HUSSAIN GROUP

Bringing Perfection to Quality

Annual Report 2017

Hussain Mills Limited

بسم الله الرحمن الرحيم

CONTENTS

Company Information

Board of Directors	Muhammad Ismail (Chief Executive) Sheikh Umar Farooq Mr. Hussain Ahmad Fazal Mr. Mushtaq Ahmad Mst. Ghazala Nasreen Mr. Nishat Ahmad Sheikh Mr. Ashar Fazal Mst. Tahira Imtiaz
Chief Financial Officer	Mr. Mushtaq Ahmad
Auditors	Rafqat Hussain & Co. Chartered Accountants
Bankers	Allied Bank Limited Askari Bank Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber

Offices:

Karachi (Registered Office)	Room No.809, 8th Floor, Saima Trade Tower -B, I.I.Chundrigar Road, Karachi Web Site:www.hussaingroup.com
Multan (Unit-1 & 3)	Fazalabad Vehari Road, Opp. Timber M arket, Multan Ph. 92-61-6527238,6528245,6760524 Fax. 92-61-6526487,6526572
Multan (Unit-2)	35-KM Bahawalpur Road, Near Adda Muhammad Pur, Multan Ph.92-61-4250577,4250603 Fax.92-61-4250578
Multan (Unit-4)	Qadir Pur Rawan Bypass, Khanewal Road, Multan Ph.92-61-4423183, Fax. 92-61-4423184
Kabirwala (Unit-5)	17-KM Mauza Kohiwala, Kabirwala, Khanewal Ph.92-65-2450308 Fax.92-65-2450309

DIRECTORS' REPORT

The Directors of your Company are pleased to present their 39th Annual Report on audited financial statements, setting out the detailed financial results of the company for the financial year ended on 30th June, 2017.

Our Performance:

The key business results of the company achieved in financial year 2017 are given below to have a quick review of the performance of the Company:

	2017 Rupees	2016 Rupees
Sales	10,590,320,072	10,292,089,593
Gross Profit	22,034,099	605,819,862
Operating (Loss)/Profit	(380,204,363)	182,739,343
Finance Cost	(388,206,145)	(357,805,650)
Loss before Tax	(760,680,469)	(162,817,619)
Loss after Tax	(858,532,845)	(281,981,046)
Loss per Share	(45.64)	(14.99)

Despite the financial year under review was not an encouraging and profitable, we succeeded in getting more share of revenue from the market as compare to last year. Conspicuously speaking; the Company produced 1.65% more yarn in terms of actual production converted into 20/S count and 0.22% more fabric in terms of actual production converted into 50 picks/inch as compared to the figures of the last year. Your company could have performed even better, provided the cotton prices would have remained consistent. The oscillatory cotton prices commensurately to sale prices were the impediments that precluded the company registering targeted results. Further, apathy and inconsiderate attitude of the government in sorting out the perpetual irritants to the textile sector also pushed the company on the back foot.

Further, a myriad of external bottlenecks like, stuck of sales tax refunds, imposition of steeply high GIDC, increase in wage rate, etc., also impounded the profits of the company. The things are not yet over. The company is determined and resolute to invigorate itself in the following financial year through revamping its business activities.

Operational Review:

Commensurately to the last year, our production did not collapse, it remained a smidgen high but fear of scarcity of cotton in the market induced the company procure it even at high rates and resort to import to replenish the gap. Such uncertainty resulted the company incur loss at the end; albeit the company produced more goods and earned more consideration. Despite loss, we maintained the chain of our loyal customers that would bode well for the company in future.

Future outlook and Strategy:

The financial year 2018 would be a challenging one for the company to recuperate its financial sturdiness. Though the task seems difficult, yet the company is resolute to make good out of the worst. Besides, the government of Pakistan would have to introduce far-reaching policies to alleviate the concerns the textile sector had been highlighting over the years. Pakistan is the only country where the impact of duties, taxes and surcharges on export are exorbitantly high as compare to its competitors in the region. Government will have to launch beneficial policies to rejuvenate textile sector all over the world like, availability of quality cotton at mild pricing, slashing taxes, financing at concessional rates, prompt release of sales tax refund, relief in energy tariff, etc. Such measures would allow the textile sector make best use of its resources converting into healthy output.

Audit of Financial Statements and Reply to Auditor's Qualification:

Rafqat Hussain & Co., Chartered Accountants audited the financial statements of the company and issued audited report in this respect for the financial year ended on June 30, 2017 and the same is annexed to the financial statements and qualified their report on non-provision of further deferred tax liability. The management of your company decided not to provide any further deferred tax liability as any taxable timing difference is not expected to reverse in foreseeable future as the entire taxation of the company comprises of deemed and presumptive taxation.

Auditors:

The present auditors M/s Rafqat Hussain & Co., Chartered Accountants retire and are eligible for reappointment. The board considers their re-appointment until the conclusion of next annual general meeting. Said chartered accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.

Expansion Plan:

Company would continue its normal BMR during the following financial year and whenever finds some lucrative grounds and environment for expansion plan; company would not hesitate to take initiative. Presently divestment & closure of textile units along the country desist the company to go for any expansion.

Acknowledgment:

The relations between the management and its work force remained cordial throughout the year under review. The company pays gratitude to its executives, managers, technicians and all labor who contributed their efforts & time in running the wheel of the company round the clock. In this struggle, the role and contribution of its bankers, customers, suppliers, shareholders and government authorities is also appreciable.

Lahore	For and on behalf of the Board
October 03, 2017	Sd/-
	Hussain Ahmad Fazal (Director)

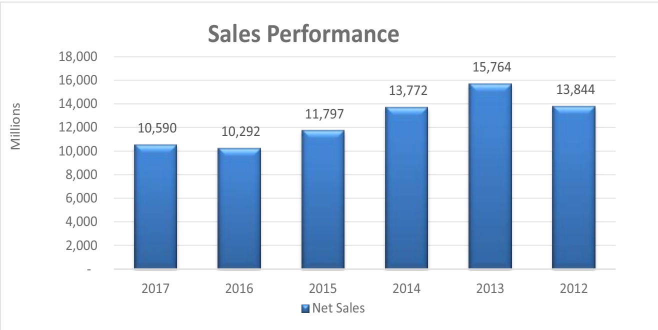
FINANCIAL HIGHLIGHTS

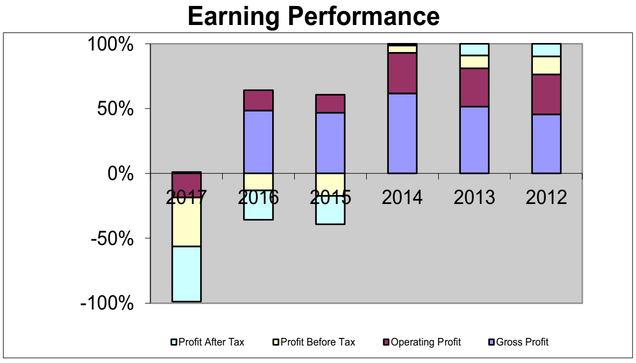
FINANCIAL HIGHLIGHTS

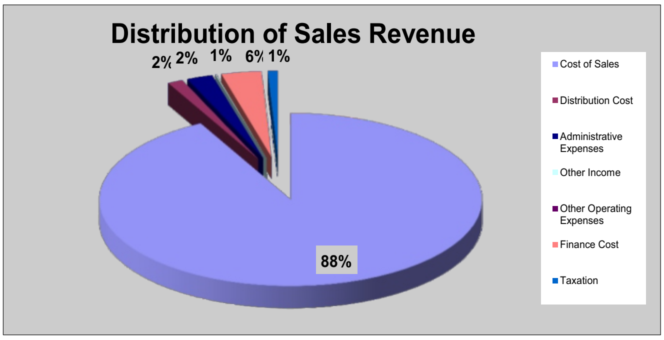
SIX YEAR GROWTH AT GLANCE

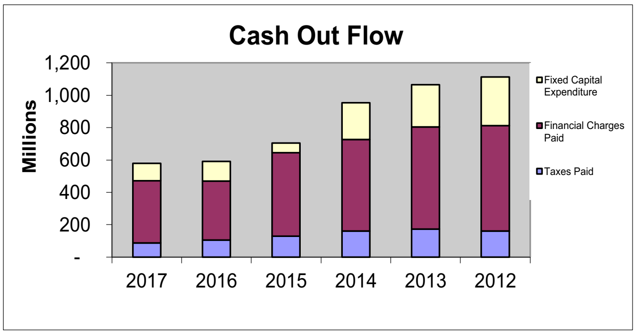
PARTICULARS	YEAR ENDED 30TH JUNE,					
	2017	2016	2015	2014	2013	2012
Profit and Loss						
Net Sales	10,590,320,072	10,292,089,593	11,796,521,501	13,772,309,581	15,764,216,623	13,843,782,833
Gross Profit	22,034,099	605,819,862	705,372,816	1,289,415,796	1,650,242,341	1,735,312,176
Operating Profit	(372,474,324)	194,988,031	208,630,201	658,766,800	948,534,992	1,174,231,678
Profit Before Tax	(760,680,469)	(162,817,619)	(261,313,802)	120,303,272	322,017,632	525,243,892
Profit After Tax	(858,532,845)	(281,981,046)	(328,103,612)	24,054,370	283,488,860	369,364,416
Cash Out Flows						
Taxes Paid	87,853,021	104,170,434	129,515,571	160,620,527	173,266,147	161,643,265
Financial Charges Paid	384,836,627	365,021,094	516,302,454	567,013,277	630,420,236	650,573,182
Fixed Capital Expenditure	107,202,931	121,186,306	59,936,217	226,300,860	261,396,460	301,827,847
Balance Sheet						
Current Assets	4,067,813,268	4,808,881,584	4,115,639,961	4,318,677,167	5,749,081,598	5,215,010,339
Current Liabilities	5,509,121,061	5,628,607,209	4,520,509,203	4,532,696,850	5,837,600,775	5,205,456,482
Operating Fixed Assets - Owned	4,895,274,300	5,015,813,035	5,135,651,509	5,314,280,046	5,289,036,660	5,263,190,435
Total Assets	9,199,049,403	10,080,239,282	9,488,290,306	9,889,560,565	11,382,031,097	10,830,022,489
Long Term Loans and Finances	374,350,550	234,694,556	676,864,096	720,852,703	840,489,667	1,051,615,026
Shareholders' Equity	1,345,180,567	2,168,064,425	2,407,468,961	2,689,782,379	2,658,208,889	2,329,440,586
Financial Ratios						
Current Ratio	0.74	0.85	0.91	0.95	0.98	1.00
Gearing Ratio (%age)	0.80	0.72	0.65	0.63	0.69	0.71
Gross Profit Ratio (%age)	0.21	5.89	5.98	9.36	10.47	12.53
Net (Loss)/Profit Ratio (%age)	(8.10)	(2.69)	(2.74)	0.18	0.02	0.03
Return on Capital Employed (%age)	(4.56)	(1.50)	(1.74)	0.13	1.51	1.96
(Loss)/Earning Per Share	(45.64)	(14.99)	(17.44)	1.28	15.07	19.64
Production Machines						
Spinning Section						
Spindles Installed	92,640	92,640	92,640	92,640	93,720	93,720
Spindles Works	92,640	92,640	92,640	92,640	93,720	93,720
No. of Shifts Worked per Day	3	3	3	3	3	3
Installed Capacity at 20/s Count (Kgs.)	33,934,991	33,934,991	33,934,991	33,934,991	34,330,606	34,880,573
Actual Production converted into 20/s Count (Kgs.)	22,371,442	23,417,692	22,431,477	21,500,041	20,996,992	23,276,824
Weaving Section						
Number of Looms Installed	210	210	210	210	210	210
Number of Looms Worked	210	210	210	210	210	210
Number of Shifts Worked per day	3	3	3	3	3	3
Installed Capacity at 50 Picks - Sq. Meter	48,754,207	48,754,207	48,754,207	48,754,207	48,754,207	48,754,207
Actual Production converted into 50 Picks - Sq. Meter	24,741,499	24,686,135	23,494,215	25,131,641	26,616,461	25,912,353

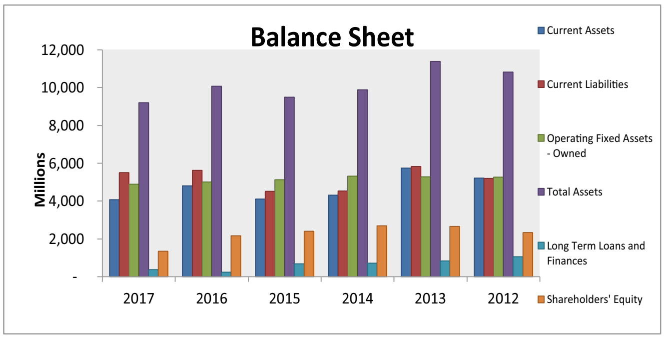
FINANCIAL HIGHLIGHTS

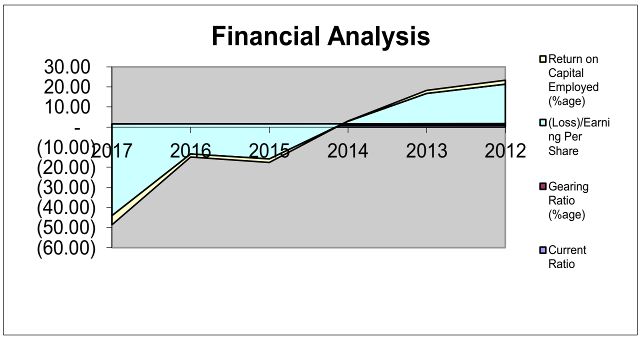


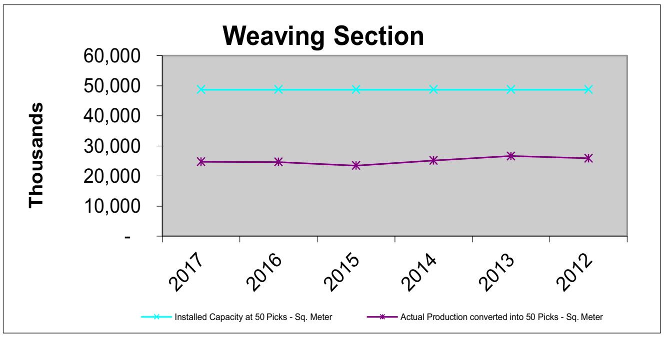


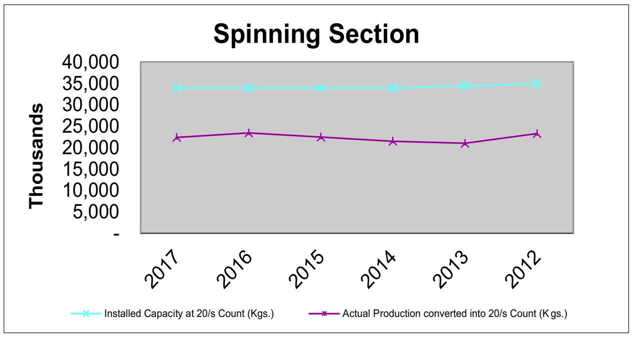












AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **HUSSAIN MILLS LIMITED** as at **30th June, 2017** and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity, together with the notes forming part thereof, for the Year then ended and we state that we have obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

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

We conduct our audit in accordance with the Auditing Standards as applicable in Pakistan. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said Statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said Statements. An audit also includes assessing the Accounting Policies and significant Estimates made by the Management, as well as, evaluating the overall presentation of the above said Statements. We believe that our audit provides a reasonable basis for our Opinion and, after due verification, we report that:

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

Except for the contents of the preceding paragraph and the extent to which this effects the annexed financial statements, we report that:

a) in our opinion, proper Books of Account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion,
   i) the Balance Sheet and the Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the Books of Account and are further in accordance with Accounting Policies consistently applied.
   ii) the Expenditure incurred during the Year was for the purpose of Company's business; and
   iii) the Business Conducted, Investments made and the Expenditure incurred during the Year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Statement of Changes in Equity, together with the Notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 30th June, 2017 and of the Loss, its Cash Flows and Changes in Equity for the Year then ended; and

d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion we draw your attention to:

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

(2) note 2.1 in the financial statements which indicates that during the year ended June, 2017, the Company incurred net after tax loss amounting to Rs. 858.533 million, resulting in negative cash flow for operations before working capital changes and as of that date its current liabilities exceed its current assets by Rs. 1,441.308 million. Theses conditions indicate existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis for the reasons, as more fully explained in note 2.1 in the financial statements.

Sd/-
Rafqat Hussain & Co.
Chartered Accountants
Engagement Partner: Kamran Saeed Bhutta, FCA
Place: Lahore
Dated: October 03, 2017

HUSSAIN MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital:			
40,000,000 (2016: 40,000,000) Ordinary Shares of Rs. 10/- each		**400,000,000**	400,000,000
Issued, Subscribed and Paid-up Capital	4	**188,102,570**	188,102,570
Capital Reserves		**129,738,223**	129,738,223
Un-appropriated Profit		**1,027,339,774**	1,850,223,632
		1,345,180,567	2,168,064,425
Long Term Loan from Directors	5	**186,325,505**	211,956,969
		1,531,506,072	2,380,021,394
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	6	**1,655,918,765**	1,691,270,092
NON CURRENT LIABILITIES			
Long Term Finances	7	**374,350,550**	234,694,556
Liabilities against Assets subject to Finance Lease	8	**13,113,796**	36,612,360
Deferred Liabilities	9	**115,039,159**	109,033,671
		502,503,505	380,340,587
CURRENT LIABILITIES			
Trade and Other Payables	10	**755,146,399**	448,413,702
Accrued Interest and Mark-up	11	**54,015,956**	50,646,438
Short Term Borrowings	12	**4,421,660,341**	4,910,036,046
Current Portion of Long Term Liabilities	13	**278,298,365**	219,511,023
		5,509,121,061	5,628,607,209
CONTINGENCIES AND COMMITMENTS	14	**-**	-
		9,199,049,403	10,080,239,282
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	15	**5,058,018,961**	5,177,737,834
Long Term Investments	16	**12,394,254**	12,096,594
Long Term Loans and Advances	17	**17,452,800**	22,784,000
Long Term Deposits and Prepayments	18	**43,370,120**	58,739,270
		5,131,236,135	5,271,357,698
CURRENT ASSETS			
Stores, Spares and Loose Tools	19	**214,740,223**	413,450,381
Stock in Trade	20	**2,357,965,590**	2,898,437,416
Trade Debts	21	**831,252,116**	761,057,268
Loans and Advances	22	**98,562,366**	89,724,663
Trade Deposits and Short Term Pre-payments	23	**1,176,927**	1,992,833
Interest Accrued	24	**136,971**	182,268
Other Receivables	25	**285,206,420**	118,639,374
Short Term Investments	26	**-**	831,530
Tax Refunds Due from Government Departments	27	**130,628,261**	140,627,616
Cash and Bank Balances	28	**148,144,394**	383,938,235
		4,067,813,268	4,808,881,584
		9,199,049,403	10,080,239,282

The annexed Notes from 1 to 45 form an integral part of these Financial Statements

CHIEF EXECUTIVE **DIRECTOR**

HUSSAIN MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	**2017 Rupees**	2016 Rupees
SALES	29	**10,590,320,072**	10,292,089,593
COST OF SALES	30	**(10,568,285,973)**	(9,686,269,731)
GROSS PROFIT		**22,034,099**	605,819,862
DISTRIBUTION COST	31	**(148,119,170)**	(185,475,760)
ADMINISTRATIVE EXPENSES	32	**(254,077,201)**	(237,422,773)
OTHER OPERATING EXPENSES	33	**(42,091)**	(181,987)
		(402,238,462)	(423,080,519)
OPERATING (LOSS) / PROFIT before Other Income		**(380,204,363)**	182,739,343
OTHER INCOME	34	**7,730,039**	12,248,688
OPERATING (LOSS) / PROFIT after Other Income		**(372,474,324)**	194,988,031
FINANCE COST	35	**(388,206,145)**	(357,805,650)
NET LOSS FOR THE YEAR before Taxation		**(760,680,469)**	(162,817,619)
TAXATION	36	**(97,852,376)**	(119,163,427)
NET LOSS FOR THE YEAR after Taxation		**(858,532,845)**	(281,981,046)
OTHER COMPREHENSIVE (LOSS)/INCOME:			
Un-realized Gain on Re-measurement of Defined Benefit Obligation (Net of Deferred Tax)		**-**	4,656,742
Realized Gain on Plant and Machinery Disposed Off		**-**	820,335
Un-realized Gain/(Loss) on Re-measurement of Fair Value of Investments Held for Sale		**297,660**	(109,560)
		297,660	5,367,517
TOTAL COMPREHENSIVE LOSS		**(858,235,185)**	(276,613,529)
LOSS PER SHARE - Basic and Diluted	37	**(45.64)**	(14.99)

The annexed Notes from 1 to 45 form an integral part of these Financial Statements

CHIEF EXECUTIVE **DIRECTOR**

HUSSAIN MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before Taxation		**(760,680,469)**	(162,817,619)
Adjustment for:			
Provision for Gratuity		**40,090,311**	42,548,913
Depreciation		**219,866,913**	224,768,974
Re-Measurement on Investments		**-**	(36,605)
Loss on Disposal of Fixed Assets		**(4,066,659)**	(5,729,721)
Dividend Income		**-**	(40,000)
Interest Income		**(296,463)**	(376,490)
Return on Bank Deposits		**(3,366,917)**	(1,785,065)
Gain on Investments		**42,091**	181,987
Finance Cost		**388,206,145**	357,805,650
		640,475,421	617,337,643
Cash (Used to) / Generated from Operations before Working Capital Changes		**(120,205,048)**	454,520,024
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets			
Stores, Spares and Loose Tools		**198,710,158**	(63,326,264)
Stock in Trade		**540,471,826**	(677,905,438)
Trade Debtors		**(70,194,848)**	85,506,927
Loans and Advances		**(8,837,703)**	30,974,046
Trade Deposits and Short Term Prepayments		**815,906**	(965,427)
Other Receivables		**(166,567,046)**	33,669,260
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		**306,732,697**	(97,014,848)
		801,130,990	(689,061,744)
		680,925,942	(234,541,720)
Income Tax Paid		**(87,853,021)**	(104,170,434)
Finance Cost Paid		**(384,836,627)**	(365,021,094)
Gratuity Paid		**(34,084,823)**	(34,418,761)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		**174,151,471**	(738,152,009)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income		**341,760**	421,728
Return on Bank Deposits		**3,366,917**	1,785,065
Dividend Paid		**-**	40,000
Fixed Capital Expenditure		**(107,202,931)**	(121,186,306)
Proceeds from Disposal of Operating Fixed Assets		**11,121,550**	12,079,200
Short Term Investments		**789,439**	230,838
Long Term Loan Recovered		**5,331,200**	5,331,200
Long Term Deposits and Prepayments		**15,369,150**	(14,080,260)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(70,882,915)**	(115,378,535)
CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Finances - net		**197,489,342**	(206,912,834)
Finance Lease Liabilities		**(22,544,570)**	(6,026,270)
Loan from Directors/Sponsors		**(25,631,464)**	(41,330,137)
Short Term Borrowings		**(488,375,705)**	1,224,408,963
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		**(339,062,397)**	970,139,722
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(235,793,841)**	116,609,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**383,938,235**	267,329,056
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**148,144,394**	383,938,235

The annexed Notes from 1 to 45 form an integral part of these Financial Statements

CHIEF EXECUTIVE **DIRECTOR**

HUSSAIN MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	PAID-UP SHARE CAPITAL	CAPITAL RESERVES			LOAN FROM DIRECTORS	UN-APPR-OPRIATED PROFIT	TOTAL
		PREMIUM ON SHARES ISSUED	MERGER RESERVE	TOTAL			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30th June, 2015 - as previously reported	**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**-**	**2,089,628,168**	**2,407,468,961**
Long Term Loan from Directors	-	-	-	-	277,787,106	-	277,787,106
Balance as at 30th June, 2015 - as restated	**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**277,787,106**	**2,089,628,168**	**2,685,256,067**
Payment during the Year	-	-	-	-	(65,830,137)	-	(65,830,137)
Total Comprehensive Income for the Year ended 30th June, 2016	-	-	-	-	-	(276,613,529)	(276,613,529)
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	-	37,208,993	37,208,993
Balance as at 30th June, 2016	**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**211,956,969**	**1,850,223,632**	**2,380,021,394**
Payment during the Year	-	-	-	-	(25,631,464)	-	(25,631,464)
Total Comprehensive Income for the Year ended 30th June, 2017	-	-	-	-	-	(858,235,185)	(858,235,185)
Incremental Depreciation on Revaluation of Fixed Assets	-	-	-	-	-	35,351,327	35,351,327
Balance as at 30th June, 2017	**188,102,570**	**3,352,334**	**126,385,889**	**129,738,223**	**186,325,505**	**1,027,339,774**	**1,531,506,072**

The annexed Notes from 1 to 45 form an integral part of these Financial Statements

CHIEF EXECUTIVE **DIRECTOR**

HUSSAIN MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 BASIS OF MEASUREMENT

During the year, the Company incurred net after tax loss amounting to Rs. 858.533 million (2016: Rs. 281.981 million) mainly due to depressed market conditions, in turn, resulting in negative cash flows from Operations before Working Capital, as of that date its current liabilities exceeded its current assets by Rs. 1,441.308 million (2016: Rs. 819.726 Million). There are material uncertainties that may cast doubt on the entity's ability to continue as a going concern, however, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on a plan drawn up by the management for this purpose so that the Company will continue its business in a profitable manner.

Financial Projections

The management of the Company has prepared financial projections for five years to analyse the Company's sustainability in the future periods with a particular focus on the twelve months period ending 30th June, 2018. The financial projections are based on various assumptions such as possible reduction in cost of production to improve margin/liquidity, change in product which has been more profitable to utilization, markup rates and consumption etc.

These financial projections have been approved by the Board of Directors of the Company and have been subjected to stressed scenarios which the Board considered to be reasonable and appropriate.

Financial commitment from sponsors

Although the Company has been able to generate 'Cash Inflow' from its operating activities, however, the sponsors of the Company explicitly provide a commitment to provide necessary financial support to the Company, if need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Board of Directors of the Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs. After considering the financial projections, in particular those for the period up to 30th June, 2018, the Directors have reasonable expectation that the Company will have adequate resources to continue its business over this period.

Therefore, these Financial Statements have been prepared as going concern under the historical cost convention except for revaluation/re-measurement as indicated in Note 6.2, 16 and 26, without any adjustment of Inflation or Current Values, if any, using, except for Cash Flow Statement, Accrual basis of Accounting.

Note 2, Basis of Preparation - contd...

2.2 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan for Large Sized Company. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these IFRSs, the requirements of Companies Ordinance, 1984 or the requirements of the said directives issued by the SECP take precedence.

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

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. However, the Company has not availed this option.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

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

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

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 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.

Note 2, Basis of Preparation - contd...

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

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

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

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

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

Note 2, Basis of Preparation - contd…

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

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

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 will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). Amendments have been made to state that that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. The amendment is not likely to have a significant impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Note 2, Basis of Preparation - contd…

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

2.5 CORRESPONDING FIGURES

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

2.6 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.7 FIGURES are rounded off to the nearest Rupee.

3 <u>SIGNIFICANT ACCOUNTING POLICIES</u>

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

3.1 TAXATION

Current:

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

Note 3, Significant Accounting Policies - contd...

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

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

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

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

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

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

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

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

3.4 PROPERTY, PLANT AND EQUIPMENT
These are stated at Cost less accumulated Depreciation and impairment, if any, except Freehold Land, Buildings, Plant and Machinery and Capital work-in-Progress. Buildings on freehold land and Plant and Machinery are stated at re-valued amount less accumulated Depreciation thereon. Freehold Land and Capital Work-in- Progress are stated at Re-Valued Amount and Cost, respectively. Cost, in relation to Capital Work in Progress, consists of expenditure incurred in respect of Fixed Assets in the course of their construction, installation and acquisition.

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

Note 3, Significant Accounting Policies - contd…

Depreciation is charged to income applying the reducing balance method to write-off the Cost, capitalized Exchange Fluctuations and Borrowing Costs over the estimated remaining useful life of the assets. The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these items of Fixed Assets. Rates of Depreciation are stated in Note 15.1. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively. Gains/losses on disposal of Fixed Assets are taken to Profit and Loss Account.

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

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

3.5 ASSETS SUBJECT TO FINANCE LEASE

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

Depreciation is charged at the rates stated in Note 15.1 applying the reducing balance method to write-off the Cost of the Asset over its estimated remaining useful life in view of certainty of ownership of Assets at the end of the lease period.

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

3.6 INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

Investment at fair value through profit or loss

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

Note 3, Significant Accounting Policies - contd…

Held to Maturity Investments

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

Loans and Receivables

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

Held for Sale Financial Assets

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

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

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

De-recognition

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

3.7 STORES, SPARES AND LOOSE TOOLS

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

Note 3, Significant Accounting Policies - contd...

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

Particulars	**Mode of Valuation**
Raw Materials:	Annual Average
Work-in-Process:	Average Manufacturing Cost
Finished Goods	Average Manufacturing Cost
Waste	Net Realizable Value.

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

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

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

3.9 STAFF RETIREMENT BENEFITS

The Company operates an unfunded Gratuity Scheme covering all the employees of the Company with minimum qualifying period of service as defined under the respective scheme. Provision is made annually on the basis of actuarial valuation. The most recent actuarial valuation was carried out as at June 30, 2016 using the Projected Unit Credit Method. Actuarial gains and losses are recognized in accordance with the recommendations of the actuary. Further, the management of the company could not determine the expected payments in next period reasonably.

Principal Actuarial Assumptions	**2017**	2016
Discount Rate	**7.25%**	7.25%
Expected rate of eligible salary increase in future years	**6.25%**	6.25%

3.10 REVENUE RECOGNITION:

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

3.11 TRADE DEBTS, ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES

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

3.12 CASH AND CASH EQUIVALENTS

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

Note 3, Significant Accounting Policies - contd...

3.13 FINANCIAL INSTRUMENTS

Recognition and Measurements

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

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

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

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

Off-setting of Financial Assets and Financial Liabilities

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

3.14 TRADE AND OTHER PAYABLES

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

3.15 PROVISIONS

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

3.16 IMPAIRMENT

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

3.17 CONTINGENCIES AND COMMITMENTS

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

3.18 SEGMENT REPORTING

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

Note 3, Significant Accounting Policies - contd...

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

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

3.19 RELATED PARTY TRANSACTIONS

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

3.20 DIVIDEND AND OTHER APPROPRIATIONS

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

			2017	2016
			Rupees	Rupees

4 **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL** represents Ordinary Shares of Rs.10 each and comprises of:

2017	**2016**			
NUMBER OF SHARES				
17,024,093	17,024,093	Fully paid in Cash	**170,240,930**	170,240,930
1,760,809	1,760,809	Issued as fully paid Bonus Shares	**17,608,090**	17,608,090
25,355	25,355	Issued against Consideration Other than Cash	**253,550**	253,550
18,810,257	18,810,257		**188,102,570**	188,102,570

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

5 **LONG TERM LOAN FROM DIRECTORS** are unsecured and are repayable at the option of the Company. However, no amount has been determined to be repayable with in next 12 month. These include an amount of Rs. 215 Million (2016: Rs. 215 Million) which has been subordinated to the Banks against Financing availed by the Company.

6 **SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS**

6.1 This is made up as follows:

	2017	2016
Balance at beginning of the Year		
Land - Freehold	**1,002,158,584**	1,002,158,584
Buildings - on Freehold Land	**257,158,682**	269,548,630
Plant and Machinery	**431,952,826**	457,592,206
	1,691,270,092	1,729,299,420
Realized on Plant and Machinery Disposed Off during the Year	**-**	(820,335)
Incremental Depreciation on Revaluation (Net of Deferred Tax) transferred to Comprehensive Income (Note 6.3)	**(35,351,327)**	(37,208,993)
	1,655,918,765	1,691,270,092

Note 6, Surplus on Revaluation of Operating Fixed Assets - contd...

6.2 The Company re-valued its entire class of certain assets as at 28th January, 2003. The Revaluation was carried-out by independent Values, M/S Hamid Mukhtar and Co., Lahore and has been duly certified by M. Yousaf Adil Saleem and Co., Chartered Accountants. and on 30th June, 2007, again, the Company had carried out revaluation of aforesaid assets through M/S BFA (Private) Limited, Multan. Subsequently, on 30th June, 2010, again, the Company carried out revaluation of aforesaid assets through M/S Maricon Consultants (Private) Limited, Multan.

6.3 The incremental depreciation charged for the period on re-valued assets has been transferred to Statement of Changes in Equity to record realization of Surplus to the extent of incremental depreciation to comply with the requirement of Section 235 of the Companies Ordinance, 1984 and further notification of SECP to clarify the treatment of Surplus arising on revaluation of Fixed Assets.

		2017	2016
		Rupees	Rupees

7 LONG TERM FINANCES

7.1 These Comprise of:

		2017	2016
Secured from Banking Companies/Financial Institutions	(Note 7.2)	**322,697,988**	183,041,994
Unsecured from Related Party - Director	(Note 7.10)	**51,652,562**	51,652,562
		374,350,550	234,694,556

7.2 **LONG TERM FINANCING FROM BANKING COMPANIES AND FINANCIAL INSTITUTIONS** represents secured Term Finances which have been obtained from:

		2017	2016
Askari Bank Limited	(Note 7.3)	**38,902,482**	26,261,445
Soneri Bank Limited	(Note 7.4)	**31,795,506**	105,386,519
National Bank of Pakistan	(Note 7.5)	**-**	27,814,580
The Bank of Khyber	(Note 7.6)	**252,000,000**	23,579,450
		322,697,988	183,041,994

In addition to securities indicated under respective finances, these are secured by way of Joint Pari Passu Charge amounting to Rs. 3,320.000 Million (2016: Rs. 3,320.000 Million) over Fixed Assets and Personal Guarantees of the Sponsoring Directors of the Company, except other wise stated.

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

		2017	2016
Balance at beginning of the Year		**26,261,445**	23,246,054
Add: Acquired during the year		**22,834,500**	19,820,998
		49,095,945	43,067,052
Less:			
Directly Paid during the Year		**1,141,726**	-
Current Portion Shown under Current Liabilities	(Note 13.2)	**9,051,737**	16,805,607
		10,193,463	16,805,607
Balance at end of the Year		**38,902,482**	26,261,445

These have been obtained for the import of Plant and Machinery for BMR/Expansion of Spinning Section. These are repayable over a period from 23rd December, 2016 to 24th November, 2026, in 1 to 19 equal half yearly instalments.

Note 7, Long Term Finances - contd...

These are secured by way of Joint Pari Passu Charge amounting to Rs. 1,475 Million (2016: Rs. 1,475 Million) over Fixed Assets, and Personal Guarantees of the Directors of the Company. These carry mark-up ranging from 7.31% to 8.65% (2016: 7.76% to 9.54%) per annum for TF and 12.60% (2016: 12.60%) per annum for LTFF Scheme introduce by SBP, payable semi annually and quarterly respectively.

			2017	2016
			Rupees	Rupees
7.4	**TERM FINANCE FROM SONERI BANK LIMITED** is made up as follows:			
	Balance at beginning of the Year		**105,386,519**	187,310,861
	Less: Current Portion Shown under Current Liabilities	(Note 13.2)	**73,591,013**	81,924,342
	Balance at the end of the Year		**31,795,506**	105,386,519

These are secured by way of Joint Pari Passu Charge amounting to Rs. 620 Million (2016: Rs. 620 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company and specific charge amounting to Rs. 130 Million (2016: Rs. 130 Million) over 17 Air Jet Looms installed at Weaving Unit of the Company located at Qadirpur Rawn Bypass, Multan and Specific Charge of Rs. 200 Million (2016: Rs. 200 Million) over (03) three Draw Frames and (10) ten Cards installed at Unit - 01. This is repayable over a period from 1st July, 2017 to 13th February, 2019, in 3 to 7 equal quarterly instalments. This carries mark-up ranging from 8.04% to 8.65% (2016: 8.49% to 9.55%) per annum for TF and 12.70% (2016: 12.70%) per annum for LTFF Scheme introduce by SBP, payable semi annually.

7.5	**TERM FINANCES FROM NATIONAL BANK OF PAKISTAN** is made up as follows:			
	Balance at beginning of the Year		**27,814,580**	55,629,162
	Less: Current Portion Shown under Current Liabilities	(Note 13.2)	**27,814,580**	27,814,582
	Balance at end of the Year		**-**	27,814,580

These are secured by way of Joint Pari Passu charge amounting to Rs. 292 Million (2016: Rs. 292 Million), over Fixed Assets and Personal Guarantees of the Directors of the Company . This is repayable over a period from 20th July, 2017 to 6th April, 2018, in 2 equal half yearly instalments. This carries Mark-up ranging from 8.06% to 8.15% (2016: 8.51% to 12.60%) per annum for TF and 12.70% (2016: 12.70%) per annum for LTFF Scheme introduce by SBP, payable quarterly.

7.6	**FINANCE FROM THE BANK OF KHYBER** is made up as follows:			
	Term Finance	(Note 7.7)	**-**	23,579,450
	Demand Finance	(Note 7.8)	**252,000,000**	-
		(Note 7.9)	**252,000,000**	23,579,450
7.7	**TERM FINANCE FROM THE BANK OF KHYBER** is made up as follows:			
	Balance at beginning of the Year		**23,579,450**	70,738,351
	Less: Current Portion Shown under Current Liabilities		**23,579,450**	47,158,901
	Balance at end of the Year		**-**	23,579,450
7.8	**DEMAND FINANCE FROM THE BANK OF KHYBER** is made up as follows:			
	Disbursement during the Year		**360,000,000**	-
	Less: Current Portion Shown under Current Liabilities		**108,000,000**	-
	Balance at end of the Year		**252,000,000**	-

Note 7, Long Term Finances - contd...

7.9 This is secured by way of Joint Pari Passu charge amounting to Rs. 267 Million (2016: Rs. 267 Million) over Fixed Assets and Personal Guarantees of the Directors of the Company. This is repayable over a period from 5th September, 2017 to 31st December, 2021, in 1 to 10 instalment. This carries Mark-up ranging from 5.00% to 8.65% (2016: 8.85% to 9.51%) per annum, payable quarterly.

7.10 This represents the Cash Finance facility amounting to Rs. 60 Million (2016: Rs. 60 Million) from Bank of Khyber Limited, sanctioned to a director of the Company and is subject to bank Markup 0.50% (2016: 0.75%) spread over and above TDR/CD account profit rate, to be recovered on quarterly basis, which is born by the Company.

	2017	2016
	Rupees	Rupees
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE is made up as follows:		
Liability due for the year ended 30th June :		
2016	**-**	37,572,492
2017	**40,097,284**	37,485,213
2018	**38,222,902**	32,283,661
2019	**10,978,476**	5,490,946
2020	**2,977,085**	-
	92,275,747	112,832,312
Less: Payments during the Year	**40,097,284**	37,572,492
Gross Minimum Lease Payments	**52,178,463**	75,259,820
Less: Future Period Financial Charges	**2,803,082**	3,339,869
Present Value of Gross Minimum Lease Payments	**49,375,381**	71,919,951
Less: Current Portion Shown under Current Liabilities	**36,261,585**	35,307,591
	13,113,796	36,612,360

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

GROSS MINIMUM LEASE PAYMENTS		
Not later than one Year	**38,222,902**	37,485,213
Later than one Year but not later than five Years	**13,955,561**	37,774,607
Later than Five Years	**-**	-
	52,178,463	75,259,820
PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Not later than one Year	**36,261,585**	35,307,591
Later than one Year but not later than five Years	**13,113,796**	36,612,360
Later than Five Years	**-**	-
	49,375,381	71,919,951

The Company entered into the Finance Lease agreements with various Financial Institutions to acquire Machinery and Motor Vehicles. The implicit Mark-up rate used to discount the minimum lease payments ranges from 8.29% to 8.50% (2016: 10.90% to 12.43%) per annum. These are secured against Title of the Leased Assets and Personal Guarantees of the Directors of the Company. The Company avails the option to purchase the Assets at the end of respective lease terms.

		2017 Rupees	2016 Rupees
9 DEFERRED LIABILITIES:			
9.1 These comprise of			
Deferred Taxation	(Note 9.2)	**66,417,386**	66,417,386
Staff Retirement Benefits	(Note 9.3)	**48,621,773**	42,616,285
		115,039,159	109,033,671

9.2 DEFERRED TAXATION is in respect of the following temporary differences:

	2017	2016
Taxable Temporary Differences		
Accelerated Depreciation	**259,279,649**	259,279,649
Export Debtors	**5,917,280**	5,917,280
Lease Liability	**586,046**	586,046
Deductible Temporary Differences		
Staff Gratuity	**(5,059,952)**	(5,059,952)
Unused Tax Losses	**(16,325,914)**	(16,325,914)
Turnover Tax	**(177,979,723)**	(177,979,723)
	66,417,386	66,417,386

9.3 STAFF RETIREMENT BENEFITS represent Gratuity and is made up as follows:

	2017	2016
Balance at beginning of the Year	**42,616,285**	39,142,875
Expense for the Year	**40,090,311**	42,548,913
Transfers from Accrued Liabilities	**-**	470,235
Actuarial Gains due to Experience Adjustment	**-**	(4,656,742)
Payments made during the Year	**(34,084,823)**	(34,888,996)
Present Value of Defined Benefit Obligation	**48,621,773**	42,616,285

ALLOCATION OF CHARGE FOR THE YEAR is as follows:

	2017	2016
Cost of Goods Manufactured	**33,373,422**	34,789,394
Administrative Expenses	**6,716,889**	7,759,519
	40,090,311	42,548,913

Historical information is as follows:

	2017	2016	2015	2014	2013
Charge for Gratuity	40,090,311	42,548,913	38,275,088	**30,611,516**	33,354,854

	2017 Rupees	2016 Rupees
RECONCILIATION of the amount recognized in Balance Sheet is as follows:		
Present value of defined benefit obligation	**36,832,564**	42,616,285
MOVEMENT IN PRESENT VALUE of Defined benefit Obligation		
Defined Benefit Obligation at the beginning of the Year	**42,616,285**	39,142,875
Current Service Cost	**25,211,421**	32,011,362
Interest on Defined Benefit Obligation	**3,089,681**	4,955,291
Benefit Paid during the Year	**(34,084,823)**	(34,888,996)
Actuarial (Gains)/Losses	**-**	1,395,753
Defined benefit Obligation at the end of the Year	**36,832,564**	42,616,285

Note 9, Deferred Liabilities - contd...

	2017	2016
	Rupees	Rupees
CHARGE FOR THE YEAR in respect of this benefit comprises of:		
Current Service Cost	**25,211,421**	32,011,362
Net Interest on Net Defined Benefit Liability (Asset)	**3,089,681**	4,955,291
	28,301,102	36,966,653

PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation of Gratuity was conducted on 30th June, 2016 in accordance with IAS 19 "Employees Benefits" by using Projected Unit Credit Method. Following significant assumptions, were used for the actuarial valuation:

PRINCIPAL ACTUARIAL ASSUMPTIONS		
Discount Rate	**7.25%**	7.25%
Expected Rate of Salary Increase	**6.25%**	6.25%

SENSITIVITY ANALYSIS AS AT 30TH JUNE, 2016

	DISCOUNT RATE + 1%	DISCOUNT RATE - 1%	SALARY INCREASE + 1%	SALARY INCREASE - 1%
PVDBO	38,684,276	47,461,850	47,461,850	38,617,015

	2017	2016
	Rupees	Rupees
10 TRADE AND OTHER PAYABLES comprise of:		
Creditors	**398,144,337**	241,687,851
Accrued Liabilities	**151,132,376**	130,280,451
Advance from Customers	**57,614,821**	55,045,797
Income Tax Withheld	**2,067,556**	3,735,832
Unclaimed Dividend	**124,939**	124,939
Retention Money	**702,489**	685,489
Bills Payable	**145,359,881**	16,853,343
	755,146,399	448,413,702
11 ACCRUED INTEREST AND MARK-UP relates to:		
Long Term Finances	**3,614,602**	8,250,064
Short Term Borrowings	**48,041,648**	39,295,620
Lease Finance	**406,414**	1,147,462
Workers' (Profit) Participation Fund	**1,953,292**	1,953,292
	54,015,956	50,646,438

12 SHORT TERM BORROWINGS

12.1 These Comprise of:

		2017	2016
Secured from Banking Companies/Financial Institutions	(Note 12.2)	**4,381,660,341**	4,885,536,046
Un-Secured from Related Party	(Note 12.5)	**40,000,000**	24,500,000
		4,421,660,341	4,910,036,046

Note 9, Deferred Liabilities - contd...

		2017	2016
		Rupees	Rupees
12.2 These secured borrowings have been obtained from Commercial Banks and comprise of:			
Pre/Post-Shipment Advance	(Note 12.3)	**1,986,193,402**	1,422,758,837
Cash/Running Finances	(Note 12.3)	**2,363,434,817**	3,460,234,067
Overdraft	(Note 12.4)	**32,032,122**	2,543,142
		4,381,660,341	4,885,536,046

12.3 These facilities have been obtained from various Commercial Banks with sanctioned limits aggregating Rs. 6.035 Billion (2016: Rs. 7.515 Billion). The aggregate facilities are secured by a joint pari passu hypothecation charge on all present and future current assets of the Company including Stock in Trade, Trade Debts, Lien on Export Bills and Personal Guarantees of the Working Directors of the Company. These include an amount of Rs. 98,048,000/- which is secured against the personal deposits of the working directors of the Company. The expiry dates of the facilities range during the period from 31st December, 2017 to 28th February, 2018. These facilities carry Mark up rates ranging from 7.31% to 8.06% (2016: 0.65% to 10.77%) per annum.

12.4 This represents the cheques issued in excess of the available balances in Current Accounts of the Banks of the Company, which have not been presented for payment by 30th June, 2017.

12.5 This relates to M/S Naseem enterprises & Trading (Private) Limited, an associated undertaking of the Company and is unsecured and do not bear any interest or profit and is repayable on demand (2016: Option of the Company).

13 CURRENT PORTION OF LONG TERM LIABILITIES

13.1 These comprise of:			
Current Portion of Long Term Finances	(Note 13.2)	**242,036,780**	184,203,432
Current Portion of Lease Liabilities	(Note 8)	**36,261,585**	35,307,591
		278,298,365	219,511,023

13.2 CURRENT PORTION OF LONG TERM FINANCES is made up as follows:

Balance at beginning of the Year	**184,203,432**	226,733,832
Add: Transferred from Long Term Portion	**242,036,780**	184,203,432
	426,240,212	410,937,264
Less: Payments made during the Year	**184,203,432**	226,733,832
Balance at end of the Year	**242,036,780**	184,203,432

Note 9, Deferred Liabilities - contd...

	2017 Rupees	2016 Rupees
14 CONTINGENCIES AND COMMITMENTS		
14.1 CONTINGENCIES		

A case of the Company is pending for decision by Honorable Sind High Court, Karachi, against the imposition of a levy by the Excise and Taxation Officer, Karachi, amounting to Rs.102.144 Million (2016: Rs. 84.644 Million), on imports of the Company , which has been recognized in the financial statements of the Company.

	2017 Rupees	2016 Rupees
Letters of Guarantee issued by the Banks on behalf of the Company in favour of:		
Sui Northern Gas Pipelines Limited	**138,387,900**	116,675,300
Excise and Taxation	**102,144,299**	84,644,299
Multan Electric Company	**9,770,600**	9,770,600
	250,302,799	211,090,199
Turnover Tax available for adjustment against Tax under Normal Law	**113,585,236**	133,577,311

14.2 COMMITMENTS

	2017 Rupees	2016 Rupees
Outstanding Letters of Credit for:		
Capital Expenditure	**7,583,747**	31,940,146
Raw Material	**207,720,497**	444,701,809
	215,304,244	476,641,955

15 PROPERTY, PLANT AND EQUIPMENT

15.1 These are made up as follows:

PARTICULARS	COST / REVALUATION: AT BEGINNING OF THE YEAR	ADDITIONS	TRANSFERS TO/(FROM)	DELETIONS	AT END OF THE YEAR	RATE %	DEPRECIATION: TO BEGINNING OF THE YEAR	ON TRANSFERS	ON DELETIONS	PROVIDED FOR THE YEAR	TO END OF THE YEAR	WRITTEN DOWN AT END OF THE YEAR
30TH JUNE, 2017												
OWNED ASSETS												
LAND - Freehold												
Cost	64,473,316	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	-	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	1,066,631,900	-	-	-	1,066,631,900		-	-	-	-	-	1,066,631,900
BUILDINGS - on Freehold Land												
Cost -Factory	505,560,527	-	-	-	505,560,527	5	207,259,067	-	-	14,915,072	222,174,139	283,386,388
Cost -Non Factory	323,836,108	-	-	-	323,836,108	5	118,057,514	-	-	10,288,931	128,346,445	195,489,663
Revaluation Surplus	439,787,108	-	-	-	439,787,108	5	161,164,832	-	-	13,931,114	175,095,946	264,691,162
	1,269,183,743	-	-	-	1,269,183,743		486,481,413	-	-	39,135,117	525,616,530	743,567,213
PLANT AND MACHINERY												
Cost	3,464,906,703	73,584,808	-	-	3,538,491,511	5	1,399,734,542	-	-	104,867,173	1,504,601,715	2,033,889,796
Revaluation Surplus	995,848,801	-	-	-	995,848,801	5	437,796,336	-	-	27,902,623	465,698,959	530,149,842
	4,460,755,504	73,584,808	-	-	4,534,340,312		1,837,530,878	-	-	132,769,796	1,970,300,674	2,564,039,638
POWER HOUSE	506,348,010	-	-	-	506,348,010	5	144,012,333	-	-	18,116,784	162,129,117	344,218,893
WEIGHING BRIDGE AND SCALE	2,325,374	1,481,895	-	-	3,807,269	10	1,755,611	-	-	56,976	1,812,587	1,994,682
LABORATORY EQUIPMENT	73,722,397	-	-	-	73,722,397	10	45,246,039	-	-	2,847,636	48,093,675	25,628,722
ELECTRIC INSTALLATION	181,805,907	-	-	-	181,805,907	5	78,642,316	-	-	5,158,181	83,800,497	98,005,410
TARPULINE	739,107	-	-	-	739,107	10	554,862	-	-	18,425	573,287	165,820
TUBE WELL	8,873,559	-	-	-	8,873,559	10	5,684,817	-	-	318,874	6,003,691	2,869,868
FURNITURE AND FIXTURE	35,638,845	367,431	-	213,627	35,792,649	10	20,522,585	-	188,240	1,520,774	21,855,119	13,937,530
COMPUTER	1,540,772	-	-	-	1,540,772	30	1,491,849	-	-	14,677	1,506,526	34,246
OFFICE EQUIPMENT	17,012,464	3,911,834	-	-	20,924,298	10	10,383,984	-	-	906,535	11,290,519	9,633,779
VEHICLES	49,164,646	12,078,056	-	25,172,063	36,070,639	20	34,467,178	-	18,142,559	2,528,661	18,853,280	17,217,359
FIRE FIGHTING EQUIPMENT	8,022,969	-	-	-	8,022,969	10	4,619,078	-	-	340,390	4,959,468	3,063,501
TELEPHONE	6,411,941	-	-	-	6,411,941	10	4,365,002	-	-	204,694	4,569,696	1,842,245
ARMS AND AMMUNITION	684,750	-	-	-	684,750	10	168,128	-	-	51,662	219,790	464,960
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	804,414	10	537,298	-	-	26,712	564,010	240,404
TOOLS AND EQUIPMENT	5,206,611	-	-	-	5,206,611	10	3,297,578	-	-	190,903	3,488,481	1,718,130
	7,694,872,913	91,424,024	-	25,385,690	7,760,911,247		2,679,760,949	-	18,330,799	204,206,797	2,865,636,947	4,895,274,300
LEASED ASSETS												
PLANT AND MACHINERY	144,497,071	-	-	-	144,497,071	25	29,745,649	-	-	5,737,571	35,483,220	109,013,851
POWER HOUSE	6,273,000	-	-	-	6,273,000	5	1,139,523	-	-	256,674	1,396,197	4,876,803
VEHICLES	67,476,846	15,778,907	-	-	83,255,753	20	24,735,875	-	-	9,665,871	34,401,746	48,854,007
	218,246,917	15,778,907	-	-	234,025,824		55,621,047	-	-	15,660,116	71,281,163	162,744,661
	7,913,119,830	**107,202,931**	**-**	**25,385,690**	**7,994,937,071**		**2,735,381,996**	**-**	**18,330,799**	**219,866,913**	**2,936,918,110**	**5,058,018,961**
30TH JUNE, 2016												
OWNED ASSETS												
LAND - Freehold												
Cost	64,473,316	-	-	-	64,473,316	-	-	-	-	-	-	64,473,316
Revaluation Surplus	1,002,158,584	-	-	-	1,002,158,584	-	-	-	-	-	-	1,002,158,584
	1,066,631,900	-	-	-	1,066,631,900		-	-	-	-	-	1,066,631,900
BUILDINGS - on Freehold Land												
Cost -Factory	505,560,527	-	-	-	505,560,527	5	191,558,990	-	-	15,700,077	207,259,067	298,301,460
Cost -Non Factory	323,836,108	-	-	-	323,836,108	5	107,227,061	-	-	10,830,453	118,057,514	205,778,594
Revaluation Surplus	439,787,108	-	-	-	439,787,108	5	146,500,501	-	-	14,664,331	161,164,832	278,622,276
	1,269,183,743	-	-	-	1,269,183,743		445,286,552	-	-	41,194,861	486,481,413	782,702,330
PLANT AND MACHINERY												
Cost	3,375,874,390	91,288,628	-	2,256,315	3,464,906,703	5	1,295,346,052	-	1,468,373	105,856,863	1,399,734,542	2,065,172,161
Revaluation Surplus	997,123,712	-	-	1,274,911	995,848,801	5	409,264,948	-	843,608	29,374,996	437,796,336	558,052,465
	4,372,998,102	91,288,628	-	3,531,226	4,460,755,504		1,704,611,000	-	2,311,981	135,231,859	1,837,530,878	2,623,224,626
POWER HOUSE	506,348,010	-	-	-	506,348,010	5	124,942,034	-	-	19,070,299	144,012,333	362,335,677
WEIGHING BRIDGE AND SCALE	2,325,374	-	-	-	2,325,374	10	1,692,304	-	-	63,307	1,755,611	569,763
LABORATORY EQUIPMENT	73,722,397	-	-	-	73,722,397	10	42,081,999	-	-	3,164,040	45,246,039	28,476,358
ELECTRIC INSTALLATION	181,805,907	-	-	-	181,805,907	5	73,212,654	-	-	5,429,662	78,642,316	103,163,591
TARPULINE	739,107	-	-	-	739,107	10	534,390	-	-	20,472	554,862	184,245
TUBE WELL	8,873,559	-	-	-	8,873,559	10	5,330,512	-	-	354,305	5,684,817	3,188,742
FURNITURE AND FIXTURE	34,143,604	1,495,241	-	-	35,638,845	10	18,984,603	-	-	1,537,982	20,522,585	15,116,260
COMPUTER	1,540,772	-	-	-	1,540,772	30	1,470,882	-	-	20,967	1,491,849	48,923
OFFICE EQUIPMENT	15,586,009	1,426,455	-	-	17,012,464	10	9,737,424	-	-	646,560	10,383,984	6,628,480
VEHICLES	65,617,163	431,869	6,142,384	20,483,361	51,708,055	20	44,536,759	3,114,953	-	3,218,824	50,870,536	837,519
FIRE FIGHTING EQUIPMENT	7,565,392	457,577	-	-	8,022,969	10	4,274,762	-	15,353,127	1,136,423	(9,941,942)	17,964,911
TELEPHONE	6,411,941	-	-	-	6,411,941	10	4,137,564	-	-	227,438	4,365,002	2,046,939
ARMS AND AMMUNITION	684,750	-	-	-	684,750	10	110,726	-	-	57,402	168,128	516,622
AIR CONDITIONERS AND REFRIGERATORS	804,414	-	-	-	804,414	10	507,618	-	-	29,680	537,298	267,116
TOOLS AND EQUIPMENTS	5,206,611	-	-	-	5,206,611	10	3,085,463	-	-	212,115	3,297,578	1,909,033
	7,620,188,755	95,099,770	6,142,384	24,014,587	7,697,416,322		2,484,537,246	3,114,953	17,665,108	211,616,196	2,681,603,287	5,015,813,035
LEASED ASSETS												
PLANT AND MACHINERY	144,497,071	-	-	-	144,497,071	5	23,706,100	-	-	6,039,549	29,745,649	114,751,422
POWER HOUSE	6,273,000	-	-	-	6,273,000	5	869,340	-	-	270,183	1,139,523	5,133,477
VEHICLES	44,989,285	26,086,536	(6,142,384)	-	64,933,437	20	19,165,444	(3,114,953)	-	6,843,046	22,893,537	42,039,900
	195,759,356	26,086,536	(6,142,384)	-	215,703,508		43,740,884	(3,114,953)	-	13,152,778	53,778,709	161,924,799
	7,815,948,111	121,186,306	-	24,014,587	7,913,119,830		2,528,278,130	-	17,665,108	224,768,974	2,735,381,996	5,177,737,834

Note 15, Property, Plant and Equipment - contd...

15.2 DISPOSAL OF OPERATING PROPERTY, PLANT AND EQUIPMENT comprises of:

	COST	ACCUMULATED	BOOK VALUE	PROCEEDS	GAIN / (LOSS)	MODE OF DISPOSAL	PARTICULARS OF PURCHASER
	----------	----------	----------	----------	30TH JUNE, 2017	----------	----------
FURNITURE AND FIXTURE							
01 No. Sofa Set 05 Seater	213,627	188,240	25,387	22,550	(2,837)	Negotiation	Mr. Muhammad Usman, House# 795, Chah Aamb Wala, Nai Abadi, Lakar Mandi, Multan.
VEHICLES							
Yamaha Bike 100CC MLC-9813	62,810	59,691	3,119	7,000	3,881	Negotiation	Mr. Muhammad Usman, House# 795, Chah Aamb Wala, Nai Abadi, Lakar Mandi, Multan.
Yamaha Bike 100CC MNK-12-4602	76,335	49,598	26,737	9,000	(17,737)	Negotiation	Mr. Muhammad Saleem, Post Office Tibba Sultan Pur, Tehsil Melsi, Vehari.
DAIHATSU COURE CX MLA-9966	468,108	443,087	25,021	250,000	224,979	Negotiation	Ms. Sana Afzal, House# 235-E, Shah Rukn-e-Alam Colony, Multan.
Honda City I.Dsi MNA-08-5106	1,024,254	863,861	160,393	500,000	339,607	Negotiation	Mr. Allah Ditta, Village % P/O Zain Pur, Chah Aso Wala, Multan Sadar Dist. Multan.
Toyota Corolla Altis MN-12-3882	1,985,971	1,253,860	732,111	900,000	167,889	Negotiation	Mr. Muzaffar Abbas, Basti Nasir Nager, P.O Khas Bosan, Multan Sadar, Multan.
Honda Civic Exi-Mt MNA-09-3726	1,849,817	1,486,123	363,694	740,000	376,306	Negotiation	Mr. Parvaiz Akhter, Cha Musa Wala, Rangeel Pur Samo Rana, Multan.
Suzuki Mehran MN-11-2305	590,962	434,320	156,642	300,000	143,358	Negotiation	Mr. Tanveer Ahmed, 1268-5, Lakkar Mandi Colony, Ali Wali Bhai, Faizy Road, Multan.
Yamaha 100 CC MNV-11-9511	76,100	52,695	23,405	12,000	(11,405)	Negotiation	Mr. Muhammad Saleem, Post Office Tibba Sultan Pur, Tehsil Melsi, Vehari.
Honda Cg 125 MNL-10-5233	107,900	85,858	22,042	30,000	7,958	Negotiation	Mr. Mazhar Abbas, Basti Gulabi, Post Office Tatay Pur, Multan sadar, Multan.
Honda Civic MN-11-5641	1,999,795	1,407,977	591,818	825,000	233,182	Negotiation	Mr. Muhammad Tariq Javed, House# 10, Quaid-e-Azam Road Multan Cantt.
Suzuki Swift MNA-10-2799	1,083,110	853,835	229,275	400,000	170,725	Negotiation	Mr. Syed Arshad Abbas, House # 629-C, Mumtazabad Colony, Multan.
Suzuki Swift MN-10-2254	1,113,585	860,277	253,308	400,000	146,692	Negotiation	Mr. Aamir Hussain, Kot Nor Ahmed Sahu, Moza Shujhan Pur, Khanewal Road, Multan.
Suzuki Swift MN-10-2245	1,113,585	860,277	253,308	400,000	146,692	Negotiation	Mr. Ali Ahmed Mumtaz, House# 46, Block# 16, Street# 3, Khanewal.
Dala MNY-2162	582,575	565,493	17,082	400,000	382,918	Negotiation	Mr M.Tasleem Sajjad S/O M.Rasheed - Chak 72/15 L Mian Channu
Honda Civic 1799 CC, LEA-13-141	2,518,375	1,271,588	1,246,787	1,546,000	299,213	Negotiation	Malik Abdullah Khan
Toyota Corolla Altis, MNA-09-1527	1,780,507	1,419,449	361,058	500,000	138,942	Negotiation	Malik Ghulam Fareed
Toyota Corolla, MN-12-4691	1,728,690	974,396	754,294	870,000	115,706	Negotiation	Muhammad Tariq
Suzuki Mehran, 796CC, MN-11-2201	537,560	373,008	164,552	360,000	195,448	Negotiation	Malik Ghulam Fareed
Suzuki Mehran, 796CC, MN-11 6048	642,169	405,074	237,095	325,000	87,905	Negotiation	Muhammad Ashfaq
Suzuki Cultus, SF310 VXR MC 993 CC MNA-07-4412	600,000	534,709	65,291	200,000	134,709	Negotiation	Muhammad Arshad
Suzuki Meran,MN-10-1146	549,097	421,707	127,390	250,000	122,610	Negotiation	Ahmad Hassn
Suzuki Cultus, MNA-10-1429	898,295	714,616	183,679	250,000	66,321	Negotiation	Muhammad Younas
Honda Motor Cycle CD 70-MLG-9445	1,102,435	848,380	254,055	350,000	95,945	Negotiation	Mr. Abdul Ahad Menhas, House No. 8/10, Kehkashan Street # 10, Mohala, Multan
Toyota Corrola MN-11-2812	1,576,699	1,102,240	474,459	800,000	325,541	Negotiation	Syed Zarar Zaidi
Suzuki Swift MN-11-2578	1,103,329	800,440	302,889	475,000	172,111	Negotiation	Syed Zarar Zaidi
	25,385,690	**18,330,799**	**7,054,891**	**11,121,550**	**4,066,659**		
	----------	----------	----------	----------	30TH JUNE, 2016	----------	----------
PLANT AND MACHINERY							
Drawing Breaker Model DX7A	3,531,226	2,311,981	1,219,245	710,000	(509,245)	Negotiation	Zhaid Jee Textile Mills Limited, P-20, Bilal Road, Civil Line, Faisalabad
VEHICLES							
Toyota Land Cruiser - MNA-09-4399	13,982,690	10,475,030	3,507,660	8,000,000	4,492,340	Negotiation	Mr. M. Ahmed s/o Haji M. Akram, House # 01, Street # 01, Akber Colony, Multan.
Honda Civic - MN-12-4843	2,543,600	1,344,378	1,199,222	1,800,000	600,778	Negotiation	Mr. Masood Fabric Limited, Head Office Mehar Manzil, Lohari Gate, Multan.
Hyundai Santro Plus - MLE - 825	601,290	556,456	44,834	300,000	255,166	Negotiation	Mr. M. Nouman ur Rehman S/o Akhtar Hussain, 313-A, Qasim Pur Colony, Near Police Station Mumtazabad, Multan.
Toyota Camry - MNA 07/181	2,861,350	2,528,513	332,837	1,000,000	667,163	Negotiation	Mr. Sajjad Shakoor S/o Abdul Shakoor, House # 75,street # 4, Askari Colony, Phase-1, Multan Cantt.
Yamaha Dhoom - MNN-11-2494	48,767	32,001	16,766	8,000	(8,766)	Negotiation	Mr. Muhammad Sarfraz Mukhtar S/o Rao Mukhtar Ahmed Mujahid, Karam Pur, Post Office Khas, Tehsil Melsi, District Vehari.
3 Bicycle	10,400	9,072	1,328	1,200	(128)	Negotiation	Mr. Muhammad Jawad S/o Shabbir Hussain, Chah Chuadry Wala, Shujabad Multan
Suzuki Mehran MLE 04-835	435,264	407,677	27,587	260,000	232,413	Negotiation	Mr. Muhammad Nauman ur Rahman S/O Akhtar Hussain
	24,014,587	17,665,108	6,349,479	12,079,200	5,729,721		

		2017	2016
		Rupees	Rupees
15.3 DEPRECIATION ALLOWANCE provided for the Year has been allocated as follows:			
Cost of Goods Manufactured	(Note 30.2)	**204,278,206**	210,693,455
Administrative Expenses	(Note 32.1)	**15,588,707**	14,075,519
		219,866,913	224,768,974

			2017	2016
			Rupees	Rupees

16 LONG TERM INVESTMENTS are represents Investment Held for Sale are not intended to be sold in next 12 months and comprise of:

	2017	2016	2017 Rupees	2016 Rupees
Quoted Companies	**2017**	**2016**		
Fatima Enterprises Limited			**6,536,572**	6,536,572
No of Ordinary Shares of Rs. 10 each	829,808	829,808		
Per Share Quoted Price at Year End	14.30	14.30		
Mubarak Textile Mills Limited			**182,700**	182,700
No of Ordinary Shares of Rs. 10 each	66,000	66,000		
Per Share Quoted Price at Year End	8.00	3.49		
Cost at end of the Year			**6,719,272**	6,719,272
Fair Value Adjustment			**5,674,982**	5,377,322
Fair Value at end of the Year			**12,394,254**	12,096,594

The current quoted Price of the share of Fatima Enterprises Limited (FEL) represents the last trading price on 21st March, 2012, when the trading of shares of this FEL has been suspended by Karachi Stock Exchange.

17 LONG TERM LOANS AND ADVANCES

These represent the unsecured amount advanced by the Company to Sui Northern Gas Pipelines Limited, to meet the cost of Gas Pipeline to be laid for supply of Gas to the weaving unit of the Company at Qadir Pur Rawn, Khanewal Road, Multan. This is recoverable in 12 years (including two years grace period) commencing from 28th September, 2007, in from 3 to 4 equal annual instalments. This is subject to a Return @ 1.5% (2016: 1.5%) per annum, receivable annually.

18 LONG TERM DEPOSITS AND PREPAYMENTS comprise of.

18.1 These Comprise of:

		2017	2016
Deposits		**18,370,120**	33,739,270
Pre-Payments	(Note 18.2)	**25,000,000**	25,000,000
		43,370,120	58,739,270

18.2 This represents a payment against the manufacturing facilities utilized by the Company which is adjustable towards the end of the respective lease term.

19 STORES, SPARES AND LOOSE TOOLS comprise of:

	2017	2016
Stores	**124,206,563**	303,427,434
Spares	**90,533,065**	109,840,343
Loose Tools	**595**	182,604
	214,740,223	413,450,381

20 STOCK IN TRADE comprise of:

	2017	2016
Raw Material		
At Factory	**1,872,511,892**	2,378,559,657
In Transit	**-**	112,969,221
	1,872,511,892	2,491,528,878
Work in Process	**101,906,014**	92,788,464
Finished Goods	**383,547,684**	314,120,074
	2,357,965,590	2,898,437,416

		2017 Rupees	2016 Rupees
21 TRADE DEBTS			
21.1 These are in respect of:			
Export - Secured	(Note 21.2)	**434,258,672**	508,606,642
Local - Unsecured Considered Good		**396,993,444**	252,450,626
		831,252,116	761,057,268

21.2 Secured Debtors represent Foreign Bills under collection against Letters of Credit which are secured against Bank Guarantees.

		2017	2016
22 LOANS AND ADVANCES			
22.1 These are unsecured but are considered good by the management and comprise of:			
Advances to:			
Employees against Salaries and Expenses	(Note 22.2)	**6,949,101**	3,924,948
Suppliers of Goods and Services		**76,757,523**	75,272,613
Immature Letters of Credit	(Note 22.3)	**9,526,942**	6,191,807
Guarantee Margin		**5,328,800**	4,335,295
		98,562,366	89,724,663
22.2 Included therein amounts due from Executives.		**4,502,019**	2,478,546

22.3 These comprise of Opening Charges, Bank Charges and Cost of Documents.

	2017	2016
23 TRADE DEPOSITS AND SHORT TERM PRE-PAYMENTS comprise of:		
Security Deposits	**737,651**	388,526
Short Term Pre-Payments	**439,276**	1,604,307
	1,176,927	1,992,833

24 ACCRUED INTEREST relates to Interest Recoverable from Sui Northern Gas Pipelines Limited.

	2017	2016
25 OTHER RECEIVABLES comprise of:		
Sales Tax	**196,651,220**	113,549,431
Insurance Claims	**7,318,700**	197,475
Rebate on Export Sales	**74,749,730**	-
Others	**6,486,770**	4,892,468
	285,206,420	118,639,374

26 SHORT TERM INVESTMENTS comprise of:	**2017**	**2016**		
Held for Trading				
Fatima Fertilizer Company Limited			**-**	794,925
No of Ordinary Shares	-	24,500		
Per Share Quoted Price at Year End	-	33.94		
Cost at end of the Year			**-**	794,925
Fair Value Adjustment			**-**	36,605
Fair Value at end of the Year			**-**	831,530
				-

27 TAX REFUNDS DUE FROM GOVERNMENT DEPARTMENTS relates to Income Tax.

		2017 Rupees	2016 Rupees
28 CASH AND BANK BALANCES			
28.1 These comprise of:			
Cash in Hand		**1,766,230**	11,061,950
Cash with Banks in:			
Current Accounts		**26,992,252**	289,501,678
Saving Accounts	(Note 28.2)	**64,792**	63,487
Deposit Accounts	(Note 28.3)	**119,321,120**	83,311,120
		146,378,164	372,876,285
		148,144,394	383,938,235

28.2 Saving Accounts are subject to return ranging from 2.75% to 4.25% (2016: 3% to 4.25%) per annum.

28.3 These Term Deposit Receipt (TDRs) are subject to return ranging from 5% to 9% (2016: 5% to 9%) per annum.

		2017 Rupees	2016 Rupees
29 SALES comprises of:			
Local Sales:			
Goods		**5,396,614,180**	5,076,874,152
Waste		**73,515,209**	72,365,837
Total Local Sales		**5,470,129,389**	5,149,239,989
Export Sales:			
Goods		**5,002,245,359**	5,069,748,468
Waste		**21,409,185**	31,728,220
		5,023,654,544	5,101,476,688
Rebate		**83,088,607**	-
Exchange Rate Gain		**13,447,532**	41,372,916
Total Export Sales		**5,120,190,683**	5,142,849,604
		10,590,320,072	10,292,089,593

		2017 Rupees	2016 Rupees
30 COST OF SALES			
30.1 This is made up as follows:			
Finished Goods at beginning of the Year		**314,120,074**	394,107,126
Add: Cost of Goods:			
Manufactured	(Note 30.2)	**10,611,135,743**	9,442,342,760
Purchased		**26,577,840**	163,939,919
		10,637,713,583	9,606,282,679
		10,951,833,657	10,000,389,805
Finished Goods at end of the Year		**383,547,684**	314,120,074
		10,568,285,973	9,686,269,731

Note 30, Cost of Sales - contd...

		2017 Rupees	2016 Rupees
30.2 COST OF GOODS MANUFACTURED is made up as follows:			
Work in Process at beginning of the Year		**92,788,464**	122,675,243
Raw Material Consumed	(Note 30.3)	**7,926,800,340**	6,935,260,230
Packing Material Consumed		**134,732,421**	125,794,824
Stores Consumed		**481,828,105**	342,268,642
Salaries, Wages and Benefits		**731,610,506**	719,413,419
Power and Fuel		**1,051,767,973**	960,317,024
Insurance		**24,209,487**	22,442,095
Repair and Maintenance		**27,419,019**	30,035,639
Processing Charges		**3,671,189**	5,262,497
Manufacturing Hire Charges		**24,000,000**	48,000,000
Depreciation	(Note 15.3)	**204,278,206**	210,693,455
Other Manufacturing Expenses		**9,936,047**	12,968,157
		10,713,041,757	9,535,131,224
Work in Process at end of the Year		**101,906,014**	92,788,464
		10,611,135,743	9,442,342,760

	2017 Rupees	2016 Rupees
30.3 RAW MATERIAL CONSUMED is made up as follows:		
Balance at beginning of the Year	**2,378,559,657**	1,386,722,427
Add: Purchases including Expenses	**7,420,752,575**	7,927,097,460
Available for Consumption	**9,799,312,232**	9,313,819,887
Balance at end of the Year	**1,872,511,892**	2,378,559,657
	7,926,800,340	6,935,260,230

	2017 Rupees	2016 Rupees
31 DISTRIBUTION COST comprises of:		
Local Freight, Octroi and Other Charges	**28,375,877**	10,637,171
Sea and Trailer Freight	**23,581,873**	58,185,254
Clearing and Forwarding Expenses	**14,383,470**	15,241,521
Commission on:		
Local Sales	**17,133,105**	13,633,373
Export Sales	**40,352,856**	62,476,626
Insurance	**1,913,304**	1,836,695
Bill of Lading Charges	**1,916,687**	2,558,523
Export Development Surcharge	**12,737,382**	12,873,389
Quality Claim	**530,823**	38,542
Sales Promotion Expenses	**277,934**	354,795
Others Expenses	**6,915,859**	7,639,871
	148,119,170	185,475,760

		2017 Rupees	2016 Rupees
32 ADMINISTRATIVE EXPENSES			
32.1 These comprise of:			
Directors' Remuneration		**4,620,000**	4,620,000
Staff Salaries and Benefits		**160,038,734**	143,297,535
Printing and Stationery		**763,768**	740,418
Communication		**5,542,303**	4,826,709
Sui Gas and Water Charges		**2,236,234**	1,988,475
Electricity		**3,110,958**	6,962,363
Insurance		**5,329,245**	3,098,668
Travelling and Conveyance		**13,716,082**	10,550,571
Entertainment		**3,613,377**	3,964,508
Rent, Rates and Taxes		**1,266,199**	1,179,127
Vehicle Running and Maintenance		**9,333,163**	9,656,116
Repair and Maintenance		**10,688,944**	10,781,859
Fees and Subscriptions		**523,390**	604,346
Legal and Professional Charges		**7,026,764**	7,336,841
Auditors' Remuneration	(Note 32.2)	**800,000**	800,000
Advertisement and Publicity		**200,180**	3,545,689
ISO Expenses		**3,104,910**	2,755,242
Charity and Donations		**730,917**	2,143,639
Newspapers and Periodicals		**52,527**	85,249
Depreciation	(Note 15.3)	**15,588,707**	14,075,519
General Expenses		**5,790,799**	4,409,899
		254,077,201	237,422,773

32.2 AUDITORS' REMUNERATION represents Company's Statutory Audit.

33 OTHER OPERATING EXPENSES represents Loss on disposel of short term Investment.

34 OTHER INCOME comprises of:

		2017 Rupees	2016 Rupees
Fine, Penalties and Claims		**-**	24,195
Claim Received against Closeout of Contract		**-**	4,256,612
Gain on Re- Measurement of Investment	(Note 26)	**-**	36,605
Interest Income		**296,463**	376,490
Return on Financial Assets		**3,366,917**	1,785,065
Gain on Disposal of Operating Fixed Assets		**4,066,659**	5,729,721
Dividend Income		**-**	40,000
		7,730,039	12,248,688

35 FINANCE COST comprises of:

	2017 Rupees	2016 Rupees
Interest/Mark-up on:		
Short Term Borrowings	**335,360,874**	266,356,253
Long Term Finance	**25,330,758**	50,912,061
Lease Finance Charges	**5,832,562**	2,728,883
Exchange Loss/(Gain) on Foreign Currency Finances	**121,391**	2,572,453
Bank Charges and Commission	**21,560,560**	35,236,000
	388,206,145	357,805,650

	2017 Rupees	2016 Rupees
36 TAXATION		
36.1 This relates to:		
Current Year Taxation	**98,386,424**	94,342,564
Prior Year Taxation	**(534,048)**	24,820,863
	97,852,376	119,163,427

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

36.3 Income Tax Assessments of the Company up to Tax Year 2016 have either been Finalized or the Income Tax Returns were filed under self assessment scheme in accordance with the provisions of Income Tax Ordinance, 2001, hence deemed to be assessed as declared.

36.4 Numerical reconciliation between the effective tax and the applicable tax has not been provided as the entire taxation of the Company comprises of Presumptive Tax only.

37 LOSS PER SHARE

	2017	2016
37.1 Basic Loss per Share		
After Tax Loss for the Year	**(858,532,845)**	(281,981,046)
	NUMBER OF SHARES	
Weighted Average Number of Ordinary Shares Outstanding during the Year	**18,810,257**	18,810,257
	R U P E E S	
Basic Loss per Share	**(45.64)**	(14.99)

37.2 Diluted Loss per Share

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

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

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Executive means an employee whose basic salary exceeds Rs. 500,000 (2016: Rs. 500,000) per year. The aggregate amount charged in the account for the year for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company is as follows:

	2017		
	RUPEES		
PARTICULARS	**Chief Executive**	**Director**	**Executives**
Managerial Remuneration	**654,000**	**3,600,000**	**61,977,351**
House Rent allowance	**264,000**	**-**	**-**
Utility Allowance	**36,000**	**-**	**-**
Medical Allowance	**66,000**	**-**	**6,197,735**
	1,020,000	**3,600,000**	**68,175,086**
NUMBER OF PERSONS	**1**	**1**	**61**

	2016		
	RUPEES		
PARTICULARS	**Chief Executive**	**Director**	**Executives**
Managerial Remuneration	654,000	3,600,000	55,650,972
House Rent allowance	264,000	-	-
Utility Allowance	36,000	-	-
Medical Allowance	66,000	-	5,565,097
	1,020,000	3,600,000	61,216,069
NUMBER OF PERSONS	**1**	**1**	**63**

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

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

	2017						
	RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	-	12,394,254	12,394,254	12,394,254
Long Term Loan	-	17,452,800	17,452,800	-	-	-	17,452,800
Long Term Deposits	-	-	-	-	18,370,120	18,370,120	18,370,120
Trade Debtors	-	-	-	831,252,116	-	831,252,116	831,252,116
Loans and Advances	-	-	-	89,035,424	-	89,035,424	89,035,424
Trade Deposits	-	-	-	1,176,927	-	1,176,927	1,176,927
Interest Accrued	-	-	-	136,971	-	136,971	136,971
Short Term Investments	-	-	-	-	-	-	-
Dues with Government Dep't.	-	-	-	130,628,117	-	130,628,117	130,628,117
Other Receivables	-	-	-	285,206,420	-	285,206,420	285,206,420
Cash and Bank Balances	119,385,912	-	119,385,912	28,758,482	-	28,758,482	148,144,394
	119,385,912	**17,452,800**	**136,838,712**	**1,366,194,457**	**30,764,374**	**1,396,958,831**	**1,533,797,543**
Financial Liabilities							
Long Term Financing	242,036,780	374,350,550	616,387,330	-	-	-	616,387,330
Trade and Other Payables	-	-	-	755,146,399	-	755,146,399	755,146,399
Interest and Mark up accrued	54,015,956	-	54,015,956	-	-	-	54,015,956
Short Term Finances	4,381,660,341	-	4,381,660,341	-	-	-	4,381,660,341
	4,677,713,077	**374,350,550**	**5,052,063,627**	**755,146,399**	**-**	**755,146,399**	**5,807,210,026**
On Balance Sheet Gap	**(4,558,327,165)**	**(356,897,750)**	**(4,915,224,915)**	**611,048,058**	**30,764,374**	**641,812,432**	**(4,273,412,483)**

	2016						
	RUPEES						
	Mark-Up Bearing			Non Mark-Up Bearing			Total
	Maturity up to One Year	Maturity after One Year	Sub-Total	Maturity up to One Year	Maturity after one Year	Sub-Total	
Financial Assets							
Long Term Investments	-	-	-	-	12,096,594	12,096,594	12,096,594
Long Term Loan	-	22,784,000	22,784,000	-	-	-	22,784,000
Long Term Deposits	-	-	-	-	33,739,270	33,739,270	33,739,270
Trade Debtors	-	-	-	761,057,268	-	761,057,268	761,057,268
Loans and advances	-	-	-	83,532,856	-	83,532,856	83,532,856
Trade Deposits	-	-	-	1,992,833	-	1,992,833	1,992,833
Interest Accrued	-	-	-	182,268	-	182,268	182,268
Short Term Investments	-	-	-	831,530	-	831,530	831,530
Dues with Government Dep't.	-	-	-	140,627,616	-	140,627,616	140,627,616
Other Receivables	-	-	-	118,639,374	-	118,639,374	118,639,374
Cash and Bank Balances	83,374,607	-	83,374,607	300,563,628	-	300,563,628	383,938,235
	83,374,607	22,784,000	106,158,607	1,407,427,373	45,835,864	1,453,263,237	1,559,421,844
Financial Liabilities							
Long Term Financing	184,203,432	234,694,556	418,897,988	-	-	-	418,897,988
Trade and Other Payables	-	-	-	448,413,702	-	448,413,702	448,413,702
Interest and Mark up accrued	50,646,438	-	50,646,438	-	-	-	50,646,438
Short Term Finances	4,885,536,046	-	4,885,536,046	-	-	-	4,885,536,046
	5,120,385,916	234,694,556	5,355,080,472	448,413,702	-	448,413,702	5,803,494,174
On Balance Sheet Gap	(5,037,011,309)	(211,910,556)	(5,248,921,865)	959,013,671	45,835,864	1,004,849,535	(4,244,072,330)

Note 40, Financial Instruments and Related Disclosures - contd...

40.2 FINANCIAL RISK FACTORS

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

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

(a) Market Risk

(i) Currency Risk

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

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

	2017	2016	**2017**	2016
	USD	USD	**Rupees**	Rupees
Trade Debts	**4,008,523**	4,870,033	**434,258,672**	508,606,642
Advances from Customers	**(176,657)**	(138,368)	**(18,619,619)**	(14,214,338)
Net Exposure	**3,831,866**	4,731,664	**415,639,053**	494,392,304

The following significant exchange rates have been applied:

	AVERAGE RATE		**REPORTING RATE**	
	2017	2016	**2017**	2016
USD to PKR	**106.87**	103.58	**104.58**	104.50

Sensitivity Analysis:

At reporting date, if the PKR had strengthened by 10% (2016: 10%) against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors and outstanding letter of credits.

	2017	2016
	Rupees	Rupees
Effect on Profit and Loss		
Trade Debts	**43,425,867**	50,860,664
Trade and Other Payables	**(1,861,962)**	(1,421,434)
Short Term Borrowings as FE-25, Export Loan	**(198,619,340)**	(142,275,884)
Net Exposure	**(157,055,435)**	(92,836,654)

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

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

Note 40, Financial Instruments and Related Disclosures - contd...

(ii) Price Risk

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

	2017	2016
Reporting date all index points	**32494.30**	25313.12

		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Other Comprehensive Income
			(Rupees)	
Available-for-sale investments				
	2017	+10%	-	1,239,425
		-10%	-	(1,239,425)
	2016	+10%	-	1,209,659
		-10%	-	(1,209,659)
Held for trading investments				
	2017	+10%	-	-
		-10%	-	-
	2016	+10%	**83,153**	-
		-10%	**(83,153)**	-

(iii) Interest Rate Risk

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

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

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

Financial Liabilities	EFFECTIVE PERCENTAGE 2017	2016	CARRYING AMOUNT 2017	2016
Fixed Rate Instruments				
Long Term Financing	12.60 - 12.70	12.60 - 12.70	**38,874,556**	69,147,358
Variable Rate Instruments				
Long Term Financing	5 - 8.65	7.76 - 9.55	**577,512,774**	349,750,630
Short Term Borrowings	7.31 - 8.06	0.65 - 10.77	**4,381,660,341**	4,885,536,046

Note 40, Financial Instruments and Related Disclosures - contd...

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

		Changes in Interest Rate	Effects on Profit before Tax (Rupees)
Bank balances - deposit accounts			
	2017	**+1.50**	1,790,789
		-1.50	(1,790,789)
	2016	**+1.50**	1,250,619
		-1.50	(1,250,619)
Long term financing			
	2017	**+2.00**	(11,550,255)
		-2.00	11,550,255
	2016	**+2.00**	(6,995,013)
		-2.00	6,995,013
Liabilities against assets subject to finance lease			
	2017	**+2.00**	(987,508)
		-2.00	987,508
	2016	**+2.00**	(1,438,399)
		-2.00	1,438,399
Short term borrowings			
	2017	**+2.00**	(87,633,207)
		-2.00	87,633,207
	2016	**+2.00**	(97,710,721)
		-2.00	97,710,721

Note 40, Financial Instruments and Related Disclosures - contd...

	2017	2016
	Rupees	Rupees

(b) Credit Risk

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

	2017 Rupees	2016 Rupees
Investments	**12,394,254**	12,928,124
Loans and Advances	**12,277,901**	8,260,243
Deposits	**19,107,771**	34,127,796
Trade Debts	**831,252,116**	761,057,268
Other Receivables	**6,486,770**	4,892,468
Bank Balances	**146,378,164**	372,876,285
	1,027,896,976	1,194,142,184

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

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

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

	Rating			**2017**	2016
	Short Term	**Long Term**	**Agency**	**RUPEES**	RUPEES
AL Baraka Bank (Pakistan) Ltd.	A1	A	PACRA	**42,862**	217,479
Allied Bank Ltd.	A1+	AA+	PACRA	**30,691**	216,210
Askari Bank Ltd.	A1+	AA+	PACRA	**44,892,783**	36,250,488
Bank Al- Habib Ltd.	A1+	AA+	PACRA	**4,974,898**	5,866,665
Bank Alflah Ltd.	A1+	AA	PACRA	**391,752**	183,467
Bank Islami Pakistan Ltd.	A1	A+	PACRA	**381,390**	381,390
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	**298,110**	21,288,590
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	**970,828**	16,296
JS Bank Ltd.	A1+	AA-	PACRA	**43,541**	40,706
MCB Bank Ltd.	A1+	AAA	PACRA	**52,855**	113,930
Meezan Bank Ltd.	A-1	AA	JCR-VIS	**480,351**	1,108,451
National Bank of Pakistan	A1+	AAA	PACRA	**54,660**	138,898,347
NIB Bank Ltd.	A1+	AA-	PACRA	**30,502**	33,612
Soneri Bank Ltd.	A1+	AA-	PACRA	**38,197,714**	130,932,055
Summit Bank Ltd.	A-1	A-	JCR-VIS	**8,930,206**	4,847,287
The Bank of Khyber	A1	A	PACRA	**45,500,000**	32,281,037
The Bank of Punjab	A1+	AA	PACRA	**19,648**	19,648
United Bank Ltd.	A-1+	AAA	JCR-VIS	**32,535**	180,627
				145,325,326	372,876,285

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

Note 40, Financial Instruments and Related Disclosures - contd...

(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 founding through an adequate amount of committed credit facilities. At 30 June 2017, the Company had Rs. 6,622 Million (2016: Rs. 7,926 Million) available borrowings limits from financial institutions and Rs. 383,938,235/- (2016: Rs. 148,144,394/) cash and bank balances. Further, the Company has a positive working capital position at the year end and management believes the liquidity risk too low. Following are the maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

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

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing	564,734,768	145,222,068	96,814,712	112,847,243	209,850,745
Trade and Other Payables	755,146,399	528,602,479	226,543,920	-	-
Short Term Borrowings	4,381,660,341	2,848,079,222	1,533,581,119	-	-

Financial Liabilities' Maturities as at 30th June, 2016:

	Carrying Amount	6 Month or Less	6-12 Months	1-2 Years	More than 2 Years
	Rupees				
Long Term Financing	367,245,426	110,522,059	73,681,373	131,753,325	51,288,669
Trade and other Payables	448,413,702	313,889,591	134,524,111	-	-
Short Term Borrowings	4,885,536,046	2,931,321,628	1,954,214,418	-	-

40.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Fair value hierarchy

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

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

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

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

Note 40, Financial Instruments and Related Disclosures - contd...

	2017 RUPEES	2016 RUPEES
During the reporting year ended 30th June 2017 and 2016, there were no inter level transfers and at the year end the Company held the following financial instruments carried at fair value, which all fall under level 1:		
Assets measured at fair value		
Held for trading	-	831,530
Equity shares		
Available-for-sale financial assets		
Equity shares	12,394,254	12,096,594
	12,394,254	12,928,124

40.4 FINANCIAL INSTRUMENTS BY CATEGORIES

As at 30th June 2017

	Cash and Cash Equivalents	Loans and Advances	Fair Value through Profit and Loss	Available for Sale
	Assets as per Balance Sheet			
	Rupees			
Investments	-	-	-	12,394,254
Loans and Advances	-	12,277,901	-	-
Deposits	-	19,107,771	-	-
Trade Debts	-	831,252,116	-	-
Other Receivables	-	6,486,770	-	-
Cash and Bank Balances	148,144,394	-	-	-
	148,144,394	869,124,558	-	12,394,254

Liabilities as per Balance Sheet	Financial Liabilities at Amortized Cost
Long Term Financing	616,387,330
Accrued Mark-up	54,015,956
Short Term Borrowings	4,381,660,341
Trade and Other Payables	755,146,399
Rs.	5,807,210,026

As at 30th June 2016

	Cash and Cash Equivalents	Loans and Advances	Fair value through Profit and Loss	Available for Sale
	Assets as per Balance Sheet			
	Rupees			
Investments	-	-	831,530	12,096,594
Loans and Advances	-	8,260,243	-	-
Deposits	-	34,127,796	-	-
Trade Debts	-	761,057,268	-	-
Other Receivables	-	4,892,468	-	-
Cash and Bank Balances	383,938,235	-	-	-
	383,938,235	808,337,775	831,530	12,096,594

Liabilities as per Balance Sheet	Financial Liabilities at Amortized Cost
Long Term Financing	418,897,988
Accrued Mark-up	50,646,438
Short Term Borrowings	4,885,536,046
Trade and Other Payables	448,413,702
Rs.	5,803,494,174

Note 40, Financial Instruments and Related Disclosures - contd...

40.5 CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. The ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term loan from directors, long term financing and short term borrowings obtained by the Company as referred to in Note 5, 7 and 12 respectively. The capital employed includes 'Total Equity' as shown in the balance sheet plus 'External Borrowings' and 'Loan from Directors and Sponsors'.

	2017	2016
	RUPEES	RUPEES
The gearing ratio of the Company as on the balance sheet date was as follows:		
External Borrowings	**4,946,395,109**	5,252,781,472
Loan from Directors and Sponsors	**277,978,067**	288,109,531
Total Debt	**5,224,373,176**	5,540,891,003
Total Equity	**1,345,180,423**	2,168,064,425
Total Capital Employed	**6,569,553,599**	7,708,955,428
Gearing Ratio	**79.52%**	71.88%

41 SEGMENT REPORTING

41.1 REPORTABLE SEGMENTS

The Company's reportable segments are as follows:

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

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

41.2 SEGMENTS REVENUE AND RESULTS

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

	SPINNING	WEAVING	ELIMINATION OF INTER SEGMENT TRANSACTIONS	TOTAL
	RUPEES			
For the year ended 30 June 2017				
Sales	7,030,986,227	2,782,701,003	776,632,842	10,590,320,072
Cost of Sales	(7,188,559,108)	(2,603,094,023)	(776,632,842)	(10,568,285,973)
Gross Profit	(157,572,881)	179,606,980	-	22,034,099
Allocated Income and Expenses:				
Distribution Cost	(114,551,248)	(33,567,922)	-	(148,119,170)
Administrative Expenses	(201,851,769)	(49,371,161)	-	(251,222,930)
Other Operating Income	6,272,722	1,457,317		7,730,039
	(310,130,295)	(81,481,766)	-	(391,612,061)
Profit before tax and unallocated expenses	(467,703,176)	98,125,214	-	(369,577,962)
Unallocated Expenses:				
Administrative Expenses				(2,854,271)
Other operating expenses				(42,091)
Finance cost				(388,206,145)
Taxation				(97,852,376)
				(488,954,883)
Profit after Taxation				(858,532,845)

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

	2017	2016
	RUPEES	RUPEES
41.3 GROSS REVENUE FROM MAJOR PRODUCTS AND SERVICES		
Yarn Export Sale	**4,395,908,496**	4,396,605,976
Fabric Export Sale	**689,425,470**	673,142,492
Waste Export Sale	**21,409,185**	31,728,220
Yarn Local Sale	**3,312,488,158**	3,119,090,581
Fabric Local Sale	**2,084,126,022**	1,957,783,571
Waste Local Sale	**73,515,209**	72,365,837
	10,576,872,540	10,250,716,677
	-	-

Note 41, Segment Reporting - contd...

41.4 GEOGRAPHICAL INFORMATION	**2017**	2016
(a) The Company's gross revenue percentage from external customers by geographical location is detailed		
Domestic	**52.13**	50.23
Asia	**41.32**	42.97
Europe	**5.75**	5.98
America	**0.34**	0.34
Africa	**0.47**	0.48
	100	100

(b) All non-current assets of the Company as at 30 June 2017 are located and operating in Pakistan.

41.5 SEGMENT ASSETS AND LIABILITIES

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

For the year ended 30 June 2017	**SPINNING**	**WEAVING**	**TOTAL**
	-----------------------	**RUPEES**	-----------------------
Total assets for reportable segments	6,764,611,227	1,850,198,209	8,614,809,436
Unallocated assets:			
Other Receivables			285,206,420
Cash and bank balances			148,144,394
Other Corporate assets			150,863,323
Total assets as per consolidated balance sheet			9,199,023,573
Total liabilities for reportable segments	8,197,796,077	1,628,611,109	9,826,407,186
Unallocated liabilities:			
Other Corporate liabilities			(627,357,783)
Total liabilities as per consolidated balance sheet			9,199,049,403

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

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

42 NUMBER OF EMPLOYEES	**2017**	2016
Number of Employees including Contractual Employees at end of the Year	**2,950**	3,195
Average Number of Employees including Contractual Employees during the Year	**2,915**	3,171

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
Ring Spinning Sections		
Owned Capacity		
Number of Spindles Installed	**75,360**	75,360
Number of Spindle Shifts Worked	**3**	3
Installed Capacity at 20/S Count (Kgs) 365 Days	**27,605,148**	27,605,148
Actual Production of All Counts (Kgs)	**34,234,548**	33,713,543
Actual Production Converted into 20/S Count (Kgs)	**22,371,442**	22,002,587
Leased Capacity		
Number of Spindles Installed	**17,280**	17,280
Number of Spindle Shifts Worked	**3**	3
Capacity at 20/S Count (Kgs) 365 Days	**6,329,843**	6,329,843
Actual Production of All Counts (Kgs)	**-**	1,432,514
Actual Production Converted into 20/S Count (Kgs)	**-**	1,415,105
Weaving Section	**2017**	**2016**
Owned Capacity		
Number of Looms Installed	**130**	130
Number of Looms Shifts Worked	**3**	3
Capacity at 50 picks/inch (Meters) - 365 days	**31,287,622**	31,287,622
Actual Production of All picks/inch	**20,062,250**	19,473,190
Actual Production Converted into 50 picks/inch	**24,741,499**	24,686,135
Leased Capacity		
Number of Looms Installed	**80**	80
Number of Looms Worked	**None**	None
Capacity at 50 picks/inch (Meters) - 365 days	**17,466,585**	17,466,585
Actual Production	**-**	-

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

44 CORRESPONDING FIGURES of the previous Year have been re-grouped/re-arranged, for the purposes of comparison as follows:

NATURE		AMOUNT	FROM	TO	REASON
Long Term Loan from Directors	(Note 5)	211,956,969	Long Term Financing	Statement of Changes in Equity	Compliance of TR-32
Due from Associated Undertaking	(Note 12)	24,500,000	Long Term Financing	Short Term Borrowings	Change in Terms

45 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been authorized for issue by the Board of Directors of the Company on **October 03, 2017**.

CHIEF EXECUTIVE **DIRECTOR**

HUSSAIN MILLS LIMITED

Vehari Road, Fazalabad, Multan.
Ph: +92-61-652 7238, 652 8245, +92-61-676 0524
Fax: +92-61-652 6487, 652 6572
E-mail: info@hussaingroup.com

Website: www.hussaingroup.com