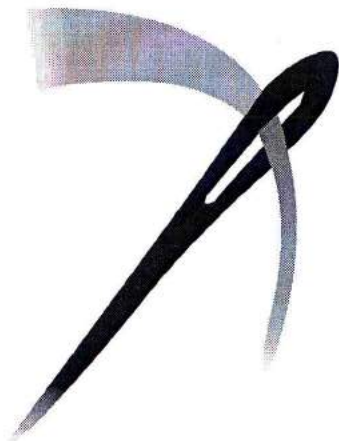


Annual Report 2018



Yousaf Weaving Mills Limited

YOUSAF WEAVING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mst. Alia Khanum	(Chairman)
Khawaja Mohammad Nadeem	(Chief Executive)
Khawaja Shahzad Younus	(Director)
Mst. Nargis Sultana	(Director)
Mr. Khalid Mehmood	(Director)
Mr. Waseem Baig	(Director)
Mr. Abdul Hye Khan Ghouri	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Mr. Abdul Hye Khan Ghouri	(Member)
Khawaja Shahzad Younus	(Member)

HR & REMUNERATION COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Mr. Waseem Baig	(Member)
Mr. Khalid Mehmood	(Member)

COMPANY SECRETARY

Mr. Nadeem Anwar	(ACA)
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CHIEF FINANCIAL OFFICER

Mr. Nadeem Anwar	(ACA)
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BANKERS

Habib Metro Bank Limited
National Bank of Pakistan
Askari Bank Limited
The Bank of Punjab

AUDITORS

Aslam Malik & Co.
Chartered Accountants
Suite # 18-19, 1st Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore. Pakistan

CORPORATE & REGISTERED OFFICE

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

SHARE REGISTRARS

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

Weaving unit

49-Kilometer
Multan Road, Bhai Pheru
Tel: (04943) 540083-4

Spinning unit

7-Kilometer
Multan Road, Pattoki
Tel: (04943) 540083-4

OUR VISION:

To achieve for excellence in textile through commitment, integrity, team work and professionalism

OUR MISSION:

The mission of the company is to achieve customer's satisfaction with provision of quality products, attain sustainable profitability and ensure ample return to share holders. The company believes to achieve growth by employing technological improvements with effective utilization of human resources.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of members of **YOUSAF WEAVING MILLS LIMITED** will be held at the Registered Office of the Company situated at 7/1 E-3, Main Boulevard, Gulberg III, Lahore on Tuesday, November 27, 2018 at 11:00 a.m. to transact the following businesses :-

ORDINARY BUSINESSES

1. To confirm the minutes of last AGM held on November 27, 2017.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2018, together with the reports of Directors and Auditor's report thereon.
3. To appoint auditors for the year ending June 30, 2019 and to fix their remuneration. The retiring auditors Aslam Malik & Company Chartered Accountants have shown their interest in their reappointment.
4. To transact any other business which may be brought forward with the permission of the Chair.

SPECIAL BUSINESS

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

RESOLVED THAT, lease arrangement under the lease agreement executed with Chakwal Spinning Mills Limited be and is hereby validated / ratified and also its subsequent termination.

FURTHER RESOLVED THAT, all the actions, deeds and things taken to complete the lease arrangement / agreement by the chief executive officer of the Company be and hereby approved.

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

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

FURTHER RESOLVED THAT, the chief executive officer of the Company be and is hereby authorized to approve the transaction to be conducted with the

related parties in the normal course of business during the current financial year ending June 30, 2018 and till the date of next Annual General Meeting.

Lahore:

November 05, 2018


NADEEM ANWAR

Company Secretary

NOTES:

1. A statement of material facts under section 134 of the Companies Act 2017 concerning the special business to be transacted at AGM is being sent to the members with the notice of the meeting.
2. The share transfer books for ordinary shares of the Company will be closed from 21-11-2018 to 27-11-2018 (both days inclusive). Valid transfer(s) received in order by our Share Registrar, Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the closure of business on November 20, 2018 will be in treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of Company be sent to our share registrar M/s. Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35839182.
3. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Company's registered office not less than forty eight (48) hours before the time of meeting. Members through CDC appointing proxies must attach attested copy of their Computerized National Identity Card (CNIC) or Passport with the proxy form.
4. The shareholders through CDC, who wish to attend the Annual General Meeting, are requested to please bring, original CNIC. CDC account holder will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
5. In case of corporate entity, certified copy of the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form of the Company.
6. The financial statements for the year ended June 30, 2018 shall be uploaded on the Company's website www.yousafweavingmills.com twenty one days prior to the date of holding of annual general meeting.
7. Pursuant to SECP Notification S.R.O. 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting Standard Request Form available on Company's website.

8. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
9. Members are requested to promptly notify the Company of any change in their registered address.

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

1. The board of Directors in their meeting held on November 10, 2017 decided to take on lease the production facilities of Chakwal Spinning Mills Limited. The arrangements were taken on lease up to December 31, 2017 and was subject to be renewed subsequently. The arrangement were reviewed in the Board Meeting held on February 28, 2018 and was agreed to continue up till March 31, 2018.
2. The management of the Company has discharged the lease agreement and relinquishes its responsibility since April 01, 2018. These arrangements were for a specific period and not aim to continue for a longer period. Since the arrangement gets elapsed on March 31, 2018, however the management on the authority of a special resolution is validating / ratifying / approving the lease arrangement from the shareholders in the Annual General Meeting.
3. The Directors have no direct interest except to the extent of their directorship and shareholding.
4. In this regard the Company provide the following further information

The Company takes on lease the production facilities of Chakwal Spinning Mills Limited under the lease agreement dated November 10, 2017. These arrangements were temporarily in nature. The scheme of lease arrangement should be seen in the spectrum that both the companies Chakwal Spinning Mills Limited and Yousaf Weaving Mills Limited are adjacent to each other with common wall. It was well known fact that the textile industry was passing through difficult business conditions and mounted huge business losses which has affected the cash flow and liquidity. These losses make the Company liable to workers' salaries and benefits. The labor force in the mills belongs to adjacent villages. Having close proximity, the closure of business unit impacted the affairs of Yousaf Weaving Mills Limited. The Yousaf Weaving Mills Limited took the initiative and resumed the operation by taking the advantage of close proximity.

The Company accrues a sum of Rs 7.5 million as lease rental under the lease agreement for the period November 10, 2017 to March 31, 2018. The balance amount payable as at June 30, 2018 is amounting to Rs. 7.10 million as appearing in note no. 9.1 of financial statements.

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

Since the directors of the Company were interested in the related parties transactions carried out during the financial year ended June 30, 2018 with the related parties, due

to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. During the year following transactions are made with related parties as per note # 39 of financial statements:

Sale of material, goods & services:

- Chakwal Textile Mills Limited 0.252 million
- Kohinoor Spinning Mills Limited 0.986 million

Purchase of material, goods & services:

- Chakwal Spinning Mills Limited 2.725 million
- Kohinoor Spinning Mills Limited 0.359 million

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

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



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

The Board of Directors (the Board) of Yousaf Weaving Mills Limited (YWML) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the listed Companies (Code of Corporate Governance) regulations, 2017.

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



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

Lahore
November 05, 2018


Mst. Alia Khanum
Chairman

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

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

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ اور مالیات ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔

سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

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

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

بورڈ نے چیف ایگزیکٹو سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔

بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے اور

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

بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل: کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے

محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ YWML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔

عالیہ خانم
چیئر مین
عالمیہ کام

لاہور

05 نومبر 2018



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DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Yousaf Weaving Mills Limited, we are pleased to submit annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2018.

Financial Performance:

The Company was able to mount its revenue by 31% from Rs 1,482 million to Rs 1,947 million. The increase is mainly attributed to the incremental benefit of the Chakwal Spinning Mills limited which was taken on lease during the year. The production facilities were taken on lease under an agreement. However these facilities have been elapsed since March 31, 2018. The Company incurred a gross loss of Rs. 55.528 million as compared to gross loss of Rs. 1.981 million for the corresponding last year. The net loss closed to Rs 165.449 million as compare to net loss of Rs 105.990 million in the corresponding period. The loss is mainly relates to the leased facility of Chakwal Spinning Mills Limited. The Company has to bear additional legal expenses which increased the administrative cost, as the Habib Metropolitan bank and National Bank of Pakistan has filed suits in the banking courts, the fate of these cases is disclosed in Note 15 of financial statements. The Company has provided the financial cost despite the litigation with the leading financial institution.

The management has revalued the freehold land of the Company and has accounted for the revaluation surplus as per accounting policies.

The Company is mainly dependent on local market for both its weaving and spinning capacities. Unstable political scenario, volatile market condition, rising energy cost, exorbitant Pak Rupee devaluation against US \$, and increase in the price of Polyester Fiber by local players do have its impact on the performance of the Company. During this period the management remained committed to come out of the fuss and to regain the sustainability in its operating results. The management is continuously making efforts to improve the operating performance of the Company and is hopeful with the incentive recently announce by the newly elected Government the things will get a better shape in the period to come.

Financial Statements Audit

Financial statements of the Company have been audited by M/s. Aslam Malik & Co. Chartered Accountants, the statutory external auditors of the Company. The auditors have given qualified opinion on certain matters which are explained below:

- a) The Directors of the Company have decided to ratify/validate the lease arrangement with Chakwal Spinning Mills Limited which has since been elapsed since March 31, 2018



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under the authority of special resolution in the Annual General meeting to be held on November 27, 2018.

- b) Recovery suits by two banks have been filed against the Company, which have been adequately disclosed in the note no. 15 of the financial statements. The amounts of principal of loan (Note 7,12 & 13) and interest accrued thereon (Note 11) have been accordingly accounted for in the financial statements. The reason for default is continuing losses and cash-flow problems being faced by the Company for the last four years. The management negotiates with banks for re-structuring of its financial facilities to meet its working capital requirements. The management believes in smooth and reliable relationship with the banks. The management has made a number of steps to put the Company on the path of expansion and profitability, which will reinforce its cash-flows. We believe that we shall be able to cope with these financial problems with the banks amicably without hurting the interest of shareholders.
- c) The management shall comply the provisions of Companies Act 2017 on un claimed dividend in due course of time.
- d) The audit observation on going concern has been disclosed in Note no 1.3 of the financial statements.

Overview /Future Outlook:

The management has enhanced its production capacities to get the benefit of economy of scale that will benefit to diversify its products to meet the market needs. We had also worked to reinforce our utilities by importing state of the art air compressor unit which will benefit to improve the efficiency and reduce the product cost. High cost to do business, particularly the fuel cost is determinant in the viability of the textile industry. The present Government is looking vibrant to move the industry from the continued whims and have announced energy package for the sector. If these get materialized on sustainable basis, the industry will positively move in sheer manner for its contribution in the national economy. Moreover, the Government should make a policy of early refund of sale tax that will give breathing space in stretched cash flow.

Principal Activity

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

Principal Risks and Uncertainties

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential any potential adverse impact of risks.



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The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The Company's principal financial assets comprise trade debts, advances, short-term deposits, other receivables, cash and bank balances that arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company has adequately disclosed all the litigation and their expected outcomes in the financial statements.

Corporate Social Responsibility

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

Environment, Health and Safety

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and its constantly upgrading their safety and living facilities.

Safety is a matter of concern for machinery as well as the employees working at plant. Fire extinguishers and other fire safety equipments have been placed at sites as well as registered and head office of the Company. Regular drills are performed to ensure efficiency of fire safety equipments.

Internal Financial Controls

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

Related Parties

All related party transactions during the financial year ended June 30, 2018 were reviewed by the Audit Committee and approved by the Board of Directors.



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Compliance with the Code of Corporate Governance:

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

Corporate Governance & Financial Reporting Framework:

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

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) Key operating and financial data for the last six years is annexed.
- vii) There has been no departure from the best practices of corporate Governance, as detailed in the listing regulations.
- viii) We have been prepared and circulated a statement of ethics and business strategy among directors and employees.
- ix) The Company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2018.
- x) Outstanding taxes and levis are given in the notes to the financial statements.



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Shareholding Pattern

The share holding pattern as at June 30, 2018 for ordinary shares is annexed.

Appointment of Auditors

M/s. Aslam Malik & Co. Chartered Accountants, Lahore are due to retire and being eligible, offer themselves for re-appointment as Auditors for the financial year 2018-2019. The Audit Committee has recommended for re-appointment of present auditors.

Composition of Board

1. The total number of directors are 08 as per the following:

- a. Male : 06
- b. Female : 02

2. The composition of the board is as follows:

- a. Executive Directors : 01
- b. Other Non-Executive Directors : 06
- c. Independent Directors : 01

Name of Directors	Date of New Appointments
i) Mr. Khawaja Mohammad Nadeem (Executive Director)	
ii) Mst. Alia Khanum (Chairman)	23/08/2017
iii) Mst. Nargis Sultana	01/08/2017
iv) Mr. Khawaja Shahzad Younus	01/08/2017
v) Mr. Khalid Mahmood	05/01/2018
vi) Mr. Waseem Baig	13/03/2018
vii) Mr. Abdul Hye Khan Ghouri	13/03/2018
viii) Mr. Mohammad Tariq Sufi (Independent Director)	

The Executive Director is exempt from Director's Training Program, whereas new directors appointed during the current financial year will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program as per time period allowed by the Code.

Committees of the Board

The Board has made following sub-committees:



YOUSAF WEAVING MILLS LIMITED

A Project of Chakwal Group

7/1 - E-3, Main Boulevard
Gulberg III, Lahore, Pakistan
Tel: +92 42 35757108 & 35717510 - 17
Fax: +92 42 35764036, 35764043 & 35757105
E-mail: yousaf@chakwalgroup.com.pk
Web: www.yousafweaving.com

Audit Committee Meetings:

- | | | |
|------|----------------------------|----------|
| i. | Mr. Mohammad Tariq Sufi | Chairman |
| ii. | Mr. Abdul Hye Khan Ghouri | Member |
| iii. | Mr. Khawaja Shahzad Younus | Member |

HR and Remuneration Committee Meetings:

- | | | |
|------|-------------------------|----------|
| i. | Mr. Mohammad Tariq Sufi | Chairman |
| ii. | Mr. Waseem Baig | Member |
| iii. | Mr. Khalid Mahmood | Member |

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of executive directors depending upon their responsibility in affairs of the Company. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition from them.

Acknowledge

Continued diligence and devotion of the staff and workers of the Company and good human relations at all levels deserve acknowledgment. The Directors also wish to place on record their thanks to all stakeholders for their continued support to the Company.

On behalf of the Board

November 05, 2018
Lahore


Khawaja Mohammad Nadeem
Chief Executive Officer


Mst. Alia Khanum
Chairman

حصہ داران کے لیے ڈائریکٹرز کی رپورٹ

یوسف ویونگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم آپ کی کمپنی کی، 30 جون 2018 پر ختم شدہ، سالانہ رپورٹ جمع جانچ شدہ مالی حسابات اور آڈیٹر رپورٹ، پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

کمپنی اپنے محمولات کو %31 کے حساب سے 1,482 ملین روپے سے 1,947 ملین روپے تک بڑھانے کے قابل رہی۔ بڑھوتری کی بڑی وجہ سال کے دوران چکوال سپنگ ملز لمیٹڈ کالیز پر لیا جانا بنی۔ پیداواری سہولیات معاہدے کے تحت لیز پر لی گئیں۔ تاہم یہ سہولیات 31 مارچ 2018 سے ختم کر دی گئیں ہیں۔ کمپنی کو پچھلے سال کے 1.981 ملین روپے کے مقابلے میں اس سال 55.528 ملین روپے مجموعی خسارہ ہوا ہے۔ خالص خسارہ پچھلے سال کے 105.990 ملین روپے کے مقابلے میں اس سال 165.449 ملین روپے رہا۔ خسارے کی بڑی وجہ چکوال سپنگ ملز لمیٹڈ کالیز پر لیا جانا ہے۔ کمپنی کو اضافی قانونی اخراجات برداشت کرنا پڑے جس سے انتظامی لاگت بڑھ گئی جیسے کہ حبیب میٹرو بینک اور نیشنل بینک آف پاکستان نے کمپنی کے خلاف بینکنگ عدالتوں میں دعوے دائر کئے ہیں۔ ان کیسوں سے متعلق معلومات مالی حسابات کے نوٹ نمبر 15 میں دی گئی ہیں۔ کمپنی نے باوجود بڑے مالی ادارے کی مقدمہ بازی کے، مالی لاگت رکارڈ کر لی ہے۔

منتظمین نے کمپنی کے مستقل اثاثہ جات کی قدر و قیمت کا تعین نوکیا ہے اور اکاؤنٹنگ پالیسیوں کے مطابق درج کر لیا ہے۔

کمپنی کی دونوں ویونگ اور سپنگ استعداد کا انحصار مقامی منڈی پر ہے۔ غیر یقینی سیاسی منظر نامہ، منڈی کی غیر مستحکم حالت، توانائی کی لاگت میں اضافہ، یو ایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہت زیادہ کمی اور مقامی فراہم کنندگان کی جانب سے پولیسٹر فائبر کی قیمت میں اضافہ کمپنی کی کارکردگی پر اثر انداز ہوئے۔ اس دوران منتظمین اس غیر یقینی صورت حال سے باہر نکلنے اور عملی نتائج میں استحکام لانے کے لیے پرعزم رہے۔ منتظمین کمپنی کی عملی کارکردگی کو بہتر بنانے کی مسلسل کوشش کر رہی ہے اور نئی حکومت کی جانب سے دی گئی ترغیب سے پر امید ہے کہ مستقبل میں حالات بہتر ہوں گے۔

مالی حسابات کا آڈٹ

(ا) کمپنی کے ڈائریکٹران نے، 27 نومبر 2018 کو ہونے والے سالانہ اجلاس عام میں مخصوص قرارداد کی اتھارٹی کے تحت، چکوال سپنگ ملز لمیٹڈ کے ساتھ معاہدے کی توثیق کرنے کا فیصلہ کیا ہے جو 31 مارچ 2018 کو ختم ہو گیا تھا۔

(ب) کمپنی کے خلاف دو بینکوں نے قرضے کی وصولی کا دعوہ دائر کیا ہے، جس کو مناسب طور پر مالی حسابات کے نوٹ نمبر 15 میں ظاہر کر دیا گیا ہے۔ اصل رقم نوٹ نمبر 12، 7 اور 13 اور اس پر سو نوٹ نمبر 11 مالی حسابات میں درج ہیں۔ رقوم کی عدم ادائیگیوں کی وجہ پچھلے چار سالوں سے جاری خسارے اور کمپنی کو درپیش پیسے کا بہران ہے۔ منتظمین اپنی مالی ضروریات کو پورا کرنے کے لئے بینکوں سے مالی سہولیات کی تنظیم نو کے لیے بات چیت کر رہے ہیں۔ منتظمین بینکوں کے ساتھ بہتر اور قابل اعتماد تعلقات قائم کرنا چاہتے ہیں۔ منتظمین نے کمپنی کو بڑھوتری اور منافع کی راہ پر ڈالنے کے لئے بہت سے اقدامات کئے ہیں جو اس کے پیسے کے بہاؤ کو بہتر بنائیں گے۔ ہم پر امید ہیں کہ ہم حصہ داران کے مفادات کو نقصان پہنچائے بغیر بینکوں کے ساتھ ان مالی مسائل کو احسن طریقے سے نمٹالیں گے۔

(ج) منتظمین Uncalimed Dividend کے سلسلے میں کمپنیز ایکٹ 2017 میں دی گئی ہدایات کو پورا کرنے کے لئے مصروف عمل ہے

(د) کمپنی کا کاروبار جاری رہنے سے متعلق آڈٹ اعتراض کو نوٹ نمبر 1.3 میں دیا گیا ہے۔

مجموعی جائزہ

منتظمین نے پیداواری استعداد کو بڑھایا ہے تاکہ زیادہ پیداوار کی وجہ سے لاگت میں کمی کا فائدہ ہو اور منڈی کی ضروریات کو پورا کیا جاسکے۔ ہم نے جدید انٹرکمپیوٹر درآمد کر کے اپنی سہولیات کو بہتر بنایا ہے جو کارکردگی کو بہتر بنائے گا اور لاگت کو کم کرے گا۔ کاروباری لاگت خاص کر ایندھن کی لاگت پر ٹیکسٹائل صنعت کی زیت پذیری کا انحصار ہے۔ موجودہ حکومت صنعت کو جاری بحرانی کیفیت سے نکالنے میں مستعد نظر آتی ہے اور شعبے کے لئے توانائی پیکیج کا اعلان کیا۔ اگر اس کو مستقل بنیادوں پر عملی جامہ پہنایا جائے تو صنعت ملکی معیشت کی بہتری میں سراسر حصہ ڈالے گی۔ مزید یہ کہ حکومت کو سیلز ٹیکس کی جلد واپسی کی پالیسی بنانی چاہیے تاکہ پیسہ کے بہاؤ میں بہتری لائی جاسکے۔

اولین سرگرمی

کمپنی کی اولین سرگرمی دھاگے اور کپڑے کی پیداوار اور فروخت ہے۔

اولین خطرات اور خدشات

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے لیے موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔

کمپنی کے اولین مالی واجبات، طویل مدتی قرضے، تجارتی و دیگر واجبات اور کم مدتی ادھار پر مشتمل ہیں۔ کمپنی کے اولین مالی اثاثہ جات، تجارتی قرضے، بیشتر ادائیگیاں، کم مدتی ذخائر، دیگر قابل وصول رقوم، نقدی اور بینک بیلینس پر مشتمل ہیں جو سرگرمیوں سے براہ راست حاصل ہوئے ہیں۔

کمپنی کی سرگرمیوں کی وجہ سے اس کو مختلف مالی خطرات لاحق ہیں: منڈی کا خطرہ (بشمول، نقدی خطرہ، سودی شرح کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور مالی مایعیت کا خطرہ۔

کمپنی کا مجموعی طور پر خطرات کو کم کرنے کا پروگرام مالی منڈی کی غیر یقینی صورت حال پر مرکوز ہے اور کمپنی کی مالی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کمپنی نے مقدمات اور ان کے ممکنہ اثرات کو مالی حسابات میں مناسب طور پر ظاہر کر دیا ہے۔

منظم سماجی ذمہ داری

کمپنی منظم سماجی ذمہ داری کی کاروبار میں شمولیت پر پورا یقین رکھتی ہے اور استقامت کے ساتھ ان گروہوں کی ترقی کے لئے کوشش کرتی ہے جو ہمارے کاروبار سے بالواسطہ یا بلاواسطہ متاثر ہوتے ہیں۔

ماحول، صحت اور حفاظت

کمپنی کام کرنے کے لئے محفوظ ماحول فراہم کرتی ہے تاکہ ملازمین اور عوام کی صحت کو خطرات لاحق نہ ہوں۔ منتظمین نے سال کے دوران محفوظ ماحول فراہم کیا ہے اور روزمرہ کی سہولیات کو تسلسل کے ساتھ بہتر بنایا ہے۔

حفاظت کا معاملہ مشینری اور مل ملازمین دونوں سے متعلق ہے۔ فائر ایکسٹینگویشر اور دیگر آگ بجھانے والے آلات کمپنی کی ملوں اور مرکزی دفتر میں رکھے گئے ہیں۔ آگ بجھانے کے حوالے سے تسلسل کے ساتھ مشقیں کی جاتی ہیں۔

اندرونی مالی کنٹرول

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

متعلقہ پارٹی

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

کوڈ آف کارپوریٹ گورننس کی تعمیل

کمپنی نے پاکستان سٹاک ایکسچینج کی لسٹنگ کے ضابطہ کار کی مقرر کردہ کوڈ آف کارپوریٹ گورننس کی تکمیل کے لیے ضروری اقدامات اٹھائے ہیں اور ان پر باضابطہ عمل کیا ہے۔ اس کی تعمیل کا بیان رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

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

(i) کمپنی کے منتظمین کی جانب سے تیار کردہ مالی حسابات کمپنی کے معاملات، مالی بہاؤ (cash flow) اور ایکویٹی میں تبدیلی کی شفافیت کو ظاہر کرتے ہیں۔

(ii) کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

(iii) مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں یکساں طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(iv) بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS)، جیسے کہ پاکستان میں قابل عمل ہیں، پر حسابات بناتے وقت عمل کیا گیا ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

(vi) کمپنی کے گزشتہ چھ سالوں کے چلنے اور مالیات سے متعلق کلیدی اعداد و شمار منسلک کئے گئے ہیں۔

(vii) کارپوریٹ گورننس کے اصولوں جو لسٹنگ ریگولیشن میں دیے گئے ہیں سے کچھ بھی متجاوز نہیں ہوا۔
(viii) ہم نے ڈائریکٹروں اور ملازمین کے درمیان کاروباری حکمت عملی سے متعلق رپورٹ تقسیم کر دی ہے۔
(ix) کمپنی نے 30 جون 2018 پر اختتام پزیر ہونے والے سال کے دوران خسارے کی وجہ سے کسی ڈیویڈنڈ اور بونس حصص کا اجرا نہیں کیا۔

(x) واجب الادا ٹیکسوں اور لیویز کی تفصیل مالیاتی حسابات کے نوٹ میں دی گئی ہے۔

حصص کنندگان کی تفصیل

30 جون 2018 کی تاریخ میں حصص کنندگان کی تفصیل منسلک ہے۔

محاسب کی تقرری

اسلم ملک چارٹرڈ اکاؤنٹنٹس لاہور کی خدمات کی میعاد پوری ہو رہی ہے اور انہوں نے مالی سال 2018-19 کے لئے قابل ہونے کی بنیاد پر دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔ آڈٹ کمیٹی نے ان کو دوبارہ محاسب نامزد کرنے کی سفارش کی ہے۔

بورڈ کے ممبران

۱۔ مندرجہ ذیل کے مطابق بورڈ کے ممبران کی کل تعداد 08 ہے۔

a۔ مرد : 06

b۔ خواتین : 02

۲۔ بورڈ مندرجہ ذیل پر مشتمل ہے۔

a۔ ایگزیکٹو ڈائریکٹرز : 01

b۔ دیگر نان ایگزیکٹو ڈائریکٹرز : 06

c۔ خود مختار ڈائریکٹرز : 01

نئی تقرری کی تاریخ

ڈائریکٹر کا نام

	(ایگزیکٹو ڈائریکٹر)	۱۔ خواجہ محمد ندیم
23/08/2017	(چئیرمین)	۲۔ عالیہ خانم
01/08/2017		۳۔ نرگس سلطانہ
01/08/2017		۴۔ خواجہ شہزاد یونس
05/01/2018		۵۔ خالد محمود
13/03/2018		۶۔ وسیم بیگ
13/03/2018		۷۔ عبدالحی خان غوری
	(خود مختار ڈائریکٹر)	۸۔ محمد طارق صوفی

ایگزیکٹو ڈائریکٹر، ڈائریکٹر ٹریننگ پروگرام سے مستثنیٰ ہے جب کہ موجودہ مالی سال کے دوران تقرر کئے گئے نئے ڈائریکٹرز، کوڈ آف کارپوریٹ گورننس کے حوالے سے ڈائریکٹر ٹریننگ پروگرام کی شرط پر عمل پیرا ہوں گے۔

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں:

آڈٹ کمیٹی کے اجلاس:

(چئیرمین)	۱۔ محمد طارق صوفی
(ممبر)	۲۔ عبدالحی خان غوری
(ممبر)	۳۔ خواجہ شہزاد یونس

انسانی وسائل اور معاوضہ کمیٹی کے اجلاس:

(چئیرمین)	۱۔ محمد طارق صوفی
(ممبر)	۲۔ وسیم بیگ
(ممبر)	۳۔ خالد محمود

ڈائریکٹران کی تنخواہ کے اہم پہلو

بورڈ آف ڈائریکٹرز نے ایگزیکٹو ڈائریکٹرز کی تنخواہ سے متعلق باقاعدہ پالیسی کی اجازت دی ہے جو ان کی کمپنی کے معاملات میں ان کی ذمہ داریوں پر منحصر ہے۔ تنخواہ ان کی ذمہ داریوں کے مطابق اور ان کی کمپنی کو کامیابی سے چلانے کے لئے ان کی قابلیت کے مطابق تاکہ ان کی جانب سے کمپنی میں مزید بہتری لائی جاسکے۔

اعتراف

کمپنی کے سٹاف اور ملازمین کی مسلسل وفاداری اور لگن اور ہر سطح پر اچھے انسانی تعلقات تعریف کے مستحق ہیں۔ اس کے علاوہ ڈائریکٹرز، تمام متعلقین کا مسلسل حمایت کرنے کی وجہ سے شکر یہ ادا کرنے کی خواہش رکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

تاریخ : 5 نومبر 2018

عالیہ خانم

خواجہ محمد ندیم

لاہور

چیئر مین

چیف ایگزیکٹو آفیسر

عالیہ خانم

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company : Yousaf Weaving Mills Limited
Year ending : June 30, 2018

Yousaf Weaving Mills Limited (the "Company") has complied with the requirement of the Regulations in the following manner:

1. The total number of directors are 08 as per the following:

- a. Male : 06
- b. Female : 02

2. The composition of the board is as follows:

- a. Executive Directors : 01
- b. Other Non-Executive Directors : 06
- c. Independent Directors : 01

Name	Category
Mr. Khawaja Mohammad Nadeem	Executive Director
Mst. Alia Khanum	Non-Executive Director
Mst. Nargis Sultana	Non-Executive Director
Mr. Khawaja Shahzad Younus	Non-Executive Director
Mr. Khalid Mahmood	Non-Executive Director
Mr. Waseem Baig	Non-Executive Director
Mr. Abdul Hye Khan Ghouri	Non-Executive Director
Mr. Mohammad Tariq Sufi	Independent Director

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
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 the 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 her absence, by a director elected by the board for this purpose. The board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Executive Director is exempt from Director's Training Program, whereas new directors appointed during the current financial year will duly comply with the requirement of Code of Corporate Governness with respect of Directors' Training Program.
10. No appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising members given below:
 - I. Audit Committee:
 - i. Mr. Mohammad Tariq Sufi - Chairman
 - ii. Mr. Abdul Hye Khan Ghouri
 - iii. Mr. Khawaja Shahzad Younus
 - II. HR and Remuneration Committee:
 - i. Mr. Mohammad Tariq Sufi - Chairman
 - ii. Mr. Waseem Baig
 - iii. Mr. Khalid Mahmood
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four Quarterly meetings during the financial year ended June 30, 2018.
 - b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2018.
15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The company secretary and chief financial officer are the same person however the company will appoint different persons for these positions.
19. We confirm that all other requirements of the Regulations have been complied with.

For **Yousaf Weaving Mills Limited**



Mst. Alia Khanum
Chairman

Lahore: November 05, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Yousaf Weaving 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 **Yousaf Weaving Mills Limited** 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 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 procedures to access 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.

Further, we highlight below instance of noncompliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the statement of compliance:

Paragraph Reference	Description
18	Company secretary and chief financial officer are the same person

Place: Lahore
Date: November 05, 2018




(Aslam Malik & Co.)
Chartered Accountants
Mohammad Aslam Malik

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF YOUSAF WEAVING MILLS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Yousaf Weaving Mills Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of profit or loss account and the statement other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in paragraph (a) to (c) in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the company as at June 30, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

- a) The Company has acquired on lease the complete production facility with all land, buildings and machinery & equipment, parts and accessories of Chakwal Spinning Mills Limited under the lease agreement. We noted that requirements of the Companies Act, 2017 have not been complied with for this transaction.
- b) Banking companies filed suit against the Company for recovery of outstanding balances of Long Term Loans amounting to Rs 96.84 million and Short term Loans amounting to Rs 371.15 million, we were unable to verify the outstanding balances as at June 30, 2018 because we had not received the reply of direct confirmations from the banking companies and Bank facility letters provided to us were also expired. There are no other satisfactory audit procedures that we could adopt to verify the balances. In the absence of any documentary evidence and alternate audit procedures, we are unable to obtain sufficient appropriate audit evidence to ascertain the existence, accuracy and obligation of the above mentioned balances.
- c) Unclaimed dividend of Rs. 3,247,016 (overdue) of previous years has not been deposited into government treasury nor has any notification has issued to shareholders.

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I Chundrigar Road, Karachi
Tel: + 92-21-32425911-2, Fax: +92-21-32432134

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 qualified opinion.

Material Uncertainty relating to Going Concern

Without qualifying our opinion, we draw attention to Note 1.3 in the financial statements which indicates that the company incurred net loss of Rs. 164.980 million for the year (2017: Rs. 122.545 million), its equity is negative by Rs.197.704 million for the year (2017: Rs. 234.022 million), its accumulated loss amounting to Rs. 1,301 million (2017: 1,134 million) and its current liabilities exceeds its current assets by Rs. 896.206 (2017: Rs 716.056 million). These conditions along with other matters as set forth in Note 1.3 indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

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. In addition to the matter described in the Basis for Qualified Opinion and material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Preparation of financial statements under Companies Act, 2017</p> <p>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 June 30, 2018</p> <p>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.</p> <p>In case of the company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>Our audit procedures included, but were not limited to:</p> <p>We accessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the act;</p> <p>We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements; and</p> <p>Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.</p>
2	<p>Contingencies</p> <p>The Company is subject to material litigations involving courts pertaining to banks, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations.</p> <p>Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, contingencies is complex and is a matter</p>	<p>Our audit procedures included, but were not limited to:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances;</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations;</p>

	<p>of most significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 15 to the financial statements.</p>	<p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets; and</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</p>
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Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2018.

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, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

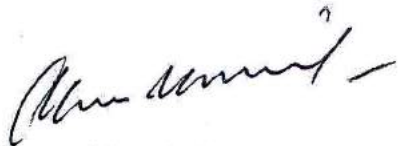
Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mohammad Aslam Malik.

Place : Lahore
Date : November05, 2018


(Aslam Malik & Co.)
Chartered Accountants

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 90,000,000 (2017: 90,000,000) ordinary shares of Rs. 10 each		900,000,000	900,000,000
Issued, subscribed and paid up share capital	5	900,000,000	400,000,000
Long term directors loan convertible into ordinary shares		-	500,000,000
Accumulated loss		(1,301,536,986)	(1,134,022,418)
Surplus on revaluation of property, plant and equipment	6	203,833,327	-
		(197,703,659)	(234,022,418)
Non Current Liabilities			
Long term loan	7	66,101,771	80,523,976
Liabilities against assets subject to finance lease	8	592,961	1,754,014
Deferred liability	9	35,008,636	60,311,359
		101,703,368	142,589,349
Current Liabilities			
Trade and other payables	10	331,415,443	277,145,129
Unclaimed dividend		3,247,016	3,247,016
Accrued mark up	11	125,929,168	83,551,360
Short term borrowings	12	547,053,850	518,014,235
Current portion of non current liabilities	13	31,904,603	30,976,420
Provision for taxation	14	39,248,122	14,872,704
		1,078,798,202	927,806,864
Contingencies and Commitments	15	-	-
		982,797,911	836,373,795
ASSETS			
Non Current Assets			
Property, plant and equipment			
Intangible assets	16	783,754,312	610,708,817
Long term loans	17	363,602	454,503
Long term deposits	18	8,473,763	9,415,673
	19	7,613,824	4,044,074
		800,205,501	624,623,067
Current Assets			
Stores and spares	20	21,792,372	23,501,989
Stock in trade	21	31,131,849	77,655,925
Trade debts	22	23,817,291	14,011,729
Loans and advances	23	41,135,949	22,348,827
Trade deposits, short term prepayments	24	3,240,131	3,851,176
Other receivables	25	9,167,951	12,930,251
Tax refunds due from government	26	49,845,358	55,925,016
Cash and bank balances	27	2,461,509	1,525,815
		182,592,410	211,750,728
		982,797,911	836,373,795

The annexed notes from 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	28	1,947,146,969	1,482,551,015
Cost of sales	29	(2,002,675,200)	(1,484,469,397)
Gross loss		(55,528,231)	(1,918,382)
Distribution cost	30	(10,992,572)	(9,116,810)
Administrative expenses	31	(48,595,035)	(45,028,605)
		(59,587,607)	(54,145,415)
Operating loss		(115,115,838)	(56,063,797)
Other operating charges	32	(2,185,776)	(508,610)
Finance cost	33	(48,147,695)	(50,910,817)
Other operating income	34	-	1,493,164
Loss before Taxation		(165,449,309)	(105,990,060)
Taxation	35	468,523	(16,555,041)
Loss for the Year		(164,980,786)	(122,545,101)
Loss per Share - Basic	36	(2.20)	(3.06)
Loss per Share - Diluted		(2.20)	(1.36)

The annexed notes from 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER



DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
Loss for the Year	(164,980,786)	(122,545,101)
Other comprehensive income for the year		
<i>Items that will be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>		
- Experience adjustment on remeasurement of staff retirement	(3,568,707)	1,887,086
- Related tax impact	1,034,925	(566,126)
- Revaluation surplus on property, plant and equipment	203,833,327	-
	201,299,545	1,320,960
Total Comprehensive Income for the Year	36,318,759	(121,224,141)

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH GENERATED FROM / (USED IN) OPERATIONS	37	22,915,837	(86,639,184)
Finance cost paid		(5,769,886)	(11,496,613)
Gratuity paid		(11,072,321)	(17,435,999)
Income tax paid		(8,461,145)	(3,472,225)
Net cash used in operating activities		(2,387,515)	(119,044,021)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(16,406,640)	(15,203,446)
Proceeds from disposal of property, plant and equipment		3,780,125	5,409,030
Proceeds from sale of stores and raw material		2,834,966	2,020,858
Long term loans to employees		1,969,067	3,848,843
Long term deposits		(3,238,850)	-
Net cash used in investing activities		(11,061,332)	(3,924,715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan (repaid) / obtained		(11,604,709)	43,167,288
Repayment of liabilities against assets subject to finance lease		(3,050,366)	(1,994,664)
Short term borrowings - net		29,039,616	79,399,123
Net cash generated from financing activities		14,384,541	120,571,747
Net increase / (decrease) in Cash and Cash Equivalents		935,693	(2,396,989)
Cash and cash equivalents at the beginning of the year		1,525,816	3,922,805
Cash and Cash Equivalents at the End of the Year		<u>2,461,509</u>	<u>1,525,816</u>

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

Particulars	Issued, Subscribed and Paid up Share Capital	Accumulated Loss	Convertible Directors Loan	Revaluation Surplus	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2016	400,000,000	(1,012,798,277)	500,000,000	-	(112,798,277)
Net loss for the year	-	(122,545,101)	-	-	(122,545,101)
Other comprehensive income	-	1,320,960	-	-	1,320,960
Balance as at June 30, 2017	400,000,000	(1,134,022,418)	500,000,000	-	(234,022,418)
Shares issued during the year	500,000,000	-	(500,000,000)	-	-
Net loss for the year	-	(164,980,786)	-	-	(164,980,786)
Other comprehensive income	-	(2,533,782)	-	203,833,327	201,299,545
Balance as at June 30, 2018	900,000,000	(1,301,536,986)	-	203,833,327	(197,703,659)

The annexed notes 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Note 1

The Company and its Operations

- 1.1 The Company was incorporated on January 17, 1988 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchanges. The Company is engaged in the business of textile weaving, spinning and sale of processed fabric & home textile.
- 1.2 Corporate office of the Company is located at 7/1, E-3, Main Boulevard Gulberg III, Lahore. While the production plants of the Company are located at 49-Km, Multan Road, Bhai Phero and 7-Km, Multan Road, Pattoki.
- 1.3 During the year Company has incurred loss after tax of Rs. 164.981 million (2017: Rs. 122.545 million) and at year end, its accumulated losses stood at Rs. 1,301.537 million (2017: 1,134.022 million). Its current liabilities exceed its current assets by Rs. 896.206 million (2017: Rs. 716.056 million). The Company in order to carry on its business and to meet its current obligation requires generating sufficient cash flows. Accordingly there is a material uncertainty relating to the Company's operation that may cast sufficient doubt on the discharge of its liabilities in the normal course of business. Continuation of the Company as a going concern is dependent on improved cash flows. For this purpose the management of the Company has drawn up plans which include:-

- The Company has enhanced its production capacities to get the benefit of economy of scale that will benefit to diversify its products to meet the market needs. We had also worked to reinforce our utilities by importing state of the art air compressor unit which will benefit to improve the efficiency and reduce the production cost.
- The management continuously working to enhance its production capacity in both weaving and spinning units. During the year the Company has added 40 looms and 1,008 spindles and have to plan add 30 looms and 2,400 spindles.
- The Company is expecting that the current Government will give incentive to textile industry in terms of reduction in energy prices. Recently the Government has announced energy package for the industry which would cause a positive impact on the Company's operations.
- The Company is planning to revive its export business which will improve profitability and liquidity.
- The Company is negotiating with its bankers for re-structuring of its financial facilities to meet its working capital requirements.

The Company is also focusing on reduction of production costs by following measures:

- i) Exploring new local markets / customers.
- ii) Avail discount on early payments as allowed by the supplier if it is marginally feasible.
- iii) Adopt just in time policy for procuring raw material and store items.
- iv) Provide employee training to make them more efficient and diversified.
- v) Eliminate low margin products.
- vi) Employee effective cost control measures to minimize the product cost.

In view of the above, these financial statements have been prepared on going concern assumption.

- 1.4 The operations of Chakwal Spinning Mills Limited has closed since March 2017. The management of Yousaf Weaving Mills Limited resume production facilities under the lease arrangement. On resumption of production the management faced multiple challenges and teething problems which affected the operating results. Higher prices of raw cotton & energy, lower prices offered by yarn market, undesired efficiency and yield caused loss amounting to Rs. 72,176,804.

Note 2
Significant Transactions and Events Affecting the Company's Financial Position and Performance

Summary of significant events and transactions in the current reporting period:

	<u>2018</u>
	Impact in Rupees
Purchase of property, plant and equipment	16,406,640
Net loss due to Chakwal Spinning Mills Limited acquired on lease	72,176,804
Lease expense of Chakwal Spinning Mills Limited	7,500,000
Accrued markup increased during the year	42,377,808
Increase in revenue as compared to last year	464,595,954
Revaluation surplus on freehold land	203,833,327

Note 3
Basis of Preparation

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets and less unrecognised actuarial losses.

3.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

These estimates and related assumptions are reviewed on an on-going basis. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; provisions for doubtful receivables; provisions for defined benefit plans; slow moving and obsolete inventory; recovery, trade debts and taxation.

The basis and associated assumptions underlying the accounting estimates used in the preparation of annual financial statement of Yousaf Weaving Mills Limited for the year ended June 30, 2018 have been consistent with previous year unless otherwise stated.

Note 3 - Basis of Preparation ... Contd.

3.5 Changes in Accounting Standards, Interpretations and Pronouncements

3.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The Company has adopted the following accounting standard and the amendments which became effective for the current year:

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

Improvements to Accounting Standards Issued by the IASB in December 2014

- IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

3.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective Date (Period beginning on or after)
-IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 01, 2018
-IFRS 9 'Financial Instruments: Classification and Measurement'	July 01, 2018
-IAS 16 - Property, Plant and Equipment [Amendments]	July 01, 2018
-IFRS 16 'Lease'	January 01, 2019
-Amendments to IAS 12 'Income Taxes' (Unrealized losses on debt instruments)	January 01, 2019
-Amendments to IAS 23 'Borrowing Costs'	January 01, 2019

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application; except for IFRS 9, IFRS 15 and IFRS 16. The management is in the process of determining the effect of application of IFRS 9, IFRS 15 and IFRS 16.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective Date (Period beginning on or after)
-IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
-IFRS 17 'Insurance Contracts'	January 1, 2021

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Note 4
Significant Accounting Policies

4.1 Employee retirement benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to profit and loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations using the projected unit credit actuarial valuation method. Actuarial gains/ losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at June 30, 2018.

4.2 Compensated absences

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

4.3 Provisions

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

4.4 Trade and other payables

Liabilities for trade and other payables are carried at their fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

4.5 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Charge for the current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any.

Deferred

Deferred tax is accounted for using the statement of financial position 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 are recognized to the extent that it is probable that taxable profits are available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Carrying amount of all deferred tax assets is reviewed at each statement of financial position date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits would be available to allow all or part of deferred tax assets to be utilized. Tax rates enacted at the statement of financial position date are used to determine deferred income tax.

Note 4 - Significant Accounting Policies ... Contd.

4.6 Property, plant and equipment

Owned

Property, plant and equipment except freehold land is stated at cost less accumulated depreciation and identified impairment losses. Freehold land is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted values of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis as owned assets at the rates specified in Note 16 to write off the cost of assets over their estimated useful life.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.7 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP and other software include purchase cost and directly attributable expenses incidental to bring the software for its intended use.

Cost that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible assets. However, costs associated with the maintenance of software are recognized as an expense.

Intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using reducing balance as specified in Note 17. The amortization period and the amortization method for an intangible asset are reviewed, at each financial year end, and adjusted if impact on amortization is significant.

4.8 Stores and spares

These are valued at lower of moving average cost and net realizable value whilst items considered obsolete are carried at nil value. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

4.9 Stock in trade

These have been valued at the lower of cost and net realizable value. Cost has been determined as follows:

Raw and packing materials	- Moving average cost
Materials in transit	- Cost and incidental charges paid thereon
Work in process	- Average manufacturing cost
Finished goods	- Average manufacturing cost
Waste	- Net realizable value

Note 4 - Significant Accounting Policies ... Contd.

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less necessary cost to make the sale.

4.10 Trade debts and other receivables

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

4.11 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

Financial instruments are initially recorded at fair value on the date of acquisition or date of contract and are re-measured to fair value at subsequent reporting dates.

The gain or loss relating to financial instruments is recognized immediately in the profit and loss account.

4.12 Off-setting of financial assets and financial liabilities

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

4.13 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

4.14 Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets or securities are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.15 Borrowing cost

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

4.16 Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the statement of financial position date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in profit and loss account.

Note 4 - Significant Accounting Policies ... Contd.

4.17 Related party transactions

Related parties from the Company's perspective comprise, associated undertakings, key management personnel (including chief executive and directors) and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out on permissible basis and agreed terms.

4.18 Segment reporting

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

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.19 Revenue recognition

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

- Sales of goods are recognized when goods are delivered and title has been passed.
- Export rebate is recognized on accrual basis at the time of making the export sales.
- Profit on saving accounts is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective profit rate applicable.

4.20 Dividend distribution

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

Note 5
Issued, Subscribed and Paid Up Capital

2018	2017		2018	2017
No. of Shares			Rupees	Rupees
90,000,000	40,000,000	Ordinary shares of Rs. 10 each fully paid in cash	900,000,000	400,000,000
<u>40,000,000</u>	<u>40,000,000</u>		<u>900,000,000</u>	<u>400,000,000</u>

During the year the director loan has been converted into ordinary shares with the approval of Securities and Exchange Commission of Pakistan.

5.1 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

Opening balance	40,000,000	40,000,000
Issued during the year	50,000,000	-
Closing balance	<u>90,000,000</u>	<u>40,000,000</u>

5.2 During the year share are issued to the following sponsor directors:

Khawaja Mohammad Jawed	14,000,000	-
Khawaja Mohammad Kaleem	15,000,000	-
Khawaja Mohammad Nadeem	11,500,000	-
Khawaja Mohammad Naveed	9,500,000	-
	<u>50,000,000</u>	<u>-</u>

Note 6

Surplus on revaluation of property, plant & equipment

During the year the Company has changed its accounting policy for land from cost to revaluation model. Latest revaluation of freehold land has been carried out as at June 30, 2018 by M/s. K.G. Traders (Private) Limited on the basis of their professional assessment of present market value, based on enquiries made about the cost of land of similar nature, size and location.

Note 7

Long Term Loan

	Note	2018 Rupees	2017 Rupees
Banking companies - Secured			
LTFE (EOP)	7.1	2,775,000	11,100,000
Demand Finance	7.2	94,070,172	97,349,881
		<u>96,845,172</u>	<u>108,449,881</u>
Less: Current and overdue portion shown under current Liabilities	13	<u>(30,743,401)</u>	<u>(27,925,905)</u>
		<u>66,101,771</u>	<u>80,523,976</u>

7.1 This represents the term finance facility availed from Habib Metropolitan Bank under LTFE - EOP scheme of State Bank of Pakistan (SBP) for the purchase of plant and machinery. These are repayable in equal quarterly installments and carry mark-up 10.40% (2017: 10.40%) per annum for SBP schemes. The loans are secured against exclusive charge over textile machinery, hypothecation of stocks of weaving unit of the Company, export letters of credit and personal guarantees of directors of the Company.

7.2 This represents previous outstanding demand finance of Rs. 62.350 million and utilized facility of cash finance of Rs. 35.00 million (utilize) to meet the working capital requirements of the company obtained from the Bank of Punjab. The total demand finance facility is repayable in 81 equal monthly installment with 3 months grace period and carries markup at 3 Months KIBOR plus 200 bps. The facility is secured against exclusive charge over sponsor's residential and agricultural property, ranking charge over fixed and current assets of the Company and personal guarantees of directors of the Company.

Note 8

Liabilities Against Assets Subject To Finance Lease

	2018	2017
	Rupees	Rupees
Future minimum lease payments	1,803,666	5,075,224
Less: Un-amortized finance charges	(49,503)	(270,695)
Present value of future minimum lease payments	1,754,163	4,804,529
Less: Current portion shown under current liabilities	(1,161,202)	(3,050,515)
	<u>592,961</u>	<u>1,754,014</u>

8.1 This represents finance lease arrangements entered into with banks to acquire vehicles . Financing rates ranging from 10.15% to 10.21% (2017: 10.15% to 12.22%) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

8.2 Lease liabilities are secured against title of leased assets, personal guarantees of directors and security deposits amounting to Rs. 0.820 million (2017: Rs. 1.505 million).

8.3 Minimum lease payments and their present value are regroup as under:

	2018		2017	
	Not later than one year	Later than one year and not later than one year	Not later than one year	Later than one year and not later than one year
	-----Rupees-----			
Future minimum lease payments	1,209,954	593,712	3,275,879	1,799,345
Less: Un-amortized finance charge	(48,752)	(751)	(225,364)	(45,331)
Present value of minimum lease payments	<u>1,161,202</u>	<u>592,961</u>	<u>3,050,515</u>	<u>1,754,014</u>

Note 9

Deferred Liability

		2018	2017
	Note	Rupees	Rupees
Gratuity payable	9.1	28,877,469	28,301,326
Deferred tax - net	9.2	6,131,167	32,010,033
		<u>35,008,636</u>	<u>60,311,359</u>

9.1 Gratuity payable

9.1.1 Net liability recognized in the statement of financial position

Present value of defined benefit obligations	<u>28,877,469</u>	<u>28,301,326</u>
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Note 9 - Deferred Liability ... Contd.

		<u>2018</u>	<u>2017</u>
		Rupees	Rupees
9.1.2 Movement in the net liability recognized in the statement of financial position			
Net liability as at 1st July		28,301,326	39,305,150
Expense recognized in the income statement		8,079,757	8,319,261
Benefits paid during the year		(11,072,321)	(17,435,999)
Remeasurement changes chargeable to other comprehensive income		3,568,707	(1,887,086)
Net liability as at 30th June		<u>28,877,469</u>	<u>28,301,326</u>
9.1.3 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation as at 1st July		28,301,326	39,305,150
Current service cost		6,315,457	6,101,693
Interest cost		1,764,300	2,217,568
Benefit paid		(11,072,321)	(17,435,999)
Remeasurement of obligation		3,568,707	(1,887,086)
Present value of defined benefit obligation as at 30th June		<u>28,877,469</u>	<u>28,301,326</u>
9.1.4 Amount charge to profit and loss account			
Current service cost		6,315,457	6,101,693
Interest cost		1,764,300	2,217,568
		<u>8,079,757</u>	<u>8,319,261</u>
9.1.5 Allocation of charge for the year			
Cost of sales	29	6,831,904	7,608,165
Administrative expenses	31	1,247,853	711,096
		<u>8,079,757</u>	<u>8,319,261</u>
9.1.6 Amount recognized in other comprehensive income are:			
Actuarial loss/(gain) due to experience adjustments		<u>3,568,707</u>	<u>(1,887,086)</u>

9.1.7 Key actuarial assumptions used:

The company operates a defined benefit plan which comprises an unfunded gratuity scheme for its permanent employees. The scheme defined the amounts of the benefit that an employee will receive on or after retirement subject to minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out on June 30, 2018 using Projected Unit Credit method by an approved actuary.

	<u>2018</u>	<u>2017</u>
Discount rate	9.00%	7.75%
Expected rate of salary increase	8.00%	6.75%
Retirement age	60 Years	60 Years

9.1.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principle assumption is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+ - by 100 bps	26,899,189	31,157,325
Salary increase	+ - by 100 bps	31,157,325	26,864,745

Note 9 - Deferred Liability ... Contd.

9.2 Deferred tax liability - Net

	2018	2017
	Rupees	Rupees
Taxable temporary differences		
- Accelerated tax depreciation	131,875,270	114,451,981
Deducted temporary differences		
- Recognized losses	(116,780,751)	(76,151,791)
- Staff retirement benefits and others	(7,928,427)	(6,856,282)
- Recognized in Other Comprehensive Income	(1,034,925)	566,126
	(125,744,103)	(82,441,947)
	<u>6,131,167</u>	<u>32,010,034</u>

Note 10

Trade and Other Payables

		2018	2017
	Note	Rupees	Rupees
Creditors - Unsecured	10.1	253,454,004	226,882,899
Advance from customers		10,024,389	-
Accrued liabilities	10.3	61,267,495	44,182,830
Income tax payable		1,273,688	1,239,562
Other liabilities		5,395,867	4,839,838
		<u>331,415,443</u>	<u>277,145,129</u>

10.1 This includes amount due to following related parties as follows:

	2018	2017
	Rupees	Rupees
Chakwal Spinning Mills Limited	7,103,508	13,043
Chakwal Textile Mills Limited	547,835	570,231
Kohinoor Spinning Mills Limited	19,731,392	22,090,432
	<u>27,382,735</u>	<u>22,673,706</u>

10.2 The maximum aggregate amount due to these related parties at the end of any month during the year was Rs. 19.890 million.

10.3 This mainly includes salaries & wages payable and utility bills payable as at reporting date.

Note 11

Accrued Mark up

	2018	2017
	Rupees	Rupees
Long term loan	10,961,125	7,160,468
Short term borrowings	114,968,043	76,390,892
	<u>125,929,168</u>	<u>83,551,360</u>

Note 12

Short Term Borrowings

		2018	2017
	Note	Rupees	Rupees
Banking companies - Secured			
- Running finance / packing credit / cash finance	12.1	371,153,945	350,096,610
Related parties - Unsecured			
- Loan from directors	12.2	169,658,386	105,314,119
Others			
- Unpresented cheques	12.3	6,241,519	62,603,506
		<u>547,053,850</u>	<u>518,014,235</u>

Note 12 - Short Term Borrowings ... Contd.

12.1 Terms and conditions of borrowings

- **Purpose**

These facilities have been obtained with sanctioned limit of Rs. 906.568 million (2017: 906.568 million) for working capital requirements, procure stock of cotton, retirement of import bills, local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

- **Mark up**

The mark up rate on various limits is 3-month Kibor plus a spread of 2% to 3.5% (2017: 3-month Kibor plus 2% to 3.5%) per annum, payable quarterly. Further, some limits carry commission against local LCs at 0.20% to 0.25% (2017: 0.20% to 0.25%) per quarter.

- **Securities**

These facilities are secured against pledge of raw material stocks, registered hypothecation charge over fabrics and yarn stocks, imports documents, irrevocable L/Cs and export bills, charges over fixed and current assets of the Company and personal guarantees of sponsoring directors of the Company.

12.2 This represents interest free funds obtained from directors to meet working capital requirements of the Company.

12.3 This represents cheques issued but not presented on the statement of financial position date. These cheques will be honoured subsequent to the statement of financial position date.

Note 13

Current and Overdue Portion of Non Current Liabilities

	Note	2018 Rupees	2017 Rupees
Long term loans	7	30,743,401	27,925,905
Liabilities against assets subject to finance lease	8	1,161,202	3,050,515
		<u>31,904,603</u>	<u>30,976,420</u>

Note 14

Provision for Taxation

	2018 Rupees	2017 Rupees
Opening balance	14,872,704	13,102,727
Add: Charge for the current year	24,375,418	14,872,704
Less: Reversal of prior year	-	(5,375,460)
	<u>39,248,122</u>	<u>22,599,971</u>
Less: Payment / adjustments against advance tax	-	(7,727,267)
	<u>39,248,122</u>	<u>14,872,704</u>

14.1 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	2015 Rupees	2016 Rupees	2017 Rupees
Provision for Taxation	17,337,676	13,102,727	14,872,704
Tax assessed	15,674,987	-	-

No tax assessed in the year 2016 and 2017 due to gross loss as per section 113 of Income Tax Ordinance 2001.

Note 15
Contingencies and Commitments

Contingencies

- 15.1 National Bank of Pakistan Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.96/2016, wherein the bank demanded repayment of Rs. 112.654 million inclusive of principal and mark up. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 15.2 The Company filed a suit against National Bank of Pakistan Limited, before the Lahore High Court vide COS No.14450/2017, wherein along with other prayers recovery of Rs. 409.662 million has also been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter.
- 15.3 Habib Metropolitan Bank Limited filed a suit against the Company and Others before the Lahore High Court vide COS No.173949/2018, wherein the Bank demanded recovery of Rs. 313.500 million inclusive of principal and mark up. This suit is still pending adjudication. The amount involved in this case is the same as claimed by the Bank. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 15.4 The Company filed a suit against Habib Metropolitan Bank Limited, before the Lahore High Court vide COS No.219124/2018, wherein along with other prayers recovery of Rs. 578.318 million has been claimed. This suit is still pending adjudication. There is no scope of any loss to the Company in the instant matter.
- 15.5 The Company filed a suit against National Bank of Pakistan Limited, before the Lahore High Court vide COS No.220363/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 8 years back. This claim of Bank is time barred and is still pending adjudication. Company is expecting that case will be decided in favor of the Company.
- 15.6 The National Bank of Pakistan has lodged a time barred claim based upon the LC's facilities sanctioned about 7/8 years back. The NAB has also taken up this matter, this act of the Bank and NAB has been challenged in a writ petition no.220613/2018 before the Lahore High Court. This writ petition is pending adjudication before the Division Bench of Lahore High Court and an injunctive order has also been passed. This Company is expecting a favorable result in this case based on legal advice.
- 15.7 Income tax liability amounting to Rs. 33.071 (2017: Rs. 33.071 million) upto the assessment year 2002-2003 under Section 62 of the Income Tax Ordinance 2001 was determined by the Income Tax Department. Pending the outcome of appeals filed by the Company, no provision has been made in these financial statements as the management views that the outcome of the appeals shall be in the favour of the Company.

Commitments

There are no commitments as at reporting date.

Guarantees

- The Company has given Counter-guarantees for guarantees issued by bank on behalf of the Company outstanding as at the statement of financial position date are as under:

	2018	2017
	Rs. (million)	Rs. (million)
Sui Northern Gas Pipelines Limited	24,150	37,725

Note 16
Property, Plant and Equipment

	2018							2017	
	Land	Freehold	Factory & Colony Building on Freehold Land	Plant & Machinery	Tools & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Operating fixed assets									
16.1 Operating fixed assets									
16.1.1 Owned assets									
Cost									
Balance as at July 01, 2017		11,736,673	181,663,215	1,292,608,980	6,004,246	17,527,946	6,573,964	5,100,106	1,521,215,130
Additions		-	-	16,038,000	-	-	257,500	111,140	16,406,640
Revaluation adjustment		203,833,327	-	-	-	-	-	-	203,833,327
Deletions		-	-	(5,747,511)	(658,300)	-	-	(4,568,598)	(10,974,409)
Transfer		-	-	-	-	-	-	5,655,638	5,655,638
Balance as at June 30, 2018		215,570,000	181,663,215	1,302,899,469	5,345,946	17,527,946	6,831,464	6,298,286	1,736,136,326
Accumulated Depreciation									
Balance as at July 01, 2017		-	138,261,404	749,423,426	4,808,156	15,481,632	4,741,970	4,216,242	916,932,830
Charge for the year		-	2,170,091	38,421,939	107,876	409,263	190,281	463,946	41,763,396
Deletions		-	-	(3,270,340)	(488,134)	-	-	(3,484,172)	(7,242,646)
Transfer		-	-	-	-	-	-	4,220,663	4,220,663
Balance as at June 30, 2018		-	140,431,495	784,575,025	4,427,898	15,890,895	4,932,251	5,416,679	955,674,243
Written Down Value as at June 30, 2018		215,570,000	41,231,720	518,324,444	918,048	1,637,051	1,899,213	881,607	780,462,083
16.1.2 Leased assets									
Cost									
Balance as at July 01, 2017		-	-	-	-	-	-	14,129,082	14,129,082
Addition		-	-	-	-	-	-	-	-
Transfer		-	-	-	-	-	-	(5,655,638)	(5,655,638)
Balance as at June 30, 2018		-	-	-	-	-	-	8,473,444	8,473,444

Note 16 - Property, Plant and Equipment ... Contd.

Accumulated Depreciation

Balance as at July 01, 2017	-	-	-	-	-	-	-	-	-	7,702,565	7,702,565
Charge for the year	-	-	-	-	-	-	-	-	-	962,822	962,822
Transfer	-	-	-	-	-	-	-	-	-	(3,484,172)	(3,484,172)
Balance as at June 30, 2018	-	-	-	-	-	-	-	-	-	5,181,215	5,181,215
Written Down Value as at June 30, 2018	-	-	-	-	-	-	-	-	-	3,292,229	3,292,229

Total Written Down Value June 30, 2018	215,570,000	41,231,720	518,324,444	918,048	1,637,051	1,899,213	4,173,836	783,754,312
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16.1.3 Depreciation rates

5%	7%	10%	20%	10%	20%
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16.2 Operating fixed assets

Description	2017							Total	
	Land	Freehold	Factory & Colony Building on Freehold Land	Plant & Machinery	Tools & Equipment	Office Equipment	Furniture and Fixtures		Vehicles
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2016	11,736,673	11,736,673	181,663,215	1,277,458,434	6,004,246	17,601,846	6,521,064	14,816,826	1,515,802,304
Additions	-	-	-	15,150,546	-	-	52,900	2,637,000	17,840,446
Deletions	-	-	-	-	-	(73,900)	-	(20,602,636)	(20,676,536)
Transfers	-	-	-	-	-	-	-	8,248,916	8,248,916
Balance as at June 30, 2017	11,736,673	11,736,673	181,663,215	1,292,608,980	6,004,246	17,527,946	6,573,964	5,100,106	1,521,215,130
Balance as at July 01, 2016	-	-	135,977,097	709,022,450	4,675,257	15,013,686	4,542,328	11,976,601	881,207,419
Charge for the year	-	-	2,284,307	40,400,976	132,899	511,576	199,642	317,841	43,847,241
Deletions	-	-	-	-	-	(43,630)	-	(14,080,040)	(14,123,670)
Transfers	-	-	-	-	-	-	-	6,001,840	6,001,840
Balance as at June 30, 2017	-	-	138,261,404	749,423,426	4,808,156	15,481,632	4,741,970	4,216,242	916,932,830
Written Down Value as at June 30, 2017	11,736,673	43,401,811	543,185,554	1,196,090	2,046,314	1,831,994	883,864	604,282,300	

Note 16 - Property, Plant and Equipment ... Contd.

16.2.2 Leased assets

Cost

Balance as at July 01, 2016	-	-	-	-	22,377,998	22,377,998
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	(8,248,916)	(8,248,916)
Balance as at June 30, 2017	-	-	-	-	14,129,082	14,129,082

Accumulated Depreciation

Balance as at July 01, 2016	-	-	-	-	11,827,910	11,827,910
Charge for the year	-	-	-	-	1,876,495	1,876,495
Transfers	-	-	-	-	(6,001,840)	(6,001,840)
Balance as at June 30, 2017	-	-	-	-	7,702,565	7,702,565

Written Down Value as at June 30, 2017

	-	-	-	-	6,426,517	6,426,517
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Total Written Down Value as at June 30, 2017

	11,736,673	43,401,811	543,185,554	1,196,090	2,046,314	1,831,994	7,310,381	610,708,817
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16.2.3 Depreciation rates

	-	5%	7%	10%	20%	10%	20%
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Note 16 - Property, Plant and Equipment ... Contd.

16.3 Allocation of depreciation charge

Depreciation charge for the year has been apportioned as follows:

	Note	2018 Rupees	2017 Rupees
Cost of sales	29	40,699,906	42,818,182
Administrative expenses	31	2,026,312	2,905,554
		<u>42,726,218</u>	<u>45,723,736</u>

16.3.1 Disposal of Property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2018							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
	Rupees	Rupees	Rupees	Rupees	Rupees		
Plant & Machinery							
Plant & Machinery	5,747,511	3,270,340	2,477,171	1,112,418	(1,364,753)	Mr. Boota Dogar	Negotiation
Vehicles							
Honda City	1,893,780	953,455	940,325	892,707	(47,618)	Mr. Abdul Hye Khan Ghouri	Negotiation
Honda Civic	2,674,818	1,794,986	879,832	1,775,000	895,168	Mr. Mirza Ikrash	Negotiation
Total 2018	<u>10,316,109</u>	<u>6,018,781</u>	<u>4,297,328</u>	<u>3,780,125</u>	<u>(517,203)</u>		

2017							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
Office Equipment							
Laptop	73,900	43,630	30,270	46,030	15,760	Danish Wali Khan	Negotiation
Vehicles							
Suzuki Cultus	984,376	670,216	314,160	525,000	210,840	Muhammad Shafi	Negotiation
Suzuki Cultus	664,500	609,323	55,177	378,000	322,823	M Ali Arshed	Negotiation
Honda Civic	1,792,940	1,484,606	308,334	1,080,000	771,666	M Khalid Chaudhary	Negotiation
Toyota Corolla	1,546,280	1,069,064	477,216	480,000	2,784	Muhammad Nadeem	Negotiation
Toyota Land Cruiser	5,713,000	4,886,647	826,353	900,000	73,647	Umar Zaib	Negotiation
Toyota Land Cruiser	7,264,540	5,360,184	1,904,356	2,000,000	95,644	Haider Ali Dawood	Negotiation
Honda Civic	2,637,000	-	2,637,000	2,637,000	-	Muhammad Amjad	Negotiation
Total 2017	<u>20,676,536</u>	<u>14,123,670</u>	<u>6,552,866</u>	<u>8,046,030</u>	<u>1,493,164</u>		

16.4 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Total Area (In Kanal)	Covered Area (In sq. ft.)
49-Km, Multan Road, Bhai Phero	Production unit	106.8	194,000
7-Km, Multan Road, Pattoki	Production unit	91.5	139,313

Note 17
Intangible Assets

	Note	2018 Rupees	2017 Rupees
Net carrying value			
Opening balance of net book value		454,503	568,128
Amortization	31	(90,901)	(113,625)
Net book value as at June 30		<u>363,602</u>	<u>454,503</u>
Gross carrying value			
Cost		3,630,520	3,630,520
Accumulated amortization		(3,266,918)	(3,176,017)
Net book value		<u>363,602</u>	<u>454,503</u>
Amortization rate per annum		<u>20%</u>	<u>20%</u>

17.1 Amortization charge for the year has been allocated to cost of sales.

17.2 Intangible assets include ERP system and other software implemented and used by the Company.

Note 18
Long Term Loans

	Note	2018 Rupees	2017 Rupees
Loans to employees - (Secured - considered good)			
- Due from executives	18.1	5,947,088	8,225,978
- Due from other employees		5,351,264	5,041,441
		11,298,352	13,267,419
Less: Current portion			
- Due from executives		(1,486,772)	(1,252,780)
- Due from other employees		(1,337,817)	(2,598,966)
		(2,824,589)	(3,851,746)
		<u>8,473,763</u>	<u>9,415,673</u>

18.1 Reconciliation of carrying amount of loan to executives:

Opening balance	8,225,978	10,079,154
Disbursement during the year	90,000	477,796
	8,315,978	10,556,950
Recoveries/adjusted during the year	(2,368,890)	(2,330,972)
Closing Balance	<u>5,947,088</u>	<u>8,225,978</u>

18.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly instalments from salary and are secured against gratuity balances.

18.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 8.050 million (2017: Rs. 8.070 million)

18.4 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

Note 19

Long Term Deposits

	Note	2018 Rupees	2017 Rupees
Security deposits against:			
- Utilities		7,146,349	3,223,349
- Finance lease		820,725	1,504,875
Less: Current portion	24	(353,250)	(684,150)
		467,475	820,725
		<u>7,613,824</u>	<u>4,044,074</u>

Note 20

Stores and Spares

	2018 Rupees	2017 Rupees
Stores	1,626,149	4,330,305
Spares	20,166,223	19,171,684
	<u>21,792,372</u>	<u>23,501,989</u>

20.1 No identifiable stores and spares were held for specific capitalization.

Note 21

Stock in Trade

	2018 Rupees	2017 Rupees
Raw and packing materials	6,685,796	11,941,884
Work in process	7,454,142	29,595,094
Finished goods	16,991,911	36,118,947
	<u>31,131,849</u>	<u>77,655,925</u>

21.1 Short term borrowings availed by the Company are secured by way of hypothecation charge on present and future current assets of the Company (including stock in trade) as per detail given in Note 11 to these financial statements.

Note 22

Trade Debts

	2018 Rupees	2017 Rupees
Local - Unsecured		
Trade debts (Considered good)	<u>23,817,291</u>	<u>14,011,729</u>

22.1 Trade debts do not include any amount due from related parties.

Note 23

Loans and Advances

	Note	2018 Rupees	2017 Rupees
Current portion of loan to employees:	18		
- Due from executives		1,486,772	1,252,780
- Due from other employees		1,337,817	2,598,966
		2,824,589	3,851,746
Advances - Considered good:			
- Suppliers and contractors	23.1	28,837,276	9,703,570
- Employees	23.2	9,474,084	8,786,921
- Letters of credit		-	6,590
		<u>41,135,949</u>	<u>22,348,827</u>

Note 23 - Loan and Advances ... Contd.

23.1 Advances to suppliers and contractors do not include any amount given to related parties.

23.2 This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in installments and are secured against their gratuity balances of employees. Advances to employees do not include any amount given to directors of the Company.

Note 24

Trade Deposits and Short Term Prepayments

		2018	2017
	Note	Rupees	Rupees
Security deposits		286,992	286,992
Deposit against finance lease	19	353,250	684,150
Prepayments		-	280,145
Export rebate		2,599,889	2,599,889
		<u>3,240,131</u>	<u>3,851,176</u>

Note 25

Other Receivables

		2018	2017
		Rupees	Rupees
Margin against letter of credit		5,437,461	7,842,261
Margin against bank guarantee		3,730,490	5,087,990
		<u>9,167,951</u>	<u>12,930,251</u>

Note 26

Tax Refunds Due From Government

		2018	2017
		Rupees	Rupees
Tax deducted at source and advance tax		42,507,463	34,046,321
Sales tax refundable - Net		7,337,895	21,878,695
		<u>49,845,358</u>	<u>55,925,016</u>

Note 27

Cash and Bank Balance

		2018	2017
		Rupees	Rupees
Imprest with staff		145,216	140,216
Cash in hand		476,998	335,081
Cash at bank - in current accounts		1,839,295	1,050,518
		<u>2,461,509</u>	<u>1,525,815</u>

Note 28

Sales

		2018	2017
		Rupees	Rupees
Local			
- Grey cloth		49,502,955	537,458,890
- Yarn		1,382,580,586	656,246,286
		<u>1,432,083,541</u>	<u>1,193,705,176</u>

Note 28 - Sales ... Contd.	2018	2017
	Rupees	Rupees
Waste sales	25,899,841	8,184,657
Processing income	492,050,068	285,380,535
	1,950,033,450	1,487,270,368
Commission	(2,886,481)	(4,719,353)
	1,947,146,969	1,482,551,015

Note 29

Cost of Sales

	Note	2018 Rupees	2017 Rupees
Raw materials consumed	29.1	993,715,913	767,990,725
Salaries, wages and other benefits	29.2	309,220,769	210,787,081
Fuel and power		420,490,996	274,840,448
Stores, spares and chemicals consumed		138,842,142	93,728,047
Packing material		23,785,910	15,219,340
Insurance		199,623	-
Repairs and maintenance		17,842,935	7,521,110
Miscellaneous		16,518,117	6,232,931
Amortization	17	90,901	113,625
Depreciation	16.3	40,699,906	42,818,182
		1,961,407,212	1,419,251,489
Work in process:			
- Opening work in process		29,595,094	59,238,346
- Closing work in process		(7,454,142)	(29,595,094)
		22,140,952	29,643,252
Cost of goods manufactured		1,983,548,164	1,448,894,741
Finished goods:			
- Opening finished goods		36,118,947	71,693,603
- Closing finished goods		(16,991,911)	(36,118,947)
		19,127,036	35,574,656
		2,002,675,200	1,484,469,397
29.1 Raw materials consumed:			
- Opening stock		11,941,884	38,604,847
- Purchases		983,414,397	739,324,334
- Purchase expenses		5,045,428	2,064,222
		1,000,401,709	779,993,403
- Cost of raw materials sold		-	(60,794)
- Closing stock		(6,685,796)	(11,941,884)
		993,715,913	767,990,725

29.2 This includes Rs. 6.832 million (2017: Rs. 7.608 million), approximately, in respect of employee benefits - gratuity scheme.

Note 30
Distribution Cost

	2018	2017
	Rupees	Rupees
Salaries, wages and other benefits	2,100,727	2,587,395
Freight, octroi and other charges	8,394,932	5,999,043
Commission, claims and promotion	74,352	95,888
Travelling and conveyance	359,522	364,312
Printing and stationery	2,698	-
Communication	44,172	51,174
Testing, sampling and others	16,169	18,998
	<u>10,992,572</u>	<u>9,116,810</u>

Note 31
Administrative Expenses

		2018	2017
	Note	Rupees	Rupees
Salaries, wages and other benefits	31.1	29,611,810	27,104,366
Traveling and conveyance		247,006	59,780
Rent, rates and taxes		1,218,400	1,236,028
Printing and stationery		346,615	300,135
Communications		772,002	500,739
Entertainment		568,326	344,894
Electricity and gas		1,880,280	2,354,064
Vehicles' running and maintenance		1,026,353	748,515
Legal and professional charges		7,398,560	3,727,106
Fees and subscriptions		1,105,746	2,917,088
Repairs and maintenance		446,418	496,217
Auditors' remuneration	31.2	1,100,000	1,100,000
Donations		-	7,000
Advertisement		46,450	221,400
Miscellaneous		800,757	1,005,719
Depreciation	16.3	2,026,312	2,905,554
		<u>48,595,035</u>	<u>45,028,605</u>

31.1 This includes Rs. 1.248 million (2017: Rs. 0.711 million), approximately, in respect of employee benefits - gratuity scheme.

31.2 Auditors' remuneration

Audit fee	850,000	850,000
Certification and reviews	250,000	250,000
	<u>1,100,000</u>	<u>1,100,000</u>

Note 32
Other Operating Charges

	2018	2017
	Rupees	Rupees
Loss on sale of property, plant and equipment	688,129	-
Loss on sale of store and spares and raw material	1,497,647	508,610
	<u>2,185,776</u>	<u>508,610</u>

Note 33
Finance Cost

	2018	2017
	Rupees	Rupees
Mark up on:		
- Long term loan	8,558,441	8,268,221
- Short term borrowings	38,734,210	41,011,341
- Finance lease charges	250,873	407,165
Bank charges and commissions	604,171	1,224,090
	<u>48,147,695</u>	<u>50,910,817</u>

Note 34
Other Operating Income

	2018	2017
	Rupees	Rupees
Gain on disposal of property, plant and equipment	-	1,493,164
	<u>-</u>	<u>1,493,164</u>

Note 35
Taxation

	2018	2017
	Rupees	Rupees
For the year		
- Current	24,375,418	14,872,704
- Deferred	(24,843,941)	28,361,757
	(468,523)	43,234,461
Prior year adjustment	-	(26,679,420)
	<u>(468,523)</u>	<u>16,555,041</u>

35.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company has declared accounting loss for the year. Therefore minimum tax @ 1.25% has been provided in these financial statements Sufficient tax provision has been incorporated in these financial statements.

Note 36
Loss per Share

	2018	2017
	Rupees	Rupees
Basic loss per share		
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	74,849,315	40,000,000
Loss after taxation	(164,980,786)	(122,545,101)
Loss per share - basic (Rupees per share)	<u>(2.20)</u>	<u>(3.06)</u>
Diluted loss per share		
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	74,849,315	90,000,000
Loss after taxation	(164,980,786)	(122,545,101)
Loss per share - basic (Rupees per share)	<u>(2.20)</u>	<u>(1.36)</u>

Note 37

Cash Generated from Operations

	2018	2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(169,018,016)	(105,990,059)
Adjustments for:		
- Depreciation	42,726,218	45,723,736
- Amortization of intangible asset	90,901	113,625
- Provision for gratuity	11,648,464	8,319,261
- Loss / (Gain) on disposal of property, plant and equipment	688,129	(1,493,164)
- Loss on sale of stores and raw material - net	1,497,647	508,610
- Finance cost	48,147,695	50,910,817
	<u>104,799,054</u>	<u>104,082,885</u>
Operating loss before working capital changes	(64,218,962)	(1,907,174)
(Increase) / decrease in current assets		
- Stores and spares	1,709,617	(2,280,202)
- Stock in trade	42,191,463	91,820,077
- Trade debts	(9,805,562)	(1,083,277)
- Loans and advances	(19,814,279)	(3,751,491)
- Trade deposits and short term prepayments	9,723,653	499,436
- Other receivables	3,762,300	(2,404,800)
- Tax refund due from government	14,540,800	1,598,350
(Decrease) / increase in current liabilities		
- Trade and other payables	44,826,807	(169,130,103)
	<u>87,134,799</u>	<u>(84,732,010)</u>
Cash generated from / (used in) operations	<u>22,915,837</u>	<u>(86,639,184)</u>

Note 38

Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive and directors of the Company are as follows:

	2018			2017		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,000,000	-	9,066,257	5,000,000	5,000,000	4,866,047
House rent allowance	2,000,000	-	3,417,103	2,000,000	2,000,000	1,663,823
Utilities	500,000	-	911,431	500,000	500,000	480,226
Car allowance and others	293,941	-	981,471	604,312	478,568	537,832
	<u>7,793,941</u>	<u>-</u>	<u>14,376,262</u>	<u>8,104,312</u>	<u>7,978,568</u>	<u>7,547,928</u>
Number of persons	1	-	3	1	1	3

38.1 No meeting fee has been paid to any director of the Company.

38.2 Chief executive, directors and certain executives are provided with free use of Company maintained vehicles.

38.3 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year. Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017 (Previously, basic salary limit for executive was Rs. 0.5 million).

Note 39

Transaction with Related Parties

Related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	2018	2017
	Rs. (million)	Rs. (million)
Associates and related parties		
Sale of material, goods and services		
- Chakwal Textile Mills Limited	0.252	-
- Kohinoor Spinning Mills Limited	0.986	-
Purchase of material, goods and services		
Chakwal Spinning Mills Limited	2.725	-
- Kohinoor Spinning Mills Limited	0.359	-
Long term loan received from directors	-	19.267
Short term funds availed from directors	64.344	102.905
Rent of building - Director	1.200	1.200
Rental charged against lease of Chakwal Spinning Mills Limited	7.500	-

There were no transactions with key management personnel other than undertaken as per terms of their employment as disclosed in Note 39.

Sale and purchase transactions have been carried out on commercial terms and conditions as per Company's policy.

39.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Sr. No.	Company Name	Relationship	Aggregate % of Shareholding
1	Kohinoor Spinning Mills Limited	Associate - Common Directorship	Nil
2	Chakwal Spinning Mills Limited	Associate - Common Directorship	Nil

Note 40
Segment Reporting

For management purposes, the activities of the Company are organized into two operating segment i.e., weaving and spinning. The Company operates in the said reportable operating segments based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements related to the Company's reportable segment.

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

40.1 Segment revenues and results

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
For the year ended June 30, 2018			
Sales - net	544,653,494	1,402,493,475	1,947,146,969
Cost of sales	(534,133,968)	(1,468,541,232)	(2,002,675,200)
Gross Profit / (Loss)	10,519,526	(66,047,757)	(55,528,231)
Distribution cost	(1,454,752)	(9,537,820)	(10,992,572)
Administrative expenses	(36,025,698)	(12,569,337)	(48,595,035)
	(37,480,450)	(22,107,157)	(59,587,607)
Operating Loss	(26,960,924)	(88,154,914)	(115,115,838)
Other operating charges	(3,328,353)	(47,618)	(3,375,971)
Finance cost	(44,734,631)	(3,413,064)	(48,147,695)
Other operating income	894,408	295,787	1,190,195
Loss before Taxation	(74,129,500)	(91,319,809)	(165,449,309)
Taxation			468,523
Loss after taxation			(164,980,786)
For the year ended June 30, 2017			
Sales - net	823,465,090	659,085,925	1,482,551,015
Cost of sales	(836,136,346)	(648,333,051)	(1,484,469,397)
Gross (Loss) / Profit	(12,671,256)	10,752,874	(1,918,382)
Distribution cost	(863,901)	(8,252,909)	(9,116,810)
Administrative expenses	(33,407,494)	(10,521,111)	(43,928,605)
	(34,271,395)	(18,774,020)	(53,045,415)
Operating Loss	(46,942,651)	(8,021,146)	(54,963,797)
Other operating charges	(1,608,610)	-	(1,608,610)
Finance cost	(47,368,694)	(3,542,123)	(50,910,817)
Other operating income	1,419,517	73,647	1,493,164
Loss before Taxation	(94,500,438)	(11,489,622)	(105,990,060)
Taxation			(16,555,041)
Loss after taxation			(122,545,101)

Note 40 - Segment Reporting ... Contd.

40.1.1 Revenue reported above represents revenue generated from external customers. Inter-segment sales during the year is Rs. Nil million (2017 : Nil)

40.1.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3 to the financial statements.

40.2 Entity-wide disclosures regarding single reportable segment are as follows:

- **Information about products**

One product of the weaving segment comprises 8.49% (2017: 6.08%) of total sales for the year.

One product of the spinning segment comprises 52.93% (2017: 55.58%) of total sales for the year.

- **Information about major customers**

One customer of the weaving segment accounts for 14.17% (2017: 63.89%) of total sales for the year.

One customer of the spinning segment accounts for 20.22% (2017: 14.24%) of total sales for the year.

One customer of the dairy segment accounts for Nil (2017: Nil) of total sales for the year.

- **Information about geographical area**

	2018	2017
	Rupees	Rupees
Local sale	1,950,033,450	1,487,270,368
	<u>1,950,033,450</u>	<u>1,487,270,368</u>

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

40.3 Segment assets and liabilities

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

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
As at June 30, 2018			
Segment assets for reportable segments	603,710,529	125,408,695	729,119,224
Unallocated assets			253,678,687
Total assets as per balance sheet			<u>982,797,911</u>
Segment liabilities for reportable segments	884,708,822	153,889,166	1,038,597,988
Unallocated liabilities			141,903,582
Total liabilities as per balance sheet			<u>1,180,501,570</u>
As at June 30, 2017			
Segment assets for reportable segments	650,121,107	130,327,673	780,448,780
Unallocated assets			55,925,015
Total assets as per balance sheet			<u>836,373,795</u>
Segment liabilities for reportable segments	1,004,061,881	51,461,627	1,055,523,508
Unallocated liabilities			14,872,705
Total liabilities as per balance sheet			<u>1,070,396,213</u>

Note 40 - Segment Reporting ... Contd.

For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and tax assets; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

40.4 Other Segment Information

	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
<i>For the year ended 30 June 2018</i>			
Capital expenditure	<u>13,710,640</u>	<u>2,696,000</u>	<u>16,406,640</u>
Depreciation and amortization	<u>36,374,355</u>	<u>6,442,764</u>	<u>42,817,119</u>
Non-cash items other than depreciation and amortization - net	<u>7,926,230</u>	<u>5,908,010</u>	<u>13,834,240</u>
	Weaving Segment	Spinning Segment	Total
	Rupees	Rupees	Rupees
<i>For the year ended 30 June 2017</i>			
Capital expenditure	<u>14,209,900</u>	<u>3,630,546</u>	<u>17,840,446</u>
Depreciation and amortization	<u>38,691,533</u>	<u>7,145,828</u>	<u>45,837,361</u>
Non-cash items other than depreciation and amortization - net	<u>3,930,871</u>	<u>3,403,836</u>	<u>7,334,707</u>

Note 41
Financial Risk Management

41.1 Financial risk factors

The Company's activities expose it to a variety of following financial risks:

- (a) Market risk (including currency risk, other price risk and interest rate risk)
- (b) Credit risk
- (c) Liquidity risk

The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance. Risk management is carried out by the Board of Directors (the Board). 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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(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 foreign receivables. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk was as follows:

	2018	2017
	Rupees	Rupees
Trade Debts	-	14,011,729
Rupees per foreign currency rate		
Average rate - Rupees per US Dollar	113.30	104.85
Reporting date rate - Rupees per US Dollar	121.60	104.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. Nil (2017: Rs. 0.701 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. 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 instrument traded in the market. The Company is not exposed to equity and commodity 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. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

	2018	2017
	Rupees	Rupees
Floating rate instruments		
Financial liabilities		
Long term loan	96,845,172	108,449,881
Liabilities against assets subject to finance lease	1,754,163	4,804,529
Short term borrowings	547,053,850	518,014,235

Note 41 - Financial Risk Management ... Contd.

Financial assets

Bank balances - saving accounts

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, (loss) / profit before taxation for the year would have been Rs. 6.463 million (2017: Rs. 6.313 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet 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. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 Rupees	2017 Rupees
Long term loans	8,473,763	9,415,673
Long term deposits	7,146,349	3,223,349
Trade debts	23,817,291	14,011,729
Loan and advances	2,824,589	3,851,746
Trade deposits, short term prepayments and other receivables	6,617,371	8,255,016
Bank balances	1,839,295	1,050,518

The aging of trade debts at balance sheet date is as follows:

	2018 Rupees	2017 Rupees
1 - 30 days	14,805,562	9,232,760
31 - 60 days	2,323,580	1,778,622
61 - 120 days	5,299,521	378,039
120 days and above	1,388,628	2,622,308
	<u>23,817,291</u>	<u>14,011,729</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings.

The credit quality of bank balances 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:

Agency	Rating	
	Short Term	Long Term
Allied Bank Limited	PACRA A1+	AAA
Askari Bank Limited	PACRA A1+	AA
Bank Alfalah Limited	PACRA A1+	AA+
Faysal Bank Limited	PACRA A1+	AA
Habib Metropolitan Bank Limited	PACRA A1+	AA+
Meezan Bank Limited	JCR - VIS A1+	AA
MCB Bank Limited	PACRA A1+	AAA
National Bank of Pakistan	PACRA A1+	AAA
United Bank Limited	JCR - VIS A1+	AA+
Al-Baraka Bank (Pakistan) Limited	PACRA A1	A
Bank Of Punjab	PACRA A1+	AA
Bank Al Habib Limited	PACRA A1+	AA+
Habib Bank Limited	JCR - VIS A1+	AAA

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 906.568 million (2017: Rs. 906.568 million) worth short term borrowing limits available from financial institutions and Rs. 2.397 million (2017: Rs. 1.526 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Note 41 - Financial Risk Management ... Contd.

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

Description	Carrying Amount Rupees	On Demand Rupees	Contractual Rupees	Within 1 Year Rupees	1-2 Years Rupees	2-5 Years Rupees
Long term finances	96,845,172	-	96,845,172	30,743,401	14,422,205	51,679,566
Liabilities against leased assets	1,754,163	-	1,754,163	1,161,202	592,961	-
Trade and other payables	324,745,888	-	324,745,888	324,745,888	-	-
Accrued mark up	125,929,168	-	125,929,168	125,929,168	-	-
Short term borrowings	547,053,850	547,053,850	-	-	-	-
	<u>1,096,328,241</u>	<u>547,053,850</u>	<u>549,274,391</u>	<u>482,579,659</u>	<u>15,015,166</u>	<u>51,679,566</u>

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

Description	Carrying Amount Rupees	On Demand Rupees	Contractual Rupees	Within 1 Year Rupees	1-2 Years Rupees	2-5 Years Rupees
Long term finances	108,449,881	-	108,449,881	27,925,905	14,422,205	66,101,771
Liabilities against leased assets	4,804,529	-	4,804,529	-	-	4,804,529
Trade and other payables	274,312,744	-	274,312,744	274,312,744	-	-
Accrued mark up	83,551,360	-	83,551,360	83,551,360	-	-
Short term borrowings	518,014,235	518,014,235	-	-	-	-
	<u>989,132,749</u>	<u>518,014,235</u>	<u>471,118,514</u>	<u>385,790,009</u>	<u>14,422,205</u>	<u>70,906,300</u>

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 30th June. The rates of interest / mark up have been disclosed in Note 7 and Note 12 to these financial statements.

41.2 Fair values of financial assets and liabilities

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

Note 42

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2018 Rupees	2017 Rupees
Total borrowings	645,060,224	629,514,631
Cash and bank balances	(2,461,509)	(1,525,815)
Net Debt	<u>642,598,715</u>	<u>627,988,816</u>
Equity	(197,703,659)	(234,022,418)
Total Capital Employed	<u>444,895,056</u>	<u>393,966,398</u>
Gearing Ratio	<u>144.44%</u>	<u>159.40%</u>

Note 43
Plant Capacity and Production

	2018	2017 Restated
Air Jet Looms installed	206	163
Installed capacity converted into 50 picks based on 364 days (Sq. Meters approximately)	99,194,872	78,489,146
Actual production converted into 50 picks - (Sq. Meters)	<u>65,343,494</u>	<u>46,988,470</u>
Number of spindles installed	17,976	16,968
Installed capacity in 20's count (Kgs) - approximately	8,853,756	8,357,284
Actual production after conversion into 20's count (Kgs)	<u>4,242,794</u>	<u>5,077,326</u>

43.1 Under utilization of installed capacities is mainly due to non availability of power.

Note 44
Number of Employees

	Note	2018	2017
Average number of employees during the year		954	834
Number of Employees as at June 30,	44.1	1,057	850
44.1 This includes factory employees as at June 30,		1,016	818

Note 45
Authorization of Financial Statements

These financial statements were authorized for issue on November 09, 2018 by the Board of Directors of the Company.


Note 46
General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount (Rupees)
Auditors' remuneration	Other operating charges	Administrative Expenses	1,100,000
Unclaimed dividends	Trade and other payables	Face of the Statement of Financial Position	3,247,016


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

YOUSAF WEAVING MILLS LIMITED
KEY FINANCIAL DATA OF LAST SIX YEARS

Rupees in '000

	2018	2017	2016	2015	2014	2013
Sales	1,947,147	1,482,551	1,309,076	1,708,644	2,748,395	2,839,789
Gross Profit	(55,528)	(1,918)	(127,162)	(178,572)	257,874	241,219
Loss/Profit Before Taxation	165,449	(105,990)	(407,148)	(344,861)	42,239	58,290
Tax	469	(16,555)	(2,717)	(2,679)	(32,935)	(24,206)
Loss/Profit After Taxation	(164,981)	(122,545)	(409,865)	(347,539)	10,304	34,085
Total Assets	982,798	836,373	947,048	13,343,454	1,677,827	1,763,397
Current Liabilities	(1,078,798)	(927,806)	(980,271)	(923,126)	940,102	1,003,597
	(96,000)	(91,433)	(33,223)	420,328	737,725	759,800
Share Capital	900,000	900,000	400,000	400,000	400,000	400,000
Accumulated Loss	(1,301,537)	(1,134,022)	(1,012,798)	(602,188)	(253,539)	(259,736)
Revaluation Surplus	203,833	-	-	-	-	-
Equity	(197,704)	(234,022)	(612,798)	(202,188)	146,461	140,264
Long Term Loans & Leases	66,695	82,278	537,188	570,355	524,212	563,560
Deferred Liability	35,009	60,311	42,387	52,161	67,052	55,976
	(96,000)	(91,433)	(33,223)	420,328	737,725	759,800

YOUSAF WEAVING MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

Mutual Funds (Name Wise Detail)

1	GOLDEN ARROW SELECTED STOCKS	1,000	0.0011
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Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD NADEEM	16,519,400	18.3549
2	MR. MUHAMMAD TARIQ SUFI	500	0.0006
3	KH. SHAHZAD YOUNUS	500	0.0006
4	MRS. NARGIS SULTANA	500	0.0006
5	MRS. ALIA KHANUM	500	0.0006
6	MR. KHALID MAHMOOD	500	0.0006
7	MR. ABDUL HYE KHAN GHORI	500	0.0006
8	MR. WASIM BAIG	500	0.0006

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

278,283 0.3092

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD NADEEM	16,519,400	18.3549
2	KHAWAJA MOHAMMAD KALEEM	15,026,289	16.6959
3	KHAWAJA MOHAMMAD JAWED	14,138,000	15.7089
4	KHAWAJA MOHAMMAD NAVEED	11,711,350	13.0126

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

Sr. No.	Name	Purchase	Sp. Right
1	KHAWAJA MOHAMMAD NADEEM	3,850,150	5,200,000
2	KH. SHAHZAD YOUNUS	500	11,500,000
3	MRS. NARGIS SULTANA	500	0

4	MRS. ALIA KHANUM	500	0
5	MR. KHALID MAHMOOD	500	0
6	MR. ABDUL HYE KHAN GHORI	500	0
7	MR. WASEEM BAIG	500	0

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

1.1 Name of the Company

YOUSAF WEAVING MILLS LIMITED

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

30-06-2018

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
134	1	100	4,363
235	101	500	107,934
242	501	1,000	239,568
543	1,001	5,000	1,704,615
222	5,001	10,000	1,855,000
92	10,001	15,000	1,208,100
56	15,001	20,000	1,059,302
50	20,001	25,000	1,179,484
31	25,001	30,000	881,625
17	30,001	35,000	577,500
24	35,001	40,000	924,875
11	40,001	45,000	474,000
28	45,001	50,000	1,381,500
6	50,001	55,000	323,500
11	55,001	60,000	643,500
3	60,001	65,000	188,000
1	65,001	70,000	66,000
2	70,001	75,000	146,000
8	75,001	80,000	626,250
4	80,001	85,000	333,000
2	85,001	90,000	173,500
1	90,001	95,000	91,100
15	95,001	100,000	1,499,500
2	100,001	105,000	206,000
4	105,001	110,000	435,169
1	110,001	115,000	115,000
2	120,001	125,000	249,500
1	125,001	130,000	129,000
4	130,001	135,000	532,500
1	135,001	140,000	138,000
1	140,001	145,000	145,000
2	145,001	150,000	300,000
3	150,001	155,000	456,547
1	155,001	160,000	159,500
1	165,001	170,000	170,000

2	175,001	180,000	360,000
3	185,001	190,000	566,000
3	195,001	200,000	599,000
1	205,001	210,000	207,500
1	215,001	220,000	220,000
2	220,001	225,000	445,500
1	245,001	250,000	250,000
2	250,001	255,000	501,000
1	255,001	260,000	257,000
1	290,001	295,000	293,293
1	310,001	315,000	315,000
1	320,001	325,000	325,000
1	350,001	355,000	352,500
1	395,001	400,000	400,000
1	400,001	405,000	403,500
1	465,001	470,000	470,000
1	600,001	605,000	602,500
1	895,001	900,000	900,000
1	2,070,001	2,075,000	2,073,375
1	2,090,001	2,095,000	2,092,000
1	2,595,001	2,600,000	2,596,875
1	11,710,001	11,715,000	11,711,320
1	13,995,001	14,000,000	14,000,000
1	15,000,001	15,005,000	15,004,805
1	16,325,001	16,330,000	16,329,400

1792

90,000,000

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	16,522,900	18.3588
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	-
2.3.3 NIT and ICP	1,100	0.0012
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	6,267	0.0070
2.3.5 Insurance Companies	153,047	0.1701
2.3.6 Modarabas and Mutual	5,200	0.0058

Funds		
2.3.7 Share holders holding 10% or more	57,395,039	63.7723
2.3.8 General Public		
a. Local	70,685,611	78.5396
b. Foreign	45,000	0.0500
2.3.9 Others (to be specified)		
1- Joint Stock Companies	2,453,593	2.7262
2- Foreign Companies	6,700	0.0074
3- Leasing Companies	6,100	0.0068
4- Pension Funds	108,669	0.1207
5- Others	5,813	0.0065

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Form of Proxy – 31st Annual General Meeting

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

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

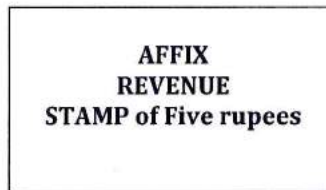
I/We _____ of _____
 being a member (s) of YOUSAF WEAIVING MILLS LIMITED hold _____ ordinary
 shares hereby appoint Mr./Mrs./Miss _____ of
 _____ or failing him/her _____ of
 _____ as my /our Proxy to attend and vote for me/us and on
 my/our behalf at the 31st Annual General Meeting of the Company to be held on
 Tuesday, 27th November, 2018 at 11:00 a.m at the registered office 7/1 E-III, Main
 Boulevard, Gulberg III, Lahore.

Signed this _____ day of _____ 2018.

NOTE

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

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



Signature _____

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

پراکسی فارم (مختار نامہ)

رجسٹر فولیو نمبر

یکرٹری

یوسف و یونگ ملز لیمیٹڈ

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

میں ام

ساکن

بجیٹ رکن حال عام حصص بمطابق شیئر رجسٹر فولیو نمبر

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

بذریعہ ہذا

محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فولیو نمبر

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

یا اسکی غیر موجودگی میں محترم / محترمہ ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فولیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹیسیپٹ (شرکت) آئی ڈی نمبر) کو

مورخہ 27 نومبر 2018ء کو منعقد ہونے والے کمپنی کے 31 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا ہمارا بطور مختار (پراکسی) مقرر

کرتا ہوں کرتے ہیں۔

5 روپے کار سیدی ٹکٹ
چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

دستخط _____ آج بروز _____ تاریخ _____ 2018ء

1. گواہ _____
دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

2. گواہ _____
دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____

نوٹ:

1. اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور کمپنی کے رجسٹرڈ آفس بمقام E-3 7/1 مین بولیوار ڈگلبہرگ-III لاہور پر اس طور ارسال

کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔

2. اگر کوئی ممبر ایک سے زیادہ مختار نامزد کرے گا یا پراکسی فارم جمع کرائے گا تو وہ باطل قرار دیا جائے گا۔