47 **CORRESPONDING FIGURES**
Corresponding figures have been re-arranged, where necessary, for the purpose of comparison. However, no significant rearrangements have been made.

48 **GENERAL**
- Figures in these financial statements have been rounded off to the nearest rupee.

بسم اللہ الرحمٰن الرحیم

43rd Annual Report For The Year Ended 30 June, 2019

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.

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43 GEOGRAPHICAL INFORMATION

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

	NOTE	2019	2018
		---------Rupees in '000'-----------	
Pakistan		2,846,275	2,090,458
UAE		493,500	497,010
		3,339,775	2,587,468

44 RELATED PARTIES

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:

Funds transferred	-	-
Funds received	-	-

Maximum aggregate debit balance of Associated undertakings at any month end during the year was Rs. Nil (2018: Rs. Nil).

45 PRODUCTION CAPACITY AND NUMBER OF EMPLOYEES

		2019	2018
Spinning Units			
Average Number of Spindles Installed	Number	64,560	64,560
Production in Kgs. (20 count)	Kgs.	-	-
Weaving Units			
Number of looms in operation	Number	178	178
Installed capacity	Meters	26,100,000	26,100,000
Actual capacity	Meters	21,608,834	21,608,834
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	541	566
Average Number of Employees at year end	Number	640	635

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 ....

Description	Weaving - I		Weaving - II		Others		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	---Rupees in thousand---							
Stores, spare parts and loose tools	4,702	6,123	54,478	51,896	23,078	81,008	82,258	139,027
Stock-in-trade	199,461	162,425	182,585	187,278	305,838	697,497	687,884	1,047,200
Trade debts	165,923	34,115	60,377	57,038	51,147	146,453	277,447	237,606
Advances	9,038	3,665	74,003	109,578	110,575	227,915	193,616	341,158
Short term deposits and prepayments	-	-	7	7	66,958	66,975	66,965	66,982
Tax refunds due from government	12,391	852	2,912	117,346	1,005,165	1,016,092	1,020,468	1,134,290
Other receivables	-	-	5,658	10,984	1,329	12,217	6,987	23,201
Cash and bank balances	20,375	9,830	12,829	10,760	18,437	39,033	51,641	59,623
	411,890	**217,010**	**392,849**	**544,887**	**1,582,527**	**2,287,190**	**2,387,266**	**3,049,087**
TOTAL ASSETS	**1,201,054**	**1,047,937**	**1,409,911**	**1,617,372**	**6,610,139**	**9,525,913**	**9,221,104**	**12,191,222**
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	424,603	446,951	502,831	526,416	2,793,654	2,830,968	3,721,088	3,804,335
Unappropriated (loss)	-	-	-	-	(2,015,293)	(1,702,862)	(2,015,293)	(1,702,862)
	424,603	**446,951**	**502,831**	**526,416**	**939,319**	**1,289,064**	**1,866,753**	**2,262,431**
Long term financing	51,111	51,111	336,925	336,925	248,252	248,252	636,288	636,288
Long term loans	-	-	339,390	356,660	1,102,063	1,102,443	1,441,453	1,459,103
Deferred liabilities	-	-	-	-	83,836	77,680	83,836	77,680
	51,111	**51,111**	**676,315**	**693,585**	**1,434,151**	**1,428,375**	**2,161,577**	**2,173,071**
Trade and other payables	398,774	299,898	375,074	351,757	1,450,215	1,455,979	2,224,063	2,107,634
Mark up accrued	71,724	71,724	149,662	149,662	576,013	576,013	797,399	797,399
Short term finances and other credit facilities	118,999	118,999	388,546	434,708	1,083,211	1,086,827	1,590,756	1,640,534
Current portion of long term liabilities	93,716	93,716	-	-	446,020	446,020	539,736	539,736
Provision for taxation	-	-	-	-	40,513	31,101	40,513	31,101
Unclaimed dividend	-	-	-	-	307	307	307	307
	683,213	**584,337**	**913,282**	**936,127**	**3,596,279**	**3,596,247**	**5,192,774**	**5,116,711**
TOTAL EQUITY AND LIABILITIES	**1,158,927**	**1,082,399**	**2,092,428**	**2,156,128**	**5,969,749**	**6,313,686**	**9,221,104**	**9,552,213**

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 43rd Annual General Meeting of the Shareholders of Fatima Enterprises Limited will be held on Thursday the 19th March, 2020 at 12:30 P.M. at registered office 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 42nd Annual General Meeting held on May 06, 2019.

2. To receive, consider and adopt the annual audited financial statements of the Company for the year ended June 30, 2019 together with the auditors' report and Chairman's review report.

3. To appoint the Auditors for the financial year 2019-2020 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: February 29, 2020

(AMMAR SAJID)
Company Secretary

NOTES:-

1. The Share Transfer Books of the Company will remain closed from 13th March, 2020 to 19th March, 2020 (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.

42 SEGMENT WISE OPERATIONAL RESULTS

42.1 SEGMENT ANALYSIS

The segment information for the reportable segments for the year ended June 30, 2019 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, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----------Rupees in "000"----------							
Operating results								
Revenue from external customers	2,179,068	1,428,572	1,160,707	1,159,269		(373)	3,339,775	2,587,468
Cost of sales	(2,097,238)	(1,590,877)	(1,166,211)	(1,843,720)	(10,823)	(90,716)	(3,274,272)	(3,525,313)
Gross loss	81,830	(162,305)	(5,504)	(684,451)	(10,823)	(91,089)	65,503	(937,845)
Distribution costs	8,688	5,941	23,647	26,123	50	111	32,385	32,175
Administrative expenses	11,210	15,189	22,964	28,636	102,868	200,258	137,042	244,083
Finance cost	86	59	1,775	1,765	5,167	2,948	7,028	4,772
Share of (profit) /loss from associate	-	-	-	-	238,576	(41,175)	238,576	(41,175)
Other operating (income)	(653)	-	3,531	(12,496)	-	(9,914)	2,878	(22,410)
	19,331	21,189	51,917	44,028	346,661	152,228	417,909	217,445
Loss before taxation	62,499	(183,494)	(57,421)	(728,479)	(357,484)	(243,317)	(352,406)	(1,155,290)
Taxation	-	-	-	-	(40,735)	(31,101)	(40,735)	(31,101)
Loss after taxation	62,499	(183,494)	(57,421)	(728,479)	(398,219)	(274,418)	(393,141)	(1,186,391)
Other information								
Property, plant and equipment								
Operating	789,087	830,850	990,857	1,046,252	3,555,627	5,528,505	5,335,571	7,405,607
Non operating	-	-	-	-	2,278	2,278	2,278	2,278
Long term investment	-	-	-	-	1,430,881	1,669,127	1,430,881	1,669,127
Long term deposits	77	77	26,205	26,233	38,826	38,813	65,108	65,123
	789,164	830,927	1,017,062	1,072,485	5,027,612	7,238,723	6,833,838	9,142,135

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 categorised 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.

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 CAPITAL RISK MANAGEMENT

The Boards policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, the Company's ability to continue as going concern is disclosed in note 2 to the financial statements, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratio as at June 30, 2019, and June 30, 2018 is as follows:

	2019	2018
	------Rupees in '000'----	
Long term Borrowings -	2,077,741	2,095,391
Less: Cash and cash equivalents	(51,641)	(39,033)
Net debt	2,026,100	2,056,358
Total equity (includes surplus on revaluation on operating fixed assets)	1,866,753	2,262,431
Gearing ratio	52%	48%

Fatima Enterprises Limited
Annual Report 2019

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 audited financial statement for the year ended June 30, 2019.

FINANCIAL & OPERATING RESULTS

During the year endedJune 30, 2019 the Company has sustained a pre -tax loss of Rs. 352,371 (M) after providing all operational, administrative and financial expenses including depreciation of Rs. 186,875 (M) as against Loss of Rs. 1,155,290 (M) in the last year.

Sales for the year were Rs. 3,339,775 (M) as compared to Rs. 2,587,468 (M) for the last year which represents a n increase of 29.08%. Loss per share (LPS) is Rs. 27.62 (2018 LPS Rs. 83.37). The turnover increased but we could not get better result 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 option 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, ongoing concern, non-provisioning of mark up and litigations &.................................

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

	2019	2018
	(Rupees in Thousands)	
Profit /(Loss) before Taxation	(352,371)	(1,155,290)
Provision for taxation	(40,735)	(31,101)
Profit/(Loss) after Taxation	(393,106)	(1,186,391)
Un-Appropriated Profit B/F	(1,702,862)	(1,232,171)

Profit/(Loss) available for appropriation	(2,015,293)	(1,702,862)
Un-Appropriated Profit/(Loss) C/F to Balance Sheet	(2,015,293)	(1,702,862)
Basic Earnings / (Loss) per share	Rs. (27.62)	Rs. (83.37)

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. KASHIF 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. KASHIF TAFAZZUL WARSI	Chairman	4
2	MR. NAEEM RAZA	Member	3
3	MR. MUHAMMAD SHAFIQUE	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

COMPARISON OF FINANCIAL DATA

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

	2019	2018	2017	2016	2015	2014
Sales (Net)	3,339,775	2,587,468	1,978,089	1,560,007	2,619,760	4,071,013

c) Liquidity risk

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

40.2 **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			2018	2018
	Maturity up to one year	Maturity after one year	2019 Sub Total	Maturity up to one year	Maturity after one year	2019 Sub Total	Total Interest Bearing	Total Non interest Bearing
	Rupees in Thousand							
Financial Assets:								
Long term deposits	-	-	-	-	65,108	65,108	-	65,123
Trade Debtors	-	-	-	277,447	-	277,447	-	146,453
Loans and advances	-	-	-	193,616	-	193,616	-	227,915
Other Receivables	-	-	-	6,987	-	6,987	-	12,217
Cash and bank balances	5,059	-	5,059	41,063	-	41,063	5,059	33,375
	5,059	**-**	**5,059**	**519,113**	**65,108**	**584,221**	**5,059**	**485,083**
Financial Liabilities:								
Long term finances	539,736	636,288	1,176,024	-	-	-	1,176,024	
Long term loans	-	-	-	-	1,441,453	1,441,453		1,459,103
Trade and other payables	-	-	-	2,224,063	-	2,224,063	-	2,107,634
Mark up/ interest accrued	-	-	-	797,399	-	797,399	-	797,399
Short term borrowings	1,590,756	-	1,590,756	-	-	-	1,640,534	-
	2,130,492	636,288	2,766,780	3,021,462	1,441,453	4,462,915	2,816,558	4,364,136
On balance sheet gap	**(2,125,433)**	**(636,288)**	**(2,761,721)**	**(2,502,349)**	**(1,376,345)**	**(3,878,694)**	**(2,811,499)**	**(3,879,053)**

40.3 **Fair Value Measurements**

i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised 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 maximise 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.

40.4 **Fair values of financial assets and liabilities**

Fair value as 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.

40.5 **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 recognised 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.

40. FINANCIAL RISK MANAGEMENT

40.1 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 programme 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 subsidiary companies. 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 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date showed in the following note:-

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			2019	2018
	Short term	Long term	Agency	-----'Rupees in "000"-------	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	5,140	5,140
Allied Bank Limited	A1+	AA+	PACRA	515	531
Askari Bank Limited	A1+	AA+	PACRA	3,492	3,493
Bank Alfalah Limited	A1+	AA+	PACRA	3,759	17
Faysal Bank Limited	A1	AA	PACRA	8	8
Habib Bank Limited	A-1+	AAA	JCR-VIS	26	26
Habib Metropolitan Bank Limited	A1+	AA	PACRA	4,822	3,612
JS Bank Limited	A1+	AA-	PACRA	2	2
MCB Bank Limited	A1+	AAA	PACRA	34	52
The Bank of Khyber	A1	A	PACRA	2	2
Silkbank Limited	A2	A-	JCR-VIS	22	19
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	3
United Bank Limited	A1+	AAA	JCR-VIS	59	57
AlBaraka Bank (Pakistan) Limited	A1	A+	PACRA	16,652	15,715
Bank Islami Pakistan Limited	A1	A+	PACRA	5	5
Meezan Bank Limited	A1+	AA+	JCR-VIS	3,168	1,323
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	-	3
The Bank of Punjab	A1+	AA	PACRA	8,275	8,275
Soneri Bank Limited	A1+	AA-	PACRA	27	27
Summit Bank Limited	-------Rating suspended-----			-	13
Bank Al-Habib Limited	A1+	AA+	PACRA	111	111
				46,119	38,434

Gorss Profit / (Loss)	65,503	(937,845)	(216,841)	(204,496)	(451,973)	(398,483)
Net Profit / (Loss) Before Taxation	(352,371)	(1,155,290)	(845,419)	(577,934)	(913,286)	230,232
Provision for Taxation	(40,735)	(31,101)	(19,781)	-----------	----------	40,710
Profit / (Loss) after taxation	(393,106)	(1,186,391)	(865,200)	(577,934)	(913,286)	189,522
Un-appropriated Profit B/F	(1,702,862)	(1,232,171)	(435,455)	75,436	897,669	663,570
Dividend	-----------	----------	----------	-----------	-----------	-----------
Profit / (Loss) available for appropriation	(2,015,293)	(1,702,862)	(1,232,171)	(435,455)	75,436	897,669
Percentage	0%	0%	0%	0%	0%	0%
Gross Profit / (Loss) Ratio	01.96	(36.25)	(10.96)	(13.11)	(17.25)	(09.79)
Net Profit / (Loss) Ratio	(10.55)	(44.65)	(42.74)	(37.05)	(34.86)	05.66

CORPORATE SOCIAL RESPONSIBILITY

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK.

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

a) The financial statement prepared by the management of the Company present fair state of Companys operations, each flows and changes in equity.
b) Proper books of accounts of the 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 are no doubts upon the Company’s ability to continue as going concern.
g) Key operation and financial data for the last six years is mentioned above.
h) There are no statutory payments on account of taxed, duties, levies, and charges that are outstanding as on June 30, 2019 except for those disclosed in the financial statements.
i) No adverse material changes and commitments affection the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors Report.

j) During 2018-2019, no trade in the shares of the company carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of Compliance with the Code of Corporate Governance (CCG) is annexed.

PATTERN OF SHAREHOLDING

Pattern of Shareholding is annexed.

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 textile in dustry is passing through crisis specially spinning sector due to high energy cost, schedule and unscheduled extensive load shedding of electricity, high markup rates charged by the banks and lack of fresh credit facilities from the banks make recommencement of operations of the Company very difficult.

However th e management is fully aware of present challenges facing the textile industry specially spinning. The Company is exploring various options for its revival by re-organization its business and diverting its existing resources for financial viable activities.

AUDITORS

M/S Hasnain Ali & Co. Chartered Accountants, the auditors of the Company being eligible and again offer themselves for the appointment for the year 2019-2020.

ACKNOWLEDGMENT

The Directors would like to place on record their appreciation for services rendered by the employees of the Company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future.

The Board of the opinion that with sustained efforts and ALLAHs blessing the Company will remain its way to success.

FOR AND ON BEHALF THE BOARD

MULTAN
Dated;- February 29, 2020

(MIAN ZAFAR IQBAL)
CHIEF EXECUTIVE

34.1 It includes gratuity to employees amounting to Rs.4,515 (2018 : Rs. 2,568)

34.2 It includes obsolete stock-in trade written-off amounting to Rs.41,958 (2018:158,000) during the year.

35	**FINANCE COST**			
	Bank charges		1,873	1,859
	Mark up on WPPF balance utilized by company		5,155	2,913
			7,028	4,772
36	**OTHER OPERATING (LOSS)/INCOME**			
	(Loss)/Gain on sale of fixed asset	6.4	(3,751)	4,645
	Exchange gain		220	-
	Miscellaneous income		653	17,765
			(2,878)	22,410
37	**TAXATION**			
	Current year	37.1	40,513	31,101
	Prior year adjustment		222	-
			40,735	31,101

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

38	**EARNING PER SHARE**		
	Net loss for the year	(393,106)	(1,186,391)
	Weighted average number of ordinary shares(No. of shares)	14,231	14,231
	Loss per share (Rs.000)	(27.62)	(83.37)

39 **REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

PARTICULERS	CHIEF EXECUTIVE OFFICER		DIRECTORS		EXECUTIVES	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----------------------------Rupees in "000"------------------------					
Managerial remuneration (including allowances)	2,400	1,575	-	-	4,560	4,200
Retirement benefits	-	-	-	-	-	-
Travelling expenses	-	-	-	-	-	-
Total	**2,400**	**1,575**	**-**	**-**	**4,560**	**4,200**
Number of persons	1	1			3	2

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

			3,274,272	3,525,313
32.1	**Stores, Spares and Loose tools**			
	Opening stock as on July 01,		81,008	77,035
	Purchases		142,070	123,853
	Available for consumption		223,078	200,888
	Closing stock as on June 30,	10	(82,258)	(79,533)
	Stores, spare parts and loose tools consumed		140,820	121,355
32.2	It includes gratuity to employees amounting to Rs.7,689 (2018 : 4,316)			
			---------Rupees in '000'------------	
33	**DISTRIBUTION COSTS**			
	Local selling expenses:			
	Commission		8,617	5,542
	Clearing and forwarding		18,953	20,942
	Travelling expenses		247	270
	Communiciation		192	185
	Insurance		10	6
	Freight on sales		50	318
	Salaries,wages & other benefits		4,251	3,484
	Others		65	1,428
			32,385	32,175
34	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	34.1	29,359	21,503
	Communication		1,256	1,387
	Travelling and conveyance -local		2,339	2,067
	Electricity		2,018	3,159
	Fee and subscriptions		711	986
	Insurance		226	108
	Entertainment		755	534
	Vehicle running and maintenance		2,041	1,207
	Rent, rates and taxes		1,978	1,607
	Printing and stationery		311	450
	Legal and professional charges		5,995	4,990
	Advertisement expenses		-	30
	Donation		20	20
	Postage and Courier		638	489
	Auditors' remuneration		500	500
	Repair and maintenance		452	647
	News paper		6	-
	Others	34.2	45,421	159,064
	Depreciation	6.2	42,981	45,335
			137,007	244,083

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 **352,371** ملین روپے کیا ہے جو کہ انتظامی اور تمام اخراجات **186,875** ملین روپے کے منہا کے بعد ہے ۔بمقابلہ گزشتہ سال کا صافی خسارہ **1,155,290** ملین روپے ہوا تھا۔امسال کی فروخت **3,339,775** ملین روپے رہی بمقابلہ گزشتہ سال **2,587,468** روپے جو کہ **29.08** فی صد بنتی ہے نقصان فی شیئر **(LPS)27.62** روپے ہے(جبکہ گزشتہ سال **83.37 LPS** روپے تھا) ہماری فروخت اس سال بڑھی ہیں۔لیکن پھر بھی مندرجہ ذیل وجوہات کی بناپر 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 جاسکی۔

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۔

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 تفضّل 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 تفضّل وارثی	چیئرمین	4
2	مسٹر نعیم رضا	ممبر	3
3	مسٹر لیاقت علی	ممبر	4

ہیومن ریسورس اینڈ ریمو نریشن 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

ملتان
29 فروری 2020

میاں ظفر اقبال
چیف ایگزیکٹو

30.1.1 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.

30.1.2 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.

30.2 Commitments

There are no commitments as on June 30, 2019 (2018: Nil).

		NOTE	2019	2018
31	SALES - NET		---------Rupees in '000'------------	
	Fabric local sale		2,695,245	2,043,882
	Fabric export sale		493,500	497,010
	Sale of yarn (trading)		105,638	20,523
	Waste local sale		45,392	26,053
			3,339,775	2,587,468
32	COST OF SALES			
	Raw material consumed:			
	Opening stock		173,441	260,525
	Purchases		2,569,251	2,161,802
	Expenses on purchases		11,208	25,447
	Closing stock	11	(219,288)	(285,100)
			2,534,612	2,162,674
	Stores, spare parts and loose tools consumed	32.1	140,820	121,355
	Packing material consumed		6,919	7,092
	Salaries, wages and other benefits	32.2	175,317	156,312
	Fee & Subscription		115	-
	Fuel and Power		240,247	222,331
	Vehicle running & maintenance		1,407	1,421
	Insurance		6,376	5,128
	Repair and maintenance		6,665	5,683
	Others		4,398	1,932
	Depreciation	6.2	143,894	151,772
	Cost of goods manufactured		3,260,770	2,835,700
	Adjustment for work in process:			
	Opening stock		50,019	127,476
	Provision for obsolete stock		(2,268)	-
	Closing stock	11	(62,173)	(75,809)
			(14,422)	51,667
	Adjustment for finished goods:			
	Opening stock		474,037	1,089,156
	Fabric purchased		-	2,260
	Provision for obsolete stock		(39,690)	-
	Closing stock	11	(406,423)	(453,470)
			27,924	637,946

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

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

1) Soneri Bank Limited versus Fatima Enterprises Limited Etc. [Ex.A. 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 Honourable 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 Single Multan Bench of the Honourable Lahore High Court dated 03-04-2017.

2) Fatima Enterprises Limited Etc. 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 Honourable 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 Honourable Lahore High Court.

3) Allied Bank Limited versus Fatima Enterprises Limited Etc. [Ex.A.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 Honourable 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 Honourable Lahore High Court.

4) Faysal Bank Limited versus Fatima Enterprises Limited Etc. [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 Honourable 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.

FORM 34

THE COMPANIES ACT, 2017
Section 227(2)(f)

1 **PATTERN OF SHAREHOLDING AS ON 30-06-2019**

----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	2,129,118	14.9611%
3.2 Associated Companies undertakings and related parties	8,334,182	58.5634%
3.3 NIT & ICP	821,520	5.7727%
3.4 Insurance Companies	1,072	0.0075%
3.5 General Public		
a. Local	2,935,536	20.6277%
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%

Catatories of Shareholding required under code of Corporate Governance (CCG)
As on June 30, 2019

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	254,287	1.7868%
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	791,256	5.5601%
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**

27.1 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 sancationed limits aggregating Rs. 2,596.788 million (2018: Rs.2,596.788 million), including limits for packing credit amounting to Rs. 960 million (2018: Rs. 960 million), Facilities available in term of foreign currency are Nil (2018: Nil) and finance against imported merchandise amounting to Rs. 650.000 million (2018: 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 (2018 : 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;
- Lien over import and export documents; and
- Personal guarantees of the sponsoring directors.

27.2 Unsecured

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

		NOTE	2019	2018
			---------Rupees in '000'------------	
28	**CURRENT PORTION OF LONG TERM LOANS**	21	539,736	539,736
29	**PROVISION FOR TAXATION**			
	Balance as on July 01,		31,101	19,781
	Add: Provision made during the year:		40,513	31,101
	Payments / adjustments against completed assessments		(31,101)	(19,781)
			40,513	31,101

29.1 Provision for current tax represents trunover 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.

29.2 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:

	2018	2017	2016
	--------Rupees in 000--------		
Provision for taxation in financial statements	31,101	19,781	-
Tax assessed	31,323	19,781	17

Sensitivity analysis for actuarial assumptions:

The sensitivity of defined benefit obligation to changes in the weighted principal assumption is:

			Impact on defined benefit obligation	
			1% Increase	1% Decrease
		NOTE	2019	2018
	Assumptions		---------Rupees in '000'------------	
	Effect of change in discount rate		26,298	31,908
	Effect of change in future salary increase		31,908	26,255
24	**DEFERRED TAXATION**			
	Deferred tax liability		39,802	39,802
25	**TRADE AND OTHER PAYABLES**			
	Trade payables		691,674	612,061
	Accrued expenses		86,764	73,737
	Advance payments		459,040	472,506
	Tax deducted at source		470,780	468,333
	Sales tax payable		413,703	381,906
	Audit Fee		358	713
	Workers' Profit Participation Fund	25.1	37,113	31,958
	Workers' Welfare Fund		35,080	35,080
	Others		29,551	31,340
			2,224,063	2,107,634
25.1	**Workers' Profit Participation Fund**			
	Opening balance		31,958	29,045
	Interest on amounts utilized by the company		5,155	2,913
	Paid during the year		-	-
	Closing balance		37,113	31,958
26	**MARK UP ACCRUED**			
	Long term finances		370,930	370,930
	Short term finances		426,469	426,469
			797,397	797,399
27	**SHORT TERM FINANCES AND OTHER CREDIT FACILITIES**			
	From commercial banks			
	Secured	27.1	1,426,580	1,426,580
	Un-secured	27.2	164,176	213,954
			1,590,756	1,640,534

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

Name of Company	FATIMA ENTERPRISES LIMITED
Year Ending	JUNE 30, 2019

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. Kashif Taffazul Warsi
      ii. Mr. Yasir Ali

   b) Non-executive Directors
      i. Mr. Muhammad Arshad
      ii. Mr. Naeem Raza
      iii. Mr. Liaqat Ali

   c) Executive Directors
      i. Mian Zafar Iqbal
      ii. Mian. Nishat Ahmed
      iii. Mr. Shafique Ahmed
3. The directors have confirmed that none of them is serving as a director in 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 as 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.

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. Kashif Taffazul Warsi	Chairman
ii	Mr. Naeem Raza	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;- February 29, 2020

(MIAN ZAFAR IQBAL)
CHIEF EXECUTIVE

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

22.2 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.

23 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 accordence with actuarial recommendations.

Actuarial valuation was conducted as on June 30, 2019 on the basis of projected unit credit method by an independent actuary. The projected unit credit method is based om following assumptions:

	NOTE	2019	2018
		---------Rupees in	'000'------------
Discount rate for Interest Cost in P&L Charge		10.00%	10.00%
Discount rate used for year end obligation		14.25%	10.00%
Expected rate of increase in salary (per annum)		13.25%	9.00%
Average expected remaining working life time of employee (years)		10	10
Amount recognised in the balance sheet is as follows:			
Present value of defined benefit obligation as at 30 June		44,034	37,878
Movement in liability recognised:			
Opening balance sheet liability		37,878	38,087
Amount recognised during the year		12,204	6,884
Benefits paid during the year		(8,950)	(4,715)
Remeasurement charge in other comprehensive income		2,902	(2,378)
		44,034	37,878
Amount recognised during the year			
Current service cost		12,204	6,884
		12,204	6,884

The expense is recognised in the following line items of statement of profit or loss account

Cost of sales	7,689	4,316
Administrative expenses	4,515	2,568
	12,204	6,884

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

This finance facility of Rs.393.445 milliom 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 relevent 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 asstes 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.

21.9 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 extantion 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 Parri Passu charge of Rs. 313. million on fixed assets and personal guarantee of sponsor directors.

		---------Rupees in '000'------------	
22	**LONG TERM LOANS**		
	Due to sponsers (Unsecured-Interest free)		
	Chief executive	19,206	19,206
	Directors	587,298	545,556
	Relatives of directors	815,289	874,681
	Manama financing arrangement	19,660	19,660
		1,441,453	1,459,103

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fatima Enterprises Limited

Review Report 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, 2019 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.

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;

i. 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;

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

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

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

v. The Board has not arranged directors training program as required by the regulation 20 of the Regulations;

Based on ourreview, 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, 2019.

HASNAIN ALI & CO.
Chartered Accountants

Date: 22-02-2020

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.

21.7 TERM FINANCE - III & V

i). The term finance facilty 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 transfered 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.

iv). This finace facilty 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 outstandibg 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 taxtile 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.

21.8 LONG TERM FINANCE - EOP

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

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

b) FDF/LTFF

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

21.3 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 Pasu charge over present and future current assets of the company for Rs. 483

21.4 **TERM LOAN - IV**

i). This finance facilty of Rs. 70 million was sanctioned by Allied Bank of Pakistan during preceeding 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, refrence 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.

21.5 **DEMAND FINANCE I**

i). This Demand finance-I of Rs. 75 million was sactioned 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.

21.6 **DEMAND FINANCE V**

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

INDEPENDENT AUDITOR'S REPORT

To the members of Fatima Enterprises Limited

Report on the Audit ofFinancial Statements

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, 2019and 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 thereof do 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 respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2019 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 adequately discussed in going concern section, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Despite the fact, the company has prepared its financial statements on going concern basis.

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 to honorable Lahore High Court at time of this report.One of the legal advisors representing the company in the suits filed by the bank has responded on the court cases which are duly disclosed in the note 30.1. However, the said 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 notes 21 and 27 of the financial statements the company could not make timely repayments of the principal and interest/markup related to long term and short term debts and as at reporting date certain financial and others covenants imposed by the lenders could not be complied with International Accounting Standard on Presentation of Financial Statements (IAS-1).I require that if an entity breaches a provision of long term loan arrangement on or before the end of reporting period with the effect that the liability becomes payable on demand, it should

(i) 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 liability would have been increased by 636.288 million at the reporting date.Direct balance confirmation reports of banks with regard to liabilities of Rs.3,564.179 million were not received, these include long term finances of Rs. 636.288 million (Ref. note 21),current portion of long term loan Rs.539.736 million(Ref. note 28),short term finances of Rs.1,590.756 million(Ref. note 27) and mark up payable of Rs.797.399 million(Ref. note 26).

(ii) The company has accounted for investment of Rs.1,430.881million in Hussain Mills Limited as an investment in Associate as per International Accounting Standards (IAS) 28 "Investment in Associate" (Ref. note 8) using equity method. Due to lack of sufficient financial information with respect to Hussain Mills Limited we were unable to calculate carrying amount of Company's investment.

(iii) As referred in note 36 we have been unable to calculate exchange differences of (both realized and unrealized) due to un-availability of data as required under the International Accounting Standards(IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

(iv) We did not observe the physical counting of stock in trade and stores and spares of Spinning Unit-1 and Spinning Unit-2 at end of the year. We were unable to satisfy ourselves by alternative means concerning the stock in trade and stores and spares quantities held at June 30, 2019, which are stated in the statements of financial position at Rs.304.846 million and Rs. 21.514 million respectively. Furthermore, the management has not recorded the inventories at the lower of cost and net realizable value which constitutes a departure from International Financial Reporting Standards (IFRSs). The company has written off obsolete stock amounting to Rs.41.958 million as referred in (Ref. note 34.2)but no proper supportingwas given to us regarding the specifics and approval of the stock written off.

(v) The company has classified fixed assets amounting to Rs. 2.278 million (Ref. note 7) 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 relating to property, plant & equipment. Despite the fact that 8 out of 10 units have remained closed during the year, no exercise for impairment testing as required under in the International Accounting Standards (IAS) 36 "Impairment of Assets" 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.

(vi) The company has not accounted for deferred taxation in contrary to the requirement of International Accounting Standards (IAS) 12 "Income Taxes" (Ref. note 24).

(vii) As referred in the note 22, since the repayment terms of the long term loans from the sponsors as well as their relatives have not been finalized, therefore the amortized cost of these loans as required under International Accounting Standards (IAS) 39"Financial Instruments: Recognition and Measurement"has not been calculated.

(ix) Long overdue outstanding amounts are appearing under the heads, trade creditors of Rs. 691.674 million, other payables of Rs. 29.551 million, advances from the customers of Rs. 459.040 million and accrued liabilities of Rs. 86.764 million in the financial

Soneri Bank Limited		
LTF - 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
	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

21.1 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.

21.2 TERM LOAN - II

i). This finance facility of Rs. 160 million was sanctioned by Allied Bank of Pakistan during the preceding years vides 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 Pasu charge over present and future current assets of the company for Rs. 483 million.

20.1 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.

20.2 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.

21 LONG TERM FINANCING

Allied Bank of Pakistan Limited			
Long Term Finance - EOP	21.1	29,827	29,827
Term Loan -II	21.2	116,775	116,775
Term Loan - III	21.3	8,850	8,850
Term Loan - IV	21.4	115,000	115,000
		270,452	270,452
Soneri Bank Limited			
Demand Finance - I		67,161	67,161
Demand Finance - V			
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	21.7	46,667	46,667
Bank of Punjab			
Long Term Finance - EOP	21.8		
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	21.9	163,400	163,400
		1,176,024	1,176,024
Less: Current portion grouped under current liabilities		---------Rupees in '000'------------	
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

(i) statements.Supplier wise detail break-upwas not available for their balances, accordingly we were unable to circularize theses balances for direct confirmations nor can we accurately verify their existence through alternative measures at the reporting date.

(ii) Due to the lack of records and non-confirmation from third parties, we are unable to verify the completeness as well as accuracy of long term and short term deposits amounting to Rs. 132.073 million, trade debts Rs.277.447 million, advancesRs. 193.616 million and other receivable Rs.6.987 millionremains unverified at the reporting date. Furthermore, the cash at bank amounting to Rs. 24 million remains unverified at the reporting date for want of direct confirmation.

(iii) Due to non-response by the tax consultants we were unable to verify the current states of assessment of the company's tax matters by taxation authorities. Furthermore, we were unable to verify the existence and ensure completeness of the balances Rs.64.543 million and Rs.71.442 million appearing in the financial statement under the head income tax refundable-net and sales tax refundable-net respectively at the reporting date.

(iv) As referred in note 30.1.2 and due to non-responsiveness of company's corporate advisors we were unable to comment on the ultimate outcome of the proceedings currently being carried at Securities and Exchange Commission of Pakistan (SECP).

(v) As referred in note 30.1.1 and due to lack of accompanying record we were unable to accurately determine the monetary impact of violations of Pakistan Stock Exchange Limited (PSX) regulation's in the financial statements.

(vi) Management has not provided 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.

(vii) Number of employees mentioned in the actuarial report did not matched with number of employees stated in note 45 to the financial statement. Furthermore,we were unable to satisfy ourselves with respect to the completeness and accuracy of underlying source data given by the management for actuarial valuation.

(viii) We were unable to satisfy ourselves with respect to steps taken by the management for adoption of IFRS 9 as referred in Note 4.7.2.

(ix) We have been unable to satisfy ourselves regarding the existence of bank balances amounting to Rs.24 million as referred in Note.17for want of direct confirmation.

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.

Material Uncertainty Relating to Going Concern

As described in Note No. 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. 393.106 million (2018: Rs. 1,186.391 million). At the reporting date, the accumulated loss of the Company stood at Rs. 2,015.293 million (2018: Rs. 1702.862 million) whereas the Company's current liabilities exceeded current assets by Rs. 2,805.508 million (2018: Rs. 2,829.531). Out of ten, eight units production facilities of the Company have remained closed during the 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.

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. We have determined that there are no key audit matters to communicate in our report.

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

17	**CASH AND BANK BALANCES**			
	Cash in hand		5,519	599
	Balances with banks in:			
	Current accounts		41,063	33,375
	Fixed deposit accounts		5,059	5,059
			51,641	39,033
18	**SHARE CAPITAL**			
	Authorised:			
	25,000,000 (2018: 25,000,000) ordinary share of Rs. 10 each		250,000	250,000
	Issued, Subscribed and Paid Up	18.1		
	3,559,160 (2018: 3,559,160) ordinary shares of Rs. 10 each issued for cash		35,591	35,591
	325,170 (2018: 325,170) ordinary shares of Rs.10 each issued as fully paid for consideration other than cash		3,252	3,252
	10,346,722 (2018: 10,346,722) ordinary shares of Rs. 10 each issued as fully paid bonus shares		103,467	103,467
			142,310	142,310

18.1 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

19	CAPITAL RESERVES		---------Rupees in '000'------------	
	Excess of assets over liabilities on take-over	19.1	2,476	2,476
	Share premium account	19.2	16,172	16,172
			18,648	18,648

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

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

20	**SURPLUS OF REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		
	Opening balance	3,804,335	3,891,962
	Transferred to unappropriated profit on account of		
	- Incremental depreciation	(83,247)	(87,627)
	Closing balance	3,721,088	3,804,335

10.1 Stock of packing material has been included in the stock of stores.

11	**STOCK-IN-TRADE**		
	Raw material	219,288	173,441
	Work in process	62,173	50,019
	Finished goods	406,423	474,037
		687,884	697,497
12	**TRADE DEBTS**		
	Secured - export bills	397	397
	Local unsecured - cosidered good	284,195	153,201
		284,592	153,598
	Considered doubtful		
	Local	7,145	7,145
		277,447	146,453

		NOTE	2019	2018
			---------Rupees in '000'------------	
13	**ADVANCES**			
	Advance payment - considered good		191,747	224,207
	Advances to staff - considered good		3,009	4,848
			194,756	229,055
	Less: Provision for doubtful advances		1,140	1,140
			193,616	227,915
14	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Deposits	14.1	66,962	66,962
	Other receivable		3	3
			66,965	66,965

14.1 These include Rs. 4.8 Million (2018: Rs. 4.8 Milion) as deposit for purchase of land in Special Industrial Zone at Port Qasim.

15	**TAX REFUNDS DUE FROM GOVERNMENT**		
	Sales tax refundable	485,145	470,857
	Advance income tax /deducted at source	535,323	545,235
		1,020,468	1,016,092
16	**OTHER RECEIVABLES**		
	Insurance claim receivable	1,526	1,577
	Other receivables	5,461	10,640
		6,987	12,217

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 directors*with 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.*

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

c) except for the effectsof 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) noZakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Date: 22-02-2020

HASNAIN ALI & CO.
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

		NOTE	2019	2018	2017
7	**PROPERTY, PLANT AND EQUIPMENT**		---------Rupees in '000'------------		
	(Non operating fixed assets)				
	Building on freehold land		551	551	551
	Plant and machinery		1,727	1,727	1,727
			2,278	2,278	2,278
8	**LONG TERM INVESTMENT**				
	Hussain Mills Limited - Un-Quoted	8.1			
	Investment - at equity method				
	6,420,480 ordinary shares of Rs. 10 each				
	Percentage of equity held 34.13 %				
	Opening balance		1,669,127	1,002,257	1,307,237
	Share of (loss)/profit current year - net of tax				
	Charged to profit or loss account		(238,576)	41,175	(293,017)
	Share of revaluation surplus on revaluation of fixed assets		-	625,684	(12,065)
	Charged to other comprehensive income		330	11	102
			(238,246)	666,870	(304,980)
			1,430,881	1,669,127	1,002,257

8.1 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 mehod of accounting in accordence with the requirment 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	2019	2018	2017
9	**LONG TERM LOANS AND DEPOSITS**				
	Loans to staff		1,779	1,779	1,779
	Security deposits		23,441	29,589	45,518
	Security deposits - SNGPL		39,888	33,755	18,177
			65,108	65,123	65,474
10	**STORES, SPARE PARTS AND LOOSE TOOLS**				
	Stores, spare parts and loose tools	10.1	81,998	80,748	78,251
	Chemicals		260	260	260
			82,258	81,008	78,510

6.3 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
Woolen 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

6.4 Following assets were disposed off during the year

Asset Type	Cost/ Revalued Amount	Accumulated Depreciation	Net Book Value	Sale Proceeds / Settlement Value	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
	-----------Rupees in '000'-----------						
LOOM - YOYOTA 340 CM	7,050	899	6,151	2,400	(3,751)	**Negotiation**	**Decent Embrodries**
SUB-TOTAL	7,050	899	6,151	2,400	(3,751)		

Fatima Enterprises Limited

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STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	NOTE	2019	2018
		---------Rupees in '000'------------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	5,335,571	5,528,505
Non operating fixed assets	7	2,278	2,278
Long term investment	8	1,430,881	1,669,127
Long term deposits	9	65,108	65,123
		6,833,838	7,265,033
CURRENT ASSETS			
Stores, spare parts and loose tools	10	82,258	81,008
Stock-in-trade	11	687,884	697,497
Trade debts	12	277,447	146,453
Advances	13	193,616	227,915
Short term deposits and prepayments	14	66,965	66,965
Tax refunds due from government	15	1,020,468	1,016,092
Other receivables	16	6,987	12,217
Cash and bank balances	17	51,641	39,033
		2,387,266	2,287,180
TOTAL ASSETS		9,221,104	9,552,213
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	18	25,000	25,000
Isuued, subscribed and paid-up share capital	18	142,310	142,310
Capital reserves	19	18,648	18,648
Surplus on revaluation of property, plant and equipment		3,721,088	3,804,335
Accumulated (loss)		(2,015,293)	(1,702,862)
		1,866,753	2,262,431
NON-CURRENT LIABILITIES			
Long term financing	21	636,288	636,288
Long term loans	22	1,441,453	1,459,103
Provision for gratuity	23	44,034	37,878
Deferred taxation	24	39,802	39,802
		2,161,577	2,173,071
CURRENT LIABILITIES			
Trade and other payables	25	2,224,063	2,107,634
Mark up accrued	26	797,399	797,399
Short term finances and other credit facilities	27	1,590,756	1,640,534
Current portion of long term liabilities	28	539,736	539,736
Provision for taxation	29	40,513	31,101
Unclaimed dividend		307	307
		5,192,774	5,116,711
TOTAL LIABILITIES		7,354,351	7,289,782
CONTINGENCIES AND COMMITMENTS	30	-	-
TOTAL EQUITY AND LIABILITIES		9,221,104	9,552,213

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

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

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019	2018
		---------Rupees in '000'------------	
Sales-net	31	3,339,775	2,587,468
Cost of sales	32	(3,274,272)	(3,525,313)
Gross loss		65,503	(937,845)
Distribution costs	33	(32,385)	(32,175)
Administrative expenses	34	(137,007)	(244,083)
Finance cost	35	(7,028)	(4,772)
Share of (loss) /profit from associate	8	(238,576)	41,175
Other (loss)/income	36	(2,878)	22,410
		(417,874)	(217,445)
Loss before taxation		(352,371)	(1,155,290)
Taxation	37	(40,735)	(31,101)
Loss after taxation		(393,106)	(1,186,391)
Loss per share - basic and diluted	38	(27.62)	(83.37)

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

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 "000"										
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-Total	**1,429,093**	**-**	**-**	**-**	**1,429,093**		**471,504**	**47,893**	**-**	**519,397**	**909,696**
Plant & 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**

6.2 Depreciation has been alloacated as follow:

	NOTES	2019 RUPEES	2018 RUPEES
Cost of goods sold	32	143,894	151,772
Administrative expenses	34	42,981	45,335
		186,875	197,107

6.1 Operating fixed assets

PARTICULARS	COST / REVALUED						DEPRECIATION				NET BOOK VALUE AS AT
	As At 01.07.2018	Addition	Surplus on Revaluating	Disposal During the year	As At 30.06.2019	Rate	Acc. Dep 01.07.2018	For the year	Deletion on Disposal	Acc. Dep 30.06.2019	30.06.2019
	....	....	....	....	Rupees in "000"	....	....	....	....	....	
Land-Freehold	1,826,504	-	-	-	1,826,504	0%	-	-	-	-	1,826,504
Buildings:											
Factory on freehold land	1,157,381	-	-	-	1,157,381	5%	422,580	36,740	-	459,320	698,061
Factory on leasehold land	444	-	-	-	444	5%	312	7	-	319	125
Non factory on freehold land	237,815	-	-	-	237,815	5%	77,958	7,993	-	85,951	151,864
Labour quarters on freehold land	33,453	-	-	-	33,453	5%	18,547	745	-	19,292	14,161
Buildings-Total	**1,429,093**	**-**	**-**	**-**	**1,429,093**		**519,396**	**45,485**	**-**	**564,882**	**864,211**
Plant & machinery	4,609,049	-	-	7,050	4,601,999	5%	2,162,921	122,332	899	2,284,354	2,317,645
Electric installation	572,415	-	-	-	572,415	5%	254,540	15,894	-	270,434	301,981
Air conditioners	20,092	-	-	-	20,092	10%	16,434	366	-	16,800	3,292
Scales and weight	6,133	-	-	-	6,133	5%	4,522	81	-	4,603	1,530
Tarpaulins	3,348	-	-	-	3,348	5%	2,053	65	-	2,118	1,230
Sarpy equipment and tube well	1,185	-	-	-	1,185	5%	817	18	-	835	350
Laboratory equipment	12,606	-	-	-	12,606	5%	9,378	161	-	9,539	3,067
Furniture and fixtures	9,856	92	-	-	9,948	10%	7,651	230	-	7,881	2,067
Fire extinguishers	2,902	-	-	-	2,902	5%	1,879	51	-	1,930	972
Office equipment	26,432	-	-	-	26,432	10%	18,530	790	-	19,320	7,112
Vehicles	64,736	-	-	-	64,736	20%	57,724	1,402	-	59,126	5,610
Total 2019	**8,584,351**	**92**	**-**	**7,050**	**8,577,393**		**3,055,846**	**186,875**	**899**	**3,241,822**	**5,335,571**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019	2018
		---------Rupees in '000'------------	
Loss after taxation		(393,106)	(1,186,391)
Other Comprehensive Income for the year:			
Items that will not be reclassified subsequently to statement of profit or loss:			
Share from associate of other comprehensive income - net	8	330	625,695
Remeasurement of post retirement benefits obligation - net	23	(2,902)	2,378
		(2,572)	628,073
Total comprehensive Loss for the year		**(395,678)**	**(558,318)**

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

-----------------------Rupees in '000'-----------------------------					
PARTICULARS	SHARE CAPITAL	CAPITAL RESERVE	ACCUMULATED (LOSS)	REVALUATION SURPLUS	TOTAL
Balance as at July 01, 2017	142,310	18,648	(1,232,171)	3,891,962	**2,820,749**
Incremental depriciation	-	-	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**
Incremental depriciation	-	-	83,247	(83,247)	-
Total comprehensive loss for the year	-	-	(395,678)	-	**(395,678)**
Balance as at June 30, 2019	**142,310**	**18,648**	**(2,015,293)**	**3,721,088**	**1,866,753**

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

Fatima Enterprises Limited
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5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the company.

Standard or Interpretation	Effective Date Period beginning on or after)
IAS 28 Investments in Associates and Joint Ventures [Amendments]	January 01, 2019
IAS 23 Borrowing costs [Amendments]	January 01, 2019
IFRS 3 Business Combinations [Amendments]	January 01, 2020
IFRS 11 Joint Arrangements - Previously held Interests in a joint	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021
IAS 19 Employee Benefits [Amendments]	January 01, 2019
IAS 1 and IAS 8 [Amendments]	January 01, 2020
IAS 12 Income Taxes [Amendments]	January 01, 2019
IFRIC 23 Uncertainty over Income Tax	January 01, 2019
IFRS 9 Financial Instruments [Amendments]	January 01, 2019
IFRS 16 Leases	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by IFRS 16 and its effect on its financial statements.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 14 Regulatory Deferral Accounts
IFRS 17 Insurance Contracts
The following interpretations issued by the IASB have been waived of by SECP:
IFRIC 4 Determining whether an arrangement contains lease
IFRIC 12 Service concession arrangements

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.

	NOTE	2019	2018
		---------Rupees in '000'------------	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	5,335,571	3,241,822
		5,335,571	3,241,822

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.

4.19 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.

4.20 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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2018 but are considered not to be relevant to or have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

IFRS 9, 'Financial Instruments': This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. However, in respect of companies holding financial assets due from the Government of Pakistan, SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

IFRS 15, 'Revenue from Contracts with Customers': This standard was notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entitys contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction contracts, and related interpretations. The application of IFRS 15 does not have any impact on the revenue recognition policy of the company.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		---------Rupees in '000'-----------	
Loss before taxation		(352,371)	(1,155,290)
Adjustments for non-cash charges and other items:			
Depreciation		186,875	197,107
Share of loss/profit from associate		238,576	(41,175)
Provision for gratuity		12,204	6,884
Loss/(Gain) on disposals of Fixed Assets		3,751	(4,645)
Finance cost		1,873	1,859
Profit before working capital changes		90,908	(995,260)
(Increase)/Decrease in current assets:			
Stores, spare parts and loose tools		(1,250)	(2,498)
Stock-in-trade		9,613	821,618
Trade receivables		(130,994)	42,183
Advances		34,299	(46,548)
Short term deposits and prepayments		-	17
Sales tax refundable		17,509	(11,730)
Other receivable		5,230	265
		(65,593)	803,307
Increase / (decrease) in current liabilities:			
Trade and other payables		82,185	199,179
		107,500	7,226
Finance cost paid		(1,873)	(1,858)
Income tax paid - including tax deducted at source		(18,964)	(15,643)
Gratuity paid		(8,950)	(4,715)
Net cash generated from / (used in) operating activities		77,713	(14,990)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(92)	(230)
Sale proceds of operating property, plant and equipment		2,400	25,550
Long term deposits		15	351
Net cash generated from investing activities		2,323	25,671
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans		(17,650)	(25,614)
Short term finances		(49,778)	14,863
Dividend paid		-	(9)
Net cash (used in) financing activities		(67,428)	(10,760)
Net increase / (decrease) in cash and cash equivalents		12,608	(79)
Cash and cash equivalents at start of the year		39,033	39,112
Cash and cash equivalents at end of the year	17	51,641	39,033

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 incurred a net loss after taxation of Rs. 393.106 million (2018: Rs. 1,186.391 million).As at June 30, 2019 the accumulated losses of the Company is Rs.2,015.293 million (2018: Rs.1,702.862 million)and the current liabilities exceed its current assets by Rs.2,805.508 million (2018: 2,829.531 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 materialised, 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 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 directives 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.

2.2 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.

4.14 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 capitalisation.

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

4.15 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.

4.16 Dividend and reserve appropriations

Final dividend distributions to the Companys shareholders are recognised 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 recognised 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.

4.17 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.

4.18 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.

4.7.2.10 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.8 Short-term investments

'Loans & 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.

4.9 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.

4.10 Trade debts, deposits & 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.

4.11 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.

4.12 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.

4.13 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.

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.

2.3 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:

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 judgement, 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 assumptions.

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.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Companys key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Contingent consideration recognized in a business combination

These are subsequently measured at fair value with changes recognized in profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

4.7.2.9 **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

4.7.2.5 Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

4.7.2.6 Financial liabilities

4.7.2.7 Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Companys financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

4.7.2.8 Subsequent measurement

The measurement of financial liabilities depends on their classification, as descr ibed below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

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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. 6 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 acqusition 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 are recognized in profit and loss account.

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.

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
Wast e	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.

Financial assets at fair value through other comprehensive income are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Companys right to receive payments is established.

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

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

4.7.2.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either:

a) the Company has transferred substantially all the risks and rewards of the asset; or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Companys continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.7.2.2 Initial recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Companys right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

4.7.2.3 Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following categories:

- financial assets at amortized cost;

- financial assets at fair value through other comprehensive income; and

- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

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

a) 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.

b) 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.

4.7 Change in significant accounting policies

The Company has adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.7.1 IFRS 15 - Revenue from Contracts with Customers

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

i) Identify the contract with a customer.

ii) Identify the per formance obligation in the contract.

iii) Determine the transaction price of the contract.

iv) Allocate the transaction price to each of the separate performance obligations in the contract.

v) Recognize the revenue when (or as) the entity satisfies a per formance obligation.

4.7.2 IFRS 9 - Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information because the balance of trade receivables was nill in the previous periods. Accordingly, the companys management has assessed that the adoption of IFRS 9 has not resulted in any impact on the Company's financial statements.

4.7.2.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Companys business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The arranagement determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

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 43 ویں سالانہ اجلاس عام جو مورخہ 19 مارچ 2020ء 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 43rd Annual General Meeting of the Company to be held on Monday the 19 March 2020 at 12:30 P.M. or at any adjournment thereof.

As witness my hand this __________ day of __________ 2020

(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.