بسم الله الرحمن الرحيم

42nd Annual Report For The Year Ended 30 June, 2018

VISION

To remain market leader in textile Industry by producing quality products and emerge as a globally competitive center of production export.

MISSION

To be a dynamic, profitable and growth oriented Company through market leadership, excellence in quality and service optimizing value for the shareholders and maximizing exports.

To give attractive return to business associates and shareholders as per their expectations. Be a responsible employer and reward employees according to their ability and performance. To strive for excellence through commitment, integrity, honesty and team work to be a good corporate citizen.

CONTENTS

7.2 Following assets were disposed off during the year

Asset Type	Cost/ Revalued Amount	Accumulated Depreciation	Net Book Value	Sale Proceeds / Settlement Value	Gain	Mode of Disposal	Particulars of Purchaser
	------Rupees in thousand------						
Looms (Omni Plus 800 Model 2006)	15,950	1,000	14,950	18,250	3,300	Negotiation	Al-Karam Textile Mills (Pvt.) Limited
Looms (Omni Plus 800 Model 2006)	6,380	425	5,955	7,300	1,345	Negotiation	Al-Karam Textile Mills (Pvt.) Limited
SUB-TOTAL	22,330	1,425	20,905	25,550	4,645		

7.3 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing units and office	Address	Area of land Acres
Manufacturing units		
Spinning units - I Weaving units - I	4 km shah Jamal Road Muzafar garh	12.05
Spinning units - II	Pull Jorian, Habib Abad, Okara	12.05
Weaving units - II	12-Km, Bahawalpur Road, Multan	7.25
Woollen units Ginning units - II	Dera Muhammadi, Bahawalpur Road, Multan	11.03
Ginning units - III	Shahbaz Pur Raod Rahim Yar Khan	6.65
Ginning units - I Ghee units	Adda Billi Wala Bahawalpur Road, Multan	4.39
Solvant Plant Office	487-A Mumtazabad Vehari Road, Multan	15.99
		69.31

Note - 7 - Annexure "A"

PROPERTY, PLANT AND EQUIPMENT - OPERATING
FOR THE YEAR ENDED JUNE 30, 2018

PARTICULARS	COST / REVALUED						DEPRECIATION				NET BOOK VALUE AS AT
	As At 01.07.2017	Addition	Surplus on Revaluating	Disposal During the year	As At 30.06.2018	Rate	Acc. Dep 01.07.2017	For the year	Deletion on Disposal	Acc. Dep 30.06.2018	30.06.2018
	---Rupees in thousand---						---Rupees in thousand---				
Land-Freehold	1,826,504	-	-	-	1,826,504	0%	-	-	-	-	1,826,504
Buildings:											
Factory on freehold land	1,157,381	-	-	-	1,157,381	5%	383,887	38,693	-	422,580	734,801
Factory on leasehold land	444	-	-	-	444	5%	305	7	-	312	132
Non factory on freehold land	237,815	-	-	-	237,815	5%	69,550	8,408	-	77,958	159,857
labour quarters on freehold land	33,453	-	-	-	33,453	5%	17,762	785	-	18,547	14,906
Buildings	**1,429,093**	**-**	**-**	**-**	**1,429,093**		**471,504**	**47,893**	**-**	**519,397**	**909,696**
Plant and machinery	4,631,379	-	-	22,330	4,609,049	5%	2,035,242	129,104	1,425	2,162,921	2,446,128
Electric installation	572,415	-	-	-	572,415	5%	238,018	16,522	-	254,540	317,875
Air conditioners	20,092	-	-	-	20,092	10%	16,041	393	-	16,434	3,658
Scales and weight	6,133	-	-	-	6,133	5%	4,437	85	-	4,522	1,611
Tarpaulins	3,348	-	-	-	3,348	5%	1,985	68	-	2,053	1,295
Sarpy equipment and tube well	1,185	-	-	-	1,185	5%	798	19	-	817	368
Laboratory equipment	12,606	-	-	-	12,606	5%	9,208	170	-	9,378	3,228
Furniture and fixtures	9,856	-	-	-	9,856	10%	7,406	245	-	7,651	2,205
Fire extinguishers	2,902	-	-	-	2,902	5%	1,825	54	-	1,879	1,023
Office equipment	26,202	230	-	-	26,432	10%	17,670	860	-	18,530	7,902
Vehicles	64,736	-	-	-	64,736	20%	56,030	1,694	-	57,724	7,012
Total 2018	**8,606,451**	**230**	**-**	**22,330**	**8,584,351**		**2,860,164**	**197,107**	**1,425**	**3,055,846**	**5,528,505**
Total 2017	8,599,892	23,311	-	16,752	8,606,451		2,666,558	207,445	13,839	2,860,164	5,746,287

7.1 Depreciation has been allocated as follows:

	NOTE	2018	2017
		Rupees in thousand	
Cost of goods sold	33	151,772	159,733
Administrative expenses	35	45,335	47,712
		197,107	207,445

COMPANY INFORMATION

BOARD OF DIRECTORS:

Mian Zafar Iqbal	Chairman / Chief Executive Officer
Sh. Nishat Ahmad	Executive Director
Mr. Muhammad Shafique	Executive Director
Mr. Liaqat Ali	Non-Executive Director
Mr. Naeem Raza	Non-Executive Director
Mr. Malik Muhammad Arshad	Non-Executive Director
Mr. Kashif Tafazzual Warsi	Independent Director
Mr. Yasir Ali	Independent Director

COMPANY SECRETARY:

Mr. Ammar Sajid

AUDITORS:

M/S Hasnain Ali & Company
Chartered Accountants, Lahore

AUDIT COMMITTEE:

Mr. Kashif Tafazzual Warsi	Chairman
Mr. Naeem Raza	Member
Mr. Liaqat Ali	Member

HR & REMUNERATION COMMITTEE:

Mr. Yasir Ali	Chairman
Mr. Liaqat Ali	Member
Mr. Muhammad Shafique	Member

BANKERS:

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Islami Pakistan Ltd
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Soneri Bank Limited
The Bank of Punjab
National Bank of Pakistan

SHARE REGISTRAR:

M/S Corplink (Pvt) Ltd.
Wings Arcade, 1-K, Commercial,
Model Town, Lahore Ph. # 042-35839182

REGISTERED OFFICE:

78/78-A, Bohra Street, Kareem Shopping Centre,
Multan Cantt., Multan
Tel. No. 061-4586926 Fax No. 061-4547625
E-Mail: ammar.hcc@gmail.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of Fatima Enterprises Limited will be held on Monday the 6th May, 2019 at 12:30 P.M. at 78/78-A Bohra Street, Kareem Shopping Centre, Multan Cantt., Multan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of meeting of 41st Annual General Meeting held on November 27, 2017.

2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2018 together with the auditors' report and Chairman's review report.

3. To appoint the Auditors for the financial year 2018-2019 and fix their remuneration as suggested by the audit committee to the Board. The retiring auditors M/s. Hasnain Ali & Co., Chartered Accountants, Lahore, being eligible have consented and offered themselves for re-appointment.

4. To consider any other business with the permission of the Chair.

BY THE ORDER OF THE BOARD

MULTAN
Dated:11th April, 2019

(AMMAR SAJID)
Company Secretary

NOTES:-

1. The Share Transfer Books of the Company will remain closed from 30th April 2019, 6th May, 2019 (both days inclusive).

2. A member entitled to attend and vote at the Meeting may appoint any other as his/ Her proxy to attend and vote instead of him / her. **A proxy must be a member.** The Instrument of appointing proxy must be deposited at the Company Registered Office, 78/78-A, Bohra Street, Kareem Shopping Centre, Multan Cantt., Multan not later than 48 hours before the time of holding the meeting.

3. Any individual beneficial owners of CDC, entitled to attend and vote the meeting must bring his/her CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

4. **Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.**

			2018	2017
44	**RELATED PARTIES**			

45.1 Related parties comprise entities with common directorship or under influence, directors and key management personnel. Details of transactions with related parties during the year, other than those which have specifically been disclosed elsewhere in these financial statements, are as follows:

	2018	2017
Funds transferred	-	-
Funds received	-	-

45.2 Maximum aggregate debit balance of Associated undertakings at any month end during the year was Rs. Nil (2017: Rs. Nil).

45 PRODUCTION CAPACITY AND NUMBER OF EMPLOYEES

		2018	2017
Spinning Units			
Average number of spindles installed	**Number**	64,560	64,560
Production in Kgs. (20 count)	**Kgs.**	-	10,342
Weaving Units			
Number of looms in operation	**Number**	178	186
Installed capacity	**Meters**	26,100,000	29,360,000
Actual capacity	**Meters**	21,608,834	20,820,000
Ginning Units			
Rated capacity	**Number**	440	440
Actual production	**Bales**	-	-
Solvent Plant			
Rated capacity	**Ton**	150,000	150,000
Actual production	**Ton**	-	-
Ghee Unit			
Pre neutralizers installed	**Number**	4	4
Rated capacity	**Ton**	15,000	15,000
Actual production	**Ton**	-	-
Number of employees at year end	**Number**	566	344
Average number of employees at year end	**Number**	635	516

46 AUTHORIZATION FOR APPROVAL AND ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company in its meeting held on...............................

47 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the classification of long term and short term accrued markup and long term loan and advances for better presentation and understanding. Further, to comply with the requirements of the Companies Act, 2017 unclaimed dividend has been reclassified from trade and other payables and presented on the face of statement of financial position and added certain new disclosures.

48 GENERAL

- Figure in these statements have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

Sales to domestic customers in Pakistan are 80.79% (2017: 79.69%) and to customers outside Pakistan are 19.21% (2017: 20.31%) of the revenues during the year.

42.2 The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues except for the following sales:

	Weaving - I		Weaving - II	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees in thousand-----			
Fabric local sale	191,839	-	93,387	-
Fabric export sale	-	-	497,010	401,764

Above figures show sales to a singular customer accounting for more than 10% of net revenue respectively.

Geographical Segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

43 GEOGRAPHICAL INFORMATION

The Company's net revenue from external customers by geographical location is detailed below:

Rupees in '000	NOTE	2018	2017
Pakistan		2,090,458	1,576,325
UAE		497,010	401,764
		2,587,468	1,978,089

Fatima Enterprises Limited
Annual Report 2018

DIRECTORS REPORT

Dear Members,

Assalam-O-Alaikum,

The Directors of the company are pleased to present their report together with the annual report of the company and the audited financial statements for the year ended June 30, 2018.

FINANCIAL & OPERATING RESULTS

During the year ended June 30, 2018 the Company has sustained a pre-tax loss of Rs. 1,155,290 (M) after providing all operational, administrative and financial expenses including depreciation of Rs. 197,107 (M) as against Loss of Rs. 845,419 (M) in the last year.

Sales for the year were Rs. 2,587,468 (M) as compared to Rs. 1, 978,089 (M) for the last year which represents an increase of 30.81%. Loss per share (LPS) is Rs. 83.37 (2017LPS Rs. 59.41). The turnover increased but we could not get better results due to the following reasons:-

Due to financial problems the Solvent Extraction Plant, Vegetable Ghee Units and spinning units remained closed during the financial year.

The financial statements have been prepared on going concern assumption as the company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operation with optimum utilization of production capacity.

The company for the time being, has suspended its spinning operations which could not be resumed due to adverse scenario faced by the textile industry and working capital requirements

The auditors of the company have expressed adverse opinion in their report, on going conern, non-provisioning of mark up and litigations,.................................

The financial results for the period under review are as follow:-

	2018	2017
	(Rupees in Thousands)	
Proft/(Loss) before Taxation	(1,155,290)	(845,419)
Provision for taxation	(31,101)	(19,781)
Profit/(Loss) after Taxation	(1,186,391)	(865,200)

Un-Appropriated Profit B/F	(1,232,171)	(435,455)
Profit/(Loss) available for appropriation	(1,702,862)	(1,232,171)
Un-Appropriated Profit/(Loss) C/F to Balance Sheet	(1,702,862)	(1,232,171)
Basic Earnings / (Loss) per share	Rs. (83.37)	Rs. (59.41)

BOARD OF DIRECTORS MEETINGS

During the year 4 meetings of the Board of Directors were held. Attendance by each Director is follows:-

Sr. No	Name of Director	Designation	Attendance
1	MIAN ZAFAR IQBAL	Chief Executive	4
2	SH. NISHAT AHMAD	Director	2
3	MR. TASHIF TAFAZZUL WARSI	Director	4
4	MR. YASIR ALI	Director	4
5	MR. LIAQAT ALI	Director	4
6	MR. MUHAMMAD SHAFIQUE	Director	4
7	MR. NAEEM RAZA	Director	4
8	MR. MALIK MUHAMMAD ARSHAD	Director	2

AUDIT COMMITTEE MEETINGS

During the year 4 meetings of the Audit Committee were held. Attendance by each is as follows:-

Sr. No	Name of Director	Designation	Attendance
1	MR. TASHIF TAFAZZUL WARSI	Chairman	4
2	MR. NAEEM RAZA	Member	4
3	MR. LIAQAT ALI	Member	4

HR & REMUNERATION COMMITTEE MEETINGS

During the year 1 meeting of the HR & Remuneration Committee was held. Attendance by each is as follows:-

Sr. No	Name of Director	Designation	Attendance
1	MR. YASIR ALI	Chairman	1
2	MR. LIAQAT ALI	Member	1
3	MR. MUHAMMAD SHAFIQUE	Member	1

Description	Weaving - I		Weaving - II		Others		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	---Rupees in thousand---							
Stores, spare parts and loose tools	6,123	6,780	51,896	48,741	22,989	22,989	81,008	78,510
Stock-in-trade	162,425	121,971	187,278	888,016	347,794	509,128	697,497	1,519,115
Trade debts	34,115	19,115	57,038	94,740	55,300	74,781	146,453	188,636
Advances	3,665	5,262	109,578	53,451	114,672	122,654	227,915	181,367
Short term deposits and prepayments	-	-	-	7	66,965	66,975	66,965	66,982
Tax refunds due from government	852	636	117,346	112,119	897,894	872,748	1,016,092	985,503
Other receivables	-	-	10,984	11,121	1,233	1,361	12,217	12,482
Cash and bank balances	9,830	8,378	10,760	12,288	18,443	18,446	39,033	39,112
	217,010	162,142	544,880	1,220,483	1,525,290	1,689,082	2,287,180	3,071,707
TOTAL ASSETS	1,047,937	1,036,924	1,617,365	2,366,307	6,886,911	6,484,772	9,552,213	9,888,003
Share capital	-	-	-	-	142,310	142,310	142,310	142,310
Capital reserves	-	-	-	-	18,648	18,648	18,648	18,648
Surplus on revaluation of- -property, plant and equipment	446,951	470,474	526,416	551,242	2,830,968	2,870,246	3,804,335	3,891,962
Unappropriated (loss)	-	-	-	-	(1,702,862)	(1,232,171)	(1,702,862)	(1,232,171)
	446,951	470,474	526,416	551,242	1,289,064	1,799,033	2,262,431	2,820,749
Long term financing	51,111	51,111	336,925	336,925	248,252	248,252	636,288	636,288
Long term loans	-	-	356,660	379,794	1,102,443	1,104,923	1,459,103	1,484,717
Deferred liabilities	-	-	-	-	77,680	77,889	77,680	77,889
	51,111	51,111	693,585	716,719	1,428,375	1,431,064	2,173,071	2,198,894
Trade and other payables	299,898	216,423	351,757	350,036	1,455,979	1,318,999	2,107,634	1,885,458
Mark up accrued	71,724	71,724	149,662	149,662	576,013	576,012	797,399	797,398
Short term finances and other credit facilities	118,999	118,999	434,708	419,953	1,086,827	1,086,719	1,640,534	1,625,671
Current portion of long term liabilities	93,716	93,716	-	-	446,020	446,020	539,736	539,736
Provision for taxation	-	-	-	-	31,101	19,781	31,101	19,781
Unclaimed dividend	-	-	-	-	307	316	307	316
	584,337	500,862	936,127	919,651	3,596,247	3,447,847	5,116,711	4,868,360
TOTAL EQUITY AND LIABILITIES	1,082,399	1,022,447	2,156,128	2,187,612	6,313,686	6,677,944	9,552,213	9,888,003

42 SEGMENT WISE OPERATIONAL RESULTS

42.1 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2018 is as follows:

The management has determined the operating segments of the Company on the basis of the difference in the products produced.

Description	Weaving - I		Weaving - II		Others		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees in thousand-----							
Operating results								
Revenue from external customers	1,428,572	862,744	1,159,269	1,115,345	(373)	-	2,587,468	1,978,089
Cost of sales	(1,590,877)	(981,449)	(1,843,720)	(1,107,637)	(90,716)	(150,844)	(3,525,313)	(2,239,930)
Gross loss	**(162,305)**	**(118,705)**	**(684,451)**	**7,708**	**(91,089)**	**(150,844)**	**(937,845)**	**(261,841)**
Distribution costs	5,941	4,643	26,123	25,906	111	752	32,175	31,301
Administrative expenses	15,189	16,863	28,636	33,275	200,258	44,509	244,083	94,647
Finance cost	59	28,500	1,765	48,411	2,948	112,727	4,772	189,638
Share of (profit) /loss from associate	-	-	-	-	(41,175)	293,017	(41,175)	293,017
Other operating (income)	-	-	(12,496)	(10,342)	(9,914)	(14,683)	(22,410)	(25,025)
	21,189	50,006	44,028	97,250	152,228	436,322	217,445	583,578
Loss before taxation	**(183,494)**	**(168,711)**	**(728,479)**	**(89,542)**	**(243,317)**	**(587,166)**	**(1,155,290)**	**(845,419)**
Taxation	-	-	-	-	(31,101)	(19,781)	(31,101)	(19,781)
Loss after taxation	**(183,494)**	**(168,711)**	**(728,479)**	**(89,542)**	**(274,418)**	**(606,947)**	**(1,186,391)**	**(865,200)**
Other information								
Property, plant and equipment								
Operating	830,850	874,705	1,046,252	1,119,626	3,651,403	3,751,956	5,528,505	5,746,287
Non operating	-	-	-	-	2,278	2,278	2,278	2,278
Long term investment	-	-	-	-	1,669,127	1,002,257	1,669,127	1,002,257
Long term deposits	77	77	26,233	26,198	38,813	39,199	65,123	65,474
Deferred tax asset	-	-	-	-	-	-	-	-
	830,927	**874,782**	**1,072,485**	**1,145,824**	**5,361,621**	**4,795,690**	**7,265,033**	**6,816,296**

COMPARISON OF FINANCIAL DATA

A summary of financial data for the last six years is reproduced below: -

	2018	2017	2016	2015	2014	2013
Sales (Net)	**2,587,468**	1,978,089	1,560,007	2,619,760	4,071,013	6,192,425
Gorss Profit / (Loss)	**(937,845)**	(216,841)	(204,496)	(451,973)	(398,483)	376,168
Net Profit / (Loss) Before Taxation	**(1,155,290)**	(845,419)	(577,934)	(913,286)	230,232	(138,407)
Provision for Taxation	**(31,101)**	(19,781)	-----------	----------	40,710	30,962
Profit / (Loss) after taxation	**(1,186,391)**	(865,200)	(577,934)	(913,286)	189,522	(169,369)
Un-appropriated Profit B/F	**(1,232,171)**	(435,455)	75,436	897,669	663,570	843,160
Dividend	----------	----------	----------	-----------	-----------	-----------
Profit / (Loss) available for appropriation	**(1,702,862)**	(1,232,171)	(435,455)	75,436	897,669	673,791
Percentage	**0%**	0%	0%	0%	0%	0%
Gross Profit / (Loss) Ratio	**(36.25)**	(10.96)	(13.11)	(17.25)	(09.79)	06.07
Net Profit / (Loss) Ratio	**(44.65)**	(42.74)	(37.05)	(34.86)	05.66	(02.24)

CORPORATE SOCIAL RESPONSIBILITY

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

Compliance with Code of Corporate Governance

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are the statements on Corporate and Financial Reporting Framework:

a) The financial Statements presented by the management of the Company give, subject to auditors report, a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.

d) International financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in the preparation of financial statements, and any departure therefrom has been adequately disclosed and explained.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There has been no material departure from the best practices of the corporate governance.

g) The Company has constituted an Audit Committee from amongst the non-executive members of its Board.

h) The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the companys employees.

i) Information regarding the outstanding taxes and levies is given in the notes to the financial statements.

J) As required under the Code of Corporate Governance, the following information has been presented in this report:
   i) Pattern of Shareholding;
   ii) Shares held by associated undertaking and related persons

DIVIDEND

Due to the loss for the current year and in view of accumulated losses, the directors are not able to recommend any dividend.

FUTURE OUT LOOK

The key challenges facing Pakistans economy have continued to suppress economic activity and growth of the country. The textile industry has been hit hard due to the high cost of energy and high tariffs of both gas and electricity are making Pakistans exports uncompetitive in the global market. However, some initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tarrif. Management is endeavoring to resume the production of the company as soon as the situation in near future improves.

AUDITORS

M/S Fazal Mahmood& Co. Chartered Accountants, the auditors of the Company retire and M/S Hasnain Ali & Co. Chartered Accountants, the auditors of the Company being eligible offer themselves for the appointment for the year 2017-2018.

For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

iii) Determination of fair values:

A number of the Companys accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

a) Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

41.4 Fair Value Measurements

i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements.

Level 1:	The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.
Level 2:	The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3:	If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

41.5 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable parties in an arm's length transaction.
The carrying value of all the financial assets and liabilities reported in the financial statements approximates their fair value.

41.6 Fair value measurements

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for sponsor shareholders' loan and long term deposits, the fair value of financial assets and financial liabilities recognized in these financial statements equals the transaction price at initial recognition. Due to immaterial effect the fair value of long-term deposits has not been determined and their is carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

Since the discount factor which is significant to the entire measurement has been adjusted, therefore, the fair value measurement of sponsors' loan has been categorized within Level 3 of the fair value hierarchy.

The interest rate used to discount estimated cash flows, reflects assumptions that market participants would use when pricing a financial liability of similar nature and characteristics.

Vote of Thanks & Conclusion

On the behalf of the Board, we appreciate the valuable, loyal, and commendable services rendered to the Company by its executives, members of the staff and workers In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved Prophet Muhammad (peace be upon him) for the continued showering of his blessings, guidance, strength, health, and prosperity to us, our company, country and nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood, and unity in true Islamic spirit to whole of the Muslim Ummah; Ameen; Summa Ameen.

FOR AND ON BEHALF THE BOARD

MULTAN
Dated;- April 11th, 2019

(MIAN ZAFAR IQBAL)
CHIEF EXECUTIVE OFFICER

ڈائریکٹرز کی رپورٹ حصہ داران کے لیے

آپ کی کمپنی کے ڈائریکٹرز آپ کو کمپنی کی سالانہ کارکردگی اور کمپنی کے آڈٹ مالیاتی دستاویزات برائے سال مختتمہ 30 جون پیش کرتے ہیں۔

کارکردگی کا جائزہ:۔

موجودہ سال کے دوران کمپنی نے صافی خسارہ **1,155,290** ملین روپے کیا ہے جو کہ انتظامی اور تمام اخراجات **197,107** ملین روپے کے منہا کے بعد ہے۔ بمقابلہ گزشتہ سال کا صافی خسارہ **845.4190** ملین روپے ہوا تھا۔ امسال کی فروخت **2,587,468** ملین روپے رہی بمقابلہ گزشتہ سال **1,978,089** روپے جو کہ **30.81** فی صد بنتی ہے نقصان فی شیئر **(LPS)83.37** روپے ہے (جبکہ گزشتہ سال **59.41 LPS** روپے تھا) ہماری فروخت اس سال بڑھی ہیں۔ لیکن پھر بھی مندرجہ ذیل وجوہات کی بنا پر مطلوبہ نتائج حاصل نہیں کر سکے۔

1۔ مالی مشکلات کی وجہ سے سالونٹ ایکسٹریکشن پلانٹ، گھی یونٹ اور سپننگ یونٹس اب تک بند ہیں۔

2۔ مالیاتی دستاویزات گوئنگ کنسرن کے تصور پر بنائی جاتی ہیں۔ جیسا کہ نقطہ نظر ہے کہ قرض دہندہ اپنی ذمہ داریوں کی تعمیر نو کریں گے جس کا عمل شروع ہے۔ کمپنی نے امید ظاہر کی ہے کہ اس طرح کی تعمیراتی سرگرمی جلد ہی موثر ثابت ہوگی اور اس طرح کمپنی کے فنڈ کی ضروریات کو بہتر بنانے میں مدد ملے گی۔ مشین میں حتمی طور پر پیداوار کی صلاحیت کے زیادہ سے زیادہ استعمال کے ساتھ آپریشن دوبارہ شروع کرنے میں مدد ملے گی۔

3۔ کمپنی نے سپننگ آپریشنز کو کچھ وقت کے لیے معطل کیا ہے جو کہ ٹیکسٹائل انڈسٹری کے غیر مناسب حالات اور فنڈ کی عدم دستیابی کی وجہ سے دوبارہ شروع نہیں کی جا سکی۔

4۔ کمپنی کے آڈیٹر نے اُن کی رپورٹ میں گوئنگ کنسرن، سود کی غیر مقرری اور مقدمات کی غیر مقرری پر منفی رائے کا اظہار کیا ہے۔

41.3 Following are the contractual maturities of financial assets and financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

	Interest/ markup bearing			Non interest/ markup bearing			2017	2017
	Maturity up to one year	Maturity after one year	2018 Sub Total	Maturity up to one year	Maturity after one year	2018 Sub Total	Total Interest Bearing	Total Non Interest Bearing
	-----------------Rupees in thousand-----------------							
Financial Assets:								
Long term deposits	-	-	-	-	65,123	65,123	-	65,474
Trade debtors	-	-	-	146,453	-	146,453	-	188,636
Loans and advances	-	-	-	227,915	-	227,915	-	181,367
Other receivables	-	-	-	12,217	-	12,217	-	12,482
Cash and bank balances	5,059	-	5,059	33,375	-	33,375	5,059	33,562
	5,059	-	5,059	419,960	65,123	485,083	5,059	481,521
Financial Liabilities:								
Long term finances	539,736	636,288	1,176,024	-	-	-	1,176,024	-
Long term loans	-	-	-	-	1,459,103	1,459,103	-	1,484,717
Trade and other payables	-	-	-	2,107,634	-	2,107,634	-	1,885,774
Mark up/ interest accrued	-	-	-	797,399	-	797,399	-	797,398
Short term borrowings	1,640,534	-	1,640,534	-	-	-	1,625,671	-
	2,180,270	636,288	2,816,558	2,905,033	1,459,103	4,364,136	2,801,695	4,167,889
On balance sheet gap	(2,175,211)	(636,288)	(2,811,499)	(2,485,073)	(1,393,980)	(3,879,053)	(2,796,636)	(3,686,368)

41.2 The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2018	2017
	Short term	Long term	Agency	----Rupees in thousand----	
Banks					
National Bank of Pakistan	A1	AAA	PACRA	5,139,843	5,139,843
Allied Bank Limited	A1	AA+	PACRA	531,450	531,450
Askari Bank Limited	A1	AA+	PACRA	3,492,588	3,504,242
Bank Alfalah Limited	A1	AA+	PACRA	17,066	57,802
Faysal Bank Limited	A1	AA	PACRA	8,417	8,417
Habib Bank Limited	A-1+	AAA	JCR-VIS	25,616	25,616
Habib Metropolitan Bank Limited	A1+	AA	PACRA	3,611,579	2,349,104
JS Bank Limited	A1+	AA-	PACRA	2,313	2,313
MCB Bank Limited	A1+	AAA	PACRA	52,487	48,942
The Bank of Khyber	A1	A	PACRA	1,640	1,640
Silk Bank Limited	A-2	A-	JCR-VIS	19,258	6,615
Standard Chartered Bank (Pakistan) Limited	A1	AAA	PACRA	2,723	2,009
United Bank Limited	A-1+	AAA	JCR-VIS	56,642	56,033
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	15,714,784	15,126,172
Bank Islami Pakistan Limited	A1	A+	PACRA	5,467	5,400
Meezan Bank Limited	A-1+	AA+	JCR-VIS	1,323,008	3,330,801
Dubai Islamic Bank Pakistan Limited	A-1	AA-	JCR-VIS	2,984	3,051
The Bank of Punjab	A1	AA	PACRA	8,274,989	8,274,989
Soneri Bank Limited	A1	AA-	PACRA	26,690	26,690
Summit Bank Limited	A-1	A-	JCR-VIS	13,276	9,276
Bank Al-Habib Limited	A1+	AA+	PACRA	110,803	110,884
				38,433,623	38,621,289

c) Liquidity risk

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

بورڈ آف ڈائریکٹرز میٹنگ

دوران سال 4 میٹنگ بورڈ آف ڈائریکٹر منعقد ہونے پر ڈائریکٹر کی حاضری مندرجہ ذیل رہی۔

نمبر شمار	نام	عہدہ	حاضری
1	میاں ظفر اقبال	چیف ایگزیکٹو	4
2	شیخ نشاط احمد	ڈائریکٹر	2
3	مسٹر کاشف تفضل وارثی	ڈائریکٹر	4
4	مسٹر یاسر علی	ڈائریکٹر	4
5	مسٹر لیاقت علی	ڈائریکٹر	4
6	مسٹر محمد شفیق	ڈائریکٹر	4
7	مسٹر نعیم رضاء	ڈائریکٹر	4
8	مسٹر ملک محمد ارشد	ڈائریکٹر	2

آڈٹ کمیٹی میٹنگ

دوران سال آڈٹ کے 4 اجلاس منعقد ہوکے اور ہر ایک ڈائریکٹر کی حاضری مندرجہ ذیل رہی۔

نمبر شمار	نام	عہدہ	حاضری
1	مسٹر کاشف تفضل وارثی	چیئرمین	4
2	مسٹر نعیم رضا	ممبر	4
3	مسٹر لیاقت علی	ممبر	4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی میٹنگ (HR&R)

دوران سال ہیومن ریسورس اینڈ اجرتی کمیٹی کا ایک اجلاس منعقد ہوا

نمبر شمار	نام	عہدہ	حاضری
1	مسٹر یاسر علی	چیئرمین	1
2	مسٹر لیاقت علی	ممبر	1
3	مسٹر محمد شفیق	ممبر	1

میاں ظفر اقبال
چیف ایگزیکٹو

ملتان
11 اپریل 2019

FORM 34

THE COMPANIES ACT, 2017
Section 227(2)(f)
PATTERN OF SHAREHOLDING AS ON 30-06-2018

----Shareholding----

2. No. of Shareholders	From	To	Total Shares Held
778	1	100	24,281
252	101	500	66,791
96	501	1,000	71,248
119	1,001	5,000	269,804
21	5,001	10,000	144,966
11	10,001	15,000	130,842
8	15,001	20,000	140,205
1	20,001	25,000	22,074
1	35,001	40,000	37,115
2	40,001	45,000	83,956
1	45,001	50,000	47,108
1	50,001	55,000	55,000
1	55,001	60,000	59,032
1	130,001	135,000	134,500
1	145,001	150,000	148,147
1	220,001	225,000	223,107
1	250,001	255,000	250,216
1	255,001	260,000	256,075
2	300,001	305,000	605,080
1	385,001	390,000	387,655
1	495,001	500,000	498,912
1	825,001	830,000	829,808
1	1,115,001	1,120,000	1,115,500
1	1,125,001	1,130,000	1,125,256
1	2,055,001	2,060,000	2,057,300
1	2,315,001	2,320,000	2,318,800
1	3,125,001	3,130,000	3,128,274
1,307			**14,231,052**

3 Categories of shareholders	Share held	Percentage
3.1 Directors, Chief Executive Officer, and their spouse and minor children	1,933,863	13.5890%
3.2 Associated Companies undertakings and related parties	8,334,182	58.5634%
3.3 NIT & ICP	817,020	5.7411%
3.4 Insurance Companies	1,072	0.0075%
3.5 General Public		
a. Local	3,135,291	22.0313%
b. Foreign	-	0.0000%
3.6 Others		
Joint Stock Companies	9,624	0.0676%
	14,231,052	100%
3.7 Share holders holding 10% or more	7,504,374	52.7324%

FATIMA ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) Market risk

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

The Company is exposed to currency risk arising from currency exposure, primarily with the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities.

ii) Interest rate risk
This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings, bank balances in saving accounts and loans and advances to staff and vendors. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

b) Credit risk
Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets and financial liabilibilities represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date showed in following note -

Rupees in '000'		NOTE	2018	2017
37	OTHER OPERATING INCOME			
	Gain on sale of fixed asset		4,645	787
	Exchange gain		-	9
	Miscellaneous income		17,765	24,229
			22,410	25,025
38	TAXATION			
	Current year	38.1	31,101	19,781
			31,101	19,781

38.1 Taxation has been provided for in these accounts in accordance with section 113 of Income Tax Ordinance, 2001.

39	EARNING PER SHARE		
	Loss after taxation	(1,186,391)	(845,419)
	Weighted average number of ordinary shares	14,231	14,231
	Loss per share	(83.37)	(59.41)

39.1 There is no dilutive effect on the basic (loss) per share of the Company.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

PARTICULERS	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	30 June, 2018	30 June, 2017	30 June, 2018	30 June, 2017	30 June, 2018	30 June, 2017
	---Rupees in thousand---					
Managerial remuneration (including allowances)	1,575	600	-	-	4,200	9,582
Retirement benefits	-	-	-	-	-	379
Travelling expenses	-	55	-	-	-	564
	1,575	655	-	-	4,200	10,525
Number of persons	1	1	1	1	2	10

40.1 Chief Executive Officer, one director and certain executives of the Company are provided with Company maintained vehicles.

Catatories of Shareholding required under code of Corporate Governance (CCG)
As on June 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertaking and Ralated Parties (Name Wise Detail)			
1	HUSSAIN MILLS LIMITED	829,808	5.8310%
2	NASIR & COMPANY (PVT) LTD	2,057,300	14.4564%
3	FAZAL CORPORATE EXPORTS (PVT) LTD.	2,318,800	16.2939%
4	AHAD NISHAT YOUSUF (PVT) LTD.	3,128,274	21.9820%
Mutual Funds (Name Wise Detail		-	-
Directors and their Spouse and Minor children (Name Wise Detail)			
1	MIAN ZAFAR IQBAL	250,216	1.7582%
2	SH. NISHAT AHMAD	59,032	0.4148%
3	MR. KASHIF TAFAZZUL WARSI	500	0.0035%
4	MR. YASIR ALI	1,000	0.0070%
5	MR. LIAQAT ALI	500	0.0035%
6	MR. MUHAMMAD SHAFIQUE	500	0.0035%
7	MR. NAEEM RAZA	500	0.0035%
8	MR. MALIK MUHAMMAD ARSHAD	500	0.0035%
9	MRS. FARHAT NISHAT W/O SH. NISHAT AHMAD	37,115	0.2608%
10	MRS. TAHIRA IMTIAZ W/O MIAN ZAFAR IQBAL	1,584,000	11.1306%
Executives:-		-	-
Joint Stock Companies		9,624	0.0676%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarbas & Mutual Funds		1,072	0.0075%
Shareholders Holding 5% or More Voting intrest in the listed company			
1	AHAD NISHAT YOUSUF (PVT) LTD.	3,128,274	21.9820%
2	FAZAL CORPORATE EXPORTS (PVT) LTD.	2,318,800	16.2939%
3	NASIR & COMPANY (PVT) LTD	2,057,300	14.4564%
4	NATIONAL BANK OF PAKISTAN TRUSTEE DEPARTMET	1,125,256	7.9070%
5	MRS. TAHIRA IMTIAZ W/O MIAN ZAFAR IQBAL	1,584,000	11.1306%
6	HUSSAIN MILLS LIMITED	829,808	5.8310%

All traders in the shares of the listed company, carried out by its Directors, Executive and their spouses and monor children shall also be disclosed:

SR. NO.	NAME	SALES	PURCHASE
NIL	**NIL**	**NIL**	**NIL**

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company FATIMA ENTERPRISES LIMITED
Year Ending JUNE 30, 2018

1. The total number of directors are eight as per the following:

   a) Male 8

   b) Female 0

2. The composition of board is as follows:
   a) Independent Director
      i. Mr. KashifTaffazulWarsi
      ii. Mr. Yasir Ali

   b) Other Non-executive Directors
      i. Mr. Muhammad Arshad
      ii. Mr. NaeemRaza
      iii. Mr. Liaqat Ali

   c) Executive Directors
      i. MianZafar Iqbal
      ii. Mian. Nishat Ahmed
      iii. Mr. Shafique Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. Acomplete 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 relevant matters have been taken by board/ shareholders a s empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board has approved appointment of Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

Rupees in '000'		NOTE	2018	2017
34	**DISTRIBUTION COSTS**			
	Local selling expenses		-	752
	Commission - local		5,542	6,141
	Clearing and forwarding		20,942	20,608
	Travelling expenses		270	314
	Communication		185	182
	Insurance		6	-
	Freight on sales		318	441
	Salaries to marketing staff		3,484	2,806
	Others		1,428	57
			32,175	31,301
35	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	35.1	21,503	22,457
	Communication		1,387	855
	Travelling and conveyance -local		2,067	1,076
	Electricity		3,159	2,877
	Fee and subscriptions		986	1,110
	Insurance		108	337
	Entertainment		534	542
	Vehicle running and maintenance		1,207	1,327
	Rent, rates and taxes		1,607	1,583
	Printing and stationery		450	484
	Legal and professional charges		4,990	10,422
	Advertisement expenses		30	42
	Donation		20	41
	Postage and courier charges		489	131
	Auditors' remuneration	35.2	500	500
	Repair and maintenance		647	1,152
	News paper		-	4
	Others	35.3	159,064	1,995
	Depreciation	7.1	45,335	47,712
			244,083	94,647

35.1 It includes gratuity to employees amounting to Rs. 2,568 (2017 : Rs. 4,463).

			2018	2017
35.2	**Auditors' remuneration**			
	Audit fee		500	500

35.3 It includes obsolete stock-in-trade write-off amounting to Rs. 158,839 during the year.

			2018	2017
36	**FINANCE COST**			
	Mark up on short term finances		-	116,395
	Mark up on long term finances		-	71,336
	Bank charges		1,859	1,907
	Mark up on WPPF balance utilized by company		2,913	-
			4,772	189,638

	Rupees in '000'	NOTE	2018	2017
32	**SALES - NET**			
	Fabric local sale		2,043,882	1,555,176
	Fabric export sale		497,010	401,764
	Sale of yarn (trading)		20,523	8,703
	Waste local sale		26,053	12,446
			2,587,468	1,978,089
33	**COST OF SALES**			
	Raw material consumed			
	Opening stock		260,525	248,205
	Purchases		2,161,802	1,567,556
	Expenses on purchases		25,447	18,091
	Closing stock	12	(285,100)	(260,525)
			2,162,674	1,573,327
	Stores, spare parts and loose tools consumed	33.1	121,355	92,933
	Packing material consumed		7,092	3,143
	Salaries, wages and other benefits	33.2	156,312	129,951
	Fee and subscription		-	3
	Fuel and power		222,331	199,446
	Vehicle running and maintenance		1,421	1,431
	Insurance		5,128	5,233
	Repair and maintenance		5,683	3,998
	Others		1,932	4,231
	Depreciation	7.1	151,772	159,733
	Cost of goods manufactured		2,835,700	2,173,429
	Adjustment for work in process:			
	Opening stock		127,476	222,685
	Closing stock	12	(75,809)	(127,476)
			51,667	95,209
	Adjustment for finished goods:			
	Opening stock		1,089,156	1,058,853
	Fabric purchased		2,260	1,595
	Closing stock	12	(453,470)	(1,089,156)
			637,946	(28,708)
			3,525,313	2,239,930
33.1	**Stores, Spares and Loose tools**			
	Opening stock as on July 01,		77,035	70,242
	Purchases		123,853	99,725
	Available for consumption		200,888	169,967
	Closing stock as on June 30,	11	(79,533)	(147,277)
	Stores, spare parts and loose tools consumed		121,355	22,690

33.2 It includes gratuity to employees amounting to Rs. 4,316 (2017 : 7,501)

9. Company Secretary and CEO duly endorsed the financial statements before approval of the board.

10. The board has formed committees comprising of members given below:

Audit Committee

i.	Mr. KashifTaffazul Wars	Chairman
ii	Mr. NaeemRaza	Member
iii	Mr. Liaqat Ali	Member

Human Resource and Remuneration Committee

i.	Mr. Yasir Ali	Chairman
ii.	Mr. Liaqat Ali	Member
iii.	Mr. Muhammad Shaifque	Member

11. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

12. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee Quarterly
b) HR and Remuneration Committee Yearly

13. The board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company

14. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

16. We confirm that all other requirements of the Regulations have been complied with.

FOR AND ON BEHALF THE BOARD

MULTAN
Dated;- April 11th, 2019

(MIAN ZAFAR IQBAL)
CHIEF EXECUTIVE

Review Report to the Members

On the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Fatima Enterprises Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

3) Allied Bank Limited versus Fatima Enterprises Limited [Ex. No. 21-B of 2017 in C.O. No. 05/2015]
These are execution proceedings against the Company and its directors, pursuant to the order/decree passed by a learned Single Bench of the Honorable Lahore High Court, Multan Bench in favour of the Bank dated 21-03-2017, rejecting the Companys application for leave to appear.

This execution application is currently pending adjudication before the Multan Bench of the Honorable Lahore High Court.

4) Fatima Enterprises Limited versus Allied Bank Limited [R.F.A. No. 146 of 2017]
The Company (and its directors) filed a Regular First Appeal against the order/decree passed by a learned Single Bench of the Honorable Lahore High Court, Multan Bench in C.O. No. 05/2015 dated 21-03-2017, whereby the Companys application for leave to appear was rejected and the aforesaid suit filed by the Bank was decreed.

This appeal is currently pending adjudication before the Multan Bench of the Honorable Lahore High Court.

5) Faysal Bank Limited versus Fatima Enterprises Limited [C.O. No. 01 of 2017]
Faysal Bank Limited has filed C.O. No 01 of 2017 against the Company and its directors for recovery of alleged amounts due under various financing facilities from 2003 onwards, extended through its Multan branch office. We have filed application for leave to appear bearing PLA No. 5 of 2017 in the aforesaid suit on behalf of the Company and its directors.

This suit is currently pending adjudication before the Multan Bench of the Honorable Lahore High Court.

The ultimate outcome of the litigation cannot presently be determined as no opinion in this regard was provided to us by the legal representatives of the company. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.

31.1.2 The company is in correspondence with Securities and Exchange Commission of Pakistan (SECP) in respect of various non-compliance of statutory provisions contained in the Companies Act, 2017.

31.1.3 The company was placed in the defaulter's segment on January 03, 2007 and as of March 22, 2012 the trading of shares has been suspended due to the violations of various regulations of Pakistan Stock Exchange (PSX) Regulations.

31.2 Commitments
There are no commitments as on June 30, 2018 (2017: Nil).

Rupees in '000'	NOTE	2018	2017

- Lien over import and export documents; and
- Personal guarantees of the sponsoring directors.

28.2 Unsecured

These have arisen due to issuance of cheques for amounts in excess of the balances with the banks.

29 CURRENT PORTION OF LONG TERM LOANS			
Current portion of long term loans		539,736	539,736
30 PROVISION FOR TAXATION			
Balance as on July 01,		19,781	-
Add: Provision made during the year:			
Current year		31,101	19,781
Payments / adjustments against completed assessments		(19,781)	-
		31,101	19,781

30.1 Provision for current tax represents turnover tax on sale only because of loss for the year and in view of available tax losses Consequently, tax expense reconciliation is not being presented.

30.2 Management assessment of sufficiency of current income tax provision

A comparison of provision on account of income taxes with most recent tax assessment for last three years is as follows:

	Year ended 30 June		
	2017	2016	2015
	------------Rupees in thousand-----------		
Provision for taxation in financial statements	19,781	-	-
Tax assessed	19,781	17	2,744

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

There are no contingencies as on June 30, 2017: Nil.

31.1.1 The company is under litigation with multiple banks and the legal representatives of the company have provided us the information regarding the cases pending before the Honorable Court.

1) Soneri Bank Limited versus Fatima Enterprises Limited [Ex. No. 15-B of 2017 in C.O. No. 09/2015]

These are execution proceedings against the Company and its directors, pursuant to the order/decree passed by a learned Single Bench of the Honorable Lahore High Court, Multan Bench in favour of the Bank dated 30-03-2017, rejecting the Companys application for leave to appear.

This execution application is currently pending adjudication before the Multan Bench of the Honorable Lahore High Court.

2) Fatima Enterprises Limited versus Soneri Bank Limited [R.F.A. No. 138 of 2017]

The Company (and its directors) filed a Regular First Appeal against the order/decree passed by a learned Single Bench of the Honorable Lahore High Court, Multan Bench in C.O. No. 09/2015 dated 30-03-2017, whereby the Companys application for leave to appear was rejected and the aforesaid suit filed by the Bank was decreed.

This appeal is currently pending adjudication before the Multan Bench of the Honorable Lahore High Court.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:-

i. The Board has not appointed Chief Financial Officer and Head of Internal Audit as required by the regulation 21 of the Regulations;

ii. The position of chairman of the board and the chief executive officer are held by the same person which is a violation of regulation 9 of the Regulations;

iii. The Board has not appointed one female director as required by regulation 7 of the Regulations;

iv. Management has neither provided the qualification, terms of reference and resolution for the appointment of the membersof the audit committee;

v. The company has not complied with the financial reporting and corporate compliance requirements of the Regulations;

vi. The Board has not arranged directors training program as required by the regulation 19 of the Regulations;

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2018.

LAHORE
Date: 11 April, 2019.

HASNAIN ALI & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

Adverse Opinion

We have audited the annexed financial statements of **Fatima Enterprises Limited**(the Company), which comprise thestatement of financial position as at June 30, 2018and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to thefinancial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the effects of the matters discussed in the basis for adverse opinion paragraph the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereofdo not conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectivelydo not give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

(i) As described in note 1.1 to the financial statements, the financial statements have been prepared on going concern basis. The company incurred a net loss after taxation of Rs. 1,186.391 million(2017: Rs. 865.200 million). The Company has accumulated losses of Rs.1,702.862 million (2017. Rs. 1,232.171 million). Itscurrent liabilities exceeded its current assets by Rs.2,829.531 million (2017: Rs. 1,796.969 million) as of June 30, 2018. Out of the ten, eightunit's production facilities of the Company have remained closed during year.The Company has been unable to arrange fresh financing for working capital and other purposes. The management of the Company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

All the banks had filed a petition to the honorable Lahore High Court Multan bench for recovery of said liabilities. These cases are still pending with honorable Lahore

Rupees in '000'		NOTE	2018	2017
25	**DEFERRED TAXATION**			
	Opening balance		39,802	39,802
			39,802	39,802
26	**TRADE AND OTHER PAYABLES**			
	Trade payables		612,061	597,214
	Accrued expenses		73,737	67,804
	Advance payments		472,506	302,081
	Tax deducted at source		468,333	445,336
	Sales tax payable		381,906	376,327
	Audit fee		713	583
	Workers' profit participation fund	26.1	31,958	29,045
	Workers' welfare fund		35,080	35,080
	Others		31,340	31,988
			2,107,634	1,885,458
26.1	**Workers' Profit Participation Fund**			
	Opening balance		29,045	29,045
	Interest on amounts utilized by the company		2,913	-
	Paid during the year		-	-
	Balance as at June 30		31,958	29,045
27	**MARK UP ACCRUED**			
	Long term finances		370,930	439,330
	Short term finances		426,469	358,068
			797,399	797,398
28	**SHORT TERM FINANCES AND OTHER CREDIT FACILITIES**			
	From commercial banks			
	Secured	28.1	1,426,580	1,426,580
	Un-secured	28.2	213,954	199,091
			1,640,534	1,625,671

28.1 Secured

i) During the current financial year all the banks are in litigation with the company due to this facilities were not renewed by the banks.

ii) These short term facilities have been obtained from commercial banks against sanctioned limits aggregating Rs. 2,596.788 million (2017: Rs.2,596.788 million), including limits for packing credit amounting to Rs. 960 million (2017: Rs. 960 million), Facilities available in term of foreign currency are Nil (2017: Nil) and finance against imported merchandise amounting to Rs. 650.000 million (2017: Rs. 650.000 million).

These facilities carry mark-up at the rates ranging from 7.50% to 14.49% per annum.

iii) Facilities available for opening letters of credit and letter of guarantee aggregated Rs. 1,607.161 million (2017 : 1,607.161 million).

iv) These facilities expired on various dates in 2016.

v) These facilities are secured against:

- Charge on fixed and current assets:
- Hypothecation / pledge of stocks / stores;

Rupees in '000'		NOTE	2018	2017
23	**LONG TERM LOANS**			
	Due to sponsors' (unsecured-interest free)			
	Chief executive		19,206	-
	Directors		545,556	567,243
	Relatives of directors		874,681	897,814
	Manama financing arrangement		19,660	19,660
			1,459,103	1,484,717

23.1 Term of these interest free loans have not yet been settled. These loans, however, are being considered by the company's management as long term.

23.2 Long term loans includes Rs. 395 million being subordinate loan advanced by directors and their relatives which will be repaid only after the banks loan are cleared and approval of concerned bank obtained.

24 PROVISION FOR GRATUITY

The company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of services as specified by the scheme. Provision for gratuity is made annually to cover obligation under the scheme in accordance with actuarial recommendations.

Actuarial valuation was conducted as on June 30, 2018 on the basis of projected unit credit method by an independent actuary. The projected unit credit method is based on following assumptions:

	NOTE	2018	2017
Discount rate for interest cost in profit or loss charge		10.00%	9.00%
Discount rate used for year end obligation		10.00%	9.25%
Expected rate of increase in salary (per annum)		9.00%	8.25%
Average expected remaining working life time of employee (years)		10	10
Amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation as at 30 June		37,878	38,087
Movement in liability recognized:			
Opening balance sheet liability		38,087	41,540
Amount recognized during the year		6,884	11,964
Benefits paid during the year		(4,715)	(7,865)
Remeasurement charge in other comprehensive income		(2,378)	(7,552)
		37,878	38,087
Amount recognized during the year			
Current service cost		6,884	11,964
		6,884	11,964
The expense is recognized in the following line items of profit and loss account			
Cost of sales	33	4,316	7,501
Administrative expenses	35	2,568	4,463
		6,884	11,964

The company has adopted the change in IAS - 19 and has recognized all the actuarial gains and losses in other comprehensive income.

(i) High Court Multan bench at time of this report. One of the legal advisors representing the company in the suits filed by the banks has responded on the court cases whichare now duly disclosed in the note 32.1.1. However, the concerned lawyer's confirmation is silent on the outcome of the cases.The company has not accounted for the finance cost on outstanding balances in respect of long term and short term loans from banks due to litigation with banks. As stated in the notes 23 and 29 of the financial statements, the Company could not make timely repayments of the principal and interest / mark-up related to long term and short term debts and as at the reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of Financial Statements (IAS) 1 require that if an entity breaches a provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements, long term debts have been classified as long term according to individual loan repayment schedules. Had these liabilities been classified as per IAS-1, current liabilities of the Company would have increased by Rs. 636.288 million at the reporting date.Direct balance confirmation report of banks with regard to liabilities of Rs. 3,613.957million were not received, these includes long term finances of Rs. 636.288 million (Ref note 23), current portion of long term loan Rs.539.736 million (Ref note 30), short term finances of Rs. 1,640.534 million (Ref note 29) and markup payable of Rs. 797.399 million (Ref note 28).

(ii) The financial statements for the prior period were audited by another auditor and we werenot allowed to review the working papers of the predecessor auditor. Furthermore, the Company did not allow us to obtain evidence regarding opening balances through confirmations with the third parties. Therefore,we were unable to determine whetherany adjustments that might have been necessary in respect of the loss for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

(iii) The company has accounted for investment of Rs. 1,669.127 million in Hussain Mills Limited as an investment in Associate as per International Accounting Standards (IAS) 28 "Investment in Associate" (Ref note 9) using equity method.Due to lack of sufficient financial information with respect to Hussain Mills Limited, we were unable to accurately calculate the carrying amount of Company's investment.

(iv) As referred in note 38 we have been unable to calculate the exchange differences (both realized and unrealized)due to non-availability of data as required under the International Accounting Standards(IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

We were appointed as auditors of the company until after June 30, 2018 and thus did not observe the physical counting of stock-in-trade and stores andspares inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventories quantities held at June 30, 2018 which are stated in the statements of financial position at Rs. 697.497 million and Rs. 81.008 millionrespectively. Management has not reported the stock-in-trade at the lower of cost and net realizable value which constitutes a departure from International Financial

(i) Reporting Standards (IFRSs). The company has written off some of its obsolete stock but no proper documentationwas given to us regarding the specifics and approval of the stock written off. Stock consumed during the year was significantly higher compared to last year and no proper justification and documentation was given regarding this unusual consumption.

(ii) The company had classified fixed assets amounting to Rs. 2.278 million as non-operating assets and has not charged depreciation in the current as well as prior year which is the departure from the International Financial Reporting Standards (IFRSs). Further, we were unable to verify their existence as well as ensure completeness of underlying record. The company is earning rental income on buildings which are wrongly classified under "Property, Plant and Equipment"instead of "Investment Property" as required under IAS-40.Despite the fact that 8 out of 10 units have remained closed during the year no exercise for impairment testing as required under IAS -36 has been carried out by the company to determine recoverable amount which is higher of fair value or value in use in respect of property, plant and equipment.

(iii) The company has not accounted for deferred taxation in contrary to the requirements of International Accounting Standards (IAS) 12 "Income Taxes" (Ref note 26).

(iv) As referred in note 24, since the repayment terms of the long term loans from the sponsors as well as their relatives have not been finalized, therefor the amortized cost of these loans as required under International Accounting Standards (IAS) 39"Financial Instruments: Recognition and Measurement"havenot been calculated.

(v) Long overdue outstanding amounts are appearing under the heads, trade creditorsfor Rs. 612.061 million, other payables of Rs. 31.340 million, advance payments from the customers of Rs. 472.506 million and accrued expenses of Rs. 73.737 million in the financial statements. Supplier-wise detailed break-up was not available for their balances, accordingly we were unable to circularize these balances for direct confirmations. Furthermore, we were unable to accurately verify their existence through alternative measures at the reporting date.

(vi) Due to lack of records and non-confirmation from third parties, we were unable to verify the completeness as well as accuracy of long term and short term deposits amounting to Rs. 132.088 million, trade debts Rs.146.453 million, advance payments Rs. 227.915 million and other receivables Rs. 12.217 million respectively. Furthermore,the cash at bank amounting to Rs. 37.237 million remains unverified at the reporting date.

(vii) Due to non-responsiveness of the tax consultants we were unable to verify the current status of assessment of the company's tax matters by taxation authorities. Furthermore, we are unable to verify the existence and ensure completeness of the balances Rs.76.902 million and Rs.88.951 million appearing in the financial statements under the head income tax refundable-net and sales tax refundable-net respectively at the reporting date.

Rupees in '000'	NOTE	2018	2017

iv) This finance facility is repayable in 4.5 year inclusive of 1 year grace period with final maturity date of December 30, 2016. Principal to be repaid in 15 quarterly installments, Where 12 installments are remaining. Mark-up to be serviced on quarterly basis in arrears on the outstanding principal amount. This finance facility carries mark up at the rate of 6 months KIBOR + 2.00% p.a.

V) These finance facilities are secured against:

- First Pari Passu charge over present and future fixed assets of textile unit - 1 of the company. Total amount of FBL charge is Rs. 338.336 million.
- Personal guarantees of all the sponsoring directors of the company.

22.8 LONG TERM FINANCE - EOP

The bank has combined the said facilities into one single facility namely LTF-EOP. However the company has classified them into followings.

a) DF-1/DF-II/DF-III

b) FDF/LTFF

c) LTF-EOP/LTF-EOP(SWAP)

This finance facility of Rs.393.445 million was sanctioned by Bank of Punjab vide its Letter # BOP/MLT/05/786 dated January 09, 2006 for project financing for the set up of Weaving Unit # 2 of the Company at Bahawalpur Road, Multan, However Rs. 286.429 Million was converted into LTF under the State Bank Scheme "LTF - EOP" and the remaining amount is utilized by the as demand finance loan. Now this facility was rescheduled vide letter # SAM CORP/HO/13/2935 dated September 9, 2013 and its sanctioned limit was combined of Rs. 526.031 of DF I/DF-II/DF III/FDF/LTFF/LTF-EOP/LTF-EOP(SWAP).

This finance facility is repayable in seven years from the date of rescheduling in each year per month installments. In the year 2009 bank revise the repayment schedule and granted one more year as grace period for the payment of loan as per State Bank Circular No. 02 of 2009 dated January 22, 2009. Markup payable is KIBOR of 1st day of relevant quarter will be applicable for whole quarter 84-months installments (Principal+M-up) from Aug-2013 to 31-Jul-2020 as per schedule.

These finance facilities are secured against charged on all assets of the Weaving Unit # 2 of the company at Bahawalpur Road, Multan and personal guarantee of all Directors of the company.

The issue with BOP is under litigation. The term given in this disclosure made therein will be subject to such finalization.

22.9 MUSHARAKA FINANCE:

i) This finance facility of Rs. 250.00 million was sanctioned by the Bank Islamic Pakistan Limited vide letter dated July 07, 2007.

ii) This finance facility was revised on 25 June 2009, reference to the letter no. 31-0509 the outstanding amount as per the said letter is Rs. 218.75 million.

iii) This finance facility will be repayable in Rs. 4.75 years including the extant ion of 19 months effective from August 01, 2009 to January 01, 2014. Principal will be repaid on monthly basis in arrears, 54 staggered principal payments starting from 1st August 2009 and expiring on January 1, 2014.

iv) This finance facility carries markup at the rate of 1-month KIBOR + 2.25% p.a.

v) This finance facility is secured against the 1st Pari Passu charge of Rs. 313. million on fixed assets and personal guarantee of sponsor directors.

Rupees in '000'	NOTE	2018	2017

22.4 TERM LOAN - IV

i) This finance facility of Rs. 70 million was sanctioned by Allied Bank of Pakistan during preceding years vide its letter no. CCIBG/MUL/FEL/54/11 dated February 08, 2011 to settle major LTF - EOP facility installments falling due to from October 2010 to October 2011 and from October 04, 2012 to April 04, 2013.

ii) This finance facility was revised on 28th December, 2012, reference to letter no. CIBG/MUL/FEL/195/12 the outstanding amount as per the said letter is Rs. 115 million.

iii) This facility will be allowed for a period of 6 years, wherein principal will be repaid in 18 equal quarterly installments starting from January 04, 2014 while mark-up will also be serviced on quarterly basis including grace period. This finance facility carries mark up at the rate of 3 Month KIBOR + 1.50 % p.a.

iv) This finance facility is secured against 1st Pari Passu charge over fixed assets of textile unit-1 and new weaving unit for Rs. 460 million and for Rs.600 million.

22.5 DEMAND FINANCE - I

i) This Demand finance-I of Rs. 75 million was sanctioned by Soneri Bank Limited Mall Plaza Branch Multan Cantt vide its letter dated April 01, 2014.

ii) This finance facility is repayable in 16 quarterly installment. Mark up to be services on quarterly basis with effect from 01-04-2014 calculated on daily product basis on the outstanding liability payable on quarterly basis. This finance facility carries mark up at the rate of 3- Month KIBOR + 0.50 % p.a.

22.6 DEMAND FINANCE - V

i) This Demand facility-II of Rs. 87.254 million was sanctioned by Soneri Bank Limited Mall Plaza Branch Multan Cantt vide its letter dated April 01, 2014 against the following facilities.

a) LTF - EOP facility Rs. 84.20 Million

b) Term Finance -III (TF-21) of Rs. 4.200 Million

c) Term Finance -III (TF-23) of Rs. 10.824 Million

d) Term Finance -v (TF-1) of Rs. 12.000 Million

ii) This finance facility is repayable in 12 consecutive quarterly installment. Mark up to be services on quarterly basis with effect from 01-04-2014 calculated on daily product basis on the outstanding liability payable on quarterly basis. This finance facility carries mark up at the rate of 3- Month KIBOR + 0.50 % p.a.

iii) Pledge of raw material. Pari Passu charge over the fixed assets of the company for Rs. 110.00 M.

- Pari Passu charge over fixed assets (Land, Building and Machinery) of the company for Rs. 130.00 M.

22.7 TERM FINANCE - III & V

i) The term finance facility III (40 Million) and IV (60 Million) new were sanctioned by Faysal Bank vides its letter dated: February 09, 2010 for import of ring frame.

ii) This finance facility was revised on February 1, 2013 the outstanding amount as per said limited of TF - III is Rs. 13.333 million and TF - V is Rs. Million. After the rescheduling arrangement with the Faysal Bank the outstanding amount of Rs. 13.333 million was transferred for disbursement in TF - IV of Rs. 45.000 million therefore total outstanding amount as per said letter is Rs. 58.333 million.

iii) This finance facility was revised on March 6, 2014, the outstanding amount as per the said letter is Rs. 50.555 million.

(i) As referred in note32.1.2 and due to non-responsiveness of company's corporate advisors we are unable to comment on the ultimate outcome of the proceedings currently being carried at Securities and Exchange Commission of Pakistan (SECP).

(ii) As referred innote 32.1.3 and due to lack of accompanying recordwe were unable to accurately determine the monetary impact of violations of Pakistan Stock Exchange Limited (PSX) regulation's in the financial statements.

(iii) Management has not provided the written representation on related party relationships, transactions and balances at the reporting date. International Financial Reporting Standard (IFRSs)has specific accounting and disclosure requirements for related party relationships, transactions and balances to enable the user of the financial statements to understand the nature and actual or potential effects on the financial statements. In the absence of such representation we were unable to accurately determine the financial impact of these related party relationships, transactions and balances on the financial statements.

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

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined, Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Preparation of financial statements under the Companies Act, 2017** The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to note 2.1 to the financial statements.	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Rupees in '000'	NOTE	2018	2017

22.1 LONG TERM FINANCE - EOP

i) This finance facility of Rs. 415.773 million was sanctioned by Allied Bank of Pakistan vide its letter no. ROMN/CAD/05/466 for import of machinery for installing weaving project consisting of 96 Air Jet Looms at Muzaffar Garh.

ii) This finance facility was revised on 28th December, 2012, reference to letter no. CIBG/MUL/FEL/195/12 the outstanding amount as per the said letter is Rs. 159 million.

iii) Principal will be repaid on biannual basis, while mark-up will be serviced on quarterly basis. Mark - up is payable at KIBOR rate + 1% per annum.

iv) This finance facility is secured against 1st Pari Passu charge over Fixed Assets of Textile Unit - I and Weaving Unit - II for Rs. 460 million and for Rs. 600 million respectively.

22.2 TERM LOAN - II

i) This finance facility of Rs. 160 million was sanctioned by Allied Bank of Pakistan during the preceding years vide its letter no. CIBG/MUL/FEL/24/10 dated January 26, 2010.

ii) This finance facility was revised on 28th December, 2012, reference no. CIBG/MUL/FEL/195/12 the outstanding amount as per the said letter is Rs. 116.8 million.

iii) This finance facility is repayable in forty four months. Principal is to be repaid on quarterly basis with step up installment. Mark-up to be serviced on quarterly basis including grace period. This finance facility carries mark up at the rate of 3 - month KIBOR + 0.05 % p.a.

iv) This finance facility is secured against;

- 1st Pari Passu charge over fixed assets of Spinning Unit -I and Weaving Unit - I for Rs. 460 million and for Rs. 600 million respectively and personal guarantees of all sponsoring directors of the Company.
- 1st Joint Pari Passu charge over present and future current assets of the company for Rs. 483 million.

22.3 TERM LOAN - III

i) This finance facility of Rs. 45 million was sanctioned by Allied Bank of Pakistan during the preceding years vide its letter no. CIBG/MUL/FEL/54/11 dated February 08, 2011.

ii) This finance facility was revised on 28th December, 2012, reference to letter no. CIBG/MUL/FEL/195/12 the outstanding amount as per the said letter is Rs. 21,300 million.

iii) This finance facility is repayable in thirteen months. Principal will be repaid on monthly basis as per already provided repayment schedule, while mark-up to be serviced on quarterly basis. This finance facility carries mark up at the rate of 1-monh KIBOR + 1.50 % p.a.

iv) This finance facility is secured against;

- 1st Pari Passu charge over fixed assets of Spinning Unit -I and Weaving Unit - I for Rs. 460 million and for Rs. 600 million respectively and personal guarantees of all sponsoring director of the company.
- 1st Joint Pari Passu charge over present and future current assets of the company for Rs. 483 million.

Rupees in '000'	NOTE	2018	2017
22 LONG TERM FINANCING			
Allied Bank of Pakistan Limited			
Long term finance - EOP	22.1	29,827	29,827
Term loan -II	22.2	116,775	116,775
Term loan - III	22.3	8,850	8,850
Term loan - IV	22.4	115,000	115,000
		270,452	270,452
Soneri Bank Limited			
Demand finance - I	22.5	67,161	67,161
Demand finance - V	22.6		
Long term finance - EOP		62,532	62,532
Term finance - III		2,800	2,800
Term finance - III- New		9,922	9,922
Term finance - V		12,000	12,000
		154,415	154,415
Faysal Bank Limited			
Term finance-III & V	22.7	46,667	46,667
Bank of Punjab			
Long term finance - EOP	22.8		
Demand finance		120,832	120,832
LTF (rescheduled)		280,270	280,270
LTF- EOP		39,846	39,846
LTF-SNGPL		16,809	16,809
Demand finance -III		83,333	83,333
		541,090	541,090
Bank Islami			
Musharakah finance	22.9	163,400	163,400
		1,176,024	1,176,024
Less: Current portion grouped under current liabilities			
Allied Bank of Pakistan Limited			
Long term finance - EOP		29,827	29,827
Term loan -II		108,748	108,748
Term loan - III		8,850	8,850
Term loan - IV		63,889	63,889
		211,314	211,314
Soneri Bank Limited			
LTF - EOP		62,532	62,532
Term finance - III		2,800	2,800
Term finance - III		9,922	9,922
Term finance - V		12,000	12,000
		87,254	87,254
Faysal Bank Limited			
Term finance-III & V		38,889	38,889
Bank of Punjab			
Demand finance -I		50,347	50,347
Demand finance -III		34,722	34,722
		85,069	85,069
Bank Islami			
Musharakah finance		117,210	117,210
		539,736	539,736
		636,288	636,288

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on thefinancial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of thefinancial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information;we are required to report that fact. Because of the significance of matter discussed in the Basis of Adverse Opinion section of our report, we have concluded that the other information is materially misstated for the same reason.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the board of directorswith a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of thefinancial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fatima Enterprises Limited
Annual Report 2018

Rupees in '000'		NOTE	2018	2017
19	**SHARE CAPITAL**			
	Authorized:			
	25,000,000 (2017: 25,000,000) ordinary share of Rs. 10 each		250,000	250,000
	Issued, Subscribed and Paid Up	19.1		
	3,559,160 (2017: 3,559,160) ordinary shares of Rs. 10 each issued for cash		35,591	35,591
	325,170 (2017: 325,170) ordinary shares of Rs.10 each issued as fully paid for consideration other than cash		3,252	3,252
	10,346,722 (2017: 10,346,722) ordinary shares of Rs. 10 each issued as fully paid bonus shares		103,467	103,467
			142,310	142,310

19.1 No. of shares of the company held by its associated undertakings as at 30 June are as follows:

	------ Number of Shares -----	
Hussain Mills Limited	829,808	829,808
Nasir and Company (Private) Limited	2,057,300	2,057,300
Ahad Nishat Yousaf (Private) Limited	3,128,274	3,128,274
Fazal Corporate Exports (Private) Limited	2,318,800	2,318,800
	8,334,182	8,334,182

20	**CAPITAL RESERVES**			
	Excess of assets over liabilities on take-over	20.1	2,476	2,476
	Share premium account	20.2	16,172	16,172
			18,648	18,648

20.1 This represents excess of assets over liabilities of the Ginning and Oil Mills situated at Rahim Yarn Khan and Multan handed over to the company in 1977-78 pursuant to Repeal of Cotton Ginning Control and Development Ordinance, 1976.

20.2 This represents premium received @ Rs. 5 per share on 3,234,330 shares issued during the year 1992.

21	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Opening balance	3,891,962	3,984,201
	Transferred to unappropriated profit on account of		
	- Incremental depreciation	(87,627)	(92,239)
	Closing balance	3,804,335	3,891,962

21.1 The Company re-valued its entire class of certain assets as at 30th June, 2014. The revaluation was carried out by independent values, M/S Iqbal A.Nanjee, Karachi and has been duly certified by Mudassar Ehtisham and Co., Chartered Accountants, Multan.

21.2 The incremental depreciation charged for the period on re-valued assets has been transferred to Statement of Changes in Equity to record realization of Surplus to the extent of incremental depreciation.

Rupees in '000'	NOTE	2018	2017
11 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools	11.1	80,748	78,251
Chemicals		260	260
		81,008	78,510
11.1 Stock of packing material has been included in the stock of stores.			
12 STOCK-IN-TRADE			
Raw material		173,441	260,525
Work in process		50,019	129,744
Finished goods		474,037	1,128,846
		697,497	1,519,115
13 TRADE DEBTS			
Secured - export bills		397	397
Local unsecured - considered good		153,201	195,384
		153,598	195,781
Considered doubtful			
Local		7,145	7,145
		146,453	188,636
14 ADVANCES			
Advance payment - considered good		224,207	175,095
Advances to staff - considered good		4,848	7,412
		229,055	182,507
Less: Provision for doubtful advances		1,140	1,140
		227,915	181,367
15 SHORT TERM DEPOSITS AND PREPAYMENTS			
Deposits	15.1	66,962	66,979
Other receivable		3	3
		66,965	66,982

15.1 These include Rs. 4.8 Million (2017: Rs. 4.8 Million) as deposit for purchase of land in Special Industrial Zone at Port Qasim.

Rupees in '000'	NOTE	2018	2017
16 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		470,857	459,127
Advance income tax /deducted at source		545,235	526,376
		1,016,092	985,503
17 OTHER RECEIVABLES			
Insurance claim receivable		1,577	2,148
Other receivables		10,640	10,334
		12,217	12,482
18 CASH AND BANK BALANCES			
Cash in hand		599	491
Balances with banks in:			
Current accounts		33,375	33,562
Fixed deposit accounts		5,059	5,059
		39,033	39,112

Report on Other Legal and Regulatory Requirements

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

a) Except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) Except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The Company's financial statements for the year ended June 30, 2017 were audited by another firm of Chartered Accountants, who has expressed an adverse opinion, based on invalid going concern assumption and allied matters, in their report dated November 8, 2017.

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

Lahore

Date: 11 April, 2019.

HASNAIN ALI & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

Rupees in '000'	NOTE	2018	2017	2016
			(Restated)	(Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment				
Operating	7	5,528,505	5,746,287	5,933,334
Non operating	8	2,278	2,278	2,278
Long term investment	9	1,669,127	1,002,257	1,307,237
Long term deposits	10	65,123	65,474	64,154
		7,265,033	6,816,296	7,307,003
CURRENT ASSETS				
Stores, spare parts and loose tools	11	81,008	78,510	71,718
Stock-in-trade	12	697,497	1,519,115	1,529,743
Trade debts	13	146,453	188,636	182,028
Advances	14	227,915	181,367	152,610
Short term deposits and prepayments	15	66,965	66,982	75,505
Tax refunds due from government	16	1,016,092	985,503	962,036
Other receivables	17	12,217	12,482	4,042
Cash and bank balances	18	39,033	39,112	25,741
		2,287,180	3,071,707	3,003,423
TOTAL ASSETS		9,552,213	9,888,003	10,310,426
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	19	142,310	142,310	142,310
Capital reserves	20	18,648	18,648	18,648
Surplus on revaluation of property, plant and equipment		3,804,335	3,891,962	3,984,201
Unappropriated (loss)		(1,702,862)	(1,232,171)	(435,455)
		2,262,431	2,820,749	3,709,704
NON-CURRENT LIABILITIES				
Long term financing	22	636,288	636,288	636,288
Long term loans	23	1,459,103	1,484,717	1,460,401
Provision for gratuity	24	37,878	38,087	41,540
Deferred taxation	25	39,802	39,802	39,802
		2,173,071	2,198,894	2,178,031
CURRENT LIABILITIES				
Trade and other payables	26	2,107,634	1,885,458	1,713,369
Mark up accrued	27	797,399	797,398	609,668
Short term finances and other credit facilities	28	1,640,534	1,625,671	1,559,602
Current portion of long term liabilities	29	539,736	539,736	539,736
Provision for taxation	30	31,101	19,781	-
Unclaimed dividend		307	316	316
		5,116,711	4,868,360	4,422,691
TOTAL LIABILITIES		7,289,782	7,067,254	6,600,722
CONTINGENCIES AND COMMITMENTS	31	-	-	-
TOTAL EQUITY AND LIABILITIES		9,552,213	9,888,003	10,310,426

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

Rupees in '000'		NOTE	2018	2017
7	**PROPERTY, PLANT AND EQUIPMENT (Operating assets)**			
	Assets at W.D.V	Annexure - A	5,528,505	5,746,287
			5,528,505	5,746,287
8	**PROPERTY, PLANT AND EQUIPMENT (Non operating assets)**			
	Building on freehold land		551	551
	Plant and machinery		1,727	1,727
			2,278	2,278
9	**LONG TERM INVESTMENT**			
	Hussain Mills Limited - Un-Quoted	9.1		
	Investment - at equity method			
	6,420,480 ordinary shares of Rs. 10 each			
	Percentage of equity held 34.13 %			
	Opening Balance		1,002,257	1,307,237
	Share of profit / (loss) current year - net of tax			
	Charged to profit or loss account		41,175	(293,017)
	Share of revaluation surplus on revaluation of fixed assets		625,684	(12,065)
	Charged to other comprehensive income		11	102
			666,870	(304,980)
			1,669,127	1,002,257

9.1 Hussain Mills Limited (the investee company) as on June 24, 2014 became Associate of company due to common directorship and holding of shares 34.13 percent. The company has been accounted for this investment under equity method of accounting in accordance with the requirement of International Accounting Standards (IAS) 28 - 'Investment in Associates' from the date when it becomes an Associate of the company. Accordingly any excess of the company's share of net assets of the investee company over the cost of investment is taken to profit and loss account for the year.

		NOTE	2018	2017
10	**LONG TERM LOANS AND DEPOSITS**			
	Loans to staff		1,779	1,779
	Security deposits		29,589	45,518
	Security deposits - SNGPL	10.1	33,755	18,177
			65,123	65,474

10.1 This is encashment of bank guarantee in favour of SNGPL.

5.3 Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Companys financial statements and are therefore not detailed in these financial statements.

5.4 Standards adopted by the Securities and Exchange Commission of Pakistan

Title Standard / Interpretation	Effective date (annual periods beginning on or
IFRS 15 - Revenue	
IFRS 16 - Leases	

Through SRO 1007(I)/2017, dated October 4, 2017, the SECP had notified IFRS 9, replacing the International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement with effect from reporting periods starting July 1, 2018. SECP has deferred the applicability of IFRS 9 for reporting period/year ending on or after June 30, 2019.

IFRS 15 are applicable for the Companys financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Companys future financial statements are being assessed. SECP Further, IFRS 17 Insurance contracts is yet to be adopted by the SECP .

6 CHANGE IN ACCOUNTING POLICY

The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity for the year ended June 30, 2018, and figures have been restated accordingly.

In view of the above, the accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment is given below:

Increase in the carrying amounts arising on revaluation of land, building, plant and machinery are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase in first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land, building, plant and machinery to retained earnings.

The impact of this change in accounting policy has been applied retrospectively from the earliest period presented in these financial statements:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported on June 30, 2017	Adjustment	As restated on June 30, 2017	As previously reported on June 30, 2016	Adjustment	As restated on June 30, 2016
	------Rupees in thousands------					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment	3,891,962	(3,891,962)	-	3,984,201	(3,984,201)	-
Share capital and reserves	-	3,891,962	**3,891,962**	-	3,984,201	**3,984,201**
Effect on statement of changes in equity						
Revaluation surplus	-	3,891,962	**3,891,962**	-	3,984,201	**3,984,201**

There was no impact on statement of profit or loss and statement of cash flows as a result of the retrospective application of change in accounting policy.

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

Rupees in '000'	NOTE	2018	2017
Sales-net	32	2,587,468	1,978,089
Cost of sales	33	(3,525,313)	(2,239,930)
Gross loss		(937,845)	(261,841)
Distribution costs	34	(32,175)	(31,301)
Administrative expenses	35	(244,083)	(94,647)
Finance cost	36	(4,772)	(189,638)
Share of profit /(loss) from associate	9	41,175	(293,017)
Other operating income	37	22,410	25,025
		(217,445)	(583,578)
Loss before taxation		(1,155,290)	(845,419)
Taxation	38	(31,101)	(19,781)
Loss after taxation		(1,186,391)	(865,200)
Loss per share - basic and diluted	39	(83.37)	(59.41)

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER   DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

Rupees in '000'	NOTE	2018	2017
Loss after taxation		(1,186,391)	(865,200)
Other Comprehensive Income for the year:			
Items that will not be reclassified subsequently to profit and loss account:			
Share from associate of other comprehensive income - net	9	625,695	(11,963)
Remeasurement of post retirement benefits obligation - net	24	2,378	(7,552)
		628,073	(19,515)
Total comprehensive loss for the year		(558,318)	(884,715)

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER   CHIEF FINANCIAL OFFICER   DIRECTOR

Fatima Enterprises Limited
FE
Annual Report 2018

IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 Income Taxes . It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Companys financial statements .

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investors financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Companys financial statements .

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Companys financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 Business Combinations , IFRS 11 Joint Arrangements , IAS 12 Income Taxes and IAS 23 Borrowing Costs . The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Companys financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefitsthis lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

IFRS 16 Lease (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases . IFRS 16 replaces IAS 17, IFRIC 4 Determining Whether an Arrangement Contains a Lease , SIC-15 Operating LeasesIncentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease . The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Companys financial statements .

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Companys financial statements.

IFRS 15 (Amendments), Revenue from Contracts with Customers (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Companys financial statements .

IAS 28 (Amendments) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 01 January 2019). The IASB has clarified that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are not likely to have significant impact on the Companys financial statements.

IAS 40 (Amendments), Investment Property (effective for annual periods beginning on or after 01 January 2018). The amendments clarify 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 managements intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact on the Companys financial statements .

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 01 January 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 recognized. 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 recognized. 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. The interpretation is not expected to have a material impact on the Companys financial statements .

Fatima Enterprises Limited
Annual Report 2018

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

Rupees in '000'					
PARTICULARS	SHARE CAPITAL	CAPITAL RESERVE	UNAPPROPRIATED (LOSS)	REVALUATION SURPLUS	TOTAL
Balance as at June 30, 2016 - as reported previous	142,310	18,648	(435,455)	-	**(274,497)**
Impact of re-statement - note 6	-	-	-	3,984,201	**3,984,201**
Balance as at July 01, 2016 - as restated	**142,310**	**18,648**	**(435,455)**	**3,984,201**	**3,709,704**
Prior year adjustment	-	-	(4,240)	-	**(4,240)**
Incremental depreciation	-	-	92,239	(92,239)	**-**
Total comprehensive loss for the year	-	-	(884,715)	-	**(884,715)**
Balance as at June 30, 2017	**142,310**	**18,648**	**(1,232,171)**	**3,891,962**	**2,820,749**
Incremental depreciation	-	-	87,627	(87,627)	**-**
Total comprehensive loss for the year	-	-	(558,318)	-	**(558,318)**
Balance as at June 30, 2018	**142,310**	**18,648**	**(1,702,862)**	**3,804,335**	**2,262,431**

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018

Rupees in '000'	NOTE	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(1,155,290)	(845,419)
Adjustments for non-cash charges and other items:			
Depreciation		197,107	207,445
Share of (profit) / loss from associate		(41,175)	293,017
Provision for gratuity		6,884	11,964
(Gain) on disposal of property, plant and equipment		(4,645)	(787)
(Loss) on disposal of unit / non cash items		-	(19,344)
Finance cost		1,859	189,638
(Loss) before working capital changes		(995,260)	(163,486)
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,498)	(6,792)
Stock-in-trade		821,618	10,628
Trade receivables		42,183	(6,608)
Advances		(46,548)	(28,757)
Short term deposits and prepayments		17	8,523
Tax refunds due from government		(11,730)	(16,798)
Other receivable		265	(8,440)
		803,307	(48,244)
(Decrease) in current liabilities			
Trade and other payables		199,179	172,089
Cash from / (used in) operations		7,226	(39,641)
Finance cost paid		(1,858)	(1,908)
Income tax paid - including tax deducted at source		(15,643)	(6,669)
Gratuity paid		(4,715)	(7,865)
Net cash (used in) operating activities		(14,990)	(56,083)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(230)	(23,311)
Proceeds from disposal of operating property, plant and equipment		25,550	3,700
Long term deposits		351	(1,320)
Net cash generated from / (used in) investing activities		25,671	(20,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances		-	-
Long term loans		(25,614)	24,316
Short term finances		14,863	66,069
Dividend paid		(9)	-
Net cash (used in) / generated from financing activities		(10,760)	90,385
Net (decrease) / increase in cash and cash equivalents		(79)	13,371
Cash and cash equivalents at start of the year		39,112	25,741
Cash and cash equivalents at end of the year	18	39,033	39,112

The annexed notes 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Companys financial statements .

The application of the above amendments does not result in any impact on profit or loss, other comprehensive loss and total comprehensive loss.

5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement . Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a fair value through other comprehensive income category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entitys own credit risk. The 2014 version of IFRS 9 introduces an expected credit loss model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Companys financial statements .

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Companys financial statements .

4.19 Segment Reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

4.20 Operating leases

Rentals payable / receivable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

4.21 Finance income and finance costs

Finance income comprises interest income on funds invested in term-deposits and saving accounts. Interest income is recognized as it accrues in profit or loss, using effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using effective interest method. Foreign currency gains and losses are reported on a net basis.

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

5.1 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

Fatima Enterprises Limited (the company) was incorporated in Pakistan on 13 November, 1976 as a public company for taking- over such assets of Sh. Fazal Rehman and Sons Limited which were not nationalized or subsequently returned by the government. Its shares are currently quoted on Pakistan Stock Exchange Limited. The registered office of the company is situated at 78/78-A, Bohra Street, Kareem Shopping Center, Sadar Bazar, Multan Cantt. It is principally engaged in the business of cotton ginning, extraction of seed oil, manufacture and sale of vegetable ghee, cooking oil, laundry soap and woollen / cotton/ synthetic yarn/ fabrics.

1.1 The Company has incurred loss after taxation of Rs. 1,186.391 million (2017: Rs. 865.200 million). As at June 30, 2018 the accumulated loss of the Company is Rs.1,702.862 million and the current liabilities exceed its current assets by Rs. 2,829.531 million (2017: 1,796.653 million). The cash generated during the year from operation was in negative amounting to Rs.14.990 million. The Company has not been able to comply with terms of certain loan agreements. Certain banks and financial institutions have filed cases for recovery and winding up of the Company which the management is defending. The litigation has also adversely affected the process of negotiations with banks for extension and re-scheduling of credit facilities.

Management's efforts for making re-scheduling arrangements with lenders are not so far fully materialized, however the management is confident to reach an agreement with lenders to restructure the loans. The management is negotiating with banks for working capital facilities and successful settlements of overdue loans and hopeful of favourable results. The management is confident that the Company will be able to continue as a going concern.

2 BASIS OF PREPARATION

2.1 Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 7.3), management assessment of sufficiency of tax provision in the financial statements (refer note 31.2).

2.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directions issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4.14 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.15 Borrowings and Borrowing costs

Borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss / equity over the period of the borrowings on an effective interest basis. For financial liabilities which are not at fair value, appropriate valuation techniques are used for estimating fair value.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessary take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned of the temporary investment , if any, of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalization.

All other borrowing costs are recognized in profit and loss account in the period in which they are incurred.

4.16 Share capital

Ordinary shares are classified as equity instruments and recognized at their fair value. Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Transaction costs that relate jointly to more than one transaction such as costs of a concurrent offering of shares and a stock exchange listing are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

4.17 Dividend and reserve appropriations

Final dividend distributions to the Companys shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. Movement in reserves is recognized in the year in which the appropriation is approved.

4.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financials statements is determined on such basis, except for share based-payment transactions that are within the scope of IFRS-2, leasing transactions that are within the scope of IAS-17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS-2 or value in use in IAS-36.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

These financial statements have been prepared under the historical cost convention, except for:

- modification of foreign currency translation adjustments,
- recognition of employee retirement benefits at present value,
- certain property, plant and equipment at revealed amount; and
- certain financial instruments at fair value and / or amortized cost
- In these financial statements, except for the amount reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Companys functional and presentation currency.

3 USE OF ESTIMATES AND JUDGEMENTS

3.1 The preparation of these financial statements in conformity with approved accounting standards, requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates, associated assumptions and judgments are regularly evaluated and 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimates, made by management in application of the approved accounting standards and that have significant effect on the amounts recognized in the financial statements:

Impairment

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

4.10 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.11 Trade debts, deposits and other receivables

Trade debts, deposits and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Provisions are provided against doubtful balances. Known bad debts are written off, when identified.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current and deposit accounts and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

For cash flow purposes cash and cash equivalents comprise cash in hand, cash at banks and running / cash finances with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

4.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

i) Discount rate used to determine the carrying amount of defined benefit obligation

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on Government bonds.

ii) Control over associates

The management determined whether or not the Company is a parent by assessing whether or not it has control over its associated companies having common directorship. The assessment is based upon whether the Company has the practical ability to direct the relevant activities of associated companies unilaterally. In making its judgment, the management considers the following:

- power over the associated companies;
- exposure, or rights, to variable returns from its involvement with the associated companies; and
- the ability to use its power over the associated companies to affect the amount of the Company's returns.

The Board of Directors have confirmed that the Company has no involvement in the activities of the associated companies nor is the Company exposed to, or have any rights, to any returns from the associated companies. Based upon its assessment, the management has concluded that the Company does not have control or significant influence over its associated companies and is therefore, not a regarded as "Parent Entity".

3.2 The following are the key estimates concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within in the next financial year:

i) Estimate of useful life of property, plant and equipment

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

ii) Provision for slow moving and obsolete inventory

The Company reviews the different classes of inventory held for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of inventory with a corresponding effect on the provision.

iii) Estimate of obligation in respect of defined benefit plan

The calculation of the benefit obligation requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis. Calculations are sensitive to changes in the underlying

iv) Provision against doubtful balances

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

v) Provision for taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Companys views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. The Company also regularly reviews the trend of proportion of incomes between presumptive tax regime income and normal tax regime income and the change in proportions, if significant, is accounted for in the year of change.

vi) Contingencies

The Company takes in to account advice of the legal advisors to estimate contingent liabilities and their estimated financial outcomes.

vii) Fair value measurement and valuation processes

Some of the Company's assets and liabilities are required to be measured at fair value for financial reporting purposes. The management carefully ensures that appropriate valuation techniques and inputs are used for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, appropriate valuation techniques are used.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

4.1 Property, plant & equipment

Owned:

Property plant and equipment are stated at cost less accumulated depreciation except freehold land, Building and Plant and Machinery which are stated at revalued amount and capital work in progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in process. these are transferred to specific assets as and when these assets are available for use.

Depreciation is charged to profit or loss applying the reducing balance method at the rates given in note no. 7 given in to the financial statements to write off the depreciable amount of each asset over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Surplus arising on revaluation recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity.

Gain/ loss on disposal of property plant and equipment is taken to profit and loss account.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economics benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. The cost of the day to day servicing of property, plant and equipment
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or de-recognition (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is taken to profit and loss account.

The Company classifies its financial assets as 'Loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortized cost using effective interest method, less impairment (if any). Loans and receivables comprise of long-term deposits, long-term loans to employees, trade debts, advances to employees, other receivables, short-term investments and cash and bank balances.

Non-derivative financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Non-derivative Financial liabilities:

Financial liabilities are generally classified into the following specified categories:

- Financial liabilities ‘at fair value through profit or loss’
- Other financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The classification depends on the nature and purpose of the financial liability and is determined at the time of initial recognition.

Other financial liabilities:

The Company initially recognizes these liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities comprise mark-up and non-mark-up bearing borrowings, bank overdrafts and trade and other payables.

Effective interest method

The effective interest method is method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.7 Short-term investments

'Loans and receivables'

Short-term investments represent term-deposit receipts with various banks and financial institutions and have been classified as 'loans and receivables'. Investments are classified as 'Loans and receivables', if they have fixed or determinable payments and are not quoted in an active market. These investments are initially measured at fair values plus directly attributable transaction costs. Subsequent to initial recognition, these are stated at their amortized cost using the effective interest method, less any impairment losses.

4.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, discounts and other similar allowances.

Sale of goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risk and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rental income:

The Company's policy relating to rental income is mentioned in note. 4.21.

Interest income:

The Company's policy relating to interest income from financial assets is mentioned in note. 4.22.

Sale of store items:

Revenue from sale of store items is recognized on realized amounts net off related costs and shown in other income.

4.9 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets are generally classified into the following specified categories:

- Available for sale financial assets (AFS)
- Financial Assets ‘at fair value through profit or loss (FVTPL)
- Held-to-maturity investments
- Loans and receivables

Impairment test for property, plant and equipment is performed when there is an indication of impairment. At each period end, an assessment is made to determine whether there is any indication of impairment. If any such indications exist, an estimate of the recoverable amount is calculated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the profit and loss account so as to reduce the carrying amount of property, plant and equipment to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the property, plant and equipment in its present form and its eventual disposal.

An impairment loss is recovered if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

Capital work-in-progress:

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use. All cost or expenditure attributable to work-in-progress are capitalized and apportioned to buildings and plant and machinery at the time of commencement of commercial operations.

Leased

Leased of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance lease. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. Finance cost are charged to the profit and loss account over the lease period. Property, plant and equipment acquired under finance lease are depreciated at given rate.

4.2 Stores, spares and loose tools

These are value at moving average cost except gunny bags, hessian cloth, bailing hoops, tin plates and chemicals which are valued at annual average cost.

4.3 Stock-in-trade

Particulars	Mode of valuation
Raw materials:	
At mills	at lower of cost and net realizable value
In-transit	at cost accumulated to balance sheet date
Work in process	at raw material cost plus 50 % manufacturing overheads.
Finished goods	at lower of cost and net realizable value
Waste	at net realizable value
Purchases finished goods	at accumulated cost

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.4 Foreign currency transaction and translation

Transactions in currencies other than the Company's functional currency (foreign currency) are recognized at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are retranslated in Pak Rupees at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated using exchange rate at the date of transaction. Exchange differences are included in profit and loss account for the year.

4.5 Defined benefit obligation

Long-term employee benefit - defined benefit plan:

The defined benefit plan represents an unfunded gratuity scheme for all its permanent employees subject to a minimum qualifying period of service according to the terms of employment. The plan defines the amount which an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service, and compensation. Provision is made annually to cover obligation under the scheme.

The liability recognized in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets, (if any). The defined benefit obligation is calculated annually by an independent actuary using Projected unit credit (PUC) actuarial cost method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rate as determined by reference to market yields on Government bonds. Latest valuation was conducted on June 30, 2018. All actuarial gains and losses are recognized in other comprehensive income as they occur.

Following risks are associated with the scheme:

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risk

- Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
- Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries and other short-term employee benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

4.6 Taxation

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Prior

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Companys views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

فاطمہ انٹر پرائزز لیمیٹڈ
پراکسی فارم

رجسٹرڈ فولیو نمبر کا حوالہ دیجئے

میں / ہم ____________________
(نام)

ساکن ____________________
(شہر)

بحیثیت ممبر فاطمہ انٹر پرائزز لیمیٹڈ مقرر کرتا / کرتی ہوں

____________________ کو
(نام)

بصورت دیگر ____________________
(نام)

ساکن ____________________

(بطور کمپنی ممبر) بطور میری / ہماری پراکسی برائے حاضری عمل اور ووٹ میرے / ہمارے لئے
دینے کیلئے اور میرے / ہمارے لئے / کمپنی کے 42ویں سالانہ اجلاس عام جو مورخہ
6 مئی 2019ء بروز پیر بوقت 12:30 بجے قبل از دوپہر یا کسی اور وقت منعقد ہوگا۔

(گواہ کے دستخط) (ممبر کے دستخط)

نوٹ : یہ فارم آف پراکسی مکمل شدہ کمپنی کے رجسٹرڈ آفس 78/78-A بوہرہ اسٹریٹ
کریم شاپنگ سنٹر، ملتان کینٹ میں اجلاس سے کم از کم اڑتالیس گھنٹے قبل جمع کرایا جائے۔

FATIMA ENTERPRISES LIMITED
FORM OF PROXY

Please quote Regd. Folio No

I/We ____________________

of ____________________ being a member (s) of **FATIMA ENTERPRISES LIMITED,** hereby appoint

____
(NAME)

of ____________________ another member of the Company or failing

him ____________________
(NAME)

of ____________________

(Being a member of the Company) as my / our Proxy to attend , act and vote for me / us and on my / our behalf, at the 42nd Annual General Meeting of the Company to be held on Monday the 06 May, 2019 at 12:30 P.M. or at any adjournment thereof.

As witness my hand this __________ day of __________ 2019

(Member's Signature)

(Witness Signature)

Note:

This form of proxy duly completed must be deposited at the Company's Registered Office at Bohra Street, Kareem Shopping Centre, Multan Cantt not less than 48 hours before the time of meeting.