DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors are pleased to place before you the Financial Statements for and as at the year ended 30 June 2018 along with the Notes thereonat the 37th Annual General Meeting of the Company.

COMPANY'S AFFAIRS

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

The Company's financial statements as at 30 June 2018 are being presented on a REALIZABLE BASIS.

The positive impact of the merger on administrative costs is noteworthy. During the current financial year Administrative expenses were reduced from RS. 50.091 Million, incurred in the previous year to RS.33.138 Million in the current year. After adjusting Finance costs and setting off other income, a net loss of RS. 39.312 Million (Loss of RS 9.83 per share) was incurred in the current year against a net loss of RS 57.976 Million (Loss of RS. 15.48 per share) in the previous year.

AUDITORS' REPORT

In commenting on the Auditors Report it is reiterated that there has been no misstatement in the carrying value of the assets and liabilities, which have been appropriately determined.
The Company's assets and liabilities have been assessed by management at their realizable/ settlement values. The Assets of the Company have been valued by an independent valuator on a market value basis. The method is estimated to be a Fair Value approximation and it is not expected that there will be a material variation from the values reflected.

The Company does not agree with the Auditors' assertion, contained in the Basis for Disclaimer of Opinion paragraph of their report. Contrary to the Auditors' assertion, the value of the Assets of the Company has, in fact, been ascertained by an independent valuer using a market value method. Such values have been duly reflected in the company's accounts. In the management's opinion, the values, so ascertained, provide the best fair value approximation.

The Auditors' have highlighted a material uncertainty relating to Going Concern. It is pointed out that the Company has presented the Accounts on a realizable basis and not on the Going Concern assumption. As such, no assumption of being a going concern is being made.
The magnitude of cumulative losses has primarily arisen due to the inordinate unplanned delay in the completion of the merger process. The Principal sponsors have continued to inject funds to sustain the Company. In addition to the RS 167 Million of advances converted into equity in the merger process, the sponsors have further advanced in excess of RS 350 Million.

RESPONSE TO REVIEW REPORT OF THE STATEMENT COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2017

In assessing compliance, it is submitted that cognisance should be taken of the fact that the Company has been non-operational since 2011, is undergoing a merger and suffers severe financial strictures where the day to day expenditure is being entirely met by the principal shareholders from their own resources. Moreover the scope of activity is very limited. The Company is being sustained by the substantial injection of financial resources by its principal shareholders, so as to secure its assets and move towards reviving the Company in the future by restructuring its finances.
Clause-wise responses to matters raised in the review report, are as follows:

i. The Company will comply with the requirement when new directors are appointed.

ii. The Company has been non-operational since 2011 and is in the final stages of a merger process. Additionally, because of the Company's adverse financial circumstances, the expensive formal orientation courses for Directors could not be arranged. However, Directors are made aware of duties and responsibilities.

iii. As the Company has been non-operational since 2011, there has been no requirement to hire personnel. Existing Company policies are established and are being followed where the need arises.

iv. The subscription of the Pakistan Stock exchange was not paid due to the adverse financial circumstances of the Company.

v. The Company has not been able to deploy the financial and technical manpower resources to create and manage a functional website in view of its long-standing financially adverse circumstances.

vi. Because the Company has been non-operational for a considerable period of time, Management periodically reviews the business risk. The Company is in the process of implementing the plan to mitigate the risk by reviving its operations, through the merger and sale of surplus assets but has been hindered by the unplanned inordinate delay in finalizing the merger by regulatory issues.

vii. The Company has a Code of Conduct that has been disseminated throughout the Company. However, it is submitted that due to the existing organisational structure of Company, any grievances arising from unethical practices immediately come to the attention of senior management and as such are identified and can be redressed expeditiously. Further the narrow scope of activity of the Company eliminates the probability of any unethical practices.

viii. The company's internal control systems including internal audit, have been in place since inception, and mainly relate to financial controls. In view of the fact that the company has been non-operational since 2011, and its scope of activity is very narrow, the expanded scope of internal control systems now prescribed has not been formally instituted.

ix. Restrictions on conflict of interest are in accordance with the statutory provisions of the relevant law. Due to the narrow scope of activity of the Company, being in a non-operational state, any potential conflict of interest situations are clearly identifiable and are effectively disclosed and/or interdicted.

x. Due to the limited scope of the Company's activity a formal performance review mechanism has not been put in place.

xi. The Company has been in existence since 1982, and has always promoted ethical culture for all staff and board members through a formally instituted 'Code of Conduct' Moreover, the Company adheres to the statutory requirements laid down in the relevant law for the prevention of conflicts of interest.

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

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

RAWALPINDI

ON BEHALF OF THE DIRECTORS
CHIEF EXECUTIVE

AUDITOR'S REPORT

To the members of Suhail Jute Mills Limited Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements **of Suhail Jute Mills Limited,** which comprise the balance sheet as at June 30, 2018 and profit and loss Account, statement of comprehensive Income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement^, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of Suhail Jute Mills Limited. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Last year in 2017, the company merged with its associated company (Colony) Sarhad Textile Mills Limited following an order of the honorable Lahore High Court. Consequent upon that assets and liabilities of the two companies should be stated at fair value as required by IFRS. The company has not ascertained fair value of its assets and liabilities through an independent valuer or by applying any other method. As a result we have not been able to ascertain whether these assets and liabilities have been stated at an appropriate carrying amount. The amount of misstatement, if any, has not been determined.

Material Uncertainty relating to Going Concern

The Company has incurred loss after taxation of Rs. 39.312 million (Year 2017: Rs.57.975 million). The Company has suffered accumulated loss of Rs. 779.390 million (Year 2017:Rs. 745.251) as on June 30, 2018 which has turned equity into negative balance of Rs. 527.578 million (Year 2017: Rs. 493.439).

The company has also ceased operations since June 2010.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
Except for the matter described in Disclaimer of opinion paragraph, there are no key audit matters to communicate in our report.

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 financial statements in accordance with International Standards on Auditing and to issue an auditors's report. However, because of the matter 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 requirements that are relevant to our audit of the financial statements as applicable in Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) The balance sheet, profit and loss account, statement of comprehensive income, 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 books of account and returns;
c) 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).

Prior Year Financial Statements audited by Predecessor Auditor

Prior Year Financial Statements audited by "Amir Alam Khan & Co. Chartered Accountants, Rawalpindi The engagement partner on the audit resulting in this independent auditors's report is C.A Habib.

Place: Islamabad
Dated:05th October 2018

HORWATH HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

BALANCE SHEET AS AT JUNE 30, 2018

	NOTE	2018	2017
EQUITY AND LIABILITIES		---Rupees---	
SHARE CAPITAL AND RESERVES			
Authorized Share Capital:			
(5,000,000 ordinary shares of Rs.10 each)		50,000,000	50,000,000
Issued, subscribed and paid up capital			
(4,332,819 ordinary shares of Rs. 10 each)	8	43,328,190	37,450,000
Reserves	9	(767,268,915)	(733,130,135)
Merger reserve		196,362,085	202,240,275
		(527,578,640)	(493,439,860)
Surplus on revaluation of property, plant and equipment	10	1,342,300,767	1,315,194,265
CURRENT LIABILITIES			
Staff retirement benefits	11	5,720,034	6,003,930
Trade and other payables	12	158,503,488	146,981,304
Accrued mark-up		54,086,276	54,086,276
Short term borrowings	13	351,467,670	329,075,790
Provision for taxation	14	-	-
		569,777,468	536,147,300
CONTINGENCIES AND COMMITMENTS	15		
		1,384,499,596	1,357,901,705
ASSETS			
CURRENT ASSETS			
Cash and bank balances	16	227,223	161,525
Short term investments	12.3.3	3,523,577	3,346,651
Advances deposits and prepayments	17	5,216,800	5,179,180
Stores and spare parts	18	1,937,657	1,940,443
Stock in trade - Raw material	19	824,389	824,389
Long term investment	20	190,000	190,000
Long term security deposits	21	262,482	262,482
Property, plant and equipment	22	1,372,317,468	1,345,997,035
		1,384,499,596	1,357,901,705

AUDITOR'S REPORT ANNEXED:

The annexed notes from 1 to 36 forms an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

Usohail

DIRECTOR

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		--------Rupees--------	
CASH FLOWS FROM OPERATING ACTIVITIES	27	**(19,837,086)**	(22,099,841)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from sale of asset		**305,000**	185,000
Purchase of office equipment		-	(19,500)
Short term investment		**(176,926)**	(144,394)
Cash acquired as result of merger		-	448,135
Net cash flows generated from / (used in) investing activities		**128,074**	469,241
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		**19,774,710**	21,307,910
Net cash generated from financing activities		**19,774,710**	21,307,910
Net (decrease) / increase in cash and cash equivalents		**65,698**	(322,690)
Cash and cash equivalents at the beginning of the year		**161,525**	484,215
Cash and cash equivalents at end of the year		**227,223**	161,525

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

Usohail

DIRECTOR

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

	Issued, subscribed and paid-up share capital	Revenue reserves					Merger reserve	Total
		General reserve	Dividend equalization reserve	Fair value reserve	Accumulated loss	Total		
	-----------------	-----------------	-----------------	-----------------	Rupees	-----------------	-----------------	-----------------
BALANCE AS AT JUNE 30, 2016	37,450,000	3,380,000	7,490,000	-	(358,291,864)	(347,421,864)	-	(309,971,864)
Adjustments made for merger								
(Colony) Sarhad Textile Mills Limited	40,000,000			1,926,607	(335,524,552)	(333,597,945)	-	(293,597,945)
Cancellation of shares of CSTM	(40,000,000)	-	-	-	-	-	-	(40,000,000)
Merger reserve	-	-	-	(675,000)	-	(675,000)	202,240,275	201,565,275
	37,450,000	3,380,000	7,490,000	1,251,607	(693,816,416)	(681,694,809)	202,240,275	(442,004,534)
Total comprehensive loss for the year	-	-	-	-	(57,372,781)	(57,372,781)	-	(57,372,781)
Net loss for the year	-	-	-		(57,975,904)	(57,975,904)	-	(57,975,904)
Other comprehensive income								
Gain on re-measurement of staff benefit plans	-	-	-	-	603,123	603,123	-	603,123
Effect of incremental depreciation	-	-	-	-	5,937,455	5,937,455	-	5,937,455
BALANCE AS AT JUNE 30, 2017	37,450,000	3,380,000	7,490,000	1,251,607	(745,251,742)	(733,130,135)	202,240,275	(493,439,860)
Shares issued against merger 1,087,819 shares @ Rs 10 each	10,878,190	-	-	-	-	10,878,190	-	-
Shares cancelled 500,000 @ Rs 10 each	(5,000,000)	-	-	-	-	(5,000,000)	-	(5,000,000)
Total comprehensive loss for the year	-	-	-	-	(38,389,475)	(38,389,475)	-	(38,389,475)
Effect of incremental depreciation	-	-	-	-	4,250,696	4,250,696	(5,878,190)	4,250,696
BALANCE AS AT JUNE 30, 2018	43,328,190	3,380,000	7,490,000	1,251,607	(779,390,522)	(767,268,915)	196,362,085	(527,578,640)

The annexed notes from 1 to 36 form an integral part of these financial statements.

CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

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

1. LEGAL STATUS AND OPERATIONS

Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited Company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Lahore and Karachi stock exchanges in Pakistan. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpindi, while the production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa.

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

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

CSTM was incorporated in Pakistan as a private limited company in 1953 under the Companies Act, 1913 now the Companies Act, 2017 and was converted into public limited company in 1955. CSTM was listed on Pakistan Stock Exchanges and principally engaged in the business of manufacturing and sales of yarn and gray fabrics.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company has incurred loss after taxation of Rupees 38.673 million. The Company has suffered accumulated losses of Rupees 779.674 million as on June 30, 2018 which has turned equity into negative balance of Rupees 527.9 million. The company has ceased operations since June 2010.

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

4. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 . In case requirements differ, the provisions of or directives under the Companies Act, 2017 shall prevail.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

i) Assumptions and estimates used in determining the residual values and useful lives of property, plant and equipment (Note 22);

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

iii) Provision for obsolescence of stores and spare parts (Note 18).

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

6. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

6.1 Standards, interpretations and amendments not yet adopted

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

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

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

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

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IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2018
IAS 40	Investment Property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts (Amendments)	January 1, 2018
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018

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

7.3 Taxation

Current

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

Deferred

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

7.4 Trade and other payables

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

7.5 Borrowings

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

7.6 Provisions

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

7.7 Property, plant and equipment

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation except land and capital work in progress, which are stated at revalued amount / cost. Cost comprises acquisition and other directly attributable costs. Depreciation is provided on a reducing balance basis and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in Note 22. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which asset is disposed off.

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

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

7.8 Impairment

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

7.9 Stores and spare parts

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

7.10 Stock in trade

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

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

7.11 Trade and other receivables

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

7.12 Cash and cash equivalents

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

7.13 Foreign currency transactions and translations

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

7.14 Financial Instruments

7.14.1 Financial assets

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

a) Financial assets at fair value through profit & loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Consistent with prior years, loans and receivables with less than twelve months maturities are classified as trade debts, loans and advances, deposits, other receivables and profit receivable from banks in the balance sheet.

c) **Available for sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

Changes in fair value of securities classified as available-for-sale are recognized in equity.

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

d) **Held to maturity**

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

7.14.2 Financial liabilities

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

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

7.14.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.15 Contingent liabilities

Contingent liabilities are disclosed when:

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

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

7.16 Revenue recognition

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

Export sales are recorded on shipment basis while export rebate is accounted for on receipt basis.

Return on investment in associated undertaking is recorded on accrual basis while return on bank deposits are accounted for on a time proportioned basis on the principal amount outstanding.

Dividend income on investments is recognized when the right to receive the payment is established.

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
(Number of shares)			------Rupees------	
3,245,000	3,245,000	Ordinary shares of Rs. 10 each issued for cash	32,450,000	32,450,000
500,000	500,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	5,000,000	5,000,000
3,745,000	3,745,000		37,450,000	37,450,000
(500,000)	-	Cancelled ordinary shares of Rs. 10 each issued for consideration other than cash (Note-8.2)	(5,000,000)	-
1,087,819	-	Alloted as consideration for merger	10,878,190	-
4,332,819	3,745,000		43,328,190	37,450,000

8.1 Shares held by associated undertakings

2018	2017		2018	2017
(Number of shares)			(Rupees)	
-	500,000	(Colony) Sarhad Textile Mills Limited	-	500,000
500	500	M Farooq (Pvt) Ltd	5,000	5,000
20,000	20,000	Surriya Farooq Charitable Foundation	200,000	200,000

8.2 This represents the shares owned by Colony Sarhad Textile Mills Limited which were cancelled due to merger of the companies.

8.3 This represents the shares alloted to the members of Colony Sarhad Textile Mills Limited against the merger of the companies.

			2018	2017
			(Rupees)	
9	RESERVES			
	General reserve	9.1	3,380,000	3,380,000
	Dividend equalization reserve	9.2	7,490,000	7,490,000
	Capital reserve		1,251,607	1,251,607
	Accumulated loss		(779,390,522)	(745,251,743)
			(767,268,915)	(733,130,135)

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

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

10 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents the surplus arising from the revaluation of assets as stated below which is amortized over the useful lives of corresponding assets.

	2018	2017
	Rupees	
Opening balance		
Free hold land	1,220,734,609	878,418,412
Building	75,000,000	98,476,144
Plant and machinery	123,273,000	188,174,667
	1,419,007,609	1,165,069,223
Surplus /(deficit) on revaluation made during the year		
Free hold land	42,000,000	342,316,197
Building	(10,642,802)	(23,476,144)
Plant and machinery	-	(64,901,667)
	31,357,198	253,938,386
Depreciation	(108,064,040)	(103,813,344)
	1,342,300,767	1,315,194,265

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

Revaluation of the Land and Building of the former (Colony) Sarhad Textile Mills Limited acquired as a consequence of the merger, was carried out by M/S BFA (Private) Ltd. on market value basis on 10 May, 2018.

			2018	2017
			----------Rupees----------	
11	**STAFF RETIREMENT BENEFITS**			
	Staff retirement benefit	11.1	4,417,193	4,701,089
	Differed liabilities - staff gratuity		1,302,841	1,302,841
			5,720,034	6,003,930

11.1 The amounts recognized in the balance sheet

Present value of defined benefit obligation	11.2	4,417,193	4,701,089

11.2 Movement in the present value of defined benefit obligation:

Opening balance		4,701,089	4,720,831
Charge for the year	11.3	638,737	583,381
Actuarial gain		(922,633)	(603,123)
Benefits paid		-	-
		4,417,193	4,701,089

11.3 Charge for the year

Current service cost	274,403	241,049
Interest cost	364,334	342,332
	638,737	583,381

11.4 Remeasurement recognized in OCI

Actuarial gain on re-measurement of defined benefit obligation	922,633	603,123

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

Valuation discount rate	9.00%	7.75%
Salary increase rate short term (1 year)	4.00%	0.00%
Salary increase rate long term	9.00%	7.75%
Withdrawal rates	Low	Low
Mortality rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

11.6 Sensitivity analysis

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

	Effect of increase	Effect of decrease
	Rupees	
Discount rate changed by 1%	4,417,193	4,410,359
Salary rate increase change by 1%	4,689,190	5,056,124
Withdrawal rates change by 10% / 1 year mortality age set-back / set-forward	4,428,967	4,701,079

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

		2018	2017
		Rupees	
12 TRADE AND OTHER PAYABLES			
Creditors		23,488,209	22,779,540
Accrued expenses	12.1	49,557,853	42,596,722
Security deposits		1,600	1,600
Advances from customers		3,400,000	3,400,000
Workers' profit participation fund	12.2	45,748,891	42,013,859
Workers welfare fund		269,503	269,503
Unclaimed dividend		384,359	384,359
Other taxes payable		219,246	221,486
Taxation		500,000	500,000
Others		2,938,864	2,937,008
Payable to employees retirement benefits	12.3	31,994,963	31,877,227
		158,503,488	146,981,304

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

	2018	2017
12.2 Worker's (Profit) Participation fund	Rupees	
Opening balance	42,013,859	39,129,470
Interest on funds utilized by the Company	3,735,032	2,884,389
	45,748,891	42,013,859

Interest on funds utilized by the Company is charged at KIBOR + 2.5%

12.3 Payable to employees retirement benefits

Gratuity payable	12.3.1	28,471,386	28,471,386
Provident fund payable	12.3.2	3,523,577	3,405,841
		31,994,963	31,877,227

12.3.1 This represent gratuity payable to 301 employees who left after the floods in July, 2010.

12.3.2 This represents balance of the amount payable to members of the discontinued of the provident fund of the company.

12.3.3 The Company has invested an amount of Rs.3,523,577 (2017: 3,405,841) against the balance of the discontinued Provident Fund, in units of "NAFA Government Securities Liquid Fund". The investment is being held in the name of Suhail Jute Mills Limited.

13 SHORT TERM BORROWINGS		2018	2017
		-----Rupees-----	
From banking companies- Secured			
Faisal Bank Ltd	13.1	128,809,828	128,809,828
AL baraka Islamic Bank	13.2	30,000,000	30,000,000
		158,809,828	158,809,828
Loan from Director- Unsecured	13.3	192,657,842	170,265,962
		351,467,670	329,075,790

13.1 Faisal Bank Ltd

Running finance facility	13.1.1	127,885,528	127,885,528
Finance against imported merchandise	13.1.2	924,300	924,300
		128,809,828	128,809,828

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

The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and pari passu charge for Rs.280 million on fixed assets of Company including land, building and plant and machinery.

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

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

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

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

13.2 AL Baraka Islamic Bank

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

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

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

13.3 Loan from Director- Unsecured

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

14 PROVISION FOR TAXATION

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

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

15 CONTINGENCIES AND COMMITMENTS

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

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

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

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

15.5 The Company is in litigation with sales tax authorities circle 1 , Rawalpindi for refund of sales tax amounting to Rs.2.452 million (2017 Rs. 2.452 million). The case is pending with the Honorable Lahore High Court , Lahore.

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

	2018	2017
16 CASH AND BANK BALANCES	----Rupees----	
Cash in hand	39,071	59,250
Cash at banks:		
- in current accounts	188,151	92,420
- in saving accounts	-	9,855
	188,151	102,275
	227,223	161,525

17 ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good		
- Employees	279,598	279,598
- Expenses	17,304	27,132
Deposits	501,940	501,940
Prepayments	216,322	270,360
Sarhad Development Authority	2,550,000	2,550,000
Income tax withheld (Refundable)	1,646,604	1,520,017
Rent receivable	-	18,000
Other receivables - considered good	5,032	12,133
	5,216,800	5,179,180

			2018	2017
			Rupees	
18	STORES AND SPARES			
	Stores		7,619,067	7,620,045
	Spares		2,103,331	2,105,139
			9,722,398	9,725,184
	less: Provision for obsolescence		(7,784,741)	(7,784,741)
			1,937,657	1,940,443
19	STOCKS IN TRADE			
	Raw materials		824,389	824,389
	Work in process		-	-
			824,389	824,389
20	LONG TERM INVESTMENTS			
	Available for sale investment - Unquoted			
	Farooq Energy Company (Pvt) Limited			
	190 shares (2017: 190) of Rs 1,000 each		190,000	190,000
21	LONG TERM SERCURITY DEPOSITS			
	SNGPL		30,000	30,000
	Building		232,482	232,482
			262,482	262,482
22	PROPERTY, PLANT AND EQUIPMENT		1,340,960,270	1,345,997,035
	(schedule annexed)			
23	ADMINISTRATIVE EXPENSES	23.1		
	Salaries, wages and benefits		9,435,948	10,059,932
	Directors' meeting fee		4,500	9,500
	Travelling		317,055	345,540
	Motor vehicle running expenses		1,267,323	1,384,587
	Entertainment		600,212	554,682
	Printing and stationery		302,499	363,960
	Communication		470,410	453,309
	News paper and periodicals		44,526	54,402
	Rent, rates and taxes		1,354,566	2,374,495
	Utilities		3,530,219	3,113,933
	Fees and subscription		101,088	148,009
	Professional charges		770,740	889,890
	Auditor's remuneration	23.2	225,000	250,000
	Directors' Remuneration	23.3	8,851,119	9,323,240
	Depreciation		5,011,032	6,856,628
	Repairs and maintenance		627,574	805,437
	Insurance		164,597	-
	Prov for obsolete stores		-	1,458,778
	Doubtful debts written off		-	11,554,312
	Miscellaneous		59,445	90,707
			33,137,852	50,091,341

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

	2018	2017
	------Rupees------	
23.2 Auditor's remuneration		
Statutory audit	175,000	200,000
Semi- Annual review fee	50,000	50,000
	225,000	250,000

23.3 DIRECTOR'S REMUNERATION

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

	2018 Rupees		2017 Rupees	
	Director	Managing Director	Director	Managing Director
Fee	4,500		9,500	
Remuneration		5,259,900		6,002,880
Rented accommodation		2,363,100		2,148,300
Travelling and Conveyance		22,000		105,722
Communication		46,943		43,829
Utilities		1,159,176		1,022,509
	4,500	8,851,119	9,500	9,323,240

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

		2018	2017
24	**FINANCE COST**	------Rupees------	
	Mark-up on bridge finance	2,617,170	5,227,129
	Interest on workers' profit participation fund	3,735,032	2,884,389
	Bank charges	173,570	162,825
		6,525,772	8,274,343
25	**OTHER OPERATING INCOME**		
	Income from financial assets		
	Interest on bank deposits	248	249
	Income from assets other than financial assets		
	Rental income	72,000	207,000
	Gain on sale of property, plant and equipment	279,268	182,531
		351,516	389,780
26	**LOSS PER SHARE**		
	Loss for the year after taxation	(39,312,106)	(57,975,904)
	Weighted average number of ordinary shares	4,000,000	3,745,000
	Loss per share	(9.83)	(15.48)

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

27. CASH FLOWS FROM OPERATING ACTIVITIES	2018	2017
	-------Rupees-------	
Loss before taxation	(39,312,108)	(57,975,904)
Adjustment for:		
Financial charges	6,525,772	8,274,343
Gain on sale of property, plant and equipment	(279,268)	(182,531)
Depreciation	5,011,033	6,856,628
Bad debts written off	-	11,554,312
Provision for stores and spares obsolescence	-	1,458,778
Staff retirement benefit	638,737	583,381
	(27,415,834)	(29,430,993)
Working capital changes:		
(Increase) / decrease in current assets		
Stores and spare parts	2,786	7,066
Advances deposits prepayments and other receivables	(37,620)	(148,086)
Increase / (decrease) in current liabilities		
Trade and other payables	7,787,152	7,647,899
	7,752,318	7,506,879
Cash used in operations	(19,663,516)	(21,924,114)
Financial charges paid	(173,570)	(162,825)
Employees' retirement benefits paid	-	(12,902)
Taxes paid	-	-
Net cash used in operating activities	(19,837,086)	(22,099,841)

28. Financial instruments by category

28.1 Financial risk management objectives and policies:

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

	Note	2018 Rupees	2017 Rupees
FINANCIAL ASSETS			
Long term investment		190,000	190,000
Short term investments		3,523,577	3,346,651
Advances deposits and prepayments		5,216,800	5,179,180
Cash and bank balances		227,223	161,525
		9,157,601	8,877,356
FINANCIAL LIABILITIES			
Staff retirement benefits		5,720,034	6,003,930
Loan from directors		192,657,842	170,265,962
Trade and other payables		158,503,488	100,576,456
Accrued mark-up		54,086,276	54,086,276
Running finance under mark up arrangements		158,809,828	158,809,828
		569,777,468	489,742,452

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 29.1 , 29.2 and 29.3 below:

29.1 Credit risk and concentration of credit risk

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

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rupees 9,157,601 (2017 : Rupees 8,877,356), the financial assets that are subject to credit risk amounted to Rupees 9,157,601 (2017 : Rupees 8,877,356).

The maximum exposure to credit risk as at June 30, 2018, along with comparative is tabulated below:

	Note	2018 Rupees	2017 Rupees
Financial assets			
Long term investment		190,000	190,000
Short term investments		3,523,577	3,346,651
Advances deposits and prepayments		5,216,800	5,179,180
Cash and bank balances		227,223	161,525
		9,157,601	8,877,356

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

29.2 Liquidity risk

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

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

	With in one year	More than one year	2018	2017
	----------Rupees----------			
Financial Liabilities				
Interest bearing:				
Accrued mark-up	54,086,276	-	54,086,276	54,086,276
Short term borrowing	351,467,670	-	351,467,670	223,210,499
Staff retirement benefits	-	5,720,034	5,720,034	6,003,930
Non Interest bearing:				
Trade and other payables	158,503,488	-	158,503,488	100,576,456
Loan from directors	192,657,842	-	192,657,842	105,865,291
	756,715,276	5,720,034	762,435,310	489,742,452

29.3 Market Risk

Currency Risk

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

Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. At June 30, 2018 the Company's financial instruments mainly affected due to changes in the Interest rates on amounts placed on deposits with banks where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on the balances placed on deposits with banks is not considered to be material.

30. RELATED PARTY TRANSACTIONS

The related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence, major suppliers and employers funds. All transactions with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 23.3 to the financial statements. Balances outstanding and transaction made with related parties at the year end are as follows:

	Note	2018 Rupees	2017 Rupees
Contribution to staff retirement benefits			
Gratuity - expense charged		636,737	583,381
Gratuity - payment made		-	(12,902)
Key management personnel			
Managing Director			
Loan received		22,391,880	15,016,134
Loan repayments		-	635,200

	2018 Kgs	2017 Kgs
31. PRODUCTION DATA		
Capacity on 360 days basis	6,000,000	6,000,000
Production achieved		
Sacking cloth	-	-
Hessian cloth	-	-
Twine	-	-
	-	-

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

32. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

33. ENTITY-WIDE INFORMATION

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

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

	2018	2017
Jute Twine	0.00%	0.00%
Gunny bags	0.00%	0.00%
Hessian cloth	0.00%	0.00%
Others	0.00%	0.00%
	0.00%	0.00%

33.3 Information about geographical areas

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

33.4 Information about major customers

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

	2018	2017
34. NUMBER OF EMPLOYEES		
Total number of employees at end of the year	93	93
Average number of employees for the year	94	94

35. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 05th October 2018 by the Board of Directors of the Company.

36. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	COST				DEPRECIATION				RATES %
	As at July 01, 2017	Addition/ (Disposal)	Surplus on revaluation	As at June 30, 2018	As at July 01, 2017	For the year	Adjustments	As at June 30, 2018	
	Rupees								
Free hold land	1,190,316,197	-	-	1,190,316,197	-	-	-	-	-
Building on freehold land	111,623,856	-	-	111,623,856	20,107,444	2,745,492	-	22,852,936	3.00
Plant & machinery	89,325,730	-	-	89,325,730	27,683,282	1,977,503	-	29,660,785	3.21
Furniture & fixtures	4,521,885	-	-	4,521,885	3,958,590	56,330	-	4,014,920	10
Office equipment	12,189,979	-	-	12,189,979	10,640,989	154,899	-	10,795,888	10
Motor vehicles	7,845,087	(1,428,400)	-	6,416,687	7,435,556	76,760	(1,402,668)	6,109,648	20
Library books	60,723	-	-	60,723	60,560	49	-	60,609	30
TOTAL 2018	1,415,883,457	(1,428,400)	-	1,414,455,057	69,886,421	5,011,033	(1,402,668)	73,494,786	

SUHAIL JUTE MILLS LIMITED
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED JUNE 30, 2017

PARTICULARS	COST				DEPRECIATION				RATES %
	As at July 01, 2016	Addition/ (Disposal)	Surplus on revaluation	As at June 30, 2017	As at July 01, 2016	For the year	Adjustments	As at June 30, 2017	
	Rupees								
Free hold land	610,000,000	238,000,000	342,316,197	1,190,316,197	-	-	-	-	-
Building on free hold land	86,250,000	43,642,802	(23,476,144)	106,416,658	12,184,190	2,826,974	-	15,011,164	3.0
Plant & machinery	154,227,397	-	(64,901,667)	89,325,730	23,879,861	2,099,518	-	25,979,379	3.21
Furniture & fixtures	2,867,596	74,083	-	2,941,679	2,315,796	62,588	-	2,378,384	10
Office equipment	4,351,561	770,378	-	4,349,337	3,400,840	94,850	-	3,495,690	10
Motor vehicles	8,344,483	(2,224)	-	8,342,259	7,830,345	102,383	-	7,932,728	20
Library books	53,031	1	-	53,032	52,799	70	-	52,869	30
TOTAL	866,094,068	282,485,040	253,938,386	1,401,744,892	49,663,831	5,186,383	-	54,850,214	

13.1 Allocation of depreciation expense

	2016	2015	COST	REVALUATION
			Rupees	
Unabsorbed direct cost	664,611	674,732	132,922	531,689
Administrative expenses	91,725	101,921	91,725	-
Total:	756,336	776,653	224,647	531,689

22. PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Office equipment	Furniture and fixtures	Motor vehicles	Library books	Total
		Rupees						
Year ended June 30, 2017								
Opening net book value	610,000,000	74,086,810	130,317,536	960,721	551,800	514,138	232	816,430,237
Acquired through merger	238,000,000	43,642,802	-	750,878	74,083	245	1	282,468,009
Cost	238,000,000	48,850,000		7,818,917	1,654,289	23,426	7,692	296,354,324
Accumulated depreciation	-	(5,207,198)		(7,068,039)	(1,580,206)	(23,181)	(7,691)	(13,886,315)
Additions	-	-	-	19,500	-	-	-	19,500
Surplus on revaluation	342,316,197	(23,476,144)	(64,901,667)	-	-	-	-	253,938,386
Disposals	-	-	-	-	-	(2,469)	-	(2,469)
Cost	-	-	-	-	-	(822,822)	-	(522,822)
Accumulated depreciation	-	-	-	-	-	520,353	-	520,353
Depreciation charge	-	(2,716,068)	(3,803,421)	(172,110)	(62,588)	(102,383)	(70)	(6,856,828)
Net book value	1,190,316,197	91,516,412	61,642,448	1,548,989	563,295	409,531	163	1,345,997,035
As at June 30, 2017								
Cost	1,190,316,197	111,623,856	89,325,730	12,189,978	4,521,885	7,845,087	60,723	1,415,883,456
Accumulated depreciation	-	(20,107,444)	(27,683,282)	(10,640,989)	(3,958,590)	(7,435,556)	(60,560)	(69,886,421)
Net book value	1,190,316,197	91,516,412	61,642,448	1,548,989	563,295	409,531	163	1,345,997,035
Year ended June 30, 2018								
opening net book value	1,190,316,197	91,516,412	61,612,448	1,548,989	563,295	409,531	163	1,345,997,035
Cost	1,190,316,197	111,623,856	89,325,730	12,189,978	4,521,886	7,845,087	60,723	1,415,883,456
Accumulated depreciation	-	(20,107,444)	(27,683,282)	(10,640,989)	(3,958,590)	(7,435,556)	(60,560)	(69,886,421)
Additions								-
Surplus on revaluation	42,000,000	(10,642,802)						31,357,198
Disposals	-	-	-	-	-	(25,732)	-	(25,732)
Cost	-	-	-	-	-	1,428,400	-	1,428,400
Accumulated depreciation	-	-	-	-	-	(1,402,668)	-	(1,402,668)
Depreciation charge		(2,745,492)	(1,977,503)	(154,899)	(56,330)	(76,760)	(49)	(5,011,033)
As at June 30, 2018								-
Cost	1,190,316,197	111,623,656	89,325,730	12,189,978	4,521,885	6,416,687	60,723	1,414,455,056
Accumulated depreciation	-	(22,852,936)	(29,660,785)	(10,795,888)	(4,014,920)	(6,109,618)	(60,609)	(73,494,786)
Net book value	1,232,316,197	78,128,118	59,664,945	1,394,090	506,965	307,039	114	1,372,317,468
Depreciation rate	-	1.5 - 3%	3 - 15%	10%	10%	20%	30%	

22.1 **Details of assets disposed off during the year:**

Description	Cost/Revalued amount	Accumulated depreciation	Net book value	Sale price	Mode of Disposal	Sold to
Suzuki Baleno ACS-782	1,428,400	1,402,668	25,732	305,000	Negotiation	M. Asif

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

	2018			2017		
	Cost	Accumulated Depriciation	Written down value	Cost	Accumulated Depriciation	Written down value
			Rupees			
Lease hold land	12,519,048		12,519,048	12,519,048	-	12,519,048
Building on land	26,049,078	(17,187,077)	8,862,001	26,049,078	(16,912,994)	9,136,084
Plant & Machinery	131,156,789	(120,273,826)	10,882,964	131,155,789	(119,937,239)	11,219,550
Office equipment	142,289	14,229	156,518	142,289	-	142,289
	169,867,204	(137,446,673)	32,420,531	169,867,204	(136,850,233)	33,016,971