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<td></td>
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<tr>
<td>JAMA PUNJI</td>
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</tbody>
</table>
VISION STATEMENT

To become a major global Fashion Apparel Company

MISSION STATEMENT

To retain a leadership position as the largest value added denim products Company in Pakistan
COMPANY INFORMATION

BOARD OF DIRECTORS
Mr. Zahid Mahmood
Chairman
Mr. Ahmed H. Shaikh
Chief Executive
Mr. Nasir Ali Khan Bhatti
Mr. Usman Rasheed
Mr. Munir Alam
Mr. Aamer Ghias
Mr. Saghir Ahmad

HR & REMUNERATION COMMITTEE
Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Ahmed H. Shaikh
Mr. Usman Rasheed

AUDITORS
Deloitte Yousuf Adil
Chartered Accountants

SHARES REGISTRAR
M/s Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7-Bank Square, Lahore.
Ph: +92(0)42-37235081-82
Fax: +92(0)42-37358817

CHIEF FINANCIAL OFFICER
Mr. Zahid Rafiq, FCA

BANKERS
Relationship with conventional side
JS Bank Limited
MCB Bank Limited
Citibank N.A
Faysal Bank Limited
Habib Bank Limited

AUDIT COMMITTEE
Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Usman Rasheed
Mr. Zahid Mahmood

COMPANY SECRETARY
Mr. Muhammad Awais

HR & REMUNERATION COMMITTEE
Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Ahmed H. Shaikh
Mr. Usman Rasheed

AUDITORS
Deloitte Yousuf Adil
Chartered Accountants

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MCB Bank Limited
Citibank N.A
Faysal Bank Limited
Habib Bank Limited

AUDIT COMMITTEE
Mr. Nasir Ali Khan Bhatti
Chairman
Mr. Usman Rasheed
Mr. Zahid Mahmood

COMPANY SECRETARY
Mr. Muhammad Awais
Meezan Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
National Bank of Pakistan
Allied Bank Limited
Silkbank Limited
Summit Bank Limited
Askari Bank Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Bank of Khyber

**Relationship with Islamic window operations**
Al Baraka Bank Pakistan Limited

**REGISTERED OFFICE**
Ismail Aiwan-e-Science
Off: Shahrah-e-Roomi, Lahore-54600.
Ph: +92(0)42 35761794-5
Fax: +92(0)42 3576-1791

**E-MAIL**
info@azgard9.com

**PROJECT LOCATIONS**
Textile & Apparel

**Unit I**
2.5 KM off Manga, Raiwind Road, District Kasur.
Ph: +92(0)42 35384081
Fax: +92(0)42 35384093

**Unit II**
Alipur Road, Muzaffaragarh.
Ph: +92(0)661 422503, 422651
Fax: +92(0)661 422652

**Unit III**
20 KM off Ferozepur Road,
6 KM Badian Road on Ruhi Nala,
Der Khurd, Lahore.
Ph: +92(0)42 38460333, 38488862

**WEB PRESENCE**
www.azgard9.com
CHAIRMAN'S REVIEW

It gives me pleasure to present you the annual review of the audited financial statements for the year ended June 30, 2017 and the overall performance of Board. I would take this opportunity to invite you for the 24th Annual General Meeting of the Company.

Review of the Company's performance

Despite decrease in sales during this financial year, performance of the Company in terms of profitability has been better. Considering the tough competition and economic slowdown, efforts of the management are yielding better results. I would like to appreciate the efforts of the management towards cost reduction, better utilization of capacities and product development. Scheme for 2nd financial restructuring is expected to be filed with the High Court after getting consent of few remaining lenders. Approval and implementation of this Scheme would be achievement and a significant milestone for the Company.

The Company has to work harder to compete with the increasing competition. Plans of the Company to upgrade plant and machineries should yield better efficiencies and reduce production costs.

Review of the Board's performance

The Board is aware of the importance of its role in achieving objectives of the Company. The Board acknowledges its responsibility for Corporate & Financial reporting Framework and is committed to good Corporate Governance.

Attendance of board members in board and committee meetings has been 100%. Board is devoted and focused towards Company's values and mission. Board members do have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business. Individual board members are committed to perform for the betterment of the Company. Areas of planning, risk management, policy development, budgeting, reporting, monitoring and approval have been appropriately given time and discussed with better outcomes.

On behalf of the Board, I appreciate the support of all the financial institutions. I express gratitude to our valued customers. It is the hard work and dedication of all our employees that have made such results possible.

November 03, 2017

Chairman
DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Azgard Nine Limited ("the Company") along with the management team hereby present the Company's Annual Report accompanied by the Audited Financial Statements for the year ended June 30, 2017.

Financial statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer in accordance with the Code of Corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Principal Activities

The main business of your Company is the production and marketing of denim focused textile and apparel products, ranging from yarn to retail ready goods.

Following are the operating financial results of Azgard Nine Limited for the year ended June 30, 2017 (stand alone):

<table>
<thead>
<tr>
<th></th>
<th>Year ended June 30, 2017</th>
<th>Year ended June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales – net</td>
<td>12,802,374,277</td>
<td>13,176,284,444</td>
</tr>
<tr>
<td>Operating profit</td>
<td>932,002,570</td>
<td>599,786,053</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(965,600,192)</td>
<td>(1,207,624,572)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(43,093,296)</td>
<td>(683,601,570)</td>
</tr>
<tr>
<td>Loss after tax</td>
<td>(133,565,289)</td>
<td>(814,146,969)</td>
</tr>
<tr>
<td>Loss per share</td>
<td>(0.29)</td>
<td>(1.79)</td>
</tr>
</tbody>
</table>
Review for the year

During this year, the textile sector remained under pressure. Specifically spinning sector has remained adverse due to low yarn prices and high cost of raw material. Government did announce incentive package by which rebate in the form of Duty Drawback of taxes was allowed at specified rates on selected textile products with effect from 16 January 2017 to 30 June 2017. This duty drawback has been much appreciated to restore the competitiveness of Pakistan made textile products. Despite this incentive package, the textile exports of our country have not been able to perform. According to Pakistan Bureau of Statistics, country's overall textile exports of this year remained unchanged as compared to the previous year.

During the year ended 30 June 2017, the sales of the Company have shown decline of 2.83%. Sales of Weaving segment decreased by almost 30%. The decrease in sales of Weaving segment have been due to less demand in export markets. Devaluation of Turkish Lira against the US Dollar has been major factor for less demand from the Turkish markets as this made Turkish local manufacturers more competitive as compared to imports. Sales of Garments segment increased by almost 47% as this segment has been able to perform better in European markets. In spite of overall decrease in sales, the Company has been able to increase the profit from operations to Rs. 927.45 million registering increase of 54.63% as compared to profit from operations of last year. During this year, there is nominal loss before tax compared to higher losses before tax during previous years. It is huge achievement for the Company considering breakeven results in these difficult times.

The better profitability is attributable to continuous efforts of the management to curtail costs and to improve operating efficiencies. Despite continuously increasing competition from neighboring countries like Bangladesh and economic slowdown, the efforts of management are commendable which resulted in better results.

Funds of Rs. 306.022 million due from sale of preference shares of Agritech Limited are still awaited. It is hoped that these can now be released during this financial year. This would result in further improvement in financial position of the Company.

Financial Restructuring of Debts

For some years, the Company has been facing a shortage of liquidity due to losses. Resultantly, the Company was unable to meet its obligations in respect of various debt finances. Details are mentioned in note 41.2.2 to the financial statements. To address this issue, a 2nd financial restructuring was initiated in year 2014. As a result of this financial restructuring, it is anticipated that a major portion of the principal and related mark-up would be settled through sale of certain assets and a rights issue of the Company's share capital (subject to requisite approvals and regulatory consents). During this process of restructuring, a term sheet was prepared, circulated, discussed and finalized during year 2014. Requisite approvals of lenders on term sheet were obtained during year 2015. During year 2016; scheme of arrangement was finalized based on the final term sheet and has been circulated to the lenders for approval. To date; most of the lenders have already given their consent on the document for the restructuring scheme. After getting consent of few remaining lenders, the scheme of restructuring will be filed with the High Court for approval. Post restructuring, it is anticipated that the Company's debt levels shall be sustainable. It is expected that post this restructuring the Company should be able to improve its business operations and meet its debt obligations on time.

Future Outlook - Textile Business

The retail apparel sector of the western world has not really been growing over the last couple of years. Consumers are becoming more demanding. The manufacturers are increasing their capacities. It appears more competition would be there in coming years. Battle for survival of the fittest would be there. Margins could be squeezed further in the coming years. We are also keeping an eye on the status of the market of Turkey which has impacted the Company's business.

We are constantly working on new product developments, developing new markets and cost reductions to cope with this challenging situation. During the year ending 30 June 2018, the Company is also planning to upgrade some of the plant and machinery to increase the efficiency of processes and save cost of production. Hopefully with our vast experiences and team work, things can be improved.
Corporate Social Responsibility

The Management work towards empowering people by helping them develop the skills they need to succeed in a global economy. The Company equips communities with information, technology and the capacity to achieve improved health, education and livelihood outcomes.

Key to this approach are employees of the Company who generously give of their time, experience and talent to serve communities; Company encourages and facilitates them to do so.

Additionally the company has many internationally recognized certifications focused on keeping the environment clean and high standards for labor welfare.

Detailed Report on Corporate Social Responsibility is also given separately.

Earnings per share

The loss per share for the Company for the year ended June 30, 2017 is Rs 0.29 per share.

Dividends

Due to losses of the Company and circumstances discussed above, the Board of Directors has not recommended dividend for the year ended June 30, 2017.

Post balance sheet events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

Corporate governance & financial reporting framework

As required by the Code of Corporate Governance, the directors are pleased to report that:

- The financial statements, prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Board is satisfied that the Company is a going concern. Auditors have emphasized the matter of going concern in their report however these financial statements have been prepared on going concern assumption for reasons more fully disclosed in the financial statements.
- Key operating and financial data for the last six years is annexed.
- There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding as on June 30, 2017 except for those disclosed in the financial statements.
- Directors, Executives and their spouses and minor children did not carry out any transaction in shares of the Company during the year.
- The Company has not arranged training programs for its directors during the year. However, the Company has planned Training Program for its directors in accordance with the requirements of PSX regulations.

The statement of compliance with the best practices of code of corporate governance is provided in this annual report.
Board of Directors

The Board of directors of the Company is predominantly independent which ensures transparency and good corporate governance. The Board comprises three independent directors including the Chairman, one non-executive director and three executive directors (including the Chief Executive Officer). The non-executive directors bring to the Company his vast experience of business, government and law, contributing valuable input and ensuring the Company's operations at a high standard of the principles of legal and corporate compliance.

Following are names of persons who were directors of the Company during the year ended 30 June 2017, number of Board and Committees' meetings held during the year and status of attendance by each director:

Board of Directors' Meetings
Five (5) meetings were held during the period from July 1, 2016 to June 30, 2017

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Eligibility</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Zahid Mahmood</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Ahmed H. Shaikh</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Nasir Ali Khan Bhatti</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Usman Rasheed</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Munir Alam</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Saghir Ahmad</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Mr. Aamer Ghias</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

HR & Remuneration Committee Meetings
One (1) meeting was held during the period from July 1, 2016 to June 30, 2017

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Eligibility</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nasir Ali Khan Bhatti</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Ahmed H. Shaikh</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Usman Rasheed</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Audit Committee Meetings
Six (6) meetings were held during the period from July 1, 2016 to June 30, 2017

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Eligibility</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nasir Ali Khan Bhatti</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Usman Rasheed</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mr. Zahid Mahmood</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

Montebello S.R.L (subsidiary) and Consolidated financial statements

As mentioned in previous financial statements of the Company, during year ended 2015, the Court of Vicenza, Italian Republic granted bankruptcy proposal of public prosecutor and appointed trustee to manage affairs of Montebello S.R.L. (MBL). Considering the liquidation, the Company provided impairment of balance amount of Rs. 452.529 million during year ended 30 June 2015.
During the proceeding of this bankruptcy, 48 parties filed their claim with The Court of Vicenza and all have been accepted by the Court. Total claims of Euro 7,893,794.48 have been accepted. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company’s claims aggregating to Euro 3,835,343.89 has been accepted on account of principal and interest as subordinate claim. The Company has been advised by its legal counsel that, by law in Italy Company cannot be a priority claimant as it is the parent company of MBL.

The Company has contested with the court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. Recently the Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The decision of this expert is now awaited.

The directors have considered and decided that as financial statements of MBL are not available so its consolidation with the Company would not be possible. Exemption from preparation of consolidated financial statements under section 228 of the Companies Act, 2017 was applied to Securities and Exchange Commission of Pakistan (SECP). SECP has granted the subject exemption. Hence Consolidated financial statements of the Company are not included.

Auditors’ observations

The auditors qualified their opinion in para a of audit report due to the fact that the Company could not make timely repayments of principal and interest / mark-up related to long term loans and certain financial and other covenants imposed by lenders could not be complied with. In this scenario, International Accounting Standard 1 - Presentation of Financial Statements requires that if an entity breaches a provision of long term loan, that liability becomes payable on demand and it should be classified as current. However, in our financial statements the long term debts continues to be classified as long term as per respective repayment schedule of loans. As mentioned in financial statements of the Company, the scheme for 2nd financial restructuring is underway and after getting consent of few remaining lenders it will be filed with the High Court for approval. Post restructuring the repayment schedules of the loans would be revised as per restructuring plan approved by High Court. Considering this situation, the Company has classified the long term debts as per respective repayment schedule of loans.

The auditors qualified their opinion in para b of audit report on carrying value investment in term finance certificates (“TFC”) of Agritech Limited. The management is of the view that sale of these TFCs is part of 2nd financial restructuring and ultimate value of these TFCs would be available after completion of 2nd financial restructuring.

The auditors qualified their opinion in para c of audit report regarding Company's investment in preference shares (“shares”) of AGL. The adjustments proposed by auditors are required by International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS-39). The management is of the view that as these shares would be sold in few months' time under put option at same price at which the Company has purchased through written agreement with National Bank of Pakistan. Recognition of fair value adjustment and derivative financial instrument for these shares during this year and reversing very next year would be confusing for users of financial statements.

The auditors qualified their opinion in para d of audit report due non availability of details regarding MBL. As mentioned in note 19.1.1, the Company’s claim has been accepted by The Court of Vicenza and details would be available once the proceedings have been completed.

Auditors’ observation in their audit report regarding Company’s ability to continue as going concern due to liquidity issue. The operations of the Company have remained better as Company has earned profit from operations of Rs. 932.00 million as compared to Rs. 599.79 million of pervious year. In addition to this, as mentioned above the Company is in process of 2nd financial restructuring with completion of which portion of loans would be settled and remaining loans should be regularized. Consequently liquidity issue of the Company would be solved.
**Appointment of Auditors**

Messrs Deloitte Yousuf Adil, Chartered Accountants, (Deloitte) member firm of Deloitte Touche Tohmatsu Limited, a reputable Chartered Accountants firm completed its tenure of appointment with the Company and being eligible has offered its services for another term. The Board of Directors of your Company, based on the recommendation of the audit committee of the Board, has proposed Deloitte for reappointment as auditors of the Company for the ensuing year.

**Audit committee**

The Board of Directors constituted a fully functional Audit Committee comprising three members; two are Independent Directors and one is non-executive Director. The terms of reference of the committee, inter alia, consist of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measures to safeguard the Company’s assets.

**Internal audit function**

The Board have set up an efficient and energetic internal control system with operational, financial and compliance controls to carry on the businesses of the Company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken on the basis of recommendations contained in the internal audit reports.

**Shareholding pattern**

The shareholding pattern as at June 30, 2017 including the information under the Code of Corporate Governance for ordinary shares is annexed.

**Web presence**

Annual and periodic financial statements of the Company are also available on the website of the Company www.azgard9.com for information of the shareholders and others.

**Acknowledgment**

The board appreciates the support of all the valued customers of the Company for their continued confidence. The Board would like to thanks all the financial institutions for their cooperation and support. The Board of the Company also acknowledges the hard work and continuous and tireless dedication of all the employees of the Company without them none of this would be possible. Continued support of all the stakeholders would be required in the future, in order to continue to improve the Company’s performance in times to come.

On behalf of the Board of Directors

[Signatures]

Date: November 03, 2017
### Annual Report 2017

#### Key Financial Figures

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales ( ₹ )</th>
<th>Profit ( ₹ )</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2016</td>
<td>13,176,284,444</td>
<td>12,802,374,277</td>
</tr>
<tr>
<td>30 June 2017</td>
<td>599,786,053</td>
<td>932,002,570</td>
</tr>
<tr>
<td>(1,207,624,572)</td>
<td>(965,600,192)</td>
<td>(43,093,296)</td>
</tr>
<tr>
<td>(683,601,570)</td>
<td>(133,565,289)</td>
<td>(1.79)</td>
</tr>
<tr>
<td>(814,146,969)</td>
<td>(0.29)</td>
<td>13.9</td>
</tr>
</tbody>
</table>
میں معیشت کی حالات پر 2017 میں کمیکل خرابی میں بڑے پ步伐 کے نتیجے میں میں مواد کی مادہ میں بلند آلیہ سال میں Agritech میں 306.2 میل کی فروخت باتیں سیہیئے کہ اس کی اور علاقوں کو درکار ہے وہ ورک ہاپورن بھی ہے۔

ضرورتوں کی مبنا ہے تھا کہ

کم ماحول کے لئے منفعت بھی مکمل کریں ہے جس کی وجہ میں مثبت اور اشتراکوں کے پورے ماحول کو دوسری ہے۔ ماہرین کہتے ہیں کہ 2014 میں مجموعی میں درے ماحول کے مکمل کریں ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔

میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔ میں ماحول کو دوسری ہے۔

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Annual Report 2017

Chapter 1:

Overview of the Year

Tables and Figures

Table 1: Financial Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$50,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>$30,000</td>
</tr>
<tr>
<td>Profit</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

Figure 1: Graph of Monthly Sales

Figure 2: Pie Chart of Revenue Sources
## جدول

| اسم الفرع | تعداد عام | تعداد عام
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>جناح عمان مسقط</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>جناح عمان رياض</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>جناح عمان صيد</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

## قسم مالي المجموعة

<table>
<thead>
<tr>
<th>اسم الفرع</th>
<th>تعداد عام</th>
<th>تعداد عام</th>
</tr>
</thead>
<tbody>
<tr>
<td>جناح عمان مسقط</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>جناح عمان رياض</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>جناح عمان صيد</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

## Montebello S.R.L (Subsidiary)

جیدا کرکی چمپ مبلی سلیمپلی سوزا سولومونز گیم ایک کمپنی کا سال 2015 میں جمہوریہ ایتھوپیا میں قائم ہوئی۔ اس کے بعد ڈاکٹر ڈیجی پیا کرکی سلطان پاکستان کے معاہدے اور انتظام میں کا کردار کا حصہ کیا کردا ہے۔

Montebello S.R.L (MBL) کا اکثر ملکی عقد 9.55 ملین روپے دار دیوان انتظام سال 30 جون 2015 کی کتاپ متعارف ہیں۔

ایس کے بجائے ایک دوسرے کے دوران 48 پاکستان نے ملکی عقد 5،538،794.48 ملین روپے دار دیوان کے معاہدے اور انتظام کا حصہ کردا ہے۔

اگر کوئی شخص سلیمپلی سوزا سولومونز میں عضو ہو تو، وہ اپنے انتظام کے معاہدے اور انتظام کا حصہ کردا ہے۔

MBL کا ضروری سلیمپلی ہوگا جب کہ اس کو اپنی متعارف کا حصہ کرنا ہے۔

کسی بھی تحریق کا سلیمپلی کو متعارف کرنا ہے جب کہ اس کو اپنی متعارف کا حصہ کرنا ہے۔

## SECP

کسی بھی تحریق کا سلیمپلی کو متعارف کرنا ہے جب کہ اس کو اپنی متعارف کا حصہ کرنا ہے۔

کسی بھی تحریق کا سلیمپلی کو متعارف کرنا ہے جب کہ اس کو اپنی متعارف کا حصہ کرنا ہے۔
آکیرے کے مسایلات

آکیرے کے مسایلات کو ایک آجتھا میں دیکھا جاتا ہے جہاں جتنہ نکل ہوئی ہیں، مسلسل ہونے والے موسم، ہیں اور ہیں۔ اس کے ساتھ ساتھ دوجہ کھیوں، مسلسل ہوئے ہیں۔ ایک مثال ہے کہ یہ یہ ہیں کہ اس کے ساتھ ہیں۔

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ائز میں نے تحقیق

تحریک کے قابو سے تحقیق کے معیار اور منافع کی نظر میں تحقیق کے معیار اور منافع کی نظر میں نہیں ایک مالکیت کے قبضے کا مالک ہے۔ اس کا ایک تحقیقی کے قبضے کا مالک ہے۔ اس کا ایک تحقیق

شیخ مولانا بیچر

امیر شاہ بھیجان شاہ بھیجان کے فرحت کے مطابق 30 جولائی 2017 کے کے 30 جولائی 2017 کے

ویب سائٹ

کئی سالوں سے موجودہ ایکہاوتی سنت کی مرتضی ویلز نو گنگا کے مطابق کی وی بس سائٹ www.azgard9.com مچھرے مچھرے کے

اعتراف

تم میں نے خصوصاً اس کے باب میں پرنا کا مالکیت دوہری کے تحقیق کے مالک کے مالک کے تحقیق کے

نجم چنگ کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے

ایک جاہزی ہے ۔

زردار آف دا کھیز کے جاہزی ہے ۔

تمہارے کورس کے مطابق 30 جولائی 2017 کے

میں نے خصوصاً اس کے باب میں پرنا کا مالکیت دوہری کے تحقیق کے مالک کے

کئی سالوں سے موجودہ ایکہاوتی سنت کی ویلز نو گنگا کے مطابق کی وی بس سائٹ www.azgard9.com مچھرے مچھرے کے

شیخ مولانا بیچر

جواب

کئی سالوں سے موجودہ ایکہاوتی سنت کی ویلز نو گنگا کے مطابق کی وی بس سائٹ www.azgard9.com مچھرے مچھرے کے

اعتراف

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تمہارے کورس کے مطابق 30 جولائی 2017 کے

میں نے خصوصاً اس کے باب میں پرنا کا مالکیت دوہری کے تحقیق کے مالک کے

شیخ مولانا بیچر

جواب

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اعتراف

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نجم چنگ کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے ان تحقیق کے مالک کے

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میں نے خصوصاً اس کے باب میں پرنا کا مالکیت دوہری کے تحقیق کے مالک کے
The Company is deeply committed to adopting and adhering to international norms and standards governing corporate social responsibility. We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in. As part of this commitment, we are certified under the Social Accountability International's SA 8000 standard and various other related programs pertaining to the following broad areas.

Social responsibility
Community Relations.

Environmental responsibility

Corporate ethics
Standards of ethical conduct.
Recruitment and retention of staff
Fair Pay scheme & wages.
Rights of employees.
Safe and secure environment.
Compliance with local employment laws. Compliance with International Charter HR best practice policies.

Leadership values and integrity
Some of our key certifications and initiatives are mentioned below.

International Social Accountability SA 8000 Certification
SA 8000 is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions.

This certification affirms that the Company is fulfilling all its social responsibilities and respects all applicable international/national rules and regulations relating to child labor, forced and compulsory labor, freedom of association and right to collective bargaining, health and safety, discrimination, disciplinary practices, working hours and remunerations etc. This standard is also used to prevent violation of Human Rights, Child Labor/ Discrimination and to comply with existing Laws, Rules, Regulations, etc.

OSHA Standards
OHSAS 18001 compliant proactive HSE program aims to prevent work-related injuries, illnesses and fatalities. This effort at the Company is independently monitored by a high level Corporate Manager of Health, Safety & Environment who has wide ranging mandate and authority to enforce (Health, Safety & Environment (HSE) standards throughout the company. Effort is complemented with Hearts & Minds Winning techniques for sustainable performance.

GOTS, OCS (Organic Exchange) and GRS (Global Recycling Standard) member

GOTS: The Global Organic Textile Standard (GOTS) is a comprehensive Standard that covers all aspects of the production of natural fibers including processing, manufacturing, packaging, labeling, exportation, importation and distribution. The goal of GOTS is to define world-wide recognized requirements that ensure organic status of textiles, from harvesting of the raw materials, through environmentally and socially responsible manufacturing up to labeling in order to provide an auditable and credible assurance to the end consumer. By creating an international, uniform Standard, the GOTS working group sought to enable organic textile manufacturers and marketers to export their goods anywhere in the world with one universally accepted organic certification.

In organic production, GMO (Genetically modified organisms) are prohibited. In the certification of Organic Exchange, it is certified that the fiber (i.e cotton) is free from GMO and was grown organically.

GRS: The Global Recycled Standard (GRS) addresses input material verification, chain of custody, environmental principles, social requirements, and labelling for textile products made from recycled materials. It aims to be a full-product standard for recycled material content that balances rigor and practicality for the industry and end consumers.
Fair Trade (NGO) registration in process

Azgard Nine is in the process of registering under the Fair Trade NGO. This endeavor aims to underwrite social responsibility in real monetary terms whereby a part of the corporate profits are formally invested in the development of the community.

ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.

ETI Base Code  SEDEX

Sedex was founded in 2001 by a group of UK retailers to drive convergence in social audit standards and monitoring practices. The aims of Sedex are to ease the auditing burden on suppliers through the sharing of reports and to drive improvements in supply chain standards.

Sedex is a home to the world’s largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 40,000 members in over 150 countries.

Tens of thousands of companies use Sedex to manage their performance around labour rights, health & safety, the environment and business ethics.

Sedex services enable members to bring together many kinds of different data, standards and certifications, to make informed business decisions, and to drive continuous improvement across their value chains.

Oeko Tex 100

The Oeko-Tex standard 100 mark ‘confidence in textiles- tested for harmful substances according to Oeko-tex standard 100’ states that the marked product fulfills the conditions specified in the standard of Oeko-Tex 100, and that the product and its conformity test, as specified in this standard are under the supervision of an institute belonging to the international association for research and testing in the field of textile ecology. This certification ensures the absence of all internationally banned chemicals and dyes and that the product is not harmful for human skin.

ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO, the International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.
Zero harm to people and environment!
That’s the commitment we have made to our employees, contractors, partners, and the communities where we live and work.

**HSE Goals**
Our company’s Health, Safety and Environment initiative lays emphasis on and ensures;

- Compliance with relevant local laws and regulations and taking additional measures considered necessary as per the chosen (OSHA) standards.
- Continuous improvement in Health, Safety and Environment performance.
- Taking measures to minimize waste, prevent pollution and conserve natural resources.
- Requiring every member of staff and those who work on our behalf to exercise personal responsibility in preventing harm to themselves, others and the environment.
- Providing resources and systems to prevent occupational illnesses to the staff.
- Providing appropriate Health, Safety and Environmental training and information to all Azgard Nine Limited employees, contractors and other stakeholders.
- Including HSE performance in the appraisal of all staff and reward/recognize accordingly.
- Managing HSE matters just as any other critical business activity.

**HSE Vision**
Safety is our number one priority, and we believe that all accidents and incidents are preventable.

Excellence in HSE performance in all Azgard Nine Businesses.

**HSE Strategic Objectives**
Elimination of fatal incidents.

- Elimination of fires, explosions, and major spills.
- Minimizing the impact to the people from our operations, products, processes and services.

**HSE Management System**
To achieve our Goals, Vision & Strategic Objectives, the Company is implementing an HSE Management System, a structured and systematic approach which ensures Hazards Identification & Risk Assessment of our critical operations & industrial processes. Our focus is on compliance with both local laws and global customer requirements.

At Azgard Nine, people are at the heart of all activities. We strive to prevent injury and occupational illness and ensure the presence of a free and motivating work environment.
The Company has initiated a number of projects and programs in the following areas of Health, Safety & Environment.

**Health**
- Minimum Health Management Standards.
- Health Risk Assessment.
- Health Surveillance Program (in house Audio & Spirometry Procedures).
- Medical Emergency Response & Plan.
- First Aid Basic & Advanced CPR Training.
- In house Health Facilities.
- Health Screening Programs.
- Fitness to Work Protocols.

**Safety**
- Firefighting equipment & hydrant system.
- Hazards Identification & Risk Assessment.
- Personal Protective Equipment Program.
- Road Transport Safety Program.
- Permit to Work Systems.
- Change Management.

**Environment**
- ISO 14001 Certification.
- Effluent Treatment Plants.
- Energy Conservation Program.
- Solid & Biological Waste Management Program.
- Spill Control program.

**Permitting and Authority Issues**
- Chemicals
- Environment
- Machinery, Pressure Equipment
- Explosion protection (ATEX)
- Follow-up services
- HSE Permitting plan

**Safety Management**
- Safety Management System
- Safety training
- Safety audits including improvement plans
- Visualizations

**Risk Analysis**
- Process Hazard Analysis (PHA)
- Machinery Risk Assessment
- Interface Hazard Analysis
- Environmental Risk Assessment
- Occupational Safety Evaluation
- RAMS Engineering
- Consequence analysis & modelling

**Project Services**
- Project Safety Management (Safety Stepwise)
- HSE Design review
- Construction risk analysis
- Site HSE management and supervising
- Safety training
Azgard Nine Limited has established 'Minimum Health Management Standards' which cover the following areas:

Health Risk Assessment.
Monitoring of Health Performance.
Occupational Illness Incident Reporting.
Fitness to Work.
Health Impact Assessment.
Community Health Projects.

Compliance with National Statutory Requirements is mandatory for all aspects of health management. Currently accepted scientific knowledge is applied while interpreting these standards.

HSE training program
Your company has established a comprehensive training program which caters to all layers of staff and contractors. Training modules are based on local laws, OSHA, Global Customers Code of Conduct Audit findings & ISO certification requirements.
More than 8,000 man-hours training was imparted at various Azgard Nine sites during 2016-17.

Key training modules
- Hazards & Risk Assessment.
- Chemicals Safety MSDS.
- Hearing Conservation Program.
- Environmental Management System (150 14001).
- Incident/Accident Reporting & Investigation Techniques / Tripod Analysis.
- Personal Protective Equipment Program.
- Heat Stress Management.
- Forklift Safety.
- Defensive Driving Course.
- Hearts & Minds Safety Program.
- Manual Handling / Backache Prevention Program.

Effluent treatment
By adhering to international environment regulations, Azgard Nine is playing a leading role in maintaining a clean environment wherever it is operating.

The effluent treatment plants at both Manga and FPR have the capability to filter solid particles, separate grease, oils, dyes and other chemicals, remove organic decomposition and disinfect the water making it suitable for irrigation.

Health surveillance program
Azcgard Nine Limited is the only textile company in Pakistan to have a structured in house Health Surveillance Program. Specialized procedures like Audio & Spirometry are being carried out against hazards such as high noise levels and chemical vapors & cotton dust. The objective is health protection and early detection of potential health damage on account of any harmful occupational exposure. Latest equipment has been procured and in house doctors have undergone extensive training to help meet this objective.
COMMUNITY PROGRAMS

Community health Initiative
The Company is committed to the health and wellbeing of its local communities and employees. It has taken several steps for the enrichment of financially deprived local community, clean water is a basic need of humans and it was a long awaited desire of local community to install water filtration plants for the easy approach to the clean drinking water, which was a costly installation for the local community. Here Azgard Nine feeling it as its social responsibility took a step forward and installed first water filtration plant in the area.

This water filtration plant has a capacity of 500 LPH and it works 24/7 and serve the local community, which provides clean drinking water to the community at an annual cost of over Rs. 2.5 million.

Tree plantation drive
Realizing the critical need for a sustainable green environment, Azgard Nine Group continues to plant trees in the neighboring communities. So far it has planted over 1,500 different type of plants & trees to accelerate the effort at the annual cost of Rs. 0.2 million.

Scholarships for students
Children of employees and local community residents are eligible for need based scholarships which are regularly granted by Azgard Nine. Currently 40 students are sponsored by Azgard Nine for their secondary and professional education.

Community Uplifting Program

Azbard Nine & PSDF
The Company took an initiative of community uplifting program by introducing Technical Training & Education of both male & female in various disciplines and provision of financially deprived community with help of PSDF & UK AID. After successful completion of study program the Company will provide employment to 70% students.

Roads Construction Project Initiative
A roads construction project initiative has been started by the Company under which an approximately 10 K.M road construction project initiated by the Company with the coordination of Local Government for uplifting of local community. The Company played vital role for the construction of carpeted road from main Manga Raiwind Road to Mudkey Dharewal Village. This has improved the traveling of all connecting villages and communities who are cherished because of a proper road and better transportation. Now their access to medical facilities, schools and markets to meet their day to day needs is much better.

Blood Donation Camp
A Blood donation camp has also been organized with the help Ali Zaib Foundation who provides blood transfusion facilities, innovative medical treatment, and public awareness about Thalassemia. The local community donated over 360 pints of blood for the help of poor & needy Thalassemia patents.

Recreational facilities & Activities
Recognizing that a healthy body is a first prerequisite to a healthy mind, extensive sports and recreational facilities have been made available to the community. As a token of social responsibility acknowledgment the Company organized a tournament under the name of Azgard 9 Premier league. Which was much praised by the local community. There were 15 teams of employees and local community. This league charged the employees and local community with passion. There was an atmosphere of healthy competition and sportsman spirit.

This league was spread over 4 weeks of passion, motivation and celebration, the cost was borne by the Company.

A trip of employees was also organized with the reputed tour operator
Notice is hereby given that Twenty Fourth Annual General Meeting of the Members of AZGARD NINE LIMITED ('the Company') will be held on Monday, November 27, 2017 at 10.00 am at the Registered Office of the Company Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, Pakistan; to transact the following businesses:

**Ordinary Business:**

1. To confirm the minutes of the Twenty Third Annual General Meeting of the Company held on October 29, 2016;

2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2017, together with the Directors' and Auditors' Reports thereon;

3. To appoint the Statutory Auditors for the year ending June 30, 2018, and to fix their remuneration;

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

**Special Business:**

5. To consider and pass the following resolution(s) as Special Resolution(s), with or without modifications, to approve alteration in the Articles of Association of the Company:

   **“RESOLVED THAT** the Articles of Association of the Company be amended by adding a new Article 65(a) after the existing Article 65 as follows:

   65(a) The provisions and requirements for e-voting as prescribed by the Securities and Exchange Commission of Pakistan from time to time shall be deemed to be incorporated in these Articles, notwithstanding anything contained herein to the contrary and in case of e-voting, both members and non-members can be appointed as proxy.”

   **“FURTHER RESOLVED THAT** the Company Secretary and/or the Chief Executive Officer be and are hereby jointly/severally authorized to do all acts, deeds and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company and complying with all other regulatory requirements, so as to effectuate the alteration and implementing the aforesaid resolution.”

   By order of the Board

   Lahore: November 04, 2017

   MUHAMMAD AWAIS
   Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed for the period from November 21, 2017 to November 27, 2017 (both days inclusive). Transfers received in order at the Office of Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, H. M. House, 7-Bank Square, Lahore, Pakistan ('Registrar') at the close of business on November 20, 2017 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2017 will be available at the website of the Company www.azgard9.com twenty one days before the date of meeting.

Further, as per approval obtained from members in Annual General Meeting of the Company held on October 29, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2017 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company www.azgard9.com.
3. In terms of SRO No 787(I)/2014 dated September 08, 2014 of SECP, shareholders can opt to obtain Annual Balance Sheet and Profit and Loss Account, Auditors' Report and Directors' Report etc. along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request along with your valid email ID to provide you the same via email. For convenience, a Standard Request Form has also been made available on the Company’s website www.azgard9.com. The Company shall however provide hard copy of annual report to such members, on request, free of cost.

4. The Preference Shareholders are not entitled to attend the meeting.

5. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:
   i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
   ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. FOR APPOINTING PROXIES:
   i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
   ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
   iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
   iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
   v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

7. Members are requested to notify/submit the following information/documents; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:
   - Change in their addresses, if any.
   - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.
   - Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN), bank name, branch name, code and address towards direct transfer/credit of cash dividend in your accounts. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.

8. Members may avail video conference facility for this Annual General Meeting at Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at above location.

   The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.
I/we _____________ of _________ being member(s) of Azgard Nine Limited, holder of _________ Ordinary Share(s) as per Registered Folio No./CDC Account No. ________ hereby opt for video conference facility at Karachi in respect of 24th Annual General Meeting of the Company.

_____________________
Signature of Member”

9. For any query/problem/information, Members may contact the Company at email companysecretary@azgard9.com and/or the Share Registrar of the Company at above mentioned address and at (+92 42) 37235081-82, email info@hmaconsultants.com. Members may also visit website of the Company www.azgard9.com for notices/information.

“Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Business, is attached alongwith the Notice circulated to the members of the Company, and is deemed an integral part hereof”

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement is annexed as an integral part of the Notice of the Twenty Fourth Annual General Meeting of the Members of Azgard Nine Limited to be held on Monday, November 27, 2017 at 10.00 am at the Registered Office of the Company, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the Meeting.

SPECIAL BUSINESS (AGENDA ITEM NO. 5)

Alteration in Articles of Association of the Company
The Securities and Exchange Commission of Pakistan (SECP) vide its SRO No. 43(I)/2016 dated January 22, 2016 has issued the Companies (E-Voting) Regulations, 2016 (Regulations) which shall apply to general meetings of listed companies for providing voting rights to members through electronic means managed by authorized Intermediaries. Therefore, in order to comply with the statutory requirement, proposed resolution(s) is/are required to be passed as special resolution(s).

Inspection of Documents:
The copies of the existing and amended Memorandum and Articles of Association have been kept at the Registered Office of the Company, Ismail Aiwan-i-Science, Off: Shahrah-i-Roomi, Lahore, Pakistan, which could be inspected on any working day during usual business hours till the date of Annual General Meeting.

Interest of Directors
The Directors have no direct or indirect interest in the above said Special Business.
## FINANCIAL HIGHLIGHTS

### Six Years at a glance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year ended June 30, 2017</th>
<th>Year ended June 30, 2016</th>
<th>Year ended June 30, 2015</th>
<th>Year ended June 30, 2014</th>
<th>Year ended June 30, 2013</th>
<th>Year ended June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - net</td>
<td>12,802,374</td>
<td>13,176,284</td>
<td>10,701,888</td>
<td>13,301,847</td>
<td>13,719,626</td>
<td>11,524,279</td>
</tr>
<tr>
<td>Export sales-gross</td>
<td>11,186,121</td>
<td>11,737,168</td>
<td>9,087,740</td>
<td>11,140,090</td>
<td>11,715,767</td>
<td>9,823,943</td>
</tr>
<tr>
<td>Local sales-gross</td>
<td>1,213,012</td>
<td>1,323,912</td>
<td>1,534,400</td>
<td>2,085,594</td>
<td>2,038,185</td>
<td>1,771,498</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,885,660</td>
<td>1,499,159</td>
<td>1,063,159</td>
<td>962,331</td>
<td>461,580</td>
<td>(1,118,047)</td>
</tr>
<tr>
<td>Operating profit / (loss)</td>
<td>932,003</td>
<td>599,786</td>
<td>115,120</td>
<td>(31,003)</td>
<td>(1,054,167)</td>
<td>(2,536,243)</td>
</tr>
<tr>
<td>Profit / (loss) before tax</td>
<td>(43,093)</td>
<td>(683,602)</td>
<td>(2,828,250)</td>
<td>(1,992,912)</td>
<td>1,101,484</td>
<td>(5,960,621)</td>
</tr>
<tr>
<td>Profit / (loss) after tax</td>
<td>(133,565)</td>
<td>(814,147)</td>
<td>(2,934,239)</td>
<td>(2,125,556)</td>
<td>963,945</td>
<td>(6,076,575)</td>
</tr>
</tbody>
</table>

### Financial position (Rs. 000)

<table>
<thead>
<tr>
<th></th>
<th>Year ended June 30, 2017</th>
<th>Year ended June 30, 2016</th>
<th>Year ended June 30, 2015</th>
<th>Year ended June 30, 2014</th>
<th>Year ended June 30, 2013</th>
<th>Year ended June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total equity</td>
<td>(4,526,061)</td>
<td>(4,525,986)</td>
<td>(3,839,312)</td>
<td>(748,295)</td>
<td>1,262,286</td>
<td>4,471,164</td>
</tr>
<tr>
<td>Surplus on revaluation of property</td>
<td>4,753,666</td>
<td>4,879,014</td>
<td>4,568,030</td>
<td>4,703,688</td>
<td>3,470,587</td>
<td>3,596,276</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>4,753,666</td>
<td>4,879,014</td>
<td>4,568,030</td>
<td>4,703,688</td>
<td>3,470,587</td>
<td>3,596,276</td>
</tr>
<tr>
<td>Long term debt</td>
<td>7,702,140</td>
<td>7,688,228</td>
<td>7,710,024</td>
<td>7,846,278</td>
<td>7,830,878</td>
<td>11,512,029</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13,168,500</td>
<td>13,194,251</td>
<td>13,097,753</td>
<td>13,537,284</td>
<td>12,953,017</td>
<td>13,395,217</td>
</tr>
</tbody>
</table>

### Financial analysis

<table>
<thead>
<tr>
<th></th>
<th>Year ended June 30, 2017</th>
<th>Year ended June 30, 2016</th>
<th>Year ended June 30, 2015</th>
<th>Year ended June 30, 2014</th>
<th>Year ended June 30, 2013</th>
<th>Year ended June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ratio (times)*</td>
<td>0.50</td>
<td>0.48</td>
<td>0.50</td>
<td>0.59</td>
<td>0.67</td>
<td>1.27</td>
</tr>
<tr>
<td>Debt to equity (ratio)</td>
<td>97.3</td>
<td>96.4</td>
<td>91.9</td>
<td>66.34</td>
<td>62.38</td>
<td>59.41</td>
</tr>
</tbody>
</table>

### Profitability analysis

<table>
<thead>
<tr>
<th></th>
<th>Year ended June 30, 2017</th>
<th>Year ended June 30, 2016</th>
<th>Year ended June 30, 2015</th>
<th>Year ended June 30, 2014</th>
<th>Year ended June 30, 2013</th>
<th>Year ended June 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit to sales (%)</td>
<td>7.28</td>
<td>4.55</td>
<td>1.08</td>
<td>(0.23)</td>
<td>(7.68)</td>
<td>(22.01)</td>
</tr>
<tr>
<td>Earnings per share (Rs.)</td>
<td>(0.29)</td>
<td>(1.79)</td>
<td>(6.45)</td>
<td>(4.67)</td>
<td>2.12</td>
<td>(13.36)</td>
</tr>
</tbody>
</table>

* (excluding current portion of long term debt)
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

[See clause 5.19.24.]

Name of Company : Azgard Nine Limited
Year ended : June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. As at June 30, 2017 the board includes:

<table>
<thead>
<tr>
<th>Category</th>
<th>Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Directors</td>
<td>Nasir Ali Khan Bhatti, Aamer Ghias, Zahid Mahmood</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Ahmed H. Shaikh, Saghir Ahmad, Munir Alam</td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td>Usman Rasheed</td>
</tr>
</tbody>
</table>

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

Election of Directors due on 25 August 2012 could not be held so far due to stay order earlier of the Honorable Civil Court of Lahore and currently of the Honorable Session Court of Lahore (“the Court”). The impediment reports in this regard under section 177 of the Companies Ordinance, 1984 had also been filed with SECP and PSX. Resultantly, the board is continuing until their successors are not elected. Since the matter is sub judice, therefore, provisions of the code of corporate governance of PSX regulation no. 5.19.1(d) with respect to composition of the Board could not be complied so far. The Company will hold election of Directors once the sub judice matter is decided by the Court.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

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

4. No casual vacancy occurred on the board during the year under review.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

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

9. The Company has not arranged training programs for its directors during the year. However, the Company has planned Training Program for its directors in accordance with the requirements of PSX regulations.
10. The board has approved appointment, remuneration and terms and conditions of employment of Company Secretary during year under review. Further, appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment has also been approved by the board.

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

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

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

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

15. The board has formed an Audit Committee. It comprises three Members, of whom three are non-executive directors and the chairman of the committee is an independent director.

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

17. The board has formed an HR and Remuneration Committee. It comprises three Members, of whom two are non-executive directors and the chairman of the committee is an independent director.

18. The board has set up an effective internal audit function.

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

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

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

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

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of board of directors

Chief Executive Officer

Date: November 03, 2017
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Azgard Nine Limited ("the Company") for the year ended June 30, 2017 to comply with the requirements of the Code contained in the regulations of the Pakistan Stock Exchange where the Company is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30, 2017.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paragraph 1</td>
<td>Election of Directors were not held due to a stay order of the Honorable Session Court of Lahore.</td>
</tr>
</tbody>
</table>

Dated: November 03, 2017

Lahore
AUDITORS’ REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Azgard Nine Limited ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming parts thereof, for the year ended and we state that, except as stated in paragraphs (b) to (d) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) as stated in notes 2.4 and 41.2.2 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at reporting date certain financial and other covenants imposed by the lenders could not be complied. The International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period, with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements, the long term debts have been classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 732.94 million and long term liabilities would have decreased correspondingly as at the reporting date;

b) the Company has investment in the Term Finance Certificates ("TFCs") of Agritech Limited ("AGL"). As per the latest available financial statements of AGL, its equity has completely eroded. Further, the Company has not received due amount of principal and mark-up since October 2012, against which aggregate impairment loss amounting to Rs. 66.39 million has been recorded in these financial statements. Accordingly, the carrying value of the Company's investment in TFCs of AGL as at year end, amounting to Rs. 231.86 million and the related mark-up thereon amounting to Rs. 68.31 million as appearing in notes 19.3 and 25 respectively to the financial statements also appear doubtful of recovery. We were unable to determine the extent to which the amounts are likely to be recovered, if any, and time frame over which such recovery will be made.

c) as stated in note 26.1 to the financial statements, the Company has investment in preference shares ("shares") of AGL, with cost of Rs. 5.25 per share, designated as available for sale. The National Bank of Pakistan has agreed to repurchase these shares at Rs. 5.25 per share at a future date and subject to conditions as defined in the put option agreement. As per the latest available financial statements, AGL is in financial difficulties, is not able to timely service its long term debt and its equity has completely eroded. International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS-39) requires the investments classified as available for sale to be re-measured, at market rate prevailing as at the balance sheet date, with a resultant gain or loss to be recognized in other comprehensive income and to separately account for the derivative at fair value. However, the Company has not complied with the requirements of IAS-39 and has measured the investment and the derivative at the option price. We are unable to determine the respective fair values of the investment in preference shares and the derivative by alternative means, and consequently we were unable to determine the amounts of adjustments required, if any.

d) as stated in note 19.1.1 to the financial statements that on December 18, 2014, the Court of Vicenza, Italian Republic (“the Court”) approved bankruptcy proposal of public prosecutor and appointed Trustee to manage the affairs of the wholly owned subsidiary, Montebello s.r.l. (“MBL”). The Company has recorded impairment allowance of Rs. 2,625.03 million against its investment in MBL and Rs. 452.53 million against the trade receivables from MBL. The management has represented through its legal counsel that the bankruptcy is currently in process with Italian Bankruptcy Court and it has appointed liquidator and accordingly the claims against MBL have yet to be determined and finalized. In view of the absence of definite determination of the claims against MBL, we were unable to satisfy ourselves as to the appropriateness of the impairment recorded by the Company.
e) except for the matters discussed in paragraphs (a) to (d) above, in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

f) in our opinion:
   i. except for the effect of the matter described in paragraph (a) and the possible effects of the matters discussed in paragraphs (b) to (d) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further, in accordance with accounting policies consistently applied;
   ii. the expenditure incurred during the year was for the purpose of the Company’s business; and
   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

g) except for the effects on the financial statements of the matters described in paragraph (a) and the possible effects of the matters discussed in paragraphs (b) to (d) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at 30 June 2017 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and

h) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 2.3 to the financial statements which describes that during the year ended June 30, 2017, the Company has incurred loss before tax of Rs. 43.09 million, its current liabilities exceeded the current assets by Rs. 12,351.94 million, and its accumulated losses stand at Rs. 12,208.14 million. These conditions, along with other matters as set forth in note 2.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.3 to the financial statements. Our opinion is not qualified in respect of this matter.

Dated: November 03, 2017
Lahore
## BALANCE SHEET
### AS AT JUNE 30, 2017

### EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td><strong>Share capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized share capital</td>
<td>5</td>
<td>15,000,000,000</td>
</tr>
<tr>
<td>Issued, subscribed and paid up capital</td>
<td>5</td>
<td>4,548,718,700</td>
</tr>
<tr>
<td>Reserves</td>
<td>6</td>
<td>3,133,361,726</td>
</tr>
<tr>
<td>Accumulated loss</td>
<td></td>
<td>(12,208,141,343)</td>
</tr>
<tr>
<td>Surplus on revaluation of fixed assets</td>
<td>7</td>
<td>4,753,665,775</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - secured</td>
<td>8</td>
<td>199,795,928</td>
</tr>
<tr>
<td>Long term finances - secured</td>
<td>9</td>
<td>489,365,286</td>
</tr>
<tr>
<td>Liabilities against assets subject to finance lease - secured</td>
<td>10</td>
<td>11,944,118</td>
</tr>
<tr>
<td>Deferred liability</td>
<td>11</td>
<td>141,320,117</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of non-current liabilities</td>
<td>12</td>
<td>7,105,618,541</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>13</td>
<td>4,691,105,238</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14</td>
<td>1,533,519,965</td>
</tr>
<tr>
<td>Interest / mark-up accrued on borrowings</td>
<td>15</td>
<td>4,220,170,414</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>16</td>
<td>13,415,572</td>
</tr>
<tr>
<td>Current taxation</td>
<td>27</td>
<td>56,125,955</td>
</tr>
<tr>
<td><strong>Contingencies and commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>18,689,985,992</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>18</td>
<td>13,168,499,962</td>
</tr>
<tr>
<td>Long term investments</td>
<td>19</td>
<td>231,864,928</td>
</tr>
<tr>
<td>Long term deposits - unsecured, considered good</td>
<td>20</td>
<td>21,606,295</td>
</tr>
<tr>
<td>Trade debts - unsecured, considered good</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores, spares and loose tools</td>
<td>22</td>
<td>132,545,743</td>
</tr>
<tr>
<td>Stock-in-trade</td>
<td>23</td>
<td>1,859,013,514</td>
</tr>
<tr>
<td>Trade debts</td>
<td>24</td>
<td>1,240,968,769</td>
</tr>
<tr>
<td>Advances, deposits, prepayments and other receivables</td>
<td>25</td>
<td>1,570,242,442</td>
</tr>
<tr>
<td>Short term investments</td>
<td>26</td>
<td>306,022,500</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>28</td>
<td>159,221,839</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,268,014,807</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18,689,985,992</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 50 form an integral part of these financial statements.
# PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 (Rupees)</th>
<th>2016 (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales - net</td>
<td>12,802,374,277</td>
<td>13,176,284,444</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(10,916,714,003)</td>
<td>(11,677,125,552)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,885,660,274</td>
<td>1,499,158,892</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>(517,315,341)</td>
<td>(489,222,252)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(436,342,363)</td>
<td>(410,150,587)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>932,002,570</td>
<td>599,786,053</td>
</tr>
<tr>
<td>Other income</td>
<td>36,274,618</td>
<td>36,884,373</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(45,770,292)</td>
<td>(112,647,424)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(965,600,192)</td>
<td>(1,207,624,572)</td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(43,093,296)</td>
<td>(683,601,570)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(90,471,993)</td>
<td>(130,545,399)</td>
</tr>
<tr>
<td>Loss after taxation</td>
<td>(133,565,289)</td>
<td>(814,146,969)</td>
</tr>
<tr>
<td>Loss per share - basic and diluted</td>
<td>(0.29)</td>
<td>(1.79)</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 50 form an integral part of these financial statements.
## Statement of Comprehensive Income

For the Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Loss after taxation</th>
<th>2017 (Rupees)</th>
<th>2016 (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that are or may be subsequently reclassified to profit and loss account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of available for sale financial assets</td>
<td>-</td>
<td>(832)</td>
</tr>
<tr>
<td>Re-measurement of post retirement benefits obligation</td>
<td>8,712,130</td>
<td>-</td>
</tr>
<tr>
<td>Fair value gain realized on sale of available for sale financial assets</td>
<td>(569,610)</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>8,142,520</td>
<td>(832)</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 50 form an integral part of these financial statements.

---

Lahore  
Chief Executive Officer  
Director  
Chief Financial Officer
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>Cash flows from operating activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>38</td>
<td>Cash generated from operations</td>
<td>808,406,323</td>
<td>479,053,939</td>
</tr>
<tr>
<td></td>
<td>Interest / mark-up paid</td>
<td>(129,771,312)</td>
<td>(129,849,623)</td>
</tr>
<tr>
<td></td>
<td>Taxes paid</td>
<td>(112,610,508)</td>
<td>(125,613,492)</td>
</tr>
<tr>
<td></td>
<td>Long term deposits - net</td>
<td>(2,973,599)</td>
<td>158,351</td>
</tr>
<tr>
<td></td>
<td>Post retirement benefits paid</td>
<td>(15,190,961)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net cash generated from operating activities</td>
<td>547,859,943</td>
<td>223,749,175</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital expenditure</td>
<td>(392,842,407)</td>
<td>(144,388,196)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>4,531,595</td>
<td>10,214,897</td>
</tr>
<tr>
<td></td>
<td>Disposal of long term investments</td>
<td>601,160</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net cash used in investing activities</td>
<td>(387,709,652)</td>
<td>(134,173,299)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Repayment of long term finances</td>
<td>(34,043,148)</td>
<td>(25,254,882)</td>
</tr>
<tr>
<td></td>
<td>Repayment of liabilities against assets subject to finance lease</td>
<td>(18,972,187)</td>
<td>(12,453,728)</td>
</tr>
<tr>
<td></td>
<td>Short term borrowings - net</td>
<td>85,372,139</td>
<td>(95,353,169)</td>
</tr>
<tr>
<td></td>
<td>Net cash generated from / (used in) financing activities</td>
<td>32,356,804</td>
<td>(133,061,779)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net increase / (decrease) in cash and cash equivalents</td>
<td>192,507,095</td>
<td>(43,485,903)</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents at beginning of the year</td>
<td>(657,117,328)</td>
<td>(613,631,425)</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents at end of the year</td>
<td>(464,610,233)</td>
<td>(657,117,328)</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 50 form an integral part of these financial statements.
# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Issued, subscribed and paid-up capital</th>
<th>Share premium</th>
<th>Reserve on merger</th>
<th>Preference share redemption reserve</th>
<th>Available for sale financial assets</th>
<th>Revenue reserves</th>
<th>Total reserves</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As at July 01, 2015</td>
<td>4,548,718,700</td>
<td>2,358,246,761</td>
<td>105,152,005</td>
<td>661,250,830</td>
<td>570,442</td>
<td>(11,513,230,435)</td>
<td>(8,388,030,397)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year ended June 30, 2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(814,146,969)</td>
<td>(814,146,969)</td>
</tr>
<tr>
<td>Other comprehensive loss for the year ended June 30, 2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(832)</td>
<td>-</td>
<td>(832)</td>
<td>(832)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(832)</td>
<td>-</td>
<td>(832)</td>
<td>(832)</td>
</tr>
<tr>
<td>Transfer of incremental depreciation from surplus on revaluation of fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>125,689,536</td>
<td>125,689,536</td>
</tr>
<tr>
<td>Reversal of revaluation surplus on disposal of fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,783,693</td>
<td>1,783,693</td>
</tr>
<tr>
<td>As at June 30, 2016</td>
<td>4,548,718,700</td>
<td>2,358,246,761</td>
<td>105,152,005</td>
<td>661,250,830</td>
<td>569,610</td>
<td>(12,199,924,175)</td>
<td>(9,074,704,969)</td>
</tr>
<tr>
<td>As at July 01, 2016</td>
<td>4,548,718,700</td>
<td>2,358,246,761</td>
<td>105,152,005</td>
<td>661,250,830</td>
<td>569,610</td>
<td>(12,199,924,175)</td>
<td>(9,074,704,969)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year ended June 30, 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(814,146,969)</td>
<td>(814,146,969)</td>
</tr>
<tr>
<td>Other comprehensive income for the year ended June 30, 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(569,610)</td>
<td>-</td>
<td>8,712,130</td>
<td>8,142,520</td>
</tr>
<tr>
<td>Total comprehensive loss for the year ended June 30, 2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(569,610)</td>
<td>-</td>
<td>8,142,520</td>
<td>8,142,520</td>
</tr>
<tr>
<td>Transfer of incremental depreciation from surplus on revaluation of fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(569,610)</td>
<td>-</td>
<td>8,712,130</td>
<td>123,025,472</td>
</tr>
<tr>
<td>Reversal of revaluation surplus on disposal of fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123,025,472</td>
<td>123,025,472</td>
</tr>
<tr>
<td>As at June 30, 2017</td>
<td>4,548,718,700</td>
<td>2,358,246,761</td>
<td>105,152,005</td>
<td>661,250,830</td>
<td>8,712,130</td>
<td>(12,208,141,343)</td>
<td>(9,074,779,617)</td>
</tr>
</tbody>
</table>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Lahore  
Chief Executive Officer  
Director  
Chief Financial Officer
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 Reporting entity
Azgard Nine Limited ("the Company") is incorporated in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is a composite spinning, weaving, dyeing and stitching unit engaged in the manufacturing of yarn, denim and denim products. The registered office of the Company is situated at Ismail Aiwan-e-Science, off Shahrah-e-Roomi, Lahore. The Company has three production units with Unit I located at 2.5 km off Manga, Raiwind Road, District Kasur, Unit II at Alipur Road, Muzaffargarh and Unit III at 20 km off Ferozpur Road, 6 km Badian Road on Ruhi Nala, Der Khurd, Lahore.

2 Basis of preparation
2.1 Separate Financial Statements
These financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. For the current year, consolidated financial statements of the Company have not been prepared separately due to the fact stated in note 19.1.1 and the exemption granted by Securities and Exchange Commission of Pakistan (SECP) under section 228 of the Companies Act, 2017 from consolidation of the Company’s subsidiary for the year ended June 30, 2017.

The Company has the following subsidiary:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Country of incorporation</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montebello s.r.l. (“MBL”)</td>
<td>Italy</td>
<td>100%</td>
</tr>
</tbody>
</table>

2.2 Statement of compliance
These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

2.3 Going concern assumption
During the year the Company has incurred a loss of Rs. 43.09 million (2016: Rs. 683.60 million) mainly attributable to high finance cost aggregating in total to Rs. 965.60 million (2016: 1,207.62 million). Due to continued financial difficulties as at June 30, 2017 the current liabilities of the Company have exceeded current assets by Rs. 12,352.31 million (2016: Rs. 11,804.04 million), including Rs. 12,060.63 million (2016: Rs. 9,166.19 million) relating to overdue principal and mark-up thereon, and the accumulated losses stand at Rs. 12,208.14 million (2016: 12,199.92 million).

These conditions cast doubt about the Company’s ability to continue as a going concern. These financial statements have however, been prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that operationally the position of the Company is improving which is evident from the financial results of the Company for the year. These are attributable to cost curtailments, textile package announced during the year and enhanced capacity utilization in garment segment and the Company expects to generate better results and maintain positive cash flows from operations in future.

In addition to above, the financial restructuring of the Company is underway which is expected to significantly reduce the debt burden and finance cost of the Company. Most of the lenders, by value, have already given their consent for this restructuring and after getting consent of certain remaining lenders, the scheme of restructuring will be filed with the High Court for approval. Post restructuring, it is anticipated that
the Company’s debt levels shall be sustainable and resultantly the debt obligations of the Company would be met on time, subject to impact, if any, of uncontrollable external factors such as the local and global market conditions.

2.4 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied.

International Accounting Standard on Presentation of Financial Statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However, in the financial statements debts of Rs. 732.945 million (2016: Rs. 1,339.813 million) as detailed below, have been classified as long term in accordance with respective debt repayment schedules as the Company is in discussion with its lenders for reprofiling of its long term debts:

**Principal net of current maturity**

<table>
<thead>
<tr>
<th>Redeemable capital</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privately Placed Term Finance Certificates</td>
<td>136,023,410</td>
</tr>
<tr>
<td>Privately Placed Term Finance Certificates</td>
<td>90,500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>226,523,410</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long term finances</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Investitions - Und MBH (Germany)</td>
<td>506,421,654</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>732,945,064</strong></td>
</tr>
</tbody>
</table>

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost and certain items of property, plant and equipment at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.6.1 Depreciation method, rates and useful lives of property, plant and equipments

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 18.1.

2.6.2 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.6.3 Fair values based on inputs from other than active market

Fair values of financial instruments, which are based on inputs from other than active market are determined using valuation techniques which incorporate all factors that market participants would consider in setting a price and use inputs that reasonably represent market expectations and measure of the risk-return factors inherent in the financial instrument.
2.6.4 Taxation
The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities.

2.6.5 Provisions
Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6.6 Revaluation of fixed assets
Revaluation of fixed assets is carried out by independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

2.6.7 Contingencies
The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.6.8 Provision for doubtful debts, advances and other receivables
The Company reviews the recoverability of trade debts, advances and other receivables at each reporting date to assess whether provision should be recorded in profit and loss account. In particular, judgment by management is required in estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on certain assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

2.6.9 Stores, spare parts, loose tools and stock in trade
The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on the provision.

2.7 Functional currency
These financial statements have been prepared in Pak Rupees which is the Company’s functional currency.

3. Summary of significant accounting policies
Significant accounting policies set out below have been applied consistently in the presentation of these financial statements.

3.1 Property, plant and equipments

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount less accumulated impairment losses, plant and machinery and building which are measured at revalued amount less accumulated depreciation and accumulated impairment losses and capital work in progress, which is stated at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.
Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

The Company recognizes depreciation in profit and loss account by applying reducing balance method over the useful life of each item of property, plant and equipment using rates specified in note 18.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss account.

**Leased**

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

### 3.2 Surplus / (deficit) arising on revaluation of fixed assets

Surplus arising on revaluation of items of property, plant and equipment is recognized on balance sheet after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit / (loss) every year.

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

The surplus on revaluation of fixed assets is accounted for and utilized in accordance with the provisions of Section 235 and S.R.O. 45(1) / 2003 issued under the Companies Ordinance, 1984.

### 3.3 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

### 3.4 Stock-in-trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

| Raw materials | Weighted average cost |
| Work in process | Average manufacturing cost |
| Finished goods | Average manufacturing cost |
| Stock in transit | Invoice price plus related expense incurred up to the reporting date |

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads based on normal operating capacity.
Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.5 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss account unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2017.

3.6 Investments

The Company classifies its investments into following classes depending on the purpose for which the investments are made. Investments are either classified as investment in subsidiary, investment in debt security or financial instruments as follows:

3.6.1 Investment in subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

3.6.2 Financial instruments

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

3.6.2(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company’s risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets. The Company does not have any financial assets classified as financial asset at fair value through profit or loss as at the balance sheet date.
3.6.2(b) **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity investments unless these are designated on initial recognition as financial assets at fair value through profit or loss or available for sale financial assets or these meet the definition of loans and receivables. Where, as a result of change in intention or ability to hold financial assets initially classified as held-to-maturity investments to maturity or where due to sales or reclassification of a significant amount of held-to-maturity investments, classification as held-to-maturity investments is no longer appropriate, these are reclassified as available for sale financial assets. Financial assets in this category are presented as non-current assets except for maturities within twelve months from the reporting date where these are presented as current assets. The Company does not have any investment classified as held-to-maturity investment as at the reporting date.

3.6.2(c) **Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.6.2(d) **Available for sale financial assets**

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account.

**Quoted**

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on balance sheet date.

**Un-quoted**

Investments in unquoted equity instruments are stated at cost less any identified impairment losses.

3.6.2(e) **Held-to-maturity**

Held-to-maturity investments are initially recognized at acquisition cost, which includes transaction cost associated with the investment. Subsequently, these are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrevocable amounts.

3.6.2(f) **Financial liabilities at amortized cost**

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. Carrying values of financial liabilities as at the balance sheet date approximates their amortized cost.

3.6.2(g) **Derivative financial instruments**

Derivatives are classified as financial assets and liabilities at fair value through profit or loss unless the derivative is a designated and effective hedging instrument or a financial guarantee contract. Derivatives are initially recognized at cost, being fair value on the date the contract is entered into by the Company. Subsequent to initial recognition these are measured at fair value. Gains and losses arising from changes in fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss are recognized in profit or loss. Where derivatives are designated hedging instruments the method of recognizing gains and losses arising from changes in fair value depends on the nature of item being hedged. The Company designates derivatives as either a fair value hedge or a cash flow hedge.
**Fair value hedges**

These are hedges of the fair value of recognized assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit and loss account, together with changes in fair value of hedged asset or liability that are attributable to the hedged risk.

**Cash flow hedges**

These are hedges of a particular risk associated with the fair value of recognized asset or liability or a highly probable forecast transaction. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity to the extent the hedge is effective. The gain or loss relating to the ineffective portion is recognized in profit and loss account.

3.6.3 **De-recognition**

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit and loss account.

3.6.4 **Off-setting**

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

3.6.5 **Regular way purchases and sales of financial assets**

Regular way purchases and sales of financial assets are recognized on trade dates.

3.7 **Loans and borrowings**

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit and loss account over the period of the borrowings on an effective interest basis.

3.8 **Leases**

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current liabilities depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.9 **Trade and other payables**

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

3.10 **Provisions and contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.
3.11 Trade and other receivables

3.11.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit and loss account.

3.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represent amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

Dividend income is recognized when the Company's right to receive payment is established.

Interest income is recognized as and when accrued on effective interest method.

3.13 Income tax

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

Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred taxation

Since the income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime, hence, no temporary differences are likely to arise in respect of sales whereas, temporary differences in respect of other income are expected to be negligible.

3.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.
3.16 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company’s other components. An operating segment’s operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (production of different qualities yarn using natural and artificial fibers), Weaving (production of different qualities of fabric using yarn), and Garments (Manufacturing garments using processed fabric).

3.17 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.18 Impairment

3.18.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.18.2 Non-financial assets

The carrying amount of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.
An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.19 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. However, there is a restriction on dividend declaration under Master Restructuring and Inter creditor Agreement.

4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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.

<table>
<thead>
<tr>
<th>Effective from accounting period beginning on or after:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'</td>
</tr>
<tr>
<td>Amendments to IAS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations</td>
</tr>
<tr>
<td>Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative</td>
</tr>
<tr>
<td>Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization</td>
</tr>
<tr>
<td>Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants</td>
</tr>
<tr>
<td>Amendments to IFRS 27 'Separate Financial Statements' - Equity method in separate financial statements</td>
</tr>
</tbody>
</table>

Certain annual improvements have also been made to a number of IFRSs.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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 IFRS 2 ‘Share-based Payment’ - Clarification on the classification and measurement of share-based payment transactions

Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ - Sale or contribution of assets between an investor and its associate or joint venture

Amendments to IAS 7 ‘Statement of Cash Flows’ - Amendments as a result of the disclosure initiative

Amendments to IAS 12 ‘Income Taxes’ - Recognition of deferred tax assets for unrealised losses

Amendments to IAS 40 ‘Investment Property’: Clarification on transfers of property to or from investment property

IFRIC 22 ‘Foreign Currency Transactions and Advance Consideration’: Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

IFRIC 23 ‘Uncertainty over Income Tax Treatments’: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 ‘Income Taxes’.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

Effective from accounting period beginning on or after:
January 01, 2018

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

January 01, 2017

January 01, 2017

January 01, 2018. Earlier application is permitted.

January 01, 2018. Earlier application is permitted.

January 01, 2019
### 5 Share capital

**Authorized share capital**

<table>
<thead>
<tr>
<th>Ordinary shares of Rs. 10 each</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>900,000,000 (2016: 900,000,000) voting shares</td>
<td>9,000,000,000</td>
<td>9,000,000,000</td>
</tr>
<tr>
<td>300,000,000 (2016: 300,000,000) non-voting shares</td>
<td>3,000,000,000</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,000,000,000</strong></td>
<td><strong>12,000,000,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preference shares of Rs. 10 each</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>300,000,000 (2016: 300,000,000) non-voting shares</td>
<td>3,000,000,000</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td><strong>Total preference shares</strong></td>
<td><strong>15,000,000,000</strong></td>
<td><strong>15,000,000,000</strong></td>
</tr>
</tbody>
</table>

**Issued, subscribed and paid-up capital**

<table>
<thead>
<tr>
<th>Voting ordinary shares of Rs. 10 each</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>62,548,641 (2016: 62,548,641) shares issued as paid bonus shares</td>
<td>625,486,410</td>
<td>625,486,410</td>
</tr>
<tr>
<td>12,276,073 (2016: 12,276,073) shares issued as consideration for machinery</td>
<td>122,760,730</td>
<td>122,760,730</td>
</tr>
<tr>
<td>50,811,992 (2016: 50,811,992) shares issued as consideration on merger</td>
<td>508,119,920</td>
<td>508,119,920</td>
</tr>
<tr>
<td><strong>Total voting ordinary shares</strong></td>
<td><strong>4,493,494,390</strong></td>
<td><strong>4,493,494,390</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-voting ordinary shares of Rs. 10 each</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,753,719 (2016: 4,753,719) shares fully paid in cash</td>
<td>47,537,190</td>
<td>47,537,190</td>
</tr>
<tr>
<td>768,712 (2016: 768,712) shares issued as fully paid</td>
<td>7,687,120</td>
<td>7,687,120</td>
</tr>
<tr>
<td><strong>Total non-voting ordinary shares</strong></td>
<td><strong>55,224,310</strong></td>
<td><strong>55,224,310</strong></td>
</tr>
</tbody>
</table>

| **Total issued, subscribed and paid-up capital** | **4,548,718,700** | **4,548,718,700** |


### 6 Reserves

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Share premium</td>
<td>2,358,246,761</td>
</tr>
<tr>
<td>6.2</td>
<td>Merger reserve</td>
<td>105,152,005</td>
</tr>
<tr>
<td>6.3</td>
<td>Redemption of preference shares</td>
<td>661,250,830</td>
</tr>
<tr>
<td>6.4</td>
<td>Available for sale financial assets</td>
<td>-</td>
</tr>
<tr>
<td>6.5</td>
<td>Post retirement benefits obligation reserve</td>
<td>8,712,130</td>
</tr>
<tr>
<td><strong>Total reserves</strong></td>
<td><strong>3,133,361,726</strong></td>
<td><strong>3,125,219,206</strong></td>
</tr>
</tbody>
</table>

#### 6.1 Share premium

This represents excess of consideration received on issue of ordinary shares over face value of ordinary shares issued.

#### 6.2 Merger reserve

This represents reserve arising on merger of Nafees Cotton Mills Limited into Legler Nafees Denim Mills (presently Azgard Nine Limited) on December 19, 2002.

#### 6.3 Preference shares redemption reserve

This reserve has been created for redemption of preference shares issued by the Company as required to be created and maintained under the terms of issue and Companies Act, 2017.
6.4 **Available for sale financial assets**

This represents (deficit) / surplus on revaluation of investments classified as available for sale financial assets.

6.5 **Post retirement benefits obligation reserve**

This represents surplus on revaluation of defined benefit plan comprising an un-funded gratuity scheme for its permanent employees during the year.

### 7 Surplus on revaluation of fixed assets

<table>
<thead>
<tr>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>4,879,013,896</td>
</tr>
<tr>
<td>Add: Surplus on revaluation during the year</td>
<td>-</td>
</tr>
<tr>
<td>Less: incremental depreciation transferred to accumulated losses</td>
<td>(123,025,472)</td>
</tr>
<tr>
<td>Less: transfer to accumulated losses on ultimate disposal of assets</td>
<td>(2,322,649)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>4,753,665,775</td>
</tr>
</tbody>
</table>

The Company's freehold land and buildings on freehold land were revalued by Arif Evaluators, an independent valuator not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, on December 31, 2015. The basis of revaluation for items of fixed assets were as follows:

**Freehold Land**

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

**Buildings on freehold land**

Construction specifications were noted for each building and structure and new construction rates / GI sheet with iron structure were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon our estimates of balance life to arrive at the current assessed value.

### 8 Redeemable capital - secured

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>651,066,836</td>
<td>651,066,836</td>
</tr>
<tr>
<td>8.2</td>
<td>1,024,840,470</td>
<td>1,058,513,646</td>
</tr>
<tr>
<td>8.3</td>
<td>527,682,637</td>
<td>527,682,637</td>
</tr>
<tr>
<td>8.4</td>
<td>3,218,300,030</td>
<td>3,218,670,000</td>
</tr>
<tr>
<td>8.5</td>
<td>326,456,184</td>
<td>326,456,184</td>
</tr>
<tr>
<td>8.6</td>
<td>217,200,000</td>
<td>217,200,000</td>
</tr>
<tr>
<td></td>
<td>5,965,546,157</td>
<td>5,999,589,303</td>
</tr>
<tr>
<td></td>
<td>(76,387,438)</td>
<td>(30,655,195)</td>
</tr>
<tr>
<td></td>
<td>5,938,818,675</td>
<td>5,892,546,670</td>
</tr>
<tr>
<td></td>
<td>(5,739,022,747)</td>
<td>(5,322,556,554)</td>
</tr>
<tr>
<td></td>
<td>199,795,928</td>
<td>569,990,116</td>
</tr>
</tbody>
</table>
These Term Finance Certificates - II ("TFC - II") have been issued by way of private placements and public subscription and are listed on Pakistan Stock Exchange (Guarantee) Limited. The total issue comprises of 428,734 certificates of Rs. 5,000 each out of which 28,550 certificates were converted into Ordinary shares in 2008 and at reporting date the outstanding certificates are 400,184. The terms and conditions of the issue as per Amendment no. 1 to Master Restructuring and Intercreditor Agreement ("MRA-1") dated April 11, 2012 are as follows:

**Principal redemption**

The principal redemption of TFC - II is structured to be in ten un-equal installments. First installement amounting to Rs. 847.582 million was settled by the Company during the year ended June 30, 2013. Remaining nine installments are to be paid semi-annually starting from September 20, 2013 and ending on September 20, 2017.

**Return on TFC - II**

The issue carries return as per the following applicable mark-up rates, payable semi-annually:

- Six months KIBOR plus 1.00% per annum in 2010 - 2011
- Six months KIBOR plus 1.25% per annum in 2012 - 2015
- Six months KIBOR plus 1.75% per annum in 2016 onwards

**Trustee**

In order to protect the interests of TFC - II holders, Faysal Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company’s obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and Master Restructuring and Intercreditor Agreement ("MRA").

**Security**

For detail of securities, refer to note 8.9

**Overdue status**

At the reporting date, principal amounting to Rs. 516.06 million (2016: Rs. 246.06 million) and interest / mark-up amounting to Rs. 391.68 million (2016: Rs. 339.88 million) were overdue.

These Privately Placed Term Finance Certificates - IV ("PPTFC - IV") have been issued by way of private placements. The total issue comprises of 500,000 certificates of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

**Principal redemption**

The principal redemption of PPTFC - IV is structured to be in ten un-equal installments. First installement amounting to Rs. 1,414.231 million was settled by the Company during the year ended June 30, 2013, and there was also a settlement of Rs. 33.673 million in the reporting period. Remaining nine installments are to be paid semi-annually starting from December 04, 2013 and ending on December 04, 2017.

**Return on PPTFC - IV**

The issue carries return as per the following applicable mark-up rates, payable semi-annually;

- Six months KIBOR plus 1.00% per annum in 2010 - 2011
- Six months KIBOR plus 1.25% per annum in 2012 - 2015
- Six months KIBOR plus 1.75% per annum in 2016 onwards

**Trustee**

In order to protect the interests of PPTFC - IV holders, Pak Brunei Investment Company has been appointed trustee of the issue, with power to enforce the Company’s obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.
Security

For detail of securities refer to note 8.9

Overdue status

At the reporting date principal amounting to Rs. 799.94 million (2016: Rs. 383.82 million) and interest / mark-up amounting to Rs. 661.37 million (2016: Rs. 582.41 million) were overdue.

8.3 These Term Finance Certificates - V ("TFC - V") represent restructuring of various short term facilities amounting to Rs. 825 million. The total issue comprised of 165,000 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue as per MRA-1 dated April 11, 2012 are as follows:

Principal redemption

The principal redemption of TFC - V is structured to be in nine un-equal installments. First installement amounting to Rs. 297.317 million was settled by the Company during the year ended June 30, 2013. Remaining eight installments were to be paid quarterly starting from February 18, 2014 and ending on November 18, 2015.

Return on TFC - V

The issue carries return as per the following applicable mark-up rates, payable quarterly:

- Twelve months KIBOR plus 1.00% per annum from May 18, 2010 till May 18, 2011
- Three months KIBOR plus 1.00% per annum from May 18, 2011 till November 18, 2011
- Three months KIBOR plus 1.25% per annum from November 18, 2011 onwards

Trustee

In order to protect the interests of TFC - V holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

For detail of securities refer to note 8.9

Overdue status

At the reporting date principal amounting to Rs. 527.68 million (2016: Rs. 527.68 million) and interest / mark-up amounting to Rs. 292.04 million (2016: Rs. 255.235 million) were overdue. Refer to note 41.2.2.

8.4 These Privately Placed Term Finance Certificates - VI ("PPTFC - VI") represent restructuring of outstanding mark-up amounting to Rs. 3,218.670 million related to long term debts and short term borrowings till March 31, 2012. The total issue comprises of 643,734 TFCs having face value of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - VI was structured to be in seven unequal semi annual installments starting from March 31, 2014 and ending on March 31, 2017.

Call option

The Company shall be allowed to call the PPTFC - IV in full or in part. Call option will be exercisable at any time after the expiry of one year from the issue date and upon giving to the PPTFC - VI holders not less than thirty days notice in writing, to redeem on the following redemption date.

Return on PPTFC - VI

The issue carries nil return (also refer to note 8.7).
Trustee

In order to protect the interests of PPTFC - VI holders, Faysal Bank Limited has been appointed as trustee under a trust deed, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the trust deed and MRA.

Security

The issue is secured by:

- Ranking hypothecation charge in favor of the Trustee over the hypothecated assets in the amount of up to Rs. 4,666.667 million; and
- Ranking mortgage charge over the mortgaged properties in the amount of up to Rs. 4,666.667 million.

Overdue status

At the reporting date principal amounting to Rs. 3218.30 million (2016: Rs.1,931.2 million) was overdue.

8.5 These represent restructuring of outstanding principal amounting to Rs. 256.020 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 70.436 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and JS Global Capital Limited dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 12 PPTFCs having face value of Rs. 27.205 million each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 27.205 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% per annum.

Trustee

In order to protect the interests of PPTFC holders, JS Bank Limited has been appointed as Trustee under a Trust Deed for the issue of PPTFCs entered on October 23, 2012, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date principal amounting to Rs. 136.02 million (2016: Rs.81.61 million) and interest / mark-up amounting to Rs. 89.82 million (2016: Rs. 53.91 million) were overdue. Refer to note 41.2.2.

8.6 These represent restructuring of outstanding principal amounting to Rs. 170.132 million and outstanding mark-up along with preference dividend and other charges amounting to Rs. 47.068 million related to preference shares into fresh issue of Privately Placed Term Finance Certificates ("PPTFCs") by way of Settlement Agreement ("the Agreement") between the Company and Lenders dated October 22, 2012 effective from October 19, 2012. The total issue comprised of 21,720 PPTFCs having face value of Rs. 10,000 each. The terms and conditions of the issue are as follows:
Principal redemption

The principal redemption of PPTFCs is structured to be in twelve equal installments amounting to Rs. 18.100 million each. Installments are to be paid semi-annually starting from April 19, 2015 and ending on October 19, 2020.

Return on PPTFCs

The issue carries a fixed mark-up rate at 11.00% per annum.

Trustee

In order to protect the interests of PPTFC holders, JS Bank Limited has been appointed as Trustee under a Trust Deed for the issue of PPTFCs entered on October 23, 2012, with power to enforce the Company's obligations, in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Trust Deed.

Security

The issue is secured by personal guarantee of Sponsor Director.

Overdue status

At the reporting date principal amounting to Rs. 90.5 million (2016: Rs.54.3 million) and interest / mark-up amounting to Rs. 59.76 million (2016: Rs. 35.87 million) were overdue. Refer to note 41.2.2.

8.7 This represents the difference between amortized cost and face value of zero-coupon Privately Placed Term Finance Certificates - VI, with five year maturity (refer to note 8.4). Amortized cost has been determined using effective interest rate of 13.23% per annum being the weighted average rate of return on redeemable capital. Movement is as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>76,387,438</td>
<td>276,319,941</td>
</tr>
<tr>
<td>Less: amortized during the year</td>
<td>(76,387,438)</td>
<td>(199,932,503)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>-</td>
<td>76,387,438</td>
</tr>
</tbody>
</table>

8.8 Transaction costs

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>30,655,195</td>
<td>37,909,372</td>
</tr>
<tr>
<td>Less: amortized during the year</td>
<td>(3,927,713)</td>
<td>(7,254,177)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>26,727,482</td>
<td>30,655,195</td>
</tr>
</tbody>
</table>

8.9 Common security

All redeemable capital and long term finances except for TFC - VI and PPTFCs have been secured by way of common security which is as follows:

- First charge in favor of National Bank of Pakistan, as security trustee for the benefit of the financers, on all present and future assets and properties of the Company.
- Personal guarantee of Sponsor Director.
### Long term finances - secured

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>844,036,091</td>
<td>817,128,665</td>
</tr>
<tr>
<td>9.2</td>
<td>43,251,155</td>
<td>43,251,155</td>
</tr>
<tr>
<td>9.3</td>
<td>234,568,765</td>
<td>234,568,765</td>
</tr>
<tr>
<td>9.4</td>
<td>565,781,488</td>
<td>565,781,488</td>
</tr>
<tr>
<td></td>
<td><strong>1,687,637,499</strong></td>
<td><strong>1,660,730,073</strong></td>
</tr>
<tr>
<td>9.6</td>
<td>(17,056,368)</td>
<td>(17,369,984)</td>
</tr>
<tr>
<td></td>
<td><strong>1,670,581,131</strong></td>
<td><strong>1,643,360,089</strong></td>
</tr>
<tr>
<td>12</td>
<td>(1,181,215,845)</td>
<td>(997,949,972)</td>
</tr>
<tr>
<td></td>
<td><strong>489,365,286</strong></td>
<td><strong>645,410,117</strong></td>
</tr>
</tbody>
</table>

#### 9.1
This represents Euros 15 million obtained from Deutsche Investitions - Und MBH (Germany) ("DEG") to finance the setup of new textile and apparel project.

**Principal repayment**

As per the rescheduling terms of the MRA, dated December 01, 2010, the loan is payable in twenty-one unequal installments. During year ended June 30, 2013, first installment amounting to Rs. 641.221 million was settled by the Company. Remaining twenty installments are to be paid quarterly starting from July 15, 2015.

**Return on facility**

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

- Six months EURIBOR plus 3.25% per annum.
- Three months EURIBOR plus 0.75% per annum from date of sale of AGL to July 14, 2015.
- Three months EURIBOR plus 1.00% per annum from July 15, 2015 onwards.

In addition to the above, additional interest of 2% per annum will be levied if principal and mark-up are not paid on due dates.

**Security**

For detail of securities refer to note 8.9

**Overdue status**

At the reporting date principal amounting to Rs. 844,036 million (2016: Rs. 817,128 million) and interest / mark-up amounting to Rs. 204.48 million (2016: Rs. 156.159 million) were overdue. Refer to note 41.2.2.

#### 9.2
This finance has been obtained from Saudi Pak Industrial and Agricultural Company Limited for long term working capital requirements.

**Principal repayment**

As per MRA-1 dated April 11, 2012, loan is payable in eighteen un-equal installments. First installment amounting to Rs. 56.749 million was settled by the Company during year ended June 30, 2013. Remaining seventeen installments are to be paid quarterly starting from November 13, 2013 and ending on November 13, 2017.
Return on facility

As per rescheduling agreement the finance carries mark-up as per the following applicable mark-up rates, payable quarterly:

- Six months KIBOR plus 1.00% per annum in 2010 - 2011
- Six months KIBOR plus 1.25% per annum in 2012 - 2015
- Six months KIBOR plus 1.75% per annum in 2016 onwards

In addition to the above, additional interest of 5.00% per annum will be levied if mark-up is not paid on due dates.

Security

For detail of securities refer to note 8.9

Overdue status

At the reporting date principal amounting to Rs. 34.173 million (2016: Rs. 16.02 million) and interest / mark-up amounting to Rs. 41.05 million (2016: Rs. 33.56 million) were overdue. Refer to note 41.2.2.

9.3 This finance has been obtained from Meezan Bank Limited for long term working capital requirements.

Principal repayment

As per MRA-1 dated 11 April 2012, the loan was payable in nine un-equal installments. First three installments amounting to Rs. 37.51 million were settled by the Company during year 2013 and 2014 and further Rs. 0.033 million was paid in last year. Remaining six installments were to be paid semi-annually starting from May 01, 2013 and ending on November 01, 2016.

Return on facility:

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards

Security

For detail of securities refer to note 8.9

Overdue status

At the reporting date principal amounting to Rs. 234.57 million (2016: Rs. 166.91 million) and interest / mark-up amounting to Rs. 127.75 million (2016: Rs. 107.43 million) were overdue. Refer to note 41.2.2.

9.4 As part of the overall debt restructuring, the finance was converted from various short term borrowings.

Principal repayment:

As per MRA-1 dated 11 April 2012, the loan was payable in six un-equal installments. Installment were to be paid semi-annually starting from May 01, 2014 and ending on November 01, 2016.

Return on facility:

As per rescheduling agreement, the finance carries mark-up as per the following applicable mark-up rates, payable semi-annually:

Six months KIBOR plus 1.00% per annum in 2010 - 2012
Six months KIBOR plus 1.25% per annum in 2013 onwards
Security

For detail of securities refer to note 8.9

Overdue status

At the reporting date principal amounting to Rs. 565.78 million (2016: Rs. 423.90 million) and interest / mark-up amounting to Rs. 294.75 million (2016: Rs. 245.55 million) were overdue. Refer to note 41.2.2.

9.5 At the reporting date interest / mark-up amounting to Rs. 83.894 million (2016: Rs. 3,467.686 million) related to long term loans which were fully settled by the Company in the previous years was overdue. Refer to note 41.2.2.

9.6 Transaction costs

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>17,369,984</td>
<td>18,618,079</td>
</tr>
<tr>
<td>Less: amortized during the year</td>
<td>(313,616)</td>
<td>(1,248,095)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>17,056,368</td>
<td>17,369,984</td>
</tr>
</tbody>
</table>

10 Liabilities against assets subject to finance lease - secured

10.1 This represents vehicles, plant and machinery acquired under finance lease arrangements. The leases are secured by 20% to 25% down ownership, insurance in lessor's favour and post dated cheques in favor of lessor for entire principle alongwith markup amount. Rentals are payable monthly / annually. The leases are priced at six month KIBOR plus 3% to 4% per annum (2016: six month KIBOR plus 1.5% to 3% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of the respective lease terms and intends to exercise the option.

10.2 The amount of future payments under the lease arrangements and the period in which these payments will become due are as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>39,694,071</td>
<td>29,487,938</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>13,769,721</td>
<td>-</td>
</tr>
<tr>
<td>Total future minimum lease payments</td>
<td>53,463,792</td>
<td>29,487,938</td>
</tr>
<tr>
<td>Less: finance charge allocated to future periods</td>
<td>(4,506,980)</td>
<td>(1,579,263)</td>
</tr>
<tr>
<td>Present value of future minimum lease payments</td>
<td>48,956,812</td>
<td>27,908,675</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>(37,012,694)</td>
<td>(27,908,675)</td>
</tr>
<tr>
<td>Later than one year but not later than five years</td>
<td>11,944,118</td>
<td>-</td>
</tr>
</tbody>
</table>
11 Deferred Liability

Gratuity payable

The Company has commenced a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees during the year.

11.1.1 Amounts recognized in the balance sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of the defined benefit obligation</td>
<td>144,180,249</td>
<td>72,304,556</td>
</tr>
<tr>
<td>Benefits due but not paid</td>
<td>(2,860,132)</td>
<td>-</td>
</tr>
<tr>
<td>Net liability recognized in the balance sheet</td>
<td>141,320,117</td>
<td>72,304,556</td>
</tr>
</tbody>
</table>

11.1.2 Movement in the present value of the defined benefit obligation

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligation at the beginning of the year</td>
<td>72,304,556</td>
<td>-</td>
</tr>
<tr>
<td>Current service cost</td>
<td>88,227,244</td>
<td>72,304,556</td>
</tr>
<tr>
<td>Interest cost</td>
<td>4,691,408</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid during the year</td>
<td>(12,330,829)</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial losses during the year</td>
<td>289,851</td>
<td>-</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>(9,001,981)</td>
<td>-</td>
</tr>
<tr>
<td>Obligation at the end of the year</td>
<td>144,180,249</td>
<td>72,304,556</td>
</tr>
</tbody>
</table>

11.1.3 Movement in liability

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff gratuity fund at the beginning of the year</td>
<td>72,304,556</td>
<td>-</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>92,918,652</td>
<td>72,304,556</td>
</tr>
<tr>
<td>Remeasurements chargeable in Other Comprehensive Income</td>
<td>(8,712,130)</td>
<td>-</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(12,330,829)</td>
<td>-</td>
</tr>
<tr>
<td>Net liability</td>
<td>144,180,249</td>
<td>72,304,556</td>
</tr>
</tbody>
</table>

11.1.4 Amount recognized in profit and loss

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>88,227,244</td>
<td>72,304,556</td>
</tr>
<tr>
<td>Interest cost</td>
<td>4,691,408</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>92,918,652</td>
<td>72,304,556</td>
</tr>
</tbody>
</table>

11.1.5 Amount chargeable to other comprehensive income

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial losses from changes in financial assumptions</td>
<td>289,851</td>
<td>-</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>(9,001,981)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(8,712,130)</td>
<td>-</td>
</tr>
</tbody>
</table>

Expense recognized in following line items in profit and loss account

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Sales</td>
<td>72,586,433</td>
<td>61,035,994</td>
</tr>
<tr>
<td>Selling and distribution Expenses</td>
<td>4,563,590</td>
<td>3,072,288</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>15,768,629</td>
<td>8,196,274</td>
</tr>
<tr>
<td></td>
<td>92,918,652</td>
<td>72,304,556</td>
</tr>
</tbody>
</table>
11.1.6 Principal actuarial assumptions used were as follows

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate used for interest cost in profit and loss account</td>
<td>7.25%</td>
<td>-</td>
</tr>
<tr>
<td>Discount rate used for year end obligation</td>
<td>7.75%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Future salary increase per annum</td>
<td>6.75%</td>
<td>6.25%</td>
</tr>
<tr>
<td>Mortality Rates</td>
<td>SLIC 2001-2005</td>
<td>SLIC 2001-2005</td>
</tr>
<tr>
<td>Withdrawal Factor</td>
<td>Age Based</td>
<td>Age Based</td>
</tr>
<tr>
<td>Retirement Age of the employee</td>
<td>60 years</td>
<td>60 years</td>
</tr>
</tbody>
</table>

11.1.7 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2017 Impact on defined benefit obligation</th>
<th>2016 Impact on defined benefit obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1% Increase in assumption</td>
<td>1% Decrease in assumption</td>
</tr>
<tr>
<td>Discount rate</td>
<td>132,076,784</td>
<td>152,090,232</td>
</tr>
<tr>
<td>Salary growth rate</td>
<td>152,594,622</td>
<td>131,446,662</td>
</tr>
</tbody>
</table>

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

12 Current portion of non-current liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1 Preference shares of Rs.10 each (2016 : Rs.10 each)</td>
<td>148,367,255</td>
<td>148,367,255</td>
</tr>
<tr>
<td>8 Redeemable capital - secured</td>
<td>5,739,022,747</td>
<td>5,322,556,554</td>
</tr>
<tr>
<td>9 Long term finances - secured</td>
<td>1,181,215,845</td>
<td>997,949,972</td>
</tr>
<tr>
<td>10.2 Liabilities against assets subject to finance lease - secured</td>
<td>37,012,694</td>
<td>27,908,675</td>
</tr>
<tr>
<td></td>
<td><strong>7,105,618,541</strong></td>
<td><strong>6,496,782,456</strong></td>
</tr>
</tbody>
</table>

12.1 These represent non-voting, non-participatory, partly convertible and cumulative preference shares which were redeemable up to September 24, 2010.

At the reporting date, entire outstanding amount of preference shares was overdue. Refer to note 41.2.2 for details. The Company intends to settle its remaining liability towards preference shares through conversion into a fresh issue of financial instruments, cash or other settlement options.
13 Short term borrowings

Secured

These represent short term finances utilized under interest / mark-up arrangements from banking companies and financial institutions.

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Running finance</td>
<td>13.1&amp;13.3</td>
<td>623,832,072</td>
</tr>
<tr>
<td>Term loan</td>
<td>13.1&amp;13.3</td>
<td>3,536,343,194</td>
</tr>
<tr>
<td>Morabaha / LPO</td>
<td>13.1&amp;13.3</td>
<td>169,094,075</td>
</tr>
<tr>
<td>Bills payable</td>
<td>13.3&amp;13.4</td>
<td>361,835,897</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>4,691,105,238</strong></td>
</tr>
</tbody>
</table>

13.1 These facilities have been obtained from various banking companies and financial institutions for working capital requirements and are secured by Common Security (refer to note 8.9), lien over documents of title of imported goods, lien over firm export orders, trust receipts, demand promissory notes, counter guarantees, pledge of stocks, ranking charge amounting to Rs. 750 million on current and future assets of the Company.

Mark-up on these finances is payable quarterly / semi-annually. Local currency finances carry mark-up at rates ranging from one to twelve months KIBOR plus 1.00% per annum (2016: one to twelve months KIBOR plus 1.00% per annum). Foreign currency finances carry mark up at LIBOR of matching tenure plus 4.00% per annum (2016: LIBOR of matching tenor plus 2.00% to 4.00% per annum). Mark-up on pre / post shipment finances refinanced by the State Bank of Pakistan is payable at SBP refinance rate of 2.00% per annum plus banks' spread of 1.00% per annum. Morabaha / LPO carry mark-up at rates ranging from six to twelve months KIBOR plus 1.00% to 3.00% per annum (2016: six to twelve months KIBOR plus 1.00% to 3.00% per annum). Letters of credit / guarantee carry commission at rates ranging from 0.10% to 0.40% per quarter (2016: 0.10% to 0.15% per quarter). Certain finances also carry a penalty interest / mark-up.

At the reporting date interest / mark-up amounting to Rs. 222.98 million (2016: Rs. 191.727 million), Rs. 1,068.99 million (2016: Rs. 900.463 million) and Rs. 130.432 million (2016: Rs. 120.682 million) were overdue in respect of running finance, term loan and morabaha / LPO respectively. Further, principal amounting to Rs. 26.415 (2016: Rs. 26.415 million), and Rs. 480.5 million (2016: Rs. 524.352 million) were overdue in respect of running finance and term loan respectively. Refer to note 41.2.2 for details.

At the reporting date interest / mark-up amounting to Rs. 62.176 million (2016: Rs. 62.176 million) related to bridge finance, which was settled in the prior years, was overdue. Refer to note 41.2.2 for details.

13.2 At the reporting date interest / mark-up amounting to Rs. 62.176 million (2016: Rs. 62.176 million) related to bridge finance, which was settled in the prior years, was overdue. Refer to note 41.2.2 for details.

13.3 The aggregate available short term funded facilities amounts to Rs. 5,513 million (2016: Rs. 5,724 million) out of which Rs. 1,185 million (2016: Rs. 1,278 million) remained unavailed as at the reporting date. Limits available for opening of letters of credit amounts to Rs. 588.48 million (2016: Rs. 663.48 million) of which the limits remaining unutilized as at the reporting date amounts to Rs. 202.89 million (2016: Rs. 206.76 million).

13.4 At the reporting date bills payable amounting to Rs. 338.90 million (2016: 350.737 million) and interest / mark-up amounting to Rs. 262.603 million (2016: 207.055 million) were overdue. Refer to note 41.2.2 for details.

13.5 The borrowings from related parties have been disclosed in note 40.2.1 to the financial statements.

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other creditors</td>
<td>1,146,103,507</td>
<td>1,307,951,454</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>317,535,840</td>
<td>250,102,752</td>
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<tr>
<td>Advances from customers</td>
<td>47,937,762</td>
<td>49,031,526</td>
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<tr>
<td>Tax deducted at source</td>
<td>11,157,650</td>
<td>12,084,387</td>
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<tr>
<td>Other payables</td>
<td>10,785,206</td>
<td>40,575,986</td>
</tr>
<tr>
<td></td>
<td><strong>1,533,519,965</strong></td>
<td><strong>1,659,746,105</strong></td>
</tr>
</tbody>
</table>
Preference dividend was due for payment on November 21, 2010, however no payments have been made up to the reporting date. In the year 2013, the Company had partially adjusted the preference dividend against the new issue of PPTFCs. The management intends to settle this amount along with the settlement of outstanding overdue preference shares.

Several ex-employees of former subsidiary of the Company, Agritech Limited (“AGL”), have filed a petition against the Company demanding terminal benefits including those under the golden hand shake scheme. The claim, valued at Rs. 8.0 million, is pending before the Honorable Lahore High Court and the Company expects a favorable outcome.

The Company has not accrued expense relating to Gas Infrastructure Development Cess (“GIDC”) billed to the Company till June 30, 2017 aggregating to Rs. 123.004 million (2016: Rs. 100.629 million). This practice was followed by the Company, in lieu of stay orders granted by Honorable High Court of Lahore against GIDC arrears in SNGPL bills. Also, as per legal advisor, the Company prima facie has arguable case and a favourable decision is expected.

The Company has issued indemnity bonds amounting to Rs. 608.371 million (2016: Rs. 363.922 million) in favour of Collector of Customs and Sales Tax department in lieu of levies under various statutory notifications and these are likely to be released after the fulfillment of the terms of related notifications.

Counter guarantees given by the Company to its bankers as at the reporting date amount to Rs. 169.665 million (2016: Rs. 167.605 million).

Bills discounted as at reporting date aggregated to Rs. 1,974.356 million (2016 Rs: 2,313.879 million).

Subsequent to year end, a NAB court reference has been filed on September 9, 2017, in relation to the earlier settlement (first restructuring) of the Company’s financing arrangements in 2012, whereby eighteen financial institutions had partially rescheduled/settled the Company’s liabilities against its investment in the shares of Agritech Limited. The hearings of the reference are in initial phase and the Company’s management, based on legal counsel’s opinion, is of the view that the matter is not expected to have any adverse consequences.
### 17.2 Commitments

#### 17.2.1 Commitments under irrevocable letters of credit for:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>- purchase of raw material</td>
<td>18,847,920</td>
<td>27,823,502</td>
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<tr>
<td>- purchase of machinery</td>
<td>25,709,960</td>
<td>47,105,550</td>
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<tr>
<td><strong>Total</strong></td>
<td>44,557,880</td>
<td>74,929,052</td>
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#### 17.2.2 Commitments for capital expenditure

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<th>2016</th>
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<tr>
<td></td>
<td>9,256,578</td>
<td>71,038,991</td>
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### 18 Property, plant and equipment

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<th>2017</th>
<th>2016</th>
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<td>13,117,452,346</td>
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<tr>
<td>Capital work in progress - <em>at cost</em></td>
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<td>76,798,810</td>
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<tr>
<td><strong>Total</strong></td>
<td>13,168,499,962</td>
<td>13,194,251,156</td>
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</table>
### 18.1 Operating fixed assets

#### Rupees

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<tr>
<th>Particulars</th>
<th>Cost / Revalued amount</th>
<th>Rate %</th>
<th>Depreciation</th>
<th>Net Book Value as at June 30, 2017</th>
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<tbody>
<tr>
<td><strong>Owned assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Freehold land</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>- Cost</td>
<td>558,010,025</td>
<td>-</td>
<td>-</td>
<td>558,010,025</td>
</tr>
<tr>
<td>- Revaluation</td>
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<td>-</td>
<td>1,596,379,975</td>
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<tr>
<td></td>
<td>2,154,390,000</td>
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<td>-</td>
<td>2,154,390,000</td>
</tr>
<tr>
<td>- Buildings on freehold land</td>
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<tr>
<td>- Cost</td>
<td>2,691,063,524</td>
<td>-</td>
<td>17,780,911</td>
<td>2,708,844,435</td>
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<tr>
<td>- Revaluation</td>
<td>1,421,644,214</td>
<td>-</td>
<td>-</td>
<td>1,421,644,214</td>
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<td></td>
<td>4,112,707,738</td>
<td>-</td>
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<td>4,130,488,649</td>
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<td>- Plant and machinery</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cost</td>
<td>9,545,162,138</td>
<td>-</td>
<td>(3,883,954)</td>
<td>9,796,573,931</td>
</tr>
<tr>
<td>- Revaluation</td>
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<td>-</td>
<td>4,301,061,328</td>
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<td></td>
<td>13,848,546,115</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>204,543,049</td>
<td>-</td>
<td>5,530,847</td>
<td>210,073,896</td>
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<tr>
<td>- Vehicles</td>
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<td>-</td>
<td>983,550</td>
<td>65,675,473</td>
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<tr>
<td>- Tools and equipment</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>429,266,891</td>
<td>-</td>
<td>27,502,559</td>
<td>456,769,450</td>
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<tr>
<td>- Electrical installations</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>193,756,846</td>
<td>-</td>
<td>10,392,558</td>
<td>204,149,404</td>
</tr>
<tr>
<td>- Assets subject to finance lease</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>- Plant and machinery</td>
<td></td>
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</tr>
<tr>
<td>- Cost</td>
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<td></td>
<td>58,742,746</td>
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<td>58,742,746</td>
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<tr>
<td>- Vehicles</td>
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<td>14,785,000</td>
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<tr>
<td></td>
<td>58,742,746</td>
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<td>58,742,746</td>
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<tr>
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<td>21,071,978,408</td>
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</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at July 01, 2016</th>
<th>Revaluation Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned assets</td>
<td>Freehold land</td>
<td>Cost</td>
<td>-</td>
<td>-</td>
<td>558,010,025</td>
</tr>
<tr>
<td>Buildings on freehold land</td>
<td>Cost</td>
<td>2,691,063,524</td>
<td>-</td>
<td>17,780,911</td>
<td>2,708,844,435</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>Cost</td>
<td>9,545,162,138</td>
<td>-</td>
<td>(3,883,954)</td>
<td>9,796,573,931</td>
</tr>
<tr>
<td>- Furniture, fixtures and office equipment</td>
<td>Cost</td>
<td>204,543,049</td>
<td>-</td>
<td>5,530,847</td>
<td>210,073,896</td>
</tr>
<tr>
<td>- Tools and equipment</td>
<td>Cost</td>
<td>429,266,891</td>
<td>-</td>
<td>27,502,559</td>
<td>456,769,450</td>
</tr>
<tr>
<td>- Electrical installations</td>
<td>Cost</td>
<td>193,756,846</td>
<td>-</td>
<td>10,392,558</td>
<td>204,149,404</td>
</tr>
<tr>
<td>- Assets subject to finance lease</td>
<td>Cost</td>
<td>58,742,746</td>
<td>-</td>
<td>-</td>
<td>58,742,746</td>
</tr>
<tr>
<td>- Vehicles</td>
<td>Cost</td>
<td>14,785,000</td>
<td>-</td>
<td>-</td>
<td>14,785,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>Cost</td>
<td>21,071,978,408</td>
<td>-</td>
<td>-</td>
<td>21,071,978,408</td>
</tr>
</tbody>
</table>
## Revaluation Surplus Additions Disposals As at June 30, 2016 Rate% As at July 01, 2015

### Owned assets

**Freehold land**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Revaluation</th>
<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Freehold land</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cost</td>
<td>558,010,025</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>558,010,025</td>
<td>-</td>
</tr>
<tr>
<td>- Revaluation</td>
<td>1,355,754,975</td>
<td>240,625,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,596,379,975</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,913,765,000</td>
<td>240,625,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,154,390,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### Buildings on freehold land

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Revaluation</th>
<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Buildings on freehold land</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cost</td>
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<td>-</td>
<td>-</td>
<td>1,421,644,214</td>
<td>325,547,395</td>
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<td><strong>Total</strong></td>
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<td>19,902,518</td>
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<td>-</td>
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<td>1,001,004,791</td>
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</table>

### Plant and machinery

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Revaluation</th>
<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>Plant and machinery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>- Cost</td>
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<td><strong>Total</strong></td>
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<td>40,903,722</td>
<td>(24,798,514)</td>
<td>13,848,546,115</td>
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<td>3,495,549,433</td>
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</table>

### Furniture, fixtures and office equipment

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Revaluation</th>
<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Furniture, fixtures and office equipment</strong></td>
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### Electrical installations

<table>
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<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
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<td><strong>Electrical installations</strong></td>
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<td><strong>Total</strong></td>
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</table>

### Assets subject to finance lease

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cost</th>
<th>Revaluation</th>
<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant and machinery</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Cost</td>
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<td>-</td>
<td>58,742,746</td>
<td>8,360,139</td>
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### Grand Total

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<th>Surplus</th>
<th>Additions</th>
<th>Disposals</th>
<th>As at July 01, 2015</th>
<th>As at June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
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</tbody>
</table>
18.1.1 Disposal of property, plant and equipment

<table>
<thead>
<tr>
<th>Owner</th>
<th>Cost</th>
<th>Accumulated depreciation / impairment</th>
<th>Net book value</th>
<th>Sale proceeds</th>
<th>Mode of disposal</th>
<th>Particulars of buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yamaha Motorcycle</td>
<td>60,000</td>
<td>(54,032)</td>
<td>5,967</td>
<td>6,000</td>
<td>Negotiation</td>
<td>Ghulam Mustafa</td>
</tr>
<tr>
<td>Toyota Vitz</td>
<td>825,000</td>
<td>(710,672)</td>
<td>144,328</td>
<td>650,000</td>
<td>Negotiation</td>
<td>Ifikhar Hussain</td>
</tr>
<tr>
<td>Toyota Corolla</td>
<td>1,196,890</td>
<td>(1,158,334)</td>
<td>38,555</td>
<td>740,000</td>
<td>Negotiation</td>
<td>Sohail Iqbal</td>
</tr>
<tr>
<td>Toyota Corolla</td>
<td>1,094,870</td>
<td>(948,240)</td>
<td>146,630</td>
<td>-</td>
<td>Employee</td>
<td>Naveed Anjum</td>
</tr>
<tr>
<td>Toyota Prado</td>
<td>2,000,000</td>
<td>(1,818,605)</td>
<td>181,395</td>
<td>2,100,000</td>
<td>Negotiation</td>
<td>Waqas Ahmed</td>
</tr>
<tr>
<td>Suzuki Mehran</td>
<td>555,125</td>
<td>(457,594)</td>
<td>98,534</td>
<td>111,225</td>
<td>Employee</td>
<td>Salman Mazhar Shaikh</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,732,885</td>
<td>(5,147,477)</td>
<td>585,409</td>
<td>3,607,225</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Plant and Machinery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel Generator</td>
<td>6,206,603</td>
<td>(2,232,664)</td>
<td>3,973,939</td>
<td>924,370</td>
<td>Negotiation</td>
<td>Muhammad Sharif</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,206,603</td>
<td>(2,232,664)</td>
<td>3,973,939</td>
<td>924,370</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cost</th>
<th>Total Depreciation</th>
<th>Net Book Value</th>
<th>Sale Proceeds</th>
<th>Mode of Disposal</th>
<th>Particulars of Buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>11,939,488</td>
<td>(7,380,141)</td>
<td>4,559,348</td>
<td>4,531,595</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>30,127,873</td>
<td>(10,730,443)</td>
<td>19,397,429</td>
<td>10,214,897</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18.1.2 The depreciation charge for the year has been allocated as follows:

- Cost of sales: 30
- Administrative expenses: 32

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>442,816,141</td>
<td>456,426,207</td>
</tr>
<tr>
<td></td>
<td>11,238,436</td>
<td>10,523,261</td>
</tr>
<tr>
<td></td>
<td>454,054,577</td>
<td>466,949,468</td>
</tr>
</tbody>
</table>

18.1.3 The Company follows the revaluation model for its Land, Building and Plant & Machinery. The fair value measurement of Land & Building as at December 31, 2015 was performed by Arif Evaluators, independent valuer not related to the Company. Arif Evaluators is on panel of Pakistan Banks Association as ‘any amount’ asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

The fair value measurement of Plant & Machinery as at June 30, 2014 was performed by Mericon Consultants, independent valuer not related to the Company. Mericon Consultants was on panel of Pakistan Banks Association as ‘any amount’ asset valuator. It was also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors.

Details of the Company’s assets and information about fair value hierarchy as at June 30, 2017 are as follows:
<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>-</td>
<td>2,154,390,000</td>
<td>-</td>
</tr>
<tr>
<td>Building</td>
<td>-</td>
<td>2,941,080,318</td>
<td>-</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>-</td>
<td>7,460,480,629</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>12,555,950,947</td>
<td>-</td>
</tr>
</tbody>
</table>

18.2 Capital work in progress

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at</td>
</tr>
<tr>
<td></td>
<td>July 01, 2016</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>21,260,851</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>55,537,960</td>
</tr>
<tr>
<td></td>
<td>76,798,811</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As at</td>
</tr>
<tr>
<td></td>
<td>July 01, 2015</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>22,161,540</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>5,650,208</td>
</tr>
<tr>
<td></td>
<td>27,811,748</td>
</tr>
</tbody>
</table>

19 Long term investments

These represent investments in equity and debt securities, classified as available for sale financial assets. Particulars of investments are as follows:

- **Investments in related parties**
  - Unquoted
  - Quoted

- **Other investments**
  - Unquoted - secured
  - Quoted

<table>
<thead>
<tr>
<th>Investments in related parties</th>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted</td>
<td>19.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quoted</td>
<td>19.2</td>
<td></td>
<td>20,460</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unquoted - secured</td>
<td>19.3</td>
<td>231,864,928</td>
<td>231,864,928</td>
</tr>
<tr>
<td>Quoted</td>
<td>19.4</td>
<td></td>
<td>11,090</td>
</tr>
<tr>
<td></td>
<td></td>
<td>231,864,928</td>
<td>231,876,018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>231,864,928</td>
<td>231,896,478</td>
</tr>
</tbody>
</table>
As mentioned in previous financial statements of the Company, during year ended June 30, 2015, the Court of Vicenza, Italian Republic (the Court) granted bankruptcy proposal of public prosecutor and appointed trustee to manage affairs of Montebello s.r.l. (MBL). Considering the liquidation, the Company provided impairment of balance amount of Rs. 452.529 million during year ended June 30, 2015.

During the proceedings, 48 parties filed their claims with the Court and all have been accepted by the Court aggregating to Euro 7,893,794.48. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company’s claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinate claim due to Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. Recently the Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The decision of this expert is now awaited.

### 19.1 Investment in related party - unquoted

**Montebello s.r.l. ("MBL")**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>2,625,026,049</td>
<td>2,625,026,049</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>(2,625,026,049)</td>
<td>(2,625,026,049)</td>
</tr>
<tr>
<td>Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Charged during the year</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

19.1.1 As mentioned in previous financial statements of the Company, during year ended June 30, 2015, the Court of Vicenza, Italian Republic (the Court) granted bankruptcy proposal of public prosecutor and appointed trustee to manage affairs of Montebello s.r.l. (MBL). Considering the liquidation, the Company provided impairment of balance amount of Rs. 452.529 million during year ended June 30, 2015.

During the bankruptcy proceedings, 48 parties filed their claims with the Court and all have been accepted by the Court aggregating to Euro 7,893,794.48. The value of priority claims included therein are of Euro 3,929,380.36 and the value of unsecured and subordinated claims are of Euro 3,964,414.12. The Company has been advised by its legal counsel that, in accordance to the law, priority claims would be paid first and then unsecured and subordinated claims will be paid. The Company’s claim aggregating to Euro 3,835,344 has been accepted on account of principal and interest as subordinate claim due to Company being the parent of MBL.

The Company has contested with the Court that its claim should be accepted as at least unsecured claim rather than being subordinate claim. Recently the Court has appointed an expert to decide whether claim of the Company should be accepted as unsecured claim or subordinate. The decision of this expert is now awaited.

### 19.2 Investment in related party - quoted

**JS Value Fund Limited**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td>-</td>
<td>10,460</td>
</tr>
</tbody>
</table>

### 19.3 Other investments - unquoted - secured

**Agritech Limited**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>266,074,508</td>
<td>266,074,508</td>
</tr>
<tr>
<td>Less: impairment allowance</td>
<td>(34,209,580)</td>
<td>(34,209,580)</td>
</tr>
<tr>
<td></td>
<td>231,864,928</td>
<td>231,864,928</td>
</tr>
</tbody>
</table>

These represent Term Finance Certificates ("TFCs") issued by AGL and carry return at six months KIBOR plus 1.75% and are redeemable in thirteen unequal semi-annual installments starting from July 14, 2013. Since majority of TFCs are pledged as security with providers of debt finance, therefore these have been presented as long term investment. For details of investments pledged as security, refer to note 44 to the financial statements.

These are secured by charge over property, plant and equipment of AGL.
19.4 Other investments - quoted

<table>
<thead>
<tr>
<th>Company</th>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colony Mills Limited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil ordinary shares (2016: 4,332 shares at market value of Rs. 2.56 per share)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>-</td>
<td>8,664</td>
<td>2,426</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td>-</td>
<td></td>
<td>11,090</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16,904,295</td>
<td>16,832,696</td>
</tr>
</tbody>
</table>

20 Long term deposits - unsecured, considered good

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility companies and regulatory authorities</td>
<td>20.1</td>
<td>16,904,295</td>
<td>16,832,696</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>20.2</td>
<td>4,702,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21,606,295</td>
<td>18,632,696</td>
</tr>
</tbody>
</table>

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

20.2 These have been deposited with financial institutions.

21 Trade debt - unsecured, considered good

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debt</td>
<td>-</td>
<td>122,536,653</td>
</tr>
<tr>
<td>Less: discounting charges on receivable</td>
<td>-</td>
<td>(21,922,732)</td>
</tr>
<tr>
<td>Less: due within one year</td>
<td>-</td>
<td>(100,613,921)</td>
</tr>
<tr>
<td>Long term portion</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

21.1 This represented discounted value of long term trade debt due from Corceltex LDA Italy, which was receivable in monthly installments of fixed amount in future years. This debt was acquired by the Company from MBL under Settlement Agreement dated August 12, 2014, against the outstanding sale invoices receivable from MBL of same amount.

22 Stores, spare parts and loose tools

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores, spare parts and loose tools</td>
<td></td>
<td>132,545,743</td>
<td>128,867,511</td>
</tr>
</tbody>
</table>

23 Stock-in-trade

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material</td>
<td>598,246,516</td>
<td>422,988,530</td>
</tr>
<tr>
<td>Less: diminution in value of stock due to net realizable value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>598,246,516</td>
<td>422,988,530</td>
</tr>
<tr>
<td>Work in process</td>
<td>841,189,875</td>
<td>731,032,874</td>
</tr>
<tr>
<td>Less: diminution in value of stock due to net realizable value</td>
<td>-</td>
<td>(1,394,568)</td>
</tr>
<tr>
<td></td>
<td>841,189,875</td>
<td>729,638,306</td>
</tr>
<tr>
<td>Finished goods</td>
<td>23.2</td>
<td>419,577,123</td>
</tr>
<tr>
<td>Less: diminution in value of stock due to net realizable value</td>
<td>-</td>
<td>(10,616,774)</td>
</tr>
<tr>
<td></td>
<td>419,577,123</td>
<td>616,509,759</td>
</tr>
<tr>
<td></td>
<td>1,859,013,514</td>
<td>1,769,136,595</td>
</tr>
</tbody>
</table>

23.1 Details of stock in trade pledged as security are referred to in note 44 to the financial statements.

23.2 Finished goods include stock in transit amounting to Rs. 42.5 million (2016: Rs. 4.31 million).
### 24 Trade debts

#### Local
- secured 24.1  
  - unsecured, considered good 13,238,352  
  - unsecured, considered doubtful 65,492,772  
  204,719,560

#### Foreign
- secured 24.1  
  - unsecured, considered good 364,801,042  
  - unsecured, considered doubtful 1,006,172,468  
  2,107,914,449

Less: provision against trade debts 24.2  
(1,071,665,240)  
1,240,968,769

**Note**
- These are secured against letters of credit.
- This includes an amount of Rs. 452.529 million (2016: 452.529 million) receivable from MBL, a related party, and this amount have been fully provided for due to the facts mentioned in note 19.1.1.

### 25 Advances, deposits, prepayments and other receivables

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to suppliers - unsecured, considered good</td>
<td>322,196,114</td>
<td>194,417,345</td>
</tr>
<tr>
<td>Advances to employees - unsecured, considered good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- against salaries and post employment benefits 25.1</td>
<td>7,389,966</td>
<td>7,615,854</td>
</tr>
<tr>
<td>- against purchases and expenses</td>
<td>28,644,638</td>
<td>15,160,376</td>
</tr>
<tr>
<td>Security deposits</td>
<td>13,837,137</td>
<td>23,286,186</td>
</tr>
<tr>
<td>Margin deposits 25.2</td>
<td>36,213,874</td>
<td>39,333,431</td>
</tr>
<tr>
<td>Rebate receivable</td>
<td>499,346,835</td>
<td>216,323,998</td>
</tr>
<tr>
<td>Sales Tax / FED recoverable</td>
<td>540,486,233</td>
<td>654,781,682</td>
</tr>
<tr>
<td>Due from Agritech Limited - secured</td>
<td>100,492,120</td>
<td>100,492,120</td>
</tr>
<tr>
<td>Less: impairment allowance</td>
<td>(32,179,608)</td>
<td>(32,179,608)</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>68,312,512</td>
<td>68,312,512</td>
</tr>
<tr>
<td>Insurance claims</td>
<td>18,405,242</td>
<td>49,971,312</td>
</tr>
<tr>
<td>Other receivables - unsecured, considered good</td>
<td>1,570,242,442</td>
<td>1,301,764,543</td>
</tr>
</tbody>
</table>

These are secured against letters of credit.
25.1 These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy. Reconciliation of carrying amount of advances to executive employees against salaries is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>As at beginning of the year</td>
<td>4,415,609</td>
<td>8,022,429</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>2,976,000</td>
<td>6,758,464</td>
</tr>
<tr>
<td>Less: receipts / adjustments during the year</td>
<td>(4,852,645)</td>
<td>(10,365,284)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>2,538,964</td>
<td>4,415,609</td>
</tr>
</tbody>
</table>

25.2 These represent deposits against bank guarantees.

26 Short term investments

These represent investments in equity securities. These have been classified as available for sale financial assets. Particulars of investments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>Rupees</td>
</tr>
<tr>
<td>Quoted</td>
<td>26.1</td>
<td>306,022,500</td>
</tr>
</tbody>
</table>

26.1 Agritech Limited:

58,290,000 (2016: 58,290,000) fully paid Preference shares of Rs. 5.25 each

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>Rupees</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td>306,022,500</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>306,022,500</td>
</tr>
</tbody>
</table>

This represents investment in preference shares of Agritech Limited received as part consideration against sale of ordinary shares of Agritech Limited to National Bank of Pakistan. The Company has a put option to sell these shares to NBP at the purchase price i.e. Rs. 5.25 per share.

27 Provision for taxation - net

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>Rupees</td>
</tr>
<tr>
<td>As at beginning of the year</td>
<td></td>
<td>78,264,470</td>
</tr>
<tr>
<td>Provision for the year</td>
<td></td>
<td>90,471,993</td>
</tr>
<tr>
<td>Paid / adjusted during the year</td>
<td>(112,610,508)</td>
<td>(125,613,492)</td>
</tr>
<tr>
<td>As at end of the year</td>
<td></td>
<td>56,125,955</td>
</tr>
</tbody>
</table>

28 Cash and bank balances

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>Rupees</td>
</tr>
<tr>
<td>Cash in hand</td>
<td></td>
<td>3,933,606</td>
</tr>
<tr>
<td>Cash at banks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- current accounts in local currency</td>
<td>28.1</td>
<td>119,560,261</td>
</tr>
<tr>
<td>- deposit accounts in local currency</td>
<td>28.2</td>
<td>35,285,768</td>
</tr>
<tr>
<td>- deposit accounts in foreign currency</td>
<td>28.2</td>
<td>442,204</td>
</tr>
<tr>
<td></td>
<td></td>
<td>155,288,233</td>
</tr>
<tr>
<td></td>
<td></td>
<td>159,221,839</td>
</tr>
</tbody>
</table>

28.1 These carry return under mark-up arrangement at 3.75% to 5.50% per annum (2016: 3.50% to 6.25% per annum)

28.2 These carry return under mark-up arrangement at prevailing LIBOR per annum (2016: prevailing LIBOR per annum)
### 29 Sales - net

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>1,213,011,753</td>
<td>1,323,911,898</td>
</tr>
<tr>
<td>Export</td>
<td>11,186,121,260</td>
<td>11,737,168,321</td>
</tr>
<tr>
<td>Rebate on exports</td>
<td>12,399,133,013</td>
<td>13,061,080,219</td>
</tr>
<tr>
<td>Discount</td>
<td>414,509,130</td>
<td>121,744,511</td>
</tr>
<tr>
<td>(11,267,866)</td>
<td>(6,540,286)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,802,374,277</strong></td>
<td><strong>13,176,284,444</strong></td>
</tr>
</tbody>
</table>

#### 29.1 Local

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>926,649,759</td>
<td>959,755,094</td>
</tr>
<tr>
<td>Processing income</td>
<td>293,265,111</td>
<td>442,419,236</td>
</tr>
<tr>
<td>Waste</td>
<td>12,151,623</td>
<td>11,093,451</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,232,066,493</strong></td>
<td><strong>1,413,267,781</strong></td>
</tr>
<tr>
<td>Less: sales tax</td>
<td>(19,054,740)</td>
<td>(89,355,883)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,213,011,753</strong></td>
<td><strong>1,323,911,898</strong></td>
</tr>
</tbody>
</table>

#### 29.2 These include indirect exports, taxable under Section 154 (3b) of the Income Tax Ordinance, 2001, amounting to Rs. 1,520.284 million (2016: Rs. 1,524.887 million)

#### 29.3 Export Development Surcharge applicable under SRO 10(1)/2003 dated January 04, 2003 amounting Rs. 23.607 million (2016: Rs. 25.251 million) has been deducted from gross export sales.

### 30 Cost of sales

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw and packing materials consumed</td>
<td>7,007,301,812</td>
<td>7,656,548,679</td>
</tr>
<tr>
<td>Salaries, wages and benefits</td>
<td>1,892,051,355</td>
<td>1,631,035,848</td>
</tr>
<tr>
<td>Fuel and power</td>
<td>889,956,300</td>
<td>1,040,651,601</td>
</tr>
<tr>
<td>Store, spares and loose tools consumed</td>
<td>182,386,488</td>
<td>188,031,942</td>
</tr>
<tr>
<td>Traveling, conveyance and entertainment</td>
<td>98,923,874</td>
<td>94,493,032</td>
</tr>
<tr>
<td>Rent, rates and taxes</td>
<td>3,745,860</td>
<td>13,484,031</td>
</tr>
<tr>
<td>Insurance</td>
<td>43,628,309</td>
<td>46,161,736</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>39,641,556</td>
<td>38,612,455</td>
</tr>
<tr>
<td>Processing charges</td>
<td>217,593,414</td>
<td>350,639,441</td>
</tr>
<tr>
<td>Depreciation</td>
<td>442,816,141</td>
<td>456,426,207</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>6,294,512</td>
<td>5,088,931</td>
</tr>
<tr>
<td>Communications</td>
<td>5,403,286</td>
<td>7,887,617</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,590,029</td>
<td>2,231,479</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,831,332,936</td>
<td>11,531,292,999</td>
</tr>
</tbody>
</table>

#### Work in process:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at beginning of the year</td>
<td>729,638,306</td>
<td>662,841,672</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>(841,189,875)</td>
<td>(729,638,306)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(111,551,569)</td>
<td>(66,796,634)</td>
</tr>
</tbody>
</table>

#### Cost of goods manufactured

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods:</td>
<td>10,719,781,367</td>
<td>11,464,496,365</td>
</tr>
<tr>
<td>As at beginning of the year</td>
<td>616,509,759</td>
<td>829,138,946</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>(419,577,123)</td>
<td>(616,509,759)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>196,932,636</td>
<td>212,629,187</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,916,714,003</td>
<td>11,677,125,552</td>
</tr>
</tbody>
</table>
### 30.1
These include charge in respect of employees' retirement benefits amounting Rs. 72.586 million (2016: Rs. 61.04 million).

#### 31 Selling and distribution expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>156,099,203</td>
<td>127,747,309</td>
</tr>
<tr>
<td>Traveling, conveyance and entertainment</td>
<td>50,942,765</td>
<td>35,357,289</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>472,351</td>
<td>796,621</td>
</tr>
<tr>
<td>Rent, rates and taxes</td>
<td>1,275,745</td>
<td>1,103,818</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,766,868</td>
<td>3,477,055</td>
</tr>
<tr>
<td>Freight and other expenses</td>
<td>148,192,203</td>
<td>162,074,300</td>
</tr>
<tr>
<td>Communication</td>
<td>36,472,910</td>
<td>34,319,263</td>
</tr>
<tr>
<td>Advertisement and marketing</td>
<td>36,731,838</td>
<td>41,885,897</td>
</tr>
<tr>
<td>Fee and subscription</td>
<td>7,485,557</td>
<td>472,201</td>
</tr>
<tr>
<td>Commission</td>
<td>77,405,282</td>
<td>81,686,791</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>470,619</td>
<td>301,708</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>517,315,341</td>
<td>489,222,252</td>
</tr>
</tbody>
</table>

These include charge in respect of employees' retirement benefits amounting Rs. 4.56 million (2016: Rs. 8.20 million).

### 32 Administrative expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>274,059,975</td>
<td>257,318,468</td>
</tr>
<tr>
<td>Traveling, conveyance and entertainment</td>
<td>48,557,584</td>
<td>39,321,293</td>
</tr>
<tr>
<td>Fuel and power</td>
<td>9,331,488</td>
<td>7,851,141</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>25,608,627</td>
<td>29,770,254</td>
</tr>
<tr>
<td>Rent, rates and taxes</td>
<td>7,469,650</td>
<td>7,421,800</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,481,617</td>
<td>1,733,661</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>2,863,242</td>
<td>2,928,084</td>
</tr>
<tr>
<td>Communication</td>
<td>14,560,201</td>
<td>14,358,083</td>
</tr>
<tr>
<td>Legal and professional charges</td>
<td>13,415,678</td>
<td>18,731,039</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,238,436</td>
<td>10,523,261</td>
</tr>
<tr>
<td>Fee and subscription</td>
<td>21,906,300</td>
<td>16,939,431</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,849,565</td>
<td>3,254,072</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>436,342,363</td>
<td>410,150,587</td>
</tr>
</tbody>
</table>

These include charge in respect of employees' retirement benefits amounting Rs. 15.77 million (2016: Rs. 3.07 million).

### 32.1
These include charge in respect of auditors' remuneration amounting Rs. 15.77 million (2016: Rs. 3.07 million).

<table>
<thead>
<tr>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual statutory audit</td>
<td>2,260,000</td>
</tr>
<tr>
<td>Half yearly review</td>
<td>750,000</td>
</tr>
<tr>
<td>Special Audit</td>
<td>-</td>
</tr>
<tr>
<td>Review report under Code of Corporate Governance</td>
<td>231,000</td>
</tr>
<tr>
<td>Certification and other services</td>
<td>50,000</td>
</tr>
<tr>
<td>Out of pocket expenses</td>
<td>302,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,593,000</td>
</tr>
</tbody>
</table>
### 33 Other income

**Income from financial assets**
- Return on investment in term finance certificates: 33.1, 22,917,544
- Gain on sale of investment: 33.2, 582,767
- Foreign exchange gain: 33.3, 1,760,996
- Return on bank deposits: 11,672,880

**Income from non-financial assets**
- Miscellaneous: 1,292,578

**Note**
- 33.1 This represents return on investment in Term Finance Certificates of AGL.
- 33.2 This represents gain on sale of ordinary shares in JS Value Fund Limited and Colony Textile Mills Limited amounting to Rs. 0.021 million. It also includes Rs.0.561 million unrealized gain transferred to profit and loss account related to investments which had been disposed off in the previous years but unrealized gain was not transferred to profit and loss account.
- 33.3 This represents gain due to foreign currency rate fluctuation on party balances.

### 34 Other expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on disposal of property, plant and equipment: 18.1.1</td>
<td>27,753</td>
<td>9,182,532</td>
</tr>
<tr>
<td>Provision against trade debts: 24.2</td>
<td>45,742,539</td>
<td>103,464,892</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,770,292</td>
<td>112,647,424</td>
</tr>
</tbody>
</table>

### 35 Finance cost

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest / mark-up on:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Redeemable capital</td>
<td>243,461,674</td>
<td>257,244,615</td>
</tr>
<tr>
<td>- Long term finances</td>
<td>121,505,491</td>
<td>122,090,364</td>
</tr>
<tr>
<td>- Liabilities against assets subject to finance lease</td>
<td>4,702,494</td>
<td>2,506,438</td>
</tr>
<tr>
<td>- Short term borrowings</td>
<td>380,737,636</td>
<td>428,718,331</td>
</tr>
<tr>
<td>- Provident fund trust</td>
<td>-</td>
<td>1,267,076</td>
</tr>
<tr>
<td>Amortization of transaction costs and unwinding effect of present value: 8.7, 8.8 &amp; 9.6</td>
<td>80,628,767</td>
<td>208,434,776</td>
</tr>
<tr>
<td>Exchange loss on foreign currency borrowings</td>
<td>26,755,247</td>
<td>28,371,069</td>
</tr>
<tr>
<td>Bank discounting and other charges</td>
<td>107,808,883</td>
<td>158,991,903</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>965,600,192</td>
<td>1,207,624,572</td>
</tr>
</tbody>
</table>

**Note**
- 35.1 Interest / mark-up on borrowings from related party have been disclosed in note 40.1.1 to the financial statements.

### 36 Taxation

**Income tax**
- Current tax: 36.1, 90,471,993
- Deferred tax: 36.5, -

**Note**
- 36.1
36.1 Provision for current tax has been made in accordance with section 154 of the Income Tax Ordinance, 2001 ("the Ordinance") and Circular No. 20 of 1992.

36.2 The assessments of the Company up to and including tax year 2015 have been completed except for tax years 2003, 2007, 2008 and 2009 which are referred to by the Income Tax Department in Honorable High Court of Lahore ("Court"). However, orders of CIR appeal and Appellate Tribunal Inland Revenue (ATIR) for mentioned tax years are in favor of the Company. Even in case of unfavorable decision of the Court, there will be no material impact is expected on the financial statements.

36.3 Other cases involving point of law are subject to adjudication before Honorable Lahore High Court.

36.4 In the year 2012, the Company claimed refund of an amount of Rs. 40.32 million in the sales tax return for the month of November 2012. This relates to payment of FED in sale tax mode to National Bank of Pakistan. The claim was rejected by DCIR, however the Commissioner Appeals has accepted the appeal filed by Company. The Commissioner Zone-I filed an appeal before the ATIR which has upheld the decision of Commissioner Appeals in favor of the Company. Consequent to this decision, the management is expecting to receive the refund in due course of time.

36.5 Export sales, including proposed claims for indirect exports of the Company are expected to achieve the threshold for the Company, with the option to be taxed under the Final Tax Regime. This trend is expected to continue in foreseeable future. Accordingly, no provision for deferred tax has been made.

36.6 There is no relationship between tax expense and accounting profit since the Company's profits are subject to tax under the Final Tax Regime. Accordingly, no numerical reconciliation has been presented.

<table>
<thead>
<tr>
<th>37 Loss per share - basic and diluted</th>
<th>Unit</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.1 Basic loss per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss attributable to ordinary shareholders</td>
<td>Rupees</td>
<td>(133,565,289)</td>
<td>(814,146,969)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares outstanding during the year</td>
<td>No. of shares</td>
<td>454,871,870</td>
<td>454,871,870</td>
</tr>
<tr>
<td>Loss per share</td>
<td>Rupees</td>
<td>(0.29)</td>
<td>(1.79)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>37.2 Diluted loss per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no dilutive effect on the basic loss per share as the Company does not have any convertible instruments in issue as at June 30, 2017 and June 30, 2016.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>38 Cash generated from operations</th>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss before tax</td>
<td></td>
<td>(43,093,296)</td>
<td>(683,601,570)</td>
</tr>
<tr>
<td>Adjustment for non-cash and other items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest / mark-up expense</td>
<td>35</td>
<td>750,407,295</td>
<td>810,559,748</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>18.1.1</td>
<td>27,753</td>
<td>9,182,532</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>34</td>
<td>45,742,539</td>
<td>103,464,892</td>
</tr>
<tr>
<td>Foreign exchange loss - net</td>
<td>35</td>
<td>26,755,247</td>
<td>28,371,069</td>
</tr>
<tr>
<td>Return on investment in term finance certificates</td>
<td>33</td>
<td>-</td>
<td>(22,917,544)</td>
</tr>
<tr>
<td>Diminution in value of stock due to net realizable value</td>
<td></td>
<td>-</td>
<td>12,011,342</td>
</tr>
<tr>
<td>Depreciation</td>
<td>18.1.2</td>
<td>454,054,577</td>
<td>466,949,468</td>
</tr>
<tr>
<td>Provision for employee benefits</td>
<td>11.1.4</td>
<td>92,918,652</td>
<td>72,304,556</td>
</tr>
<tr>
<td>Amortization of transaction costs and deferred notional income</td>
<td>35</td>
<td>80,628,767</td>
<td>208,434,776</td>
</tr>
<tr>
<td>Operating profit before changes in working capital</td>
<td></td>
<td>1,450,534,830</td>
<td>1,688,360,839</td>
</tr>
</tbody>
</table>

| 38.1 Operating profit before tax | | 1,407,441,534 | 1,004,759,269 |
Changes in working capital

(Increase) / decrease in current assets:
- Stores, spares and loose tools: $(3,678,232)$ / $(2,691,431)$
- Stock in trade: $(89,876,919)$ / $159,356,226$
- Trade debts: $(109,636,801)$ / $142,551,267$
- Advances, deposits, prepayments and other receivables: $(268,477,899)$ / $(37,862,571)$

Increase / (decrease) in current liabilities:
- Trade and other payables: $(127,365,360)$ / $(787,058,821)$
- Cash generated from operations: $808,406,323$ / $479,053,939$

39 Cash and cash equivalents
- Short term borrowings - running finance - secured: $(623,832,072)$ / $(800,435,419)$
- Cash and bank balances: $159,221,839$ / $143,318,091$

$(464,610,233)$ / $(657,117,328)$

40 Transactions and balances with related parties

Related parties from the Company’s perspective comprise associated undertakings, key management personnel (including chief executive and directors), post employment benefit plan and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis with the exceptions as approved by the Board of Directors.

Detail of transactions and balances with related parties is as follows:

40.1 Transactions with related parties

40.1.1 Other related parties - associated companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Code</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS Bank Limited</td>
<td>35</td>
<td>22,224,848</td>
<td>20,613,222</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration of Trustee</td>
<td>8.5 &amp; 8.6</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Mark-up paid</td>
<td>13</td>
<td>16,335,849</td>
<td>17,480,616</td>
</tr>
<tr>
<td>JS Value Fund Limited</td>
<td>35</td>
<td>1,540,634</td>
<td>1,617,908</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit Trust of Pakistan</td>
<td>35</td>
<td>2,352,260</td>
<td>2,649,006</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS Large Cap Fund</td>
<td>35</td>
<td>9,172,662</td>
<td>9,172,662</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS Global Capital Limited</td>
<td>35</td>
<td>35,910,180</td>
<td>36,008,564</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS Principal Secure Fund</td>
<td>35</td>
<td>3,682,800</td>
<td>3,692,890</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS Income Fund</td>
<td>35</td>
<td>2,933,849</td>
<td>3,259,766</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS Growth Fund</td>
<td>35</td>
<td>8,345,862</td>
<td>8,429,604</td>
</tr>
<tr>
<td>Mark-up expense</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
40.1.2 Key management personnel

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 45 to the financial statements.

40.2 Balances with related parties

40.2.1 Other related parties - associated companies

<table>
<thead>
<tr>
<th>JS Bank Limited</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redeemable capital - PPTFC IV</td>
<td>65,021,777</td>
<td>65,021,777</td>
</tr>
<tr>
<td>Short term borrowing</td>
<td>332,955,019</td>
<td>329,702,630</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>41,405,599</td>
<td>35,517,561</td>
</tr>
<tr>
<td>JS Value Fund Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - TFC II</td>
<td>19,523,024</td>
<td>19,523,024</td>
</tr>
<tr>
<td>Redeemable capital - TFC VI</td>
<td>12,900,000</td>
<td>12,900,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>11,814,661</td>
<td>10,261,356</td>
</tr>
<tr>
<td>Unit Trust of Pakistan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - TFC V</td>
<td>31,980,766</td>
<td>31,980,766</td>
</tr>
<tr>
<td>Redeemable capital - PPTFC VI</td>
<td>19,265,000</td>
<td>19,265,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>17,705,343</td>
<td>15,514,021</td>
</tr>
<tr>
<td>JS Large Cap Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - PPTFCs</td>
<td>83,160,000</td>
<td>83,160,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>22,881,531</td>
<td>13,733,931</td>
</tr>
<tr>
<td>JS Global Capital Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - PPTFCs</td>
<td>326,456,184</td>
<td>326,456,184</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>89,824,643</td>
<td>53,914,462</td>
</tr>
<tr>
<td>JS Principal Secure Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - PPTFCs</td>
<td>33,480,000</td>
<td>33,480,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>9,212,045</td>
<td>5,529,245</td>
</tr>
<tr>
<td>JS Pension Savings Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - PPTFC VI</td>
<td>3,850,000</td>
<td>3,850,000</td>
</tr>
<tr>
<td>JS Income Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - TFC II</td>
<td>7,369,942</td>
<td>7,369,942</td>
</tr>
<tr>
<td>Redeemable capital - TFC V</td>
<td>31,980,766</td>
<td>31,980,766</td>
</tr>
<tr>
<td>Redeemable capital - PPTFC VI</td>
<td>24,135,000</td>
<td>24,135,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>17,510,225</td>
<td>19,387,683</td>
</tr>
<tr>
<td>JS Growth Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital - TFC II</td>
<td>16,269,187</td>
<td>16,269,187</td>
</tr>
<tr>
<td>Redeemable capital - PPTFC VI</td>
<td>10,750,000</td>
<td>10,750,000</td>
</tr>
<tr>
<td>Redeemable capital - PPTFCs</td>
<td>64,200,000</td>
<td>64,200,000</td>
</tr>
<tr>
<td>Mark-up payable</td>
<td>27,510,225</td>
<td>19,153,804</td>
</tr>
</tbody>
</table>

40.2.2 Key management personnel

Short term employee benefits payable | 20,083,937 | 17,579,222 |
The Company’s activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework.

**Risk Management Framework**

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

The Company's audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### 41.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits.

#### 41.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments, trade debts, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is as follows:
Available for sale financial assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term investments</td>
<td>19</td>
<td>231,864,928</td>
</tr>
<tr>
<td>Short term investments</td>
<td>26</td>
<td>306,022,500</td>
</tr>
</tbody>
</table>

Loans and receivables

<table>
<thead>
<tr>
<th>Note</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term deposit - utility companies and regulatory authorities</td>
<td>20</td>
<td>16,904,295</td>
</tr>
<tr>
<td>Long term deposit - financial institutions</td>
<td>20</td>
<td>4,702,000</td>
</tr>
<tr>
<td>Trade debts</td>
<td>24</td>
<td>1,240,968,769</td>
</tr>
<tr>
<td>Due from Agritech Limited - unsecured, considered good</td>
<td>25</td>
<td>68,312,512</td>
</tr>
<tr>
<td>Other receivables - unsecured, considered good</td>
<td>25</td>
<td>19,654,232</td>
</tr>
<tr>
<td>Security deposits</td>
<td>25</td>
<td>13,837,137</td>
</tr>
<tr>
<td>Margin deposits</td>
<td>25</td>
<td>36,213,874</td>
</tr>
<tr>
<td>Insurance claims</td>
<td>25</td>
<td>15,755,659</td>
</tr>
<tr>
<td>Cash at banks</td>
<td>28</td>
<td>155,288,233</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,571,636,711</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,109,524,139</td>
</tr>
</tbody>
</table>

41.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 Rupees</th>
<th>2016 Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>1,240,968,769</td>
<td>1,177,074,507</td>
</tr>
<tr>
<td>Banking companies and financial institutions</td>
<td>191,502,107</td>
<td>178,364,763</td>
</tr>
<tr>
<td>Related party</td>
<td>-</td>
<td>20,460</td>
</tr>
<tr>
<td>Others</td>
<td>677,053,263</td>
<td>680,691,759</td>
</tr>
<tr>
<td></td>
<td>2,109,524,139</td>
<td>2,036,151,489</td>
</tr>
</tbody>
</table>

41.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

41.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, security deposits, margin deposits and insurance claims. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:
### Bank balances

<table>
<thead>
<tr>
<th>Bank</th>
<th>Rating</th>
<th>Short term</th>
<th>Long term</th>
<th>Rating agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albaraka Bank (Pakistan) Limited</td>
<td>A1</td>
<td>A</td>
<td>PACRA</td>
<td>54,315</td>
</tr>
<tr>
<td>Askari Bank Limited</td>
<td>A1+</td>
<td>AA+</td>
<td>PACRA</td>
<td>29</td>
</tr>
<tr>
<td>Bank Alfalah Limited</td>
<td>A1+</td>
<td>AA+</td>
<td>PACRA</td>
<td>6,560,134</td>
</tr>
<tr>
<td>Bank Islami Pakistan Limited</td>
<td>A1</td>
<td>A+</td>
<td>PACRA</td>
<td>42,635</td>
</tr>
<tr>
<td>Faysal Bank Limited</td>
<td>A1+</td>
<td>AA</td>
<td>PACRA</td>
<td>855,516</td>
</tr>
<tr>
<td>Habib Bank Limited</td>
<td>AAA</td>
<td>A1+</td>
<td>JCR-VIS</td>
<td>4,074</td>
</tr>
<tr>
<td>Habib Metropolitan Bank Limited</td>
<td>A1+</td>
<td>AA+</td>
<td>PACRA</td>
<td>8,734</td>
</tr>
<tr>
<td>HSBC Bank Middle East Limited</td>
<td>F1+</td>
<td>AA-</td>
<td>Fitch</td>
<td>-</td>
</tr>
<tr>
<td>JS Bank Limited</td>
<td>A1+</td>
<td>AA-</td>
<td>PACRA</td>
<td>10,770,986</td>
</tr>
<tr>
<td>MCB Bank Limited</td>
<td>A1+</td>
<td>AAA</td>
<td>PACRA</td>
<td>155,411</td>
</tr>
<tr>
<td>Meezan Bank Limited</td>
<td>A1+</td>
<td>AA</td>
<td>JCR-VIS</td>
<td>30,278</td>
</tr>
<tr>
<td>National Bank of Pakistan</td>
<td>A1+</td>
<td>AAA</td>
<td>PACRA</td>
<td>294,547</td>
</tr>
<tr>
<td>NIB Bank Limited</td>
<td>A1+</td>
<td>AA-</td>
<td>PACRA</td>
<td>32,265,020</td>
</tr>
<tr>
<td>Silk Bank Limited</td>
<td>A2</td>
<td>A-</td>
<td>JCR-VIS</td>
<td>19,009</td>
</tr>
<tr>
<td>Soneri Bank Limited</td>
<td>A1+</td>
<td>AA-</td>
<td>PACRA</td>
<td>5,065</td>
</tr>
<tr>
<td>Standard Chartered Bank (Pakistan)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limited</td>
<td>A1+</td>
<td>AAA</td>
<td>PACRA</td>
<td>141,357</td>
</tr>
<tr>
<td>Summit Bank Limited</td>
<td>A1</td>
<td>A-</td>
<td>JCR-VIS</td>
<td>58,024,206</td>
</tr>
<tr>
<td>Samba Bank Limited</td>
<td>A1</td>
<td>AA</td>
<td>JCR-VIS</td>
<td>5,931</td>
</tr>
<tr>
<td>The Bank of Punjab</td>
<td>A1+</td>
<td>AA</td>
<td>PACRA</td>
<td>677</td>
</tr>
<tr>
<td>United Bank Limited</td>
<td>A1+</td>
<td>AAA</td>
<td>JCR-VIS</td>
<td>1,437,139</td>
</tr>
<tr>
<td>Bank of Khyber</td>
<td>A1</td>
<td>A</td>
<td>PACRA</td>
<td>12,013,393</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross carrying</td>
<td>Accumulated</td>
</tr>
<tr>
<td></td>
<td>amount</td>
<td>impairment</td>
</tr>
<tr>
<td>Not yet due</td>
<td>711,309,222</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 0 to 6</td>
<td>177,352,930</td>
<td>-</td>
</tr>
<tr>
<td>months</td>
<td>136,340,427</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 6 to 12</td>
<td>1,287,631,430</td>
<td>(1,071,665,240)</td>
</tr>
<tr>
<td>months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past due by more</td>
<td>2,312,634,099</td>
<td>(1,071,665,240)</td>
</tr>
<tr>
<td>than one year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Margin deposits

| Summit Bank Limited | A1 | A- | JCR-VIS | 36,213,874 | 39,333,431 |

### 41.1.3(b) Counterparties without external credit ratings

These mainly include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. The Company allows 15 to 180 days credit period to its customers. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross carrying amount</td>
<td>Accumulated impairment</td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td>Not yet due</td>
<td>711,309,222</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 0 to 6</td>
<td>177,352,930</td>
<td>-</td>
</tr>
<tr>
<td>months</td>
<td>136,340,427</td>
<td>-</td>
</tr>
<tr>
<td>Past due by 6 to 12</td>
<td>1,287,631,430 (1,071,665,240)</td>
<td>1,495,188,125</td>
</tr>
<tr>
<td>months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past due by more</td>
<td>2,312,634,099 (1,071,665,240)</td>
<td>2,202,997,208</td>
</tr>
<tr>
<td>than one year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Company's five significant customers account for Rs. 512.492 million (2016: Rs. 491.794 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 8% (2016: 5%) of trade receivables as at the reporting date. Further, trade receivables amounting to Rs. 862.929 million (2016: Rs. 612.687 million) secured through confirmed letters of credit and thus do not carry any significant credit risk.

The Board has formulated a policy to create provision allowance for trade debts on a time based criteria. Provision allowance on closing trade receivable balances has adequately been created in accordance with the approved policy. Further, based on historical default rates, the Company believes that no impairment allowance other than already provided is necessary in respect of trade receivables not past due or those past due by less than one year, since these relate to customers who have had good payment record with the Company.

The Company at the time of making investments performs detailed due diligence process to mitigate the risk of failure of the counter party.

**Collateral held**

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit and investment in debt securities which are secured by charge over issuer’s operating assets.

**Credit risk management**

As mentioned in note 41.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Company. Management closely monitors the Company’s liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

**Exposure to liquidity risk**

**Contractual maturities of financial liabilities, including estimated interest payments**

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.
### Non-derivative financial liabilities

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount</th>
<th>Contractual cashflows</th>
<th>One year or less</th>
<th>One to three years</th>
<th>More than three years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital 8</td>
<td>5,965,546,157</td>
<td>6,076,614,120</td>
<td>5,800,187,293</td>
<td>226,124,977</td>
<td>50,301,850</td>
</tr>
<tr>
<td>Long term finances 9</td>
<td>1,687,637,499</td>
<td>1,700,967,439</td>
<td>1,187,906,034</td>
<td>513,061,405</td>
<td>-</td>
</tr>
<tr>
<td>Liabilities against assets subject to finance lease 10</td>
<td>48,956,812</td>
<td>53,463,791</td>
<td>53,463,791</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gratuity payable 11</td>
<td>141,320,117</td>
<td>141,320,117</td>
<td>141,320,117</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Preference shares 12</td>
<td>148,367,255</td>
<td>148,367,255</td>
<td>148,367,255</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term borrowings 13</td>
<td>4,691,105,238</td>
<td>4,703,093,992</td>
<td>4,703,093,992</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade creditors 14</td>
<td>1,146,103,507</td>
<td>1,146,103,507</td>
<td>1,146,103,507</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued liabilities 14</td>
<td>317,535,840</td>
<td>317,535,840</td>
<td>317,535,840</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other payables 14</td>
<td>10,785,206</td>
<td>10,785,206</td>
<td>10,785,206</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mark-up accrued on borrowings 15</td>
<td>4,220,170,414</td>
<td>4,220,170,414</td>
<td>4,220,170,414</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend payable 16</td>
<td>13,415,572</td>
<td>13,415,572</td>
<td>13,415,572</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,390,943,617</strong></td>
<td><strong>18,531,837,253</strong></td>
<td><strong>17,742,349,021</strong></td>
<td><strong>739,186,382</strong></td>
<td><strong>50,301,850</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Carrying amount</th>
<th>Contractual cashflows</th>
<th>One year or less</th>
<th>One to three years</th>
<th>More than three years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redeemable capital 8</td>
<td>5,999,589,303</td>
<td>6,248,001,853</td>
<td>5,460,051,137</td>
<td>629,549,412</td>
<td>158,401,304</td>
</tr>
<tr>
<td>Long term finances 9</td>
<td>1,660,730,073</td>
<td>1,706,318,022</td>
<td>1,027,494,935</td>
<td>349,375,535</td>
<td>329,447,552</td>
</tr>
<tr>
<td>Liabilities against assets subject to finance lease 10</td>
<td>27,908,675</td>
<td>29,488,276</td>
<td>29,488,276</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Preference shares 12</td>
<td>148,367,255</td>
<td>148,367,255</td>
<td>148,367,255</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term borrowings 13</td>
<td>4,782,488,627</td>
<td>4,794,491,991</td>
<td>4,794,491,991</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade creditors 14</td>
<td>1,307,951,454</td>
<td>1,307,951,454</td>
<td>1,307,951,454</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued liabilities 14</td>
<td>250,102,752</td>
<td>250,102,752</td>
<td>250,102,752</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other payables 14</td>
<td>40,575,986</td>
<td>40,575,986</td>
<td>40,575,986</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mark-up accrued on borrowings 15</td>
<td>3,599,534,431</td>
<td>3,599,534,431</td>
<td>3,599,534,431</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend payable 16</td>
<td>13,415,572</td>
<td>13,415,572</td>
<td>13,415,572</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,830,664,128</strong></td>
<td><strong>18,138,247,592</strong></td>
<td><strong>16,671,473,789</strong></td>
<td><strong>978,924,947</strong></td>
<td><strong>487,848,856</strong></td>
</tr>
</tbody>
</table>

### Liquidity risk management

The Company’s approach to managing liquidity risk 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 unacceptable losses or risking damage to the Company’s reputation.

The Company is facing a temporary liquidity shortfall due to the facts disclosed in note 2.3 as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:
### Nature of liability

<table>
<thead>
<tr>
<th>Nature of liability</th>
<th>Principal</th>
<th>Preference dividend / interest / mark-up</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finances</td>
<td>1,678,560,330</td>
<td>751,919,393</td>
<td>2,430,479,723</td>
</tr>
<tr>
<td>Redeemable capital</td>
<td>5,288,513,410</td>
<td>1,494,669,312</td>
<td>6,783,182,722</td>
</tr>
<tr>
<td>Dividend on preference shares</td>
<td>-</td>
<td>9,413,535</td>
<td>9,413,535</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>506,919,216</td>
<td>1,580,390,102</td>
<td>2,087,309,318</td>
</tr>
<tr>
<td>Bills payables</td>
<td>338,903,037</td>
<td>262,603,192</td>
<td>601,506,229</td>
</tr>
</tbody>
</table>

As explained in note 2.3, the Company, is in discussions with the providers of debt for restructuring and debt re-profiling.

### 41.3 Market risk

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

#### 41.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Hong Kong dollars, Euros, US dollars, Renminbi, Pound Sterling and Swiss franc.

##### 41.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Trade debts</td>
<td>527,543,084</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>317,744</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Long term finances</td>
<td>(844,036,092)</td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>-</td>
</tr>
<tr>
<td>Mark-up accrued on borrowings</td>
<td>(222,724,119)</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>(24,745,483)</td>
</tr>
<tr>
<td>Bills payable</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net balance sheet exposure</strong></td>
<td>(1,091,505,694)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>Liabilities</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net balance sheet exposure</strong></td>
<td>(563,644,866)</td>
<td>1,054,498,410</td>
</tr>
</tbody>
</table>
### Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EURO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>536,208,457</td>
<td>1,465,556,063</td>
<td>48,503,505</td>
<td>2,050,268,025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>307,617</td>
<td>124,602</td>
<td>-</td>
<td>432,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>536,516,074</td>
<td>1,465,680,665</td>
<td>48,503,505</td>
<td>2,050,700,244</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EURO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term finances</td>
<td>(817,128,665)</td>
<td>-</td>
<td>-</td>
<td>(817,128,665)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term borrowings</td>
<td>-</td>
<td>(392,766,679)</td>
<td>-</td>
<td>(392,766,679)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark-up accrued on borrowings</td>
<td>(168,291,806)</td>
<td>(12,808,370)</td>
<td>-</td>
<td>(181,100,176)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>(28,305,370)</td>
<td>(20,989,039)</td>
<td>-</td>
<td>(49,294,409)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>(1,594,900)</td>
<td>(113,114,453)</td>
<td>-</td>
<td>(114,709,353)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,015,320,741)</td>
<td>(539,678,541)</td>
<td>-</td>
<td>(1,554,999,282)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net balance sheet exposure:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EURO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(478,804,667)</td>
<td>926,002,124</td>
<td>48,503,505</td>
<td>495,700,962</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

41.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

<table>
<thead>
<tr>
<th>Currencies</th>
<th>Reporting date spot rate</th>
<th>Average rate for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buying</td>
<td>Selling</td>
</tr>
<tr>
<td><strong>EURO</strong></td>
<td>119.91</td>
<td>120.14</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>104.80</td>
<td>105.00</td>
</tr>
<tr>
<td><strong>GBP</strong></td>
<td>136.42</td>
<td>136.68</td>
</tr>
<tr>
<td><strong>CHF</strong></td>
<td>109.54</td>
<td>109.75</td>
</tr>
<tr>
<td><strong>RMB</strong></td>
<td>15.70</td>
<td>15.73</td>
</tr>
</tbody>
</table>

41.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

### Profit

<table>
<thead>
<tr>
<th>Currencies</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EURO</strong></td>
<td>(56,364,486)</td>
<td>(47,880,467)</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>105,449,841</td>
<td>92,600,212</td>
</tr>
<tr>
<td><strong>GBP</strong></td>
<td>1,577,917</td>
<td>4,850,351</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50,663,272</td>
<td>49,570,096</td>
</tr>
</tbody>
</table>
41.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies.

41.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

41.3.2(a) Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-derivative financial instruments</td>
<td>Financial asset Rupees</td>
<td>Financial liability Rupees</td>
</tr>
<tr>
<td>Fixed rate instruments</td>
<td>35,727,976</td>
<td>692,023,439</td>
</tr>
<tr>
<td>Variable rate instruments</td>
<td>266,074,508</td>
<td>8,631,289,506</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Fixed rate instruments</td>
<td>51,399,854</td>
<td>692,023,439</td>
</tr>
<tr>
<td>Variable rate instruments</td>
<td>266,106,890</td>
<td>8,708,390,832</td>
</tr>
</tbody>
</table>

41.3.2(b) 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 account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

41.3.2(c) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of 100 basis points</td>
<td>83,652,150</td>
<td>(84,422,839)</td>
</tr>
<tr>
<td>Decrease of 100 basis points</td>
<td>(83,652,150)</td>
<td>84,422,839</td>
</tr>
</tbody>
</table>

41.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points. Cross currency swaps are also arranged to transfer exposure to more stable markets. Fair value interest rate risk are managed by arranging fixed to variable rate swaps.

As mentioned in Note 2.3, the Company is anticipating that within a year financial restructuring would be accomplished and resultanty, there would be decrease in liabilities and interest cost.
41.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

41.4 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the Funds/Company's financial assets which are carried at fair value:

<table>
<thead>
<tr>
<th>Financial assets - at fair value</th>
<th>2017</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Available for sale - Listed Securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Agritech Limited</td>
<td>-</td>
<td>231,864,928</td>
<td>306,022,500</td>
<td>537,887,428</td>
</tr>
<tr>
<td>- Agritech Limited</td>
<td>-</td>
<td>231,864,928</td>
<td>306,022,500</td>
<td>537,887,428</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,550</td>
<td>231,864,928</td>
<td>306,022,500</td>
<td>537,918,978</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets - at fair value</th>
<th>2016</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Available for sale - Listed Securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Colony Mills Limited</td>
<td>11,090</td>
<td>-</td>
<td>-</td>
<td>11,090</td>
</tr>
<tr>
<td>- JS Value Funds</td>
<td>20,460</td>
<td>-</td>
<td>-</td>
<td>20,460</td>
</tr>
<tr>
<td>- Agritech Limited</td>
<td>-</td>
<td>231,864,928</td>
<td>306,022,500</td>
<td>537,887,428</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,550</td>
<td>231,864,928</td>
<td>306,022,500</td>
<td>537,918,978</td>
</tr>
</tbody>
</table>
41.4.1 Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

**Long term investments - level 1**

The fair value of available for sale investment is determined by reference to their quoted closing repurchase price at the reporting date.

41.4.2 Significance of fair value accounting estimates to the Company's financial position and performance

The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgment of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management’s stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.
42 Segment information

42.1 Information about reportable segments

2017

<table>
<thead>
<tr>
<th></th>
<th>Spinning segment</th>
<th>Weaving segment</th>
<th>Garment segment</th>
<th>Elimination</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>1,828,544,029</td>
<td>1,691,235,315</td>
<td>5,342,314,876</td>
<td>7,647,153,173</td>
<td></td>
</tr>
<tr>
<td>Inter-segment revenues</td>
<td>70,469,613</td>
<td>75,495,255</td>
<td>1,997,239,998</td>
<td>1,022,973,542</td>
<td></td>
</tr>
<tr>
<td>Reportable segment revenue</td>
<td>1,899,013,642</td>
<td>1,766,730,570</td>
<td>7,339,544,774</td>
<td>8,680,126,720</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- intersegment excluding depreciation</td>
<td>(70,469,613)</td>
<td>(75,495,255)</td>
<td>(1,997,239,998)</td>
<td>(1,022,973,542)</td>
<td></td>
</tr>
<tr>
<td>- external excluding depreciation</td>
<td>(1,797,955,363)</td>
<td>(1,583,220,436)</td>
<td>(4,056,054,285)</td>
<td>(6,167,305,449)</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>(1,868,424,975)</td>
<td>(1,638,715,691)</td>
<td>(7,202,786,862)</td>
<td>(13,176,284,444)</td>
<td></td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>(27,886,814)</td>
<td>(21,280,678)</td>
<td>(235,781,437)</td>
<td>(298,960,663)</td>
<td></td>
</tr>
<tr>
<td>Administrative and general expenses excluding depreciation</td>
<td>(77,732,658)</td>
<td>(76,670,565)</td>
<td>(168,474,487)</td>
<td>(178,996,451)</td>
<td></td>
</tr>
<tr>
<td>Segment results</td>
<td>(75,040,236)</td>
<td>7,968,136</td>
<td>882,004,277</td>
<td>1,033,848,186</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(454,054,577)</td>
<td>(465,943,468)</td>
<td>(30,970,820)</td>
<td>(130,545,399)</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>36,274,618</td>
<td>36,884,373</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>(45,770,292)</td>
<td>(112,647,424)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance cost</td>
<td>(965,601,952)</td>
<td>(1,207,624,572)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(98,471,999)</td>
<td>(130,545,399)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss after taxation</td>
<td>(133,565,209)</td>
<td>(188,489,977)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

42.1.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

42.1.3 Basis of inter-segment pricing

All inter-segment transfers are made at negotiated rates.

42.1.4 Assets

<table>
<thead>
<tr>
<th></th>
<th>Spinning segment</th>
<th>Weaving segment</th>
<th>Garment segment</th>
<th>Elimination</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Total assets for reportable segments</td>
<td>565,077,886</td>
<td>550,831,773</td>
<td>3,270,720,641</td>
<td>4,000,420,440</td>
<td></td>
</tr>
<tr>
<td>Other unallocated amounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>565,077,886</td>
<td>550,831,773</td>
<td>3,270,720,641</td>
<td>4,000,420,440</td>
<td></td>
</tr>
<tr>
<td>Total liabilities for reportable segments</td>
<td>463,742,104</td>
<td>759,882,785</td>
<td>626,408,381</td>
<td>1,666,019,665</td>
<td></td>
</tr>
<tr>
<td>Other unallocated amounts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>463,742,104</td>
<td>759,882,785</td>
<td>626,408,381</td>
<td>1,666,019,665</td>
<td></td>
</tr>
</tbody>
</table>
42.1.6 Geographical information

The segments of the Company are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Pakistan. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Rupees</td>
<td>Rupees</td>
</tr>
<tr>
<td>Foreign revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>3,289,028,432</td>
<td>4,115,266,217</td>
</tr>
<tr>
<td>Europe</td>
<td>5,840,476,410</td>
<td>4,732,389,964</td>
</tr>
<tr>
<td>South America</td>
<td>-</td>
<td>6,748,650</td>
</tr>
<tr>
<td>North America</td>
<td>138,652</td>
<td>29,600,641</td>
</tr>
<tr>
<td>Africa</td>
<td>246,415,761</td>
<td>824,698,691</td>
</tr>
<tr>
<td>Other countries</td>
<td>1,810,062,005</td>
<td>2,028,464,158</td>
</tr>
<tr>
<td></td>
<td>11,186,121,260</td>
<td>11,737,168,321</td>
</tr>
<tr>
<td>Local revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1,213,011,753</td>
<td>1,323,911,898</td>
</tr>
<tr>
<td></td>
<td>12,399,133,013</td>
<td>13,061,080,219</td>
</tr>
</tbody>
</table>

42.1.7 Non-current assets

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>13,421,971,185</td>
<td>13,444,780,330</td>
</tr>
<tr>
<td></td>
<td>13,421,971,185</td>
<td>13,444,780,330</td>
</tr>
</tbody>
</table>

43 Capital management

The Board’s policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company’s objectives when managing capital are:

i to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

ii to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>Rupees</td>
<td>7,702,140,468</td>
<td>7,688,228,051</td>
</tr>
<tr>
<td>Total equity including revaluation surplus</td>
<td>Rupees</td>
<td>227,604,858</td>
<td>353,027,627</td>
</tr>
<tr>
<td>Total capital employed</td>
<td>Rupees</td>
<td>7,929,745,326</td>
<td>8,041,255,678</td>
</tr>
<tr>
<td>Gearing</td>
<td>Percentage</td>
<td>97.13%</td>
<td>95.61%</td>
</tr>
</tbody>
</table>

Total debt comprises of redeemable capital, long term finances and liabilities against assets subject to finance lease.
There were no changes in the Company's approach to capital management during the year. However, defaults / overdue relating to financial obligations of the Company, as referred to in note 41.2.2 to the financial statements, may cause changes in the Company's approach to capital management. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants including restriction on dividend declaration, imposed by the providers of debt finance which the Company could not comply as at the reporting date. The consequences of non-compliance are narrated in note 2.4. Increase in gearing is mainly due to losses of the Company and resultant decrease in equity.

### 44 Restriction on title and assets pledged as security

**Mortgages and charges**

**First**
- Hypothecation of all present and future assets and properties: 27,000,000,000
- Mortgage over land and building: 27,000,000,000

**Ranking**
- Hypothecation of all present and future assets and properties: 4,666,666,667
- Mortgage over land and building: 4,666,666,667
- Hypothecation of all present and future assets and properties: 750,000,000
- Mortgage over land and building: 750,000,000

**Pledge**
- Raw material: 419,050,997
- Finished goods: 349,354,080
- Investments in debt securities: 126,080,519

### 45 Remuneration of chief executive, directors and executives

The aggregate amount in respect of chief executive, directors and executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such directors and executives are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Directors</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chief Executive</td>
<td>Executive</td>
<td>Non-executive</td>
<td>Executives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td><strong>Managerial remuneration</strong></td>
<td>15,999,996</td>
<td>6,661,998</td>
<td>-</td>
<td>211,576,467</td>
<td></td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>1,599,996</td>
<td>666,198</td>
<td>-</td>
<td>21,157,779</td>
<td></td>
</tr>
<tr>
<td><strong>Utilities and house rent</strong></td>
<td>6,400,008</td>
<td>2,670,970</td>
<td>-</td>
<td>86,082,088</td>
<td></td>
</tr>
<tr>
<td><strong>Post employment benefits</strong></td>
<td>1,333,333</td>
<td>555,167</td>
<td>-</td>
<td>17,496,757</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,333,333</td>
<td>10,554,333</td>
<td>-</td>
<td>336,313,091</td>
<td></td>
</tr>
</tbody>
</table>

Number of persons as at year end: 1 2 4 171

### 2016

<table>
<thead>
<tr>
<th></th>
<th>Directors</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chief Executive</td>
<td>Executive</td>
<td>Non-executive</td>
<td>Executives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td><strong>Managerial remuneration</strong></td>
<td>15,999,996</td>
<td>6,468,666</td>
<td>-</td>
<td>192,605,934</td>
<td></td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td>1,599,996</td>
<td>646,866</td>
<td>-</td>
<td>19,260,674</td>
<td></td>
</tr>
<tr>
<td><strong>Utilities and house rent</strong></td>
<td>6,400,008</td>
<td>2,597,690</td>
<td>-</td>
<td>84,277,969</td>
<td></td>
</tr>
<tr>
<td><strong>Post employment benefits</strong></td>
<td>1,333,333</td>
<td>539,056</td>
<td>-</td>
<td>15,578,272</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25,333,333</td>
<td>10,252,278</td>
<td>-</td>
<td>311,722,849</td>
<td></td>
</tr>
</tbody>
</table>

Number of persons as at year end: 1 2 4 171
45.1 The Chief Executive is provided with free use of Company maintained car.

45.2 Aggregate amount charged in the financial statements for meeting fee to four directors was Rs. 0.600 million (2016: Nil).

46 Plant capacity and actual production

<table>
<thead>
<tr>
<th>Spinning</th>
<th>Unit</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of rotors installed</td>
<td>No.</td>
<td>2,992</td>
<td>2,992</td>
</tr>
<tr>
<td>Annual installed capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>converted into 6.5s count</td>
<td>Kgs</td>
<td>18,424,200</td>
<td>18,424,200</td>
</tr>
<tr>
<td>Actual production converted into 6.5s count for the year</td>
<td>Kgs</td>
<td>15,121,947</td>
<td>15,656,870</td>
</tr>
<tr>
<td>Number of spindles installed</td>
<td>No.</td>
<td>54,888</td>
<td>54,888</td>
</tr>
<tr>
<td>Annual installed capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>converted into 20s count</td>
<td>Kgs</td>
<td>14,668,821</td>
<td>14,668,821</td>
</tr>
<tr>
<td>Actual production converted into 20s count for the year</td>
<td>Kgs</td>
<td>8,939,041</td>
<td>10,883,733</td>
</tr>
</tbody>
</table>

| Weaving                         |      |               |               |
| Number of looms installed       | No.  | 230           | 230           |
| Annual installed capacity       |      |               |               |
| converted into 38 picks         | Mtrs.| 49,407,078    | 49,407,078    |
| Actual production converted into 38 picks for the year | Mtrs. | 33,476,448 | 40,636,743 |

| Garments                        |      |               |               |
| Number of stitching machines installed | No. | 2,471         | 2,229         |
| Annual installed capacity       |      |               |               |
| Actual production for the year  | Pcs  | 12,000,000    | 12,000,000    |
|                                  | Pcs  | 6,976,692     | 4,729,604     |

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

47 Number of employees

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of employees during the year</td>
<td>5,242</td>
</tr>
<tr>
<td>Total number of employees as at end of year</td>
<td>5,574</td>
</tr>
</tbody>
</table>

48 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison.

49 Date of authorization for issue

These financial statements were authorized for issue on November 03, 2017 by the Board of Directors of the Company.

50 General

Figures have been rounded off to the nearest rupee.

Lahore Chief Executive Officer  Director Chief Financial Officer
### PATTERN OF SHAREHOLDING

#### ORDINARY SHARES

**AS ON JUNE 30, 2017**

**THE COMPANIES ACT, 2017**

**PATTERN OF SHAREHOLDING**

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
<th>Shareholdings from</th>
<th>Shareholdings to</th>
<th>Total Shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>390</td>
<td>1 - 100 Shares</td>
<td></td>
<td>13,809 Shares</td>
</tr>
<tr>
<td>831</td>
<td>101 - 500 Shares</td>
<td></td>
<td>338,708 Shares</td>
</tr>
<tr>
<td>924</td>
<td>501 - 1000 Shares</td>
<td></td>
<td>857,119 Shares</td>
</tr>
<tr>
<td>1870</td>
<td>1001 - 5000 Shares</td>
<td></td>
<td>5,422,819 Shares</td>
</tr>
<tr>
<td>723</td>
<td>5001 - 10000 Shares</td>
<td></td>
<td>5,941,925 Shares</td>
</tr>
<tr>
<td>223</td>
<td>10001 - 15000 Shares</td>
<td></td>
<td>2,968,976 Shares</td>
</tr>
<tr>
<td>149</td>
<td>15001 - 20000 Shares</td>
<td></td>
<td>2,786,290 Shares</td>
</tr>
<tr>
<td>141</td>
<td>20001 - 25000 Shares</td>
<td></td>
<td>3,363,141 Shares</td>
</tr>
<tr>
<td>74</td>
<td>25001 - 30000 Shares</td>
<td></td>
<td>2,101,648 Shares</td>
</tr>
<tr>
<td>39</td>
<td>30001 - 35000 Shares</td>
<td></td>
<td>1,291,711 Shares</td>
</tr>
<tr>
<td>53</td>
<td>35001 - 40000 Shares</td>
<td></td>
<td>2,022,837 Shares</td>
</tr>
<tr>
<td>25</td>
<td>40001 - 45000 Shares</td>
<td></td>
<td>1,089,568 Shares</td>
</tr>
<tr>
<td>84</td>
<td>45001 - 50000 Shares</td>
<td></td>
<td>4,160,422 Shares</td>
</tr>
<tr>
<td>15</td>
<td>50001 - 55000 Shares</td>
<td></td>
<td>789,602 Shares</td>
</tr>
<tr>
<td>22</td>
<td>55001 - 60000 Shares</td>
<td></td>
<td>1,298,500 Shares</td>
</tr>
<tr>
<td>17</td>
<td>60001 - 65000 Shares</td>
<td></td>
<td>1,072,311 Shares</td>
</tr>
<tr>
<td>16</td>
<td>65001 - 70000 Shares</td>
<td></td>
<td>1,106,025 Shares</td>
</tr>
<tr>
<td>26</td>
<td>70001 - 75000 Shares</td>
<td></td>
<td>1,937,637 Shares</td>
</tr>
<tr>
<td>7</td>
<td>75001 - 80000 Shares</td>
<td></td>
<td>551,000 Shares</td>
</tr>
<tr>
<td>8</td>
<td>80001 - 85000 Shares</td>
<td></td>
<td>665,448 Shares</td>
</tr>
<tr>
<td>8</td>
<td>85001 - 90000 Shares</td>
<td></td>
<td>714,500 Shares</td>
</tr>
<tr>
<td>5</td>
<td>90001 - 95000 Shares</td>
<td></td>
<td>467,623 Shares</td>
</tr>
<tr>
<td>38</td>
<td>95001 - 100000 Shares</td>
<td></td>
<td>3,789,122 Shares</td>
</tr>
<tr>
<td>5</td>
<td>100001 - 105000 Shares</td>
<td></td>
<td>518,214 Shares</td>
</tr>
<tr>
<td>5</td>
<td>105001 - 110000 Shares</td>
<td></td>
<td>538,200 Shares</td>
</tr>
<tr>
<td>3</td>
<td>110001 - 115000 Shares</td>
<td></td>
<td>336,852 Shares</td>
</tr>
<tr>
<td>4</td>
<td>115001 - 120000 Shares</td>
<td></td>
<td>476,000 Shares</td>
</tr>
<tr>
<td>4</td>
<td>120001 - 125000 Shares</td>
<td></td>
<td>492,000 Shares</td>
</tr>
<tr>
<td>4</td>
<td>125001 - 130000 Shares</td>
<td></td>
<td>503,684 Shares</td>
</tr>
<tr>
<td>5</td>
<td>130001 - 135000 Shares</td>
<td></td>
<td>664,400 Shares</td>
</tr>
<tr>
<td>Range</td>
<td>Shares</td>
<td>Share Value</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>--------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>135001 - 140000</td>
<td>408,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>140001 - 145000</td>
<td>142,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>145001 - 150000</td>
<td>1,800,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150001 - 155000</td>
<td>454,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>155001 - 160000</td>
<td>320,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>160001 - 165000</td>
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<tr>
<th>Shares</th>
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<td>449,349,439</td>
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</tbody>
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**ANNUAL REPORT 2017**
<table>
<thead>
<tr>
<th>Categories of Shareholders</th>
<th>Shares held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Directors, Chief Executive Officer, and their spouse and minor children</td>
<td>30,622,089</td>
<td>6.81%</td>
</tr>
<tr>
<td>5.2 Associated Companies, undertakings and related parties</td>
<td>112,157,863</td>
<td>24.96%</td>
</tr>
<tr>
<td>5.3 NIT and ICP</td>
<td>106,755</td>
<td>0.02%</td>
</tr>
<tr>
<td>5.4 Banks, Development Financial Institutions, Non-Banking Financial Institutions</td>
<td>31,988,824</td>
<td>7.12%</td>
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<tr>
<td>5.5 Insurance Companies</td>
<td>6,967,079</td>
<td>1.55%</td>
</tr>
<tr>
<td>5.6 Modarabas and Mutual Funds</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>5.7 Shareholders holding 10%</td>
<td>112,157,863</td>
<td>24.96%</td>
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<tr>
<td>5.8 General Public</td>
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<tr>
<td>5.8.1 General Public Local</td>
<td>202,014,220</td>
<td>44.96%</td>
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<tr>
<td>5.8.2 General Public Foreign</td>
<td>6,670,818</td>
<td>1.48%</td>
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<tr>
<td>5.9 Others</td>
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<td></td>
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<tr>
<td>5.9.1 Investment Companies</td>
<td>68,776</td>
<td>0.02%</td>
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<tr>
<td>5.9.2 Joint Stock Companies</td>
<td>53,883,313</td>
<td>11.99%</td>
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<tr>
<td>5.9.3 Provident/Pension Funds and Misc.</td>
<td>4,869,702</td>
<td>1.08%</td>
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Pattern of Shareholding under the Code of Corporate Governance
as on June 30, 2017

<table>
<thead>
<tr>
<th>Categories of Shareholders</th>
<th>Number of Shares held</th>
<th>% of Shareholding</th>
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</thead>
<tbody>
<tr>
<td>1. Associated Companies, Undertakings &amp; Related Parties</td>
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</tr>
<tr>
<td>Jahangir Siddiqui &amp; Co. Limited</td>
<td>112,157,863</td>
<td>24.96</td>
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<tr>
<td>2. Mutual Funds</td>
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<tr>
<td>CDC - Trustee National Investment (Unit) Trust</td>
<td>98,357</td>
<td>0.02</td>
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<td>3. Directors, their Spouses &amp; Minor Children</td>
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<tr>
<td>Mr. Ahmed H. Shaikh</td>
<td>30,450,000</td>
<td>6.78</td>
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<tr>
<td>Mr. Nasir Ali Khan Bhatti</td>
<td>5</td>
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<tr>
<td>Mr. Usman Rasheed</td>
<td>1</td>
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<tr>
<td>Mr. Saghir Ahmad</td>
<td>1</td>
<td>0.00</td>
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<tr>
<td>Mr. Munir Alam</td>
<td>1</td>
<td>0.00</td>
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<tr>
<td>Mr. Aamer Ghias</td>
<td>1</td>
<td>0.00</td>
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<tr>
<td>Mr. Zahid Mahmood</td>
<td>80</td>
<td>0.00</td>
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<tr>
<td>Mrs. Mehreen Kanwal W/o Ahmed H. Shaikh</td>
<td>172,000</td>
<td>0.04</td>
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<tr>
<td>4. Executives</td>
<td>-</td>
<td>0.00</td>
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<tr>
<td>5. Public Sector Companies &amp; Corporations</td>
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<td>0.00</td>
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<tr>
<td>6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modarbas &amp; Pension Funds</td>
<td>38,955,903</td>
<td>8.67</td>
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<tr>
<td>7. Others (Individuals, Brokerage Houses, Joint Stock Companies, Employees Funds, etc.)</td>
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<td>59.53</td>
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<td>449,349,439</td>
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<p>| SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY |</p>
<table>
<thead>
<tr>
<th>Names</th>
<th>Number of Shares held</th>
<th>% of Shareholding</th>
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</thead>
<tbody>
<tr>
<td>Mrs. Nasreen H. Shaikh</td>
<td>22,573,445</td>
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<tr>
<td>Mr. Ahmed H. Shaikh</td>
<td>30,450,000</td>
<td>6.78</td>
</tr>
<tr>
<td>Mr. Muhammad Sohail Dayala</td>
<td>22,510,000</td>
<td>5.01</td>
</tr>
<tr>
<td>Jahangir Siddiqui &amp; Co. Limited</td>
<td>112,157,863</td>
<td>24.96</td>
</tr>
</tbody>
</table>

Detail of trading in shares of the Company by Directors, Executives and their spouses and minor children.

NIL
Form of Proxy
Azgard Nine Limited

I/We ____________________________________________
son/daughter of __________________________________

a member of Azgard Nine Limited and holder of __________________________ ordinary shares as
per Registered Folio No. __________________________ do hereby appoint Mr./Ms. __________________________
son/daughter of ____________________________________________ Or failing him/her
Mr./Ms. __________________________________________
son/daughter of ____________________________________________

who is also member of the Company vide Registered Folio No. __________________________
as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on Monday the 27 November 2017 at 10:00 a.m. at the Registered Office of the Company Ismail Aiwan-i-
Science, Off: Shahrah-i-Roomi, Lahore and at any adjournment thereof.

In witness whereof on this ______________ Day of ______________ 2017

WITNESSES
1. Signature __________________________
   Name __________________________
   Address __________________________
   CNIC __________________________

2. Signature __________________________
   Name __________________________
   Address __________________________
   CNIC __________________________

NOTE:
1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before
   the time for holding the meeting.

2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity
   Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed as attested copy of
   his/her CNIC or Passport. Representative of corporate members should bring the usual documents for such
   purpose.
The Company Secretary
AZGARD NINE LIMITED
Ismail Aiwan-e-Science
Off: Shahrah-i-Roomi
Lahore-54600, Pakistan.
پاکستان فارم
ایگرا کیمیائی مولکول

شیمیاءی نام

ولی ونیر

ایگرا کیمیائی مولکول

جهت خریدریو جذب کن

کلید کودک کیمیائی مولکول

کودک پرال کردن

کودک پرال کردن

مورخ:

گواہند:

نوٹ:

1. چاک جاری کریک کیمیائی طور پر پرورش کی گئی انسان میں پرورش کے لیے انسان سے 48 گھنٹہ میں کارکردار

2. شیکی تودے کے مخصوص اس الٹس کی مخصوص ایک الپ گئی

CDC
The Company Secretary
AZGARD NINE LIMITED
Ismail Aiwan-e-Science
Off: Shahrah-i-Roomi
Lahore-54600, Pakistan.
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- Jamapunji games*
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- Insurance & Investment Checklist
- FAQs Answered
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- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

*Mobile apps are also available for download for android and ios devices
Contact info:
Registered/Head Office:

AZGARD NINE LIMITED
Ismail Aiwan-i-Science,
Off: Shahrah-i-Roomi,
Lahore-54600, Pakistan.
Ph: +92 (0) 42 35761794-5
Fax: + 92 (0) 42 35761791
www.azgard9.com