guarantee of the sponsoring directors of the company.

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2018			2017		
	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments
Up to one year	82,743,017	11,237,912	71,505,105	73,791,656	10,177,948	63,613,708
Later than one year but not later than five years	10,698,229	347,937	10,350,292	19,649,589	1,407,900	18,241,689
	93,441,246	11,585,849	81,855,397	93,441,245	11,585,848	81,855,397

	Note	ABBPL	ABBPL Frozen M.up	FNBM	FNBM Frozen M.up	HMBL	HMBL Frozen M.up	2018 Rupees	2017 Rupees
		8.1	8.2	8.3	8.4	8.5	8.6		
Opening balance		27,129,823	7,739,644	34,168,395	6,419,277	4,228,258	2,170,000	81,855,397	83,605,397
Obtained during the year		-	-	-	-	-	-	-	-
		27,129,823	7,739,644	34,168,395	6,419,277	4,228,258	2,170,000	81,855,397	83,605,39
Paid during the year		-	-	-	-	-	-	-	(1,750,00
Security deposit		-	-	-	-	-	-	-	-
		27,129,823	7,739,644	34,168,395	6,419,277	4,228,258	2,170,000	81,855,397	81,855,39
Current Maturity									
Over due installment		(27,129,823)	(7,739,644)	(18,233,642)	(4,112,341)	(4,228,258)	(2,170,000)	(63,613,708)	(52,345,57
Current portion		-	-	(6,687,785)	(1,203,612)	-	-	(7,891,397)	(11,268,13
Current portion	15	(27,129,823)	(7,739,644)	(24,921,427)	(5,315,953)	(4,228,258)	(2,170,000)	(71,505,105)	(63,613,7
		-	-	9,246,968	1,103,324	-	-	10,350,292	18,241,6

8.1 These represent finance lease which have been obtained from Al Baraka Bank (Pakistan) Limited (previously Emirates Global Investment Bank) under the lease arrangement for plant and machinery balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C of 450 days which was issued by the Natio Bank of Pakistan. As per repayment terms company has made down payment of Rs. 3.0 million, security deposits amounted to Rs. 6.897 million has been adjusted against lease liability and balan outstanding principal liability is payable in 48 equal monthly installment starting from July, 2013. It carries markup at 6 months KIBOR (flat) applicable after repayment of 24th installment of principal (J 30, 2017: 6 month KIBOR (flat) after repayment of 24th installment of principal). These are secured against joint pari passu charges of Rs. 485,666,667 (Al Baraka Bank's share of Rs. 21,000,000) o the present and future fixed assets (both movable and immovable) of the company, exclusive ownership of the asset under Ijarah, assignment of insurance policy of assets under Ijarah in favor of ABE 10% key money of Ijarah value and personal guarantee of the sponsoring directors.

8.2 As fully explained in note 8.1 about agreement, markup accrued on lease liability from Al Baraka Bank (Pakistan) Limited amounted to Rs. 8.335 million has been freezed and converted into forzen ma account. The repayment of frozen markup will be made in 42 equal monthly installment of Rs. 198,452/- per month starting from January 2014.

8.3 These represent finance lease which have been obtained from First National Bank Modaraba for two sets of Gen-set (gas generator) JGS 420 GS-N.L for balancing, modernization, restructurin expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C at sight which was issued by the National Bank of Pakistan . During the year, ex tenure has been extended by three years and one month to be matured on May 10, 2020 instead of April 10, 2017. As explained in note 8.4, rental amounting to Rs.2,274,220/- due during morat period from June 2013 till November 2013 as well as unpaid freezed rentals of Rs. 5,549,274/- during the Ist rescheduling dated 04-05-2012 will be accumulated and will be paid in seventy eight (78) monthly installments of Rs. 100,301/- with regular rental due from December 2013 till May, 2020. It carry markup at six months KIBOR plus 3 percent (June 30, 2017: six months kibor plus 3%). Thes secured against title over leased asset, 20% security deposit of the facility amount, ranking modified charges of Rs. 66,474,666 reduced from Rs. 85,141,333 over the moveable and immovable asset all present and future fixed assets of the company and personal guarantee of the sponsoring directors.

8.4 As fully explained in note 8.3 about rescheduled agreement, markup accrued on lease liability from First National Bank Modaraba amounted to Rs. 7.823 million has been freezed and converted into markup account. The repayment of frozen markup will be made in seventy eight (78) equal monthly installments of Rs. 100,301/- with regular rental due from December 2013 till May 2020.

8.5 These represent finance lease which have been obtained from Habib Metropolitan Bank Limited for plant and machinery for balancing, modernization, restructuring and expansion of the project. facilities are partly used to finance the imported machinery through usance L/C of 720 days which was issued by the Habib Metropolitan Bank Limited. As per the terms of agreement the lease lia repayable in 48 equal monthly installments commencing from July, 2013. It carries mark up at three months ask KIBOR plus 1% (June 30, 2017 : three months ask KIBOR plus 1%) payable quarter markup calculated as per previous rate amounting to Rs. 2.170 million shall be deferred. These are secured against the ownership of lease machinery, ranking hypothecation charge over sto receivable of Rs. 16 million duly insured in bank favor, ranking hypothecation charge for Rs. 18.5 million over specific machinery consisting two sets Haras high speed drawing frame with all the st accessories has already registered with SECP with 25% margin and personal guarantees of directors, 8.6 As fully explained in note 8.5 about rescheduled agreement, markup accrued on lease liability from Habib Metropolitan Bank Limited amounted to Rs. 2.170 million has been freezed and converted into frozen markup account. The repayment of frozen markup will be made after the adjustment of entire rescheduled facility in one year period.

9 LONG TERM FINANCING FROM DIRECTORS AND OTHERS	2018 Rupees	2017 Rupees
Opening balance	138,683,905	138,683,905
Obtained during the year	-	-
	138,683,905	138,683,905
Paid during the year	-	-
	138,683,905	138,683,905

Unsecured - related parties

As at June 30, 2015, the management of the company has entered Into agreement with directors and decided repayment terms of unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, the tenure of loans is fifteen years with grace period of five year. These loans are unsecured and carrying markup of one month kibor plus 0.5 percent (June 30, 2017: one month Kibor plus 0.5 percent) payable annually from July 1, 2015. The outstanding amount will be repayable in 10 equal annual installments of Rs.13,868,391 each (starting from June 30, 2021 and ending on June 30, 2030). These includes amount of Rs.138,683,905/- (June 30, 2017 : Rs. 138,683,905/-) as subordinated to the loans from banking companies.

10 DEFERRED LIABILITIES	Note	2018 Rupees	2017 Rupees
Staff retirement benefits - gratuity	10.1	4,074,332	4,085,732
Deferred taxation	10.2	-	-
		4,074,332	4,085,732

10.1 Staff retirement benefits - gratuity

10.1.1 Movement in net liability recognized in the balance sheet

	Note	2018	2017
Opening balance		4,085,732	21,548,412
Charge to profit and loss account		-	4,633,678
Benefits paid during the period		(11,400)	(6,346,503)
Benefits matured/ transferred to current liability	12	-	(9,779,793)
Remeasurements (gains) / losses		-	(5,970,062)
Closing balance of balance sheet liability		4,074,332	4,085,732

10.1.2 The movement in the present value of defined benefit obligation

	2018	2017
Present value of defined benefit obligation	-	21,548,412
Current service cost	-	3,927,441
Interest cost	-	706,237
Remeasurements (gains)/ losses	-	(5,970,062)
Benefits paid	(11,400)	(6,346,503)
Benefits matured/ transferred to current liability	-	(9,779,793)
	(11,400)	4,085,732

10.1.3 Historical information

	2018	2017	2016	2015	2014
			Rupees		
Present value of defined benefit obligation	(11,400)	4,085,732	21,548,412	22,802,478	20,852,517
Experience adjustments	-	5,970,062	(1,076,170)	(974,513)	973,893

	Note	2018 Rupees	2017 Rupees
10.1.4 Liability recognized in the balance sheet			
Present value of obligation		4,074,332	4,085,732
		4,074,332	4,085,732
10.1.5 Expense recognized			
In profit and loss			
Service cost		-	3,927,441
Interest cost		-	706,237
		-	4,633,678
In other comprehensive income			
Remeasurement recognized - (gains) / loss		-	(5,970,062)
		-	(5,970,062)
10.1.6 Expenses recognized for the year has been allocated as under:			
Cost of goods manufactured		-	3,819,888
Administrative expenses		-	813,790
		-	4,633,678

10.1.7 **General description**

The scheme provide for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

10.1.8 **Principal actuarial assumptions :**

	Note	2018	2017
Following are few important actuarial assumption used in the valuation.		%	%
Discount rate		7.65	8.33
Expected rate of increase in salary		8.00	10.00

10.1.9 **Sensitivity analysis of actuarial assumption**

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(82,115)	88,893
Expected rate of increase in salary	87,748	(82,594

10.1.10 Expected gratuity expenses for the year ending June 30, 2019 works out Rs. Nil/-

10.1.11 The weighted average duration of defined benefit obligation is 5 years.

10.2 **Deferred taxation**	2018 Rupees	2017 Rupees
Opening balance	-	11,942,683
Add: Provided / (reversed) during the year on surplus - net		-
Effect of rate change		-
Provided during the year	-	(13,733,70
Deferred tax charged to OCI due to remeasurements	-	1,791,01
	-	-

10.2.1 **The liability of deferred taxation comprises of temporary differences**

	2018	2017
Deferred tax liabilities on taxable temporary differences		
Accelerated depreciation on owned assets	28,351,827	23,972,26
Liabilities against assets subject to finance lease - net	27,543,481	29,500,07
Surplus on revaluation of property, plant and equipment	100,369,028	105,837,28
Deferred tax charged to OCI due to remeasurements	-	1,791,01
	156,264,336	161,100,64
Deferred tax asset on deductible temporary differences		
Staff retirement benefits - gratuity	1,263,043	3,016,73
Brought forward tax losses	207,052,957	222,089,38
Minimum Tax Credit	2,772,714	5,911,23
	211,088,714	231,017,3
	(54,824,378)	(69,916,7

10.2.2 During the year net deferred tax asset to Rs.54.824 (2017: net deferred tax Asset of Rs. 69.916) has arised on taxable and deductible temporary differences. no deferred tax asset has been recognized the company does not foresee reasonable profits in future.

11 LONG TERM LOANS FROM OTHERS

	Note		
Long term loans from others - Unsecured	11.1	-	

11.1 These are unsecured loans from parties carrying markup at three months kibor (June 30, 2017 : three months kibor) per annum. These loans are payable on various dates in January 2018, theret transferred to current maturity.

12 TRADE AND OTHER PAYABLES

	Note	2018 Rupees	2017 Rupees
Creditors		219,165,081	214,883,2
Accrued liabilities	12.1	112,187,875	107,362,9
Advances from customers		-	19,842,0
Workers' welfare fund		104,374	104,3
Workers' profit participation fund	12.2	10,870,292	10,005,3
Unclaimed dividend		179,651	179,6
Withholding tax payable		25,846,764	25,025,7
Bills payable - foreign LC's payable		67,148,573	67,148,5
Staff retirement benefits - gratuity matured	10.1.1	9,717,083	9,779,7
		445,219,693	454,332,3

12.1 Accrued liabilities includes fuel price adjustment surcharge of Rs. 259,792 (June 30, 2017: Rs. 259,792).

12.2 Workers' profit participation fund	Note	2018 Rupees	2017 Rupees
Opening balance		10,005,792	9,195,655
Interest on funds utilized in the company's business	12.3	864,500	810,137
		10,870,292	10,005,792
Allocation for the period		-	-
		10,870,292	10,005,792
Payments during the period		-	-
		10,870,292	10,005,792

12.3 Interest on workers' profit participation fund has been provided at the rate 8.64% (June, 2017 : 8.81%) per annum up to June 30, 2018.

13 ACCRUED MARK UP / INTEREST

	Note	2018 Rupees	2017 Rupees
Accrued markup / interest on :			
Long term financing		77,799,331	56,003,784
Short term borrowings		40,588,647	23,741,576
Liabilities against assets subject to finance lease		16,213,533	11,410,508
		134,601,511	91,155,868

14 SHORT TERM BORROWINGS

	Note	2018	2017
Secured - from banking companies			
Cash finance - NBP	14.2	101,144,290	101,144,290
Cash finance - BAFL	14.3	14,599,432	14,599,432
Cash finance - BIPL	14.4	12,257,254	12,257,254
Murahbah finance - FNBM	14.5	23,500,000	23,500,000
Running finance - BAHL	14.6	-	-
Book overdraft - unsecured	14.7	-	1,466,738
Un secured - from directors and associates			
From Directors - interest free		8,000,000	8,000,000
Forced Demand Draft-Gas Guarantee	14.8	17,189,561	17,189,561
		176,690,537	178,157,275

14.1 The aggregate unavailed short term financing facilities amounted to Rs. 113.359 million (June 30, 2017 : Rs. 96.169 million).

14.2 This loan has been obtained from National Bank of Pakistan to meet working capital needs of the company. It is secured against pledge of cotton bales, polyester, viscose, man mad fiber bales and yarn with 10% margin on cotton / polyester / viscose/ man made fiber bales and 25% margin on yarn, joint pari passu hypothecation charge of Rs. 75 million on all current assets, joint pari passu charges of Rs. 485,666,667 (National Bank of Pakistan's share of Rs. 135,000,000) on all the present and future fixed assets (both movable and immovable) of the company and personal guarantee of sponsoring directors. It is subject to mark up at three months average ask KIBOR plus 2.5% (June 30, 2017 : three months average ask KIBOR plus 2.5%) per annum payable quarterly. The limit has expired on December 31,2015.

14.3 This loan has been obtained from Bank Alfalah Limited to finance working capital requirements. The loan is secured against joint pari passu hypothecation charge of Rs. 50 million on all current assets, joint pari passu charges of Rs. 485,666,667 (Bank Alfalah Limited's share of Rs. 50,000,000) on all the present and future fixed assets (both movable and immovable) of the company, lien on export documents/accepted drafts and personal guarantee of all the sponsoring directors of the company. The loan is subject to mark up at three months ask KIBOR plus 3% (June 30, 2017 : three months KIBOR plus 3%) payable quarterly. The limit has expired on November 30, 2015.

14.4 This murabaha facility has been obtained from Bank Islami Pakistan Limited to facilitate purchase of raw material. This facility has been secured against joint pari passu charges of Rs. 485,666,667 (Bank Islami Pakistan Limited's share of Rs. 67,000,000) on all the present and future fixed assets (both movable and immovable) of the company with 25% margin and personal guarantee of all the sponsoring directors. This loan is subject to mark up at three months ask KIBOR plus 4% with a floor of 13.90% (June 30, 2017 : three months ask KIBOR plus 4% with a floor of 13.90%) per annum. The limit has expired on November 30,2015.

14.5 This murabaha facility has been obtained from First National Bank Modaraba to facilitate purchase of raw material. In previous year, the facility were converted into non revolving facilities of murabaha amounted to Rs. 18.50 millions and Rs. 10.50 millions. The principal of Rs. 100,000 with regular profit of each morabah will be payable on monthly basis and the balance prinicipal at maturity will be paid in lump sum. This facility has been secured against joint pari passu charge of Rs. 485,666,667 (First National Bank Modaraba's share of Rs. 18,667,000) on all the present and future fixed assets (both movable and immovable) of the company, ranking charge of Rs. 20.67(M) on all present and future fixed assets of the company and personal guarantee of all the sponsoring directors. This loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2017 : Six months Kibor plus 3.5%) per annum. The limit has been expired on December 05, 2014 and February 14, 2015 respectively. The overdue is Rs. 14.200 million (June 30. 2017: Rs.14.200 million) and Rs. 9.300 millions (June 30, 2017: Rs.9.300 millions) respectively.

14.6 This loan has been obtained from Bank Al Habib Limited to meet working capital needs of the company. It is secured against promissory note of Rs. 84,039,000 and lien over Al Habib special saver certificates valuing Rs. 80.00 million in the name of Mian Muhammad Ahmed with 12.50% margin. It is subject to mark up at three months average ask KIBOR plus 2% (June 30, 2017 : three months Kibor plus 2%) per annum payable quarterly. The limit has expired on February 28, 2017.

14.7 This represents cheque issued in excess of bank balance. Since there was no bank facility this has been grouped under Book Overdraft.

14.8 This represents the amount payable in respect of bank guarantee encashed, which was given by the bank to SNGPL on behalf of the company. Markup has been charged on the amount outstanding at three month KIBOR plus 2.5%, during current year.

	Note	2018 Rupees	2017 Rupees
15 CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term financing	7	101,006,199	84,254,199
Liabilities against assets subject to finance lease	8	71,505,105	63,613,708
Long term loans from others	11	49,658,313	49,658,313
		222,169,617	197,526,220

15.1 It includes overdue installment of Rs. 84,254,199/- (June 30, 2017: Rs. 67,502,199/-) and Rs. 63,613,708/- (June 30, 2017: Rs.52,345,570/-) in respect of long term financing and lease finance respectively. Subsequently, no payment in respect of long term financing and lease finance respectively has been made.

	Note	2018 Rupees	2017 Rupees

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantee issued by the National Bank of Pakistan has been encashed during the period 2016-17 for payment of sui gas bill and a demand draft has been created by the bank. - -

16.1.2 During current year company has not provided any provision for GIDC because The Lahore High Court has ordered stay in the court order No. 45364-17 on the recovery of amount of GIDC included in the gas bill.

16.1.3 During current year company has not provided any provision for Cotton Cess because The Lahore High Court has ordered stay in the court order No. 7990/2017 on the recovery of amount of Cotton Cess due.

16.1.4 Al-Baraka Bank (Pakistan) Limited has filed Suit No. 588/1, Dated: 16-09-2015 against the company under section 9 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 38,740,919/- which includes cost price, taxes etc. till realization of whole amount before the Banking Court, Lahore. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. Management expects that matter shall be resolved through restructuring agreement of outstanding liability.

16.1.5 Soneri Bank Limited has filed Suit No. 65/2015, Dated: 29-10-2015 against the company under section 16 of the FINANCIAL INSTITUTIONS (RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 138,425,964/- which includes cost and cost of funds before the Honorable High Court. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. The company is contesting its case before honorable court.

16.1.6 National Bank of Pakistan has filed suit No.21/2017 against the company before the Lahore High Court Lahore, wherein the bank has claimed the recovery of Rs. 234.986 million. The management is responding diligently to this case.

16.1.7 Company has filed suit against First National Bank Modaraba regarding lease of 2 Gen-Sets along with claim of Damages of Rs. 49,825,889/-. This suit was erroneously dismissed by the Banking Court No. III Lahore against which the appeal has been filed before the Lahore High Court Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this Case.

16.1.8 Company has filed suit against First National Bank Modaraba regarding Murabha facility along with claim of Damages of Rs. 49,765,300/-. This suit was erroneously dismissed by the Banking Court No. III Lahore against which the appeal has been filed before the Lahore High Court Lahore. There is no scope of any fiscal loss to the Company in this case. The management is diligently pursuing this Case.

16.2 Commitments

Letters of credit for other than capital expenditure		-	-

17 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating assets	17.1	726,695,219	761,062,187
		726,695,219	761,062,187

17.1 Operating assets

Description	Owned									Leased	Total
	Freehold land	Building on freehold land		Plant and machinery	Electric installations	Office equipments	Furniture and fixtures	Electric appliances	Vehicles	Plant and machinery	
		Mills	Labour colony								
Cost											
Balance as at July 01,2016	94,815,000	231,206,896	45,563,561	709,277,698	17,657,010	2,271,204	1,035,539	3,936,217	2,842,623	281,093,510	1,389,699,257
Addition during the year	-	-	-	692,000	-	-	-	47,500	-	-	739,500
Addition due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2017	94,815,000	231,206,896	45,563,561	709,969,698	17,657,010	2,271,204	1,035,539	3,983,717	2,842,623	281,093,510	1,390,438,757
Balance as at July 01,2017	94,815,000	231,206,896	45,563,561	709,969,698	17,657,010	2,271,204	1,035,539	3,983,717	2,842,623	281,093,510	1,390,438,757
Addition during the year	-	-	-	-	-	-	-	-	-	-	-
Addition due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2018	94,815,000	231,206,896	45,563,561	709,969,698	17,657,010	2,271,204	1,035,539	3,983,717	2,842,623	281,093,510	1,390,438,757
Accumulated Depreciation											
Balance as at July 01,2016	-	119,668,996	26,828,912	339,062,643	10,205,279	1,267,877	684,593	2,697,152	1,791,146	91,420,904	593,627,502
Charge for the year	-	5,576,892	936,732	18,533,820	745,176	100,332	35,100	127,080	210,300	9,483,636	35,749,068
Adjustment due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2017	-	125,245,888	27,765,644	357,596,463	10,950,455	1,368,209	719,693	2,824,232	2,001,446	100,904,540	629,376,570
Balance as at July 01,2017	-	125,245,888	27,765,644	357,596,463	10,950,455	1,368,209	719,693	2,824,232	2,001,446	100,904,540	629,376,570
Charge for the year	-	5,298,048	889,896	17,618,664	670,656	90,300	31,584	115,944	168,240	9,483,636	34,366,968
Adjustment due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2018	-	130,543,936	28,655,540	375,215,127	11,621,111	1,458,509	751,277	2,940,176	2,169,686	110,388,176	663,743,538
Written down value as at June 30,2017	94,815,000	105,961,008	17,797,917	352,373,235	6,706,555	902,995	315,846	1,159,485	841,177	180,188,970	761,062,187
Written down value as at June 30,2018	94,815,000	100,662,960	16,908,021	334,754,571	6,035,899	812,695	284,262	1,043,541	672,937	170,705,334	726,695,219
Rate of depreciation	-	5%	5%	5%	10%	10%	10%	10%	20%	5%	

17.2 Depreciation for the period has been allocated as under:

	Note	2018 Rupees	2017 Rupees
Cost of goods sold	28.1	34,076,844	35,403,336
Administrative expenses	30	290,124	345,732
		34,366,968	35,749,068

17.3 Company had its freehold land, buildings on freehold land and plant and machinery revalued. Revaluation of freehold land, building on freehold land and plant and machinery was carried out as at December 12, 2014 by independent Valuer M/s International Design Group, architects, engineers, planners, evaluators, assessors and technical consultants. Freehold land was revalued at market value and building on freehold land and plant and machinery were valued at depreciated replacement cost. Previously freehold land, building on freehold land and plant and machinery were revalued at March 01, 2013 by independent Valuer M/S International Design Group.

17.4 Had there been no revaluation, related figures of land, building and plant and machinery at June 30, 2018 would have been as follows:

		Cost	Accumulated depreciation	Written down value
Land		3,062,215	-	3,062,215
Building		78,232,439	44,025,271	34,207,168
Plant and machinery		376,526,372	198,531,996	177,994,376
June 30, 2018	Rupees	457,821,026	242,557,267	215,263,759
June 30, 2017	Rupees	458,513,026	231,388,765	227,124,261

	Note	2018 Rupees	2017 Rupees
18 LONG TERM DEPOSITS			
Security deposits			
Electricity		1,360,620	1,360,620
Sui gas		11,992,580	11,992,580
Leasing companies		2,492,800	2,492,800
Others		621,060	621,060
		16,467,060	16,467,060
19 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		7,533,403	12,291,942
Spare parts		22,778,071	30,285,371
Loose tools		141,534	36,414
		30,453,008	42,613,726
20 STOCK IN TRADE			
Raw material	20.2	90,012,572	122,098,216
Work in process		-	7,769,060
Finished goods	20.1 & 20.2	-	21,812,363
		90,012,572	151,679,639

20.1 Finished goods amounting to Rs. 0/- are stated at their net releasable value aggregating to Rs. 0/-. The amount charged to profit and loss account in respect of stocks written down to their net realizable value is Rs. 0/- (June, 2017: Rs.1,427,773/-). Finished goods also includes Rs. 0/- (June 30, 2017 : Rs. 1,009,832/-) in respect of waste stock being valued at net realizable value.

20.2 The value of pledged stock in raw material and finished goods is Rs. 89,138,979/- (June 30, 2017 : Rs. 89,138,979/-).

	Note	2018 Rupees	2017 Rupees
21 TRADE DEBTS			
Unsecured - considered good			
Local		2,448,541	4,491,374
		2,448,541	4,491,374
22 LOANS AND ADVANCES			
Considered good			
Advances to / against:			
Employees	22.1	-	2,721,411
Suppliers		-	9,059,400
		-	11,780,811

22.1 These advance to employees are given against their salaries, wages and gratuity.

	Note	2018 Rupees	2017 Rupees
23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		-	432,519
Deposits- Lease company		1,850,000	1,850,000
		1,850,000	2,282,519
24 OTHER RECEIVABLES			
Insurance claim receivable		-	-
		-	-
25 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax		24,283,222	23,996,107
Sales tax receivable		10,986,301	10,532,903
		35,269,523	34,529,010
26 CASH AND BANK BALANCES			
Cash in hand		-	14,095,897
Cash with banks :			
In current accounts		252,511	249,280
		252,511	14,345,177

	Note	2018 Rupees	2017 Rupees
27 SALES - NET			
Local			
Yarn		276,690,021	590,031,399
Waste		731,950	8,036,097
Raw material		-	-
Sales return		(150,620)	-
		277,271,351	598,067,496
Less: Commission on local sales		(160,747)	(763,463)
Quality claim		-	-
Sales tax		-	(24,448)
		277,110,604	597,279,585
28 COST OF SALES			
Cost of goods manufactured	28.1	368,743,532	663,999,158
Finished goods			
Opening stock		21,812,363	50,447,460
Closing stock		-	(21,812,363)
		21,812,363	28,635,097
		390,555,895	692,634,255
28.1 Cost of goods manufactured			
Raw material consumed	28.1.1	240,823,529	372,220,265
Cost of raw material sold	28.1.1	-	-
Packing material consumed		4,165,450	8,412,698
Stores and spares consumed		17,202,600	39,156,011
Provision for slow moving and obsolete items		-	-
Salaries, wages and other benefits	28.1.2	35,350,009	99,254,916
Fuel and power		26,819,254	97,261,505
Insurance		432,519	4,583,179
Depreciation	17.2	34,076,844	35,403,336
Repairs and maintenance		738,052	2,160,034
Other manufacturing overheads		1,366,216	5,308,898
		360,974,472	663,471,642
Work in process			
Opening stock		7,769,060	8,296,575
Closing stock		-	(7,769,060)
		7,769,060	527,516
		368,743,532	663,999,158
28.1.1 Raw material consumed			
Opening stock		122,098,216	169,078,482
Add: Purchases - net		208,737,884	[illegible]
		330,836,101	[illegible]
Less: Closing stock		90,012,572	122,098,216
		240,823,529	372,963,265
Less: Cost of raw material sold		-	-
Insurance claim against cotton - received		-	743,000
		240,823,529	372,220,265

28.1.2 Salaries, wages and other benefits include Rs.0 /- (June 30, 2017: Rs. 3,819,888/-) in respect of staff retirement benefits -gratuity.

	Note	2018 Rupees	2017 Rupees
29 DISTRIBUTION COST			
Freight		3,000	221,210
Loading charges		35,219	251,510
		38,219	472,720
30 ADMINISTRATIVE EXPENSES			
Directors' remuneration		2,400,000	3,600,000
Director's benefits		294,162	661,535
Staff salaries and other benefits	30.1	4,672,134	8,315,216
Rent, rates and taxes		360,000	164,400
Printing and stationery		80,480	132,640
Electricity, gas and water		199,900	411,369
Vehicles running and maintenance		994,767	2,244,712
Postage and telephone		171,025	535,368
Fee and subscription		17,945	172,829
Traveling and conveyance		79,151	349,834
Legal and professional		161,620	1,711,000
Repairs and maintenance		43,750	221,770
Auditors' remuneration	30.2	623,500	655,111
Insurance		-	168,992
Entertainment		273,858	319,933
Depreciation	17.2	290,124	345,732
Advertisement		35,500	106,660
Other expenses		133,637	676,751
		10,831,553	20,793,852

30.1 Salaries, wages and other benefits include Rs.0 /- (June 30, 2017: Rs. 813,790/-) in respect of staff retirement benefits -gratuity.

30.2 Auditors' remuneration		2018	2017
Statutory annual audit		550,000	550,000
Half yearly review		73,500	73,500
Other reviews and certifications		-	31,611
		623,500	655,111
31 OTHER OPERATING EXPENSES			
Donation	31.1	-	26,000
Saddaqa		7,500	-
Exchange loss on translation of foreign LC's payable		-	528,301
		7,500	554,301

31.1 No director or his spouse has any interest in the donee funds.

32 FINANCE COST		2018	2017
Mark up / interest on			
Short term borrowings		16,847,071	16,461,762
Long term financing		21,795,547	21,349,770
Liabilities against assets subject to finance lease		4,803,024	4,995,041
Workers' profit participation fund	12.2	864,500	810,137
Bank charges, commission and excise duty		25,410	140,322
		44,335,552	43,757,032
33 TAXATION			
Current			
Current year		2,772,714	5,911,230
Prior year		-	-
Deferred			
Current year		-	(13,733,702)
Prior year - effect of change in tax rate		-	-
		2,772,714	(7,822,472)

33.1 The assessment of the company will be finalized under section 113 of the Income Tax Ordinance, 2001. The income tax assessment of the company has been finalized up to the tax year 2016.

33.2 Numerical reconciliation between the average tax rate and the applicable tax rate	2018 ----%----	2017 ----%----
Applicable tax rate	31.00	31.00
Tax effect of amounts that are:		
Adjustment of the prior years	0.00	0.00
Income chargeable to tax at different rate	-32.64	-17.56
Deferred tax	0.00	-8.53
Tax credits	0.00	-0.04
Effective tax rate	(1.64)	4.86

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	-----Rupees-----					
Remuneration	1,200,000	1,600,000	600,000	800,000	2,251,565	2,886,840
House rent	540,000	720,000	270,000	360,000	1,013,204	1,299,078
Utilities	60,000	80,000	30,000	40,000	112,578	144,342
	1,800,000	2,400,000	900,000	1,200,000	3,377,347	4,330,260
Number of persons	1	1	1	1	5	5

34.1 No meeting fee has been paid to directors except nominee director during the period.

34.2 Chief executive and directors are also provided with free use of company maintained cars and medical facility. The monetary value of the benefits amount to Rs. 538,162/- (June 30, 2017 : Rs. 865,612/.)

35 LOSS PER SHARE - BASIC AND DILUTED

The calculation of the basic and diluted loss per share is based on the following data.

		2018	2017
Loss for the year after taxation	Rupees	(171,430,829)	(153,110,103)
Number of shares			
Weighted average number of ordinary shares outstanding during the year	Numbers	4,467,036	4,467,036
Loss per share - basic and diluted	Rupees	(38.38)	(34.28)

35.1 There is no dilutive effect on the basic loss per share of the company.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated companies, directors and key management personnel. Amounts due to related parties and transactions with related parties (key management personnel) are disclosed in the relevant notes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. All transactions are carried out on commercial basis. Transaction with related parties are disclosed below.

36.1 Transaction of related parties

	Nature of relationship	Transaction	2018 Rupees	2017 Rupees
Directors	Related party	Receipts of long term financing from directors		
		Repayment of long term financing		

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

37.1 Credit risk

37.2 Liquidity risk

37.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

37.1 Credit risk

37.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments. Out of total financial assets of Rs. 21.018 million (June 30, 2017: 39.875 million), financial assets which are subject to credit risk aggregate to Rs. 20.766 million (June 30, 2017: 25.530 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2018 Rupees	2017 Rupees
Long term deposits	16,467,060	16,467,060
Trade debts	2,448,541	4,491,374
Loans and advances	-	2,721,411
Trade deposits and short term prepayments	1,850,000	1,850,000
Other receivables	-	-
Cash and bank balances	252,511	14,345,177
	21,018,112	39,875,022

37.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

Domestic	2,448,541	4,491,374

37.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

Yarn	2,448,541	4,491,374
Waste	-	-
	2,448,541	4,491,374

37.1.4 The aging of trade debtors at the balance sheet is as follows,

Past due 0 - 30 days	-	392,544
Past due 31 - 90 days	-	-
Past due 91 days - 1 year	-	1,139,750
More than 1 year	2,448,541	2,959,080
	2,448,541	4,491,374

37.2 **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring un acceptable losses or risking damages to the company's reputation. The following are the contractual maturities of the financial liabilities including interest payments and excluding the impact of netting agreements..

	2018					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non-derivative Financial liabilities						
Long term financing	149,511,945	161,140,129	95,182,130	11,008,913	58,445,578	(3,496,492)
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Long term from others	49,658,313	51,436,908	-	49,658,313	-	-
Finance lease	81,855,397	86,464,383	73,992,308	4,632,064	7,840,011	-
Trade and other payables	445,219,693	445,219,693	445,219,693	-	-	-
Accrued mark up / interest	134,601,511	134,601,511	134,601,511	-	-	-
Short term borrowings	176,690,537	155,230,007	155,230,007	-	-	-
	1,176,221,301	1,172,776,536	904,225,649	65,299,290	66,285,589	135,187,413

	2017					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	----------	----------	----------	Rupees	----------	----------
Non-derivative						
Financial liabilities						
Long term financing	149,511,945	159,834,544	78,336,183	10,134,847	71,363,514	-
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Finance lease	81,855,397	85,120,637	60,608,010	4,399,460	20,113,167	
Long term loans from others	49,658,313	51,436,908	-	51,436,908	-	-
Trade and other payables	434,490,088	434,490,088	434,490,088	-	-	-
Accrued mark up / interest	91,155,869	91,155,870	91,155,870	-	-	-
Short term borrowings	178,157,275	156,497,117	156,497,117	-	-	-
	1,123,512,792	1,117,219,068	821,087,267	65,971,215	91,476,681	138,683,905

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at year end. The rates of mark up have been disclosed in relevant notes to these financial statements.

37.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

37.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar, Japanese Yen and Euro. The currency in which these transactions primarily are denominated is US Dollar and Euro. The company is not exposed to any foreign currency risk as at June 30, 2018.

Sensitivity analysis

5% strengthening of Pak Rupee against the following currency at June 30, would not increased / (decreased) equity and profit and loss.

37.3.2 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2018 Rupees	2017 Rupees
Variable rate instruments		
Financial liabilities	546,741,784	596,400,097

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	Profit and loss		Equity	
	100 bp increase	100 bp (decrease)	100 bp increase	100 bp (decrease)
	----------	---------- Rupees	----------	----------
Cash flow sensitivity - variable rate instruments 2018	(5,467,418)	5,467,418	-	-
Cash flow sensitivity - variable rate instruments 2017	(5,964,001)	5,964,001	-	-

37.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2018 Rupees	2017 Rupees
37.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	-	-
Letters of credit other than capital expenditures	-	-

37.6 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate return for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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

	2018 Rupees	2017 Rupees
Total borrowings	197,539,943	222,183,340
Net debt	197,539,943	222,183,340
Total equity	(614,034,621)	(454,775,080)
Total capital	(416,494,678)	(232,591,740)
Gearing ratio	-47.43%	-95.53%

38 CAPACITY INSTALLED AND ACTUAL PRODUCTION

Number of spindles installed	28,248	28,248
Number of spindles worked	12,009	13,860
Number of shifts per day	3	3
Installed capacity after conversion into 20/s counts (Kgs.)	9,946,319	9,946,319
Actual production of yarn after conversion into 20/s counts (Kgs.)	3,766,757	4,345,850

It is difficult to precisely describe production capacity and the resultant production converted into single counts in the textile industry since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to pattern of production adopted in a particular year. Actual production is very low than the installed capacity because the mill was not operational for more than six months during the current period.

39 NUMBER OF EMPLOYEES	2018	2017
Number of employees worked as at year end	371	371
Average employee worked during the year	370	370

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 6, 2018 by the board of directors of the company.

41 CORRESPONDING FIGURES

No figure has been rearranged/reclassified.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

FORM-34

COMBINED PATTERN OF CDC AND PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2018

No. of Shareholders	From	To	Total Shares Held
85	1	100	2,754
223	101	500	54,391
290	501	1,000	174,829
75	1,001	5,000	168,961
19	5,001	10,000	142,814
7	10,001	15,000	91,796
6	15,001	20,000	110,000
5	20,001	25,000	111,358
3	25,001	30,000	82,340
2	30,001	35,000	64,335
1	40,001	45,000	44,940
1	45,001	50,000	47,000
1	55,001	60,000	55,500
2	65,001	70,000	138,500
1	70,001	75,000	75,000
3	85,001	90,000	269,670
1	90,001	95,000	91,565
1	95,001	100,000	100,000
1	140,001	145,000	143,818
1	145,001	150,000	148,302
1	240,001	245,000	240,399
1	285,001	290,000	289,918
1	805,001	810,000	806,673
1	1,010,001	1,015,000	1,012,173
732			**4,467,036**

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	1,016,173	22.7483%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	5,653	0.1265%
Banks Development Financial Institutions, Non Banking Financial Institutions.	185	0.0041%
Insurance Companies	--	--
Modarabas and Mutual Funds	240,399	5.3816%
Share holders holding 10% or more	1,818,846	40.7171%
General Public		
Local	3,170,388	70.9730%
Foreign	0	0.0000%
Others (to be specified)		
Joint Stock Companies	3,114	0.0697%
Pension Funds	30,069	0.6731%
Others	1,055	0.0236%

DETAIL OF SHAHRE HOLDING

As on 30th June, 2018

S.No	SHARE HOLDERS CATEGORY	HOLDING	%AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. NOMAN ALMAS	1,012,173	22.6587%
2	MR. NAVEED AHMAD	1,000	0.0224%
3	MR. ABDUL SHAKOOR	600	0.0134%
4	MR. MUHAMMAD AKRAM	500	0.0112%
5	MR. MUHAMMAD RAMZAN	600	0.0134%
6	MR. ZAHID ALI	800	0.0179%
7	MR. MUHAMMAD FIAZ	500	0.0112%
		1,016,173	22.7483%
	ASSOCIATED COMPANIES		
1			0.0000%
		0	0.0000%
	NIT and ICP		
1	INVESTMENT CORP. OF PAKISTAN	4,900	0.1097%
2	IDBL (ICP UNIT) (CDC)	753	0.0169%
		5,653	0.1265%
	FINANCIAL INSTITUTION		
1	NATIONAL BANK OF PAKISTAN. (CDC)	185	0.0041%
		185	0.0041%
	MUTUAL FUNDS		
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	240,399	5.3816%
		240,399	5.3816%
	PENSION FUNDS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	30,069	0.6731%
		30,069	0.6731%
	JOINT STOCK COMPANIES		
1	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
	SHAFFI SECURITIES (PVT) LIMITED (CDC)	1,000	0.0224%
2	TIME SECURITIES (PVT.) LTD (CDC)	428	0.0096%
3	Y.S SECUTITIES & SERVICES (PVT) LTD. (CDC)	1,685	0.0377%
		3,114	0.0697%
	OTHERS		
1	TRUSTEE NATIONAL BANK OF OAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	1,055	0.0236%
		1,055	0.0236%
	SHARES HELD BY THE GENERAL PUBLIC (LOCAL)	3,170,388	70.9730%
	SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)	0	0.0000%
		3,170,388	70.9730%
	TOTAL:	**4,467,036**	**100.0000%**

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

	Name	Holding	Percentage
1	MR. NOMAN ALMAS	1,012,173	22.6587%
2	MRS. SHAMIM AKHTAR	806,673	18.0584%
		1,818,846	**40.7171%**

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

	Name	Holding	Percentage
1	MR. NOMAN ALMAS	1,012,173	22.6587%
2	MRS. SHAMIM AKHTAR	806,673	18.0584%
3	MRS. FAREEHA PERVAIZ	289,918	6.4902%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	240,399	5.3816%
		2,349,163	**52.5889%**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. NO.	NAME	SALE	PURCHASE
	NIL		

FORM OF PROXY

I/We____

Of ____

Being a member of SALMAN NOMAN ENTERPRISES LTD and holder of ________ Ordinary shares as per Register Folio / CDC Participant No.________________________ hereby appoint Mr./Mrs./Miss____________________of____________________or failing him/her Mr./Mrs./Miss________________of________________ who is also a member of the SALMAN NOMAN ENTERPRISES LTD vide Registered Folio / CDC Participant I.DNo.________________ as my proxy to vote for me and on my behalf at the 33rd Annual General meeting of the Company to be held on Saturday the October 27, 2018 at 03:00 p.m and any adjournment thereof.

Signed this__________________day of October, 2018

Revenue Stamp(s) of Rupees five

(Signature should agree with the specimen Signature register with the Company)

Witness: 1

Signature: ______________________

Name: ______________________

Address: ______________________

____

CNIC or: ______________________

Passport#: ______________________

Witness:2

Signature: ______________________

Name ______________________

Address: ______________________

____

CNIC or: ______________________

Passport#: ______________________

Note:

- A member entitled to vote at this meeting may appoint a proxy, proxies in order to be effective must be received at Registered Office of the company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting

سلمان نعمان انٹر پرائز ز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم ______________
سلمان نعمان انٹر پرائز ز لمیٹڈ کا / کی / کے حصص ______________
ساکن ______________
عمومی حصص کا / کی / کے مالک ______________
دار ہوں / ہیں اور بموجب رجسٹر ڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت ______________
اور بموجب ______________ رہائشی ______________
ہوں / ہیں ۔ اپنی جگہ پر حق رائے دہی کے لیے ______________
رجسٹر ڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر ______________ کو یا اس کے نہ آنے کی صورت میں ______________
اور بموجب رجسٹر ڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر ______________
رہائشی ______________

کو جو کہ سلمان نعمان انٹر پرائز ز لمیٹڈ کا / کی / کے حصہ دار ہے ہیں ۔ کو اپنی جگہ بروز ہفتہ بتاریخ 27 اکتوبر 2018 بوقت دوپہر 3 بجے منعقد ہونے والے تیتیسواں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہو گا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی / کرتے

ہوں / ہیں ۔

پانچ روپے کی رسیدی ٹکٹ
چسپاں کریں

کمپنی کے ریکارڈ کے مطابق دستخط

بتاریخ : اکتوبر 2018 کو دستخط کیا گیا

گواہ نمبر : 1

دستخط ______________
نام ______________
پتہ ______________
____
شناختی کارڈ نمبر یا ______________
پاسپورٹ نمبر ______________

گواہ نمبر : 2

دستخط ______________
نام ______________
پتہ ______________
____
شناختی کارڈ نمبر یا ______________
پاسپورٹ نمبر ______________

نوٹ : 1 ۔ یہ مختار نامہ مکمل اور دستخط شدہ کمپنی کے رجسٹر ڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہیئے ۔

2 ۔ کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نا ہو ۔ علاوہ اس کے کہ کوئی ایک کمپنی جو حصہ دار ہے کسی فرد کو نمائیدہ مقرر کرے جو کمپنی کا حصص دار نا ہو ۔