



In the Name of Allah the Merciful the Compassionate

ANNUAL REPORT 2017

MUKHTAR TEXTILE MILLS LIMITED

Registered Office:

Office No.81, Lower Ground Floor,
Regent Mall Plaza, ChenOne Road,
Faisalabad.

Mills:

40-KM, Jhang - Faisalabad Road,
Nia Lahore, Distt. Toba Tek Singh

MUKHTAR TEXTILE MILLS LIMITED

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MUKHTAR TEXTILE MILLS LIMITED

Mission / Vision Statement

Mission Statement:

To produce and supply best quality yarn with the understanding of customer behavior. Build the company on sound financial footing, increase earning distribution of adequate return to shareholders, employees and contribute to government exchanges.

Vision Statement:

1. To work with a team effort envisioning to positively impact shareholders by performing with dynamism in a deregulated environment.
2. To provide career growing opportunities to the related professionals.
3. To become a good corporate citizen.
4. Our policies and our performance will positively contribute to society to help build a stronger and progressive Pakistan.

MUKHTAR TEXTILE MILLS LIMITED
COMPANY'S INFORMATION

BOARD OF DIRECTORS

MR. UMER SALEEM	CHIEF EXECUTIVE
MR. MUHAMMAD DANISH	INDEPENDENT DIRECTOR
FAKHIRA REHMAN	NON-EXECUTIVE DIRECTOR
MRS. SHAISTA SALEEM	NON-EXECUTIVE DIRECTOR
MISS. NADIA SALEEM	NON-EXECUTIVE DIRECTOR
MR. RANA ADNAN RASHID	NON-EXECUTIVE DIRECTOR
MR. RANA RASHID AHMED KHAN	NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE

MR. MUHAMMAD DANISH (CHAIRMAN)
FAKHIRA REHMAN
MISS. NADIA SALEEM

HUMAN RESOURCE & REMUNERATION COMMITTEE

MR. UMER SALEEM (CHAIRMAN)
MISS. NADIA SALEEM
MRS. SHAISTA SALEEM

COMPANY SECRETARY / CFO

MR. RUSTAM ALI NASIR

LEGAL ADVISOR

MR. MUHAMMAD IRFAN MAJEED
(Advocate High Court)

AUDITORS

ATHER, RASOOL, IMRAN & CO. (FORMERLY M. ATHER & CO.)
CHARTERED ACCOUNTANTS

BANKERS

HABIB BANK LIMITED

REGISTRAR OFFICE

ORIENT SOFTWARE & MANAGEMENT SERVICES (PVT) LIMITED
35-Z, AMEER PLAZA, OPPOSITE MUJAHID HOSPITAL,
COMMERCIAL CENTER, MADINA TOWN, FAISALABAD

REGISTERED OFFICE

OFFICE NO.81, LOWER GROUND FLOOR, REGENT MALL PLAZA, CHENONE ROAD,
FAISALABAD

MILLS

40-K.M JHANG –FAISALABAD ROAD, NIA LAHORE, TOBA TEK SINGH

MUKHTAR TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Mukhtar Textile Mills Limited will be held at 09:00 A.M. on Tuesday, October 31, 2017 at Office No.81, Lower Ground Floor, Regent Mall Plaza, ChenOne Road, Faisalabad, to transact the following business:-

1. To confirm the minutes of the 25th Annual General Meeting held on October 31, 2016.
2. To receive and adopt the Audited Accounts for the year ended June 30, 2017 together with the Auditor's and Director's report thereon.
3. To appoint auditors for the year ending June 30, 2018 and fix their remuneration.
4. To transact any other business with the permission of the chair.

NOTES:

1. The Share transfer books of the company shall remain closed from October 26, 2017 to October 31, 2017 (both days inclusive).
2. A member, who has deposited his / her shares with Central Depository Company of Pakistan Limited, must bring his / her participant's ID number and account / sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend, speak and vote instead of him / her.
4. Form of proxy to be valid must be received by the company at its registered office not later than 48 hours before the time of the meeting.
5. Members are requested to notify the company promptly of any changes in their addresses.
6. Members who have not yet submitted photocopy of their Computerized National Identity Card (CNIC) to the Company are requested to send the same at the earliest.

October 09, 2017
Faisalabad

By order of the Board



(Rustam Ali Nasir)
Company Secretary

MUKHTAR TEXTILE MILLS LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of board of Directors it is my pleasure to present the 26th Annual audited Accounts along with Director's and Auditor's Report thereon for the year ended 30th June, 2017 with the following comments.

FINANCIAL HIGH LIGHTS:

	<u>(Rupees In Million)</u> 2017	<u>(Rupees In Million)</u> 2016
Revenue	3.600	1.200
Cost of Revenue	2.784	3.086
Gross Profit / (loss)	0.816	(1.886)
Administrative expenses	0.929	0.918
(Loss) before taxation	(0.113)	(2.804)
Provision for taxation	(0.036)	(0.012)
(Loss) for the year after taxation	(0.149)	(2.816)
Earnings per share Basic (Rupees)	(0.01)	(0.194)

The financial highlights for the six years are attached.

The plant is operating on lease from April 13, 2011 under the lease agreement with M/S Fazal Awais Textiles.

AUDITORS OBSERVATIONS:

Financial statements

- (a) The confirmation letters were circulated but some of the response is still awaited and we hope to receive the same in due course.

MUKHTAR TEXTILE MILLS LIMITED

- (b) Because of the operation of plant on lease basis and in the absence of the concerned staff the review of carrying amounts of fixed assets could not be carried out.
- (c) The company has defaulted in repayment because of financial constraints. However, we will resume payment as soon as funds become available.
- (d) The position has been explained in the note No. 4 to the financial statements. The management is making all out efforts to bring the project back in self operation as soon as possible, but this depends upon our success in arranging sufficient funds and improvement in market conditions. We disagree with the winding up petition filed by the SECP and actively pursuing it in The Lahore High Court, Lahore.

Corporate Governance:

- (1) Three directors have no taxable incomes so they did not obtain NTN.
- (2 & 3) Due to the suspension of the self-operation during the year, the company could not comply with the requirements of code of corporate governance.

DIVIDEND:

Due to accumulated losses the declaration of dividend becomes irrelevant.

EARNINGS PER SHARE:

Earnings per share during the year under report works out to Rs. (0.01) [2016: Rs. (0.194)].

OUTSTANDING STATUTORY DUES

Detail of outstanding statutory dues is given in Note No.7 of the accounts.

MUKHTAR TEXTILE MILLS LIMITED

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The directors would like to confirm in relation to the financial statements and controls the following:

1. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operation, cash flow and changes in equity.
2. Proper books of accounts of the Company as required under Companies Ordinance, 1984 have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards (IAS) / IFRS, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design.
6. There has been no material departure from the best practices of Corporate Governance, as detailed in listing regulations. Compliance to Corporate Governance is annexed.
7. During the year under report five board meetings were held. The attendance of the directors was as under:

Mr. Umer Saleem	5 Nos
Fakhira Rehman	5 Nos
Mrs. Shaista Saleem	5 Nos
Miss. Nadia Saleem	5 Nos
Mr. Muhammad Danish	3 Nos
Mr. Rana Adnan Rashid	5 Nos
Mr. Rana Rashid Ahmed Khan	5 Nos

8. We have framed an Audit Committee from amongst the members of the Board of Directors. Following are its members.

Mr. Muhammad Danish – Chairman
Fakhira Rehman – Member
Miss. Nadia Saleem – Member

MUKHTAR TEXTILE MILLS LIMITED

The audit committee held meetings during the year. Attendance of each member is as follows:

Mr. Muhammad Danish	3 Nos
Fakhira Rehman	5 Nos
Miss. Nadia Saleem	5 Nos

PATTERN OF SHARE HOLDINGS:

Pattern of shareholding is attached.

LABOUR MANAGEMENT RELATIONS:

During the year the operation of the mill remained on lease basis and due to lease arrangements these become irrelevant.

STAFF RETIREMENT BENEFITS:

The Company operates a defined benefit un-funded gratuity scheme covering all its employees who have completed one year services. The balance of gratuity account as at June 30, 2017 was Rs. Nil (2016- Rs. Nil).

AUDITORS:

The auditors of the company M/s Ather, Rasool, Imran & Co. Chartered Accountants (Formerly M/s M. Ather & Co. Chartered Accountants) retire and, being eligible, offer themselves for re-appointment. The audit committee recommends the reappointment of M/s Ather, Rasool, Imran & Co. Chartered Accountants (Formerly M/s M. Ather & Co. Chartered Accountants), as auditors for the year 2017-2018.

On behalf of the Board

October 09, 2017
Faisalabad


Umer Saleem
(Chief Executive)

MUKHTAR TEXTILE MILLS LIMITED
FINANCIAL PERFORMANCE AT A GLANCE

	(Rupees In Millions)					
	2017	2016	2015	2014	2013	2012
Operating results						
Revenue	3.600	1.200	1.200	1.200	1.200	3.600
Gross Profit/ (Loss)	0.816	(1.886)	(2.221)	(2.593)	(3.006)	(2.406)
Operating Profit/ (Loss)	0.816	(1.886)	(2.221)	(2.593)	(3.006)	(2.406)
Net (Loss) before tax	(0.113)	(2.804)	(3.150)	(3.309)	(3.673)	(4.138)
(Loss) Earnings Rupees						
(Per share of Rs 10/- each)	- 0.01	(0.194)	(0.218)	(0.229)	(0.254)	(0.288)
Percentage of (Loss)						
Gross Profit/ (Loss)	22.67	(157.167) -	185.09	(216.094)	(250.501)	(66.833)
Operating Profit/ (Loss)	22.67	(157.167) -	185.09	(216.094)	(250.501)	(66.833)
Net (Loss)	(4.140)	(233.644) -	262.52	(275.747)	(306.097)	(114.940)
FINANCIAL POSITION AT A GLANCE						
Assets Employed						
Operating fixed assets	29.27	32.144	35.327	38.860	42.778	47.127
Advances against Plant & Machinery	14.057	14.057	14.057	14.057	14.057	14.057
Long Term Deposits and Deferred Cost	1.147	1.147	1.147	1.147	1.147	1.147
Current Assets	0.0430	0.040	0.060	0.045	0.053	0.062
Current Liabilities	(16.241)	(18.960)	(19.348)	(19.703)	(20.308)	(20.981)
Total	28.28	28.428	31.243	34.406	37.727	41.412
Financed by:						
Ordinary capital	145.000	145.000	145.000	145.000	145.000	145.000
Accumulated Loss	(116.721)	(116.572)	(113.757)	(110.594)	(107.273)	(103.588)
Shareholders Equity	28.28	28.428	31.243	34.406	37.727	41.412
Long term financing and deferred liabilities	-	-	-	-	-	-
Total	28.28	28.428	31.243	34.406	37.727	41.412

MUKHTAR TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in regulation No. 5.19.24 of the Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Muhammad Danish
Executive Director	Mr. Umer Saleem
Non-Executive Director	Fakhira Rehman
Non-Executive Director	Mrs. Shaista Saleem
Non-Executive Director	Miss. Nadia Saleem
Non-Executive Director	Mr. Rana Adnan Rashid
Non-Executive Director	Mr. Rana Rashid Ahmed Khan

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. Only four directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non-Banking Financial Institution or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Any casual vacancy occurring in the board will be filled up at the earliest but not later than 90 days thereof. No vacancy occurred in the board of directors of the company during the year ended June 30, 2017.
5. The company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

MUKHTAR TEXTILE MILLS LIMITED

9. The Board arranged no training programs for its directors during the year.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members of whom two are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, two of them are non-executive directors and the Chairman of the Committee is an executive director as well.
18. The Board has setup an effective internal audit function but because of leased operations the same remained inoperative.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

MUKHTAR TEXTILE MILLS LIMITED

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code have been complied with except for the following:
 - a) Three of the directors are not registered taxpayers.
 - b) Directors have not gone through the mandatory training program.
 - c) The company's internal audit function remained inoperative during the year.

October 09, 2017
Faisalabad

On behalf of the Board



Umer Saleem
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MUKHTAR TEXTILE MILLS LIMITED (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming 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.

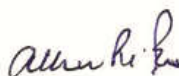
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

- a) trade creditors amounting to Rs. 3,052,531/- included in Note 7 to the financial statements remained unconfirmed in the absence of direct balance confirmations;
- b) the Company as per its accounting policy has not carried out any review of the carrying amounts of its Tangible Assets, in spite of existence of indications of impairment loss, as of balance sheet date, therefore, the carrying amounts of these assets could not be compared with their recoverable amount to estimate the impairment loss, if any;
- c) the Company has defaulted in payment of installments of long term loan of M/S Faisalabad Energy Limited towards M/S National Bank of Pakistan against purchase of Land, Building and Plant and Machinery of that company. In view of the same the recovery of the advance amounting to Rs. 14,057,448/- has become doubtful. However, no provision has been made in these financial statements (Refer Notes 9 and 10);
- d) the Company has incurred a net loss of Rs. 149,050/- during the year ended June 30, 2017 and as of that date, accumulated loss comes to Rs. 116,721,170/- and Company's current liabilities exceeded its current assets by Rs. 16,198,715/-. The SECP has filed a winding up petition under section 309 read with section 305 of the Companies Ordinance, 1984 with the Lahore High Court, Lahore. The said factors indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business;

- e) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- f) in our opinion:
 - i) except as discussed in paragraph (b), (c) and (d) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of 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;
- g) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan except as discussed in paragraphs (b), (c) and (d) above, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively in view of paragraphs (b), (c) and (d) above do not give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- h) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

October 09, 2017
Faisalabad



ATHER, RASOOL, IMRAN & CO.
Chartered Accountants
(Formerly M. Ather & Co.)

Engagement Partner
Rana Muhammad Ather - FCA

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of MUKHTAR TEXTILE MILLS LIMITED (the Company) for the year ended June 30, 2017, to comply with the requirements of the Clause No. 5.19.24 of Pakistan Stock Exchange Limited Regulations.

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 personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

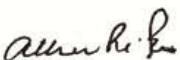
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail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

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

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

S. No	Paragraph reference	Description
1	3	Three of the directors are not registered taxpayers.
2	9	Directors have not gone through the mandatory training program required by sub-regulation 5.19.7 of the Code.
3	18	The Company's internal audit function remained inoperative during the year. This is required by sub-regulation 5.19.21 (a) of the Code.

October 09, 2017
Faisalabad


ATHER, RASOOL, IMRAN & CO.
Chartered Accountants
(Formerly M. Ather & Co.)

Engagement Partner
Rana Muhammad Ather - FCA

MUKHTAR TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

EQUITY AND LIABILITIES	NOTE	2017 RUPEES	2016 RUPEES
SHARE CAPITAL AND RESERVES			
Share capital	6	145,000,000	145,000,000
Accumulated loss		(116,721,170)	(116,572,120)
		<u>28,278,830</u>	<u>28,427,880</u>
CURRENT LIABILITIES			
Trade and other payables	7	16,204,910	18,947,910
Taxation	8	36,000	12,000
		16,240,910	18,959,910
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>44,519,740</u>	<u>47,387,790</u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE

MUKHTAR TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

ASSETS	NOTE	2017 RUPEES	2016 RUPEES
FIXED ASSETS			
Property, plant and equipment	10	43,330,545	46,201,025
LONG TERM DEPOSITS	11	1,147,000	1,147,000
CURRENT ASSETS			
Trade debts	12	-	-
Loans and advances	13	-	-
Deposits and prepayments	14	36,340	36,340
Cash and bank balances	15	5,855	3,425
		42,195	39,765
		<u>44,519,740</u>	<u>47,387,790</u>


DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
Revenue	16	3,600,000	1,200,000
Cost of revenue	17	<u>2,784,026</u>	<u>3,086,008</u>
Gross profit / (Loss)		815,974	(1,886,008)
Administrative expenses	18	929,024	917,724
(Loss) for the year before taxation		<u>(113,050)</u>	<u>(2,803,732)</u>
Provision for taxation	19	36,000	12,000
(Loss) for the year after taxation		<u>(149,050)</u>	<u>(2,815,732)</u>
Earnings per share-Basic	20	- 0.01	(0.194)

The annexed notes form an integral part of these financial statements.


 CHIEF EXECUTIVE


 DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
(Loss) for the year after taxation	(149,050)	(2,815,732)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(149,050)</u>	<u>(2,815,732)</u>

The annexed notes form an integral part of these financial statements.


 CHIEF EXECUTIVE


 DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
a) CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) for the year before taxation	(113,050)	(2,803,732)
Adjustments for:		
Depreciation	<u>2,870,480</u>	<u>3,183,702</u>
Operating profit before working capital changes	<u>2,757,430</u>	<u>379,970</u>
Changes in working capital		
Trade and other payables	<u>(1,543,000)</u>	<u>812,000</u>
Cash generated from operations	<u>1,214,430</u>	<u>1,191,970</u>
Tax Paid	<u>(1,212,000)</u>	<u>(1,212,000)</u>
Net cash generated from operations	<u>2,430</u>	<u>(20,030)</u>
b) CASH FLOW FROM INVESTING ACTIVITIES		
Net cash flow from investing activities	<u>-</u>	<u>-</u>
c) CASH FLOW FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net Increase/(decrease) in cash and bank balances (a+b+c)	<u>2,430</u>	<u>(20,030)</u>
Cash and bank balances at the beginning of the year	<u>3,425</u>	<u>23,455</u>
Cash and bank balances at the end of the year	<u><u>5,855</u></u>	<u><u>3,425</u></u>

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE

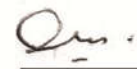

DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Accumulated loss	Total
	-----Rupees-----		
Balance as at June 30, 2015	145,000,000	(113,756,388)	31,243,612
Total comprehensive loss for the year	-	(2,815,732)	(2,815,732)
Balance as at June 30, 2016	145,000,000	(116,572,120)	28,427,880
Total comprehensive loss for the year	-	(149,050)	(149,050)
Balance as at June 30, 2017	145,000,000	(116,721,170)	28,278,830

The annexed notes form an integral part of these financial statements.


 CHIEF EXECUTIVE


 DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in 1992 as Private Limited Company under the Companies Ordinance, 1984 and was converted into Public Limited Company in 1994. The shares of the Company are quoted on Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of yarn. The registered office of the Company is situated at Office No. 81, Lower Ground Floor, Regent Mall Plaza, ChenOne Road, Faisalabad. The mills is located at 40-K.M. Jhang-Faisalabad Road, Nia Lahore, Distt. Toba Tek Singh.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.1 Adoption of new and revised standards and interpretation

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

Standards or Interpretations		Effective date (Annual reporting periods beginning on or after)
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2018
IAS 40	Investment Property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance Contracts (Amendments)	January 01, 2018
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018

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

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS14	Regulatory Deferral Accounts
IFRS15	Revenue from Contracts with Customers
IFRS16	Leases
IFRS17	Insurance Contracts
	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

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

3 COST CONVENTION

These financial statements have been prepared under the historical cost convention.

These financial statements are presented in Pakistan Rupees which is also the functional currency of the Company.

4 GOING CONCERN ISSUE

Due to unfavorable conditions the spinning business went into financial crises because of heavy losses. The plant was, therefore, temporarily shut down in May 2007. However, the Company has cleared all the long term liabilities and now there is no financial burden of debt servicing. The market conditions have improved substantially but the Plant and machinery require BMR and the funds are also required to meet the start up cost. We have been therefore, approaching the Banks and Financial institutions for arrangement of working capital finances for which the Company now duly qualifies.

Since the Banks and Financial Institutions showed reluctance to provide advance to the textile sector, specially the spinning, we, with the approval of General meeting decided to lease out plant and machinery. Management is of the view that with expected arrangements of funds, the project will become viable in the due course of time. The matter has been duly explained in all the previous reports, inspite of that the SECP felt it appropriate to file the winding up petition under section 309 read with section 305 of the Companies Ordinance, 1984 with The Lahore High Court, Lahore.

However, the management does not agree with it and pursuing the case with the Court.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 STAFF RETIREMENT BENEFITS

The Company operates a defined benefit unfunded gratuity scheme covering all its employees. Provision is made annually to cover the obligation under the scheme on the basis of actuarial valuation using the projected unit credit method. The actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. In addition, past service cost and curtailments are recognised in the profit and loss account, in the period in which a change takes place.

5.2 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 received, whether or not billed to the Company.

5.3 TAXATION

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current tax rate after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on sales.

Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rate that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.4 PROVISIONS

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

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5.5 FINANCIAL INSTRUMENTS

5.5.1 Financial assets

5.5.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

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

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprises of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets 'at fair value through profit or loss'.

5.5.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

5.5.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets 'at fair value through profit or loss' & 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these

Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' & 'held to maturity'

'Loans and receivables' and 'held to maturity' financial assets are carried at amortised cost.

5.5.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of a financial asset below its cost / amortised cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the profit and loss account.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5.5.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

5.5.2 Financial liabilities

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

5.5.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

5.6 LOANS, ADVANCES AND DEPOSITS

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

5.7 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognised assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect profit or loss account.

5.8 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Owned

Operating fixed assets except freehold land and capital work - in - progress are stated at cost less accumulated depreciation and accumulated impairment loss. Free hold land and capital work in progress are stated at cost less accumulated impairment loss.

Depreciation is charged applying reducing balance method to write off the cost. Rates of the depreciation are stated in Operating Fixed Assets Note. Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, where as no depreciation is provided on assets for the month in which the asset is disposed off.

Gains/(losses) on disposal of fixed assets are included in current year income.

Normal repairs and replacements are charged to income as and when incurred. Major renewals and replacements are capitalised and assets replaced, if any, are kept as stand by.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Leased

These are stated at lower of the present value of minimum lease payments made in lease agreement and the fair value of the leased asset less accumulated depreciation. Depreciation is charged at the same rates as applicable to the Company owned assets. Outstanding obligations under the lease, less financial charges allocated to future period are shown as liability. The financial charge is calculated at the interest rate implicit in the lease and is charged to current income.

5.9 INTANGIBLE ASSETS

These are stated at cost less accumulated amortization. Amortization is charged applying reducing balance method to write off the cost.

5.10 IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized as income immediately.

5.11 STORES AND SPARES

These are valued at moving average cost or net realisation value, whichever ever is lower. Stores in transit are valued at cost accumulated to the balance sheet date.

5.12 STOCK IN TRADE

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw material:	
In godowns	At lower of annual average cost and market value
In transit	At cost accumulated to the balance sheet date
Work-in-process	At manufacturing cost
Finished goods	At lower of cost and net realizable value
Waste	At net realizable value
Cost in relation to work in process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate production overheads.	
Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.	

5.13 TRADE DEBTS

Trade debts are carried at invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Provision is made against those having no activity during the current financial year and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

5.14 CASH AND CASH EQUIVALENTS

For the purposes of cash flow statement, cash and cash equivalent consists of cash in hand and balances with banks net of borrowings not considered to be in the nature of financing activities.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5.15 REVENUE RECOGNITION

Direct sales are recognised when goods are dispatched to customers and sales through agents are recorded on intimation from the agents.

Lease Rental is recognised as revenue when rental becomes due as per agreement.

5.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

5.17 FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at exchange rate prevailing on the balance sheet date except those covered by forward exchange contracts. Exchange differences on translations during the year are taken to profit and loss account.

5.18 RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

5.19 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, depreciation and provision for doubtful receivables. However, assumptions and judgements made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

			2017 RUPEES	2016 RUPEES
6 SHARE CAPITAL				
Authorized				
2017	2016			
<u>15,000,000</u>	15,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	<u>150,000,000</u>	150,000,000
Issued subscribed and paid up				
<u>14,500,000</u>	14,500,000	Ordinary shares of Rs. 10/- each fully paid in cash	<u>145,000,000</u>	145,000,000
7 TRADE AND OTHER PAYABLES				
Creditors			3,052,531	3,052,531
Accrued charges			5,434,388	5,327,388
Due to Directors	(Note- 7.1)		1,372,696	1,372,696
Advance from lessee			113,301	1,763,301
Workers welfare fund			388,717	388,717
Sales tax			1,998,578	1,998,578
Withholding tax			1,259,006	1,259,006
Income tax payable			1,776,853	2,976,853
Zakat payable	(Note- 7.2)		<u>808,840</u>	808,840
			<u>16,204,910</u>	18,947,910
7.1	It has been obtained to meet working capital requirements.			
7.2	Zakat payable pertains to year 1994-95.			
8 TAXATION				
Opening balance			12,000	12,000
Add: Provision during the year			<u>36,000</u>	12,000
			48,000	24,000
Less: Paid/adjusted during the year			<u>12,000</u>	12,000
	(Note- 8.1)		<u>36,000</u>	12,000
8.1	The income tax assessment of the company has been finalised upto financial year ended 30th June, 2016.			
9 CONTINGENCIES AND COMMITMENTS				
9.1	The delayed payment of sales tax and income tax by the Company entail the additional tax liability, the amount of which could not be calculated with substantial accuracy.			
9.2	Inland Revenue liability of Rs 38.418 million (2016: Rs 38.418 million) is disputed by the Company.			
9.3	The company has entered into an agreement to purchase assets comprising Land, Building and Plant and Machinery of M/s Faisalabad Energy Limited against the discharge of Long Term Liability of that company towards M/s National Bank of Pakistan amounting to Rs. 16.0 million. The amount is payable in 10 quarterly installments of Rs. 1.604 million starting May 08, 2005. However, an amount of Rs. 2.05 million is outstanding as of balance sheet date.			
9.4	Amount of Rs. 1,233,976/- as a result of Income Tax audit conducted by FBR for tax year 2013, not acknowledged due to pending appeal.			
9.5	The SECP filed winding up petition before The Lahore High Court, Lahore. The matter is contingent upon the decision of The Court.			

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

10 PROPERTY, PLANT AND EQUIPMENT

	2017 RUPEES	2016 RUPEES
Operating fixed assets	(Note 10.1) 29,273,097	32,143,577
Advance Against Plant & Machinery	(Note 10.2) 14,857,448	14,057,448
	44,130,545	46,201,025

10.1 Operating fixed assets

Reporting Head Assets	Owned Assets															Total
	Freehold Land	Building on Freehold Land				Plant & Machinery	Electric Installation	Equipments & Appliances	Office Equipments	Furniture & Fixtures	Fire Fighting Equipments	Tele-works	Vehicles	Computer Accessories		
		Official		Residential												
		Factory	Non Factory	Officers	Workers											
R U P E E S																
At July 01, 2015																
Cost	2,270,695	32,135,608	4,585,100	209,613	5,345,999	150,094,924	10,409,349	5,203,790	483,231	409,204	37,550	39,028	2,440,000	471,134	214,104,245	
Accumulated depreciation	-	27,753,941	2,009,464	137,195	3,806,994	127,063,439	9,211,473	4,514,266	414,183	347,068	32,513	34,514	2,390,762	446,914	178,776,966	
Net book value	2,270,695	4,381,667	2,575,636	72,418	1,538,999	23,031,485	1,197,876	689,524	69,048	62,136	4,037	4,514	49,238	24,200	35,327,279	
Year ended June 30, 2016																
Operating net book value	2,270,695	4,381,667	2,575,636	72,418	1,541,005	22,431,485	1,177,876	689,524	69,048	62,136	4,037	4,514	49,238	24,200	35,327,279	
Depreciation for the year	-	438,167	178,762	3,621	154,501	2,243,149	117,788	68,052	6,905	6,214	484	451	9,848	4,840	3,183,702	
Closing net book value	2,270,695	3,943,500	2,446,854	68,797	1,390,504	20,188,336	1,060,088	620,472	62,143	55,922	4,533	4,063	39,390	19,360	32,143,577	
At June 30, 2016																
Cost	2,270,695	32,135,608	4,585,100	209,613	5,345,999	150,094,924	10,409,349	5,203,790	483,231	409,204	37,550	39,028	2,440,000	471,134	214,104,245	
Accumulated depreciation	-	28,302,108	2,128,246	140,816	3,955,495	129,096,588	9,345,261	4,482,218	421,089	373,382	31,037	34,963	2,409,410	451,784	181,960,648	
Net book value	2,270,695	3,943,500	2,446,854	68,797	1,390,504	20,188,336	1,060,088	620,472	62,143	55,922	4,533	4,063	39,390	19,360	32,143,577	
Year ended June 30, 2017																
Operating net book value	2,270,695	3,943,500	2,446,854	68,797	1,390,504	20,188,336	1,060,088	620,472	62,143	55,922	4,533	4,063	39,390	19,360	32,143,577	
Depreciation for the year	-	394,350	122,343	3,440	139,000	2,018,834	106,009	62,057	6,214	5,192	415	406	7,878	3,872	2,879,480	
Closing net book value	2,270,695	3,549,150	2,324,511	65,357	1,251,454	18,169,502	954,079	558,415	55,929	50,730	3,918	3,657	31,512	15,488	29,273,097	
At June 30, 2017																
Cost	2,270,695	32,135,608	4,585,100	209,613	5,345,999	150,094,924	10,409,349	5,203,790	483,231	409,204	37,550	39,028	2,440,000	471,134	214,104,245	
Accumulated depreciation	-	29,086,438	2,300,589	144,256	4,094,545	131,025,422	9,455,270	4,445,275	427,302	358,874	33,632	35,371	2,408,488	455,666	184,831,148	
Net book value	2,270,695	3,549,150	2,324,511	65,357	1,251,454	18,169,502	954,079	558,415	55,929	50,730	3,918	3,657	31,512	15,488	29,273,097	
Annual rate of depreciation (%) p.a	-	10	5	5	10	10	10	10	10	10	10	10	20	20		

10.1.1 Depreciation charge for the year has been allocated as follows:

	2017 RUPEES	2016 RUPEES
Cost of revenue	Note 17 5,784,408	3,086,408
Administrative expenses	Note 18 86,454	97,604
	5,870,862	3,184,012

10.1.2 The operating fixed assets of the Company are encumbered for Rs. 76,351 million against the credit facilities availed by the Company. However, the Company has paid off all the said liabilities in full in previous years.

10.1.3 The land of Company has been attached by FIO, RTO Faisalabad.

10.2 This represent amount paid to National Bank of Pakistan to purchase assets of Faisalabad Energy Limited.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
11 LONG TERM DEPOSITS		
Security deposits	<u>1,147,000</u>	<u>1,147,000</u>
12 TRADE DEBTS		
Trade debts	22,700,530	22,700,530
Less: Provision for doubtful debts	<u>22,700,530</u>	<u>22,700,530</u>
	<u>-</u>	<u>-</u>
13 LOANS AND ADVANCES		
Advances to employees	79,912	79,912
Less : Provision for doubtful advances	<u>79,912</u>	<u>79,912</u>
	<u>-</u>	<u>-</u>
14 DEPOSITS AND PREPAYMENTS		
Excise duty deposit	<u>36,340</u>	<u>36,340</u>
15 CASH AND BANK BALANCES		
Cash in hand	<u>5,855</u>	<u>3,425</u>
	<u>5,855</u>	<u>3,425</u>
16 REVENUE		
Lease Income (Note16.1)	<u>3,600,000</u>	<u>1,200,000</u>
	<u>3,600,000</u>	<u>1,200,000</u>
16.1 This represents revenue from lease of Building, Plant and Machinery of the Company. The monthly rental is Rs 300,000. The lease agreement is to be renewed every year.		
17 COST OF REVENUE		
This represents depreciation of Property plant and equipment (Note10.1.1)	<u>2,784,026</u>	<u>3,086,008</u>
	<u>2,784,026</u>	<u>3,086,008</u>

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	2017 RUPEES	2016 RUPEES
18 ADMINISTRATIVE EXPENSES		
Rent, rate and taxes	72,000	60,000
Printing and advertisement	87,220	48,060
Telephone and postage	5,475	5,555
Auditors' remuneration (Note18.1)	150,000	150,000
Fee and subscription	137,875	166,415
Registrar expenses	150,000	150,000
Salaries & Wages	240,000	240,000
Depreciation (Note10.1.1)	86,454	97,694
	<u>929,024</u>	<u>917,724</u>
18.1 Auditors' remuneration		
Audit fee	100,000	100,000
Half yearly review	20,000	20,000
Taxation and secretarial	30,000	30,000
	<u>150,000</u>	<u>150,000</u>
19 PROVISION FOR TAXATION		
Current	36,000	12,000
	<u>36,000</u>	<u>12,000</u>
20 EARNINGS PER SHARE	<u>2017</u>	<u>2016</u>
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
(Loss) for the year	(149,050)	(2,815,732)
Weighted average number of ordinary shares	14,500,000	14,500,000
Earnings per share-Basic (Rupees)	-	(0.194)

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

21 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	
	Loans and receivables	Total
ASSETS		
Loans	79,912	79,912
Long term deposits	1,147,000	1,147,000
Trade debts	22,700,530	22,700,530
Cash and bank balances	5,855	5,855
	<u>23,933,297</u>	<u>23,933,297</u>
	Financial liabilities at amortized cost	Total
LIABILITIES		
Trade and other payables	9,972,916	9,972,916
	<u>9,972,916</u>	<u>9,972,916</u>
	2016	
	Loans and receivables	Total
ASSETS		
Loans	79,912	79,912
Long term deposits	1,147,000	1,147,000
Trade debts	22,700,530	22,700,530
Cash and bank balances	3,425	3,425
	<u>23,930,867</u>	<u>23,930,867</u>
	Financial liabilities at amortized cost	Total
LIABILITIES		
Trade and other payables	11,515,916	11,515,916
	<u>11,515,916</u>	<u>11,515,916</u>

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

21.2 FINANCIAL RISK MANAGEMENT

21.2.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk

(i) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates.

The Company has no long term or short term interest bearing financial assets or financial liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

However, the maturity analysis of the non interest bearing financial instruments is given below:

	2017		
	Non-Interest / Mark-up Bearing		
	Maturity up to one year	Maturity after one year	Total
FINANCIAL ASSETS			
Loans	79,912	-	79,912
Deposits	1,147,000	-	1,147,000
Trade debts	22,700,530	-	22,700,530
Cash and bank balances	5,855	-	5,855
	<u>23,933,297</u>	<u>-</u>	<u>23,933,297</u>
FINANCIAL LIABILITIES			
Trade and other payables	9,972,916	-	9,972,916
	<u>9,972,916</u>	<u>-</u>	<u>9,972,916</u>
	2016		
	Non-Interest / Mark-up Bearing		
	Maturity up to one year	Maturity after one year	Total
FINANCIAL ASSETS			
Loans	79,912	-	79,912
Deposits	1,147,000	-	1,147,000
Trade debts	22,700,530	-	22,700,530
Cash and bank balances	3,425	-	3,425
	<u>23,930,867</u>	<u>-</u>	<u>23,930,867</u>
FINANCIAL LIABILITIES			
Trade and other payables	11,515,916	-	11,515,916
	<u>11,515,916</u>	<u>-</u>	<u>11,515,916</u>

(ii) Other price risk

Price risk represents 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 risks), whether those changes are caused by factors specified to the individual financial instrument or its issuers, or factors affecting all similar financial instruments traded in the market.

MUKHTAR TEXTILE MILLS LIMITED
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At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

(iii) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

However, the Company is not exposed to currency risk because there are no transactions giving rise to currency risk.

b. **Credit risk**

Credit risk represents the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Since there is no selling activity, therefore, trade debts amounting to Rs. 22,700,530/- (2016: Rs. 22,700,530/-) are at credit risk against which the Company has made a provision for doubtful debts at Rs. 22,700,530/-(2016: Rs. 22,700,530/-).

c. **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the working capital of the company is on negative side, thus the company is exposed to liquidity risk.

Following are the contractual maturities of financial liabilities as on June 30, 2017

	<u>2017</u>			
	<u>Carrying Amount</u>	<u>Contractual Cash flows</u>	<u>6 months or less</u>	<u>More than 2 Years</u>
Non- derivative financial liabilities				
Long term Loans	-	-	-	-
Trade and other payables	16,204,910	16,204,910	16,204,910	-
	<u>16,204,910</u>	<u>16,204,910</u>	<u>16,204,910</u>	<u>-</u>
	<u>2016</u>			
	<u>Carrying Amount</u>	<u>Contractual Cash flows</u>	<u>6 months or less</u>	<u>More than 2 Years</u>
Non- derivative financial liabilities				
Long term Loans	-	-	-	-
Trade and other payables	18,947,910	18,947,910	18,947,910	-
	<u>18,947,910</u>	<u>18,947,910</u>	<u>18,947,910</u>	<u>-</u>

21.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

MUKHTAR TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

22 AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with key management personnel. Significant transactions with related parties are as under.

Relationship	Nature of transaction	Year ended June 30, 2017 RUPEES	Year ended June 30, 2016 RUPEES
Key management personal	Expenses paid	-	1,012,000

23 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as going concern in order to provide adequate return for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. Consistent with others in the industry and the requirements of lenders the Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, re-purchase of its shares, issue new shares or sell assets to reduce debt.

24 CAPACITY AND PRODUCTION

	<u>2017</u>	<u>2016</u>
Number of spindles installed	17,280	17,280
Number of shifts per day	3	3
Number of days worked	-	-
Number of shifts worked	-	-
Average number of spindles shift worked	-	-
Capacity at 20/s Count	Kgs. 4,760,878	4,760,878
Actual production	Kgs. -	-
Actual production of yarn at 20/s count	Kgs. -	-

25 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2017 were 2 and average number of employees during the year were 2.

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2017 by the Board of Directors of the Company.

27 GENERAL

a) Figures in the accounts are rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR

MUKHTAR TEXTILE MILLS LIMITED.
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
47	1	100	1,670
669	101	500	326,744
134	501	1,000	132,014
288	1,001	5,000	872,445
127	5,001	10,000	1,102,247
39	10,001	15,000	500,663
29	15,001	20,000	543,175
16	20,001	25,000	380,001
11	25,001	30,000	309,525
8	30,001	35,000	275,300
10	35,001	40,000	377,500
4	40,001	45,000	177,000
4	45,001	50,000	195,500
12	50,001	55,000	641,000
5	55,001	60,000	297,500
7	60,001	65,000	439,985
5	65,001	70,000	337,110
6	70,001	75,000	424,750
1	75,001	80,000	75,001
1	80,001	85,000	85,000
12	85,001	90,000	1,050,500
1	90,001	95,000	94,670
6	95,001	100,000	579,250
1	100,001	105,000	100,010
2	105,001	110,000	215,400
1	120,001	125,000	125,000
1	132,001	137,000	137,000
1	145,001	150,000	150,000
1	150,001	155,000	151,500
1	165,001	170,000	168,015
2	195,001	200,000	400,000
1	220,001	225,000	223,500
1	270,001	275,000	275,000
1	300,001	305,000	301,500
1	345,001	350,000	349,000
1	475,001	480,000	479,800
3	495,001	500,000	1,500,000
1	705,001	710,000	705,725
1,461			14,500,000

Categories of Share Holders	No. of Shareholders	No. of Share Held	%-age
Bank & Other Financial Institutions	2	8,500	0.06
Investment Companies	3	30,200	0.21
Insurance Companies	1	4,000	0.03
Joint Stock Companies	16	778,126	5.37
NIT	1	137,000	0.94
Individuals	1438	13,542,174	93.39
Total	1461	14,500,000	100.00

MUKHTAR TEXTILE MILLS LIMITED.
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2017

Categories of Shareholders	No. of Shareholders	No. of Share Held	%-age
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Chief Executive Officer/ Directors

Mr.Umer Saleem	1	532,800	3.67
Mr. Muhammad Danish	1	2,000	0.01
Fakhira Rehman	1	1,000	0.01
Mrs.Shaista Saleem	1	61,000	0.42
Mrs.Nadia Saleem	1	110,000	0.76
Rana Adnan Rashid	1	405,000	2.79
Rana Rashid Ahmed Khan	1	5,000	0.03
	7	1,116,800	7.70

Other Relative of Directors

Bank & Other Financial Institutions	2	8,500	0.06
Investment Companies	3	30,200	0.21
Insurance Companies	1	4,000	0.03
Joint Stock Companies	16	778,126	5.37
NIT	1	137,000	0.94
General Public-Individuals	1380	7,965,849	54.94

Grand Total	1461	14,500,000	100.00
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