AHMAD HASSAN TEXTILE MILLS LIMITED

ah TEXTILES

2018

The Twenty Ninth

Annual Report

29th Annual Report

of

Ahmad Hassan Textile Mills Limited

for the year ended June 30, 2018

CONTENTS

VISION

To be a world class and leading organization continuously providing high quality textile products.

MISSION

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

Integrity & Ethics: Integrity, honesty and high ethical, legal & safe standards are corner stones of our business practices.

Quality: We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is to achieve and sustain good reputation in both domestic and international market by manufacturing quality yarn / fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.

Social Responsibility: We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our action.

Learning & Innovations: We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work: We believe that competent and satisfied people are the company's heart, muscle and soul. We savors flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.

Empowerment : We flourish under and ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.

COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	Mian Muhammad Javed Anwar	Non-Executive Director
Chief Executive Officer	Mian Muhammad Parvez	Executive Director
Directors	Mr. Muhammad Haris	Executive Director
	Mr. Muhammad Aurangzeb	Non-Executive Director
	Mrs. Salma Javed	Non-Executive Director
	Mr. Muhammad Jahanzeb	Non-Executive Director
	Mr. Syed Raza Abbas Jaffari	Rep. N.I.T
	Mr Nazeer Ahmad Khan	Independent Director

AUDIT COMMITTEE

Chairman	Mr Nazeer Ahmad Khan	Independent Director
Members	Mr. Muhammad Jahanzeb	Non-Executive Director
	Mr. Muhammad Aurangzeb	Non-Executive Director

HR & R COMMITTEE

Chairman	Mr Nazeer Ahmad Khan	Independent Director
Members	Mr. Muhammad Haris	Executive Director
	Mr. Muhammad Jahanzeb	Non-Executive Director

CHIEF FINANCIAL OFFICER	Mr. Sh. Muhammad Naeem
HEAD OF INTERNAL AUDIT	Mr. Rao Saqib Ali
COMPANY SECRETARY	Mr. Sh. Muhammad Naeem
AUDITORS	M/s PKF F.R.A.N.T.S Chartered Accountants
BANKERS	Bank Al-Habib Limited Allied Bank Limited United Bank Limited Bank Al-Falah Limited Habib Bank Limited Soneri Bank Limited Meezan Bank Limited National Bank of Pakistan
REGISTERED OFFICE	46 - Hassan Parwana Colony, Multan.
MILLS	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
SHARES REGISTRAR	M/s Vision Consulting Limited 3-C, LDA Flats, Lawarnce Road, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Company will be held at its Registered Office, 46-Hassan Parwana Colony, Multan, on Saturday 27th October, 2018, at 10:00 A.M., to transact the following business.

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting held on 28th October, 2017.
2. To receive, consider and adopt the Annual Audited Accounts together with Directors' and Auditors' Reports for the year ended June 30, 2018.
3. To approve a final cash dividend for the year ended June 30, 2018 at Rs.1.25/- per share (12.50%), as recommended by the Board of Directors.
4. To appoint Auditors of the Company for the financial year 2018-2019 and to fix their remuneration. The present Auditors Messrs. PKF F.R.A.N.T.S, Chartered Accountants, retire and being eligible offered themselves for re-appointment.

Special Business:

5. To consider and approve the remuneration of the Chief Executive Officer and two (02) Directors of the Company.

Other Business:

6. To consider any other matter with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

Multan: (Sheikh Muhammad Naeem)
Dated : 06.10.2018 Company Secretary

NOTES:

Notes:

I. The Share Transfer Books of the Company will remain closed from 20th October, 2018 to 27th October, 2018 (both days inclusive).

II. A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy forms duly completed should reach the Registered Office of the Company at least 48 hours before the time of the meeting.

III. Any individual Beneficial Owners of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.

IV. Members are requested to notify the change of their addresses, if any, immediately.

V. The Members, who desire for receiving the annual audited financial statements and AGM Notice through email, are requested to send their written consent on Standard Request Form available on website www.ahtml.com.pk in order to avail this facility. The audited financial statements for the year ended June 30, 2018 are available on website of the Company. Further, the Company has sent its Annual Reports 2018 through CD/DVD/USB to the shareholders at their available addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.

VI. Members are requested to submit their Notarized Declarations (CZ-50) as Zakat & Ushr Ordinance, 1980 for zakat exemption, if they want to claim exemption towards non-deduction of zakat on cash dividend.

VII. Pursuant to requirement of Section 244 of the Companies Act, 2017, shareholders who could not collect their cash dividend/physical shares, are advised to contact at the registered office of the Company to collect/enquire about their unclaimed dividend or physical shares, if any.

VIII. **Video Conference Facility**: In term of SECP's Secular No. 10 of 2014 dated May 21, 2014 read with provisions contained under Section 134 (1)(b) of the Act, members of the company may also attend and participate in the AGM through video conference facility in a city other than Multan, if members residing in the vicinity, collectively holding 10% or more shareholding, may demand in writing, to participate in the AGM through video conference (as per the format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM.

Consent for Video Conference Facility
1/we , __________ of _____________, being a member of Ahmad Hassan Textile Mills Limited, holders of ____________ ordinary share(s) as per CDC participant ID & sub -account No. ______________ hereby opt for video conference facility at ____________. Signature of the Member(s) (affix company stamp in case of corporate entity)

IX. **E-Dividend:** Pursuant to Section 242 of the Companies Act, 2017, all listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts to entitled members designated by them. Accordingly, all shareholders of the Company who have not yet provided their bank account details (including IBAN) to their participant/CDC Investor Account Service which maintains their CDC Account, are requested to provide the same at the earliest but not later than the first day of book closure, otherwise, the Company would be constrained to withhold their amount of dividend, if any , in accordance with the requirements of the Act and the Regulation.

X. **Tax Implication of Dividend:** Pursuant to the provisions of Income Tax Ordinance, 2001, deduction of income Tax from dividend payment shall be made on basis of filer and non-filers as follows:

For Filer of Income Tax Returns -------------------------- 15%
For Non-Filer of Income Tax Returns --------------------------- 20%

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The remuneration of the Chief Executive Officer and two (02) full time working Directors need to be revised keeping in view high cost of living. The necessary resolution in this context shall be passed in the meeting accordingly.

CHAIRMAN'S REVIEW

In the Name of Allah, the Most Beneficent, the Merciful

Dear Shareholders

I feel honored to present before you my review on Company's financial performance in such an anxiety circumstances of a textile sector. The textile sector is known as a hub of export and main source of foreign reserves generation but from last two years, is eagerly waiting for government attraction to offer competitive prices for survival along with neighboring countries.

Despite of all above situation, I am pleased to share with you that performance of the Board throughout the year remained up to the mark. The Board took aggressive decisions to maintain market share and to achieve desired targets. The Board kept focus on formulation of policies, monitoring activities, motivating employees and timely conducting of meetings. The Board has ensured compliance of all applicable laws and regulations including representation of executive and non-executive directors in the Board, qualification of members of the all committees, CFO and head of internal audit, approving Terms of References of all committees, holding all committees' meetings in timely manner, director's training program and maintaining sound internal control system. During the year, Board periodically reviewed the decisions and actions of the management and took necessary correction measures on timely basis. Based upon all factors, overall performance of the Board has been assessed as “Satisfactory”.

For maximizing the return of the Shareholders, I am pleased to inform you that Board has decided to give final dividend of Rs 1.25 per share.

On behalf of Board of Directors, I would like to express my special admiration to all shareholders, Banks, committee members and staff for their commitment and deep devotion.

Multan — Mian Muhammad Javed
Dated: October 04, 2018 — Chairman

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders
Yours Directors are pleased to present before you, the 29th Annual Report on the affairs of your Company and Financial Results for the year ended June 30, 2018 together with the Directors Report and Auditors Report thereon;

SUMMARIZED FINANCIAL RESULTS:

	2018 (Rupees)	2017 (Rupees)
Sales Net	5,179,001,252	4,055,872,650
Gross Profit	312,420,872	246,102,733
Profit/(Loss) after taxation	10,118,283	(3,448,593)
G.P Ratio	6.03%	6.07%
Earnings/(Loss) Per Share	0.70	(0.24)

REVIEW OF OPERATIONS:

Start of the financial year 2017-18 was the continuation of difficulties from previous year because of expensive raw material and unfavorable conditions in international market. Overall, management enabled them to achieve better profit due to keeping low cost of inventory in full year. Prices in local market were more supportive as compared to export market. Devaluation of Pak Rupee against US Dollar provided much needed impact on export sale but continuous increased in manufacturing cost, offset the growth element of export sale.

Our sales and cost of sales were increased by 27.69% and 27.74% respectively. Therefore, our gross profit margin slightly decreased by 0.04%. Distribution cost decreased by 15.70 % due to decreased in direct export sale of 18.76%. Our admin expenses were increased by 9.38%, while finance cost increased by 12.51% as compared to the last year ended June 30, 2017.

Beside of all above mentioned factors, our focused approach and strong execution have enabled us to deliver a better market performance as compared to previous year. As a result, loss after tax of Rs 3.45 Million had been turned into profit after tax of Rs 10.12 million. That is not end of our efforts for growth in shareholder's wealth, we are still keen to focus on further BMR in all areas of production in weaving unit by replacing old looms with high speed energy efficient looms and production machineries in spinning unit as well in order to control the production cost even in such a challenging environment of the whole textile industry. There have been no changes to the nature of business being carried out by the company. Moreover, there have been no material changes to the contingencies and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of this report. An overview of key operating performance and other data for last six years is annexed to the annual report.

BOARD COMPOSITION

Company's Board comprises one independent director, five non-executive directors including chairman of the Board and two executive directors. The Board has one female director and seven male directors.

COMMITTEES OF THE BOARD

1. ***AUDIT COMMITTEE:***

   The committee comprises of three members including its Chairman. The Chairman of the committee is an independent director named as Mr. Nazeer Ahmad Khan while remaining two members are non-executive directors named as Mr. Muhammad Jahanzeb and Mr. Muhammad Aurangzeb. During the year, Mr. Nazeer Ahmad Khan is appointed as member of audit committee by replacing Mrs. Salma Javed. Further, Mr. Nazeer Ahmad Khan is also appointed as Chairman of the audit committee by replacing Mr. Muhammad Jahanzeb.

2. ***HR & R COMMITTEE:***

   This committee has three members including its Chairman. The Chairman of the committee is an independent director name as Mr. Nazir Ahmad Khan while remaining two members are Mr. Muhammad Haris (executive directors) and Mr. Muhammad Jahanzeb (Non-Executive director). During the year, Mr. Nazeer Ahmad Khan is appointed as member of HR & R committee by replacing Mrs. Salma Javed. Further, Mr. Nazeer Ahmad Khan is also appointed as Chairman of the HR & R committee by replacing Mr. Muhammad Jahanzeb.

REMUNERATION OF THE DIRECTORS

The non-executive directors and independent director are paid remuneration for only attending the Board/Committee meetings, as per approved policy. The relevant details are disclosed in notes 43 to the financial statements for the year ended June 30, 2018.

BOARD MEETINGS AND ATTENDANCE BY DIRECTOR:

Total meetings held during the year	Board meeting	Audit Committee meeting	HR & R Committee meeting
	5	5	2
Attended By:			
Mian Muhammad Javed Anwar	5	-	-
Mian Muhammad Parvez	5	-	1
Mrs. Salma Javed	5	3	1
Mr. Muhammad Haris	5	-	1
Mr. Muhammad Jahanzeb	5	5	2
Mr. Muhammad Aurangzeb	5	5	-
Mr. Nazeer Ahmad Khan	3	2	1
Mr. Raza Abbas Jaffari (Nominee N.I.T)	4	-	-

DIRECTOR TRAINING PROGRAM

Three directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the CCG Regulations). One director has obtained the certificate after successful completion of directors training program organized by 'Pakistan Institute of Corporate Governance' (PICG). The Company will arrange training program of other directors as provided under CCG Regulations.

INTERNAL CONTROL SYSTEM

An internal control system is designed to provide reasonable assurance that the Company ensures compliance of policies, laws, efficient use of its resources and to provide information to right persons on timely manner. Your management is very focus to comply with all applicable standards and regulations and such compliance are regularly monitored. Further, any non-compliance is timely reported and corrections are made when requires.

CORPORATE SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL CARE

Your directors are fully aware of the corporate social responsibility and always keep working on betterment of environment. Therefore, following various health, educational and other projects are supported by the directors of the Company.

- ***Community involvement programs***
  AHTML is very focus on developing a sense to identify community needs and make them as asset of the Company. To achieve this goal lot of amount is spending for providing them subsidize rates on foods facilities, organizing regional disease awareness programs, overtime/ leave encashment policies, providing local van for female staff and for pick and drop facility for colony resident school going children and disaster relief activities.

- ***Medical facilities***
  Free medical treatment is provided to all needy employee and local residents through medical dispensary equipped with necessary treatment facilities and medicines. Free eye camps are also organized with support of UK practicing and local community doctors on semi-annual basis. Proper insurance coverage is also made for our valuable employees.
- ***Scholarships/Awards***
  To keep employees as valuable assets of the Company, AHTML currently offers a scholarship program to needy employee's talented children and offers reward to different employees on number of occasions on performance basis.
- ***Tree Plantation Campaign***
  For the sake of green Pakistan, AHTML has planted more than 2500 trees in and outside of factory area in current year.
- ***Sports activities***
  A special fund is maintained for promotion of badminton. Large number of players and spectators participate on event held in weekend basis.
- ***Aftari***
  Aftari was organized on May 29th 2018 at site area to facilitate the local community and all head office and mill staff.

FUTURE OUTLOOK

Under the guidance of Board, we still continue to identify and mitigate our business risks and threats as well as eager to originate new opportunities and strengthen our core values. We expect that after change of political government, new government will more focus on diminution of production cost so that we can offer internationally competitive prices. On the other side, your management believes in prospective approach and is always ready to invest in all our businesses primarily on people, product development, marketing, brand building especially time to time cost efficient machine replacement policy.

CORPORATE GOVERNANCE

The directors of your company state further that:

1- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2- Proper books of account of the listed company have been maintained.

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

4- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

5- The system of internal control is sound in design and has been effectively implemented and monitored.

6- There are no significant doubts upon the listed company's ability to continue as a going concern.

7- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8- Outstanding duties and taxes, if any, have been disclosed in the financial statements.

9- We have an Audit Committee, the members of which are from the Board of Directors and the Chairman is an independent director.

10- The Board has adopted a Mission Statement and a Statement of Overall Corporate Strategy.

The Company's Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 is attached.

AUDITORS

M/s PKF F.R.A.N.T.S. Chartered Accountants, being eligible and offering themselves for re-appointment, are recommended for re-appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

Pattern of holding of shares by the shareholders of the Company as on June 30, 2018 is enclosed.

DIVIDEND

The Board is pleased to propose a final dividend of Rs 1.25 per share for the financial year ended June 30, 2018.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to their work. Your Directors would also like to express their thanks to the Shareholders and Financial Institutions, specially Bank Al Habib Ltd, National Bank, Soneri Bank Ltd, Allied Bank Ltd, Bank Al Falah Ltd and United Bank Ltd for their support and assistance.

On behalf of the Board of Directors

Chief executive Director

Multan
Dated: October 04, 2018

ڈائریکٹرز کی جائزہ رپورٹ

اللہ کے نام سے شروع جو بڑا مہربان اور نہایت رحم کرنے والا ہے

محترم حصہ داران!

ہم ڈائریکٹران بخوشی آپ کے سامنے مورخہ 30 جون 2018 تک مکمل ہونے والے سال کے مالیاتی نتائج کی 29ویں سالانہ رپورٹ، ڈائریکٹرز کی رپورٹ اور آڈیٹر کی رپورٹ کے ساتھ حاضر ہیں۔

مالیاتی نتائج کا خلاصہ

	30 جون 2018	30 جون 2017
کل رقم فروختگی	5,179,001,252	4,055,872,650
کل منافع	312,420,872	246,102,733
منافع بعداز ٹیکس	10,118,283	(3,448,593)
شرح منافع	6.03%	6.07%
فی حصص آمدنی (نقصان)	0.70	(0.24)

کاروباری امور کا جائزہ

2017-2018 سال کے آغاز سے ہی پچھلے سال کی طرح مہنگی روئی اور بین الاقوامی منڈی میں غیر موزوں حالات ہونے کی وجہ سے مشکلات برقرار رہی ہیں۔ ادارے کے انتظامی لوگوں نے کم پیداواری لاگت کا مال ہونے کی وجہ سے بہتر منافع کمایا ہے۔علاقائی منڈی کی قیمتیں بین الاقوامی منڈی کی نسبت زیادہ بہتر ہو رہی ہیں۔ڈالر کے مقابلے میں روپے کی قیمت میں کمی نے برآمدات کے اضافے کیلئے مثبت کردار ادا کیا لیکن اس کے ساتھ ہی پیداواری لاگت کے اضافے کی وجہ سے ہماری مجموعی برآمدات نہیں بڑھ سکی۔ ہماری فروختگی رقم اور پیداواری لاگت میں مالترتیب 27.69 فیصد اور 27.74 فیصد اضافہ ہوا جسکی وجہ سا ئے شرح منافع میں 0.04 فیصد کمی آئی۔ترسیل وتقسیم کے خرچہ براہِ راست برآمدات میں کمی کی وجہ سے 15.70 فیصد کم ہوئے۔ ہمارے انتظامی امور کے خرچے 9.38 فیصد زیادہ ہوئے۔جبکہ مالیاتی خرچ بھی 30 جون 2017 کو ختم ہونے والے پچھلے سال کے مقابلے میں 12.51 فیصد بڑھے ہیں۔ان تمام عناصر کے علاوہ ہماری توجہ اور بر وقت عمل درآمد کرانے کی وجہ سے پچھلے سال کے مقابلے میں ہماری کارکردگی بہتر رہی ہے۔جس کے نتیجے میں ہمارا بعداز ٹیکس نقصان جو کہ 3.45 ملین تھا وہ اس سال 10.12 ملین کے نفع میں تبدیل ہو گیا ہے۔اور یہ حصص داران کی دولت بڑھانے کا اختتام نہیں ہے ہم اس مشکل ماحول کے باوجود ابھی بھی اپنی توجہ اس کام پر مرکوز کئے ہوئے ہیں کہ ہم پیداواری لاگت کو قابو کرنے والی نئی مشینوں کی تنصیب کے عمل کو جاری رکھیں جیسا کی ہم ویونگ سیکشن میں نئی لومز اور سپننگ سیکشن مین بھی نئی جدید مشینوں کی تنصیب کر رہے ہیں۔گزشتہ چھ سالوں کے اہم کاروباری امور اور دوسرے معاملات کا جائزہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ کی ساخت

ادارے کا ڈائریکٹرز کے بورڈ میں ایک آزاد ڈائریکٹر، پانچ نان ایگزیکٹو ڈائریکٹرز (جن میں ادارے کا چیئرمین بھی شامل ہے) اور دو ایگزیکٹو ڈائریکٹر شامل ہیں۔ ڈائریکٹرز کے بورڈ میں ایک خاتون اور سات مرد ڈائریکٹرز شامل ہیں۔

بورڈ کی کمیٹیاں

1۔ آڈٹ کمیٹی:

یہ کمیٹی تین افراد پر مشتمل ہے جس میں ایک چیئرمین بھی شامل ہے۔ اس کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے جس کا نام محترم نذیر احمد خان ہے جبکہ باقی دو نان ایگزیکٹو ڈائریکٹرز ہیں جن میں محترم محمد جہانزیب اور محترم محمد اورنگزیب شامل ہیں۔ اس سال محترمہ سلمیٰ جاوید کی جگہ محترم نذیر احمد خان کی تقرری عمل میں لائی گئی ہے۔ اور انکو آڈٹ کمیٹی کا چیئرمین محترم محمد جہانزیب کی جگہ تعینات کیا ہے۔

2۔ ہیومین ریسورس اینڈ ریمونیریشن کمیٹی:

اس کمیٹی میں چیئرمین سمیت تین افراد شامل ہیں کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر محترم نذیر احمد خان ہے جبکہ باقی دو افراد میں محترم محمد حارث (ایگزیکٹو ڈائریکٹر) اور محترم محمد جہانزیب (نان ایگزیکٹو ڈائریکٹر) شامل ہیں۔ اس سال ہم نے محترم نذیر احمد خان کو محترمہ سلمیٰ جاوید کی جگہ تعینات کیا ہے۔ مذید محترم نذیر احمد خان، محترم محمد جہانزیب کی جگہ اس کمیٹی کے چیئرمین ہوں گے۔

ڈائریکٹر ز کا معاوضہ:

نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹر کی فیس کو ہم صرف کمپنی کے منظور شدہ قواعد کے مطابق بورڈ/ کمیٹی کی میٹنگ پر حاضر ہونے پر ادا کرتے ہیں جس کی تفصیل ہم 30 جون 2018 کو ختم ہونے والے مالی سال کے اکاؤنٹ میں نوٹ نمبر 43 میں بیان کر رہے ہیں۔

بورڈ میٹنگ اور ڈائریکٹرز کی حاضریاں۔

تمام میٹنگز جو اس سال ہوئیں	بورڈ میٹنگ	آڈٹ کمیٹی میٹنگ	ایچ آر اینڈ آر کمیٹی میٹنگ
	5	5	2
میاں محمد جاوید انور	5	-	-
میاں محمد پرویز	5	-	1
مسز سلمی جاوید	5	3	1
مسٹر محمد حارث	5	-	1
مسٹر محمد جہانزیب	5	5	2
مسٹر محمد اورنگزیب	5	5	-
مسٹر نذیر احمد خان	3	2	1
مسٹر رضا عباس جعفری (ممبر این آئی ٹی)	4	-	-

ڈائریکٹرٹریننگ پروگرام:

کمپنی کے تین ڈائریکٹرز سی سی جی 2017ء میں فراہم کردہ تعلیم اور تجربے کی حد کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں۔ ایک ڈائریکٹر نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورنینس (پی آئی سی جی) کی طرف سے منعقد شدہ ڈائریکٹر ٹریننگ پروگرام کو کامیابی سے مکمل کرنے کے بعد سرٹیفیکیشن حاصل کیا ہے۔ کمپنی سی سی جی کی ضروریات کے تحت دیگر ڈائریکٹرز کے تربیتی پروگرام کا انعقاد کرے گی۔

ادارے کے اندرونی کنٹرول کا نظام:

ادارے کا اندرونی کنٹرول کا نظام اس مقصد کیلئے بنایا ہے کہ وہ اس چیز کی یقین دہانی کروائے کہ ادارے نے قواعد وضوابط قانونی تقاضوں کو پورا کیا ہے، اپنے وسائل کا بہتریں استعمال کیا ہے اور صیح معلومات کو صیح لوگوں تک بروقت پہنچایا ہے۔ آپ کی انتظامیہ اس چیز کا بھی بہت دھیان رکھتی ہے کہ سارے قابل اطلاق قوانین کو پورا کرنے کے ساتھ ساتھ ان کو پورا کرنے کی باقاعدہ نگرانی کرے اگر کہیں بے قاعدگی نظر میں آئے تو اسے فوراً ٹھیک بھی کرے۔

سماجی ذمہ داریاں اور ماحولیاتی دیکھ بھال:

آپ کے ڈائریکٹرز سماجی ذمہ داریوں سے مکمل آشنا ہے۔ اور ماحول کو بہتر بنانے کیلئے کوشاں ہیں اس لئے متعدد صحت، تعلیمی اور دوسرے منصوبوں کی حمایت کرتے ہیں ان میں چند مندرجہ ذیل ہیں:

☆...... **ارد گرد کے لوگوں کی شمولیت کے پروگرام**

آپ کا ادارہ اس کام پر بہت توجہ رکھے ہوئے ہے کہ ارد گرد کے لوگوں کو ضروریات کا خیال رکھے اور انہیں اس کمپنی کا قیمتی اثاثہ بنائے۔ اس مقصد کیلئے کم ریٹ کا کھانا دینے، علاقائی بیماریوں کی تشخیص جاننے کیلئے، زیادہ کام اور چھٹیاں نہ کرنے کے بدلے پیسے دینے، خواتین سٹاف اور کالونی کے بچوں کو سکول لے جانے کیلئے اور آفت سے بچنے کیلئے پروگراموں پر بہت زیادہ رقم خرچ کر رہی ہے

☆...... **طبی سہولیات:**

تمام ضرورت مند ملازموں اور علاقے کے لوگوں کیلئے طبی ڈسپنسری کھولی ہوئی ہے جو کہ جدید طبی سہولیات اور ادویات سے آراستہ ہے آنکھوں کے علاج کیلئے لندن اور پاکستان کے مشترکہ ڈاکٹروں پر مشتمل ٹیم سے سال میں دو دفعہ کیمپ لگائے جاتے ہیں کارکنوں کی صحت کیلئے انشورنس کی سہولت بھی حاصل کی ہوئی ہے۔

☆...... **وظائف/ایوارڈ:**

ملازمین کو ادارے کا اہم اثاثہ سمجھتے ہوئے ادارہ ضرورت مند ملازموں کے ذہین بچوں کو وظیفے بھی دیتی ہے اور مختلف ملازموں کو اعلیٰ کارگردگی کے بنیاد پر ایوارڈ بھی دیتی ہے۔

☆...... **شجر کاری مہم:**

سرسبز پاکستان کیلئے ادارے نے اس سال دو ہزار پانچ سو سے زیادہ پودے فیکٹری کے اندر اور باہر لگائے ہیں۔

☆...... **کھیلو ں کی سر گرمیاں**:

ادارے نے بیڈمنٹن کے کھیل کے فروغ کیلئے مخصوص فنڈ رکھا ہوا ہے جس کے نتیجے میں ہر ہفتے کے اختتام پر منعقدہ تقریب میں بہت سارے کھلاڑی اور تماشائی حصہ لیتے ہیں۔

☆...... **افطاری**:

29 مئی 2018 کو علاقہ کے غریب لوگوں اور ادارے کے سٹاف اور ورکرز کیلئے افطاری کا اہتمام کیا گیا۔

مستقبل کا نقطہ نظر:

بورڈ آف ڈائریکٹرز کے قیمتی مشوروں کی بدولت ہم ابھی بھی کاروباری خطرات کا سامنا کئے ہوئے ہیں اور اس کے ساتھ ساتھ نئے مواقع کی تلاش اور بنیادی اقدار کو مزید مظبوط کئے ہوئے ہیں ہم امید کرتے ہیں سیاسی تبدیلی کی وجہ سے نئی حکومت کاروباری لاگت کو کم کرنے کی طرف توجہ دے گی تا کہ ہم بیرونی طور پر مقابلہ کرنے کیلئے کم قیمتوں پر مال فروخت کر سکیں۔ دوسری طرف آپکا ادارہ پہلے سے ہی ممکنہ سوچ کو اپناتے ہوئے لوگوں پر، تیار شدہ مال کے معیار کو بہتر کرنے پر، بہتر طور پر فروختگی پر، اپنی مصنوعات کو ایک برانڈ کے طور پر متعارف کروانے پر اور خاص طور پر کم پیداواری لاگت والی مشینوں کی تنصیبات پر خرچ کرنے کو ہمہ وقت تیار ہے

کارپوریٹ گورننس:

آپکی کمپنی کے ڈائریکٹرز کا مزید کہنا ہے کہ

☆ کمپنی کی انتظامی کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکوٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

☆ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

☆ کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابلِ اطلاق ہیں، پیروی کی گئی ہے۔

☆ انٹرنل کنٹرول کا نظام مستحکم ہے اور اس موثر انداز میں لاگو کیا گیا ہے اور اسکی نگرانی کی جاتی ہے۔

☆ کمپنی کے کاروبار رواں دواں رکھنے کی صلاحیت شکوک وشبہات سے بالاتر ہے۔

☆ لسٹنگ ریگولیشنز میں تفصیلا درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی کمی بیشی نہیں کی گئی۔

☆ ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں اور مالیاتی گوشواروں کا حصہ ہیں۔

☆ ہماری ایک آڈٹ کمیٹی ہے جو کہ ڈائریکٹر کے بورڈ میں سے ہے اور اُس کا چیئرمین ایک آزاد ڈائریکٹر ہے۔

☆ بورڈ نے مِشن اور کمپنی کی کارپوریٹ حکمتِ عملی بھی اپنائی ہوئی ہے۔

کارپوریٹ گورننس اصولوں کے مطابق رپورٹ اس کے ساتھ منسلک ہے۔

آڈیٹر:

M/S.PKF F.R.A.N.T.S چارٹرڈ اکاؤنٹنٹ دوبارہ منتخب ہونے کیلیئے خود کو پیش کرتے ہیں آڈٹ کمیٹی نے بھی ان کو دوبارہ ادارے کے آڈیٹر کے طور پر ایک سال کی مدت کیلیئے تجویز کیا ہے۔

پیٹرن آف شئیر ہولڈنگ:

30 جون 2018 کے مطابق کمپنی کے شئیر ہولڈنگ کے پیٹرن کی رپورٹ، اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈیوی ڈینڈ:

بورڈ بخوشی 30 جون 2018 کو ختم ہونے والے مالی سال کیلیئے 1.25 روپے فی حصص کے حساب سے فائنل ڈیوڈینڈ تجویز کرتا ہے۔

اظہارِ تشکر:

آپ کے ڈائریکٹران نے کمپنی کے کارکنوں اور عملے کی طرف سے کی گئی کوششوں کی تہہ دل سے تعریف کی ہے۔ آپ کے ڈائریکٹران کے تعاون اور مدد کیلیئے حصص داران اور مالیاتی اداروں خاص طور پر بینک الحبیب، نیشنل بینک، سونیری بینک، الائیڈ بینک، بینک الفلاح، یونائیٹڈ بینک اور میزان بینک کے تعاون اور رہنمائی کا شکریہ ادا کرتے ہیں۔

ڈائریکٹر　　　　　　　　　　چیف ایگزیکٹو

ملتان

تاریخ 4 اکتوبر 2018

Six Years Growth at Glance (2013-2018)

Particulars	2013	2014	2015	2016	2017	2018
OPERATIONAL PERFORMANCE:						
Weaving						
Number of Looms Installed	130	136	150	163	191	191
Number of Looms Worked	130	136	150	163	163	176
Installed Capacity after conversion into 60 picks Sq. Meter (000)	41,538	43,455	46,011	50,000	51,000	51,000
Actual Production after conversion into 60 picks Sq. Meter (000)	35,244	34,914	37,664	43,163	44,437	48,517
Spinning						
Number of Spindles Installed	20,760	22,872	24,984	24,984	24,984	28,152
Number of Spindles Worked	20,760	22,872	24,984	24,984	24,984	28,152
No. of Shifts Worked	1,095	1,095	1,095	1,098	1,095	1,095
Installed Capacity (after conversion into 20/s count) (1095 shifts) KGS (000)	7,821	8,205	8,771	8,951	8,880	10,216
Actual yarn Production (after con. 20/s count) KGS (000)	6,993	6,900	7,075	8,476	8,628	9,507
PROFIT AND LOSS:						
Net Sales Rs. (000)	4,015,813	3,977,310	3,248,868	3,455,552	4,055,873	5,179,001
Cost of Sales Rs. (000)	3,568,467	3,604,975	3,039,521	3,207,894	3,809,770	4,866,580
Gross Profit Rs. (000)	447,346	372,335	209,347	247,658	246,103	312,421
Operating ProfitRs. (000)	268,016	186,178	35,862	116,912	132,039	202,702
Profit /(loss) before Tax Rs. (000)	182,259	81,624	(70,471)	8,707	9,565	64,907
Profit /(loss) after Tax Rs. (000)	143,998	96,096	(19,975)	(18,118)	(3,449)	10,118
BALANCE SHEET:						
Share Capital and Reserves Rs. (000)						
Shareholders Equity Rs. (000)	1,795,697	1,870,181	1,850,206	1,811,322	1,807,873	1,817,992
Property Plant & Equipment Rs. (000)	2,336,860	2,494,300	2,665,839	2,580,090	2,710,351	2,762,251
Current Assets Rs. (000)	905,757	1,100,794	961,355	1,054,581	1,394,197	1,496,594
Current Liabilities Rs. (000)	899,726	1,100,711	1,061,290	1,169,086	1,505,189	1,714,741
Long Term Liabilities Rs. (000)	331,086	663,367	755,943	589,268	698,568	677,170
INVESTOR INFORMATION:						
Per Share (Rs.)						
Dividend Paid	15.00%	-	-	-	-	-
Earning/(Loss) Per Share	9.99	6.67	(1.39)	(1.26)	(0.24)	0.70
FINANCIAL RATIOS:						
Gross Profit Ratio (%)	11.14	9.36	6.44	7.17	6.07	6.03
Net Profit Ratio (%)	3.59	2.42	(0.61)	(0.52)	(0.09)	0.20
Inventory Turnover (times)	6.66	5.71	5.62	5.32	4.94	5.52
Fixed Assets Turnover (times)	1.53	1.63	1.22	1.34	1.50	1.87
Total Assets Turnover (times)	1.09	1.09	0.89	0.94	0.99	1.20
Return on Capital Employed (%)	0.10	0.07	0.01	0.05	0.05	0.02
Debt to Equity Ratio (%)	16.13	19.18	23.35	22.29	26.16	26.62
Current Ratio (%)	1.01	1.00	0.91	0.90	0.93	0.87
Interest Coverage Ratio (times)	3.13	1.78	0.34	1.08	1.08	1.47

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

For the year ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight as per the following:
   a. Male: Seven
   b. Female: One

2. The composition of board is as follows:

Independent Director	Mr. Nazeer Ahmad Khan
Other Non-executive Directors	Mr. Mian Muhammad Javed Anwar
	Mr. Muhammad Aurangzeb
	Mrs. Salma Javed
	Mr. Muhammad Jahanzeb
	Mr. Syed Raza Abbas Jaffari (Rep. N.I.T)
Executive Directors	Mr. Mian Muhammad Pervez
	Mr. Muhammad Haris

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.

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

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for Mr. Muhammad Aurangzeb (Non-Executive Director). For newly appointed independent director, the training program will be arranged within due course of time.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, the CFO and Company Secretary of the Company is the same person. The Company is in the process of appointing separate person as Company Secretary.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
    a) Audit Committee
        - Mr. Nazeer Ahmad Khan (Chairman)
        - Mr. Muhammad Jahanzeb (Member)
        - Mr. Muhammad Aurangzeb (Member)
    b) HR and Remuneration Committee
        - Mr. Nazeer Ahmad Khan (Chairman)
        - Mr. Muhammad Haris (Member)
        - Mr. Muhammad Jahanzeb (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
    a) Audit Committee: 5 meetings
    b) HR and Remuneration Committee: 2 meetings

15. The board has set up an effective internal audit function. The head of internal audit is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Mian Muhammad Javed Anwar	Mian Muhammad Parvez
Chairman	Chief Executive

October 04, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF AHMAD HASSAN TEXTILE MILLS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ahmad Hassan Textile Mills Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

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

Sr.	Paragraph reference	Description
(i)	9	For the independent director appointed on October 28, 2017, the directors training program has not been arranged till June 30, 2018.
(ii)	10	Chief Financial Officer and the Company Secretary are the same person

PKF F.R.A.N.T.S.
Chartered Accountants
Lahore
Dated: October 04, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Ahmad Hassan Textile Mills Limited
Report on the Audit of Financial Statements

OPINION

We have audited the annexed financial statements of **Ahmad Hassan Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and statement of 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, the statement of financial position, statement of profit or loss and statement of 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 June 30, 2018 and of the profit and other comprehensive profit, the changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

<table>
<tr><th>S. No.</th><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>1.</td><td>New requirements under the Companies Act, 2017
As referred to in note 3.5.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

In case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.5.1 to the accompanying financial statements.

Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 5 to the accompanying financial statements.

The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</td><td>We reviewed and understood the requirements under the Act. Our key audit procedures included, amongst others, the following:

• We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act;

• We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements; and

• In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 5 to the accompanying financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.</td></tr>
<tr><td>2.</td><td>Contingencies
Refer note 4.22, note 29 and note 30 to the accompanying financial statements, various tax, excise and customs related matters are pending adjudication at various levels with the taxation authorities and other legal forums.

The tax contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies.

Due to inherent uncertainties regarding amount and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered contingencies as a key audit matter.</td><td>Our key audit procedures in this area included, amongst others, the following:
• We reviewed the correspondence of the Company with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities;
• We obtained and reviewed confirmations from the Company's external legal advisors for their views on the status of each case and an overall opinion on the position of the Company;
• We involved internal tax experts to assess and review the management's conclusions on contingent matters; and
• Evaluated whether adequate disclosures have been made in note 29 and note 30 to the accompanying financial statements.</td></tr>
</table>

3.	**Revenue** Refer note 4.23 and note 31 to the accompanying financial statements, the Company generates revenue from sale of yarn and fabric to domestic as well as export customers. The Company recognized revenue of Rs. 5,179.001 million which was higher by 26.69% as compared to last year. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our key audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; • Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and • Inspecting credit notes issued to record sales returns subsequent to year end, if any.
4.	**Stock-in-trade** Refer note 4.8 and note 11to the accompanying financial statements, stock-in-tradeamounting Rs. 885.659 million forms a significant part of the Company's assets. We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • Obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; • Comparing calculations of the allocation of directly attributable costs with the underlying supporting documents; • Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and • Comparing the NRV, on a sample basis, to the cost of stock-in-trade to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.

5.	**Trade Debts** Refer note 4.9 and note 12to the accompanying financial statements, the Company's trade debtors were Rs. 393.907 million as at 30 June 2018 which is a significant balance. We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgment.	Our audit procedures to assess the valuation of trade debts, amongst others, included the following: • Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation; • Assessing the assumptions and estimates made by the management for the provision for doubtful debts, if any; and • Comparing, on a sample basis, receipts from customers subsequent to the financial year end relating to trade debtor balances as at June 30, 2018 with the underlying documentation.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2018,but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) 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 statement of 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 was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nouman Razaq Khan.

PKF F.R.A.N.T.S.,
Chartered Accountants
Lahore
October 04, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

ASSETS	Notes	2018 Rupees	Restated 2017 Rupees	Restated 2016 Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	6	**2,762,250,958**	2,710,350,518	2,580,089,602
Investment property	7	**43,311,500**	-	-
Intangible assets	8	**408,735**	694,753	720,000
Long term deposits	9	**12,337,177**	11,387,897	39,284,610
		2,818,308,370	2,722,433,168	2,620,094,212
CURRENT ASSETS				
Stores, spare parts and loose tools	10	**51,824,641**	40,899,561	43,324,716
Stock-in-trade	11	**869,769,472**	894,459,689	649,312,126
Trade debts	12	**393,907,106**	251,116,288	179,055,558
Loans and advances	13	**59,063,437**	46,772,913	70,278,765
Due from Government	14	**97,071,850**	151,474,018	99,368,227
Other receivables	15	**5,402,894**	4,339,994	6,984,828
Short term investments	16	**76,840**	105,225	953,299
Cash and bank balances	17	**19,477,569**	5,029,403	5,303,546
		1,496,593,809	1,394,197,091	1,054,581,065
TOTAL ASSETS		**4,314,902,179**	4,116,630,259	3,674,675,277
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital	18	**200,000,000**	200,000,000	200,000,000
Issued, subscribed and paid up share capital	18	**144,082,488**	144,082,488	144,082,488
Capital reserves:				
Share premium	19	**32,746,284**	32,746,284	32,746,284
Surplus on revaluation of property, plant and equipment	20	**773,129,285**	805,470,486	839,264,746
Revenue reserve - unappropriated profit		**868,033,570**	825,574,086	795,228,419
		1,817,991,627	1,807,873,344	1,811,321,937
Subordinated loans	21	**105,000,000**	105,000,000	105,000,000
NON-CURRENT LIABILITIES				
Long term loans and financing	22	**464,058,353**	508,658,848	390,301,180
Liabilities against assets subject to finance lease	23	**7,035,960**	752,206	-
Deferred taxation - net	24	**206,075,724**	189,156,824	198,966,471
		677,170,037	698,567,878	589,267,651
CURRENT LIABILITIES				
Trade and other payables	25	**404,611,545**	223,236,358	98,690,208
Unclaimed dividend		**3,019,542**	3,019,542	3,022,107
Short term finances under markup arrangements and other credit facilities	26	**1,054,662,438**	1,096,488,016	888,393,138
Current portion of non-current liabilities	27	**188,356,535**	131,152,553	129,356,390
Accrued finance cost	28	**32,252,064**	28,506,677	25,716,646
Provision for taxation	29	**31,838,391**	22,785,891	23,907,200
		1,714,740,515	1,505,189,037	1,169,085,689
TOTAL LIABILITIES		**2,391,910,552**	2,203,756,915	1,758,353,340
CONTINGENCIES AND COMMITMENTS	30			
TOTAL EQUITY AND LIABILITIES		**4,314,902,179**	4,116,630,259	3,674,675,277

The annexed notes from 1 to 54 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 Rupees	2017 Rupees
Sales - net	31	**5,179,001,252**	4,055,872,650
Cost of sales	32	**(4,866,580,380)**	(3,809,769,917)
Gross profit		**312,420,872**	246,102,733
Other income	33	**23,446,460**	20,721,297
(Loss) / profit on trading	34	**(272,252)**	78,876
Distribution cost	35	**(64,461,695)**	(76,470,691)
Administrative expenses	36	**(63,225,518)**	(57,804,478)
Other operating expenses	37	**(5,205,742)**	(588,244)
		(109,718,747)	(114,063,240)
Profit before finance cost		**202,702,125**	132,039,493
Finance cost	38	**(137,794,847)**	(122,474,067)
Profit before taxation		**64,907,278**	9,565,426
Taxation	39	**(54,788,995)**	(13,014,019)
Profit / (loss) after taxation for the year		**10,118,283**	(3,448,593)
Earnings / (loss) per share - basic and diluted	40	**0.70**	(0.24)

The annexed notes from 1 to 54 form an integral part of these financial statements.

Sd/- Chief Executive Officer	Sd/- Director	Sd/- Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit / (loss) after taxation for the year	**10,118,283**	(3,448,593)
Other comprehensive income for the year	-	-
Total comprehensive Income / (loss) for the year	**10,118,283**	(3,448,593)

The annexed notes from 1 to 54 form an integral part of these financial statements.

Sd/- Chief Executive Officer	Sd/- Director	Sd/- Chief Financial Officer

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

	Issued, subscribed and paid up share capital	Reserves - Capital - Share premium	Reserves - Capital - Surplus on revaluation of property, plant and equipment	Reserves - Revenue - Unappropriated profit	Total
	Rupees				
Balance as at June 30, 2016 as previously reported	144,082,488	32,746,284	-	795,228,419	972,057,191
Impact of change in accounting policy (note 5)	-	-	839,264,746	-	839,264,746
Balance as at June 30, 2016 - **restated**	144,082,488	32,746,284	839,264,746	795,228,419	1,811,321,937
Total comprehensive loss for the year	-	-		(3,448,593)	(3,448,593)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - note 20.2.	-	-	(33,794,260)	33,794,260	-
Balance as at June 30, 2017 - restated	**144,082,488**	**32,746,284**	**805,470,486**	**825,574,086**	**1,807,873,344**
Total comprehensive income for the year	**-**	**-**	**-**	**10,118,283**	**10,118,283**
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - note 20.2.	**-**	**-**	**(32,341,201)**	**32,341,201**	**-**
Balance as at June 30, 2018	**144,082,488**	**32,746,284**	**773,129,285**	**868,033,570**	**1,817,991,627**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**41**	**408,210,813**	44,398,432
Income tax paid - net		**(22,840,640)**	(24,916,961)
Finance cost paid		**(134,032,164)**	(119,673,063)
Long term deposits (given) / received back - net		**(949,280)**	27,896,713
Mark-up on security deposit with SNGPL		**1,729,676**	1,729,676
Duty Drawback of taxes on export sales received		**18,716,811**	2,315,448
Paid to Workers' Welfare Fund		**(368,153)**	-
Paid to Workers' Profit Participation Fund	**25.2**	**(520,740)**	(469,220)
		(138,264,490)	(113,117,407)
Net cash generated from / (used in) operating activities		**269,946,323**	(68,718,975)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(183,907,961)**	(260,812,366)
Proceeds from disposal of property, plant and equipment		**4,381,000**	-
Investment property		**(43,311,500)**	-
Purchase of computer software		**-**	(230,092)
Short term investments realized		**14,340**	910,530
Dividend income		**8,301**	9,204
Net cash used in investing activities		**(222,815,820)**	(260,122,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		**149,837,144**	248,479,853
Repayment of long term finances		**(139,247,338)**	(128,606,044)
Repayment of principal portion of finance lease	**23**	**(1,446,565)**	(21,772)
Short term finances - net		**(81,322,871)**	237,002,690
Unclaimed dividend paid		**-**	(2,565)
Net cash (used in) / generated from financing activities	**41.1**	**(72,179,630)**	356,852,162
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(25,049,127)**	28,010,463
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**(190,377,965)**	(218,388,428)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**41.2**	**(215,427,092)**	(190,377,965)

The annexed notes from 1 to 54 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND ACTIVITIES

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the manufacturing and sale of yarn and fabric. The Company is also engaged in cotton ginning business by taking ginning factory on lease from its associated undertaking. Registered/Head office of the Company is situated at 46-Hassan Parwana Colony, Multan.

Following are the geographical locations and addresses of business units of the Company:

Business Unit	Address
Spinning and weaving mills	M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh
Ginning factory	Chowk Naseer Abad, Tehsil Jatoi, District Muzaffargarh

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANYS FINANCIAL POSITION AND PERFORMANCE

The financial position and performance of the Company was affected by the following significant events and transactions during the year:

(i) Due to first time application of financial reporting requirements under the Companies Act, 2017 (the Act) including the fourth schedule of the Act, certain new and enhanced disclosure and presentation requirements have become applicable, which are in addition to those required by the International Accounting or Financial Reporting Standards. The relevant notes have been updated accordingly and some of the amounts reported for the previous period have been reclassified/recalculated as detailed in note 43.1, note 46.1 and note 52 to these financial statements. Moreover The Company changed its accounting policy for surplus on revaluation of property, plant and equipment as detailed in note 5 to these financial statements.

(ii) During the year, the Company has obtained new long term loans amounting to Rs. 149.837 million from various banks. Moreover, Payments of Rs. 139.247 million have been made to various banks for repayments of long term loans (refer note 22).

(iii) During the year the Company has incurred capital expenditure amounting to Rs. 183.908 million in aggregate on balancing, modernization and replacement (BMR). Major additions include imported gas generator, simplex machine, ring frames, carding machine and auto coner machine. These additions have added to the operating efficiency of the Company. The Company is committed to expand its weaving mills capacity by addition of more looms next year. The Company has financed the expansion through long term loans from various banks. As a result of continuous BMR, production increased during the year and accordingly sales increased by 27.69% as compared to last year.

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

BASIS OF PREPARATION - continued

3.2 BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention, except as otherwise stated in respective policies and notes hereunder. In these financial statements, except for the amounts reflected in statement of cash flows, all transactions have been accounted for on accrual basis.

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

3.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.4.1 Property, plant and equipment

The Company reviews the rates of depreciation, useful lives and residual values of assets for possible impairment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.4.2 Inventories

The Company reviews the net realizable value of inventories, including stock-in-trade, stores, spare parts and loose tools, to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of inventories with a corresponding effect on related cost and impairment.

3.4.3 Income taxes

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the previous decisions of appellate authorities on certain issues.

3.4.4 Provision for contingencies

The Company discloses its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

3.4.5 Provision for doubtful receivables

The Company records its trade and other receivables after deducting appropriate provisions, if any, using its prudence and experience. The estimate for such provisions are subjective in nature. Recoveries of amounts already provided for and/or the need for further provisioning cannot be determined with precision.

3.5 NEW AND REVISED LAWS, STANDARDS AND INTERPRETATIONS

3.5.1 The Companies Act, 2017

The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other requirements, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 5 of these financial statements and change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in elimination of disclosures duplicative with the IFRS disclosure requirements; and incorporation of additional amended disclosures including but not limited to the following:

- presentation of unclaimed dividend on the face of statement of financial position;
- geographical locations and addresses of business units of the Company (note 1);
- summary of significant transactions and events (note 2);
- particulars of immovable assets of the Company (note 6.1.2);
- forced sales value of revalued assets (note 6.1.6);
- details of foreign trade debts (note 12.1);
- disclosure of sales tax as separate line items as deduction from sales (note 31);
- management's assessment of sufficiency of tax provision in the financial statements (note 39.3);
- additional disclosure requirements for related parties (note 42);
- change in threshold for identification of executives (note 43); and
- additional disclosure for number of employees (note 49).

3.5.2 Standards, amendments and Interpretations adopted during the year

The Company has adopted the following amendments of International Accounting Standards which became effective for the current year:

IAS 7	Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any significant impact on the financial statements, except some additional disclosures.

3.5.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company as on the reporting date

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

Standards or interpretations		Effective date (reporting period beginning on or after
IAS 19	Employee benefits (Amendments); Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments); Amendments regarding long term interests in associates and joint ventures.	January 01, 2019
IAS 40	Investment property (Amendments); Amendments on transfers of property to or from investment property.	January 01, 2018
IFRS 2	Share-based Payment (Amendments); Clarification on the classification and measurement of share-based payment transactions	January 01, 2018

NEW AND REVISED LAWS, STANDARDS AND INTERPRETATIONS - continued

Standards or interpretations		Effective date (reporting period beginning on or after
IFRS 4	Insurance contracts (Amendments); the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9	Financial Instruments; This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 9	Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 15	Revenue from Contracts with Customers; This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16	Leases; This standard will supersede IAS 17 - 'Leases' upon its effective date.	January 01, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration; Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
IFRIC 23	Uncertainty Over Income Tax; Clarifies the accounting treatment in relation to 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'.	January 01, 2019

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 15 and 16 on its financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the International Accounting Standards Board (IASB) in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 17 - Insurance Contracts

The following interpretations issued by the IASB have been waived off by SECP:

- IFRIC 4 - Determining whether an arrangement contains lease
- IFRIC 12 - Service concession arrangements

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied 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.

4.1 Property, plant and equipment

4.1.1 Owned

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will ow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment except freehold land and capital work-in-progress (CWIP) are stated at cost or revalued amount less accumulated depreciation and any identified impairment in value. Freehold land is stated at revalued amount and CWIP is stated at cost less any recognized impairment loss. Borrowing costs pertaining to erection / construction of qualifying assets are capitalized as part of the historical cost as stated in note 4.17.

All expenditure connected to the specific assets, incurred during installation and construction period, is carried under CWIP. These are transferred to specific assets as and when assets are available for intended use.

Depreciation

Depreciation on all items of property, plant and equipment except freehold land and capital work-in-progress is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected period/pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in note 6.1.

Depreciation is charged on additions from the month in which an asset is available for use and no depreciation is charged for the month in which asset is disposed of. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Subsequent costs

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The assets so replaced, if any, other than those kept as stand-by, are retired. All other repair and maintenance cost is charged to income during the period in which it is incurred.

Gains or losses on disposals

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to unappropriated profit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

Revaluation

Revaluation of land, building and plant and machinery is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of assets is recognized, net of deferred tax, in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognized in statement of profit or loss, in which case the increase is first recognized in statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss.

The revaluation reserve is not available for distribution to the Companys shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the assets original cost, net of deferred tax, is reclassified from revaluation surplus to unappropriated profit.

During the year, due to adoption of the Companies Act, 2017, the Company changed its accouting policy regarding surplus on revaluation of assets, as detailed in note 5.

4.1.2 Leased

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

Depreciation is charged to income by applying reducing balance method to write-off the depreciable amounts of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year's income.

4.2 Investment property

Investment property is measured at cost, including transaction costs less impairment, if any. Subsequent expenditures are made part of cost as and when incurred.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit or loss in the period of derecognition.

4.3 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price and other directly attributable expenditures relating to their implementation and customization. It includes costs incurred in acquiring scientific or technical knowledge, systems, licenses, intellectual property, market knowledge and trademarks. These costs are amortized over their estimated useful life using straight line method at rates given under note 8 starting from the month of capitalization of assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.4 Impairment of assets

The management assesses at each statement of financial position date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year except the impairment of property, plant and equipment which is adjusted against the existing revaluation surplus on the same assets, if any.

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying value based on initial cost of the asset. Reversal of impairment loss is recognized as income.

4.5 Investments

Investments - held to maturity

Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Investments - at fair value through profit or loss

Short term investments which are acquired principally for generating profit from short term price fluctuation are classified as investments at fair value through statement of profit or loss. These are initially measured at cost being the fair value of consideration given. Subsequent to initial recognition, these investments are measured at fair value with resulting gain or loss charged directly to income. The fair value of such investments is determined on the basis of prevailing market rates. In case of investments in unquoted mutual funds, fair value is determined on the basis of Net Assets Value (NAV) announced by the Fund Manager.

Investments are treated as short term when intention is to hold them for less than twelve months from the statement of financial position date.

4.6 Long term deposits

These are stated at cost or amortized cost which represents the fair value of consideration given.

4.7 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable value less allowance for obsolete and slow moving items. The cost of inventory is based on moving average cost. Cost of items in transit comprises cost accumulated up to the statement of financial position date. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale, which is generally equivalent to the estimated replacement cost. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.8 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as:

Raw material at warehouse	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Trading goods	Weighted average cost
Waste and leftovers	Net realizable value

Cost in relation to work in process and finished goods represents the annual average cost which consists of prime cost and appropriate manufacturing overheads. Cost of raw materials consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost to be incurred to make such sale.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.9 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off when identified.

4.10 Foreign currency translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupees at the exchange rates prevailing on the statement of financial position date except for those covered by forward contracts, if any. All exchange fluctuations are charged to statement of profit or loss for the period.

4.11 Loans, advances and receivables

Loans, advances and receivables are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks and short term running finances that are repayable on demand and form an integral part of the Company's cash management.

4.13 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gain / loss on sale of assets classified as held for sale is recognized in statement of profit or loss.

4.14 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4.15 Dividend and revenue reserves appropriation

Dividend and movement in revenue reserves are recognized in the financial statements in the period in which these are approved.

4.16 Subordinated loans

The loans that are subordinated to finances from banks, for which repayment terms are not identified, are treated as equity at face value in accordance with the guideline provided through TR 32 - Accounting Directors Loan issued by the Institute of Chartered Accountants of Pakistan.

4.17 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.18 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income and previous decisions taken by appellate authorities. The charge for current tax is calculated at the prevailing rates of taxation after taking into account tax credits, rebates and exemption available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

Deferred

Deferred tax is provided using the statement of financial position liability method for all temporary differences at the statement of financial position date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all major taxable temporary differences. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime are also considered in accordance with the requirement of Technical Release 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.19 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 future for the goods and services received, whether or not billed to the Company.

4.20 Provision for gratuity

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by each employee.

4.21 Provisions

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

4.22 Contingencies and commitments

Contingencies and commitments unless those are actual liabilities, are not incorporated in the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.23 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration, net of sales tax, received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from various transactions is recognized as follows:

- Local sales and processing income are recorded when goods are delivered to customers and invoices are raised.
- Export sales are recorded on shipment basis.
- Export rebate and Duty Drawbacks are accrued on the basis of actual export proceeds realized.
- Profit on deposits is accrued on time proportion basis by reference to the principal outstanding and applicable rate of return.
- Markup income is accrued on time basis by reference to the principal outstanding and at the agreed markup rate applicable.
- Dividend income is recognized when the Company's right to receive the dividend is established.
- Gains / (losses) on disposal of investments are included in income currently and are recognized on the date when transaction takes place.

4.24 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- Receivables or payables that are stated with the amount of sales tax included;
- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

4.25 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

4.26 Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.27 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

All purchases and sales of financial assets are recognized on the trade date when the Company becomes party to the contractual provision.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

4.28 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

4.29 Off-setting of financial instruments

Financial assets and liabilities are off-set and the net amounts are reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.30 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

4.31 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, stores, spares and loose tools, stock-in-trade and trade debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate liabilities.

The transactions between reporting segments are carried at arm's length basis and are net off in preparing the entity's financial information.

5. CHANGE IN ACCOUNTING POLICY

Effective May 30, 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the previous Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the Act. The said section of the repealed Ordinance specified the presentation and accounting treatment relating to the revaluation of property, plant and equipment which was not in accordance with the requirement of International Accounting Standard 16 Property, Plant and Equipment as applicable in Pakistan. Consequently, the Company changed its accounting policy for the revaluation of property, plant and equipment in accordance with the requirement of the accounting and reporting standards as applicable in Pakistan under the Act.

Previously, the Companys accounting policy for revaluation of property, plant and equipment was in accordance with the provision of Section 235 of the repealed Ordinance and the revaluation surplus on property, plant and equipment was shown as a separate item below equity. The accounting policy and presentation requirement relating to revaluation of property, plant and equipment have been changed to bring it in conformity with the requirement of IAS 16 Property, Plant and Equipment. After revising the accounting policy, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

The applicability of requirements of IAS 16 accordingly results in the change in accounting policy of revaluation of surplus in following manner:

- present surplus on revaluation of fixed assets under equity;
- offset the deficit arising from revaluation of the particular asset; and
- transfer the realized surplus directly to the retained earnings/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 the corresponding figures have been restated. The effect of retrospective application in case of the Company has resulted in reclassification of surplus on revaluation of assets to capital reserves, as follows:

Retrospective impact of change in accounting policy

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	Adjustment increase/ (decrease)	As restated	As previously reported	Adjustment increase/ (decrease)	As restated
	Rupees					
Impact on statement of financial position						
Surplus on revaluation of property, plant and equipment **(below equity)**	805,470,486	(805,470,486)	-	839,264,746	(839,264,746)	-
Surplus on revaluation of property, plant and equipment **(within equity)**	-	805,470,486	805,470,486	-	839,264,746	839,264,746
Impact on statement of changes in equity						
Capital reserves - Surplus on revaluation of property, plant and equipment	-	805,470,486	805,470,486	-	839,264,746	839,264,746

There was no change in the reported amounts of statement of profit or loss and other comprehensive income. There was no cash ow impact as a result of the retrospective application of change in accounting policy and no impact on basic and diluted earnings per share for the year ended June 30, 2017 and June 30, 2018.

6. PROPERTY, PLANT AND EQUIPMENT

	Notes	2018 Rupees	2017 Rupees
Operating property, plant and equipment	6.1	**2,761,849,207**	2,631,865,793
Capital work-in-progress	6.2	**401,751**	78,484,725
		2,762,250,958	2,710,350,518

6.1 Operating property, plant and equipment - for the year ended June 30, 2018

PARTICULARS	COST / REVALUED AMOUNTS					DEPRECIATION CHARGE				NET BOOK VALUE	RATE
	As at June 30, 2017	Additions	Transfers from capital work-in-progress	Disposals	As at June 30, 2018	Accumulated as at June 30, 2017	For the year	Accumulated on disposals	Accumulated as at June 30, 2018	As at June 30, 2018	
	Rupees					Rupees					
Owned assets:											
Land - freehold (note 6.1.2)	67,350,000	-	-	-	**67,350,000**	-	-	-	-	**67,350,000**	
Buildings on freehold land: (note 6.1.2)											
- Factory building	444,121,929	4,036,000	-	-	**448,157,929**	144,409,962	15,019,232	-	159,429,194	**288,728,735**	5%
- Residential building	105,437,171	-	-	-	**105,437,171**	32,301,871	3,656,765	-	35,958,636	**69,478,535**	5%
	549,559,100	4,036,000	-	-	**553,595,100**	176,711,833	18,675,997	-	195,387,830	**358,207,270**	
Plant and machinery including generators (note 6.1.3)	3,141,181,382	20,577,237	233,525,059	-	**3,395,283,678**	1,059,827,441	110,353,830	-	1,170,181,271	**2,225,102,407**	5%
Power grid station	100,516,512	-	-	-	**100,516,512**	49,462,221	2,552,715	-	52,014,936	**48,501,576**	5%
Gas installations	18,739,816	-	-	-	**18,739,816**	4,662,235	703,879	-	5,366,114	**13,373,702**	5%
Electric installations	64,640,947	301,300	-	-	**64,942,247**	43,036,579	2,178,443	-	45,215,022	**19,727,225**	10%
Factory equipments	4,291,614	439,479	-	-	**4,731,093**	783,197	376,478	-	1,159,675	**3,571,418**	10%
Office equipments	4,482,752	128,200	-	-	**4,610,952**	2,159,863	234,472	-	2,394,335	**2,216,617**	10%
Computer equipments	1,522,786	625,000	-	(200,940)	**1,946,846**	918,792	354,718	(104,185)	1,169,325	**777,521**	33%
Telephone installations	564,224	52,000	-	-	**616,224**	402,806	18,308	-	421,114	**195,110**	10%
Furniture and fittings	1,178,936	-	-	-	**1,178,936**	864,969	31,397	-	896,366	**282,570**	10%
Arms and ammunition	27,800	-	-	-	**27,800**	21,269	653	-	21,922	**5,878**	10%
Weighing scale	2,476,075	-	-	-	**2,476,075**	544,328	193,175	-	737,503	**1,738,572**	10%
Tube well	45,000	-	-	-	**45,000**	35,471	953	-	36,424	**8,576**	10%
Vehicles	40,201,276	1,617,400	-	(6,492,950)	**35,325,726**	26,524,205	2,690,144	(4,704,129)	24,510,220	**10,815,506**	20%
	3,996,778,220	**27,776,616**	**233,525,059**	**(6,693,890)**	**4,251,386,005**	**1,365,955,209**	**138,365,162**	**(4,808,314)**	**1,499,512,057**	**2,751,873,948**	
Leased assets:											
Vehicles	1,078,740	10,433,260	-	-	**11,512,000**	35,958	1,500,783	-	1,536,741	**9,975,259**	20%
	3,997,856,960	**38,209,876**	**233,525,059**	**(6,693,890)**	**4,262,898,005**	**1,365,991,167**	**139,865,945**	**(4,808,314)**	**1,501,048,798**	**2,761,849,207**	

PROPERTY, PLANT AND EQUIPMENT - continued

Operating property, plant and equipment

For comparative year ended June 30, 2017

PARTICULARS	COST / REVALUED AMOUNTS					DEPRECIATION CHARGE				NET BOOK VALUE	RATE
	As at June 30, 2016	Additions	Transfers from capital work-in-progress	Disposals	As at June 30, 2017	Accumulated as at June 30, 2016	For the year	Accumulated on disposals	Accumulated as at June 30, 2017	As at June 30, 2017	
	Rupees					Rupees					
Owned assets:											
Land - freehold (note 6.1.2)	67,350,000	-	-	-	67,350,000	-	-	-	-	67,350,000	
Buildings on freehold land: (note 6.1.2)											
- Factory building	443,827,929	294,000	-	-	444,121,929	128,643,385	15,766,577	-	144,409,962	299,711,967	5%
- Residential building	105,437,171	-	-	-	105,437,171	28,452,645	3,849,226	-	32,301,871	73,135,300	5%
	549,265,100	294,000	-	-	549,559,100	157,096,030	19,615,803	-	176,711,833	372,847,267	
Plant and machinery including generators (note 6.1.3)	2,960,933,828	8,434,396	171,813,158	-	3,141,181,382	958,259,327	101,568,114	-	1,059,827,441	2,081,353,941	5%
Power grid station	100,516,512	-	-	-	100,516,512	46,775,153	2,687,068	-	49,462,221	51,054,291	5%
Gas installations	18,739,816	-	-	-	18,739,816	3,921,310	740,925	-	4,662,235	14,077,581	5%
Electric installations	64,200,870	440,077	-	-	64,640,947	40,645,463	2,391,116	-	43,036,579	21,604,368	10%
Factory equipments	3,086,114	1,205,500	-	-	4,291,614	425,317	357,880	-	783,197	3,508,417	10%
Office equipments	4,361,752	121,000	-	-	4,482,752	1,911,051	248,812	-	2,159,863	2,322,889	10%
Computer equipments	1,321,973	200,813	-	-	1,522,786	644,977	273,815	-	918,792	603,994	33%
Telephone installations	564,224	-	-	-	564,224	384,871	17,935	-	402,806	161,418	10%
Furniture and fittings	1,139,536	39,400	-	-	1,178,936	832,637	32,332	-	864,969	313,967	10%
Arms and ammunition	27,800	-	-	-	27,800	20,543	726	-	21,269	6,531	10%
Weighing scale	2,476,075	-	-	-	2,476,075	329,689	214,639	-	544,328	1,931,747	10%
Tube well	45,000	-	-	-	45,000	34,412	1,059	-	35,471	9,529	10%
Vehicles	40,201,276	-	-	-	40,201,276	23,104,937	3,419,268	-	26,524,205	13,677,071	20%
	3,814,229,876	10,735,186	171,813,158	-	3,996,778,220	1,234,385,717	131,569,492	-	1,365,955,209	2,630,823,011	
Leased assets:											
Vehicles	-	1,078,740	-	-	1,078,740	-	35,958	-	35,958	1,042,782	20%
	3,814,229,876	11,813,926	171,813,158	-	3,997,856,960	1,234,385,717	131,605,450	-	1,365,991,167	2,631,865,793	

6.1.1 Depreciation for the year has been allocated as follows:

	Notes	2018 Rupees	2017 Rupees
Cost of sales	32	**131,378,704**	123,727,378
Administrative expenses	36	**8,487,241**	7,878,072
		139,865,945	131,605,450

PROPERTY, PLANT AND EQUIPMENT - continued

6.1.2 The land is located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh, measuring 134.70 Kanals (16.84 Acres) with building having covered area of 269,412 square feets.

6.1.3 Costs of plant and machinery include borrowing costs capitalized during the year amounting to Rs. 2.805 million (2017: Rs. 1.783 million). Interest rate used to determine borrowing cost eligible for capitalization was 7.65% to 8.98%(2017: 5.00% to 7.66%) per annum.

6.1.4 Revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 26, 2016 by an independent valuer (M/s Iqbal A. Nanjee & Co. (Pvt.) Ltd., Karachi). Revaluation surplus on land and building amounting to Rs. 51.914 million had been credited to surplus on revaluation of property, plant and equipment, net of related deferred tax. Impairment of Rs. 77.133 million on plant and machinery had been recognized against existing surplus on revaluation of plant and machinery. Before June 26, 2016, the revaluations were carried out as detailed below:

Particulars of assets revalued	Date of Revaluation
Freehold land	Dec 31, 2007
Buildings on freehold land and plant and machinery	Jun 30, 2008
Freehold land, buildings on freehold land and plant and machinery	Jun 22, 2010
Freehold land, buildings on freehold land and plant and machinery	Jun 22, 2013

6.1.5 Basis used for valuation of assets were as follows:

Particulars of assets revalued	Basis of valuation
Freehold land	Inquiries from estate agents and brokers for similar plots in the vicinity.
Buildings on freehold land	Present cost of similar construction and structure (including amenities) after applying appropriate depreciation.
Plant and machinery including generators	Evaluated present values of similar machinery based on make, model, specification and condition.

The fair values of all assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.1.6 The Forced Sales Value of the revalued assets as on the date of latest revaluation i.e. June 26, 2016 were as follows:

Particulars	Forced Sales Values as per valuation dated June 26, 2016
	Rupees
Land	**53,880,000**
Building	**315,047,955**
Plant and machinery including generators	**1,609,663,810**

6.1.7 Had there been no revaluations, the related net book values of freehold land, buildings on freehold land and plant and machinery including generators would have been as follows:

	2018	2017
	Rupees	Rupees
Freehold land	**2,577,758**	2,577,758
Buildings on freehold land	**118,980,026**	121,029,116
Plant and machinery including generators	**1,785,699,977**	1,618,990,435
	1,907,257,761	1,742,597,309

6.1.8 Property, plant and equipment have restrictions on title as these are subject to charges to secure bank borrowings as mentioned in note 22 and note 26.5.

PROPERTY, PLANT AND EQUIPMENT - continued

6.1.9 The following assets were disposed of during the year:

Description of assets disposed of	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	Rupees						
Suzuki Ravi Pick Up - MNS 1815	611,100	427,319	183,781	375,000	191,219	Negotiation	Mushtaq Ahmad s/o Omer Daraz
Toyota Corolla XLI - MN 3129	1,456,000	1,123,619	332,381	1,050,000	717,619	Negotiation	Umer Farooq (employee of the Company)
Suzuki Mehran - MNA 6090	432,000	316,394	115,606	335,000	219,394	Negotiation	Shakir Abbas s/o M. Rafiq
Honda Civic VTI - MN - 89	2,537,850	1,713,178	824,672	1,750,000	925,328	Negotiation	Shahzaib Khan s/o Tahir Ahmad Khan
Toyota Corolla XLI - MN 3138	1,456,000	1,123,619	332,381	850,000	517,619	Negotiation	M. Shafiq Basra
Dry Batteries	200,940	104,185	96,755	21,000	(75,755)	Exchange	Replaced with new batteries
2018	**6,693,890**	**4,808,314**	**1,885,576**	**4,381,000**	**2,495,424**		
2017	-	-	-	-	-		

6.2 ***Capital work-in-progress for the year ended June 30, 2018:***

	As at June 30, 2017	Additions	Transfers to operating property, plant and equipment	As at June 30, 2018
	Rupees			
Plant and machinery including generators	78,484,725	155,442,085	(233,525,059)	401,751

Capital work-in-progress for the comparative year ended June 30, 2017:

	As at June 30, 2016	Additions	Transfers to operating property, plant and equipment	As at June 30, 2017
	Rupees			
Plant and machinery including generators	245,443	250,052,440	(171,813,158)	78,484,725

	Notes	2018 Rupees	2017 Rupees
7. INVESTMENT PROPERTY			
Land - at cost			
Opening balance		-	-
Acquisition	7.1	43,311,500	-
Closing balance		43,311,500	-

7.1 This commercial land measuring 4 Marlas has been acquired at Defence Housing Authority (DHA), Lahore. Future use of this land is currently undetermined. The land is measured at cost model and no expenditures were incurred on it subsequent to its purchase. Moreover, there are no transfers to/from owned assets.

There are no restrictions as to title of this land. However, as per acquisition terms, the Company has obligation to construct it within three years of purchase, failing which a non-construction penalty will be payable as per DHA policy till commencement of construction.

	Notes	2018 Rupees	2017 Rupees
8. INTANGIBLE ASSETS			
Computer Software			
Cost:			
Opening Balance		1,430,092	1,200,000
Purchased during the year		-	230,092
Closing balance		1,430,092	1,430,092
Accumulated amortization:			
Opening Balance		(735,339)	(480,000)
Amortization charge for the year	36	(286,018)	(255,339)
Closing balance		(1,021,357)	(735,339)
Book value as on June 30		408,735	694,753
Rate of amortization		20%	20%

	Notes	2018 Rupees	2017 Rupees
9. LONG TERM DEPOSITS			
Security deposits against:			
Utilities	9.1	4,622,377	4,630,097
Assets subject to finance lease		1,079,800	481,800
Others		435,000	76,000
		6,137,177	5,187,897
Margin deposit against bank guarantee	9.2	6,200,000	6,200,000
		12,337,177	11,387,897

9.1 These include security deposits of Rs. 4.590 million (2017: Rs. 4.575 million) deposited with Multan Electric Power Company (MEPCO) against Electric Connections at mills.

9.2 This has been kept as cash margin against a bank guarantee issued in favor of Sui Northern Gas Pipelines Limited (SNGPL) by a banker of the Company.

	Notes	2018 Rupees	2017 Rupees
10. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		29,703,675	23,165,250
Spare parts		21,547,795	17,353,283
Loose tools		703,874	482,208
Less: allowance for obsolescence and slow moving items	10.1	(130,703)	(101,180)
		51,824,641	40,899,561
10.1 Allowance for obsolescence and slow moving items			
Opening balance		101,180	78,011
Add: Provision made during the year	32	29,523	101,180
Less: written off		-	(78,011)
Closing balance		130,703	101,180

	Notes	2018 Rupees	2017 Rupees
11. STOCK-IN-TRADE			
Raw material		**413,093,382**	549,833,172
Work-in-process		**52,969,655**	56,457,359
Finished goods		**403,706,435**	288,169,158
		869,769,472	894,459,689

Stock-in-trade has been measured at lower of cost and net realizable value. Adjustments amounting to Rs. 2.849 million (2017: Rs. 2.416 million) have been made to closing inventory to write down stocks to their net realizable value.

	Notes	2018 Rupees	2017 Rupees
12. TRADE DEBTS			
Considered good			
Foreign - secured against letters of credits (LCs)	**12.1**	**28,930,213**	70,331,494
Local - unsecured		**364,976,893**	180,784,794
	12.2	**393,907,106**	251,116,288

12.1 The detail of outstanding foreign trade debts is as follows:

Year	Jurisdiction	Mode of sale	Export sales (Rupees)	Outstanding balance (Rupees)
2018	**Europe**	**Confirmed LCs**	**179,455,945**	**28,930,213**
2017	America	Confirmed LCs	33,208,110	6,650,748
	Asia	Confirmed LCs	46,906,175	12,167,584
	Europe	Confirmed LCs	154,975,431	51,513,162
	Total		235,089,716	70,331,494

12.2 Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition, where appropriate. All trade debts are non-interest bearing. Ageing of trade debts is as follows:

Year	Neither past due nor impaired (less than 90 days)	Past due but not impaired		
		90-180 days	180-365 days	1 to 2 Years
	Rupees			
2018	**389,117,267**	**912,325**	**28,281**	**3,849,233**
2017	246,516,180	4,680	23,687	4,571,741

	Notes	2018 Rupees	2017 Rupees
13. LOANS AND ADVANCES - considered good			
Advance payments:			
To employees			
Executives / key management personnel	**13.1**	**1,015,000**	320,395
Others		**214,968**	330,091
		1,229,968	650,486
To suppliers		**5,388,349**	23,294,064
Income tax		**52,428,392**	21,916,963
Letters of credits		**16,728**	911,400
		59,063,437	46,772,913

13.1 The maximum aggregate amount due from executives/key management personnel at any month end during the year was Rs. 1.095 million (2017: Rs. 0.391 million). These advances are not impaired and aged less than one year.

	Notes	2018 Rupees	2017 Rupees
14. DUE FROM GOVERNMENT			
Sales tax		**26,131,849**	44,541,881
Income tax		**52,636,072**	89,124,456
Duty Drawback of taxes on export sales		**18,303,929**	17,807,681
		97,071,850	**151,474,018**
15. OTHER RECEIVABLES			
Provisional payments of taxes	**15.1**	**1,374,279**	-
Others	**15.2**	**4,028,615**	4,339,994
		5,402,894	4,339,994

15.1 These comprise of Rs. 0.374 million provisional payment to FBR being 10% of the impugned demand for tax year 2012 and Rs. 1.000 million paid to Collector of Customs for approvals under the Duty and Tax Remission on Exports (DTRE) scheme as detailed in note 29.2 and note 30.1.3 respectively.

15.2 These include a demand draft of Rs. 3.576 million (2017: Rs. 3.576 million) paid to Excise and Taxation Department as mentioned in note 30.1.1.

16. SHORT TERM INVESTMENTS

At fair value through profit or loss - held for trading

The Company holds investments in following listed companies. The face value of all shares is Rs. 10 per share.

2018 No. of shares	2017 No. of shares	Name of investee Company	2018 Rupees	2017 Rupees
-	86	Habib Bank Limited	-	23,145
4,000	4,000	Lalpir Power Limited	**76,840**	82,080
4,000	**4,086**		**76,840**	105,225

16.1 Listed shares have been valued at the market price prevailing on Pakistan Stock Exchange Limited as at the reporting date.

During the year, unrealized loss of Rs. 0.005 million on remeasurement of these investments was recorded in other operating expenses (2017: Unrealized gain of Rs. 0.001 million was recorded in other income).

	2018 Rupees	2017 Rupees
17. CASH AND BANK BALANCES		
Cash in hand	**1,312,713**	1,490,118
Cash at banks - in current accounts	**18,164,856**	3,539,285
	19,477,569	5,029,403
18. SHARE CAPITAL		
Authorized share capital:		
20,000,000 (2017: 20,000,000) ordinary shares of Rs. 10 each.	**200,000,000**	200,000,000
Issued, subscribed and paid up share capital:		
14,408,248.8 (2017: 14,408,248.8) ordinary shares of Rs. 10 each issued for cash.	**144,082,488**	144,082,488

18.1 There is no movement in share capital during the reporting years.

18.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally.

	2018 Rupees	2017 Rupees
19. SHARE PREMIUM		
This includes share premium received during the previous years as detailed below:		
Rs. 4 per share on 2,989,920 ordinary shares of Rs. 10 each issued during the year 2001	**11,959,680**	11,959,680
Rs. 10 per share on 1,138,992 ordinary shares of Rs. 10 each issued during the year 2004	**11,389,920**	11,389,920
Rs. 5 per share on 1,879,336.8 ordinary shares of Rs. 10 each issued during the year 2007	**9,396,684**	9,396,684
	32,746,284	32,746,284

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

20.1. As detailed in note 6.1.4, revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 26, 2016. The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company. During the year, the Company changed its accounting policy regarding revaluation surplus as detailed in note 5.

20.2. The breakup of revaluation surplus at the reporting date is as follows:

	2018 Rupees	2017 Rupees
Opening balance	**805,470,486**	839,264,746
Less: Transferred to unappropriated profit on account of:		
Incremental depreciation	**(36,997,736)**	(38,687,449)
Relevant deferred tax	**4,656,535**	4,893,189
	(32,341,201)	(33,794,260)
Closing balance	**773,129,285**	805,470,486

21. SUBORDINATED LOANS

Unsecured- from related parties	2018 Rupees	2017 Rupees
Mr. Muhammad Javed Anwar	**27,500,000**	27,500,000
Mr. Muhammad Parvez	**27,500,000**	27,500,000
Mr. Muhammad Haris	**35,000,000**	35,000,000
Mrs. Waheeda Parvez	**15,000,000**	15,000,000
	105,000,000	105,000,000

21.1 These interest free loans were obtained during the years ended June 30, 2008 and 2009. These loans are subordinated to long term finances from Habib Bank Limited, Allied Bank Limited, Soneri Bank Limited, United Bank Limited and Bank Alfalah Limited. These are repayable at the discretion of the Company after the repayments of related long term and short term finances and clearance from the banks. Hence, repayment terms are not identified. These are not measured at amortized cost as per IAS 39. Rather, these are treated as equity at face value in accordance with the guideline provided through TR 32 - ”Accounting Directors Loan” issued by the Institute of Chartered Accountants of Pakistan.

22. LONG TERM LOANS AND FINANCING

From banking companies - secured

Name of the Bank / Type of Facility	2018 Rupees	2017 Rupees	Collaterals / Securities	Total no. of installments	Remaining no. of installments	Frequency of payment	Repayment commencing from	Rate of markup
Habib Bank Limited (HBL)								
Demand Finance	21,142,858	32,588,554	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	48	24	Monthly	27-Jul-16	Average of 6 Months KIBOR + 1.5%
	21,142,858	32,588,554						
Allied Bank Limited (ABL)								
LTFF I - Part 1	34,412,194	43,015,244	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	12	8	Semi Annual	23-Dec-16	SBP Rate + 3%
LTFF I - Part 2 (A)	26,741,800	32,684,421		12	9	Semi Annual	7-Mar-17	
LTFF I - Part 2 (B)	1,261,093	1,576,368		12	8	Semi Annual	2-Dec-16	
LTFF 2	148,038,926	138,368,000		12	12	Semi Annual	24-Oct-18	SBP Rate + 1.5%
	210,454,013	215,644,033						
United Bank Limited (UBL)								
Demand Finance (NIDF)	33,683,198	44,944,799	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	12	6	Semi Annual	24-Dec-15	6 Months KIBOR + 1.5%
LTFF	22,843,520	29,370,240		10	7	Semi Annual	15-Jan-17	SBP Rate + 3%
	56,526,718	74,315,039						
Bank Alfalah Limited (BAFL)								
LTFF	16,970,494	28,284,158	- 1st exclusive charge over specific machinery and joint pari passu charge on present and future fixed Assets of the Company. - Personal Guarantees of working directors of the Company. - Subordination of directors' loan.	20	6	Quarterly	5-Mar-15	SBP Rate + 2.5%
Term Finance (TF1)	23,993,827	39,989,710		20	6	Quarterly	5-Mar-15	6 Months KIBOR + 1.5%
Term Finance (TF2)	28,966,080	39,499,200		20	11	Quarterly	5-Jun-16	6 Months KIBOR + 1.5%
	69,930,401	107,773,068						

LONG TERM LOANS AND FINANCING - continued

Name of the Bank / Type of Facility	2018 Rupees	2017 Rupees	Collaterals / Securities	Total no. of installments	Remaining no. of installments	Frequency of payment	Repayment commencing from	Rate of markup
Bank Al Habib Limited (BAHL)								
Term Finance - III	23,360,462	42,048,832	- First exclusive charge over specific machineries and allied parts and joint pari passu charge on present and future fixed assets of the Company. - Personal Guarantees of sponsoring directors of the Company.	20	5	Quarterly	16-Nov-14	Average of 6 Months KIBOR + 1.5%
Term Finance - IV	-	1,300,000		20	-	Quarterly	19-Jul-13	
Term Finance - V	17,750,000	35,500,000		20	4	Quarterly	21-Aug-14	
Term Finance - VI	12,150,000	20,250,000		20	6	Quarterly	17-Mar-15	
Term Finance - VII	2,557,000	-		24	24	Quarterly	17-Feb-19	
Term Finance - VIII	27,443,000	-		24	24	Quarterly	28-Dec-18	
	83,260,462	99,098,832						
National Bank of Pakistan (NBP)								
Demand Finance (note 22.2)	18,485,831	86,100,355	- Joint Pari Passu charge on fixed assets of the Company. - Personal Guarantees of sponsoring directors of the Company.	24	21	Quarterly	09-Nov-17	Average of 6 Months KIBOR + 1.5%
LTFF (note 22.2)	60,320,902	-		24	23	Quarterly	7-May-18	SBP Rate + 1.50%
	78,806,733	86,100,355						
Soneri Bank Limited								
LTFF (note 22.3)	130,000,000	24,011,498	- Joint pari passu charge over present and future fixed assets of the Company. - Personal Guarantees of sponsoring directors of the Company. - Subordination of directors' loan	14	14	Semi Annual	15-Jul-18	SBP Rate + 3.00%
	130,000,000	24,011,498						
TOTAL FINANCES	**650,121,185**	**639,531,379**						
Less: Current portion classified under current liabilities (note 27)	**(186,062,832)**	(130,872,531)						
LONG TERM FINANCES	**464,058,353**	508,658,848						

22.1 Effective rate of mark up ranged from 3.50% to 8.53% (2017: 5.50% to 10.40%) per annum.

22.2 The Company has converted a portion of DF facility into LTFF under SBP scheme. After conversion, markup rates have been revised and applied accordingly.

22.3 This has been converted to LTFF under SBP scheme from originally disbursed Term Finance. After conversion, mark-up rate has been revised and applied accordingly.

23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Notes	2018 Rupees	2017 Rupees
From banking company - secured			
Opening balance		**1,032,228**	-
Availed during the year		**9,744,000**	1,054,000
Less: Payments made during the year		**(1,446,565)**	(21,772)
		9,329,663	1,032,228
Less: Current portion	27	**(2,293,703)**	(280,022)
Installment due within next twelve months		**7,035,960**	752,206

23.1 The Company acquired vehicles under finance lease arrangements from banking companies. These liabilities, during the year, were subject to finance cost charged at the rate ranging from 8.20% to 12.74% (2017: 12.74%) per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. The lease finance facilities are secured against postdated cheques given by the Company.

23.2 Reconciliation of minimum lease payments and their present value is as follows:

	2018		2017	
	Minimum Lease Payments	**Present Value of Minimum Lease Payments**	Minimum Lease Payments	Present Value of Minimum Lease Payments
	---------- ***Rupees*** ----------			
Within one year	**3,069,000**	**2,293,703**	382,116	280,022
After one year but not later than five years	**7,819,243**	**7,035,960**	837,790	752,206
	10,888,243	**9,329,663**	1,219,906	1,032,228
Less: Finance cost allocated to future periods	**(1,558,580)**	**-**	(187,678)	-
Present value of minimum lease payments	**9,329,663**	**9,329,663**	1,032,228	1,032,228
Less: Current portion	**(2,293,703)**	**(2,293,703)**	(280,022)	(280,022)
	7,035,960	**7,035,960**	752,206	752,206

24. DEFERRED TAXATION - net

	Notes	2018 Rupees	2017 Rupees
The net deferred taxation liability comprises of tax on temporary differences arising due to:			
Credit balance arising in respect of:			
- Accelerated tax depreciation allowances and surplus on revaluation of property, plant and equipment		**243,820,764**	236,604,476
Debit balance arising in respect of:			
- Unused tax losses		**(17,598,191)**	(17,551,998)
- Minimum tax paid in excess of normal tax	24.2	**(20,130,399)**	(29,882,857)
- Provisions		**(16,450)**	(12,797)
		206,075,724	189,156,824

24.1 The rate of corporate tax has been reduced by 1%. The change in deferred tax liability due to change in future tax rates amounts to Rs. 7.800 million (June 30, 2017: Rs. 6.418 million).

24.2 Excess minimum tax paid for tax year 2014 amounting to Rs. 9.099 million has not been taken into account as it will be adjustable up to tax year 2019 and the Company does not expect sufficent future taxable profits to adjust this amount.

		Notes	2018 Rupees	2017 Rupees
25.	***TRADE AND OTHER PAYABLES***			
	Creditors		**216,145,994**	106,763,202
	Accrued liabilities	**25.1**	**176,096,480**	108,326,919
	Advances from customers - unsecured		**5,226,547**	5,193,308
	Taxes deducted at source		**3,426,400**	1,822,460
	Workers' Profit Participation Fund	**25.2**	**3,435,549**	503,444
	Workers' Welfare Fund		**280,575**	280,575
	Other payables		**-**	346,450
			404,611,545	223,236,358

25.1 These include Rs. 0.475 million (2017: Rs. 0.475 million) being salary payable to chief executive and director, Rs. 0.828 million (2017: Rs. 0.711 million) being salary payable to key management personnel and Rs. 0.250 million (2017 Rs. 0.250 million) payable to a director in respect of head office rent.

		Notes	2018 Rupees	2017 Rupees
25.2	***Workers' Profit Participation Fund***			
	Balance at the beginning of the year		**503,444**	458,247
	Add: Allocation for the year	**37**	**3,435,549**	503,444
	Interest on Workers' Profit Participation Fund	**38**	**17,296**	10,973
			3,956,289	972,664
	Less: Payment made during the year		**(520,740)**	(469,220)
			3,435,549	503,444

		Notes	2018 Rupees	2017 Rupees
26.	***SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES***			
	From banking companies - Secured			
	Short term running finances	**26.1 & 41.2**	**234,904,661**	195,407,368
	Short term finances (other than running finances)	**26.1**	**763,157,777**	749,064,284
	Export finances	**26.2 & 26.3**	**56,600,000**	152,016,364
		26.4 & 26.5	**1,054,662,438**	*1,096,488,016*

26.1 Short term finance facilities available from commercial banks under markup arrangements aggregate to Rs. 1,658.830 million (2017: Rs. 1,800.700 million) of which facilities aggregating Rs. 660.767 million (2017: Rs. 856.230 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 6.90% to 8.53% (2017: 6.79% to 8.50%) per annum. These facilities are expiring, if not renewed, on various dates by March 31, 2019 except for facilities from Bank Al Habib Limited which are valid till March 31, 2021.

26.2 The Company has obtained export finance facilities (including facilities for foreign currency finances and foreign bills purchased) from commercial banks aggregating to Rs. 1,180.000 million (2017: Rs. 1,439.300 million) of which facilities aggregating Rs. 1,123.400 million (2017: Rs. 1,244.400 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 1.90% to 7.16% (2017: 1.00% to 7.26%) per annum. These facilities are expiring, if not renewed, on various dates by March 31, 2019 except for facilities from Bank Al Habib Limited which are valid till March 31, 2021.

26.3 The outstanding balances against export finances include foreign currency balances aggregated to Nil (2017: US$ 0.794 million).

26.4 Facilities available for issuance of letters of credit, inland bills purchases and bank guarantees aggregate to Rs. 925.170 million (2017: Rs. 724.000 million) of which facilities aggregating Rs. 597.098 million (2017: Rs. 605.560 million) remained unutilized at year end.

26.5 The aggregate facilities of Rs. 3,764.000 million (2017: Rs. 3,964.000 million) are secured against pledge of stocks, ranking charge and joint pari passu charge on present and future current and fixed assets of the Company, lien on import/export documents, buy back indemnities, promissory notes, counter guarantees of the company, trust receipts, subordination of directors' loan and personal guarantees of sponsoring directors of the Company along with their personal net worth statements. The carrying value of pledged goods as on June 30, 2018 as valued by the banks is Rs. 726.368 million (2017: Rs. 731.510 million).

		Notes	2018 Rupees	2017 Rupees
27.	***CURRENT PORTION OF NON-CURRENT LIABILITIES***			
	Long term loans and financing - form banking companies - secured:			
	Habib Bank Limited		**10,571,424**	11,445,697
	Allied Bank Limited		**39,129,335**	14,860,946
	Bank Alfalah Limited		**37,842,668**	37,842,668
	Bank Al Habib Limited		**48,181,826**	45,838,368
	National Bank of Pakistan		**14,011,703**	3,096,531
	Soneri Bank Limited		**18,571,422**	-
	United Bank Limited		**17,754,454**	17,788,321
		22	**186,062,832**	130,872,531
	Liabilities against assets subject to finance lease - secured	**23**	**2,293,703**	280,022
			188,356,535	131,152,553
28.	***ACCRUED FINANCE COST - secured***			
	Long term financing		**10,368,271**	10,047,199
	Short term finances		**21,883,793**	18,459,478
			32,252,064	28,506,677
29.	***PROVISION FOR TAXATION***			
	Opening Balance		**22,785,891**	23,907,200
	Add: Provision made during the year	**39**	**31,838,391**	22,785,891
	Add : Prior year adjustment		**83,574**	37,776
	Payments / adjustments against completed assessments		**(22,869,465)**	(23,944,976)
	Closing balance		**31,838,391**	22,785,891

29.1 The Deputy Commissioner Inland Revenue, Multan passed an order dated June 30, 2017 under section 121(1)(d) of the Income Tax Ordinance, 2001 raising demand of Rs. 285.655 million for tax year 2011. During the year, the Company filed an appeal with the Commissioner Inland Revenue-Appeals (CIR-Appeals), Multan contending that the impugned order was barred by time limitation and was made ex-parte on the same date as the date of receipt of show cause notice. The CIR-Appeals annulled the impugned order and decided the case in favor of the Company through its order dated October 31, 2017. However, the Commissioner Inland Revenue (Multan Zone) did not accept the Order of CIR-Appeals and filed an appeal with the Appellate Tribunal Inland Revenue Lahore in February, 2018. The appeal is pending for adjudication and the Company expects favorable outcome. Accordingly, no provision has been made in these financial statements.

29.2 During the year, the Additional Commissioner Inland Revenue passed an order for the tax year 2012 under section 122(5A) of the Income Tax Ordinance, 2001 and raised a demand of Rs. 3.743 million by disallowing the claim of tax credit under section 65B of the Income Tax Ordinance, 2001 against the minimum and final tax liabilities of the Company. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) dated May 14, 2018 and, in order to prevent the recovery of disputed amount by FBR, also paid Rs. 0.374 million being 10% of the raised demand as per section 140 of the Income Tax Ordinance, 2001. The appeal is pending for adjudication and the Company expects favorable outcome. Accordingly, no provision has been made in these financial statements.

29.3 The Company has received a notice under section 177(1) of the Income Tax Ordinance, 2001 from Commissioner Inland Revenue dated May 23, 2018 regarding selection for audit of tax year 2016, the proceedings of which are in process.

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 During the previous years, the Excise and Taxation Department Karachi imposed infrastructure cess/excise duty of Rs. 7.153 million on account of machinery imported by the Company. The Company did not accept it and filed a suit in Sindh High Court, Karachi against said levy. In 2013, on the basis of interim order passed by Sindh High Court, a bank guarantee amounting to Rs. 3.576 million had been given by the Company in favor of the Director Excise and Taxation, Karachi. The Company also paid a demand draft of Rs. 3.576 million (50% of the disputed amount) to Excise and Taxation Department. The amount of demand draft is classified as receivable in these financial statements (note 15.2).

In another similar case, the company has given a bank guarantee of Rs. 7.200 million (2017: Rs. 6.000 million) to the Director Excise and Taxation, Karachi against disputed amount of infrastructure Cess for release of imported goods. The decision of Sind High Court on Infrastructure cess is pending. The Company expects favorable decision and has not accounted for any liability in this regard.

30.1.2 The Company issued various postdated cheques of Rs. 205.637 million (2017: Rs. 345.283 million) to Collector of Customs, Multan against the amount of Sales Tax, Customs Duty and Income Tax on import of cotton yarn, chemical, packing material under Duty and Tax Remission for Exports (DTRE) Scheme. These cheques will be returned to the Company after complying with the formal requirements.

30.1.3 In 2017, the Collectorate of Customs, Multan - Audit Cell conducted the post exportation audit of records submitted regarding DTRE approval reference 85/04032014 and raised demand of Rs. 2.014 million in its report. The Company contested the case with the Collectorate of (Customs) Adjudication. The Collectorate of (Customs) Adjudication did not accept the stance of the Company and passed an order for recovery of Rs. 2.514 million including default surcharge and penalty calculated till the date of order. The Company had filed an appeal before the Appellate Tribunal (Customs) Lahore dated February 15, 2017, which is pending adjudication. During the year, the Collectorate of Customs, Multan took coercive action and blocked WEBOC portal of the Company by demanding a payment of Rs. 1.000 million. The Company paid this amount under protest subject to the condition that on decision of Appeal in favor of the Company, this amount will be refunded to the Company. This amount has been classified in 'Other Receivables' (note 15.1). The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.

30.1.4 In 2017, the Collectorate of Customs, Multan - Audit Cell conducted the post exportation audit of documents submitted regarding DTRE approval reference 14/10012015 and raised demand of Rs. 6.833 million in its report. The Company contested the case with the Collectorate of (Customs) Adjudication. During the year, the Collectorate of (Customs) Adjudication passed an Order for recovery of Rs. 5.159 million along with default surcharge, additional duties and taxes. The Company has filed an appeal before the Appellate Tribunal (Customs) Lahore dated November 01, 2017. The Company expects favorable outcome and hence has not accounted for any liability in these financial statements in this regard.

30.1.5 During the year, the Deputy Commissioner (DC) Punjab Revenue Authority issued a notice to the Company to explain the short deduction and deposit of Sales Tax on Services for the period from March 2015 to June 2016. The notice raised an impugned amount of Rs. 25.427 million. The Company explained the matter to the DC contesting that the notice was based on assumptions only. The DC did not accept the arguments of the Company. The Company, being aggrieved, applied to the Honorable Lahore High Court for stay against the impugned notice, which the honorable court allowed. The Company expects that the impugned notice shall be withdrawn and hence has not accounted for any liability in these financial statements in this regard.

30.1.6 As mentioned in note 9.2, bankers of the Company have given guarantees to SNGPL amounting to Rs. 74.346 million (2017: Rs. 74.346 million) on behalf of the Company.

30.1.7 Refer to contents of the note 29.1, note 29.2 and note 29.3.

CONTINGENCIES AND COMMITMENTS - continued

	Notes	2018 Rupees	2017 Rupees
30.2 Commitments			
30.2.1 Aggregate amount of contractual commitments for capital expenditure are as follows:			
Letters of credits		**82,539,520**	218,490,372
Other contracts		**-**	2,706,331

30.2.2 The Company's commitments other than capital expenditure; against letter of credit outstanding as at June 30, 2018 amount to Rs. 5.417 million (2017: Rs. 3.897 million).

30.2.3 Foreign bills discounted outstanding as at June 30, 2018 aggregated Rs. 181.206 million (2017: Rs. 254.266 million).

31. SALES - NET

	Notes	2018 Rupees	2017 Rupees
Local sales - gross:			
Yarn		**781,434,098**	572,275,524
Fabric		**942,947,483**	1,083,379,435
Waste		**105,339,957**	74,208,525
Cotton seed		**79,375,164**	90,111,366
Processing income		**2,214,750**	7,623,690
Less: sales tax		**1,911,311,452**	1,827,598,540
Yarn		**-**	987,922
Fabric		**46,963**	-
Cotton seed		**376,364**	369,658
		423,327	1,357,580
Local sales - net		**1,910,888,125**	1,826,240,960
Export sales:			
Yarn		**1,016,701,398**	738,901,350
Fabric		**2,251,411,729**	1,490,730,340
	31.1 & 31.2	**3,268,113,127**	2,229,631,690
		5,179,001,252	4,055,872,650

31.1. Export sales include sales of Rs. 2,320.66 million (2017: Rs. 1,063.442) made through Standardized Purchase Orders.

31.2. Gain aggregating Rs. 2.499 million (2017: Rs. 2.068 million) upon realization of foreign currency export debtors has been grouped under export sales.

32. COST OF SALES

	Notes	2018 Rupees	2017 Rupees
Raw material consumed	**32.1**	**3,832,069,918**	2,727,831,991
Salaries, wages and other benefits	**32.2**	**311,072,143**	267,733,060
Stores and spare parts consumed		**65,263,549**	55,133,161
Allowance for obsolete and slow moving items	**10.1**	**29,523**	101,180
Packing materials consumed		**46,490,660**	44,892,045
Chemicals consumed		**43,232,669**	36,671,247
Rent, rates and taxes	**32.3**	**683,742**	524,242
Processing charges		**304,612**	2,881,797
Power and fuel		**518,335,342**	518,995,160
Repair and maintenance		**17,063,133**	15,134,985
Insurance		**12,513,355**	13,675,162
Other manufacturing expenses		**192,603**	14,350
Depreciation on operating property, plant and equipment	**6.1.1**	**131,378,704**	123,727,378
		4,978,629,953	3,807,315,758
Adjustment of work-in-process:			
Opening stock		**56,457,359**	44,148,987
Closing stock	**11**	**(52,969,655)**	(56,457,359)
		3,487,704	(12,308,372)
Cost of goods manufactured - carried forward		**4,982,117,657**	3,795,007,386

	Notes	2018 Rupees	2017 Rupees
Cost of goods manufactured - brought forward		**4,982,117,657**	3,795,007,386
Adjustment of finished goods:			
Opening stock		**288,169,158**	302,931,689
Closing stock	**11**	**(403,706,435)**	(288,169,158)
		(115,537,277)	14,762,531
		4,866,580,380	3,809,769,917

32.1 ***Raw material consumed***

	Notes	2018 Rupees	2017 Rupees
Opening stock		**549,833,172**	302,231,450
Purchases including direct expenses		**3,695,330,128**	2,975,433,713
		4,245,163,300	3,277,665,163
Less: Closing stock	**11**	**(413,093,382)**	(549,833,172)
		3,832,069,918	2,727,831,991

32.2 These include Rs. 11.982 million (2017: Rs. 10.577 million) in respect of staff gratuity.

32.3 These include Rs. 0.547 million (2017: Rs. 0.524 million) in respect of lease rental of ginning factory.

33. OTHER INCOME

	Notes	2018 Rupees	2017 Rupees
Income from financial assets:			
Gain on disposal of short term investments		**-**	61,020
Un-realized gain on remeasurement of short term investments		**-**	1,436
Dividend Income		**8,301**	9,204
Duty Drawback of taxes on export sales		**19,213,059**	20,123,129
Mark-up on security deposit with SNGPL	**33.1**	**1,729,676**	-
Gain on exchange rate fluctuation - net		**-**	526,508
		20,951,036	20,721,297
Income from non-financial assets:			
Gain on disposal of property, plant and equipment	**6.1.9**	**2,495,424**	-
		23,446,460	20,721,297

33.1 This represents the arrears of mark-up pertaining to previous years credited by SNGPL in a sui gas bill.

34. (LOSS) / PROFIT ON TRADING

	Notes	2018 Rupees	2017 Rupees
Local sale of yarn and fabric (net of sales tax of Nil (2017: Nil))		**5,840,207**	10,963,176
Less: Purchase and related expenses		**(6,112,459)**	(10,884,300)
		(272,252)	78,876

35. DISTRIBUTION COST

	Notes	2018 Rupees	2017 Rupees
Salaries, wages and other benefits	**35.1**	**2,818,433**	1,937,950
Commission on:			
Local sales		**19,377,381**	15,006,257
Export sales		**16,044,861**	29,063,990
Freight, forwarding and others on export sales		**17,117,000**	18,735,096
Export development surcharge		**2,452,382**	2,751,585
Foreign bank charges and other export expenses		**6,651,638**	8,975,813
		64,461,695	76,470,691

35.1 These include Rs. 0.429 million (2017: Rs. 0.388 million) in respect of staff gratuity.

	Notes	2018 Rupees	2017 Rupees
36. ADMINISTRATIVE EXPENSES			
Directors' meeting fee	43.2	22,700	22,500
Directors' remuneration		6,000,000	6,000,000
Staff salaries and other benefits	36.1	27,682,555	23,353,020
Vehicles running and maintenance		5,931,595	4,118,097
Utilities		824,093	702,060
Travelling and conveyance		1,309,908	2,150,195
Printing and stationery		469,850	487,741
Communication		1,546,658	1,277,289
Rent, rates and taxes	36.2	3,075,000	3,075,000
Repair and maintenance		1,131,095	2,093,360
Entertainment		2,226,564	2,016,622
Fees and subscription		1,544,154	1,857,907
Advertisement		155,775	150,650
Depreciation on operating property, plant and equipment	6.1.1	8,487,241	7,878,072
Amortization of intangible assets	8	286,018	255,339
Auditors' remuneration	36.3	1,073,625	707,500
Legal and professional charges		927,080	1,104,130
Others		531,607	554,996
		63,225,518	57,804,478

36.1 These include Rs. 1.492 million (2017: Rs. 1.313 million) in respect of staff gratuity.

36.2 These include Rs. 3.000 million (2017: Rs. 3.000 million) paid to a director against rent of Head Office.

36.3 Auditors' remuneration

	2018 Rupees	2017 Rupees
Annual audit	525,000	500,000
Half yearly review	157,500	150,000
Taxation services	383,250	50,000
Certification	7,875	7,500
	1,073,625	707,500

37. OTHER OPERATING EXPENSES

	Notes	2018 Rupees	2017 Rupees
Workers' Profit Participation Fund	25.2	3,435,549	503,444
Workers' Welfare Fund	37.1	368,153	-
Unrealized loss on remeasurement short term investments		5,240	-
Loss on disposal of short term investments		8,805	-
Exchange rate fluctuation loss - net		1,337,195	-
Charity and donation	37.2	50,800	84,800
		5,205,742	588,244

37.1. This represents the amount paid during the year as a result of order passed under section 122(1) regarding audit for tax year 2013.

37.2. Donations were not made to any donee in which the Company, a director or his/her spouse had any interest at any time during the year.

38. FINANCE COST

	Notes	2018 Rupees	2017 Rupees
Mark-up on:			
Long term loans and financing		40,577,647	36,868,108
Short term finances		91,877,661	78,931,166
Liabilities against assets subject to finance lease	23.1	594,985	10,070
Interest on Workers' Profit Participation Fund	25.2	17,296	10,973
Bank charges and bank guarantee commission		4,727,258	6,653,750
		137,794,847	122,474,067

			2018	2017
39.	***TAXATION***	**Notes**	**Rupees**	Rupees
	Current taxation:			
	Minimum tax payable on local sales		**23,959,104**	18,372,041
	Final tax on exports realization		**32,681,131**	22,296,317
			56,640,235	40,668,358
	Tax credits under section 65B of Income Tax Ordinance, 2001		**(24,801,844)**	(17,882,468)
		29	**31,838,391**	22,785,890
	Prior year adjustment	**39.1**	**6,031,704**	37,776
	Deferred taxation - net	**24**	**16,918,900**	(9,809,647)
			54,788,995	13,014,019

39.1. This includes demand of Rs. 5.948 million (2017: nil) as a result of amendment of assessment for tax year 2014 and Rs. 0.059 million (2017: nil) in respect of demand for tax year 2013.

39.2. Relationship between tax expense and accounting profit before tax

The provision for current taxation represents the minimum tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

39.3 Tax assessments of previous years

The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. Income tax returns of the Company have been filed up to the Tax Year 2017 and deemed assessed. The sufficiency of tax provision for the last three years can be analyzed as follows:

Tax Year	Provision for taxation Rupees	Tax assessed Rupees	Excess / (deficit) Rupees
2017	22,785,891	22,809,721	(23,830)
2016	23,907,200	23,944,976	(37,776)
2015	2,574,749	2,514,983	59,766

			2018	2017
40.	***EARNINGS / (LOSS) PER SHARE***			
40.1	***Basic***			
	Profit / (loss) after taxation	***Rupees***	**10,118,283**	(3,448,593)
	Weighted average number of ordinary shares	***No.***	**14,408,248.8**	14,408,248.8
	Earnings / (loss) per share	***Rupees***	**0.70**	(0.24)

40.2 Diluted

There is no dilutive effect on the basic earnings / (loss) per share of the Company.

			2018	2017
41.	***CASH FLOWS FROM OPERATING ACTIVITIES***	**Notes**	**Rupees**	Rupees
	Profit before taxation		**64,907,278**	9,565,426
	Adjustments for:			
	Depreciation on property, plant and equipment	**6.1.1**	**139,865,945**	131,605,450
	Amortization of intangible assets	**8**	**286,018**	255,339
	Allowance for obsolescence and slow moving items	**10.1**	**29,523**	101,180
	Provision for Workers' Profit Participation Fund	**25.2**	**3,435,549**	503,444
	Duty Drawback of taxes on export sales	**33**	**(19,213,059)**	(20,123,129)
	Provision for Workers' Welfare Fund		**368,153**	-
	Gain on disposal of property, plant and equipment	**33**	**(2,495,424)**	-
	Dividend Income	**33**	**(8,301)**	(9,204)
	Mark-up on security deposit with SNGPL	**33**	**(1,729,676)**	-
	Loss / (gain) on disposal of investments	**33 & 37**	**8,805**	(61,020)
	Unrealized loss / (gain) on remeasurement of short term investments	**33 & 37**	**5,240**	(1,436)
	Exchange rate fluctuation Loss / (gain) - net	**33 & 37**	**1,337,195**	(526,508)
	Finance cost	**38**	**137,794,847**	122,474,067
			259,684,815	234,218,183
	Cash flows before working capital changes - carried forward		**324,592,093**	243,783,609

Cash flows from operating activities - continued

	2018 Rupees	2017 Rupees
Cash flows before working capital changes - brought forward	**324,592,093**	243,783,609
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(10,954,603)**	2,323,975
Stock-in-trade	**24,690,217**	(245,147,563)
Trade debts	**(144,128,013)**	(72,157,428)
Loans and advances (excluding advance income tax)	**18,220,905**	11,946,384
Due from Government - sales tax	**18,410,032**	(21,766,656)
Other receivables	**(1,062,900)**	915,158
Increase in current liabilities:		
Trade and other payables (excluding provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)	**178,443,082**	124,500,953
	83,618,720	(199,385,177)
CASH GENERATED FROM OPERATIONS	**408,210,813**	44,398,432

41.1 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities from finacning activties	June 30, 2017	Cash flows	Non-cash changes	June 30, 2018
	Rupees			
Long term finances - net	639,531,379	10,589,806	-	**650,121,185**
Finance leases liabilities	1,032,228	(1,446,565)	9,744,000	**9,329,663**
Short term finances excluding running finances - net	901,080,648	(81,322,871)	-	**819,757,777**
Unclaimed dividend	3,019,542	-	-	**3,019,542**
	1,544,663,797	(72,179,630)	9,744,000	**1,482,228,167**

	Notes	2018 Rupees	2017 Rupees
41.2 CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
Cash and bank balances	**17**	**19,477,569**	5,029,403
Short term running finances	**26**	**(234,904,661)**	(195,407,368)
		(215,427,092)	(190,377,965)

42. RELATED PARTY TRANSACTIONS

The related parties comprise of M/S Ahmad Cotton Industries (an associated undertaking which is commonly owned /controlled by four of the directors of the Company), Chief Executive, directors and executives/key management personnel of the Company.

42.1 Following transactions were made with the related parties of the Company, during the year:

Relationship	Nature of transaction	2018	2017
Associated Undertaking	- Sale of cotton seed	**78,998,800**	89,741,708
Associated Undertaking	- Lease rental against ginning factory	**546,903**	524,242
Director	- Payment of rental of head office	**3,000,000**	3,000,000
Executives/key management personnel	- Advances given / (received) - net	**694,605**	(20,119)
Executive/key management personnel	- Sale of vehicle	**1,050,000**	-

RELATED PARTY TRANSACTIONS - continued

42.2 Transactions with related parties are carried out on commercial term and conditions under admissible valuation methods. Maximum aggregate amount due from the associated undertaking at any month end during the year was Rs. 22.022 million (2017: Rs. 45.383 million).

42.3 No interest was charged on the associated undertaking's balances during the year as these arose due to normal business dealings. Outstanding balances with related parties at year end have been disclosed in note 13 and note 25.1. These are settled in ordinary course of business.

42.4 Remuneration and benefits to chief executive, directors, and executives/key management personnel under the term of their employment are disclosed in note 43.

43. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Remuneration of chief executive, directors and executives has been included in Staff salaries and benefits (note 32, 35 and 36. Detail is given below:

	Notes	**2018** Rupees	**2018** No. of persons	2017 Rupees	2017 No. of persons
Managerial remuneration:					
Chief executive		**3,000,000**	**1**	3,000,000	1
Director		**3,000,000**	**1**	3,000,000	1
	36	**6,000,000**		6,000,000	
Executives/key management personnel:					
Managerial remuneration		**9,937,000**	**10**	8,531,000	10
Bonus		**653,392**	**10**	740,917	10
Retirement benefits		**860,500**	**10**	558,333	10
	43.1	**11,450,892**		9,830,250	

43.1 Comparative figures have been recalculated to reflect changes in the definition of executive as per Companies Act, 2017.

43.2 Meeting fee amounting to Rs. 0.023 million (2017: Rs. 0.023 million) was paid to two (2017: two) non-executive directors. The chief executive, one director and seven (2017: five) executives are provided with the Company maintained cars. No other remuneration or benefits were paid to non-executive directors.

44. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

44.1 Financial instruments by category

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments. Category wise detail of financial instruments is as follows:

Financial assets as per statement of financial position	Notes	2018 Rupees	2017 Rupees
Loan and receivables:			
Long-term deposits	9	**12,337,177**	11,387,897
Trade debts	12	**393,907,106**	251,116,288
Advances	13	**1,229,968**	650,486
Other receivables	15	**5,402,894**	4,339,994
Short term investments	16	**76,840**	105,225
Cash and bank balances	17	**19,477,569**	5,029,403
		432,431,554	272,629,293
Financial liabilities as per statement of financial position			
Long term financing	22	**650,121,185**	639,531,379
Liabilities against assets subject to finance lease	23	**9,329,663**	1,032,228
Subordinated loans	21	**105,000,000**	105,000,000
Trade and other payables		**399,384,998**	218,043,050
Unclaimed dividend		**3,019,542**	3,019,542
Accrued finance cost	28	**32,252,064**	28,506,677
Short term finances	26	**1,054,662,438**	1,096,488,016
		2,253,769,890	2,091,620,892

Financial Risk Management

The Companys activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk and price risk) and liquidity risk. The Companys senior management oversees the management of these risks. The Board of Directors reviews and approves the related policies periodically.

44.2 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade debts, loans and advances as well as other receivables) and from its financing activities, including balances with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. Out of the total financial assets of Rs. 432.432 million (2017: Rs. 272.629 million) the financial assets which are subject to credit risk amounted to Rs. 431.119 million (2017: Rs. 271.139 million). The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

Credit risk and concentration of credit risk - continued

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

	2018	2017
	Rupees	Rupees
Financial assets		
Long term deposits	**12,337,177**	11,387,897
Trade debts	**393,907,106**	251,116,288
Loans and advances	**1,229,968**	650,486
Other receivables	**5,402,894**	4,339,994
Short term investments	**76,840**	105,225
Bank balances	**18,164,856**	3,539,285
	431,118,841	271,139,175

The bank balances and investments along with credit ratings of counterparties are tabulated below:

Credit rating	**Bank Balances**	**Short term Investments**
June 30, 2018:	**Rupees**	
A-1+	**16,968**	**-**
A1+	**18,147,888**	**76,840**
	18,164,856	**76,840**
June 30, 2017:		
A-1+	1,026,773	23,145
A1+	2,510,764	82,080
A1	1,748	-
	3,539,285	105,225

Due to Company's long standing relationship with these counter parties 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.

44.2 .1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Companys established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customers. Outstanding customer receivables are regularly monitored.

At June 30, 2018, the Company has 13 customers that owed more than Rs. 7.722 million each (2017: 11 customers that owed more than Rs. 5.723 million each) and work out to approximately 86% (2017: 86%) of all trade debts. The maximum exposure to credit risk at the reporting date is the carrying values of receivables mentioned in note 12 and advances to employees as mentioned in note 13.

The Company does not hold collateral as security against local debtors. However, foreign debtors are secured against letters of credit. The ageing analysis of trade debts is given in note 12.2.

44.3 Liquidity risk management

Liquidity risk reflects the Companys inability in raising funds to meet commitments. Management closely monitors the Companys liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 26, is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Liquidity risk management - continued

Financial Liabilities in accordance with their contractual maturities are presented as follows:

	Interest/markup bearing			Non-Interest/markup bearing			
	Maturity within 1 year	Maturity after 1 year	Sub-total	Maturity within 1 year	Maturity after 1 year	Sub-total	Total
June 30, 2018	Rupees						
Financial liabilities							
Long term financing	**186,062,832**	**464,058,353**	**650,121,185**	**-**	**-**	**-**	**650,121,185**
Liabilities against assets subject to finance lease	**2,293,703**	**7,035,960**	**9,329,663**	**-**	**-**	**-**	**9,329,663**
Trade and other payables	**-**	**-**	**-**	**399,384,998**	**-**	**399,384,998**	**399,384,998**
unclaimed dividend	**-**	**-**	**-**	**3,019,542**	**-**	**3,019,542**	**3,019,542**
Accrued finance cost	**-**	**-**	**-**	**32,252,064**	**-**	**32,252,064**	**32,252,064**
Short term finances	**1,054,662,438**	**-**	**1,054,662,438**	**-**	**-**	**-**	**1,054,662,438**
	1,243,018,973	**471,094,313**	**1,714,113,286**	**434,656,604**	**-**	**434,656,604**	**2,148,769,890**
June 30, 2017							
Financial liabilities							
Long term financing	130,872,531	508,658,848	639,531,379	-	-	-	639,531,379
Liabilities against assets subject to finance lease	280,022	752,206	1,032,228	-	-	-	1,032,228
Trade and other payables	-	-	-	218,043,050	-	218,043,050	218,043,050
unclaimed dividend	-	-	-	3,019,542	-	3,019,542	3,019,542
Accrued finance cost	-	-	-	28,506,677	-	28,506,677	28,506,677
Short-term finances	1,096,488,016	-	1,096,488,016	-	-	-	1,096,488,016
	1,227,640,569	509,411,054	1,737,051,623	249,569,269	-	249,569,269	1,986,620,892

44.4 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks.

44.4 .1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Companys exposure to the risk of changes in market interest rates relates primarily to the Companys short term debt obligations and long term debts having floating interest rates.

44.4 .2 Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Companys profit before taxation for the year ended June 30, 2018 would increase / decrease by Rs. 8.203 million (2017: Rs. 7.860 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

The Company’s sensitivity to interest rates has increased during the current year mainly due to the increase in borrowings and variable rate borrowings.

44.4 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2018, the total foreign currency risk exposure was Rs. 28.93 million (2017: Rs. 70.331 million) in respect of foreign trade debts and Rs. 4.349 million (2017: Rs. 89.840 million) were payable in respect of foreign currency payables. Moreover, commitments in respect of letters of credit amount to Rs. 82.540 million (2017: Rs. 221.197 million).

44.4 .4 Foreign currency sensitivity analysis

At June 30, 2018, if the Pakistani Rupee had strengthened / weakened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been increased / decreased by Rs. 0.058 million (2017: Rs. 0.130 million). Profit before tax is less sensitive to movement in Rupee / foreign currency exchange rates in year 2018 than in year 2017.

44.4 .5 Equity price risk management

The Company is exposed to equity price risk since it has investments in listed equity securities amounting to Rs. 0.077 million (2017: Rs. 0.105 million).

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Companys portfolio of short term investments is always diversified so as to mitigate the significant risk of decline in prices of securities in particular sector of the market. The Company's investment in equity securities is minimal, hence equity price risk is negligible.

45. DETERMINATION OF FAIR VALUES

45.1 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

45.2 Fair value estimation

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Companys policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Fair value estimation - continued

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

As at June 30, 2018, all financial assets and financial liabilities are carried at cost/amortized cost except for short term investments which are carried at their fair values.

The following table presents and analysis within the fair value hierarchy of the Companys financial assets measured at fair value at June 30, 2018:

	Level 1	Level 2	Total
	(Rupees)		
2018:			
Financial assets			
Short term investments - held for trading	**76,840**	**-**	**76,840**
2017:			
Financial assets			
Short term investments - held for trading	105,225	-	105,225

46. CAPITAL DISCLOSURE

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Companys objectives when managing capital are to safeguard the Companys ability to continue as a going concern in order to provide returns for shareholders and benet for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and bank balances. Adjusted capital comprises all components of equity plus net debt.
- The debt-to-adjusted capital ratios at June 30, 2018 and June 30, 2017 were as follows:

		2018	2017
		Rupees	Rupees
Total debt		**1,819,113,286**	1,842,051,623
Less: Cash and bank balances		**(19,477,569)**	(5,029,403)
Net debt		**1,799,635,717**	1,837,022,220
Total equity	**46.1**	**1,817,991,627**	1,807,873,344
Adjusted capital		**3,617,627,344**	3,644,895,564
Debt-to-adjusted capital ratio		**0.50**	0.50

46.1 As detailed in note 5, the Company changed its accounting policy to present surplus on revaluation of property, plant and equipment as a part of capital reserves under equity. Accordingly, debt-to-adjusted capital ratio for comparative year has been recalculated.

47. SEGMENT REPORTING

47.1 REPORTABLE SEGMENTS

The management has determined the operating segments of the Company on the basis of the difference in the products produced.

The Company's reportable segments are as follows:

- Ginning segment taken on operating lease - production of cotton lint from raw cotton.
- Spinning segment - production of different qualities of yarn by using natural and artificial fibers.
- Weaving segment - production of different qualities of fabric using yarn.

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

47.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable operating segments:

		Ginning		Spinning		Weaving		Total	
		2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Notes			**Rupees**				**Rupees**	Rupees
Sales - net									
External	31	**78,998,800**	89,741,708	**1,887,086,783**	1,371,053,857	**3,212,915,669**	2,595,077,085	**5,179,001,252**	4,055,872,650
Inter-segment		**279,485,514**	257,391,716	**764,055,380**	950,761,410	**-**	-	**-**	-
Total		**358,484,314**	347,133,424	**2,651,142,163**	2,321,815,267	**3,212,915,669**	2,595,077,085	**5,179,001,252**	4,055,872,650
Cost of sales - excluding inter-segment purchase	32	**(352,665,037)**	(342,410,264)	**(2,162,037,170)**	(2,027,382,454)	**(2,351,878,173)**	(1,439,977,199)	**(4,866,580,380)**	(3,809,769,917)
Inter-segment purchase		**-**	-	**(279,485,514)**	(257,391,716)	**(764,055,380)**	(950,761,410)	**-**	-
		(352,665,037)	(342,410,264)	**(2,441,522,684)**	(2,284,774,170)	**(3,115,933,553)**	(2,390,738,609)	**(4,866,580,380)**	(3,809,769,917)
Gross profit		**5,819,277**	4,723,160	**209,619,479**	37,041,097	**96,982,116**	204,338,476	**312,420,872**	246,102,733
Other income	33	**-**	-	**13,068,094**	12,200,178	**10,378,366**	8,521,119	**23,446,460**	20,721,297
(Loss) / profit on trading	34	**-**	-	**-**	-	**(272,252)**	78,876	**(272,252)**	78,876
Distribution cost	35	**-**	-	**(24,623,620)**	(28,681,423)	**(39,838,075)**	(47,789,268)	**(64,461,695)**	(76,470,691)
Administrative expenses	36	**(4,164,833)**	(3,591,894)	**(32,752,778)**	(25,373,080)	**(26,307,907)**	(28,839,504)	**(63,225,518)**	(57,804,478)
Other operating expenses	37	**-**	-	**(2,172,997)**	(201,957)	**(3,032,745)**	(386,287)	**(5,205,742)**	(588,244)
Finance cost	38	**(1,664,936)**	(1,156,817)	**(86,433,901)**	(81,416,468)	**(49,696,010)**	(39,900,782)	**(137,794,847)**	(122,474,067)
Profit / (loss) before tax		**(10,492)**	(25,551)	**76,704,277**	(86,431,653)	**(11,786,507)**	96,022,630	**64,907,278**	9,565,426
Taxation									
- Current	39							**(31,838,391)**	(22,785,890)
- Prior year adjustments	39							**(6,031,704)**	(37,776)
- Deferred	39							**(16,918,900)**	9,809,647
								(54,788,995)	(13,014,019)
Profit / (loss) after taxation								**10,118,283**	(3,448,593)

SEGMENT REPORTING - continued

47.3 SEGMENT ASSETS AND LIABILITIES

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

	Notes	Ginning 2018	Ginning 2017	Spinning 2018	Spinning 2017	Weaving 2018	Weaving 2017	Total 2018	Total 2017
				Rupees				Rupees	Rupees
Segment assets:									
Operating property, plant and equipment	6	-	-	**1,225,237,391**	1,268,443,219	**1,537,013,567**	1,441,907,299	**2,762,250,958**	2,710,350,518
Investment property	7	-	-	**-**	-	**43,311,500**	-	**43,311,500**	-
Intangible assets	8	-	-	**-**	347,377	**408,735**	347,376	**408,735**	694,753
Long term deposits	9			**794,700**	733,552	**11,542,477**	10,654,345	**12,337,177**	11,387,897
Total operating assets								**2,818,308,370**	2,722,433,168
Stores, spare parts and loose tools	10	-	-	**32,297,164**	20,607,458	**19,527,477**	20,292,103	**51,824,641**	40,899,561
Stock-in-trade	11	-	-	**351,955,411**	425,331,995	**517,814,061**	469,127,694	**869,769,472**	894,459,689
Trade debts	12	-	-	**145,597,641**	38,614,721	**248,309,465**	212,501,567	**393,907,106**	251,116,288
Unallocated corporate assets								**181,092,590**	207,721,553
Total assets as per statement of financial position								**4,314,902,179**	4,116,630,259
Subordinated loans	21	-	-	**42,500,000**	42,500,000	**62,500,000**	62,500,000	**105,000,000**	105,000,000
Creditors	25	-	-	**39,077,428**	50,358,456	**177,068,566**	56,404,746	**216,145,994**	106,763,202
Unclaimed dividend		-	-	**1,509,769**	1,509,769	**1,509,773**	1,509,773	**3,019,542**	3,019,542
Unallocated corporate liabilities								**2,172,745,016**	2,093,974,171
Total liabilities as per statement of financial position								**2,496,910,552**	2,308,756,915

47.4 REVENUE FROM MAJOR PRODUCTS AND SERVICES

	Notes	2018 Rupees	2017 Rupees
Fabric export sales		**2,251,411,729**	1,490,730,340
Yarn export sales		**1,016,701,398**	738,901,350
Fabric local sales		**942,900,520**	1,083,379,435
Yarn local sales		**781,434,098**	571,287,602
Waste local sales		**105,339,957**	74,208,525
Cotton seed local sales		**78,998,800**	89,741,708
Revenue from manufacturing		**5,176,786,502**	4,048,248,960
Revenue from processing		**2,214,750**	7,623,690
	31	**5,179,001,252**	4,055,872,650
Revenue from trading	34	**5,840,207**	10,963,176
Total revenue		**5,184,841,459**	4,066,835,826

SEGMENT REPORTING - continued	2018 Rupees	2017 Rupees

47.5 REVENUE FROM MAJOR CUSTOMERS

Revenue from top thirty (30) customers of the Company in each segment is as follows:

	2018 Rupees	2017 Rupees
Ginning	**78,998,800**	89,741,708
Spinning	**608,032,368**	1,087,934,715
Weaving	**2,959,475,489**	2,178,909,620

Revenue from one (2017: one) of the customers of the Company exceeded 11% (2017: 17%) of the Company's total revenue and amounted to Rs. 559.475 million (2017: Rs. 690.020 million).

48. GEOGRAPHICAL INFORMATION

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

	2018 Rupees	2017 Rupees
Pakistan	**4,239,887,187**	2,900,866,184
America	**29,615,671**	60,349,039
Asia	**519,422,254**	640,028,031
Europe	**395,916,347**	465,592,572
	5,184,841,459	4,066,835,826

All non-current assets of the Company are located and operating in Pakistan.

49. NUMBER OF EMPLOYEES	**2018**	2017
Employees of the Company as at June 30:		
Factory Employees	563	504
Total employees	586	530
Average number of employees during the year:		
Factory Employees	523	514
Total employees	545	541

50. CAPACITY AND PRODUCTION

		2018	2017
Cotton			
Number of sawgins installed		**10**	10
Total production capacity of sawgins installed (4 months)	***No. of bales***	**20,000**	20,000
Actual production of cotton lint	***No. of bales***	**9,750**	9,309
Yarn			
Number of spindles installed		**28,152**	24,984
Installed capacity after conversion into 20's count (1,095 shifts (2017: 1,095 shifts))	**Kgs**	**10,215,541**	8,879,889
Actual production of yarn after conversion into 20's count	**Kgs**	**9,507,324**	8,627,955
Fabric			
Number of looms installed		**191**	191
Number of looms worked		**176**	163
Installed capacity after conversion into 60 picks	**Sq. mtrs**	**50,999,687**	50,999,687
Actual production of fabric after conversion into 60 picks	**Sq. mtrs**	**48,517,130**	44,436,955

CAPACITY AND PRODUCTION - continued

It is difficult to describe precisely the production capacity in Ginning, Spinning and Weaving Mills since it fluctuates widely depending on various factors such as quality of cotton, count of yarn spun, spindles speed twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year. Underutilization of capacities is due to electricity shut down, availability of raw material and normal repair & maintenance.

51. SUBSEQUENT EVENTS

The Board of Directors, in its meeting held on October 04, 2018, proposed a cash dividend of Rs. 1.25 per share for the year ended June 30, 2018 for approval of the members at the Annual General Meeting to be held on October 27, 2018.

These financial statements do not include the effect of the proposed cash dividend which will be accounted for in the financial statements for the year ending June 30, 2019.

As per section 5A of the Income Tax Ordinance,2001 a tax is applicable on the Company at the rate of 7.5% of its accounting profit before tax. However, this tax shall not be applied if the Company distributes at least 40% of its after tax profits within six months from the end of the year.

Since, the Board of Directors of the Company has proposed sufficient dividend for the year ended June 30, 2018, the Company believes that it would not eventually be liable to pay tax on its undistributed profits as of June 30, 2018.

52. RECLASSIFICATION

Comparative figures in these financial statements have been reclassified where necessary for the purpose of comparison. However, no material re-arrangements have been made in these financial statements, except as follows:

Previous classification	*Current classification*	**2017 Rupees**
Unclaimed dividend - Trade and other payables (Note 25)	Unclaimed dividend - on face of statement of financial position	3,019,542

53. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 04, 2018 by the Board of Directors of the Company.

54. GENERAL

Figures have been rounded-off to the nearest Pakistani Rupee except stated otherwise.

Sd/- Chief Executive Officer	Sd/- Director	Sd/- Chief Financial Officer

PATTERN OF SHAREHOLDING

As on:- 30-Jun-2018

Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Share Held	Percentage of Total Capital
130	1 -	100	6,551	0.05
416	101 -	500	189,645	1.32
96	501 -	1000	63,157	0.44
42	1001 -	5000	81,827	0.57
5	5001 -	10000	29,740	0.21
3	10001 -	15000	34,730	0.24
1	25001 -	30000	27,500	0.19
1	60001 -	65000	64,000	0.44
1	65001 -	70000	70,000	0.49
1	70001 -	75000	71,400	0.50
1	80001 -	85000	83,593	0.58
2	150001 -	155000	300,431	2.09
1	255001 -	260000	260,000	1.80
1	275001 -	280000	276,513	1.92
1	300001 -	305000	303,996	2.11
2	430001 -	435000	864,000	6.00
2	445001 -	450000	900,000	6.25
1	450001 -	455000	454,221	3.15
2	500001 -	505000	1,004,485	6.97
1	505001 -	510000	509,000	3.53
1	540001 -	545000	541,879	3.76
1	580001 -	585000	582,277	4.04
3	645001 -	650000	1,942,734	13.48
1	685001 -	690000	689,700	4.79
1	765001 -	770000	766,800	5.32
1	800001 -	805000	804,540	5.58
1	910001 -	915000	913,009	6.34
1	2570001 -	2575000	2,572,520	17.85
720			**14,408,248**	**100.00**

Categories of Shareholders

As at June 30, 2018

Number of shareholders	Categories of Shareholders	Number of shares held			Percentage of Capital
		CDC	Non-CDC	Total	
	Chief Executive, Directors and their family members				
	MIAN MOHAMMAD JAVED ANWAR	450,000	71,400	521,400	3.6188%
	SALMA JAVED	-	804,540	804,540	5.5839%
	MIAN MOHAMMAD PARVEZ	-	766,800	766,800	5.3220%
	MUHAMMAD HARIS	2,572,520	276,513	2,849,033	19.7736%
	MOHAMMAD AURANGZEB	432,000	647,578	1,079,578	7.4928%
	MOHAMMAD JAHANZEB	454,221	647,578	1,101,799	7.6470%
6		**3,908,741**	**3,214,409**	**7,123,150**	**49.4380%**
	Public Sector Companies				
	ADAM LUBRICANTS LIMITED.	500		500	0.0035%
	PRUDENTIAL SECURITIES LIMITED	50		50	0.0003%
	MAPLE LEAF CAPITAL LIMITED	1		1	0.0000%
	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	50		50	0.0003%
	CAPITAL VISION SECURITIES PVT LIMITED	75		75	0.0005%
	S.Z. SECURITIES (PRIVATE) LIMITED	632		632	0.0044%
6		**1,308**	**-**	**1,308**	**0.0091%**
	Banks, Non-Banking Financial Institutions, Trusts, Mutual Funds, Pension Funds and Benevolent Funds				
	NATIONAL BANK OF PAKISTAN - TRUSTEE WING		500	500	0.0035%
	NATIONAL BANK OF PAKISTAN	513	4,000	4,513	0.0313%
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	913,009		913,009	6.3367%
	INVESTMENT CORP. OF PAKISTAN	-	200	200	0.0014%
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	83,593		83,593	0.5802%
	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		2,933	2,933	0.0204%
6		**997,115**	**7,633**	**1,004,748**	**6.9734%**
697	**General Public**	**927,338**	**5,351,704**	**6,279,042**	**43.5795%**
715	**TOTAL**	**5,834,502**	**8,573,746**	**14,408,248**	**100.0000%**

Shareholders holding five percent or more voting interest in the listed company

Sr.	Name / Description	Category	Number of shares held	Percentage of Capital
1	SALMA JAVED	Directors	804,540	5.5839%
2	MIAN MOHAMMAD PARVEZ	Directors	766,800	5.3220%
3	MUHAMMAD HARIS	Directors	2,849,033	19.7736%
4	MOHAMMAD AURANGZEB	Directors	1,079,578	7.4928%
5	MOHAMMAD JAHANZEB	Directors	1,101,799	7.6470%
6	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	Bank, NBFI, Trusts, Funds	913,009	6.3367%

Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouses and Minor Children

Sr.	Name	Designation	Number of shares purchased	Number of shares sold
1	**MOHAMMAD JAHANZEB**	**Director**	**22,221**	**-**


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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan
SECP

FORM OF PROXY

I/We, __________________________ of ______________________, holding Computerized National Identity Card Number ______________________________ and being a member of Ahmad Hassan Textile Mills Limited, hereby appoint __________________________ of ______________________, holding Computerized National Identity Card Number ______________________________ as my / our proxy to voted for me/us and on my/our behalf at the Annual General / Extraordinary Meeting of the Company, to be held on _________________ and at any adjournment thereof.

As witness my / our hand/seal this _______ day of _____________, 20_____

WITNESSES:

1. Signature _____________________	2. Signature _____________________
Name __________________________	Name __________________________
Address _________________________	Address _________________________
CNIC Number _____________________	CNIC Number _____________________

CDC Account Number

Five Rupees Revenue Stamp

To be signed by above-named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his original CNIC at the time of meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular Number 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to sent the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s Vision Consulting Ltd., 3-C, LDA Flats, 1st Floor, Lawrence Road, Lahore. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/ CDC.

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

Name of shareholder ____________________

Folio Number/CDC Account No. ____________________ of Ahmad Hassan Textile Mills Limited

Contact number of shareholder ____________________

Title of Account ____________________

IBAN (*) ____________________

Name of Bank ____________________

Bank branch ____________________

Mailing Address of Branch ____________________

CNIC No. (attach attested copy) ____________________

NTN (in case of corporate entity) ____________________

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

____________________ ____________________

Shareholder's Signature Date

NOTES:

* Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.