

HASHIMI CAN COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	89,303,870	89,364,898
Long-term deposits	5	744,873	744,873
		90,048,743	90,109,771
CURRENT ASSETS			
Trade debts-unsecured and considered good	6	2,129,640	2,129,640
Advances, deposits and prepayments	7	10,953,652	10,953,652
Cash and bank balances	8	26,552	26,552
		13,109,844	13,109,844
		<u>103,158,587</u>	<u>103,219,615</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
5,000,000 (2017: 5,000,000) Ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, subscribed and paid-up-capital	9	16,335,000	16,335,000
Capital reserve	10	1,669,590	1,669,590
Surplus on revaluation of fixed assets land	11	76,230,000	76,230,000
Accumulated (Loss)		(125,823,323)	(125,138,822)
		(31,588,733)	(30,904,232)
NON-CURRENT LIABILITIES			
Long term finance - Secured	12	72,727,269	72,178,796
		72,727,269	72,178,796
CURRENT LIABILITIES			
Short-term financing	13	-	-
Creditors, provisions and accrued charges	14	61,488,405	61,413,405
Other liabilities	15	500,998	500,998
Provision for taxation	16	30,648	30,648
		62,020,051	61,945,051
Contingencies and commitments	17	-	-
		<u>103,158,587</u>	<u>103,219,615</u>

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

CHIEF EXECUTIVE

DIRECTOR

HASHIMI CAN COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales		-	-
Less: Cost of sales	18	(400,354)	(51,738)
Gross (loss)		(400,354)	(51,738)
Administrative and selling expenses	19	(284,147)	(959,438)
Operating (loss)		(284,147)	(959,438)
Other income		-	-
		(284,147)	(959,438)
Financial charges		-	-
Net loss before taxation		(684,501)	(1,011,176)
Provision for taxation		-	-
Net (loss) after taxation		(684,501)	(1,011,176)
Earning / (Loss) per share - Basic		(0.42)	(0.62)

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

CHIEF EXECUTIVE

DIRECTOR

HASHIMI CAN COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Net (loss) after taxation	(684,501)	(1,011,176)
Other comprehensive income	-	-
Total comprehensive (loss) for the year	<u>(684,501)</u>	<u>(1,011,176)</u>

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

CHIEF EXECUTIVE

DIRECTOR

HASHIMI CAN COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up	Capital reserves	Accumulated losses	Surplus on revaluation of land	Total
	----- Rupees -----				
Balance as at June 30, 2016	16,335,000	1,669,590	(124,127,645)	76,230,000	2,132,202
Loss for the year	-	-	(1,011,176)	-	(1,011,176)
Balance as at June 30, 2017	16,335,000	1,669,590	(125,138,822)	76,230,000	1,121,025
Loss for the year	-	-	(684,501)	-	(684,501)
Balance as at June 30, 2018	16,335,000	1,669,590	(125,823,323)	76,230,000	436,525

CHIEF EXECUTIVE

DIRECTOR

HASHIMI CAN COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FROM OPERATION ACTIVITIES		
Net (loss) before taxation	(684,501)	(1,011,176)
Adjustments for:		
Depreciation	61,028	68,076
Finance cost	-	-
Gain on sale of Fixed Assets	-	-
	<u>61,028</u>	<u>68,076</u>
Operating (loss) before working capital changes	(623,473)	(943,100)
Increase / (Decrease) in current liabilities:		
Creditors, provisions and accrued charges	75,000	75,000
Other liabilities		
Cash (used) in / generated from operations	<u>75,000</u>	<u>75,000</u>
Net cash used in operating activities	<u>(548,473)</u>	<u>(868,100)</u>
CASH FROM INVESTING ACTIVITIES		
Net cash generated / (used in) from investing activities	<u>-</u>	<u>-</u>
CASH FROM FINANCING ACTIVITIES		
Long term finance - Secured	548,473	7,694,080
Short-term financing	-	(6,825,980)
Net cash generated from financing activities	<u>548,473</u>	<u>868,100</u>
Net increase /(decrease) cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>26,552</u>	<u>26,552</u>
Cash and cash equivalents at the end of the year	<u><u>26,552</u></u>	<u><u>26,552</u></u>

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

CHIEF EXECUTIVE

DIRECTOR

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 NATURE AND STATUS OF BUSINESS

The Company is incorporated in Pakistan as a public Limited Company and its shares are quoted on Karachi Stock Exchange. Its main business is to undertake manufacture of tin containers and processing of canned food. Its registered office is situated at B-24, S.I.T.E, Karachi.

- 1.1** The operation of the Company came to a sudden halt due to illegal strike of unionized workers on November 3, 2010. Strike continued till management was forced to close down establishment and terminate services of all employees on January 18, 2011 under section 11(1) of standing order of industrial and commercial Act of 1968, Since all the utilities were disconnected due to non payments and business activity was completely shut down. The terminated workers instead of accepting the termination forcefully occupied the premises of the Company and vandalized the Plant and machinery having Written down value of Rs. 2.533 million, Furniture Fixture having Written Down Value of Rs. 1.279 million, Store and Spares valued of Rs. 5.120 million and Stock in trade valued of Rs. 8.823 were Stole and robbed the same various complaints and FIR were registered against the illegal occupants and several litigation are pending in Court of Law.

1.2 GOING CONCERN ASSUMPTION

The Company has been sustaining significant losses over the years and as June 30, 2014, accumulated losses of the Company reaches to Rs. 125.823 million resulting in negative equity of Rs. 107.818 million and the matter stated in above notes, However, these financial statements have been prepared using going concern assumption. In this connection the management of is opinion that the Company is a going concern entity because the management is striving hard to restart the shut down operation and defend the case against illegal occupation and making all efforts to start the business and to improve its operating result. Moreover, the directors and its associated Companies have also finance to revive the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1** These financial statements have been prepared in accordance with the requirements of the Companies Act, 2017 and the 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017 or the requirements of the said directives prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment is stated at fair value as determined by an independent valuer.

2.3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the AFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- i) Determination and measurement of useful life and residual value of property plant and equipments (note 3.1)
- ii) Income tax (notes 3.3)
- iii) Impairment of non-financial assets (Notes 3.10)
- iv) Provision for trade debts and other receivables (note 3.6)

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and rounded to nearest rupee.

2.5 Standards, interpretations and amendments applicable to financial statement

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

2.5.1 New standards, interpretations and amendments

- (i) The accounting policies adopted in the preparation of these financial statement are consistant with those of the previous financial year ecept as described below.
- (ii) The Company has adopted the following revised standard , amendments and interpretation of the IFRS Which becamess effective for the current year.

IAS 32	Financial instrument: Presentation (Amendments) - offsetting financial assets and financial liabilities
IAS 36	Impariment of assest : (Amendment) - Recovery amount disclosure for Non - Financial assets
IAS 39	Financial instrument: Presentation (Amendments) - offsetting financial assets and financial liabilities
IFRIC 21	Levies

The adoption of the above revision and amendments of the standards did not have any material effect on the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation. Depreciation is charged on systemic basis i.e. depreciation is charged quarterly to income on reducing balance method, whereby the cost of an asset is written off over its useful life. Depreciation on additions is charged from the quarter in which the asset put to use while no depreciation is charged in the quarter in which the assets are disposed off.

Maintenance and normal repairs are charged to the profit and loss, account as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gain or loss on disposal of fixed assets is taken to income currently.

Leased

Assets held under finance lease are stated at cost, financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on systemic basis i.e. depreciation is charged quarterly to income on reducing balance method, Whereby the cost of an asset is written off over its useful life. Depreciation on additions is charged from the quarter in which the asset put to use while no depreciation is charged in the quarter in which the asset are disposed off.

3.2 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of the qualifying assets under construction are capitalized and added to the asset's cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognized as an expense in the income statement in the period in which they are incurred.

3.3 Taxation

a) Current

The provision for income tax is calculated in accordance with the provision of Income Tax Ordinance, 2001.

b) Deferred

Deferred tax is provided by using the balance sheet liability method on all temporary differences at the balance sheet date arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

3.4 Stores and spares

These are valued at cost calculated on moving average basis less provision for obsolescence, if any.

3.5 Stock in trade

Stock in trade is stated at lower of cost and net realizable value. The cost is determined using average cost method, and include expenditure in acquiring the stocks, conversion cost and other cost incurred in bringing them to their existing location and condition

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and selling expense.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

3.6 Trade debts-unsecured and considered good

Trade debts are carried at invoice / charge amount which is the fair value less an estimate made for loss on account of doubtful debts based on review of outstanding amounts at year end. Provision is made in respect of those balances having no activity and which are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

3.7 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank.

3.8 Creditors, provisions and accrued charges

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration paid or payables in the future for goods and services received.

3.9 Revenue recognition

Sales are recorded on dispatch of goods to customers. Service income is recorded on accrual basis.

3.10 Impairment

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of the asset is estimated and impairment loss is recognized in the profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.11 Provisions

Provisions are recognized when:

- The Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

3.12 Financial instruments

All the financial assets and financial 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 is taken to profit and loss account currently.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet where there is a legally enforceable right to setoff the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses, if any, are recognized in the profit and loss account.

3.15 Defined contribution plan

The Company's provident fund Scheme covers all eligible employees who have completed their qualifying period. The Scheme is administrative by Trustees.

3.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans, trade and other payables and accrued markup.

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4 PROPERTY, PLANT AND EQUIPMENT

JULY 2017 TO JUNE 2018

Particulars	Cost / Revaluation			Rate %	Depreciation				W.D.V. as at 30.06.18
	As at 01.07.2017	Addition / Deletion	As at 30.06.2018		As at 01.07.17	Disposal	For the period	As at 30.06.18	
Leasehold land	76,230,000	-	76,230,000	0%	-	-	-	-	76,230,000
Building at lahore	12,500,000	-	12,500,000	0%	-	-	-	-	12,500,000
Building on lease hold land Karachi	2,681,144	-	2,681,144	5%	2,594,357	-	4,339	2,598,696	82,448
Plant and machinery	9,544,121	-	9,544,121	10%	9,104,706	-	43,941	9,148,648	395,473
Food processing machine	527,505	-	527,505	10%	451,639	-	7,587	459,226	68,279
Furniture, Fixture and equipment	155,158	-	155,158	10%	141,101	-	1,406	142,507	12,651
Motor vehicles	2,974,412	-	2,974,412	20%	2,955,639	-	3,755	2,959,393	15,019
JUNE 2018	104,612,340	-	104,612,340		15,247,442	-	61,028	15,308,470	89,303,870

JULY 2016 TO JUNE 2017

Particulars	Cost / Revaluation			Rate %	Depreciation				W.D.V. as at 30.06.17
	As at 01.07.2016	Addition / Deletion	As at 30.06.2017		As at 01.07.16	Disposal	For the period	As at 30.06.17	
Leasehold land	76,230,000	-	76,230,000	0%	-	-	-	-	76,230,000
Building at lahore	12,500,000	-	12,500,000	0%	-	-	-	-	12,500,000
Building on lease hold land Karachi	2,681,144	-	2,681,144	5%	2,589,789	-	4,568	2,594,357	86,787
Plant and machinery	9,544,121	-	9,544,121	10%	9,055,882	-	48,824	9,104,706	439,415
Food processing machine	527,505	-	527,505	10%	443,208	-	8,430	451,638	75,867
Furniture, Fixture and equipment	155,158	-	155,158	10%	139,539	-	1,562	141,101	14,057
Motor vehicles	2,974,412	-	2,974,412	20%	2,950,946	-	4,693	2,955,639	18,773
JUNE 2017	104,612,340	-	104,612,340		15,179,364	-	68,076	15,247,441	89,364,898

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 Rupees	2017 Rupees
4.1	Depreciation charge for the year has been allocated as follows:		
	Cost of sales	46,381	51,738
	Administrative expenses	14,647	16,338
		<u>61,028</u>	<u>68,076</u>
5	LONG-TERM DEPOSITS		
	Security deposits	<u>744,873</u>	<u>744,873</u>
6	TRADE DEBTORS - unsecured		
	Considered good	2,129,640	2,129,640
	Considered doubtful	3,315,048	3,315,048
		5,444,688	5,444,688
	Less: Provision for doubtful debts	<u>(3,315,048)</u>	<u>(3,315,048)</u>
		<u>2,129,640</u>	<u>2,129,640</u>
6.1	It includes an amount of Rs. 2,129,640 receivable from Sun Shine Cloth Limited, Which is under liquidation, and the claim has been filed with liquidator. However, the quantum of recoverable amount has yet not been determined by the liquidator. So, no provision for any irrecoverable is provided.		
7	ADVANCES, DEPOSITS AND PREPAYMENTS		
	Advances - unsecured, considered good		
	- Income tax refundable	285,802	285,802
	- Advance income tax	1,846,550	1,846,550
	- Advance to suppliers	8,045,942	8,045,942
		10,178,294	10,178,294
	Deposits and prepayments- unsecured , considered good		
	- Deposits	220,900	220,900
	- Prepayments	398,424	398,424
	- Other Receivable	156,034	156,034
		775,358	775,358
		<u>10,953,652</u>	<u>10,953,652</u>
7.1	This includes an amount of Rs. 7,237,755/- paid to M/s Swiss Embroidery (Private) Limited for supply of tin plate and other material, but the supplier has failed to supply material. A suit for recovery has been filed with the High Court of Sindh and the matter is pending for adjudication.		

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
8 CASH AND BANK BALANCES		
Cash at bank - current accounts	26,552	26,552
	<u>26,552</u>	<u>26,552</u>
9 SHARE CAPITAL		
Authorised capital		
5,000,000 (2017: 5,000,000) Ordinary shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital		
1,034,500 (2017: 1,034,500) Ordinary shares of Rs. 10/- each fully paid up in cash	10,345,000	10,345,000
170,000 (2017: 170,000) Ordinary shares of Rs.10/- each fully paid, issued for consideration other than cash	1,700,000	1,700,000
429,000 (2017: 429,000) Ordinary shares of Rs. 10/- each issued as fully paid up bonus shares	4,290,000	4,290,000
	<u>16,335,000</u>	<u>16,335,000</u>
10 CAPITAL RESERVE		
This represents the difference between the written down value of the " Original" and "Revalued" Costs of a Machinery transferred by CIBA GIEGY (Pakistan) Limited, on completion of 6 years on 31-12-97, as per an agreement dated 28-05-91.		
11 SURPLUS ON REVALUATION OF FIXED ASSETS - Land		
11.1 The above amount represents the total value of the leasehold plot of land bearing survey No. B-24, S.I.T.E, Karachi. The original value of such land is reported to be already included in the value of the building which is subject to depreciation charge.		
11.2 The further revaluation of land have been made in the year 2002-03 as per the valuation report of M/s. Consultancy Support & Services. The revaluation surplus is recorded in to the books as per the matching priciple of accounting, the reverse of prior years depreciation on land have been included in profit and loss account in the year of revaluation as prior year adjustment to effect to effect value prior to revaluation.		
11.3 The revaluation is taken effect on 30-04-2003 in the books of accounts and no depreciation is charged for the period from 1-7-2002 to onwards.		

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		Rupees	Rupees
12 LONG TERM FINANCE - SECURED			
Provident fund contribution / loan payable			
Balance July 1		23,852,135	23,852,135
Contribution of employees		-	-
Contribution of company		-	-
		-	-
		23,852,135	23,852,135
Loan deductions from employees during the year		-	-
Paid to employees during the year		(100,000)	-
		23,752,135	23,852,135
Mark-up		-	-
Balance June 30	12.1	23,752,135	23,852,135
Loan from related parties	12.2	48,975,134	48,326,661
		72,727,269	72,178,796

12.1 Interest on provident fund loan is being charged @ 16% per annum.

12.2 These are unsecured and interest free loans from directors and associates.

12.3 The SECP has instructed the company to pay the amount of provident fund along with its interest to the provident fund along with its interest to the to the provident fund trustees with 18months in 6 equal quartely installments starting from October 05, 2005 for which the company has an order from the Honorable High Court of Sindh for the disposal of partial plot of land and the sale proceeds will be applied to pay the liability and the transaction is expected to be completed within one year.

13 BANK FINANCING- under mark-up arrangement

-Allied Bank of Pakistan Limited

Running finance	-	2,725,988
Short term financing	-	(2,725,988)
	-	-

13.1 The above borrowing is subject to mark-up KIBOR + 2.50% per annum

13.2 The above financing is secured against first charge on the property, plant and equipment of the company and by way of hypothecation of stocks, stores and trade debtors.

HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
14 CREDITORS, PROVISIONS AND ACCRUED CHARGES		
Trade creditors	35,549,573	35,549,573
Accrued expenses	13,678,502	13,603,502
Deposits from customers	80,000	80,000
Advances from customers	3,304,882	3,304,882
Sales tax payable	261,013	261,013
Other creditors	2,058,136	2,058,136
Other loan	4,050,300	4,050,300
Provision against final settlement of salary	2,506,000	2,506,000
	<u>61,488,405</u>	<u>61,413,405</u>

15 OTHER LIABILITIES

Unclaimed dividend	412,540	412,540
Workers' profit participation fund	85,060	85,060
Others	3,398	3,398
	<u>500,998</u>	<u>500,998</u>

16 PROVISION FOR TAXATION

Balance - July 01	30,648	30,648
Provision for the year	-	-
Less: Adjustment in respect of assesment completed.	-	-
	<u>30,648</u>	<u>30,648</u>

17 CONTINGENCIES AND COMMITMENTS

In compliance with the court order, Services of 381 surplus staff / workers were terminated on 26th November 1999. However, 190 staff / workers have been paid their full and final dues to date.

18 COST OF SALES

Raw material consumed	-	-
Factory repair	58,000	-
Factory cleaning and other expense	295,973	-
Depreciation	46,381	51,738
	<u>400,354</u>	<u>51,738</u>

Work-in-Process

-Opening stock	-	-
-Closing stock	-	-

Finished goods

-Opening stock	-	-
-Closing stock	-	-

<u>400,354</u>	<u>51,738</u>
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HASHIMI CAN COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

19 ADMINISTRATIVE AND SELLING EXPENSES

Fees and subscription	19,500	270,200
Legal and professional charges	134,000	152,000
Audit fee	75,000	75,000
Mise Expense	41,000	60,900
Security expenses	-	385,000
Depreciation	14,647	16,338
	<u>284,147</u>	<u>959,438</u>

20 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated undertakings, other related parties, directors, key management personnel and staff retirement funds. Amount due from and due to these undertakings are shown under receivables and payables. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2018 Rupees	2017 Rupees
Loan obtained from director during the year	<u>648,473</u>	<u>7,694,080</u>

21 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

There were no remuneration paid to chief executive and directors of the company. (2017: Nil)

22 FINANCIAL RISK MANAGEMENT

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

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit Department (IAD). IAD undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

22.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 Rupees	2017 Rupees
Carrying amount		
Trade debts-unsecured and considered good	2,129,640	2,129,640
Advances, deposits, prepayments and other receivables	9,107,102	9,107,102
Cash at bank	26,552	26,552
	<u>11,263,294</u>	<u>11,263,294</u>

Bank balances

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to extent credit rating thereof, ranging from AA+ to A1+ assigned by the reputable credit rating agencies.

22.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty to meet its financial obligations as they fall due. 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 financial liabilities as they fall due. The Company's approach to managing 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 risking damages to the Company's reputation. The following are the contractual maturity of the financial liabilities, including interest payments.

2018				
Financial liabilities	Contractual cash flows			
	Carrying amount	Total	Up to one year	More than one
	----- Rupees -----			
Long term finance	72,727,269	72,727,269	-	72,727,269
Banking Finance	-	-	-	-
Creditors, provisions and accrued charges	61,488,405	61,488,405	61,488,405	-
Other liabilities	500,998	500,998	500,998	-
	<u>134,716,672</u>	<u>134,716,672</u>	<u>61,989,403</u>	<u>72,727,269</u>
2017				
Financial liabilities	Contractual cash flows			
	Carrying amount	Total	Up to one year	More than one
	----- Rupees -----			
Long term finance	72,178,796	72,178,796	-	72,178,796
Banking Finance	-	-	-	-
Creditors & other liabilities	61,413,405	61,413,405	61,413,405	-
Other liabilities	500,998	500,998	500,998	-
	<u>134,093,199</u>	<u>134,093,199</u>	<u>61,914,403</u>	<u>72,178,796</u>

22.3 Market risk

Market risk is the risk that the value of the financial instruments fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demands of securities and liquidity in the market. Market risk comprises of three types of risk namely, interest risk and other price risk.

22.3.1 Interest rate risk

Interest rate risk represent the risk that the fair value of the future cash flows of the financial instruments will fluctuate because of the changes in market interest rates. The Company interest rate risk arises on Banking finance.

22.3.2 Other price risk

Other price risk is the risk that fair value of the future cash flows of the financial instruments will fluctuate because of the changes in market price (other than arising from the interest and currency risk) whether this changes caused by the factor specific to the financial instruments or its issuer or factors effecting similar financial instruments traded in financial markets. The Company is not exposed to other price risk.

22.4 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities is the value in which assets could be exchange or a liability settled between knowledgeable willing parties in an arms length transaction.

22.5 Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the processes, technologies and infrastructure supporting the Company's operation either internally within the Company or externally to the Company's service providers, and from external factors other than credit, market and liquidity risk such as those arising from legal regulatory requirements and generally accepted standards of investments and management behavior. Operational risk arises from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting financial losses and damage to its reputation and generating returns from stake holders.

The primary responsibility for the development and implementation of the controls over operational risk rest with the Board of Directors. This responsibility encompasses the controls in the following areas:

- requirements for the segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with the regulatory and other legal requirements;
- documentations of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and adequacy of controls and procedures to address the risk identified;
- ethical and business standards; and
- risk mitigation, including insurance where effective.

Senior management ensure that the Company's staff have adequate training and experience and foster effective communication related to the operational risk management.

22.6 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide the shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on the capital, which the Company defines as net profit after taxation divided by total shareholders equity. The Board of Directors also monitors the level of dividend for ordinary shareholders.

23 NUMBER OF EMPLOYEES

The total number of employees as on June 30, 2018 were Nil (2017: Nil) where as average number of employees were Nil (2017: Nil).

24 DATE OF AUTHORIZATION

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

CHIEF EXECUTIVE

DIRECTOR

**PATTERN OF HOLDING SHARES BY THE SHAREHOLDERS
AS AT JUNE 30, 2018**

NO. OF SHAREHOLDER	SHARE HOLDING TOTAL		SHARE HELD
	FROM	TO	
470	1	100	13307
104	101	500	24157
23	501	1000	18122
26	1001	5000	60540
4	5001	10000	29400
1	10001	15000	10395
2	20001	25000	46631
1	45001	50000	45688
1	50001	55000	51907
1	85001	90000	89730
1	235001	240000	240000
1	325001	330000	326815
1	620001	760251	676808
636			1633500

**CATEGORIES OF SHREHOLDERS
AS AT JUNE 30, 2018**

CATEGORIES OF SHARE HOLDERS	Number of Shares	SHARE HELD
Individuals	475	4.36
Insurance companies	3	0.48
Financial institution	2	9.86
Joint Stock Companies	0	0
Investment Companies	2	0.3
Cooperative Society	1	0
Holding of Directors	4	85
TOTAL	487	100

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2018

Categories of Shareholders	Numbers of Share Holders	Shares Held
Individuals	475	
Holding less than 10%		71057
Insurance companies	3	
Adamjee Insurance co ltd		2364
EFU General Insurance		110
Pakistan General Insurance		5250
Financial institution	2	
National Bank of Pakistan Trustee Deptt.		161063
United Bank Limited		200
Investment Companies	2	
Investment Corporation of Pakistan		4729
NH Securities Pvt Limited		82
Cooperative Society	1	25
Holding of Directors	4	
Mr. Munawar A. Malik		1094068
Mrs. Musarrat Bano Malik		51907
Mr. Zaheer A. Malik		240000
Miss. Humera Malik		2500
TOTAL	487	1633500



DIRECTOR'S REPORT

I am pleased to welcome you to the 57 Annual General Meeting of the Company and on behalf of the Board of Directors, present the Annual Report along-with Audited Accounts for the year ended 30th June 2018.

FINANCIAL RESULTS

The operating results as such are:-

	2 0 1 8	2 0 1 7
Sales	-	-
Gross loss	(400,354)	(51,738)
Net Loss	(684,501)	(1,011,176)

In these circumstances the management is trying to further cut down the cost. The going concern status of the Company has again been questioned by the auditors this year also, but the Directors are still of the view that the efforts to promote the Business shall bear fruit. Legal matters are at stand still and no change of either kind has taken place.

Earnings / (Loss) per share this year is Rs. (0.42) compared to Rs. (0.62) last year.

CORPORATE GOVERNANCE:

The directors of your company are aware of their responsibilities under the code of corporate governance of the Listing Regulations of the Stock Exchange in the country under instruction from Securities & Exchange Commission of Pakistan. We are taking all necessary steps to ensure good Corporate Governance in your Company as required by the code.

PATTERN OF SHAREHOLDING

Pattern of shareholding is included as a part of the report.

AUDITORS

The present Auditors M/s Rao & Company retire and being eligible offer themselves for reappointment.

QUALIFICATION REQUIREMENTS OF THE CHIEF FINANCIAL OFFICER (CFO) CUM COMPANY SECRETARY (CS):

The CFO and CS are fully qualified to hold the position in the Company were printed and circulated in time along-with Directors Review on the affairs of the Company.

AUDIT COMMITTEE:

An audit committee comprises of the following members:-

Miss Humera Malik	Chair Person
Mrs Seema Zaheer	Member
Mrs. Musarat Bano Malik	Member

FUTURE OUTLOOK

The operation of the Company came to a sudden halt due to illegal strike of unionized workers on November 3, 2010. Strike continued till management was forced to close down establishment and terminate services of all employees on January 18, 2011 under section 11(1) of standing order of industrial and commercial Act of 1968, since all the utilities were disconnected due to non payments and business activity was completely shut down. The terminated workers instead of accepting the termination forcefully occupied the premises of the Company and vandalized the Plant and machinery having Written down value of Rs. 2.533 million, Furniture Fixture having Written Down Value of Rs. 1.279 million, Store and Spares valued of Rs. 5.120 million and Stock in trade valued of Rs. 8.823 were Stole and robbed the same various complaints and FIR were registered against the illegal occupants and several litigation are pending in Court of Law. The Management of the Company is striving hard to overcome from the current crises by trying to change field of business and ways to raise funds to pay off liabilities and start a new business.

BOARD OF DIRECTORS:

The Board comprises of two executive and two non-executives directors. As circumstances discussed in the notes no 1.2 of the financial statements, there were THREE director meeting were held during the financial year for compliance matters.

On behalf of Board of Directors



(MUNAWAR A. MALIK)

03 Feb 2019

CHAIRMAN

RAO & COMPANY

CHARTERED ACCOUNTANTS

TELEPHONES

32412778 & 32412779

FAX: 32419452

E-mail: raoandco_ca@hotmail.com

:raoandco_ca@yahoo.com

TELEGRAMS

AKOUNTVIEW

4, Karachi Chambers
Hasrat Mohani Road,
P.O. Box 5061
Karachi-2
PAKISTAN

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

We have reviewed the Statement of compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2017 (the regulations) prepared by the Board of Director of **Hashmi Can Company Limited** ("the Company") for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulation.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statements of Compliance reflect the status of the Company's compliance with provision of the Regulation and report if it does not and to highlight any non – compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of financial statement we are required to obtain an understanding of the accounting and internal control system 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 controls, covers all controls and the effectiveness of such internal control, the Company's Corporate Governance procedure and risks.

The Regulation requires the Company to place before the Audit Committee, and upon the recommendation of the Audit Committee, place before the Board of Directors for their consideration and approval, its related party transactions and also ensure compliance with the requirement of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms price or not.

Base on our review, we are unable to express any comments that the Statement of Compliance reflect the company's compliances in all material respects and with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.


RAO AND COMPANY
Chartered Accountants


Name of audit engagement partner
Shafqat Raza

Karachi

Date: **03 FEB 2019**

RAO & COMPANY

CHARTERED ACCOUNTANTS

TELEPHONES

32412778 & 32412779

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PAKISTAN

AUDITORS' REPORT TO THE MEMBER

Report on the Audit of the Financial Statements

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of **Hashimi Can Company Limited**. Because of the significant matters described in the Basis of Disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Company, which comprise the statement of financial position as at June 30, 2018, and related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of opinion

- a) The operation of the Company came to a sudden halt due to illegal strike of unionized workers on November 3, 2010, Management was forced to closed down establishment and terminate services of all employees on January 18, 2011 under Section 11 (1) of standing order of industrial and commercial Act of 1968, The terminated employees forcefully occupied the premises of the Company and all relevant records were misappropriated by the occupants.
- b) Due to the matter discussed in paragraph (a) the Company has not maintained certain customary accounting records as required by repealed Companies Ordinance, 1984 (Now Companies Act 2017), and supporting documents relating to transactions with its customer and suppliers, particularly with respect to receivable, payables, bank balances, property, plant and equipment and inventories. Further, in the absence of information regarding realizable value of several balances under inventories, deposits, other receivable and bank balances aggregating to Rs. 13.854 million (2017: Rs.13.854 million) we were not able to verify whether the amount would be realized at carrying values. Moreover, due to lack of customary accounting records and supporting documents we were unable to verify the Company's liability aggregating to Rs. 134.747 million (2017: Rs. 134.123 million). Accordingly, it was not practicable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by the conditions.
- c) As discussed in Note 1.2 to the financial statements the accumulated losses of the Company as at June 30, 2018 stand at Rs. 125.823 million and, as at that date, its current liabilities exceeds its current assets by Rs. 48.910 million. These Condition Indicates the existing of a material uncertainty, which may cast a significant doubt on the Company's ability to continue as going concern.

- d) The Company has not charged depreciation on Building at Lahore which resulted in understating of the loss as indicated in notes 4 of the financial statements.
- e) The Company has not made any provision regarding Sun Shine (Private) Limited which is under liquidation as indicated in notes no. 6.1 of the financial statements.
- f) The Company is following revaluation model to value land and building as per the requirement of IAS 16. However, the Company has not carried any revaluation Since April, 2003.
- g) in the absences of information regarding the latest position of income tax assessment of the Company, we are unable to ascertain the possible effects of contingencies or other financial effects, if any, on these financial statements that may arise.
- h) We have requested the confirmation of balances and other information as at June 30, 2018 from Bank Alfiah Limited, S.I.T.E branch, Karachi and to date satisfactory response was not received. In the absence of satisfactory response it cannot be assessed with any degree of accuracy that the balance and other information stated in the Company's records are in agreement with the bank.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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


Rao and Company
Chartered Accountants
Date: 03 FEB 2019
Karachi

