33rd ANNUAL REPORT 2016

DADABHOY GROUP

DADABHOY SACK LIMITED

Vision

To be recognized and accepted as leader in the country for manufacturing of state of the art three ply crafts bags for Cement Industries

Mission

- To have a diversified customer base
- To serve the market through innovation & creations
- To offer a high rate of return to Shareholders
- To create a good work environment for our employees and faster team work & career development
- To operate ethically
- To serve the country to achieve the national goals

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr.Muhammad Amin Dadabhoy	
Mr. Fazal Karim Dadabhoy	Chief Executive
Mrs. Humaira Dadabhoy	
Mrs. Yasmeen Dadabhoy	
Mrs. Noor Bakht Dadabhoy	
Mr. Danish Dadabhoy	

CHIEF FINANCIAL OFFICER
Mr. Muhammad Rashid

COMPANY SECRETARY
Mr. Muhammad Rashid.

AUDITORS
M/s Haroon Zakaria & Company, Chartered Accountants

LEGAL ADVISOR
Mr. Salim Thepdawala & Company

BANKER
Summit Bank Limited

REGISTERED OFFICE
Noor Centre Office NO.4, 2nd Floor
Plot No.30-C Ittehad Lane 12 Phase
VII D.O.H.A., Karachi.

SHARE REGISTRAR
M/s. Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, P.E.C.H.S. Off
Shahrah-e-Quaideen, Karachi.

FACTORY
Nooriabad Deh Kalu Kohar, District Dadu (Sindh)

HUMAN RESOURCE & REMUNERATION COMMITTEE
Mr. Syed Nasim Ahmed
Mr. Syed Amjad Raza Rizvi
Mr. Muhammad Amin Dadabhoy

AUDIT COMMITTEE

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Muhammad Amin Dadabhoy	Member
Mr. Fazal Karim Dadabhoy	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of Dadabhoy Sack Limited will be held on Tuesday the 24th January, 2017 at 04:30 p.m. at Jinnah Club, Jinnah Co-operative Housing Society behind KESC Office, Tipu Sultan Road Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To read and confirm the minutes of 32nd Annual General Meeting of the company held on 10th October, 2015.

2. To receive, consider and adopt the Audited Accounts of the company for the year ended June 30, 2016 together with Directors' and Auditors' Reports thereon.

3. To appoint auditor for the year ending June 30, 2017 and fix their remuneration.

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

Karachi. January 02nd 2017

Muhammad Rashid
Company Secretary

Note

1. The Share Transfer Books of the company will remain closed from 18th January, 2017 to 24th January, 2017 (both days inclusive).

2. Any member of the company entitled to attend and vote may appoint another member as his / her proxy to attend and vote on his / her behalf.

3. Proxies must be received at the registered office of the company not less than 48 hours before the meeting.

DIRECTORS' REPORT
In the name of Allah the Most Merciful and the Most Benevolent

The directors of your company are pleased to present the Annual report and the audited financialstatements for the year ended June 30, 2016 together with the auditor's report thereon.

OPERATING AND FINANCIAL RESULTS

The Comparative financialresults of the company are summarized below:-

	June 30, 2016	*June 30 2015*
	--- (Rupees in '000) ---	
Sales-Net	**-**	-
Cost of sales	**-**	-
	-	-
Gross (loss)		
Administrative Expenses	**(2,929)**	(1,965)
Finance Cost	**(4,984)**	-
Operating loss	**(7,912)**	(1,965)
Other operating expenses	**(2,300)**	(50)
Other Income	**3,734**	-
Loss before Taxation	**(6,478)**	(2015)
Taxation	**3,517**	(1,512)
Loss after taxation	**(2,961)**	(3,527)
Loss per share	**(0.74)**	(0.88)

During the current year, DCIL has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages.

Beside the above, in the current year, we have signed an agreement with M/s. Taj Mohammad Construction Company for a Contract of one year duration to manufacture sack on our Plant. After completion of the Contract period, further extension will be decided by the Board of Directors.

OBSERVATION OF THE AUDITORS

As regards the material uncertainty to continue as a going concern, the company is trying to recover from the current position to agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages and the management do not see that there is no significant doubt to continue as going concern.

The auditors have also observed the non-compliances with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance as we stated above the company is in process of revival and can assure the future compliance with the requirements of the Code.

AUDITORS

The present Auditors M/s. Haroon Zakaria & Company, Chartered Accountants, retired and being eligible have offered themselves for reappointment. Audit committee has recommended the reappointment.

PATTERN OF SHARES HOLDING

Pattern of share holding as at June 30, 2016 required under the reporting framework is annexed.

FUTURE PROSPECTS

The Board of directors and its management team are fully determined to move the Company from present situation of uncertainties and for this a strategic plan has been developed and you will see positive improvements in the foreseeable future as discussed above.

EARNING PER SHARE

The Loss per share of the company as at 2016 stood at (0.74) [2015: 0.88)

STATEMENT ON CORPORATE AND FINANCIAL FRAME WORK

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the stock exchange where the Company is listed. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

a) The Financial Statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained in the manner required under the Companies Ordinance 1984.

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

d) International Accounting and Financial reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) There is no internal audit function in the Company.

f) We have an Audit Committee, majority of the members of which are amongst executive directors and the chairman is a non-executive director.

g) As already stated above the company is trying to recover from the current position to agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tons per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages and the management do not see that there is no significant doubt to continue as going concern.

h) The Company operates an unfunded gratuity scheme for its employees and an adequate liability for that has been provided in the accounts and since it is not funded so there are no investments etc.

i) Key operating and financial data for last six years is annexed with financial statement.

j) The Company has neither declared dividend nor issued bonus shares for the current financial year because of operating and accumulated losses incurred.

k) The statutory payments on account of taxes, duties, levies and charges have been paid as per respective laws.

l) The Company does not have any schemes for its employees.

m) During the year 4 meetings of the Board of Directors and 4 audit committee meetings were held separately. Attendance by each Director and member of the company is annexed.

n) The Company has no overdue of any loan

o) Directors have not attended any training program during the year but will obtain the required certification within the stipulated time.

p) There was no trading in shares of the Company by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

MEETINGS OF THE BOARD OF DIRECTORS

During the year four meetings of Board of directors were held. Attendance by each director is as follows.

Name of Directors	*No. of Meetings Attended*
Mr. Muhammad Hussain Dadabhoy	4
Mr. Muhammad Amin Dadabhoy	4
Mr. Fazal Karim Dadabhoy	4
Mrs. Humaira Dadabhoy	4
Mrs. Yasmeen Dadabhoy	4
Mrs. Noor Bakht Dadabhoy	4
Mr. Danish Dadabhoy	4

MEETINGS OF THE AUDIT COMMITTEE

During the year four meetings of Audit Committee were held. Attendance by each director is as follows.

Name of Directors	*No. of Meetings Attended*
Mr. Muhammad Hussain Dadabhoy	4
Mr. Muhammad Amin Dadabhoy	4
Mr. Fazal Karim Dadabhoy	4

ACKNOWLEDGEMENT

Your Directors are pleased to record their appreciation for the continued dedications, commitment and loyalty of the employees of your company.

Your Directors are also thankful to all stakeholders for the loyalty they have shown during our difficult period.

Your directors also appreciate the assistance and continued support of the various Government Departments, Bankers, Customers and Shareholders.

For and On behalf of the Board

Fazal Karim Dadabhoy
Chief executive

Karachi: January 2, 2017

DADABHOY SACK LIMITED

DADABHOY GROUP

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D.H.A, Karachi, Pakistan.
Ph # 021-3531 2004 – 07 - 09
Fax # 021-3531 2006
Website.www.mhdadabhoy.com
E-mail: mhdadabhoygroup@gmail.com

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE DADABHOY SACK LIMITED FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the requirements of Code of Corporate Governance (the Code) contained in the Regulations of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Non-Executive Director	Mr. Muhammad Hussain Dadabhoy
Executive Directors	Mr. Amin Dadabhoy
	Mr. Fazal Karim Dadabhoy
	Mr. Danish Dadabhoy
	Mrs. Humaira Dadabhoy
	Mrs. Yasmeen Dadabhoy
	Mrs. Noor Bakht Dadabhoy

   The Company does not have any independent directors on its board at present.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

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

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. None of the Directors have done the prescribed training program. The Directors will be trained within the prescribed time period. All the Directors on the Board are fully conversant with their duties and responsibilities.

10. There has been no change in the position of Chief Financial Officer and the Company Secretory. While no appointment of head of internal audit has been made due to operational inactivity of the Company.

11. The Directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) before approval of the Board.

13. The Directors, CEO, and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of Code.

15. The Board has formed an Audit Committee which comprises of three members, of whom all are executive directors and chairman is a non-executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom one is an executive director while remaining members are not the directors of the Company.

18. Due to operational inactivity of the Company, the Board has not formed any internal audit function during the year.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

    i. Executive directors of the Company are more than one-third of the elected directors.
    ii. Half year review for the period ended December 31, 2015 was conducted by a non-QCR rated firm of Chartered Accountants.

Karachi
Dated:

Chief Executive Officer

DADABHOY SACK LIMITED (Rupees in '000)

FINANCIAL REVIEW FOR SIX YEARS

Particulars	2016	2015	2014	2013	2012	2011
PRODUCTION SUMMARY						
Production in Bags	Nil	Nil	Nil	Nil	Nil	Nil
ASSETS EMPLOYED						
Total Assets Employed	206,262	45,489	56,056	58,996	63,708	64,897
FINANCED BY						
Shareholders' Equity	19,754	21,226	28,015	30,966	36,001	32,298
Surplus on Revaluation	127,295	9,680	13,514	13,672	13,848	13,848
Long term Liabilities	0	2,699	2,699	2,699	2,699	3,113
Deferred Liabilities	49,010	1,253	1,461	1,461	1,461	1,461
Current Liabilities	10,203	10,631	10,365	10,198	9,699	14,177
Total Funds Invested	206,262	45,489	56,056	58,996	63,708	64,897
TURNOVER AND PROFIT						
Turnover (Net)	-	-	-	-	-	-
Operating Profit (Loss)	-	-	-	-	-	-
Profit / (Loss) before Taxation	(6,478)	(2,015)	(3,108)	(5,211)	3,703	(766)
Profit / (Loss) after Taxation	(2,961)	(3,527)	(3,108)	(5,211)	3,703	(766)
Cash Dividend	-	-	-	-	-	-
Profit (Loss) carried forward	(20,246)	(18,774)	(12,142)	(9,034)	(3,999)	(7,702)

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

DADABHOY SACK LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

A member of
msi Global Alliance
Independent legal & accounting firms

Room M1-M4, Mezzanine Floor,
Progressive Plaza
Plot No. 5 – CL – 10, Civil Lines Quarter,
Beaumont Road, Near Dawood Centre,
Karachi – 75530 PAKISTAN

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URL : http://www.hzco.com.pk

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **DADABHOY SACK LIMITED**, (the Company) for the year ended June 30, 2016 to comply with the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

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

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

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Progressive Plaza,
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Web: http:www.hzco.com.pk

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

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

Paragraph 1	There is no representation of any independent director on the Board.
Paragraph 10 and 18	There is no internal audit function in the Company.
Paragraph 15	Code prescribes the Chairman of the Audit Committee to be an independent director and other members should be amongst the non-executive directors. While the Company has Audit Committee comprising of executive directors and the chairman is a non-executive director.
Paragraph 17	Human Resource and Remuneration Committee comprises of members not on the board of the Company.
Paragraph 23 (i)	Executive directors of the Company are more than one-third of the elected directors.
Paragraph 23 (ii)	Half year review was conducted by a non-QCR rated Chartered Accountant.

Haroon Zakaria &Co

Haroon Zakaria &Company
Chartered Accountants

Place: Karachi
Dated: 02 JAN 2017

Engagement Partner:
Mohammad Iqbal

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DADABHOY SACK LIMITED** as at June 30, 2016 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) During the current year, the Company has incurred after tax loss amounting to Rs. 2.961 (2015: Rs. 3.527) million rising its accumulated losses to Rs. 20.246 (2015: Rs. 18.774) million. The operations of the Company are closed since financial year 2009 and the Company has been reporting nil sales since then due to which, it is suffering from continuous losses together with the liquidity issues. The Company is fully dependent upon the financial support of Directors and Sponsors to fulfill its operational and financial obligations.

These factors indicate the existence of material uncertainty that may cast doubts regarding the Company's ability to continue as a going concern and accordingly, Company may not be able to realize its assets and settle its liabilities at stated amounts in the normal course of business. The financial statements do not disclose this fact. Further, the mitigating factors disclosed by the management in the financial statements in note # 1.2 reflect only initial steps taken by the management for restarting the operational activities of the Company which have not been materialized till the issue of these financial statements.

b) in our opinion, except as stated in paragraph (a) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion:

i) except as stated in paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

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

d) Owing to the significance of the matters stated in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

As part of our audit of the financial statements for the year ended June 30, 2016, we also audited the adjustments as described in note # 4.2, note # 10.4 and note # 12.1.1 to the annexed financial statements that are applied to amend the prior period financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the prior period financial statements of the Company other than with respect to the adjustments mentioned above and, accordingly, we do not express an opinion or any other form of assurance on the prior period financial statements taken as a whole.

The Company is required to convene its annual general meeting (AGM) of the shareholders and lay therein audited financial statements within four months from the close of the year end. The said required AGM and subsequent corporate actions of the financial year ended on June 30, 2016 have been delayed which entails penalties from the regulator. The disclosure and attributable reasons whereof have not been stated in these financial statements.

The financial statements of the Company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements in their report dated September 11, 2015.

Haroon Zakaria & Co

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 02 JAN 2017

Engagement Partner:
Mohammad Iqbal

DADABHOY SACK LIMITED
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	*2016* *Rupees*	*2015* *Rupees* *Restated*
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**185,419,154**	19,790,263
Long term lease deposit		**-**	4,418,516
		185,419,154	24,208,779
Current Assets			
Stores, spares and loose tools	5	**-**	408,304
Trade debts	6	**20,841,679**	20,841,679
Income tax refunds due from Government	7	**-**	29,897
Bank balances	8	**923**	803
		20,842,602	21,280,683
Total Assets		**206,261,756**	45,489,462
EQUITY AND LIABILITIES			
Authorized Capital			
10,000,000 Ordinary shares of Rs. 10 each		**100,000,000**	100,000,000
Issued, subscribed and paid up capital			
4,000,000 shares of Rs. 10 each fully paid in cash	9	**40,000,000**	40,000,000
Accumulated losses		**(20,246,131)**	(18,773,968)
		19,753,869	21,226,032
Surplus on revaluation of fixed assets	10	**127,295,443**	9,680,079
Non Current Liabilities			
Liabilities against assets subject to finance lease	11	**-**	2,699,154
Deferred liabilities	12	**49,009,658**	1,253,291
		49,009,658	3,952,445
Current Liabilities			
Trade and other payables	13	**6,114,053**	6,484,219
Short term borrowings	14	**3,339,003**	3,396,957
Provision for taxation		**749,730**	749,730
		10,202,786	10,630,906
Contingencies and commitments	15	**-**	-
Total Equity and Liabilities		**206,261,756**	45,489,462

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY SACK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	16	**(2,928,830)**	(1,965,211)
Finance cost		**(4,983,540)**	-
Operating loss		**(7,912,370)**	(1,965,211)
Other operating expenses	17	**(2,299,957)**	(50,000)
Other income	18	**3,734,383**	-
Loss before taxation		**(6,477,944)**	(2,015,211)
Taxation	19	**3,517,437**	(1,511,754)
Loss after taxation		**(2,960,507)**	(3,526,965)
Loss per share	20	**(0.74)**	(0.88)

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY SACK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	*2015*
	Rupees	*Rupees*
		Restated
Loss after taxation	**(2,960,507)**	(3,526,965)
Other comprehensive income for the year	**-**	**-**
Total comprehensive loss for the year	**(2,960,507)**	(3,526,965)

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY SACK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees Restated
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(6,477,944)**	(2,015,211)
Adjustments for:		
Depreciation	**2,747,660**	1,750,511
Gain on disposal of fixed asset	**(2,906,353)**	-
Liabilities written back	**(828,030)**	-
Finance cost	**4,983,540**	-
Impairment loss on fixed assets	**1,791,756**	-
Stores and spares written off	**408,304**	-
Advance income tax written off	**29,897**	-
Cash outflows before working capital changes	**(251,170)**	(264,700)
Working capital changes:		
Increase in current liabilities		
Trade and other payables	**309,244**	66,470
Cash generated from / (used in) operations	**58,074**	(198,230)
Finance cost paid	**(4,937,588)**	-
Long term deposit refunded	**4,418,516**	-
Net cash used in operating activities	**(460,998)**	(198,230)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from disposal of fixed assets	**3,218,226**	-
Net cash generated from investing activities	**3,218,226**	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of lease liability	**(2,699,154)**	-
(Adjustment of) / proceeds from short term borrowings	**(57,954)**	198,470
Net cash (used in) / generated from financing activities	**(2,757,108)**	198,470
Net increase in cash and cash equivalents	**120**	240
Cash and cash equivalents at beginning of the year	**803**	563
Cash and cash equivalents at end of the year	**923**	803

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive ***Director***

DADABHOY SACK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	*Accumulated Losses*	*Shareholders' equity*
	- - - - - - - - - - -	*Rupees*	- - - - - - - - - - -
Balance as at June 30, 2014 - before restatement	40,000,000	(11,984,258)	28,015,742
Effect of restatement			
- unrecorded depreciation (note 4.2)	-	(8,816,577)	(8,816,577)
- Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated (note 10.4)	-	1,856,539	1,856,539
- unrecognized deferred tax (note 12.1.1)	-	3,112,605	3,112,605
Balance as at June 30, 2014 - restated	**40,000,000**	**(15,831,691)**	**24,168,309**
Total comprehensive loss for the year - restated	-	(3,526,965)	(3,526,965)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax - restated	-	584,688	584,688
Balance as at June 30, 2015 - restated	**40,000,000**	**(18,773,968)**	**21,226,032**
Total comprehensive loss for the year	-	**(2,960,507)**	**(2,960,507)**
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	-	**1,488,344**	**1,488,344**
Balance as at June 30, 2016	**40,000,000**	**(20,246,131)**	**19,753,869**

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive

Director

1 STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated on September 27, 1983 as a Private Limited Company by the name of Paperpro Industries (Private) Limited. The Company was converted into Public Limited Company on October 27, 1994 and its name was changed to Dadabhoy Sack Limited on January 19, 1995. The principal activity of the Company is the manufacturing and sale of paper bags. In February 1996, the Company was listed at Stock Exchanges of Karachi and Lahore (now the Pakistan Stock Exchange Limited - PSX). The Company's registered office is situated at Suite # 4, 2nd Floor, Plot no. 28-30 / C, Noor Centre, Khayaban-e-Ittehad, Lane no.12, Phase VII, D.H.A., Karachi.

Trading in shares of the Company was suspended by the Stock Exchanges on October 26, 2009 due to non compliances with respect to PSX regulations.

1.2 Going Concern Assumption:

During the current year, the Company has incurred after tax loss amounting to Rs. 2.961 (2015: Rs. 3.527) million rising its accumulated losses to Rs. 20.246 (2015: Rs. 18.774) million. The operations of the Company are closed since financial year 2009 due to which the Company is facing financial and operational difficulties and is unable to discharge its liabilities in due course of business. The operations of the Company are directly dependent upon the operations of its associated company, Dadabhoy Cement Industries Limited (DCIL), which is the major customer of the Company and is facing financial and operational problems and its operations are also closed. The Company is reporting nil sales since then and is totally dependent on the financial support of its Directors.

The management of the Company has prepared these financial statements on going concern basis due to the following reasons:

a) The Company has revaluation surplus on fixed assets amounting to Rs. 127.295 million as on the balance sheet date, which is far more than the amount of negative equity of the company as stated above.

b) During the current year, DCIL has entered into an agreement with a renowned Chinese firm, which has taken interest in the refurbishment and "Operations and Maintenance (O & M)" of the existing plant of DCIL and for setting up a new cement plant with the capacity of 5,000 tones per day. Necessary financing for the project will be arranged by the firm, on behalf of DCIL, from Chinese financial institutions for which the negotiations are at the final stages.

Management of DCIL is confident that the planned work of refurbishment at plant will be commenced by the end of June 30, 2017.

Since the operations of the Company are directly dependent upon DCIL, therefore, revival of DCIL will also help the Company to recommence its operations.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows: **-**

Property, plant and equipment

The Company’s management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment (if any).

Trade debts

The Company reviews its trade debts against any provision required for any doubtful balances on a on-going basis. The provision is made while taking into consideration expected recoveries, if any.

2.5 New / revised standards that became effective for the year

The following new / revised standards are effective for the year ended June 30, 2016. These standards are, either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'

IFRS 13 'Fair Value Measurement' also became effective in the current year. IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial statements of the company, except for certain additional disclosures.

2.6 Amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods beginning on or after the date mentioned against each of them. These amendments are either not relevant to the company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective Date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Applying the consolidation exception	January 1, 2016
Amendments to IFRS 11 'Joint Arrangements' - Amendments regarding the accounting for acquisitions for an interest in a joint venture	January 1, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Amendments as a result of the disclosure initiative	January 1, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 1, 2017
Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer plants	January 1, 2016
Amendments to IAS 27 'Separate Financial Statements' – equity method in separate financial statements	January 1, 2016

2.7 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost or revaluation less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at revalued amount. Depreciation is charged on all assets using the reducing balance method at the rates stated in note 4.

Depreciation on addition is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed.

The surplus on revaluation of property, plant and equipment is reversed to the extent of incremental depreciation and is transferred to accumulated profit.

Gains and losses on sale of fixed assets are included in profit and loss, except that is related to surplus on revaluation of fixed assets (net of deferred taxation), is transferred directly to accumulated profit.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

Leased assets in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Assets acquired under the finance lease are depreciated over the useful life of the assets at the rates applicable to the Company's own assets.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

3.2 Stores, spares and loose tools

These are valued at lower of the moving average cost and net realizable value (less impairment loss if any) other than stores and spares in transit which are valued at cost comprising invoice value plus other charges paid thereon less impairment loss if any.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

3.3 Trade debts

Trade debts are carried at original invoice amount less provision made for doubtful receivable balances, if any. Debts are written off when identified as irrecoverable.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash at banks in current accounts.

3.5 Trade and other payables

Liabilities for trade and other payables are stated at their nominal values which is the fair value of the consideration required to settle the related obligations.

3.6 Taxation

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profit for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Provisions

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

3.8 Borrowing cost

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates 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.

3.10 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.11 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities offsets each other and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the transaction and also intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the statement of changes in equity in the period in which theses are approved.

4	***PROPERTY, PLANT AND EQUIPMENT***	***Note***	***2016 Rupees***	*2015 Rupees*
	Operating fixed assets - tangible	4.1	**185,419,154**	19,790,263

4.1 Operating fixed assets - tangible

	As at June 30, 2016									
	COST / REVALUED AMOUNTS*					***ACCUMULATED DEPRECIATION***				
Description	***As at 01 July 2015***	***Surplus on Revaluation***	***Deletion / Impairment** / Adjustment of Depreciation on Account of Revaluation****	***As at 30 June 2016***	***Rate %***	***As at 01 July 2015***	***Deletion / Impairment** / Adjustment of Depreciation on Account of Revaluation****	***Depreciation for the year***	***As at 30 June 2016***	***Written Down Value as at 30 June 2016***
	- - - - - - - - - - - - ***(Rupees)***- - - - - - - - - - -					- - - - - - - - - - - - ***(Rupees)***- - - - - - - - - - -				
Owned Assets										
Land - freehold*	**4,500,000**	**4,500,000**	**-**	**9,000,000**		**-**	**-**	**-**	**-**	**9,000,000**
Building on freehold land*	**4,000,000**	**23,767,495**	**(2,717,495)**	**25,050,000**	**10**	**2,582,282**	**(2,717,495)**	**338,177**	**202,964**	**24,847,036**
Plant and machinery*	**32,077,500**	**142,212,685**	**(21,790,185)**	**152,500,000**	**10**	**20,752,015**	**(21,790,185)**	**2,309,003**	**1,270,833**	**151,229,167**
Fork lifter**	**630,000**	**-**	**(630,000)**	**-**	**20**	**616,765**	**(616,765)**	**-**	**-**	**-**
Office equipment	**420,705**	**-**	**-**	**420,705**	**10**	**366,555**	**-**	**5,415**	**371,970**	**48,735**
Electrical equipment	**862,077**	**-**	**-**	**862,077**	**10**	**761,894**	**-**	**10,018**	**771,912**	**90,165**
Security equipment**	**54,335**	**-**	**(54,335)**	**-**	**10**	**51,613**	**(51,613)**	**-**	**-**	**-**
Furniture & fittings**	**5,920,288**	**-**	**(5,250,000)**	**670,288**	**10**	**3,917,766**	**(3,474,201)**	**22,672**	**466,237**	**204,051**
	48,464,905	**170,480,180**	**(30,442,015)**	**188,503,070**		**29,048,890**	**(28,650,259)**	**2,685,285**	**3,083,916**	**185,419,154**
Leased Assets										
Motor vehicles	**6,807,525**	**-**	**(6,807,525)**	**-**	**20**	**6,433,277**	**(6,495,652)**	**62,375**	**-**	**-**
2016	**55,272,430**	**170,480,180**	**(37,249,540)**	**188,503,070**		**35,482,167**	**(35,145,911)**	**2,747,660**	**3,083,916**	**185,419,154**

	As at June 30, 2015	
	*COST / REVALUED AMOUNTS**	*ACCUMULATED DEPRECIATION*

Description	As at 01 July 2014	Surplus on Revaluation	Deletion / Adjustment of Depreciation on Account of Revaluation*	As at 30 June 2015	Rate %	As at 01 July 2014	Deletion / Adjustment of Depreciation on Account of Revaluation*	Depreciation for the year	As at 30 June 2015	Written Down Value as at 30 June 2015
	------------ (Rupees)------------					------------ (Rupees)------------				
Owned Assets										
Land - freehold*	4,500,000	-	-	4,500,000		-	-	-	-	4,500,000
Building on freehold land*	4,000,000	-	-	4,000,000	10	2,424,758	-	157,524	2,582,282	1,417,718
Plant and machinery*	32,077,500	-	-	32,077,500	10	19,493,628	-	1,258,387	20,752,015	11,325,485
Fork lifter	630,000	-	-	630,000	20	613,456	-	3,309	616,765	13,235
Office equipment	420,705	-	-	420,705	10	360,538	-	6,017	366,555	54,150
Electrical equipment	862,077	-	-	862,077	10	750,763	-	11,131	761,894	100,183
Security equipment	54,335	-	-	54,335	10	51,310	-	303	51,613	2,722
Furniture & fittings	5,920,288	-	-	5,920,288	10	3,695,263	-	222,503	3,917,766	2,002,522
	48,464,905	-	-	48,464,905		27,389,716	-	1,659,174	29,048,890	19,416,015
Leased Assets										
Motor vehicles	6,807,525	-	-	6,807,525	20	6,339,715	-	93,562	6,433,277	374,248
2015 - restated	55,272,430	-	-	55,272,430		33,729,431	-	1,752,736	35,482,167	19,790,263

4.2 <u>CORRECTION OF PRIOR PERIOD ERROR:</u>

Company had not charged depreciation on plant and machinery from the financial year 2009 till 2013 on the assumption that the operations of the Company were at halt. From financial year 2014, depreciation has been charged against these assets without restating the prior period balances in accordance with the requirements of IFRS. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

4.3 Due to stoppage of the plant, all the depreciation is charged to administrative expenses, hence no production related depreciation has been charged.

4.4 Leased vehicle having cost and WDV of Rs. 6.808 million and Rs. 0.312 million respectively has been sold to one of the Directors of the Company against the proceeds of Rs. 3.218 million resulting in the gain on disposal amounting to Rs. 2.906 million.

	Note	***2016***	*2015*
	Note	***Rupees***	*Rupees*

5 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	17	**-**	408,304

6 TRADE DEBTS
- Considered good

From related party	6.1	**20,841,679**	20,841,679

6.1 This represents an amount due from Dadabhoy Cement Industries Limited (DCIL) **-** associated company and is considered to be good and recoverable due to the revival steps being taken by the associated company as discussed in note 1.2. Further, Forced Sale Value (FSV) of the fixed assets of DCIL, based on the fresh valuation carried by an independent valuer, in June 2016 amounted to Rs. 2,686 million.

	Note	***2016***	*2015*
	Note	***Rupees***	*Rupees*

7 INCOME TAX REFUNDS DUE FROM GOVERNMENT

Advance income tax	17	**-**	29,897

8 BANK BALANCES

Cash at bank in current account	**923**	803

9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares				
2016	*2015*			
		Ordinary shares of Rs. 10 each		
4,000,000	4,000,000	Fully paid in cash	**40,000,000**	40,000,000

9.1 1,739,370 (2015: 1,739,370) and 1,600,000 (2015: 1,600,000) Ordinary shares of Rs. 10 each are held by the associated companies **-** Dadabhoy Trading Corporation (Pvt.) Limited and Dadabhoy Hydrocarbon Limited as at the year end, representing 43.48% and 40.00% of the total shareholding in the Company respectively.

10 SURPLUS ON REVALUATION OF FIXED ASSETS

	2016 Rupees	2015 Rupees Restated
Balance as at July 01,	**12,156,405**	13,016,240
Revaluation surplus arising during the year	**170,480,179**	-
	182,636,584	13,016,240
Transfer to equity in respect of incremental depreciation - net of deferred tax	**(1,488,344)**	(584,688)
Related deferred tax liability of incremental depreciation	**(668,676)**	(275,147)
	(2,157,020)	(859,835)
	180,479,564	12,156,405
Less: Related deferred tax liability		
- at the beginning of the year	**2,476,326**	2,837,457
- effect of revaluation surplus during the year	**51,453,856**	-
- effect of tax rate adjustment	**(77,385)**	(85,984)
- on incremental depreciation for the year	**(668,676)**	(275,147)
	53,184,121	2,476,326
Balance as at June 30,	**127,295,443**	9,680,079

10.1 The latest revaluation of its land, building on freehold land and plant and machinery was carried out under market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on June 20, 2016, resulting in a surplus of Rs. 170.480 million, over book values which were credited to surplus on revaluation of fixed assets.

Earlier, the Company had carried out the revaluation of its land, building on freehold land and plant and machinery under the market value basis by an independent valuer, M/s. Zafar Iqbal & Company as on August 10, 2005, resulting in a surplus of Rs. 26.408 million, over book values which were credited to surplus on revaluation of fixed assets.

10.2 Had there been no revaluation, the written down values of specific classes of property, plant and equipment would have been amounted to:

	Cost as at June 30, 2016	*Accumulated Depreciation*	*WDV as at June 30, 2016*
		Rupees	
Land	**82,115**	**-**	**82,115**
Building on freehold land	**11,828,739**	**10,861,579**	**967,160**
Plant and machinery	**39,497,802**	**36,019,154**	**3,478,648**
	51,408,656	**46,880,733**	**4,527,923**

10.3 In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its property and equipment in terms of following fair value hierarchy:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's property and equipment in terms of fair value hierarchy, explained above, at June 30, 2016 is as follows:

Assets measured at fair value		***Level 1***	***Level 2***	***Level 3***
			Rupees	
Operating fixed assets	- Freehold Land	**-**	**9,000,000**	**-**
	- Buildings on freehold land	**-**	**24,847,036**	**-**
	- Plant and machinery	**-**	**151,229,167**	**-**
Total		**-**	**185,076,203**	**-**

10.4 CORRECTION OF PRIOR PERIOD ERROR:

The Company had inadvertently not applied the provision of IAS - 12 with respect to the treatment of deferred tax on account of revaluation surplus. Error has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

	Note	***2016 Rupees***	*2015 Rupees*
11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance as on July 01,		**2,699,154**	2,699,154
Lease obtained during the year		**-**	-
Payments made during the year		**(2,699,154)**	-
		-	2,699,154
Current portion shown under current liabilities		**-**	-
Balance as on June 30,	11.1	**-**	2,699,154

11.1 The liability has been repaid during the year by one of the Directors of the Company by purchasing the vehicle from the Company.

	Note	***2016 Rupees***	*2015 Rupees Restated*
12 DEFERRED LIABILITIES			
Deferred taxation	12.1	**49,009,658**	1,150,624
Staff gratuity	12.2	**-**	102,667
		49,009,658	1,253,291

12.1 Deferred Tax Liability

Deferred taxation comprises differences relating to			
Taxable temporary differences			
Accelerated depreciation for tax purposes		**54,689,938**	4,773,125
Deductible temporary differences			
Staff gratuity		**-**	(32,853)
Unused tax losses		**(5,680,280)**	(3,589,648)
		(5,680,280)	(3,622,501)
	12.1.1	**49,009,658**	1,150,624

12.1.1 <u>CORRECTION OF PRIOR PERIOD ERROR:</u>

Deferred tax expense was not recognized in prior years as per the requirements of IAS - 12. This was an inadvertent error on the part of management which has been rectified in the current financial year by restating the comparative figures and opening accumulated losses of the corresponding period.

	Note	2016 Rupees	2015 Rupees
12.2 Defined Benefit Plan - Staff Gratuity			
Liability for gratuity arose in the following manners:			
Present value of defined benefit obligation		**-**	102,667

12.2.1 Movement in net liability recognized

	Note	2016 Rupees	2015 Rupees
Opening Balance		**102,667**	102,667
Provision for the year	12.2.2	**-**	-
Adjusted during the year		**(102,667)**	-
Closing balance		**-**	102,667

12.2.2 Since there is no permanent employee of the Company as on the balance sheet date, therefore no provision for gratuity has been made in these financial statements while opening liability has been written back.

	Note	2016 Rupees	2015 Rupees
13 TRADE AND OTHER PAYABLES			
Accrued liabilities		**5,148,730**	5,564,848
Unclaimed dividend		**415,650**	415,650
Workers' Profit Participation Fund	13.1	**511,052**	465,100
Workers' Welfare Fund		**38,621**	38,621
		6,114,053	6,484,219

13.1 Workers' Profit Participation Fund

		2016	2015
Balance at beginning of year		**465,100**	465,100
Interest on balance		**45,952**	-
Less: payments during the year		**-**	-
Balance at the end of year		**511,052**	465,100

14 SHORT TERM BORROWINGS

- From Related Parties - unsecured

	Note	2016	2015
Directors	14.1	**3,339,003**	3,157,713
Associated company			
Dadabhoy Energy Supply Company Limited		**-**	239,244
		3,339,003	3,396,957

14.1 These loans are unsecured, interest free and payable on demand. These have been given by the related parties to facilitate the Company for fulfilling its operational and financial obligations. The treatment has been done in accordance with the guidelines given under Technical Release (TR) 32 "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan (ICAP).

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments binding on the Company as on the balance sheet date.

	Note	2016 Rupees	2015 Rupees Restated
16 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		**181,170**	164,700
Professional charges		**-**	50,000
Depreciation	4	**2,747,660**	1,750,511
		2,928,830	1,965,211
17 OTHER OPERATING EXPENSES			
Auditor's remuneration	17.1	**70,000**	50,000
Impairment loss on fixed assets		**1,791,756**	-
Stores and spares written off	5	**408,304**	-
Advance income tax written off	7	**29,897**	-
		2,299,957	50,000
17.1 Auditors' remuneration			
Audit fee		**50,000**	50,000
Review of Code of Corporate Governance		**15,000**	-
Out of pocket		**5,000**	-
		70,000	50,000
18 OTHER INCOME			
Income from other than financial asset			
Gain on disposal of fixed asset	4.4	**2,906,353**	-
Liabilities written back		**828,030**	-
		3,734,383	-

	Note	2016 Rupees	2015 Rupees Restated
19 TAXATION			
Current	19.1	**-**	-
Deferred		**(3,517,437)**	1,511,754
		(3,517,437)	1,511,754

19.1 The Company is not liable to current tax, including minimum tax, on account of gross loss.

19.2 Income Tax Returns of the Company have been finalized up to and including the tax year 2015 which are considered to be the deemed assessment subject to amendment u/s 122 of the Income Tax Ordinance, 2001.

	2016	2015
	Rupees	Rupees

20 LOSS PER SHARE
- Basic and Diluted

Loss after taxation	**(2,960,507)**	(3,526,965)
Weighted average number of ordinary shares outstanding	**4,000,000**	4,000,000
Loss per share - basic and diluted	**(0.74)**	(0.88)

21 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

In view of the current operational and financial position of the Company, the Directors of the Company have voluntarily waived their remuneration.

22 PLANT CAPACITY

	No of bags	
Installed capacity	**26,000,000**	26,000,000
Utilized capacity	**-**	-
Utilized capacity % age	**-**	-

23 TRANSACTIONS WITH RELATED PARTIES

23.1 The related parties comprise of group companies (associated companies), Directors and their close family members, executives, major shareholders of the Company. The transactions with related parties are as follows:

	Note	***2016***	*2015*
		Rupees	*Rupees*
Loan received from Directors		**181,290**	198,470
Proceeds from disposal of vehicle to Director		**3,218,226**	-

24 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2016	2015
Financial Assets			
- Loans and receivables at amortized cost			
Trade debts	6	**20,841,679**	20,841,679
Bank balances	8	**923**	803
		20,842,602	20,842,482
Financial Liabilities			
- At amortized cost			
Liabilities against assets subject to finance lease	11	**-**	2,699,154
Trade and other payables	13	**485,651**	901,769
Short term borrowings	14	**3,339,003**	3,396,957
		3,824,654	6,997,880

25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

25.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fails to meet its contractual obligation and it mainly arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk before any provisions at the reporting date is:

	2016	*2015*
	Rupees	*Rupees*
Trade debts	**20,841,679**	20,841,679
Bank balances	**923**	803
	20,842,602	20,842,482

Trade debts

All the trade debts at the balance sheet date represent receivable from a related party which is considered good due to the reasons as discussed in note 6.1.

Quality of financial assets

The Company keeps its fund with banks having good credit ratings. Currently the funds are kept with a bank having rating of A-1.

25.2 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with the financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

Following are the contractual maturities of the financial liabilities:

	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than twelve months
	(Rupees)				
Financial Liabilities					
Trade and other payables	**485,651**	**485,651**	**485,651**	**-**	**-**
Short term borrowings	**3,339,003**	**3,339,003**	**-**	**3,339,003**	**-**
	3,824,654	**3,824,654**	**485,651**	**3,339,003**	**-**

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than twelve months
	(Rupees)				
Financial Liabilities					
Liabilities against assets subject to finance lease	2,699,154	2,699,154	-	-	2,699,154
Trade and other payables	901,769	901,769	901,769	-	-
Short term borrowings	3,396,957	3,396,957	3,396,957	-	-
	6,997,880	6,997,880	4,298,726	-	2,699,154

25.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to any foreign exchange risk, interest rate risk and other price risk as at the balance sheet date.

25.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

25.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances. The Company finances its expansions projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk and maximizing profitability.

The Company monitors capital using a gearing ratio, which is net debt divided by total shareholders equity plus net debt. Net debt is calculated as total loans and borrowings from banking companies including any finance cost thereon, less cash and bank balances. The Company's strategy is to maintain leveraged gearing. Since the Company has not taken any loan or borrowings from financial institutions, hence its gearing ratio is nil as on the balance sheet date.

26 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, whenever necessary, for the purpose of compliance, comparison and better presentation. Major changes made during the year are as follows:

Reclassification from the caption component	*Reclassification to the caption component*	*Note*	*Amount (Rs.)*
Trade and other payables	***Short term borrowings***	14	**3,396,957**
Trade and other payables	***Trade and other payables***	13	
- Withholding tax payable	- Accrued liabilities		**4,451,004**
- Sales tax payable	- Accrued liabilities		**590,225**
- SED payable	- Accrued liabilities		**37,500**
Administrative expenses	***Other operating expenses***	17	**50,000**

27 GENERAL

- Figures have been rounded off to the nearest Rupees.

- Number of employees as on the balance sheet date and average number of employees during the year were 1 (2015: 1).

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 02 January 2017 by the Board of Directors of the Company.

Chief Executive ***Director***

DADABHOY SACK LIMITED
PATTERN OF SHAREHOLDING
AS ON 30TH JUNE, 2016

NO. OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL SHARES HELD
59	101	500	29,200
18	501	1,000	17,400
2	1,001	5,000	7,500
1	10,001	50,000	10,000
5	50,001	100,000	320,530
1	100,001	300,000	276,000
2	300,001	1,740,000	3,339,370
88			4,000,000

Catagories of Shareholders	No. of Shareholders	Shares Held	Percentage %
Individuals	84	284,630	7.12
Joint Stock Companies	3	3,615,370	90.38
Financial Institutions	1	100,000	2.50
	88	4,000,000	100.00

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE AS ON 30-06-2016

SHAREHOLDERS CATEGORY	NO. OF SHARE HOLDER	SHAREHOLDING
ASSOCIATED COMPANIES		
DADABHOY TRADING CORPORATION (PVT) LTD.	1	1,739,370
DADABHOY CEMENT INDUSTRIES LTD.	1	276,000
DADABHOY HYDROCARBON LIMITED	1	1,600,000
DIRECTORS		
MR. MUHAMMAD HUSSAIN DADABHOY	1	700
MR. MUHAMMAD AMIN DADABHOY	1	56,616
MR. FAZAL KARIM DADABHOY(CHIEF EXECUTIVE)	1	52,178
MRS. HUMAIRA DADABHOY	1	55,207
MRS. YASMEEN DADABHOY	1	56,529
MRS. NOOR BAKTH DADABHOY	1	700
MR. DANISH DADABHOY	1	500
BANKS, DFIS, NBFIS, INSURANCE COMP.ETC.		
NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT	1	100,000
GENERAL PUBLIC		284,630
SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST		
DADABHOY TRADING CORPORATION (PVT) LTD.	1	1,739,370
DADABHOY HYDROCARBON LIMITED	1	1,600,000

DADABHOY SACK LIMITED

33RD ANNUAL GENERAL MEETING 2016

FORM OF PROXY

I / We ____

Of____being

A member of DADABHOY SACK LIMITED and holder of _________ Ordinary Shares as per registered Folio No. ________________________Hereby appoint ____
Of ____
Or failing him ____
Of ____
Vide Registered Folio No. ____

As my / our proxy to vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on 24th January 2017 and at any adjournment thereof.

Signed my me/us this ___________________ day of ____________ 2017

Signed by the Shareholders

____

Important :

This form of Proxy duly complete must be deposited at the Company's

Registered Office, Noor Centre Office No. 4, 2nd Floor, Plot No. 30-C Ittehad Lane 12 Phase VII, D.O.A.H., Karachi. Not later than 48 hours before the time of holding the meeting.
A proxy should also be a shareholder of the Company.

Five Rupees
Revenue Stamps

For Office use