

# Annual Report 2016



Tri-Star  
Polyester Ltd.



## Company Information

Board of Directors:	Mr. Rashid Ahmad Mr. Asad Ahmad Ms. Uzma Ahmad Mr. Tahir Ahmad Ms. Marium Ahmad Mr. Mohammad Haroon Saeed Mr. Tanvir Hasan	Non Executive Chairman Chief Executive Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
Auditors:	M/s. Ghalib & Co. Chartered Accountants	
Bankers:	Bank Al-Habib Ltd. Burj Bank Ltd. Habib Bank Ltd.	
Audit Committee:	Mr. Tanvir Hasan Mr. Tahir Ahmad Mr. Mohammad Haroon Saeed	Chairman Member Member
Legal Counsel:	Abid S. Zuberi Bar-at-Law	
Registered Office:	F/498, S.I.T.E., Karachi-75700	
Shares Registrar / Transfer Agent:	Hameed Majeed Associates (Pvt) Ltd. 4 <sup>th</sup> Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.	
Plant:	F/538, S.I.T.E., Karachi-75700	



### NOTICE OF MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of Tri-Star Polyester Ltd., will be held on October 28, 2016 at 12:00 pm at F/498, S.I.T.E., Karachi to transact the following business:

1. Recitation from the HOLY QURAN.
2. To receive and adopt the audited accounts for the period ended June 30, 2016 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Company Secretary

Karachi: October 06, 2016

#### NOTES:

1. The Shares Transfer Books of the Company will remain closed from 15.10.2016 to 28.10.2016 (both days inclusive).
2. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxies in order to be effective must be received at the registered office of the Company at F/498, S.I.T.E., Karachi, duly stamped, signed and witnessed not later than 48 hours before the meeting.
3. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport alongwith the Participant's I.D. number and their account number at the time of attending an Annual General Meeting in order to authenticate their identity.
4. Members are requested to notify any change in their addresses immediately.



## Directors' Report

The audited accounts of the Company for the year ended June 30, 2016 are presented herewith.

### FINANCIAL RESULTS

The Financial Results of the Company are summarized as follows:

	Rupees 2016	Rupees 2015
Sales - Net	20,077,138	-
Cost of Sales	(18,444,837)	(18,751,671)
Gross Profit / (Loss)	1,632,300	(18,751,671)
 <u>Operating Expenses</u>		
Distribution and Selling Cost	(36,900)	-
Administrative and General Expenses	(483,393)	(630,135)
	(520,293)	(630,135)
Operating (Loss)	1,112,007	(19,381,807)
 Finance Cost	(6,142,235)	(5,476,748)
Other Income	-	907,503
Impairment Loss on Value of Plant and Machinery	-	-
(Loss) Before Taxation	(5,030,227)	(23,951,052)
 <u>Taxation</u>		
- Current	(200,771)	-
- Prior	-	-
- Deferred	5,026,423	5,717,889
	4,825,652	-
(Loss) after Taxation	(204,575)	(18,233,163)
(Loss) per Share - Basic	(0.01)	(0.85)

### BUSINESS

As reported during last quarter that your Company has started operations by putting up a latest state of the art embroidery machines and is doing OEM for image brand for both unstitched value added embroidered fabric and stitched garments i.e. pret. Alhamdulillah we are pleased to report that results are positive and Company has turned the corner and the operations are profitable. It is expected that operations will further improve the profitability of the Company and we would be able to achieve better results in future.

Your Company has also been approached by a few Chinese Companies showing interest in making investments in your company. The management of your Company is evaluating such proposals in detail.

For qualification regarding the nonpayment of dividend and maintaining separate Bank account for dividends the company has made arrangements that the dividend warrants should not be dishonored by the bank.



#### DIVIDEND

In view of the accumulated losses, no dividend has been recommended by the board of directors.

#### BOARD OF DIRECTORS

The present Board of Directors assumed their office with effect from 21<sup>st</sup> December, 2015 for a period of three years.

#### AUDITORS

The present Auditors M/s. Ghalib & Co., Chartered Accountants, are retiring and being eligible offer themselves for re-appointment. Under the terms of the code of Corporate Governance, they have been recommended by the audit committee for re-appointment as auditors until the conclusion of the next annual general meeting.

#### PATTERN OF SHARE HOLDING

A statement showing pattern of share holding in the Company as on June 30, 2016 appear on Page No. 40.

#### STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- a. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations' cash flows and change in equity.
- b. Proper books of accounts of the Company have been maintained.
- 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 Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom has been adequately disclosed.
- e. Despite the fact and because of the prevailing conditions that there are no employees at the payroll of the company as disclosed in notes to the financial statements, the normal work of the company is performed by the employees of the group company. The management is of opinion that the company has sound system of internal control.
- f. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- g. No trading of Company Certificates was done by Chief Executive, Directors, Company Secretary and their spouses.
- h. None of the Director, Executives, and their spouses and minors children have traded in the shares of the company during the year.
- i. Key operating and financial data for the last six years in summarized form is annexed.



- j. During the year four (04) meetings of the Board of Directors were held, attendance by each Director is as follows:-

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	04
Mr. Rashid Ahmad	04
Mr. Tahir Ahmad	04
Mr. Danish Ahmad	04
Ms. Uzma Ahmad	04
Mr. Tanvir Hasan	04
Mr. Mohammad Haroon Saeed	04

- k. The pattern of certificate holdings is annexed.

On behalf of the Board

ASAD AHMAD  
Chief Executive

Place: Karachi, October 06, 2016



## Statement of Compliance with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance contained in Clause No. 5.19.23(a) of the Pakistan Stock Exchange (PSX) Rule Book for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practice of Corporate Governance.

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

1. The Company encourages representation of independent and non-executive directors on its Board. At present the Board has 1 Independent Director and 4 Non-Executive Directors out of total of 7 Directors as follows:

Mr. Asad Ahmad	Chief Executive
Ms. Uzma Ahmad	Executive Director
Mr. Rashid Ahmad	Non Executive Director
Mr. Tahir Ahmad	Non Executive Director
Ms. Marium Ahmad	Non Executive Director
Mr. Mohammed Haroon Saeed	Non Executive Director
Mr. Tanvir Hasan	Independent Director
2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
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 alongwith 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 appointments and determination of remuneration and terms and condition of employment of CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over the Chief Executive and, in his absence, by the director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of Corporate bodies. It has accordingly not been felt necessary to put them through any orientation course.
10. There was no new appointment of CFO/Secretary or Head of internal audit.



11. The Directors' Report for this year has been prepared in compliance with the requirements of the code and fully described the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and 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 share holding.
14. The Company has complied with all the corporate and financial reporting requirement of the code.
15. The Board has formed an audit committee and it comprises 3 members.
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 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 is in the process of establishing an effective internal audit function which was not possible in the current financial year due to reorganization of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programs of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificate of the Modaraba 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 Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all other material principles contained in the code have been complied with.

ASAD AHMAD  
Chief Executive

Place: Karachi

Dated: October 06, 2016



## Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the 'Statement of Compliance with the Best Practices' contained in the 'Code of Corporate Governance' prepared by the Board of Directors of Tri-Star Polyester Limited to comply with the requirements of Rule Book of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the 'Code of Corporate Governance' is that of the board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the 'Statement of Compliance' reflects the status of the company's compliance with the provisions of the 'Code of Corporate Governance', and report if it does not. A review is limited primarily to inquiries of the company personnel and review of the various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems, sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls, and the effectiveness of such controls.

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

Based on our review, Except for the non-establishment of an effective internal audit function for the reason explained in point 9 and 17 of the "statement of Compliance with Code of Corporate Governance", nothing has come to our attention that 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 of Corporate Governance, for the year June 30, 2016.

sd/-  
Ghalib & Co.  
Chartered Accountants

Place: Karachi.  
Dated: October 06, 2016



## Auditors' Report to the Members

We have audited the annexed Balance Sheet of M/s. Tri-Star Polyester Limited, as at June 30, 2016 and the related Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (hereinafter collectively referred to as the "financial statements"), 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 purpose of our audit.

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

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

a) We have not been able to verify the investment made in units of National Investment Limited amounting to 34,510,675/- as disclosed in note 16 and 16.1 to the financial statements. Further, No provision has been made in the accounts for the NIT investments the recovery and realization of which are doubtful, the same has been explained in the Note No. 16.1 to the financial statements. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by 34,510,675/- and the Shareholder's Equity would have been decreased by the same amount.

b) The Company has not maintained a separate bank account for unclaimed dividend as required by Companies' Ordinance, 1984 as disclosed in note 11.1 to the financial statements.

In our opinion, except for the effects of the matters stated in paragraph (a) to (c) proper books of account have been kept by the company as required by the Companies' Ordinance, 1984;

c) In our opinion;

i) except for the effects of the matters stated in paragraphs (a) & (b) the Balance Sheet and Profit & 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 are further in accordance with the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of 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) in our opinion, except for the matter discussed in the preceding paragraph (a) to (c) and consequently if any adjustment may be required to the carrying amounts and classification of assets and liabilities, the financial statement and the notes thereto do not disclose this fact and to the best of our information and according to the explanation given to us, the Balance Sheet, Profit & Loss Account ,Cash Flow Statement and Statement of Changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and, give the information required by the companies ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the Loss its cash flow and change 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".

sd/-

Ghalib & Co.

Chartered Accountants

Audit Engagement Partner: Mohammad Ghalib

Place: Karachi

Dated: October 06, 2016



## Vision Statement

Tri-Star Polyester Limited is committed to strive for excellence in all areas of its activity.

## Mission Statement

We view our business objective of providing quality product that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.

## Core Value

1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.

## Statement of Ethics and Business Practices

The articulation of this statement is based on following points:

1. Questionable and improper payments or use of the Company's assets.
2. Political contributions.
3. Conflict of interest.
4. Books and records of the Company.
5. Payment of amounts due to customers, agents or distributors.
6. Reporting violations.
7. Means as important as the end.
8. Integrity and scrupulous dealings.
9. Strict observance of the laws of the country.
10. Giving and receiving gifts.



## Balance Sheet as at

	Notes	Rupees 2016	Rupees 2015
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>CAPITAL &amp; RESERVES</u></b>			
<b><u>Authorised Capital</u></b>			
30,000,000 (2015: 30,000,000) Ordinary Shares of Rs.10/- each		300,000,000	300,000,000
Issued, Subscribed and Paid-up Capital	7	214,657,330	214,657,330
Capital Reserve - (a Share Premium account)		39,386,665	39,386,665
Accumulated (Loss)		(129,787,885)	(139,208,178)
Shareholders' Equity		124,256,110	114,835,817
Surplus on revaluation Property, plant and equipments.	8	211,797,221	219,935,240
<b><u>NON-CURRENT LIABILITIES</u></b>			
Long term Loan from Associated and related parties	9	62,053,522	54,979,273
Deferred taxation	10	34,466,904	39,493,327
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables	11	16,510,228	9,965,911
Due to Associated Undertaking - unsecured - interest free		5,311,558	5,595,558
Provision for Income Tax	12	200,771	-
		22,022,557	15,561,469
Contingencies and Commitments	13	-	-
		<b>454,596,314</b>	<b>444,805,127</b>

**Note:** The annexed notes form an integral part of these accounts.

KARACHI: October 06, 2016

**June 30, 2016**

	Notes	Rupees 2016	Rupees 2015
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
<b>Tangible Fixed Assets</b>			
Property, Plant and Equipments	14	379,133,073	395,465,850
Long Term Deposits	15	783,995	103,995
Long Term Investments - at Cost	16	34,510,675	34,510,675
<b><u>CURRENT ASSETS</u></b>			
Stores, Spares and Loose Tools	17	6,931,965	6,931,965
Trade Debts - Unsecured , Considered Good		20,021,166	
Stock-in-Trade	18	6,089,372	409,500
Trade Deposits and Prepayments - considered good	19	146,828	413,033
Income Tax Refunds and Advances		6,977,673	6,948,454
Cash and Bank Balances	20	1,567	21,655
		40,168,571	14,724,606
		<hr/> <hr/>	<hr/> <hr/>
		454,596,314	444,805,127
		<hr/> <hr/>	<hr/> <hr/>

ASAD AHMAD  
CHIEF EXECUTIVEUZMA AHMAD  
DIRECTOR



## Profit & Loss Account

For the year ended June 30, 2016

	Notes	Rupees 2016	Rupees 2015
Sales - Net	21	20,077,138	-
Cost of Sales	22	18,444,837	<u>(18,751,671)</u>
Gross Profit / (Loss)		<u>1,632,300</u>	<u>(18,751,671)</u>
<b><u>Operating Expenses</u></b>			
Distribution and Selling Cost	23	(36,900)	-
Administrative and General Expenses	24	(483,393)	(630,135)
		<u>(520,293)</u>	<u>(630,135)</u>
Operating Profit / (Loss)		<u>1,112,007</u>	<u>(19,381,807)</u>
Finance Cost	25	(6,142,235)	(5,476,748)
Other Income	26	-	907,503
(Loss) before Taxation		<u>(5,030,227)</u>	<u>(23,951,052)</u>
<b><u>Taxation</u></b>			
- Current	12	(200,771)	-
- Deferred		<u>5,026,423</u>	<u>5,717,889</u>
		<u>4,825,652</u>	<u>5,717,889</u>
(Loss) after Taxation		<u>(204,575)</u>	<u>(18,233,163)</u>
(Loss) per Share - Basic	28	<u>(0.01)</u>	<u>(0.85)</u>

Note: The annexed notes form an integral part of these accounts.

ASAD AHMAD  
CHIEF EXECUTIVE

UZMA AHMAD  
DIRECTOR

KARACHI: October 06, 2016



## Cash Flow Statement

For the year ended June 30, 2016

	Note	Rupees 2016	Rupees 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) before Taxation		(5,030,227)	(23,951,052)
<i>Adjustment for Non-Cash and Other Income:</i>			
- Depreciation		16,457,152	17,962,111
- Impairment		-	-
Amortisation of Loan		-	(907,503)
- Unwinding of Loan		6,141,185	5,475,719
- Financial Expenses		1,050	1,029
		<u>22,599,387</u>	<u>22,531,356</u>
		<u>17,569,160</u>	<u>(1,419,696)</u>
<b>Working Capital Changes</b>			
<i>(Increase)/Decrease in Current Assets</i>			
Trade Debts		(20,021,166)	(132,802)
Stock-in-Trade		(5,679,872)	-
Trade deposits, Prepayments & Statutory balances		(413,795)	-
<i>Increase/(Decrease) in Current Liabilities</i>			
Trade and other Payables		6,544,317	203,551
Due to Associated Undertaking		(284,000)	-
		<u>(19,854,516)</u>	<u>70,749</u>
Taxes Paid		(29,220)	(26,895)
Financial Charges Paid		(1,050)	(1,029)
		<u>(30,269)</u>	<u>(27,924)</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<u>(2,315,625)</u>	<u>(1,376,871)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		(124,375)	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<u>(124,375)</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term Loan Associated and Related Parties		2,419,913	1,389,395
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<u>2,419,913</u>	<u>1,389,395</u>
Net increase in Cash and Cash Equivalents		(20,087)	12,524
Cash and Cash Equivalents at the beginning		21,655	9,131
Cash and Cash Equivalents at the end	31	<u>1,568</u>	<u>21,655</u>

**Note:** The annexed notes form an integral part of these accounts.

The even dated auditors' report hitherto is annexed.

ASAD AHMAD  
CHIEF EXECUTIVE

UZMA AHMAD  
DIRECTOR

KARACHI: October 06, 2016



## Statement of Changes in Equity

For the year ended June 30, 2016

Particulars	Share Capital	Capital Reserve	Unappropriated Profit/(Loss)	Restated Total
	Rupees			
Balance as at June 30, 2014	214,657,330	39,386,665	(129,884,284)	124,159,711
Net Loss for the year ended June 2015			(18,233,163)	(18,233,163)
Incremental Depreciation transfer from Surplus on revaluation of Property, Plant and Equipment			13,297,417	13,297,417
Related Deferred tax			(4,388,147)	(4,388,147)
			8,909,269	9,751,439
Balance as at June 30, 2015	214,657,330	39,386,665	(139,208,178)	115,677,987
Net (Loss) for the year ended June 2016	-	-	(204,575)	(204,575)
Amortization of Associated and Related Party Loans	-	-	1,486,849	
Increment Depreciation transfer from Surplus on revaluation of property, Plant, and Equipment			11,967,675	11,967,675
Related Deferred tax			(3,829,656)	(3,829,656)
			8,138,019	8,138,019
Balance as on June 30, 2016	<u>214,657,330</u>	<u>39,386,665</u>	<u>(129,787,885)</u>	<u>123,611,431</u>

**Note:** The annexed notes form an integral part of these accounts.

The even dated auditors report hitherto is annexed.

ASAD AHMAD  
CHIEF EXECUTIVE

UZMA AHMAD  
DIRECTOR

KARACHI: October 06, 2016



## Last Six Years Results At A Glance

Particulars	2016	2015	2014	2013	2012	2011
<b>Financial Position</b>						
Paid -up Capital (Rs.)	214,657,330	214,657,330	214,657,330	214,657,330	214,657,330	214,657,330
Reserves (Rs.)	(90,401,220)	(101,018,280)	(90,497,619)	(82,058,741)	(19,281,716)	(9,936,526)
Fixed Assets - WDV (Rs.)	379,133,073	395,465,850	41,342,796	433,065,471	251,087,946	259,900,327
Investment at Cost (Rs.)	34,510,675	34,510,675	34,510,675	34,510,675	34,510,675	34,510,675
Current Assets (Rs.)	40,919,391	14,795,427	14,623,206	14,557,226	14,512,185	14,475,003
Current Liabilities (Rs.)	22,022,557	15,561,469	15,357,918	15,327,605	15,215,449	15,356,446
<b>Income</b>						
Sales	20,077,138	-	-	-	-	-
Net Profit/(Loss) for the year	(204,575)	(19,429,930)	(18,190,317)	(113,056,396)	(9,345,190)	(9,936,526)
Accumulated Profit/(Loss)	(129,787,885)	(140,404,945)	(129,884,284)	(121,445,406)	(8,389,011)	(115,344,986)
<b>Statistics &amp; Ratios</b>						
Operating Profit/(Loss) Ratio(%)	8.13	-	-	-	-	-
Net Profit/(Loss) Ratio (%)	(25.05)	-	-	-	-	-
Current Ratio	1.86:1	0.95 : 1	0.95 : 1	0.95 : 1	0.95 : 1	0.94 : 1
Paid-up Value Per Share (Rs.)	10	10	10	10	10	10
Earning/(Loss) Per Share (Rs.)	(0.01)	(0.91)	(0.85)	(5.27)	(0.44)	(0.46)
Break value Per Share (Rs.)	5.79	5.29	5.78	6.18	11.44	6.46
Net Assets (Rs. in Million)	124.26	113.64	124.16	132.60	245.65	138.70
Cash Dividend (%)	-	-	-	-	-	-
Bonus Dividend (%)	-	-	-	-	-	-



## Notes to the Accounts

### For the year ended June 30, 2016

#### 1. CORPORATE INFORMATION

Tri-Star Polyester Limited (the Company) was incorporated in Pakistan, as a public limited company on November 14, 1990, under the Companies Ordinance, 1984 and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company and manufacturing facilities is located at F/498, S.I.T.E., Karachi - 75700, Pakistan. The Principal activity of the Company is manufacturing and sale of polyester filament yarn. The company's commercial operation remained idle since many years.

##### 1.1 Going Concern Assumption

The Company has incurred a net loss, after tax, of Rs. 204,575/-, during the year ended June 30, 2016 and as of that date it has accumulated losses of Rs. 129,884,284/- and its Current Liabilities exceed its Current Assets by Rs. 734,712/. Further, as mentioned above, the operations of the company are, and have been in recession for a considerable period of time. During the year under review the production remain suspended owing to unfavorable conditions and lower demand in the market resulting high production cost of the company has not produced any material during the year.

The company has initiated the project of putting up Air Jet Looms along with wrapping and sizing with a total cost of project of Rs. 1,770 million at the existing project site i.e. S.I.T.E., Karachi. All the infrastructure i.e. Land, Building, Accessories, and axillaries i.e. gas based power generation, co-generation, air handling units, absorption chillers, air compressors, and other utilities are already available at project site. The project is expected to achieve commercial operations by April 01, 2015.

The company in order to achieve the above is planning to complete all the legal requirements that is needed for the proposed project including amendment in the memorandum of Association, Permission from Shareholders and regulating bodies.

These conditions indicate the existence of material uncertainty, which may cast significant doubt about company's ability to continue as going concern. The management is hopeful for its favorable market conditions and, therefore, the Management is hopeful to revive the unit, and start operations in the near future.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards 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.



### 3. BASIS OF PREPARATION

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the certain fixed assets which are stated on revalued amounts, financial assets and liabilities which are carried at their fair values. Further; accrual basis of accounting is followed except for cash flow information.

### 4. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on October 6, 2016.

#### 4.1. STANDARDS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IAS 16 & 38 - Clarification of Acceptable method of Depreciation and Amortization	January 01, 2016
IAS 19 - Employee Contribution	July 1, 2014
IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendments)	January 01, 2014
IAS 36 - recoverable Amount for Non-Financial Assets - (Amendment)	January 01, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	January 01, 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements except as disclosed in notes to the financial Statements in the period of initial application.

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.

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosures of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013



IFRS 14 - Regular Deferral Accounts  
IFRS 15 - Revenue from Contract with Customers

January 01, 2016  
January 01, 2017

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

- a. Recognition of taxation and deferred tax (Note 6.4)
- b. Determining the residual values and the useful lives of property, plant and equipment (Note 6.4)
- c. Impairment of inventories/adjustment of inventories to their Net Realizable Value (Note 6.7, 6.8)
- d. Impairment of financial assets (Note 6.6)

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

### 6.1 New and amended standard and interpretations

The Company has adopted the following amendments to IFRSs which became effective during the year:

IAS 19 – Employee Benefits-(Revised)

IFRS 7 – Employee Instruments: Disclosure - (Amendments)

-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

### Improvement to Accounting Standards

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information



IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instrument: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements except disclosed in notes to the financial statements.

## 6.2 Taxation

### *Current Year*

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

### *Deferred*

Deferred tax is provided Proportionate to local sales using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

## 6.3 Property, Plant and Equipment

### - *Owned*

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any; except for lease hold land and capital works in progress which are stated at cost accumulated upto the balance sheet date.



- *Leased*

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as at inception, less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

- *Depreciation*

Full years' depreciation is charged irrespective of date of Purchase or transfer of assets from capital work in progress, using the reducing balance method, while no depreciation has been charged on assts in the year of their disposal. Whereby the cost of an asset is written off over its estimated useful life and the rates applied are in no case less than the rates prescribed by the Central Board of Revenue.

An amount equal to the incremental depreciation charged on revalued property, plant and equipment is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

The carrying values of assets are reviewed for impairment when events or changes-in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash- generating units are written down to their recoverable amount.

- *Repairs, Renewals and Maintenance*

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

#### 6.4 Finance Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

#### 6.5 Investment

Investments are stated at cost due to the in litigation with the Income tax department as fully described in note 16.1 to the financial statements.



#### 6.6 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value (NRV). The cost of inventory is based on the FIFO basis. Items in transit are stated at cost accumulated upto the date of the balance sheet.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

#### 6.7 Stock-in-Trade

These are valued as follows:

Raw Material	: At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	: At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Work-in-Process	: At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock-in-Transit	: At cost accumulated upto the balance sheet date.
Packing Material	: At lower of weighted average cost or net realizable value.

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

Stock in trades are regularly reviewed by the management and any obsolete items are brought down to their NRV.

#### 6.8 Trade Debts and other Receivables

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Provision for impairment is based on the management's assessment of customers' out standings and creditworthiness. Bad debts are written off as incurred.

#### 6.9 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into



Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

#### 6.10 Revenue Recognition

- Revenue from sales is recognized on despatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the investee company.
- Other Income is recognized on accrual Basis.

#### 6.11 Provisions

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

#### 6.12 Financial Instruments

##### *Recognition*

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

##### *Off Setting*

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

##### *Derivatives*

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

#### 6.13 Related Party Transaction

All transactions with related parties are carried out by the company at arm's length prices with the exception of loan taken from related parties which are interest/mark up free. Prices for these transactions are determined on the basis of admissible valuation methods.



#### **6.14 Loan, Advances and other Receivables**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

#### **6.15 Short Term and Long Term Loans**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

#### **6.16 Dividends and Appropriation to Reserve**

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

#### **6.17 Functional and Presentation Currency**

Items included in the financial statement are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, Which is the Company's functional and presentation currency.

#### **6.18 Contingent Liability**

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

#### **6.19 Contingent Assets**

A contingent asset is disclosed where in inflow of economic benefits is probable.

#### **6.20 Post Employment Benefits - Defined Benefit Plan**

The Company operates an unfunded gratuity scheme for its staff.

#### **6.21 Trade and Other Payables**

Trade and other payables are stated at their cost.



## 7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Ordinary Shares of Rs. 10/- each

2016	2015		Rupees	Rupees
			2016	2015
19,693,333	19,693,333	Fully Paid in Cash	196,933,330	196,933,330
		Issued as fully paid		
1,772,400	1,772,400	bonus shares	17,724,000	17,724,000
<u>21,465,733</u>	<u>21,465,733</u>		<u>214,657,330</u>	<u>214,657,330</u>

9,959,511 (2014 : 9,957,001) Shares are held by Associated Companies.

## 8. Surplus on Revaluation of Property, Plant and Equipment

Opening Balance		262,235,800	275,533,216
Surplus arising on revaluation during the year		-	-
Transferred to unappropriated profit:		-	-
- Surplus relating to incremental depreciation charged during the year - net of deferred tax	(8,138,019)	(8,909,269)	
- Related Deffered Tax Liability	(3,829,656)	(4,388,147)	
	(11,967,675)	(13,297,416)	
	<u>250,268,125</u>	<u>262,235,800</u>	
Less: relatd deferred tax liability on:			
- Opening Balance	42,300,560	46,688,707	
- Surplus arising on revaluation during the year	(3,829,656)	(4,388,147)	
- Incremental depreciation charged during the year	38,470,904	42,300,560	
	<u>211,797,221</u>	<u>219,935,240</u>	

8.1 The following fixed assets of the company were revalued on June 29, 2013. The revaluation was carried out by independent valuer M/s. Sadruddin Associates (Private) Limited (Fire, Marine, Motor & Machinery Errection & Breakdown, Surveyor, Loss Adjustors, Plant and Machinery Valuers, Industrial Property & Real Estate Appraisers.) Basis of revaluation are as follows:

### Land

Valuation of land is determined by obtaining key market date from property brokers, dealers and estate agents to ascertain the Present market value considering its location.

### Building

Revalued amount of building has been determined simply. After taking into account the re-statement value have been computer after applying present market rate of construction.



### Plant and Machinery

Revalued amount of plant and machinery has been determined by Physically inspected the Plant and Machinery. The age, make, origin, condition etc. has been taken into account, to arrive at the present market value. At the time of our survey/inspection, we observed that plant/machinery were in operational condition. The present value has been computed after application of suitable appreciation/depreciation factors, Rate of inflation and devaluation has been considered for optimum and closest approximate result of the valuation of entire machinery for obtaining the nearest value have taken 5% to 10% installation charges and other levies to start and complete the machinery.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land and Building by Rs. 290.308 million and Decrease/impairment in the value of Plant and Equipment by Rs. 100.287 million.

	WDV as on June 30, 2013	Revaluation	Revaluation Surplus/Impairment Loss
	Rupees		
Lease hold land	7,440,950	150,000,000	142,559,050
Factory building on lease hold land	3,819,945	150,275,280	146,455,335
Plant & Machinery	230,287,430	130,000,000	(100,287,430)
Electrical Equipments	706,262	2,000,000	1,293,739
 Surplus on Revaluation	242,254,586	432,275,280	290,308,124
Impairment Loss in Plant and Machinery			(100,287,430)

The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution of share holders.

During the year, the revaluation is carried out on June 29, 2013 ,therefore, the depreciation has not been charged on revalued amounts, therefore, the reversals of depreciation to Profit and Loss account was not made in financial statements.

9. Long Term Loan from Associated and related Parties.	9.1	Restated	
		Rupees 2016	Rupees 2015
Loan from Associated Undertaking - unsecured - interest free	9.1	109,395,800	109,320,800
Less: Present value adjustment		(71,450,513)	(75,196,274)
Add: Interest charged to profit and loss account		4,235,258	3,791,843
		42,180,545	37,916,369
 Director Loan - Unsecured - interest free	9.1	23,928,106	21,633,193
Less: Present value adjustment		(15,540,072)	(14,853,371)
Add: Interest charged to profit and loss account		838,104	723,345
		9,226,138	7,503,167



	Rupees	Restated Rupees
	2016	2015
Loan from Sponsors - unsecured , Interest free	9.1	27,612,719
Less: Present value adjustment		(18,033,703)
Add: Interest charged to profit and loss account		1,067,823
		10,646,839
	<hr/>	<hr/>
	62,053,522	54,979,273

9.1 These interest free loans are repayable in lump sum on June 30, 2025.

The loan from director has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging 11.17% per annum.

	Rupees	Rupees
	2016	2015
<b>10. Deferred Taxation</b>		
Liability / (asset) balances arising in respect of:		
Accelerated tax depreciation	(34,466,904)	(39,493,327)
Finance lease transactions	-	-
Provisions and others	-	-
Accumulated tax losses and available tax credits	(47,482,485)	(48,966,312)
Deferred tax (asset)	(81,949,389)	(88,459,640)
Deferred tax asset not recognized	81,949,389	88,459,640
 Deferred tax liability in respect of:		
- Revaluation net of related depreciation	10.1	34,466,904
		39,493,327
		<hr/>
		34,466,904
		39,493,327

10.1 During the year the company has not charged the depreciation as disclosed in note 14.3 to the financial statements on revalued amounts as the revaluation on the assets of the company made on June 29, 2013 by the independent valuer. The management of the company feels that tax Written down value of assets are same as of accounting Written down value and same is used as the basis for the calculating deferred taxation.

## 11. TRADE AND OTHER PAYABLES

Accrued Expenses	1,985,881	1,698,661
Trade Craditors	6,257,097	-
Unclaimed Dividend	8,094,295	8,094,295
Zakat Payable	172,955	172,955
	<hr/>	<hr/>
	16,510,228	9,965,911

## 12. PROVISION FOR TAXATION

The income tax returns of the company has been filed up to tax year 2013 to income tax department and the assessment of the company have been finalized up to and including the tax year 2012. However, the commissioner of income tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.



**13. CONTINGENCIES AND COMMITMENTS**

Rupees  
2016      Rupees  
2015

Guarantees issued by banks	nil million	nil million
Letters of Credit in respect of committed capital expenditures	nil million	nil million
Letters of Credit for other than capital expenditures	nil million	nil million

**14. TANGIBLE FIXED ASSETS**

Rupees  
2016      Rupees  
2015

Property, Plant and Equipment	397,133,073	395,465,850
	<u>397,133,073</u>	<u>395,465,850</u>

**Property, Plant and Equipment - at cost less accumulated depreciation**

Particulars	Cost				Rate %	Depreciation				Written Down Value as at June 30, 2016	
	As at July 01, 2015	Additions/Transfers/(Deletion)	Revaluation	As at June 30, 2016		As at July 01, 2015	Transfer/(Deletion)	For the Year	As at June 30, 2016		
	Rupees					Rupees					
<u><b>Owned</b></u>											
Lease hold land	150,000,000	-	-	150,000,000	-	-	-	-	-	150,000,000	
Factory Building on lease hold land	177,434,832	-	-	177,434,832	10	55,711,855	-	12,172,298	67,884,152	109,550,680	
Plant & Machinery	465,128,007	-	-	465,128,007	3.33	343,641,852	-	4,045,489	347,687,341	117,440,666	
Electrical Installations	7,276,200	-	-	7,276,200	10	5,656,200	-	162,000	5,818,200	1,458,001	
Furniture and Fixture	1,237,067	-	-	1,237,067	10	1,116,974	-	12,009	1,128,983	108,084	
Office Equipments	630,537	-	-	630,537	10	571,338	-	5,920	577,258	53,279	
Air Conditioner & Ref.	430,235	-	-	430,235	10	387,309	-	4,293	391,601	38,634	
Vehicles	1,330,550	-	-	1,330,550	20	1,322,175	-	1,675	1,323,850	6,700	
Fork Lifter	630,735	-	-	630,735	20	626,546	-	838	627,384	3,351	
Computers	176,850	-	-	176,850	10	160,706	-	1,614	162,321	14,529	
Fire Fighting Equipments	79,112	-	-	79,112	10	71,322	-	779	72,101	7,011	
Gas Installations	758,749	124,375	-	883,124	10	380,748	-	50,238	430,986	452,138	
2016	805,112,874	124,375	-	805,237,249		409,647,025	-	16,457,152	426,104,176	379,133,073	
2015	805,112,874	-	-	805,112,874		409,647,025	-	17,962,111	409,647,024	395,465,850	

	Rupees	Rupees
<u>Allocation of Depreciation</u>	2015	2014
Depreciation for the period has been allocated as follows:		
Cost of Sales	16,431,641	17,933,532
Administrative and General Expense	25,511	28,578
	<u>16,457,152</u>	<u>17,962,112</u>

14.1 Register of fixed assets of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors.



14.2 Lease hold land, Factory Building on lease hold land, Plant and Machinery and electrical equipments were revalued on 30.06.2013 by M/s. Sadrudin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land, Building and Electrical Equipments by 290.308 million and decrease/impairment in the value of Plant and Equipment value by Rs. 100.287 million.

Revaluation of land, building and plant & machinery had been carried out on June 29, 2013 by independent professional valuers M/s. Sadrudin Associates (Pvt) Ltd., a PBA approved valuer on the basis of market value. Revaluation surplus had been credited to surplus on revaluation of property plant and equipment account to comply with the requirement of Section 235 of the Companies Ordinance, 1984.

14.3 During the year the company has not charged the depreciation on revalued amounts as the revaluation was made on June 29, 2013. Full year's depreciation will be charged in next coming year.

If there had been no revaluation the related figures of land, building and plant & machinery at June 30, 2014 would have been as follows:

	2016			
	Cost	Accumulated Depreciation	Depreciation Charged during the year	Written Down Value
Lease hold land	150,000,000	-	-	150,000,000
Factory building on lease hold land	177,434,832	41,805,085	13,562,975	122,066,772
Plant & machinery	465,128,007	331,788,436	4,440,208	128,899,364
Electrical Equipment	7,276,200	5,405,573	187,063	1,683,564
	<b>799,839,039</b>	<b>378,999,094</b>	<b>18,190,245</b>	<b>402,649,700</b>

	2015			
	Cost	Accumulated	Depreciation Charged	Written Down Value
Lease hold land	150,000,000	-	-	150,000,000
Factory building on lease hold land	177,434,832	26,735,113	15,069,972	135,629,747
Plant & machinery	465,128,007	327,195,276	4,593,160	133,339,571
Electrical Equipment	7,276,200	5,197,726	207,847	1,870,628
	<b>799,839,039</b>	<b>359,128,115</b>	<b>19,870,979</b>	<b>420,839,946</b>

#### OPERATING FIXED ASSETS - At Cost less Accumulated Depreciation

June 30, 2016

Particulars	Cost				Depreciation				Written Down Value as at June 30, 2015	
	As at July 01, 2014	Additions/Transfers/(Deletion)	Revaluation	As at June 30, 2015	Rate %	As at July 01, 2014	Transfer/(Deletion)	For the Year		
	Rupees					Rupees				
<b>Owned</b>										
Lease hold land	150,000,000	-	-	150,000,000	-	-	-	-	150,000,000	
Factory Building on lease hold land	177,434,832	-	-	177,434,832	10	42,187,079	-	13,524,775	55,711,855	
Plant & Machinery	465,128,007	-	-	465,128,007	3.33	339,457,007	-	4,184,844	343,641,852	
Electrical Installations	7,276,200	-	-	7,276,200	10	5,476,200	-	180,000	5,656,200	
Furniture and Fixture	1,237,067	-	-	1,237,067	10	1,103,630	-	13,344	1,116,974	
Office Equipments	630,537	-	-	630,537	10	564,760	-	6,578	571,338	
Air Conditioner & Ref.	430,235	-	-	430,235	10	382,539	-	4,770	387,309	
Vehicles	1,330,550	-	-	1,330,550	20	1,320,082	-	2,094	1,322,175	
Fork Lifter	630,735	-	-	630,735	20	625,499	-	1,047	626,546	
Computers	176,850	-	-	176,850	10	158,913	-	1,794	160,706	
Fire Fighting Equipments	79,112	-	-	79,112	10	70,456	-	866	71,322	
Gas Installations	758,749	-	-	758,749	10	338,748	-	42,000	380,748	
	<b>2013</b>	<b>805,112,874</b>	<b>-</b>	<b>805,112,874</b>		<b>391,684,913</b>	<b>-</b>	<b>17,962,111</b>	<b>409,647,024</b>	
	<b>2014</b>	<b>-805,112,872</b>	<b>-</b>	<b>805,112,872</b>		<b>372,047,403</b>	<b>-</b>	<b>19,637,510</b>	<b>391,684,913</b>	
									<b>413,427,961</b>	



<u>Allocation of Depreciation</u>	Rupees	Rupees
	2015	2014
Depreciation for the period has been allocated as follows:		
Cost of Sales	17,933,532	19,605,466
Administrative and General Expense	28,578	32,045
	17,962,111	19,637,510

15. LONG TERM DEPOSITS	Rupees	Rupees
	2016	2015
Karachi Electric Supply Corporation	14,975	14,975
Telephone	3,200	3,200
Pakistan Oxygen Limited	14,000	14,000
Sui Southern Gas Co. Ltd.	750,820	70,820
Others	1,000	1,000
	783,995	103,995

16. LONG TERM INVESTMENT - Available for Sale	Rupees	Rupees
	2016	2015
2,455,000 (2015: 2,455,000) N.I.T Units		
(Average cost price Rs. 14.0573)	34,510,675	34,510,675
Market value as at June 30 are as under (2016: June 30)		
@ Rs. 62.87 (2015: Rs. 62.87) per Unit	34,510,675	34,510,675

16.1 In, September 1996, the Income Tax Authorities raided the Company's premises and took away, by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the bearer NIT units of the company; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company has filed a suit against the Income Tax Authorities in the Honorable High Court of Sind, challenging the said act as being illegal. The Honorable High Court of Sind, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favor of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(c) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. The matter is now in evidence stage.

16.2 The above investment of the company was illegally removed by the officials of the Income tax department at the time of conducting raid at the company's premises which has not yet been returned. Consequently the same remain to be updated and could also not be made available to the auditors for physical verification therefore the same has not been accounted for as required by IAS - 39.

17. STORES, SPARES & LOOSE TOOLS	Rupees	Rupees
	2016	2015
Stores and Spares	5,315,844	5,315,844
Packing Material	234,663	234,663
Cops	1,207,948	1,207,948
Fuel, Oil and Lubricants	173,510	173,510
	6,931,965	6,931,965



**18. STOCK-IN-TRADE**

Raw Materials	409,500	409,500
Finished Goods	5,679,872	-
	<u>6,089,372</u>	<u>409,500</u>

**19. TRADE DEPOSITS, PREPAYMENTS AND STATUTORY BALANCES - CONSIDERED GOOD**

Deposits	46,500	46,500
Sales Tax Refundable	100,328	366,533
	<u>146,828</u>	<u>413,033</u>

**20. CASH AND BANK BALANCES**

	Rupees	Rupees
	2016	2015
Cash-in-Hand	69	8,746
Cash at Bank - Current Accounts	1,498	12,908
	<u>1,568</u>	<u>21,654</u>

**21. SALES - NET**

Gross Sales	20,679,166	-
Sales Tax	602,028	-
	<u>21,281,194</u>	<u>-</u>

**22. COST OF SALES**

Raw Material Consumed	22.1	6,248,164	-
Fuel and Power		444,385	775,954
Water		24,100	1,600
Salaries, Wages and Other Benefits	22.2	950,229	12,000
Repairs and Maintenance		26,190	28,585
Depreciation		<u>16,431,641</u>	<u>17,933,532</u>
		<u>24,124,709</u>	<u>18,751,671</u>
Work-in-process - Opening		-	-
Work-in-process - Closing		-	-
Cost of Goods Manufactured		<u>24,124,709</u>	<u>18,751,671</u>
Finished Goods - Opening		-	-
Finished Goods - Closing		<u>(5,679,872)</u>	<u>-</u>
		<u>18,444,837</u>	<u>18,751,671</u>

**22.1 Raw Material Consumed**

Opening Stock	409,500	409,500
Purchases	6,248,164	-
	<u>6,657,664</u>	<u>409,500</u>
Closing Stock	<u>(409,500)</u>	<u>(409,500)</u>
Raw Material Consumed	<u>6,248,164</u>	<u>-</u>

**22.2 Salaries, wages and other benefits include Rs. Nil million relating to staff retirement benefits.**



## 23. DISTRIBUTION COSTS AND SELLING EXPENSES

Advertisement Expenses	36,900	-
	<u>36,900</u>	<u>-</u>

## 24. ADMINISTRATIVE AND GENERAL EXPENSES

	Rupees	Rupees
	2016	2015
Vehicle up Keep	63,965	66,810
Professional Fees	100,000	
Postage, Telephone & Telex	98,577	141,161
Stationary & Printing	390	2,495
Fee & Subscription	217,950	208,064
Depreciation	25,511	28,578
General Expenses	2,000	440
Insurance Expenses	-	7,587
Auditors' Remuneration	24.1	75,000
	<u>483,393</u>	<u>630,135</u>

## 24.1 Auditors' Remuneration

Audit Fee	75,000	75,000
	<u>75,000</u>	<u>75,000</u>

## 25. FINANCE COST

Bank Charges and Commissions	1,050	1,029
Unwinding of Discount - on Associated and Related Party Loans-reversal-note 9	6,141,185	5,475,719
	<u>6,142,235</u>	<u>5,476,748</u>

## 26. OTHER INCOME

Amortisation of Associated and Related Party Loans-note-9	-	907,503
	<u>-</u>	<u>907,503</u>

## 27. Impairment Loss on Value of Plant and Machinery

During the year as on June 30, 2013, the company has revalued its assets. Which has been revalued by independent valuer M/s. Sadruddin Associates (Pvt) Ltd., a PBA approved valuer. The surplus on revaluation works out to Land, Building and Electrical Equipments by Rs. 290.308 million and decrease/impairment in the value of Plant and Equipment value by Rs. 100.287 million as per the revaluation report as fully disclosed in note No. 8 and 14 to the financial statements.

## 28. EARNING PER SHARE - BASIC

Profit after Taxation	(204,575)	(18,233,163)
Weighted Average Number of Ordinary Shares	21,465,733	21,465,733
Earning Per Share - Basic	Rupees (0.01)	(0.85)



## 29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

29.1 No remuneration or benefit paid to Chief Executive, Director and Executives of the Company due to Company not involve in the operational activities.

29.2 The Chief Executive Officer, Director and Executives of the Company are provided with free use of Company maintained cars and utilities at their residences.

30. RELATED PARTY TRANSACTIONS	Rupees	Rupees
	2016	2015
Loan from Associated Companies	nil million	0.483 million
Loan from Sponsors	nil million	nil million
Loan from Directors	0.584 million	0.0.486 million

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note No. 29 above.

## 31. CASH AND CASH EQUIVALENTS

Cash and Bank Balances	1,567	21,655
------------------------	-------	--------

## 32. PLANT CAPACITY AND PRODUCTION

	Metric Tons	Metric Tons
Actual production on Annual Basis	32.1	4,000
Actual production		nil

### 32.1 Reason for company not in Production

No production activity was done during the year due to high production cost and low market demand.

## 33. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

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.

### 33.1 Credit Risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.



The maximum exposure to credit risk at the reporting date is:

	Rupees 2016	Rupees 2015
Long Term Investment	34,510,675	34,510,675
Long Term Deposits	33,175	33,175
Trade Deposits and Prepayments	897,648	483,853
Cash with Banks in Current Accounts	1,567	21,655
	<u>35,443,065</u>	<u>35,049,358</u>

### 33.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

Particulars	2014				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
	Rupees				

#### Financial Liabilities

Long term Loan from Associated and related Parties. Interest free	62,053,522	62,053,522	--	--	62,053,522
Trade and other payables	16,510,228	16,510,228	836,214	15,674,014	--
Due to Associated Company - interest free	5,595,558	5,595,558	--	5,595,558	--
	<u>84,159,308</u>	<u>84,159,308</u>	<u>836,214.00</u>	<u>21,269,572</u>	<u>62,053,522</u>

Particulars	2013				
	Carrying Amount	Contractual Cash Flows	Six months or Less	Six to twelve months	One to two year
	Rupees				

#### Financial Liabilities

Long term Loan from Associated and related Parties. Interest free	54,979,273	54,979,273	--	--	54,979,273
Trade and other payables	9,732,047	9,732,047	536,118	9,195,929	--
Due to Associated Company - interest free	5,595,558	5,595,558	--	5,595,558	--
	<u>70,306,878</u>	<u>70,306,878</u>	<u>536,118.00</u>	<u>14,791,487</u>	<u>54,979,273</u>

### 33.3 Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activates, supply and demand of securities and liquidity in the market.



### 33.4 Currency Risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

### 33.5 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks. At the balance sheet date there no interest rate profile of the Company.

### 33.6 Risk Management Policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

### 33.7 Capital Risk Management

The Company's objective when managing capital are 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 commensurate to the circumstances.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Total capital comprises share holders' equity as shown in the balance sheet under 'share capital and reserves'.

	Rupees 2016	Rupees 2015
Total Borrowings	67,365,080	60,574,831
Less: Cash and Bank Balances	1,567	21,655
Net Debt	67,363,513	60,553,177
Total Equity	124,256,110	114,835,817
Total Capital	191,619,623	175,388,994
Gearing Ratio	0.35	0.35



### 33.8 Fair Value of Financial Instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

### 34. Reclassifications/Corresponding Figures

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant restatements / reclassification in these financial statements as under.

Long term loan from directors as disclosed in note 7.2 previously disclosed at historical cost which has now been disclosed at amortised cost in accordance with IAS-39 'Financial Instruments: Recognition and Measurement'. Accordingly, management has decided to rectify such treatment retrospectively in accordance with the requirements of IAS-8 'Accounting policies, changes in accounting estimates and errors'. Consequently the comparative figures for the prior period have also been restated.

The effects of above restatements on the financial statements are as follows:

	June 30, 2016 Rupees
Increase in equity	<u>116,301,165</u>
Decrease in long term loan	<u>112,611,079</u>
Increase in other income by Amortization of interest free loans	<u>696,769</u>
Increase in finance cost by Unwinding of discount	<u>4,386,855</u>
Decrease in earnings per share - Basic (Rupees)	<u>(0.18)</u>

### 35. Number of Employees

Number of persons employed contractual as at year end were 1 (2015: 1) and the average number of persons employed during the year were 1 (2015: 1).

### 36. GENERAL

Figures have been rounded off to the nearest rupee.

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 Pakistani rupees, which is the Company's functional and Presentational currency.

ASAD AHMAD  
CHIEF EXECUTIVE

UZMA AHMAD  
DIRECTOR

KARACHI: October 06, 2016



## Pattern of Shareholding

As at June 30, 2016

Number of Share Holders	Share Holdings	Total Shares Held
641	1	100
1,118	101	500
1,402	501	1,000
676	1,001	5,000
173	5,001	10,000
50	10,001	15,000
37	15,001	20,000
28	20,001	25,000
12	25,001	30,000
5	30,001	35,000
11	35,001	40,000
6	40,001	45,000
29	45,001	50,000
5	50,001	55,000
4	55,001	60,000
2	60,001	65,000
1	65,001	70,000
4	70,001	75,000
2	80,001	85,000
1	85,001	90,000
2	90,001	95,000
6	95,001	100,000
1	105,001	110,000
1	110,001	115,000
4	115,001	120,000
1	125,001	130,000
1	145,001	150,000
1	150,001	155,000
2	155,001	160,000
1	160,001	165,000
1	170,001	175,000
1	175,001	180,000
1	180,001	185,000
1	185,001	190,000



1	190,001	—	195,000	190,500
2	195,001	—	200,000	400,000
1	220,001	—	225,000	224,000
1	235,001	—	240,000	240,000
1	265,001	—	270,000	267,500
2	270,001	—	275,000	546,636
1	275,001	—	280,000	277,390
1	330,001	—	335,000	335,000
1	355,001	—	360,000	360,000
1	365,001	—	370,000	369,000
1	440,001	—	445,000	440,500
1	685,001	—	690,000	688,916
1	750,001	—	755,000	754,794
1	765,001	—	770,000	769,000
1	860,001	—	865,000	865,000
1	1,105,001	—	1,110,000	1,106,000
4,249				21,465,733

Categories of Share Holders	Shares Held	Percentage
1. Investment Companies	41,516	0.193
2. Insurance Companies	306,689	1.429
3. Joint Stock Companies	839,142	3.909
4. Financial Institutions	128,616	0.599
5. Modaraba Companies & Mutual Funds	12,450	0.058
7. Individuals	20,137,320	93.811
Total	21,465,733	100.000



## Proxy Form

I, \_\_\_\_\_ of \_\_\_\_\_ being a member of Tri-Star Polyester Ltd., Karachi and holder of \_\_\_\_\_ Shares as per R.F. No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 28, 2016 at F/498, S.I.T.E., Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signed by the said \_\_\_\_\_

Please affix  
Rs. 5/-  
Revenue  
Stamp

To be singed over Revenue Stamp

- IMPORTANT:**
- a) This form of proxy duly completed must be received at the office of the Company at F/498, S.I.T.E., Karachi, not later than 48 hours before the time of holding the meeting.
  - b) CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
  - c) A proxy should also be a share holder of the Company.