GUL AHMED HOLDINGS (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2017

GUL AHMED HOLDINGS (PRIVATE) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2017

The directors of your Company are pleased to present the Annual Report and the audited financial statements for the year ended June 30, 2017 together with auditors' report thereon.

OPERATING RESULTS:

Financial Highlights of the Company are as below:-

Description	2017	2016
	Amount in Rupees	
(Loss) / Profit after tax	(715,123)	536,914,350
Capital reserves	4,617,537,966	4,617,537,966
Accumulated profit	534,569,077	535,284,200
(Loss) / Earning per share	(8.87)	6,658.16

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended June 30, 2017 of the Company and its direct subsidiary Gul Ahmed Textile Mills Limited, and indirect subsidiaries Gul Ahmed International Limited (FZC) UAE, GTM (Europe) Limited UK, GTM USA Corporation USA and Sky Home Corporation USA are attached.

FORWARD LOOKING STATEMENT

The Company is the Holding Company of Gul Ahmed Textile Mills Ltd. Also, the Company invests and divest in the securities of any Company. During the year, no investment other than investment in Subsidiary has been made.

We are optimistic that the Company's performance will improve in the next Financial Year, both in terms of income and fund management.

AUDITORS

The present auditors of the Company M/s Kreston Hyder Bhimji & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2017 and have issued an unqualified audit report. The auditors will retire, and being eligible, have offered themselves for reappointment for the year ending June 30, 2018.

For and on behalf of the Board

Karachi
September 25, 2017

MOHOMED BASHIR
Chief Executive

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GUL AHMED HOLDINGS (PRIVATE) LIMITED** ("the Company") as at June 30, 2017 and related profit and loss account, 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 repealed 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 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:-

a). in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;

b). in our opinion:

- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the 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 and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, 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 repealed 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 June 30, 2017 and of the loss, its cash flows and changes in equity for the year then ended; and

d). in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Kreston Hyder Bhimji & Co

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Fahad Ali Shaikh

Karachi: 25 SEP 2017

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OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

GUL AHMED HOLDINGS (PRIVATE) LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	NOTE	2017	2016
		RUPEES	
ASSETS			
NON - CURRENT ASSETS			
Investments in subsidiary	4	6,432,508,081	5,435,730,131
Processing fee against acquisition of land		2,500,000	-
		6,435,008,081	5,435,730,131
CURRENT ASSETS			
Cash and bank balances	5	157,362	309,651
		6,435,165,443	5,436,039,782
EQUITY & LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000 Ordinary Shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	6	806,400	806,400
Capital reserves	7	4,617,537,966	4,617,537,966
Accumulated profit		534,569,077	535,284,200
		5,152,913,443	5,153,628,566
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payable- Accrued expenses		152,000	140,400
Loans from Director	8	1,282,100,000	281,000,000
Provision for taxation - net of payments		-	1,270,816
		1,282,252,000	282,411,216
CONTINGENCIES AND COMMITMENTS	9	-	-
		6,435,165,443	5,436,039,782

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive

Director

GUL AHMED HOLDINGS (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017	2016
		RUPEES	
Income	10	-	539,882,598
Administrative expenses	11	**(1,073,453)**	(1,119,786)
(Loss) / Profit before taxation		**(1,073,453)**	538,762,812
Taxation - Current		-	(1,848,462)
- Prior year		358,330	-
		358,330	(1,848,462)
(Loss) / Profit for the year		**(715,123)**	536,914,350
(Loss) / Earning per share - basic and diluted		(8.87)	6,658.16

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive

Director

GUL AHMED HOLDINGS (PVT) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	RUPEES	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation for the year	(1,073,453)	538,762,812
Adjustment for:		
Dividend income	-	(534,106,153)
Changes in working capital:		
Increase in accrued expenses	11,600	35,400
	(1,061,853)	4,692,059
Income tax paid	(912,486)	(577,646)
Net cash (used in) / generated from operating activities	(1,974,339)	4,114,413
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure- incurred during the year	(2,500,000)	-
Subscription to right shares os subsidiary company	(996,777,950)	(818,192,165)
Dividend received during the year	-	534,106,153
Net cash used in investing activities	(999,277,950)	(284,086,012)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from directors obtained during the year	1,001,100,000	281,000,000
Repayment of loan from director	-	(1,000,000)
Net cash flows from financing activities	1,001,100,000	280,000,000
Net (decrease) / increase in cash and cash equivalents	(152,289)	28,401
Cash and the cash equivalent at the beginning of the year	309,651	281,250
Cash and the cash equivalent at the end of the year	157,362	309,651

The annexed notes from 1 to 16 form an integral part of these financial statements.

Chief Executive

Director

GUL AHMED HOLDING (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Capital Reserve	Accumulated (loss) / Profit	TOTAL
	--------------------------------Rupees	--------------------------------	--------------------------------	--------------------------------
Balance as at June 30, 2015	806,400	4,617,537,966	(1,630,150)	4,616,714,216
Income for the year ended June 30, 2016	-	-	536,914,350	536,914,350
Balance as at June 30, 2016	**806,400**	**4,617,537,966**	**535,284,200**	**5,153,628,566**
Loss for the year ended June 30, 2017	-	-	**(715,123)**	**(715,123)**
Balance as at June 30, 2017	**806,400**	**4,617,537,966**	**534,569,077**	**5,152,913,443**

The annexed notes from 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

GUL AHMED HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF THE BUSINESS

Gul Ahmed Holdings (Private) Ltd is a Private Limited Company incorporated on 14th April, 2014 under the Companies Ordinance, 1984. The Company has been incorporated to carry on business of Holding Company for that purpose to invest and divest the securities of any Company. The registered office of the Company is situated at Plot No.82, Main National Highway, Landhi, Karachi.

Gul Ahmed Holdings (Private) Limited (The Company) has been established and beneficially owned by the four major shareholders (Mr. Mohomed Bashir and his three sons Mr. Zain Bashir, Mr. Ziad Bashir and Mr. Mohammed Zaki Bashir as sponsors) of Gul Ahmed Textile Mills Limited (GATML) who had transferred their shares in one direction (as envisaged in Section 59B (7) of the Income Tax Ordinance 2001) after obtaining approval of the Securities and Exchange Commission of Pakistan (SECP) for group formation. Consequently the Company now owns 67.10% shares of GATML and has become the holding company of GATML.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the 'historical cost convention' except as has been specifically stated below in respective notes.

These financial statements have been prepared following accrual basis of accounting except for cash flow statement.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) 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.

2.3 Functional and reporting currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional currency.

2.4 New and revised standards and interpretations

(a) New and amended Standards and Interpretations became effective:

Following new / amended standards and amendments / clarifications issued by IASB have become effective for annual periods beginning on or after January 01, 2016.

IAS 1 Presentation of Financial Statements' (Effective for annual periods beginning on or after 1 January 2016)

Disclosure Initiative (Amendments to IAS 1) introduces certain clarifications related to consideration of materiality, clarifications related to aggregation and disaggregation of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income and the amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. This do not have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' (Effective for annual periods beginning on or after January 01, 2016)

This amendment introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. This standard is not relevant to the Group's consolidated financial statements.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer Plants (Effective for annual periods beginning on or after January 01, 2016)

Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a Company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less cost to sell under IAS 41. A bearer plant is a plant that is used in the supply of agricultural produce, is expected to bear / produce for more than one period, and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. This amendment is not relevant to the Group's consolidated financial statements.

IAS 19 'Employee Benefits' - Discount rate regional market issue (Effective from accounting period beginning on or after January 01, 2016)

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is a currency that the liabilities are denominated in, is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, Government bonds in that relevant currency should be used. The amendment is retrospective, but limited to the earliest period presented. The amendment do not have any significant impact on the Company's uncosolidated financial statements.

IAS 27 (Revised 2011) – 'Separate Financial Statements' (Effective from annual period beginning on or after January 01, 2016)

Amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Group already carries investment in its subsidiary at cost, therefore amendment do not have any significant impact on the Group's consolidated financial statements.

IAS 34 'Interim Financial Reporting' - Disclosure of information 'elsewhere in the interim financial report' (Effective from annual period beginning on or after January 01, 2016)

This amendment clarifies what is meant by the reference in the standard to 'Disclosure of information elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. This amendment is retrospective. This amendment will only have effect the disclosure in Group's interim financial information.

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' - Changes in methods of disposal (Effective from annual period beginning on or after January 01, 2016)

The amendment adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa, and cases in which held-for-distribution accounting is discontinued. The amendment is prospective and it is unlikely that this will have any significant impact on the Group's consolidated financial statements.

IFRS 7 'Financial Instruments: Disclosures' (Effective from annual period beginning on or after January 01, 2016)

The amendments add additional guidance to clarify whether a servicing contract is continued involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies that the additional disclosure required by the amendment to IFRS 7, 'Disclosure - Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. It is unlikely that the amendment will have any significant impact on the Groups's consolidated financial statements.

Amendments to IFRS 10 , 'Consolidated Financial Statements ' and IAS 28 ,'Investments in Associates and Joint Venture ' and IFRS 12' Disclosure of Interest in other entities (Effective from annual period beginning on or after January 01, 2016)

Investment Entities : Applying the consolidation Exception clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statement is available to a parent entity which is a subsidiary of an investment entity ; (c) how an entity that is not an investment entity should apply the equity method of accounting for its investments in an associate or joint venture that is an investment entity and (d) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. It is unlikely that the amendment will have any significant impact on the Groups's consolidated financial statements.

Amendments to IFRS 11 ' Joint Arrangements ' ' (Effective from annual period beginning on or after January 01, 2016)

Accounting for acquisition of interest in joint operations - Amendments to IFRS 11 'Joint Arrangements' clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require investors to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendment is not relevant to the Groups's consolidated financial statements

IAS 28 (Revised 2011) – 'Investments in Associates and Joint Ventures' (Effective from accounting period beginning on or after January 01, 2016)

This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is not relevant to the Group's consolidated financial statements.

(b) Standards, Interpretations and Amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards that have been published that are mandatory to the Company's accounting period beginning on or after the dates mentioned below:

IAS 7 'Statement of Cash Flows' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flow and non-cash changes. The amendments are unlikely to have any material impact on the Group's consolidated financial statements.

IAS 12 'Income Taxes' (Effective for annual periods beginning on or after 1 January 2017)

This standard has been amended to clarify;
- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The amendments are unlikely to have any material impact on the Groups's consolidated financial statements.

IAS 40 'Investment Property' amendments to clarify transfers or property to, or from, investment property (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not relevant to the

Group's consolidated financial statements.

IFRS 2 – Classification and Measurement of Share Based Payment Transactions (Amendment) (Effective for annual periods beginning on or after 1 January 2018)

The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendment is not relevant to the Group's consolidated financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (Effective for annual periods beginning on or after 1 January 2018)

The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises non monetary assets or non monetary liability arising from payment or receipt of advance consideration. In case there are multiple payments or receipts in advance, the entity should determine a date of the transaction for each payment or receipt of advance consideration. This IFRIC is not likely to have a material impact on Group's consolidated financial statements.

IFRIC 23 'the Accounting for uncertainties in income taxes' (Effective for annual periods beginning on or after 1 January 2019)

This Amendment clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. This IFRIC is not likely to have a material impact on Group's consolidated financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts [Completed] (Effective for annual periods beginning on or after 1 January 2018)

The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach"); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach"). The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contract standard is applied. The amendments are not likely to have an impact on Group's consolidated financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses

IFRS 12 Disclosure of Interests in Other Entities amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's unconsolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures amendments resulting from Annual Improvements 2014–2016 Cycle clarifying certain fair value measurements (Effective for annual periods beginning on or after 1 January 2018)

This amendment clarifies that the election to measure an investment in an associate or a joint venture that is held by an entity and that is a venture capital organization, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.The amendment is not relevant to the Group's consolidated financial statements.

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(c) New Standards issued by IASB but not yet been notified by SECP

International Financial Reporting Standards (IFRSs)	IASB effective date annual periods beginning on or after
IFRS 1 - First Time Adoption of IFRS	January 1, 2013
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 -Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Taxation

The Company takes into account relevant provisions of the prevailing income tax laws and applicable tax rates while providing for taxation. Further through designation letter dated February 12, 2015 of the Securities and Exchange Commission of Pakistan the Company and its subsidiary have been designated as a group for group relief, hence the Company is also entitled to benefits under section 59 of Income Tax Ordinance, 2001.

3.2 Investment in subsidiary

Investment in subsidiary company is stated at cost in these separate financial statements as permitted in IAS 28. The cost on initial recognition has been determined and taken as the proportionate net assets of the shares owned by the Company of the subsidiary as on the date of becoming holding Company. Subsequent acquisitions are recorded at the cost incurred to acquire the shares, i.e., at fair value.

The Company periodically considers the carrying amount of the investment to assess whether there is any indication of impairment loss. If such indication exists, the carrying amount is reduced to recoverable amount and the difference is recognized as an expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount. The reversal of such impairment loss is recognized as an income.

3.3 Provision

Provision is recognized when the Company has present legal or constructive obligations as result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

3.4 Dividend

Dividend is recognized in the financial statements in the period in which it is approved.

3.5 Cash and Cash Equivalents

The cash and cash equivalents comprises cash and cheques in hand and balances with banks.

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			No of Shares		2017 RUPEES	2016 RUPEES
4	**INVESTMENT IN SUBSIDIARY**		**2017**	**2016**		
	Gul Ahmed Textile Mills Limited					
	Shares acquired on initial transfer	Note 4.1	123,314,552	123,314,552	4,617,537,966	4,617,537,966
	Further acquisition through					
	Bonus shares (25%) - 2015	Note 9	29,287,206	29,287,206	-	-
	Right Shares (30%) - 2015-16		46,753,838	46,753,838	818,192,165	818,192,165
	Right Shares (20%) - 2016-17		39,871,118	-	996,777,950	-
			115,912,162	76,041,044	1,814,970,115	818,192,165
		Note 4.2	239,226,714	199,355,596	6,432,508,081	5,435,730,131

4.1 This represent the amount recognized in respect of shares of Gul Ahmed Textile Mills Limited (GATML) that were transferred to the Company as explained in note 1 & 7.

4.2 The fair value of the investment based on the market share price of the Subsidiary as on the Balance Sheet date aggregated to Rs.9,804 million (2016: Rs. 7,215 million).

		Note	2017 RUPEES	2016 RUPEES
5	**CASH AND BANK BALANCES**			
	Cash in hand		26,600	33,850
	Cash at banks			
	Current accounts	5.1	130,762	275,801
			157,362	309,651

5.1 Bank Balances Include amounts held with related Party, Habib Metropolitan Bank Ltd. amounting Rs. 125,762 (2016:Rs.270,801)

		2017	2016
6	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	80,640 Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash	806,400	806,400

7 **CAPITAL RESERVE**

This represents the reserve created in respect of the recognition of the investment in subsidiary equal to the share of net assets of Gul Ahmed Textile Mills Limited as on June 27, 2014 i.e the date on which 123,314,552 were transferred by four major shareholders as described in note no 1 & 4. Since the Company has become Holding Company by virtue of the transfer of the shares to Company by four major shareholders of the Gul Ahmed Textile Mills Limited (GATML), who are also beneficial owners of the Company so the transaction between the owners of the Company and Company in their capacity as owners of the entity, without issuance of shares by the Company to its shareholders for transferring their investment in GATML to satisfy one-way transfer, is treated and recorded as Capital Reserve and directly credited into equity.

8 **LOAN FROM DIRECTORS**

This represent unsecured and markup free loan provided by directors in order to meet the funding requirements of the Company and is repayble on demand.

9 **CONTINGENCIES AND COMMITMENT**

During the year 2014, the subsidiary company, Gul Ahmed Textile Mills Limited (GATML), announced 25% bonus shares for the year ended June 30, 2014 based on which the Company was entitled to receive 30,828,638 shares; however out of these 1,541,432 bonus shares were retained by GATML in view of 5% income tax on bonus shares imposed through Finance Act 2014. The Company along with several other shareholders had filed a suit in the Honorable Sindh High Court, challenging the legality of tax on bonus shares which was decided in favor of the Government. The Company has then filed an appeal in the Division Bench of Honorable Sindh High Court against the above decision and the Division Bench has issued stay against the recovery of the above tax till final decision.

The Company is confident that the matter will be decided in its favor; however in view of uncertainties, the Company has not taken accounted for these 1,541,432 shares consequently no provision is required against the tax amount. Also the corresponding dividend in respect of these bonus shares declared during the pendency of the case aggregating to Rs. 6.936 million (2016: Rs. 5.935 million) has not been accrued.

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	Note	2017	2016
		RUPEES	

10 INCOME

Income from Financial assets

Dividend Income- From Subsidiary Company		-	534,106,153
Profit / markup on bank deposits		-	5,776,445
		-	539,882,598

11 GENERAL & ADMINISTRATIVE EXPENSES

Fees and subscription	459,675	407,065
Legal & Professional charges	450,300	560,300
Audit fee	118,800	108,000
Audit fee for consolidation	44,000	44,000
Printing & stationery	-	341
Bank charges	678	80
	1,073,453	1,119,786

12 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary, associated companies, companies where directors also hold directorship, directors of the Company and key management personnel. Transactions with related parties during the year are as follows.

Relationship	Nature of Transactions	Amount 2017	Amount 2016
Subsidiary Company	Subscription of right shares	1,814,970,115	818,192,165
	Dividend	-	534,106,153
Directors	Loan received	1,001,100,000	281,000,000
	Loan repaid	-	1,000,000
Associated Company	Profit / markup on bank deposits	-	5,776,445

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

13.1 Financial risk and assets and liabilities

The Company's activities expose it to variety of financial risks: credit risk, market risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders. Financial assets and liabilities as at the balance sheet date are as follows:

	Note	2017	2016
		RUPEES	
Financial Assets			
Cash and bank balances		157,362	309,651
Financial Liabilities			
Trade and other payable- Accrued expenses		152,000	140,400
Loans from directors		1,282,100,000	281,000,000
		1,282,252,000	281,140,400

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in subsidiary which is stated at cost.

(i) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company is exposed to credit risk only in respect of deposits with banks which as at balance sheet date amounted to Rs. 130,762 (2016: Rs. 275,801). The Company limits its exposure in to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating and given the high credit ratings of the banks, management does not expect that any counter party will fail to meet their obligations.

Name of Bank	Credit Rating		Rupees	
	Short Term	Long term	2017	2016
Habib Metropolitan Bank Limited	A1+	AA+	125,762	270,801
Habib Bank Limited	A1+	AAA	5,000	5,000
			130,762	275,801

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(ii) **Liquidity risk**

Liquidity risk represents the risk where the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. The exposure to liquidity risk in respect of financial liabilities along with maturities is disclosed in above table of financial assets and liabilities (note 12.1). Currently the liquidity requirements have been met through loan from directors, hence it is believed that the Company is not exposed to significant liquidity risk.

(iii) Market risk

a) **Interest rate risk**

Interest rate risk arises due to changes in market interest rates that results in fluctuation in fair value or future cash flows of a financial instrument. The Company do not have any such financial instruments hence it is not such risk.

b) **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows of financial statements will fluctuate because of changes in foreign exchange rates. Currently the Company is not exposed to any foreign exchange risk.

c) **Other price risk**

The risk that the fair value or future cash flows of a 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 traded in the market. The Company is not exposed to any such risk in respect of any financial instruments. The company's investments in subsidiary is subject to other price risk and considering its market share prices (fair values) and strong credit worthiness the Company does not believe that it exposed to significant price risk.

(iv) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Currently the Company finances its operations mainly through equity and short term funds from sponsors of the company.

(v) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company while assessing fair values uses valuation techniques that are appropriate in the circumstances using relevant observable data as far as possible and minimizing the use of unobservable inputs. Fair values are categorized into following three levels based on the input used in the valuation techniques;

Level 1 : Quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Leve 3: Inputs are unobservable inputs for the asset or liability Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at balance sheet the fair value of all the financial assets and liabilities approximates to their carrying values mainly due to short term maturities except investment in direct subsidiary whose fair value based on quoted market price (level 1) is disclosed in note 3.

14 EVENT AFTER BALANCE SHEET DATE

Subsequent to the year end the directors of the subsidiary in their meeting held on September 23, 2017 have proposed to pay 10% final cash dividend, i.e., Re. 1 per share for the year ended June 30, 2017.

15 GENERAL

15.1 No of employees of the Company as at the balance sheet date were nil and hence there are no retirement benefits.

15.2 Figures have been rounded off to the nearest rupee.

16 DATE OF AUTHORIZATION

These financial statements were authorized on September 25, 2017 by the Board of Directors of the Company.

CHIEF EXECUTIVE DIRECTOR