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COMPANY INFORMATION

BOARD OF DIRECTORS

Khawaja Mohammad Jahangir	(Chairman)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Nadeem	(Director)
Mohammad Hamza Yousaf	(Director)
Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Muhammad Nadeem	(Member)

HR & REMUNERATION COMMITTEE

Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Kaleem	(Member)

CORPORATE SECRETARY

Hasan Ahmed Khan	FCA
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
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BANKERS

Habib Metro Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 Allied Bank of Pakistan
 Meezan Bank Limited
 Askari Bank Limited
 Saudi Pak Industrial & Agricultural Investment Company Limited

AUDITORS

Nasir Javaid Maqsood Imran
 Chartered Accountants
 Office # 12 & 13, 3rd Floor, Fazal Arcade,
 F-11 Markaz, Islamabad. Pakistan

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
 Tel : (042) 35717510
 Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited
 Wings Arcade, 1-K, Commercial,
 Model Town, Lahore
 Tel : (042) 35839182
 Fax : (042) 35869037

MILLS

Unit I & II
 Aminabad, Chakwal
 Tel : (0543) 644254 - 644281

Unit III
 Yousaf Nagar, Bhoun Road,
 Chakwal.
 Tel: (0543)452070-71

VISION

A TEXTILE COMPANY THAT CATERS TO THE CLOTHING
NEEDS OF EVERYONE

MISSION

Kohinoor Spinning Mills Limited is a yarn manufacturing company
dedicated to provide premium quality yarn products to
the customers who value quality the most.

We intend to make profit to generate a sufficient return
for our investors.

We also maintain a friendly, fair and creative work environment,
which inculcates diversity, new ideas and diligence.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of members of **KOHINOOR SPINNING MILLS LIMITED** will be held at the Registered Office of the Company situated at 7/1 E-3, Main Boulevard, Gulberg III, Lahore on Tuesday, November 27, 2018 at 11:45 a.m. to transact the following business:-

ORDINARY BUSINESSES

1. To confirm the minutes of last annual general meeting held on November 27, 2017.
2. To receive and adopt the audited accounts for the Company for the year ended June 30, 2018, together with the reports of Directors and Auditors' report thereon.
3. To appoint auditors for the year ending June 30, 2019 and to fix their remuneration. The retiring auditors Nasir Javaid Maqsood Imran Chartered Accountants have shown their interest in their reappointment.
4. To transact any other business of the Company with the permission of Chairman.

SPECIAL BUSINESS

1. To consider and, if thought fit, to pass with or without modification, the following resolutions as special resolutions:

RESOLVED THAT, the related party transactions carried out by the Company during the year in normal course of business during the year ended June 30, 2018 be and hereby approved.

FURTHER RESOLVED THAT, the chief executive officer of the Company be and is hereby authorized to approve the transaction to be conducted with the related parties in the normal course of business during the current financial year ending June 30, 2018 and till the date of next Annual General Meeting.

2. To consider and, if thought fit, to pass with or without modification the following resolution as special resolution;

RESOLVED THAT, the remuneration of two executive directors from 01st July 2018 be and hereby approved as follows:

Name	Salary Per Month (Rupees)
Muhammad Naveed	575,000
Muhammad Hamza Yousaf	175,000

FURTHER RESOLVED THAT, the executive directors of the Company be and are hereby entitled to reimbursement of medical bills and company maintained cars.

BY ORDER OF THE BOARD

Lahore:
November 05, 2018

HASAN AHMAD KHAN
Company Secretary

NOTES:

1. The shares transfer books for ordinary shares of the Company will be closed from 21-11-2018 to 27-11-2018 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the closure of business on November 20, 2018 will be in treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of Company be sent to our share registrar M/s. Corporate (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35839182.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) or Passport with the proxy form.
3. The shareholders through CDC, who wish to attend the Annual General Meeting, are requested to please bring, original CNIC. CDC account holder will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. In case of corporate entity, certified copy of the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
5. The financial statements for the year ended June 30, 2018 shall be uploaded on the Company's website www.kohinoorspinningmills.com twenty one days prior to the date of holding of annual general meeting.
6. Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.
7. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the video-link facility at least five days before the date of the general meeting alongwith complete information necessary to enable them to access the facility.

In this regard, shareholders are requested to fill the following form and submit to the Registered Office of the Company seven days before the date of holding of the general meeting:

I/We.....of.....being a member of Kohinoor Spinning Mills Limited, holder of ordinary shares as per Registered Folio No./CDC A/C #hereby opt for video conference facility at

Signature of Member

8. Members are requested to promptly notify the Company of any change in their registered address.

STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS

1. The Company in the normal course of business carried out transaction with related parties. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit committee on quarterly basis.

Since the directors of the Company were interested in the related parties transactions carried out during the financial year ended June 30, 2018 with the related parties due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. During the year following transaction is made with related parties as per financial statements:

Purchase of materials and goods:

- Yousaf Weaving Mills Limited Rs. 985,695

Sale of materials and goods:

- Yousaf Weaving Mills Limited Rs. 264,964

Advance against goods:

- Chakwal Spinning Mills Limited Rs. 100,000

The transactions with all related parties are entered on arms' length basis.

The Directors are interested to the extent of their directorship/shareholding.

2. As per clause 5.19.1.(d) of PSX Regulations, executive directors (including chief executive officer) shall not be more than one third of elected directors. To comply with this requirement, the Company has decided to appoint only two directors (including chief executive officer) as executive directors. The names of executive directors are Khawaja Muhammad Naveed (Chief Executive Officer) and Muhammad Hamza Yousaf (Director). The remuneration of these directors are proposed to be as follows:

Name	Salary Per Month (Rupees)
Muhammad Naveed	575,000
Muhammad Hamza Yousaf	175,000

Besides salary, above directors are entitled to reimbursement of medical bills and company maintained cars. The two Directors are interested to the extent of their remuneration and other benefits.

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

The Board of Directors (the Board) of Kohinoor Spinning Mills Limited (KSML) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Listed Companies (Code of Corporate Governance) Regulations, 2017.

- The Board has actively participated in strategic planning process, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of KSML has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

Lahore
November 05, 2018



Khawaja Muhammad Jahangir
Chairman

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے ممبران پر چیئرمین کی جائزہ رپورٹ

کوہنور سپننگ ملز لمیٹڈ (KSML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندہی سے انجام دی ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنی ایکٹ 2017 (سابقہ کمپنی آرڈیننس 1984) اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں دیئے گئے اپنے اختیارات اور ذمہ داری کو بخوبی سرانجام دیا ہے۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ اور مالیات ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔ سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔

بورڈ نے مجلس نظام کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظام کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظام کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔ بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے اور

بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دیئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے۔

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل: کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ KSML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔



خواجہ محمد جہانگیر

چیئرمین

05 نومبر 2018

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors have the honor to present annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2018.

Financial Performance:

Your Company has incurred after tax loss of Rs. 414.618 million as compared to after tax loss of Rs. 682.247 million for the corresponding last year. The high cost of doing business in the country, artificially maintained high parity of Pak Rupee and the adverse geo-political and security situation had been taking their toll on the textile sector during last four to five years. The result is continuous declining performance of textile sector. Export of yarn remained negligible. This factor put pressure on local yarn market and in local market yarn prices also fell. However, the management is trying to keep the Company rolling. As a result, sales have increased from Rs. 2,063 million in 2017 to Rs. 3,070 million in the current year (an increase of whopping 48.81%). Sales were increased mainly due to better plant capacity utilization. Similarly, gross loss (of 18.43%) of last year reduced to 5.38% this year.

(Loss) Per Share (EPS):

The Basic loss per share (EPS) of the Company for the year 2018 remained at Rs. 2.13 (2017: earning per share was Rs. 5.25).

Going Concern Assumption:

The auditors have emphasized that due to circumstances described in Note 1.2 to the financial statements the Company may not be able to continue as a going concern. However, the management has prepared the annexed financial statements on going concern basis due to reasons explained in Note 1.2 to the financial statements. The auditors have not qualified their opinion in this respect.

Conversion of Directors' Loan Into Equity:

As per approval of Securities and Exchange Commission of Pakistan (SECP) vide letter No. CSD/CI/28/2005-619 dated October 10, 2017 we have issued shares to the following directors on 16th October 2017:

Director Name	(No. of Shares)
Mr. Khawaja Muhammad Kaleem	42,285,714
Mr. Khawaja Muhammad Nadeem	5,857,143
Muhammad Naveed	37,571,428
Total	85,714,285

These shares have been issued @Rs. 7 (inclusive of Rs. 2 premium) per share. After this issue, total paid up capital comprises of 215,714,285 shares (i.e. Rs. 1,078,571,425). This is exclusive of share premium amount of Rs. 171,428,570 Rs. 2 per share premium on issue of 85,714,285 shares).

Principal Activity:

The principal activity of the Company is manufacturing and sale of yarn.

Principal Risks and Uncertainties:

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibility and take opportunities to strengthen the position of the Company when they arise. The Company's principal financial liabilities, comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables and cash and bank balances that arise directly from its operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Information about Defaults In Debt Payments:

All banks have filed recovery suit against the Company. The amount claimed in these suits have already been accounted for in financial statements. The reason for default in payments is liquidity crisis being faced by the Company for the last four to five years Company. The management is of the view that the Company should stand on its feet before committing anything to the banks. For this, the Company has taken a number of steps like change of product from cotton to man-made fiber, change of machines accordingly and provision of funds by the directors. We are hopeful that the Company can manage issues with banks amicably without hurting the interest of shareholders.

Material Changes and Commitments:

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

Adequacy of Internal Financial Controls:

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2018 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties transactions were in line with the transfer pricing methods approved by the Board of Directors.

Future Outlook:

The current scenario of Pakistan textile industry is still very unclear. The new Government has announced reduction in energy costs for textile industry in Punjab. Also, US \$ is being depreciated on daily basis to keep it to its actual market value against Pak rupee. These steps would give some breathing space to our industry. However, we need much more incentives to return to profitability like timely payment of sales tax refunds, removal of anti dumping duty on imported polyester, friendly environment for genuine investors etc.

The directors of your Company have decided to change product line from cotton to man made fiber yarn for Unit-3. To complete this change, we added some machinery to our mills. We are hopeful that this change would be beneficial for the Company and we would further curtail our losses.

Composition of Board:

Total number of Directors:

a)	Male:	8 (Eight)
b)	Female:	Exempted for current term

Composition:

(i)	Independent Director	1 (One)
(ii)	Other Non-executive Directors	5 (Five)
(iii)	Executive Directors	2 (Two)

Name of Directors:

1.	Khawaja Mohammad Jahangir	(Chairman)
2.	Khawaja Mohammad Jawed	
3.	Khawaja Mohammad Tanveer	
4.	Khawaja Mohammad Kaleem	
5.	Mohammad Naveed	(Chief Executive)
6.	Khawaja Mohammad Nadeem	
7.	Mohammad Hamza Yousaf	
8.	Mohammad Tariq Sufi	(Independent Director)

Committee of The Board

In compliance with the Code of Corporate Governance, the Board of directors had formed the following committees:

-Audit Committee

-HR & Remuneration Committee

The names of the members of the above committees are given in the Company information.

Meetings of the Board of Directors:

During the year under review, six meetings of the Board of Directors of the Company were held in Pakistan and the attendance position is as follows:

Sr.#	Names	Meetings Attended
1.	Khawaja Muhammad Javed	6
2.	Muhammad Naveed	6
3.	Khawaja Muhammad Jahangir	6
4.	Khawaja Muhammad Tanveer	6
5.	Khawaja Muhammad Kaleem	6
6.	Khawaja Muhammad Nadeem	6
7.	Muhammad Hamza Yousaf	6
8.	Muhammad Tariq Sufi	6

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. To comply with statutory regulations, the Company has reconstituted Audit Committee during the year under review. Four meetings of the Audit Committee of the Company were held and the attendance position is as follows:

Sr.#	Names	Meetings Attended	
1.	Khawaja Muhammad Jahangir	3	(replaced during the year under review)
2.	Mohammad Tariq Sufi	1	(appointed during the year under review)
3.	Khawaja Muhammad Kaleem	4	
4.	Khawaja Muhammad Nadeem	4	

HR & Remuneration Committee

The HR & Remuneration committee is performing its duties in line with its terms of reference as determined by the Board of Directors. To comply with statutory regulations, the Company has reconstituted HR & Remuneration Committee during the year under review. Only one meeting of the HR & Remuneration Committee of the Company was held and the attendance position is as follows:

Sr.#	Names	Meeting Attended	
1.	Mohammad Tariq Sufi	1	(appointed during the year under review)
2.	Khawaja Muhammad Jahangir	1	(appointed during the year under review)
3.	Khawaja Muhammad Kaleem	1	
4.	Khawaja Muhammad Nadeem	-	(replaced during the year under review)
5.	Muhammad Naveed	-	(replaced during the year under review)

Auditors:

The present auditors of the Company have completed the annual audit for the year ended 30 June 2018. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible have offered themselves for reappointment for the year ending 30 June 2019.

The Board of Directors endorsed the recommendations of Audit Committee for their re-appointment. The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan. The firm is fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). Further they are also not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the company and that no partner of the firm or person involved in the audit are close relative i.e., spouse, parents, dependents and non-dependent children of the CEO, the CFO, the head of internal audit, the company secretary

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Corporate Governance & Financial Reporting Framework:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) The audit observation ongoing concern has been disclosed in Note no 1.2 of the financial statements.
- vii) Key operating and financial data for the last six years is annexed.
- viii) Outstanding taxes and levis are given in the notes to the financial statements.
- ix) No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- x) The company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2018.
- xi) The Company is fully compliant with the requirement of Rule 5.19.7 (Directors' Training Program) of Pakistan Stock Exchange Regulation.

Pattern of Shareholding:

The pattern of shareholding as on 30th June 2018 and its disclosures as required in the Code of Corporate Governance is annexed with this report.

Corporate Social Responsibility:

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety:

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities. Safety is a matter of concern for machinery as well as the employees working at plant. fire extinguishers and other fire safety equipments have been placed at sites as well as head office of the Company. Regular drills are performed to ensure efficiency and efficacy of fire safety equipments.

Company's Shareholders and Staff:

The Board is thankful to the Company's shareholders for their continuing confidence in the Company. The Board also wishes to express its gratitude to all the Company's employees for their hard work, loyalty and dedication.

For and on behalf of the Board



Khawaja Muhammad Jahangir
Chairman



Mr. Muhammad Naveed
Chief Executive Officer

Lahore
November 05, 2018

حصہ داران کے لیے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کی 30 جون 2018 پر ختم شدہ سالانہ رپورٹ بمع جانچ شدہ مالی حسابات اور آڈیٹر رپورٹ، پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

آپ کی کمپنی کو پچھلے سال کے بعد ازیکس 682,247 ملین روپے کے خسارے کے اس سال 414,618 ملین بعد ازیکس خسارہ ہوا ہے۔ ملک میں کاروبار کرنے کی گراں لاگت، روپے کی قیمت میں مصنوعی کمی اور سیاسی و تحفظ کی ابتر حالت گزشتہ چار پانچ سالوں سے نیکسٹل کے شعبے پر منفی اثرات ڈال رہے ہیں۔ اس کا نتیجہ نیکسٹل شعبہ کی مسلسل گرتی ہوئی کارکردگی ہے۔ دھماگے کی برآمد نہ ہونے کے برابر رہی۔ اس نے دھماگے کی مقامی منڈی پر دباؤ ڈالا اور مقامی منڈی میں بھی دھماگے کی قیمتیں گر گئیں۔

تاہم منتظمین کمپنی کو چلانے کے لئے کوشاں ہیں۔ جس کے نتیجے میں سال 2017 کی 2,063 ملین روپے فروخت کے مقابلے میں اس سال فروخت 3,070 ملین روپے رہی (48.81% کی انتہائی بڑھوتری کے ساتھ)۔ فروخت کی بڑھوتری کی بڑی وجہ پیداواری صلاحیت کا بہتر استعمال رہی۔ اسی طرح پچھلے سال 18.43% مجموعی خسارہ اس سال 5.38% پر آ گیا ہے۔

فی حصہ خسارہ

کمپنی کا سال 2018 کے لئے بنیادی فی حصہ خسارہ 2.13 روپے رہا (2017: فی حصہ خسارہ 5.25 روپے)۔

کمپنی کے کاروبار جاری رکھنے کا مفروضہ

محاسب نے نوٹ 1.2 میں بیان کردہ حالات کی بنیاد پر زور دیا ہے کہ کمپنی شاید کاروبار جاری نہ رکھے۔ تاہم منتظمین نے لف شدہ مالی حسابات کاروبار جاری رہنے کے مفروضے پر، نوٹ 1.2 میں دی گئی وجوہات کی بنا پر تیار کئے ہیں۔ محاسب نے اس ضمن میں اعتراض نہیں لگایا۔

ڈائریکٹرز کے قرضے کی ایکویٹی میں تبدیلی

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے (کمپنیز ایکٹ 2017 کے سیکشن 83 کے تحت) رائٹ اشو کے علاوہ مزید حصص برطانیہ خط نمبر 619-2005/CSD/CI/28 بتاریخ 10 اکتوبر 2017 جاری کرنے کی منظوری کی بنیاد پر ہم نے مندرجہ ذیل ڈائریکٹران کو 16 اکتوبر 2017 کو حصص جاری کئے ہیں۔

نام	(حصص کی تعداد)
محمد نوید	37,571,428
خواجہ محمد کلیم	42,285,714
خواجہ محمد منیم	5,857,143
کل حصص	85,714,285

یہ حصص 7 روپے فی حصص (بشمول 2 روپے پرمیئم) کے حساب سے جاری کئے گئے ہیں۔ اس اجراء کے بعد مکمل ادا شدہ سرمایہ 215,714,285 حصص (1,078,571,425 روپے) پر مشتمل ہے۔ اس میں 85,714,285 حصص پر 2 روپے پرمیئم کے حساب سے 171,428,570 روپے پرمیئم شامل نہیں۔

اولین سرگرمی

کمپنی کی اولین سرگرمی سوت کی پیداوار اور سیل ہے۔

اولین خطرات اور خدشات

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے لیے موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔ کمپنی کی منڈی کی صورت حال کا مسلسل جائزہ لینے کی قابلیت، کمپنی کے خطرات کی روک تھام اور کمپنی کو مضبوط کرنے کے مواقع جب وہ پیش آئیں سے فائدہ اٹھانے کی ذمہ داری کو پورا کرتی ہے۔ کمپنی کے اولین مالی واجبات، بطور مل مدتی قرضے، تجارتی و دیگر واجبات اور کم مدتی ادھار پر مشتمل ہیں۔ ان مالی واجبات کا بنیادی مقصد کمپنی کی سرگرمیوں کو چلانے کے لئے پیسے کا انتظام کرنا ہے۔ کمپنی کے اولین مالی اثاثہ جات، تجارتی قرضے، پیشتر ادائیگیاں، کم مدتی ذخائر، دیگر قابل وصول قیوم، نقدی اور بینک بیلینس پر مشتمل ہیں جو سرگرمیوں سے براہ راست حاصل ہوئے ہیں۔

کمپنی کی سرگرمیوں کی وجہ سے اس کو مختلف مالی خطرات لاحق ہیں: منڈی کا خطرہ (بشمول، نقدی خطرہ، سودی شرہ کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور مالی مایعیت کا خطرہ۔ کمپنی کا مجموعی طور پر خطرات کو کم کرنے کا پروگرام مالی منڈی کی غیر یقینی صورت حال پر مرکوز ہے اور کمپنی کی مالی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

ادھار کی عدم ادائیگیوں بارے معلومات

تمام بینکوں نے کمپنی کے خلاف ادھار کی وصولی کا دعوہ دائر کر دیا ہے۔ ان میں جن قیوم کا دعوہ کیا گیا ہے وہ پہلے سے مالی حسابات میں درج ہیں۔ قیوم کی عدم ادائیگیوں کی وجہ پچھلے چار پانچ سالوں سے جاری کمپنی کو ورڈیشن پیسے کا بہران ہے۔ منتظمین کا خیال ہے کہ بینکوں کو کسی یقین دہانی سے پہلے اپنے پاؤں پر کھڑے ہونا چاہیے۔ اس کے لئے کمپنی نے بہت سارے اقدام کیے ہیں جیسے کہ روٹی سے مصنوعی ریشہ پر تبدیل ہو جانا، اس کے مطابق مشینری کا بدل دینا اور ڈائریکٹران کی جانب سے پیسہ دیا جانا ہیں۔ ہم پر امید ہیں کہ کمپنی حصہ داران کے مفادات کو نقصان پہنچائے بغیر بینکوں کے ساتھ معاملات کو احسن طریقے سے نمٹالے گی۔

قابل ذکر تبدیلیاں اور یقین دہانیاں

اس بیلینس شیٹ کی تاریخ (سال کے آخر) سے لے کر ڈائریکٹر رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی یقین دہانی نہیں ہے جو کمپنی کی مالی حالت پر اثر انداز ہوئی ہو۔

اندرونی مالی کنٹرول کی موثریت

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی تمام سطحوں پر منظم اندرونی کنٹرول کا نظام وضع اور لاگو کیا گیا ہے۔ اندرونی کنٹرول کا نظام اپنے ڈیزائن میں منظم ہے جو کمپنی کے مقاصد کو حاصل کرنے اور کارکردگی کو موثر بنانے، مالی حسابات کی پر اعتماد اور رنگ اور قوانین اور پالیسیوں پر عمل درآمد کو یقینی بناتا ہے۔

متعلقہ پارٹیاں

30 جون 2018 پر اختتام شدہ مالی سال کے دوران تمام متعلقہ پارٹیوں کے ساتھ لین دین کا آڈٹ کمیٹی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔ متعلقہ پارٹیوں سے تمام لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ ٹرانسفر پر اسٹاک کے مطابق تھا۔

مجموعی جائزہ

پاکستان کی ٹیکسٹائل صنعت کا منظر نامہ ابھی تک غیر واضح ہے۔ نئی حکومت نے پنجاب کی ٹیکسٹائل صنعت کے لیے توانائی کی لاگت میں کمی کا اعلان کیا ہے۔ اور یو ایس ڈالر کو پاکستانی روپے کے مقابلے میں کرنسی کی منڈی کے مطابق اس کی اصل قیمت پر لانے کے لیے روزانہ کی بنیاد پر اس کی قدر میں کمی لائی جا رہی ہے۔ ان اقدامات کی وجہ سے ہماری صنعت کو کچھ فائدہ ہوگا۔ تاہم ہمیں منافع بخش سطح پر دوبارہ آنے کے لئے بہت سی ترغیبات کی ضرورت ہے جیسے کہ سبز ٹیکس ریفنڈ کی بروقت ادائیگی، پولیسٹر کی درآمد پر اینٹی ڈمپنگ ڈیوٹی کا ختم کرنا، سنجیدہ سرمایہ کاروں کے لیے موضوع ماحول وغیرہ۔

آپ کی کمپنی کے ڈائریکٹر نے یونٹ نمبر 3 پر روٹی سے مصنوعی ریشہ والے خام مال پر منتقل ہونے کا فیصلہ کیا ہے۔ اس تبدیلی کے لئے ہم نے مل میں مشینری کا اضافہ کیا ہے۔ ہم پر امید ہیں کہ یہ تبدیلی کمپنی کے لئے مفید ثابت ہوگی اور ہم خسارے کو مزید کم کر پائیں گے۔

بورڈ کے ممبران

۱۔ ممبران کی تعداد: a- مرد: 08 b- خواتین: مستثنیٰ

۲۔ بورڈ مندرجہ ذیل پر مشتمل ہے۔ a- خود مختار ڈائریکٹر: 01 b- دیگر نان ایگزیکٹو ڈائریکٹر: 05

g۔ ایگزیکٹو ڈائریکٹرز: 02

ڈائریکٹر کا نام

۱۔ خواجہ محمد جہانگیر (چیئر مین)، ۲۔ خواجہ محمد جاوید، ۳۔ خواجہ محمد تنویر، ۴۔ خواجہ محمد کلیم، ۵۔ محمد نوید (چیف ایگزیکٹو آفیسر)، ۶۔ خواجہ محمد ندیم، ۷۔ محمد حمزہ یوسف، ۸۔ محمد طارق صوفی (خود مختار ڈائریکٹر)

بورڈ کی کمیٹیاں

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں: آڈٹ کمیٹی، انسانی وسائل اور معاوضہ کمیٹی مندرجہ بالا کمیٹیوں کے ممبران کی تفصیل کمیٹی کی معلومات میں دی گئی ہے۔

بورڈ کے اجلاس

موجودہ سال کے دوران بورڈ آف ڈائریکٹرز کے 6 اجلاس پاکستان میں ہوئے اور ڈائریکٹرز کی حاضری اس طرح رہی۔ نام (تعداد حاضری)

خواجہ محمد جاوید (6 دفعہ)، محمد نوید (6 دفعہ)، خواجہ محمد جہانگیر (6 دفعہ)، خواجہ محمد تنویر (6 دفعہ)، خواجہ محمد کلیم (6 دفعہ)، خواجہ محمد ندیم (6 دفعہ)، محمد حمزہ یوسف (6 دفعہ)، محمد طارق صوفی (6 دفعہ)

بورڈ کمیٹیاں (آڈٹ کمیٹی)

آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کی ہدایات کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔ لازم قواعد کی پاس داری کے لئے کمیٹی نے زیر غور سال کے دوران آڈٹ کمیٹی کی تشکیل نو کی ہے۔ اس سال آڈٹ کمیٹی کے چار اجلاس ہوئے اور حاضری اس طرح رہی۔ نام (تعداد حاضری)

خواجہ محمد جہانگیر 3 دفعہ (سال کے دوران تبدیل کر دیے گئے)، محمد طارق صوفی 1 دفعہ (سال کے دوران تقرری کی گئی)، خواجہ محمد کلیم 4 دفعہ، خواجہ محمد ندیم 4 دفعہ

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹرز کی ہدایات کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔ لازم قواعد کی پاس داری کے لئے کمیٹی نے زیر غور سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کی تشکیل نو کی ہے۔ اس سال انسانی وسائل اور معاوضہ کمیٹی کا صرف ایک اجلاس ہوا اور حاضری اس طرح رہی۔ نام (تعداد حاضری)

محمد طارق صوفی 1 دفعہ (سال کے دوران تقرری کی گئی)، خواجہ محمد جہانگیر 1 دفعہ (سال کے دوران تقرری کی گئی)، خواجہ محمد کلیم 1 دفعہ، خواجہ محمد ندیم (سال کے دوران تبدیل کر دیے گئے)، محمد نوید (سال کے دوران تبدیل کر دیے گئے)

محاسب

کمیٹی کے موجودہ محاسب نے 30 جون 2018 پر ختم شدہ سال کا سالانہ آڈٹ مکمل کر لیا ہے۔ موجودہ محاسب کی خدمات کمیٹی کے سالانہ عام اجلاس میں واپس کر دی جائیں گی اور اہل ہونے کے ناطے اُنھوں نے 30 جون 2019 پر اختتام پذیر ہونے والے سال کے لیے دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی ان کی دوبارہ تقرری کی سفارش کی تائید کی ہے۔ محاسب نے بتایا ہے کہ چارٹرڈ اکاؤنٹینٹس پاکستان ادارے نے کوالٹی کنٹرول جائزہ پروگرام میں ان کی کارکردگی کو تسلی بخش کر دیا ہے۔ فرم بین الاقوامی اکاؤنٹینٹس فڈریشن (IFAC) کے کوڈ آف اتھنکس سے مکمل طور پر ہم آہنگ ہے۔ مزید یہ کہ وہ کمیٹی کو کوئی متعلقہ خدمات فراہم نہیں کر رہی۔ محاسب نے یقین دہانی کرائی کہ ان کی فرم اور نہ ہی ان کے کسی حصہ دار، شریک حیات یا نا بالغ اولاد نے سال کے دوران کمیٹی کے حصص رکھے یا خرید و فروخت کئے اور یہ یقین دہانی کرائی کہ فرم کا کوئی حصہ دار یا آدمی جو آڈٹ میں شامل تھا وہ قریبی رشتہ دار یعنی شریک حیات، والدین، کفالت یافتہ، CEO کی غیر کفالت یافتہ اولاد، CFO، انٹل آڈٹ کا سربراہ، کمیٹی سیکرٹری نہیں تھا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کی شرائط جو پاکستان سٹاک ایکسچینج نے اپنے لسٹنگ کے اصولوں میں وضع کی ہیں کمیٹی نے اختیار کی ہیں اور ان کی صحیح تعمیل کی ہے۔ اس کی تعمیل کا بیان رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے مطابق، ڈائریکٹرز یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ:

- (i) کمپنی کے منتظمین کی جانب سے تیار کردہ حسابات کمپنی کے معاملات، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلی کی شفافیت کو ظاہر کرتے ہیں۔
- (ii) کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- (iii) مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں یکساں طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات (estimates) مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- (iv) بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جیسے کہ پاکستان میں قابل عمل ہیں، پر حسابات بناتے وقت عمل کیا گیا ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- (v) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
- (vi) کمپنی کا کاروبار جاری رکھنے سے متعلق آڈٹ اعتراض کی تفصیل مالی حسابات کے نوٹ نمبر 2.1 میں دی گئی ہے۔
- (vii) کمپنی کے گزشتہ چھ سالوں کے چلنے اور مالیات سے متعلق کلیدی اعداد و شمار منسلک کئے گئے ہیں۔
- (viii) واجب الادا دیکس، ڈیوٹی جھصول اور چارج مالی حسابات کے نوٹ میں درج کئے گئے ہیں۔
- (ix) اس مالیاتی سال جس سے ان حسابات کا تعلق ہے کے اختتام سے لے کر ڈائریکٹرز پورٹ کی تاریخ تک حسابات پر اثر انداز ہونے والی کوئی اہم تبدیلی اور وعدے نہیں ہیں۔
- (x) 30 جون 2018 پر اختتام پذیر ہونے والے سال کے دوران خسارے کی وجہ سے کسی ڈیویڈنڈ کا اعلان اور بونس کا اجرا نہیں کیا گیا۔
- (xi) کمپنی پاکستان سٹاک ایکسچینج کے اصولوں کے اصول نمبر 5.19.7 (ڈائریکٹروں کی ٹریڈنگ) پر پوری طرح عمل پیرا ہے۔

حصص کنندگان کی تفصیل

30 جون 2018 کی تاریخ میں کوڈ آف کارپوریٹ گورننس کے مطابق مطلوبہ تفصیل اف ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور سماجی بہبود کے لیے تسلسل کے ساتھ کوشش کرتی ہے خواہ سماج ہمارے کاروبار سے بالواسطہ یا بلاواسطہ اثر انداز ہو۔


ماحول، صحت اور حفاظت

کمپنی کام کرنے کے لیے محفوظ حالات فراہم کرتی ہے تاکہ ملازمین اور عوام کو خطرات سے محفوظ رکھا جاسکے۔ منتظمین نے سال کے دوران محفوظ ماحول فراہم کیا ہے اور حفاظتی اور روزمرہ کی سہولیات کو تسلسل کے ساتھ بہتر بنایا ہے۔ حفاظت کا معاملہ مشینری اور ملازمین دونوں سے متعلق ہے۔ فائر اسکیٹھکویٹر اور دیگر آگ بجھانے کے آلات کمپنی کی ملوں اور مرکزی دفتر میں رکھے گئے ہیں۔ آگ بجھانے کے حوالے سے تسلسل کے ساتھ مشقیں کی جاتی ہیں۔

کمپنی کے حصہ داران اور سٹاف

بورڈ کمپنی کے حصہ داران کا تسلسل کے ساتھ اعتماد کی وجہ سے شکر گزار ہے۔ بورڈ کمپنی ملازمین کی انتھک محنت، وفاداری اور لگن کی وجہ سے بھی شکر یہ کا خواہشمند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے



محمد نوید
(چیف ایگزیکٹو آفیسر)

خواجہ محمد جہانگیر
(چیئر مین)

(تاریخ: 5 نومبر 2018 لاہور)








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


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KEY FINANCIAL DATA OF LAST SIX YEARS

		Year ended June 30					
		2018	2017	2016	2015	2014	2013
Profit and Loss Summary							
Sales-Net	Pak-Rs.	3,070,193,676	2,063,046,395	4,139,297,510	6,051,526,305	6,822,993,716	6,230,120,498
Gross profit/(Loss)	Pak-Rs.	(165,293,612)	(380,244,852)	(19,050,576)	331,657,539	747,432,402	846,697,751
Operating Profit/(Loss)	Pak-Rs.	(250,732,731)	(475,404,982)	(223,570,095)	56,140,102	472,318,028	573,736,076
Profit/(Loss) before Tax	Pak-Rs.	(451,815,974)	(632,518,082)	(424,631,703)	(229,168,229)	189,182,609	309,694,041
Profit/(Loss) after tax	Pak-Rs.	(414,618,270)	(682,247,360)	(466,024,678)	(289,683,492)	120,952,672	265,523,955
Profit before Interest,tax, depreciation and amortization (EBITDA)	Pak-Rs.	(186,943,113)	(364,777,704)	(104,354,754)	186,376,636	539,429,162	638,861,412
Balance Sheet Summary							
Share Capital	Pak-Rs.	1,078,571,425	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000
Accumulated Profit	Pak-Rs.	(1,185,044,837)	(943,099,559)	(260,250,218)	192,304,938	488,020,366	377,513,397
Share Holder's Equity	Pak-Rs.	(106,473,412)	(293,099,559)	389,749,782	842,304,938	1,138,020,366	1,027,513,397
Non Curren Liabilities (Excluding loan from directors)	Pak-Rs.	115,610,152	284,617,629	393,728,427	491,373,267	254,512,419	192,015,363
Loan From Directors	Pak-Rs.	438,376,521	1,000,526,516	700,000,000	700,000,000	700,000,000	397,000,000
Current Assets	Pak-Rs.	1,157,290,151	1,259,213,456	1,409,723,125	1,953,183,048	2,374,470,897	2,127,045,965
Current Liabilities	Pak-Rs.	2,570,507,812	2,191,150,757	1,985,387,452	2,036,869,528	2,288,975,876	2,102,607,774
Working Capital	Pak-Rs.	(1,413,217,661)	(931,937,302)	(575,664,327)	(83,686,480)	85,495,022	24,438,191
Property, plant and Equipment	Pak-Rs.	1,821,121,203	1,913,004,745	2,027,131,797	2,085,557,422	1,979,823,212	1,566,318,684
Other Non Current Assets	Pak-Rs.	39,609,719	10,977,142	32,010,739	31,807,264	27,214,551	25,771,885
Total Assets	Pak-Rs.	3,018,021,074	3,183,195,343	3,468,865,660	4,070,547,733	4,381,508,661	3,719,136,534
Total Liabilities (Excluding loan from directors)	Pak-Rs.	2,686,117,964	2,514,684,765	2,379,115,879	2,528,242,795	2,543,488,295	2,294,623,137
Total Borrowings	Pak-Rs.	2,236,672,657	3,838,472,627	1,919,212,600	2,121,633,209	1,913,261,694	1,743,692,693
Capital Employed	Pak-Rs.	2,130,199,245	3,506,456,689	2,308,962,382	2,963,938,147	3,051,282,060	2,771,206,090
Cash Flow Summary							
Cash flows of Operating Activities	Pak-Rs.	(11,914,326)	(307,427,658)	257,342,171	(143,649,502)	38,311,172	(178,894,784)
Cash flows of Investing Activities	Pak-Rs.	(48,338,570)	35,438,597	(54,409,723)	(212,155,296)	(505,233,243)	(122,959,889)
Cash flows of Financing Activities	Pak-Rs.	62,013,738	262,952,630	(202,243,986)	355,619,057	468,247,389	305,009,656
Net change in cash and cash equivalents	Pak-Rs.	1,760,843	(9,036,431)	688,462	(185,741)	1,325,318	3,154,983
Cash and cash equivalents at the end of the year	Pak-Rs.	4,137,212	2,376,370	11,412,802	10,724,341	10,910,082	9,584,765
Profitability and Operating Ratios							
Gross Profit Margin	%	(5.38)	(18.43)	(0.46)	5.48	10.95	13.59
Net Profit to sales	%	(13.50)	(34.94)	(11.26)	(4.79)	1.77	4.26
Return on Equity	%	389.41	217.13	(119.57)	(119.57)	(34.39)	10.63
Return on Capital employed	%	(19.46)	(20.56)	(20.18)	(9.77)	3.96	9.58
Liquidity Ratios							
Current	Times	0.45	0.57	0.71	0.96	1.04	1.01
Quick/Acid test	Times	0.12	0.11	0.18	0.25	0.22	0.21
Activity/Turnover Ratios							
Inventory Turnover	Times	3.49	2.37	3.34	3.45	3.42	3.80
No. of Days in inventory	Days	104	154	109	106	107	96
Debtors Turnover	Times	12.13	12.87	14.96	15.42	17.99	19.37
No. of Days in Receivables	Days	30	28	24	24	20	19
Creditors Turnover	Times	25.44	32.86	36.64	41.68	18.46	21.42
No. of Days in Payable	Days	14	11	10	9	20	17
Total Assets Turnover	Times	0.99	0.62	1.19	1.43	1.68	1.87
Fixed Assets Turnover	Times	1.69	1.08	2.04	2.90	3.45	3.98
Operating Cycle	Days	120	171	124	121	107	98
Investment/Market Ratios							
Earning Per share	Times	(2.13)	(5.55)	(3.58)	(2.23)	0.93	2.04
Capital Structure Ratio							
Gearing Ratio	%	105.00	109.47	83.12	71.58	62.70	62.92

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 Listed Companies (Code of Corporate Governance) Regulations, 2017 in the following manner:

- The total number of directors are eight as per the following:

- Male: Eight
- Female: Nil (Exempted for current term)

- The composition of the Board of Directors is as follows:

Category	Names
Independent Director	1. Mr. Muhammad Tariq Sufi
Non Executive Directors	1. Khawaja Mohammad Javed
	2. Khawaja Mohammad Jahangir
	3. Khawaja Mohammad Kaleem
	4. Khawaja Mohammad Nadeem
	5. Khawaja Mohammad Tanveer
Executive Directors	1. Mr. Mohammad Naveed
	2. Mr. Mohammad Hamza Yousaf

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company. (excluding the listed subsidiaries of listed holding companies wherever applicable)
- 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.
- 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.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017.
- 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- All the directors of the company (except Mr. Mohammad Hamza Yousaf) are exempted from directors training program due to 14 years of education and 15 years of experience on the board of listed company which covered compliance of relevant provision of Regulations. Mr. Mohammad Hamza Yousaf, Director of the Company has completed directors' training program through Institute of Chartered Accountants of Pakistan.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee

1. Mohammad Tariq Sufi (Chairman)...appointed during the year under review
2. Khawaja Mohammad Kaleem
3. Khawaja Muhammad Nadeem
4. Khawaja Mohammad Jahangir...replaced during the year under review

HR & Remuneration Committee

1. Mohammad Tariq Sufi (Chairman) ...appointed during the year under review
 2. Khawaja Mohammad Jahangir... appointed during the year under review
 3. Khawaja Mohammad Kaleem
 4. Khawaja Muhammad Nadeem... replaced during the year under review
 5. Mohammad Naveed... replaced during the year under review
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 of the aforesaid committees were as per following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2018.
 - b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2018.
 15. The Board has set up an effective internal audit function. the staff 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 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 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, the 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.

For and on behalf of the Board



Khawaja Muhammad Jahangir
Chairman



Mr. Muhammad Naveed
Chief Executive Officer

Lahore
November 05, 2018



INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF KOHINOOR SPINNING 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 Kohinoor Spinning Mills Limited (the Company) for the year ended 30 June 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 30 June 2018.

Islamabad
November 5, 2018

Nasir Javaid Maqsood Imran
Chartered Accountants

Imran-Ul-Haq, FCA

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KOHINOOR SPINNING MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, 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 and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1.2 of the financial statements and to the fact that the company's total liabilities exceed total assets by Rupees 106,473,412/- as at 30 June 2018 due to recurring losses. The company may not be able to continue as a going concern, however management does not intend to liquidate this company in the near future therefore these financial statements have been prepared on going concern assumption.

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.

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Following are the Key audit matter(s):

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Companies Act, 2017</p> <p>The Companies Act, 2017 (the Act) has become effective for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and its fourth schedule amongst others, prescribes the nature and content of disclosures in relation to various items of the financial statements.</p> <p>In view of first time application, the extensive impacts in the financial statements and also because failure to comply with the requirements of the Act, could have financial and reputational impacts leading to regulatory actions, the same is considered as a key audit matter.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> ● Obtaining an understanding of the provisions of the Act and its fourth schedule applicable to the Company. ● Discussing the applicable changes with the Company's management, evaluating their view point with respect to applicable provisions of the Act. ● Assessing the procedures applied by the management for identification of the changes required in the financial statements due to application of the Act and how the compliance of the same is made. ● Testing on sample basis the supporting documents and underlying information used for the disclosures required by the Act and ensuring their appropriateness. ● Ensuring all the material disclosures as required by the Act have been made in the financial statements.
2.	<p>Recoverability of Deferred Tax Asset</p> <p>Under IAS 12, the company is required to review recoverability of deferred tax asset recognized in the financial statements.</p> <p>Recoverability of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and minimum taxes can be utilized. These future taxable profits are based on management's projections which are inherently uncertain and require judgement in relation to the future cash flows and assessment of timing of reversal of unused tax losses and minimum taxes.</p> <p>We considered this a significant matter due to the significant value of tax losses and minimum taxes carried forward and significant management judgement regarding assumptions used in this area.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> ● Analyzing managements computation of unused tax losses and minimum taxes carried forward for which deferred tax asset is recognized. ● Analyzed the provisions of income tax ordinance, 2001 in relation to the tax losses and minimum taxes. ● Testing the appropriateness and mathematical accuracy of future projections and use of appropriate tax rate on temporary differences. ● Assessing the appropriateness of managements accounting of deferred taxes and the disclosures given in accordance with the international financial and reporting standards.
3.	<p>Litigations</p> <p>The company has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 2.233 Billion at the reporting date in respect of which various legal cases are pending adjudication before the Lahore High Court.</p> <p>Given the significant amounts of borrowings and related finance costs, this is considered to be a key audit matter.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> ● Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. ● Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon.

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NASIR JAVAID MAQSOOD IMRAN

Chartered Accountants

Islamabad Office:
Office # 12 & 13 3rd Floor
Fazal Arcade,
F-11 Markaz, Islamabad.
Tel: 051-2228138
Fax: 051-2228139
E-mail:
njmiconsultants@gmail.com

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none">● Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed.● Re-computing the amounts of obligations and recorded liabilities based on available underlying information.● Assessing the appropriateness of the related disclosures to be made in the accompanying financial statements in light of IAS 37 "Provisions and Contingencies".
4.	<p>Stock in trade</p> <p>The Company has significant levels of stock in trade amounting to Rs. 781 million as at the reporting date, being 26% of total Assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade.</p> <p>The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">● Attending the year end stock taking to gain comfort over existence and condition of inventories and internal controls designed by the company.● Understanding the internal controls designed by the company over recording of purchases and valuation and costing of inventories.● Assessing historical costs recorded in the inventory valuation by performing test of details on purchases.● Obtaining the valuation sheets of the inventories and tracing / reconciling quantities from working papers to observation of physical stock taking.● Considering the adequacy of the Company's disclosures in respect of inventories.

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:

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- 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 other comprehensive income or the income and expenditure account, 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Imran Ul Haq.

Islamabad
November 05, 2018


Nasir Javaid Maqsood Imran
Chartered Accountants
 Imran Ul Haq, FCA

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STATEMENT OF FINANCIAL POSITION

	Note	2018 (Rupees)	2017 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
300,000,000 (2017 - 300,000,000) ordinary shares of Rupees 5/- each (2017: Rupees 5/- each)		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital:			
215,714,285 (2017 - 130,000,000) ordinary shares of Rupees 5/- each (2017: Rupees 5/- each)	3	1,078,571,425	650,000,000
Reserves	4	(1,185,044,837)	(943,099,559)
		(106,473,412)	(293,099,559)
NON-CURRENT LIABILITIES			
Long term loans	5	485,434,753	1,165,232,396
Deferred liabilities	6	68,551,920	119,911,749
		553,986,673	1,285,144,145
CURRENT LIABILITIES			
Trade and other payables	7	363,355,581	305,453,093
Accrued Interest on loans and borrowings	8	306,543,140	149,300,085
Short-term borrowings	9	1,433,590,254	1,406,765,835
Current portion of long term loan	10	317,647,650	200,000,000
Supplier's credit	11	128,196,496	106,437,644
Un-claimed dividend		1,915,117	1,915,117
Provision for taxation	29	19,259,573	21,278,983
		2,570,507,812	2,191,150,757
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL EQUITY AND LIABILITIES			
		3,018,021,074	3,183,195,343

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

Lahore
November 05, 2018


(Khawaja Muhammad Jahangir)
Chairman

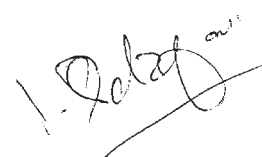
AS AT JUNE 30, 2018

	Note	2018 (Rupees)	2017 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	1,821,121,203	1,913,004,745
Long term deposits	14	39,325,312	10,561,342
Long term investments	15	284,407	415,800
		1,860,730,922	1,923,981,887
CURRENT ASSETS			
Stores and spares	16	60,724,076	156,828,764
Stock-in-trade	17	781,325,173	853,765,055
Trade debts	18	253,112,853	160,346,319
Loans and advances	19	57,990,837	67,462,832
Trade deposits, pre-payments and other receivables	20	-	18,434,115
Cash and bank balances	21	4,137,212	2,376,370
		1,157,290,151	1,259,213,456
TOTAL ASSETS		3,018,021,074	3,183,195,343

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



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

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

	Note	2018 (Rupees)	2017 (Rupees)
Sales - net	22	3,070,193,676	2,063,046,395
Cost of sales	23	(3,235,487,288)	(2,443,291,247)
GROSS (LOSS)		(165,293,612)	(380,244,852)
OPERATING EXPENSES:			
Distribution cost	24	(5,694,770)	(9,685,690)
Administrative	25	(79,744,348)	(85,474,440)
		(85,439,118)	(95,160,130)
OPERATING (LOSS)		(250,732,731)	(475,404,982)
Finance cost	26	(165,937,783)	(160,431,624)
Other operating expenses	27	(37,852,684)	(875,000)
Other operating income	28	2,707,224	4,193,524
		(201,083,243)	(157,113,100)
(LOSS) BEFORE TAXATION		(451,815,974)	(632,518,082)
TAXATION:			
Current	29	(3,667,685)	(9,167,851)
Deferred	6.2	40,865,389	(40,561,428)
		37,197,704	(49,729,278)
(LOSS) AFTER TAXATION		(414,618,270)	(682,247,360)
ACCUMULATED (LOSS) BROUGHT FORWARD		(920,376,207)	(238,386,839)
ACCUMULATED (LOSS) CARRIED FORWARD		(1,334,994,477)	(920,376,207)
(LOSS) PER SHARE - BASIC & DILUTED	30	(2.13)	(5.25)

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

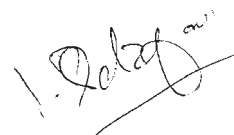


Lahore
November 05, 2018

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

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

	2018 (Rupees)	2017 (Rupees)
(Loss) after taxation	(414,618,270)	(682,247,360)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Unrealized (loss) due to change in fair value of long term investments	(131,393)	-
Experience adjustment due to actuarial valuation (Note 6.1.1)	1,937,769	(859,973)
Deferred tax impact	(561,953)	257,992
	1,375,816	(601,981)
Total comprehensive (Loss) for the year	(413,373,847)	(682,849,341)

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

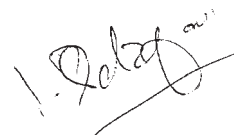


Lahore
November 05, 2018

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

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

	SHARE CAPITAL	RESERVES			Total
		CAPITAL RESERVES	REVENUE RESERVES		
		Share Premium	Accumulated (Loss)	Fair Value Reserve	
Rupees					
Balance as on June 30, 2016	650,000,000	-	(259,666,018)	(584,200)	389,749,782
(Loss) after taxation for the year	-	-	(682,247,360)	-	(682,247,360)
Experienced adjustment due to actuarial valuation	-	-	(601,981)	-	(601,981)
Unrealized (loss) due to change in fair value of long term investment	-	-	-	-	-
Balance as on June 30, 2017	650,000,000	-	(942,515,359)	(584,200)	(293,099,559)
(Loss) after taxation for the year	-	-	(414,618,270)	-	(414,618,270)
New Shares Issued	428,571,425	171,428,570	-	-	599,999,995
Experienced adjustment due to actuarial valuation	-	-	1,375,816	-	1,375,816
Unrealized (loss) due to change in fair value of long term investment	-	-	-	(131,393)	(131,393)
Balance as on June 30, 2018	1,078,571,425	171,428,570	(1,355,757,814)	(715,593)	(106,473,411)

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

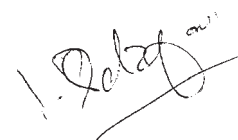


Lahore
November 05, 2018

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

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

	Note	2018 (Rupees)	2017 (Rupees)
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	31	27,718,810	(197,058,422)
Finance cost paid		(8,694,725)	(54,909,494)
Income tax paid		(5,687,095)	(5,629,144)
Gratuity paid		(25,251,316)	(49,830,599)
Net cash (outflow) from operating activities		(11,914,326)	(307,427,658)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(91,389,600)	-
Increase in long term deposits		(28,763,970)	-
Long term loans		-	21,033,597
Proceeds from disposal of property, plant and equipment		71,815,000	14,405,000
Net cash (used in)/generated from investing activities		(48,338,570)	35,438,597
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid		(2,660,680)	(8,290,882)
Short term borrowings		26,824,418	(29,283,004)
Increase in directors loan		37,850,000	300,526,516
Net cash generated from financing activities		62,013,738	262,952,630
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,760,843	(9,036,431)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,376,370	11,412,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	4,137,212	2,376,370

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

Lahore
November 05, 2018

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Kohinoor Spinning Mills Limited was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Act, 1913 (Now Companies Act 2017) and is quoted on Pakistan Stock Exchange. The company is engaged in the business of textile spinning.

Geographical Location of Head office and business units:	
Registered Office	7-E, 3/1 Main Boulevard, Gulberg III, Lahore.
Unit 01 / 02	Aminabad 8 Km Pindi Road, Chakwal.
Unit 03	8 Km Bhaun Road, Chakwal.

- 1.2 The company has been incurring losses since financial year 2015 with total negative equity of Rupees 106,473,412/- representing excess of total liabilities over total assets as at 30 June 2018. This situation casts doubtfulness over the going concern of the company. However, these financial statements have been prepared on going concern assumptions owing to continued financial support assurance from the directors in the shape of equity contribution and loans as and when required together with negotiation and favorable terms of engagement with financial institutions, changes in top management to bring more efficiency in operations.
- 1.3 Significant events and transactions affecting the company's financial position and performance have been outlined in the Note # 37 of the notes to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan. Approved International Accounting Standards comprise of:

International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, and

Provisions of and directives issued under the Companies Act 2017.

In case requirements differ, the provisions of, or directives issued under Companies Act 2017 shall prevail.

2.2 BASIS OF PREPARATION

These accounts have been prepared under the historical cost convention except retirement benefits which have been recognized at present value determined by actuary.

2.3 PREPARATION OF FINANCIAL STATEMENTS UNDER THE COMPANIES ACT 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 13.1.2), management assessment of sufficiency of tax provision in the financial statements (refer note 29.4), and additional disclosure requirements for related parties (refer note 33) etc.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

Staff retirement benefits

Certain actuarial assumption has been adopted as disclosed in note 6.1 of the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The Company has made certain estimations with respect to residual value and depreciable lives of property, plant and equipment. The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**2.5.1 Amendments to approved accounting standards that are effective for the Company's accounting periods beginning after July 1, 2017:**

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

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

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

		Effective for periods beginning on or after
IFRS 9	Financial Instruments	01 July, 2018
IFRS 15	Revenue from Contracts with customers	01 July, 2018
IFRIC 22	Foreign currency transactions and advance consideration	01 January, 2019
IFRS 16	Leases	01 January, 2019
Annual Improvements to IFRSs: 2015 - 2017 Cycle		01 January, 2019

- 2.5.3** Standards and amendments to published approved accounting standards that are not yet effective and are not relevant to the Company.

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

2.6 TAXATION

Current

The Charge for current taxation is based on taxable income at current tax rates after taking into account all tax credits and rebates available, if any. In case of loss minimum tax liability is provided in these accounts based on liability worked out under section 113 or under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever of these liabilities is higher.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts.

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

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is probable that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

2.7 PROPERTY, PLANT AND EQUIPMENT

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost of tangible operating assets consists of historical cost, borrowing cost pertaining to the erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on property, plant and equipment except free hold land is charged to income applying the reducing balance method as to write off the cost of property, plant and equipment including the related exchange differences over their expected useful life at the rates given in Note 13.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Gains or losses on disposal of property plant and equipment are charged to income during the period in which they are incurred.

2.8 STORES AND SPARES

These are valued at cost, applying moving average method except for stock-in-transit which are valued at cost.

2.9 INVESTMENTS

Investments are initially recognized on trade date at cost, comprising of fair value of consideration paid and transaction costs. Its classification is made on the basis of intended purpose for holding such investments, which is determined at the time of purchase and re-valuation is made of such designation on regular basis and presented in the balance sheet on the following basis.

Held-to-maturity

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to income statement for the year.

Held for trading

These are recognized at fair value and changes in the carrying values are included in the income statement for the year.

Available for sale

These are stated at fair value and changes in carrying values are recognized through the statement of changes in equity until the investment is sold, collected, disposed off or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in income statement for the year.

Fair value of investment in shares of listed companies is determined on the basis of closing quotations of the stock exchange at the balance sheet date while for un-quoted securities, fair value is determined considering breakup value of the securities.

2.10 STOCK-IN-TRADE

These are valued at the lower of average cost and net realizable value, except waste stock which is valued at the net realizable value. Average cost signifies, in relation to raw material annual average cost, for work-in-process and finished goods average manufacturing cost including a proportion of related overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales. Stocks of raw material in transit are valued at cost.

2.11 TRADE DEBTS

Trade debts are carried at original invoice less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.12 STAFF RETIREMENT BENEFITS

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method.

Actuarial gains/(losses) in excess of 10 percent of the present value of defined benefit obligation are recognized over the expected average future working lives of the employees participating in the scheme. Past service cost is recognized immediately to the extent the benefits already vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

2.13 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

2.14 REVENUE RECOGNITION

Sales are recognized on dispatch of goods to the customers. Dividend income on equity investments is recognized as income when the right of receipt is established. Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding by using the rate applicable.

2.15 IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, if any, may have been impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

2.16 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are de-recognized, in case of financial assets when the Company loses control of the contractual rights through either realization, surrender or expiration and in case of financial liability on extinguishments, discharge, cancellation or expiration of obligation specified in the contract.

Financial assets include investments, cash and bank balance, trade debts, advances, deposits and other receivables. Trade debts are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, while other financial assets are stated at cost. Any gain or loss on the recognition and de recognition of the financial assets is included in the net profit and loss for the period in which it arises.

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include creditors, accrued and other liabilities and unclaimed creditors, accrued and other liabilities and unclaimed dividend are stated at their nominal value, financial charges are accounted for on accrual basis. Any gain or loss on the recognition and de recognition of the financial liability is included in the net profit and loss for the period in which it arises.

2.17 TRADE AND OTHER PAYABLES

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.18 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances.

2.20 BORROWING COST

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset.

2.21 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.22 TRANSACTIONS WITH RELATED PARTIES AND TRANSFER PRICING

Transactions with related parties are accounted for using arm's length price in ordinary course of business in accordance with uncontrolled price method.

2.23 DIVIDEND

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

	Note	2018 (Rupees)	2017 (Rupees)
3 SHARE CAPITAL			
Issued, subscribed and paid up			
127,725,000 (2017:127,725,000) ordinary shares of Rupees 5/- each (2017 Rupees 5/- each) fully paid in cash		638,625,000	638,625,000
85,714,285 (2017: nil) ordinary shares of Rupees 5/- each (2017: nil) issued against directors' loan		428,571,425	-
2,275,000 (2017:2,275,000) ordinary shares of Rupees 5/- each (2017:Rupees 5/- each) issued as fully paid bonus shares.		11,375,000	11,375,000
		1,078,571,425	650,000,000
3.1 Reconciliation of number of shares			
Number of shares at 1 July		130,000,000	130,000,000
Shares issued against directors loan		85,714,285	-
Number of shares at 30 June		215,714,285	130,000,000
4 RESERVES			
Accumulated (loss)		(1,335,556,431)	(920,376,207)
Share Premium	4.1	171,428,570	-
Cash dividend		(12,612,848)	(12,612,848)
Unrealized (loss) on long term investments		(715,593)	(584,200)
Unrealized amount charged to retained earning due to valuation		(1,428,229)	(1,428,229)
Actuarial re-measurement-experience adjustments		(6,160,306)	(8,098,075)
		(1,185,044,837)	(943,099,559)

4.1 This reserve can be utilized by the company only for the purposes specified in section 81 of the Companies Act 2017.

	Note	2018 (Rupees)	2017 (Rupees)
5 LONG TERM LOANS			
From directors			
Sub-ordinate loan	5.1 & 5.2	397,000,000	397,000,000
Free loan	5.1 & 5.3	41,376,521	603,526,516
		438,376,521	1,000,526,516
From banking companies - secured			
Demand finance	5.4	364,705,882	364,705,882
Less:			
Overdue installment		(223,530,002)	(105,882,354)
Current portion	10	(94,117,648)	(94,117,648)
		(317,647,650)	(200,000,002)
		47,058,232	164,705,880
		485,434,753	1,165,232,396

5.1 The directors have injected unsecured and interest free loans for the repayment of the liabilities of the banks and BMR of the Company. The loan is repayable at the convenience of the company. The directors of the company have confirmed that they would not demand repayment of loan for a period of 12 months of the balance sheet date. Hence the loan has been classified as long term liability.

5.2 This loan is sub-ordinate to the finance facilities together with mark up, additional mark up, damages, liquidated damages, costs, charges, fees costs of funds, commissions and expenses thereon or related thereto to the extent provided in the sub-ordinate agreements.

5.3 This loan is not sub-ordinate to any finance facility.

5.4 This loan is secured by a first pari passu charge with 25% margin over fixed assets of unit-3 of the company. It carries mark up based on six months KIBOR plus 2.75%. The loan was repayable in 17 equal quarterly installments of Rs.23.53 million each commencing from December, 2015 and ending on December 2019.

		2018 (Rupees)	2017 (Rupees)
6 DEFERRED LIABILITIES			
Gratuity	6.1	68,551,920	79,608,313
Deferred tax liability	6.2	-	40,303,436
		68,551,920	119,911,749

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by M/S TRT Associates as on June 30, 2018.

6.1 Staff Gratuity-Defined Benefit Plan

The amounts recognized in financial statements are determined as follows :-

	2018 (Rupees)	2017 (Rupees)
6.1.1 Movement in liability recognized in the balance sheet		
At the beginning of the year	79,608,313	107,820,874
Amount recognized during year - as shown above	16,132,692	20,758,065
Experience adjustment	(1,937,769)	859,973
Benefit payments	(25,251,316)	(49,830,599)
	68,551,920	79,608,313

	Note	2018 (Rupees)	2017 (Rupees)
6.1.2 Expense charged to Profit and Loss Account			
Current service cost		10,941,536	14,747,411
Interest cost		5,191,156	6,010,654
		16,132,692	20,758,065
6.1.3 Allocation of charge for the year			
Cost of sales	23	12,802,978	17,635,481
Administrative expenses	25	3,329,714	3,122,584
		16,132,692	20,758,065
6.1.4 The principal actuarial assumptions used were as follows			
Discount rate		8.00%	7.75%
Expected rate of increase in salary		7.00%	6.75%
Average expected remaining working life of employees		9 years	9 years
Average duration of liability		8 years	9 years

6.1.5 Sensitivity analysis as at 30.06.2018

	Discount Rate + 1%	Discount Rate - 1%	Salary Increase + 1%	Salary Increase - 1%
PVDBO	62,477,803	75,729,604	75,729,604	62,372,397

	2018 (Rupees)	2017 (Rupees)
6.2 Deferred tax		
On temporary differences arising on:		
Property, plant and equipment	321,689,232	369,776,403
Gratuity	(19,880,057)	(23,882,494)
Leased assets	3,661,466	27,188,585
Tax losses and credits	(305,470,641)	(332,779,059)
Deferred Tax (Asset) / Liability	-	40,303,436

- 6.2.1** Due to year over year tax losses, the company is only recognizing deferred tax asset to the extent of available taxable temporary differences from previous years. The excess deferred tax asset amounting to Rs. 214,162,966 from tax losses and credits have not been recognized.

	Note	2018 (Rupees)	2017 (Rupees)
7 TRADE AND OTHER PAYABLES			
Secured:			
Creditors	7.1	29,552,718	29,552,718
Un-secured:			
Creditors	7.2	44,735,838	40,040,183
Accrued expenses		198,769,374	161,095,444
Sales tax payable		10,632,739	-
Workers' profit participation fund	7.3	74,865,252	67,304,408
Overdue lease rentals		4,799,660	7,460,340
		363,355,581	305,453,093

7.1 These are secured against letter of credits issued by the bankers of the company.

7.2 These include Rs.3,910,501 payable to Chakwal Textile Mills Limited-an associated undertaking.

7.3 Workers' profit participation fund

		2018 (Rupees)	2017 (Rupees)
Opening balance		67,304,408	61,185,824
Interest recognized during the year	7.3.1	7,560,844	6,118,584
		74,865,252	67,304,408

7.3.1 The company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

8 ACCRUED INTEREST ON LOANS AND BORROWINGS

		2018 (Rupees)	2017 (Rupees)
Accrued interest / mark up on:			
Long term loans (Secured)		68,352,492	35,614,395
Short term finances (Secured)		238,190,648	113,685,690
		306,543,140	149,300,085

9 SHORT-TERM BORROWINGS

Banking companies - Secured

Running finance	9.1/9.2	168,248,211	140,795,598
Others	9.1	980,977,562	980,977,562
Export finance	9.1	284,364,481	284,364,481
		1,433,590,254	1,406,137,641

Related parties - Unsecured

Loan from directors	9.3	-	628,195
		1,433,590,254	1,406,765,835

9.1

NATURE OF FACILITY	2018		2017		Expiry	SECURITY
	LIMIT	MARK UP RATE	LIMIT	MARK UP RATE		
Running Finance	169,452,613	3 Months KIBOR plus 2.00 % to 2.50%	142,000,000	3 Months KIBOR plus 2.00 % to 2.50%	Ranges from 30/09/2016 to 31/12/2016	PP charge on Current Assets of the company and Personnel Guarantee of the Sponsoring Directors of the Company.
Others	1,150,000,000	3 Months KIBOR plus 2.00 % to 3.50%	1,150,000,000	3 Months KIBOR plus 2.00 % to 3.50%		Pledge of stock of raw material and finished goods under the supervision and control of Bank Mucaddam. Personnel Guarantee of the Sponsoring Directors of the Company.
Export Finance	285,000,000	3 Months KIBOR plus 2.00 % to 3.50%	285,000,000	3 Months KIBOR plus 2.00 % to 3.50%		Lien on contract / export documents. 1st PP Charged over Fixed Assets of the Company. Personal Guarantees of the Sponsoring Directors of the Company.

9.2 In October 2017, SNGPL encashed bank guarantee amounting to Rs. 32,725,004/- against detection bill of the company. After adjusting for guarantee margin of Rs. 5,272,391/-, balance amount of Rs. 27,452,613/- was added to the running finance.

9.3 This represent interest free loan obtained from directors for working capital requirements of the company.

	Note	2018 (Rupees)	2017 (Rupees)
10 CURRENT PORTION OF LONG TERM LOAN			
Long term loans	5	317,647,650	200,000,000
		317,647,650	200,000,000
11 SUPPLIER'S CREDIT-UNSECURED			
Loan for machinery - Overdue installments	11.1	128,196,496	106,437,644
		128,196,496	106,437,644

11.1 This loan is unsecured and interest free. This loan is repayable in six equal half yearly installments of Rs. 25.761 million (Euro 221,486.69) each commencing from August 2014 and ending on August, 2017 with 15% payment at the time of presentation of shipping documents of machinery.

12 CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

12.1.1 No provision has been made for the amount of tax demanded by tax authorities of Rs. 5.673 million (2017: Rs.5.673 million) for various assessment years because the management believes that the outcome of the appeals regarding this demand will be decided in favor of the company.

12.1.2 Orix Leasing Pakistan Ltd has demanded Rs. 2,560,740/- as additional rental due to non timely payments. However Company is hopeful that it will successfully negotiate this penalty in their favor and do not expect any liability in this respect.

	Note	2018 (Rupees)	2017 (Rupees)
13 PROPERTY, PLANT AND EQUIPMENT			
Fixed assets:			
Owned assets	13.1	1,803,695,797	1,874,653,782
Leased assets	13.2	17,425,406	38,350,963
		1,821,121,203	1,913,004,745

13.1 PROPERTY, PLANT AND EQUIPMENT

	C O S T										Total
Land (Freehold)	Building (Freehold)	Plant and Machinery	Tube Wells	Electric Installation	Tools and Equipment	Telephone Installation	Office Equipment	Furniture and Fixture	Vehicles		
(Rupees)											
Year ended June 30, 2017											
Opening net book amount	11,675,239	357,238,546	1,542,332,138	211,017	36,062,628	262,165	120,513	9,361,179	2,349,364	22,601,052	1,982,213,930
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposal/Deficit	-	-	-	-	-	-	-	-	-	(19,254,925)	(19,254,925)
Depreciation charge	-	(17,861,927)	(77,116,607)	(21,102)	(3,651,417)	(26,217)	(12,051)	(936,114)	(234,936)	(5,429,909)	(105,290,280)
Adjustment for transfer	-	-	-	-	-	-	-	-	-	(1,367,868)	(1,367,868)
Adjustment for disposal	-	-	-	-	-	-	-	-	-	12,436,625	12,436,625
Transfer	-	-	-	-	-	-	-	-	-	5,916,300	5,916,300
Closing net book amount	11,675,239	339,376,619	1,465,215,531	189,915	32,411,211	235,948	108,462	8,425,065	2,114,428	14,901,275	1,874,653,782
At June 30, 2017											
Cost	11,675,239	603,599,123	2,921,226,386	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	64,668,558	3,721,936,915
Accumulated depreciation	-	264,222,504	1,456,010,855	1,355,662	51,736,327	4,005,195	908,728	11,232,104	8,044,564	49,767,283	1,847,283,223
Net book amount	11,675,239	339,376,619	1,465,215,531	189,915	32,411,211	235,948	108,462	8,425,065	2,114,428	14,901,275	1,874,653,782
Year ended June 30, 2018											
Opening net book amount	11,675,239	339,376,619	1,465,215,531	189,915	32,411,211	235,948	108,462	8,425,065	2,114,428	14,901,275	1,874,653,782
Additions	-	-	91,389,600	-	-	-	-	-	-	-	91,389,600
Disposal/Deficit	-	-	(98,775,336)	-	-	-	-	-	-	(5,640,870)	(104,416,206)
Depreciation charge	-	(16,968,832)	(72,719,934)	(18,991)	(3,241,116)	(23,595)	(10,847)	(842,501)	(211,438)	(2,980,275)	(97,017,529)
Adjustment	-	-	11,402,992	-	-	-	-	-	-	3,959,388	15,362,380
Transfer	-	-	23,723,770	-	-	-	-	-	-	-	23,723,770
Closing net book amount	11,675,239	322,407,787	1,420,236,623	170,924	29,170,095	212,353	97,615	7,582,564	1,902,990	10,239,518	1,803,695,797
At June 30, 2018											
Cost	11,675,239	603,599,123	2,937,564,420	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	59,027,688	3,732,634,079
Accumulated depreciation	-	281,191,336	1,517,327,797	1,374,653	54,977,443	4,028,790	919,575	12,074,605	8,256,002	48,788,170	1,928,938,371
Net book amount	11,675,239	322,407,787	1,420,236,623	170,924	29,170,095	212,353	97,615	7,582,564	1,902,990	10,239,518	1,803,695,797
Rate of depreciation in %	-	5	5	10	10	10	10	10	10	20	

13.1.1 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Loss)	Mode of disposal	Party Name
5 Card Machines	64,187,964	10,697,994	53,489,970	45,040,000	(8,449,970)	Negotiation	Mekotex (Pvt) Ltd
1 Blow Room Machine	34,587,372	5,420,760	29,166,612	22,540,000	(6,626,612)	Negotiation	Mekotex (Pvt) Ltd
Motorcycle (CD-70)	69,900	31,874	38,026	15,000	(23,026)	Negotiation	Mr. Tariq Muzaffar
	98,845,236	16,150,628	82,694,608	67,595,000	(15,099,608)		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Party Name
LEB-11-3548	2,029,730	1,587,822	441,908	1,220,000	778,092	Negotiation	Miss. Sawera Bhatti
LEC-13-9761	3,541,240	2,339,692	1,201,548	3,000,000	1,798,452	Negotiation	Muhammad Zulfiqar
	5,570,970	3,927,514	1,643,456	4,220,000	2,576,544		

13.1.2 PARTICULARS OF IMMOVABLE PROPERTIES

Manufacturing Units	Address	Area of Land (Kanals)	Covered area (sq feet)
Unit 1/2	Aminabad 8 Km Pindi Road, Chakwal.	385.55	467,535
Unit 3	8 Km Bhaun Road, Chakwal.	244.00	372,236
		629.55	839,771

13.2 Leasehold property, plant and equipment

Year ended June 30, 2017

	Plant and Machinery	Vehicles	Total
Opening net book amount	40,369,435	4,548,432	44,917,867
Additions	-	-	-
Depreciation charge	(2,018,472)	(909,686)	(2,928,158)
Transferred to owned assets	-	(5,916,300)	(5,916,300)
Adjustment	-	2,277,554	2,277,554
Closing net book amount	38,350,963	-	38,350,963

At June 30, 2017

Cost	45,323,770	-	45,323,770
Accumulated depreciation	6,972,807	-	6,972,807
Net book amount	38,350,963	-	38,350,963

Year ended June 30, 2018

Opening net book amount	38,350,963	-	38,350,963
Additions	-	-	-
Depreciation charge	(1,917,549)	-	(1,917,549)
Transferred to owned assets	(23,723,770)	-	(23,723,770)
Adjustment	4,715,762	-	4,715,762
Closing net book amount	17,425,406	-	17,425,406

At June 30, 2018

Cost	21,600,000	-	21,600,000
Accumulated depreciation	4,174,594	-	4,174,594
Net book amount	17,425,406	-	17,425,406

Rate of depreciation in %

5	20
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13.3 Depreciation/amortization has been apportioned as under: -

	Note	2018 (Rupees)	2017 (Rupees)
Cost of sales	23	95,963,692	101,878,839
Administrative expenses	25	2,971,386	5,429,915
		98,935,078	107,308,754

14 LONG-TERM DEPOSITS

Security deposits:

Utilities	14.1	39,175,312	10,411,342
Others		150,000	150,000
		39,325,312	10,561,342

- 14.1** In October 2017, SNGPL encashed bank guarantee amounting to Rs. 32,725,004/- against detection bill of the company of Rs. 35,164,844. The company filed a complaint to OGRA relating to the encashment in which OGRA decided that detection charges and late payment charges shall be set aside and the amount of encashed bank guarantee will be treated as cash security with SNGPL after adjusting outstanding dues of Rs. 3,961,034.

	Note	2018 (Rupees)	2017 (Rupees)
15 LONG TERM INVESTMENTS			
Held as available for sale			
Others - Quoted			
KASB Modaraba			
166,320 modaraba certificates of Rupees 10 each.		284,407	415,800
16 STORES AND SPARES			
Stores		52,561,201	54,124,168
Spares		8,162,875	102,704,596
		60,724,076	156,828,764
17 STOCK-IN-TRADE			
Raw material		688,015,829	651,795,730
Work-in-process		29,690,802	133,500,374
Finished goods		60,837,891	67,373,887
Waste		2,780,651	1,095,064
		781,325,173	853,765,055
18 TRADE DEBTS - CONSIDERED GOOD		2018 (Rupees)	2017 (Rupees)
Local - Unsecured	18.1	253,112,853	160,346,319
		253,112,853	160,346,319
18.1 This includes balances receivable from the following associated undertakings: -			
Chakwal Spinning Mills Limited		2,061,975	1,961,975
Yousaf Weaving Mills Limited		21,931,392	22,090,432
		23,993,367	24,052,407
19 LOANS AND ADVANCES			
Advances - considered good			
Suppliers		49,816,471	36,765,489
Executive	19.1/19.3	1,615,000	2,567,875
Non- executives	19.2/19.3	6,559,366	28,129,468
		57,990,837	67,462,832
19.1 This includes loan of Rs. 1,615,000 (2017: 915,000) to Mr. Saeed Zafar (Chief Financial Officer).			
19.2 This includes the following loans exceeding Rupees 1 million:		2018 (Rupees)	2017 (Rupees)
Asif Qazi (I.T Manager)		1,663,809	1,663,809
Azhar Naseem Ahmed (Deputy Manager Finance)		1,156,679	656,679
19.3 These loans are secured against gratuity balances of the employees.			

	Note	2018 (Rupees)	2017 (Rupees)
20 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES			
Deposits - Margin with banks		-	5,272,391
Pre-payments - insurance		-	2,216,650
Sales tax receivable		-	10,945,074
		-	18,434,115
21 CASH AND BANK BALANCES			
Cash in hand		876,798	706,286
Cash at bank:			
In current accounts		2,987,181	1,550,844
In saving accounts	21.1	273,234	119,240
		4,137,212	2,376,370
21.1 Saving account carries interest @ 4% p.a (2017: 4% p.a)			
22 SALES			
Local			
Yarn		3,029,937,637	1,991,308,135
Waste		48,397,164	63,602,612
Local Sale Return		(8,141,126)	(1,663,761)
		3,070,193,676	2,053,246,986
Export of Yarn		-	9,799,409
		3,070,193,676	2,063,046,395
23 COST OF SALES			
Raw material consumed	23.1	1,852,563,446	1,361,212,337
Salaries, wages and benefits	23.2	373,886,336	351,747,580
Fuel and power		683,778,046	375,056,539
Insurance		4,746,325	21,724,726
Packing material consumed		46,804,913	48,032,003
Repairs and maintenance		6,564,416	3,930,835
Stores and spares consumed		48,602,431	52,161,679
Vehicle running and maintenance		2,695,843	3,053,017
Communication		509,258	596,613
Travelling and conveyance		1,570,646	796,478
Miscellaneous		9,141,954	8,423,898
Depreciation	13.3	95,963,692	101,878,839
		3,126,827,307	2,328,614,543
Work-in-process			
Opening		133,500,374	115,616,723
Closing		(29,690,802)	(133,500,374)
Cost of goods manufactured		3,230,636,879	2,310,730,892
Finished goods and waste			
Opening stock		68,468,951	201,029,306
Closing stock		(63,618,542)	(68,468,951)
		3,235,487,288	2,443,291,247

23.1 RAW MATERIAL CONSUMED

	Note	2018 (Rupees)	2017 (Rupees)
Opening stock		651,795,730	636,838,628
Purchases		1,890,073,597	1,376,169,439
		2,541,869,327	2,013,008,067
Cost of raw material sold		(1,290,052)	-
		2,540,579,275	2,013,008,067
Closing stock		(688,015,829)	(651,795,730)
		1,852,563,446	1,361,212,337

23.2 It includes Rs. 12,802,978 (2017 : Rs. 17,634,481) in respect of gratuity.

24 DISTRIBUTION COST

Commission to selling agents		737,288	1,402,478
Local Freight		4,957,482	1,920,165
Ocean freight		-	70,850
Clearing and forwarding		-	28,962
Export development surcharge		-	123,827
Others		-	6,139,408
		5,694,770	9,685,690

25 ADMINISTRATIVE

Salaries, wages and benefits	25.1	45,098,180	51,488,793
Travelling and conveyance		1,907,730	2,067,768
Rent, rates and taxes		2,691,314	2,684,972
Printing and stationery		523,795	522,291
Communication		1,787,885	2,057,311
Entertainment		1,211,558	831,311
Electricity and gas		3,751,406	4,643,336
Vehicles running		4,394,330	4,464,888
Fee and subscription		3,877,577	917,484
Legal and professional		2,295,000	950,990
Repairs and maintenance		1,922,802	2,220,938
Miscellaneous		7,311,386	7,000,843
Depreciation	13.3	2,971,386	5,429,915
Donations	25.2	-	193,600
		79,744,349	85,474,440

25.1 It includes Rs. 3,329,714 (2017 : Rs.3,122,584) in respect of gratuity.

25.2 None of the directors or their spouses had any interest in any of the donees.

26 FINANCE COST

Interest / mark-up on:			
Long term loans		32,738,097	25,674,915
Finance leases		-	655,299
Short-term borrowings		124,504,958	123,965,685
Markup on cotton purchase		339,290	346,855
Bank charges and commissions		794,594	3,670,286
Workers' profit participation fund		7,560,844	6,118,584
		165,937,783	160,431,624

	Note	2018 (Rupees)	2017 (Rupees)
27 OTHER OPERATING EXPENSES			
Auditors' remuneration	27.1	875,000	875,000
Loss on sale of fixed assets		15,099,608	-
Loss on sale of raw material		119,224	-
Exchange loss		21,758,852	-
		37,852,684	875,000
27.1 Auditors' remuneration			
Statutory audit		700,000	700,000
Half yearly review and review of code of corporate governance		175,000	175,000
		875,000	875,000
28 OTHER OPERATING INCOME			
Income from financial assets:			
Exchange gain		-	(3,393,176)
Income from non financial assets:			
Other income		130,680	-
Gain on sale of fixed assets		2,576,544	7,586,700
		2,707,224	4,193,524
29 PROVISION FOR TAXATION			
Opening balance		21,278,983	17,740,276
For the year	29.1	24,298,149	20,630,464
Prior year		(20,630,464)	(11,462,613)
		3,667,685	9,167,851
Less: Paid / adjusted		(5,687,095)	(5,629,144)
		19,259,573	21,278,983

29.1 This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.

29.2 The income tax assessment of the company has been finalized up to and including tax year 2017 by deeming provisions of Income Tax Ordinance 2001, however appeals before different appellate forums are pending on various legal issues.

29.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under Section 113 and under Section 154 of the Income Tax Ordinance 2001.

29.4 The Company computes tax based on the generally accepted interpretations of the tax laws in Pakistan to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year Ended 30 June		
	2017	2016	2015
	-----Rupees-----		
Provision for taxation	20,630,464	41,392,975	60,515,263
Tax assessed	20,499,243	42,060,738	64,868,615

	Note	2018 (Rupees)	2017 (Rupees)
30 (LOSS) PER SHARE - Basic			
(Loss) after taxation		(414,618,270)	(681,989,368)
Weighted average number of ordinary shares		194,285,714	130,000,000
(Loss) per share - Basic		(2.13)	(5.25)
30.1 Diluted earning per share			
There is no dilution effect on the basic earning per share of the Company as the company has no such commitments.			
31 CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(451,815,974)	(632,518,082)
Adjustments of non cash charges and other items			
Depreciation / amortization		98,935,078	107,308,754
Gratuity		16,132,692	20,758,065
Gain on sale of fixed assets		(2,576,544)	(7,586,700)
Loss on sale of fixed assets		15,099,608	-
Finance cost		165,937,783	160,431,624
Exchange loss		21,758,852	3,393,176
Operating profit before working capital changes		(136,528,505)	(348,213,163)
(Increase)/decrease in current assets			
Stores and spares		96,104,688	(56,927,859)
Stock-in-trade		72,439,882	99,719,602
Trade debts		(92,766,534)	116,306,163
Loan and advances		9,471,995	(25,744,273)
Trade deposits, prepayments & other receivables		18,434,115	8,119,605
		103,684,146	141,473,237
(Decrease)/Increase in current liabilities			
Trade and other payables		60,563,169	9,681,504
		27,718,810	(197,058,422)

31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities from financing activities			TOTAL
	Long term loans (Directors)	Short term borrowings	Finance Lease	
Balance as at 1 July, 2017	1,000,526,516	1,406,765,835	7,460,340	2,414,752,691
Increase in short term borrowing	-	27,452,613	-	27,452,613
Short term borrowing repaid	-	(628,195)	-	(628,195)
Loan converted to Equity	(599,999,995)	-	-	(599,999,995)
Long term loan obtained	37,850,000	-	-	37,850,000
Lease rentals paid	-	-	(2,660,680)	(2,660,680)
Balance as at 30 June, 2018	438,376,521	1,433,590,254	4,799,660	1,876,766,435

32 CHIEF EXECUTIVE EXECUTIVE DIRECTORS AND EXECUTIVES' REMUNERATION

	2018 (Rupees)			2017 (Rupees)		
	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES
Remuneration	4,000,000	9,180,000	7,580,848	4,000,000	9,180,000	5,622,181
House rent	1,800,000	4,131,000	3,411,382	1,800,000	4,131,000	2,248,873
Medical	-	-	-	76,249	3,128,312	-
Gratuity	-	-	547,606	-	-	487,606
Utilities	200,000	459,000	379,042	200,000	459,000	562,218
	6,000,000	13,770,000	11,918,878	6,076,249	16,898,312	8,920,878
Number of persons	1	3	4	1	3	6

32.1 The Chief Executive, Executive Director and certain Executives are provided with company maintained cars.

33 TRANSACTIONS WITH RELATED PARTIES

Name of Related Party	Basis of relationship	Transactions during the year	Percentage of Shareholding
Yousaf Weaving Mills Limited	Common Directorship	Yes	No
Chakwal Spinning Mills Limited	Common Directorship	Yes	No
Chakwal Textile Mills Limited	Director's relative a director	Yes	No

33.1 Transactions with related parties comprise associated undertakings and other related parties through directorship and close family members of the directors of the company.

Transactions with related parties undertaken during the year were as follows:-

	Note	2018 (Rupees)	2017 (Rupees)
Purchases of raw materials and goods			
Yousaf Weaving Mills Limited	33.1.1	985,695	9,145,268
Chakwal Textile Mills Limited	33.1.2	-	59,625,317
		985,695	68,770,585

33.1.1 Cash paid against purchases during the year Rs. 826,655 (2017: Rs.2,839,565)

33.1.2 Cash paid against purchases during the year Rs. nil (2017: Rs. 55,464,002)

	Note	2018 (Rupees)	2017 (Rupees)
Sales of raw materials and goods			
Yousaf Weaving Mills Limited		-	5,769,600
Chakwal Textile Mills Limited	33.1.3	264,964	-
		264,964	5,769,600

	2018 (Rupees)	2017 (Rupees)
33.1.3 Cash received against sales during the year Rs. 14,150 (2017: nil)		
Advance against goods		
Chakwal Spinning Mills Limited	(100,000)	-
	(100,000)	-
Aggregate maximum balance due at the end of any month during the year.	24,152,407	28,952,407
Short Term Loan from Directors		
Loan from directors	-	628,195

34 FINANCIAL RISK MANAGEMENT

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

Market Risk
Credit Risk
Liquidity Risk

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

a) Market Risk

i) Currency Risk

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

The Company is exposed to currency risk arising from various currency exposures. Primarily with respect to Euros. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk was as follows:

	2018	2017
Supplier's credit-EURO	885,947	885,947
The following significant exchange rates were applied during the year.		
Average rate (Rupees per US Dollar)	N/A	104.09
Reporting date rate (Rupees per US Dollar)	N/A	106.70
Average rate (Rupees per Euro)	N/A	120.04
Reporting date rate (Rupees per Euro)	144.70	120.04

Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2018, financial liabilities include Rs.128.196 million (2017: Rs.106.437 million) which are subject to foreign currency risk against Euros.

Foreign Currency Sensitivity Analysis

At June 30, 2018 if the Rupee had weakened / strengthened by 5% against the Euro with all other variables held constant, loss for the year would have been lower / higher by Rs.6.409 million (2017: Rs.5.152 million) mainly as a result of foreign exchange gains / losses on translation of foreign currency Euro denominated borrowings.

ii) Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to other price risk only in respect of investment in KASB modaraba certificates amounting to Rs.284,407 (2017: Rs.415,800).

Sensitivity analysis

At June 30, 2018 if the price had decreased/increased by 5% against with all other variable held constant, loss for the year would have been lower/higher by Rs.14,221 (2017: Rs.31,081) mainly as a result of price variations.

iii) Interest Rate Risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

	2018 (Rupees)	2017 (Rupees)
Floating rate instruments		
Financial Liabilities:		
Long term financing	47,058,232	164,705,880
Liabilities against assets subject to finance lease	-	7,460,340
Short term borrowings	1,433,590,254	1,406,765,836
Financial Assets:		
Bank balance - Saving account	273,234	119,240

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 18.004 million (2017: Rs. 14.068 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.

Credit Risk

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

	2018 (Rupees)	2017 (Rupees)
Long term loans	-	867,000
Long term deposits	39,325,312	10,561,342
Trade debts	253,112,853	160,346,319
Loans and advances	57,990,837	66,595,832
Sales tax receivable	-	10,945,074
Bank balance	3,260,414	1,670,085

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows:

Name of Bank	Rating Agency	Credit Rating		2018	2017
		Short term	Long term	-----Rupees-----	
Askari bank Limited	PACRA	A1+	AA+	31,805	31,805
MCB Bank Limited	PACRA	A1+	AAA	57,979	188,109
National Bank of Pakistan	PACRA	A1+	AAA	41,581	101,159
Habibmetro Bank Limited	PACRA	A1+	AA+	976,876	972,827
Meezan Bank Limited	JCR-VIS	A-1+	AA+	688,574	129,058
Allied Bank Limited	PACRA	A1+	AAA	293,231	139,237
Habib Bank Limited	JCR-VIS	A-1+	AAA	97,078	40,834
Bank Al Falah Limited	PACRA	A1+	AA+	29,489	23,313
Standard Chartered Bank	PACRA	A1+	AAA	-	22,612
J S Bank Limited	PACRA	A1+	AA-	1,043,802	21,130
				3,260,414	1,670,085

The Company's exposure to credit risk and impairment losses related to trade debts is as follow:

The impairment analysis of trade debts at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	-----Rupees-----			
Trade Debts	253,112,853	-	160,346,319	-
	253,112,853	-	160,346,319	-

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 1,577 million worth short term borrowing limits available from financial institutions and Rs. 4.137 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2018:

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Gratuity	68,551,920	-	-	-	68,551,920
Supplier's credit	128,196,496	128,196,496	79,828,233	48,368,263	-
Long-term finances	364,705,882	364,705,882	317,647,650	47,058,232	-
Liabilities against leased assets	4,799,660	4,799,660	4,799,660	-	-
Trade and other payables	360,471,039	360,471,039	360,471,039	-	-
Accrued interest	306,543,140	306,543,140	306,543,140	-	-
Short term finances	1,433,590,254	1,433,590,254	1,433,590,254	-	-

Contractual maturities of financial liabilities as at June 30, 2017:

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees	Rupees	Rupees	Rupees	Rupees
Gratuity	79,608,313	-	31,843,325	47,764,988	-
Supplier's credit	106,437,644	106,437,644	79,828,233	26,609,411	-
Long-term finances	364,705,882	397,201,176	200,000,002	197,201,174	-
Liabilities against leased assets	7,460,340	9,124,902	9,124,902	-	-
Trade and other payables	299,907,868	299,907,868	299,907,868	-	-
Accrued interest	149,300,085	149,300,085	149,300,085	-	-
Short term finances	1,406,765,836	1,530,365,335	1,530,365,335	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest/mark up have been disclosed in respective notes to these financial statements.

34.2 Fair values of financial assets and liabilities

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

Financial assets as per balance sheet

	At Amortized Cost		Fair value through profit and loss		Available for sale	
	2018	2017	2018	2017	2018	2017
	Rupees					
Long term deposits	39,325,312	10,561,342				
Long term investments	-	-	-	-	284,407	415,800
Trade debts	253,112,853	160,346,319	-	-	-	-
Loans and advances	57,990,837	67,462,832	-	-	-	-
Trade deposits, prepayments and other receivables	-	18,434,115	-	-	-	-
cash and bank balances	4,137,212	2,376,370	-	-	-	-
	354,566,215	259,180,979	-	-	284,407	415,800

Financial liabilities as per balance sheet

	At Amortized Cost		Fair value through profit and loss	
	2018	2017	2018	2017
Long term finance	364,705,882	364,705,882	-	-
Suppliers credit	128,196,496	106,437,644	-	-
Lease liability	4,799,660	7,460,340	-	-
Trade and other payable	358,555,921	299,907,870	-	-
Accrued interest on loans and borrowings	306,543,140	149,300,085	-	-
Short term borrowings	1,433,590,254	1,406,765,835	-	-
	2,596,391,354	2,334,577,656	-	-

34.3 Capital Risk Management

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2018 (Rupees)	2017 (Rupees)
Total borrowings	2,364,869,153	2,878,435,875
Less: Cash and bank balances	4,137,212	2,376,370
Net debt	2,360,731,941	2,876,059,505
Total equity	(106,473,412)	(293,099,599)
Total capital employed	2,254,258,529	2,582,959,906
Gearing ratio	1.05	1.11

35 RECOGNIZED FAIR VALUE MEASUREMENT - FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments and estimates are made for financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial assets into the following three levels.

As at June 30, 2018	Level 1	Level 2	Level 3	Total
.....Rupees.....				
Long term investment				
Modaraba Certificates	284,407			284,407
Total	284,407			284,407

As at June 30, 2017	Level 1	Level 2	Level 3	Total
.....Rupees.....				
Long term investment				
Modaraba Certificates	415,800			415,800
Total	415,800			415,800

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between any level during the year.

36 PLANT CAPACITY AND PRODUCTION

	2018	2017
Number of spindles installed	78,492	78,492
Installed capacity in 20's count based on triple shift for 365 (2017 - 365) days (kgs) - Approximately	35,331,147	35,331,147
Actual production after conversion into 20's count (kgs)	26,920,308	17,314,660

The conversion into 20's count depicts the approximate efficiency as it fluctuates with changes in count of yarn spun and count mix in a particular period.

Under utilization of available capacity was due to normal maintenance power outages and time cost in shifting of counts.

37 SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

Conversion of directors' loan into equity

The Securities and Exchange Commission of Pakistan (SECP) had accorded approval of issuance of further shares other than right issue (under Section 83 of the Companies Act 2017) vide letter No. CSD/CI/28/2005-619 dated October 10, 2017 on the basis of special resolution passed by the shareholders of the Company in the extra ordinary general meeting held on May 05, 2017. In compliance with said letter, we have issued shares to the following directors on October 16, 2017 @ Rs. 7/share.

	Loan converted Rupees	No of Shares issued
Mr. Khawaja Muhammad Kaleem	295,999,998	42,285,714
Mr. Khawaja Muhammad Nadeem	41,000,001	5,857,143
Mr. Muhammad Naveed	262,999,996	37,571,428
	599,999,995	85,714,285

Sale of plant and machinery

On 02 May, 2018 the company disposed off 5 card machines and 1 blow room machine.

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Loss)	Mode of disposal	Party Name
5 Card Machines	64,187,964	10,697,994	53,489,970	45,040,000	(8,449,970)	Negotiation	Mekotex (Pvt) Ltd
1 Blow Room Machine	34,587,372	5,420,760	29,166,612	22,540,000	(6,626,612)	Negotiation	Mekotex (Pvt) Ltd

38 NUMBER OF EMPLOYEES

2018 2017

Average during the year **1963** 1713
As at 30 June **1963** 1713

38.1 Factory Employees

Average during the year **1943** 1667
As at 30 June **1943** 1667

39 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on **November 05, 2018** by the Board of Directors of the Company.

40 GENERAL

Figures have been rounded off to the nearest rupees.

Lahore
November 05, 2018

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company

KOHINOOR SPINNING MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2018

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
137	1	100	2,659
215	101	500	100,464
285	501	1,000	282,043
820	1,001	5,000	2,634,010
379	5,001	10,000	3,184,051
147	10,001	15,000	1,963,600
118	15,001	20,000	2,218,001
76	20,001	25,000	1,810,308
39	25,001	30,000	1,124,003
32	30,001	35,000	1,057,000
27	35,001	40,000	1,050,000
22	40,001	45,000	974,500
39	45,001	50,000	1,936,784
14	50,001	55,000	744,600
12	55,001	60,000	704,067
8	60,001	65,000	499,500
7	65,001	70,000	476,500
5	70,001	75,000	364,200
9	75,001	80,000	709,000
1	80,001	85,000	82,000
5	85,001	90,000	443,500
2	90,001	95,000	184,000
22	95,001	100,000	2,199,500
5	100,001	105,000	518,000
1	105,001	110,000	109,000
6	110,001	115,000	680,000
4	115,001	120,000	473,000
5	120,001	125,000	623,000
2	125,001	130,000	252,000
4	130,001	135,000	531,500
2	135,001	140,000	275,500
1	140,001	145,000	145,000
7	145,001	150,000	1,043,500
2	150,001	155,000	302,500
3	155,001	160,000	480,000
1	160,001	165,000	165,000
1	165,001	170,000	170,000
1	170,001	175,000	175,000
1	175,001	180,000	180,000
1	180,001	185,000	184,500
2	195,001	200,000	400,000
1	200,001	205,000	203,000
1	205,001	210,000	207,500
2	220,001	225,000	446,000
1	225,001	230,000	230,000
2	230,001	235,000	470,000
2	240,001	245,000	485,000
3	245,001	250,000	745,500
1	255,001	260,000	256,500
1	260,001	265,000	260,500
1	275,001	280,000	278,000
1	280,001	285,000	282,500
2	285,001	290,000	580,000
1	295,001	300,000	300,000
2	320,001	325,000	650,000
1	345,001	350,000	350,000
1	355,001	360,000	360,000
1	365,001	370,000	368,000
1	400,001	405,000	402,500
1	405,001	410,000	410,000
1	420,001	425,000	423,500
1	430,001	435,000	433,500
1	435,001	440,000	438,000
1	455,001	460,000	456,000
1	470,001	475,000	475,000
1	500,001	505,000	500,827
1	505,001	510,000	505,250
1	625,001	630,000	628,000
1	645,001	650,000	650,000
2	675,001	680,000	1,356,000
2	855,001	860,000	1,713,000
1	995,001	1,000,000	1,000,000
1	1,090,001	1,095,000	1,093,000
1	1,365,001	1,370,000	1,367,000
1	1,995,001	2,000,000	2,000,000
1	2,245,001	2,250,000	2,250,000
1	3,180,001	3,185,000	3,181,500
1	3,575,001	3,580,000	3,580,000
1	6,330,001	6,335,000	6,333,500
1	10,005,001	10,010,000	10,007,643
1	10,510,001	10,515,000	10,513,500
1	19,960,001	19,965,000	19,960,250
1	44,665,001	44,670,000	44,667,028
1	63,440,001	63,445,000	63,444,997
2522			215,714,285

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	144,451,239	66.9642
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	-
2.3.3 NIT and ICP	100	0.0000
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	3,591,225	1.6648
2.3.5 Insurance Companies	53,100	0.0246
2.3.6 Modarabas and Mutual Funds	557,827	0.2586
2.3.7 Share holders holding 10% or more	110,370,596	51.1652
2.3.8 General Public		
a. Local	64,306,095	29.8108
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	2,582,800	1.1973
2- Foreign Companies	14,900	0.0069
3- Pension Funds	55,067	0.0255
4- Others	101,932	0.0473

Catagories of Shareholding required under Code of Corporate Governance (CCG) As on June 30, 2018

		No. of Shares	
Sr. No.	Name	Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	GOLDEN ARROW SELECTED STOCK FUND	500	0.0002
2	PRUDENTIAL STOCK FUND LTD. (CDC)	6,000	0.0028
3	PRUDENTIAL STOCK FUND LTD. (03360) (CDC)	50,000	0.0232
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	500,827	0.2322
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAVAID	20,383,750	9.4494
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	3,181,500	1.4749
3	KHAWAJA MOHAMMAD TANVEER	505,250	0.2342
4	KHAWAJA MOHAMMAD KALEEM	63,453,568	29.4156
5	KHAWAJA MOHAMMAD NADEEM	10,007,643	4.6393
6	MR. MOHAMMAD NAVEED	46,917,028	21.7496
7	MR. MOHAMMAD HAMZA YOUSAF	1,500	0.0007
8	MR. MOHAMAMD TARIQ SUFI	1,000	0.0005
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		3,699,892	1.7152
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	63,453,568	29.4156
2	KHAWAJA MOHAMMAD NAVEED	46,917,028	21.7496
3	KHAWAJA MOHAMMAD JAVAID	20,383,750	9.4494

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	PURCHASE	SP. RIGHT
1	KHAWAJA MOHAMMAD KALEEM		42,285,714
2	KHAWAJA MOHAMMAD NADEEM		5,857,143
3	MR. MOHAMMAD NAVEED		37,571,285
4	KHAWAJA MOHAMMAD JAHANGIR PHINO	3,000,000	
5	KHAWAJA MOHAMMAD TANVEER	3,700,000	

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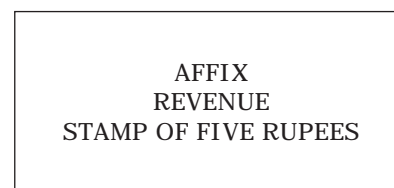
Form of Proxy - 46th Annual General Meeting

The Corporate Secretary
Kohinoor Spinning Mills Limited
7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of _____
being a member (s) of KOHINOOR SPINNING MILLS LIMITED hold _____ ordinary shares hereby appoint
Mr./Mrs./Miss _____ of _____ or
failing him/her _____ of _____
Signed this _____ day of _____ 2018.

1. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____



2. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____

Signature: _____

(Signature appended above should agree with the specimen signatures registered with the Company.)

IMPORTANT

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

پراکسی فارم (مختارنامہ)

رجسٹر فو لیونمبر

سیکرٹری

کوہ نور سپننگ ملز لمیٹڈ

E-3 7/1 مین بولیوار ڈگلبہرگ-III لاہور۔

میں / ہم

ساکن

بحیثیت رکن حال

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹنیشن (شرکت) آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ

ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیونمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹنیشن (شرکت) آئی ڈی نمبر _____)

ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیونمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹنیشن (شرکت) آئی ڈی نمبر _____) کو
مورخہ 27 نومبر 2018ء کو منعقد ہونے والے کمپنی کے 46 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر
کرتا ہوں / کرتے ہیں۔5 روپے کارسیدی ٹکٹ
چسپاں کریںدستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

دستخط _____ آج بروز _____ بتاریخ _____ 2018ء

2. گواہ

دستخط

نام

پتہ

شناختی کارڈ نمبر

1. گواہ

دستخط

نام

پتہ

شناختی کارڈ نمبر

نوٹ:

1. اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور کمپنی کے رجسٹرڈ آفس بمقام E-3 7/1 مین بولیوار ڈگلبہرگ-III لاہور پر اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔
2. اگر کوئی ممبر ایک سے زیادہ مختار نامزد کرے گا یا پراکسی فارم جمع کرائے گا تو وہ باطل تصور کیا جائے گا۔