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## Company Information

Board of Directors	Muhammad Ismail (Chief Executive) Sheikh Umar Farooq Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Nishat Ahmad Sheikh Mrs. Farhat Nishat Mr. Hamid Nishat
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Naveed Mukhtar & Co. Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber
Offices: Karachi (Registered Office)	Room No.809, 8 <sup>th</sup> Floor, Saima Trade Tower-B, I.I.Chundrigar Road, Karachi Web Site: <a href="http://www.hussaingroup.com">www.hussaingroup.com</a>
Multan (Unit No.1&3)	Fazalabad Vehari Road, Multan Ph. 92-61-6527238,6528245,6760524 Fax. 92-61-6526487,6526572
Multan (Unit No.2)	35-KM Bahawalpur Road,Adda Muhammad Pur, Multan Ph. 92-61-4250577,4250603 Fax. 92-61-4250578
Multan (Unit No.4)	Qadirpur Rawan Bypass, Khanewal Road, Multan Ph. 92-61-4423183, Fax. 92-61-4423184
Kabirwala (Unit No.5)	17-KM Mauza Kohiwala, Kabirwala, Khanewal Ph. 92-65-2450308



## DIRECTORS' REPORT

The Directors of your Company are pleased to present their 40<sup>th</sup> Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30<sup>th</sup> June, 2018.

### Our Performance:

The key business results of the company achieved in financial year 2018 are spelled out below intending to have a quick review of the performance of the Company:

	<u>2018</u> <u>Rupees</u>	<u>2017</u> <u>Rupees</u>
Sales	12,915,044,409	10,590,320,072
Gross Profit	1,158,206,324	22,034,099
Operating Profit/(Loss)	667,152,287	(380,204,363)
Finance Cost	(426,715,922)	(388,206,145)
Profit/(Loss) before Tax	247,497,049	(760,680,469)
Profit/(Loss) after Tax	120,640,907	(858,532,845)
Earnings/(Loss) per Share	6.41	(45.64)

The company was emphatic and resolute in recuperating its financial health right from the day first of the financial year under review and kudos to all stakeholders it sailed through in achieving green numbers at the day end as flashed out above. Your company is pretty sure that the profit figures could have been more incentivized provided cost of doing business could not have increased staggeringly and banks could have allowed loans for BMR to reduce the cost. Your company feels that the increase in cost of sales was the result of strident raw material prices. Conversely, gross margin continued on its downward trajectory as cost increased were not fully mitigated by pricing.

### Operational Review:

The company improved its performance during the financial year under review as compare to preceding financial year. Please note that the company registered about 22% rise in its revenue as compare to last year position. Further it improved its gross margin robustly during the financial year under review commensurately to the preceding financial year. Similarly, a glimpse of above cited figures witnesses on overall improvement in the financial indicators of the company.



**Future Outlook:**

Pakistan's economy received multiple jolts during fiscal year 2017-18 and almost all economic indicators worsened particularly the unfavorable Balance of Payments position due to a widening Current Account Deficit along with less than expected foreign inflows are major risks and challenges for the country. Thus, trade balance is still under pressure.

As new Government has taken charge and promises to boost up the economic growth on war footing basis, Industrialists are quite confident that the energy cost will be resolved and Government will announce a financial package to Textile Industry for making cost issue effective and competitive in International market. As committed above, if government policies are promulgated in time, it would lay an ideal spadework for the company to invigorate itself in future.

**Auditors:**

The present auditors M/s Naveed Mukhtar and Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The board recommended their re-appointment as external auditors until the conclusion of the next annual general meeting.

**Management/Labour Relations:**

The management/labour relations remained meritorious during the year under review. We have a competitive workforce both for admin/production side and we consider our staff as a valuable asset for the company. We invest in the professional development and improvement of skills of our staff hoping to yield better results in future. Human Resource policy of the company believes in fairness, merit, equal opportunities and social responsibilities. We succeed in maintaining high level of productivity by thanks to valuable contribution of our labor that epitomizes hard work, dedication and devotion.

**Acknowledgement:**

The board wishes to place on record with admiration, the hard work of its workforce who contributed energetically to get the company achieve these results. Your directors also extend appreciation to the company's bankers, valued customers, suppliers, shareholders and government authorities for the meritorious cooperation to the company during the financial year under review.

Multan  
29th October, 2018

For and on behalf of the Board  
Sd/-  
Hussain Ahmad Fazal  
Director



## ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز کمپنی کی چالیسویں سالانہ رپورٹ برائے سال 30 جون 2018 پیش کر رہے ہیں۔

### کمپنی کا مالیاتی جائزہ:

اہم کاروباری اہداف / نتائج جو کمپنی نے مالیاتی سال 2018 میں حاصل کئے وہ درج ذیل ہیں۔ جو کمپنی کی کارکردگی ایک نظر سمجھنے میں معاون ہوگی۔

2017 Rupees	2018 Rupees	
10,590,320,072	12,915,044,409	فروختگی
22,034,099	1,158,206,324	مجموعی منافع
(380,204,363)	667,152,287	فروسودگی اور مالیاتی اخراجات سے پہلے کا منافع
(388,206,145)	(426,715,922)	مالیاتی خرچہ
(760,680,469)	247,497,049	منافع قبل از ٹیکس
(858,532,845)	120,640,907	منافع بعد ٹیکس
(45.64)	6.41	فی حصص کمائی

پہلے دن سے ہی آپکی کمپنی پر عزم اور اٹل تھی کہ وہ اپنی مالی پوزیشن رواں مالی سال میں مستحکم کرے گی جس میں تمام شرائط داروں کی کوششوں کی بدولت بالا خر کمپنی درج بالا اہداف حاصل کرنے میں کامیاب ہوئی۔ آپکی کمپنی کو یقین ہے کمپنی کا منافع مزید پرکشش ہو سکتا تھا بشرطیکہ کاروباری لاگت میں ہوشربا اضافہ نہ ہوا ہوتا اور ساتھ ہی بینکوں نے BMR کی مد میں قرضے جاری کیے ہوتے جن سے لاگت کم ہوتی۔ آپکی کمپنی محسوس کرتی ہے کہ فروختگی کی لاگت میں اضافہ بوجہ خام مل کی قیمتوں میں اضافے کے سبب تھا۔ اسکے برعکس مجموعی منافع کمی کی طرف بڑھتا رہا کیونکہ لاگت میں اضافہ قیمت فروخت میں اضافہ کی نسبت زیادہ رہا۔

### کمپنی کا کاروباری جائزہ:

گزشتہ مالی سال کی نسبت رواں مالی سال میں کمپنی نے اپنی کارکردگی کو مستحکم کیا۔ گزشتہ مالی سال کے مقابلے میں کمپنی نے فروختگی میں 22 فیصد اضافہ کیا۔ مزید یہ کمپنی نے اپنے مجموعی منافع میں بھی اس مالی سال میں بہت زیادہ اضافہ کیا۔ اسی طرح مذکورہ اہداف کے جائزے سے یہ عیاں ہوتا ہے۔ کہ کمپنی نے مجموعی طور پر اپنی مالیاتی کارکردگی میں اضافہ کیا۔

### مستقبل کا جائزہ:

پاکستانی معیشت سال 2017-2018 میں بری طرح متاثر رہی اور تقریباً تمام معاشی پیمانے پستی کا شکار رہے جس میں خاص طور پر برآمدات اور درآمدات کا منفی توازن نمایاں وجہ ہے۔ اور کرنٹ اکاؤنٹس میں بڑھتا ہوا خسارہ اور توقع سے کم بیرونی سرمایہ کاری بھی وہ خطرات ہیں جن کا ملک کو سامنا ہے۔



موجودہ حکومت نے اقتدار میں آنے کے بعد ہنگامی بنیادوں پر بڑھوتی کا وعدہ کیا تھا۔ اس حوالے سے صنعت کار بہت پر امید ہیں کہ توانائی کی قیمتوں کا معاملہ جلد رفع ہوگا۔ اور حکومت ٹیکسٹائل صنعت کیلئے ایک امدادی پیکیج کا اعلان کرے گی جس سے ٹیکسٹائل سیکٹر بین الاقوامی منڈیوں میں موثر اور بھرپور مقابلہ کر سکے گی۔ اپنے وعدے کا پاس کرتے ہوئے اگر حکومتی پالیسیاں عمل میں آتی ہیں تو یہ کمپنی کیلئے اچھی بنیاد ثابت ہوگی اسکی بدولت ٹیکسٹائل سیکٹر اپنے مستقبل کو مزید بہتر کر سکے گی۔

### آڈیٹر:

موجودہ آڈیٹر نوید مختار اینڈ کمپنی اپنی تقرری کی مدت پوری کر چکی ہے اور دوبارہ تقرری کے لیے اہل ہے بورڈ اس کمپنی کو آنے والی سالانہ جنرل میٹنگ (AGM) میں فیصلہ ہونے تک دوبارہ مقرر کرتا ہے۔

### انتظامیہ اور لیبر تعلقات:

رواں مالی سال کے دوران انتظامیہ اور مزدوروں کے تعلقات بہت بہتر رہے۔ آپکی کمپنی کے پاس ایک اہل و قابل عملہ (انتظامیہ - پیداواری) موجود ہے اور کمپنی کہہ سکتی ہے کہ یہ عملہ کمپنی کیلئے ایک گراں قدر اثاثے کی حیثیت رکھتا ہے ہم اپنے عملے کی کاروباری مہارت بڑھانے کیلئے کوشاں رہتے ہیں جس سے مستقبل میں اچھے نتائج حاصل ہونگے۔

کمپنی کی ہیومن ریسورس پالیسی مساوی مواقع انصاف اور پسندیدہ سماجی ذمہ داریوں پر مبنی ہے۔ ہم اپنے عملہ کے قیمتی تعاون کی بدولت پیداوار کا اچھا معیار برقرار رکھنے میں کامیاب ہوئے ہیں جو کہ انتھک محنت اور لگن کی بہترین مثال ہیں۔

### اظہار تشکر:

کمپنی اپنے عملے کی گراں قدر خدمات کی مشکور ہے جسکی بدولت کمپنی یہ نتائج حاصل کرنے میں کامیاب رہی اس کاوش میں بینکرز، سپلائرز، کسٹمرز، کھاتے دار اور حکومتی اداروں کی خدمات بھی قابل تحسین ہیں۔

بورڈ کی جانب سے  
حسین احمد فضل (ڈائریکٹر)

ملتان  
29 اکتوبر، 2018



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HUSSAIN MILLS LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30th June, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

The Company has not recognized deferred tax expense amounting to Rs. 111,319,048/- and Rs. 204,857,790/- for the current and prior years, respectively, aggregating to Rs. 316,176,833/-. Had the aforesaid deferred tax been recognized, the after tax profit & total comprehensive income for the year would have been lower by Rs. 111,319,048/- and unappropriated profit, shareholders equity & deferred tax liability would have been lower and higher, respectively, by Rs. 316,176,833/-.

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

**Emphasis of Matter**

The fact that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit.

**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.

Board 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.

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



**Prior Year Financial Statements Audited by Predecessor Auditor**

The Financial Statements for the Year ended 30th June, 2017 were audited by another firm of Chartered Accountants and issued audit report dated 3rd October, 2017 expressing a modified opinion due to the reason:

The Company has not recognised deferred tax expense for the year amounting to Rs. 204,857,790/-. Had the aforesaid deferred tax been recognised, the after tax loss for the year and non-current liabilities would have been higher by Rs. 204,857,790/-.

They also gave an emphasis of matter paragraph as follows:

The fact that the Company is defendant in a lawsuit preferred by the aggrieved share holders, holding 41.28% equity shares in the Company. The pray of aforesaid lawsuit includes the winding up of the Company. Preliminary hearings and case proceeding are in progress. The management of the Company and its legal counsel are confident to defeat the petition being baseless and without merit.

The engagement partner on the audit resulting in this independent auditor's report is Naveed Mukhtar Rana.

Sd/-

**Chartered Accountants**  
Lahore,  
29th October, 2018



**BALANCE SHEET AS AT 30TH JUNE, 2018**

	NOTE	2018 RUPEES	2017 RUPEES (Restated)	2016 RUPEES (Restated)
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>SHARE CAPITAL AND RESERVES</u></b>				
Authorized Capital:				
40,000,000 (2017: 40,000,000) Ordinary Shares of Rs. 10/- each		400,000,000	400,000,000	400,000,000
Issued, Subscribed and Paid-up Capital	5	188,102,570	188,102,570	188,102,570
Capital Reserves		129,738,223	129,738,223	129,738,223
Un-appropriated Profit		1,182,346,825	1,027,339,774	1,850,223,632
		1,500,187,618	1,345,180,567	2,168,064,425
Long Term Loan from Directors	6	195,950,231	186,325,505	211,956,969
		1,696,137,849	1,531,506,072	2,380,021,394
Surplus on Revaluation of Operating Fixed Assets	7	3,275,384,817	1,655,918,765	1,691,270,092
Total Equity		4,971,522,666	3,187,424,837	4,071,291,486
<b><u>NON CURRENT LIABILITIES</u></b>				
Long Term Financing - Secured	8	211,000,568	322,697,988	183,041,994
Long Term Loan from Director - Unsecured	9	51,652,562	51,652,562	51,652,562
Liabilities against Assets subject to Finance Lease	10	5,685,113	13,113,796	36,612,360
Deferred Liabilities	11	292,197,634	115,039,159	109,033,671
		560,535,877	502,503,505	380,340,587
<b><u>CURRENT LIABILITIES</u></b>				
Trade and Other Payables	12	1,130,236,858	755,021,460	448,288,763
Accrued Interest and Mark-up	13	74,115,017	54,015,956	50,646,438
Short Term Borrowings - Secured	14	5,177,697,217	4,381,660,341	4,885,536,046
Short Term Loan from Related Party - Unsecured	15	-	40,000,000	24,500,000
Unclaimed Dividend		124,939	124,939	124,939
Current Portion of Long Term Liabilities	16	124,506,403	278,298,365	219,511,023
		6,506,680,434	5,509,121,061	5,628,607,209
<b><u>CONTINGENCIES AND COMMITMENTS</u></b>				
	17	-	-	-
		12,038,738,977	9,199,049,403	10,080,239,282
<b><u>ASSETS</u></b>				
<b><u>NON CURRENT ASSETS</u></b>				
Property, Plant and Equipment	18	6,732,951,258	5,058,018,961	5,177,737,834
Long Term Investments	19	12,668,154	12,394,254	12,096,594
Long Term Loans and Advances	20	6,790,400	12,121,600	17,452,800
Long Term Deposits and Prepayments	21	43,169,626	43,370,120	58,739,270
		6,795,579,438	5,125,904,935	5,266,026,498
<b><u>CURRENT ASSETS</u></b>				
Stores, Spares and Loose Tools	22	127,053,210	214,740,223	413,450,381
Stock in Trade	23	2,084,137,710	2,357,965,590	2,898,437,416
Trade Debts	24	1,968,547,954	831,252,116	761,057,268
Loans and Advances	25	247,210,405	103,893,566	95,055,863
Trade Deposits and Short Term Pre-payments	26	2,550,879	1,176,927	1,992,833
Interest Accrued	27	91,674	136,971	182,268
Other Receivables	28	482,358,311	285,206,420	118,639,374
Short Term Investments	29	474,800	-	831,530
Tax Refunds Due from Government Departments	30	101,536,032	130,628,261	140,627,616
Cash and Bank Balances	31	229,198,564	148,144,394	383,938,235
		5,243,159,539	4,073,144,468	4,814,212,784
		12,038,738,977	9,199,049,403	10,080,239,282

The annexed Notes from 1 to 48 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE, 2018**

	NOTE	2018 RUPEES	2017 RUPEES
SALES	32	12,915,044,409	10,590,320,072
COST OF SALES	33	(11,756,838,085)	(10,568,285,973)
GROSS PROFIT		<u>1,158,206,324</u>	<u>22,034,099</u>
DISTRIBUTION COST	34	(209,932,929)	(148,119,170)
ADMINISTRATIVE EXPENSES	35	(266,867,050)	(254,077,201)
OTHER OPERATING EXPENSES	36	(14,254,058)	(42,091)
		(491,054,037)	(402,238,462)
OPERATING PROFIT / (LOSS) before Other Income		<u>667,152,287</u>	<u>(380,204,363)</u>
OTHER INCOME	37	7,060,684	7,730,039
OPERATING PROFIT / (LOSS) after Other Income		<u>674,212,971</u>	<u>(372,474,324)</u>
FINANCE COST	38	(426,715,922)	(388,206,145)
NET PROFIT / (LOSS) FOR THE YEAR before Taxation		<u>247,497,049</u>	<u>(760,680,469)</u>
TAXATION	39	(126,856,142)	(97,852,376)
NET PROFIT / (LOSS) FOR THE YEAR after Taxation		<u>120,640,907</u>	<u>(858,532,845)</u>
<b><u>OTHER COMPREHENSIVE INCOME / (LOSS):</u></b>			
Surplus on revaluation of Property, Plant and Equipment (Net of Deferred Tax)		1,653,766,070	-
Un-realized Loss on Re-measurement of Defined Benefit Obligation (Net of Deferred Tax)		(207,774)	-
Un-realized Gain on Re-measurement of Fair Value of Investments Held for Sale		273,900	297,660
		1,653,832,196	297,660
<b><u>TOTAL COMPREHENSIVE INCOME / (LOSS)</u></b>		<u><u>1,774,473,103</u></u>	<u><u>(858,235,185)</u></u>
EARNING / (LOSS) PER SHARE - Basic and Diluted	40	<u>6.41</u>	<u>(45.64)</u>

The annexed Notes from 1 to 48 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE, 2018**

	2018 RUPEES	2017 RUPEES
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Profit before Taxation	247,497,049	(760,680,469)
Adjustment for:		
Provision for Gratuity	45,049,426	40,090,311
Workers' (Profit) Participation Fund	13,026,160	-
Depreciation	215,768,370	219,866,913
Re-Measurement on Investments	63,579	-
Gain on Disposal of Fixed Assets	(1,935,805)	(4,066,659)
Dividend Income	(27,500)	-
Interest Income	(216,495)	(296,463)
Return on Bank Deposits	(4,736,993)	(3,366,917)
Gain on sale of Investments	-	42,091
Finance Cost	426,715,922	388,206,145
	693,706,664	640,475,421
Cash Generated from / (Used to) Operations before Working Capital Changes	941,203,713	(120,205,048)
<b><u>EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES</u></b>		
(Increase)/Decrease in Current Assets		
Stores, Spares and Loose Tools	87,687,013	198,710,158
Stock in Trade	273,827,880	540,471,826
Trade Debtors	(1,137,295,838)	(70,194,848)
Loans and Advances	(143,316,839)	(8,837,703)
Trade Deposits and Short Term Prepayments	(1,373,952)	815,906
Other Receivables	(197,151,891)	(166,567,046)
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	362,189,238	306,732,697
	(755,434,389)	801,130,990
Income Tax Paid	185,769,324	680,925,942
Finance Cost Paid	(97,763,913)	(87,853,021)
Gratuity Paid	(406,616,861)	(384,836,627)
<b>NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES</b>	(366,182,008)	174,151,471
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Interest Income	261,792	341,760
Return on Bank Deposits	4,736,993	3,366,917
Dividend Paid	27,500	-
Fixed Capital Expenditure	(59,585,159)	(107,202,931)
Proceeds from Disposal of Operating Fixed Assets	4,058,200	11,121,550
Short Term Investments	(538,379)	789,439
Long Term Loan Recovered	5,331,200	5,331,200
Long Term Deposits and Prepayments	200,494	15,369,150
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	(45,507,359)	(70,882,915)
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Long Term Finances - net	(242,036,780)	197,489,342
Finance Lease Liabilities	(30,881,285)	(22,544,570)
Loan from Directors/Sponsors	9,624,726	(25,631,464)
Short Term Borrowings	756,036,876	(488,375,705)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>	492,743,537	(339,062,397)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	81,054,170	(235,793,841)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	148,144,394	383,938,235
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	229,198,564	148,144,394

The annexed Notes from 1 to 48 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



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

PARTICULARS	CAPITAL RESERVES				R U P E E S			TOTAL
	PAID-UP SHARE CAPITAL	PREMIUM ON SHARES ISSUED	MERGER RESERVE	TOTAL	UN-APPROPRIATED PROFIT	LOAN FROM DIRECTORS	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	
<b>Balance as at 30th June, 2016 - as previously reported</b>	188,102,570	3,352,334	126,385,889	129,738,223	1,850,223,632	211,956,969	-	2,380,021,394
Surplus on Revaluation of Operating Fixed Assets	-	-	-	-	-	-	1,691,270,092	1,691,270,092
<b>Balance as at 30th June, 2016 - as restated</b>	188,102,570	3,352,334	126,385,889	129,738,223	1,850,223,632	211,956,969	1,691,270,092	4,071,291,486
Payment during the Year	-	-	-	-	-	(25,631,464)	-	(25,631,464)
Net Loss for the Year after Taxation	-	-	-	-	(858,532,845)	-	-	(858,532,845)
<b>OTHER COMPREHENSIVE INCOME</b>								
Un-realized Gain on Re-measurement of Fair Value of Investments Held for Sale	-	-	-	-	297,660	-	-	297,660
Total Comprehensive Income for the Year ended 30th June, 2017	-	-	-	-	297,660	-	-	297,660
Incremental Depreciation on Revaluation of Operating Fixed Assets (Net of Deferred Tax)	-	-	-	-	35,351,327	-	(35,351,327)	-
<b>Balance as at 30th June, 2017 - as restated</b>	188,102,570	3,352,334	126,385,889	129,738,223	1,027,339,774	186,325,505	1,655,918,765	3,187,424,837
Received during the Year	-	-	-	-	-	9,624,726	-	9,624,726
Net Profit for the Year after Taxation	-	-	-	-	120,640,907	-	-	120,640,907
<b>OTHER COMPREHENSIVE INCOME</b>								
Surplus on revaluation of Property, Plant and Equipment (Net of Deferred Tax)	-	-	-	-	-	-	1,653,766,070	1,653,766,070
Un-realized Loss on Re-measurement of Defined Benefit Obligation (Net of Deferred Tax)	-	-	-	-	(207,774)	-	-	(207,774)
Un-realized Gain on Re-measurement of Fair Value of Investments Held for Sale	-	-	-	-	273,900	-	-	273,900
Total Comprehensive Income for the Year ended 30th June, 2018	-	-	-	-	66,126	-	1,653,766,070	1,653,832,196
Incremental Depreciation on Revaluation of Operating Fixed Assets (Net of Deferred Tax)	-	-	-	-	34,300,018	-	(34,300,018)	-
<b>Balance as at 30th June, 2018</b>	188,102,570	3,352,334	126,385,889	129,738,223	1,182,346,825	195,950,231	3,275,384,817	4,971,522,666

The annexed Notes from 1 to 48 form an integral part of these Financial Statements

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE



**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH JUNE, 2018**

**1 STATUS AND NATURE OF BUSINESS**

1.1 Hussain Mills Limited ("the Company") was incorporated in Pakistan on 31st March, 1980 as a Public Limited Company under the Companies Act 1913 (Now Companies Ordinance, 1984). This is an unquoted Company which is principally engaged in manufacturing/purchase and sale of Yarn and Fabric. The manufacturing units of the Company are located in the vicinity of Multan. The Registered office of the Company is situated at Saima Trade Tower-B, I. I. Chundrigar Road, Karachi.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing Units and Offices	Address
<b>Owned Units</b>		
1	Spinning Unit	Fazalabad Vehari Road, Opp. Timber Market, Multan
2	Spinning Unit	35-KM, Bahawalpur Road, Near Adda Muhammad Pur, Multan
3	Weaving Unit	Qadir Pur Rawan Bypass, Khanewal Road, Multan
4	Spinning Unit	17-KM, Mauza Kohiwala, Kabirwala, Khanewal
5	Registered Office	Room No. 809, 8th Floor, Saima Trade Tower-B, I. I. Chundrigar Road, Karachi
<b>Leased Units</b>		
6	Spinning Unit	49-KM, Multan Road, Phool Nagar, Tehsil Pattoki, Dist. Kasur
7	Weaving Unit	3.5-KM, Raiwind Manga Road, Raiwind

1.3 Summary of significant transactions and events affecting the Company's financial position and performance:

- The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.58 as at 30th June, 2017 to Pak Rupees 121.6 as at 30th June, 2018.
- Revaluation of Land - Freehold, Building on Freehold Land, Factory and Non-Factory Building, and Plant and Machinery Note 18.
- The accounting policy for surplus on revaluation of Property, Plant and Equipment was changed during the Year. Consequently, some of the amounts reported in prior years have been restated. (For detailed information about these adjustments please refer statement of changes in equity.)
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fifth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified Note 47.
- For a detailed discussion about the Company's performance, please refer to the Directors' report.

**2 BASIS OF PREPARATION**

**2.1 BASIS OF MEASUREMENT**

These Financial Statements have been prepared as going concern under the historical cost convention except for revaluation/re-measurement as indicated in Note 7.2, 19 and 29, without any adjustment of Inflation or Current Values, if any, using, except for Cash Flow Statement, Accrual basis of Accounting.

**2.2 STATEMENT OF COMPLIANCE**

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

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

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

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

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



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

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

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

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

**Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

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

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

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

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

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





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

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

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

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

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

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

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

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in



exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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

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

**2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of Financial Statements in conformity with the approved accounting standards and application of the Company's significant accounting policies stated in Note 3, requires the use of certain critical accounting estimates. It also requires the 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 historical experience, including expectations of future events that are believed to be reasonable under the circumstances, Following are the areas where various assumptions and estimates are significant to the Company's Financial Statements or where judgment was exercised in application of accounting policies are as follows:

- |  |             |
|--|-------------|
| (i) Taxation   | (Note 3.1)  |
| (ii) Useful Life of Assets and Depreciation/Amortization | (Note 3.4)  |
| (iii) Employees Retirement Benefits                      | (Note 3.9)  |
| (iv) Financial Instruments and Investments               | (Note 3.13) |

**2.5 CORRESPONDING FIGURES**

Corresponding Figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison.

**2.6 FUNCTIONAL AND PRESENTATION CURRENCY**

These Financial Statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

**2.7 FIGURES** are rounded off to the nearest Rupee.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 TAXATION**

**Current:**

Charge for Taxation is based on taxable income if any, at the current rates of tax after taking into account available tax credits and tax rebates, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

**Deferred:**

Deferred Tax is recognized using balance sheet liability method in respect of all taxable temporary timing differences between the amounts used for financial reporting purpose and amounts used for taxation purposes. However, Deferred Tax is not provided if it can be established with reasonable accuracy that these differences will not reverse in the foreseeable future.

The Company recognizes deferred tax assets on all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated using rates that are expected to apply to the period when these differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.



Deferred tax is charged or credited in the profit and loss account, except where deferred tax arises on the items credited or charged directly to the equity, in which case it is included in equity.

### 3.2 FOREIGN CURRENCY TRANSLATIONS

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Exchange gains/losses due to exchange fluctuations on principal loans are capitalized as part of the cost of machinery acquired out of the proceeds of such Foreign Currency Loans. All other exchange differences are taken to the Profit and Loss Account.

### 3.3 BORROWING COST

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

Investment income earned on the temporary investment of specific borrowings spend their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

### 3.4 PROPERTY, PLANT AND EQUIPMENT

These are stated at Cost less accumulated Depreciation and impairment, if any, except Freehold Land, Buildings, Plant and Machinery. Buildings on freehold land and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon. Freehold Land is stated at Re-Valued Amount.

Cost of certain items of Plant and Machinery consists of historical cost and exchange fluctuations on foreign currency loans utilized for acquisition thereof. Borrowing Costs pertaining to erection / construction period are capitalized as part of the historical cost.

Depreciation is charged to income applying the reducing balance method to write-off the Cost, capitalized Exchange Fluctuations and Borrowing Costs over the estimated remaining useful life of the assets. The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these items of Fixed Assets. Rates of Depreciation are stated in Note 18.1. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively. Gains/losses on disposal of Fixed Assets are taken to Profit and Loss Account.

Depreciation on major additions to the Fixed Assets is charged from the month in which Fixed Asset is put to use or becomes operational while no depreciation is charged for the month in which Fixed Asset is disposed off.

Minor Repairs and Maintenance are charged to Income, as and when incurred. Major Renewals and Replacements are capitalized and the Assets so replaced, if any, other than those retained as stand by, are retired.

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



### 3.5 ASSETS SUBJECT TO FINANCE LEASE

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in Note 18.1 applying the reducing balance method to write-off the Cost of the Asset over its estimated remaining useful life in view of certainty of ownership of Assets at the end of the lease period.

Financial Charges and Depreciation on leased Assets are charged to Income currently.

### 3.6 INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial Assets in the scope of IAS 39: "Financial Instruments - Recognition and Measurement", are classified as either Financial Assets at Fair Value through Profit and Loss, Loans and Receivables, Held to Maturity Investments and Held for Sale Financial Assets as appropriate. When Financial Assets are recognized initially, they are measured at fair value, plus, in the case of Investments not at Fair Value through Profit or Loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and where allowed and appropriate revalue these designation at each financial year end.

All regular way purchases and sales of Financial Assets are recognized on the trade date i.e. the date the Company commits to purchase the Asset. Regular way purchases or sales are purchases/sales of Financial Assets that require delivery of Assets within the period generally established by regulation or convention in the Market place.

#### Investment at fair value through profit or loss

Financial Assets classified as held for trading are included in this category. Financial Assets are classified as held for trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

#### Held to Maturity Investments

Investment with fixed or determinable payments and fixed maturity are classified as held to maturity when the Company has the positive intention and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently measured at amortized cost using effective interest rate method. Gains or Losses on investments held-to-maturity are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

#### Loans and Receivables

These are non derivative Financial Assets with Fixed or Determinable payments that are not Quoted in an Active market. Such assets are carries at amortized cost using the effective interest method. Gains and Losses are Recognized in Income when the Loans and Receivables are De-recognized or impaired, as well as through the amortization process.

#### Held for Sale Financial Assets

Financial Assets intended to be held for an indefinite period of time, which may be sold in response to need for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. Gains and losses arising from re-measurement at fair value is recognized in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to Quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

The un-recognized gain on re-measurement of investments at fair value is not available for distribution. This will be transferred to Profit and Loss Account on de-recognition of Investments.

#### De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. These investments are accounted for in accordance with IAS-39 "Financial Instruments: Recognition and Measurement".



**3.7 STORES, SPARES AND LOOSE TOOLS**

These are valued at moving average Cost less allowance for obsolete and slow moving items. Stores-in-transit are valued at Cost accumulated to the Balance Sheet date.

**3.8 STOCKS - IN - TRADE** are valued at Lower of Cost and Net Realizable Value. Cost is determined by applying the following basis.

<u>Particulars</u>	<u>Mode of Valuation</u>
Raw Materials:	Annual Average
Work-in-Process:	Average Manufacturing Cost
Finished Goods	Average Manufacturing Cost
Waste	Net Realizable Value

Raw material in Transit is stated at invoice value plus other charges thereon up to the balance sheet date.

Average manufacturing Cost in relation to Work-in-Process and Finished Goods consists of Prime Cost and appropriate Production Overheads.

Net Realizable Value signifies the Selling Price in the ordinary course of business less Cost necessary to be incurred to effect such Sale.

**3.9 STAFF RETIREMENT BENEFITS**

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2018 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

<b>Principal Actuarial Assumptions</b>	<b>2018</b>	<b>2017</b>
Discount Rate	9.00%	7.25%
Expected rate of eligible salary increase in future years	8.00%	6.25%

**3.10 REVENUE RECOGNITION**

Sales are recorded on dispatch of goods to the Customers. Processing Charges are recorded when Goods are delivered to Customers and Invoices are raised. Return on Investments and Deposits are recorded on time proportion basis. Dividend Income is recognized when right to receive is established. Interest/Mark up is recognized as this becomes due.

**3.11 TRADE DEBTS, ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES**

These are carried at original invoice amount less estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

**3.12 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in values.

**3.13 FINANCIAL INSTRUMENTS**

**Recognition and Measurements**

Financial instruments are recognized at fair value when the Company becomes party to the contractual provisions of the instruments by the following trade date accounting. Any gain or loss on the subsequent measurement is charged to the profit and loss account. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses the control over contractual right that comprises the financial asset or a portion of financial asset. While a financial liability or a part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e., when the obligation specified in contract is discharged, cancelled or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item, if any.



Financial assets are long term investments, trade debts, deposits, loans and advances, other receivables, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are long term financing, short term financing and trade and other payables.

**Off-setting of Financial Assets and Financial Liabilities**

A financial asset and financial liability is offset against each other and the net amount is reported in the Balance Sheet, if the Company has a legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the assets and settle the liability simultaneously.

**3.14 TRADE AND OTHER PAYABLES**

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

**3.15 PROVISIONS**

A Provision is recognized in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**3.16 IMPAIRMENT**

The carrying amounts of the Company's Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the Asset's recoverable amount is estimated and Impairment Losses are recognized in the Profit and Loss Account.

**3.17 CONTINGENCIES AND COMMITMENTS**

Unless these are actual liabilities these are not incorporated in the Financial Statements.

**3.18 SEGMENT REPORTING**

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

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

The Company has two reportable business segments. Spinning (producing different quality of yarn using natural fibers). Weaving (producing different quality of grey fabric using cotton yarn).

**3.19 RELATED PARTY TRANSACTIONS**

All transactions involving Related Parties arising in the normal course of business are conducted at arm's length on Normal Commercial Rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

**3.20 DIVIDEND AND OTHER APPROPRIATIONS**

Dividend distribution to Company's shareholders is recognized as a liability in the period in which dividends are approved by and paid to the Company's shareholders.

**4 CHANGE IN ACCOUNTING POLICY**

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Therefore, in accordance with the requirements of



International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets, is now required and would be, presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land, building and plant and machinery stands amended as follows:

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

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

AS AT 30TH JUNE, 2016			
AS PREVIOUSLY REPORTED	AS RE-STATEMENT	AS RE-STATED	
<b>Effect on Balance Sheet</b>			
Surplus on revaluation of property, plant and equipment	1,691,270,092	-	1,691,270,092
Share Capital Reserve	-	1,691,270,092	(1,691,270,092)
<b>Effect on statement of changes in equity</b>			
Revaluation surplus on property, plant and equipment	-	1,691,270,092	(1,691,270,092)
AS AT 30TH JUNE, 2017			
AS PREVIOUSLY REPORTED	AS RE-STATEMENT	AS RE-STATED	
<b>Effect on Balance Sheet</b>			
Surplus on revaluation of property, plant and equipment	1,655,918,765	-	1,655,918,765
Share Capital Reserve	-	1,655,918,765	(1,655,918,765)
<b>Effect on statement of changes in equity</b>			
Revaluation surplus on property, plant and equipment	-	1,655,918,765	(1,655,918,765)
<b>Effect on statement of comprehensive income</b>			
Gain on revaluation of Land, Buildings and Plant and Machinery	-	-	-

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

		2018 RUPEES	2017 RUPEES	
<b>5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b> represents Ordinary Shares of Rs.10 each and comprises of:				
<b>2018</b>	<b>2017</b>			
<b>NUMBER OF SHARES</b>				
17,024,093	17,024,093	Fully paid in Cash	170,240,930	170,240,930
1,760,809	1,760,809	Issued as fully paid Bonus Shares	17,608,090	17,608,090
25,355	25,355	Issued against Consideration Other than Cash	253,550	253,550
<u>18,810,257</u>	<u>18,810,257</u>		<u>188,102,570</u>	<u>188,102,570</u>

The Honorable Sindh High Court, Karachi, vide its interim order dated 1st February, 2013, has restrained the management of the Company from changing the composition of the shareholding of the Company.

**6 LONG TERM LOAN FROM DIRECTORS**

These are unsecured and are repayable at the option of the Company. However, no amount has been pre-determined to be repayable within next 12 month. These include an amount of Rs. 215 Million (2017: Rs. 215 Million) which has been subordinated to the Banks against Financing availed by the Company.



	2018 RUPEES	2017 RUPEES
<b>7 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS</b>		
7.1 This is made up as follows:		
Balance at beginning of the Year		
Land - Freehold	1,002,158,584	1,002,158,584
Buildings - on Freehold Land	239,397,420	257,158,682
Plant and Machinery	414,362,761	431,952,826
	<u>1,655,918,765</u>	<u>1,691,270,092</u>
Resulted from Revaluation during the Year	1,833,237,903	-
Related Deferred Tax	(179,471,833)	-
	<u>1,653,766,070</u>	<u>-</u>
	<u>3,309,684,835</u>	<u>1,691,270,092</u>
Incremental Depreciation on		
Revaluation - net of deferred tax (Note 7.3)	(34,300,018)	(35,351,327)
	<u>3,275,384,817</u>	<u>1,655,918,765</u>

7.2 This represents surplus over book value resulting from the revaluation of Land-Freehold, Building on Freehold Land, Factory and non-Factory Building and Plant and Machinery. The valuation was carried out on 30th June, 2018 by Tracon (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

7.3 The incremental depreciation charged for the period on re-valued assets has been transferred to Statement of Changes in Equity to record realization of Surplus to the extent of incremental depreciation to comply with the requirement of Section 241 of the Companies Act, 2017 and further notification of SECP to clarify the treatment of Surplus arising on revaluation of Fixed Assets.

## 8 LONG TERM FINANCING FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS

8.1 This represents secured Term Finances which have been obtained from:

Askari Commercial Bank Limited (Note 8.2)	31,000,568	38,902,482
Soneri Bank Limited (Note 8.3)	-	31,795,506
Bank of Khyber Limited (Note 8.4)	180,000,000	252,000,000
	<u>211,000,568</u>	<u>322,697,988</u>

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 Million (2017: Rs. 3,320.000 Million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

8.2 TERM FINANCES FROM ASKARI BANK LIMITED is made up as follows:

Balance at beginning of the Year	38,902,482	26,261,445
Add: Acquired during the year	-	22,834,500
	<u>38,902,482</u>	<u>49,095,945</u>
Less:		
Directly Paid during the Year	-	1,141,726
Current Portion Shown under Current Liabilities (Note 16.2)	7,901,914	9,051,737
	<u>7,901,914</u>	<u>10,193,463</u>
Balance at end of the Year	<u>31,000,568</u>	<u>38,902,482</u>

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 1st September, 2018 to 24th November, 2026, in 1 to 17 equal half yearly instalments.

These are secured lien over deposits in the name of the Company, by way of Joint Pari Passu Charge amounting to Rs. 1,475 Million (2017: Rs. 1,475 Million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These carry mark-up ranging from 8.15% to 8.65% (2017: 7.31% to 8.65%) per annum for TF and 5.00% (2017: 12.60%) per annum for LTFF Scheme introduced by SBP, payable semi annually and quarterly respectively.





	2018 RUPEES	2017 RUPEES
<b>8.3 TERM FINANCE FROM SONERI BANK LIMITED</b> is made up as follows:		
Balance at beginning of the Year	31,795,506	105,386,519
Less: Current Portion Shown under Current Liabilities (Note 16.2)	<u>31,795,506</u>	<u>73,591,013</u>
Balance at the end of the Year	<u><u>-</u></u>	<u><u>31,795,506</u></u>

These are secured by way of specific charge amounting to Rs. 130 Million (2017: Rs. 130 Million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 Million (2017: Rs. 200 Million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01 and Personal Guarantees of the Directors of the Company. This is repayable over a period from 13th August, 2018 to 13th February, 2019, in 2 to 3 equal quarterly instalments. This carries mark-up ranging from 8.11% to 8.14% (2017: 8.04% to 8.65%) per annum for TF and 12.70% (2017: 12.70%) per annum for LTFE Scheme introduced by SBP, payable semi annually.

<b>8.4 DEMAND FINANCE FROM THE BANK OF KHYBER</b> is made up as follows:		
Balance at beginning of the Year	252,000,000	360,000,000
Less: Current Portion Shown under Current Liabilities	<u>72,000,000</u>	<u>108,000,000</u>
Balance at end of the Year	<u><u>180,000,000</u></u>	<u><u>252,000,000</u></u>

**8.5** This is secured by way of Lien over deposit TDR in the name of Director(s) of the Company and Personal Guarantees of the Directors of the Company. This is repayable over a period from 31st December, 2018 to 31st December, 2021, in 7 instalments. This carries Mark-up 0.50% Spread over and above TDR Profit rate (2017: 5.00% to 8.65%) per annum, payable annually.

#### **9 LONG TERM LOAN FROM RELATED PARTY**

This represents the cash finance facility amounting to Rs. 60 million (2017: Rs. 60 million) from Bank of Khyber Limited, sanctioned to a director, Sheikh Umer Farooq having 0.41% Shareholding in the Company. The actual markup having 0.50% (2017: 0.75%) spread over and above profit rate on term deposit receipts (under lien), charged by the bank is born by the Company.

#### **10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE** is made up as follows:

Liability due for the year ended 30th June :		
2017	-	40,097,284
2018	41,057,470	38,222,902
2019	13,921,581	10,978,476
2020	5,685,974	2,977,085
2021	<u>269,746</u>	<u>-</u>
	60,934,771	92,275,747
Less: Payments during the Year	<u>41,057,470</u>	<u>40,097,284</u>
Gross Minimum Lease Payments	19,877,301	52,178,463
Less: Future Period Financial Charges	<u>1,383,205</u>	<u>2,803,082</u>
Present Value of Gross Minimum Lease Payments	18,494,096	49,375,381
Less: Current Portion Shown under Current Liabilities	<u>12,808,983</u>	<u>36,261,585</u>
	<u><u>5,685,113</u></u>	<u><u>13,113,796</u></u>

The reconciliation between Gross Minimum Lease Payments, future Financial Charges and present value of Minimum Lease Payments is as follows:

#### **GROSS MINIMUM LEASE PAYMENTS**

Not later than one Year	13,921,581	38,222,902
Later than one Year but not later than five Years	5,955,720	13,955,561
Later than Five Years	-	-
	<u><u>19,877,301</u></u>	<u><u>52,178,463</u></u>

#### **PRESENT VALUE OF MINIMUM LEASE PAYMENTS**

Not later than one Year	12,808,983	36,261,585
Later than one Year but not later than five Years	5,685,113	13,113,796
Later than Five Years	-	-
	<u><u>18,494,096</u></u>	<u><u>49,375,381</u></u>



The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Machinery and Motor Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 9.15% (2017: 8.29% to 8.50%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

	2018 RUPEES	2017 RUPEES			
<b>11 DEFERRED LIABILITIES:</b>					
11.1 These comprise of					
Deferred Taxation (Note 11.2)	245,856,253	66,417,386			
Staff Retirement Benefits (Note 11.3)	46,341,381	48,621,773			
	<u>292,197,634</u>	<u>115,039,159</u>			
11.2 <b>DEFERRED TAXATION</b> is in respect of the following temporary differences:					
<b>Taxable Temporary Differences</b>					
Accelerated Depreciation	259,279,649	259,279,649			
Export Debtors	5,917,280	5,917,280			
Lease Liability	586,046	586,046			
<b>Deductible Temporary Differences</b>					
Staff Gratuity	(5,059,952)	(5,059,952)			
Unused Tax Losses	(16,325,914)	(16,325,914)			
Turnover Tax	(177,979,723)	(177,979,723)			
Surplus on Revaluation of Operating Fixed Assets	179,471,833	-			
Un-realized Loss on Re-measurement of Defined Benefit Obligation	(32,966)	-			
	<u>245,856,253</u>	<u>66,417,386</u>			
11.3 <b>STAFF RETIREMENT BENEFITS</b> represent Gratuity and is made up as follows:					
Balance at beginning of the Year	48,621,773	42,616,285			
Expense for the Year	45,049,426	40,090,311			
Amount Chargeable to OCI during the Year	240,740	-			
Payments made during the Year	(47,570,558)	(34,084,823)			
Present Value of Defined Benefit Obligation	<u>46,341,381</u>	<u>48,621,773</u>			
<b>ALLOCATION OF CHARGE FOR THE YEAR</b> is as follows:					
Cost of Goods Manufactured	36,044,330	33,373,422			
Administrative Expenses	9,005,096	6,716,889			
	<u>45,049,426</u>	<u>40,090,311</u>			
Historical information is as follows:					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Charge for Gratuity	<u>45,049,426</u>	<u>40,090,311</u>	<u>42,548,913</u>	<u>38,275,088</u>	<u>30,611,516</u>
	<b>2018 RUPEES</b>	<b>2017 RUPEES</b>			
<b>RECONCILIATION</b> of the amount recognized in Balance Sheet is as follows:					
Present value of defined benefit obligation	<u>46,341,381</u>	<u>48,621,773</u>			
<b>MOVEMENT IN PRESENT VALUE</b> of Defined benefit Obligation					
Defined Benefit Obligation at the beginning of the Year	48,621,773	42,616,285			
Current Service Cost	41,696,791	37,000,630			
Interest on Defined Benefit Obligation	3,352,635	3,089,681			
Benefit Paid during the Year	(47,570,558)	(34,084,823)			
Actuarial Loss	240,740	-			
Defined benefit Obligation at the end of the Year	<u>46,341,381</u>	<u>48,621,773</u>			
<b>CHARGE FOR THE YEAR</b> in respect of this benefit comprises of:					
Current Service Cost	41,696,791	37,000,630			
Net Interest on Net Defined Benefit Liability (Asset)	3,352,635	3,089,681			
	<u>45,049,426</u>	<u>40,090,311</u>			



**PRINCIPAL ACTUARIAL ASSUMPTIONS**

The actuarial valuation of Gratuity was conducted on 30th June, 2018 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

	2018	2017
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b>		
Discount Rate	9.00%	7.25%
Expected Rate of Salary Increase	8.00%	6.25%

**SENSITIVITY ANALYSIS AS AT 30TH JUNE, 2018**

	DISCOUNT RATE + 1%	DISCOUNT RATE - 1%	SALARY INCREASE + 1%	SALARY INCREASE - 1%
PVDBO	44,070,556	49,119,039	49,119,039	44,032,191

	2018 RUPEES	2017 RUPEES
<b>12 TRADE AND OTHER PAYABLES</b> comprise of:		
Creditors	863,073,061	398,144,337
Accrued Liabilities	141,999,471	151,132,376
Advance from Customers	49,843,419	57,614,821
Income Tax Withheld	3,335,742	2,067,556
Retention Money	702,489	702,489
Workers' (Profit) Participation Fund (Note 36)	13,026,160	-
Bills Payable	58,256,516	145,359,881
	<u>1,130,236,858</u>	<u>755,021,460</u>

<b>13 ACCRUED INTEREST AND MARK-UP</b> relates to:		
Long Term Finances	4,951,765	3,614,602
Short Term Borrowings	67,209,960	48,041,648
Lease Finance	-	406,414
Workers' (Profit) Participation Fund	1,953,292	1,953,292
	<u>74,115,017</u>	<u>54,015,956</u>

**14 SHORT TERM BORROWINGS FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS**

14.2 These secured borrowings have been obtained from Commercial Banks and comprise of:

These Comprise of:		
Pre/Post-Shipment Advance (Note 14.3)	2,097,174,423	1,986,193,402
Cash/Running Finances (Note 14.3)	3,010,420,332	2,363,434,817
Overdraft (Note 14.4)	70,102,462	32,032,122
	<u>5,177,697,217</u>	<u>4,381,660,341</u>

14.3 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 6.152 Billion (2017: Rs. 6.035 Billion). The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 166,881,000/- which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 30th November, 2018 to 28th February, 2019. These facilities carry Mark up rates ranging from 2.00% to 9.03% (2017: 7.31% to 8.06%) per annum.

14.4 This represents the cheques issued in excess of the available balances in Current Accounts of the Banks of the Company, which have not been presented for payment by 30th June, 2018.

**15 SHORT TERM LOAN FROM RELATED PARTY**

This relates to M/S Naseem Enterprises & Trading (Private) Limited, an associated undertaking (due to common directorship) of the Company and is unsecured and do not bear any interest or profit and is repayable on demand and comprises of:

Balance at beginning of the Year	40,000,000	24,500,000
Add: Disbursement During the Year	25,000,000	77,000,000
	65,000,000	101,500,000
Less: Payment made during the Year	65,000,000	61,500,000
Balance at end of the Year	-	40,000,000



		2018 RUPEES	2017 RUPEES
<b>16 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
16.1 These comprise of:			
Current Portion of Long Term Finances	(Note 16.2)	111,697,420	242,036,780
Current Portion of Lease Liabilities	(Note 10)	12,808,983	36,261,585
		<u>124,506,403</u>	<u>278,298,365</u>
16.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:			
Balance at beginning of the Year		242,036,780	184,203,432
Add: Transferred from Long Term Portion		111,697,420	242,036,780
		<u>353,734,200</u>	<u>426,240,212</u>
Less: Payments made during the Year		242,036,780	184,203,432
Balance at end of the Year		<u>111,697,420</u>	<u>242,036,780</u>
<b>17 CONTINGENCIES AND COMMITMENTS</b>			
<b>17.1 CONTINGENCIES</b>			
(a) A case of the Company is pending for decision by Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs. 108.144 Million (2017: Rs. 102.144 Million), on imports of the Company, which has been recognized in the financial statements of the Company.			
(b) Letters of Guarantee issued by the Banks on behalf of the Company in favour of:			
Sui Northern Gas Pipelines Limited		148,908,900	138,387,900
Excise and Taxation	(Note 17.1 (a))	108,144,299	102,144,299
Multan Electric Company		9,770,600	9,770,600
		<u>266,823,799</u>	<u>250,302,799</u>
(c) Turnover Tax available for adjustment against Tax under Normal Law			
		-	113,585,236
(d) The Company has stopped production from and payment of monthly rental amounting to Rs. 4.000 million, of leased facilities (indicated in note 33.2), since January, 2017 which aggregates to Rs. 72.000 million i.e. 2018: Rs. 48.000 million (2017: 24.000 million) which has not been recognised in the financial statements of the Company. The company is in the processes of negotiation with the lessors and Soneri Bank Limited, a financier of the lessors, being members of tri-part lease agreement, for termination of lease arrangement and waiver of aforesaid rentals.			
<b>17.2 COMMITMENTS</b>			
Outstanding Letters of Credit for:			
Capital Expenditure		8,832,519	7,583,747
Raw Material		872,561,021	207,720,497
		<u>881,393,540</u>	<u>215,304,244</u>





18.2. The basis used for the revaluation of Land-Freehold, Buildings on Freehold Land, Factory and non-Factory Building and Plant and Machinery were as follows:

**Land - Freehold**  
Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property owners of the area.

**Buildings - on Freehold Land (Factory and non Factory Building)**

New construction value (new replacement value of each item of the buildings) was arrived at by looking at the condition of the buildings. Valuer has noted the type of construction and current construction status and the worked out the current cost of the like construction and have determined the ageing effect on the super structure and applied cost on sqft, basis as depreciated value.

**Plant and Machinery**

For the valuation of the Plant and Machinery the value has been arrived at on the basis of our experience of this type and category of Plant and Machinery and by way of its comparison with similar Plant and Machinery, Physical Condition, Outlook, proper and timely maintenance and repair work and by making suitable price adjustments. Advancements and modernization factors have been taken into account. The depreciation and escalation in the prices of Plant and Machinery in the local market has been given due consideration.

**18.3. Forced Sale Value**

The forced sale value of the re-valued Land - Freehold has been assessed at Rs. 1,271,379 million, Buildings on Freehold Land (Factory and non Factory Building) at Rs. 1,320,547 million and Plant and Machinery has been assessed at Rs. 2,341,633 million.

**18.4. DISPOSAL OF OPERATING PROPERTY, PLANT AND EQUIPMENT comprises of:**

	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	30TH JUNE, 2018	
								PARTICULARS OF PURCHASER
<b>VEHICLES</b>								
Toyota Corolla XLI MN-12-3253	1,536,783	1,058,108	478,675	660,000	181,325	Negotiation	Muhammad Iqbal Shah, Chah Jhok Wala P.O. Khias Muzafarabad Dist. Multan	
Suzuki Mehran MN-10-1674	548,487	434,977	113,510	250,000	136,490	Negotiation	Muhammad Waqas, Mohalla Chaudhrian wala, Sahiwal Dist. Sanghoda	
Suzuki Mehran MNA-10-1105	533,542	439,644	93,898	250,000	156,102	Negotiation	Muhammad Ishaq, Muhalla 8 Peeran Sahib, Puli Biraan, Post Office Gulgasht, Multan	
Suzuki Cultus MN-10-1671	864,687	701,167	163,520	323,000	159,460	Negotiation	Muhammad Usman Khan Lodi, House # 934, Street #9, Model town Hamak, Islamabad	
Suzuki Mehran MN-13-3847	701,689	457,368	244,301	297,000	52,699	Negotiation	Ikram Ahmed, Moza Luther P.O. Box Riiaz Abad, Dist. Multan	
Suzuki Mehran MN-11-2685	581,442	460,773	120,669	245,000	124,331	Negotiation	Muhammad Kasif, Bairun Pak Gate, House# 2027, Mohalla Qasab Pura, Multan	
Suzuki Alto MN-11-3527	750,706	623,730	166,976	300,000	133,024	Negotiation	Tanveer Ahmed, 1268-5, Lakkari Mandi Colony, Ali Wali Bhai, Faizy Road, Multan.	
Honda CD 70 MNN-18-1669	69,145	1,152	67,993	54,200	(13,793)	Claim	EFU Insurance Company	
Suzuki Mehran MN-10-1672	548,577	456,199	92,388	250,000	157,612	Negotiation	Nazia Tabassum W/O Tabassum Yousuf	
Suzuki Cultus MNA-10-1109	901,812	814,941	86,871	400,000	313,129	Negotiation	Madri Hussain S/O Rab Nawaz	
Honda City MN-10-2787	1,342,854	1,063,064	289,790	700,000	410,210	Negotiation	Altaf Hussain Tariq, Multan	
Suzuki Cultus MN-10-2249	906,365	725,038	181,317	315,000	133,683	Negotiation	Muhammad Haroon, Chah Thaly Wala Double Phatak Mohalla Islam Pura Multan	
Bike MNL-12-8616	81,586	59,089	22,487	14,000	(8,487)	Negotiation	Kasif, Old Shujabad Road Liaqat Abad Street No. 01 Mohala Islam Pura Multan	
	<u>9,407,865</u>	<u>7,285,270</u>	<u>2,122,595</u>	<u>4,068,200</u>	<u>1,935,809</u>			
	213,627	188,240	25,387	22,550	(2,837)			
<b>FURNITURE AND FIXTURE</b>								
01 No. Sofia Set 05 Seater								
<b>VEHICLES</b>								
Yamaha Bike 100CC MLC-9813	62,810	59,691	3,119	7,000	3,881	Negotiation	Muhammad Usman, House# 795, Chah Aamb Wala, Nai Abadi, Lakkari Mandi, Multan.	
Yamaha Bike 100CC MNK-12-4602	76,335	49,588	26,737	9,000	(17,737)	Negotiation	Muhammad Saleem, Post Office Tibba Sultan Pur, Tehsil Mehsi, Vehari.	
DAIHATSU COURSE CX MLA-9966	468,108	443,087	25,021	250,000	224,979	Negotiation	Ms. Sama Alzai, House# 235-E, Shah Rukh-e-Alam Colony, Multan.	
Honda City 1.Dsi MNA-08-5106	1,024,254	863,861	160,393	500,000	339,607	Negotiation	Altaf Ditta, Village P/O Zain Pur, Chah Aso Wala, Multan Sadar Dist. Multan.	
Toyota Corolla Allis MN-12-3882	1,965,971	1,253,860	732,111	900,000	167,889	Negotiation	Muzaffar Abbas, Basti Nasir Nager, P.O Khias Bosan, Multan Sadar, Multan.	
Honda Civic Exi-Mt MNA-09-3726	1,849,817	1,486,123	363,694	740,000	376,306	Negotiation	Parvaz Akher, Cha Musa Wala, Rangel Pur Samo Rana, Multan.	
Suzuki Mehran MN-11-2305	590,962	434,320	156,642	300,000	143,358	Negotiation	Tanveer Ahmed, 1268-5, Lakkari Mandi Colony, Ali Wali Bhai, Faizy Road, Multan.	
Yamaha 100 CC MNV-11-9511	76,100	52,695	23,405	12,000	(11,405)	Negotiation	Muhammad Saleem, Post Office Tibba Sultan Pur, Tehsil Mehsi, Vehari.	
Honda Cg 125 MNL-10-5233	107,900	85,858	22,042	30,000	7,958	Negotiation	Mazhar Abbas, Basti Gulabi, Post Office Talay Pur, Multan sadar, Multan.	
Honda Civic MN-11-5641	1,999,795	1,407,977	591,818	825,000	233,182	Negotiation	Muhammad Tariq, Jawed, House# 10, Quaid-e-Azam Road Multan Cantt.	
Suzuki Swift MNA-10-2799	1,083,110	853,835	229,275	400,000	170,725	Negotiation	Syed Ashad Abbas, House # 629-C, Murtazabab Colony, Multan.	
Suzuki Swift MN-10-2254	1,113,585	860,277	253,308	400,000	146,692	Negotiation	Amir Hussain, Kot Nor Ahmed Sahu, Moza Shujhan Pur, Khanewal Road, Multan.	
Suzuki Swift MN-10-2245	1,113,585	860,277	253,308	400,000	146,692	Negotiation	Amir Hussain, Kot Nor Ahmed Sahu, Moza Shujhan Pur, Khanewal Road, Multan.	
Dala MNY-2162	562,575	565,493	17,082	400,000	382,918	Negotiation	M.Tasleem Sajjad S/O M.Rasheed - Chak 72/15 L Mian Channu	
Honda Civic 1799 CC, LEA-13-141	2,518,375	1,271,588	1,246,787	1,546,000	299,213	Negotiation	Malik Abdullah Khan	
Toyota Corolla Allis, MNA-09-1527	1,780,507	1,419,449	361,058	500,000	138,942	Negotiation	Malik Ghulam Fareed	
Toyota Corolla, MN-12-4691	1,728,690	974,396	754,294	870,000	115,706	Negotiation	Muhammad Tariq	
Suzuki Mehran, 796CC, MN-11-2201	537,560	373,008	164,552	360,000	195,448	Negotiation	Malik Ghulam Fareed	
Suzuki Mehran, 796CC, MN-11 6048	642,169	405,074	237,095	325,000	87,905	Negotiation	Muhammad Ashfaq	
Suzuki Cultus, MNA-07-4412	600,000	534,709	65,291	200,000	134,709	Negotiation	Muhammad Arshad	
Suzuki Meran, MN-10-1146	549,097	421,707	127,390	250,000	122,610	Negotiation	Ahmad Haasan	
Suzuki Cultus, MNA-10-1429	898,295	714,616	183,679	250,000	66,321	Negotiation	Muhammad Younas	
Suzuki Swift, MN-10-2247	1,102,435	848,380	254,055	800,000	95,945	Negotiation	Mr. Abdul Ahad Menhas, House No. 8/10, Kehkashan Street # 10, Mohala, Multan	
Toyota Corolla MN-11-2812	1,576,699	1,102,240	474,459	800,000	325,541	Negotiation	Syed Zafar Zaidi	
Suzuki Swift MN-11-2578	1,103,329	800,440	302,889	475,000	172,111	Negotiation	Syed Zafar Zaidi	
	<u>25,385,690</u>	<u>18,330,799</u>	<u>7,054,891</u>	<u>11,121,550</u>	<u>4,066,659</u>			

**18.5 DEPRECIATION ALLOWANCE** provided for the Year has been allocated as follows:

	2018	2017
	RUPEES	RUPEES
Cost of Goods Manufactured	196,494,488	204,278,206
Administrative Expenses	19,273,882	15,988,707
	<u>215,768,370</u>	<u>220,266,913</u>



			2018 RUPEES	2017 RUPEES
<b>19 LONG TERM INVESTMENTS</b> represent:				
<b>19.1</b> These Investment Held for Sale are not intended to be sold in next 12 months and comprise of Quoted Companies:				
	<b>2018</b>	<b>2017</b>		
Fatima Enterprises Limited			6,536,572	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End		(Note 19.2)		
			5,329,682	5,329,682
Fair Value Adjustment			11,866,254	11,866,254
Mubarak Textile Mills Limited			182,700	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	12.15	8.00		
Fair Value Adjustment			619,200	345,300
			801,900	528,000
Fair Value at end of the Year			12,668,154	12,394,254
<b>19.2</b> The fair value of this investment is stated at Rs. 14.30 per share which is the last available quoted Price of the share of Fatima Enterprises Limited (FEL) on the close of trading on 21st March, 2012, since when the trading of shares of FEL has been suspended by Karachi Stock Exchange. For the purpose of determination of any impairment, per share break-up value as of 30th June, 2017 (on the basis of latest available audited financial statements) has been considered which works out at Rs. 198.21 and (Rs. 75.27) per share, including and excluding revaluation surplus, respectively.				
<b>20 LONG TERM LOANS AND ADVANCES</b>				
<b>20.1</b> This is made up as follows:				
Balance at beginning of the Year			12,121,600	17,452,800
Less: Current Portion Shown under Current Assets		(Note 25.1)	5,331,200	5,331,200
Balance at end of the Year			6,790,400	12,121,600
<b>20.2</b> These represent the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) equal annual instalments, commencing from 28th September, 2007. This is subject to a Return @ 1.5% (2017: 1.5%) per annum, receivable annually.				
<b>21 LONG TERM DEPOSITS AND PREPAYMENTS</b> comprise of:				
<b>21.1</b> These Comprise of:				
Deposits			18,169,626	18,370,120
Pre-Payments		(Note 21.2)	25,000,000	25,000,000
			43,169,626	43,370,120
<b>21.2</b> This represents a payment against the leased manufacturing facilities utilized by the Company which is adjustable towards the end of the respective lease term.				
<b>22 STORES, SPARES AND LOOSE TOOLS</b> comprise of:				
Stores			71,935,286	124,206,563
Spares			55,115,314	90,533,065
Loose Tools			2,610	595
			127,053,210	214,740,223
<b>23 STOCK IN TRADE</b> comprise of:				
Raw Material				
At Factory			1,371,654,124	1,872,511,892
In Transit			200,068,812	-
			1,571,722,936	1,872,511,892
Work in Process			132,698,955	101,906,014
Finished Goods			379,715,819	383,547,684
			2,084,137,710	2,357,965,590



		2018 RUPEES	2017 RUPEES
<b>24 TRADE DEBTS</b>			
<b>24.1</b> These are in respect of:			
Export - Secured	(Note 24.2)	1,498,091,921	434,258,672
Local - Unsecured Considered Good		470,456,033	396,993,444
		1,968,547,954	831,252,116
<b>24.2</b> Secured debtors represent foreign bills under collection secured against letters of credit from banks.			
<b>25 LOANS AND ADVANCES</b>			
<b>25.1</b> These are unsecured but are considered good by the management and comprise of:			
Advances to:			
Employees against Salaries and Expenses	(Note 25.2)	5,774,174	6,949,101
Suppliers of Goods and Services		102,680,411	76,757,523
Sui Northern Gas Pipelines Limited - Current Portion	(Note 20)	5,331,200	5,331,200
Immature Letters of Credit	(Note 25.3)	128,095,820	9,526,942
Guarantee Margin		5,328,800	5,328,800
		247,210,405	103,893,566
<b>25.2</b> Include therein amounts due from Executives.		3,483,250	4,502,019
<b>25.3</b> These comprise of opening charges, bank charges and cost of documents.			
<b>26 TRADE DEPOSITS AND SHORT TERM PRE-PAYMENTS</b> comprise of:			
Security Deposits		2,257,350	480,651
Short Term Pre-Payments		293,529	696,276
		2,550,879	1,176,927
<b>27 INTEREST ACCRUED</b> relates to interest recoverable from Sui Northern Gas Pipelines Limited.			(Note 20.2)
<b>28 OTHER RECEIVABLES</b> comprise of:			
Sales Tax		167,106,616	196,651,220
Insurance Claims		160,950	7,318,700
Rebate on Export Sales		304,487,186	74,749,730
Others		10,603,559	6,486,770
		482,358,311	285,206,420
<b>29 SHORT TERM INVESTMENTS</b> are held for trading:			
Nishat Chunian (Pvt.) Limited - Cost	2018	2017	
No of Ordinary Shares	10,000	-	538,379
Per Share Quoted Price at Year End	47.48	-	-
Fair Value Adjustment			(63,579)
Fair Value at end of the Year			474,800
<b>30 TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS</b> relates to Income Tax.			
<b>31 CASH AND BANK BALANCES</b>			
<b>31.1</b> These comprise of:			
Cash in Hand		4,768,019	1,766,230
Cash with Banks in:			
Current Accounts		76,909,339	26,992,252
Saving Accounts	(Note 31.2)	67,094	64,792
Deposit Accounts	(Note 31.3)	147,454,112	119,321,120
		224,430,545	146,378,164
		229,198,564	148,144,394
<b>31.2</b> Saving Accounts are subject to return ranging from 2.75% to 5.50% (2017: 2.75% to 4.25%) per annum.			
<b>31.3</b> These Term Deposit Receipt (TDRs) are subject to return ranging from 3.8% to 9% (2017: 5% to 9%) per annum.			





	2018 RUPEES	2017 RUPEES
<b>32 SALES</b> comprises of:		
Local Sales:		
Goods	5,061,478,393	5,396,614,180
Waste	100,986,438	73,515,209
Total Local Sales	<u>5,162,464,831</u>	<u>5,470,129,389</u>
Export Sales:		
Goods	7,286,982,420	5,002,245,359
Waste	27,605,679	21,409,185
	7,314,588,099	5,023,654,544
Rebate	301,549,667	83,088,607
Exchange Rate Gain	136,441,812	13,447,532
Total Export Sales	<u>7,752,579,578</u>	<u>5,120,190,683</u>
	<u>12,915,044,409</u>	<u>10,590,320,072</u>
<b>33 COST OF SALES</b>		
33.1 This is made up as follows:		
Finished Goods at beginning of the Year	383,547,684	314,120,074
Add: Cost of Goods:		
Manufactured (Note 33.2)	11,632,239,917	10,611,135,743
Purchased	120,766,303	26,577,840
	<u>11,753,006,220</u>	<u>10,637,713,583</u>
	12,136,553,904	10,951,833,657
Finished Goods at end of the Year	379,715,819	383,547,684
	<u>11,756,838,085</u>	<u>10,568,285,973</u>
<b>33.2 COST OF GOODS MANUFACTURED</b> is made up as follows:		
Work in Process at beginning of the Year	101,906,014	92,788,464
Raw Material Consumed (Note 33.3)	9,067,086,528	8,433,145,225
Packing Material Consumed	130,934,372	134,732,421
Stores Consumed	474,425,462	481,828,105
Salaries, Wages and Benefits	781,692,969	731,610,506
Power and Fuel	960,670,062	1,051,767,973
Insurance	25,632,535	24,209,487
Repair and Maintenance	20,476,825	27,419,019
Processing Charges	2,571,893	3,671,189
Manufacturing Hire Charges	-	24,000,000
Depreciation (Note 18.5)	196,494,488	204,278,206
Other Manufacturing Expenses	3,047,724	9,936,047
	<u>11,764,938,872</u>	<u>11,219,386,642</u>
Work in Process at end of the Year	132,698,955	101,906,014
	<u>11,632,239,917</u>	<u>11,117,480,628</u>
<b>33.3 RAW MATERIAL CONSUMED</b> is made up as follows:		
Balance at beginning of the Year	1,872,511,892	2,378,559,657
Add: Purchases including Expenses	8,766,297,572	7,927,097,460
Available for Consumption	<u>10,638,809,464</u>	<u>10,305,657,117</u>
Balance at end of the Year	1,571,722,936	1,872,511,892
	<u>9,067,086,528</u>	<u>8,433,145,225</u>



	2018 RUPEES	2017 RUPEES
<b>34 DISTRIBUTION COST</b> comprises of:		
Local Freight, Octroi and Other Charges	6,510,205	28,375,877
Sea and Trailer Freight	73,113,432	23,581,873
Clearing and Forwarding Expenses	19,134,659	14,383,470
Commission on:		
Local Sales	21,963,810	17,133,105
Export Sales	53,848,355	40,352,856
Insurance	2,799,922	1,913,304
Bill of Lading Charges	2,443,376	1,916,687
Export Development Surcharge	16,476,362	12,737,382
Quality Claim	250,390	530,823
Sales Promotion Expenses	3,405,138	277,934
Others Expenses	9,987,280	6,915,859
	<u>209,932,929</u>	<u>148,119,170</u>
<b>35 ADMINISTRATIVE EXPENSES</b>		
<b>35.1</b> These comprise of:		
Directors' Remuneration	4,620,000	4,620,000
Staff Salaries and Benefits	168,822,086	160,038,734
Printing and Stationery	740,453	763,768
Communication	6,957,454	5,542,303
Sui Gas and Water Charges	2,158,530	2,236,234
Electricity	3,360,794	3,110,958
Insurance	5,502,889	5,329,245
Travelling and Conveyance	18,509,576	13,716,082
Entertainment	4,257,252	3,613,377
Rent, Rates and Taxes	1,503,339	1,266,199
Vehicle Running and Maintenance	10,487,659	9,333,163
Repair and Maintenance	6,289,405	10,688,944
Fees and Subscriptions	1,734,703	523,390
Legal and Professional Charges	3,694,867	7,026,764
Auditors' Remuneration (Note 35.2)	800,000	800,000
Advertisement and Publicity	25,600	200,180
ISO Expenses	3,039,791	3,104,910
Charity and Donations	1,050,019	730,917
Newspapers and Periodicals	71,671	52,527
Depreciation (Note 18.5)	19,273,882	15,588,707
General Expenses	3,967,080	5,790,799
	<u>266,867,050</u>	<u>254,077,201</u>
<b>35.2 AUDITORS' REMUNERATION</b> is in respect of Company's statutory audit and pertains to:		
Naveed Mukhtar & Co.	800,000	-
Rafqat Hussain & Co.	-	800,000
	<u>800,000</u>	<u>800,000</u>
<b>36 OTHER OPERATING EXPENSES</b> comprises of:		
Loss on Re- Measurement of Short Term Investment (Note 29)	63,579	-
Loss on Sale of Short Term Investment	-	42,091
Balances Written Off	1,164,319	-
Workers' (Profit) Participation Fund (Note 12)	13,026,160	-
	<u>14,254,058</u>	<u>42,091</u>
<b>37 OTHER INCOME</b> comprises of:		
Gain on Sale of Short Term Investment	143,891	-
Interest Income (Note 20.2)	216,495	296,463
Return on Financial Assets	4,736,993	3,366,917
Gain on Disposal of Operating Fixed Assets	1,935,805	4,066,659
Dividend Income	27,500	-
	<u>7,060,684</u>	<u>7,730,039</u>



	2018 RUPEES	2017 RUPEES
<b>38 FINANCE COST</b> comprises of:		
Interest/Mark-up on:		
Short Term Borrowings	371,052,947	335,360,874
Long Term Finance	18,890,729	25,330,758
Lease Finance Charges	4,060,152	5,832,562
Exchange Loss on Foreign Currency Finances	2,190,609	121,391
Bank Charges and Commission	30,521,485	21,560,560
	426,715,922	388,206,145

**39 TAXATION**

39.1 This relates to:

Current Year Taxation	125,742,917	98,386,424
Prior Year Taxation	1,113,225	(534,048)
	126,856,142	97,852,376

39.2 In view of available Tax Losses, Current Taxation represents tax levied on Turnover U/S 113 on Local Sale and Final Tax U/S 169 deducted on export proceeds realized during the Year.

39.3 Income Tax Assessments of the Company up to Tax Year 2017 have either been Finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

39.4 Numerical reconciliation between the effective tax and the applicable tax is not required as the entire taxation of the Company comprises of final and minimum tax only, under respective provisions of the Income Tax Ordinance, 2001.

**40 EARNING / (LOSS) PER SHARE**

**40.1 Basic Earning / (Loss) per Share**

After Tax Profit / (Loss) for the Year	120,640,907	(858,532,845)
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**NUMBER OF SHARES**

Weighted Average Number of Ordinary Shares Outstanding during the Year	18,810,257	18,810,257
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**R U P E E S**

Basic Earning / (Loss) per Share	6.41	(45.64)
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**40.2 Diluted Earning / (Loss) per Share**

There is no dilution effect on the basic earning / (loss) per share as the Company has no such commitments.

**41 TRANSACTIONS WITH RELATED PARTIES** have been disclosed in the relevant notes to the financial statements.

**42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

Executive means an employee whose basic salary exceeds Rs. 1,200,000 (2017: Rs. 500,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

PARTICULARS	2 0 1 8 R U P E E S		
	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,600,000	39,533,453
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	3,953,345
	1,020,000	3,600,000	43,486,798
<b>NUMBER OF PERSONS</b>	1	1	21

PARTICULARS	2 0 1 7 R U P E E S		
	Chief Executive	Director	Executives
Managerial Remuneration	654,000	3,600,000	61,977,351
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	6,197,735
	1,020,000	3,600,000	68,175,086
<b>NUMBER OF PERSONS</b>	1	1	61

In addition to above Chief Executive, Director and certain Executives are provided with Company maintained vehicles.



**43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

43.1 Financial assets and liabilities of the Company are as follows:

	R U P E E S							
	2		0		1		8	
	Mark-Up Bearing		Non Mark-Up Bearing		Maturity up to One Year		Maturity after one Year	
Maturity up to One Year	Sub-Total	Maturity after One Year	Sub-Total	Maturity up to One Year	Sub-Total	Maturity after one Year	Sub-Total	Total
<b>Financial Assets</b>								
Long Term Investments	-	-	-	-	-	12,668,154	12,668,154	12,668,154
Long Term Loan	-	6,790,400	6,790,400	-	-	-	-	6,790,400
Long Term Deposits	-	-	-	-	-	18,169,626	18,169,626	18,169,626
Trade Debtors	-	-	-	1,968,547,954	1,968,547,954	-	1,968,547,954	1,968,547,954
Loans and Advances	-	-	-	119,114,585	119,114,585	-	119,114,585	119,114,585
Trade Deposits	-	-	-	2,550,879	2,550,879	-	2,550,879	2,550,879
Interest Accrued	-	-	-	91,674	91,674	-	91,674	91,674
Short Term Investments	-	-	-	474,800	474,800	-	474,800	474,800
Dues with Government Dept't.	-	-	-	101,536,032	101,536,032	-	101,536,032	101,536,032
Other Receivables	-	-	-	482,358,311	482,358,311	-	482,358,311	482,358,311
Cash and Bank Balances	147,521,206	147,521,206	-	81,677,358	81,677,358	-	81,677,358	229,198,564
	<b>147,521,206</b>	<b>154,311,606</b>	<b>6,790,400</b>	<b>2,756,351,593</b>	<b>2,787,189,373</b>	<b>30,837,780</b>	<b>2,787,189,373</b>	<b>2,941,500,979</b>
<b>Financial Liabilities</b>								
Long Term Financing - Secured	111,697,420	322,697,988	211,000,568	-	-	-	-	322,697,988
Long Term Financing - Unsecured	-	51,652,562	51,652,562	-	-	-	-	51,652,562
Trade and Other Payables	-	-	-	1,130,236,858	1,130,236,858	-	1,130,236,858	1,130,236,858
Unclaimed Dividend	-	-	-	-	-	124,939	124,939	124,939
Interest and Mark up accrued	74,115,017	74,115,017	-	-	-	-	-	74,115,017
Short Term Finances	5,177,697,217	5,177,697,217	-	-	-	-	-	5,177,697,217
	<b>5,363,509,654</b>	<b>5,626,162,784</b>	<b>262,653,130</b>	<b>1,130,236,858</b>	<b>1,130,361,797</b>	<b>124,939</b>	<b>1,130,361,797</b>	<b>6,756,524,581</b>
<b>On Balance Sheet Gap</b>	<b>(5,215,988,448)</b>	<b>(5,471,851,178)</b>	<b>(255,862,730)</b>	<b>1,626,114,735</b>	<b>1,656,827,576</b>	<b>30,712,841</b>	<b>1,656,827,576</b>	<b>(3,815,023,602)</b>



		2	0	1	7			
		R U P E E S						
		Mark-Up Bearing		Non Mark-Up Bearing		Total		
Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	Total		
<b>Financial Assets</b>								
Long Term Investments	-	-	-	12,394,254	12,394,254	12,394,254		
Long Term Loan	-	12,121,600	-	-	-	12,121,600		
Long Term Deposits	-	-	-	18,370,120	18,370,120	18,370,120		
Trade Debtors	-	-	831,252,116	-	831,252,116	831,252,116		
Loans and advances	-	-	94,366,624	-	94,366,624	94,366,624		
Trade Deposits	-	-	1,176,927	-	1,176,927	1,176,927		
Interest Accrued	-	-	136,971	-	136,971	136,971		
Short Term Investments	-	-	-	-	-	-		
Dues with Government Dept.	-	-	130,628,117	-	130,628,117	130,628,117		
Other Receivables	-	-	285,206,420	-	285,206,420	285,206,420		
Cash and Bank Balances	119,385,912	-	28,758,482	-	28,758,482	148,144,394		
	<b>119,385,912</b>	<b>12,121,600</b>	<b>1,371,525,657</b>	<b>30,764,374</b>	<b>1,402,290,031</b>	<b>1,533,797,543</b>		
<b>Financial Liabilities</b>								
Long Term Financing - Secured	242,036,780	322,697,988	-	-	-	564,734,768		
Long Term Financing - Unsecured	-	51,652,562	-	-	-	51,652,562		
Trade and Other Payables	-	-	755,021,460	-	755,021,460	755,021,460		
Unclaimed Dividend	-	-	-	124,939	124,939	124,939		
Interest and Mark up accrued	54,015,956	-	-	-	-	54,015,956		
Short Term Finances	4,381,660,341	-	-	-	-	4,381,660,341		
	<b>4,677,713,077</b>	<b>374,350,550</b>	<b>755,021,460</b>	<b>124,939</b>	<b>755,146,399</b>	<b>5,807,210,026</b>		
<b>On Balance Sheet Gap</b>	<b>(4,558,327,165)</b>	<b>(362,228,950)</b>	<b>616,504,197</b>	<b>30,639,435</b>	<b>647,143,632</b>	<b>(4,273,412,483)</b>		

**43.2 FINANCIAL RISK FACTORS**

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

Risk management is carried out by Board of Directors of the Company. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

**(a) Market Risk****(i) Currency Risk**

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and other currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivables/ payables from / to the foreign entities. The Company exposure to currency risk was as follows:

	<b>2018 USD</b>	<b>2017 USD</b>	<b>2018 RUPEES</b>	<b>2017 RUPEES</b>
<b>Financial Assets</b>				
Trade Debts	12,894,310	4,008,523	1,498,091,921	434,258,672
<b>Financial Liabilities</b>				
Advances from Customers	(134,386)	(176,657)	(14,268,720)	(18,619,619)
Net Exposure	<u>12,759,924</u>	<u>3,831,866</u>	<u>1,483,823,201</u>	<u>415,639,053</u>

The following significant exchange rates have been applied:

	<b>AVERAGE RATE</b>		<b>REPORTING RATE</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
USD to PKR	111.18	106.87	121.60	104.58

**Sensitivity Analysis:**

At reporting date, if the PKR had strengthened by 10% (2017: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

	<b>2018 RUPEES</b>	<b>2017 RUPEES</b>
<b><u>Effect on Profit and Loss</u></b>		
Trade Debts	149,809,192	43,425,867
Trade and Other Payables	(1,426,872)	(1,861,962)
Short Term Borrowings as FE-25, Export Loan	(209,717,442)	(198,619,340)
Net Exposure	<u>(61,335,122)</u>	<u>(157,055,435)</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on Profit / (Loss) for the year and assets / liabilities of the Company.

**(ii) Price Risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company actively monitors the key factors that affect stock price movement.



Reporting date all index points		2018	2017	
		30582.91	32494.30	
		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Other Comprehensive Income
		(Rupees)		
Available-for-sale investments				
2018	+10%	-	1,266,815	
	-10%	-	(1,266,815)	
2017	+10%	-	1,239,425	
	-10%	-	(1,239,425)	
Held for trading investments				
2018	+10%	47,480	-	
	-10%	(47,480)	-	
2017	+10%	-	-	
	-10%	-	-	

**(iii) Interest Rate Risk**

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, short term borrowings and liabilities against assets subject to finance lease. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

Financial Liabilities	EFFECTIVE PERCENTAGE		CARRYING AMOUNT	
	2018	2017	2018 RUPEES	2017 RUPEES
<b>Fixed Rate Instruments</b>				
Long Term Financing	5 - 12.70	12.60 - 12.70	<u>14,702,608</u>	<u>38,874,556</u>
<b>Variable Rate Instruments</b>				
Long Term Financing	8.11 - 8.65	5 - 8.65	<u>307,995,380</u>	<u>525,860,212</u>
Short Term Borrowings	2 - 9.03	7.31 - 8.06	<u>5,177,697,217</u>	<u>4,381,660,341</u>

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

The following analysis demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at balance sheet dates were outstanding for the whole year.



		<b>Changes in Interest Rate</b>	<b>Effects on Profit before Tax</b>
			(Rupees)
Bank balances - deposit accounts			
	2018	+1.50	2,212,818
		-1.50	(2,212,818)
	2017	+1.50	1,790,789
		-1.50	(1,790,789)
Long term financing			
	2018	+2.00	(6,159,908)
		-2.00	6,159,908
	2017	+2.00	(10,517,204)
		-2.00	10,517,204
Liabilities against assets subject to finance lease			
	2018	+2.00	(369,882)
		-2.00	369,882
	2017	+2.00	(987,508)
		-2.00	987,508
Short term borrowings			
	2018	+2.00	(103,553,944)
		-2.00	103,553,944
	2017	+2.00	(87,633,207)
		-2.00	87,633,207
		<b>2018</b>	<b>2017</b>
		<b>RUPEES</b>	<b>RUPEES</b>

**(b) Credit Risk**

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

Loans and Advances	247,210,405	103,893,566
Deposits	20,426,976	18,850,771
Trade Debts	1,968,547,954	831,252,116
Interest Accrued	91,674	136,971
Other Receivables	10,764,509	13,805,470
Bank Balances	224,430,545	146,378,164
Letters of Guarantee	266,823,799	250,302,799
	<u>2,738,295,862</u>	<u>1,364,619,857</u>

Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. Outstanding receivables are regularly monitored and shipments to foreign customers are covered by letters of credit.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

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





**43.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

The carrying value of all financial assets and liabilities reflected in Financial Statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities:

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly:

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data:

During the reporting year ended 30th June 2017 and 2018, there were no inter level transfers and at the year end the Company held the following financial instruments carried at fair value, which all fall under level 1:

	2018 RUPEES	2017 RUPEES
<b>Assets measured at fair value</b>		
<b>Held for trading</b>		
Equity shares	474,800	-
<b>Available for sale financial assets</b>		
Equity shares	12,668,154	12,394,254
	13,142,954	12,394,254

There were no liabilities measured at fair value as at 30 June 2018.

**43.4** Certain categories of Property, Plant and Equipment (Freehold Land, Building on Freehold Land and Plant and Machinery) are carried at revalued amounts (level 2 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 18.1 to these Financial Statements.

**43.5 FINANCIAL INSTRUMENTS BY CATEGORIES**

As at 30th June 2018

	Assets as per Balance Sheet			
	Cash and Cash Equivalents	Loans and Advances	Fair Value through Profit and Loss	Available for Sale
	-----Rupees-----			
Investments	-	-	474,800	12,668,154
Loans and Advances	-	247,210,405	-	-
Deposits	-	20,426,976	-	-
Trade Debts	-	1,968,547,954	-	-
Other Receivables	-	10,764,509	-	-
Cash and Bank Balances	229,198,564	-	-	-
	229,198,564	2,246,949,844	474,800	12,668,154

Liabilities as per Balance Sheet

	Financial Liabilities at Amortized Cost
Long Term Financing	322,697,988
Accrued Mark-up	74,115,017
Short Term Borrowings	5,177,697,217
Trade and Other Payables	1,130,236,858
	Rs. 6,704,747,080



	Rating		Agency	2018	2017
	Short Term	Long Term		RUPEES	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	52,763	42,862
Allied Bank Ltd.	A1+	AA+	PACRA	27,811	30,691
Askari Bank Ltd.	A1+	AA+	PACRA	44,891,887	44,892,783
Bank Al- Habib Ltd.	A1+	AA+	PACRA	54,145	4,974,898
Bank Alfalah Ltd.	A1+	AA+	PACRA	355,822	391,752
Bank Islami Pakistan Ltd.	A1	A+	PACRA	360,543	381,390
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	130,284	379,652
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	207,224	1,920,561
JS Bank Ltd.	A1+	AA+	PACRA	104,165	43,541
MCB Bank Ltd. (formerly: NIB Bank Ltd.)	A1+	AA-	PACRA	201,326	83,357
Meezan Bank Ltd.	A-1	AA	JCR-VIS	1,200,970	480,351
National Bank of Pakistan	A1+	AAA	PACRA	53,460,468	54,660
Soneri Bank Ltd.	A1+	AA-	PACRA	41,019,983	38,219,277
Summit Bank Ltd.	A-1	A-	JCR-VIS	-	8,930,206
The Bank of Khyber	A1	A	PACRA	62,021,000	45,500,000
The Bank of Punjab	A1+	AA	PACRA	19,648	19,648
United Bank Ltd.	A-1+	AAA	JCR-VIS	20,322,506	32,535
				<u>224,430,545</u>	<u>146,378,164</u>

Due to Company's long outstanding business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**(c) Liquidity Risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Company had Rs. 6,102 Million (2017: Rs. 6,622 Million) available borrowings limits from financial institutions and Rs. 229,198,564/- (2017: Rs. 148,144,394/-) cash and bank balances. Further, the Company has a positive working capital position at the year end and management believes the liquidity risk too low. Following are the maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

**Financial Liabilities' Maturities as at 30th June, 2018:**

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing - Secured	322,697,988	67,018,452	44,678,968	111,697,420	99,303,148
Liabilities against Assets					
subject to Finance Lease	18,494,096	6,404,492	6,404,491	5,420,413	264,700
Trade and Other Payables	1,130,236,858	791,165,801	339,071,057	-	-
Short Term Borrowings - Secured	5,177,697,217	3,365,503,191	1,812,194,026	-	-

**Financial Liabilities' Maturities as at 30th June, 2017:**

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing - Secured	564,734,768	145,222,068	96,814,712	112,847,243	209,850,745
Liabilities against Assets					
subject to Finance Lease	49,375,381	18,130,793	18,130,792	10,251,183	2,862,613
Trade and other Payables	755,021,460	528,515,022	226,506,438	-	-
Short Term Borrowings - Secured	4,381,660,341	2,848,079,222	1,533,581,119	-	-



**As at 30th June 2017**

	<b>Assets as per Balance Sheet</b>			
	<b>Cash and Cash Equivalents</b>	<b>Loans and Advances</b>	<b>Fair value through Profit and Loss</b>	<b>Available for Sale</b>
	-----Rupees-----			
Investments	-	-	-	12,394,254
Loans and Advances	-	103,893,566	-	-
Deposits	-	18,850,771	-	-
Trade Debts	-	831,252,116	-	-
Other Receivables	-	13,805,470	-	-
Cash and Bank Balances	148,144,394	-	-	-
	<b>148,144,394</b>	<b>967,801,923</b>	<b>-</b>	<b>12,394,254</b>

**Liabilities as per Balance Sheet**

Long Term Financing	564,734,768
Accrued Mark-up	54,015,956
Short Term Borrowings	4,381,660,341
Trade and Other Payables	755,021,460

**Financial Liabilities at Amortized Cost**

<b>Rs.</b>	<b>5,755,432,525</b>
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**43.6 CAPITAL RISK MANAGEMENT**

The Company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce to cost of capital.

In orders to maintain or adjust the capital structure, the Company may adjust the amount through return capital to shareholders through repurchase of shares, right issue, issue new shares, obtain loan from sponsors or sell assets to reduce debt.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and short term borrowings - Secured and Unsecured obtained by the Company as referred to in Note 8, 9, 14 and 15 respectively. The capital employed includes 'Total Equity' as shown in the balance sheet plus 'External Borrowings' and 'Loan from Directors and Sponsors'.

	<b>2018 RUPEES</b>	<b>2017 RUPEES</b>
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	5,500,395,205	4,946,395,109
Loan from Directors and Sponsors	51,652,562	91,652,562
Total Debt	<u>5,552,047,767</u>	<u>5,038,047,671</u>
Total Equity	4,971,522,666	3,187,424,837
Total Capital Employed	<u>10,523,570,433</u>	<u>8,225,472,508</u>
Gearing Ratio	52.76%	61.25%

**44 SEGMENT REPORTING**

**44.1 REPORTABLE SEGMENTS**

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of grey fabric using yarn

Information regarding the Company's reportable segments is presented below:



**44.2 SEGMENTS REVENUE AND RESULTS**

Follows is an analysis of the Company's revenue and results by reportable segments

	SPINNING	WEAVING	ELIMINATION OF INTER SEGMENT TRANSACTIONS	TOTAL
	----- RUPEES -----			
<b>For the year ended 30 June 2018</b>				
Sales	8,244,645,739	3,228,740,723	1,441,657,947	12,915,044,409
Cost of Sales	<u>(7,458,956,576)</u>	<u>(2,856,223,562)</u>	<u>(1,441,657,947)</u>	<u>(11,756,838,085)</u>
Gross Profit	785,689,163	372,517,161	-	1,158,206,324
Allocated Income and Expenses:				
Distribution Cost	(158,402,695)	(51,530,234)	-	(209,932,929)
Administrative Expenses	(213,448,869)	(50,591,593)	-	(264,040,462)
Other Operating Income	6,844,189	216,495		7,060,684
	<u>(365,007,375)</u>	<u>(101,905,332)</u>	<u>-</u>	<u>(466,912,707)</u>
Profit before tax and unallocated expenses	<u>420,681,788</u>	<u>270,611,829</u>	<u>-</u>	<u>691,293,617</u>
Unallocated Expenses:				
Administrative Expenses				(2,826,588)
Other operating expenses				(14,254,058)
Finance cost				(426,715,922)
Taxation				(126,856,142)
				<u>(570,652,710)</u>
<b>Profit after Taxation</b>				<u>120,640,907</u>

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the financial statements. Administrative expenses are apportioned on the basis of actual expenses incurred for the segments. Finance cost relating to long term loan is also allocated on the basis of purpose of loan for which it is obtained. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.

	2018 RUPEES	2017 RUPEES
<b>44.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES</b>		
Yarn Export Sale	6,228,135,598	4,307,357,981
Fabric Export Sale	1,496,838,301	791,423,517
Waste Export Sale	27,605,679	21,409,185
Yarn Local Sale	3,386,842,179	3,312,488,158
Fabric Local Sale	1,674,636,214	2,084,126,022
Waste Local Sale	100,986,438	73,515,209
	<u>12,915,044,409</u>	<u>10,590,320,072</u>
	-	-

**44.4 GEOGRAPHICAL INFORMATION**

(a) The Company's gross revenue percentage from external customers by geographical location is detailed below:		
Domestic	41.38	52.13
Asia	49.96	41.32
Europe	5.02	5.75
America	2.96	0.34
Africa	0.69	0.47
	<u>100</u>	<u>100</u>

(b) All non-current assets of the Company as at 30 June 2018 are located and operating in Pakistan.



**44.5 SEGMENT ASSETS AND LIABILITIES**

(a) Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

For the year ended 30 June 2018	SPINNING	WEAVING	TOTAL
	----- RUPEES -----		
Total assets for reportable segments	<u>8,364,887,867</u>	<u>2,825,514,787</u>	11,190,402,654
Unallocated assets:			
Other Receivables			482,358,311
Cash and bank balances			229,198,564
Other Corporate assets			<u>136,779,448</u>
Total assets as per consolidated balance sheet			<u>12,038,738,977</u>
Total liabilities for reportable segments	<u>10,273,212,681</u>	<u>2,441,323,255</u>	12,714,535,936
Unallocated liabilities:			
Other Corporate liabilities			<u>(675,796,959)</u>
Total liabilities as per consolidated balance sheet			<u>12,038,738,977</u>

(b) For the purpose of monitoring segment performance and allocating resources between segment operating property, plant and equipment is allocated to reportable segments and all other assets are held under unallocated corporate assets; and

long term loan is allocated to reportable segment and all other liabilities ( i.e.) surplus on revaluation of fixed assets, deferred liabilities, trade and other payables, short term borrowings and accrued mark up are held under allocated corporate liabilities.

**45 NUMBER OF EMPLOYEES**

	2018	2017
Number of Employees including Contractual Employees at end of the Year	2,199	2,950
Average Number of Employees including Contractual Employees during the Year	2,123	2,915
Number of Employees of Factory including Contractual Employees at end of the Year	2,001	2,950
Average Number of Employees of Factory including Contractual Employees during the Year	1,926	2,915

**46 PLANT CAPACITY AND ACTUAL PRODUCTION**

**Ring Spinning Sections**

**Owned Capacity**

Number of Spindles Installed	75,360	75,360
Number of Spindle Shifts Worked	3	3
Installed Capacity at 20/S Count (Kgs) 365 Days	27,605,148	27,605,148
Actual Production of All Counts (Kgs)	35,631,790	34,234,548
Actual Production Converted into 20/S Count (Kgs)	22,319,096	22,371,442

**Leased Capacity**

Number of Spindles Installed	17,280	17,280
Number of Spindle Shifts Worked	3	3
Capacity at 20/S Count (Kgs) 365 Days	6,329,843	6,329,843
Actual Production of All Counts (Kgs)	-	-
Actual Production Converted into 20/S Count (Kgs)	-	-



Weaving Section	2018	2017
<b>Owned Capacity</b>		
Number of Looms Installed	130	130
Number of Looms Shifts Worked	3	3
Capacity at 50 picks/inch (Meters) - 365 days	31,287,622	31,287,622
Actual Production of All picks/inch	21,788,233	20,062,250
Actual Production Converted into 50 picks/inch	26,378,709	24,741,499
<b>Leased Capacity</b>		
Number of Looms Installed	80	80
Number of Looms Worked	None	None
Capacity at 50 picks/inch (Meters) - 365 days	17,466,585	17,466,585
Actual Production	-	-

It is difficult to describe precisely the production capacity in Spinning/Weaving Mills since it fluctuates widely depend on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular Year. The reason for under utilization of available capacity is attributable to normal Repair and Maintenance, Power failures and count changes.

**47 CORRESPONDING FIGURES**

The preparation and presentation of these Financial Statements for the year ended 30th June, 2018 is in accordance with requirements of Companies Act, 2017. The fifth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirement for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, whether considered necessary, to comply with requirement of Companies Act, 2017. Following major reclassifications have been made during the year:

<u>NATURE</u>		<u>AMOUNT</u>	<u>FROM</u>	<u>TO</u>	<u>REASON</u>
Loan from Director	(Note 9)	51,652,562	Long Term Financing	Long Term loan from Director	Presented on face of the balance sheet
Loan from Related Party	(Note 15)	40,000,000	Short Term Borrowings	Short Term Loan from Related Party	
Unclaimed Dividend	(Note 12)	124,939	Trade and Other Payables	Unclaimed Dividend	
Current Portion of Long Term Loans and advances	(Note 25)	5,331,200	Long Term Loans and Advances	Loans and Advances	

**48 DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements have been authorized for issue by the Board of Directors of the Company on 29th October, 2018.

Sd/-  
DIRECTOR

Sd/-  
CHIEF EXECUTIVE