

To the members of Gul Ahmed Holdings (Private) Limited
Report on the Audit of the financial statements

Opinion

We have audited the annexed financial statements of **Gul Ahmed Holdings (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in for Director's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

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or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Fahad Ali Shaikh.



Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi:
Dated: September 28, 2018



GUL AHMED HOLDINGS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		2018	2017
	NOTE	RUPEES	
<u>ASSETS</u>			
NON - CURRENT ASSETS			
Investments in subsidiary	4	6,432,508,081	6,432,508,081
Processing fee against acquisition of land	5	2,500,000	2,500,000
		6,435,008,081	6,435,008,081
CURRENT ASSETS			
Short Term Investment	6	5,702,975	-
Advance income tax		2,551	-
Cash and bank balances	7	281,212	157,362
		5,986,738	157,362
		6,440,994,819	6,435,165,443
<u>EQUITY & LIABILITIES</u>			
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	8	806,400	806,400
Capital reserves	9	4,617,537,966	4,617,537,966
Unappropriated profit		771,770,301	534,569,077
		5,390,114,667	5,152,913,443
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payable- Accrued expenses		280,152	152,000
Loans from Director	10	1,050,600,000	1,282,100,000
		1,050,880,152	1,282,252,000
CONTINGENCIES AND COMMITMENTS	11	-	-
		6,440,994,819	6,435,165,443

The annexed notes from 1 to 18 form an integral part of these financial statements.

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Chief Executive


Director

GUL AHMED HOLDINGS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	NOTE	2018 RUPEES	2017
Income	12	239,255,206	-
Administrative expenses	13	(2,053,982)	(1,073,453)
Profit / (loss) before taxation		<u>237,201,224</u>	<u>(1,073,453)</u>
Taxation - Current		-	-
- Prior year		-	358,330
		-	358,330
Profit / (loss) for the year		<u><u>237,201,224</u></u>	<u><u>(715,123)</u></u>
Earning / (Loss) per share - basic and diluted		<u><u>2,941.48</u></u>	<u><u>(8.87)</u></u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

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Chief Executive



Director

GUL AHMED HOLDINGS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	RUPEES	
Profit / (loss) for the year	237,201,224	(715,123)
Other Comprehensive Income	-	-
Total Comprehensive Income	<u>237,201,224</u>	<u>(715,123)</u>

The annexed notes from 1 to 18 form an integral part of these financial statements.

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Chief Executive



Director

GUL AHMED HOLDINGS (PVT) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

2018

RUPEES

2017

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation for the year
Less profit on bank deposit

237,201,224
(28,492)
237,172,732

(1,073,453)
-
(1,073,453)

Changes in working capital:

Increase in accrued expenses

128,152

11,600

Payments made against

Income tax paid

(2,551)

(912,486)

Subscription to right shares of subsidiary company

-

(996,777,950)

(2,551)

(997,690,436)

Net cash generated / (used in) from operating activities

237,298,333

(998,752,289)

CASH FLOW FROM INVESTING ACTIVITIES

Short Term Investment

(5,700,000)

Profit received from short term investments

25,517

Processing fee paid against acquisition of land

-

(2,500,000)

Net cash used in investing activities

(5,674,483)

(2,500,000)

CASH FLOW FROM FINANCING ACTIVITIES

Loan from directors obtained during the year

5,200,000

1,001,100,000

Repayment of loan from director

(236,700,000)

-

Net cash (outflow) / inflow from financing activities

(231,500,000)

1,001,100,000

Net increase / (decrease) in cash and cash equivalents

123,850

(152,289)

Cash and the cash equivalent at the beginning of the year

157,362

309,651

Cash and the cash equivalent at the end of the year

281,212

157,362

The annexed notes from 1 to 18 form an integral part of these financial statements.

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Chief Executive

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Director

GUL AHMED HOLDING (PVT) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share Capital	Capital Reserve	Unappropriated Profit	TOTAL
	-----Rupees-----			
Balance as at June 30, 2016	806,400	4,617,537,966	535,284,200	5,153,628,566
Total Comprehensive 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
Total Comprehensive Income for the year ended June 30, 2018	-	-	237,201,224	237,201,224
Balance as at June 30, 2018	806,400	4,617,537,966	771,770,301	5,390,114,667

The annexed notes from 1 to 18 form an integral part of these financial statements.

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 CHIEF EXECUTIVE


 DIRECTOR

GUL AHMED HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF THE BUSINESS

Gul Ahmed Holdings (Private) Ltd is a Private Limited Company incorporated on 14th April, 2014 under the repealed 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. Mohamed 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 Statement of cash flow.

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 Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 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 during the year:

Details of new and amended standards and interpretations mandatory for the first time for the financial year beginning July 1, 2017 are as under:

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 Company's unconsolidated 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 Company's unconsolidated financial statements.

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Companies Act 2017

During the year Companies Act, 2017 have become effective, which has brought certain additional disclosure requirements and changes in presentation of certain items and few disclosure requirements of fourth schedule to the repealed Companies Ordinance 1984 have been removed to make the disclosure also in line with the requirements of IFRs. Therefore the Company has made certain additional disclosures and have also made certain reclassifications in order to comply with the requirements of the Companies Act, 2017.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

(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 19 'Employee Benefits' amendments in Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments are unlikely to have any material impact on the Company's unconsolidated financial statements.

IAS 28 'Investments in Associates and Joint Ventures' (Effective for annual periods beginning on or after 1 January 2019)

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:

- Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Paragraph 41 has been deleted because the IFRS Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendment is not relevant to the Company's unconsolidated 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 Company's unconsolidated 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 Company's unconsolidated financial statements.

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IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment) (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 amendment is not relevant to the Company's unconsolidated financial statements.

IFRS 9 'Financial instruments' (Effective for annual periods beginning on or after 1 July 2018)

IFRS 9, 'Financial instruments', has replaced the guidance in IAS 39. This includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities

The amendment is unlikely to have any material impact on the Company's unconsolidated financial statements.

IFRS 15 'Revenue from contract with customers' (Effective for annual periods beginning on or after 1 January 2018)

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. April 1, 2019), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the full impact of this standard on its financial statements.

IFRS 16 'Leases' (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the full impact of this standard on its financial statements.

IFRIC 22 'Foreign currency transactions' (Effective for annual periods beginning on or after 1 January 2019)

The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised. The amendments are not expected to have a material impact on the Company's 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 Company's unconsolidated financial statements.

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Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

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 Company's unconsolidated financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – (Effective for annual periods beginning on or after 1 January 2018)

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendment is not relevant to the Company's unconsolidated financial statements.

IAS 12 - Income Taxes (Effective for annual periods beginning on or after 1 January 2019)

This amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Company's financial statements.

IAS 23 - Borrowing Costs (Effective for annual periods beginning on or after 1 January 2019)

The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale or any non-qualifying assets are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendment is not relevant to the Company's unconsolidated financial statements.

(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, 2004
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

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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 Held to Maturity Investments

These represent investments with fixed or determinable payments and fixed maturity where the Company has positive intent and ability to hold such investments to maturity. These are carried at amortized cost.

3.4 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.

3.5 Dividend

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

3.6 Cash and Cash Equivalents

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

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				2018 RUPEES	2017 RUPEES
4	INVESTMENT IN SUBSIDIARY				
		No of Shares			
		2018	2017		
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	39,871,118	996,777,950	996,777,950
		115,912,162	115,912,162	1,814,970,115	1,814,970,115
	Note 4.2	239,226,714	239,226,714	6,432,508,081	6,432,508,081

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.10,270 million (2017: Rs. 9,804 million).

5 PROCESSING FEE AGAINST ACQUISITION OF LAND

This represent payment made to Port Qasim Authority of Pakistan for allotment of land which has not yet been allotted

		Note	2018 RUPEES	2017 RUPEES
6 SHORT TERM INVESTMENTS				
Term Deposits Receipts with Habib Metropolitan Bank Limited			5,700,000	-
Accrued profit			2,975	-
			5,702,975	-
6.1 This placements with a related party Habib Metropolitan Bank Limited which carries markup at 5.2% p.a.				
7 CASH AND BANK BALANCES				
Cash in hand			18,940	26,600
Cash at banks				
Current accounts	5.1		262,272	130,762
			281,212	157,362
7.1 Bank Balances Include amounts held with related Party, Habib Metropolitan Bank Ltd. amounting to Rs. 258,822 (2017:Rs.125,762)				
8 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

9 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.

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	2018 RUPEES	2017 RUPEES
10 LOAN FROM DIRECTORS		
Mohomed Bashir	266,400,000	320,525,000
Zain Bashir	261,400,000	320,525,000
Ziad Bashir	261,400,000	320,525,000
Mohammed Zaki Bashir	261,400,000	320,525,000
	<u>1,050,600,000</u>	<u>1,282,100,000</u>

- 10.1 This represent interest free unsecured loan from Directors of the company obtained for meeting funding requirements of the Company. This is repayable on demand.

11 CONTINGENCIES AND COMMITMENT

- 11.1 In 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 uncertainty about the final outcome, the Company has neither accounted for these shares withheld as tax on bonus shares nor recognized provision in this respect which aggregates to Rs. 79,599,548 (1,541,432 @ Rs.51.64 per share) in these financial statements. Also the corresponding dividend in respect of these bonus shares declared during the pendency of the case aggregating to Rs. 8.478 million (2017: Rs. 6.936 million) has not been accrued.

- 11.2 The Company has filed suit no 2306/2016 and 2316/2017 in the Honorable Sindh High Court against the amendment made in the Income Tax Ordinance 2001 (the Ordinance) through Finance Act 2016, whereby exemption of tax on inter corporate dividend under section 59B of the Ordinance was deleted. The Honorable High Court has granted the stay order and has restrained the Federal Board of Revenue from taking any Coercive action against the Company. Company is expecting favorable outcome in this case so no provision is made in these financial statements for Rs. _____.

	2018 RUPEES	2017 RUPEES
12 INCOME		
<i>Income from Financial assets</i>		
Dividend Income- From Subsidiary Company	239,226,714	-
Profit / markup on bank deposits	28,492	-
	<u>239,255,206</u>	<u>-</u>
13 GENERAL & ADMINISTRATIVE EXPENSES		
Fees and subscription	307,480	459,675
Legal & Professional charges	1,528,772	450,300
Audit fee	162,000	118,800
Audit fee for consolidation	54,000	44,000
Printing & stationery	180	-
Bank charges	1,550	678
	<u>2,053,982</u>	<u>1,073,453</u>

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14 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 / Name	Nature of Transactions	Amount	Amount
		2018	2017
Subsidiary Company			
Gul Ahmed Textile Mills Limited	Subscription of right shares	-	1,814,970,115
	Dividend	239,226,714	-
Associated Company			
Habib Metropolitan Bank Limited	Profit / markup on bank deposits	28,492	-
Directors			
	Loan received	5,200,000	1,001,100,000
	Loan repaid	236,700,000	-

There were no other related party transactions and no remunerations are paid to Chief Executive or any Director. The balances with related parties are disclosed at respective notes to the financial statements.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

15.1 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 June 30 are as follows:

	Note	2018	2017
		RUPEES	
Financial Assets			
Cash and bank balances		281,212	157,362
Financial Liabilities			
Trade and other payable- Accrued expenses		280,152	152,000
Loans from directors		1,050,600,000	1,282,100,000
		<u>1,050,880,152</u>	<u>1,282,252,000</u>

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 reporting date amounted to Rs. 263,822 (2017: Rs. 130,762). 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	Rupees
	Short Term	Long term	2018	2017
Habib Metropolitan Bank Limited	A1+	AA+	258,822	125,762
Habib Bank Limited	A-1+	AAA	3,450	5,000
			<u>262,272</u>	<u>130,762</u>

(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 13.1). 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.

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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. This is also not carried at fair value.

(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).

Level 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.

16 **EVENT AFTER BALANCE SHEET DATE**

Subsequent to the year end the directors of the subsidiary in their meeting held on September 18, 2018 have proposed to pay 25% final cash dividend, i.e., Re. 2.50/- per share for the year ended June 30, 2018.

17 **GENERAL**

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

17.2 There are no significant transactions except the Dividend received from the Subsidiary Company during the year that have effected the company's financial performance and financial position.

17.3 Figures have been rounded off to the nearest rupee.

18 **DATE OF AUTHORIZATION**

These financial statements were authorized on September 28, 2018 by the Board of Directors of the Company.

Handwritten signature


CHIEF EXECUTIVE


DIRECTOR