

**ANNUAL REPORT  
2015 - 2016**



*Pak Leather Crafts Limited*

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## CORPORATE PROFILE

### BOARD OF DIRECTORS

Dr. Muhammad Shoaib Ahmed	Chairman / Director
Muhammad Saleem Ahmed	Director
Nayyer Ahmed Jalali	Director
Azeem Ahmed	Director
Bilal Ahmed	Director
Umer Ahmed	Director
Syed Fawad Hussain Rizvi	Director

### AUDIT COMMITTEE

Dr. Muhammad Shoaib Ahmed	Chairman
Azeem Ahmed	Member
Syed Fawad Hussain Rizvi	Member

### HUMAN RESORCE & REMUNIRATION COMMITTEE

Muhammad Saleem Ahmed	Chairman
Nayyer Ahmed Jalali	Member
Umer Ahmed	Member

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Naseer Ahmed

### BANKERS

Albaraka Bank Pakistan Ltd  
NIB Bank Limited  
Habib Metropolitan Bank Ltd  
Habib Bank Limited  
Industrial Development Bank Ltd  
Faysal Bank Limited  
Soneri Bank Ltd  
United Bank Limited  
Bank Alfalah Ltd

### EXTERNAL AUDITORS

H.A.M.D & Co.  
Chartered Accountants

### REGISTERED OFFICE

Plot 18, Sector 7 - A,  
Korangi Industrial Area, Karachi  
Website: [www.pakleather.com](http://www.pakleather.com)

### LEGAL ADVISOR

Shakiel Z. Lari, Advocate

### SHARE REGISTRAR

NI Associates (Pvt) Ltd  
53, Kokan Society, Alamgir Road,  
Karachi - 74800  
Tel: 021-34937012  
021-34945892

## NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the 29th Annual General Meeting of the members of Pak Leather Crafts Limited will be held on Tuesday, the 25th October, 2016 at 04:00 P.M. at Plot-9, Sector 59, Malir Development Authority, Taiser Town, Karachi to transact the following business:

1. To confirm the minutes of the 28th Annual General Meeting held on 31st October, 2015.
2. To receive, consider and adopt the audited accounts of the company for the year ended 30th June 2016 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2017 and to fix their remuneration.
4. To transact any other business with the permission of the chair.

By order of the Board

**Naseer Ahmed**  
Company Secretary

Karachi: September 30, 2016

### Notes:

1. To Share Transfer Books of the Company will remain closed from 18-10-2016, to 25-10-2016 (both days inclusive).
2. A Member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote to him/her. No person shall act as a proxy who is not a member of the Company. Proxies in order to be effective must be received duly stamped, signed and witnessed by the company not less than 48 hours before the meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
  - i) In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity showing his / her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their participants I.D. numbers and account numbers in CDS.
  - ii) In case of a corporate entity, the Board of Directors' resolution / Power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. Members are requested to immediately notify the Company of any change in their addresses.



## DIRECTORS' REPORT

The Directors of your company welcome you to the 29th Annual General Meeting and place before you the Annual Report along with Audited Accounts of the company for the year ended June 30, 2016.

### FINANCIAL RESULTS

The financial results of the Company for the year under report are shown below.

	<b>2016 Rupees</b>
Loss before taxation	(6,672,186)
Taxation	<u>(210,000)</u>
Loss after tax	( 6,882,186)
Accumulated (Loss) Brought Forward	<u>(383,212,521)</u>
Accumulate (Loss) Carried Forward	<u><u>(390,094,707)</u></u>

During the year under review, the company succeeded to reduce the after tax net loss to Rs.6.88 (M) as compared to after tax loss of Rs.15.53 (M) last year. This is the outcome of the efforts which the management is putting in to bring the Company out from the losses by increasing the turnover and exercising economies in expenses.

### COMMENTS ON AUDITORS' REPORT

As pointed out by the Auditors of the company regarding borrowing and pending court cases, explanation is provided in note No. 18. The management and the Company's legal counsel are of the view that the two petitions of HBL are not sustainable under the law. Regarding going concern, the Management is confident that our exports and job work would boost up for which management is making its best efforts. Improvement in economy of the Country as well as of European countries, we would be able to improve the financial results of the Company.

### SALES

During the financial year ended June 30, 2016, out of the best efforts of the management, the Company made export sale of Rs.0.48 (M) whereas the local job work sales of the company increased to Rs.20.44 (M) Million for the year under review as compared to the total net turnover of Rs. 17.17 Million for the last year ended June 30, 2015.

### FUTURE OUTLOOK

The management is pleased to inform that as a result of serious efforts, during current year the Company started getting export order and expect that the Company would be able to make reasonable export sales in addition to heavy local job work sales and to improve its financial result in the year 2016-17. In order to meet the export orders requirement the Directors of the Company would also induct the required working capital in the Company as and when required. However during the year under review the Directors inducted a further sum of Rs. 600,000 in the Company.

## DIRECTORS' REPORT



### CORPORATE AND FINANCIAL REPORTING

In compliance with the applicable listing regulations of Stock Exchanges, the directors of the company do hereby declare the following:

- a) The financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of account of the listed company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The Company's ability to continue as a going concern is affective as the management is making its best efforts to increase the export sales and job work of the Company, improvement in global economic conditions and increase in export prices of the company as maximum as possible.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulation.

### KEY OPERATING & FINANCIAL DATA:

The key operating & financial data is mentioned on Page No.8

### EARNINGS PER SHARE (EPS)

The loss per Share is Rs.(2.02) (2015: loss per share Rs.4.57)

### BOARD AUDIT COMMITTEE

The Board Audit Committee comprises of one Independent Non-Executive, one Executive Director and one non-executive director. The terms of reference include reviews of annual and quarterly financial statements, internal audit report, information before dissemination to Stock Exchanges and proposal for appointment of external auditors for approval of the shareholders, apart from other matters of significant nature. Four meeting were held during the period under review.



## DIRECTORS' REPORT

### NUMBER OF BOARD MEETING

During the year, four board meetings were held, which were attended by the Directors as under:

S. No.	Names	No. of Meetings Attended / held
1.	Mr. M. Saleem Ahmed (CEO)	4 / 4
2.	Dr. M. Shoaib Ahmed	1 / 4
3.	Mr. Nayyer Ahmed Jalali	4 / 4
4.	Mr. Bilal Ahmed	1 / 4
5.	Mr. Azeem Ahmed	4 / 4
6.	Mr. Umer Ahmed	4 / 4
7.	Syed Fawad Husain Rizvi	3 / 4

### PURCHASE / SALE OF SHARES

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not purchase or sale any shares of the Company during the period under review.

### PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2016 is annexed with this report.

### AUDITORS

The auditors of the company M/s. IEC net s.k.sss Chartered Accountants resigned and the Board of Directors filled the casual vacancy by appointment of M/s H.A.M.D & Co. Chartered Accountants. Present auditors M/s H.A.M.D. & Co. retire and being eligible offer themselves for re-appointment for the year 2016-2017. The audit committee has also recommended their reappointment in the AGM.

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance with the Code of Corporate Governance is annexed with this report.

### ACKNOWLEDGEMENT

The Board of Directors would like to place on record its appreciation to all our Patrons, Dealers, Suppliers and Employees for their valuable help, uncompromising support and contribution to the Company.

### WORKER MANAGEMENT RELATIONSHIP

Your management would like to place on record the valuable contribution of all members of the staff & workers. The workers management relationship remained cordial throughout the year which resulted in the smooth operation of your company.

On behalf of the Board

**Muhammad Saleem Ahmed**  
Chief Executive Officer

Karachi: September 30, 2016

## STATEMENT OF VALUE ADDED



	2016 (Rupees)	%	2015 (Rupees)
<b>WEALTH GENERATED</b>			
TOTAL REVENUE	20,914,199		17,170,590
BROUGHT IN MATERIAL & SERVICES	(8,408,009)		(10,260,031)
	12,506,190		6,910,559
<b>WEALTH DISTRIBUTED</b>			
<b>TO EMPLOYEES</b>			
SALARIES, BENEFITS & RELATED COST	11,197,220	89.53	5,522,653
<b>TO GOVERNMENT</b>			
INCOME TAX, SALES TAX, IMPORT DUTY AND WORKERS' FUND	88,951	0.71	81,465
<b>RETAINED FOR REINVESTMENT &amp; FUTURE GROWTH</b>			
DEPRECIATION / AMORTISATION	1,220,019	9.76	1,306,441
	12,506,190	100.00	6,910,559





## SIX YEARS AT A GLANCE

(Rs in '000)

PARTICULARS	2016	2015	2014	2013	2012	2011
Net Sales	<b>20,914</b>	17,170	9,005	15,904	12,040	93,142
Gross Profit/(loss)	<b>(2,312)</b>	(11,631)	(9,917)	(25,585)	(31,017)	(68,113)
Net Profit/(loss) before tax	<b>(6,672)</b>	(15,371)	(20,963)	(45,790)	(55,454)	(95,991)
Gross Profit/(loss) ( % )	<b>(11.05)</b>	(67.74)	(110.13)	(160.87)	(257.62)	(73.13)
Net Profit/(loss) ( % )	<b>(31.90)</b>	(89.52)	(232.79)	(287.91)	(460.58)	(103.06)
Earning/(loss) per share ( after tax )	<b>(2.02)</b>	(4.57)	(6.17)	(13.51)	(16.55)	(28.53)
Current ratio	<b>(0.26)</b>	(0.26)	(0.28)	(0.31)	(0.42)	(0.54)

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE



This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Rule book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with 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 representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
<b>Independent Non-Executive Director</b>	1. Syed Fawad Hussain Rizvi
<b>Executive Directors</b>	1. Mr. M.Saleem Ahmed 2. Dr.M.Shoaid Ahmed 3. Mr.Nayyer Ahmed Jalali 4. Mr.Azeem Ahmed
<b>Non-Executive Director</b>	1. Mr. Bilal Ahmed 2. Mr. Umer Ahmed

The independent Director meets the criteria of independence as contained in CCG.

- 2- The directors have confirmed that none of them is serving as a director in more than Seven listed companies, including this Company.
- 3- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4- The Company would prepare a 'Code of Conduct' and would ensure that appropriate steps would be taken to disseminate it throughout the company along with its supporting policies and procedures and which would be placed on company's website.
- 5- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and none executive directors, have been taken by the Board/share holders.
- 7- 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 meet 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.
- 8- The directors have been made aware of the Listing regulations of Stock Exchanges, the Company's Memorandum and Articles of Association and the CCG during various Board meetings. The directors are therefore well conversant with their duties and responsibilities.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Four out of seven Directors meet the exemption requirement of the directors' training program. The Company plans to arrange Director's Training Programs for the remaining three directors at the earliest.

- 9- The Board has approved appointment of CFO & Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 10- The directors' report for this year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
- 11- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 12- The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 13- The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 14- The Board had formed an audit committee. It comprises of three members having chairman, an executive director and remaining one is a non-executive director and other is an independent director.
- 15- The meetings of the audit committee were held at least once every quarter prior to approval if interim and final results of the Company and as required by the CCG. The terms of reference of the committee had been formed and advised to the committee for compliance.
- 16- The board has formed Human Resource & Remuneration Committee. It comprises three members including the chairman and a member of the committee as executive director and the other member is a non-executive director.
- 17- The board has set up an effective internal audit function managed by personnel suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 18- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that the firm or their spouses and minor children do not hold shares of the company on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 19- The statutory auditors of 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.
- 20- 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(s).
- 21- Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- 22- We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: September 30, 2016

**(Muhammad Saleem Ahmed)**  
Chief Executive Officer

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



We have reviewed the enclosed statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the board of Directors of **PAK LEATHER CRAFTS LIMITED** ("the Company") for the year ended June 30, 2016 to comply with the requirements of Regulations No. 5.1.9 of the Pakistan Stock Exchanges Limited Regulations where the company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the code.

As part of our audit of 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's statement on internal control covers all risks and controls or to form an opinion on effectiveness of such 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. Further, all such transactions are also required to be separately placed before the audit committee. 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.

Base on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflects the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2016.

Further, we highlight below instance of non-compliance with the requirements of the code as reflected in Paragraph 5,9 and 15 in the statement of Compliance.

**Date: September 30, 2016**  
**Place: Islamabad**

**H.A.M.D. & Co.**  
**Chartered Accountants**

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2nd Floor, Safdar Mansion, 16-D East, Fazi-e-Haq Road, Blue Area, Islamabad. (Pakistan)  
Phone: +92 51 2805360 ; Fax: +92 51 2805361, E-mail: asif@asifassociates.com



## AUDITORS' REPORT TO THE MEMBERS



**H.A.M.D & Co.**  
CHARTERED ACCOUNTANTS



**McMillan Woods**  
Professionalism at the forefront

We have audited the annexed balance sheet of Pak Leather Craft Limited (“the Company”) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the period then ended and 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 said statements.

As disclosed in Note 32 to the financial statements, the company incurred loss of Rs. 6,882,186 (2015: Rs. 15,533,475) during the year ended June 30, 2016 resulting in accumulated losses of Rs. 390,094,707 (2015: Rs. 383,212,521) at the close of year, and the company’s current liabilities exceed its current assets by Rs. 373,752,415 (2015: Rs. 366,982,707). The mitigating factors relating to above situation do not override the existence of uncertainty about company’s ability to continue as a going concern. The financial statements do not disclose this fact and have been prepared on going concern basis.

As disclosed in Note 12 to the financial statements, the Company reported total borrowing of Rs. 46,903,419 (2015 Rs. 46,903,419) and the relevant interest accrued of Rs 124,029,303 (2015 – Rs. 124,029,303). As disclosed in Note 17 to the financial statements, the Company provided corporate guarantees to licensed banks in respect of bank borrowing facilities granted to it. The company is in default regarding repayment obligation and is therefore required to reimburse the licensed banks in respect of banks’ suffered losses. Furthermore Note 15 includes overdue balance of Rs. 29,890,889 pertaining LC’s established with banks. The financial statements of current year and of the previous year did not include any provision for penalty, interest and financial guarantees due by the Company to licensed banks because of pending cases in courts and management of the company is expecting waiver of interest and additional penalties which is not in compliance with the requirements of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets which requires such provision for penalty, interest and financial guarantees to be recognized in the financial statements of the Company.

We are therefore unable to satisfy ourselves that the total bank borrowings and the relevant liabilities reflected in the financial statements are fairly stated. Further we have not received replies from legal consultant regarding the pending cases.

## AUDITORS' REPORT TO THE MEMBERS



Except for the matters explained in the paragraphs above, we believe that our audit provides a reasonable basis for our modified opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
  - (i) the balance sheet and profit 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 polices consistently applied;
  - (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss, its cash flows and changes in equity for the period then ended; and
- (d) in our opinion no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Place: Islamabad**  
**Date: September 30, 2016**

**HAMD and Co**  
**Chartered Accountants**



## BALANCE SHEET AS AT JUNE 30, 2016

	NOTE	2016 RUPEES	2015 RUPEES
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	17,903,272	18,015,746
Long term deposits	4	1,409,612	1,409,612
		<u>19,312,884</u>	<u>19,425,358</u>
<b>Current assets</b>			
Stores, spares and loose tools	5	317,487	292,487
Stock - in - trade	6	42,903,699	42,600,856
Trade debts	7	86,023,177	88,492,673
Advances and other receivables	8	176,627	32,327
Tax refunds due from government	9	222,593	387,087
Cash and Bank Balances	10	253,227	502,124
		<u>129,896,810</u>	<u>132,307,554</u>
<b>TOTAL ASSETS</b>		<u><u>149,209,694</u></u>	<u><u>151,732,912</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	11	34,000,000	34,000,000
Accumulated loss		<u>(390,094,707)</u>	<u>(383,212,521)</u>
		<u>(356,094,707)</u>	<u>(349,212,521)</u>
<b>Non-current liabilities</b>			
Long term finance	12	-	-
Deferred liabilities	13	1,655,176	1,655,176
		<u>1,655,176</u>	<u>1,655,176</u>
<b>Current liabilities</b>			
Trade and other payables	14	58,567,699	54,808,731
Short term loans	15	66,619,712	66,019,712
Current portion of long term finance	12	46,903,419	46,903,419
Short term borrowings	16	207,529,092	207,529,092
Accrued markup	17	124,029,303	124,029,303
		<u>503,649,225</u>	<u>499,290,257</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>149,209,694</u></u>	<u><u>151,732,912</u></u>

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

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016



	NOTE	2016 RUPEES	2015 RUPEES
<b>REVENUE</b>			
<b>Turnover</b>	19	<b>20,914,199</b>	17,170,589
Cost of sales	20	<u>23,226,390</u>	<u>28,801,924</u>
<b>Gross (Loss)</b>		<b>(2,312,191)</b>	(11,631,335)
<b>OPERATING EXPENSES</b>			
Selling and distribution expenses	21	<u>631,421</u>	219,195
Administrative expenses	22	<u>3,513,550</u>	3,661,239
Other operating expenses	23	<u>400,000</u>	400,000
		<u>4,544,971</u>	4,280,434
Operating Loss		<b>(6,857,162)</b>	(15,911,769)
Other operating income	24	<u>243,800</u>	562,624
		<b>(6,613,362)</b>	(15,349,145)
Finance cost	25	<u>58,824</u>	22,330
<b>Loss before taxation</b>		<b>(6,672,186)</b>	(15,371,475)
Taxation	26	<u>210,000</u>	162,000
<b>Loss after taxation</b>		<b>(6,882,186)</b>	(15,533,475)
Loss per share - Basic and diluted ( Rupees)	27	<u><b>(2.02)</b></u>	<u>(4.57)</u>

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

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR





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

	2016 RUPEES	2015 RUPEES
Loss after taxation	(6,882,186)	(15,533,475)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(6,882,186)</u>	<u>(15,533,475)</u>

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

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016



	NOTE	2016 RUPEES	2015 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	28	917,472	162,926
Financial charges paid		(58,824)	(22,330)
Gratuity paid		-	-
Income tax paid		-	38,019
		(58,824)	15,689
<b>Net cash inflow from operating activities</b>		<b>858,648</b>	<b>178,615</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Addition in Fixed Assets		(1,107,545)	-
Proceed from sale of fixed assets		-	-
<b>Net cash used in investing activities</b>		<b>(1,107,545)</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceed from short term loan		-	-
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(248,897)</b>	<b>178,615</b>
Cash and cash equivalents at the beginning of the year		502,124	323,509
<b>Cash and cash equivalents at the end of the year</b>	10	<b>253,227</b>	<b>502,124</b>

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

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR



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

Particulars	Issued, Subscribed and paid up Capital	Unappropriated (loss)	Total
	<------(all amount in PKR)----->		
<b>Balance at June 30, 2014</b>	<b>34,000,000</b>	<b>(367,679,046)</b>	<b>(333,679,046)</b>
Total comprehensive loss for the year	-	(15,533,475)	(15,533,475)
<b>Balance at June 30, 2015</b>	<b>34,000,000</b>	<b>(383,212,521)</b>	<b>(349,212,521)</b>
Total comprehensive loss for the year	-	(6,882,186)	(6,882,186)
<b>Balance at June 30, 2016</b>	<b>34,000,000</b>	<b>(390,094,707)</b>	<b>(356,094,707)</b>

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

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR



## 1. STATUS AND NATURE OF BUSINESS

The Company is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is leather tanning, and export of leather and leather garments.

The registered office of the Company is situated at Plot 18, Sector 7-A, Korangi Industrial Area, Karachi.

### Statement of compliance

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

### Basis of Preparation

These financial statements have been prepared on the basis of 'historical cost convention' except for recognition of certain employee retirement benefits at present value.

### Functional and Presentation currency

The financial statements are presented in Pakistani Rupee which is the company's functional and presentation currency.

### Use of estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) determining the useful lives of property and equipments (Note 2.2)
- (b) stores, spares and loose tools (Note 2.3)
- (c) stock in trade (Note 2.4)
- (d) recognition of taxation (Note 2.10)

### 1.1 New Standards, Interpretations and amendments to published approved accounting standards.

The accounting standards, amendments and interpretations of approved accounting standards became effective during the year, however, these standards are either not relevant or do not have a significant impact on the Company's financial statements.

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



## Notes to the Financial Statements for the year ended June 30, 2016

	<b>Effective date (annual periods beginning on or after)</b>
IAS 16 Property, Plant and Equipment	July 01, 2014
IAS 16 Property, Plant and Equipment	January 01, 2016
IAS 19 Employee Benefits	July 01, 2014
IAS 27 Separate Financial Statements	January 01, 2014
IAS 32 Financial Instruments: Presentation	January 01, 2014
IAS 36 Impairment Assets	January 01, 2014
IAS 38 Intangible Assets	July 01, 2014
IAS 38 Intangible Assets	January 01, 2016
IAS 39 Financial Instruments: Recognition and Measurement	January 01, 2014
IAS 40 Investments Property	July 01, 2014
IFRS 2 Share Based Payment	July 01, 2014
IFRS 3 Business Combination	July 01, 2014
IFRS 7 Financial Instruments: Disclosures	January 01, 2015
IFRS 8 Operating Segments	July 01, 2014
IFRS 9 Financial Instruments	January 01, 2015
IFRS 10 Consolidated Financial Statements	January 01, 2014
IFRS 12 Disclosure of Interest in Other Entities	January 01, 2014
IFRIC 13 Fair Value Measurement	July 01, 2014

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 for the purpose of their applicability in Pakistan:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments	January 01, 2015
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 12 Disclosure of Interest in Other Entities	January 01, 2013
IFRIC 13 Fair Value Measurement	January 01, 2013
IFRS 14 Regulatory Deferred Accounts	January 01, 2016

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation & accumulated impairment losses if any, except freehold land and capital work-in-progress, which are stated at cost less impairment losses if any, depreciation is charged to income using the reducing balance method on all assets at the rates reflected in the relevant note of property plant and equipment.

Depreciation on additions is charged from the month the asset is available for use and in case of disposal up to the month preceding the month of disposal.



Residual values, useful lives and methods of depreciation are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates. An asset's carrying amount is written down immediately to its recoverable amount if asset's carrying amount is greater than its estimates recoverable amount.

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains or losses on disposal of assets are included in current income.

Expenditure incurred subsequent to the initial acquisition of assets is capitalized only when it increases the future economic lives embodied in the items of property, plant and equipment.

## 2.2 Stores, spares and loose tools

These are principally valued at weighted average cost. Item in transit and in bonded warehouse are valued at cost comprising invoice value and related cost to balance sheet date. Values of items are reviewed at each Balance sheet date to record provision for any slow moving and obsolete item.

## 2.3 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value (NRV). Cost signifies in relation to:

Raw material and components	- Weighted average
Work -in- process	- NRV
Finished goods	- Cost
Scrap	- At NRV'

The cost of work in process and finished goods comprises direct material, direct labor and applicable production overheads. Cost is determined on weighted average method.

Net realized value signifies the estimated selling price in the ordinary course of business less cost necessary to make the sale. Provision is made for obsolete and slow moving stock when necessary.

## 2.4 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount as reduced by appropriate provision for debts / receivables considered to be doubtful. Provision for doubtful debts is based on the managements' assessment of customers' out standings and credit worthiness. Bad debts are written off as and when identified.

## 2.5 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except that those which are directly attributable to the acquisition, construction or production of qualifying asset (i.e. an asset that necessarily take a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset, until such time as the asset is substantially ready for their intended use.

## 2.6 Provisions

Provisions are recognized when the company has legal or constructive obligation as a result of a past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



## Notes to the Financial Statements for the year ended June 30, 2016

### 2.7 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, whether or not billed to the company.

### 2.8 Taxation

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for the current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for the current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred

Deferred taxation is provided, proportionate to local sales, using the balance sheet liability method, on all Temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for the financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss account.

#### Sales Tax

Revenue, expenses and the assets are recognized net off amount of sales tax except:

- Where the sales tax incurred on purchase of asset or service is not recoverable from the taxation authority, in that case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables or payables are stated including the amounts of sales tax

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.9 Dividend and other appropriation

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

### 2.10 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded on dispatch of goods.

### 2.11 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized



at the time when the company loses control of contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on recognition / de-recognition of the financial assets and liabilities is taken to profit and loss account currently.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

#### **2.12 Long and Short Term Borrowings**

These are recorded at the amount received. Installments due within one year are shown as current liability and markup on borrowings is charged as an expense on accrual basis.

#### **2.13 Staff retirement benefits**

The company operates non-funded gratuity scheme for all permanent workers drawing salary not exceeding Rs. 10,000 per month who have completed the minimum qualifying period of service. During the year there was no provision of gratuity has been made because there is no permanent worker drawing salary not exceeding Rs. 10,000 per month.

#### **2.14 Compensated Absences**

The liability for accumulated compensated absences of employees is recognized in the period in which employees render services that increase their entitlement to future compensated absences.

#### **2.15 Foreign currency translation**

Foreign currency transactions are translated into rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account. Non-monetary foreign currency assets and liabilities, which are carried at historical cost in foreign currencies, are translated into rupees at the rates of exchange existing on the date of transaction.

#### **2.16 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists the asset's recoverable amount is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense in profit and loss account.

#### **2.17 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held with banks, other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

#### **2.18 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis, or realize the assets or to settle the liabilities simultaneously.





## Notes to the Financial Statements for the year ended June 30, 2016

### 2.19 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length of normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

### 3. PROPERTY, PLANT AND EQUIPMENT

(Amount in Rupees)

PARTICULARS	Cost			Rate	Depreciation			W.D.V
	As at July 01, 2015	Additions (Deletion)	As at June 30, 2016		As at July 01, 2015	For the year/ Adjustments	As at June 30, 2016	As at June 30, 2016
<b>Owned Assets</b>								
Leasehold land	6,382,167	-	6,382,167	-	-	-	-	6,382,167
Building on leasehold land	15,175,666	352,300	15,527,966	10%	14,180,543	108,460	14,289,003	1,238,963
Plant and Machinery	77,914,236	755,245	78,669,481	10%	68,303,897	998,796	69,302,693	9,366,788
Furniture and fixture	5,103,287	-	5,103,287	10%	4,716,618	38,667	4,755,285	348,002
Motor vehicles	10,115,404	-	10,115,404	20%	10,015,889	19,903	10,035,792	79,612
Office Equipments	6,864,007	-	6,864,007	10%	6,354,955	50,905	6,405,860	458,147
Books	75,000	-	75,000	10%	42,119	3,288	45,407	29,593
June 30, 2016	121,629,767	1,107,545	122,737,312		103,614,021	1,220,019	104,834,040	17,903,272

PARTICULARS	Cost			Rate	Depreciation			W.D.V
	As at July 01, 2014	Additions (Deletion)	As at June 30, 2015		As at July 01, 2014	For the year/ Adjustments	As at June 30, 2015	As at June 30, 2015
<b>Owned Assets</b>								
Leasehold land	6,382,167	-	6,382,167	-	-	-	-	6,382,167
Building on leasehold land	15,175,666	-	15,175,666	10%	14,069,974	110,569	14,180,543	995,123
Plant and Machinery	77,914,236	-	77,914,236	10%	67,236,082	1,067,815	68,303,897	9,610,339
Furniture and fixture	5,103,287	-	5,103,287	10%	4,673,655	42,963	4,716,618	386,669
Motor vehicles	10,115,404	-	10,115,404	20%	9,991,010	24,879	10,015,889	99,515
Office Equipments	6,864,007	-	6,864,007	10%	6,298,394	56,561	6,354,955	509,052
Books	75,000	-	75,000	10%	38,465	3,654	42,119	32,882
June 30, 2015	121,629,767	-	121,629,767		102,307,580	1,306,441	103,614,021	18,015,746

#### 3.1 Depreciation charged to

	2016 RUPEES	2015 RUPEES
Cost of Sales	1,146,818	1,228,055
Administrative Expense	73,201	78,386
	<u>1,220,019</u>	<u>1,306,441</u>

## Notes to the Financial Statements for the year ended June 30, 2016



	2016 RUPEES	2015 RUPEES
<b>4 LONG TERM DEPOSITS</b>		
Utilities	843,112	843,112
Clubs	42,000	42,000
Petrol pump	60,000	60,000
Others	464,500	464,500
	<u>1,409,612</u>	<u>1,409,612</u>
<b>5. STORES, SPARES AND LOOSE TOOLS</b>		
Loose tools	<u>317,487</u>	<u>292,487</u>
	<u>317,487</u>	<u>292,487</u>
<b>6. STOCK-IN-TRADE</b>		
Raw material	9,475,993	8,870,553
Work in process	39,505,100	40,147,353
Finished goods (6.1)	64,579,545	64,579,545
	<u>113,560,638</u>	<u>113,597,451</u>
Provision for write down of inventory (6.2)	<u>(70,656,939)</u>	<u>(70,996,595)</u>
	<u>42,903,699</u>	<u>42,600,856</u>
6.1 This includes stock of Rs. 42,803,921 (2015: Rs. 42,803,921) pledged with bank against export refinance facility. Provision of Rs. 25,854,358 (2015: Rs. 25,854,358) has been made against this pledged stock.		
<b>6.2 PROVISION FOR WRITE DOWN OF INVENTORY</b>		
Provision as at 1 July	70,996,595	60,780,434
Charge for the year	-	10,425,203
	<u>70,996,595</u>	<u>71,205,637</u>
Reversal of provision due to sale of inventory	<u>(339,656)</u>	<u>(209,042)</u>
Provision as at 30 June	<u>70,656,939</u>	<u>70,996,595</u>
<b>7. TRADE DEBTS</b>		
Unsecured		
Considered good	86,023,177	88,492,673
Considered doubtful	9,375,890	9,375,890
Provision for doubtful debts (7.1)	(9,375,890)	(9,375,890)
	<u>86,023,177</u>	<u>88,492,673</u>
<b>7.1 PROVISION FOR DOUBTFUL DEBTS</b>		
Provision as at 1 July	9,375,890	9,375,890
Charge for the year	-	-
	<u>9,375,890</u>	<u>9,375,890</u>
Reversal of provision due to payment received	-	-
Provision as at 30 June	<u>9,375,890</u>	<u>9,375,890</u>



Notes to the Financial Statements for the year ended June 30, 2016

	2016 RUPEES	2015 RUPEES
<b>8. ADVANCES AND OTHER RECEIVABLES</b>		
Advance to staff - considered good	-	19,500
Advance to suppliers - unsecured	160,000	-
<b>Other receivables - unsecured, considered good</b>		
- Duty draw back	1,682,890	1,679,090
- Provision for duty draw back	(1,666,263)	(1,666,263)
	16,627	12,827
	<u>176,627</u>	<u>32,327</u>
<b>9. TAX REFUNDS DUE FROM GOVERNMENT</b>		
<b>Taxation- net</b>		
Advance tax prior year	343,641	467,622
(Refundable) / deduction/adjustments - current year	88,952	38,019
	432,593	505,641
Less: provision for the year	(210,000)	(162,000)
	<u>222,593</u>	<u>343,641</u>
Sale tax refundable	1,602,810	1,646,256
Less: Provision for sales tax refundable (9.1)	(1,602,810)	(1,602,810)
	-	43,446
	<u>222,593</u>	<u>387,087</u>
<b>9.1 Provision for sales tax refundable</b>		
Opening balance	1,602,810	1,602,810
Provision made during the year	-	-
	1,602,810	1,602,810
Reversal of provision due to refund of sale tax	-	-
Closing balance	<u>1,602,810</u>	<u>1,602,810</u>
<b>10. CASH AND BANK BALANCES</b>		
Cash:		
In hand	40,660	315,474
In bank - current accounts	212,567	186,650
	<u>253,227</u>	<u>502,124</u>
<b>11. SHARE CAPITAL</b>		
<b>Authorized capital</b>		
5,000,000 (2015: 5,000,000) Ordinary shares of Rs. 10 / = each.	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, subscribed and paid up capital</b>		
3,400,000 (2015: 3,400,000) Ordinary shares of Rs. 10 / = each fully paid, issued for cash.	<u>34,000,000</u>	<u>34,000,000</u>

11.1 There were no movements during the reporting period.

11.2 The Company has one class of ordinary shares which carries no right to fixed income.

11.3 The Company has no reserved shares for issuance under options and sales contracts.

Notes to the Financial Statements for the year ended June 30, 2016



	2016 RUPEES	2015 RUPEES			
<b>12. LONG TERM FINANCE</b>					
From Banking Companies:					
Demand/Term finance (Note no. 12.1)	46,903,419	46,903,419			
Current portion of demand/term finance	<u>(46,903,419)</u>	<u>(46,903,419)</u>			
	-	-			
12.1 This demand/term finance is obtained by the company from commercial banks at a markup rate based on 6 months KIBOR plus 2% to 4% payable quarterly. The total limit of the loan is 68.00 millions (2011 : 68.00 millions). The installments are payable on monthly and quarterly basis which have become overdue. The period of loan is 3 to 5 years and is secured against first equitable mortgage and 1st charge over factory's land and building at plot No.18 Sector 7-A, Korangi Industrial Area Karachi and pari passu hypothecation charge over stock & book debts.					
<b>13. DEFERRED LIABILITY - Staff gratuity</b>					
<b>a) Movement in the liability recognized in the balance sheet</b>					
Balance sheet liability / (asset) as on June 30	-	1,655,176			
Amount recognized during the year	-	-			
Benefit payments made directly by the Company	-	-			
<b>Balance sheet liability / (asset) as on June 30</b>	<u>-</u>	<u>1,655,176</u>			
<b>b) Balance sheet liability as on June 30</b>					
Present value of defined obligations as on June 30,	1,655,176	1,655,176			
Actuarial gains/(losses) recognized	-	-			
<b>Total Balance Sheet Liability as on June 30</b>	<u>1,655,176</u>	<u>1,655,176</u>			
<b>13.1 Historical information</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Present value of the defined benefits obligation as at 30 June	1,655,176	1,655,176	1,655,176	1,661,676	1,697,676
<b>Experience adjustments</b>					
Gain/(loss) on obligations as percentage of plan assets	0%	0%	0%	0%	0%
<b>14. TRADE AND OTHER PAYABLES</b>					
Creditors	46,933,915	46,958,410			
Accrued liabilities	7,016,267	6,473,022			
Advance from Customers	3,235,161	-			
Tax deducted at source	12,691	7,634			
Workers' welfare Fund	907,066	907,066			
Compensated absences	320,091	320,091			
Unclaimed dividend	142,508	142,508			
	<u>58,567,699</u>	<u>54,808,731</u>			
<b>15. SHORT TERM LOANS</b>					
<b>Unsecured</b>					
From Directors ( Note no. 15.1)	49,242,822	48,642,822			
From Others - Related party (Note no. 15.1)	17,376,890	17,376,890			
	<u>66,619,712</u>	<u>66,019,712</u>			



## Notes to the Financial Statements for the year ended June 30, 2016

**15.1** These represent non-interest bearing loans from directors and others. These were subordinated to banking liabilities. However due to filing of recovery of suits by the banks these are no more subordinated loans. This includes amount of Rs. 50,122,898 (2015 : Rs. 50,122,898) which were created as a result of adjustment (of personal deposits of directors) made by the banks against export refinance loans and other dues of the Company. These personal deposits of directors were held by the banks as collateral against financial facilities allowed to the Company.

<b>16. SHORT TERM BORROWINGS</b>	<b>2016 RUPEES</b>	<b>2015 RUPEES</b>
<b>From banking companies: Secured</b>		
Export re-finance (Note no.16.1 & 16.3)	<b>202,850,004</b>	202,850,004
Running Finance (Note no. 16.2 & 16.3)	<b>4,679,088</b>	4,679,088
	<u><b>207,529,092</b></u>	<u>207,529,092</u>

**16.1** The Company had arranged export re-finance facilities from various commercial banks on mark-up rates prescribed by State Bank of Pakistan from time to time. These loans have not been renewed by banks and have become overdue for payment. Except Habib Bank Limited Rs. 7.850 million (2015 : Rs. 7.850 million) other banks have filed suits for recovery as more elaborately explained in Note Nos. 18.1.1, 18.1.2, 18.1.3, 18.1.4 and 18.1.5 of these financial statements.

**16.2** These arrangements are secured by first pari passu hypothecation charge over stocks & book debts, 1st Mortgage charge on building, Plant and Machinery installed at Plot # 18, Sector 7/A, Korangi Industrial Area, Karachi, personal guarantee of directors, Pledge over stocks and hypothecation on Machinery.

**16.3** These arrangements are secured by first pari passu hypothecation charge over stocks & book debts, 1st Mortgage charge on building, Plant and Machinery installed at Plot # 18, Sector 7/A, Korangi Industrial Area, Karachi, personal guarantee of directors, Pledge over stocks and hypothecation on Machinery, lien over import and export documents.

### **17. ACCRUED INTEREST**

Finance cost accrued on:

- long term borrowings	<b>43,205,833</b>	43,205,833
- short term borrowings	<b>80,823,470</b>	80,823,470
	<u><b>124,029,303</b></u>	<u>124,029,303</u>

### **18. CONTINGENCIES AND COMMITMENTS**

#### **18.1 Contingencies**

**18.1.1** United Bank Limited has filed a winding up petition before Sindh High Court against the Company under Section 305 of the Companies Ordinance, 1984 on the basis of non compliance of Section 234 and 408 of the said Ordinance in the above stated transaction. The petition has been dismissed by Sindh High Court vide Order dated 03.04.2014. UBL has not yet filed appeal against the order.

**18.1.2** United Bank Limited has filed a suit No. B-141 under the Provision of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and seeks the recovery of Rs. 135.54 million plus cost of funds (2015 : 135.54 million) from the company and its Directors / Shareholders in their capacity as guarantors of the Company's liability. The liability is booked by the Company and the case is pending before the High Court of Sindh. According to the legal counsel of the Company evidences provided by the bank are not sufficient to establish the bank's entitlement to the amount claimed. Therefore, bank's case against the Company and its Directors / Shareholders will be difficult to establish. The total markup on outstanding balance of United bank limited Rs. 34.829 (2015: Rs. 34.829) million is booked by the company and no further markup is being provided as the case is filed in the Court by the bank.

## Notes to the Financial Statements for the year ended June 30, 2016



- 18.1.3** Al Baraka Bank (Pakistan) Limited has filed a suit No. B-26 under the Provision of the Financial Institutions (Recovery of Finances) Ordinance, 2001 and seeks the recovery of Rs. 50.543 (2015: Rs. 50.543) million along with profit, cost of fund and charity from the company and its Directors / Shareholders in their capacity as guarantors of the Company's liability. The liability is booked by the Company and the case is pending before the High Court of Sindh. The company has filed an application for leave to defined and the grounds taken by the company could not be addressed by the Bank in their reply. Accordingly, according to legal counsel, leave to defined should be granted in the circumstances. Total profit and charity of Rs. 7.234 (2015 : Rs. 7.234) million is provided by the company and no further profit and charity is being provided as the bank has filed case in the Court against the Company.
- 18.1.4** NIB Bank Limited has filed a suit No. B-86 under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 114.287 million plus markup and cost of funds from the company and its Directors and financial institutions. The liability is booked by the Company and the case is pending before the High Court of Sindh. Application seeking leave to defend has been filed by the company. In the opinion of company's legal counsel leave to defend should be granted in the circumstances.
- 18.1.5** Industrial Development Bank Limited has filed a suit No. 43 under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 28.936 million from the company and its Directors/Shareholders in their capacity as alleged guarantors of the Company's liabilities. The above amount has been claimed in respect of an ERF Facility of Rs. 40 million extended to the Company in the year 2001. The liability is booked by the Company. An application for leave to defend the suit has been filed by the Company. On the basis of grounds raised in the leave to defend application the entire suit amount is disputed by the Company whereas amounts of Rs. 15,987,395 are time barred. The Plaintiff has yet to file its replication to the Company's application for leave to defend.
- 18.1.6** Habib Bank Limited has filed a suit No. 54 under Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 8.054 million from the company and its Directors/Shareholders in their capacity as alleged guarantors of the Company's liabilities. The above amount has been claimed in respect of Demand Finance Facility of Rs. 10 million. The liability is booked by the Company. An application for leave to defend the suit has been filed by the Company. The Plaintiff has yet to file its reply to the Company's application. As per opinion of legal advisor this suit will eventually be dismissed as against the Company.
- 18.1.7** The Securities and Exchange Commission of Pakistan has initiated investigation u/s. 263 of the Companies Ordinance 1984, relating to the affairs of the company vide order dated April 24, 2012. The outcome of the proceedings is still awaited till date.

### 18.2 Commitments

There are no commitments as at Balance Sheet date.

19. TURNOVER	2016 RUPEES	2015 RUPEES
Export:		
Leather	478,052	329,509
Garments	-	849,339
	<u>478,052</u>	<u>1,178,848</u>
Less: Commission	-	-
	<u>478,052</u>	<u>1,178,848</u>
Local sales:		
Leather	-	-
Job work income	21,049,232	16,311,576
	<u>21,049,232</u>	<u>16,311,576</u>
Sales tax	(613,085)	(319,835)
	<u>20,436,147</u>	<u>15,991,741</u>
	<u>20,914,199</u>	<u>17,170,589</u>



**Notes to the Financial Statements for the year ended June 30, 2016**

	2016 RUPEES	2015 RUPEES
<b>20. COST OF SALES</b>		
Opening stock finished goods	64,579,545	64,873,711
Cost of goods manufactured (20.1)	23,226,390	28,662,287
	<u>87,805,935</u>	<u>93,535,998</u>
Reversal of provision due to sale of inventory	-	(154,529)
Closing stock finished goods	(64,579,545)	(64,579,545)
	<u>23,226,390</u>	<u>28,801,924</u>
<b>20.1 COST OF GOODS MANUFACTURED</b>		
Raw material consumed (20.1.1)	32,352	-
Stores, spares and loose tools consumed (20.1.2)	1,443,047	1,353,553
Provision for write down of inventory	-	10,425,203
Power, fuel and water	9,724,243	9,969,473
Salaries, wages, allowances and benefits	8,692,690	2,512,867
Rent, rate and taxes	85,226	200,000
Repair and maintenance	1,753,067	2,822,613
Cartage and Carriage	46,350	3,200
Depreciation (3)	1,146,818	1,228,055
Other factory over heads	-	45,000
	<u>22,923,793</u>	<u>28,559,964</u>
Opening stock work- in- process	40,147,353	40,304,189
Closing stock work- in- process	(39,505,100)	(40,147,353)
	<u>642,253</u>	<u>156,836</u>
Reversal of provision due to sale of inventory	(339,656)	(54,513)
	<u>302,597</u>	<u>102,323</u>
	<u>23,226,390</u>	<u>28,662,287</u>
<b>20.1.1 Raw material consumed</b>		
Opening stock	8,870,553	8,870,553
Purchases	637,792	-
Available for consumption	9,508,345	8,870,553
Closing stock	(9,475,993)	(8,870,553)
	<u>32,352</u>	<u>-</u>
<b>20.1.2 Stores, spares and loose tools consumed</b>		
Opening stock	292,487	292,487
Purchases	1,443,047	1,353,553
Available for consumption	1,735,534	1,646,040
Closing stock	(292,487)	(292,487)
	<u>1,443,047</u>	<u>1,353,553</u>

Notes to the Financial Statements for the year ended June 30, 2016



	2016 RUPEES	2015 RUPEES
<b>21. SELLING AND DISTRIBUTION EXPENSES</b>		
Freight	626,754	214,518
Others	4,667	4,677
	<u>631,421</u>	<u>219,195</u>
<b>22. ADMINISTRATIVE EXPENSES</b>		
Directors remuneration	1,839,000	2,136,000
Salaries and other benefits (22.1)	665,530	873,786
Rent, Rates, Taxes and Insurance	3,675	-
Printing and stationary	132,049	135,093
Telephone, fax and postage	277,888	105,776
Repairs and maintenance	331,700	194,646
Vehicles running expenses	122,820	65,697
Fees and subscriptions	25,305	29,435
Advertisement	9,900	19,800
Depreciation (3)	73,201	78,386
Others	32,482	22,620
	<u>3,513,550</u>	<u>3,661,239</u>
22.1 Salaries and other benefits include Rs.Nil (2015: Rs 40,995) in respect of staff retirement benefits.		
<b>23. OTHER OPERATING EXPENSE</b>		
Auditors' remuneration (23.1)	400,000	400,000
	<u>400,000</u>	<u>400,000</u>
23.1 Auditor's remuneration		
Half year review	100,000	100,000
Audit fee	150,000	150,000
Out of pocket expenses	10,000	10,000
Others Professional Services	140,000	140,000
	<u>400,000</u>	<u>400,000</u>
<b>24. OTHER OPERATING INCOME</b>		
Duty draw back	3,800	2,624
Rental income	240,000	560,000
	<u>243,800</u>	<u>562,624</u>
<b>25. FINANCE COST</b>		
Interest on		
- long term borrowing	-	-
- short term borrowing	-	-
	-	-
Bank charges and commission	58,824	22,330
	<u>58,824</u>	<u>22,330</u>





## Notes to the Financial Statements for the year ended June 30, 2016

	2016 RUPEES	2015 RUPEES
<b>26. TAXATION</b>		
Current year	210,000	162,000
Prior year	-	-
	210,000	162,000

### 27. BASIC (LOSS)/EARNINGS PER SHARE

#### 27.1 Basic

Basic earnings per share have been computed by dividing the net profit for the year after taxation by the weighted average number of shares outstanding during the year.

(Loss) after taxation for the year	(6,882,186)	(15,533,475)
Weighted average number of ordinary shares	3,400,000	3,400,000
Basic (loss)/earnings per share	(2.02)	(4.57)

#### 27.2 Diluted

No figure for diluted earnings per share has been presented as the company has not yet issued any instruments which would have an impact on basic earnings/(loss) per share when exercised.

### 28. CASH GENERATED FROM OPERATIONS

Loss before taxation	(6,672,186)	(15,371,475)
<b>Adjustment for non-cash charges and other items:</b>	-	
Depreciation	1,220,019	1,306,441
Reversal of provision due to sale of inventory	(339,656)	(209,042)
Provision for duty draw back	-	12,827
Provision for sales tax refundable	-	38,019
Provision for write down of inventory	-	10,662,427
Provision for Taxation	-	-
Sales Tax Refundable	-	43,446
Financial charges	58,824	22,330
Working capital changes ( 28.1)	6,650,471	3,657,953
	917,472	162,926

#### 28.1 Changes in working capital

(Increase) / decrease in current assets		
Stores, spares and loose tools	(25,000)	-
Stock - in - trade	(302,843)	-
Trade debts	2,469,496	(3,364,716)
Advances and other receivables	(144,300)	11,448
Tax refunds due from government	164,494	-
	2,161,847	(3,353,268)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	3,888,624	2,218,406
Short term borrowing (paid)/obtained	600,000	4,792,815
	4,488,624	7,011,221
	6,650,471	3,657,953

## Notes to the Financial Statements for the year ended June 30, 2016



### 29. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the accounts for the year for remuneration and benefits to the chief executive, directors and executives of the Company were as follows:

Particulars	Chief Executive		Directors		Total	
	----- (Rupees) -----					
	2016	2015	2016	2015	2016	2015
Managerial remuneration	380,160	380,160	796,800	986,880	1,176,960	1,367,040
Housing Rent	171,072	171,072	358,560	444,096	529,632	615,168
Utilities	42,768	42,768	89,640	111,024	132,408	153,792
	<b>594,000</b>	594,000	<b>1,245,000</b>	1,542,000	<b>1,839,000</b>	2,136,000
Number of persons	<b>1</b>	1	<b>3</b>	3	<b>4</b>	4

One director out of three has performed for six months as working director. No perquisites or other benefits are provided to the Chief Executive and working director except the mobile phone and vehicle running expenses.

There was no executive in the company during the year as defined in fourth schedule to Companies Ordinance, 1984.

### 30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

#### 30.1 Financial assets and liabilities

Particulars	2016 (all amounts in PKR)				
	Interest bearing		Non - interest bearing		Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year
<b>Financial assets</b>					
<b>Loans and receivables</b>					
Long term deposits	-	-	-	-	1,409,612
Trade debts	-	-	-	86,023,177	-
Advances and other receivables	-	-	-	176,627	-
Tax refunds due from government	-	-	-	222,593	-
Cash and Bank balances	-	-	-	253,227	-
	-	-	-	86,675,624	1,409,612
<b>Financial liabilities</b>					
<b>Financial liabilities at amorised cost</b>					
Long term Finance	46,903,419	-	46,903,419	-	-
Short term Loans	-	-	-	66,619,712	-
Trade and other payables	-	-	-	58,567,701	-
Accrued mark up	124,029,303	-	124,029,303	-	-
Short term borrowings	-	-	-	207,529,092	-
	170,932,722	-	170,932,722	332,716,505	-
<b>On balance sheet gap 2016 - (a)</b>	(170,932,722)	-	(170,932,722)	(246,040,881)	1,409,612



## Notes to the Financial Statements for the year ended June 30, 2016

Particulars	2015					
	Interest bearing			Non - interest bearing		Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	
<b>Financial assets</b>						
<b>Loans and receivables</b>						
Long term deposits	-	-	-	-	1,409,612	1,409,612
Trade debts	-	-	-	88,492,673	-	88,492,673
Advances and other receivables	-	-	-	32,327	-	32,327
Cash and Bank balances	-	-	-	502,124	-	502,124
	-	-	-	89,027,124	1,409,612	90,436,736
<b>Financial liabilities</b>						
<b>Financial liabilities at amortised cost</b>						
Long term Finance	46,903,419	-	46,903,419	-	-	46,903,419
Short term Loans	-	-	-	66,019,712	-	66,019,712
Trade and other payables	-	-	-	54,808,733	-	54,808,733
Accrued mark up	124,029,303	-	124,029,303	-	-	124,029,303
Short term borrowings	-	-	-	207,529,092	-	207,529,092
	170,932,722	-	170,932,722	328,357,537	-	499,290,259
<b>On balance sheet gap 2015- (a)</b>	(170,932,722)	-	(170,932,722)	(239,330,413)	1,409,612	(408,853,523)

(a) On balance sheet gap represents the net amounts of on balance sheet items.

	2016 RUPEES	2015 RUPEES
<b>Off balance sheet items - financial commitments</b>	-	-

### 30.2 Financial risk management objective and policies

#### 30.2.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk ( which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowing and management of working capital with a view to maintaining an appropriate mix among various sources of finance to minimize risk.

#### 30.2.2 Credit risk exposure and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.



Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable.

The Company's most significant receivables are from three local customers ( which are not the related parties) aggregating Rs. 81,371,904 (2015 Rs.83,707,874 ) constituting 94.59 % (2015: 94.59 %) of the total receivables. These are included in total carrying amount of trade debts as at reporting date. At the balance sheet date these are overdue but not impaired. Furthermore, approximately 72.02 % (2015: 68.50 %) of the Company's turnover is attributable to two customers which increase the inherent business risks, although such risk is minimized by taking in custody the stock of goods received for job work from these customers.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	2016 RUPEES	2015 RUPEES
<b>The analysis of trade debts is as follows :</b>		
Neither past due nor impaired	3,034,037	3,121,137
Past due but not impaired :		
- Past due 0 - 90 days	851,629	876,077
- Past due 0 - 210 days	765,606	787,585
- Past due 0 - 365 days	-	-
- Past due more than 365 days	81,371,904	83,707,874
	<u>86,023,177</u>	<u>88,492,673</u>

#### Impaired assets

During the year no assets have been impaired.

### 30.2.3 Liquidity risk

Liquidity risk is the risk that the company will encounter the difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions without incurring unacceptable losses or risking damage to the Company's reputation. But due to nature of business, unavailability of proper export orders and bad economic conditions the management of the Company making their effort for recoveries from parties and assure that they provides financial support to Company in meeting their obligations.

The table below analyses the Company's financial liabilities into relevant maturity grouping's based on the remaining period at the balance sheet to the maturity date.



## Notes to the Financial Statements for the year ended June 30, 2016

Carrying Amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to Two years	Over five years
-----------------	------------------------	--------------------	----------------------	------------------	-----------------

----- (Rupees) -----

### 2016

Short term loans	66,619,712	66,619,712	66,619,712	-	-	-
Trade and other payables	58,567,701	58,567,701	58,567,701	-	-	-
Current portion of long term finance	46,903,419	46,903,419	46,903,419	-	-	-
Short term borrowings	207,529,092	207,529,092	207,529,092	-	-	-
Accrued markup	124,029,303	124,029,303	124,029,303	-	-	-
	<u>503,649,227</u>	<u>503,649,227</u>	<u>503,649,227</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 2015

Short term loans	66,019,712	66,019,712	66,019,712	-	-	-
Trade and other payables	54,808,733	54,808,733	54,808,733	-	-	-
Current portion of long term finance	46,903,419	46,903,419	46,903,419	-	-	-
Short term borrowings	207,529,092	207,529,092	207,529,092	-	-	-
Accrued markup	124,029,303	124,029,303	124,029,303	-	-	-
	<u>499,290,259</u>	<u>499,290,259</u>	<u>499,290,259</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 30.2.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the company's income or the value of its holdings of financial instruments.

#### a) Currency risk

Foreign Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

#### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long - term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest - bearing financial instruments is :

2016	2015	2016	2015
Effective rate		Carrying amount	

----- (In percent) -----

----- (Rupees) -----

#### Financial liabilities

#### Variable rate instruments

Long term finance	(Note nos. 16.1 to 16.5)	11.34 - 13.34	11.34 - 13.34	46,903,419	46,903,419
Short term borrowings	(Note nos. 16.1 to 16.5)	9.3 - 11.34	9.3 - 11.34	207,529,092	207,529,092



**30.3 Fair value of financial instruments**

The Carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. It is the amount for which an asset could be exchanged, or a liability settled between knowledgeable and willing parties, in arm's length transaction.

**30.4 Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

**31. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of staff retirement funds, directors and key management personnel. Transactions with related parties are made under normal commercial terms and conditions.

The related party status of outstanding balances at June 30, 2016 is included in the respective notes to the financial statements.

Details of transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows.

	<b>2016</b>	<b>2015</b>
	<b>RUPEES</b>	<b>RUPEES</b>
There is no related parties transaction during the year.		
Job work Income	-	-

**32. GOING CONCERN ASSUMPTION**

**32.1** United Bank Limited has filed a winding up petition against the Company for the sale of plot under mortgage of a financial institution to settle its liability, under Section 305, 234 and 408 of the Companies Ordinance, 1984. On the basis of which the petitioner has alleged that it is just and equitable to windup the Company. However, the legal counsel of the Company has filed a robust defence to this winding up petition and in view of legal counsel, it is not sustainable in fact or in law.

**32.2** During the current year, the Company incurred a net loss of Rs. 6.882 million (2015: Rs. 15.533 million) resulting in accumulated losses of Rs. 390.094 million (2015 : Rs. 383.212 million) as of the balance sheet date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 373.751 million (2015 : Rs. 366.982 million) resulting in negative equity of Rs. 356.094 million (2015 : Rs 349.212 million). The directors have been able to revive export business during the year. They have further increased the volume of job work during the subsequent period. These factors shall reduce liquidity problem substantially. Besides the directors of the company have assured to extend all necessary support and would ensure the going concern status of the Company at all times.



## Notes to the Financial Statements for the year ended June 30, 2016

**32.3** The above mentioned factors and eroded cash flow position of the Company resulted uncertainties which may casts a significant doubt over the Company's ability to continue as a going concern. However, considering the measures mentioned in note 32.2 along with these uncertainties and the commitment provided by the Directors to financially support the Company as and when needed; the management is quite confident that the Company will be able to continue as a going concern. Accordingly these financial statements are prepared on going concern basis.

### **33. CAPACITY AND PRODUCTION**

In view of the peculiar nature of the business carried on by the Company, the capacity of the tanneries is not determinable.

	<b>2016</b>	2015
	<b>RUPEES</b>	RUPEES
<b>34. NUMBER OF PERSONS EMPLOYED BY THE COMPANY</b>		
The number of persons as at balance sheet date	21	22
Average number of employees during the year	22	20

### **35. CORRESPONDING FIGURES**

Figures have been rearranged and regrouped, if necessary.

### **36. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements have been authorized for issue on 30-09-2016 by the Board of Directors of the Company.

### **37. General**

Figures in these financial statements have been rounded off to the nearest rupees.

**MUHAMMAD SALEEM AHMED**  
CHIEF EXECUTIVE OFFICER

**NAYYER AHMED JALALI**  
DIRECTOR

## PATTERN OF SHARE HOLDING AS AT JUNE 30, 2016



NUMBER OF SHAREHOLDERS	SHARE HOLDINGS FROM	TO	SHARES HELD OF RS. 10/- EACH
105	1	100	10,500
88	101	500	35,900
25	501	1000	23,400
13	1001	5000	28,600
9	85001	90000	810,000
1	100001	105000	104,000
1	275001	280000	280,000
1	310001	315000	311,300
1	325001	330000	330,000
1	330001	335000	334,800
1	1110001	1135000	1,131,500
<b>246</b>			<b>3,400,000</b>

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	HOLDING PERCENTAGE
Individuals	243	2,262,800	66.55
Investment Companies	2	5,700	0.17
Joint Stock Companies	1	1,131,500	33.28
	<b>246</b>	<b>3,400,000</b>	<b>100.00</b>

CDC not provided the registered shareholders position to the Company for the period till June 30, 2016





## DETAILS OF PATTERN OF SHAREHOLDING

### AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

		NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
Associated Companies		NIL	NIL	-
NBP - Trustee Deptt	(NIT)	1	3,900	0.11
Investment Corp. of Pakistan		1	1,800	0.05
Joint Stock Companies (CDC)		1	1,131,500	33.28
Mr. Bilal Ahmed			1,000	0.03
Mr. M. Saleem Ahmed			238,900	7.03
			891,600	26.22
individuals		235	1,000,700	29.43
Mr. M. Saleem Ahmed	Chief Executive	1	518,900	15.26
Mrs. Rubina Jalali	W/O M. Saleem Ahmed	1	311,300	9.16
Mr. Azeem Ahmed	Director S/O M. Saleem Ahmed	1	1,000	0.03
Mr. Umer Ahmed	Director S/O M. Saleem Ahmed	1	3,000	0.09
Mr. M. Shoaib Ahmed	Chairman / Director	1	330,000	9.71
Mrs. Veronique Ahmed	W/O M. Shoaib Ahmed	1	334,800	9.85
Mr. Nayyer Ahmed Jalali	Director	1	1,000	0.03
Mr. Bilal Ahmed	Director S/O M. Saleem Ahmed		1,000	0.03
Syed Fawad Hussain Rizvi	Director	1	1,000	0.03
		<b>246</b>	<b>3,400,000</b>	<b>100.00</b>

# PROXY FORM



I/We \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

being member (s) of Pak Leather Crafts Limited and a holder of ordinary shares, hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ who is also a member of the company vide Folio No. as

my/our proxy to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting

of the Company to be held on Tuesday 25th October 2016 at 04:00 p.m. or at any adjournment

thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Please affix  
Revenue Stamp  
of Rs. 5/=

\_\_\_\_\_  
Signature of Witness

Shareholder's Folio No. \_\_\_\_\_ Number of Shares held \_\_\_\_\_

## IMPORTANT :

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as a proxy, who is not a member of the company except that a company may appoint a person who is not a member.
2. An instrument of proxy duly stamped, and witnessed and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
3. Signature should agree with the specimen signature registered with the Company.
4. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instrument of proxy shall be rendered invalid.

## FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES:

In addition to the above the following requirements have to be met:

The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form of the Company.