Kohinoor Mills Limited

Annual Report 2018

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Kohinoor Mills Limited

COMPANY INFORMATION

Board of Directors

Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Asad Fayyaz Sheikh	Director
Mr. Ali Fayyaz Sheikh	Director
Mr. Riaz Ahmed	Director
Mr. Shahbaz Munir	Director
Mr. Matiuddin Siddiqui	Director (NIT Nominee)

Audit Committee

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member
Mr. Ali Fayyaz Sheikh	Member

Human Resource & Remuneration Committee

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Jamal Asif

Legal Advisors

- Raja Mohammad Akram & Co., Advocate & Legal Consultants, Lahore.
- Malik Muhammad Ashraf Kumma Advocate

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

M/s. Riaz Ahmad & Co.,
Chartered Accountants

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Limited

Registered Office & Mills

8th K.M. Manga Raiwind Road,
District Kasur, Pakistan
UAN: (92-42) 111-941-941
CELL LINES: (92-333) 4998801-6
LAND LINES: (92-42) 36369340
FAX: (92-42) 36369340 Ext: 444
EMAIL: info@kohinoormills.com
WEBSITE : www.kohinoormills.com

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
LAND LINES: (92-42) 37235081 & 82, 37310466
FAX: (92-42) 37358817

Other Corporate Information

Kohinoor Mills Limited is registered in Pakistan with Securities and Exchange Commission of Pakistan. The Registration Number of the Company is 0017194

Kohinoor Mills Limited is listed on Pakistan Stock Exchange Limited as a Public Limited Company and its shares are traded under textile composite sector. Shares trading symbol is KML

The National Tax Number of the Company is 0658184-6

Financial statements are available on website of the Company i.e., www.kohinoormills.com

COMPANY PROFILE

From its incorporation in 1987 as a small weaving mill, over the last 31 years Kohinoor Mills has evolved into one of Pakistan's largest vertically integrated textile operations with approximately 1,820 employees and an annual turnover of Rupees 10.855 Billion. Spread on a 90-acre state of the art facility near Lahore, we supply over 70 million meters of world-class grey, white and dyed fabrics to leading fashion brands and retailers around the globe. The company is involved in three major businesses; Weaving, Dyeing & Finishing and Energy.

The company's board and management aim to create superior value for Kohinoor's customers, shareholders and suppliers without compromising commitment towards the safety, health and environment of the communities in which it operates.

DIVISIONS OF THE COMPANY

WEAVING

Kohinoor Weaving (KW) is the flagship division of the company. Set up as a small 48-loom project on a green field site in 1988, it has now grown into a state of the art facility with 258 high-speed air jet looms from Toyoda and Picanol.

The division produces over 40 million meters of grey fabric per annum, which is partially consumed upstream by the Dyeing division, while the rest is exported to clients in Europe and Asia. KW has also diversified its operations into Jacquard and Dobby fabrics for the local fashion industry and luxury clients in the US and Europe.

DYEING & FINISHING

Kohinoor Dyeing (KD) was set up in 2002 after a strategic decision by the company to move up the apparel value chain and compete with processing mills in Europe where manufacturing costs were becoming uncompetitive. After 15 years of operations KD is now a market leader in cotton stretch fabrics for the fashion industry.

Through our R&D facility we have developed innovative fabrics and hand-feel finishes which have enabled us to become key suppliers for leading global brands like Zara, Levi's, Ralf Lauren, American Eagle and Next.

The division produces 4 million meters of dyed, white and print fabric every month using cutting edge European machinery from Bennenger and Monforts.

ENERGY

Pakistan is a developing county that faces energy shortages and outages; this is very detrimental to industrial production. In 2003 Kohinoor Genertek was set up as an independent power plant to supply un-interrupted electricity to the other divisions of the company.

The division has an installed capacity of about 30 Mega-Watts electricity and 30 ton per hour steam, which can be produced on a variety of fuels such as gas, furnance oil, coal and biomass depending on price and seasonal availability.

Our Vision

To create sustainable growth and co-existence for our shareholders, customers, suppliers, the communities we operate in and the environment.

Our Mission

The company shall achieve its mission through a continuous process of sourcing, developing, implementing and managing cutting edge technologies along with industry best practices and top human resources to create innovative products and services for our customers while adding positive value for our stakeholders, suppliers and the communities we operate in.

Business Activities

Kohinoor Mills is principally engaged in three major components of textile manufacturing; Weaving, Dyeing & Finishing and Energy. The company exports grey, white and dyed fabrics to leading fashion brands and trading companies around the world.
The company also operates an independent power plant to supply uninterrupted energy to its textile operations.

31 years

of experience, quality, precision and trust

DIRECTORS' PROFILE

Mr. Rashid Ahmed
Chairman

Mr. Rashid Ahmed is a retired senior investment and development banker. He served the banking and financial services industry for over 40 years in senior positions like Group Chief and CEO. He has served Board of Directors of large corporate sector companies including telecommunication, fertilizer, cement, textile etc., and investment banks, leasing companies and modarabas.

He is currently Chairman of the Board of Directors and Member of Human Resource & Remuneration and Audit Committee. He also served as the Chairman of Audit Committee of Kohinoor Mills Limited. Mr. Rashid Ahmed is a member of Board of Governors of Lahore University of Management Sciences (LUMS) and has taught as a visiting faculty at Quaid e Azam University, Islamabad, University of The Punjab and University of Engineering and Technology, Lahore.

Mr. Rashid is an MBA from IBA, Karachi and holds a Master's degree in Economics from the University of The Punjab.

Mr. Aamir Fayyaz Sheikh
Chief Executive

Mr. Aamir Fayyaz Sheikh is a Pakistani entrepreneur, philanthropist, economic advisor and a keen golfer. He has been on the Board of Directors and serving as CEO of the company since its inception in 1987. After studying Economics at the University of Texas, he returned to Pakistan in the early eighties and joined his family business; The Kohinoor Group. After 30 years under his stewardship the company has grown from a small 48-loom weaving mill to one of Pakistan's largest vertically textile operations.

Mr. Aamir Fayyaz Sheikh is actively involved in promoting Pakistan's textile industry, and has represented the Pakistan business community at numerous shows and government trade missions. He is currently serving as the Chairman of the All Pakistan Textiles Mills Association, and was instrumental in negotiating the export incentive package in 2017, Pakistan's GSP+ status with the EU in 2014, amongst other contributions. Mr. Aamir Fayyaz Sheikh is also serving as Chairman of Punjab Social Security Health Management Company with a vision to transform the medical facilities to the industrial workers to an excellent level.

Mr. Asad Fayyaz Sheikh
Director

Mr. Asad Fayyaz Sheikh is brother of Mr. Aamir Fayyaz Sheikh, and has been serving as a Managing Director of the Company since 1990. After studying Economics at the University of Dallas he joined the family business and has been leading the Weaving division for over a decade now.

Mr. Asad Fayyaz Sheikh also served as member of various committees of the Board. He travels extensively to represent the company at global fairs, and is involved in many of the management social responsibility initiatives

Mr. Ali Fayyaz Sheikh
Director

Mr. Ali Fayyaz Sheikh is the youngest brother of Mr. Aamir Fayyaz Sheikh and Mr. Asad Fayyaz Sheikh, and has been serving as a Director of the Company since 1997. After completing his studies at the Wharton Business School, University of Pennsylvania he also joined the family business, and has been involved in the Weaving and Energy divisions.

Mr. Ali Fayyaz Sheikh has been a member of various committees of the Board, and at present he is an active member of the Audit Committee focusing specifically on matters of internal audit. He also takes a keen interest in the management social responsibility initiatives.

Mr. Riaz Ahmed
Director

Mr. Riaz Ahmed obtained his MBA degree in 1964 from IBA, Karachi. He joined Service Industries Ltd (SIL), a leading manufacturer of footwear, tyres and technical rubber products and served in senior positions in marketing and general management for 38 years in Pakistan, East Africa and Gulf countries. He also worked as CEO of Shalamar Hospital Lahore. He was a founding member of Marketing Association of Pakistan Lahore Chapter and subsequently elected as Vice President and Council Member.

Mr. Riaz Ahmed at present serving Kohinoor Mills Limited as an Independent Director and Chairman of the Audit Committee and Human Resource & Remuneration Committee, His advice plays an instrumental role in business decisions. He also serves as a Director and a Member of the Committees of the Board of SIL. He is a certified Director by completing the Director’s Training Program from ICAP.

Mr. Shahbaz Munir
Director

Mr. Shahbaz Munir holds Bachelor of Commerce (Honours) degree, Hailey College of Commerce and Masters in Administrative Science from University of the Punjab. He is a certified Director by completing the Director’s Training Program from ICAP.

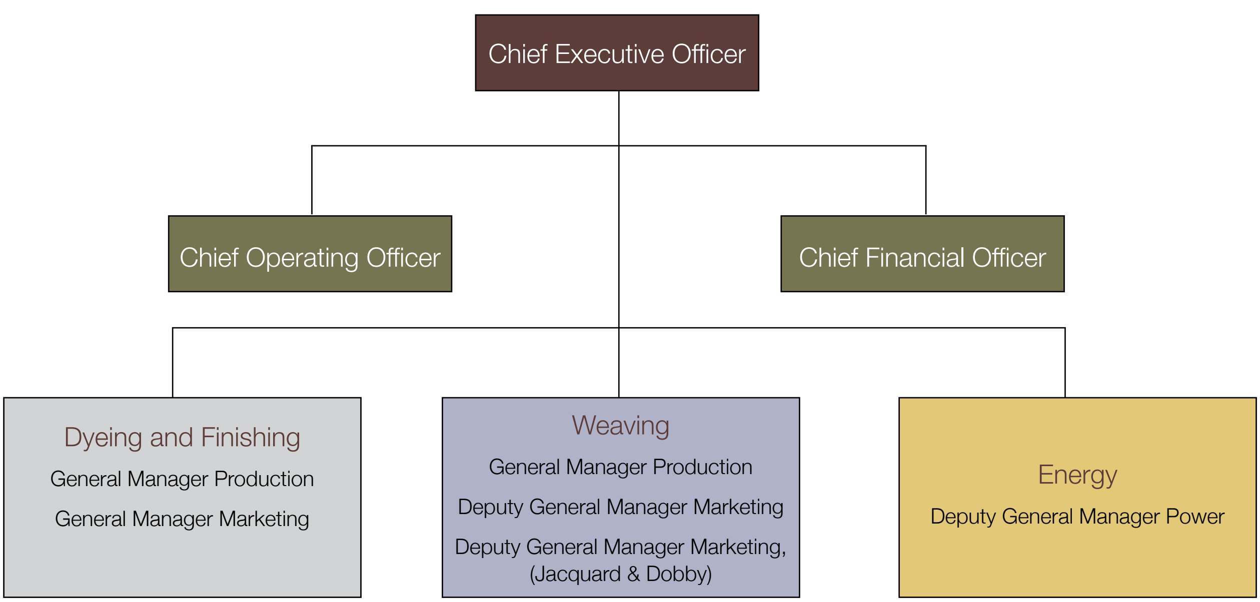
Mr. Shahbaz is a successful professional with impeccable credibility and vision. His substantial experience encompasses working in different environments on key management and HR positions in the business of Fertilizer, Dairy, Pharmaceutical and Textiles with leading multinationals and national companies. He is currently serving as Non-Executive Director of the Kohinoor Mills Limirws. He is also a member of the Human Resource & Remuneration and Audit Committees of the Board. His professional advice and guidance is always considered valuable by the Management.

Mr. Shahbaz has also attended various ILO conferences at International Training Center at Turin, Italy and also represented employers at ILO Geneva. Away from his professional commitments, he maintains a visiting teaching faculty with special interest in the subjects of Competition and Business strategy, Human Resource Management, Organizational Development, Industrial Relations and Training Development. He also enjoys reading, playing golf, travelling and experiencing new cultures.

Mr. Matiuddin Siddiqui
Director – NIT Nominee

Mr. Matiuddin Siddiqui is serving the board of directors’ of Kohinoor Mills Limited as a nominee director of National Investment Trust Limited (NITL) - the largest and oldest asset management company in Pakistan. Mr. Matiuddin holds Masters degree in commerce from University of Karachi and upholds over two decades of professional experience in the field of accountancy and finance. Currently he is serving NITL as Senior Vice President - Finance.

MANAGEMENT TEAM



CODE OF CONDUCT

Introduction to the Code

This code has been formulated to ensure that directors and employees of the Company operate within acceptable standards of conduct and sound business principles which strive for development and growth. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society.

Contents

This code identifies the acceptable standards under following headings:

- Core values
- Business culture
- Responsibilities

Core values

The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity, and respect. The Company strongly believes in democratic leadership style with fair, transparent, ethical and high professional standards of conduct in all areas of business activities.

Business culture

Operations	The Company shall formulate and monitor its objectives, strategies and overall business plan. The Company shall be continuously involved in the research and development of new products while improving quality of existing products using highest level of quality control measures at every stage of its operations. Creativity and innovation must prevail at all levels of hierarchy to achieve organizational excellence.
Abidance of Law	It is Company's prime objective to comply with all applicable laws and regulations and to co-operate with all governmental and regulatory bodies.
Corporate Reporting and Internal Controls	The Company maintains effective, transparent and secure financial reporting and internal control systems so as to ensure reliable performance measurement and compliance with local regulations and international accounting standards as applicable. The Company strictly adheres to the principles of good corporate governance and is committed to high standards of corporate governance. The Company regularly updates and upgrades manufacturing and reporting systems so as to keep abreast with technological advancements and achieve economies of production.
Integrity and Confidentiality	The Company believes in uprightness and expects it to be a fundamental responsibility of employees to act in Company's best interest while holding confidential information and neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body. Inside information about the Company, its customers, vendors, employees shall not be used for their own gain or for that of others directly or indirectly.

Insider Trading	No employee or his/her spouse will transact in the shares of the Company during the closed period prior to the announcement of financial results. Employees categorized as executives according to the requirement of code of corporate governance should also inform the company secretary immediately about transactions performed by them and their spouse other than during the closed period.
Whistle Blowing Policy	The Company is committed to high standards of ethical, moral and legal business conduct and open communication. In line with these commitments the company placed whistle blowing policy on its intranet namely KNET to provide an avenue for its employees to raise their concerns and get assurance that they will be protected from reprisals or victimizations for whistle blowing matters such as unlawful activity, activities not in line with the company's policy including code of conduct.

Responsibilities

Shareholders	The Company believes in maximizing shareholders value by providing consistent growth and fair return on their investment.
Customers	The Company considers it imperative to maintain cordial relationship with the customers as integral to its growth and development of business and is committed to provide high quality products and services that conform to highest international standards.
Employees	The Company ensures that employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and good citizens. The Company believes in continuous development and training of its employees. The Company has set high standards of performance and recognizes employee's contribution towards its growth and reward them based on their performance. The Company believes development, growth and recognition result in motivated employees. All employees of the Company are part of Kohinoor family and the families of all members are also part and parcel of Kohinoor family. The Company believes that the sense of belonging to Kohinoor fulfils an essential need of its employees and the organization and as such will always be nurtured.
Environment and Social Responsibility	Protecting the environment in which we live is an important element. The Company uses all means to ensure a clean, safe, and healthy and pollution free environment not only for its workers and employees but also for the well being of all people who live in and around any of the production and manufacturing facilities. The Company will always employ such technology as may be beneficial in maintaining a healthy and hygienic working environment. It also believes in community development without political affiliations with any person or group of persons and contributes part of its resources for a better environment with an unprejudiced approach.

31st
Annual
General Meeting

NOTICE OF THE MEETING

Notice is hereby given that the 31st Annual General Meeting of the Company will be held at 8 Kilometer, Manga Raiwind Road, District Kasur on Thursday, 25 October 2018 at 3:00 p.m., to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on 26 October 2017.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30 June 2018, together with Directors' and Auditors' Reports thereon.
3. To approve final cash dividend for the year ended 30 June 2018 at Rs. 1.20 per ordinary share of Rs. 10/- each i.e., 12.00% as recommended by the Board of Directors.
4. To appoint auditors for the year ending 30 June 2019 and fix their remuneration.
5. To transact any other business of the Company with permission of the Chair.

By Order of the Board

(MUHAMMAD RIZWAN KHAN)
Company Secretary

Kasur:
Wednesday, 3 October 2018

NOTES

1. Closure of Share Transfer Books

The share transfer books of the Company for Ordinary Shares will remain closed from 17 October 2018 to 25 October 2018 (both days inclusive) for determination of above entitlement and to attend and vote at the Annual General Meeting. Physical transfers and deposit requests under Central Depository System received at the close of business hours on 16 October 2018, by the Company's Shares Registrar M/s Hameed Majeed Associates (Pvt.) Ltd, HM House, 7 Bank Square, Lahore, will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting.

2. Participation in the AGM

Through Proxy

a) A member of the Company entitled to attend, speak and vote may appoint another member as his/her proxy to attend and vote instead of him/her. The instrument of proxy i.e., proxy form must be received at the Registered Office of the Company not less than 48 hours before the time of meeting.

b) The form of the proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, address and Computerized National Identification Card (CNIC) numbers must be mentioned on the form, along with attested copies of CNIC or Passport of the beneficial owner and the proxy.

c) In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature(s) shall be submitted with the proxy form.

d) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd (CDC) and/or their proxies are required to produce their original CNIC or Passport for identification purpose at the time of attending the meeting.

Through Video conference

e) Shareholders individually or collectively holding 10.00% or more shareholding can provide their consent to participate in the meeting through video conference at least seven days prior to date of the meeting. Considering the geographical dispersal of the shareholder, the Company shall arrange video conference facility subject to the availability of such facility in that city. The Company will intimate members regarding venue of the video-link facility at least five days before the date of the general meeting alongwith complete information necessary to enable them to access the facility.

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

I/We ……………..of ……………….being a member of Kohinoor Mills Limited, holder of ……………………………………………. Ordinary shares as per Registered Folio number/CDC A/c # ……………………………………………………………………… hereby opt for video conference facility at ………………………………………………………………………………… ……………………………………………………..

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Signature of Member

3. Audited Financial Statements and Notice of Meeting

a) The audited financial statements for the year ended 30 June 2018 are available on website of the Company (www.kohinoormills.com).

b) In light of SECP notification Number SRO No. 470(I)/2016 dated 31 May 2016 Annual Audited Accounts and Notice of AGM instead of hard copies are being sent to all shareholders through courier in soft form i.e., CD/DVD/USB.

c) Members', can also opt to obtain the Annual Audited Financial Statements and Notice of AGM through e-mail. In this regard, shareholders are requested to send a written consent by post/courier on a standard request form available on the above mentioned website of the company to Company's Shares Registrar M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7 Bank Square, Lahore, or by sending a scanned copy of duly filled and signed form by email to Company Secretary at cskml@kohinoormills.com

4. Shareholders are requested to notify/submit the undermentioned information and documents, if not earlier provided / notified within 10 days before the entitlement date i.e., 16 October 2018, to the Shares Registrar of the Company in the following manner:

- CDC Investor Account Holders — to CDC Investor Account Services (IAS)
- CDC Sub-Account Holders — to their respective Participant (broker)
- Physical Shareholders — to Company's Shares Registrar (viz CDC)

a) Mandatory submission of CNIC / NTN: Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their valid CNIC (if not provided earlier) to Company's Shares Registrar M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7 Bank Square, Lahore. Corporate entities are required to send valid and legible copies of their National Tax number (NTN) or NTN certificate(s) and must quote the name of the company and respective folio numbers thereon while sending the copies.

In case of non-submission of valid and legible copy of CNIC/NTN, the Company will be constrained to withhold the dispatch of dividend warrant(s) till such time the CNIC/NTN copy is provided to the Shares Registrar of the Company.

b) Dividend Mandate: In terms of Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. In order to comply with this requirement, shareholders are therefore requested to immediately provide the dividend mandate i.e., name, folio number, bank account number (IBAN), title of account, complete mailing address of the bank, branch address, branch code, email and contact numbers to the Shares Registrar of the company in case of physical shares and to the CDC in case of shares are held electronically.

c) Deduction of Tax on Dividend: Shareholders are hereby informed that through Finance Act 2017, effective from 1 July 2017, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from dividend payment have been revised as follows:

a.	Rate of tax deduction for filer of income tax return	15.00%
b.	Rate of tax deduction for non-filer of income tax return	20.00%

All the shareholders whose names are not entered into Active Tax Payer List (ATL) available at FBR website www.fbr.gov.pk despite the fact that they are filers are advised to make sure that their names are entered into ATL.

d) Further, according to clarification received from FBR, each joint shareholder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholders(s) may notify in writing within 10 days of this notice to the Shares Registrar of the Company as per format given below. If no notification is received by the Shares Registrar, then it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s):

Individual/ Company Name	Folio/CDC A/c No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC #	Shareholding proportion (No of Shares)	Name & CNIC #	Shareholding proportion (No of Shares)

e) Exemptions - Deduction of Tax and Zakat on Dividend entitlement: Members who wants to avail the exemptions on their respective dividend entitlement are requested to furnish the following documents to the Company/Shares Registrar, if not provided earlier:

- Valid income tax exemption certificate issued by the concerned Commissioner of inland Revenue in order to avail tax exemption under Section 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part IV of Second Schedule is available and want to avail exemption under Section 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws.

- Zakat exemption certificate/undertaking as per Zakat & Ushr Ordinance, 1980.

f) Shareholders are requested to notify immediately of any change in their address or particulars.

5. For any query/problem/information, shareholders may contact the Company's Shares Registrar M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7 Bank Square, Lahore, Land Line: (00-92-42) 37235081-82, 37310466.

CHAIRMAN'S REVIEW REPORT

I am pleased to present the report on the overall performance of the Board and effectiveness of its role in achieving the Company's objectives as well as ensuring overall compliance of the Code of Corporate Governance and Companies Act 2017. The Board exercised its professional duties with integrity, honesty and diligence. I as Chairman of the Board, ensured that the board meetings are held in a congenial atmosphere focusing on achieving the goals in the best interest of the Company.

Despite many operational challenges during the financial year 2017-18 mainly attributable to high cost of production as compared to that of our competitors, we have been able to deliver improvement in profitability through persistence and diligent efforts.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. It represents a reasonable balance of executive and non-executive directors including independent director having strong financial and analytical abilities, core competencies and industry knowledge to lead the company.

During the year, the Board of Directors focused on the future strategy and set the financial and operational targets. The Board regularly tracked the progress against the budgeted targets. The committees of the board worked diligently and focused on their terms of reference during the year under review. The Board has carried out a review of its effectiveness and performance which is satisfactory. The Board evaluation during the year 2017-18 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company's business.

Kasur, 13 September 2018

RASHID AHMED
Chairman

DIRECTORS' REPORT

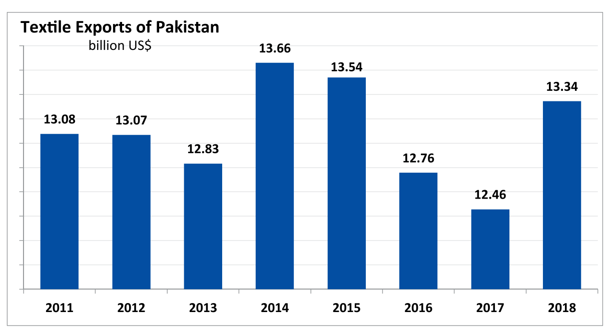
The Directors' of Kohinoor Mills Ltd ("The Company") are pleased to present the annual report of the Company for the year ended 30 June 2018, along with the audited financial statements and Auditors' report thereon.

Textile Industry Outlook

The high cost of doing business in the country, artificially maintained high parity of Pak Rupee and the adverse geo-political and security situation had been taking their toll on the textile sector during the tenure of the previous government. This resulted in the consistent decline in the country's textile exports, touching the peak of $ 13.600 billion in FYE 2014, receded to US$ 12.500 billion in FYE 2017.

Taking cognizance of these factors in its penultimate year, the outgoing regime announced a Textile Package, wherein the Industry was promised timely refunds of the taxes withheld by the Government and a new scheme of Drawback of Local Taxes and Levies (DLTL) was instituted in January 2017. Whereas the implementation of the promises under the textile package has been patchy, they did result in the growth of textile exports in FYE 2018, with exports rebounding to US$ 13.300 billion in FYE 2018.

However, this package can be best described as a mixed blessing, as any benefit accruing to the Industry was factored in by International customers / brands in their pricings and prices of raw materials for local industry also increased significantly, as intermediate stage manufacturers preferred to sell in export market. These factors coupled with higher utility costs, owing to global increase in crude oil prices, further eroded the already thin margins on which the greige/processed fabric textile sector was operating.



The only temporary respite was devaluation of Pak Rupee, which made Pakistani exports comparatively cheaper abroad but subsequently resulted in increase in costs of imported goods, including, power and fuel costs. Accordingly, the Industry once again is facing the same impediments as it was before introduction of the Textile Policy and materialization of the promises of the incoming Government remains to be seen.

Operating & Financial Results

During the financial year ended 30 June 2018, your company earned a gross profit of Rs. 1,303.011 million on sales of Rs. 10,855.746 million compared to gross profit of Rs. 1,445.284 million on sales of Rs. 10,656.444 million for the previous financial year 2016-17. During FY 2017-18, your company recorded a net profit of Rs. 239.056 million (EPS: Rs. 4.70 per share), compared to net profit of Rs. 134.015 million (EPS: Rs. 2.63 per share) in the previous financial year.

The Company despite many operational challenges during 2017-18 mainly attributable to high cost of production and higher utility cost as compared to that of our regional players have been able to deliver improvement in profitability through persistence and diligent efforts.

Dividend

The Board of Directors has proposed a final cash dividend for the year ended 30 June 2018 of Rupees 1.200 per share i.e. (12.00%).

Performance Overview

A brief overview of performance of your company for the year ended 30 June 2018 is discussed below.

Weaving Division

Keeping in view increase in overseas competition and rising raw material prices, which dampened performance of this division during the year under review, the management has been taking earnest steps to improve performance, including focusing on new business avenues in local and export markets. Management expects that these steps would yield positive results in the future.

Further, in line with its BMR plans to keep in-step with improving production technologies, the management has installed an additional 84 high-speed state-of-the-art air jet looms in this division. This has resulted in 60.00% increase in weaving's existing production capacity. All these 84 looms have been installed and became operational in the second half of FY 2017-18. This 60.00% increase was immediately absorbed by the dyeing division. This inter division sale was eliminated in the combined financial statement of the company which gave an impression that top-line has remained somewhat stagnant .However, recently the division has entered into new export markets and the increased sales output will soon start to reflect in company's financial statement.

This BMR will support this division's growing export business and rising greige demand of the company's dyeing division.

Dyeing Division

Sluggish demand in overseas market, raw material price-hike coupled with high utility cost has resulted in marginal decline in the performance of this division.

Under the management's BMR plan, installation of additional equipment, which would result in 20.00% increase in this division's production capacity, has recently been completed. Management is of the view that this will enable the company to better cater the demands of its customers and hence contribute to the overall performance of the Company in the coming years.

Genertek Division

The overall energy costs has escalated significantly during the year under review, the rise in coal, RLNG and HFO has resulted in decreased margins in already cut throat market. In order to cater the problem, the management is considering to install fuel efficient gas engine.

The rise in coal prices has increased the cost of steam production. Management is switching to seasonal bio-mass from coal to tackle the coal price increase.

Information Technology

Your company is making continuous efforts to have efficient IT systems supporting timely and effective decisions. It has provided its employees, the most modern facilities to achieve optimum efficiency levels. Most of manufacturing equipment and machinery used in the operations are equipped with technologically advanced software providing on line real time information for the production processes.

The company's intranet acts as a useful resource base providing in depth information on the company's policies and procedures along with other information for beneficial use to the employees of the company.

Human Resource & Training

With a human capital of approximately 1,820 employees, the company believes that the employees are vital ingredient in shaping company's future where each individual contributes directly to the success of the organization.

Your company's HR team is a group of highly skilled and experienced professionals. They work very closely with business teams to design efficient people solutions that will effectively meet the business goals.

Your company places a premium on respect for individuals, equal opportunities, advancement based on merit, effective communication, and the development of high performance culture. The company takes pride in continuous improvement at all levels and strives to ensure that opportunity for growth and varied career experiences are provided to all employees.

Your company is an equal opportunity employer and this is practiced in all aspects of the company's business activities including recruitment and employment.

Combined with state of the art technology and HR Information Systems, the result is a high performance environment within which individuals can achieve their professional and personal dreams.

Training & Development

Your company believes in human resource development through training and development and places due emphasis on training in all spheres of its production process. The company made efforts during the year with more focused and cost effective training programs for the major technical categories such as weavers, technologists and quality control inspectors.

Candidates are engaged through a Trainee Scheme and trained in-house over a period of 6 months through a career path. This has helped company in preparing a highly skilled workforce and also provides replacements to cover turnover.

In-house training sessions are regularly conducted in general management, fire fighting, first aid, health and safety, computer and technical disciplines.

Safety, Health & Environment

Your company has provided safe & healthy workplace for all of the employees and will act responsibly towards the communities and environment in which we operate. This will be achieved by continuous improvement of our safety, health and environment performance through corporate leadership, dedication of staff and the application of the highest professional standards at workplace.

Corporate Social Responsibility

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. Its philanthropic activities include participation in health and education sector initiatives.

Compliance with the Code of Corporate Governance

The Board reviews the company's strategic direction on regular basis. The business plans and budgetary targets, set by the Board are also reviewed regularly. The Sub-Committees are empowered for effective compliance of Code of Corporate Governance. The Board is committed to maintain a high standard of good Corporate Governance.

Statement of Value Addition and its Distribution and Risk Management

The 'Statement of Value Addition and its Distribution' is annexed to this report.

Corporate & Financial Reporting Frame Work

The Board of Directors of the company is fully cognizant of its responsibility towards compliance of Code of Corporate Governance Regulations issued by the Securities & Exchange Commission of Pakistan and hereby confirms that:

a. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These Statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained by the Company.

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

d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.

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

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

g. There has been no material departure from the best practices of Corporate Governance as detailed in listed companies (Code of Corporate Governance) Regulations, 2017.

h. There are no further significant plans for any corporate restructuring, business expansion or discontinuation of any part of company's operations other than disclosed in this report.

i. The key operating and financial data of past six years is annexed to this report.

j. Information regarding statutory payments on account of outstanding taxes, duties, levies and other charges (if any) has been given in related note(s) to the audited accounts.

k. The company strictly complies with the standard of safety rules & regulations. It also follows environmental friendly policies.

l. The valuation of investment made by the staff retirement benefit fund (Provident Fund), based on their respective un-audited accounts is as follows:

30 June 2018	Rs. 130.938 million
30 June 2017	Rs. 154.463 million

Board of Directors

The Board of Directors is responsible for the overall governance and administration of the company. All directors are aware of their duties and powers. They exercise their fiduciary responsibilities through board meetings which are held every quarter for reviewing and approving the adoption of company's financial statements in addition to review and adoption of company's significant plans and decisions, projections, forecasts, and budgets having regard to the recommendations of the Sub-committees. The responsibilities include establishing the company's strategic objectives, providing leadership, supervising the management of the business and reporting to shareholders on their stewardship.

The total number of directors are seven as per the following:

a. Male

i. Mr. Rashid Ahmed
ii. Mr. Aamir Fayyaz Sheikh
iii. Mr. Asad Fayyaz Sheikh
iv. Mr. Ali Fayyaz Sheikh
v. Mr. Riaz Ahmed
vi. Mr. Shahbaz Munir
vii. Mr. Matiuddin Siddiqui (NIT Nominee)

b. Female

Nil

The Composition of the board is as follows:

a.	Independent Director	Mr. Riaz Ahmed
b.	Other Non-Executive Directors	Mr. Ali Fayyaz Sheikh Mr. Rashid Ahmed Mr. Shahbaz Munir Mr. Matiuddin Siddiqui
c.	Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Asad Fayyaz Sheikh

During the year under review four (4) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Sr.	Name of the Directors	No. of meetings attended
1	Mr. Rashid Ahmed	4
2	Mr. Aamir Fayyaz Sheikh	4
3	Mr. Asad Fayyaz Sheikh	2
4	Mr. Ali Fayyaz Sheikh	2
5	Mr. Riaz Ahmed	4
6	Mr. Shahbaz Munir	4
7	Mr. Amir Amin	3

Leave of absence was granted to the director unable to attend the meeting.

Other than those set out below, there has been no trading in shares during the year under review by the Directors, Executives, their spouses and minor children:

Sr.	Name	Designation	Purchased	Sold
			No. of Shares	
1	Mr. Riaz Ahmed	Director	3,000	-
2	Mr. Shahbaz Munir	Director	7,000	-

Annual Board Performance Evaluation

The Board considers its performance assessment as a key contributor to good governance as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The Company Secretary presents the summarized report for discussion and review of the Board annually.

Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance (CCG), it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2017-18, please refer notes to the Financial Statements.

Changes in the Board

During the year under review Mr. Matiuddin Siddiqui joined the Board in place of Mr. Aamir Amin as Nominee Director of National Investment Trust Limited as on 30 April 2018.

Directors' Training Programme

Three directors and chief executive of the company are exempt from directors' training programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors have completed directors' training programme. However, remaining one director will undergo directors' training programme within the time allowed by CCG.

Audit Committee

The Board has formed an Audit committee comprising of following members:

1.	Mr. Riaz Ahmed	Chairman
2.	Mr. Rashid Ahmed	Member
3.	Mr. Ali Fayyaz Sheikh	Member
4.	Mr. Shahbaz Munir	Member

The Audit Committee operates according to the terms of reference determined by the Board of Directors of the company. It focuses on monitoring compliance with the best practices of the Code of Corporate Governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations.

It recommends to the Board of Directors the terms of appointment of external auditors and reviews their recommendations relating to audit. Other responsibilities include monitoring the internal audit function, safeguarding company's assets through appropriate internal control systems including financial and operational controls, accounting system and reporting structure, preliminary review of business plans and quarterly, half-yearly and annual results prior to approval and publication by the Board.

During the year under review five (5) meetings of the Audit Committee were held. The attendance by each member was as follows:

Sr.	Name of the Members	No. of meetings attended
1	Mr. Riaz Ahmed	5
2	Mr. Rashid Ahmed	5
3	Mr. Ali Fayyaz Sheikh	3
4	Mr. Shahbaz Munir	5

Leave of absence was granted to the member unable to attend the meeting.

Human Resource and Remuneration Committee

During the year under review the Board reconstituted its Human Resource and Remuneration Committee comprising of following members:

1.	Mr. Riaz Ahmed	Chairman
2.	Mr. Rashid Ahmed	Member
3.	Mr. Shahbaz Munir	Member

The Human Resource and Remuneration Committee (HR & R) operates according to terms of reference approved by the Board of Directors in line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the year under review four (4) meetings of the HR & R Committee were held, the attendance by its members was as follows:

Sr.	Name of the Members	No. of meetings attended
1	Mr. Rashid Ahmed	4
2	Mr. Asad Fayyaz Sheikh	3
3	Mr. Shahbaz Munir	4
4	Mr. Riaz Ahmed	-

Leave of absence was granted to the member unable to attend the meeting.

Code of Conduct

In order to promote integrity for the Board, senior management and other employees of the Company, the Board has prepared and disseminated Code of Conduct on Company's website for information of his/her understanding of the professional standards and corporate values for everybody associated or dealing with the Company.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the company as at 30 June 2018, is annexed to this report.

Future Prospects

The previous Government failed to deliver on several of its promises. While the Government announced and partially disbursed Duty Drawbacks for FY 2016-17, any concrete steps for disbursement of current year's Drawbacks are much awaited. Further, challenging macro-economic scenario emanating from uncertain security and political environment, increasing competition from regional players and sluggish overseas demand is exacerbating this situation.

However, the management has kept its resolve for performance improvement through better marketing by winning customer confidence, improved capacity utilization and better supply chain management to keep costs low. Additionally, the management's BMR programme to enhance production capacity and improve efficiency has been completed. This will result in cost effectiveness of the company, hence maintaining its competitiveness. The current order book position of the company is healthy and the management is optimistic that it can improve on the company's performance, going forward.

Auditors

The external auditors of the company, M/s Riaz Ahmad & Company, Chartered Accountants shall retire on the conclusion of forthcoming Annual General Meeting. Being eligible for re-appointment under the Companies Act, 2017, they have offered their services as auditors of the company for the year ending 30 June 2019. The Board of Directors endorsed the recommendations of Audit Committee for their re-appointment.

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

Acknowledgment

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board

Kasur : 13 September 2018	(AAMIR FAYYAZ SHEIKH) Chief Executive	(SHAHBAZ MUNIR) Director

PATTERN OF SHAREHOLDING

1.	CUI Number	0017194
2.	Name of Company	KOHINOOR MILLS LIMITED
3.	Pattern of holding of shares held by the shareholders as at	30 June 2018

4.

Number of Shareholders	Shares held Range From		To	Total Shares held	Percentage
356	1	-	100	6,923	0.01
685	101	-	500	141,684	0.28
103	501	-	1000	80,465	0.16
182	1001	-	5000	440,060	0.86
34	5001	-	10000	248,635	0.49
20	10001	-	15000	262,127	0.51
11	15001	-	20000	196,414	0.39
5	20001	-	25000	112,382	0.22
3	25001	-	30000	85,647	0.17
3	30001	-	35000	94,500	0.19
2	35001	-	40000	74,500	0.15
1	40001	-	45000	45,000	0.09
1	45001	-	50000	45,003	0.09
1	50001	-	55000	51,000	0.10
2	55001	-	60000	116,500	0.23
1	60001	-	65000	62,829	0.12
1	65001	-	70000	65,826	0.13
2	80001	-	85000	161,867	0.32
1	85001	-	90000	89,500	0.18
1	105001	-	110000	107,000	0.21
1	110001	-	115000	112,500	0.22
1	140001	-	145000	141,000	0.28
1	155001	-	160000	160,000	0.31
1	170001	-	175000	173,000	0.34
1	175001	-	180000	177,000	0.35
1	190001	-	195000	195,000	0.38
1	205001	-	210000	210,000	0.41
1	220001	-	225000	222,467	0.44
2	240001	-	245000	487,500	0.96
1	245001	-	250000	250,000	0.49
1	255001	-	260000	256,350	0.50
1	330001	-	335000	332,000	0.65
1	765001	-	770000	768,500	1.51
1	1020001	-	1025000	1,023,661	2.01
1	1230001	-	1235000	1,232,257	2.42
1	2220001	-	2225000	2,222,500	4.37
1	2760001	-	2765000	2,762,357	5.43
1	3085001		3090000	3,086,559	6.06
1	10925001		10930000	10,925,564	21.46
1	10960001		10965000	10,961,678	21.53
1	12720001		12725000	12,723,256	24.99
1,437	**T o t a l**			**50,911,011**	**100.00**

Note: The slabs not applicable, have not been shown.

5	Categories of Shareholders	Number of Shareholders	Shares held	Percentage of holding
5.1	Directors, Chief Executive Officer, their Spouse(s) and Minor Children	8	34,913,848	68.5782
5.2	Associated Companies, Undertakings and Related Parties	Nil	Nil	Nil
5.3	NIT and ICP	3	3,088,659	6.0668
5.4	Banks, Development Financial institutions, Non-Banking Financial Companies	3	352,104	0.6916
5.5	Insurance Companies	1	125	0.0002
5.6	Takaful, Modarabas, Pension Funds & Mutual Funds	3	81,379	0.1598
5.7	Share holders holding 10% or more	3	34,610,498	67.9823
5.8	General Public			
	a. Local	1377	10,782,205	21.1785
	b. Foreign	4	82,636	0.1623
	c. Joint Stock Companies	31	401,892	0.7894
5.9	Others			
	Lahore Stock Exchange		680	0.0013
	Trustee-Kohinoor Mills Limited - Staff Provident Fund		909,500	1.7865
	Trustees Al-Mal Group Staff Provident Fund		1,695	0.0033
	Trustees of Pakistan Mobile Communication Ltd - Provident Fund		57,000	0.1120
	Trustee National Bank of Pakistan Employees Pension Fund		222,467	0.4370
	Trustee National Bank of Pakistan Employee Benevolent Fund		7,806	0.0153
	Trustees Moosa Lawai Foundation		9,015	0.0177
		7	1,208,163	2.3731
	TOTAL (by eliminating dual effect of figures at Sr# 5.7 obtained from Sr# 5.1)	1,437	50,911,011	100.00

Additional information

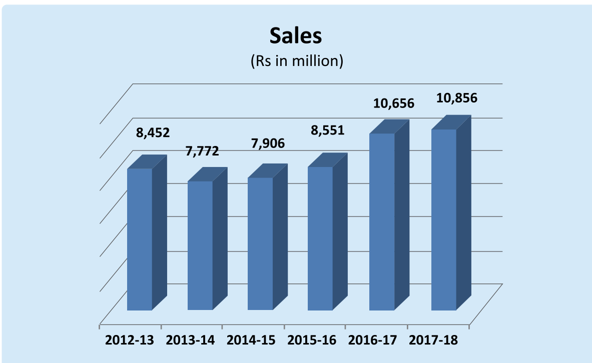
		Number of Shares held
I.	Associated Companies, Undertakings and Related Parties	
	Nil	-
II.	Mutual Funds	
	Nil	-
III.	Directors, CEO and their Spouse(s) and minor children	
	Mr. Rashid Ahmed (Chairman)	3,850
	Mr. Aamir Fayyaz Sheikh (Chief Executive)	12,723,256
	Mr. Asad Fayyaz Sheikh (Director)	10,961,678
	Mr. Ali Fayyaz Sheikh (Director)	10,925,564
	Mr. Riaz Ahmed (Director)	30,500
	Mr. Shahbaz Munir (Director)	19,000
	Mr. Aamir Amin (Director NIT Nominee)	-
	Mrs. Muneeza Asad Fayyaz (Director's Spouse)	250,000
		34,913,848
IIV.	Executives	258,850
V.	Public Sector Companies and Corporations	16,832
VI.	Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	3,922,659
VII.	Shareholders holding five percent or more voting Rights	
	Mr. Aamir Fayyaz Sheikh	12,723,256
	Mr. Asad Fayyaz Sheikh	10,961,678
	Mr. Ali Fayyaz Sheikh	10,925,564
	National Bank of Pakistan-Trustee Department NI(U)T Fund	3,086,559
		37,697,057

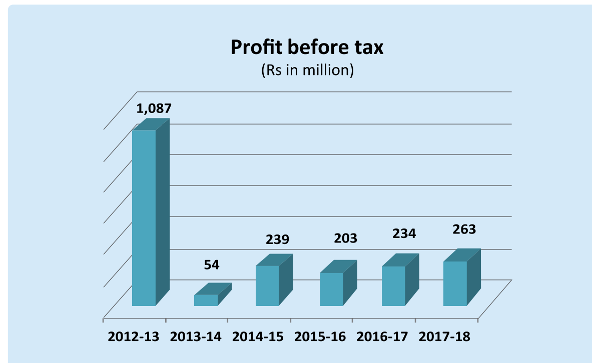
All trades in the share of the Company as at 30 June 2018 carried out by its Directors, Executives, and their spouses and minor children are disclosed in the Directors' Report.

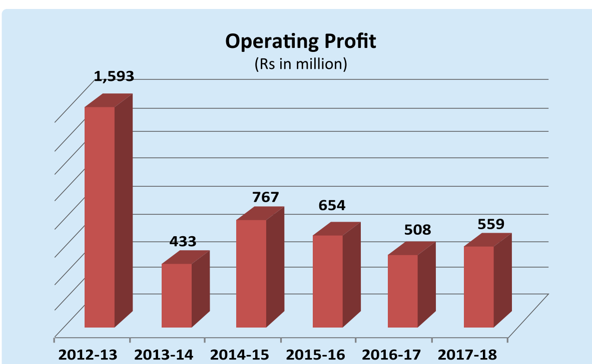
SIX YEARS' PERFORMANCE

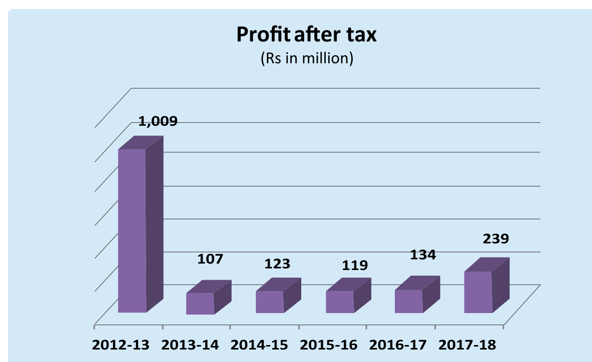
		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
OPERATING							
Gross Margin	%	12.00	13.56	16.29	16.43	13.45	16.31
Pre Tax Margin	%	2.42	2.19	2.37	3.03	0.70	12.86
Net Margin	%	2.20	1.26	1.39	1.56	1.37	11.93
PERFORMANCE							
Return on Long Term Assets	%	4.75	3.63	3.16	3.11	3.01	29.17
Total Assets Turnover	x	1.22	1.63	1.35	1.26	1.30	1.44
Fixed Assets Turnover	x	2.20	2.96	2.37	2.14	2.26	2.52
Inventory Turnover	Days	54.14	50.25	59.13	58.34	52.80	45.36
Return on Equity	%	0.08	0.06	0.06	0.06	0.07	0.77
Return on Capital Employed	%	13.71	17.56	22.70	18.86	10.98	38.83
Retention	%	74.44	58.22	100	100	100	100
LEVERAGE							
Debt:Equity		54:46	57:43	35:64	56:44	65:35	68:32
LIQUIDITY							
Current		0.80	0.78	0.75	1.05	1.19	1.33
Quick		0.48	0.42	0.39	0.56	0.70	0.82
VALUATION							
Earning per share (pre tax)	Rs.	5.16	4.59	3.98	4.70	1.06	21.36
Earning per share (after tax)	Rs.	4.70	2.63	2.33	2.42	2.09	19.81
Breakup value	Rs.	61.03	40.89	38.28	38.96	30.33	25.67
Dividend payout - Cash	Rs.	1.20	1.10	-	-	-	-
Bonus issue	%	-	-	-	-	-	-
Payout ratio - Cash (after tax)	%	25.56	41.78	-	-	-	-
Price earning ratio	Rs.	6.30	18.16	8.65	7.16	5.96	0.82
Market price to breakup value	Rs.	0.48	1.17	0.53	0.44	0.41	0.63
Dividend yield	%	3.62	3.28	-	-	-	-
Market value per share	Rs.	29.58	47.81	20.20	17.30	12.49	16.20
Market capitalization	Rs. In million	1,506	2,434	1,028	881	636	825
HISTORICAL TRENDS							
Turnover	Rs. In million	10,856	10,656	8,551	7,906	7,772	8,452
Gross profit	Rs. In million	1,303	1,445	1,393	1,299	1,045	1,378
Profit/(Loss) before tax	Rs. In million	263	234	203	239	54	1,087
Profit/(Loss) after tax	Rs. In million	239	134	119	123	107	1,009
FINANCIAL POSITION							
Shareholder's funds	Rs. In million	3,107	2,082	1,949	1,983	1,544	1,307
Property, Plant and Equipment	Rs. In million	4,930	3,603	3,614	3,694	3,441	3,355
Current assets	Rs. In million	3,833	2,842	2,592	2,326	2,445	2,403
Current liabilities	Rs. In million	4,784	3,648	3,474	2,207	2,047	1,804
Long term assets	Rs. In million	5,031	3,696	3,761	3,951	3,542	3,457
Long term liabilities	Rs. In million	974	808	930	2,086	2,396	2,794

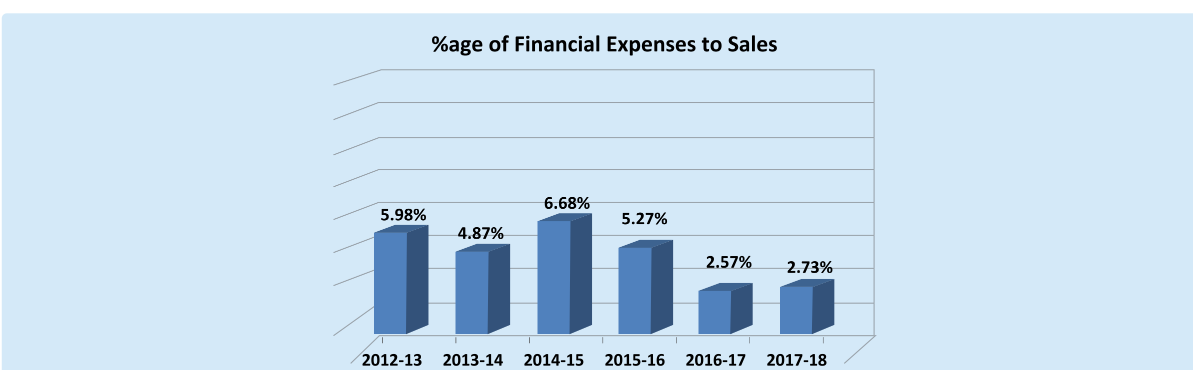
PERFORMANCE OVERVIEW

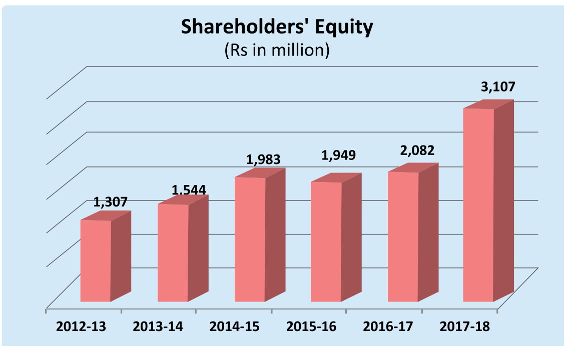


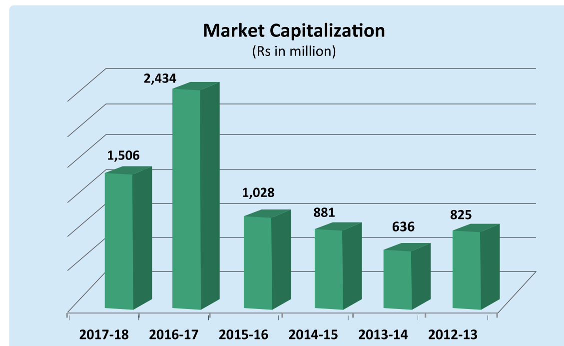


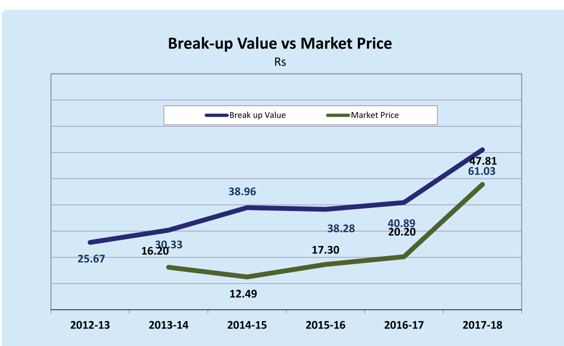


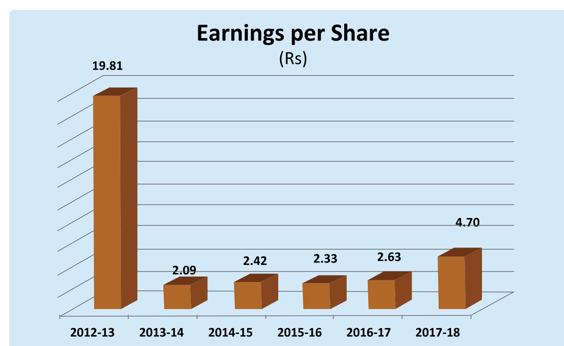


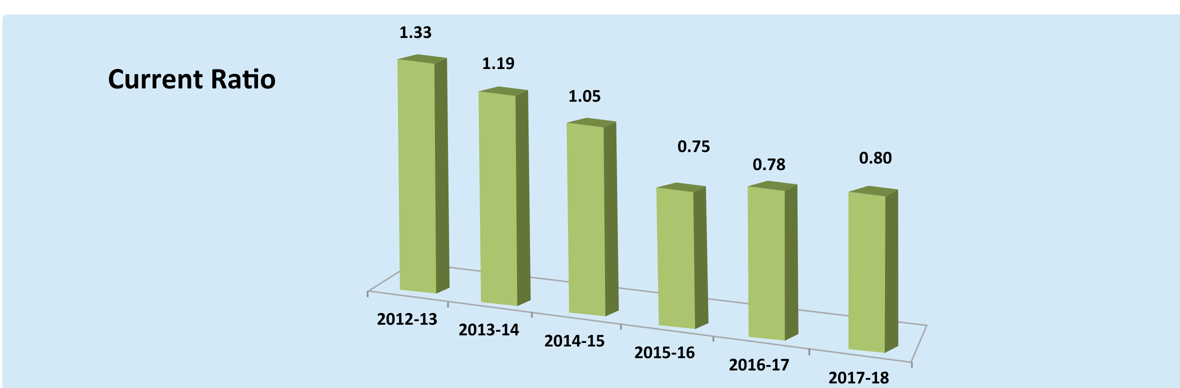



Shareholders' Equity
(Rs in million)
1,307
1,544
1,983
1,949
2,082
3,107
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18


Market Capitalization
(Rs in million)
1,506
2,434
1,028
881
636
825
2017-18
2016-17
2015-16
2014-15
2013-14
2012-13


Break-up Value vs Market Price
Rs
Break up Value
Market Price
25.67
16.20
30.33
38.96
12.49
38.28
17.30
40.89
20.20
47.81
61.03
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18

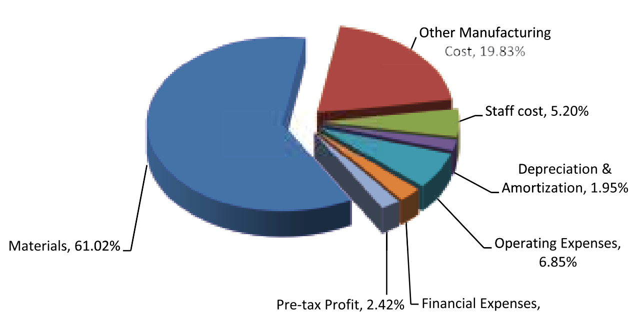

Earnings per Share
(Rs)
19.81
2.09
2.42
2.33
2.63
4.70
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18


Current Ratio
1.33
1.19
1.05
0.75
0.78
0.80
2012-13
2013-14
2014-15
2015-16
2016-17
2017-18

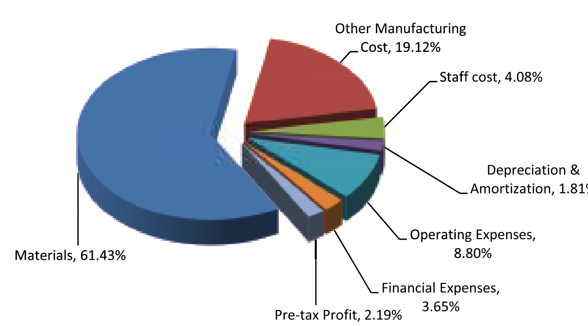
STATEMENT OF VALUE ADDITION

	2018		2017	
	%age	Amount (000)	%age	Amount (000)
Value Added				
Local Sales	20.33%	2,206,669	19.47%	2,074,704
Export Sales	79.67%	8,649,078	80.53%	8,581,740
Total Sales	100%	10,855,747	100%	10,656,444
Value Allocated				
Materials	61.02%	6,624,709	61.43%	6,546,033
Other Manufacturing Cost	19.83%	2,152,450	19.12%	2,037,710
Staff cost	5.20%	564,304	4.08%	434,712
Depreciation & Amortization	1.95%	211,272	1.81%	192,704
Operating Expenses	6.85%	743,620	8.80%	937,677
Financial Expenses	2.73%	296,844	2.57%	273,786
Pre-tax Profit	2.42%	262,548	2.19%	233,822
	100%	10,855,747	100%	10,656,444

Application of Revenue for 2018



Application of Revenue for 2017



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED 30 JUNE 2018

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

1. The total number of directors are seven as per the following:

a. Male

i. ii. iii. iv.	Mr. Rashid Ahmed Mr. Aamir Fayyaz Sheikh Mr. Asad Fayyaz Sheikh Mr. Ali Fayyaz Sheikh	v. vi. vii.	Mr. Riaz Ahmed Mr. Shahbaz Munir Mr. Matiuddin Siddiqui (NIT Nominee)

b. Female

Nil

2. The present composition of the board is as follows. The new board will be constituted as per the requirements of the Regulations in the election of directors to be held in March 2019:

a.	Independent Director	Mr. Riaz Ahmed
b.	Other Non-Executive Directors	Mr. Ali Fayyaz Sheikh Mr. Rashid Ahmed Mr. Shahbaz Munir Mr. Matiuddin Siddiqui
c.	Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Asad Fayyaz Sheikh

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

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

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

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

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

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

9. Three directors and chief executive are exempt from directors' training programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors have completed directors' training programme. Remaining one director will undergo directors' training programme within the time allowed by CCG.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.

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

12. The Board has formed committees comprising of members given below:

    Audit Committee

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Ali Fayyaz Sheikh	Member
Mr. Shahbaz Munir	Member

    HR and Remuneration Committee

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member

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

14. The frequency of meetings of the committees were as per following:

    i) Audit Committee – Five meetings held during the year end 30 June 2018.

    ii) HR and Remuneration Committee – Four meetings held during the year end 30 June 2018.

15. The Board has setup of an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

Kasur :
13 September 2018

Chairman

Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohinoor Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

LAHORE

DATE: 13 September 2018

Financial Statments

For the year ended 30 June 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Kohinoor Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Inventory existence and valuation Inventory as at 30 June 2018 amounted to Rupees 1,520.940 million and represented a material position in the statement of financial position, break up of which is as follows: - Stores, spares and loose tools Rupees 367.435 million, - Stock - in - trade Rupees 1,153.505 million The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.10 to the financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Usable stores, spares and loose tools are valued at moving average cost, raw materials are valued at weighted average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

Sr. No.	Key audit matters	How the matter was addressed in our audit
	• Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.10 to the financial statements. - Stores, spares and loose tools note 18 and Stock-in-trade note 19 to the financial statements.	
2	Capital expenditures The Company is investing significant amounts in their operations and there are a number of areas where management judgement impacts the carrying value of fixed assets and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact of the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, fixed assets and deprecation note 2.6 to the financial statements. - Fixed assets note 14 to the financial statements.	Our audit procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the fixed assets cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.
3.	Preparation of financial statements under the Companies Act, 2017 The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act.

Sr. No.	Key audit matters	How the matter was addressed in our audit
	The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures, changes to the existing disclosures and effects of the change in accounting policy relating to surplus on revaluation of operating fixed assets have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to summary of significant accounting policies, note 2.1(b) and note 2.6.1(b) to the financial statements.	• We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

LAHORE

DATE: 13 September 2018

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital	3	1,100,000,000	1,100,000,000	1,100,000,000
Issued, subscribed and paid-up share capital	4	509,110,110	509,110,110	509,110,110
Capital reserves				
Share premium reserve	5	213,406,310	213,406,310	213,406,310
Fair value reserve	5	45,822,419	37,520,895	39,523,592
Surplus on revaluation of operating fixed assets - net of tax	5	1,875,429,430	1,061,413,426	1,081,449,031
Revenue reserves				
General reserve	5	1,002,025,528	1,058,027,640	1,058,027,640
Accumulated loss	5	(538,840,013)	(797,776,071)	(952,717,428)
Total Equity		3,106,953,784	2,081,702,310	1,948,799,255
LIABILITIES				
Non-current liabilities				
Long term financing - secured	7	714,981,736	566,531,348	735,286,694
Deferred liabilities	8	259,180,425	241,726,596	194,599,666
		974,162,161	808,257,944	929,886,360
Current liabilities				
Trade and other payables	9	1,431,614,471	943,202,370	849,017,548
Accrued mark-up	10	57,918,203	35,603,152	194,483,901
Sponsor's loan	11	272,000,000	272,000,000	272,000,000
Short term borrowings - secured	12	2,766,332,000	2,132,770,001	1,917,369,966
Current portion of long term financing	7	230,251,470	160,576,164	163,323,416
Unclaimed dividend		5,214,080	4,731,536	4,731,536
Provision for taxation		20,488,000	99,325,921	73,303,245
		4,783,818,224	3,648,209,144	3,474,229,612
Total liabilities		5,757,980,385	4,456,467,088	4,404,115,972
Contingencies and commitments	13			
TOTAL EQUITY AND LIABILITIES		8,864,934,169	6,538,169,398	6,352,915,227

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

	Note	2018 Rupees	2017 Rupees	2016 Rupees
ASSETS				
Non-current assets				
Fixed assets	14	4,929,718,807	3,602,681,364	3,613,786,853
Intangible asset	15	-	-	-
Investment properties	16	21,778,199	22,163,203	-
Long term investments	17	58,161,750	49,118,229	126,357,045
Long term security deposits		22,032,757	21,818,487	21,200,012
		5,031,691,513	3,695,781,283	3,761,343,910
Current assets				
Stores, spares and loose tools	18	367,434,705	404,107,841	416,776,129
Stock-in-trade	19	1,153,505,319	909,069,104	806,079,356
Trade debts	20	1,359,170,774	642,491,874	465,442,351
Advances	21	120,569,457	58,529,249	74,812,228
Trade deposits and short term prepayments	22	20,555,648	15,408,976	14,389,121
Other receivables	23	563,715,816	486,589,317	311,146,735
Sales tax recoverable	24	153,300,707	256,826,002	449,022,395
Cash and bank balances	25	94,990,230	69,365,752	53,903,002
		3,833,242,656	2,842,388,115	2,591,571,317
TOTAL ASSETS		8,864,934,169	6,538,169,398	6,352,915,227

SHAHBAZ MUNIR
DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
REVENUE	26	10,855,746,857	10,656,444,857
COST OF SALES	27	(9,552,735,408)	(9,211,160,073)
GROSS PROFIT		1,303,011,449	1,445,284,784
DISTRIBUTION COST	28	(581,102,619)	(604,602,184)
ADMINISTRATIVE EXPENSES	29	(267,135,807)	(244,244,276)
OTHER EXPENSES	30	(38,705,008)	(154,918,537)
		(886,943,434)	(1,003,764,997)
		416,068,015	441,519,787
OTHER INCOME	31	143,323,656	66,088,246
PROFIT FROM OPERATIONS		559,391,671	507,608,033
FINANCE COST	32	(296,844,112)	(273,785,683)
PROFIT BEFORE TAXATION		262,547,559	233,822,350
TAXATION	33	(23,491,272)	(99,807,069)
PROFIT AFTER TAXATION		239,056,287	134,015,281
EARNINGS PER SHARE - BASIC AND DILUTED	34	4.70	2.63

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	2018 Rupees	2017 Rupees
PROFIT AFTER TAXATION	239,056,287	134,015,281
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on re-measurement of available for sale investment to fair value	9,043,521	(3,082,479)
Deferred income tax relating to this item	(741,997)	1,079,782
	8,301,524	(2,002,697)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of operating fixed assets	855,798,743	-
Deferred income tax relating to this item	(24,313,918)	-
	831,484,825	-
Other comprehensive income / (loss) for the year - net of tax	839,786,349	(2,002,697)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,078,842,636	132,012,584

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	35	309,477,627	657,393,992
Income tax paid		(94,086,703)	(108,171,490)
Net increase in long term security deposits		(214,270)	(618,475)
Finance cost paid		(263,186,815)	(333,449,641)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		(48,010,161)	215,154,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(720,845,360)	(267,249,991)
Proceeds from disposal of operating fixed assets		11,966,680	22,764,287
Proceeds on winding up of subsidiary company		-	46,462,198
Dividend received		1,609,653	3,218,334
NET CASH USED IN INVESTING ACTIVITIES		(707,269,027)	(194,805,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		415,700,000	29,100,000
Repayment of long term financing		(212,838,766)	(249,386,499)
Short term borrowings - net		633,562,000	215,400,035
Dividend paid		(55,519,568)	-
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		780,903,666	(4,886,464)
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,624,478	15,462,750
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		69,365,752	53,903,002
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		94,990,230	69,365,752

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	SHARE CAPITAL	RESERVES						TOTAL EQUITY
		CAPITAL RESERVES			REVENUE RESERVES			
		Share premium reserves	Fair value reserves	Surplus on revaluation of operating fixed assets - net of tax	General reserve	Accumulated loss	Total reserves	
	RUPEES							
Balance as at 30 June 2016 - (previously reported)	509,110,110	213,406,310	39,523,592	-	1,058,027,640	(952,717,428)	358,240,114	867,350,224
Impact of restatement (Note 2.6.1 (b))	-	-	-	1,081,449,031	-	-	1,081,449,031	1,081,449,031
Balance as at 30 June 2016 (restated)	509,110,110	213,406,310	39,523,592	1,081,449,031	1,058,027,640	(952,717,428)	1,439,689,145	1,948,799,255
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(20,926,076)	-	20,926,076	-	-
Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate	-	-	-	890,471	-	-	890,471	890,471
Profit for the year ended 30 June 2017	-	-	-	-	-	134,015,281	134,015,281	134,015,281
Other comprehensive loss for the year ended 30 June 2017	-	-	(2,002,697)	-	-	-	(2,002,697)	(2,002,697)
Total comprehensive income for the year ended 30 June 2017	-	-	(2,002,697)	-	-	134,015,281	132,012,584	132,012,584
Balance as at 30 June 2017 (restated)	509,110,110	213,406,310	37,520,895	1,061,413,426	1,058,027,640	(797,776,071)	1,572,592,200	2,081,702,310
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupee 1.10 per share of Rupees 10 each	-	-	-	-	(56,002,112)	-	(56,002,112)	(56,002,112)
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(19,879,771)	-	19,879,771	-	-
Surplus on revaluation of operating fixed assets - adjustment due to change in tax rate	-	-	-	2,410,950	-	-	2,410,950	2,410,950
Profit for the year ended 30 June 2018	-	-	-	-	-	239,056,287	239,056,287	239,056,287
Other comprehensive income for the year ended 30 June 2018	-	-	8,301,524	831,484,825	-	-	839,786,349	839,786,349
Total comprehensive income for the year ended 30 June 2018	-	-	8,301,524	831,484,825	-	239,056,287	1,078,842,636	1,078,842,636
Balance as at 30 June 2018	509,110,110	213,406,310	45,822,419	1,875,429,430	1,002,025,528	(538,840,013)	2,597,843,674	3,106,953,784

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

SHAHBAZ MUNIR
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. All manufacturing units (dyeing, weaving and power generation), registered office and other offices of the Company are situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate and supply electricity.

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

a) The exchange rate of United States Dollar to Pak Rupees has increased from Pak Rupees 104.80 as at 30 June 2017 to Pak Rupees 121.60 as at 30 June 2018.

b) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, some of the amounts reported for the previous period have been reclassified and restated. For detailed information please refer to note 2.1(b) and note 2.6.1(b); and

c) For a detailed discussion about the Company's performance, please refer to the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Change in accounting policy of surplus on revaluation of operating fixed assets (refer note 2.6.1b) and additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 14.1.5 and note 16.3), management assessment of sufficiency of tax provision in the financial statements (refer note 33.4), change in threshold for identification of executives (refer note 37) and additional disclosure requirements for related parties (refer note 38) etc.

c) Accounting convention

These financial statements have been prepared under the historical cost convention, except for freehold land and buildings which are carried at revalued amounts and certain financial instruments which are carried at their fair value.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Provision for obsolescence of stores, spares and loose tools

Provision for obsolescence of items of stores, spares and loose tools is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

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

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

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

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

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

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

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

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

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.
IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 40 (Amendments), 'Investment Property' (effective for annual periods beginning on or after 01 January 2018). The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have a significant impact on the Company's financial statements.

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

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

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

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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

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

2.2 Employee benefit

The Company operates a funded contributory provident fund scheme for its permanent employees. The Company and employees make equal monthly contributions of 8.33 percent of the basic salary, towards the fund. The Company's contribution is charged to the statement of profit or loss.

2.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in statement of comprehensive income or directly in equity, respectively.

2.5 Foreign currencies

The financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses, where applicable, are recognized in the statement of profit or loss.

2.6 Fixed assets

2.6.1 Property, plant and equipment and depreciation

Owned

a) Cost

Property, plant and equipment except freehold land, buildings and capital work - in - progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, buildings are stated at revalued amount less accumulated depreciation and any identified impairment loss, while capital work-in-progress is stated at cost less any identified impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amount arising on revaluation of operating fixed assets are credited to surplus on revaluation of operating fixed assets. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss) and depreciation based on the assets' original cost is transferred from surplus on revaluation of operating fixed assets to retained earnings. All transfers to / from surplus on revaluation of operating fixed assets are net of applicable deferred income tax.

b) Change in accounting policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of operating fixed assets has not been carried forward in the Companies Act, 2017. Previously, Section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of operating fixed assets, was not in accordance with the IFRS requirements. Now, in accordance with the requirements of International Accounting Standard (IAS 16), "Property, Plant and Equipment" surplus on revaluation of operating fixed assets is presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of operating fixed assets stands amended as follows:

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

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

The effect of change in accounting policy is summarised below:

	30-Jun-17			30-Jun-16		
	As previously reported	As re-stated	Restatement	As previously reported	As re-stated	Restatement
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Effect on statement of financial position						
Surplus on revaluation of operating fixed assets	1,061,413,426	-	(1,061,413,426)	1,081,449,031	-	(1,081,449,031)
Capital reserve	-	1,061,413,426	1,061,413,426	-	1,081,449,031	1,081,449,031
Effect on statement of changes in equity						
Surplus on revaluation of operating fixed assets	-	1,061,413,426	1,061,413,426	-	1,081,449,031	1,081,449,031

	For the year ended 30 June 2017		
	As previously reported	As re-stated	Restatement
	Rupees	Rupees	Rupees
Effect on statement of comprehensive income			
Surplus on revaluation of operating fixed assets - net of deferred income tax	-	-	-

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

c) Depreciation

Depreciation on all operating fixed assets is charged to the statement of profit or loss on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in note 14.1. Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

d) Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Leased

a) Finance leases

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to the statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to the statement of profit or loss.

b) Operating leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of lease.

2.7 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss. Depreciation on buildings is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost of buildings over their estimated useful lives at a rate of 5% per annum.

2.9 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments, except investment in subsidiary company, which is tested for impairment in accordance with the provisions of IAS 36 ‘Impairment of Assets’.

a) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in the statement of profit or loss.

b) Held-to-maturity

Investments 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. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in the statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in the statement of profit or loss. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

d) Equity investments in associated companies

The investments in associates in which the Company does not have significant influence are classified as "Available-for-Sale".

e) Investment in subsidiary company

Investment in subsidiary company is accounted for at cost less impairment loss, if any, in accordance with IAS 27 'Separate Financial Statements'.

2.10 Inventories

Inventories, except for stock in transit, waste stock and rejected goods are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Cost of raw material is based on weighted average cost.

Cost of work in process and finished goods comprises prime cost and appropriate production overheads determined on weighted average cost. Cost of goods purchased for resale are valued at their respective purchase price by using first-in-first-out method.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock and rejected goods are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.11 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

2.12 Borrowing costs

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of that asset.

2.13 Revenue recognition

Revenue from different sources is recognized as under.

(a) Revenue from sale of goods is recognized on dispatch of goods to customer.

(b) Dividend on equity investments is recognized as income when right to receive payment is established.

(c) Profit on bank deposits is recognized on a time proportion basis taking into account, the principal outstanding and rates of profits applicable thereon.

2.14 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2.15 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.16 Financial instruments

Financial instruments are recognized at fair value when the Company becomes party to the contractual provisions of the instrument by following trade date accounting. Any gain or loss on the subsequent measurement is charged to the statement of profit or loss except for available for sale investments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise losses 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 statement of financial position 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.

Financial assets are investments, trade debts, deposits, advances, other receivables 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 borrowings, sponsor's loan, accrued markup and trade and other payables.

2.16.1 Trade debts and other receivables

Trade debts and other receivable are initially measured at fair value and subsequently at amortized cost using effective interest rate method less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

2.16.2 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.16.3 Markup bearing borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost, any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowing using the effective interest rate method.

2.16.4 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 amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in statement of comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss.

Amounts accumulated in equity are recognized in the statement of profit or loss in the periods when the hedged item will affect profit or loss.

2.18 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 executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, 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 three reportable business segments. Weaving (Producing different quality of greige fabric using yarn), Dyeing (Converting greige into dyed fabric) and Power Generation (Generating and distributing power).

2.19 Off setting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount is reported in the financial statements when there is legally enforceable right to set off and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.20 Government Grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.21 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. AUTHORIZED SHARE CAPITAL

2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)		2018 Rupees	2017 Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)		2018 Rupees	2017 Rupees
28,546,003	28,546,003	Ordinary shares of Rupees 10 each fully paid in cash	285,460,030	285,460,030
18,780,031	18,780,031	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	187,800,310	187,800,310
3,584,977	3,584,977	Ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	35,849,770
50,911,011	50,911,011		509,110,110	509,110,110

5. RESERVES

Composition of reserves is as follows:

	2018 Rupees	2017 Rupees
Capital reserves		
Share premium reserve (Note 5.1)	213,406,310	213,406,310
Fair value reserve - net of deferred income tax (Note 5.2)	45,822,419	37,520,895
Surplus on revaluation of operating fixed assets - net of tax (Note 6)	1,875,429,430	1,061,413,426
Balance as at 30 June	2,134,658,159	1,312,340,631
Revenue reserves		
General reserve	1,002,025,528	1,058,027,640
Accumulated loss	(538,840,013)	(797,776,071)
	463,185,515	260,251,569
Balance as at 30 June	2,597,843,674	1,572,592,200

5.1 This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

	2018 Rupees	2017 Rupees

5.2 Fair value reserve - net of deferred income tax

	2018 Rupees	2017 Rupees
Balance as at 01 July	48,414,058	51,496,537
Fair value adjustment on investment during the year	9,043,521	(3,082,479)
Balance as at 30 June	57,457,579	48,414,058
Less: Related deferred income tax liability	11,635,160	10,893,163
Balance as at 30 June - net of deferred income tax	45,822,419	37,520,895

5.2.1 This represents unrealized gain on re-measurement of available for sale investment at fair value and is not available for distribution. This will be transferred to the statement of profit or loss on realization.

6. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET OF DEFERRED INCOME TAX

	2018 Rupees	2017 Rupees
Balance as at 01 July	1,086,791,858	1,109,053,641
Add: Surplus on revaluation incorporated during the year	855,798,743	-
Less: Incremental depreciation	21,148,693	22,261,783
Balance as at 30 June	1,921,441,908	1,086,791,858
Less: Related deferred income tax liability	46,012,478	25,378,432
Balance as at 30 June - net of deferred income tax	1,875,429,430	1,061,413,426

7. LONG TERM FINANCING - SECURED

	2018 Rupees	2017 Rupees
Financing from banking companies (Note 7.1 and 7.2)	945,233,206	727,107,512
Less: Current portion shown under current liabilities	230,251,470	160,576,164
	714,981,736	566,531,348

7.1

Lender	2018	2017	Terms	Security
	-------- Rupees --------			
National Bank of Pakistan (Note 7.2)	365,753,026	421,477,512	This loan is repayable in 36 stepped up quarterly instalments commenced from 31 March 2015 and ending on 31 March 2024. This loan carries mark-up at the rate of 7.70% per annum based on the average cost of funds of the bank which will be reviewed annually. Mark-up will be accrued over nine years during which the principal will be repaid. The accrued mark-up will be repaid in twelve equal quarterly instalments commencing on 30 September 2024 and ending on 31 December 2026.	First pari passu charge of Rupees 1,438.550 million by way of hypothecation and mortgage charge over present and future fixed assets of the Company, pari passu charge of Rupees 667.000 million and ranking charge of Rupees 100.000 million over current assets of the Company as margin and personal guarantees of sponsor directors.
The Bank of Punjab	19,120,000	23,900,000	This loan is repayable in 20 quarterly instalments of Rupees 1.195 million each commenced from 28 July 2017 and ending on 28 April 2022. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	Specific charge of Rupees 581.040 million on machinery imported. Joint pari passu charge of Rupees 752.300 million and ranking charge of Rupees 686.670 million over present and future fixed and current assets of the Company.
	4,160,000	5,200,000	This loan is repayable in 20 quarterly instalments of Rupees 0.260 million each commenced from 25 August 2017 and ending on 25 May 2022. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	
	186,405,000	-	This loan is repayable in 20 quarterly instalments of Rupees 10.965 million each commenced from 23 November 2017 and ending on 23 August 2022. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	
	151,560,000	-	This loan is repayable in 20 quarterly instalments of Rupees 8.420 million each commenced from 19 March 2018 and ending on 19 December 2022. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	
	26,600,000	-	This loan is repayable in 20 quarterly instalments of Rupees 1.400 million each commenced from 19 April 2018 and ending on 19 January 2023. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	
	387,845,000	29,100,000		

Lender	2018	2017	Terms	Security
	-------- Rupees --------			
Faysal Bank Limited (Note 7.2)	115,659,358	139,073,161	This loan is repayable in 31 stepped up quarterly instalments commenced from 31 March 2013 and ending on 30 September 2020. Mark-up is payable quarterly at the rate of 5.00% per annum. Mark-up upto 30 September 2011 is recalculated at the rate of 8.50% per annum and will be repaid on 30 September 2020.	First pari passu charge of Rupees 266.800 million over current assets, ranking charge of Rupees 240.800 million over current assets and exclusive charge of Rupees 94.000 million on power generators of the Company.
MCB Bank Limited (formerly NIB Bank Limited)	18,150,000	24,750,000	This loan is repayable in 20 quarterly instalments of Rupees 1.650 million each commenced from 31 March 2016 and ending on 31 December 2020. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	Joint pari passu charge of Rupees 800.000 million on current assets and Rupees 464.000 million on fixed assets of the Company. Specific charge of Rupees 50.000 million on coal boiler.
	1,815,000	2,475,000	This loan is repayable in 20 quarterly instalments of Rupees 0.165 million each commenced from 27 April 2016 and ending on 27 January 2021. Mark-up is payable quarterly at the rate of SBP rate + 2.50% per annum.	
	19,965,000	27,225,000		
Habib Bank Limited (Note 7.2)	56,010,822	110,231,839	This loan is repayable in 32 stepped up quarterly instalments commenced from 30 June 2012 and ending on 31 March 2020. Mark-up is payable quarterly at the rate of 5.00% per annum.	First joint pari passu charge of Rupees 1,160.000 million over current assets, joint pari passu charge of Rupees 146.600 million, ranking charge of Rupees 362.000 million over fixed assets of the Company and personal guarantees of two directors.
	945,233,206	727,107,512		

7.2 Fair values of these long term financing were estimated at the present value of future cash flows discounted at the effective interest rates ranging from 9.31 % to 11.92 % per annum.

	2018 Rupees	2017 Rupees

8. DEFERRED LIABILITIES

	2018 Rupees	2017 Rupees
Deferred accrued mark-up (Note 8.1)	201,532,787	205,455,001
Deferred income tax liability (Note 8.2)	57,647,638	36,271,595
	259,180,425	241,726,596

8.1 Deferred accrued mark-up

	2018 Rupees	2017 Rupees
National Bank of Pakistan (Note 8.1.1)	134,914,359	94,691,961
Faysal Bank Limited (Note 8.1.1)	66,618,428	66,618,428
Bank Alfalah Limited (Note 8.1.2)	18,043,354	44,144,612
	219,576,141	205,455,001
Less: Accrued mark-up transferred to current liabilities	18,043,354	-
	201,532,787	205,455,001

8.1.1 This represents accrued mark-up on long term financing deferred in accordance with the terms of long term financing disclosed in note 7.1 to these financial statements.

8.1.2 Long term finance obtained from Bank Alfalah Limited has been fully repaid. Mark-up accrued and deferred on this finance has been fully repaid subsequent to the reporting date, therefore, presented in accrued mark-up grouped in current liabilities.

8.2 Deferred income tax liability

The liability for deferred taxation originated due to taxable temporary differences relating to:

	2018 Rupees	2017 Rupees
Surplus on revaluation of operating fixed assets	46,012,478	25,378,432
Surplus on revaluation of investment - available for sale	11,635,160	10,893,163
	57,647,638	36,271,595

9. TRADE AND OTHER PAYABLES

	2018 Rupees	2017 Rupees
Creditors	1,054,780,478	694,325,146
Advances from customers	42,273,866	32,944,156
Sales commission payable	128,258,987	92,317,302
Income tax deducted at source	10,314,190	7,034,356
Security deposits - interest free (Note 9.1)	210,500	210,500
Accrued and other liabilities	104,985,093	46,287,435
Workers' profit participation fund (Note 9.2)	90,791,357	70,083,475
	1,431,614,471	943,202,370

9.1 These deposits are interest free and repayable on completion of contracts. These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

	2018 Rupees	2017 Rupees
9.2 Workers' profit participation fund		
Balance as at 01 July	70,083,475	50,918,962
Add: Allocation for the year (Note 30)	14,925,995	15,362,705
Interest accrued for the year (Note 32)	5,781,887	3,818,922
Less: Paid during the year	-	17,114
Balance as at 30 June	90,791,357	70,083,475

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

	2018 Rupees	2017 Rupees
10. ACCRUED MARK-UP		
Long term financing	9,812,954	13,529,227
Short term borrowings	30,061,895	22,073,925
Transferred from deferred mark-up (Note 8.1)	18,043,354	-
	57,918,203	35,603,152

11. SPONSOR'S LOAN

This represents unsecured interest free loan obtained from the director of the Company for the repayment of long term financing. This loan is repayable on demand.

	2018 Rupees	2017 Rupees
12. SHORT TERM BORROWINGS - SECURED		
From banking companies		
SBP refinance (Note 12.1 and 12.2)	1,770,143,000	1,493,970,000
Other short term finances (Note 12.1 and 12.3)	996,189,000	638,800,001
	2,766,332,000	2,132,770,001

12.1 These facilities are secured against hypothecation charge on current assets, lien on export contracts / letters of credit, first and second pari passu charge on fixed and current assets, personal guarantees of directors and ranking charge on current assets of the Company.

12.2 These carry mark-up at the rate of 3.00% per annum (2017: 3.00% per annum) on outstanding balance.

12.3 These carry mark-up ranging from 7.12% to 10.47% per annum (2017: 6.98% to 9.77% per annum) on outstanding balance.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 As a result of sales tax audit for the year 2009-2010 conducted by Regional Tax Office, Lahore, Assistant Commissioner Inland Revenue, Sales Tax Department has raised sales tax demand amounting to Rupees 9.975 million along with additional tax and penalty. Currently, the case is pending for hearing at Appellate Tribunal Inland Revenue, Lahore and the management is confident that decision will be in favour of the Company, hence, no provision there against has been made in these financial statements.

13.1.2 During the year ended 30 June 2011, pursuant to the sale of assets agreement with M/s Interloop Limited, the Company is contingently liable for Rupees 31.958 million against payment of certain outstanding dues to Employees' Old-Age Benefits Institution (EOBI) and bifurcation of gas connections in favour of M/s Interloop Limited. To secure the performance of aforesaid conditions, the Company has pledged equity investment (note 17.3) and bank balance (note 25.3) with Allied Bank Limited. However, no provision has been recognized in these financial statements as the management is confident to fulfill the conditions in accordance with the sale of assets agreement.

13.1.3 Bank guarantees of Rupees 84.950 million (2017: Rupees 84.950 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.

13.1.4 Bank guarantee of Rupees 6.500 million (2017: Rupees 6.500 million) is given by the bank of the Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

13.1.5 Bank guarantees of Rupees 8.164 million (2017: Rupees 8.164 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.

13.1.6 During the year ended 30 June 2010, Lahore Electric Supply Company Limited (LESCO) served a notice to the Company in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Company was using gas along with Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. The matter is being resolved under the provisions of above said Power Purchase Agreement and referred to Mr. Justice (Retd.) Syed Jamshed Ali Shah for arbitration. The proceedings of arbitration are in process. An amount of Rupees 86.833 million receivable by the Company from LESCO is still unpaid. Full provision against this receivable has been made in books of account. However, the Company is confident that the said amount will be recovered.

13.1.7 Provision for gas infrastructure development cess for the period from August 2014 to March 2015, provision for cost of supply for the period October 2017 to June 2018 and late payment charges thereon amounting to Rupees 110.186 million (2017: Rupees 71.597 million) has not been recognized in the books of account as the Company has obtained stay order from Honorable Lahore High Court, Lahore and Honorable Sindh High Court, Karachi and is confident for the favorable outcome of the matter.

13.2 Commitments

13.2.1 Aggregate commitments for capital expenditure and revenue expenditures are amounting to Rupees 2.027 million and Rupees 19.640 million (2017: Rupees 223.947 million and Rupees 56.075 million) respectively.

13.2.2 Post dated cheques issued to suppliers are amounting to Rupees 119.521 million (2017: Rupees 128.590 million).

14. FIXED ASSETS

	2018 Rupees	2017 Rupees
Property, plant and equipment		
Operating fixed assets (Note 14.1)	4,916,568,714	3,384,933,889
Capital work-in-progress (Note 14.2)	13,150,093	217,747,475
	4,929,718,807	3,602,681,364

14.1 Reconciliations of carrying amounts of operating fixed assets at the beginning and end of the year are as follows:

Description	Operating fixed assets							
	Freehold land	Residential building	Factory building	Plant and machinery	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total
	(RUPEES)								
As at 30 June 2016									
Cost / revalued amount	711,473,999	230,886,526	854,642,237	4,271,770,261	148,874,634	97,943,688	53,853,404	132,308,172	6,501,752,921
Accumulated depreciation	-	(77,948,878)	(290,723,765)	(2,305,059,038)	(84,501,140)	(64,636,055)	(43,408,507)	(50,178,692)	(2,916,456,075)
Net book value	711,473,999	152,937,648	563,918,472	1,966,711,223	64,373,494	33,307,633	10,444,897	82,129,480	3,585,296,846
Year ended 30 June 2017									
Opening net book value	711,473,999	152,937,648	563,918,472	1,966,711,223	64,373,494	33,307,633	10,444,897	82,129,480	3,585,296,846
Additions	-	397,803	7,108,925	47,384,874	5,647,758	399,175	578,146	16,475,842	77,992,523
Disposals:									
Cost	-	-	-	(24,522,964)	-	(557,800)	-	(30,523,435)	(55,604,199)
Accumulated depreciation	-	-	-	13,328,356	-	389,927	-	12,975,848	26,694,131
	-	-	-	(11,194,608)	-	(167,873)	-	(17,547,587)	(28,910,068)
Depreciation charge	-	(7,655,169)	(28,395,532)	(145,801,153)	(6,577,932)	(3,354,476)	(3,205,625)	(11,783,254)	(206,773,141)
Impairment loss (Note 30)	-	-	-	(42,672,271)	-	-	-	-	(42,672,271)
Closing net book value	711,473,999	145,680,282	542,631,865	1,814,428,065	63,443,320	30,184,459	7,817,418	69,274,481	3,384,933,889
As at 30 June 2017									
Cost / revalued amount	711,473,999	231,284,329	861,751,162	4,294,632,171	154,522,392	97,785,063	54,431,550	118,260,579	6,524,141,245
Accumulated depreciation	-	(85,604,047)	(319,119,297)	(2,437,531,835)	(91,079,072)	(67,600,604)	(46,614,132)	(48,986,098)	(3,096,535,085)
Accumulated impairment loss	-	-	-	(42,672,271)	-	-	-	-	(42,672,271)
Net book value	711,473,999	145,680,282	542,631,865	1,814,428,065	63,443,320	30,184,459	7,817,418	69,274,481	3,384,933,889
Year ended 30 June 2018									
Opening net book value	711,473,999	145,680,282	542,631,865	1,814,428,065	63,443,320	30,184,459	7,817,418	69,274,481	3,384,933,889
Additions	-	-	1,757,641	887,186,490	9,151,912	17,479,469	1,215,000	8,652,230	925,442,742
Disposals:									
Cost	-	-	-	(34,079,236)	-	-	-	(4,372,625)	(38,451,861)
Accumulated depreciation	-	-	-	22,532,345	-	-	-	2,235,428	24,767,773
	-	-	-	(11,546,891)	-	-	-	(2,137,197)	(13,684,088)
Depreciation charge	-	(7,284,014)	(27,205,516)	(166,360,668)	(6,954,508)	(3,931,986)	(2,587,229)	(10,188,603)	(224,512,524)
Impairment loss (Note 30)	-	-	-	(11,410,048)	-	-	-	-	(11,410,048)
Surplus on revaluation	405,541,001	56,201,732	394,056,010	-	-	-	-	-	855,798,743
Closing net book value	1,117,015,000	194,598,000	911,240,000	2,512,296,948	65,640,724	43,731,942	6,445,189	65,600,911	4,916,568,714
As at 30 June 2018									
Cost / revalued amount	1,117,015,000	287,486,061	1,257,564,813	5,147,739,425	163,674,304	115,264,532	55,646,550	122,540,184	8,266,930,869
Accumulated depreciation	-	(92,888,061)	(346,324,813)	(2,581,360,158)	(98,033,580)	(71,532,590)	(49,201,361)	(56,939,273)	(3,296,279,836)
Accumulated impairment loss	-	-	-	(54,082,319)	-	-	-	-	(54,082,319)
Net book value	1,117,015,000	194,598,000	911,240,000	2,512,296,948	65,640,724	43,731,942	6,445,189	65,600,911	4,916,568,714
Depreciation rate % per annum	-	5.00	5.00	10.00	10.00	10.00	30.00	20.00	

14.1.1 Freehold land and buildings of the Company were revalued as at 30 June 2018 by an independent valuer, Messrs Hamid Mukhtar and Company (Private) Limited. Previously these had been revalued as at 30 June 2015 and 30 June 2012. Had there been no revaluation, the value of the assets would have been lower by Rupees 1,921.442 million (2017: Rupees 1,086.792 million). Forced sale value of freehold and buildings as on the reporting date is Rupees 893.612 million and Rupees 884.670 million respectively.

14.1.2 The book value of freehold land and buildings on cost basis is Rupees 47.656 million and Rupees 253.755 million (2017: Rupees 47.656 million and Rupees 265.338 million) respectively.

14.1.3 Detail of operating fixed assets exceeding book value of Rupees 0.500 million disposed of during the year is as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	-------------------(RUPEES)						
Plant and machinery							
Warping Machine	8,651,612	7,436,025	1,215,587	1,552,671	337,084	Negotiation	Master Textile Mills Limited, Lahore
Sizing Machine	16,244,154	13,740,963	2,503,191	3,197,329	694,138	Negotiation	Master Textile Mills Limited, Lahore
Wood Chipper Machine	2,791,300	629,508	2,161,792	339,603	(1,822,189)	Negotiation	Mr. Inam-u-Rehman, Lahore
Multiple Biomass Crusher	3,851,734	664,243	3,187,491	500,733	(2,686,758)	Negotiation	Mr. Inam-u-Rehman, Lahore
	31,538,800	22,470,739	9,068,061	5,590,336	(3,477,725)		
Motor vehicles							
Toyota Corolla - LEA 603	2,257,760	1,043,266	1,214,494	1,615,000	400,506	Negotiation	Imran Ahmad Kamal, Lahore
Toyota Altus - LEB 850	2,114,865	1,192,162	922,703	1,400,000	477,297	Negotiation	Mr. Ali Asad, Lahore
	4,372,625	2,235,428	2,137,197	3,015,000	877,803		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 0.500 million	2,540,436	61,606	2,478,830	3,361,344	882,514		
	38,451,861	24,767,773	13,684,088	11,966,680	(1,717,408)		

14.1.4 The depreciation charge for the year has been allocated as follows:

	2018 Rupees	2017 Rupees
Cost of sales (Note 27)	212,249,851	194,736,188
Distribution cost (Note 28)	2,596,628	2,927,298
Administrative expenses (Note 29)	9,666,045	9,109,655
	224,512,524	206,773,141

Particulars of immovable properties (i.e. land and buildings) are as follows:

14.1.5

Manufacturing units and office	Address	Area of land	Covered area of buildings
		Acres	Square feet
Manufacturing units:			
Weaving	8-K.M., Manga Raiwind Road, District Kasur.	11.450	285,596
Dyeing	8-K.M., Manga Raiwind Road, District Kasur.	8.670	245,009
Power generation	8-K.M., Manga Raiwind Road, District Kasur.	4.320	71,560
Office	8-K.M., Manga Raiwind Road, District Kasur.	0.410	24,284
		24.850	626,449

	2018 Rupees	2017 Rupees
14.2 Capital work-in-progress		
Plant and machinery	4,398,724	88,507,834
Civil works	-	6,743,813
Advances for capital expenditures	-	22,861,952
Stores held for capital expenditures	7,251,369	99,633,876
Letter of credits	1,500,000	-
	13,150,093	217,747,475

15 INTANGIBLE ASSET

	2018 Rupees	2017 Rupees
Balance as at 01 July	-	-
Addition during the year	-	-
Amortization during the year	-	-
As at 30 June	-	-
15.1 Cost as at 30 June	9,296,899	9,296,899
Accumulated amortization	(9,296,899)	(9,296,899)
Net book value as at 30 June	-	-

15.2 Intangible asset - computer software has been fully amortized at the rate of 20.00% per annum. However, it is still in the use of the Company.

16. INVESTMENT PROPERTIES

	Land Rupees	Building Rupees	Total Rupees
Year ended 30 June 2017			
Opening net book value	-	-	-
Additions	14,463,122	7,764,788	22,227,910
Depreciation charge	-	64,707	64,707
Closing net book value	14,463,122	7,700,081	22,163,203
At 30 June 2017			
Cost	14,463,122	7,764,788	22,227,910
Accumulated depreciation	-	64,707	64,707
Net Book Value	14,463,122	7,700,081	22,163,203
Year ended 30 June 2018			
Opening net book value	14,463,122	7,700,081	22,163,203
Depreciation charge (Note 30)	-	385,004	385,004
Closing net book value	14,463,122	7,315,077	21,778,199
At 30 June 2018			
Cost	14,463,122	7,764,788	22,227,910
Accumulated depreciation	-	449,711	449,711
Net Book Value	14,463,122	7,315,077	21,778,199

16.1 Depreciation at the rate of 5.00 percent per annum on building amounting to Rupees 0.385 million (2017: Rupees 0.065 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and building is estimated at Rupees 82.745 million (2017: Rupees 50.400 million). Forced sale value of investment properties as on the reporting date is Rupees 66.196 million. The valuation has been carried out by an independent valuer.

16.2 Land includes piece of land having carrying value of Rupees 9.985 million which is in the name of Mr. Aamir Fayyaz Sheikh (Chief executive officer). Building having carrying value of Rupees 7.315 million is constructed on this piece of land. The management is in the process to transfer title of this investment property in the name of the Company.

16.3 Particulars of investment properties (i.e. land and building) are as follows:

Description	Address	Area of land	Covered area of buildings
		Kanal	Square feet
Commercial land and building	Chak No. 47 Shumali District Sargodha	2.500	14,008
Commercial land	Shahwai - Farooqa Road, Sargodha	13.700	-
		16.200	14,008

17. LONG TERM INVESTMENTS

	2018 Rupees	2017 Rupees
Investment in subsidiary company - at cost		
Q Mart Corporation (Private) Limited - unquoted	-	300,000,000
Less: Impairment loss (Note 17.1)	-	231,309,892
	-	68,690,108
Less: Realized on members' voluntary winding up	-	68,690,108
	-	-
Available for sale		
Associated company (without significant influence)		
K-2 Hosiery (Private) Limited - unquoted 1,194,000 (2017: 1,194,000) ordinary shares of Rupees 10 each (Note 17.2)	-	-
Other		
Security General Insurance Company Limited - unquoted (Note 17.3) 643,667 (2017: 643,667) fully paid ordinary shares of Rupees 10 each	704,171	704,171
Add: Fair value adjustment	57,457,579	48,414,058
	58,161,750	49,118,229
	58,161,750	49,118,229

	2018 Rupees	2017 Rupees
17.1 Impairment loss		
Balance as at 01 July	-	225,843,663
Add: Impairment loss recognized during the year	-	5,466,229
Balance as at 30 June	-	231,309,892

17.2 Investment in K-2 Hosiery (Private) Limited has been impaired and written off against provision. This investment was made in accordance with requirements of the Companies Act, 2017.

17.3 Ordinary shares of Security General Insurance Company Limited have been valued by an independent valuer at Rupees 90.360 (2017: Rupees 76.310) per share using present value technique. 640,000 ordinary shares of Security General Insurance Company Limited have been pledged in favour of Allied Bank Limited to serve the performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

18. STORES, SPARES AND LOOSE TOOLS

	2018 Rupees	2017 Rupees
Stores and spares	413,650,802	446,331,074
Loose tools	2,930,618	3,118,637
	416,581,420	449,449,711
Less: Provision for slow moving, obsolete and damaged store items (Note 18.1)	49,146,715	45,341,870
	367,434,705	404,107,841

18.1 Provision for slow moving, obsolete and damaged store items

	2018 Rupees	2017 Rupees
Balance as on 01 July	45,341,870	17,491,037
Add: Provision made during the year (Note 30)	3,804,845	31,223,937
Less: Provision reversed during the year (Note 31)	-	(1,034,944)
Less: Stores and spares written off against provision	-	(2,338,160)
Balance as on 30 June	49,146,715	45,341,870

19. STOCK-IN-TRADE

	2018 Rupees	2017 Rupees
Raw material	312,039,069	188,006,627
Work-in-process	191,321,471	185,313,571
Finished goods (Note 19.1 and 19.2)	650,144,779	535,748,906
	1,153,505,319	909,069,104

19.1 This includes finished goods of Rupees 195.110 million (2017: Rupees 178.074 million) valued at net realizable value.

19.2 Finished goods include stock-in-transit amounting to Rupees 42.120 million (2017: Rupees 42.174 million).

19.3 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 17.637 million (2017: Rupees 31.509 million).

	2018 Rupees	2017 Rupees
20. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	1,070,938,020	485,127,468
Unsecured	288,232,754	157,364,406
	1,359,170,774	642,491,874
Considered doubtful:		
Others - unsecured	91,001,601	91,001,601
Less: Provision for doubtful trade debts		
Balance as at 01 July	91,001,601	88,480,269
Add: Provision for the year (Note 30)	-	2,521,332
	91,001,601	91,001,601
Balance as at 30 June	-	-

20.1 As on 30 June 2018, trade debts of Rupees 76.147 million (2017: Rupees 50.172 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2018 Rupees	2017 Rupees
Upto 1 month	62,428,538	32,132,339
1 to 6 months	8,033,310	13,247,569
More than 6 months	5,685,007	4,792,398
	76,146,855	50,172,306

20.2 As at 30 June 2018, trade debts of Rupees 91.002 million (2017: Rupees 91.002 million) were impaired. The ageing of these trade debts was more than three years. These trade debts have been provided for in the books of account.

20.3 As on 30 June 2018, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the Company (related party or other)	Type of arrangements		Total
	Letters of credit	Cash against documents	
	Rupees	Rupees	Rupees
USA			
- Others	152,627	64,638,469	64,791,096
Europe			
- Others	479,105,723	66,274,856	545,380,579
Asia			
-Others	77,192,449	14,016,062	91,208,511
Australia			
-Others	984,557	20,789,709	21,774,266
Jurisdiction other than above			
-Others	303,978,458	34,686,473	338,664,931
	861,413,814	200,405,569	1,061,819,383

20.4 As on 30 June 2017, disclosures in respect of outstanding export debtors along with type of arrangements are as follows:

Jurisdiction and relationship with the Company (related party or other)	Type of arrangements		Total
	Letters of credit	Cash against documents	
	Rupees	Rupees	Rupees
USA			
- Others	22,650,192	15,317,505	37,967,697
Europe			
- Others	102,696,736	15,048,934	117,745,670
Asia			
-Others	4,174,658	69,417,102	73,591,760
Australia			
-Others	1,096,347	28,387,403	29,483,750
Jurisdiction other than above			
- Others	185,736,903	89,019,769	274,756,672
	316,354,836	217,190,713	533,545,549

	2018 Rupees	2017 Rupees
21. ADVANCES		
Considered good:		
- Advances to staff (Note 21.1 , 21.2 and 21.3)	16,483,586	12,534,389
- Advances to suppliers	91,249,553	42,474,158
Letters of credit	12,836,318	3,520,702
	120,569,457	58,529,249

21.1 Advances to Staff

	2018 Rupees	2017 Rupees
Considered good	16,483,586	12,534,389
Considered doubtful	3,412,824	-
Less: Provision for doubtful advances to staff (Note 21.1.1)	3,412,824	-
	-	-
	16,483,586	12,534,389

21.1.1 Provision for doubtful advances to staff

	2018 Rupees	2017 Rupees
Balance as at 01 July	-	-
Add: Provision for the year (Note 30)	3,412,824	-
Balance as at 30 June	3,412,824	-

21.2 This includes interest free advances to executives amounting to Rupees 11.050 million (2017: Rupees 6.767 million).

21.3 This includes unsecured advance against expenses of Rupees 6.389 million (2017: Rupees 5.034 million) given to Mr. Aamir Alam Qureshi (General manager marketing).

	2018 Rupees	2017 Rupees
22. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	20,001,540	14,309,851
Short term prepayments	554,108	1,099,125
	20,555,648	15,408,976

23. OTHER RECEIVABLES

	2018 Rupees	2017 Rupees
Considered good:		
Advance income tax	281,560,145	291,071,557
Export rebate and claims (Note 23.1)	33,971,045	31,007,550
Duty draw back	245,784,764	162,518,550
Receivable from employees' provident fund trust	598,344	490,361
Miscellaneous receivables (Note 23.2)	1,801,518	1,501,299
	563,715,816	486,589,317

23.1 Export rebate and claims

	2018 Rupees	2017 Rupees
Considered good	33,971,045	31,007,550
Considered doubtful	43,400,435	43,238,046
Less: Provision for doubtful export rebate and claims (Note 23.1.1)	43,400,435	43,238,046
	-	-
	33,971,045	31,007,550

23.1.1 Provision for doubtful export rebate and claims

	2018 Rupees	2017 Rupees
Balance as at 01 July	43,238,046	35,493,049
Add: Provision for the year (Note 30)	267,535	7,744,997
Less: Provision reversed during the year (Note 31)	105,146	-
Balance as at 30 June	43,400,435	43,238,046

23.2 Miscellaneous receivables

	2018 Rupees	2017 Rupees
Considered good	1,801,518	1,501,299
Considered doubtful	545,000	-
Less: Provision for doubtful miscellaneous receivables (Note 23.2.1)	545,000	-
	-	-
	1,801,518	1,501,299

	2018 Rupees	2017 Rupees
23.2.1 Provision for doubtful miscellaneous receivables		
Balance as at 01 July	-	1,608,032
Add: Provision for the year (Note 30)	545,000	-
Less: Provision reversed during the year (Note 31)	-	(1,608,032)
Balance as at 30 June	545,000	-

24. SALES TAX RECOVERABLE

	2018 Rupees	2017 Rupees
Sales tax recoverable	197,859,263	308,970,997
Less: Provision for doubtful sales tax recoverable (Note 24.1)	44,558,556	52,144,995
	153,300,707	256,826,002

24.1 Provision for doubtful sales tax recoverable

	2018 Rupees	2017 Rupees
Balance as at 01 July	52,144,995	27,398,691
Add: Provision for the year (Note 30)	-	24,746,304
Less: Provision reversed during the year (Note 31)	7,586,439	-
Balance as at 30 June	44,558,556	52,144,995

25. CASH AND BANK BALANCES

	2018 Rupees	2017 Rupees
Cash in hand (Note 25.1)	2,793,399	3,443,540
Cash with banks:		
On current accounts (Note 25.3)	57,757,175	33,757,100
On deposit accounts (Note 25.2 and 25.4)	34,439,656	32,165,112
	92,196,831	65,922,212
	94,990,230	69,365,752

25.1 Cash in hand includes foreign currency of US$ 3,592 and Euro 6,800.

25.2 Rate of profit on bank deposits ranges from 4.79% to 6.19% (2017: 3.75% to 3.90%) per annum.

25.3 Cash with banks on current accounts includes an amount of Rupees 8.491 million (2017: Rupees 8.491 million) with Allied Bank Limited, in a non-checking account, to secure performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

25.4 This includes term deposit receipts of Rupees 18.000 million (2017: Rupees 18.000 million) which are under lien with the bank.

26. REVENUE

	2018 Rupees	2017 Rupees
Export sales	8,406,250,708	8,383,329,866
Local sales (Note 26.1)	2,104,721,289	1,951,829,462
Export rebate	32,408,781	33,340,033
Duty draw back	210,418,457	165,070,492
Processing income	101,947,622	122,875,004
	10,855,746,857	10,656,444,857

	2018 Rupees	2017 Rupees
26.1 Local sales		
Sales (Note 26.1.1)	2,117,604,086	1,974,291,879
Less: Sales tax	12,882,797	22,462,417
	2,104,721,289	1,951,829,462

26.1.1 This includes sale of Rupees 736.843 million (2017: Rupees 487.737 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales includes waste sales of Rupees 53.182 million (2017: Rupees 29.023 million).

27. COST OF SALES

	2018 Rupees	2017 Rupees
Raw material consumed (Note 27.1)	6,579,149,279	6,600,026,822
Chemicals consumed	750,950,715	882,673,831
Salaries, wages and other benefits	548,118,233	424,218,325
Employees' provident fund contributions	18,796,073	15,076,195
Cloth conversion and processing charges	107,044,414	68,849,402
Fuel, oil and power	979,616,623	779,131,687
Stores, spares and loose tools consumed	181,766,616	173,100,085
Packing materials consumed	84,294,512	72,877,605
Repair and maintenance	71,027,978	38,978,457
Insurance	8,531,199	8,103,552
Other manufacturing expenses	55,385,131	50,482,761
Depreciation on operating fixed assets (Note 14.1.4)	212,249,851	194,736,188
	9,596,930,624	9,308,254,910
Work-in-process inventory		
As on 01 July	185,313,571	136,625,320
As on 30 June	(191,321,471)	(185,313,571)
	(6,007,900)	(48,688,251)
Cost of goods manufactured	9,590,922,724	9,259,566,659
Cost of yarn and cloth purchased for resale	76,208,557	15,007,509
	9,667,131,281	9,274,574,168
Finished goods inventory		
As on 01 July	535,748,906	472,334,811
As on 30 June	(650,144,779)	(535,748,906)
	(114,395,873)	(63,414,095)
	9,552,735,408	9,211,160,073

27.1 Raw material consumed

	2018 Rupees	2017 Rupees
Opening stock	188,006,627	197,119,225
Add: Purchased during the year	6,703,181,721	6,590,914,224
	6,891,188,348	6,788,033,449
Less: Closing stock	(312,039,069)	(188,006,627)
	6,579,149,279	6,600,026,822

28. DISTRIBUTION COST

	2018 Rupees	2017 Rupees
Salaries and other benefits	85,742,949	78,403,198
Employees' provident fund contributions	3,438,124	2,985,277
Travelling, conveyance and entertainment	43,278,354	33,888,777
Printing and stationery	373,931	232,636
Communications	44,428,015	35,455,401
Vehicles' running	4,063,555	3,348,916
Insurance	3,200,628	2,979,778
Repair and maintenance	198,930	7,856
Commission to selling agents	145,984,301	232,684,094
Outward freight and handling	183,346,091	164,313,646
Clearing and forwarding	50,359,323	45,833,902
Sales promotion and advertising	1,023,490	1,242,597
Depreciation on operating fixed assets (Note 14.1.4)	2,596,628	2,927,298
Miscellaneous	13,068,300	298,808
	581,102,619	604,602,184

29. ADMINISTRATIVE EXPENSES

	2018 Rupees	2017 Rupees
Salaries and other benefits	146,894,910	137,237,753
Employees' provident fund contributions	3,510,236	3,097,730
Travelling, conveyance and entertainment	29,900,155	26,335,602
Printing and stationery	4,484,037	4,174,517
Communications	5,614,197	4,747,751
Vehicles' running	10,982,442	10,212,758
Legal and professional	6,391,240	3,660,818
Insurance	9,251,083	6,652,359
Fee, subscription and taxes	8,527,799	4,953,733
Repair and maintenance	9,377,293	7,672,034
Electricity, gas and water	1,803,053	192,967
Auditors' remuneration (Note 29.1)	1,878,100	1,665,000
Depreciation on operating fixed assets (Note 14.1.4)	9,666,045	9,109,655
Miscellaneous	18,855,217	24,531,599
	267,135,807	244,244,276

29.1 Auditors' remuneration

	2018 Rupees	2017 Rupees
Audit fee	1,500,000	1,350,000
Half yearly review	220,000	230,000
Other certifications	60,000	-
Reimbursable expenses	98,100	85,000
	1,878,100	1,665,000

30. OTHER EXPENSES

	2018 Rupees	2017 Rupees
Workers' profit participation fund (Note 9.2)	14,925,995	15,362,705
Donations (Note 30.1)	2,236,349	9,134,580
Loss on sale of operating fixed assets	1,717,408	6,145,781
Depreciation on investment properties (Note 16)	385,004	64,707
Impairment loss on investment in subsidiary company (Note 17.1)	-	5,466,229
Provision for slow moving, obsolete and damaged store items (Note 18.1)	3,804,845	31,223,937
Provision for doubtful trade debts (Note 20)	-	2,521,332
Irrecoverable trade debts written off	-	855,404
Advances written off	-	8,821,985
Provision for doubtful export rebate and claims (Note 23.1.1)	267,535	7,744,997
Provision for doubtful sales tax recoverable (Note 24.1)	-	24,746,304
Impairment loss on operating fixed assets (Note 14.1)	11,410,048	42,672,271
Security deposits written off	-	158,305
Provision for doubtful advances (Note 21.1)	3,412,824	-
Provision for miscellaneous receivable (Note 23.2.1)	545,000	-
	38,705,008	154,918,537

30.1 There is no interest of any director or his spouse in donees' fund. Further, names of donees to whom donation amount is equivalent or exceeds Rupees 0.500 million are as follows:

	2018 Rupees	2017 Rupees
Qadir Foundation	500,000	500,000
Cancer Care Hospital & Research Center	552,070	-
Gulab Devi Chest Hospital	500,000	584,580

31. OTHER INCOME

	2018 Rupees	2017 Rupees
Income from financial assets		
Dividend on equity investment	1,609,653	3,218,334
Exchange gain - net	92,138,047	18,359,748
Return on bank deposits	1,654,384	1,913,588
Credit balances written back	-	8,655,942
Reversal of provision for doubtful miscellaneous receivables (Note 23.2.1)	-	1,608,032
Income from non-financial assets		
Scrap sales	39,768,899	29,763,939
Reversal of provision for slow moving, obsolete and damaged store items (Note 18.1)	-	1,034,944
Reversal of provision for doubtful export rebate and claims (Note 23.1.1)	105,146	-
Reversal of provision for doubtful sales tax recoverable (Note 24.1)	7,586,439	-
Others	461,088	1,533,719
	143,323,656	66,088,246

	2018 Rupees	2017 Rupees

32. FINANCE COST

	2018 Rupees	2017 Rupees
Mark-up on long term financing	89,312,293	61,200,771
Mark-up on short term borrowings	101,095,137	76,458,175
Adjustment due to impact of IAS - 39	15,264,460	48,783,901
Bank commission and other financial charges	85,390,335	83,523,914
Interest on workers' profit participation fund (Note 9.2)	5,781,887	3,818,922
	296,844,112	273,785,683

33. TAXATION

	2018 Rupees	2017 Rupees
Current (Note 33.1)	20,488,000	99,325,921
Prior year adjustment	4,272,194	1,816,855
Deferred tax	(1,268,922)	(1,335,707)
	23,491,272	99,807,069

33.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

33.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future except for deferred tax liability as explained in note 8.2.

33.3 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

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

Description	Year ended 30 June		
	2017	2016	2015
	................Rupees...............		
Provision for taxation	99,325,921	73,303,245	72,208,980
Tax assessed	103,598,115	75,120,100	72,715,039

34. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share, which is based on:

		2018	2017
Profit attributable to ordinary shareholders	(Rupees)	239,056,287	134,015,281
Weighted average number of ordinary shares	(Number)	50,911,011	50,911,011
Earnings per share - Basic	(Rupees)	4.70	2.63

35. CASH GENERATED FROM OPERATIONS

	2018 Rupees	2017 Rupees
Profit before taxation	262,547,559	233,822,350
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	224,512,524	206,773,141
Depreciation on investment properties	385,004	64,707
Dividend income	(1,609,653)	(3,218,334)
Loss on sale of operating fixed assets	1,717,408	6,145,781
Impairment loss on investment in subsidiary company	-	5,466,229
Impairment loss on fixed assets	11,410,048	42,672,271
Adjustment due to impact of IAS - 39	15,264,460	48,783,901
Provision for doubtful trade debts	-	2,521,332
Provision for slow moving, obsolete and damaged store items	3,804,845	31,223,937
Provision for doubtful export rebate and claims	267,535	7,744,997
Provision for doubtful sales tax recoverable	-	24,746,304
Credit balances written back	-	(8,655,942)
Irrecoverable trade debts written off	-	855,404
Advances written off	-	8,821,985
Security deposits written off	-	158,305
Reversal of provision for doubtful miscellaneous receivables	-	(1,608,032)
Reversal of provision for slow moving, obsolete and damaged store items	-	(1,034,944)
Reversal of provision for doubtful export rebate and claims	(105,146)	-
Reversal of provision for sales tax recoverable	(7,586,439)	-
Finance cost	281,579,652	225,001,782
Working capital changes (Note 35.1)	(482,710,170)	(172,891,182)
	309,477,627	657,393,992

35.1 Working capital changes

	2018 Rupees	2017 Rupees
(Increase) / decrease in current assets		
Stores, spares and loose tools	32,868,291	(17,520,705)
Stock-in-trade	(244,436,215)	(102,989,748)
Trade debts	(716,678,900)	(180,426,259)
Advances	(62,040,208)	7,460,994
Trade deposits and short term prepayments	(5,146,672)	(1,178,160)
Other receivables	(86,800,301)	(148,528,157)
Sales tax recoverable	111,111,734	167,450,089
	(971,122,271)	(275,731,946)
Increase in trade and other payables	488,412,101	102,840,764
	(482,710,170)	(172,891,182)

35.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2017	727,107,512	2,132,770,001	4,731,536	2,864,609,049
Short term borrowing obtained	-	4,223,178,000	-	4,223,178,000
Repayment of short term borrowings	-	(3,589,616,000)	-	(3,589,616,000)
Long term financing obtained	415,700,000	-	-	415,700,000
Repayment of long term financing	(212,838,766)	-	-	(212,838,766)
Impact of IAS-39	15,264,460	-	-	15,264,460
	(197,574,306)	-	-	(197,574,306)
Dividend declared	-	-	56,002,112	56,002,112
Dividend paid	-	-	(55,519,568)	(55,519,568)
Balance as at 30 June 2018	945,233,206	2,766,332,001	5,214,080	3,716,779,287

36. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2018 of Rupees 1.200 per share (2017: 1.100 per share) at their meeting held on 13 September 2018.

Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5.00% of accounting profit before tax of the Company if it does not distribute at least 20.00% of its after tax profit for the year within six months of the end of the year ended 30 June 2018 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 13 September 2018 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

37. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Aggregate amounts charged in these financial statements for remuneration, including all benefits to chief executive, director and other executives are as follows:

	2018			2017		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	-------------------------------- Rupees			-----------------------------------		
Managerial remuneration	6,468,000	4,620,000	51,498,725	6,468,000	4,620,000	60,892,452
House rent	1,617,000	1,155,000	12,243,601	1,617,000	1,155,000	14,506,592
Utilities	646,800	461,916	5,149,035	646,800	461,916	6,088,262
Special allowance	1,293,600	924,000	10,238,690	1,293,600	924,000	11,401,427
Contribution to provident fund	538,784	384,852	4,289,858	538,784	384,852	5,084,479
Other allowances	646,800	1,239,084	9,061,434	646,800	1,239,084	23,934,729
	11,210,984	8,784,852	92,481,343	11,210,984	8,784,852	121,907,941
Number of persons	1	1	29	1	1	54

37.1 Chief executive, directors and executives of the Company are provided with free use of the Company's owned and maintained cars.

37.2 Meeting fee of Rupees 1.075 million (2017: Rupees 1.000 million) was paid to the non-executive directors for attending meetings.

37.3 No remuneration was paid to non-executive directors of the Company.

38. TRANSACTIONS WITH RELATED PARTIES

There are no transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements.

38.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 37.

38.2 Following are the related parties with whom the Company have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Service Industries Limited	Common directorship	No	None
Punjab Social Security Health Management Company	Common directorship	No	None
Escorts Investment Bank Limited	Common directorship	No	None
Provident Fund Trust	Post-employment benefit plan	Yes	None

39. PROVIDENT FUND

As at the reporting date, the Kohinoor Mills Limited Staff Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 731(I)/2018 issued by Securities and Exchange Commission of Pakistan on 06 June 2018 which allows transition period of one year for bringing the Employees Provident Fund Trust in conformity with the requirements of rules.

40. NUMBER OF EMPLOYEES

	2018	2017
Number of employees as on June 30		
Permanent (Note 40.1)	1,762	1,649
Contractual	58	55
Average number of employees during the year		
Permanent (Note 40.1)	1,766	1,669
Contractual	58	53

40.1 This includes 1,431 (2017: 1,340) number of factory employees.

41. SEGMENT INFORMATION

41.1 The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving	Production of different qualities of greige fabric using yarn.
Dyeing	Processing of greige fabric for production of dyed fabric.
Power Generation	Generation and distribution of power and steam using gas, coal and oil.

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total- Company	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)									
Sales										
-External	3,031,258,523	2,480,575,548	7,824,488,334	8,175,869,309	-	-	-	-	10,855,746,857	10,656,444,857
-Intersegment	2,530,688,132	1,274,668,235	76,208,557	53,125,332	933,416,910	718,350,978	(3,540,313,599)	(2,046,144,545)	-	-
	5,561,946,655	3,755,243,783	7,900,696,891	8,228,994,641	933,416,910	718,350,978	(3,540,313,599)	(2,046,144,545)	10,855,746,857	10,656,444,857
Cost of sales	(5,319,087,370)	(3,472,653,841)	(6,837,627,242)	(7,066,887,099)	(936,334,395)	(717,763,678)	3,540,313,599	2,046,144,545	(9,552,735,408)	(9,211,160,073)
Gross profit / (loss)	242,859,285	282,589,942	1,063,069,649	1,162,107,542	(2,917,485)	587,300	-	-	1,303,011,449	1,445,284,784
Distribution cost	(134,816,227)	(130,099,961)	(446,286,392)	(474,502,223)	-	-	-	-	(581,102,619)	(604,602,184)
Administrative expenses	(107,300,276)	(90,847,427)	(150,050,012)	(144,032,580)	(9,785,519)	(9,364,269)	-	-	(267,135,807)	(244,244,276)
	(242,116,503)	(220,947,388)	(596,336,404)	(618,534,803)	(9,785,519)	(9,364,269)	-	-	(848,238,426)	(848,846,460)
Profit before taxation and unallocated income / expenses	742,782	61,642,554	466,733,245	543,572,739	(12,703,004)	(8,776,969)	-	-	454,773,023	596,438,324
Unallocated income and expenses:										
Finance cost									(296,844,112)	(273,785,683)
Other expenses									(38,705,008)	(154,918,537)
Other income									143,323,656	66,088,246
Taxation									(23,491,272)	(99,807,069)
									(215,716,736)	(462,423,043)
Profit after taxation									239,056,287	134,015,281

41.2 Reconciliation of reportable segment assets and liabilities:

	Weaving		Dyeing		Power Generation		Total - Company	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)							
Segment assets	3,327,496,885	2,373,379,028	3,286,788,822	2,593,740,878	829,725,575	928,806,374	7,444,011,282	5,895,926,280
Long term investments							58,161,750	49,118,229
Unallocated assets							1,362,761,137	593,124,889
Total assets as per the statement of financial position							8,864,934,169	6,538,169,398
Segment liabilities	740,333,314	425,764,578	448,646,544	331,963,213	139,878,614	120,938,118	1,328,858,472	878,665,909
Long term financing - secured							945,233,206	727,107,512
Sponsor's loan							272,000,000	272,000,000
Accrued mark-up							57,918,203	35,603,152
Short term borrowings - secured							2,766,332,000	2,132,770,001
Deferred liabilities							259,180,425	241,726,596
Provision for taxation							20,488,000	99,325,921
Unallocated liabilities							107,970,079	69,267,997
Total liabilities as per the statement of financial position							5,757,980,385	4,456,467,088

41.3 Geographical information

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

	2018 Rupees	2017 Rupees
Australia	102,230,420	164,379,501
Asia	5,988,617,729	6,385,335,410
Europe	1,858,995,491	1,716,248,577
United States of America	433,311,711	129,339,614
Africa	219,816,753	186,437,289
Pakistan	2,252,774,753	2,074,704,466
	10,855,746,857	10,656,444,857

41.4 All non-current assets of the Company as at the reporting date are located and operating in Pakistan.

41.5 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

42. PLANT CAPACITY AND PRODUCTION

	2018	2017
Weaving		
Number of looms in operation	258	174
Rated capacity of operative looms converted to 60 picks (square meter)	72,496,336	48,892,878
Actual production converted to 60 picks (square meter)	72,427,003	48,846,118
Number of days worked during the year (3 shifts per day)	365	365
Dyeing		
Rated capacity in 3 shifts (linear meter)	43,200,000	36,000,000
Actual production for three shifts (linear meter)	33,249,000	35,817,180
No. of days worked during the year (3 shifts per day)	365	365
Power generation		
Number of generators installed	9	9
Installed capacity (Mega Watt Hours)	291,445	291,445
Actual generation (Mega Watt Hours)	49,074	38,894

42.1 Under utilization of available capacity for weaving and dyeing divisions is due to normal maintenance.

42.2 Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance of generators and low demand.

43. FINANCIAL RISK MANAGEMENT

43.1 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 programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risk. 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 Euro. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency bank balances and the amounts receivable from / payable to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2018	2017
Cash in hand - USD	3,592	5,377
Cash in hand - Euro	6,800	8,380
Cash in hand - GBP	-	1,300
Trade debts - USD	9,799,483	4,209,290
Trade debts - Euro	474,693	235,231
Trade and other payable - USD	(1,185,010)	(1,041,860)
Trade and other payable - Euro	(6,443)	(1,501)
Net exposure - USD	8,618,065	3,172,807
Net exposure - Euro	475,050	242,110
Net exposure - GBP	-	1,300

The following significant exchange rates were applied during the year:

	2018	2017
Rupees per US Dollar		
Average rate	110.43	104.55
Reporting date rate	121.40	104.80
Rupees per Euro		
Average rate	131.89	114.17
Reporting date rate	141.28	119.91
Rupees per GBP		
Reporting date rate	-	136.42

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on profit after taxation for the year would have been higher / lower by Rupees 52.254 million (2017: Rupees 16.400 million) mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(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 except for bank balances on saving accounts. The Company's interest rate risk arises from long term financing and short term borrowings. 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 reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	945,233,206	727,107,512
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	34,439,656	32,165,112
Financial liabilities		
Short term borrowings	2,766,332,000	2,132,770,001

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuate by 1.00% higher / lower with all other variables held constant, profit for the year would have been Rupees 25.953 million lower / higher (2017: Rupees 19.956 million), mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

(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:

	2018 Rupees	2017 Rupees
Investment	58,161,750	49,118,229
Advances	16,483,586	12,534,389
Deposits	42,034,297	36,128,338
Trade debts	1,359,170,774	642,491,874
Other receivables	1,801,518	1,501,299
Bank balances	92,196,831	65,922,212
	1,569,848,756	807,696,341

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 counter party default rate:

	Rating			2018	2017
Banks	Short Term	Long Term	Agency	Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	790,778	153,707
Allied Bank Limited	A1+	AA+	PACRA	9,905,323	10,838,655
Askari Bank Limited	A1+	AA+	PACRA	2,589,049	4,565,962
Bank Alfalah Limited	A1+	AA+	PACRA	5,366,477	2,823,926
Faysal Bank Limited	A1+	AA	PACRA	455,539	385,346
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,781,124	1,992,733
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	18,145,209	18,079,936
The Bank of Punjab	A1+	AA-	PACRA	119,231	777,065
MCB Bank Limited (formerly NIB Bank Limited)	A1+	AA -	PACRA	8,173,322	2,478,831
Silk Bank Limited	A-2	A -	JCR-VIS	934,194	906,317
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,130,786	22,250,770
United Bank Limited	A-1+	AAA	JCR-VIS	34,538,448	540,240
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	2,267,351	128,724
				92,196,831	65,922,212
Investment					
Security General Insurance Company Limited	AA-		JCR-VIS	58,161,750	49,118,229
				150,358,581	115,040,441

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in note 20.

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

(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 availability of funding through an adequate amount of committed credit facilities. At 30 June 2018, the Company has Rupees 1076.891 million (2017: Rupees 935.142 million) available borrowing limits from financial institutions and Rupees 94.990 million (2017: Rupees 69.366 million) cash and bank balances. The management believes the liquidity risk to be managable. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	945,233,206	1,083,324,109	156,187,051	92,178,833	370,508,907	464,449,318
Sponsor's loan	272,000,000	272,000,000	272,000,000	-	-	-
Trade and other payables	1,288,235,058	1,288,235,058	1,288,235,058	-	-	-
Accrued mark-up	259,450,990	259,450,990	57,918,203	-	-	201,532,787
Short term borrowings	2,766,332,000	2,833,089,614	2,833,089,614	-	-	-
Unclaimed dividend	5,214,080	5,214,080	5,214,080	-	-	-
	5,536,465,334	5,741,313,851	4,612,644,006	92,178,833	370,508,907	665,982,105

Contractual maturities of financial liabilities as at 30 June 2017

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees)					
Long term financing	727,107,512	830,591,066	84,304,611	45,653,296	98,273,575	602,359,584
Sponsor's loan	272,000,000	272,000,000	272,000,000	-	-	-
Trade and other payables	833,140,383	833,140,383	833,140,383	-	-	-
Accrued mark-up	241,058,153	241,058,153	35,603,152	-	-	205,455,001
Short term borrowings	2,132,770,001	2,171,734,256	2,171,734,256	-	-	-
Unclaimed dividend	4,731,536	4,731,536	4,731,536	-	-	-
	4,210,807,585	4,353,255,394	3,401,513,938	45,653,296	98,273,575	807,814,585

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 7 and note 12 to these financial statements.

43.2 Financial instruments by categories

Assets as per the statement of financial position

	2018			2017		
	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
	(Rupees)			(Rupees)		
Investments	-	58,161,750	58,161,750	-	49,118,229	49,118,229
Advances	16,483,586	-	16,483,586	12,534,389	-	12,534,389
Deposits	42,034,297	-	42,034,297	36,128,338	-	36,128,338
Trade debts	1,359,170,774	-	1,359,170,774	642,491,874	-	642,491,874
Other receivables	1,801,518	-	1,801,518	1,501,299	-	1,501,299
Cash and bank balances	94,990,230	-	94,990,230	69,365,752	-	69,365,752
	1,514,480,405	58,161,750	1,572,642,155	762,021,652	49,118,229	811,139,881

Financial liabilities at amortized cost

	2018 Rupees	2017 Rupees
Sponsor's loan	272,000,000	272,000,000
Long term financing	945,233,206	727,107,512
Accrued mark-up	259,450,990	241,058,153
Short term borrowings	2,766,332,000	2,132,770,001
Trade and other payables	1,288,235,058	833,140,383
Unclaimed dividend	5,214,080	4,731,536
	5,536,465,334	4,210,807,585

43.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefits for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to share holders, issue new shares or sell assets to reduce debt.

44. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Financial asset				
Available for sale financial asset	-	-	58,161,750	58,161,750
Total financial asset	-	-	58,161,750	58,161,750

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Financial asset				
Available for sale financial asset	-	-	49,118,229	49,118,229
Total financial asset	-	-	49,118,229	49,118,229

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instrument was discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 item for the year ended 30 June 2018 and 30 June 2017:

	Unlisted equity security Rupees
Balance as on 01 July 2016	52,200,708
Less : Deficit recognized in other comprehensive income	3,082,479
Balance as on 30 June 2017	49,118,229
Add : Surplus recognized in other comprehensive income	9,043,521
Balance as on 30 June 2018	58,161,750

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant un-observable inputs used in level 3 fair value measurements.

Description	Fair value as at		Un-observable inputs	Range of inputs (probability-weighted average)	Relationship of un-observable inputs to fair value
	30 June 2018	30 June 2017		30 June 2018	
	Rupees	Rupees			
Available for sale financial asset:					
Security General Insurance Company Limited	58,161,750	49,118,229	Net premium revenue growth factor	8.00%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1.00% would increase / decrease fair value by Rupees +3.984 million / - 3.533 million.
			Risk adjusted discount rate	17.49%	

There were no significant inter-relationships between un-observable inputs that materially affect fair values.

Valuation processes

Independent valuer performs the valuation of non-property item required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the valuation team at least once every six month, in line with the Company's half yearly reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the valuation discussion between the chief financial officer and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

45. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

As at 30 June 2018	Level 1	Level 2	Level 3	Total
	(Rupees)			
Property, plant and equipment:				
- Freehold land	-	1,117,015,000	-	1,117,015,000
- Buildings	-	1,105,838,000	-	1,105,838,000
Total non-financial assets	-	2,222,853,000	-	2,222,853,000

As at 30 June 2017	Level 1	Level 2	Level 3	Total
	(Rupees)			
Property, plant and equipment:				
- Freehold land	-	711,473,999	-	711,473,999
- Buildings	-	688,312,147	-	688,312,147
Total non-financial assets	-	1,399,786,146	-	1,399,786,146

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and transfer out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of Property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of Property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of Property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of Property, plant and equipment carried at revalued amounts at the end of every three years. As at 30 June 2018, the fair values of the items of Property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 30 June 2018	Level 1	Level 2	Level 3	Total
	.... (Rupees)		....	
Investment properties				
- Land	-	63,400,000	-	63,400,000
- Building	-	19,345,000	-	19,345,000
Total non-financial assets	-	82,745,000	-	82,745,000

As at 30 June 2017	Level 1	Level 2	Level 3	Total
	.... (Rupees)		....	
Investment properties				
- Land	-	28,015,000	-	28,015,000
- Building	-	22,385,600	-	22,385,600
Total non-financial assets	-	50,400,600	-	50,400,600

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties at the end of every financial year. As at 30 June 2018, the fair values of the investment properties have been determined by Messers Hamid Mukhtar and Company (Private) Limited.

Changes in fair values are analysed at the end of each year during the valuation discussion between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 13 September 2018.

48. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. To comply with the requirements of the Companies Act, 2017, unclaimed dividend has been reclassified from trade and other payables and presented on the face of the statement of financial position. Restatement due to change in accounting policy relating to surplus of revaluation of operating fixed assets is described in the note 2.6.1 (b). Except for these, no significant re-arrangements have been made.

49. GENERAL

Figures have been rounded off to nearest of Rupee.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

PROXY FORM

31st Annual General Meeting 2018

I/We ____

of ____________________ in the district of ______________________________ being a member of

KOHINOOR MILLS LIMITED hereby appoint ____

______________________________ of ____________another member of the Company or failing him/her

appoint ____

of ____ another member of the Company as my / our proxy

to vote for me/us and on my/our behalf, at the 31st Annual General Meeting of the Company to be held on Thursday, October 25, 2018 at 03:00 p.m. and at any adjournment thereof.

As witness my/our hand seal this ______________________ day of ____________________, 2018

Folio No.	CDC Account Holders		No. of Ordinary Shares held
	Participant I.D. No.	Account / Sub-Account No.	

Signatures on Five Rupees Revenue Stamp

The Signature should agree with the specimen registered with the Company

Witness 1

Signature ________________________________

Name ________________________________

CNIC No.________________________________

Passport No. ________________________________

Address ________________________________

____

Witness 2

Signature ________________________________

Name ________________________________

CNIC No.________________________________

Passport No. ________________________________

Address ________________________________

____

Important Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office situated at 8th K.M. Manga Raiwind Road, District Kasur, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. No person can act as proxy unless he / she is member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate entities

In addition to the above, the following requirements have to be met.

a) The proxy form shall be witnessed by two persons whose name, address and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
c) The proxy shall produce original CNIC or passport at the time of attending the meeting.
d) In case of the Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

KOHINOOR MILLS LIMITED
8-Km, Manga Raiwind Road,
Distt. Kasur,
Pakistan.

پراکسی (مختارنامہ) فارم 2018

31واں سالانہ جنرل اجلاس

میں / ہم --

ساکن -- ضلع -------- کا/ کے رہائشی ہوں/ہیں ۔کوہ نور ملز لمیٹڈ کا ممبر ہونے کے ناطے

میں / ہم --- ساکن -----------------

کے رہائشی کو جوکہ کمپنی کا ایک اور ممبر ہے اپنا/ اپنے متبادل مقرر کرتا ہوں/ کرتے ہیں یا ----------------------------------

ساکن -------------------------------- کے رہائشی کو جوکہ کمپنی کا ایک اور ممبر ہے اپنا/ اپنے متبادل مقرر کرتا ہوں/ کرتے ہیں ۔ جو میرے / ہمارے لئے اور میری / ہماری طرف سے 25 اکتوبر 2018 بروز جمعرات دوپہر 3:00 بجے ہونیوالے کمپنی کے 31 ویں سالانہ جنرل اجلاس میں میری / ہمارے طرف سے بحیثیت پراکسی ووٹ دینے کا مجاز ہوگا۔

آج مورخہ ------------------ 2018

فولیو نمبر	سی ڈی سی اکاؤنٹ/ذیلی اکاؤنٹ نمبر	عام حصص کی تعداد

پانچ روپے کی ٹکٹ

پر دستخط کریں

دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ کیساتھ اتفاق کرنا چاہیے

گواہ شدگان 1

دستخط -----------------------------------

نام -----------------------------------

شناختی کارڈ نمبر -----------------------------------

پاسپورٹ نمبر -----------------------------------

پتہ -----------------------------------

گواہ شدگان 2

دستخط -----------------------------------

نام -----------------------------------

شناختی کارڈ نمبر -----------------------------------

پاسپورٹ نمبر -----------------------------------

پتہ -----------------------------------

نوٹ:

1۔اجلاس شروع ہونے سے 48 گھنٹے پہلے 8 کلومیٹر مانگا رائیونڈ روڈ ضلع قصور میں واقع کمپنی کے رجسٹرڈ آفس میں پہنچنے والا دستخط شدہ اور مہر لگا ہوا پراکسی فارم (مختارنامہ) موثر تصور کیا جائے گا۔

2۔اگر ایک ممبر نے کمپنی میں ایک سے زیادہ پراکسی (متبادل رکن) مقرر کئے یا فارم جمع کروائے تو اس کے وہ تمام فارم غلط قرار دیئے جائینگے۔

3۔کوئی بھی فرد اس وقت تک متبادل رکن کے طور پر کام نہیں کرسکتا جب تک وہ کمپنی کا ممبر نہ ہو، سوائے کارپوریشن کے جو کسی بھی شخص کو متبادل رکن مقرر کرسکتی ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز اور کارپوریٹ اداروں کیلئے

مذکورہ بالا کے علاوہ مندرجہ ذیل ضروریات کو بھی مدنظر رکھا جائے

1۔ پراکسی فارم دو افراد سے دستخط شدہ ہو اور ان کے نام، پتہ اور شناختی کارڈ نمبر واضح لکھے ہوئے ہوں۔

2۔اصل مالکان اور متبادل اراکین کے شناختی کارڈ یا پاسپورٹ کی نقول پراکسی فارم کیساتھ منسلک کی جائیں۔

3۔متبادل رکن کو اجلاس کے وقت اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔

4۔کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی دستخط شدہ قرارداد/ پاور آف اٹارنی (مختار عام) پراکسی فارم کیساتھ کمپنی کو جمع کرانا ہوگا۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

KOHINOOR MILLS LIMITED
8-Km, Manga Raiwind Road,
Distt. Kasur,
Pakistan.

ضابطہ اخلاق:

بورڈ، سینئر مینجمنٹ اور کمپنی کے دیگر ملازمین میں دیانتداری کی ترجیح کے لئے بورڈ نے ضابطہ اخلاق بنا کر کمپنی کی ویب سائٹ پر شائع کیا ہے تا کہ ہر شخص جو کمپنی سے منسلک ہے ان پروفیشنل سٹینڈرز اور کارپوریٹ اقدار کو سمجھ سکے۔

حصص داری کا اجمال:

30 جون 2018 کو حصص داری کا اجمال ہمراہ حصص یافتگان کی اقسام جیسا کہ کمپنی ایکٹ 2017 میں کہا گیا ہے اس رپورٹ میں منسلک ہے:

مستقبل کے امکانات:

پچھلی حکومت اپنے کئی وعدے پورے کرنے میں ناکام رہی ہے۔ اگرچہ حکومت کے اعلان کے باوجود کچھ حصہ مالی سال 17-2016 میں ڈیوٹی ڈرابیکس کا کچھ حصہ واپس کیا تاہم اس سال کے ڈیوٹی ڈرابیکس کی واپسی کا تا حال انتظار ہے۔ اسکے علاوہ مائکرو معاشی منظر نامہ غیر یقینی اور سیاسی صورت حال کا بڑھتا ہوا مقابلہ اور بیرون ملک طلب میں کمی نے اس صورت حال کو تشویش ناک بنا دیا ہے تاہم انتظامیہ نے گاہک کا اعتماد جیتنے اور پیداواری صلاحیت کو بڑھانے اور سپلائی چین کو بہتر کرنے اور لاگت کو کم کرنے کے زمرے میں کارکردگی کو بہتر لانے کو کمپنی کا نصب العین قرار دیا ہے۔ اسکے علاوہ BMR پروگرام کے ذریعے پیداواری صلاحیتوں کو بڑھانے ،کارکردگی کو بہتر کرنے اور لاگت کو کم کرنے کا منصوبہ مکمل کر لیا ہے تا کہ کمپنی کی لاگت کو کم کیا جاسکے گا اور کمپنی بہتر مقابلہ کر پائے۔ کمپنی کی موجودہ آرڈر بکنگ کی حالت اچھی ہے اور انتظامیہ پرامید ہے کہ آگے چل کر اسکی کارکردگی اور بھی بہتر ہو سکے گی۔

آڈیٹرز:

کمپنی کے بیرونی آڈیٹرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس آنے والے سالانہ اجلاس میں ریٹائیرڈ ہو جائیں گے۔ کمپنی ایکٹ 2017 کے تحت دوبارہ اپوائنٹ ہونے کے اہل ہونے کی بدولت انہوں نے آئندہ سال کے اختتام 30 جون 2019 کے لئے اپنی خدمات بطور آڈیٹر پیش کی ہیں۔ آڈیٹرز نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے کوالٹی کنٹرول اور ریویو پروگرام کے تحت تسلی بخش درجہ بندی دی گئی ہے اور انٹرنیشنل فیڈریشن آف اکاؤنٹس کے جاری کردہ قواعد وضوابط سے مطابقت رکھتے ہیں۔ اسکے علاوہ وہ کمپنی کو کوئی متعلقہ خدمات نہیں دے رہے۔ آڈیٹرز نے اس بات کی تصدیق کی ہے کہ ان کے شراکت داروں انکی بیویوں یا چھوٹے بچوں میں سے کسی نے بھی اس سال کے دوران کمپنی کے حصص میں تجارت نہیں کی۔

اظہار تشکر

بورڈ اپنے قیمتی اور قابل قدر حصص یافتگان، بنکوں، مالیاتی اداروں اور گاہکوں کا تہہ دل سے شکرگزار ہے جن کے تعاون اور مسلسل حمایت نے کمپنی میں بہتری لانے میں اپنا کردار ادا کیا۔ اس دوران ملازمین کے درمیان تعلقات خوشگوار رہے اور ہم اپنے کارکنوں کی محنت، لگن اور ثابت قدمی کے لئے انکی خدمات کا اعتراف کرتے ہیں۔

قصور:	عامر فیاض احمد شیخ	شہباز منیر
13 ستمبر 2018	چیف ایگزیکٹو آفیسر	ڈائریکٹر

عہدہ	نام
چیئرمین	جناب ریاض احمد
ممبر	جناب رشید احمد
ممبر	جناب علی فیاض شیخ
ممبر	جناب شہباز منیر

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کے طے کردہ طریقہ کار کے مطابق کام کرتی ہے۔ یہ کوڈ آف کارپوریٹ گورنس کی بہترین پریکٹس اور متعلقہ قانونی ضروریات اور اکاؤنٹنگ پالیسز اور پریکٹس میں تبدیلی لاگوا کاؤنٹنگ سٹینڈرز اور لسٹنگ کے قواعد وضوابط کی نگرانی پر توجہ مرکوز رکھتی ہے۔ یہ بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری سے متعلق سفارشات پیش کرتی ہے۔ دیگر ذمہ داریوں میں انٹرنل آڈٹ فنکشن اور کمپنی کے اثاثوں کا انٹرنل کنٹرول سسٹم کے ذریعے تحفظ اور مالیاتی اور آپریشنل کنٹرول، اکاؤنٹنگ کا نظام شامل ہے اور رپورٹنگ کا طریقہ کار، کاروباری منصوبوں کا ابتدائی جائزہ اور بورڈ کی توثیق اور نتیجوں کی اشاعت سے پہلے اور سہ ماہی، ششماہی اور سالانہ کارکردگی کا جائزہ لیتی ہے۔ اس مالی سال کے دوران آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے ان میں سے تمام ممبرز کی حاضری درج ذیل ہے۔

حاضریوں کی تعداد	نام	نمبر شمار
5	جناب ریاض احمد	1
5	جناب رشید احمد	2
3	جناب علی فیاض شیخ	3
5	جناب شہباز منیر	4

میٹنگ میں شرکت نہ کرنے والے ممبران کو رخصت دے دی گئی تھی۔

انسانی وسائل اور معاوضہ کمیٹی:

اس سال کے دوران بورڈ نے انسانی وسائل اور معاوضہ کی کمیٹی (HR & R) کو نئے سرے سے تشکیل دیا ہے۔ کمیٹی درج ذیل ممبران پر مشتمل ہے۔

عہدہ	نام	نمبر شمار
چیئرمین	جناب ریاض احمد	1
ممبر	جناب رشید احمد	2
ممبر	جناب شہباز منیر	3

انسانی وسائل اور معاوضہ کی کمیٹی بورڈ آف ڈائریکٹرز کے طے کردہ طریقوں پر کام کرتی ہے جو کہ لسٹڈ کمپنی کے کوڈ آف کارپوریٹ گورنس 2017 ریگولیشن کے مطابق ہے۔ اس سال کے دوران 4 میٹینگز منعقد ہوئیں۔ جس میں ممبران کی حاضری درج ذیل ہے۔

حاضریوں کی تعداد	نام	نمبر شمار
4	جناب رشید احمد	1
3	جناب اسد فیاض شیخ	2
4	جناب شہباز منیر	3
-	جناب ریاض احمد	4

جو ممبران میٹنگ میں شامل نہ ہو سکے ان کو رخصت دے دی گئی تھی۔

اس سال بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں جن میں ڈائریکٹرز کی حاضری درج ذیل دی گئی ہے۔:

نمبر شمار	ڈائریکٹر کا نام	حاضریوں کی تعداد
1	جناب رشید احمد	4
2	جناب عامر فیاض شیخ	4
3	جناب اسد فیاض شیخ	2
4	جناب علی فیاض شیخ	2
5	جناب ریاض احمد	4
6	جناب شہباز منیر	4
7	جناب عامر امین	3

اجلاس میں شرکت نہ کر پانے والے ڈائریکٹرز کو رخصت دی گئی تھی۔

نیچے دی گئی حصص لین دین کے علاوہ کسی ڈائریکٹر، ایگزیکٹیو، ان کی بیویوں یا چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی

نمبر شمار	نام	عہدہ	حصص کی تعداد (خرید)	(حصص کی تعداد (فروخت)
1	جناب ریاض احمد	ڈائریکٹر	3,000	-
2	جناب شہباز منیر	ڈائریکٹر	7,000	-

بورڈ کی سالانہ کارکردگی کا جائزہ:

بورڈ اپنی کارکردگی جانچنے کے عمل کو گڈ گورنس کا اہم حصہ سمجھتا ہے۔ کیونکہ یہ عمل ڈائریکٹرز کو بورڈ کی حالیہ کارکردگی، اور اسکے کردار اور ذمہ داریوں کے متعلق رائے فراہم کرتا ہے۔ اس بات کا ادراک کرتے ہوئے بورڈ نے اپنی کمیٹیوں کی اور ارکان کی کارکردگی میں مدد فراہم کرنے کے لئے معروف طریقوں سے متعلق ایک سوالنامہ وضع کیا ہے۔ کمپنی سیکرٹری مشاورت اور بحث کے لئے بورڈ کو سالانہ خلاصہ رپورٹ پیش کرتا ہے۔

ڈائریکٹروں کا معاوضہ:

ڈائریکٹروں کا معاوضہ بذات خود بورڈ ممبرز طے کرتے ہیں۔ تاہم کارپوریٹ گورننس کے کوڈ کے تحت کوئی بھی ڈائریکٹر اپنا معاوضہ خود طے کرنے کے لیے حصہ لینے کا مجاز نہیں ہے۔ کمپنی نان ایگزیکٹیو ڈائریکٹر کو میٹنگ میں شامل ہونے کی فیس کے علاوہ معاوضہ نہیں دیتی بہترین ذہنوں کو اپنے پاس رکھنے کے لئے کمپنی کی معاوضہ پالیسی مضبوط ہے جو کہ انڈسٹریز اور کاروباری ٹرینڈ کے مطابق ہے۔ ڈائریکٹر اور سی ای او کے معاوضے کی معلومات کے لئے مالی گوشواروں کے نوٹس سے رجوع کریں۔

بورڈ میں تبدیلی:

رواں مالی سال کے دوران مسٹر مطیع الدین صدیقی نے مسٹر عامر امین کی جگہ نامزد کردہ نیشنل انویسٹمنٹ ٹرسٹ کے ڈائریکٹر کی حیثیت سے بورڈ میں مورخہ 30-04-2018 کو شمولیت اختیار کی۔

ڈائریکٹر تربیتی پروگرام:

14 سالہ تعلیم اور 15 سالہ لسٹڈ کمپنی کے بورڈ میں 15 سالہ تجربہ کی وجہ سے 3 ڈائریکٹر اور چیف ایگزیکٹیو کمپنی کے تربیتی پروگرام سے مستثنیٰ ہیں۔ 2 ڈائریکٹروں نے تربیتی پروگرام مکمل کرلیا ہے۔ تاہم بقیہ ایک ڈائریکٹر اپنی ٹریننگ اس ٹائم کے دوران مکمل کرلے گا جو سی جی سی نے مقرر کی ہے۔

آڈٹ کمیٹی:

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو تشکیل دیا ہے جو ان ممبران پر مشتمل ہے۔

5۔ انٹرنل کنٹرول کا مضبوط نظام بنایا گیا ہے اور موثر طریقے سے اسکی نگرانی کی جاتی ہے۔

6۔ کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شبہات نہیں ہیں۔

7۔ کارپوریٹ گورننس ریگولیشنز میں دیئے گئے قواعد وضوابط کارپوریٹ گورننس کے بیان کردہ بہترین طریقہ کار سے کوئی انحراف نہیں ہوا۔

8۔ کمپنی کے کاروبار کے کسی بھی حصے میں تنظیم نو، کاروبار کی توسیع یا کاروبار کو بند کرنے کا کوئی اہم منصوبہ نہیں ہے۔

9۔ پچھلے 6 سالوں کی بنیادی آپریٹنگ اور مالیاتی ریکارڈ اس رپورٹ میں بیان کئے گئے ہیں۔

10۔ بقایا ٹیکسس، ڈیوٹیز، لیویز اور دیگر اخراجات (اگر کوئی ہے) کے متعلق معلومات پڑتال شدہ کھاتوں سے متعلقہ نوٹس دے میں دی گئی ہیں۔

11۔ کمپنی سختی سے حفاظت کے قوانین اور قواعد وضوابط کے معیار پر عمل پیرا ہے۔ یہ ماحولیاتی دوستانہ پالیسیوں کی بھی پیروی کرتی ہے۔

12۔ ملازمین کی ریٹائرمینٹ، منافع فنڈ (پروویڈنٹ) کی طرف سے کی جانے والی سرمایہ کاری کا تخمینہ ان کے غیر پڑتال شدہ اکاؤنٹس پر مبنی ہے جو کہ درج ذیل ہیں:۔

30جون2018	130.938ملین روپے
30جون2017	154.463ملین روپے

بورڈ آف ڈاریکٹرز:

کمپنی کے مجموعی انتظام اور معاملات کے لئے بورڈ آف ڈائریکٹرز ذمہ دار ہیں۔ تمام ڈاریکٹرز اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔ تمام ڈاریکٹرز بورڈ کے ہر سہ ماہی میں منعقد ہونے والے اجلاس کے ذریعے اپنی قانونی ذمہ داریاں ادا کرتے ہیں۔ جن میں کمپنی کے مالیاتی گوشواروں پر نظر ثانی کرنے کے اور انکی منظوری کے علاوہ کمپنی کے اہم منصوبے، فیصلے، اندازے اور مالی تخمینہ جات وغیرہ ہر ذیلی کمیٹی کی دی گئی سفارشات کی روشنی میں مشاورت اور ان پر عمل کروانا شامل ہے اور انکے فرائض میں کمپنی کا سٹریٹجک مقاصد کو قائم کرنا، قیادت کی فراہمی، کاروبار کے انتظام کی نگرانی اور شیر ہولڈرز کو رپورٹ کرنا شامل ہے۔

1۔ کل ڈائریکٹرز کی تعداد 7 ہے۔ جن کے نام درج ذیل ہیں۔

مرد حضرات:

1۔ جناب رشید احمد	2۔ جناب عامر فیاض شیخ	3۔ جناب اسد فیاض شیخ
4۔ جناب علی فیاض شیخ	5۔ جناب ریاض احمد	6۔ جناب شہباز منیر
7۔ جناب مطیع الدین صدیقی NIT نامزد کردہ		

خواتین کی تعداد:

کوئی نہیں

2۔ بورڈ کی ساخت درج ذیل ہے۔

A	آزاد ڈائریکٹرز	ریاض احمد
B	نان ایگزیکٹیو ڈائریکٹرز	جناب علی فیاض شیخ جناب رشید احمد جناب شہباز منیر جناب مطیع الدین صدیقی
C	ایگزیکٹو ڈائریکٹرز	جناب عامر فیاض شیخ جناب اسد فیاض شیخ

انسانی وسائل اور تربیت

تقریباً1820ملازمین کمپنی کا حصہ ہیں۔کمپنی کا ماننا ہے کہ اس کے مستقبل کی بہتری میں یہ انسانی وسائل اہم ترین جزو ہیں۔آپ کی کمپنی کی HR ٹیم بہت ماہر اور تجربہ کار لوگوں پر مشتمل ہے۔ جو ملازم کاروباری ٹیم کے ساتھ ملکر کام کرتے ہیں۔تاکہ کمپنی اپنے اہداف حاصل کر سکے۔کمپنی ہر فرد کے احترام کو برابر موقع فراہم کرنے اور اچھی کارکردگی کے ماحول کو پروان چڑھنے کو خصوصی اہمیت دیتی ہے۔اسکے ساتھ ساتھ ملازمین کو ہر سطح پر آگے بڑھنے کے مواقع فراہم کیے جاتے ہیں۔اور مختلف قسم کے تجربات سے گزارا جاتا ہے۔جو انکا مستقبل بہتر بنا سکتے ہیں۔جدید ترین ٹیکنالوجی اور HR انفارمیشن سسٹم کے ملاپ سے بہترین ماحول پیدا کیا جا سکتا ہے۔جس میں افراد اپنی ذاتی اور پروفیشنل خوابوں کی تکمیل کر سکتے ہیں۔

تربیت اور ترقی:

کمپنی کا یقین ہے کہ تربیت اور ترقی کے ذریعے انسانی وسائل میں بہتری لاتے رہنا چاہیے۔ پیداوار کے تمام مراحل میں تربیت دینے کو خصوصی اہمیت دی جاتی ہے۔اہم تکنیکی تبدیلیاں جیسے کہ ویورز ٹیکنالوجی اور کوالٹی کنٹرول معائنہ کاروں کی تربیت کے لئے سال کے دوران موثر تربیتی پروگرام بنائے گئے ہیں۔اس سے امیدوار انکو تربیتی سکیم کے ذریعے 6 ماہ تک کمپنی کے اندر تربیت دی جاتی ہے۔اس سے کمپنی کو تربیت یافتہ افراد ڈھونڈنے میں مدد ملتی ہے۔اور کسی کے چھوڑ جانے کی صورت میں متبادل موجود رہتا ہے۔کمپنی کے اندر عمومی نظام آگ بجھانا،طبی امداد،صحت حفاظت اور کمپیوٹر اور تیکنیکی شعبوں میں تربیتی کورس کروائے جاتے ہیں۔

حفاظت،صحت اور ماحول:

کمپنی نے اپنے تمام ملازمین کے لئے حفاظتی اور محفوظ جگہ فراہم کی ہے اور یہ اپنے ماحول جس میں ہم کام کرتے ہیں کا خیال رکھنے کی ذمہ داری قبول کرتی ہے۔یہ سب عملہ کی لگن اور کام کی جگہ پر اعلیٰ پیشہ ورانہ اصول اپنانے سے حاصل کیا جا سکتا ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی کی نہایت منفرد کارپوریٹ سماجی ذمہ داری پالیسی ہے کہ جس معاشرے میں اپنا کام کرتی ہے اسکے تحفظ کے لئے اپنا کردار ادا کرے۔اس میں ثقافتی سرگرمیاں اور صحت اور تعلیم کے شعبہ میں اقدامات شامل ہیں۔

کارپوریٹ گورنس کے کوڈ کے ساتھ تعمیل:

بورڈ باقاعدہ طور پر کمپنی کی سٹریٹجیک سمت کا جائزہ لیتا ہے۔بورڈ کی جانب سے سیٹ کیے گئے کاروباری منصوبوں اور بجٹ کے اہداف کا بھی باقاعدہ جائزہ لیا جاتا ہے۔کارپوریٹ گورنس کے کوڈ کی موثر تعمیل کے لئے قائم کردہ ذیلی کمیٹی کو اختیارات دیئے جاتے ہیں۔بورڈ کارپوریٹ گورنس کے اعلیٰ معیار برقرار رکھنے کے لئے پر عزم ہے۔

ویلیو ایڈیشن اور اس کی تقسیم اور مالی خطرات:

ویلیو ایڈیشن اور اس کی تقسیم،اس رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کے بورڈ آف ڈائریکٹرز،سیکیورٹریز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورنس کے متعلق اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔مندرجہ ذیل بیانات کوڈ آف کارپوریٹ گورنس کو بہترین طریقوں سے چلانے کے لئے کمپنی کے عزم کا اظہار کرتے ہیں۔

1۔ مالیاتی گوشوارے کمپنی ایکٹ 2017 کے مطابق تیار کئے گئے ہیں۔یہ گوشوارے جو کہ کمپنی کی انتظامیہ نے تیار کئے ہیں کمپنی کے معاملات،نقدی بہاؤ اور اس میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

2۔ کمپنی نے اکاؤنٹس کی کتابوں کا صحیح ریکارڈ رکھا ہوا ہے۔

3۔ مناسب اکاؤنٹنگ پالیسز کو مالیاتی گوشواروں میں تسلسل سے لاگو کیا گیا ہے۔اکاؤنٹنگ اندازے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

4۔ مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ،معیارات،جیسے کہ پاکستان میں لاگو ہیں،کی روشنی میں بنائے گئے ہیں اور ان سے ہٹنے کی صورت میں مناسب وضاحت دی گئی ہے۔

آپریٹنگ اور مالی نتائج

اختتام مالی سال 30 جون 2018 کے دوران کمپنی کی فروخت اور مجموعی منافع بالترتیب 10,855 ملین روپے اور 1,303 ملین روپے رہا ہے۔ مقابلتاً پچھلے مالیاتی سال 2016-17 کا مجموعی منافع 1,445 ملین روپے اور فروخت 10,656 ملین روپے تھا۔ اس مالی سال 2017-18 کمپنی کا خالص منافع 239 ملین روپے (فی شیئر منافع 4.70) جبکہ پچھلے سال 134 ملین روپے تھا (فی شیئر منافع 2.63) رہا۔

2017-18 کے دوران کمپنی کو بہت سے آپریشنل چیلنجز کا سامنا رہا۔ جس میں اپنے کمپیٹیٹرز کی نسبت پروڈکشن اور یوٹیلیٹی کے غیر متوقع اخراجات نمایاں ہیں اسکے باوجود اپنی محنت اور مسلسل کاوش کی وجہ سے کمپنی کے منافع میں بہتری دیکھنے میں آئی ہے۔

ڈیویڈنڈ

بورڈ آف ڈاریکٹرز نے اختتام سال 30 جون 2018 کیلیے حتمی کیش ڈیویڈنڈ فی شیر 1.20 روپے یعنی 12:00 فیصد کی تجویز دی ہے۔

کارکردگی کا جائزہ:

اختتام سال 30 جون 2018 کے دوران کمپنی کی کارکردگی کا مختصر جائزہ درج ذیل ہے۔

ویونگ ڈویژن:

بیرون ممالک میں بڑھتے ہوے مقابلے اور خام مال کی بڑھتی ہوئی قیمتوں کے باعث اس ڈویژن کی کارکردگی اس سال کے دوران زیادہ تسلی بخش نہیں رہی۔ انتظامیہ اس کارکردگی میں بہتری کیلیے عملی اقدامات کررہی ہے اور مقامی اور بیرونی ممالک میں نئی مارکیٹ ڈھونڈی جارہی ہیں۔ انتظامیہ امید کرتی ہے کہ ان اقدامات سے مستقبل میں اچھے نتائج آئیں گے۔

مزید برآں پروڈکشن ٹیکنالوجی میں بہتری لانے کیلیے انتظامیہ نے (بی ایم آر) منصوبوں کے تحت 84 تیز ترین جدید ایئر جیٹ لومنز اس ڈویژن میں لگائی ہیں۔ جس سے اسکی پیدواری صلاحیت 60 فیصد بڑھ گئی ہے۔ یہ تمام لومز مالی سال 2017-18 کے دوسرے سہ ماہی میں آپریشنل ہو چکی ہیں۔ اور اس تمام اضافی پیداواری صلاحیت کو کمپنی اپنے ڈائنگ ڈویژن کے استعمال میں لا رہی ہے۔ کمپنی کے مشترکہ مالی گوشواروں میں سے اس انٹر ڈویژن فروخت کو نکال دیا گیا ہے جو یہ ظاہر کرتی ہے کہ ٹاپ لائن ٹھہر گئی ہے۔ تاہم ڈویژن اب نئی ایکسپورٹ مارکیٹ میں داخل ہوئی ہے جسکے سبب فروخت میں اضافے نے کمپنی کی مالی حالت پر مثبت اثر پڑے گا۔ امید ہے اس سے ڈویژن کی بڑھتی ہوئی برآمدات اور گریج (Greige) کی ڈیمانڈ کو پورا کرنے میں مدد ملے گی۔

ڈائنگ ڈویژن:

بیرون ممالک کی منڈیوں میں گرتی ہوئی طلب اور خام مال کی بڑھتی ہوئی قیمت اور یوٹیلیٹی کے اخراجات کی بدولت سے ڈویژن کی کارکردگی میں معمولی کمی واقع ہوئی ہے۔

انتظامیہ کے BMR پلان کے مطابق اضافی مشینری نصب کرنے کا کام حال ہی میں مکمل ہوا ہے جس سے کمپنی کی پیداواری صلاحیت میں 20% اضافہ ہو گا۔ اس ڈیوژن کی انتظامیہ کو یقین ہے کہ اس پیداواری صلاحیت کے اضافے سے نہ صرف بڑھتی طلب کو پورا کرنے میں یہ مددگار ہوگا بلکہ آنے والے سالوں میں کمپنی کی کارکردگی میں اہم کردار ادا کرے گا۔

جنریٹنگ ڈویژن:

زیرِ غور سال کے دوران توانائی کی قیمتوں میں اچھا خاصا اضافہ ہوا ہے۔ کوئلے، فرنس آئل اور RLNG کی غیر معمولی اور غیر متوقع قیمت کی وجہ سے منافع کی شرح میں مزید کمی واقع ہوئی ہے۔ کوئلے کی قیمتوں میں اضافے کی وجہ سے سٹیم پروڈکشن کے خرچے میں بھی اضافہ ہوا ہے اور پلانٹ کو کوئلے سے سیزنل بائیو ماس پر منتقل کرنا پڑ رہا ہے۔ اس مسئلے کو حل کرنے کے لئے انتظامیہ فیول ایفیشینٹ گیس انجن لگانے پر غور کر رہی ہے۔

انفارمیشن ٹیکنالوجی:

آپکی کمپنی بروقت اور موثر فیصلوں میں مدد کرنے والے موثر آئی ٹی نظام کے حصول کے لئے مسلسل کوشش کر رہی ہے۔ ملازمین کو بہترین کارکردگی کے لیے جدید ترین سہولیات فراہم کی ہیں۔ آپریشن میں استعمال ہونے والا پیداواری سامان اور مشینری تکنیکی طور پر اعلیٰ درجہ کے سافٹ ویر کے ساتھ لیس ہیں۔ جو پیداوار کے عمل کے لیے حقیقی وقت میں معلومات فراہم کرتی ہیں۔ کمپنی کا انٹرانیٹ سسٹم کمپنی کی پالیسی اور طریقہ کار اور دیگر معلومات فراہم کرنے میں مددگار ثابت ہو رہا ہے۔

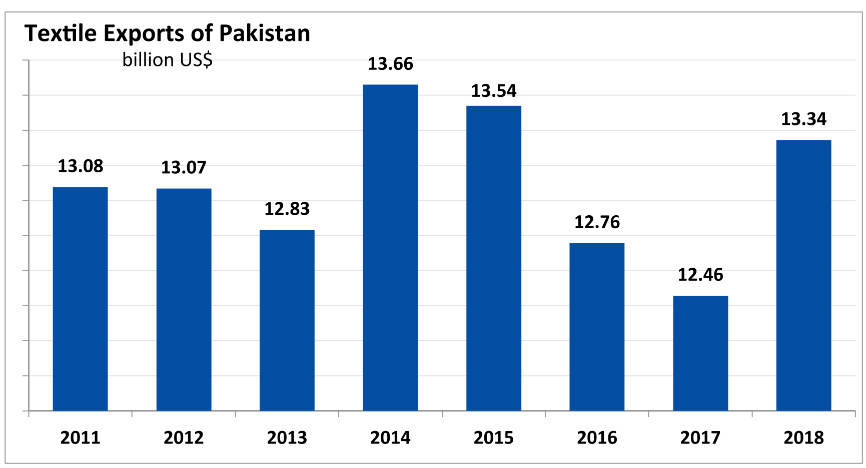
ڈائریکٹروں کی رپورٹ

کوہ نور ملز کے ڈائریکٹرز کی جانب سے 30 جون 2018 کے اختتام پر سالانہ رپورٹ ہمراہ پڑتال شدہ مالیاتی گوشوارے اور آڈیٹر رپورٹ پیش کرنا باعث مسرت ہے۔

ٹیکسٹائل صنعت کا جائزہ:

پچھلی حکومت کے دور میں ملک میں بڑھتے ہوئے کاروباری اخراجات، روپے کی قدر میں مصنوعی اضافہ اور منفی سیاسی اور سیکورٹی حالات نے ٹیکسٹائل سیکٹر کو خاصا متاثر کیا۔ جسکے نتیجے میں ٹیکسٹائل کی برآمدات میں مستقل کمی دیکھنے میں آئی ہے۔ جو برآمدات مالی سال 2014 میں 13.60 بلین یو ایس ڈالر (US$) تھیں اب کم ہو کر 2017 میں 12.50 بلین یو ایس ڈالر (US$) رہ گئی ہیں۔

ان تمام حقائق کے مدنظر پچھلی حکومت نے اپنے دوسرے آخری سال کے دوران ٹیکسٹائل پیکج کا اعلان کیا تھا۔ جس کے تحت 2017 میں انڈسٹری کو حکومت کی طرف سے بروقت ٹیکسز کے ریفنڈ کی ادائیگی اور علاقائی ٹیکسز اور ڈیوٹی ڈرا بیک کے لئے نئی سکیم کا متعارف کروانا شامل تھا۔ ٹیکسٹائل پیکج کے تحت ان وعدوں پر عملدر آمد متفرق رہا۔ بہرحال ان کی وجہ سے ٹیکسٹائل برآمدات میں اضافہ ہوا جو مالی سال 2018 میں برآمدات دوبارہ 13.30 بلین (US$) تک جا پہنچی ہیں۔



بہرحال اس پیکیج کو ایک مخلوط عنایت کہنا زیادہ مناسب ہوگا کیونکہ انڈسٹری کو آنے والے فوائد سے انٹرنیشنل کسٹمر / برانڈز زیادہ مستفید ہوئے جنہوں نے لوکل انڈسٹری کے لیے چیزوں اور خام مال کی قیمتوں میں اچھا خاصا اضافہ کر دیا ہے۔ علاوہ ازیں انٹرمیڈیٹ سٹیج مینوفیکچرز نے برآمداتی مارکیٹ میں سیل کو ترجیح دی ہے۔ علاوہ ازیں عالمی منڈیوں میں کروڈ آئل کی بڑھتی قیمتوں کی وجہ سے یوٹیلیٹی اخراجات میں اضافے نے پہلے سے موجود تھوڑے سے مارجن کو جس پر فیبرک ٹیکسٹائل سیکٹر آپریٹ کر رہا تھا مزید کم کر دیا ہے۔

واحد عارضی سہولت روپے کی قدر میں کمی تھی جس کی وجہ سے پاکستانی برآمدات مقابلتاً باہر سستی ہو گئیں۔ لیکن اس کی وجہ سے امپورٹڈ سامان بشمول فیول اور پاور اخراجات میں اضافہ ہوا۔ چنانچہ انڈسٹری کو ایک مرتبہ پھر اُنہی رکاوٹوں کا سامنا ہے جو ٹیکسٹائل پالیسی متعارف کروانے سے پہلے تھیں۔ اب نئی آنے والی حکومت سے وعدوں کی تکمیل کا انتظار ہے۔

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