FAISALABAD GARMENT CITY COMPANY

Financial Statements

For the Year Ended June 30, 2017

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of M/s **Faisalabad Garment City Company** for the year ended June 30, 2017.

The responsibility for compliance with the Rules 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 Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. 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 Rules.

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 Rules 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 Rules as applicable to the Company for the year ended June 30, 2017.

Kreston Hyder Bhimji

Kreston Hyder Bhimji & Company Chartered Accountants

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: SEPTEMBER 26, 2017
FAISALABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FAISALABAD GARMENT CITY COMPANY** ("the Company") as at June 30, 2017 and the related income and expenditure account, cash flow statement and statement of changes in funds 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) 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 income and expenditure 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 accounts and are further in accordance with the accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with 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 June 30, 2017 and of the surplus, its cash flows and changes in funds for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Kreston Hyde Bhimji

KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Khan Muhammad

DATE: September 26, 2017
FAISALABAD

FAISALABAD GARMENT CITY COMPANY

BALANCE SHEET
AS AT JUNE 30, 2017

ASSETS	NOTE	2017 RUPEES	2016 RUPEES
NON CURRENT ASSETS			
Property and equipments	8	167,224,031	169,768,115
Investment property	9	419,933,339	436,225,354
Advance for purchase of land	10	7,111,835	7,111,835
Long term deposits	11	9,622,056	9,622,056
		603,891,261	622,727,360
CURRENT ASSETS			
Advances, prepayments and other receivables	12	2,187,353	2,574,328
Cash and bank balances	13	96,574,099	73,082,394
		98,761,452	75,656,722
		702,652,713	698,384,082
FUNDS AND LIABILITIES			
FUNDS			
Public sector development fund		690,929,000	690,929,000
Accumulated deficit		(19,921,331)	(20,604,019)
		671,007,669	670,324,981
NON CURRENT LIABILITIES			
Long term deposits	14	11,274,214	9,792,693
Deferred liabilities	15	4,337,585	3,190,729
		15,611,799	12,983,422
CURRENT LIABILITIES			
Trade and other payables	16	1,757,324	669,383
Provision for taxation		14,275,921	14,406,296
		16,033,245	15,075,679
CONTINGENCIES AND COMMITMENTS	17	-	-
		702,652,713	698,384,082

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN　　　DIRECTOR　　　CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
Revenue	18	45,606,383	41,617,976
Operating and other expenses	19	15,720,708	15,184,512
Depreciation on:			
Operating fixed assets	8	6,055,866	3,243,731
Investment property	9	17,130,215	17,993,610
		38,906,789	36,421,853
		6,699,594	5,196,123
Other income	20	6,117,565	5,195,862
Surplus before taxation		12,817,159	10,391,985
Taxation	21	12,134,471	39,142,500
Surplus/(deficit) after taxation		682,688	(28,750,515)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit)		682,688	(28,750,515)

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN DIRECTOR CHIEF ACCOUNTANT

FAISALABAD GARMENT CITY COMPANY

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	NOTE	2017 RUPEES	2016 RUPEES
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		12,817,159	10,391,985
Adjustments for non cash and other items:			
Depreciation on operating fixed assets		6,055,866	3,243,731
Depreciation on investment property		17,130,215	17,993,610
Provision for gratuity		1,146,856	1,926,949
Finance cost		655	1,235
Profit on bank deposits		(5,324,670)	(5,039,362)
Interest income on deposit with SNGPL		(127,500)	(127,500)
Gain on disposal of operating fixed assets		(653,395)	-
Operating cash flows before working capital changes		31,045,186	28,390,648
Changes in working capital			
(Increase)/decrease in current assets			
Advances, prepayments and other receivables		(419,126)	(253,452)
Increase/(decrease) in current liabilities			
Trade and other payables		1,087,941	(410,069)
		668,815	(663,521)
Cash generated from operations		31,714,001	27,727,127
Finance cost paid		(655)	(1,235)
Gratuity paid		-	(992,250)
Income tax paid		(12,264,846)	(7,028,536)
Interest income on deposit with SNGPL		127,500	127,500
Receipt of long term deposit		1,481,521	885,112
Net cash generated from operating activities		21,057,521	20,717,718
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property and equipments		(3,992,787)	(13,375,461)
Proceeds from disposal of operating fixed assets		1,134,400	-
Additions in investment property - building		(838,200)	-
Profit on bank deposits		6,130,771	6,031,378
Net cash generated from/(used) in investing activities		2,434,184	(7,344,083)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Lapse of public sector development fund		-	(90,000)
Net cash (used) in financing activities		-	(90,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(a+b+c)	23,491,705	13,283,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		73,082,394	59,798,759
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	96,574,099	73,082,394

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN **DIRECTOR** **CHIEF ACCOUNTANT**

FAISALABAD GARMENT CITY COMPANY

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Funds	Accumulated surplus/(deficit)	Total
	[R U	P E E	S]
Balance as at July 01, 2015	691,019,000	8,146,496	699,165,496
Lapse of Public Sector Development Fund	(90,000)	-	(90,000)
Total comprehensive deficit for the year	-	(28,750,515)	(28,750,515)
Balance as at June 30, 2016	**690,929,000**	**(20,604,019)**	**670,324,981**
Total comprehensive surplus for the year	-	**682,688**	**682,688**
Balance as at June 30, 2017	690,929,000	(19,921,331)	671,007,669

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN

DIRECTOR

CHIEF ACCOUNTANT

1. STATUS AND ACTIVITIES

Faisalabad Garment City Company (the Company) was incorporated on 8th May, 2006 under Section 42 of the Companies Ordinance, 1984 as a Company Limited by Guarantee without the addition of word "Limited" to its name. The registered office of the Company is situated at Value Addition City, 1-1/2 km Khurrianwala Sahianwala Road, Khurrianwala, Faisalabad. The principal object of the Company is to promote, finance, establish, run, manage, maintain and develop state of art facilities for garment, home textile, hosiery made-ups, accessories and allied industry in Textile City of Faisalabad by providing necessary infrastructure to manufacturers, designers and exporters, after necessary approvals/sanctions of the Government of Pakistan.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 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 and the Accounting Standard for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Repealed Companies Ordinance, 1984, provisions of and directives issued under the Repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Repealed Companies Ordinance, 1984 shall prevail.

During the year the Companies Act, 2017 (the Act) has been promulgated through notification in official Gazette and hence Companies Ordinance 1984 stands repealed; however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 /2017 date 20th July 2017 has notified that the Companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of repealed Companies Ordinance 1984. Hence these financial statements have been prepared accordingly.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except as other wise stated in the respective policies and notes.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 judgments 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 recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Taxation - note 7.2
- Estimate of useful life of property, plant and equipment - note 7.3
- Impairment of assets - note 7.5
- Trade and other receivables - note 7.6
- Provisions - note 7.8
- Contingencies - note 7.10

6. STANDARDS, AMENDMENTS AND INTERPRETATIONS

6.1 Standards, amendments or interpretations which became effective during the year

During the year amendments to certain existing standards became effective. However, they did not have any material effect on these financial statements.

6.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

IAS 12, 'Income Taxes' (effective for periods beginning on or after January 01, 2017).

The amendments clarify that unrealised losses from certain circumstances give rise to a deductible tax difference in relation to debt instruments regardless of whether the holder expects to recover the carrying amount by holding the debt instrument until maturity or by selling the debt instrument. The said amendment doesn't have any significant impact on the company.

Amendments to IAS 7 'Cash flow statements': Disclosure initiative' (effective for periods beginning on or after January 01, 2017).

This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that the standard will have any significant impact on the Company's financial statements.

Amendments to IAS 40 'Investment Property' (effective for periods beginning on or after January 01, 2018).

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

IFRS 2, 'Share-based Payment' (effective for periods beginning on or after January 01, 2018).

The amendments are intended to eliminate diversity in practice in three main areas:

- -The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- -The classification of a share-based payment transaction with net settlement features for withholding tax obligations;
- -The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment is not likely to have an impact on the Company's financial statements.

IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018).

IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. Full impact of all the phases of IFRS 9 on the Company is still being assessed.

IFRS 15, 'Revenue from Contracts with Customers' (effective for periods beginning on or after January 01, 2018).

This standard introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. IFRS 15 may have an impact on recognition and related disclosures. The full impact of future adoption is still being assessed.

IFRS 16, 'Leases' (effective for periods beginning on or after January 01, 2019).

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The full impact of the future adoption is currently under review.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after January 01, 2018)

IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognised. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognised. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

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

- Amendments to IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interest that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

Further, the following new standards 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 purposes of their applicability in Pakistan:

IFRS - 1 'First time adoption of International Financial Reporting Standards'
IFRS - 9 'Financial Instruments'
IFRS - 15 'Revenue from contracts with customers'
IFRS - 16 'Leases'
IFRS - 17 'Insurance Contracts'

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Staff retirement benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. The amount of liability for each employee at year end is computed by number of years completed multiplied by the last drawn monthly salary. The difference between the current and the previous liability net of payment made during the year is charged to income as an expense for the year.

7.2 Taxation

Provision for current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the period if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred tax is accounted for using the balance sheet liability method, where applicable.

7.3 Property and equipments

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income by applying the reducing balance method at the rates specified in the operating fixed assets note 8.1.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. The residual values and useful lives of assets are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets are charged to income and expenditure account.

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment in value, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These specific assets are transferred to operating fixed assets as and when these assets are available for intended use.

7.4 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and building and is valued using the cost model i.e. at cost less accumulated depreciation and identified impairment loss, if any, except for land which is stated at cost.

Depreciation is charged to income by applying the reducing balance method at the rates specified in note 9 to the financial statements so as to write off the depreciable amount over its estimated useful life. Depreciation on additions during the year is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The residual values and useful lives of investment property are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of asset is recognized as income or expense in the year in which the asset is disposed off.

7.5 Impairment

An assessment is made at each balance sheet date to determine whether there is an indication for impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment loss is recognised in the income and expenditure account. However, if in a subsequent period the recoverable amount of the asset exceeds its carrying amount, the impairment loss is reversed to the extent of carrying amount had there been no impairment loss.

7.6 Trade and other receivables

Trade and other receivables are carried at contracted amount less an estimate made for any debts considered doubtful of recovery. Debts considered irrecoverable are written off.

7.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

7.8 Provisions

A provision is recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

7.9 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 future for goods and services received / hired whether or not billed to the Company.

7.10 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non- occurrence of the uncertain future event(s).

7.11 Revenue recognition

-Rental income is recognized as revenue on a straight line basis over the term of the respective lease arrangements.
-Profit on bank deposits is accounted for on time proportionate basis.
-Other revenues are recorded on accrual basis.

7.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets or part thereof and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortized cost or cost as the case may be.

7.13 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to offset the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.14 Related party transactions

Transactions with related parties are executed at arms' length basis under the pricing method approved by the Board of Directors.

	NOTE	2017 RUPEES	2016 RUPEES
8. PROPERTY AND EQUIPMENTS			
Operating fixed assets	8.1	167,224,031	46,528,805
Capital work in progress	8.2	-	123,239,310
		167,224,031	169,768,115

8.1 Operating fixed assets

2017

DESCRIPTION	COST				DEPRECIATION				W.D.V	Rate
	As at July 01, 2016	Additions	Deletions	As at June 30, 2017	As at July 01, 2016	For the Year	Adjustment	As at June 30, 2017	As at June 30, 2017	%
	[RUPEES]									
Building	31,446,897	126,349,867	-	157,796,764	1,466,759	4,093,075	-	5,559,834	152,236,930	5
Furniture and fixtures	3,686,540	128,930	-	3,815,470	703,130	302,539	-	1,005,669	2,809,801	10
Computers	1,582,711	-	-	1,582,711	977,899	181,444	-	1,159,343	423,368	30
Office equipments	6,189,893	103,080	-	6,292,973	1,510,716	469,790	-	1,980,506	4,312,467	10
Electric installation and equipments	5,899,974	350,220	-	6,250,194	656,962	532,283	-	1,189,245	5,060,949	10
Cars	2,940,302	300,000	(1,351,635)	1,888,667	1,446,029	314,084	(898,881)	861,232	1,027,435	20
Motor cycles	259,585	-	(193,000)	66,585	160,826	18,129	(164,749)	14,206	52,379	20
Generators	1,681,412	-	-	1,681,412	236,188	144,522	-	380,710	1,300,702	10
Total	53,687,314	127,232,097	(1,544,635)	179,374,776	7,158,509	6,055,866	(1,063,630)	12,150,745	167,224,031	

2016

DESCRIPTION	COST				DEPRECIATION				W.D.V	Rate
	As at July 01, 2015	Additions	Deletions	As at June 30, 2016	As at July 01, 2015	For the Year	Adjustment	As at June 30, 2016	As at June 30, 2016	%
	[RUPEES]									
Building	-	31,446,897	-	31,446,897	-	1,466,759	-	1,466,759	29,980,138	5
Furniture and fixtures	1,103,726	2,582,814	-	3,686,540	615,744	87,386	-	703,130	2,983,410	10
Computers	1,582,711	-	-	1,582,711	718,694	259,205	-	977,899	604,812	30
Office equipments	4,917,790	1,272,103	-	6,189,893	1,075,610	435,106	-	1,510,716	4,679,177	10
Electric installation and equipments	2,331,871	3,568,103	-	5,899,974	205,267	451,695	-	656,962	5,243,012	10
Cars	2,940,302	-	-	2,940,302	1,072,461	373,568	-	1,446,029	1,494,273	20
Motor cycles	193,000	66,585	-	259,585	151,395	9,431	-	160,826	98,759	20
Generators	148,712	1,532,700	-	1,681,412	75,607	160,581	-	236,188	1,445,224	10
Total	13,218,112	40,469,202	-	53,687,314	3,914,778	3,243,731	-	7,158,509	46,528,805	

8.1.1 Detail of operating fixed assets disposed of during the year :

Description		Mode of disposal	Particulars of buyers	Cost	Book value	Sale proceeds
				[RUPEES]		
Suzuki Cultus	FDA-07-3991	Auction	Mr. Shehzad Pervaiz House # 577/C, Peoples Colony # 2, Faisalabad.	300,000	275,000	310,000
Toyota Corolla	FDA-07-4234	Auction	Mr. Haq Nawaz House # P-324, Street # 5, Rasheed Nagar, Faisalabad.	1,051,635	177,754	780,000
Motorcycle Hero 125CC	FSN-06-2127	Auction	Mr. Zahid Quddus Chak # 268 RB, Khurrianwala, Faisalabad.	55,000	6,177	11,100
Motorcycle Hero 70CC	FDM-07-7091	Auction	Mr. Imran Maseeh Chak # 26 JB, Faisalabad.	44,000	5,472	11,100
Motorcycle Hero 70CC	FDM-07-7092	Auction	Mr. Imran Maseeh Chak # 26 JB, Faisalabad.	44,000	5,444	11,100
Motorcycle Super Star 70CC	FDN-09-3848	Auction	Mr. Zahid Quddus Chak # 268 RB, Khurrianwala, Faisalabad.	50,000	11,158	11,100
2017				1,544,635	481,005	1,134,400
2016				-	-	-

		NOTE	2017 RUPEES	2016 RUPEES
8.2	**Capital work in progress**			
	Advance to building contractors		-	2,182,674
	Civil work in progress		-	121,056,636
		8.2.1	-	123,239,310

8.2.1 Reconciliation of capital work in progress at the beginning and end of the year is as follows:

	2017 RUPEES	2016 RUPEES
Balance as on July 01,	123,239,310	150,333,051
Additions during the year	2,566,096	2,016,120
	125,805,406	152,349,171
Transferred to operating fixed assets	(125,805,406)	(29,109,861)
Balance as on June 30,	-	123,239,310

9. INVESTMENT PROPERTY

2017

Description	COST As at July 01, 2016	COST Additions	COST As at June 30, 2017	DEPRECIATION As at July 01, 2016	DEPRECIATION For the year	DEPRECIATION As at June 30, 2017	Book Value As at June 30, 2017	Rate %
	[R U P E E S]							
Land	94,346,760	-	94,346,760	-	-	-	94,346,760	-
Buildings	442,923,424	838,200	443,761,624	101,044,830	17,130,215	118,175,045	325,586,579	5
Total	537,270,184	838,200	538,108,384	101,044,830	17,130,215	118,175,045	419,933,339	

2016

Description	COST As at July 01, 2015	COST Additions	COST As at June 30, 2016	DEPRECIATION As at July 01, 2015	DEPRECIATION For the year	DEPRECIATION As at June 30, 2016	Book Value As at June 30, 2016	Rate %
	[R U P E E S]							
Land	94,346,760	-	94,346,760	-	-	-	94,346,760	-
Buildings	442,923,424	-	442,923,424	83,051,220	17,993,610	101,044,830	341,878,594	5
Total	537,270,184	-	537,270,184	83,051,220	17,993,610	101,044,830	436,225,354	

		NOTE	2017 RUPEES	2016 RUPEES
10.	**ADVANCE FOR PURCHASE OF LAND**			
	Advance for purchase of land	10.1	7,111,835	7,111,835

10.1 This represents the amount paid to Faisalabad Industrial Estate Development and Management Company (FIEDMC) for purchase of land measuring 10.825 Acres. The land has already been occupied by the Faisalabad Garment City Company whereas the title of land has not been transferred to the Company. The matter is pending due to legal formalities with the Government departments at FIEDMC end.

		NOTE	2017 RUPEES	2016 RUPEES
11.	**LONG TERM DEPOSITS**			
	Security deposits with / for:			
	FESCO		7,069,056	7,069,056
	SNGPL	11.1	2,550,000	2,550,000
	Supply of water		3,000	3,000
			9,622,056	9,622,056

11.1 This represents deposit with Sui Northern Gas Pipelines Limited for supply of natural gas to the Company. It is subject to mark up @ 5% p.a. receivable in arrears.

		NOTE	2017 RUPEES	2016 RUPEES
12.	**ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**			
	Considered good			
	Advances:			
	Suppliers - unsecured		147,740	237,362
	Employees - secured	12.1	893,885	279,500
	Prepayments:			
	Prepaid insurance		224,836	234,914
	Others		-	5,000
	Other receivables:			
	Interest on deposits with SNGPL - unsecured	11.1	127,500	127,500
	Accrued profit on bank deposits - unsecured		549,047	1,355,148
	Others - secured		244,345	334,904
			2,187,353	2,574,328

12.1 These are secured against staff retirement benefits.

	NOTE	2017 RUPEES	2016 RUPEES
13. CASH AND BANK BALANCES			
Cash in hand		9,084	26,096
Cash at banks			
in current accounts		1,078,477	825,735
in deposit accounts	13.1	95,486,538	72,230,563
		96,574,099	73,082,394

13.1 The bank deposit accounts carry mark-up @ 3.75% to 6.25% (2016 : 5.80% to 7.25%) per annum.

13.2 Deposit accounts also include security received from tenants. (refer to note 14).

14. LONG TERM DEPOSITS

	NOTE	2017 RUPEES	2016 RUPEES
Security deposits from tenants	14.1	11,274,214	9,792,693

14.1 This represents security received from tenants and is refundable on the expiry of tenancy period. These are unsecured and interest free.

15. DEFERRED LIABILITIES

	NOTE	2017 RUPEES	2016 RUPEES
Staff retirement gratuity	15.1	4,337,585	3,190,729

15.1 This represents an unfunded gratuity scheme, which provides retirement benefits for all employees of the company who attain the minimum qualifying period.

15.2 Reconciliation of staff retirement benefits at the beginning and end of the year is as follows:

	2017 RUPEES	2016 RUPEES
Balance as on July 01,	3,190,729	2,256,030
Add: Provision for the year	1,146,856	1,926,949
	4,337,585	4,182,979
Less: Payments made during the year	-	(992,250)
Balance as on June 30,	4,337,585	3,190,729

16. TRADE AND OTHER PAYABLES

	2017 RUPEES	2016 RUPEES
Payable to contractor	1,179,780	-
Accrued expenses	577,544	486,280
Other payables	-	183,103
	1,757,324	669,383

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies:

There are no significant contingencies at the balance sheet date which need to be disclosed in the financial statements.

17.2 Commitments:

There are no significant commitments at the balance sheet date which need to be disclosed in the financial statements.

	NOTE	2017 RUPEES	2016 RUPEES
18. REVENUE			
Rental income - building	18.1	45,606,383	41,617,976

18.1 This represents the rental income received from the following:

Masood Textile Mills Limited	28,823,684	26,212,381
Interloop Limited	16,782,699	15,405,595
	45,606,383	41,617,976

19. OPERATING AND OTHER EXPENSES

	NOTE	2017	2016
Salaries and benefits	19.1	10,796,430	9,506,828
Electricity and power		311,565	298,866
Postage and telecommunication		199,536	210,716
Water and sewerage		70,940	48,080
Entertainment		219,545	353,037
Repairs and maintenance		471,802	379,229
Printing and stationery		112,443	388,512
Vehicle running and maintenance		183,320	114,495
Travelling and conveyance		503,888	682,776
ICAC meeting expenses		446,026	-
Horticulture/ gardening		521,355	830,820
Training expenses		14,500	50,000
Fee and taxes		66,005	58,280
Legal and professional charges		711,639	636,180
Auditors' remuneration		100,000	95,000
Insurance		651,656	629,194
Meeting expenses		178,085	392,869
Advertisement		88,697	426,463
Inauguration expenses		-	10,922
Bank charges		655	1,235
Office utilities		63,484	65,200
Others		9,137	5,810
		15,720,708	15,184,512

19.1 It includes Rs. 1,146,856 (2016: Rs. 1,926,949) in respect of staff retirement benefits.

20. OTHER INCOME

	2017	2016
Income from financial assets		
Profit on bank deposits	5,324,670	5,039,362
Interest income on deposit with SNGPL	127,500	127,500
Income from non-financial assets		
Sale of tender documents	12,000	29,000
Gain on disposal of operating fixed assets	653,395	-
	6,117,565	5,195,862

21. TAXATION

	2017	2016
Current	12,183,012	11,586,206
Prior year's adjustment	(48,541)	27,556,294
	12,134,471	39,142,500

21.1 The provision for taxation is made using prevailing tax rates under Income tax ordinance, 2001, after incorporating tax credits and rebates, if any. Provision for deferred tax is not required as there are no temporary differences that are expected to arise in the foreseeable future.

22. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

22.1 The aggregated amounts charged in these financial statements for the year ended in respect of the above are as follows :

	NOTE	30 June 2017 Chairman	30 June 2017 Executives
		[R U P E E S]	
Remuneration		-	3,707,324
Vehicle running allowance	22.2	172,574	-
Medical allowance		-	203,902
		172,574	3,911,226
Number		1	4

	NOTE	30 June 2016 Chairman	30 June 2016 Executives
		[R U P E E S]	
Remuneration		-	875,133
Vehicle running allowance	22.2	154,245	-
Medical allowance		-	54,000
		154,245	929,133
Number		1	1

22.2 It represents Rs. 10 per km (2016 : Rs. 10 per km) paid to the Chairman to meet running expenses of his car provided by the company as well as repair and maintenance expenses of the car.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through a mix of funds received from Government and working capital management with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk, credit risk and liquidity risk. The company's finance department oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite.

FINANCIAL INSTRUMENTS BY CATEGORY	NOTE	2017 RUPEES	2016 RUPEES
Financial assets			
Long term deposits	11	9,622,056	9,622,056
Advances and other receivables	12	1,814,777	2,097,052
Cash and bank balances	13	96,574,099	73,082,394
		108,010,932	84,801,502
Financial Liabilities			
Long term deposits	14	11,274,214	9,792,693
Trade and other payables	16	1,757,324	669,383
		13,031,538	10,462,076

23.1 **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: yield/mark-up rate risk, currency risk and other price risk, such as equity risk. The company is not exposed to any type of risk.

23.2 **Credit risk and concentration of credit risk**

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties 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. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The company's total financial assets subject to credit risk are as follows:

FINANCIAL ASSETS		2017 RUPEES	2016 RUPEES
Long term deposits	11	9,622,056	9,622,056
Advances and other receivables	12	1,814,777	2,097,052
Bank balances	13	96,565,015	73,056,298
		108,001,848	84,775,406

Credit quality of financial assets

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

Long term deposits mainly include security deposits with SNGPL and FESCO and advances and other receivables are mostly advances to employees, interest on SNGPL deposit and receivables from tenants of building. For these deposits and receivables, credit quality of parties is assessed taking into consideration their financial position and previous dealings. However, the company is not exposed to any significant credit risk on these deposits and advances and receivables.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

23.3 **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. The management believes that the company is not exposed to any liquidity risk.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2017 and 2016 based on contractual undiscounted payments date.

	2017			
	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
	[Rupees]			
Financial Liabilities				
Long term deposits	-	-	11,274,214	11,274,214
Trade and other payables	1,757,324	-	-	1,757,324
	1,757,324	-	11,274,214	13,031,538

	2016			
	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years	Total
	[Rupees]			
Financial Liabilities				
Long term deposits	-	5,761,781	4,030,912	9,792,693
Trade and other payables	669,383	-	-	669,383
	669,383	5,761,781	4,030,912	10,462,076

23.4 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2017							
	Carrying Amount				Fair Value			
	Financial assets other than cash and cash equivalents	Cash and cash equivalents	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		[	R U	P E	E	S]		
Financial assets measured at fair	-	-	-	-	-	-	-	-
Financial assets not measured at fair								
Long term deposits	9,622,056	-	-	9,622,056	-	-	-	-
Advances and other receivables	1,814,777	-	-	1,814,777	-	-	-	-
Cash and bank balances	-	96,574,099	-	96,574,099	-	-	-	-
	11,436,833	96,574,099	-	108,010,932	-	-	-	-
Financial liabilities measured at fair	-	-	-	-	-	-	-	-
Financial liabilities not measured at								
Long term deposits	-	-	11,274,214	11,274,214	-	11,274,214	-	11,274,214
Trade and other payables	-	-	1,757,324	1,757,324	-	1,757,324	-	1,757,324
	-	-	13,031,538	13,031,538	-	13,031,538	-	13,031,538

	2016							
	Carrying Amount				Fair Value			
	Financial assets other than cash and cash equivalents	Cash and cash equivalents	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		[	R U	P E	E	S]		
Financial assets measured at fair	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Long term deposits	9,622,056	-	-	9,622,056	-	-	-	-
Advances and other receivables	2,097,052	-	-	2,097,052	-	-	-	-
Cash and bank balances	-	73,082,394	-	73,082,394	-	-	-	-
	11,719,108	73,082,394	-	84,801,502	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term deposits	-	-	9,792,693	9,792,693	-	9,792,693	-	9,792,693
Trade and other payables	-	-	669,383	669,383	-	669,383	-	669,383
	-	-	10,462,076	10,462,076	-	10,462,076	-	10,462,076

23.5 Capital risk Management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to meet the requirements of and provide economic benefits (monetary & non-monetary) to all the stakeholders of the Company.

24. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, subsidiary company, associated undertaking, directors and other executives of the company and staff retirements benefits. The outstanding balances with related parties, significant transactions carried out with them during the year and remuneration to chairman, chief executive, directors and others have been disclosed in the relevant notes to these financial statements.

25. NUMBER OF EMPLOYEES

	2017	2016
Number of employees at the end of the year	21	24
Average number of employees during the year	22	23

26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26 SEP 2017 by the Board of Directors of the Company.

27. GENERAL

27.1 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no major reclassification was made in the corresponding figures.

27.2 Rounding

Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

CHAIRMAN

DIRECTOR

CHIEF ACCOUNTANT