

Annual Report 2016



MUBARAK

TEXTILE MILLS LIMITED



25th

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2016

VISION STATEMENT

To Be Dynamic, Profitable and Growth Oriented Company

MISSION STATEMENT

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

ANNUAL REPORT 2016

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MUBARAK TEXTILE MILLS LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS

MR. ZULFIQAR ALI
CH. NASEER AHMED
MR. ABDUL SHAKOOR
SYED HAMEED-UD-DIN
MR. IMTIAZ HUSSAIN QURESHI
MR. NADEEM ABBAS
MR. NAFEES IQBAL

CHIEF EXECUTIVE

AUDIT COMMITTEE

MR. NADEEM ABBAS
CH. NASEER AHMED
MR. NAFEES IQBAL

CHAIRMAN
MEMBER
MEMBER

COMPANY SECRETARY

MR. ABDUL SHAKOOR

CHIEF FINANCIAL OFFICER

M. BABAR KHAN

AUDITORS

M/S. AHMED MUSHIR & CO.,
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER
SYED MUHAMMAD HASSAN ALI QADRI

SHARE REGISTRAR

HAMEED MAJEED ASSOCIATES (PVT) LTD.
H.M. HOUSE, 7-BANK SQUARE, LAHORE.

BANKERS

HABIB METROPOLITAN BANK LTD
FAYSAL BANK LIMITED

REGISTERED OFFICE / MILLS

20-KM OFF FEROZEPUR ROAD,
LAHORE, PAKISTAN.
TEL: 042-35950674 FAX: 042-35950675

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 25th Annual General Meeting of the Shareholders of MUBARAK TEXTILE MILLS LIMITED, will be held on Monday the 31st day of October, 2016 at 11:00 a.m. at 20-KM Off Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on 31.10. 2015.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended 30th June, 2016.
3. To appoint auditors for the year ending 30th June, 2017 and fix their remuneration.

ANY OTHER BUSINESS

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

By Order of the Board

LAHORE
Dated: 3rd October, 2016

S/d
(ABDUL SHAKOOR)
Company Secretary

NOTES:

1. The share transfer books of the Company shall remain closed from 29th October, 2016 to 04th November, 2016(both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Cards, Account/Sub Account and particular of participants I.D. numbers and account numbers in CDC, for identification purpose, and in case of proxy, to enclose an attested copy of his/her National Identity Card.
4. Shareholders are requested to notify the Company of any change in their addresses.

DIRECTORS' REPORT

Dear Members,
Assalam-o-Alaikum,

The Directors of your Company are pleased to present before you the Audited Profit & Loss Account, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity for the year ended than as at 30th June, 2016 along with Directors' and Auditors' Reports thereon.

FINANCIAL HIGHLIGHTS/RESULTS JUNE, 20 16.

	June, 2016	June, 2015
Sales/Processing Income	-	-
Operating Profit/(Loss)	(4,669,521)	(4,318,019)
Financial Cost	2,461,619	2,978,725
Taxation for the Year	946,886	474,177
Profit/(Loss) for the year	753,920	(465,669)
Profit/(Loss) Per Share	(0.14)	(0.09)

The Company earned profit before taxation for Rs. 192,966 after providing for all the administrative and financial charges including depreciation for Rs.983,570 as compared to pre - tax profit of Rs. 8,508 of the last year.

Due to non-favorable working conditions prevailing in the Industry, energy crises and tight liquidity position, the management could not involve in any business activity and just relied on the rental income so earned and to meet the necessary / immediate obligations. The management is looking for the better conditions / opportunities for the business to restart/re-run and make feasible the project.

AUDITORS REPORT TO THE MEMBERS.

In reply to auditors observations your directors have the following view:

1. Balance confirmation letters were sent directly to the Debtors & Creditors by the auditors. It's the responsibility of the parties to response.
2. Since the project is being run on conversion basis and according to commercial work requirement the personnel is hired temporarily according to the demand, so there are no permanent employees are there and therefore, neither provision for gratuity is made and nor any actuarial is conducted.
3. Regarding going concern management of the Company have view that currently revenue being earned from rental income are sufficient to meet the immediate obligations of the Company. For future obligations the management is working on trading in the field of textile products and hope be successful and will be meeting its obligations and there will be no doubt to be a going concern.
4. Due to issue of margin to be maintained in Deposits and limit amount ,(which is not being maintained) and un-sufficient turn over in the account being maintained with the Faysal Bank Ltd., the bank have not renewed the facility and kept pending the matter, however, the negotiations with the bank are on way and the issue will be hopefully resolved in couple of days either by way of adjustment of limit or by way of renewal.
5. The Management of the Company have hired the independent valuer to conduct the valuation, who are working to assess the value of the projetc. The effect of the same will be taken in the reviewed accounts/ report of 31st. December, 2016.

TRADING IN THE SHARES OF THE COMPANY:

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

BOARD MEETING:

During the year 4 Board meeting were held, which were attended as follows.

1.	Mr. Zulfiqar Ali	4
2.	Mr. Imtaiz Hussain Qureshi	3
3.	Ch. Naseer Ahmad	4
4.	Syed Hameed-ud-din	3
5.	Mr. Nadeem Abbass	4
6.	Mr. Nafees Iqbal	4
7.	Mr. Abdul Shakoor	4

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

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS:

PARTICULARS	2016	2015	2014	2013	2012	2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PAID UP CAPITAL	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
FIXED ASSETS AT COST	26,762,861	27,746,431	28,796,707	29,920,214	31,124,501	32,418,346
ACCUMULATED DEPRECIATION	26,716,621	25,733,051	24,682,775	23,559,268	22,354,981	21,061,136
CURRENT ASSETS	12,067,687	12,291,962	12,100,021	12,157,555	13,012,597	13,310,322
CURRENT LIABILITIES	62,095,737	62,799,662	63,192,328	62,745,848	63,275,763	62,046,459
SALES	-	-	-	-	-	10,500,400
OTHER INCOME	7,324,106	7,305,252	6,382,057	8,282,086	6,272,874	(7,444,020)
PRE-TAX PROFIT/(LOSS)	192,966	8,508	(530,212)	(1,211,205)	(2,864,855)	(11,987,208)
TAXATION	946,886	474,177	957,309	793,209	606,019	313,869

AUDITORS:

The present auditors M/s. Ahmed Mushier & Co. Chartered Accountants retired and being eligible offer themselves as external auditors of the Company for the year 2016-2017.

PATTERN OF SHARE HOLDING:

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

DIVIDEND

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

CORPORATE GOVERNANCE.

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

1. The financial statements for the year ended June 30, 2016 present fair view of state of affairs; the result of its operations, Cash Flows and Changes is in equity.
2. The proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2016 and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standard (IAS) as applicable in Pakistan have been followed in the preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There is no doubt about the Company to continue as going concern.
7. There is no material departure from best practices of Corporate Governance as detailed in listing regulations.

LABOUR / MANAGEMENT RELATIONS

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

For and on behalf of the Board

Lahore.
Dated: 3rd. October, 2016

(Zulfiqar Ali)
Chief Executive

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

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

1. The Company encourages representation of independent Non-Executive Directors representing minority interest on its Board of Directors and present Board includes two non-executive Directors. The Compliance regarding independent Directors will be made in next election of the Board of Directors due on 9th February, 2017.
2. The Directors have confirmed that none of them is serving as a Director in more than seven Listed companies including this company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any bank loan or DFI or an INBFI or not being a member of Exchange has been declared as a defaulted by the Exchange.
4. No casual vacancy occurred on the Board during the period under review.
5. The Company has prepared the statement of ethics and business practices to establish the standard of conduct and ensured that appropriate steps have been taken to disseminate it through out the company which have been signed by the Directors and Employees of the company.
6. The Board have developed a Mission Statement overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.
7. All the powers of the Board have duly been exercised and the Board has taken decisions on material transactions including appointment, determination of remuneration and terms & conditions of employment of CEO and other Executive Directors, non executive directors have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board meeting met at least once in every quarter. Written notices of the Board meeting along with agenda and working papers were circulated at least seven days before the meeting. The minutes were appropriately circulated.
9. The Board of Directors of the Company are aware of their responsibilities and fully conversant with the provisions of the Companies Ordinance, 1984 and all other business and regulatory laws and the provisions of Memorandum & Articles of Association required for managing the affairs of the Company on behalf of Shareholders.
10. The Board has approved the appointment of CFO, Company Secretary and head of internal audit including their remuneration and terms & conditions of employment as determined by the Chief Executive Officer.
11. The Directors Report for this year has been prepared in compliance with requirement of the code and fully describes all the matters to be disclosed.

12. The Financial Statements of the company were duly endorsed by CEO, and CFO before approval of the Board.
13. The Directors, CEO and Executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee comprising of three members out of which two are non-executive Directors and Chairman of Committee is an executive Director.
16. The meeting of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an internal audit function, the audit staff in suitably qualified and experienced for the said purpose and are coversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
18. The statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor childrens do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants(IFAC) guidance of Code of ethics as adopted by institute of Chartered Accountants of Pakistan.
19. The statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
20. The Board has formed an HR and remuneration Committee, it comprises of three members, of whom two are non-executive Directors and Chairman of the Committee is executive Director.
21. The closed period, prior to announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the Directors, employees & stock exchange(s).
22. Material/ price sensitive information has been disseminates among all market participants at once through Stock Exchange(s).
23. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board

Lahore:
Dated: 03th October, 2016

(Zulfiqar Ali)
Chief Executive

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

We have reviewed the enclosed statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of MUBARAK TEXTILE MILLS LIMITED for the year ended June 30, 2016 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system 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 the 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 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, except for our reservation detailed in our report on the Company's financial statements for the year ended June 30, 2016, 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 of Corporate Governance, as applicable to the company for the year ended June 30, 2016.

Lahore
Dated: 3rd October 2016

AHMED MUSHIR & CO.,
CHARTERED ACCOUNTANTS

ENGAGEMENT PARTNER
SYED MUHAMMAD HASSAN ALI QADRI

STATEMENTS OF ETHICS & GOOD BUSINESS PRACTICES

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of MUBARAK TEXTILE MILLS LIMITED as at June 30, 2016 and the related profit & loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1. We did not receive direct balance confirmations from parties, including debtors amounting to Rs.9.210 million, creditors amounting to Rs. 28.392 million and advance payments amounting to Rs. 1.150 million. Further, other alternative procedure also could not be performed to obtain sufficient and appropriate audit evidence. The company has also not performed any age analysis of debtors in compliance with the requirement of IFRS-7. In the absence of sufficient and appropriate audit evidence, the balances remained unconfirmed and we were unable to assess any impairment of the said balances.
2. The company has not made any provision for gratuity payable to its employees as on June 30, 2016. Further, the actuarial valuation of gratuity obligation payable to the employees has also not been carried out since 2011. Had the company provided for such provision, on approximate basis the liability would have been Rs. 889,600/- and increase in loss for the same amount.
3. The company has ceased its operations since 2011 and it would not be able to realize its assets or discharge its liabilities in the normal course of business. The company has suffered a loss of Rs. 0.754 million during the current year and the company's current liabilities exceed its current assets by Rs. 50.028 million as on June 30, 2016. Due to the significance of these, the company's going concern assumption seems inappropriate.
4. As explained in the note 15, the company has obtained short term running finance facility from Faysal Bank Limited amounting to Rs. 28.8 million has not been renewed since January 01, 2015. However, the direct confirmation from bank have been received.
5. The company has not carried out, since the year ending June 30, 2003, revaluation of its property, plant and equipment as required by IAS-16 and as such the carrying value of these may materially be different from that as disclosed in the Financial Statements as of June 30, 2016.

- a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion
 - (i) the balance sheet and profit & 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 account and are further in accordance with accounting policies consistently applied;
 - (ii) The expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) In our opinion, because of the matters stated from paragraph 1 to 5, the financial statements do not give a true and fair view of the financial position of the company and of its financial performance and of the loss, its cash flows and statement of changes in equity together with notes forming part thereof for the year ended June 30, 2016.
- d) In our opinion no Zakat was deductible at source under the Zakat and ushr Ordinance, 1980 (XVIII of 1980).

Lahore.

Dated: 3rd October 2016

**AHMED MUSHIR & CO.,
CHARTERED ACCOUNTANTS**

**ENGAGEMENT PARTNER
SYED MUHAMMAD HASSAN ALI QADRI**

BALANCE SHEET AS AT JUNE 30, 2016

	NOTE	2016 Rupees	2015 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment - Operating	3	26,762,861	27,746,431
Long Term Deposits	4	954,408	954,408
CURRENT ASSETS			
Trade debtors	5	9,210,533	9,765,456
Loans and advances	6	366,310	284,457
Deposits and prepayments	7	734,600	520,418
Tax refunds due from the Government	8	1,636,039	1,636,039
Cash & bank balances	9	120,205	85,592
		12,067,687	12,291,962
		39,784,956	40,992,801
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Share Capital	10	54,000,000	54,000,000
Unappropriated loss		(95,856,761)	(95,221,007)
Shareholders Equity		(41,856,761)	(41,221,007)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	11	7,697,042	7,815,208
NON CURRENT LIABILITIES			
Long Term Loan	12	11,848,938	11,598,938
DEFERRED LIABILITIES			
	13	-	-
CURRENT LIABILITIES			
Trade & other payable	14	32,503,628	32,689,931
Accrued markup on short term running finance		367,278	535,034
Short term running finance - Secured	15	28,277,960	28,773,047
Provision for taxation	16	946,871	801,650
		62,095,737	62,799,662
Contingencies and Commitments	17	-	-
		39,784,956	40,992,801

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

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales / Processing receipts		-	-
Cost of Goods sold		-	-
Gross Profit / (Loss)		-	-
OPERATING EXPENSES			
Administrative	18	4,669,521	4,318,019
Operating Loss		(4,669,521)	(4,318,019)
Other operating income	19	7,324,106	7,305,252
		2,654,585	2,987,233
Finance cost	20	2,461,619	2,978,725
Net Profit / (Loss) for the year before taxation		192,966	8,508
Taxation	21	946,886	474,177
Net Profit / (Loss) for the year after taxation		(753,920)	(465,669)
BASIC EARNING / (LOSS) PER SHARE	22	(0.14)	(0.09)

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

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Profit / (Loss) for the year		(753,920)	(465,669)
Other Comprehensive Income:		-	
Incremental depreciation transferred from revaluation surplus	11	118,166	124,386
Total Comprehensive Income / (Loss)		<u>(635,754)</u>	<u>(341,283)</u>

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

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 RUPEES	2015 RUPEES
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
Cash generated / (used) from operation	23	3,924,922	3,736,894
Taxes paid		(1,015,847)	(844,402)
Finance cost		(2,629,375)	(2,849,159)
Net cash inflow/(outflow) from operating activities		279,700	43,333
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES			
		-	-
CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES			
Long term loan		250,000	-
Net cash (outflow) / inflow from financing activities		250,000	-
Net increase/(decrease) in cash & cash equivalents		529,700	43,333
Cash & cash equivalents as at July 01, 2015		(28,687,455)	(28,730,788)
Cash & cash equivalents as at June 30, 2016	24	(28,157,755)	(28,687,455)

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

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	PAID UP CAPITAL	RESERVES	ACCUMULATED (LOSS)	TOTAL
	(R U P E E S)			
Balance as at July 01, 2014	54,000,000	-	(94,879,724)	(40,879,724)
Total Comprehensive Income / (Loss) for the year ended June 30, 2015		-	(341,283)	(341,283)
Balances as at June 30, 2015	54,000,000	-	(95,221,007)	(41,221,007)
Total Comprehensive Income / (Loss) for the year ended June 30, 2016			(635,754)	(635,754)
	54,000,000	-	(95,856,761)	(41,856,761)

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

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1 THE COMPANY AND ITS OPERATIONS:

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

2 SIGNIFICANT ACCOUNTING POLICIES AND STATEMENT OF COMPLIANCE

2.1 Basis of accounting:

The company has suffered a loss of Rs 0.753 million during the year its accumulated losses as at June 30, 2015 were Rs. 95.856 million. As of this date, the company's current liabilities exceeded its current assets by Rs. 50.028 million. These factors raise substantial doubts that company will be able to continue as a going concern and therefore may be unable to realize its assets or discharge its liabilities in the normal course of business.

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

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

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

2.2 Statement of compliance:

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan except for the contents of note 13 and the requirement of the Companies Ordinance, 1984 (the ordinance). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the provision of the Ordinance and the directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Companies Ordinance 1984 or the said directives take precedence. The principle accounting policies adopted, remained unchanged from the corresponding year.

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

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

Effective date (annual
reporting periods
beginning on or after)

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

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments

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

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

2.4 Accounting convention

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

2.5 FINANCIAL INSTRUMENTS AND MEASUREMENT

Financial assets

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

a) Financial assets at fair value through profit or loss:

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

b) Loans and receivables:

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non current assets. Loan and receivables are classified as trade debts, loan and advances, deposits in the balance sheet.

c) Available-for-sale financial assets:

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

d) Held to Maturity:

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

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

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

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

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provision of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Derivative financial instruments

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

Off - Setting

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

2.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognised.

2.7 Staff Retirement Benefits

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

2.8 Property, Plant and Equipment

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

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

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

2.9 Assets subject to finance lease

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

2.10 Taxation

2.10.1 Current

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

2.11 Store and spares

These are valued at moving average cost.

2.12 Provisions

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

2.13 Cash and cash equivalent

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

2.14 Revenue recognition

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

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

Processing charges are booked on completion of jobs.

2.15 Foreign Currency translation

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

2.16 Borrowing Cost

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

2.17 Trade Debtors

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

2.18 Contingencies and commitments

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

2.19 Trade and other payables

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

3 PROPERTY, PLANT AND EQUIPMENT

2016

Particulars	COST / REVALUATION				DEPRECIATION						W.D.V.
	As at July 01, 2015	Additions / Transfer	Deletions	As at June 30, 2016	Rate %	As at July 01, 2015	Deletion/ Adjustment	Transfer	Charged for the year	To June 30, 2016	As at June 30, 2016
<u>OWNED:</u>											
Land - freehold	9,700,000	-	-	9,700,000	-	-	-	-	-	-	9,700,000
Building on freehold land	37,976,096	-	-	37,976,096	5	21,059,147	-	-	845,847	21,904,994	16,071,102
Electric installations	3,656,657	-	-	3,656,657	10	3,141,645	-	-	51,501	3,193,146	463,511
Fire fighting equipment	102,220	-	-	102,220	10	89,187	-	-	1,303	90,490	11,730
Tube well	399,050	-	-	399,050	10	268,176	-	-	13,087	281,263	117,787
Sui gas installation	947,099	-	-	947,099	10	724,297	-	-	22,280	746,577	200,522
Vehicles	698,360	-	-	698,360	20	450,599	-	-	49,552	500,151	198,209
Rupees	53,479,482	-	-	53,479,482		25,733,051	-	-	983,570	26,716,621	26,762,861

2015

Particulars	COST / REVALUATION				DEPRECIATION						W.D.V.
	As at July 01, 2014	Additions / Transfer	Deletions	As at June 30, 2015	Rate %	As at July 01, 2014	Deletion/ Adjustment	Transfer	Charged for the year	To June 30, 2015	As at June 30, 2015
OWNED:											
Land - freehold	9,700,000	-	-	9,700,000	-	-	-	-	-	-	9,700,000
Building on freehold land	37,976,096	-	-	37,976,096	5	20,168,781	-	-	890,366	21,059,147	16,916,949
Electric installations	3,656,657	-	-	3,656,657	10	3,084,421	-	-	57,224	3,141,645	515,012
Fire fighting equipment	102,220	-	-	102,220	10	87,739	-	-	1,448	89,187	13,033
Tube well	399,050	-	-	399,050	10	253,634	-	-	14,542	268,176	130,874
Sui gas installation	947,099	-	-	947,099	10	699,541	-	-	24,756	724,297	222,802
Vehicles	698,360	-	-	698,360	20	388,659	-	-	61,940	450,599	247,761
Rupees	53,479,482	-	-	53,479,482		24,682,775	-	-	1,050,276	25,733,051	27,746,431

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

3.2 Had There been no revaluation of Property Plant and Equipment the cost would have been Rs. 71,483,207/- (2015: 71,483,207/-) as referred in note 11.2

	NOTE	2016 Rupees	2015 Rupees
4 LONG TERM DEPOSITS			
Comprise of securities/deposits in respect of:			
Telephone		31,000	31,000
Electricity		167,880	167,880
Gas cylinder		721,700	721,700
Other		33,828	33,828
		954,408	954,408
5 TRADE DEBTORS			
Un Secured - Considered Good		9,210,533	9,765,456
These are related to local sales and processing receipts and are unsecured but considered good by the management. However it shall be noted that the company has not maintained any aging for the debtors past due but not impaired as per IFRS - 7 Financial Instruments: Disclosures. Moreover no impairment of receivables was charged during the year.			
6 LOANS AND ADVANCES			
Employees - Considered Good		366,310	284,457
		366,310	284,457
7 DEPOSITS AND PREPAYMENTS			
Advance income tax		734,600	520,418
		734,600	520,418
8 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax refundable		1,531,023	1,531,023
Income tax refundable		105,016	105,016
		1,636,039	1,636,039
9 CASH AND BANK BALANCES			
In hand		76,433	70,958
Cash with banks			
On current accounts		43,772	14,634
		120,205	85,592
10 SHARE CAPITAL			
Authorized			
8,000,000 (2015: 8,000,000) Ordinary shares of Rs. 10 each		80,000,000	80,000,000
Issued subscribed and paid up			
5,400,000 (2015: 5,400,000) Ordinary shares of Rs. 10 each			
Issue for cash		54,000,000	54,000,000

11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Revaluation of Property, Plant and Equipment on 30th September, 1996 has been carried out by independent valuers Messrs Tracom (Pvt) Ltd registered surveyors and valuation consultants on the basis of prevailing market value and replacement value in respect of land, building and plant and machinery respectively and further verified by M/s Yousaf Adil & Co. Chartered Accountants and later on revaluation was again carried out by independent valuers M/s Hamid Mukhtar & Co (Pvt) Ltd. on June 20, 2003 on the basis of market value and further verified by the same auditors. The company has not revalued its Property, Plant and Equipment since 2003 and intends to carry out revaluation in the year ending 30th June 2017.

	NOTE	2016 Rupees	2015 Rupees
Surplus on revaluation of Property, Plant and Equipment			
Less:			
Incremental depreciation upto Sep 30, 2002 transferred to statement of comprehensive income		7,815,208	7,939,594
Incremental depreciation for the year transferred to statement of comprehensive income	Note.11.2	(118,166)	(124,386)
		<u>7,697,042</u>	<u>7,815,208</u>

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

11.2 Effect of revaluation of Property, Plant and Equipment

Particulars	Original cost of Revalued Assets	Written Down Value At the time of Revaluation	Assessed value	Revaluation Surplus	Effect of Revaluation Conducted As Per Circular-29 dt. 15.10.2002 on	Net Effect of Revaluation
	A	B	C	D=C-B	E	F=D+E
Land	4,248,120	4,248,120	10,749,000	6,500,880	(1,049,000)	5,451,880
Building	15,766,650	13,585,266	20,657,000	7,071,734	(621,636)	6,450,098
Plant and Machinery	51,468,437	36,989,607	88,482,000	51,492,393	(6,583,404)	44,908,989
Vehicles	-	-	-	-	278,567	278,567
	<u>71,483,207</u>	<u>54,822,993</u>	<u>119,888,000</u>	<u>65,065,007</u>	<u>(7,975,473)</u>	<u>57,089,534</u>
Less: Charged to Profit & Loss on Destruction of Plant & Machinery	-	-	4,249,459	4,249,459	-	4,249,459
	<u>71,483,207</u>	<u>54,822,993</u>	<u>115,638,541</u>	<u>60,815,548</u>	<u>(7,975,473)</u>	<u>52,840,075</u>

Less: Incremental depreciation transferred to statement of comprehensive income upto 30.06.2015.

45,024,867

7,815,208

Less: Incremental depreciation transferred to statement of comprehensive income for the year 30-06-2016

118,166

7,697,042

12 LONG TERM LOANS**Un secured**

- Loan from third parties and shareholders other than directors

2016	2015
Rupees	Rupees
11,848,938	11,598,938
11,848,938	11,598,938

- 12.1** This relates to loan taken from third parties and shareholders other than directors which is interest free and is not repayable in the next immediate financial year.

13. DEFERRED LIABILITIES**Staff Gratuity**

Balance as at July 01, 2015

Add: Amount recognized during the year

Less: Benefits paid during the year

NOTE	2016	2015
	Rupees	Rupees
	-	-
Note.13.1	-	-
	-	-
	-	-
	-	-

- 13.1** The company has not charged any provision with respect to gratuity payable. The liability on approximate basis would have been Rs. 889,600/- had the company provided for such provision. Further the company had not provided for any provision for gratuity for existing employees.

14 TRADE AND OTHER PAYABLES

Trade creditors

Advance Payment

Accrued expenses

Tax deducted at source

Unclaimed dividend

Other Liabilities

NOTE	2016	2015
	Rupees	Rupees
	28,392,012	28,518,365
	1,150,000	1,150,000
	620,398	516,348
	822,616	822,616
	103,962	103,962
	1,414,640	1,578,640
	32,503,628	32,689,931

15. SHORT TERM BORROWINGS-Secured

Faysal Bank Limited, Multan

Running Finance-secured

Note - 15.1

2016	2015
Rupees	Rupees
28,277,960	28,773,047
28,277,960	28,773,047

- 15.1** This represent the Short Term running finance facility obtained from The Faysal Bank Limited (formerly RBS - Royal Bank Of Scotland, Multan) against sanctioned limit of Rs. 28.800 million (2014: Rs.28.800 M) against the deposit under lien of Rs. 28.8 million and personnel guarantee of the director of the company. It carries mark up at the rate 2% above deposit rate(2015:2%). During the year mark up rate was charged ranging from 7.702% to 8.725% per annum (2015: 8.725% to 10.68% per annum). This is secured against deposit under lein of PKR 28.800 million and personnel guarantees of the directors of the company. This finance facility is not renewed since january 01, 2015. the renewel remains pending in front of bank authorities.

16 PROVISION FOR TAXATION

Opening balance	801,650	957,309
Add: Provision for the year	946,871	801,650
Prior year adjustment	15	(327,473)
	<u>1,748,536</u>	<u>1,431,486</u>
Less: Paid during the year	281,247	-
Adjusted during the year against the assessment completed	520,418	629,836
	<u>946,871</u>	<u>801,650</u>

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

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

17 Contingencies and Commitments

There is no contingency and commitment as at year end (2015 : nil)

18 Administrative expenses

NOTE	2016	2015
	Rupees	Rupees
Salaries and benefits	2,387,908	2,227,192
Traveling and conveyance	84,486	13,200
Communication expenses	110,934	87,710
Printing & stationery	109,180	74,170
Rent, rates and taxes	68,600	76,412
Fee and subscription	214,010	174,435
Entertainment	14,837	9,762
Repair & maintenance	310,576	71,347
Auditors' remuneration	(Note 18.1) 187,500	187,500
Advertisement & Publicity	17,500	17,500
Legal & professional charges	48,192	48,835
Power and fuel	131,119	275,680
Depreciation	3 983,570	1,050,276
Miscellaneous	1,109	4,000
	<u>4,669,521</u>	<u>4,318,019</u>

18.1 Auditors' remuneration

Statutory audit	177,500	177,500
Out of pocket expenses	10,000	10,000
	<u>187,500</u>	<u>187,500</u>

19 OTHER OPERATING INCOME

Rental Income	7,324,106	7,305,252
	<u>7,324,106</u>	<u>7,305,252</u>

20 FINANCE COST

Mark up short term running finance-secured	2,460,866	2,976,599
Bank charges	753	2,126
	<u>2,461,619</u>	<u>2,978,725</u>

	NOTE	2016 Rupees	2015 Rupees
21 TAXATION			
This relates to:			
Current year		946,871	801,650
Prior year		15	(327,473)
		<u>946,886</u>	<u>474,177</u>
22 BASIC EARNING / (LOSS) PER SHARE			
Profit / (Loss) after Taxation attributable to ordinary shareholders		<u>(753,920)</u>	<u>(465,669)</u>
		Number of shares	
No. of ordinary shares issued and subscribed at the end of the year		<u>5,400,000</u>	<u>5,400,000</u>
		R u p e e s	
Earning / (Loss) per share		<u>(0.14)</u>	<u>(0.09)</u>
22.1 There is no dilutive effect on the basic earning/ (Loss) per share.			
23 CASH GENERATED FROM OPERATIONS			
Profit /(loss) before taxation		192,966	8,508
Adjustment for non cash charges and			
Other items:			
Depreciation	(Note 3)	983,570	1,050,276
Finance cost		2,461,619	2,978,725
		3,445,189	4,029,001
Working capital changes	(Note 23.1)	286,767	(300,615)
		<u>3,924,922</u>	<u>3,736,894</u>
23.1 WORKING CAPITAL CHANGES			
(increase) / decrease in current assets			
Trade debtors		554,923	137,405
Loans and advances		(81,853)	(72,341)
		473,070	65,064
Increase/ (decrease) in current liabilities			
Trade and other payables		(186,303)	(365,679)
		<u>286,767</u>	<u>(300,615)</u>
24 CASH AND CASH EQUIVALENTS			
Cash and bank balances		120,205	85,592
Short term borrowings		(28,277,960)	(28,773,047)
		<u>(28,157,755)</u>	<u>(28,687,455)</u>

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	2016					Total
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets						
Long term deposits	-	-	-	954,408		954,408
Trade debtors	-	-	9,210,533	-		9,210,533
Loans and advances	-	-	366,310	-		366,310
Deposits and prepayments	-	-	734,600	-		734,600
Other receivables	-	-	-	-		-
Cash and bank balance	-	-	120,205	-		120,205
	-	-	10,431,648	954,408		11,386,056

	2015					
	Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
		Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial assets						
Long term deposits	-	-	-	954,408	954,408	
Trade debtors	-	-	9,765,456	-	9,765,456	
Loans and advances	-	-	284,457	-	284,457	
Deposits and prepayments	-	-	520,418	-	520,418	
Other receivables	-	-	-	-	-	
Cash and bank balance	-	-	85,592	-	85,592	
	-	-	10,655,923	954,408	11,610,331	

2016					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans		-	-	11,848,938	11,848,938
Short term borrowings	7.702% to 8.725%	28,277,960	-	-	28,277,960
Interest and mark up accrued on loans		-	-	367,278	367,278
Trade and other payables		-	-	31,681,012	31,681,012
		28,277,960	-	32,048,290	72,175,188

2015					
Interest Rate Range Per annum	Mark up Bearing		Non Mark up Bearing		Total
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year	
Financial Liabilities					
Long term loans		-	-	11,598,938	11,598,938
Short term borrowings	8.725% to 10.68%	28,773,047	-	-	28,773,047
Interest and mark up accrued on loans		-	-	535,034	535,034
Trade and other payables		-	-	31,867,315	31,867,315
		28,773,047	-	32,402,349	72,774,334

25.1 FOREIGN EXCHANGE RISK MANAGEMENT

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

(a) Credit Risk

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

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

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

	2016	2015
	Rupees	Rupees
Long term deposits	954,408	954,408
Trade debtors	9,210,533	9,765,456
Deposits and prepayments	734,600	520,418
Cash and bank balances	120,205	85,592

(b) Interest / Mark up rate risk

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

(c) Capital Management

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

(d) Foreign currency risk

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

(e) Liquidity risk

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

25.2 Fair value of assets and liabilities

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

26 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

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

Description	2016			2015		
	Chief Executive	Working Directors	Executives	Chief Executive	Working Directors	Executives
Basic salary	-		-	-		-
House rent	-		-	-		-
Other allowances	-		-	-		-
	-		-	-		-
No. of persons	1	1	-	1	1	-

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

27 NUMBER OF EMPLOYEES

2016 **2015**

The no. of employees as at June 30, 2016

12 **13**

Average no. of employees during the year

12 **13**

28 RATED CAPACITY AND ACTUAL PRODUCTION

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

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 3rd October, 2016 by the Board of Directors of the company.

30 GENERAL

30.1 Figures has been rounded of to the nearest rupee.

30.2 Comparatives have been rearranged where necessary

Mr. Zulfiqar Ali
Chief Executive

Mr. Nafees Iqbal
Director

Form 34
(Section 236)
Pattern of Holding of Shareholders
As on June 30, 2016

Number of shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
61	1 -	100	1,697	0.03
457	101 -	500	224,928	4.17
35	501 -	1000	33,783	0.63
57	1001 -	5000	157,087	2.91
16	5001 -	10000	123,101	2.28
5	10001 -	15000	65,500	1.21
3	15001 -	20000	48,904	0.91
1	50001 -	55000	50,500	0.94
1	65001 -	70000	66,000	1.22
1	70001 -	75000	71,000	1.31
1	100001 -	105000	100,500	1.86
1	110001 -	115000	114,000	2.11
1	405001 -	410000	409,000	7.57
1	3930001 -	3935000	3,934,000	72.85
641			5,400,000	100.00

Sr.#	Name	No of Shareholders	Shares Held	Percentage of Capital
1.	Directors, Chief Executive Officer, their spouse and minor children	7	5,000	0.0926
2.	General Public (Local)	628	5,314,999	98.4259
3.	Others	6	80,001	1.4815
	Total	641	5,400,000	100.000

PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Sr.#	Name	Shares Held	Percentage of Capital
Directors, Chief Executive Officer, their spouse and minor children			
1	MR. ZULFIQAR ALI	1,000	0.0185
2	CH. NASEER AHMED	1,000	0.0185
3	SYED HAMEED-UD-DIN	500	0.0093
4	MR. IMTIAZ HUSSAIN QURESHI	500	0.0093
5	MR. NADEEM ABBAS	500	0.0093
6	MR. NAFEES IQBAL	500	0.0093
7	MR. ABDUL SHAKOOR	1,000	0.0185
Running Total of: Directors, Chief Executive Office, and their spouse and minor children		5,000	0.0926
Banks Developments Financial Institutions, Non Banking Financial Institutions			
1	CAPITAL VISION SECURITIES (PVT) LIMITED	500	0.0093
2	CAPITAL VISION SECURITIES (PVT) LTD.	2,000	0.0370
3	TIME SECURITIES (PVT.) LTD.	10,500	0.1944
4	HUSSAIN MILLS LIMITED	66,000	1.2222
5	Y.S. SECURITIES & SERVICES (PVT) LTD.	1,000	0.0185
6	MAPLE LEAF CAPITAL LIMITED	1	0.0000
Running Total of: Banks Developments Financial Institutions, Non Banking Financial Institutions		80,001	1.4815
General Public (Local)		5,314,999	98.4259
GRAND TOTAL		5,400,000	100.0000
Shareholders having more than 5% Shares			
1	Rehan Ahmed	3,934,000	72.85
2	Muzaffar Ahmad	409,000	7.57
TOTAL		4,343,000	80.43

FORM OF PROXY

Please quote Reg. folio Number

--

I/We _____

of _____

Being a Member of Mubarak Textile Mills Limited, Hereby appoint

(NAME)

_____ another Member of the Company or failing

(NAME)

of _____

(Being a Member of the Company) as my / our Proxy to attend, act and vote for me / us and on my / our behalf, at the 25th Annual General Meeting of the Company to be held on Monday, 31 October, 2016 at 20-km Off Ferozepur Road, Lahore, at 11.00 a.m. and at any adjournment thereof.

As witness my hand this _____ Day of _____ 2016

Member's signature_____
Member's signature

Affix Revenue Stamps of appropriate Value

Note:

1. This form of proxy duly completed must be deposited at the Company's Registered office not less than 48 hours before the time of meeting.
2. CDC Shareholders and their Proxies must attach an attested photo copy of their Computerized National Identity Card with this proxy form.