KTM

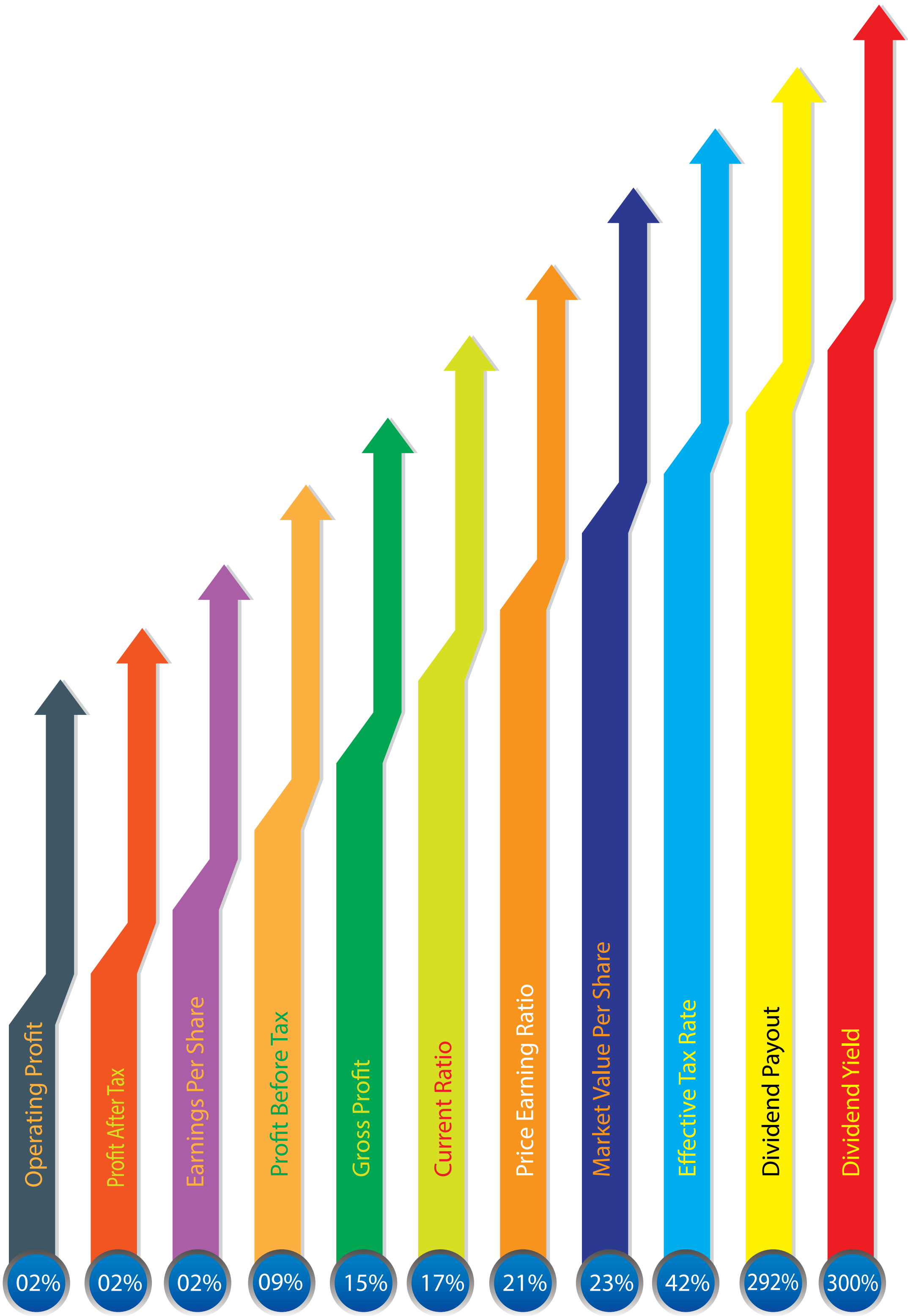
Kohinoor Textile Mills Limited

BEYOND TEXTILE

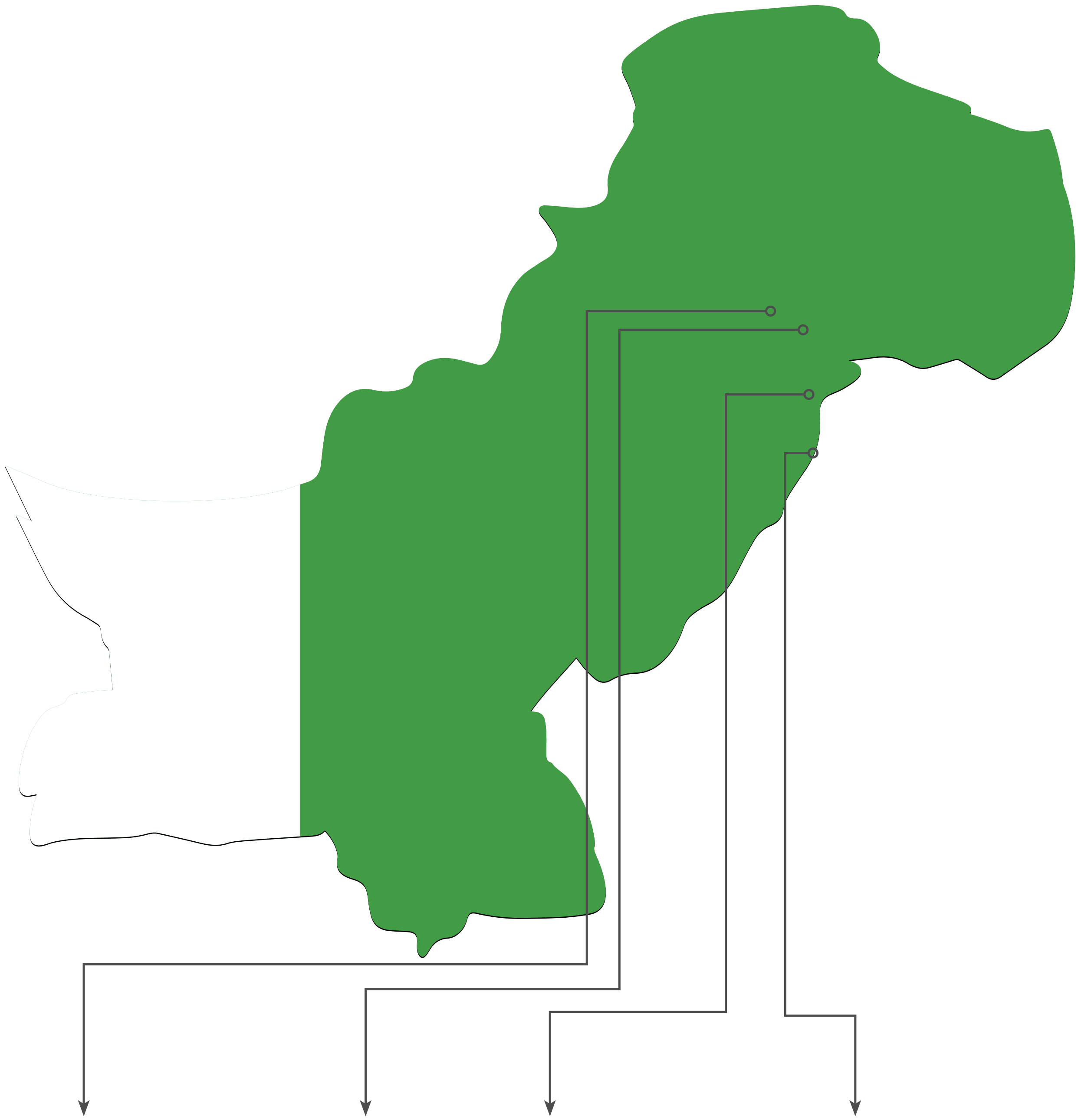
Annual Report 2016

Contents

Financial Highlights 2016 Vs 2015



Geographical Presence



Mills
Gulyana Road, Gujar Khan,
District: Rawalpindi

Mills
Peshawar Road,
Rawalpindi

Head office
42 - Lawrence Road,
Lahore

Mills
8 K.M., Manga Raiwind Road,
District: Kasur

Company Profile and Group Structure

Then & Now

The Company commenced textile operations in 1953 as a private limited company and became a public limited company in 1968. The Company is a part of Kohinoor Maple Leaf Group (KMLG). KMLG structure comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCF) and one unlisted public limited company i.e. Maple Leaf Capital Limited (MLCL). MLCF & MLCL are subsidiary companies of KTML. The initial capacity of its Rawalpindi unit comprised 25,000 spindles and 600 looms. Later, fabric processing facilities were added and spinning capacity was augmented. Additional production facilities were acquired on the Raiwind-Manga Road near Lahore in District Kasur and on the Gulyana Road near Gujar Khan, by way of merger. The principal object of MLCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments.

Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of MLCF, has been established as an unlisted public limited company. MLPL has signed an agreement with plant supplier, M/s. Sinoma Energy Conservation Limited, China, for setting up a 40 MW imported coal-fired power plant at its plant site i.e. Iskandarabad, District Mianwali which is based on highly efficient steam turbine generators, fuel supply and cooling systems. The project is expected to be operational in the first quarter of financial year 2017-18. The purpose of this project is to add another reliable and inexpensive source of power compared to the national grid and reduce dependency on the same. It should also provide a cushion against possible hike in furnace oil prices.

Nature of Business

The Company's production facilities now comprise 156,528 ring spindles capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 252 looms capable of weaving a wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access. Fully equipped laboratory facilities for quality control and process optimization have been setup at all three sites.

The Company has been investing heavily in Information Technology, training of its human resources and

preparing its management to meet the challenges of market integration.

The Company continues to ensure that its current competitive position is maintained as well as supporting the ongoing improvement process in our endeavor to maintain world's best manufacturing practice. Operations of the Company are subject to different environmental and labour laws. The Company is fully complying with all applicable environmental, labour, corporate and other relevant legal laws.

Macro Factors Affecting the Business:

a) **Pakistan Economy** - The revival of growth that started in 2013-14 has accelerated in 2015- 16 as per indicators released by the National Accounts Committee. The factors contributing this momentum in growth include the reform initiatives, commitment to a calibrated fiscal and monetary management and an overall improvement in the macroeconomic situation. The impact of these factors was strengthened by a steep decline in oil prices, rise in foreign exchange buffers and growth in inward remittances.

b) **Textile Industry –** The Textile Industry is striving due to tough competition in international market however favourable Government policies for supply of power and gas to textile sector on preferential basis played a positive role. Moreover sharp decline in oil prices has supported the captive power producers favourably to minimize the power cost.

c) **Inflation –** From start of the year, Inflation decreased to below 2% in July 2015. It however started to rise in October 2015, and at the close of the current financial year, stood at 3.7% compared to 3.8% in June 2015.

d) **Fiscal Development –** The fiscal deficit has decreased from 5.3% in 2015 to 4.45% in 2016. This has been possible by reforms of the present government on both revenue and expenditure side. The government further expects to decrease this to 3.8% for the year 2016-2017.

e) **Money & Credit –** The discount rate has reduced from 6.5% in 2015 to 5.75% in 2016. Balance of payments also improved at the backing of reduced import bill and steady growth in workers' remittances. Foreign exchange reserves closed at $23 billion as on 30th June 2016.

f) **Main Market –** The main market of the Company is export which represent 48% of the total sales mainly in Europe and America. The operations of the Company are subject to different environmental, corporate and labour laws and it is fully complying with these laws.

Micro Factors Affecting the Business:

a) **Business model for the Company –** The business model of the Company is to improve profit margins by reducing the cost of production and increasing customer satisfaction.

b) **Product portfolio –** The Company is producing various products in order to meet the demand of various users in all of its segments.

c) **Suppliers –** Raw material is key component in overall cost of sales and suppliers bargaining power significantly affects the profitability of the Company.

Company Information

Board of Directors

Mr. Tariq Sayeed Saigol	Chairman
Mr. Taufique Sayeed Saigol	Chief Executive
Mr. Sayeed Tariq Saigol	
Mr. Waleed Tariq Saigol	
Mr. Danial Taufique Saigol	
Mr. Shafiq Ahmed Khan	
Mr. Arif Ijaz	
Syed Mohsin Raza Naqvi	

Audit Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Arif Ijaz	Member
Mr. Sayeed Tariq Saigol	Member

Human Resource & Remuneration Committee

Mr. Arif Ijaz	Chairman
Mr. Sayeed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

Auditors

M/s. Riaz Ahmad & Company
Chartered Accountants

Legal Adviser

Mr. Muhammad Salman Masood
Advocate High Court

Registered Office

42-Lawrence Road, Lahore.
Tel: (92-042) 36302261-62
Fax: (92-042) 36368721

Share Registrar

Vision Consulting Ltd
3-C, LDA Flats, First Floor,
Lawrence Road, Lahore.
Tel: (92-042) 36283096-97
Fax: (92-042) 36312550
E-mail:shares@vcl.com.pk

Bankers of the Company

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited

Mills

- Peshawar Road, Rawalpindi
  Tel: (92-051) 5495328-32 Fax: (92-051) 5471795

- 8 K.M., Manga Raiwind Road, District Kasur
  Tel: (92-042) 35394133-35 Fax: (92-042) 35394132

- Gulyana Road, Gujar Khan, District Rawalpindi
  Tel: (92-0513) 564472-74 Fax: (92-0513) 564337

Website:

- www.kmlg.com

Note: KTML's Financial Statements are also available at the above website

Our Vision

The Kohinoor Textile Mills Limited stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.

Our Mission

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders.

Code of Business Conduct and Ethical Principles

The following principles constitute the code of conduct which all Directors and employees of Kohinoor Textile Mills Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct. The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

ETHICAL PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/ services to the Company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company are not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of the environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

Statement of Overall Strategic Objectives 2016 – 2017

These are the main principles that constitute the strategic objectives of Kohinoor Textile Mills Limited:-

PRINCIPLES

1. Effective use of available resources and improved capacity utilization of the Company's production facilities;

2. Modernization of production facilities to ensure the most effective production;

3. Effective marketing and innovative concepts;

4. Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services;

5. Explore alternative energy resources;

6. Further improvements in Code of Corporate Governance through restructuring of assets and optimization of management processes;

7. Implementation of effective technical and human resource solutions. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work;

8. Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions; and

9. Implementation of projects in the social and economic development of communities.

Notice of Annual General Meeting

Notice is hereby given that the 48th Annual General Meeting of the members of **Kohinoor Textile Mills Limited** (the "Company") will be held on Monday, **October 31, 2016 at 12:30 PM** at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.

2. To approve final cash dividend for the year ended June 30, 2016 at Rs. 3/- per share (30%), as recommended by the Board of Directors. This is in addition to the interim 15% cash dividend and 15% bonus shares, already paid / allotted to the shareholders.

3. To appoint Auditors for the year ending on June 30, 2017 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

Special Business:

4. To consider and if deemed fit, to pass the following special resolution under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the Directors:-

"Resolved by way of special resolution that consent and approval of **Kohinoor Textile Mills Limited** (the "Company") be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 (the "Ordinance") for investment in the form of loans / advances from time to time to **Maple Leaf Cement Factory Limited,** a subsidiary of the Company, upto an aggregate sum of Rs. 1,000 million (Rupees one thousand million only) for a period of one year commencing from November 01, 2016 to October 31, 2017 (both days inclusive) at the mark-up rate of one percent above the average borrowing cost of the Company. Vide special resolution passed in general meeting held on October 31, 2015 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.500 million which is valid till October 31, 2016.

Resolved further that the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with the Securities and Exchange Commission of Pakistan (SECP), executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

5. To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s) to alter the Articles of Association of the Company:-

"Resolved that in accordance with the provisions of Section 28 and other applicable provisions of the Companies Ordinance, 1984, and subject to requisite permission and clearance, the following new Article 73A be and is hereby inserted after the existing Article 73 in the Articles of Association of the Company:

"73A. Electronic Voting:

i) This article shall only be applicable for the purposes of electronic voting;

ii) The Company shall comply with the mandatory requirements of law regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this article."

Resolved further that the Company Secretary be and is hereby authorized to take or cause to

be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution."

6. To consider dissemination of annual audited accounts through CD/DVD/USB instead of transmitting the same in the form of hard copies and approve the following resolution as a Special Resolution with or without modification:-

"**Resolved** that dissemination of information regarding annual audited accounts to the shareholders in soft form i.e. CD/DVD/USB as notified by Securities and Exchange Commission of Pakistan vide its SRO 470(I)/2016 dated May 31, 2016, be and is hereby approved."

BY ORDER OF THE BOARD

Lahore:
October 10, 2016

(Muhammad Ashraf)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2016 to October 31, 2016 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 19, 2016 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy and CDC shareholders shall attach an attested copy of his/her Computerized National Identity Card (CNIC) / Passport. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.

3. The Members, who desire for receiving the annual financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website www.kmlg.com in order to avail this facility.

4. The audited financial statements for the year ended June 30, 2016 are available on website of the Company www.kmlg.com.

5. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified:-

a) Change in their addresses;
b) Dividend mandate information i.e. Title of Bank Account, Bank Account No., Bank's Name, Branch Address and Cell / Landline No(s). of the Transferee(s) towards direct dispatch of cash dividend cheque(s) to their bankers;

c) Valid and legible copies of CNIC for printing of CNIC number(s) on their Dividend Warrant(s) as required vide SRO 831 (I)/2012 dated July 05, 2012. In case of non-submission of valid & legible copy of CNIC, the Company will be constrained to withhold the Dividend Warrant(s) till such time the CNIC copy is provided by them;

d) Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective folio numbers thereon while sending the copies;

e) Pursuant to requirement of the Finance Act, 2016 effective July 01, 2016, the 'Filer' & 'Non-Filer' shareholders will pay tax on dividend income @12.5% and 20% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of final cash dividend i.e. November 26, 2016, otherwise tax on cash dividend will be deducted @20% instead of 12.5%;

f) As per clarification of FBR, each joint holder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholder(s) may notify in writing within 10 days from entitlement date i.e. October 19, 2016 as per under format to our Share Registrar. If no notification is received to our Share Registrar, then it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s);

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)		Signature(s)
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)	

g) Valid income tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption u/s 150 of the Income Tax Ordinance 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available and want to avail exemption u/s 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws;

h) For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

Statement Under Section 160(1)(b) of the Ordinance:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2016:-

Item 4 of Agenda: Investment in Maple Leaf Cement Factory Limited

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the "MLCF") is a subsidiary of the Company and the Company, being a holding company, holds 291,410,425 ordinary shares constituting 55.22% of the aggregate paid-up capital in MLCF, a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali.

The Board of Directors of the Company in their meeting held on September 05, 2016 has approved Rs. 1,000 million as loans / advances, being a reciprocal facility, to MLCF on the basis of escalating profit trend of MLCF subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCF in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in MLCF and it has been kept at Registered Office of the Company for inspection of the members along with audited accounts of MLCF as required under the Regulations.


Mobil
Industrial Lubricants

Information under clauses 3(1)(b) & 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="2">Information</th></tr>
<tr><td>(i)</td><td>Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;</td><td colspan="2">Maple Leaf Cement Factory Limited (the "MLCF")

MLCF is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 55.22% of the aggregate paid-up capital in MLCF.</td></tr>
<tr><td>(ii)</td><td>Amount of loans or advances;</td><td colspan="2">Rs. 1,000 million (Rupees one thousand million only).</td></tr>
<tr><td>(iii)</td><td>Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;</td><td colspan="2">Purpose: To earn income on the loan and/or advances to be provided to MLCF from time to time for working capital requirements of MLCF.

Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds.

Period: For a period of one year from November 01, 2016 to October 31, 2017.</td></tr>
<tr><td>(iv)</td><td>In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;</td><td colspan="2">A similar nature of loan/advance facility of Rs.500 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 31, 2015 which is valid till October 31, 2016.</td></tr>
<tr><td rowspan="13">(v)</td><td rowspan="13">Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;</td><td colspan="2">Based on the audited financial statements for the financial year ended 30 June 2016, the financial position of MLCF is as under:-</td></tr>
<tr><th>Particulars</th><th>Amount Rupees (000)</th></tr>
<tr><td>Paid up capital</td><td>5,277,340</td></tr>
<tr><td>Capital reserves</td><td>2,058,137</td></tr>
<tr><td>Accumulated profits</td><td>9,414,403</td></tr>
<tr><td>Surplus on revaluation of fixed assets-net of tax</td><td>4,587,255</td></tr>
<tr><td>Current liabilities</td><td>5,027,065</td></tr>
<tr><td>Current assets</td><td>8,477,707</td></tr>
<tr><td>Breakup value per share (Rs.) without revaluation</td><td>31.74</td></tr>
<tr><td>Sales - Net</td><td>23,432,696</td></tr>
<tr><td>Gross Profit</td><td>10,022,132</td></tr>
<tr><td>Operating Profit</td><td>7,553,042</td></tr>
<tr><td>Net Profit
Earnings per share (Rs.)</td><td>4,884,585
9.26</td></tr>
</table>

Ref. No.	Requirement	Information
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing cost of the Company is 5.35% for the year ended June 30, 2016.
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Mark-up will be charged from MLCF at one percent above the average borrowing cost of the Company.
(viii)	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of own funds of the Company.
(ix)	Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;	N/A
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	No collateral is considered necessary since MLCF is a subsidiary company of the Company.
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	The loan / advance would be for a period of one year from November 01, 2016 to October 31, 2017 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2017.

Ref. No.	Requirement	Information		
(xiii)	Salient features of agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	**Nature**	:	Loan / advance
		Purpose	:	To earn mark-up / profit on loan/advance being provided to MLCF which will augment the Company's cash flow
		Period	:	One Year
		Rate of Mark-up	:	Above one percent the average borrowing cost of the Company
		Repayment	:	Principal plus mark-up/ profit upto October 31, 2017.
		Penalty charges	:	@ 3-months KIBOR plus one percent in addition to the outstanding amount(s).
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertakings or the transaction under consideration; and	Investing company i.e. the Company is a holding company of MLCF and six Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.		
(xv)	Any other important details necessary for the members to understand the transaction	N/A		

Five Directors of the Company are also the members of investee company i.e. MLCF and are interested to the extent of their shareholding as under:-

Name	%age of shareholding in MLCF	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.3540	4.4551
Mr. Taufique Sayeed Saigol	0.0010	4.5922
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0289
Mr. Danial Taufique Saigol	0.0005	0.0010

Item 5 of agenda: Insertion of Article 73A in the Articles of Association of the Company

Securities and Exchange Commission of Pakistan (SECP) has issued Companies (E-Voting) Regulations, 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The Directors have recommended alteration in the Articles of Association by inserting a new Article 73A therein which will give the members option to be part of the decision making in the general meetings of the Company through electronic means.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

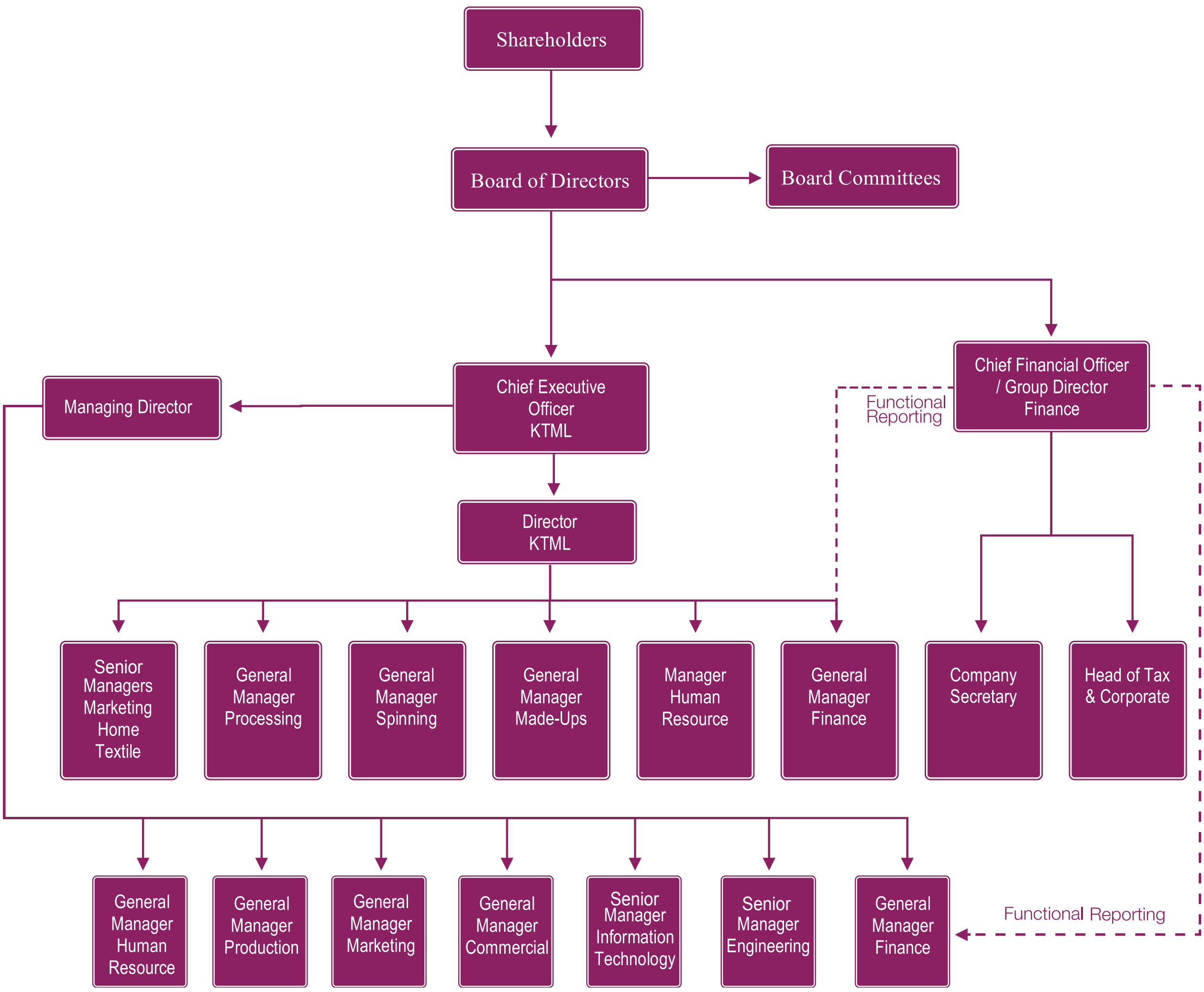
Original and amended copies of the Articles of Association have been kept at the registered office of the Company which can be inspected on any working day during usual business hours till the date of Annual General Meeting.

Item 6 of agenda: Dissemination of information regarding Annual Audited Accounts to the shareholders through CD/DVD/USB

In order to implement SECP directions with respect to transmission / circulation of information such as annual audited accounts through CD/DVD/USB instead of hard copies, special resolution is a part of the notice for concurrence of shareholders to adopt the newly introduced mode of transmission. However, for convenience of shareholders Standard Request Form will be uploaded on Company's website for those who opt to receive Annual Audited Accounts at their registered addresses or through email.

The Directors, Sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the Company.

Organization Chart of KTML




XORELLA

Directors' Report
to the Shareholders

- REVIEW OF OPERATIONS
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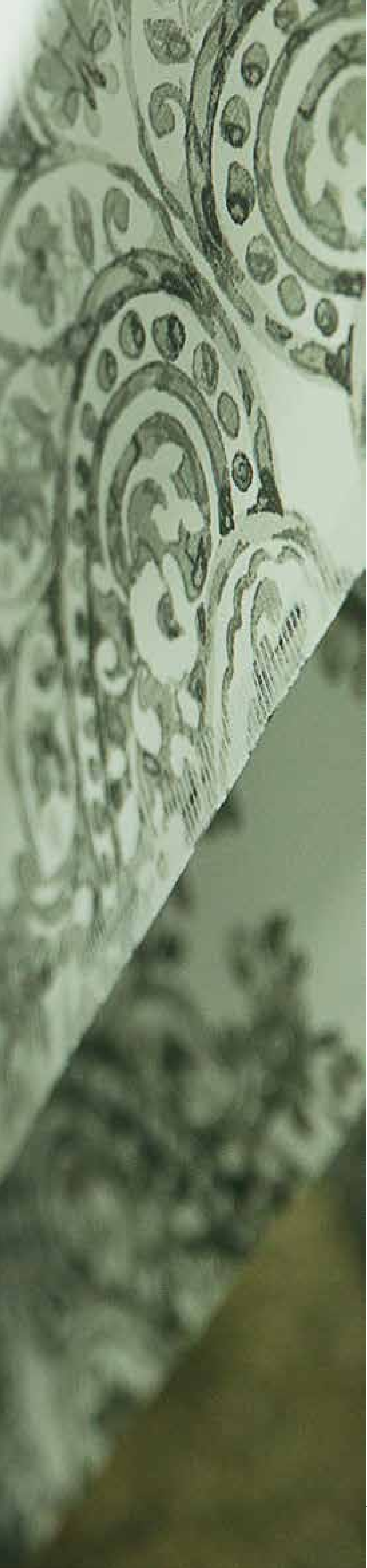
- NON FINANCIAL REVIEW
- MANAGEMENT OBJECTIVES AND STRATEGIES
- ENTITY'S SIGNIFICANT RESOURCES
- LIQUIDITY
- INFORMATION TECHNOLOGY
- RISKS AND MANAGEMENT'S STRATEGIES TO MITIGATE THESE RISKS
- ENTITY'S SIGNIFICANT RELATIONSHIP
- CRITICAL PERFORMANCE INDICATORS
- KEY SOURCES OF ESTIMATION UNCERTAINTY
- HUMAN RESOURCE MANAGEMENT
- SOCIAL COMPLIANCE
- MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS
- FORWARD LOOKING STATEMENT



The Directors are pleased to present the 48th Annual Report along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2016.

REVIEW OF OPERATIONS

In the final quarter of the year under review, extremely difficult trading conditions in sales of yarn, greige fabric and made-ups, resulted in lower profitability in the Company's Spinning, Weaving and Home Textiles divisions.

The shortage of raw cotton during this period and the relatively high prices of available stocks contributed significantly to the difficulties. However, deliveries of the new Pakistani crop have commenced and the quality appears to be reasonable which should alleviate some of the issues. Though the prices of cotton are still on the higher side, it is expected that these will substantially decline over the course of the first quarter of the new financial year. The Company is well-covered for imported raw materials at competitive prices.

Modernization and replacement activities in the Spinning division are continuing at a robust pace, which should lead to substantial improvements in quality and productivity, ultimately improving the bottom-line. We expect a difficult coming year but believe that the Company's cost-cutting efforts should leave us well-equipped to face the challenges. We expect a fairly reasonable profit from operations in the coming periods and have a positive view that we will record a healthy return in this division.

In the Weaving division, Letters of Credit for the further replacement of older machinery have been established. Energy supply at the Weaving site at Raiwind is now fully-secured; the site now has uninterrupted power at competitive pricing and is not dependent on the national grid or on gas supplies, to achieve full operational efficiency. This is a major milestone and should lead to improved results going forward.

Additions of further value added equipment in the Processing and Cut & Sew divisions continues. The emphasis remains on higher-value products and the Company's efforts will continue to focus on higher unit value goods. We intend to avoid mass-manufacturing, mass-produced, low-quality and low-priced goods. We firmly believe that Pakistan is no longer a low-cost producer and attempts to focus on the lower-end of the market can only lead to negative results for the Company and the Pakistani textile industry as a whole.

The Company will continue its conservative raw material purchase policy in the coming year. Since the Company is involved in all aspects of the textile chain, we expect the financial results for the coming year to again be reasonable.

FINANCIAL REVIEW

During the year under review, Company's sales increased by 1.98% to Rs.16,088 million (2015: Rs.15,777 million), while cost of sales decreased by 0.64% to Rs.13,049 million (2015: Rs.13,133 million). This resulted in increased gross profit to Rs.3,039 million (2015: Rs.2,644 million).

Operating profit for the year under review stood at Rs.2,966 million (2015: Rs.2,897 million). The Company made an after tax profit of Rs.2,132 million (2015: Rs.2,087 million). Earnings per share for the year ended June 30, 2016 were Rs.7.55 against Rs.7.39 for the same period last year.

DIVIDEND

Keeping in view the results, the Board of Directors has announced final cash dividend for the year ended June 30, 2016 at Rs. 3/- per share (30%). This is in addition to interim cash dividend already paid at Rs. 1.50 per share (15%), thus making a total cash dividend at Rs.4.50 per share (45%), as well as, 15% bonus shares already issued to the shareholders.

The Directors recommend as under:

	Rupees in Thousand
Profit before taxation	2,628,178
Provision for taxation	(495,963)
Profit after taxation	2,132,215
Final dividend declared for the year ended 30 June 2015	(613,815)
Interim dividend declared during the year ended 30 June 2016	(368,289)
Bonus shares issued during the year ended 30 June 2016	(368,289)
Accumulated profit brought forward	3,959,556
Accumulated profit carried forward	4,741,378

ANALYSIS OF PRIOR YEAR FORWARD LOOKING DISCLOSURE

The company's actual performance in the year 2015-16 exceeds the forward looking disclosures made in the last year annual report. Power cost significantly decreased during the year which has positively affected the production cost of the Company. Moreover, effective utilization of resources, purchasing of cotton to cover our needs of short term future, production of higher thread count yarn, improved margins in home textiles and reduction of debt resulted in increased operating profits.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

Operating profit of all the divisions improved during the year due to better utilization and operational efficiencies. Segment wise profit before taxation and unallocated income and expenses for the year ended 30 June 2016 are as under:

Division	Rupees in thousands 2016	2015
Spinning	1,113,775	829,223
Weaving	125,020	117,506
Processing and home textile	825,316	710,093

PROSPECTS OF THE COMPANY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Prospects of the Company – The projections are very encouraging with continued growth expected locally and internationally as new potential customers are being explored and various measures adopted by the Company to reduce the cost. Different marketing strategies are being carried out to increase sales and profitability.

Financial Measures – Various financial considerations are used to make the projections of the Company which are as follows:

- Increase in sales volume for all types of products.
- Reduced cost of production through:
  - a) reduction in raw material cost,
  - b) savings in fuel cost,
  - c) lower weighted average cost of capital.

NON FINANCIAL REVIEW

Non-financial measures are the many intangible variables that impact performance of the Company. These are difficult to quantify compared to financial measures but equally important. These indicators are more likely to be closer to the long term organizational strategies. Following are the non-financial measures in place by the Company:

1. **Stakeholder's engagement –** different committees and forums are in place and meetings are held periodically to keep the stakeholders involved in every aspect of the business.

2. **Customer satisfaction –** Company places strong emphasises on customers' satisfaction and ensure to produce & deliver the goods as per specific demands of customers.

3. **Employee's development -** the Company has conducted various training courses for the development of existing human capital.

4. **Innovation in manufacturing methods –** ongoing R & D is in place to improve the production process and efficiencies

Change in Performance Measures – Based on actual results for the year 2015-2016, the Company has made the following revisions to its financial measures:

- Increase in sales target – Since the sales for the current year have exceeded budgets and loom replacement in weaving division is in process, an upward revision has been made in the targets for the next year.

- **Change in the power mix –** Due to reduction in HFO cost and installation of HFO based engine in its weaving division, the Company has further changed the planning of the power mix.

- **Finance cost –** The government has reduced the rate of borrowing which is now lower than what was expected last year. Consequently the Company has also made a reduction of its budgeted finance cost.

MANAGEMENT OBJECTIVES AND STRATEGIES

Management has the objective to transform the culture of the Company into highly customer driven, empowered and cross functionality focused company in order to maximize the return for stakeholders. Management has the belief that Quality may not be achieved without implementation of Key Performance Indicators (KPI's) in all the critical, contemporary areas of performance. Total Quality Management team has been formed to monitor the KPI's in all the key areas on continuous basis and make corrective actions instantly where required.

We strive to achieve our objectives with collective wisdom and empathy. We believe that training is the source of all process driven thinking. Trainings for management team have been regularly arranged during the year 2015-16. We have framed well defined different teams to address the key areas like Team energy, Team strategy, Team Culture Development etc.

We have reduced variable cost due to efficient energy management and other cost reduction measures. The to-date result, financial and non-financial, are the reflection of achievement of management's objective which are strategically placed to increase the wealth of stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. The Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

LIQUIDITY

Our liquidity condition has improved over the period with reduced payment cycle. The management has a balanced team of suitably qualified professionals who have breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

The Company continues its efforts to maintain debts at a reasonable level which supports the long term objectives of the company and improve its liquidity position. Keeping in line with plant modernization strategy, Company obtained Long term Finance Facilities of Rs.592 Million which resulted in slight increase in debt equity ratio from 6:94 to 10:90. Moreover, the Company continued its strategy to utilize maximum cash profits for the payment of debts.

Management believes that there is no inadequacy in capital structure in status quo.

The Company is exposed to liquidity risk and in order to cope with it we invest only in highly liquid resources to mitigate the risk. The company continues with its plan to utilize that cash generated from operations for repayment of its debt on timely basis which will result in reduction of financial cost and resultantly net profit of the company will be increased.

INFORMATION TECHNOLOGY

Management has a strong commitment to strengthen the platform for information technology and information systems in order to remain competitive and cater the requirements of coming era. The Company continues to upgrade and improve our information systems and processes, an effort led by a team of IT professionals with wide ranged experience in latest information technologies.

ENTITY'S SIGNIFICANT RELATIONSHIP

The Company maintains its good relationships with all stakeholders based on mutual interest, integrity and confidence. We maintain collaborative relations with our stakeholders through harmonious and effective communication and through our customer focused approach.

INVESTORS' GRIEVANCES POLICY

The Company believes that Investor service is a vital element for sustained business growth and we want to ensure that our Investors receive

exemplary service across different touch points of the Company. Prompt and efficient service is essential to retaining existing relationships and therefore Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework. Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. The Company's Grievance policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingencies. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

- Estimating useful life of assets

  The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

- Investment properties

  Investment properties are valued at fair value determined by an independent valuer having relevant professional qualifications. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

CRITICAL PERFORMANCE INDICATORS

Following are some of the critical performance measures and indicators against stated objectives of the Company.

OBJECTIVES	MEASURES
Effective use of available resources and improved capacity utilization of the Company's production facilities	Efficient production planning and control (PPC) department with responsibility to plan orders on timely basis in order to minimize the idle time.
Modernization of production facilities in order to ensure the most effective production	Efficient and state of the art production and management information system
Effective marketing and innovative concepts	Increase in contribution margin and sales volume
Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services	Decrease in variable cost.
Explore alternative energy resources	Reduced dependence on national grid by way of generation through furnace and gas
Further improvements in code of corporate governance through restructuring of assets and optimization of management processes	Number of notices received from government.
Implementation of effective technical and human resource solutions. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work	Well organized Human Resource Department. Number of non -conformities raised.
Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions	Compliance with ISO requirements and specific requirements from various international customers
Implementation of projects in social and economic development of communities.	Allocation of funds for CSR

Management believes that current critical performance measures continue to be relevant in future as well.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork. The main objectives of our HRM policy are:


NO.1 RELAY PANEL
NO.2 RELAY

- Selecting the right person, with the right experience, at the right time offering the right compensation.

- Developing Management philosophies and practices to promote and encourage motivation and retention of the best employees.

- Recognizing and rewarding employees' contribution to the business.

- Fostering the concept of team working and synergetic efforts.

- Encouraging and supporting team concepts and team building techniques.

- Nurturing a climate of open Communications between management and employees.

- Making all reasonable efforts to achieve a high quality of work-life balance.

SUCCESSION PLANNING

The Company believes in continuous improvement, and the professional grooming of all of its employees. We recruit professionals, enhance their knowledge base and skills, and provide them with all possible opportunities for advancement. Rigorous succession planning is also in place throughout the organization ensuring that employees are constantly developed to fill each role. We constantly look for the people who have the ability to accept challenges and have the potential to lead the future.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long-term success.

Social responsibility policy:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behaviour which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with many different competencies.
- Promoting the culture of work facilitation and knowledge transfer.
- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.
- Maintaining collaborative relations with the society through a good harmony and effective communication.

Environmental responsibility policy:

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.

- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.

- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development, and promotion of environmental responsibility amongst our employees.

- Responsibly managing the use of hazardous materials in our operations, products and services, and promote recycling or reuse of our products.

- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

CORPORATE SUSTAINABILITY

a) CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by the Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received "7th Corporate Social Responsibility National Excellence Award" on account of its performance of various social obligations. The Company has contributed in medical social services project and in this regard Company had donated a state of the art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.


SGS

LETTER OF COMPLIANCE

Kohinoor Textile Mills Limited

C-TPAT


EU Ecolabel Certificate

Ecolabelling Norway
has awarded the EU Ecolabel licence number

NO/016/002

to:

Kohinoor Textile Mills Limited

for

Textile products

See product specification enclosed.

This certificate is valid, together with the contract concluded between Ecolabelling Norway and Kohinoor Textile Mills Limited, until 05-06-2018


Lloyd's Register LRQA

CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

Kohinoor Textile Mills Limited
Rawalpindi Division
Peshawar Road, Rawalpindi
Pakistan

has been approved by Lloyd's Register Quality Assurance to the following Quality Management System Standard:

ISO 9001:2008

The Quality Management System is applicable to:

Design & Manufacture of Yarn made from Cotton & Man Made Fibres. Fabric Conversion through Bleaching, Dyeing, Printing, Finishing and Stitching for Home Furnishings.


Lloyd's Register LRQA

CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of:

Kohinoor Textile Mills Limited
Rawalpindi Division,
Peshawar Road, Rawalpindi
Pakistan

has been approved by Lloyd's Register Quality Assurance to the following Environmental Management System Standard:

ISO 14001:2004

The Environmental Management System is applicable to:

Design and Manufacture of Yarn made from Cotton and Man Made Fibres. Fabric Conversion through Bleaching, Dyeing, Printing, Finishing and Stitching for Home Furnishings.


CERTIFICATE

citeve

The company
Kohinoor Textile Mills Limited
Peshawar Road
46000 Rawalpindi - Punjab, PAKISTAN

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100


BUREAU VERITAS Certification

KOHINOOR TEXTILE MILLS LIMITED

SA8000:2008

b) INDUSTRIAL RELATIONS

The Company has established an Industrial Relations (IR) department for determination of adequate terms and conditions of employment. Further, the IR department is responsible for avoidance and settlement of disputes and differences between the Company, it's employees, and their representatives through negotiation. The Company has operates a Provident fund and a Worker's Profit participation Fund for its employees, as well as paying bonuses to employees on the basis of the company's profitability and individual performance. The company is committed to providing equal opportunities to all existing and prospective employees without discrimination on the basis of race, religion, gender, or age.

c) ENERGY SAVING MEASURES

Given the current energy crisis in Pakistan, Kohinoor's management recognises the importance of the efficient usage of energy in the corporate sector, and has therefore has formed an energy committee with the aim of finding more efficient and sustainable methods for generating and managing energy. The Company's processing department has already reaped large benefits through its collaboration with several major multinational chemical suppliers; together they have substantially reduced the usage of water, chemicals, and energy while maintaining or improving quality and environmental standards. The Company hopes that future progress in these projects will yield further reductions in the costs of energy and usage of other resources such as water, etc. Further, in anticipation of increased scarcity and load shedding of natural gas and electricity, the Company is taking steps to further diversify its energy production capabilities, expanding into steam generation via wood, coal and baggas, and initiating a pilot project in solar heating of water. The Company remains committed to explore sustainable alternative energy sources which is evident from installation of HFO based engine in its weaving division.

d) CONSUMER PROTECTION MEASURES

We are committed to ensuring that our products are shipped in a manner complying with the highest safety standards and meeting or exceeding all legal requirements. The Company takes care and applies appropriate procedures to manufacture its products so as to ensure that no harmful substances are present in any of its products.

e) QUALITY MANAGEMENT SYSTEMS

The Company maintains its reputation as a high quality supplier and owes its current business, in large part, to this reputation. Quality control checks occur at all points in the production chain, starting at the delivery of raw material to the factories, through to the Quality Assurance team acting as the customer's representative when conducting audits of finished goods before handing them over to the customer's audit teams for the final inspection. It is worth noting that the Company's Quality Management Systems are so highly regarded that several customers no longer require the presence of external auditors before shipping of finished goods. The Company is ISO-9001:2008 certified and firmly believes in the necessity of Quality Management Systems.

f) OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

The Company continues to meet and exceed the health and safety standards required for SA 8000 certification. Frequent audits are conducted by customers, regulatory agencies, and the Company's own audit teams in order to ensure compliance with these standards and those set by the Company's customers. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Recently we have done a complete re-examination and improvement of our fire safety protocols to further ensure the safety of our employees. Management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

g) BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deals that may be supported by kickbacks, and no employees are allowed to run parallel businesses. The Company maintains a system by which any employee can report the non-conformance (NC) to the top management. All NCs reported are addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are permanently resolved. Further, the Company's Internal Audit department is empowered to perform regular and ad-hoc checks and audits of any and all functions and operations of the Company and reports directly to the Audit Committee. Moreover, the Company has also formulated whistle blowing policy.

h) ENVIRONMENTAL PROTECTION MEASURES

Management understands the harmful effects of contaminated water on the surrounding areas after emission from the mills premises. In order to prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the company continues to invest and implement pilot projects into alternative, sustainable energy sources.

i) NATIONAL CAUSE DONATIONS

During the year, Company has contributed donations to following charitable and educational institutes serving for the community.

	Rupees
Founder Group	100,000
Information Technology University, Lahore	410,800
	510,800

j) SECURITY

The Company maintains its dedication to security, and is fully compliant with the Customs Trade Pact against Terrorism (CTPAT), performing frequent and regular audits to ensure it remains so. All areas of the Company premises are monitored using video surveillance, as per CTPAT requirements. We are also compliant with the standards set by our international customers, many of which exceed those of CTPAT.

k) CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company has contributed amounted to Rs. 1,037.66 million (2015: 787.035 Million) in respect of taxes, levies and duties. Moreover we have also contributed (USD) 80.641 million (2015: 84.615 Million) to the national treasury by way of export sales.

l) EMPLOYMENT OF SPECIAL PERSONS

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 2% quota of the total workforce necessitated to be allocated to disabled persons.

m) COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company has a long tradition of maintaining good community relations, and many of its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social responsibility, and is vital to ensure the sustained success of the Company. We aim to ensure that our businesses and factories have the resources and support to identify those projects, initiatives, and partnerships that can make a real difference in their communities, and those that will mean something to our employees and their families.

n) RURAL DEVELOPMENT PROGRAM

The Company's Mills are located in rural area therefore various corporate social responsibility activities are effectively implemented in those areas. The Company has been working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore a "Dengue Fever Awareness Program" was carried out to demonstrate the prevention techniques and share knowledge with community members to ensure maximum awareness at plant site and the local community.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dying factories have been considered environmentally hazardous but Kohinoor Textile Mills Limited has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. To enhance environmental standards and continuously promoting a better and Green Environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities to provide healthy environment to employees and other community living in surroundings.

BEST CORPORATE REPORT AWARD

The Company again bagged award for "Best Corporate Report 2014" in the award ceremony jointly hosted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in Textile Sector. This achievement secured by the company is a reflection of following best ethical values and management practices in corporate reporting. The company has promoted accountability and transparency through provision of accurate, informative, factual and reader-friendly Annual Reports on timely basis for the valuable stake holders.

FORWARD LOOKING STATEMENT

The most positive news for the Textile Industry has been a return to the zero-rated sales tax regime which should free up financial resources, leading to cost-reductions. The fruits of this are already being felt, as substantial stuck up sales tax refunds have already been received and additional refunds are being processed. We appreciate the Government's initiative on this wise and timely move. Some further minor hindrances need to be removed in this regime, which should lead to arrest the decline in exports from Pakistan. The Company is actively taking advantage of the State Bank's Long-Term Financing Facility, resulting in large-scale investment in modernization and expansion of our sites. It is hoped that this excellent facility will continue.

Dividend income from the Company's subsidiaries is expected to be substantial and should further bolster the Company's balance sheet.

We envisage improved turnover in weaving division due to ongoing replacement of looms and better marketing position in the made-ups division due to lower yarn prices and favorable exchange rates, going forward. Trading conditions in the US are stable, although Europe continues to face difficulties.

We are confident that the Company will be able to meet the challenges presented by international conditions. Future financial forecasts based on management's best estimates are as follows:

Financial year	2016-17
Revenue (Rupees. In thousand)	17,090,707
Gross Profit	16.67%
Profit from operations	16.73%

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

Market value of the Company's property, plant and equipment is around Rs. 11.7 Billion. The Company's property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment loss in its financial statements. Freehold land is stated at revalued amount at the date of revaluation less any identified impairment loss and capital work-in-progress is stated at cost.

SUMMARY OF SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

The Company's material assets comprise of land, building, spinning machinery, wider width weaving looms, printing rotaries, dyeing and finishing machines, Jenbacher and Nigatta engines.

BUSINESS CONTINUITY / DISASTER RECOVERY PLAN

Board of directors periodically review the Company's business continuity & disaster recovery (BC/DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC/DR plan mainly include daily tasks such as customer/ suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment

2) To ensure that a business continuity recovery team includes representatives from all business units.

3) To provide ongoing business continuity training to all employees, including executive management and the board.

4) Ensure that thorough current business impact analysis and risk assessments are maintained.

5) Ensure a centralized executive view of the business continuity plan and programs.

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of directors. During the year the performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non-financial key performance indicators. At the start of the year, CEO presents his key performance indicators (KPIs) for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to succeed the objectives of the Company.

COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

b) Proper books of account of the Company have been maintained;

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

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

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

f) There are no significant doubts upon the Company's ability to continue as a going concern;

g) Outstanding taxes and other government levies are given in related note(s) to the audited accounts;

h) Key operating and financial data of last six years is annexed;

i) Value of investment of provident fund trust based on their un-audited accounts of June 30, 2016 is as under:-

	(Rs. In Thousand)
Provident Fund investment	506,713

Directors and Board Meetings

During the year under review, four meetings of the Board of Directors were held in Pakistan and no meeting was held outside Pakistan and the attendance of each Director was as under:-

Name	Designation	No. of Meetings Attended
1. Mr. Tariq Sayeed Saigol	Chairman / Non-Executive Director	4
2. Mr. Taufique Sayeed Saigol	CEO / Executive Director	4
3. Mr. Sayeed Tariq Saigol	Non-Executive Director	3
4. Mr. Waleed Tariq Saigol	Executive Director	4
5. Mr. Danial Taufique Saigol	Executive Director	4
6. Mr. Shafiq Ahmed Khan	Independent Non-Executive Director	4
7. Mr. Arif Ijaz	Non-Executive Director	4
8. Syed Mohsin Raza Naqvi	GDF/CFO/ Executive Director	4

Leave of absence was granted to the Director who could not attend the meeting.

ANNUAL EVALUATION OF BOARD PERFORMANCE

The Board has set a criterion based on emerging and leading practices to assist in the self-assessment of an individual Director and the full Board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behaviour:

i) Adequate Board composition.
ii) Satisfactory processes and procedures for Board meetings.
iii) The Board sets objectives and formulates an overall corporate strategy.
iv) The Board has set up adequate number of its Committees.
v) Each Director has adequate knowledge of economic and business environment in which the Company operates.
vi) Each Board member contributes towards effective and robust oversight.
vii) The Board has established a sound internal control system and regularly reviews it.
viii) The Board reviews the Company's significant accounting policies according to the financial reporting adequate regulatory framework.
ix) The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following are the main criteria:

1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of Board's guideline to management;
8. Regular follow up to measure the impact of Board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

Qualification of CFO and Head of Internal Audit

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance.

Audit Committee

A total number of five meetings of the Audit Committee were held during the year. Attendance of each member was as under:-

Name	Designation	No. of Meetings Attended
1. Mr. Shafiq Ahmed Khan	Chairman / Independent Director	5
2. Mr. Arif Ijaz	Member / Non-Executive Director	5
3. Mr. Sayeed Tariq Saigol	Member / Non-Executive Director	3

Leave of absence was granted to the Member who could not attend the meeting.

Terms of Reference

The Main terms of reference of the Audit Committee of the Company include the following:-

a) Determination of appropriate measures to safeguard the company's assets;
b) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions.

c) Review of preliminary announcements of results prior to publication;
d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
e) Review of management letter issued by external auditors and management's response thereto;
f) Ensuring coordination between the internal and external auditors of the Company;
g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource & Remuneration Committee (HR&R Committee)

Name	Designation
1. Mr. Arif Ijaz	Chairman (Non-Executive Director)
2. Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
3. Mr. Danial Taufique Saigol	Member (Executive Director)

During the year, one meeting of HR&R Committee was held and all Members attended the meeting.

Terms of Reference

The Main terms of reference of HR&R Committee of the Company include the following:-

The Committee shall be responsible to:

i) Recommend human resource management policies to the Board;

ii) Recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) Recommend to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit. This will include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and;

iv) Consider and approve on recommendations of CEO on such matters for key management positions who report directly to CEO.

a) The remuneration of executive and non-executive Directors shall not fall within the preview of the HR & R Committee.

b) Recommendations in respect of compensation including performance incentives will ensure that:

- The Company is able to recruit, motivate and retain persons of high ability, calibre and integrity.

- The packages are consistent with what is normal in industry and / or specific job wise, as determined through surveys conducted.

- Incentives where applicable are based on criteria which have been carefully examined, discussed and authorized.

c) Selection recommendation should ensure that the Company has a formal selection procedure which provides for;

- A description of the position that requires to be filled with a profile of the ideal candidate;

- Selection Boards for various levels of recruitment;

d) Performance evaluation should:

- Be based on procedures formally specified and which override individual likes and dislikes;

- Provide for a discussion of the Annual Performance Report with each manager concerned.

e) The Committee will also:

- Review and approve compensation payable to senior management for any loss or on termination of service to ensure that it is consistent with contractual terms and is otherwise fair.

- Review and advice on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.

- Devise a procedure for the approval of HR related policies of the Company.

- Review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes.

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS

The Board had arranged Orientation Courses for its Directors namely, Mr. Mohsin Naqvi and Mr. Danial Taufique Saigol during the preceding years from recognized institutions of Pakistan approved by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program. Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange Limited.

Trade of Company's Shares

Since the previous Directors' Report, 386,000 shares were purchased by Mr. Tariq Sayeed Saigol, Chairman / Director, 129,000 shares by Mrs. Shehla Tariq Saigol, Spouse of Mr. Tariq Sayeed Saigol and 515,000 shares by Mr. Taufique Sayeed Saigol, Chief Executive Officer, through stock market.

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes CEO, CFO, Head of Internal Audit and Company Secretary. However, other than above mentioned para, none of the Directors, CFO, Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

Further, 15% Bonus Shares were allotted to the entitled shareholders during the year including Directors of the Company.

Pattern of Shareholding

The Pattern of shareholding of the Company in accordance with the Companies Ordinance, 1984 and Code of Corporate Governance as at June 30, 2016 is annexed.

Auditors

The present auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants, audited the financial statements of the Company and have issued report to the members. The auditors will retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for reappointment.

The Board has recommended the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, as auditors for the ensuing year, as suggested by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Acknowledgement

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board

Lahore (Taufique Sayeed Saigol)
05 September 2016 Chief Executive

Brief Profile of Directors

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

CHAIRMAN / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Capital Limited

OTHER ENGAGEMENTS
CHAIRMAN / CHIEF EXECUTIVE / DIRECTOR
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College, University, Lahore following which, he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, energy and cement manufacturing.

He remained Chairman All Pakistan Textile Mills Association from 1992-94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-06.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of Textile Vision 2005 which was adopted by the Government in 2000 and its critique prepared in 2006. He joined the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Aitchison College, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan and member of the Syndicate of University of Health Sciences. He is conferred with Sitara-e-Isaar by President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. TAUFIQUE SAYEED SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Capital Limited
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He is widely travelled and his special forte is in the export business.

He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. SAYEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS
CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

DIRECTOR
Kohinoor Maple Leaf Industries Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS
CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital Limited

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

Mr. Waleed Tariq Saigol is the Managing Director of Kohinoor Textile Mills Limited (Raiwind Division). He holds a bachelor's degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills Limited, Rawalpindi.


STANLEY

MR. ARIF IJAZ
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Power Limited

Mr. Arif Ijaz has done his bachelor in Electrical Engineering from University of Engineering and Technology (UET) Lahore, Pakistan and MBA from Iran Center for Management Studies. He has over 24 years of experience in the development and growth of business strategy. He has also served as the CEO of Adamjee Insurance, CEO of KSB Pumps, Director of Pakistan Steel Mills, National Refinery, Lahore Stock Exchange, HUBCO, and Lahore University of Management Sciences (LUMS).

He is serving as MBA Faculty member at UET Lahore and former visiting faculty member of LUMS.

SYED MOHSIN RAZA NAQVI
(GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Maple Leaf Cement Factory Limited

DIRECTOR
Maple Leaf Power Limited

Mr. Mohsin Naqvi, Fellow member of Institute of Chartered Accountants of Pakistan (FCA), with over 27 years of Financial Management experience. Areas of expertise include: financial projections, forecasting short-term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited, Al-Wazan Group, Kuwait and Trust Investment Bank Limited.

He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.

MR. SHAFIQ AHMED KHAN
(DIRECTOR)

Mr. Shafiq Ahmed Khan got his bachelor degree from Punjab University and joined Habib Bank Limited at entry level in 1968 and spent over a period of 24 years in order to become Executive Vice President while performing in different areas of services. Since 1992, he spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President and CEO of a major investment bank in the country and guided with sound business and risk management.

Since 1996 to 2005, he has been associated with Pakistan's largest private sector commercial bank as Senior Executive Vice President / Group Head and taken responsibilities for devising and implementing business strategies for MCB Bank Limited. Over the course of 36 years in a career, he used up in domestic and international market with all necessary skills for developing & implementing successful strategies for institutions' businesses across geographical segments particularly in banking relationships and enjoy sound relationships with regulatory authorities in various countries. Currently, being an Independent Director, he is heading Board's Audit Committee.

Calendar of Notable Events

July 2015 - June 2016

- **14 Aug 2015** Celebration for Independence Day
- **10 Sep 2015** Issuance of Annual Report 2015
- **20 Oct 2015** Issuance of Accounts for the 1st QTR ended 30 Sep 2015
- **31 Oct 2015** 47th Annual General Meeting
- **10 Nov 2015** Annual Employee Day
- **24 Dec 2015** Eid Milad-un- Nabi
- **04 Jan 2016** Kohinoor Premier League Cricket Tournament
- **10 Jan 2016** 6th Edition of Magazine "Hum Kohinoor"
- **21 Jan 2016** Issuance of Accounts for the Half year ended 31 December 2015
- **27 Apr 2016** Issuance of Accounts for the 3rd quarter ended 31 Mar 2016
- **30 Jun 2016** Iftar Party was arranged for all the company employees

Board Committees

PROJECT MANAGEMENT COMMITTEE

Project Management Committee (PMC), serves as a driving forum to monitor the progress of agreed goals & objectives of the Company on consistent basis, and steer the organization in right direction in order to achieve the stated vision and mission of the organization.

Members	
Director	
Head of Department	– Information Technology
Head of Department	– Production
Head of Department	– Marketing
Head of Department	– Human Resource
Head of Department	– Commercial
Head of Department	– Finance
Head of Department	– Engineering

Terms of reference

- Possible review each of the project areas – activities or sub projects
- Developing a framework for integrating planning
- Tools for achieving sustainable coastal economies and environments
- Handling financial issues, budget monitoring and modifications
- Develop standards & follow-up project progress

NO. OF MEETINGS HELD: 12

BUSINESS PROCESS REENGINEERING COMMITTEE

Business Process Re-engineering (BPR) team has been formed to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed on consistent basis. Information technology and information systems are the main areas of interest where management is rigorously investing considerable resources to determine and then opt what feasible technological options are available that best meets the goals of the organization in order to remain competitive and provide the maximum return to stakeholders.

Members	
Director	
Head of Department	– Information Technology
Head of Department	– Production
Head of Department	– Marketing
Head of Department	– Human Resource
Head of Department	– Engineering
Head of Department	– Finance

Terms of reference

- Our BPR team implies specific business objectives such as cost reduction, time reduction, output quality improvement.
- We focus on the most important processes that reflect our business vision.
- Understand and measure the existing process to avoid repeating of old mistakes and to provide a baseline for future improvements.
- Design and build the prototype of new processes and ensure quick delivery of results and involvement and satisfaction of customers.

NO. OF MEETINGS HELD: 11

ENERGY MANAGEMENT COMMITTEE

Management has strong commitment towards securing the future of company, to remain competitive and provide the maximum return to stakeholders. Efficient use of energy cannot be compromised therefore; Energy Management Committee (EMC) has been formed to suggest the cost cutting opportunities for the sake of improvement in performance through wise energy use in all the departments of the company.

MEMBERS	
Director	
Head of Department	-Engineering
Head of Department	-Production
Head of Department	-Finance
Head of Department	-Marketing

Terms of reference

- Our team is committed for annual energy cost reductions from continuous improvements.
- To minimize environmental impacts, it incorporates energy efficiency, water conservation, waste minimization, pollution prevention, resource efficient materials and indoor air quality in all phases of a building's life.
- EMC design plans that help us meet our climate protection commitments.
- The appointment of a full time energy management coordinator ensures the plan proceeds.
- Responsible for energy procurement, monitoring and targeting energy savings, maintaining program of energy saving measures, raising energy awareness and corporate wide energy monitoring and reporting.

NO. OF MEETINGS HELD: 12

TOTAL QUALITY MANAGEMENT COMMITTEE

Total Quality Management (TQM) committee is formed to improve quality at every level in the organization. TQM is an organization wide program aimed to ensure standardization and continual improvement in all its products, services, processes & procedures. This program lays down the Quality Management standards for all the processes & procedures in the organization and is equipping the existing human resources to improve their innate abilities in order to achieve the desired level of performance through synergistic activities.

Members	
Director	
Head of Department	– Information Technology
Head of Department	– Production
Head of Department	– Marketing
Head of Department	– Human Resource
Head of Department	– Commercial
Head of Department	– Finance
Head of Department	– Engineering
Head of Department	– Quality Assurance

Terms of reference

- Standardization of processes and operations within every function of the Company.
- Introduction of Performance Measurement System by developing Key Performance Indicators and continuous compilation of their associated data, analysis and reporting to concerned stakeholders, so that performance of every key function and process is monitored, controlled, and improved.
- Reduction and elimination of wastages from different processes.
- Improvement in organization wide abilities, procedures and plans.
- Training of employees on basic, medium and advanced problem solving and statistical tools in order to improve their analytical abilities.
- Creation of various forums within an organization where Quality improvement initiatives are formally institutionalized, e.g. Kaizen, Quality Circles, and functional / Cross Functional Teams.

NO. OF MEETINGS HELD: 16

STANDARD OPERATING PROCEDURES REVIEW COMMITTEE

Standard operating procedures review committee has been formed to review and update SOP's for all the activities / procedures being performed in the Company & develop new SOP's if required.

Members	
Director	
Head of Department	– Finance
Head of Department	– Internal Audit
Head of Department	– Production
Head of Department	– Marketing

Terms of reference

- Documentation of all the important activities and procedures.
- Standardization of documents as prescribed by Quality Management Standards.
- Incorporation of industry best practices in the procedures to make the system efficient and effective.
- Elimination of duplication of records in different procedures.

NO. OF MEETINGS HELD: 15

POLICY AND PROCEDURES FOR STAKEHOLDERS ENGAGEMENT:

1) Policy Note:

Kohinoor maintains sound collaborative relationships with its stakeholders.

2) Procedures:

Procedures for stakeholders engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which are the key success factors for establishment of collaborative relationship with stakeholder.

3) Engagement frequency:

Stakeholders	Nature of engagement	Frequency
Shareholders	Annual general meeting Annual report/Quarterly reports Analyst briefing	Annually Annually/Quarterly Continuous
Employees	Kohinoor magazine Annual get together Team cultural activities	Quarterly Annually Continuous
Customers	Customer events	Continuous
Suppliers	Regular meeting with major suppliers Supplier forums Newspapers advertisement	Continuous Occasionally As required
Institutional investors/Lenders	Business briefings Periodic meetings Financial reporting Head office/site visits	Occasionally As required Continuous As required
Community organizations	Environmental campaign Safety management system	Continuous As required
Media	Media announcements and briefings Media interviews	As required As required
Regulators	Submission of periodic reports Responding/enquiring various queries/information	Periodic basis As required
Analysts	Corporate briefing and analysis Forecasting and financial modelling	As required As required

SWOT ANALYSIS

SWOT analysis is being used at Kohinoor as a strategy formulation tool, in order to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats.

Management at KTML, considers the following factors of SWOT analysis relevant to us:

STRENGTHS	WEAKNESSES
• Latest and state of the art equipment for meeting quality management standards • Experienced Management & qualified team • Dedicated customer services • Strong local and International branding • Vertically integrated composite units • Well diversified fuel mix and efficient operation • Captive power producer • Efficient information systems	• Higher Taxation
OPPORTUNITIES	**THREATS**
• Potential to expand product lines in new markets locally & internationally • Focus on cost optimization • Rising population works as a catalyst for fabric needs • GSP plus status for Pakistan	• Stiff competition from textile based countries • Increased input costs • High incidence of taxes

SAFETY OF RECORDS

The Company is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's records are created, managed, retained, and disposed of in an effective and efficient manner;
- To facilitate the efficient management of the Company's records through the development of a coordinated Records Management Program;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required, and disposed of in accordance with the record retention policy and retention schedules and
- Records and information are owned by the Company, not by the individual or team.

ISSUES RAISED IN THE LAST ANNUAL GENERAL MEETING

Consideration of Accounts:

On query of a shareholder, the Chairman of the meeting apprized the House about justification of sale of shares of subsidiary company namely, Maple Leaf Cement Factory Limited during the year under review. The Company was cautious to maintain a diversified portfolio in short term investment. On another query of a shareholder regarding future prospects, he added that there was a healthy turnaround and improvement in current ratio. The management would focus on improved capacity utilization, modernization of production facilities and explore alternative energy resources. The projections were very encouraging with continued growth expected locally and internationally as new potential customers were being explored. Further cost reduction measures and different marketing strategies would translate into increase in sales and profitability. Substantial reduction in the Company's weighted average borrowing costs and dividend income on long term equity investment would have a positive effect on the future profitability.

On query of a shareholder, the Chairman of the meeting briefed the House about performance of the subsidiary company namely, Maple Leaf Capital Limited (MLCL). He added that MLCL remained heavily invested in publicly traded businesses while a fraction of funds were also utilized to lock in on high yielding debt instruments. Management of MLCL was cautious to maintain sufficient liquidity to cushion itself from market volatility. He added that as per latest audited financial statements for the year ended June 30, 2015, the earning per share was Rs.2.34 against loss per share of Re.0.29 for the last year.

Implementation

The Board of Directors of the Company in their meeting held on 05 September 2016, has proposed a final cash dividend for the year ended June 30, 2016 at Rs. 3/- per share (30%). This is in addition to interim cash dividend already paid at Rs. 1.50 per share (15%), thus making a total cash dividend at Rs.4.50 per share (45%), as well as, 15% bonus shares already issued to the shareholders.

CONFLICT OF INTEREST MANAGEMENT POLICY

Policy Statement

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors, which also relates to matters relating to conflict of interest.

Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and Directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

Management of Conflict of Interest:

The primary goal of Kohinoor policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this Kohinoor has set the following procedures to manage and monitor the conflict of Interest:

1. Identify areas of risk.
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure.
5. Enforce the policy.

Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

The Company's Chairman reports to the board and the CEO reports to the Chairman (acting on behalf of the board) and to the Board directly. Their respective roles are being described hereunder:

Role of the Chairman	Role of the CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making processes.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

IT GOVERNANCE POLICY

Kohinoor has properly documented and implemented IT governance Policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance Policy consist of the following:

- To provide a structured decision making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- Lay down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.

- Development and up gradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paper less environment within the Company.

WHISTLE BLOWING POLICY

In line with the Company's commitment to open communication, the whistle blowing policy through non-conformance reporting was designed to provide an avenue for employees to raise concerns, and reassurance that they will be protected. As an aware and attentive organization, Kohinoor believes in the conduct of the affairs of its business in a fair and see-through approach by adopting the uppermost principles of professionalism, truthfulness, reliability and principled manners. The said policy have the following main procedures:

1. All Protected Disclosures should be addressed to the nominated Ombudsperson of the Company.
2. Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible in English, Urdu or in the regional language.
3. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower.
4. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
5. Anonymous disclosures will not be entertained by the Ombudsperson as it would not be possible for it to interview the Whistle Blowers.
6. If initial enquiries by the Ombudsperson indicate that the concern / complaint has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage.
7. Where initial enquiries indicate that further investigation is necessary, this will be carried through in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.

In Kohinoor, no whistle blowing related incidence was highlighted and reported under the above said procedures during the year.

SHARE PRICE SENSITIVITY ANALYSIS

Company's share price is directly linked with the operational and financial performance of Company. In the current situation, Management considers the following factors to which the performance and share price of the Company may be sensitive.

a) Agriculture

Performance in textile sector is mainly dependent on better results of agriculture sector for supply of quality cotton on cheaper rates. Good environmental conditions for cotton crop, having required rain falls, results in optimal quality of cotton with reasonable prices. Availability of quality cotton on cheaper rates supports to generate higher profit margins for producing various types of yarn which in turns affect positively the share price of Company.

b) Demand Factor

Increase in demand of yarn / fabric & Home Textile products may result in increase in market price which will contribute towards better profitability and Earnings Per Share (EPS) which will ultimately increase the share price.

c) Increase in Cost of Production

Any increase in variable cost (Raw materials, power & utilities cost) may badly affect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly affect the market price of the share downward.

d) Political Unrest (Strikes, Protests)

Volatile political situation often creates disruption in the business processes. Strikes, protests creates hindrance in production operations which may adversely affect the Company to meet deadlines of National / International customers. This factor although not very much material at the moment, but may affect share price of the Company adversely.

e) Change in Government Policies

Any change in Government policies related to textile sector may affect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

Report of the Audit Committee

The Audit Committee comprises of one independent non-executive Director and two non-executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in the Code of Corporate Governance. Five meetings of the Audit Committee were held during the year 2015-2016. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.

2. Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984, and the external reporting is consistent with management processes and adequate for shareholder needs.

4. The Audit Committee reviewed and approved all related party transactions.

5. No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6. The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7. The Board has established internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

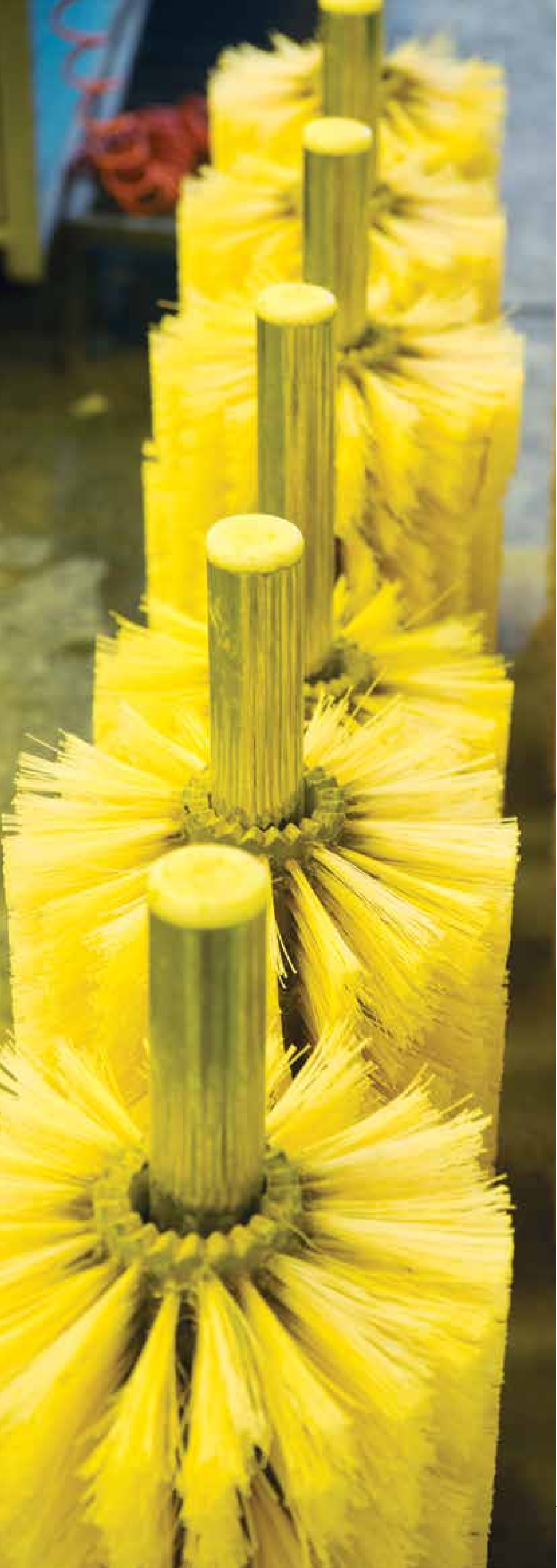
8. Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.

9. Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.

10. Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.

11. Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.

12. The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas



audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

13. The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

14. The external auditors Riaz Ahmad & Company, Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

15. The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

16. Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of Riaz Ahmad & Company, Chartered Accountants, as external auditors for the year 2016-2017.

By order of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
05 September 2016

Risk and Opportunity Report

Objectives

The goal of Board of Directors is to minimize the risks and take advantage of potential opportunities in order to systematically and sustainably improve the value of the Company for all stakeholders. Management has adopted a risk management approach and internal control framework, based on its business philosophy and corporate objectives, which is explained below:

a) Strategy Formulation

Management reviews the Statement of Strategic Objectives annually that represent the stakeholder' expectations and are the lead indicators for determining the success level of the Company. In order to materialize the objectives, Management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to adjustment, depending upon any changes in the external business environment or internal organizational factors.

b) Risk Assessment

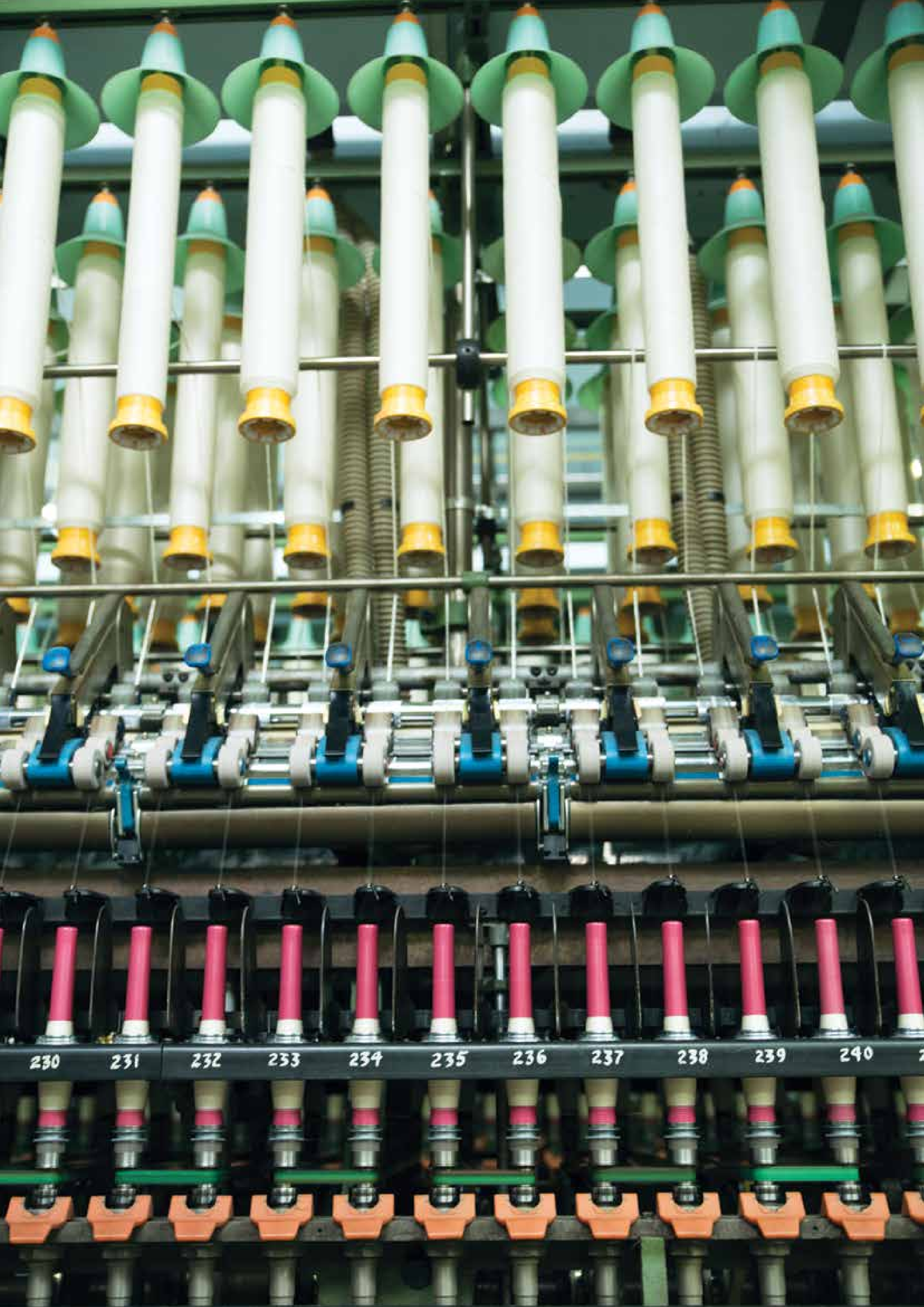
Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Broad categories of risks which may hinder operations of the Company are as follows:

Risks Type	Implication
Strategic Risks	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.
Commercial Risks	Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.
Operational Risks	Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.
Financial Risks	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity and credit.

c) Materiality approach

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, under-standing of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.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d) Risk and Counter Strategy Matrix

Corporate Objective	Risk	Mitigation Strategies
Industry Competition: To maintain Company's prominent position among leading export oriented Textile Companies.	Strategic Risk: There is increasing competition among existing market players. Further, threat from new entrants are foreseen in the operating segment. Commercial Risk: Increasing prices of raw material & overheads may affect the buying potential of customers and profit margins.	Company operates as a vertically integrated unit. Management takes proactive decisions and selects the product mix in spinning and weaving segments which may positively counter the adverse uncontrollable affects in the sales of home textile segment.
Legislative and Legal Environment: To operate in a stable market being compliant with all relevant laws of the country and international regulations.	Strategic Risk: More stringent legal requirements within the Country and in exportable markets. Changes and Reforms in existing laws & regulations and legal uncertainties. Commercial Risk: Demand from international customers for being compliant for labor, health & safety and raw material quality standards.	Management exercises due care for procurement of raw materials. To meet the Health and Safety standards Company is actively following requirements of various certifications.
Technology: To produce the best and highest quality product that meets the demands of Customers and quality standards.	Strategic Risk: Technological shift may render production process obsolete and cost inefficient	Management continuously investing considerable amounts for upgradation of technological infrastructure in order to remain competitive and cost efficient.
Operations: To ensure continuity of operations without any disruptions in supply and minimize idle time.	Operational Risk: Company relies on various third parties for sourcing of quality goods and services. Business constraints faced by associated ventures may adversely affect the customer servicing of the Company.	Management believes in the capacity building of associated vendors in order to increase their potential for timely sourcing of required goods & services to the Company.
Human Capital: To recruit and retain the best people and provide adequate training to ensure high quality skilled force.	Operational Risk: Loss of the qualified and competent staff.	Management is continuously investing in the capacity building of its employees. A rigorous succession plan is also in place aimed to prepare the future leaders.

Corporate Objective	Risk	Mitigation Strategies
Health and safety: To ensure health and safety of employees in workplaces.	Operational Risk: Accidents can take place which can cause serious injuries to employees. Unforeseen calamities and natural disasters may result in human loss.	Suitably qualified and well equipped health and safety department is operational which continuously monitors the HSE conditions in the Company and takes the remedial actions as and when required.
Environment: To ensure environment friendly products and processes.	Operational Risk: Hazardous emissions and discharges into air and water beyond the prescribed limits. Waste from operations may be disposed of in an inappropriate manner.	Management has installed the waste water treatment plant in order to meet the requirements of various regulatory authorities. Apart from that various initiatives are in process to reduce to the maximum possible minimum level the discharge of hazardous chemicals in water and air.
Finance: To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations	Financial Risk: Increase in the cost of borrowing may limit the avenues for availability of sufficient working capital. Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities. Eroding conditions of Pak. Rupee may adversely affect the raw materials cost of spinning segment.	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the company. Moreover average credit period of the Company is also being improved along with improved operation cycle. Credit risk from counter parties is being addressed by frequent reviews of outstanding balances of major parties, and reconciliations after short time intervals to avoid the chance of disputed amounts / transactions.

e) Opportunity Analysis

Unlocking and exploiting operational opportunities is an important aspect of Kohinoor entrepreneurial activities. We are committed to use existing products and new solutions in order to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

Definitions and Glossary of Terms

Gross Profit Ratio:

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio:

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio:

The Operating profit ratio indicates the ratio of company's profit before interest and taxes to net sales.

Current Ratio:

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio:

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For Comparative purposes, debt-equity is most useful for companies within the same industry.

Earnings Per Share (EPS):

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin:

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising / falling price of the goods sold.

Return on Equity (ROE):

A percentage that indicates how efficiently common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI):

Also Known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is a useful to compare a company's ROI with others in the same industry.

Du Pont Analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

Comments on the results of Balance Sheet & Profit and Loss Account

1) Sales revenue has been increased by 2%, from Rupees. 15,776 million (2015) to Rupees 16,088 million. Increase in sales is mainly attributable to outstanding performance of weaving division where 23% increase in sales revenue have been witnessed during the year under review. Spinning divisions has witnessed a modest increase of 2.75% due to stiff competition in local market. Processing and Home Textile division has recorded decrease of 7% in sales revenue during the year.

2) Cost to revenue ratio has been decreased from 83.24% to 81.11% during the year. Major reasons contributing such decrease are buying raw materials on the most competitive rates and stringent controls over the procurement of stores and spares.

3) Gross Profit has been increased from 17% to 19% in current financial year mainly due to better profit margins.

4) Finance cost has been decreased by Rs.153 million due to decrease in weighted average cost of capital (WACC) and efficient deployment of financial management strategy to use the internal cash flows for financing working capital requirements.

5) Net profit to sales ratio has been slightly increased from 13.23% to 13.25% due to reduced finance cost as compared to preceding year.

6) Debt equity ratio has been increased from 6:94 to 10:90 mainly due to expansion in weaving and modernization in spinning and Processing & Home textile division.

Comments on the Summary of Cash Flow Statement

Cash flow from operating activities has been decreased by Rs. 318 million due to increase in inventory cost and sales tax refundable from Government.

Net outflow in investing activities is due to capital expenditure on property, plant & equipment.

Financing activities are showing net outflow due to repayment of finance obligations and dividend to shareholders.

Comments on the 6 Years Horizontal analysis of Balance Sheet and Profit & Loss Account

Balance Sheet

Continuous increase in shareholder's equity is primarily because of profitable operations of the Company.

Non-current liabilities have been increased by Rs. 461 million mainly due to increase in long term financing obtained for the expansion of weaving division and modernization of spinning and processing & home textile division.

Non-current assets of the Company have been increased by 13% in 2016 because of expansion of production facilities in weaving division and modernization of plant & machinery in spinning, processing and stitching divisions.

Current assets of the Company are showing upward trend since 2012. An increase of 12.5% has been recorded which is because of increase in the short term investments.

Profit & Loss Account:

Company's sales are being increased by 34% since 2011.

Gross profit has been increased by 15% from 2015 to 2016. Major components of such an increase are selection of orders yielding maximum contribution margins, more stringent controls over direct & in-direct cost of production and close monitoring of operations on day to day basis to minimize the costs of different contracts and jobs.

In 6 years period from 2011 to 2016, Finance cost has been decreased by 67% which is because of repayment of long term loans and decrease in WACC.

Comments on Vertical analysis of Balance sheet and Profit & Loss Account

Balance Sheet

Equity component has been increased by 109% from 2011 to 2016. A major factor for such tremendous increase is profitable operations of the Company and steering the financial resources of the Company with acute reduction in debt servicing to external sources of finance providers.

During current year, non- current liabilities are 6.2% of the balance sheet footing as compared to 4.2% for the preceding year, this increase is primarily because of expansion and modernization project of production facilities.

Non-current assets has been increased from Rs. 12,275 million in 2015 to Rs. 13,148 million in 2016. Such increase is due to capital expenditure for production facilities.

Profit & Loss Account

Cost of sales has been decreased from 83.24% to 81.11% in 2016. Such decrease is because of efficient controls to reduce the costs to minimum level.

Finance cost has been decreased by Rs. 154 million in 2016 because of efficient utilization of finances and selection of low rate finance facilities.

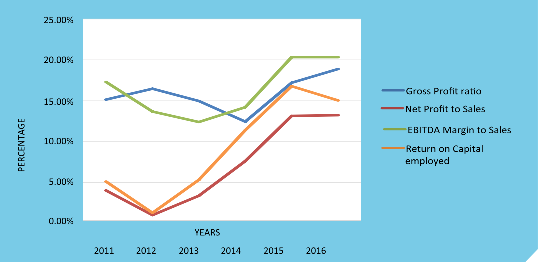
Key Operating and Financial Data

Six Years Summary

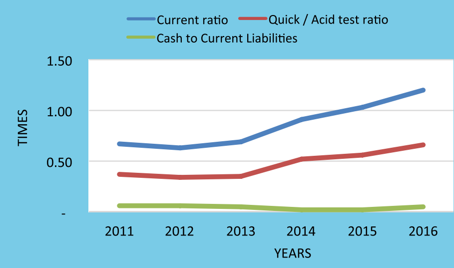
Particulars	2016	2015	2014	2013	2012	2011
Net sale (Rs. 000)	16,088,302	15,776,611	15,302,242	14,250,439	11,146,698	12,037,253
Profitability (Rs.000)						
Gross Profit	3,039,436	2,643,857	1,907,163	2,134,252	1,836,649	1,823,548
Operating profit	2,965,535	2,897,223	1,853,976	1,438,978	1,175,029	1,726,084
Profit before tax	2,628,178	2,406,306	1,288,592	798,435	304,289	688,790
Provision for income tax	495,963	319,473	118,940	313,903	187,860	200,939
Profit after tax	2,132,215	2,086,833	1,169,652	484,532	116,429	487,851
Financial Position (Rs.000)						
Tangible fixed assets-net	7,437,640	6,565,198	5,919,751	5,959,112	6,161,381	6,747,691
Intangible assets	-	-	-	3,006	6,284	9,563
Investment & Other assets	5,711,189	5,710,380	4,842,439	5,018,905	5,028,081	5,006,352
	13,148,829	12,275,578	10,762,190	10,981,023	11,195,746	11,763,606
Current assets	6,006,888	5,338,022	5,359,518	4,339,574	4,002,184	4,539,059
Current liabilities	4,990,909	5,185,753	5,868,566	6,257,996	6,329,557	6,806,838
Net working capital	1,015,979	152,269	(509,048)	(1,918,422)	(2,327,373)	(2,267,779)
Capital employed	14,164,808	12,427,847	10,253,142	9,062,601	8,868,373	9,495,827
Less: Redeemable Capital, long term loan & other liabilities	1,205,135	743,794	410,396	389,507	679,811	1,423,694
Less: Surplus on revaluation of property	3,799,334	3,673,825	3,673,825	3,673,825	3,673,825	3,685,497
Share holders Equity	9,160,339	8,010,228	6,168,921	4,999,269	4,514,737	4,386,636
Represented By:						
Share capital	2,823,551	2,455,262	2,455,262	2,455,262	2,455,262	2,455,262
Reserves & unappropriated profit	6,336,788	5,554,966	3,713,659	2,544,007	2,059,475	1,931,374
	9,160,339	8,010,228	6,168,921	4,999,269	4,514,737	4,386,636
RATIO'S:						
Profitability Ratio's:						
Gross Profit to sales (%age)	18.89	16.76	12.46	14.98	16.48	15.15
Net Profit to sales (%age)	13.25	13.23	7.64	3.40	1.04	4.05
EBITDA (%age)	20.70	20.45	14.22	12.41	13.69	17.31
Operating leverage ratio	1.00	18.67	4.14	0.79	4.57	1.46
Return on equity (%age)	23.28	26.05	18.96	9.69	2.58	11.12
Return on capital employed (%age)	15.05	16.79	11.41	5.35	1.31	5.14
Profit before tax ratio (%age)	16.34	15.25	8.42	5.60	2.73	5.72
Effective tax rate (%age)	18.87	13.28	9.23	39.31	61.74	29.17
Cost / Revenue ratio (%age)	81.11	83.24	87.54	85.02	83.52	84.85
Liquidity Ratio's:						
Current ratio	1.20	1.03	0.91	0.69	0.63	0.67
Acid test ratio	0.66	0.56	0.52	0.35	0.34	0.37
Cash to current liabilities	0.05	0.02	0.02	0.05	0.06	0.06
Cash flow from operations to sales %	6.17	8.31	1.49	4.30	7.58	14.35
Activity / Turnover Ratio's:						
Inventory turn over	6.23	6.78	7.33	7.35	5.84	5.04
No. of days in Inventory	59	54	50	50	62	72
Debtors turn over ratio	14.83	15.52	15.53	13.88	13.16	11.82
No. of days in receivables	25	24	23	26	28	31
Creditors turnover ratio	9.47	10.23	11.25	10.05	9.33	10.89
No. of days in creditors	39	36	32	36	39	34
Total assets turn over / return on						

Particulars	2016	2015	2014	2013	2012	2011
investment ratio	0.84	0.90	0.95	0.93	0.73	0.74
Fixed assets turn over ratio	1.74	1.89	1.99	1.85	1.41	1.78
Operating cycle	45	42	41	40	51	70
Investment / Market Ratio's:						
Earning per share - Basic	7.55	7.39	4.76	1.97	0.47	2.20
Earning per share - Diluted	7.55	7.39	4.76	1.97	0.47	2.20
Price earning ratio	10.60	8.79	4.99	8.53	8.87	1.80
Price to book ratio	80.03:32.44	64.96:32.62	23.74:25.13	16.80:20.36	4.17:18.39	3.95:17.87
Dividend yield ratio	40%	10%	-	-	-	-
Dividend payout ratio	52.98	13.53	-	-	-	-
Dividend cover ratio - (Times)	7.55	8.50	-	-	-	-
Cash dividend per share - (Rupees)	4.00	1.00	-	-	-	-
Stock dividend per share	15%	-	-	-	-	-
Breakup value per share (without revaluation surplus)	32.44	32.62	25.13	20.36	18.39	17.87
Breakup value per share (with revaluation surplus)	45.90	47.59	40.09	35.32	33.35	32.88
Market value per share at the end of the year	80.03	64.96	23.74	16.80	4.17	3.95
Share Price - High during the year	82.34	68.28	30.70	19.5	5.63	5.93
Share Price - Low during the year	60.94	21.68	16.80	3.7	2.28	3.95
Earning assets to total assets ratio	68.33	69.35	66.47	71.41	73.67	72.16
Capital Structure Ratio's:						
Financial leverage ratio	0.68	0.74	1.02	1.33	1.55	1.88
Weighted average cost of debt (%age)	5.35	9.87	11.11	11.35	14.02	13.56
Debt to equity ratio	10:90	6:94	3 : 97	11 : 89	20 :80	31 : 69
Interest cover ratio	8.79	5.90	3.28	2.25	1.35	1.66
Average operating working capital to sales ratio	0.20	0.19	0.19	0.17	0.24	0.29
Net borrowing to EBITDA ratio	1.25	1.23	2.13	2.61	3.37	3.21
Summary of Cash flows						
Net cash flow from operating activities	993,042	1,310,771	228,105	612,206	844,892	1,727,143
Net cash flow from investing activities	(238,348)	(314,592)	(228,826)	(99,537)	701,624	70,772
Net cash flow from financing activities	(640,497)	(982,301)	(219,194)	(577,320)	(1,582,009)	(1,455,770)
Net change in cash and cash equivalents	114,197	13,878	(219,915)	(64,651)	(35,493)	342,145
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	38,473	38,270	32,415	33,038	24,998	23,547
KGM Division	33,299	30,524	25,726	30,243	24,441	25,989
	71,772	68,794	58,141	63,281	49,439	49,536
Sales / Tran.for wvg.(actual count)						
KTM Division	11,017	9,597	10,267	8,105	5,933	7,600
KGM Division	5,106	4,533	5,367	3,857	3,365	3,449
	16,123	14,130	15,634	11,962	9,298	11,049
Cloth (Linear meters "000") :						
Processing (Rawalpindi Division)						
Production	19,168	19,747	19,235	16,221	15,204	21,367
Sales	18,355	18,890	17,994	15,055	14,856	23,793
Weaving (Raiwind Division)						
Production	26,204	21,280	18,883	19,122	22,840	20,667
Sales	26,614	20,501	18,968	19,069	23,877	19,717

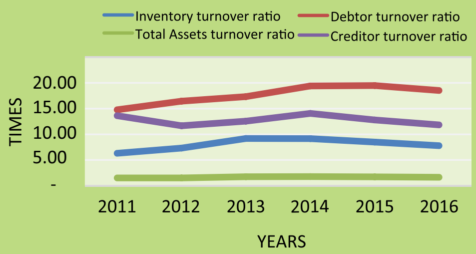
Profitability Ratios



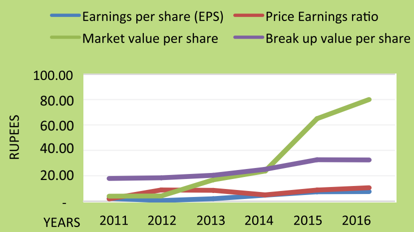
Liquidity Ratios



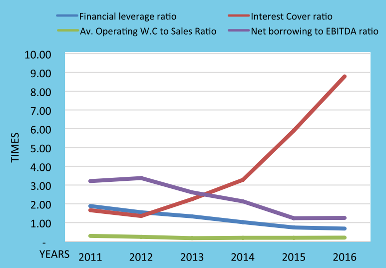
Turnover Ratios



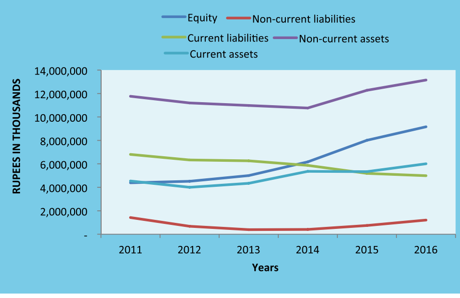
Market Ratios



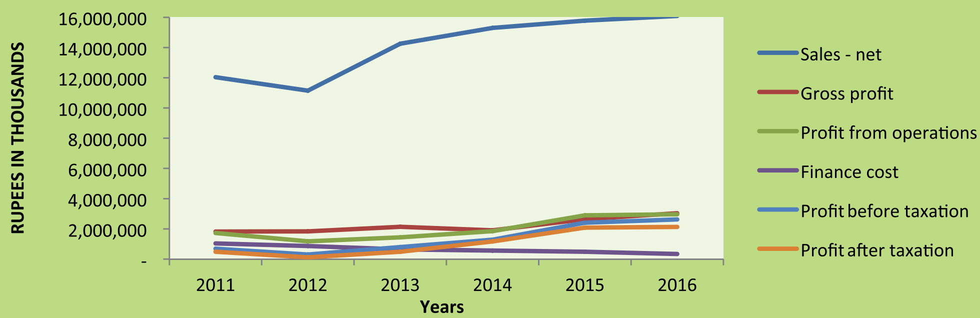
Capital Structure Ratios

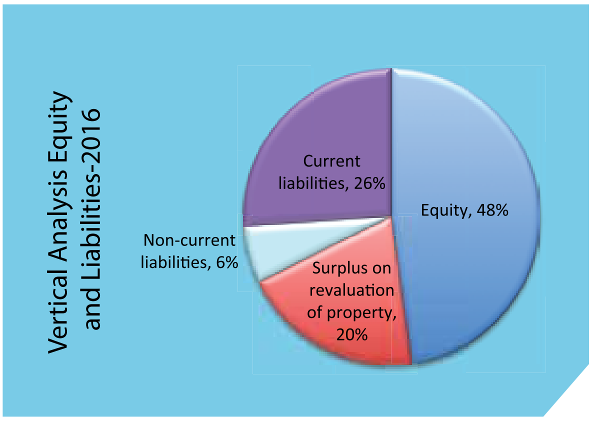


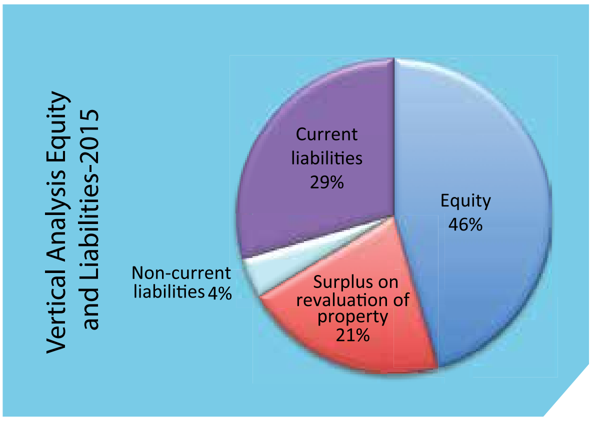
Horizontal Analysis - Balance Sheet

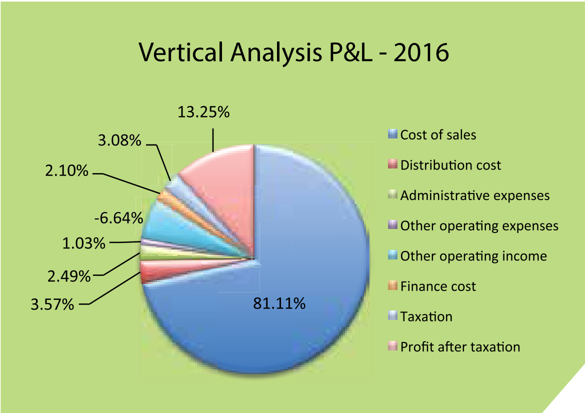


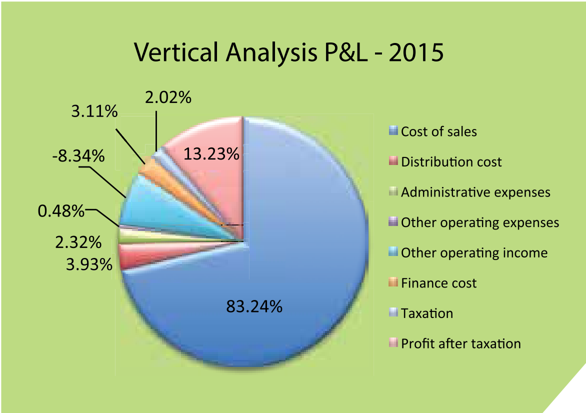
Horizontal Analysis - Profit & Loss Account

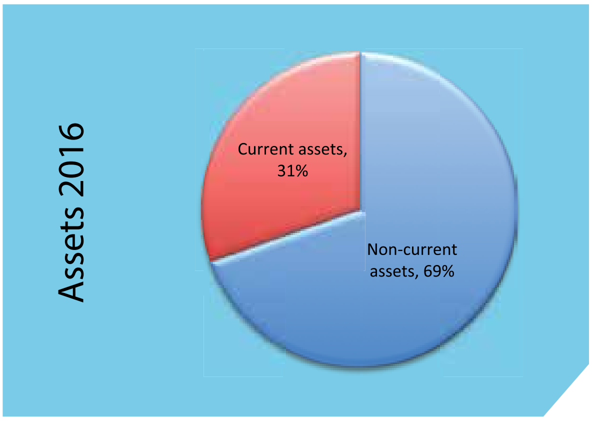


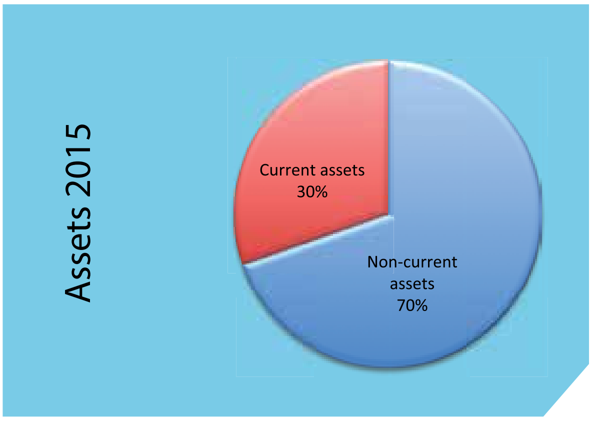

Vertical Analysis Equity and Liabilities-2016
Current liabilities, 26%
Equity, 48%
Non-current liabilities, 6%
Surplus on revaluation of property, 20%


Vertical Analysis Equity and Liabilities-2015
Current liabilities 29%
Equity 46%
Non-current liabilities 4%
Surplus on revaluation of property 21%


Vertical Analysis P&L - 2016
13.25%
3.08%
2.10%
-6.64%
1.03%
2.49%
3.57%
81.11%
Cost of sales
Distribution cost
Administrative expenses
Other operating expenses
Other operating income
Finance cost
Taxation
Profit after taxation


Vertical Analysis P&L - 2015
2.02%
3.11%
-8.34%
13.23%
0.48%
2.32%
3.93%
83.24%
Cost of sales
Distribution cost
Administrative expenses
Other operating expenses
Other operating income
Finance cost
Taxation
Profit after taxation


Assets 2016
Current assets, 31%
Non-current assets, 69%


Assets 2015
Current assets 30%
Non-current assets 70%

Cash flow statement - (Direct Method)

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	16,178,453	15,548,907
Cash paid to suppliers and employees	14,489,734	13,450,238
Cash generated from operations	1,688,719	2,098,669
Finance cost paid	(350,377)	(520,371)
Income tax paid	(345,416)	(254,006)
Net decrease/ (Increase) in long term deposits	116	(13,521)
Net cash generated from operating activities	993,042	1,310,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(1,130,014)	(913,391)
Proceeds from sale of property, plant and equipment	32,143	22,343
Purchase of long term investments	-	(1,000,000)
Purchase of short term investments	(839,701)	(2,250,432)
Proceeds from sale of long term investments	-	900,787
Proceeds from sale of short term investments	868,223	2,610,794
Interest received	2,811	2,157
Dividends received	828,190	313,150
Net cash used in investing activities	(238,348)	(314,592)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	591,703	317,680
Repayment of long term financing	(70,286)	(64,308)
Repayment of liabilities against assets subject to finance lease	(22,113)	(12,664)
Short term borrowings - net	(162,194)	(978,728)
Dividend paid	(977,607)	(244,281)
Net cash used in financing activities	(640,497)	(982,301)
Net increase in cash and cash equivalents	114,197	13,878
Cash and cash equivalents at the beginning of the year	114,815	100,937
Cash and cash equivalents at the end of the year	229,012	114,815

DuPont Analysis

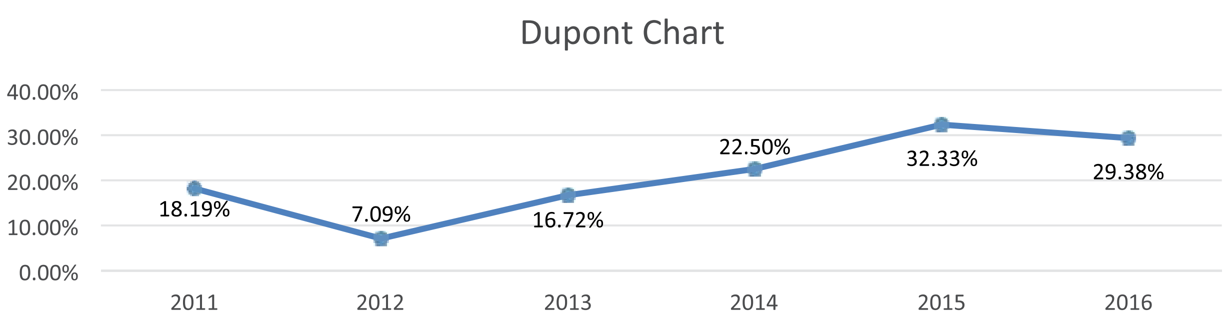
Year	Return on Equity (ROE) D=A*B*C	Profit Margin = Pre tax profit / Net Sales A	Total Assets Turnover = Net Sales / Assets B	Equity Multiplier = Avg. Assets / Avg. Equity C
2011	18.19%	0.06	0.74	4.31
2012	7.09%	0.03	0.73	3.54
2013	16.72%	0.06	0.93	3.21
2014	22.50%	0.08	0.95	2.82
2015	32.33%	0.15	0.90	2.38
2016	29.38%	0.16	0.84	2.14

Comments:

1. Main driving factor in decreased ROE as compared to previous year is decreased total assets turnover.

2. Profit margin is increasing over the period because of selection of product mix yielding greater margins and exercising stringent controls over all critical & contemporary business processes to reduce costs.

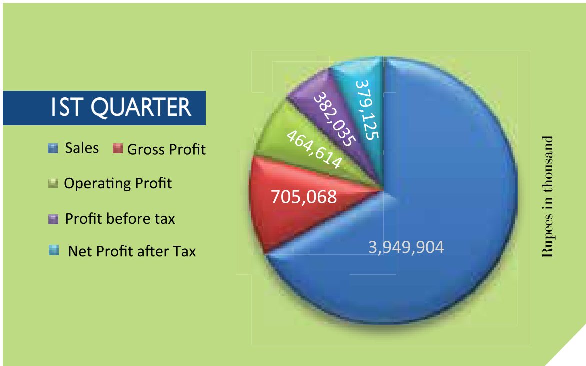
3. Equity multiplier slightly decreased due to increase in shareholders equity.

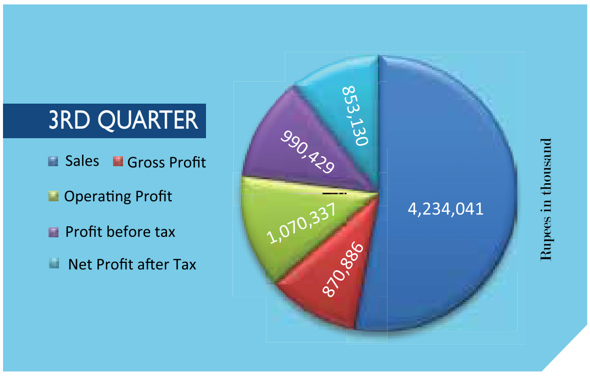


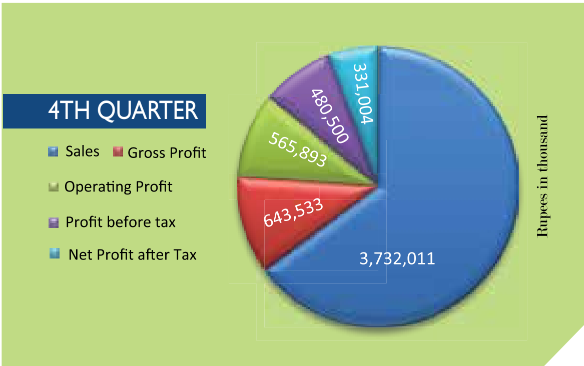
Results Reported in Interim Financial Statements and Final Accounts

Particulars	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2015		6 Months Period Ended 31-12-2015		9 Months Period Ended 31-03-2016		Full Year Ended 30-06-2016	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	3,949,904		8,122,250		12,356,291		16,088,302	
Gross Profit	705,068	17.85%	1,525,017	18.78%	2,395,903	19.39%	3,039,436	18.89%
Operating Profit	464,614	11.76%	1,329,305	16.37%	2,399,642	19.42%	2,965,535	18.43%
Net Profit Before Tax	382,035	9.67%	1,157,249	14.25%	2,147,678	17.38%	2,628,178	16.34%
Net Profit After Tax	379,125	9.60%	948,081	11.67%	1,801,211	14.58%	2,132,215	13.25%
Equity	8,389,353		8,344,493		8,829,334		9,160,339	
Current Ratio (in time)	1.13		1.06		1.15		1.20	

Graphical Presentation







Analysis of Variation in Results Reported in Interim Financial Statements with the Final Accounts

3 Months Ended 30 September 2015

Gross Profit was 17.85% as compared with annual GP of 18.89% due to squeezed profit margins in 1st quarter.

Operating profit was 11.76% as compared with annual operating profit of 18.43% due to receipt of dividend income in 3rd Quarter.

Net profit before tax was 9.67% as compared with annual net profit before tax of 16.34% due to increase in profits in 4th Quarter.

Net Profit after tax was 9.60% as compared with annual net profit after tax of 13.25% due to squeezed profit margins in 1st Quarter.

Shareholders' equity was Rs. 8,389 million as compared with annual equity of Rs. 9,160 million mainly due to dividend income in last quarters.

Current ratio was 1.13 times as compared with annual current ratio of 1.20 times due to increase in short term investments in the last quarter.

6 Months Ended 31 December 2015

Gross Profit was 18.78% as compared with annual GP of 18.89% due to squeezed profit margins in first half of the year.

Operating profit for the first half year was 16.37% as compared with annual operating profit of 18.43% due to gain on sale of subsidiary company shares and dividend from subsidiary Companies in last quarter.

Net profit before tax was 14.25% as compared with annual net profit before tax of 16.34% due low profit margins.

Shareholders' equity was Rs. 8,344 million as compared with annual equity of Rs. 9,160 million due to dividend from subsidiary Companies in last quarter and better margins.

Current ratio was 1.06 times as compared with annual current ratio of 1.20 times due to increase in short term investments in the last quarter.

9 Months Ended 31 March 2016.

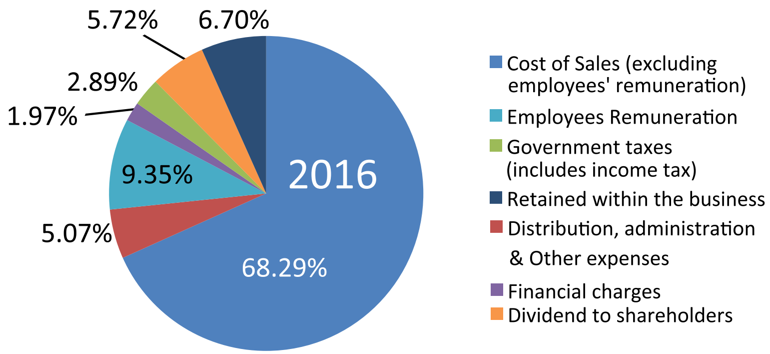
Gross profit was 19.39% as compared with annual GP of 18.89% due to better utilizations, selling margins and currency devaluation in 3rd Quarter.

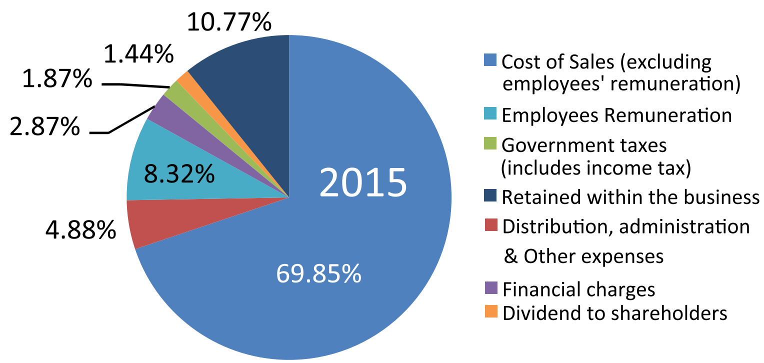
Shareholders' equity was Rs. 8,829 million as compared with annual equity of Rs. 9,160 million.

Current ratio was 1.15 times as compared with annual current ratio of 1.20 times.

Value Added and How Distributed

	2016 Rs "000"	2016 % age	2015 Rs "000"	2015 % age	2014 Rs "000"	2014 % age	2013 Rs "000"	2013 % age	2012 Rs "000"	2012 % age	2011 Rs "000"	2011 % age
Wealth Generated												
Net Sales	16,088,302	93.78%	15,776,611	92.30%	15,302,242	94.61%	14,250,439	99.63%	11,146,698	99.40%	12,037,253	95.28%
Other operating income	1,067,529	6.22%	1,315,992	7.70%	871,815	5.39%	52,455	0.37%	67,273	0.60%	595,770	4.72%
	17,155,831	100.00%	17,092,603	100.00%	16,174,057	100.00%	14,302,894	100.00%	11,213,971	100.00%	12,633,023	100.00%
Distribution of Wealth												
Cost of Sales (excluding employees' remuneration)	11,716,169	68.29%	11,938,725	69.85%	12,344,449	76.32%	11,255,864	78.70%	8,636,210	77.01%	9,514,022	75.31%
Distribution, administration & Other expenses	869,714	5.07%	834,508	4.88%	735,069	4.54%	584,383	4.09%	578,789	5.16%	546,646	4.33%
Employees Remuneration	1,604,413	9.35%	1,422,147	8.32%	1,240,563	7.67%	1,023,669	7.16%	823,943	7.35%	846,271	6.70%
Financial charges	337,357	1.97%	490,917	2.87%	565,384	3.50%	640,543	4.48%	870,740	7.76%	1,037,294	8.21%
Government taxes (includes income tax)	495,963	2.89%	319,473	1.87%	118,940	0.74%	313,903	2.19%	187,860	1.68%	200,939	1.59%
Dividend to shareholders	982,104	5.72%	245,526	1.44%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Retained within the business	1,150,111	6.70%	1,841,307	10.77%	1,169,652	7.23%	484,532	3.39%	116,429	1.04%	487,851	3.86%
	17,155,831	100.00%	17,092,603	100.00%	16,174,057	100.00%	14,302,894	100.00%	11,213,971	100.00%	12,633,023	100.00%





Horizontal Analysis of Financial Statement

	2016	Change 16 vs 15	2015	Change 15 vs 14	2014	Change 14 vs 13	2013	Change 13 vs 12	2012	Change 12 vs 11	2011
			Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
Balance Sheet											
Total equity	9,160,339	14.36	8,010,228	29.85	6,168,921	23.40	4,999,269	10.73	4,514,737	2.92	4,386,636
Total surplus on revaluation of property	3,799,334	3.42	3,673,825	-	3,673,825	-	3,673,825	-	3,673,825	(0.32)	3,685,497
Total non-current liabilities	1,205,135	62.03	743,794	81.24	410,396	5.36	389,507	(42.70)	679,811	(52.25)	1,423,694
Total current liabilities	4,990,909	(3.76)	5,185,753	(11.64)	5,868,566	(6.22)	6,257,996	(1.13)	6,329,557	(7.01)	6,806,838
Total equity and liabilities	19,155,717	8.76	17,613,600	9.25	16,121,708	5.23	15,320,597	0.81	15,197,930	(6.78)	16,302,665
Total non-current assets	13,148,829	7.11	12,275,578	14.06	10,762,190	(1.99)	10,981,023	(1.92)	11,195,746	(4.83)	11,763,606
Total current assets	6,006,888	12.53	5,338,022	(0.40)	5,359,518	23.50	4,339,574	8.43	4,002,184	(11.83)	4,539,059
Total assets	19,155,717	8.76	17,613,600	9.25	16,121,708	5.23	15,320,597	0.81	15,197,930	(6.78)	16,302,665
Profit and Loss Account											
Net sales	16,088,302	1.98	15,776,611	3.10	15,302,242	7.38	14,250,439	27.84	11,146,698	(7.40)	12,037,253
Cost of sales	13,048,866	(0.64)	13,132,754	(1.96)	13,395,079	10.56	12,116,187	30.14	9,310,049	(8.85)	10,213,705
Gross profit	3,039,436	14.96	2,643,857	38.63	1,907,163	(10.64)	2,134,252	16.20	1,836,649	0.72	1,823,548
Selling and distribution expenses	574,226	(7.42)	620,281	8.14	573,592	30.78	438,598	8.96	402,526	(5.30)	425,063
Administrative expenses	401,099	9.36	366,754	16.01	316,152	22.35	258,398	22.84	210,356	(3.83)	218,739
Other operating expenses	166,105	119.74	75,591	114.39	35,258	(30.50)	50,733	(56.27)	116,011	134.69	49,432
Other operating income	1,067,529	(18.88)	1,315,992	50.95	871,815	1,562.02	52,455	(22.03)	67,273	(88.71)	595,770
Profit from operations	2,965,535	2.36	2,897,223	56.27	1,853,976	28.84	1,438,978	22.46	1,175,029	(31.93)	1,726,084
Finance cost	337,357	(31.28)	490,917	(13.17)	565,384	(11.73)	640,543	(26.44)	870,740	(16.06)	1,037,294
Prof before taxation	2,628,178	9.22	2,406,306	86.74	1,288,592	61.39	798,435	162.39	304,289	(55.82)	688,790
Provision for taxation	495,963	55.24	319,473	168.60	118,940	(62.11)	313,903	67.09	187,860	(6.51)	200,939
Profit after taxation	2,132,215	2.17	2,086,833	78.41	1,169,652	141.40	484,532	316.16	116,429	(76.13)	487,851

Vertical Analysis of Financial Statement

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
					Rupees in thousand							
Balance Sheet												
Total equity	9,160,339	47.82	8,010,228	45.48	6,168,921	38.26	4,999,269	32.63	4,514,737	29.71	4,386,636	26.91
Total surplus on revaluation of property	3,799,334	19.83	3,673,825	20.86	3,673,825	22.79	3,673,825	23.98	3,673,825	24.17	3,685,497	22.61
Total non-current liabilities	1,205,135	6.29	743,794	4.22	410,396	2.55	389,507	2.54	679,811	4.47	1,423,694	8.73
Total current liabilities	4,990,909	26.05	5,185,753	29.44	5,868,566	36.40	6,257,996	40.85	6,329,557	41.65	6,806,838	41.75
Total equity and liabilities	19,155,717	100.00	17,613,600	100.00	16,121,708	100.00	15,320,597	100.00	15,197,930	100.00	16,302,665	100.00
Total non-current assets	13,148,829	68.64	12,275,578	69.69	10,762,190	66.76	10,981,023	71.67	11,195,746	73.67	11,763,606	72.16
Total current assets	6,006,888	31.36	5,338,022	30.31	5,359,518	33.24	4,339,574	28.33	4,002,184	26.33	4,539,059	27.84
Total assets	19,155,717	100.00	17,613,600	100.00	16,121,708	100.00	15,320,597	100.00	15,197,930	100.00	16,302,665	100.00
Profit and Loss Account												
Net sales	16,088,302	100.00	15,776,611	100.00	15,302,242	100.00	14,250,439	100.00	11,146,698	100.00	12,037,253	100.00
Cost of sales	13,048,866	81.11	13,132,754	83.24	13,395,079	87.54	12,116,187	85.02	9,310,049	83.52	10,213,705	84.85
Gross profit	3,039,436	18.89	2,643,857	16.76	1,907,163	12.46	2,134,252	14.98	1,836,649	16.48	1,823,548	15.15
Selling and distribution expenses	574,226	3.57	620,281	3.93	573,592	3.75	438,598	3.08	402,526	3.61	425,063	3.53
Administrative expenses	401,099	2.49	366,754	2.32	316,152	2.07	258,398	1.81	210,356	1.89	218,739	1.82
Other operating expenses	166,105	1.03	75,591	0.48	35,258	0.23	50,733	0.36	116,011	1.04	49,432	0.41
Other operating income	1,067,529	6.64	1,315,992	8.34	871,815	5.70	52,455	0.37	67,273	0.60	595,770	4.95
Profit from operations	2,965,535	18.43	2,897,223	18.36	1,853,976	12.12	1,438,978	10.10	1,175,029	10.54	1,726,084	14.34
Finance cost	337,357	2.10	490,917	3.11	565,384	3.69	640,543	4.49	870,740	7.81	1,037,294	8.62
Profit before taxation	2,628,178	16.34	2,406,306	15.25	1,288,592	8.42	798,435	5.60	304,289	2.73	688,790	5.72
Provision for taxation	495,963	3.08	319,473	2.02	118,940	0.78	313,903	2.20	187,860	1.69	200,939	1.67
Profit after taxation	2,132,215	13.25	2,086,833	13.23	1,169,652	7.64	484,532	3.40	116,429	1.04	487,851	4.05

This disclosure is being added as per requirements of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.

Comments on the 6 Years Horizontal analysis of Balance Sheet and Profit & Loss Account

Balance Sheet:

Continuous increase in shareholder's equity is primarily because of profitable operations of the Company.

Non-current liabilities have been increased by Rupees. 461 Million mainly due to increase in long term financing obtained for the expansion of weaving division and modernization of spinning and processing & home textile division.

Non-current assets of the Company have been increased by 13% in 2016 because of expansion of production facilities in weaving division and modernization of plant & machinery in spinning, processing and stitching divisions.

Current assets of the Company are showing upward trend since 2012. An increase of 12.5% has been recorded which is because of increase in the short term investments.

Profit & Loss Account:

Company's sales are being increased by 34% since 2011.

Gross profit has been increased by 15% from 2015 to 2016. Major components of such an increase are selection of orders yielding maximum contribution margins, more stringent controls over direct & in-direct cost of production and close monitoring of operations on day to day basis to minimize the costs of different contracts and jobs.

In 6 years period from 2011 to 2016, finance cost has been decreased by 67% which is because of repayment of long term loans and decrease in WACC.

Comments on Vertical analysis of Balance Sheet and Profit & Loss Account

Balance Sheet:

Equity component has been increased by 109% from 2011 to 2016. A major factor for such tremendous increase is profitable operations of the Company and steering the financial resources of the Company with acute responsibility to enhance debt servicing to external sources of finance providers.

During current year, non- current liabilities are 6.2% of the balance sheet footing as compared to 4.2% for the preceding year, this increase is primarily because of expansion and modernization project of production facilities.

Non-current assets has been increased from Rs. 12,275 Million in 2015 to Rs. 13,148 Million in 2016. Such increase is due to capital expenditure for production facilities.

Profit & Loss Account:

Cost of sales has been decreased from 83.24% to 81.11% in 2016. Such decrease is because of efficient controls to reduce the costs to minimum level.

Finance cost has been decreased by Rs. 154 Million in 2016 because of efficient utilization of finances and selection of low rate finance facilities.

Statement of Compliance with the Code of Corporate Governance

Name of Company: **Kohinoor Textile Mills Limited**
Year Ended: **June 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:-

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:-

Category	Names
Independent Director	Mr. Shafiq Ahmed Khan
Executive Directors	Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol Syed Mohsin Raza Naqvi
Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol Mr. Arif Ijaz

The Independent Director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors during the year.

5. 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.

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board had arranged Orientation Courses for its Directors during the preceding years from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas some Directors having the requisite experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program. Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities

under the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange. Furthermore, the Board has put in place a mechanism for an annual evaluation of the Board's own performance.

10. There were no new appointments of the CFO, Company Secretary and Head of Internal Audit during the year, however, all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee comprising of three non-executive directors including the chairman of the committee who is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee comprising of three Members, of whom two are non-executive directors including the chairman of the committee and one executive director.

18. The Board has set up an effective internal audit function.

19. 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore:
September 05, 2016

(Taufique Sayeed Saigol)
Chief Executive

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of KOHINOOR TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and reviews of various documents prepared by the Company to comply with the Code.

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

The Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 05 September 2016
Islamabad

Financial Statements
for the Year Ended June 30, 2016

Kohinoor Textile Mills Limited

Auditors' Report to the Members

We have audited the annexed balance sheet of KOHINOOR TEXTILE MILLS LIMITED as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  ii) the expenditure incurred during the year was for the purpose of the company's business; and

  iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 05 September 2016

ISLAMABAD

Balance Sheet
As at June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2015: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2015: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital	3	2,823,551	2,455,262
Reserves	4	6,336,788	5,554,966
Total equity		9,160,339	8,010,228
Surplus on revaluation of land and investment properties	5	3,799,334	3,673,825
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	765,027	334,229
Liabilities against assets subject to finance lease	7	22,370	47,963
Deferred income tax liability	8	417,738	361,602
		1,205,135	743,794
CURRENT LIABILITIES			
Trade and other payables	9	1,320,483	1,434,212
Accrued mark-up	10	51,141	64,161
Short term borrowings	11	3,434,394	3,596,588
Current portion of non-current liabilities	12	184,891	90,792
		4,990,909	5,185,753
TOTAL LIABILITIES		6,196,044	5,929,547
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		19,155,717	17,613,600

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

CHIEF EXECUTIVE OFFICER

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	7,437,640	6,565,198
Investment properties	15	1,784,058	1,783,133
Long term investments	16	3,867,089	3,867,089
Long term deposits	17	60,042	60,158
		13,148,829	12,275,578
CURRENT ASSETS			
Stores, spare parts and loose tools	18	518,242	456,460
Stock-in-trade	19	2,203,655	1,987,603
Trade debts	20	1,039,529	1,130,300
Advances	21	205,724	153,862
Security deposits and short term prepayments	22	27,517	24,924
Other receivables	23	929,343	638,939
Taxation recoverable		15,110	109,521
Short term investments	24	838,756	721,598
Cash and bank balances	25	229,012	114,815
		6,006,888	5,338,022
TOTAL ASSETS		19,155,717	17,613,600

DIRECTOR

Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
SALES	26	16,088,302	15,776,611
COST OF SALES	27	(13,048,866)	(13,132,754)
GROSS PROFIT		3,039,436	2,643,857
DISTRIBUTION COST	28	(574,226)	(620,281)
ADMINISTRATIVE EXPENSES	29	(401,099)	(366,754)
OTHER EXPENSES	30	(166,105)	(75,591)
		(1,141,430)	(1,062,626)
		1,898,006	1,581,231
OTHER INCOME	31	1,067,529	1,315,992
PROFIT FROM OPERATIONS		2,965,535	2,897,223
FINANCE COST	32	(337,357)	(490,917)
PROFIT BEFORE TAXATION		2,628,178	2,406,306
TAXATION	33	(495,963)	(319,473)
PROFIT AFTER TAXATION		2,132,215	2,086,833

		2016	Restated 2015
		(Rupees)	
EARNINGS PER SHARE - BASIC AND DILUTED	34	7.55	7.39

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income
For the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
PROFIT AFTER TAXATION	2,132,215	2,086,833
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,132,215	2,086,833

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,688,719	2,098,669
Finance cost paid		(350,377)	(520,371)
Income tax paid		(345,416)	(254,006)
Net decrease / (increase) in long term deposits		116	(13,521)
Net cash generated from operating activities		993,042	1,310,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,130,014)	(913,391)
Proceeds from sale of property, plant and equipment		32,143	22,343
Long term investment made		-	(1,000,000)
Short term investments made		(839,701)	(2,250,432)
Proceeds from sale of long term investment		-	900,787
Proceeds from sale of short term investments		868,223	2,610,794
Interest received		2,811	2,157
Dividends received		828,190	313,150
Net cash used in investing activities		(238,348)	(314,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		591,703	317,680
Repayment of long term financing		(70,286)	(64,308)
Repayment of liabilities against assets subject to finance lease		(22,113)	(12,664)
Short term borrowings - net		(162,194)	(978,728)
Dividends paid		(977,607)	(244,281)
Net cash used in financing activities		(640,497)	(982,301)
Net increase in cash and cash equivalents		114,197	13,878
Cash and cash equivalents at the beginning of the year		114,815	100,937
Cash and cash equivalents at the end of the year		229,012	114,815

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes in Equity
For the year ended June 30, 2016

	Share capital	Reserves					Total equity
		Capital reserve	Revenue reserves			Total reserves	
		Share premium	General reserve	Unappropriated profit	Sub-total		
	.... (Rupees in thousand)						
Balance as at 30 June 2014	2,455,262	144,919	1,450,491	2,118,249	3,568,740	3,713,659	6,168,921
Transaction with owners							
- Interim dividend for the year ended 30 June 2015 @ Rupee 1 per share	-	-	-	(245,526)	(245,526)	(245,526)	(245,526)
Profit for the year	-	-	-	2,086,833	2,086,833	2,086,833	2,086,833
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,086,833	2,086,833	2,086,833	2,086,833
Balance as at 30 June 2015	2,455,262	144,919	1,450,491	3,959,556	5,410,047	5,554,966	8,010,228
Transactions with owners							
- final dividend for the year ended 30 June 2015 @ Rupees 2.50 per share	-	-	-	(613,815)	(613,815)	(613,815)	(613,815)
- interim dividend for the year ended 30 June 2016 @ Rupees 1.50 per share	-	-	-	(368,289)	(368,289)	(368,289)	(368,289)
- issuance of bonus shares	368,289	-	-	(368,289)	(368,289)	(368,289)	-
	368,289	-	-	(1,350,393)	(1,350,393)	(1,350,393)	(982,104)
Profit for the year	-	-	-	2,132,215	2,132,215	2,132,215	2,132,215
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,132,215	2,132,215	2,132,215	2,132,215
Balance as at 30 June 2016	2,823,551	144,919	1,450,491	4,741,378	6,191,869	6,336,788	9,160,339

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements
For the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain financial instruments, investment properties and freehold land which are carried at their fair values. These financial statements represent separate financial statements of the Company. The consolidated financial statements of the Group are being issued separately.

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Future estimation of export sales

Deferred income tax calculation has been based on estimation of future ratio of export and local sale.

Taxation

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

Provisions for doubtful debts

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

Impairment of investment in subsidiary companies

In making an estimate of recoverable amount of the Company's investment in subsidiary companies, the management considers future cash flows.

d) Standards that are effective in current year and are relevant to the Company

The following amendments to published approved standards and interpretation are mandatory for the Company's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

e) Amendments to published standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

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

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

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

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

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

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

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

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

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Company's financial statements and has therefore not been analyzed in detail.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33 percent of basic salary and cost of living allowance to the fund. The Company's contributions to the fund are charged to profit and loss account.

2.3 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet 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 recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

2.4 Provisions

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

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognised impairment loss.

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

Leased

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

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

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

Depreciation of assets subject to finance lease is recognised in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.6 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognised in the profit and loss account for the year in which it arises.

2.7 Investments

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

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

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

a) Investment at fair value through profit or loss

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

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognised amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognised in profit and loss account when the investments are derecognised or impaired, as well as through the amortization process.

c) Available-for-sale

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

Quoted

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

Unquoted

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

d) Investment in subsidiary companies

Investment in subsidiary companies is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.8 Inventories

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

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Annual average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

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

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

2.9 Trade and other receivables

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

2.10 Borrowings

Borrowings are recognised initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

2.11 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognised in profit and loss account.

2.12 Trade and other payables

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

2.13 Cash and cash equivalents

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

2.14 Share capital

Ordinary shares are classified as share capital.

2.15 Revenue recognition

Revenue from different sources is recognised as under:

a) Revenue from local sales is recognised on dispatch of goods to customers while in case of export sales it is recognised on the date of bill of lading.

b) Dividend on equity investments is recognised when right to receive the dividend is established.

c) Profit on deposits with banks is recognised on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.16 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.17 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, advances, accrued interest, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are initially measured at fair value.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.18 Impairment

a) Financial assets

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

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

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

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.19 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.20 Segment reporting

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

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

The Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.21 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors.

2.22 Off setting

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganisation of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	38,673,628	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	386,736
152,241,019	152,241,019	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,522,410	1,522,410
282,355,148	245,526,216		2,823,551	2,455,262

3.1 Zimpex (Private) Limited which is an associated company held 54,030,465 (2015: 45,496,057) ordinary shares of Rupees 10 each as at 30 June 2016.

3.2 Movement during the year

2016	2015		2016	2015
(Number of Shares)			(Rupees in thousand)	
245,526,216	245,526,216	Balance as on 01 July	2,455,262	2,455,262
36,828,932	-	Add: Ordinary shares of Rupees 10 each issued as fully paid bonus shares	368,289	-
282,355,148	245,526,216		2,823,551	2,455,262

	Note	2016	2015
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital			
Share premium	4.1	144,919	144,919
Revenue			
General reserve		1,450,491	1,450,491
Unappropriated profit		4,741,378	3,959,556
		6,191,869	5,410,047
		6,336,788	5,554,966

4.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2016	2015
		(Rupees in thousand)	
5. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES			
Investment properties		1,263,592	1,263,592
Freehold land			
As at 01 July		2,410,233	2,410,233
Increase due to revaluation to fair value		125,509	-
		2,535,742	2,410,233
As at 30 June		3,799,334	3,673,825
6. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Long term loans	6.1	925,496	404,079
Less: Current portion shown under current liabilities	12	160,469	69,850
		765,027	334,229

LENDER	2016	2015	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
6.1 Long term loans								
Askari Bank Limited	150,000	-	350,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments, commencing after expiry of one year grace period.	Quarterly	Quarterly	The facility is secured against first pari passu hypothecation charge of Rupees 200 million on all present and future fixed assets (excluding land and building) of Raiwind Division and personal guarantees of the sponsor directors.
The Bank of Punjab	43,199	86,399	135,000	3 Month KIBOR + 2.50%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Bank's specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.
The Bank of Punjab	441,703	-	600,000	3 Month KIBOR + 2.00% to 2.50% on BOP funds SBP rate + 2.00% to 2.50% on SBP funds	Sixteen equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	First pari passu mortgage charge amounting to Rupees 934 million (inclusive of 25% margin) on the Company's land measuring 43 Acres 07 Kanals and 12 Marlas situated at Peshawar Road, Rawalpindi and personal guarantees of the sponsor directors.
NIB Bank Limited	290,594	317,680	350,000	SBP rate for LTFF+2.5%	Twenty four equal quarterly installments after expiry of grace period of one year.	-	Quarterly	First pari passu charge over fixed assets amounting to Rupees 467 million of Raiwind Division and personal guarantees of the sponsor directors.
Total	925,496	404,079	1,435,000					

	Note	2016	2015
		(Rupees in thousand)	

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016	2015
Future minimum lease payments		49,338	77,202
Less: Un-amortized finance charges		2,546	8,297
Present value of future minimum lease payments		46,792	68,905
Less: Current portion shown under current liabilities	12	24,422	20,942
		22,370	47,963

7.1 The future minimum lease payments have been discounted at implicit interest rates which range from 11.10% to 13.38% (2015: 11.38% to 14.95%) per annum to arrive at their present values. The lease rentals are payable in monthly installments. In case of any default, an additional charge at the rate of 0.1 percent per day shall be payable. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease agreements carry renewal and purchase option at the end of the lease term. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 16.208 million (2015: Rupees 16.208 million) included in long term deposits and personal guarantees of directors.

7.2 Future minimum lease payments and their present values are regrouped as under:

	2016		2015	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	------------------(Rupees in thousand)--------------			
Future minimum lease payments	26,718	22,620	26,346	50,855
Less: Unamortized finance charges	2,296	250	5,404	2,892
Present value of future minimum lease payments	24,422	22,370	20,942	47,963

	2016	2015
	(Rupees in thousand)	

8. DEFERRED INCOME TAX LIABILITY

This comprises of following :

	2016	2015
Deferred tax liability on taxable temporary differences in respect of:		
Accelerated tax depreciation	395,748	358,112
Surplus on revaluation of investments	22,204	3,711
	417,952	361,823
Deferred tax asset on deductible temporary differences in respect of:		
Provision for slow moving stores and spares	(214)	(221)
	417,738	361,602

	Note	2016	2015
		(Rupees in thousand)	

9. TRADE AND OTHER PAYABLES

	Note	2016	2015
Creditors		573,404	745,294
Accrued liabilities		365,618	407,731
Advances from customers		66,196	75,576
Workers' profit participation fund	9.1	200,832	117,499
Workers' welfare fund		20,891	7,062
Payable to subsidiary company - Maple Leaf Cement Factory Limited		21,311	26,730
Unclaimed dividend		8,118	3,621
Withholding tax payable		10,876	7,720
Others		53,237	42,979
		1,320,483	1,434,212

9.1 Workers' profit participation fund

	Note	2016	2015
Balance as on 01 July		117,499	75,546
Add: Interest for the year	32	7,272	4,882
Provision for the year	30	139,436	65,058
		264,207	145,486
Less: Payments during the year		(63,375)	(27,987)
		200,832	117,499

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

9.2 This includes Rupees 108.236 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from October 2014 to June 2016. The Company, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Company has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rupees 17.776 million has been imposed on the Company, which has not been recorded in these financial statements based on the opinion of legal advisor. The management is hopeful that the Company will not be required to pay the default surcharge.

	Note	2016	2015
		(Rupees in thousand)	

10. ACCRUED MARK-UP

	Note	2016	2015
Long term financing		15,665	11,059
Short term borrowings		35,402	52,992
Liabilities against assets subject to finance lease		74	110
		51,141	64,161

11. SHORT TERM BORROWINGS

From banking companies - secured

	Note	2016	2015
Short term running finances	11.1 & 11.2	435,044	14,353
Other short term finances	11.1 & 11.3	709,350	2,017,235
State Bank of Pakistan (SBP) refinances	11.1 & 11.4	2,290,000	1,565,000
		3,434,394	3,596,588

11.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw material, charge on current assets of the Company including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor directors. These form part of total credit facilities of Rupees 7,029 million (2015: Rupees 7,363 million).

11.2 The rates of mark-up range from 8.10% to 9.51% (2015: 9.86% to 12.71%) per annum on balance outstanding.

11.3 The rates of mark-up range from 2.00% to 21.90 (2015: 2.50% to 24%) per annum on balance outstanding.

11.4 The rates of mark-up range from 3.5% to 4.5% (2015: 6.0% to 7.5%) per annum on balance outstanding.

	Note	2016	2015
		(Rupees in thousand)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	6	160,469	69,850
Liabilities against assets subject to finance lease	7	24,422	20,942
		184,891	90,792

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2003 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, another appeal for tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221, through which order of the Assessing Officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. No provision has been made in these financial statements as the Company is hopeful of favourable outcome of these cases.

b) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2004. The loss for the tax year 2004 was assessed at Rupees 255.684 million reducing refund to Rupees 7.499 million. The matter was decided in favour of the Company. However, department filed an appeal in The Honorable Lahore High Court, Lahore against the decision. No provision has been made in these financial statements since the Company is confident about favourable outcome of the case.

c) The Company has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals). CIR(A) upheld the order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2008, wherein taxable income was assessed at Rupees 226.128 million, creating a demand of Rupees 120.827 million. The Company has also filed an appeal before Commissioner Inland Revenue (Appeals) against reassessment of the same tax year wherein income was assessed at Rupees 36.182 million. No provision has been made in these financial statements as the Company is hopeful of a favourable outcome.

d) The Company and the tax authorities have filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 92.071 million (2015: Rupees 89.616 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

e) The Company has filed recovery suits in Civil Courts amounting to Rupees 15.203 million (2015: Rupees 15.203 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favourable outcome of the cases.

f) The Company has filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 72.811 million (2015: Rupees 72.811 million). No provision has been made in these financial statements, since the Company is confident about favourable outcome.

g) The Company has filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Company. The Company has provided a guarantee of Rupees 4.254 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favourable outcome.

h) The Company and employees have filed one (2015: one) case before Punjab Labour Court and two (2015: six) cases before Punjab Labour Appellate Tribunal regarding reinstatement into service of two (2015: three) employees dismissed from their jobs. No provision has been made in these financial statements, since the Company is confident about favourable outcome of the cases.

i) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 243.282 million (2015: Rupees 242.068 million).).

13.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 389.586 million (2015: Rupees 72.365 million).

b) Letters of credit other than for capital expenditure amount to Rupees 344.270 million (2015: Rupees 277.489 million).

	2016	2015
	(Rupees in thousand)	
14. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 14.1)		
- Owned assets	7,125,179	6,470,251
- Leased assets	73,953	81,381
Capital work in progress (Note 14.2)	238,508	13,566
	7,437,640	6,565,198

14.1 Operating Fixed Assets

	Owned Assets											Leased Assets		
	Freehold Land	Office building	Factory and other Building	Residential and other building	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixture	Office equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
	(Rupees in thousand)													
At 30 June 2014														
Cost / revalued amount	2,425,069	14,176	988,832	114,364	6,156,205	44,000	69,660	72,349	36,876	154,974	10,076,505	9,472	2,589	12,061
Accumulated depreciation	-	(7,201)	(557,670)	(54,173)	(3,320,382)	(28,829)	(60,225)	(49,159)	(18,957)	(83,363)	(4,179,959)	(75)	(150)	(225)
Net book value	2,425,069	6,975	431,162	60,191	2,835,823	15,171	9,435	23,190	17,919	71,611	5,896,546	9,397	2,439	11,836
Year ended 30 June 2015														
Opening net book value	2,425,069	6,975	431,162	60,191	2,835,823	15,171	9,435	23,190	17,919	71,611	5,896,546	9,397	2,439	11,836
Additions	145,269	-	157,915	-	564,587	1,726	1,736	3,967	3,656	28,633	907,489	74,440	55	74,495
Disposals:														
Cost	-	-	-	-	(25,461)	-	(221)	-	(502)	(12,400)	(38,584)	-	-	-
Accumulated depreciation	-	-	-	-	20,521	-	170	-	214	8,385	29,290	-	-	-
	-	-	-	-	(4,940)	-	(51)	-	(288)	(4,015)	(9,294)	-	-	-
Depreciation charge	-	(370)	(35,321)	(3,381)	(263,157)	(1,661)	(3,240)	(2,465)	(2,006)	(12,889)	(324,490)	(4,544)	(406)	(4,950)
Closing net book value	2,570,338	6,605	553,756	56,810	3,132,313	15,236	7,880	24,692	19,281	83,340	6,470,251	79,293	2,088	81,381
At 30 June 2015														
Cost / revalued amount	2,570,338	14,176	1,146,747	114,364	6,695,331	45,726	71,175	76,316	40,030	171,207	10,945,410	83,912	2,644	86,556
Accumulated depreciation	-	(7,571)	(592,991)	(57,554)	(3,563,018)	(30,490)	(63,295)	(51,624)	(20,749)	(87,867)	(4,475,159)	(4,619)	(556)	(5,175)
Net book value	2,570,338	6,605	553,756	56,810	3,132,313	15,236	7,880	24,692	19,281	83,340	6,470,251	79,293	2,088	81,381
Year ended 30 June 2016														
Opening net book value	2,570,338	6,605	553,756	56,810	3,132,313	15,236	7,880	24,692	19,281	83,340	6,470,251	79,293	2,088	81,381
Additions	-	-	68,996	705	783,950	2,770	12,454	1,992	2,456	31,749	905,072	-	-	-
Reclassification														
Cost	-	-	-	-	(139)	(2,186)	2,746	(3,285)	2,864	-	-	-	-	-
Accumulated depreciation	-	-	-	-	80	1,525	(1,026)	2,576	(3,155)	-	-	-	-	-
	-	-	-	-	(59)	(661)	1,720	(709)	(291)	-	-	-	-	
Revaluation surplus	125,509	-	-	-	-	-	-	-	-	-	125,509	-	-	-
Disposals:														
Cost	-	-	-	-	(60,425)	-	(237)	-	-	(13,810)	(74,472)	-	-	-
Accumulated depreciation	-	-	-	-	44,503	-	126	-	-	11,150	55,779	-	-	-
	-	-	-	-	(15,922)	-	(111)	-	-	(2,660)	(18,693)	-	-	-
Depreciation charge	-	(351)	(40,694)	(3,285)	(285,525)	(2,584)	(4,935)	(2,450)	(2,003)	(15,133)	(356,960)	(7,095)	(333)	(7,428)
Closing net book value	2,695,847	6,254	582,058	54,230	3,614,757	14,761	17,008	23,525	19,443	97,296	7,125,179	72,198	1,755	73,953
At 30 June 2016														
Cost / revalued amount	2,695,847	14,176	1,215,743	115,069	7,418,717	46,310	86,138	75,023	45,350	189,146	11,901,519	83,912	2,644	86,556
Accumulated depreciation	-	(7,922)	(633,685)	(60,839)	(3,803,960)	(31,549)	(69,130)	(51,498)	(25,907)	(91,850)	(4,776,340)	(11,714)	(889)	(12,603)
Net book value	2,695,847	6,254	582,058	54,230	3,614,757	14,761	17,008	23,525	19,443	97,296	7,125,179	72,198	1,755	73,953
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20	10	10	20	

14.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Pvt.) Ltd. (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2016. Book value of land on cost basis is Rupees 160.105 million (2015: Rupees 160.105 million) as on 30 June 2016. Had there been no revaluation, the value of land would have been lower by Rupees 2,535.742 million (2015: Rupees 2,410.233 million).

14.1.2 Borrowing cost of Rupees 3.516 million (2015: Rupees 7.242 million) was capitalized during the year using the capitalization rate ranging from 5.00% to 8.35% (2015: 8.5% to 11.68%) per annum.

14.1.3 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	--------------(Rupees in thousand) --------------						
Plant and Machinery							
Drawing Frame Complete 500-DS	5,877	3,649	2,228	1,467	(761)	Negotiation	M/s Asia Spinning Mills
Crossrol Carding Machine	9,153	7,840	1,313	4,182	2,869	Negotiation	M/s Global Industries
Auto Conner Savio Espero	16,464	10,773	5,691	1,862	(3,829)	Negotiation	M/s Salman Noman Enterprises
MK-4 Cards with chute feed	8,200	6,895	1,305	4,182	2,877	Negotiation	M/s Azad Textile Mills Limited
MK-5 Cards with all standard accessories	6,045	4,043	2,002	4,158	2,156	Negotiation	M/s North Star Textiles Limited
Generators Genbaucher - Alternators only	7,500	4,861	2,639	2,800	161	Insurance claim	EFU General Insurance Limited
Simplex FL-16	3,164	2,891	273	1,609	1,336	Negotiation	M/s Layallpur Textiles
Simplex FL-16	2,605	2,272	333	1,659	1,326	Negotiation	M/s Rustam Towel Limited
Scetcher blow room	1,417	1,279	138	484	346	Negotiation	Mr. Kashif Idrees
	60,425	44,503	15,922	22,403	6,481		
Vehicles							
Suzuki Cultus- RIZ-7322	574	473	101	425	324	Negotiation	Mr. Asim Nazir
Suzuki Cultus- RLA-8234	599	480	119	430	311	Negotiation	Mr. Asim Nazir
Suzuki Cultus- RLA-3587	350	252	98	510	412	Negotiation	Mr. Nisar Ahmed
Suzuki Cultus- RLA-8235	600	481	119	450	331	Negotiation	Mr. Muhammad Nawaz
Mercedes-Benz- LRZ-6000	4,581	3,774	807	2,625	1,818	Negotiation	Miss Fouzia Aisha Gulzar
Suzuki Cultus- RLA-3588	348	256	92	413	321	Negotiation	Mr. Nasir Ahmed
Honda Civic- RLE-152	1,076	823	253	878	625	Negotiation	Mr. Rizwan Mazhar
Suzuki Cultus- RIY-7720	798	676	122	671	549	Negotiation	Mr. Shahid Baig
Suzuki Cultus- RLB-6172	502	402	100	393	293	Negotiation	Mr. Muhammad Nasir
Toyota Corolla Saloon- RIZ-9770	1,201	1,003	198	250	52	Negotiation	Mr. Syed Ali Athar
Suzuki Cultus- RLA-8477	602	491	111	468	357	Negotiation	Mr. Nisar Ahmed
Sazuki Liana- AML-926	849	652	197	438	241	Negotiation	Mr. Munawar Tariq
Suzuki Cultus LEA -9230	600	440	160	350	190	Negotiation	Mr.Fayaz-Ur-Rehaman
Suzuki Bolan LWC-6000	425	334	91	280	189	Negotiation	Mr. Waqas Nasir
Suzuki Bolan LEC-3661	372	280	92	250	158	Negotiation	Mr. Muhammad Ashfaq
	13,477	10,817	2,660	8,831	6,171		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	570	459	111	909	798		
	74,472	55,779	18,693	32,143	13,450		

	Note	2016	2015
		(Rupees in thousand)	
14.1.4 Depreciation charged during the year has been allocated as follows:			
Cost of sales	27	334,323	302,941
Administrative expenses	29	30,065	26,499
		364,388	329,440
14.2 Capital work in progress			
Civil works and buildings		78,375	13,093
Plant and machinery		62,736	473
Advances for capital expenditure		27,117	-
Letters of credit		70,280	-
		238,508	13,566

15. INVESTMENT PROPERTIES

	Note	2016	2015
Year ended 30 June			
Opening net book amount		1,783,133	1,781,133
Fair value gain	31	925	2,000
Closing net book amount		1,784,058	1,783,133

15.1 The fair value of investment properties comprising land and building, situated at Lahore and Rawalpindi have been determined by independent valuers having relevant professional qualifications.

16. LONG TERM INVESTMENTS

	Note	2016	2015
		(Rupees in thousand)	
Subsidiary companies			
Maple Leaf Cement Factory Limited - Quoted	16.1	2,867,089	2,867,089
Maple Leaf Capital Limited - Un-Quoted	16.2	1,000,000	1,000,000
		3,867,089	3,867,089

16.1 The Company holds 291,410,425 (2015: 291,410,425) ordinary shares of Rupees 10 each of its subsidiary company, Maple Leaf Cement Factory Limited. Equity held 55.22% (2015: 55.22%). The Company sold Nil (2015: 15,000,000) ordinary shares of Rupees 10 each of the subsidiary company during the year.

16.2 The Company holds 100,000,000 (2015: 100,000,000) ordinary shares of Rupees 10 each of its subsidiary company, Maple Leaf Capital Limited. Equity held 66.01% (2015: 66.01%).

17. LONG TERM DEPOSITS

	Note	2016	2015
		(Rupees in thousand)	
Security deposits		65,950	65,756
Less: Current portion shown under current assets	22	(5,908)	(5,598)
		60,042	60,158

	Note	2016	2015
		(Rupees in thousand)	
18. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		344,435	304,687
Spare parts and loose tools		176,359	154,325
		520,794	459,012
Less: Provision against slow moving items	18.1	(2,552)	(2,552)
		518,242	456,460

18.1 Provision against slow moving items

	Note	2016	2015
As at 01 July		2,552	1,862
Add: Provision for the year	30	-	690
As at 30 June		2,552	2,552

	Note	2016	2015
19. STOCK-IN-TRADE			
Raw materials	19.1	1,095,355	886,846
Work-in-process		620,336	646,230
Finished goods		487,964	454,527
		2,203,655	1,987,603

19.1 Raw materials include stock in transit of Rupees 28.902 million (2015: Rupees 117.880 million).

19.2 Stock in trade of Rupees 91.390 million (2015: Rupees 454.378 million) is being carried at net realizable value.

19.3 Stock in trade includes stock of Rupees 83.178 million (2015: Rupees 69.355 million) with external parties for processing.

19.4 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 0.200 million (2015: Rupees 12.794 million).

	Note	2016	2015
		(Rupees in thousand)	
20. TRADE DEBTS			
Considered good:			
Secured (against letters of credit)		374,317	435,049
Unsecured		665,212	695,251
		1,039,529	1,130,300
Considered doubtful		-	-
		1,039,529	1,130,300
Provision for doubtful debts	20.1	-	-
		1,039,529	1,130,300

	Note	2016	2015
		(Rupees in thousand)	
20.1 Movement in provision for doubtful debts			
As at 01 July		-	2,937
Add: Provision for the year	30	620	716
		620	3,653
Written off during the year		620	3,653
As at 30 June		-	-

20.2 As at 30 June 2016, trade debts of Rupees 566.549 million (2015: Rupees 582.781 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	2016	2015
	(Rupees in thousand)	
Up to 1 month	433,594	337,473
1 to 6 months	99,640	217,156
More than 6 months	33,315	28,152
	566,549	582,781

20.3 As at 30 June 2016, trade debts of Rupees 0.620 million (2015: Rupees 3.653 million) were impaired and written off. The aging of these trade debts was more than three years.

	Note	2016	2015
		(Rupees in thousand)	
21. ADVANCES			
Considered good :			
Employees - interest free			
- Executives		3,942	2,858
- Other employees		1,279	1,521
		5,221	4,379
Advances to suppliers		178,568	123,875
Letters of credit		21,935	25,608
		205,724	153,862
22. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of long term deposits	17	5,908	5,598
Short term prepayments		21,609	19,326
		27,517	24,924

	2016	2015
	(Rupees in thousand)	

23. OTHER RECEIVABLES

Considered good:		
Sales tax refundable	752,128	473,204
Custom duty receivable	15,993	15,993
Mark up rate support receivable from financial institution	3,633	3,633
Export rebate	85,696	83,963
Insurance claims	5,559	3,300
Dividend receivable	5,501	-
Duty draw back receivable	46,276	48,262
Others	14,557	10,584
	929,343	638,939

24. SHORT TERM INVESTMENTS

	2016			2015		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	------------ (Rupees in thousand) ------------					
Investments at fair value through profit or loss						
Shares in listed companies						
Pakistan Reinsurance Company Limited 25,000 (2015: 25,000) fully paid ordinary shares of Rupees 10 each	723	34	757	648	75	723
Samin Textiles Limited 30,000 (2015: 30,000) fully paid ordinary shares of Rupees 10 each	272	(56)	216	405	(133)	272
D. S. Industries Limited 20,000 (2015: 20,000) fully paid ordinary shares of Rupees 10 each	80	(25)	55	82	(2)	80
Pervez Ahmed Securities Limited 25,000 (2015: 25,000) fully paid ordinary shares of Rupees 10 each	60	(18)	42	104	(44)	60
Bank AL Habib Limited 1,542,000 (2015: 1,542,000) fully paid ordinary shares of Rupees 10 each	67,771	(1,280)	66,491	72,644	(4,873)	67,771
Kohinoor Energy Limited 276,000 (2015: 276,000) fully paid ordinary shares of Rupees 10 each	13,938	(2,567)	11,371	13,455	483	13,938
Habib Metropolitan Bank Limited 446,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	13,874	(1,221)	12,653	-	-	-
Cherat Cement Company Limited 500,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	46,710	13,075	59,785	-	-	-
Hum Network Limited 1,000,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	16,959	(6,679)	10,280	-	-	-
Orix Leasing Pakistan Limited 227,500 (2015: Nil) fully paid ordinary shares of Rupees 10 each	14,640	(3,395)	11,245	-	-	-
Standard Chartered Modaraba 150,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	4,810	(1,060)	3,750	-	-	-
National Refinery Limited 25,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	8,929	2,956	11,885	-	-	-
Shifa International Hospitals Limited 98,700 (2015: Nil) fully paid ordinary shares of Rupees 10 each	28,616	994	29,610	-	-	-
Tariq Glass Industries Limited 200,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	14,412	378	14,790	-	-	-
D.G. Khan Cement Company Limited 975,000 (2015: 900,000) fully paid ordinary shares of Rupees 10 each	143,116	42,612	185,728	120,588	7,905	128,493
The Hub Power Company Limited 1,651,900 (2015: 1,779,500) fully paid ordinary shares of Rupees 10 each	156,528	41,799	198,327	160,515	5,993	166,508
Honda Atlas Cars (Pakistan) Limited 310,900 (2015: 296,100) fully paid ordinary shares of Rupees 10 each	71,172	40,469	111,641	65,736	(984)	64,751
Pak Suzuki Motor Company Limited 300 (2015: Nil) fully paid ordinary shares of Rupees 10 each	137	(22)	115	-	-	-
Indus Motor Company Limited 4,900 (2015: Nil) fully paid ordinary shares of Rupees 10 each	5,145	(541)	4,604	-	-	-
Shell Pakistan Limited 191,100 (2015: Nil) fully paid ordinary shares of Rupees 10 each	45,127	10,332	55,459	-	-	-
Mari Petroleum Company Limited 55,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	37,709	12,243	49,952	-	-	-
Attock Petroleum Limited Nil (2015: 119,600) fully paid ordinary shares of Rupees 10 each	-	-	-	63,954	3,885	67,840
Baifo Industries Limited Nil (2015: 15,500) fully paid ordinary shares of Rupees 10 each	-	-	-	2,909	168	3,077
Engro Corporation Limited Nil (2015: 100,000) fully paid ordinary shares of Rupees 10 each	-	-	-	29,467	213	29,680
IGI Insurance Limited Nil (2015: 105,900) fully paid ordinary shares of Rupees 10 each	-	-	-	23,929	(2,231)	21,698
International Industries Limited Nil (2015: 100,000) fully paid ordinary shares of Rupees 10 each	-	-	-	7,106	(392)	6,714
Kot Addu Power Company Limited Nil (2015: 1,055,000) fully paid ordinary shares of Rupees 10 each	-	-	-	88,548	2,224	90,772
Nishat Chunian Power Limited Nil (2015: 997,000) fully paid ordinary shares of Rupees 10 each	-	-	-	59,910	(689)	59,221
	690,728	148,028	838,756	710,000	11,598	721,598

	Note	2016	2015
		(Rupees in thousand)	

25. CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		9,172	501
Cash at bank:			
- On current accounts		171,997	92,953
- On saving accounts	25.1	47,843	21,361
		219,840	114,314
		229,012	114,815

25.1 The balances in saving accounts carry rate of profit ranging from 0.15% to 5.34 % (2015: 0.10% to 10.50%) per annum.

25.2 The balances in current and saving accounts include US $ 223,607 (2015: US $115,207).

	Note	2016	2015
		(Rupees in thousand)	

26. SALES

	Note	2016	2015
Export		8,179,810	8,504,990
Local	26.1	7,853,941	7,212,062
Export rebate		54,551	59,559
		16,088,302	15,776,611

	2016	2015
26.1 Local sales	8,168,936	7,420,312
Less : Sales tax	314,995	208,250
	7,853,941	7,212,062

	Note	2016	2015
		(Rupees in thousand)	
27. COST OF SALES			
Raw materials consumed	27.1	7,803,458	7,817,601
Salaries, wages and other benefits	27.2	1,332,697	1,194,029
Processing charges		4,628	6,028
Stores, spare parts and loose tools consumed		1,074,243	1,022,323
Packing materials consumed		479,825	516,482
Fuel and power		1,752,487	2,235,083
Repair and maintenance		185,953	139,704
Insurance		26,744	25,935
Other factory overheads		62,051	51,613
Depreciation	14.1.4	334,323	302,941
		13,056,409	13,311,739
Work-in-process			
Opening stock		646,230	538,859
Closing stock		(620,336)	(646,230)
		25,894	(107,371)
Cost of goods manufactured		13,082,303	13,204,368
Finished goods			
Opening stock		454,527	382,913
Closing stock		(487,964)	(454,527)
		(33,437)	(71,614)
Cost of sales		13,048,866	13,132,754
27.1 Raw materials consumed			
Opening stock		886,846	966,405
Add: Purchased during the year		8,011,967	7,738,042
		8,898,813	8,704,447
Less: Closing stock		(1,095,355)	(886,846)
		7,803,458	7,817,601

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 31.040 million (2015: Rupees 26.896 million) by the Company.

	Note	2016	2015
		(Rupees in thousand)	

28. DISTRIBUTION COST

	Note	2016	2015
Salaries and other benefits	28.1	50,289	44,698
Outward freight and handling		31,594	34,715
Clearing and forwarding		299,204	362,278
Commission to selling agents		146,052	134,315
Travelling and conveyance		17,671	11,164
Insurance		563	312
Vehicles' running		2,182	2,829
Electricity, gas and water		1,223	1,910
Postage, telephone and fax		1,633	2,614
Sales promotion and advertisement		17,958	19,675
Miscellaneous		5,857	5,771
		574,226	620,281

28.1 Salaries and other benefits include provident fund contribution of Rupees 2.093 million (2015: Rupees 1.903 million) by the Company.

	Note	2016	2015
		(Rupees in thousand)	

29. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries and other benefits	29.1	221,427	183,420
Travelling and conveyance		24,606	23,163
Repair and maintenance		13,485	16,556
Rent, rates and taxes		4,302	4,286
Insurance		8,976	9,703
Vehicles' running		13,412	15,556
Printing, stationery and periodicals		7,475	6,788
Electricity, gas and water		2,193	4,653
Postage, telephone and fax		5,421	4,561
Legal and professional		19,501	22,851
Security, gardening and sanitation		33,338	31,499
Depreciation	14.1.4	30,065	26,499
Miscellaneous		16,898	17,219
		401,099	366,754

29.1 Salaries and other benefits include provident fund contribution of Rupees 5.647 million (2015: Rupees 4.789 million) by the Company.

29.2 The Company has shared expenses aggregating to Rupees 13.278 million (2015: Rupees 15.008 million) on account of combined offices with the subsidiary company. These expenses have been recorded in respective accounts.

	Note	2016	2015
		(Rupees in thousand)	

30. OTHER EXPENSES

	Note	2016	2015
Auditors' remuneration	30.1	1,775	1,665
Donations	30.2	511	400
Loss on disposal of short term investments		2,348	-
Provision for doubtful trade debts	20.1	620	716
Advances written off		343	-
Provision for slow moving stores, spare parts and loose tools	18.1	-	690
Workers' profit participation fund	9.1	139,436	65,058
Workers' welfare fund		13,829	7,062
Loss on sale of stores and spares		5,036	-
Expenses related to sale and purchase of short term investments		2,207	-
		166,105	75,591

30.1 Auditors' remuneration

	2016	2015
Audit fee	1,600	1,600
Reimbursable expenses	58	30
Certification	117	35
	1,775	1,665

30.2 None of the directors and their spouses have any interest in the donee's fund.

	Note	2016	2015
		(Rupees in thousand)	

31. OTHER INCOME

	Note	2016	2015
Income from financial assets:			
Exchange gain - net		32,943	86,483
Gain on remeasurement of fair value of short term investments at fair value through profit or loss	24	148,028	11,598
Gain on disposal of short term investments		-	95,122
Return on bank deposits		2,811	2,157
Profit on advance to Maple Leaf Cement Factory Limited		-	288
Unclaimed balances written back		8,670	651
Gain on disposal of shares of Maple Leaf Cement Factory Limited		-	753,207
Dividend income from Maple Leaf Cement Factory Limited		728,527	306,410
Dividend income from Maple Leaf Capital Limited		50,000	-
Dividend income from others		55,164	6,740
		1,026,143	1,262,656
Income from non-financial assets:			
Scrap sales		27,011	38,287
Gain on disposal of property, plant and equipment	14.1.3	13,450	13,049
Gain on remeasurement of fair value of investment properties	15	925	2,000
		41,386	53,336
		1,067,529	1,315,992

	Note	2016 (Rupees in thousand)	2015
32. FINANCE COST			
Mark-up / finance charges / interest on:			
Long term financing		43,337	26,930
Short term borrowings		230,924	420,517
Liabilities against assets subject to finance lease		5,006	5,550
Workers' profit participation fund	9.1	7,272	4,882
Advance from Maple Leaf Cement Factory Limited		1,230	-
Employees' provident fund trust		-	40
		287,769	457,919
Bank charges and commission		49,588	32,998
		337,357	490,917
33. TAXATION			
For the year			
Current tax		439,827	273,831
Deferred tax		56,136	45,642
	33.1	495,963	319,473
33.1 Reconciliation of tax charge for the year			
Profit before tax		2,628,178	
Tax on profit @ 32%		841,017	
Tax effect of lower rate on certain income / expenses		289,118	
Tax effect of exempt income / permanent differences		296	
Tax effect of super tax		55,640	
		495,963	

Tax charge reconciliation for the corresponding period has not been presented, being impracticable.

		Note	2016	2015 Restated
34. EARNINGS PER SHARE - BASIC AND DILUTED				
There is no dilutive effect on the basic earnings per share which is based on:				
Profit attributable to ordinary shares	Rupees in thousand		2,132,215	2,086,833
Weighted average number of ordinary shares	Numbers	34.1	282,355,148	282,355,148
Earnings per share	Rupees		7.55	7.39

34.1 The weighted average shares at 30 June 2015 have been increased to reflect the bonus shares issued during the year.

	Note	2016	2015
		(Rupees in thousand)	

35. CASH GENERATED FROM OPERATIONS

	Note	2016	2015
Profit before taxation		2,628,178	2,406,306
Adjustment for non-cash charges and other items:			
Depreciation		364,388	329,440
Finance cost		337,357	490,917
Gain on sale of property, plant and equipment		(13,450)	(13,049)
Gain on disposal of shares of Maple Leaf Cement Factory Limited		-	(753,207)
Loss / (gain) on disposal of short term investments		2,348	(95,122)
Gain on remeasurement of short term investments at fair value through profit or loss		(148,028)	(11,598)
Gain on remeasurement of fair value of investment properties		(925)	(2,000)
Dividend income from Maple Leaf Cement Factory Limited		(728,527)	(306,410)
Dividend income from Maple Leaf Capital Limited		(50,000)	-
Dividend income from others		(55,164)	(6,740)
Return on bank deposits		(2,811)	(2,157)
Provision for doubtful trade debts		620	716
Advances written off		343	-
Provision for slow moving stores, spare parts and loose tools		-	690
Working capital changes	35.1	(645,610)	60,883
		1,688,719	2,098,669

35.1 Working capital changes

	2016	2015
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(61,782)	(32,395)
Stock-in-trade	(216,052)	(99,426)
Trade debts	90,151	(227,704)
Advances	(52,205)	4,656
Security deposits and short term prepayments	(2,593)	(7,687)
Other receivables	(284,903)	123,058
	(527,384)	(239,498)
(Decrease) / increase in trade and other payables	(118,226)	300,381
	(645,610)	60,883

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

	Chief Executive Officer		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	-------------------(Rupees in Thousand)-----------------					
Managerial remuneration	9,240	9,240	11,017	8,194	97,474	83,272
Allowances						
House rent	-	-	-	180	21,964	17,609
Conveyance	-	-	-	180	-	7,007
Medical	-	-	714	438	9,463	8,074
Utilities	577	577	1,085	366	22,364	12,947
Special allowance	2,760	2,760	3,009	2,292	27,068	23,154
Contribution to provident fund	769	769	308	310	8,037	6,755
	13,346	13,346	16,133	11,960	186,370	158,818
Number of persons	1	1	3	3	86	77

Chief Executive Officer and Directors are provided with the Company's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use. Chief Executive Officer is also provided with free furnished accommodation along with utilities.

Executives are provided with the Company's maintained vehicles in accordance with the Company policy.

The aggregate amount charged in these financial statements in respect of directors' meeting fee paid to 1 (2015: 1) non-executive director was Rupees 90,000 (2015: Rupees 70,000).

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

37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated undertakings, directors of the Company and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016	2015
	(Rupees in thousand)	
Subsidiary company		
Maple Leaf Cement Factory Limited		
Purchase of goods and services	25,297	28,579
Dividend received	728,527	306,410
Maple Leaf Capital Limited		
Dividend received	50,000	-
Associated company		
Zimpex (Private) Limited		
Dividend paid	181,984	45,496
Bonus shares issued	68,244	-
Post employment benefit plan		
Contribution to provident fund	38,780	33,588

38. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

- Rawalpindi Division

	2016	2015
	(Numbers)	
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	42,562	41,869
Actual production converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	38,473	38,270
	(Numbers)	
Rotors (average) installed / worked	1,584	864
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	1,886	1,500
Actual production converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	1,635	1,371

- Gujjar Khan Division

	2016	2015
	(Numbers)	
Spindles (average) installed / worked	70,848	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2015: 1,095 shifts)	36,849	34,283
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2015: 1,095 shifts)	33,299	30,524

	2016	2015
WEAVING:		
- Raiwind Division	(Numbers)	
Looms installed / worked	252	252
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	92,390	82,480
Actual production converted to 60 picks based on 3 shifts per day for 1,087 shifts (2015: 1,017 shifts)	85,056	68,228
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	42,090	41,975
Actual production at 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	19,168	19,747
POWER PLANT:		
- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 366 days (2015: 365 days)	177,684	207,787
Actual generation		
Main engines	52,207	29,757
Gas engines	13,753	19,439
- Raiwind Division		
Annual rated capacity based on 366 days (2015: 365 days)	96,360	42,048
Actual generation	20,971	8,622

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying processes of manufacturing and run length of order lots.

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality and interruption in gas and electricity supply.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.

39. SEGMENT INFORMATION

39.1

	Spinning		Weaving		Processing and home textile		Elimination of inter-segment transaction		Company	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)									
SALES :										
EXTERNAL	5,966,667	5,807,099	3,372,545	2,744,779	6,749,090	7,224,733	-	-	16,088,302	15,776,611
INTER-SEGMENT	881,186	889,164	923,600	1,028,302	1,551	2,001	(1,806,337)	(1,919,467)	-	-
	6,847,853	6,696,263	4,296,145	3,773,081	6,750,641	7,226,734	(1,806,337)	(1,919,467)	16,088,302	15,776,611
COST OF SALES	(5,587,588)	(5,734,800)	(3,949,909)	(3,453,212)	(5,317,706)	(5,864,209)	1,806,337	1,919,467	(13,048,866)	(13,132,754)
GROSS PROFIT	1,260,265	961,463	346,236	319,869	1,432,935	1,362,525	-	-	3,039,436	2,643,857
DISTRIBUTION COST	(21,030)	(15,215)	(81,887)	(75,778)	(471,309)	(529,288)	-	-	(574,226)	(620,281)
ADMINISTRATIVE EXPENSES	(125,460)	(117,025)	(139,329)	(126,585)	(136,310)	(123,144)	-	-	(401,099)	(366,754)
	(146,490)	(132,240)	(221,216)	(202,363)	(607,619)	(652,432)	-	-	(975,325)	(987,035)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,113,775	829,223	125,020	117,506	825,316	710,093	-	-	2,064,111	1,656,822
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(166,105)	(75,591)
OTHER INCOME									1,067,529	1,315,992
FINANCE COST									(337,357)	(490,917)
TAXATION									(495,963)	(319,473)
									68,104	430,011
PROFIT AFTER TAXATION									2,132,215	2,086,833

39.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	3,756,520	2,919,686	3,565,618	3,159,064	3,248,858	3,071,730	10,570,996	9,150,480
UNALLOCATED ASSETS							8,584,721	8,463,120
TOTAL ASSETS AS PER BALANCE SHEET							19,155,717	17,613,600

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Company	
	2016	2015	2016	2015	2016	2015	2016	2015
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	835,015	204,114	882,664	1,128,778	2,740,144	2,800,841	4,457,823	4,133,733
UNALLOCATED LIABILITIES							1,738,221	1,795,814
TOTAL LIABILITIES AS PER BALANCE SHEET							6,196,044	5,929,547

All segment liabilities are allocated to reportable segments other than trade and other payables and deferred tax liabilities.

39.3 Geographical Information

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

	2016	2015
	(Rupees in thousand)	
Europe	3,168,170	3,509,384
America	4,552,258	4,653,578
Asia, Africa, Australia	513,933	401,587
Pakistan	7,853,941	7,212,062
	16,088,302	15,776,611

39.3.2 All non-current assets as at reporting date are located and operated in Pakistan..

39.4 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the Segment's revenue of the Spinning segment was Nil (2015: Nil), of Weaving segment was Rupees 818 million (2015: Rupees 721 million) whereas in the Processing and Home Textile segment was Rupees 3,333 million (2015: Rupees 3,251 million).

39.5 Based on the judgment made by the management, printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

40. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest un-audited financial statements of the Fund:

	2016	2015
	(Rupees in thousand)	
Size of the fund - total assets	567,994	509,322
Cost of investments made	531,051	463,758
Percentage of investments made	93%	91%
Fair value of investments	506,713	464,792

40.1 The break-up of fair value of investments is as follows:

	2016		2015	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	17.61%	89,237	0.00%	-
Bank balances	5.05%	25,570	52.20%	242,600
Term deposit receipts	43.76%	221,757	22.83%	106,103
Government securities	32.68%	165,600	23.79%	110,600
Mutual funds	0.90%	4,549	1.18%	5,489
	100.00%	506,713	100.00%	464,792

40.2 The investments of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2016	2015
41. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	4,933	4,819
Average number of employees during the year	4,898	4,736

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

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

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. 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, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

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

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

	2016	2015
Cash at banks - USD	223,607	115,207
Trade debts - USD	7,029,090	8,759,040
Trade and other payables - USD	6,000	11,000
Short term borrowings - USD	-	1,085,000
Net exposure - USD	7,246,697	7,778,247

The following significant exchange rates were applied during the year:

Rupees per US Dollar	2016	2015
Average rate	104.01	101.81
Reporting date rate	104.50	101.50

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 35.603 million (2015: Rupees 37.056 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income	
	2016	2015	2016	2015
	-------------- (Rupees in thousand) ----------------			
PSX 100 (5% increase)	41,938	36,080	-	-
PSX 100 (5% decrease)	(41,938)	(36,080)	-	-

(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, liabilities against assets subject to finance lease and short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	290,594	317,680
Short term borrowings	2,290,000	1,565,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	47,843	21,361
Financial liabilities		
Long term financing	634,902	86,399
Liabilities against assets subject to finance lease	46,792	68,905
Short term borrowings	1,144,394	2,031,588

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 13.241 million (2015 : Rupees 20.573 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	(Rupees in thousand)	
Investments	838,756	721,598
Deposits	65,950	65,756
Trade debts	1,039,529	1,130,300
Advances	5,221	4,379
Other receivables	25,617	13,884
Bank balances	219,840	114,314
	2,194,913	2,050,231

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

	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	2,508	3,668
Allied Bank Limited	A1+	AA+	PACRA	8,285	2,284
Askari Bank Limited	A1+	AA+	PACRA	1,560	1,724
Bank Alfalah Limited	A1+	AA	PACRA	16,634	7,386
Bank Al-Habib Limited	A1+	AA+	PACRA	30,716	6,929
Bank Islami Pakistan Limited	A1	A+	PACRA	30	61
Burj Bank Limited	A-2	BBB+	JCR-VIS	-	12
Faysal Bank Limited	A1+	AA	PACRA	2,549	532
First Women Bank Limited	A2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,040	4,945
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	2
MCB Bank Limited	A1+	AAA	PACRA	34,619	12,595
Meezan Bank Limited	A-1+	AA	JCR-VIS	23,762	29,658
National Bank of Pakistan	A1+	AAA	PACRA	4,105	3,665
NIB Bank Limited	A1+	AA-	PACRA	19,855	6,576
Silkbank Limited	A-2	A-	JCR-VIS	356	380
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	10	243
The Bank of Punjab	A1+	AA-	PACRA	68,079	31,535
United Bank Limited	A1+	AAA	JCR-VIS	1,714	2,101
				219,840	114,314

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2016, the Company had Rupees 3,595 million (2015: Rupees 3,766 million) available borrowing limits from financial institutions and Rupees 229.012 million (2015: Rupees 114.815 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2016.

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	---------------------------------- (Rupees in thousand)					----------------------------------
Non-derivative financial liabilities:						
Long term financing	925,496	996,344	95,487	139,771	231,778	529,308
Liabilities against assets subject to finance lease	46,792	49,338	13,359	13,359	22,620	-
Trade and other payables	1,021,688	1,021,688	1,021,688	-	-	-
Accrued mark-up	51,141	51,141	51,141	-	-	-
Short term borrowings	3,434,394	3,503,658	3,503,658	-	-	-
	5,479,511	5,622,169	4,685,333	153,130	254,398	529,308

Contractual maturities of financial liabilities as at 30 June 2015

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	---------------------------------- (Rupees in thousand)					----------------------------------
Non-derivative financial liabilities:						
Long term financing	404,079	421,039	32,774	51,199	98,984	238,082
Liabilities against assets subject to finance lease	68,905	77,202	13,277	13,277	27,744	22,904
Trade and other payables	1,226,355	1,226,355	1,226,355	-	-	-
Accrued mark-up	64,161	64,161	64,161	-	-	-
Short term borrowings	3,596,588	3,658,037	3,658,037	-	-	-
	5,360,088	5,446,794	4,994,604	64,476	126,728	260,986

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6, note 7 and note 11 to these financial statements.

42.2 Financial instruments by categories

	Loans and receivables	At fair value Through profit or loss	Total
	-------------(Rupees in thousand)		-------------
As at 30 June 2016			
Assets as per balance sheet			
Investments	-	838,756	838,756
Deposits	65,950	-	65,950
Trade debts	1,039,529	-	1,039,529
Advances	5,221	-	5,221
Other receivables	25,617	-	25,617
Cash and bank balances	229,012	-	229,012
	1,365,329	838,756	2,204,085

	Financial liabilities at amortized cost
	(Rupees in thousand)
As at 30 June 2016	
Liabilities as per balance sheet	
Long term financing	925,496
Liabilities against assets subject to finance lease	46,792
Trade and other payables	1,021,688
Accrued mark-up	51,141
Short term borrowings	3,434,394
	5,479,511

	Loans and receivables	At fair value Through profit or loss	Total
	------------(Rupees in thousand)------------		
As at 30 June 2015			
Assets as per balance sheet			
Investments	-	721,598	721,598
Deposits	65,756	-	65,756
Trade debts	1,130,300	-	1,130,300
Advances	4,379	-	4,379
Other receivables	13,884	-	13,884
Cash and bank balances	114,815	-	114,815
	1,329,134	721,598	2,050,732

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	404,079
Liabilities against assets subject to finance lease	68,905
Trade and other payables	1,226,355
Accrued mark-up	64,161
Short term borrowings	3,596,588
	5,360,088

42.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 6, note 7 and note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The gearing ratio as at year ended 30 June 2016 and 30 June 2015 is as follows:

	2016	2015
	(Rupees in thousand)	
Borrowings	4,406,682	4,069,572
Total equity	9,160,339	8,010,228
Total capital employed	13,567,021	12,079,800
Gearing ratio	32%	34%

The decrease in gearing ratio resulted primarily from profit for the year.

43. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

	30 June 2016			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	.... (Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	838,756	-	-	838,756
Total financial assets	838,756	-	-	838,756

	30 June 2015			
	Level 1	Level 2	Level 3	Total
	.... (Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	721,598	-	-	721,598
Total financial assets	721,598	-	-	721,598

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Company has no investments which are classified under level 3 of fair value hierarchy table.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 30 June 2016	Level 1	Level 2	Level 3	Total
	.... (Rupees in thousand)			
Investment properties	-	1,784,058	-	-
Freehold land	-	2,695,847	-	-
Total non-financial assets	-	4,479,905	-	-

At 30 June 2015	Level 1	Level 2	Level 3	Total
	.... (Rupees in thousand)			
Investment properties	-	1,783,133	-	-
Freehold land	-	2,570,338	-	-
Total non-financial assets	-	4,353,471	-	-

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

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

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

The Company obtains independent valuations for its investment properties at least annually and for its freehold land (classified as property, plant and equipment) at least every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties at the end of every financial year and for freehold land at least every three years. As at 30 June 2016, the fair values of the investment properties have been determined by Anderson Consulting (Private) Limited and Asrem (Private) Limited. The valuation of freehold land has been performed by Anderson Consulting (Private) Limited as at 30 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

45. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

45.1

Description	Note	2016		2015	
		Carried under		Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
		------------------------------ (Rupees in thousand) ------------------------------			
Assets					
Loans and advances					
Advances to employees	21	-	5,221	-	4,379
Deposits					
Security deposits	17	65,950	-	65,756	-
Bank balances	25	47,843	171,997	21,361	92,953
Liabilities					
Loans and advances					
Long term financing	6	925,496	-	404,079	-
Short term borrowings	11	3,434,394	-	3,596,588	-
Liabilities against assets subject to finance lease	7	46,792	-	68,905	-
Income					
Profit on deposits with banks	31	2,811	-	2,157	-
Realized (loss) / gain on disposal of short term investments	30 / 31	-	(2,348)	-	95,122
Unrealized gain on investments	31	-	148,028	-	11,598
Gain on disposal of shares of Maple Leaf Cement Factory Limited	31	-	-	-	753,207

		2016	2015
		(Rupees in thousand)	
45.2 Dividend income earned from	31		
Maple Leaf Cement Factory Limited		728,527	306,411
Maple Leaf Capital Limited		50,000	-
The Hub Power Company Limited		24,702	3,000
Kohinoor Energy Limited		1,518	-
Nishat Chunian Power Limited		4,572	1,074
Honda Atlas Cars (Pakistan) Limited		1,480	-
Adamjee Insurance Company Limited		450	-
Bank AL Habib Limited		5,397	-
Cherat Cement Company Limited		500	-
D.G. Khan Cement Company Limited		4,500	-
Engro Corporation Limited		340	200
Fauji Cement Company Limited		2,004	-
Fauji Fertilizer Company Limited		245	1,108
Habib Metropolitan Bank Limited		892	-
Hum Network Limited		175	-
IGI Insurance Limited		217	-
Indus Motor Company Limited		600	-
International Industries Limited		85	-
MCB Bank Limited		800	-
Meezan Bank Limited		107	-
Oil & Gas Development Company Limited		1,435	-
ORIX Leasing Pakistan Limited		665	-
Pak Suzuki Motor Company Limited		664	-
Pakistan Reinsurance Company Limited		63	125
Pakistan State Oil Company Limited		400	-
Standard Chartered Bank (Pakistan) Limited		495	-
Shell Pakistan Limited		2,661	-
Shifa International Hospitals Limited		197	-
BAIFO Industries Limited		-	45
United Bank Limited		-	900
Bata Pakistan Limited		-	287
		833,691	313,150

		2016	2015
45.3 Sources of other income	31		
Dividend income		833,691	313,150
Exchange gain - net		32,943	86,483
Gain on remeasurement of fair value of short term investments at fair value through profit or loss		148,028	11,598
Gain on disposal of short term investments		-	95,122
Return on bank deposits		2,811	2,157
Profit on advance to Maple Leaf Cement Factory Limited		-	288
Unclaimed balances written back		8,670	651
Gain on disposal of shares of Maple Leaf Cement Factory Limited		-	753,207
Scrap sales		27,011	38,287
Gain on disposal of property, plant and equipment		13,450	13,049
Gain on remeasurement of fair value of investment properties		925	2,000
		1,067,529	1,315,992

	Note	2016	2015
		(Rupees in thousand)	
45.4 Exchange gain			
Earned from actual currency		32,943	86,483
45.5 Revenue (external) from different business	39		
Spinning		5,966,667	5,807,099
Weaving		3,372,545	2,744,779
Processing and home textile		6,749,090	7,224,733
		16,088,302	15,776,611

45.6 Relationship with banks

Name	Relationship with	
	Non Islamic window operations	Islamic window operations
Al-Baraka Bank (Pakistan) Limited	–	✓
Allied Bank Limited	✓	–
Askari Bank Limited	✓	–
Bank Alfalah Limited	✓	–
Bank Al-Habib Limited	✓	–
Bank Islami Pakistan Limited	–	✓
Burj Bank Limited	✓	–
Faysal Bank Limited	✓	–
First Women Bank Limited	✓	–
Habib Bank Limited	✓	–
Habib Metropolitan Bank Limited	✓	–
MCB Bank Limited	✓	–
Meezan Bank Limited	✓	–
National Bank of Pakistan	✓	–
NIB Bank Limited	✓	–
Silkbank Limited	✓	–
Standard Chartered Bank (Pakistan) Limited	✓	–
The Bank of Punjab	✓	–
United Bank Limited	✓	–

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 September 2016 by the Board of Directors of the Company.

47. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

47.1 The Board of Directors of the Company in their meeting held on 05 September 2016 has proposed a final cash dividend of Rupees 3 per share (30%) amounting to Rupees 847.065 million (2015: Rupees 613.816 million) for the year ended 30 June 2016 for approval of the members at the Annual General Meeting to be held on 31 October 2016. The financial statements for the year ended 30 June 2016 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2017.

47.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filing of income tax return for the tax year 2016.

The Company paid interim cash dividend of Rupees 1.5 per share (15%) amounting to Rupees 368.289 million during the year and the remaining requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 05 September 2016 (Refer Note 47.1), which will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

48. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made in these finanacial statements.

49. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pattern of Shareholding

1.	CUIN (Incorporation Number)	0002805
2.	Name of the Company	KOHINOOR TEXTILE MILLS LIMITED
3.	Pattern of holding of the shares held by the shareholders as at	30.06.2016

4.

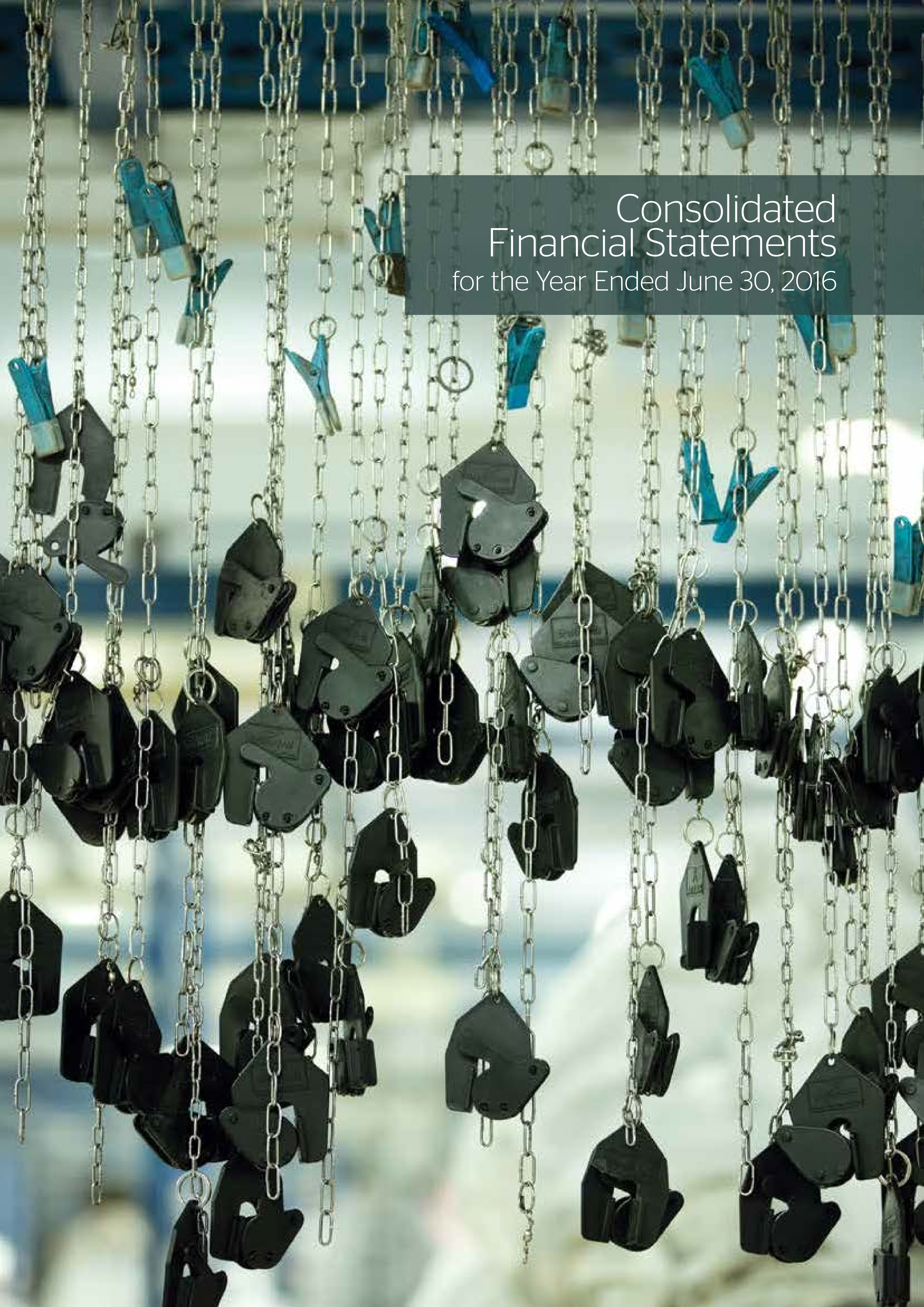
No. of Shareholders	Size of Holding From		To	Total Shares Held
2531	1	-	100	68,150
955	101	-	500	259,037
382	501	-	1,000	263,645
540	1,001	-	5,000	1,327,961
116	5,001	-	10,000	795,249
45	10,001	-	15,000	557,048
20	15,001	-	20,000	355,789
14	20,001	-	25,000	318,271
5	25,001	-	30,000	137,718
9	30,001	-	35,000	299,621
11	35,001	-	40,000	418,839
4	40,001	-	45,000	165,605
10	45,001	-	50,000	469,802
2	50,001	-	55,000	107,437
5	55,001	-	60,000	290,336
4	65,001	-	70,000	272,395
3	70,001	-	75,000	215,448
6	80,001	-	85,000	489,774
2	85,001	-	90,000	176,055
2	90,001	-	95,000	184,900
2	95,001	-	100,000	196,968
1	105,001	-	110,000	109,374
1	110,001	-	115,000	115,000
1	115,001	-	120,000	119,962
2	120,001	-	125,000	242,699
1	125,001	-	130,000	126,000
1	130,001	-	135,000	134,249
1	140,001	-	145,000	140,300
3	160,001	-	165,000	488,744
1	165,001	-	170,000	169,313
2	175,001	-	180,000	357,699
1	195,001	-	200,000	200,000
1	205,001	-	210,000	206,940
1	230,001	-	235,000	231,000
2	245,001	-	250,000	499,065
1	285,001	-	290,000	287,102
1	315,001	-	320,000	316,743
1	335,001	-	340,000	337,673
1	355,001	-	360,000	358,750
1	360,001	-	365,000	363,223
1	390,001	-	395,000	392,005
1	395,001	-	400,000	400,000
1	445,001	-	450,000	450,000

No. of Shareholders	Size of Holding From		To	Total Shares Held
1	460,001	-	465,000	464,422
1	475,001	-	480,000	475,403
1	485,001	-	490,000	486,540
1	490,001	-	495,000	494,750
1	500,001	-	505,000	503,842
2	520,001	-	525,000	1,044,737
2	595,001	-	600,000	1,199,000
1	630,001	-	635,000	634,636
1	645,001	-	650,000	646,747
1	655,001	-	660,000	657,500
1	665,001	-	670,000	668,413
1	720,001	-	725,000	723,349
1	760,001	-	765,000	763,500
1	770,001	-	775,000	774,438
1	805,001	-	810,000	806,345
1	830,001	-	835,000	831,426
1	850,001	-	855,000	851,000
1	870,001	-	875,000	875,000
1	885,001	-	890,000	886,074
1	955,001	-	960,000	958,000
1	960,001	-	965,000	960,824
1	1,020,001	-	1,025,000	1,021,500
1	1,030,001	-	1,035,000	1,032,807
1	1,295,001	-	1,300,000	1,295,246
1	1,325,001	-	1,330,000	1,330,000
1	1,345,001	-	1,350,000	1,345,340
1	1,525,001	-	1,530,000	1,525,683
1	1,785,001	-	1,790,000	1,789,843
1	1,935,001	-	1,940,000	1,939,451
1	1,945,001	-	1,950,000	1,949,500
1	1,950,001	-	1,955,000	1,952,345
1	1,995,001	-	2,000,000	2,000,000
1	2,145,001	-	2,150,000	2,148,994
1	2,390,001	-	2,395,000	2,393,537
1	2,765,001	-	2,770,000	2,765,417
1	2,875,001	-	2,880,000	2,875,150
1	6,775,001	-	6,780,000	6,776,738
1	9,845,001	-	9,850,000	9,845,844
1	10,280,001	-	10,285,000	10,284,766
1	11,930,001	-	11,935,000	11,932,380
1	12,965,001	-	12,970,000	12,966,430
1	50,795,001		50,800,000	50,795,182
1	54,030,001	-	54,035,000	54,030,465
1	69,235,001	-	69,240,000	69,236,695
4,741				282,355,148

Note : The Slabs not applicable above have not been shown.

5.	Categories of Shareholders	Shares Held	Percentage of Capital
5.1	Directors, Chief Executive Officer and their spouses & minor children		
	Mr. Tariq Sayeed Saigol, Chairman	11,932,380	4.226
	Mr. Taufique Sayeed Saigol, Chief Executive Officer	12,966,430	4.592
	Mr. Sayeed Tariq Saigol	363,223	0.129
	Mr. Waleed Tariq Saigol	81,577	0.029
	Mr. Danial Taufique Saigol	2,874	0.001
	Mr. Shafiq Ahmed Khan	2,874	0.001
	Mr. Arif Ijaz	2,856	0.001
	Mrs. Shehla Tariq Saigol, spouse of Mr. Tariq Sayeed Saigol	646,747	0.229
		25,998,961	9.208
5.2	Associated Companies, undertakings and related parties		
	Zimpex (Private) Limited	54,030,465	19.136
5.3	NIT and ICP		
	National Bank of Pakistan, Trustee Deptt.	11,170	0.004
	Investment Corporation of Pakistan	13,914	0.005
		25,084	0.009
5.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	3,552,147	1.258
5.5	Insurance Companies	961,773	0.341
5.6	Modarabas and Leasing	19,872	0.007
5.6 a	Mutual Funds		
	CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	33,500	
	CDC - Trustee ABL Pension Fund - Equity Sub Fund	15,500	
	CDC - Trustee ABL Stock Fund	763,500	
	CDC - Trustee AKD Index Tracker Fund	48,128	
	CDC - Trustee Al Meezan Mutual Fund	60,000	
	CDC - Trustee Alfalah GHP Islamic Stock Fund	774,438	
	CDC - Trustee Alfalah GHP Value Fund	206,940	
	CDC - Trustee MCB Pakistan Islamic Stock Fund	231,000	
	CDC - Trustee Meezan Balanced Fund	60,000	
	CDC - Trustee Meezan Islamic Fund	806,345	
	CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	93,500	
	CDC - Trustee NAFA Islamic Active Allocation Equity Fund	475,403	
	CDC - Trustee NAFA Islamic Asset Allocation Fund	1,952,345	
	CDC - Trustee NAFA Islamic Principal Protected Fund - I	121,950	
	CDC - Trustee NAFA Islamic Principal Protected Fund - II	521,488	
	CDC - Trustee NAFA Islamic Stock Fund	668,413	
	CDC - Trustee NAFA Multi Asset Fund	634,636	
	CDC - Trustee NAFA Stock Fund	2,875,150	
	CDC - Trustee National Investment (Unit) Trust	2,148,994	
	CDC - Trustee PIML Islamic Equity Fund	46,000	

Categories of Shareholders		Shares Held	Percentage of Capital
	CDC - Trustee PIML Strategic Multi Asset Fund	33,000	
	CDC - Trustee PIML Value Equity Fund	37,000	
	CDC-Trustee NAFA Asset Allocation Fund	486,540	
	CDC-Trustee Pak. Int. Element Islamic Asset Allocation Fund	81,000	
	MCBFSL - Trustee ABL Islamic Stock Fund	599,000	
		13,773,770	4.878
5.7	Share holders holding Five Percent or more voting interest in the Company refer 5.2 & 5.8 b		
5.8	General Public		
	a) Individuals	31,212,089	11.054
	b) Foreign Investor(s)	149,244,730	52.857
5.9	Joint Stock Companies	980,644	0.347
5.10	Public Sector Companies and Corporations	175	0.000
5.11	Executive(s)	8	0.000
5.12	Others		
	Akhuwat	33,887	
	Artal Restaurant Int Ltd Employees Provident Fund	2,073	
	CDC - Trustee NAFA Islamic Pension Fund Equity Account	164,956	
	CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	178,801	
	CDC-Trustee Pakistan Islamic Pension Fund - Equity Sub Fund	126,000	
	Federal Board of Revenue	161,269	
	Fikree Development Corp. Limited	3,211	
	Hajiani Hanifa Bai Memorial Society	723,349	
	Hussain Trustees Limited.	297	
	Pakistan Stock Exchange Limited-Future Contracts	70,178	
	The Deputy Administrator Abondoned Properties	193	
	The Ida Rieu Poor Welfare Association	405	
	The Okhai Memon Madressah Association	1	
	Trustee National Bank of Pakistan Employees Pension Fund	337,673	
	Trustee-Millat Tractors Ltd. Employees Pension Fund	99,968	
	Trustees Kaukab Mir Memorial Welfare Trust	571	
	Trustees Moosa Lawai Foundation	4,285	
	Trustees of Sulaimaniyah Trust	82,401	
	Trustee-The Crescent Textile Mills Ltd Employees Provident Fund	503,842	
	Trustee-The Kot Addu Power Co. Ltd. Employees Pension Fund	49,345	
	United Executers & Trustee Company Limited	197	
	Trustee National Bank of Pakistan Employees Benevolent Fund Trust	11,848	
	Universty of Sindh	680	
		2,555,430	0.905
	Grand Total :	282,355,148	100.000



Consolidated Financial Statements
for the Year Ended June 30, 2016

Directors' Report on Consolidated Financial Statements

The Directors are pleased to present the audited consolidated financial statements of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Companies, Maple Leaf Cement Factory Limited (55.22%), Maple Leaf Capital Limited (66.01%) and Maple Leaf Power Limited (55.22%) (together referred to as Group) for the year ended 30 June 2016.

GROUP RESULTS

The Group has earned gross profit of Rupees 13,400 million as compared to Rupees 10,487 million of corresponding year. The group made pre-tax profit of Rupees 9,533 million this year as compared to Rupees 6,405 million during the last year.

The overall financial results of the Group are as follows:

	2016	2015
	(Rupees in million)	
Gross sales	39,479	36,468
Gross profit	13,400	10,487
Profit from operations	10,275	7,934
Financial charges	743	1,528
Net profit after taxation	6,677	4,903
	(Rupees)	
		Restated
Earnings per share – Basic and diluted	15.29	11.53

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 13.09% in its sales over previous year and has shown gross profit of 42.76% (30 June 2015: 36.18%) amounting Rupees 10,022 million (30 June 2015: Rupees 7,496 million).

It has earned after tax profit of Rupees 4,885 million (30 June 2015: Rupees 3,454 million).

Maple Leaf Power Limited (MLPL)

Subsidiary Company (MLCFL) has invested Rupees 660 million in equity of Maple Leaf Power Limited during current year and holds 100% shares.

Maple Leaf Capital Limited (MLCL)

MLCL has earned after tax profit of Rupees 210 million (2015: Rupees 170 million).

ACKNOWLEDGEMENT

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various divisions.

For and on behalf of the Board

Lahore
05 September 2016

Taufique Sayeed Saigol
Chief Executive Officer

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Kohinoor Textile Mills Limited (the Holding Company) and its subsidiary companies as at 30 June 2016 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Kohinoor Textile Mills Limited and its subsidiary company, Maple Leaf Capital Limited. The financial statements of the subsidiary companies, Maple Leaf Cement Factory Limited and Maple Leaf Power Limited, were audited by other firm of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Kohinoor Textile Mills Limited and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

DATE: 05 September 2016

ISLAMABAD

Consolidated Balance Sheet

As at June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2015: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2015: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid up share capital	3	2,823,551	2,455,262
Reserves	4	12,897,088	9,930,580
Equity attributable to equity holders of the Holding Company		15,720,639	12,385,842
Non-controlling interest	5	8,100,035	6,354,388
Total equity		23,820,674	18,740,230
Surplus on revaluation of land and investment properties	6	4,172,620	4,047,111
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	1,692,325	372,343
Redeemable capital - secured	8	-	1,933,011
Liabilities against assets subject to finance lease	9	501,613	676,193
Long term deposits	10	6,499	6,619
Retirement benefits	11	119,783	109,688
Deferred income tax liability	12	3,155,036	1,472,126
		5,475,256	4,569,980
CURRENT LIABILITIES			
Trade and other payables	13	4,567,873	4,604,628
Accrued mark-up	14	89,143	172,293
Short term borrowings	15	4,958,320	6,152,330
Current portion of non-current liabilities	16	352,410	2,270,254
Provision for taxation		187,811	28,897
		10,155,557	13,228,402
TOTAL LIABILITIES		15,630,813	17,798,382
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		43,624,107	40,585,723

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

CHIEF EXECUTIVE OFFICER

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	25,448,930	24,317,602
Investment properties	19	1,784,058	1,783,133
Long term loans to employees	20	5,628	6,513
Long term deposits	21	115,909	115,216
		27,354,525	26,222,464
CURRENT ASSETS			
Stores, spare parts and loose tools	22	5,901,992	4,652,174
Stock-in-trade	23	3,076,475	3,194,176
Trade debts	24	1,606,862	1,700,884
Loans and advances	25	1,014,891	1,101,858
Security deposits and short term prepayments	26	99,248	113,893
Accrued interest		1,857	963
Other receivables	27	1,099,546	788,401
Short term investments	28	2,622,627	2,425,049
Cash and bank balances	29	846,084	385,861
		16,269,582	14,363,259
TOTAL ASSETS		43,624,107	40,585,723

DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
SALES	30	39,479,201	36,468,086
COST OF SALES	31	(26,078,873)	(25,980,837)
GROSS PROFIT		13,400,328	10,487,249
DISTRIBUTION COST	32	(1,934,122)	(1,933,976)
ADMINISTRATIVE EXPENSES	33	(964,431)	(771,715)
OTHER EXPENSES	34	(803,306)	(340,808)
		(3,701,859)	(3,046,499)
		9,698,469	7,440,750
OTHER INCOME	35	576,841	492,757
PROFIT FROM OPERATIONS		10,275,310	7,933,507
FINANCE COST	36	(742,711)	(1,528,767)
PROFIT BEFORE TAXATION		9,532,599	6,404,740
TAXATION	37	(2,855,147)	(1,502,049)
PROFIT AFTER TAXATION		6,677,452	4,902,691
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		4,315,995	3,255,983
NON-CONTROLLING INTEREST		2,361,457	1,646,708
		6,677,452	4,902,691

		2016	Restated 2015
		(Rupees)	
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	41	15.29	11.53

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
PROFIT AFTER TAXATION	6,677,452	4,902,691
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability	2,185	(22,638)
Related tax	(544)	6,713
	1,641	(15,925)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	1,641	(15,925)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,679,093	4,886,766
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	4,316,901	3,247,145
NON-CONTROLLING INTEREST	2,362,192	1,639,621
	6,679,093	4,886,766

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	10,726,588	9,051,562
Finance cost paid		(782,940)	(1,646,001)
Compensated absences paid		(112,142)	(89,830)
Income tax paid		(1,013,865)	(580,393)
Net increase in long term deposits		(813)	(13,781)
Net cash generated from operating activities		8,816,828	6,721,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,052,500)	(1,705,116)
Long term loans to employees		885	(3,118)
Short term investments made		(849,652)	(3,896,215)
Interest received		18,640	19,740
Proceeds from sale of property, plant and equipment		88,471	92,610
Proceeds from sale of short term investments		868,223	2,768,104
Redemption of long term investments		-	1,625
Dividends received		49,663	49,788
Net cash used in investing activities		(2,876,270)	(2,672,582)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital - MLCL		-	510,000
Proceeds from long term financing		1,363,187	317,680
Repayment of long term financing		(503,786)	(1,224,552)
Short term borrowings - net		(1,194,010)	(1,036,576)
Repayment of liabilities against assets subject to finance lease		(154,859)	(121,238)
Repayment of redeemable capital		(3,433,011)	(2,854,714)
Redemption of preference shares		-	(20)
Proceeds from disposal of interest to non-controlling interest holders		-	900,787
Dividend paid		(1,557,856)	(462,262)
Net cash used in financing activities		(5,480,335)	(3,970,895)
Net increase in cash and cash equivalents		460,223	78,080
Cash and cash equivalents at the beginning of the year		385,861	307,781
Cash and cash equivalents at the end of the year		846,084	385,861

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY								
		Reserves							
		Capital reserve	Revenue reserves						
	Share capital	Share premium	General reserve	Unappropriated profit	Sub-total	Total reserves	Total	Non - controlling interest	Total equity
	(Rupees in thousand)								
Balance as at 30 June 2014	2,455,262	144,919	1,450,491	4,765,031	6,215,522	6,360,441	8,815,703	4,088,973	12,904,676
Transactions with owners :									
- Non-controlling interest arising on investment in Subsidiary Company - Maple Leaf Capital Limited	-	-	-	-	-	-	-	514,855	514,855
- Disposal of interest to non-controlling interest holders	-	-	-	568,520	568,520	568,520	568,520	332,267	900,787
- Interim dividend for the year ended 30 June 2015 @ Rupee 1 per share	-	-	-	(245,526)	(245,526)	(245,526)	(245,526)	-	(245,526)
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	(221,328)	(221,328)
Total transactions with owners	-	-	-	322,994	322,994	322,994	322,994	625,794	948,788
Profit for the year	-	-	-	3,255,983	3,255,983	3,255,983	3,255,983	1,646,708	4,902,691
Other comprehensive loss for the year	-	-	-	(8,838)	(8,838)	(8,838)	(8,838)	(7,087)	(15,925)
Total comprehensive income for the year	-	-	-	3,247,145	3,247,145	3,247,145	3,247,145	1,639,621	4,886,766
Balance as at 30 June 2015	2,455,262	144,919	1,450,491	8,335,170	9,785,661	9,930,580	12,385,842	6,354,388	18,740,230
Transactions with owners :									
- Final dividend for the year ended 30 June 2015 @ Rupees 2.50 per share	-	-	-	(613,815)	(613,815)	(613,815)	(613,815)	-	(613,815)
- Interim dividend for the year ended 30 June 2016 @ Rupees 1.50 per share	-	-	-	(368,289)	(368,289)	(368,289)	(368,289)	-	(368,289)
- Issuance of bonus shares	368,289	-	-	(368,289)	(368,289)	(368,289)	-	-	-
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	(616,545)	(616,545)
Total transactions with owners	368,289	-	-	(1,350,393)	(1,350,393)	(1,350,393)	(982,104)	(616,545)	(1,598,649)
Profit for the year	-	-	-	4,315,995	4,315,995	4,315,995	4,315,995	2,361,457	6,677,452
Other comprehensive loss for the year	-	-	-	906	906	906	906	735	1,641
Total comprehensive income for the year	-	-	-	4,316,901	4,316,901	4,316,901	4,316,901	2,362,192	6,679,093
Balance as at 30 June 2016	2,823,551	144,919	1,450,491	11,301,678	12,752,169	12,897,088	15,720,639	8,100,035	23,820,674

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Consolidated Financial Statements
For the year ended June 30, 2016

1. THE GROUP AND ITS OPERATIONS

1.1 Holding Company

Kohinoor Textile Mills Limited ("the Holding Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. Registered office of the Holding Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

1.2 Subsidiary companies

1.2.1 Maple Leaf Cement Factory Limited (MLCFL)

Maple Leaf Cement Factory Limited ("the Subsidiary") was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares and was listed on stock exchanges in Pakistan on 17 August 1994. The registered office of MLCFL is situated at 42-Lawrence Road, Lahore. MLCFL is engaged in production and sale of cement.

1.2.2 Maple Leaf Capital Limited (MLCL)

Maple Leaf Capital Limited ("the Subsidiary") was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance, 1984 as public company. The registered office of MLCL is situated at 42-Lawrence Road, Lahore. The principal objects of MLCL are to buy, sell, hold, or otherwise acquire or invest the capital in any sort of financial instruments.

1.2.3 Maple Leaf Power Limited (MLPL)

Maple Leaf Power Limited ("the Subsidiary") was incorporated in Pakistan on 15 October 2015 as a public limited company under the Companies Ordinance, 1984. MLPL has been established to set up and operate a 40 megawatt power generation plant at Iskanderabad, District Mianwali for generation of electricity. The registered office of MLPL is located at 42-Lawrence Road, Lahore. The principal objective of MLPL is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity to MLCFL. MLPL is in process of obtaining electricity generation license from National Electric and Power Regulatory Authority (NEPRA).

The Holding and Subsidiary companies are collectively referred to as "the Group" in these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards

Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for the certain financial instruments, investment properties and freehold land which are carried at their fair values and certain employee retirement benefits which are carried at their present values.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

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

Inventories

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

Future estimation of export sales

Deferred income tax calculation has been based on estimation of future ratio of export and local sales.

Taxation

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

Classification of investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments at fair value through profit or loss, available for sale and held to maturity. The classification depends on the purpose for which the investments were acquired.

Employee benefits

The Subsidiary Companies Maple Leaf Cement Factory Limited (MLCFL) and Maple Leaf Power Limited operate approved funded gratuity schemes covering all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market - related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Provisions for doubtful debts

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

d) Standards that are effective in current year and are relevant to the Group

The following amendments to published approved standards and interpretation are mandatory for the Group's accounting periods beginning on or after 01 July 2015:

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

e) Amendment to published standards that are effective in current year but not relevant to the Group

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

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

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

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

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

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

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

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

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

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are `highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Group's consolidated financial statements.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies

(a) which subsidiaries of an investment entity are consolidated;

(b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and

(c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Group's consolidated financial statements.

Accounting for Acquisitions of Interests in Joint Operations- Amendments to FRS 11 `Joint Arrangements'(effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group's consolidated financial statements.

Annual Improvements 2012 - 2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 Non - current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

2.2 Basis of consolidation

Subsidiary Company is that entity in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Companies are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of the Subsidiary Companies have been consolidated on a line by line basis and carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intra-group balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interest is presented as separate item in the consolidated financial statements.

2.3 Employee benefit

i) Defined contribution plan

The Group operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Group and employees to the fund. The Group's contributions to the fund are charged to consolidated profit and loss account.

ii) Defined benefit plan

The Subsidiary Companies MLCFL and MLPL operate approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account.

The Subsidiary Company (MLCFL) net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Subsidiary Company (MLCFL), the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Subsidiary Company (MLCFL) determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Subsidiary Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Details of the scheme are given in note 11.2 to the financial statements.

iii) Liability for employees' compensated absences

The Subsidiary Company (MLCFL) accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

2.4 Taxation

Current

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

Deferred

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

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

2.5 Provisions

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

2.6 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognised impairment loss. All cost or expenditure attributable to work-in-progress are capitalized and apportioned to buildings and plant and machinery at the time of commencement of commercial operations of the Subsidiary Company.

Cost in relation to certain plant and machinery of the Subsidiary Company (MLCFL) represents historical cost, exchange differences capitalized up to 30 June 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets of the Subsidiary Company with Pak American Fertilizers Limited (PAFL), are recorded on the basis of advices received from the housing colony.

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

Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non – depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

Leased

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

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

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

Depreciation of assets subject to finance lease is recognised in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated profit and loss account applying the reducing balance method except that straight-line method is used for the plant and machinery and buildings of Subsidiary Company (MLCFL) relating to dry process plant after deducting residual value, so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 18.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated profit and loss account in the year the asset is derecognised.

2.7 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognised in the consolidated profit and loss account for the year in which it arises.

2.8 Intangible assets

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

2.9 Investments

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

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

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Group applies the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ to all investments.

a) Investment at fair value through profit or loss

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

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognised amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognised in the consolidated profit and loss account when the investments are derecognised or impaired, as well as through the amortization process.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has positive intention to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

c) Available-for-sale

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

Quoted

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

Unquoted

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

2.10 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method less impairment loss, if any.

2.11 Inventories

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

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods are determined as follows:

(i) For raw materials:	Annual average basis.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

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

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

2.12 Trade and other receivables

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

2.13 Borrowings

Borrowings are recognised initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

2.14 Borrowing cost

Interest, mark up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long - term finances. All other interest, mark up and other charges are recognised in the consolidated profit and loss account.

2.15 Trade and other payables

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

2.16 Cash and cash equivalents

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

2.17 Share capital

Ordinary shares of the Holding company are classified as share capital.

2.18 Revenue recognition

Revenue from different sources is recognised as under:

a) Revenue from local sales is recognised on dispatch of goods to customers while in case of export sales it is recognised on the date of bill of lading.

b) Dividend on equity investments is recognised when right to receive the dividend is established.

c) Profit on deposits with banks is recognised on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

d) Realised capital gain / (losses) arising on sale of investments are included in the profit and loss account on the date at which the transaction takes place.

e) Unrealised capital gains / (losses) arising on making to market of investments classified as 'Financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

f) Income on long term loans, bank deposits and placements is recognized on accrual basis.

2.19 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated profit and loss account.

2.20 Financial instruments

Financial instruments carried on the consolidated balance sheet include investments, deposits, trade debts, advances, accrued interest, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark up and trade and other payables etc. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are initially measured at fair value.

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the consolidated profit and loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

The fair value of financial instruments that are not traded in an open market is determined by using valuation techniques based on assumptions that are depended on conditions existing at balance sheet date.

2.21 Impairment

a) Financial assets

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

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

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

b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated profit and loss account except for impairment loss on revalued asset, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

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

2.22 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised in the consolidated balance sheet at estimated fair value with corresponding effect to consolidated profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.23 Segment reporting

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

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has four reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles) and Cement.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.24 Dividend and other appropriations

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors.

2.25 Off setting

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016	2015		2016	2015
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganisation of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	38,673,628	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	386,736
152,241,019	152,241,019	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,522,410	1,522,410
282,355,148	245,526,216		2,823,551	2,455,262

3.1 Zimpex (Private) Limited which is an associated company held 54,030,465 (2015: 45,496,057) ordinary shares of Rupees 10 each as at 30 June 2016.

3.2 Movement during the year

2016	2015		2016	2015
(Number of Shares)			(Rupees in thousand)	
245,526,216	245,526,216	Balance as on 01 July	2,455,262	2,455,262
36,828,932	-	Add: Ordinary shares of Rupees 10 each issued as fully paid bonus shares	368,289	-
282,355,148	245,526,216		2,823,551	2,455,262

	Note	2016	2015
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital			
Share premium	4.1	144,919	144,919
		144,919	144,919
Revenue			
General reserve		1,450,491	1,450,491
Unappropriated profit		11,301,678	8,335,170
		12,752,169	9,785,661
		12,897,088	9,930,580

4.1 This reserve can be utilized by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	Note	2016	2015
		(Rupees in thousand)	
5. NON-CONTROLLING INTEREST			
Opening balance		6,354,388	4,088,973
Add / (less): Share during the year			
- Disposal of interest to non-controlling interest holders		-	332,267
- Non-controlling interest arising on investment in Maple Leaf Capital Limited		-	514,855
- Other comprehensive income / (loss) for the year		735	(7,087)
- Profit for the year		2,361,457	1,646,708
		2,362,192	2,486,743
Less : Dividend paid		(616,545)	(221,328)
		8,100,035	6,354,388
6. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES			
Investment properties		1,263,592	1,263,592
Freehold land			
As at 01 July		2,783,519	2,783,519
Increase due to revaluation to fair value		125,509	-
		2,909,028	2,783,519
As at 30 June		4,172,620	4,047,111
7. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Holding Company	7.1	925,496	404,079
Subsidiary Company - MLCFL	7.2	927,298	588,757
		1,852,794	992,836
Less: Current portion shown under current liabilities	16	160,469	620,493
		1,692,325	372,343

LENDER	2016	2015	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
7.1 Holding Company								
Askari Bank Limited	150,000	-	350,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments, commencing after expiry of one year grace period.	Quarterly	Quarterly	The facility is secured against first pari passu hypothecation charge of Rupees 200 million on all present and future fixed assets (excluding land and building) of Raiwind Division and personal guarantees of the sponsor directors.
The Bank of Punjab	43,199	86,399	135,000	3 Month KIBOR + 2.50%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Bank's specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.
The Bank of Punjab	441,703	-	600,000	3 Month KIBOR + 2.00% to 2.50% on BOP funds SBP rate + 2.00% to 2.50% on SBP funds	Sixteen equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	First pari passu mortgage charge amounting to Rupees 934 million (inclusive of 25% margin) on the Company's land measuring 43 Acres 07 Kanals and 12 Marlas situated at Peshawar Road, Rawalpindi and personal guarantees of the sponsor directors.
NIB Bank Limited	290,594	317,680	350,000	SBP rate for LTFF+2.5%	Twenty four equal quarterly installments after expiry of grace period of one year.	-	Quarterly	First pari passu charge over fixed assets amounting to Rupees 467 million of Raiwind Division and personal guarantees of the sponsor directors.
Total	925,496	404,079	1,435,000					
7.2 Subsidiary Company (MLCFL)								
Habib Bank Limited	-	137,599	790,520	6 Month KIBOR + 3.00%	Three equal quarterly installments of Rupees 25 million each commenced on 04 June 2012 and ended on 30 June 2012 and twenty six equal quarterly instalment of Rupees 27.5 million each commenced on 30 September 2012 and ending on 31 December 2018.	Quarterly	Quarterly	First pari passu equitable hypothecation/ mortgage charge of Rupees 2,250 million over fixed of the subsidiary company (Land , building and plant and machinery) and personal guarantee along with PNWS of the directors of subsidiary company and subordination of the entire sum of directors/sponsors loan outstanding at any point in time.
Islamic Corporation for Development of Private Sector	-	17,658	40,669	-	Twenty four equal quarterly installments commenced from December 2012.	Quarterly	1st four installments on monthly basis and remaining twenty instalments on quarterly basis	Fixed charge on the escrow accounts maintained with Allied Bank Limited, Corporate Branch at Kashmir Road, Lahore, against US$ 14.500 million.

LENDER	2016	2015	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
Askari Bank Limited	500,000	-	500,000	3 Month KIBOR + 1.25%	Twenty one equal quarterly installments of Rupees 25 million commenced on 23 May 2012 and ending on 23 May 2017.	Quarterly	Quarterly	This facility is secured against 1st joint pari passu hypothecation charge and equitable mortgage charge of Rupees 667 million over all present and future plant & machinery and land & building respectively of cement unit-II. Disbursement to be allowed in tranches against ranking charge on all present and future plant & machinery of company that shall be upgraded / replaced by aforesaid charge within 180 days from 1st draw down charge for Rupees 120 million over present and future current assets and personal guarantees of directors of the Subsidiary Company.
The Bank of Punjab (Note 7.3)	183,140	-	1,500,000	3 Month KIBOR + 1.25%	Twenty (20) equal, consecutive, quarterly installments of Rupees 75 million each starting from 31 March 2018 to 25 March 2023. Prepayment can be made after two (2) years of completion of draw down, with a 30 days prior notice to the lenders without early payment penalty.	Quarterly	Quarterly	1st pari passu charge over all present and future fixed assets of MLCFL with 25% margin. LCs to be established after registration of ranking charge over all present & future fixed assets of the MLCFL with 25% margin to be upgraded to 1st pari passu charge within 90 days of registration of charge. Personal guarantees by Mr. Tariq Sayeed Saigol and Sayeed Tariq Saigol (sponsored directors) duly supported by net worth statement of and gross corporate guarantee of MLCFL has also been provided. A floating charge on fixed assets of MLPL shall be registered with 25% margin before establishment of LCs which shall be upgrade to first joint pari passu, once all the assets are reached project sight and ready for installation.

LENDER	2016	2015	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
National Bank of Pakistan (Note 7.4)	122,079	-	1,000,000	3 Month KIBOR + 1.25%	Twenty (20) equal quarterly installments of Rupees 50 million each starting from 30 April 2018 to 30 January 2023.	Quarterly	Quarterly	This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the MLCFL amounting to Rupees 1,334 million. Disbursement is being made in tranches against ranking charge of Rupees 1334 million over all present and future fixed assets of the Company that shall be upgraded / replaced by aforesaid charge within 120 days from 1st draw down. Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol.(sponsoring directors).
MCB Bank Limited (Note 7.5)	122,079	-	1,000,000	3 Month KIBOR + 1.15%	Twenty two (22) equal, consecutive, quarterly installments of Rupees 45.45 million each starting from 14 October 2017 to 14 Jan 2023. Prepayment can be made after two (2) years with a 30 days prior notice.	Quarterly	Quarterly	This facility will be secured against 1st joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of the MLCFL with 25% margin. Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol. (sponsoring directors) duly supported by net worth statements.
Allied Bank Limited	-	433,500	1,500,000	3 Month KIBOR + 1.00%	Twenty six quarterly installments commenced on September 2012 and ending on December 2018 as per following schedule: Period (Rupees in thousand) Sept. 2012 - June 2015 37,500 Sept. 2015 - June 2016 44,500 Sept. 2016 - June 2017 56,000 Sept. 2017 - June 2018 70,000 Sept. 2018 - December 2018 182,500	Quarterly	Quarterly	First pari passu charge over all present and future fixed assets of MLCFL amounting to Rupees 3,333 million.
Total	927,298	588,757	6,331,189					

7.3 The tenor of this loan is seven (7) years including 24 months grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

7.4 The tenor of loan is seven (7) years including grace period of 18 months. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

7.5 The tenor of loan is seven (7) years including two (2) years grace period. Disbursement shall be made in tranches during the availability period as per terms of the agreement.

	Note	2016	2015
		(Rupees in thousand)	
8. REDEEMABLE CAPITAL - SECURED			
Islamic Sukuk Certificates under Musharika agreement			
As at beginning of the year		3,433,011	6,183,000
Less: Sukuk certificates paid during the year		(3,433,011)	(2,749,989)
		-	3,433,011
Less: Current portion shown under current liabilities	16	-	1,500,000
As at end of the year		-	1,933,011
9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		733,613	887,043
Less: Un-amortized finance charges		40,059	61,089
Present value of future minimum lease payments		693,554	825,954
Less: Current portion shown under current liabilities	16	191,941	149,761
		501,613	676,193

9.1 The future minimum lease payments have been discounted at implicit interest rates which range from 11.10% to 13.38% (2015: 11.38% to 14.95%) per annum to arrive at their present values. The lease rentals are payable in monthly and quarterly installments. In case of any default, an additional charge at the rate of 0.1 percent per day shall be payable. Taxes, repairs, replacements and insurance costs are to be borne by the Group. The lease agreements carry renewal and purchase option at the end of the lease term. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 16.208 million (2015: Rupees 16.208 million) included in long term deposits, demand promissory notes and personal guarantees.

9.2 The Subsidiary Company, MLCFL had entered into restructuring agreement of lease facility outstanding amount with Islamic Corporation for the Development of Private Sector (ICD) on 17 December 2012 ("the Effective Date") to acquire power generation plant Wartsila. Finance lease liabilities are obtained from conventional leasing companies.

As per terms of restructuring agreement, the outstanding principal amounting to USD 10.67 million is to be repaid in twenty five (25) installments. The first installment amount of USD 0.56 was paid to ICD on the Effective Date and remaining twenty four (24) quarterly installments are to be paid as per following schedule terms:

Period	No. of Installments	Amount (USD) per Instalment	Total Amount (USD)
15 March 2013 - 15 June 2015	10	266,665	2,666,650
15 September 2015 - 15 June 2016	4	316,665	1,266,660
15 September 2016 - 15 June 2017	4	400,000	1,600,000
15 September 2017 - 15 June 2018	4	500,000	2,000,000
15 September 2018 - 15 December 2018	2	1,288,643	2,577,286

9.3 This facility carries mark-up rate at six months USD LIBOR plus a spread of 2.50% per annum. During the current year mark-up has ranged from 2.95% to 3.57% (2015: 2.83% to 2.95%) per annum.

9.4 Future minimum lease payments and their present values are regrouped as under:

	2016		2015	
	Not later than one year	Later than one year but not later than five years	Not later than one year	Later than one year but not later than five years
	-----------------(Rupees in thousand)--------------			
Future minimum lease payments	195,461	538,152	176,410	710,633
Less: Unamortized finance charge	3,520	36,539	26,649	34,440
Present value of future minimum lease payments	191,941	501,613	149,761	676,193

10. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Subsidiary Company - MLCFL in accordance with the terms of dealership agreements.

	Note	2016	2015
		(Rupees in thousand)	
11. RETIREMENT BENEFITS			
Accumulated compensated absences	11.1	57,059	41,138
Gratuity	11.2	62,724	68,550
		119,783	109,688

		2016	2015
		(Rupees in thousand)	
11.1 Accumulated compensated absences			
Balance at the beginning of the year		41,138	34,421
Provision made during the year		23,809	15,184
Payments made during the year		(7,888)	(8,467)
Balance at the end of the year		57,059	41,138

11.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's (MLCFL) defined benefit plan, was conducted on 30 June 2016 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2016	2015
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	11.2.1	131,316	137,998
Fair value of plan assets	11.2.2	(68,592)	(69,448)
Net liability at end of the year		62,724	68,550
Net liability at beginning of the year		68,550	45,233
Charge to profit and loss account for the year	11.2.3	11,494	10,175
Charge to other comprehensive income for the year	11.2.3	(2,185)	22,638
Contributions made during the year		(15,135)	(9,496)
Net liability at end of the year		62,724	68,550
11.2.1 Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		137,998	114,868
Current service cost		5,548	4,809
Interest cost		12,717	14,591
Benefits paid		(15,135)	(9,496)
Actuarial (gain) / loss on present value of defined benefit obligation		(9,812)	13,226
Present value of defined benefit obligation		131,316	137,998
11.2.2 Movement in the fair value of plan assets is as follows:			
Fair value of plan assets at beginning of the year		69,448	69,635
Expected return on plan assets		15,135	9,225
Contributions made during the year		6,771	9,496
Benefits paid during the year		(15,135)	(9,496)
Actuarial loss on plan assets		(7,627)	(9,412)
Fair value of plan assets at end of the year		68,592	69,448

	2016	2015
	(Rupees in thousand)	
Fair value of plan assets is as follows:		
NIB Bank including accrued interest	37,000	37,000
NAFA Government Securities Liquid Fund	14,449	13,875
Trust Investment Bank including accrued interest	15,000	15,000
Cash at bank	2,143	3,573
	68,592	69,448

	2016	2015
Plan assets comprise of:		
Equity	21.06%	19.98%
Cash at bank	78.94%	80.02%
	100.00%	100.00%

	2016	2015
	(Rupees in thousand)	
11.2.3 Charge for the year:		
In profit and loss account		
Current service cost	5,548	4,809
Interest cost	12,717	14,591
Expected return on plan assets	(6,771)	(9,225)
	11,494	10,175
In other comprehensive income		
Actuarial (gain) / loss on retirement benefits - net	(2,185)	22,638
	9,309	32,813
11.2.4 Movement in actuarial gain is as follows:		
As at beginning of the year	-	-
Actuarial loss on plan assets	7,627	9,412
Actuarial (gain) / loss on defined benefit obligation	(9,812)	13,226
Unrecognized actuarial (gain) / loss on defined benefit obligation recognized in other comprehensive income	2,185	(22,638)
As at end of the year	-	-

	2016	2015
Actuarial assumptions:		
The following are the principal actuarial assumptions at 30 June:		
Discount rate used for year end obligation	7.25%	9.75%
Expected return on plan assets	9.75%	9.75%
Expected rate of growth per annum in future salaries	6.25%	8.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement assumptions	60 years	60 years

11.2.5 The MLCFL expect to charge Rupees 9.62 million to consolidated profit and loss account on account of define benefit plan in 2017.

11.2.6 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2016 would have been as follows:

	Gratuity Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	124,305	130,508
Future salary increase + 100 bps	139,050	146,271

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

As at 30 June 2016 the weighted average duration of the defined benefit obligation is six years (2015: six years).

12. DEFERRED INCOME TAX LIABILITY

This comprises of following:

	2016	2015
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences in respect of:		
- Accelerated tax depreciation	3,205,599	3,526,891
- Surplus on revaluation of investments	32,003	10,420
	3,237,602	3,537,311
Deductible temporary differences:		
- Tax losses carry forward	-	(706,403)
- Lease finances	(52,526)	(79,645)
- Provision for doubtful debts	-	(1,027)
- Provision for slow moving stores and spares	(214)	(221)
- Employees retirement benefits	(29,826)	(29,287)
- Minimum tax recoverable against normal tax charge in future years	-	(1,248,602)
	(82,566)	(2,065,185)
	3,155,036	1,472,126

	Note	2016	2015
		(Rupees in thousand)	

13. TRADE AND OTHER PAYABLES

	Note	2016	2015
Creditors		1,312,088	1,759,464
Bills payable - secured	13.1	53,375	1,170
Accrued liabilities	13.2	878,895	1,181,018
Security deposits, repayable on demand	13.3	54,076	125,534
Advances from customers		312,698	182,349
Contractors' retention money		47,952	24,815
Royalty and excise duty payable		31,645	29,002
Workers' profit participation fund	13.4	967,132	586,394
Workers' welfare fund		152,431	7,062
Excise duty payable		192,379	189,039
Other taxes payable		-	47,165
Unclaimed dividend		49,309	8,497
Withholding tax payable		27,306	7,751
Payable to employees' provident fund trust		7,791	5,804
Sales tax payable		332,980	386,416
Others		147,816	63,148
		4,567,873	4,604,628

13.1 These facilities have been obatined from various banking companies for working capital requirement and are secured by charge over current and future assets of MLCFL, personal guarantees of the directors, pledge of stock, lien over import documents and title of owner ship of goods imported under letters of credit.

13.2 This includes Rupees 298.526 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to June 2016. The Group, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, the Group has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rupees 76.676 million has been imposed on the Group, which has not been recorded in these consolidated financial statements based on the opinion of legal advisor. The management is hopeful that the Group will not be required to pay the default surcharge.

13.3 This represents interest free security deposits received from distributors and contractors of the Subsidiary Company (MLCFL). Distributors and contractors have given the Subsidiary Company (MLCFL) a right to utilize deposits in ordinary course of business.

	2016	2015
	(Rupees in thousand)	

13.4 Workers' profit participation fund (WPPF)

	2016	2015
Balance as on 01 July	586,394	379,983
Add: Allocation and Interest for the year	533,232	306,264
	1,119,626	686,247
Less: Payments during the year	(152,494)	(99,853)
	967,132	586,394

13.4.1 The outstanding WPPF liability includes Rupees 379.77 million being the left over amount out of the total WPPF liability of Rupees 468.89 million pertaining to the financial year ended 30 June 2012 to 30 June 2015. The amount is payable to the Workers Welfare Fund (WWF) as decided by the Honorable Lahore High Court through order dated 04 May 2016.

	Note	2016	2015
		(Rupees in thousand)	

14. ACCRUED MARK-UP

Long term financing		26,109	32,407
Redeemable capital		440	23,672
Short term borrowings		61,296	115,174
Liabilities against assets subject to finance lease		1,298	1,040
		89,143	172,293

14.1 Interest \ mark up accrued on all loans are from conventional banks.

15. SHORT TERM BORROWINGS

	Note	2016	2015
From banking companies - secured			
Short term running finances	15.1 & 15.2	543,766	2,482,932
Other short term finances	15.1 &15.3	2,107,350	2,092,623
State Bank of Pakistan (SBP) refinances	15.1 & 15.4	2,290,000	1,565,000
		4,941,116	6,140,555
Temporary bank overdraft - unsecured	15.5	17,204	11,775
		4,958,320	6,152,330

15.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw material, charge on current assets of the Group including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor directors. These form part of total credit facilities of Rupees 10,334 million (2014: Rupees 10,363 million).

15.2 The rates of mark up range from 8.10% to 19% (2015: 9.86% to 12.71%) per annum on balance outstanding.

15.3 The rates of mark up range from 2.0% to 21.90% (2015: 2.50% to 24.00%) per annum on balance outstanding.

15.4 The rates of mark up range from 3.5% to 4.5% (2015: 6% to 7.5%) per annum on balance outstanding.

15.5 This represents temporary overdraft due to cheques issued in excess of balance with banks which will be presented for payment in subsequent period.

	Note	2016	2015
		(Rupees in thousand)	

16. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long term financing	7	160,469	620,493
Redeemable capital	8	-	1,500,000
Liabilities against assets subject to finance lease	9	191,941	149,761
		352,410	2,270,254

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Holding Company

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2003 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, another appeal for tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221, through which order of the Assessing Officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. No provision has been made in these financial statements as the Company is hopeful of favourable outcome of these cases.

b) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for tax year 2004. The loss for the tax year 2004 was assessed at Rupees 255.684 million reducing refund to Rupees 7.499 million. The matter was decided in favour of the Company. However, department filed an appeal in The Honorable Lahore High Court, Lahore against the decision. No provision has been made in these financial statements since the Company is confident about favourable outcome of the case.

c) The Company has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals). CIR(A) upheld the order passed under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2008, wherein taxable income was assessed at Rupees 226.128 million, creating a demand of Rupees 120.827 million. The Company has also filed an appeal before Commissioner Inland Revenue (Appeals) against reassessment of the same tax year wherein income was assessed at Rupees 36.182 million. No provision has been made in these financial statements as the Company is hopeful of a favourable outcome.

d) The Company and the tax authorities have filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 92.071 million (2015: Rupees 89.616 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

e) The Company has filed recovery suits in Civil Courts amounting to Rupees 15.203 million (2015: Rupees 15.203 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favourable outcome of the cases.

f) The Company has filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 72.811 million (2015: Rupees 72.811 million). No provision has been made in these financial statements, since the Company is confident about favourable outcome.

g) The Company has filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Company. The Company has provided a guarantee of Rupees 4.254 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favourable outcome.

h) The Company and employees have filed one (2015: one) case before Punjab Labour Court and two (2015: six) cases before Punjab Labour Appellate Tribunal regarding reinstatement into service of two (2015: three) employees dismissed from their jobs. No provision has been made in these financial statements, since the Company is confident about favourable outcome of the cases.

i) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 243.282 million (2015: Rupees 242.068 million).

Subsidiary Company - Maple Leaf Cement Factory Limited

a) The Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials; the amount involved pending adjudication before the Honorable Lahore High Court is Rupees 10.01 million. No provision has been made in these consolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

b) The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rupees 12.35 million was rejected and the Company was held liable to pay an amount of Rupees 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

c) The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable Lahore High Court in favor of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rupees 1,386.72 million was raised by the FBR out of which an amount of Rupees 269.33 million was deposited by the Company as undisputed liability. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

d) The Customs Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of Honorable Sindh High Court, which held that dump trucks were part of plant and machinery and the Tribunal had rightly subjected them to concessionary rate of duty. The Company had paid excess customs duties amounting to Rupees 7.35 million on these trucks. The appeal is pending adjudication before the Honorable Supreme Court of Pakistan. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

e)The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

f) Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rupees 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition no. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

g) The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rupees 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

h) The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rupees 0.59 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

i) The Company has preferred an appeal against the order in original No. 576/99 dated 18 September 1999, whereby the Company was denied the benefit of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. Accordingly the demand of Rupees 0.81 million was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 2009. The Company has filed petition before the Honorable Lahore High Court, which is pending adjudication. A rectification application under section 194 is also pending before the Customs, Federal Excise and Sales Tax Appellate Tribunal beside the customs reference. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

j) Surcharge of Rupees 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The titled petition is currently pending before the Honorable Lahore High Court. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

k) The Honorable Sindh High Court through its order dated March 01, 2013 declared the amendments made in the WWF Ordinance, 1971 through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rupees 377.95 million (2015: Rupees 235.65 million). However, these financial statements does not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Honorable Sindh High Court and that the Honorable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

l) The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 10 May 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rupees 34.60 million for the tax year 2010 was leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has been disposed through appellate order dated 09 July 2014 in favour of the Company. The appeal order has not yet been issued by the department in this respect.

m) The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 02 February 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rupees 35.69 million was also leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.

n) Through ONO No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors and raised a demand of principal sales tax and FED aggregating to Rupees 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such ONO under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (appeals).

It is, however, appropriate to highlight that the Company has also filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand. The Honorable Lahore High Court has ordered that the tax department be restrained from taking any measures against the Company.

o) Through Order-In-Original No. 10/2011 dated 30 July 2011, Company's refund claim of Central Excise Duty (CED) of Rupees 913.01 million representing the excess payment of duty based on an inadvertent computation of related 'retail price' of cement products manufactured and supplied by the Company, was rejected principally on the grounds that related incidence of duty has been passed on to the consumers and hence the resultant refund claim is hit by the mischief of provisions of then applicable section 3(d) of the Central Excise Act, 1944.

The preferred appeal against the said order before the CIR(A) both on legal as well as factual grounds, however, such appeal was not entertained by the Commissioner of Inland Revenue (Appeals) and accordingly, the matter has been further agitated in appeal by the Company before the Appellate Tribunal Inland Revenue (ATIR).

p) Company filed appeals before appellate tribunal inland revenue (ATIR) against commissioner inland revenue (CIR appeals) order for tax years 2009, 2010 and 2014. The Appellate Tribunal Inland Revenue (ATIR) have accepted all issues except for the issue of apportionment of expense to dividend income and investment income which was remanded back to the taxation officer. The company has filed an application with the tax department for issuance of appeal effects of aforementioned appellate order. The tax department has assailed the relief granted by CIR (A) to the company before ATIR and these appeals are pending and judication. We consider that reasonable grounds exist to support the company's position in respect of issues raised and thus outcome of aforementioned appeals is excepted to be favorable.

q) The Additional Commissioner Inland Revenue (ACIR) through a notice u/s 122(9) b/122(5A) of the Income Tax Ordinance 2001 dated 14 May 2016, initiated proceeding against the Company intending to amend the deemed assessment of various issues. Reply has been filed, however no amendment order has yet been passed by ACIR.

r) Through notice dated 19 February 2016 issued under section 122 (9) / 122 (5A) of the Income Tax Ordinance 2001, the Company was confronted on the issue of non-charging of Super Tax imposed under section 4B of the Income Tax Ordinance 2001. The subject notice was challenged by the Company through filling a writ petition before Honorable Lahore High Court. Further, Honorable Lahore High Court through its interim order, has directed the department not to pass any order in pursuance of the subject notice.

s) Guarantees given by banks on behalf of the Company are of Rupees 463.32 million (2015: Rupees 412.75 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

17.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 3,951.157 million (2015: Rupees 83.738 million).

b) Letters of credit other than for capital expenditure amount to Rupees 1,548.526 million (2015: Rupees 1,089.298 million).

	2016	2015
	(Rupees in thousand)	
18. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 18.1)		
Owned	23,545,678	23,621,130
Leased	455,459	566,890
Capital work in progress (Note 18.5)	1,447,793	129,582
	25,448,930	24,317,602

18.1 Operating Fixed Assets

	Owned Assets													Leased Assets		
	Freehold land	Office building	Factory and other building	Residential and other building	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixture	Office equipment	Vehicles	Quarry equipment	Share of joint assets	Total	Plant and machinery	Vehicles	Total
	(Rupees in thousand)															
At 30 June 2014																
Cost / revalued amount	2,852,594	33,668	5,525,367	114,364	30,497,485	44,000	69,692	323,824	36,876	283,248	197,795	6,000	39,984,913	969,149	2,589	971,738
Accumulated depreciation	-	(7,201)	(2,265,319)	(54,173)	(13,420,287)	(28,829)	(60,283)	(199,803)	(18,957)	(155,887)	(158,228)	(4,236)	(16,373,203)	(251,164)	(150)	(251,314)
Net book value	2,852,594	26,467	3,260,048	60,191	17,077,198	15,171	9,409	124,021	17,919	127,361	39,567	1,764	23,611,710	717,985	2,439	720,424
Year ended 30 June 2015																
Opening net book value	2,852,594	26,467	3,260,048	60,191	17,077,198	15,171	9,409	124,021	17,919	127,361	39,567	1,764	23,611,710	717,985	2,439	720,424
Additions	147,840	-	285,736	-	1,030,650	1,726	2,286	65,949	3,876	92,151	-	-	1,630,214	74,440	55	74,495
Transfer out:																
Cost	-	-	-	-	280,000	-	-	-	-	-	-	-	280,000	(280,000)	-	(280,000)
Accumulated depreciation	-	-	-	-	(81,065)	-	-	-	-	-	-	-	(81,065)	81,065	-	81,065
	-	-	-	-	198,935	-	-	-	-	-	-	-	198,935	(198,935)	-	(198,935)
Disposals:																
Cost	-	-	(30,714)	-	(185,132)	-	(221)	(8,952)	(502)	(26,895)	-	-	(252,416)	-	-	-
Accumulated depreciation	-	-	18,296	-	112,794	-	170	6,757	214	20,175	-	-	158,406	-	-	-
	-	-	(12,418)	-	(72,338)	-	(51)	(2,195)	(288)	(6,720)	-	-	(94,010)	-	-	-
Depreciation charge	-	(370)	(230,108)	(3,381)	(1,426,936)	(1,661)	(3,332)	(21,678)	(2,016)	(29,992)	(6,088)	(157)	(1,725,719)	(28,688)	(406)	(29,094)
Closing net book value	3,000,434	26,097	3,303,258	56,810	16,807,509	15,236	8,312	166,097	19,491	182,800	33,479	1,607	23,621,130	564,802	2,088	566,890
At 30 June 2015																
Cost / revalued amount	3,000,434	33,668	5,780,389	114,364	31,623,003	45,726	71,757	380,821	40,250	348,504	197,795	6,000	41,642,711	763,589	2,644	766,233
Accumulated depreciation	-	(7,571)	(2,477,131)	(57,554)	(14,815,494)	(30,490)	(63,445)	(214,724)	(20,759)	(165,704)	(164,316)	(4,393)	(18,021,581)	(198,787)	(556)	(199,343)
Net book value	3,000,434	26,097	3,303,258	56,810	16,807,509	15,236	8,312	166,097	19,491	182,800	33,479	1,607	23,621,130	564,802	2,088	566,890
Year ended 30 June 2016																
Opening net book value	3,000,434	26,097	3,303,258	56,810	16,807,509	15,236	8,312	166,097	19,491	182,800	33,479	1,607	23,621,130	564,802	2,088	566,890
Additions	-	-	286,964	2,049	1,251,172	6,734	13,622	71,640	2,543	79,804	-	-	1,714,528	-	-	-
Reclassification																
Cost	-	-	-	-	(139)	(2,186)	2,746	(3,285)	2,864	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	80	1,525	(1,025)	2,575	(3,155)	-	-	-	-	-	-	-
	-	-	-	-	(59)	(661)	1,721	(710)	(291)	-	-	-	-	-	-	-
Transfer out:																
Cost	-	-	-	-	81,065	-	-	-	-	-	-	-	81,065	(81,065)	-	(81,065)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	81,065	-	-	-	-	-	-	-	81,065	(81,065)	-	(81,065)
Revaluation surplus	125,509	-	-	-	-	-	-	-	-	-	-	-	125,509	-	-	-
Disposals:																
Cost	-	-	(21,140)	-	(365,775)	-	(237)	(188)	-	(20,483)	(12,772)	-	(420,595)	-	-	-
Accumulated depreciation	-	-	19,286	-	178,744	-	126	165	-	17,490	12,705	-	228,516	-	-	-
	-	-	(1,854)	-	(187,031)	-	(111)	(23)	-	(2,993)	(67)	-	(192,079)	-	-	-
Depreciation charge	-	(351)	(237,110)	(8,089)	(1,476,906)	(1,634)	(5,152)	(28,672)	(2,166)	(39,385)	(4,869)	(141)	(1,804,475)	(30,033)	(333)	(30,366)
Closing net book value	3,125,943	25,746	3,351,258	50,770	16,475,750	19,675	18,392	208,332	19,577	220,226	28,543	1,466	23,545,678	453,704	1,755	455,459
At 30 June 2016																
Cost / revalued amount	3,125,943	33,668	6,046,213	116,413	32,589,326	50,274	87,888	448,988	45,657	407,825	185,023	6,000	43,143,218	682,524	2,644	685,168
Accumulated depreciation	-	(7,922)	(2,694,955)	(65,643)	(16,113,576)	(30,599)	(69,496)	(240,656)	(26,080)	(187,599)	(156,480)	(4,534)	(19,597,540)	(228,820)	(889)	(229,709)
Net book value	3,125,943	25,746	3,351,258	50,770	16,475,750	19,675	18,392	208,332	19,577	220,226	28,543	1,466	23,545,678	453,704	1,755	455,459
Depreciation rate (%)	-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10	10	10 - 20	20	-

18.1.1 Freehold land of the Holding Company was revalued by an independent valuer Anderson Consulting (Private) Ltd. (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2016. Book value of land on cost basis is Rupees 160.105 million (2015: Rupees 160.105 million) as on 30 June 2016. Had there been no revaluation, the value of land would have been lower by Rupees 2,535.742 million (2015: Rupees 2,410.233 million). Freehold land of Subsidiary Company (MLCFL) was revalued by Arif Evaluators as at 22 June 2015. Book value of land on cost basis is Rupees 68.546 million (2015: Rupees 68.546 million) as on 30 June 2016. Had there been no revaluation, the value of land would have been lower by Rupees 2,780.948 million (2015: Rupees 2,780.948 million).

18.1.2 Borrowing cost of Rupees 3.516 million (2015: Rupees 7.242 million) was capitalized during the year using the capitalization rate ranging from 5.00% to 8.35% (2015: 8.5% to 11.68%) per annum.

18.2 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	--------------(Rupees in thousand) --------------						
Plant and Machinery							
Drawing Frame Complete 500-DS	5,877	3,649	2,228	1,467	(761)	Negotiation	M/s Asia Spinning Mills
Crossrol Carding Machine	9,153	7,840	1,313	4,182	2,869	Negotiation	M/s Global Industries
Auto Conner Savio Espero	16,464	10,773	5,691	1,862	(3,829)	Negotiation	M/s Salman Noman Enterprises
MK-4 Cards with chute feed	8,200	6,895	1,305	4,182	2,877	Negotiation	M/s Azad Textile Mills Limited
MK-5 Cards with all standard accessories	6,045	4,043	2,002	4,158	2,156	Negotiation	M/s North Star Textiles Limited
Generators Genbaucher - Alternators only	7,500	4,861	2,639	2,800	161	Insurance claim	EFU General Insurance Limited
Simplex FL-16	3,164	2,891	273	1,609	1,336	Negotiation	M/s Layallpur Textiles
Simplex FL-16	2,605	2,272	333	1,659	1,326	Negotiation	M/s Rustam Towel Limited
Scetcher blow room	1,417	1,279	138	484	346	Negotiation	Mr. Kashif Idrees
Retainer plate	3,466	451	3,015	393	(2,622)	Auction	Imtiaz Traders
Side line, rotor for fister, shut off gate, gripper assembly and chain strands set	6,221	2,482	3,739	488	(3,251)	Auction	Imtiaz Traders
Roller	9,664	2,798	6,866	895	(5,971)	Auction	Imtiaz Traders
Shaft	1,477	327	1,150	150	(1,000)	Auction	Imtiaz Traders
Service stage	4,112	539	3,573	466	(3,107)	Auction	Imtiaz Traders
Hammer	1,403	190	1,213	158	(1,055)	Auction	Imtiaz Traders
Chain Strand	3,481	437	3,044	397	(2,647)	Auction	Imtiaz Traders
Hose assembly,seal ring and gear wheel	513	64	449	59	(390)	Auction	Imtiaz Traders
Bearing	214	27	187	24	(163)	Auction	Imtiaz Traders
Sundries	4,038	564	3,474	453	(3,021)	Auction	Imtiaz Traders
Rotor for fister,gripper assembly and chain strands set	2,004	963	1,041	539	(502)	Auction	Muhammad Mushtaq
Shoval	6,920	4,053	2,867	1,483	(1,384)	Auction	Muhammad Mushtaq
Cylinder	756	296	460	238	(222)	Auction	Muhammad Mushtaq
Transformer	3,177	1,558	1,619	3,300	1,681	Auction	SN International
Side line,shut off gate and gripper assembly	32,131	11,266	20,865	3,824	(17,041)	Auction	SN International
Retainer plate	6,060	2,856	3,204	589	(2,615)	Auction	SN International
Inlet sector	8,979	3,980	4,999	1,306	(3,693)	Auction	SN International
Cylinder	10,402	2,376	8,026	988	(7,038)	Auction	SN International
Gear box complete	3,873	1,569	2,304	1,011	(1,293)	Auction	SN International
Wearing segments	10,795	4,352	6,443	2,829	(3,614)	Auction	SN International
Compressor	7,583	2,309	5,274	363	(4,911)	Auction	SN International
Oil well testing equipment	8,400	3,320	5,080	747	(4,333)	Auction	SN International
Hose assembly,seal ring and gear wheel	3,446	1,758	1,688	180	(1,508)	Auction	SN International
Silicon carbide	35,518	22,872	12,646	1,295	(11,351)	Auction	SN International
Magnesite majkor	28,900	18,732	10,168	1,018	(9,150)	Auction	SN International
Air blaster complete	7,634	1,260	6,374	731	(5,643)	Auction	SN International
Roller	952	210	742	102	(640)	Auction	SN International
Normal element	3,576	1,875	1,701	204	(1,497)	Auction	SN International
Rollers	5,319	4,787	532	186	(346)	Auction	SN International

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	--------------(Rupees in thousand) --------------						
Shaft	2,319	256	2,063	123	(1,940)	Auction	SN International
Bearing	5,168	1,339	3,829	536	(3,293)	Auction	SN International
Sluice assembly	9,763	1,047	8,716	520	(8,196)	Auction	SN International
Sundries	17,442	10,620	6,822	1,278	(5,544)	Auction	SN International
Shut off gate,gripper assembly and chain strands set	11,843	3,990	7,853	4,301	(3,552)	Insurance claim	EFU Insurance Co.
Magnesite majkor	27,656	15,573	12,083	6,617	(5,466)	Insurance claim	EFU Insurance Co.
Hammer	3,587	1,057	2,530	1,386	(1,144)	Insurance claim	EFU Insurance Co.
Air blaster complete	2,017	627	1,390	761	(629)	Insurance claim	EFU Insurance Co.
Wearing segments	3,698	985	2,713	1,486	(1,227)	Insurance claim	EFU Insurance Co.
Sundries	844	477	367	201	(166)	Insurance claim	EFU Insurance Co.
Libherr buldozer	10,649	10,585	64	50	(14)	Auction	
	376,425	189,330	187,095	64,078	(123,017)		
Vehicles							
Suzuki Cultus- RIZ-7322	574	473	101	425	324	Negotiation	Mr. Asim Nazir
Suzuki Cultus- RLA-8234	599	480	119	430	311	Negotiation	Mr. Asim Nazir
Suzuki Cultus- RLA-3587	350	252	98	510	412	Negotiation	Mr. Nisar Ahmed
Suzuki Cultus- RLA-8235	600	481	119	450	331	Negotiation	Mr. Muhammad Nawaz
Mercedes-Benz- LRZ-6000	4,581	3,774	807	2,625	1,818	Negotiation	Miss Fouzia Aisha Gulzar
Suzuki Cultus- RLA-3588	348	256	92	413	321	Negotiation	Mr. Nasir Ahmed
Honda Civic- RLE-152	1,076	823	253	878	625	Negotiation	Mr. Rizwan Mazhar
Suzuki Cultus- RIY-7720	798	676	122	671	549	Negotiation	Mr. Shahid Baig
Suzuki Cultus- RLB-6172	502	402	100	393	293	Negotiation	Mr. Muhammad Nasir
Toyota Corolla Saloon- RIZ-9770	1,201	1,003	198	250	52	Negotiation	Mr. Syed Ali Athar
Suzuki Cultus- RLA-8477	602	491	111	468	357	Negotiation	Mr. Nisar Ahmed
Sazuki Liana- AML-926	849	652	197	438	241	Negotiation	Mr. Munawar Tariq
Suzuki Cultus LEA -9230	600	440	160	350	190	Negotiation	Mr.Fayaz-Ur-Rehaman
Suzuki Bolan LWC-6000	425	334	91	280	189	Negotiation	Mr. Waqas Nasir
Suzuki Bolan LEC-3661	372	280	92	250	158	Negotiation	Mr. Muhammad Ashfaq
Toyota Corolla	1,316	1,160	156	911	755	Auction	Mr. Malik Adnan Waheed
	14,793	11,977	2,816	9,742	6,926		
Buildings on freehold land							
Bachelor hostel and offices	6,268	5,953	315	4,282	3,967	Auction	Maqsood Brothers Faisalabad
Offices and shed	3,966	3,431	535	58	(477)	Auction	SN International
Wash room parts of Packing plant	802	142	660	67	(593)	Auction	SN International
Old packing plant building (OW)	2,273	2,222	51	718	667	Auction	Maqsood Brothers Faisalabad
Burner platform	1,893	1,829	64	7	(57)	Auction	SN International
RCC shed	1,116	990	126	14	(112)	Auction	SN International
	16,318	14,567	1,751	5,146	3,395		
	407,536	215,874	191,662	78,966	(112,696)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	13,059	12,642	417	9,505	9,088		
	420,595	228,516	192,079	88,471	(103,608)		

	Note	2016	2015
		(Rupees in thousand)	
18.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	31	1,770,731	1,698,729
Administrative expenses	33	63,964	56,084
Capital work in progress		145	-
		1,834,840	1,754,813

18.4 Ownership of the housing colony's assets included in the operating fixed assets is shared by the Subsidiary Company jointly with Agritech Limited (formerly Pak American Fertilizer Limited) in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits.

	2016	2015
	(Rupees in thousand)	
18.5 Capital work in progress		
Tangible assets		
Plant and machinery	67,907	100,523
Civil Works	587,417	-
Mechanical & electrical works	10,737	-
Other directly attributable costs	35,257	13,093
Depreciation	145	-
Letters of credit	70,280	-
Un-allocated capital expenditure	-	1,001
Store held for capitalization	7,437	-
Advances to suppliers against:		
Plant and machinery	464,949	9,788
Civil works	144,544	-
Electrical Items	33,929	-
Purchase of land	-	2,000
Furniture & fixture	11,043	-
Vehicles	5,891	3,177
Others	8,257	-
	1,447,793	129,582

19. INVESTMENT PROPERTIES

	2016	2015
Year ended 30 June		
Opening net book amount	1,783,133	1,781,133
Fair value gain	925	2,000
Closing net book amount	1,784,058	1,783,133

19.1 The fair value of investment properties comprising land and building, situated at Lahore and Rawalpindi have been determined by independent valuers having relevant professional qualifications.

	Note	2016	2015
		(Rupees in thousand)	

20. LONG TERM LOANS TO EMPLOYEES - SECURED

	Note	2016	2015
House building		3,261	3,677
Vehicles		2,553	2,628
Others		3,977	4,096
		9,791	10,401
Less: Current portion shown under current assets	25	4,163	3,888
		5,628	6,513

20.1 These loans are secured against employees' retirement benefits of Subsidiary Company (MLCFL) and carry interest at the rates ranging from 6.00% to 12.00% per annum (2015: 6.00% to 12.00% per annum). These loans are recoverable in 30 to 120 monthly installments.

20.2 This includes loans to executive amounting to Rupes 2.580 million (2015: Rupees 2.750 million). Further, no amount was due from directors and chief executive officer at the year end (2015: Rupees Nil).

	Note	2016	2015
		(Rupees in thousand)	

21. LONG TERM DEPOSITS

	Note	2016	2015
Security deposits		121,817	120,814
Less: Current portion shown under current assets		(5,908)	(5,598)
		115,909	115,216

22. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
Stores	22.1	3,151,079	2,294,649
Spare parts		2,700,978	2,316,768
Loose tools		52,487	43,309
		5,904,544	4,654,726
Less: Provision against slow moving items	22.2	(2,552)	(2,552)
		5,901,992	4,652,174

22.1 This includes stores in transit of Rupees 1,257.040 million (2015: Rupees 721.310 million).

	Note	2016	2015
		(Rupees in thousand)	

22.2 Provision against slow moving items

	Note	2016	2015
As at 01 July		2,552	42,895
Add: Provision for the year	34	-	690
Less: Provision reversed during the year		-	(41,033)
As at 30 June		2,552	2,552

	Note	2016	2015
		(Rupees in thousand)	

23. STOCK-IN-TRADE

	Note	2016	2015
Raw materials	23.1	1,134,148	925,821
Packing materials		168,590	141,816
Work-in-process		1,015,593	1,343,587
Finished goods		771,216	851,637
		3,089,547	3,262,861
Less: Cement stock written off	31	13,072	68,685
		3,076,475	3,194,176

23.1 Raw materials include stock in transit of Rupees 28.902 million (2015: Rupees 117.880 million).

23.2 Stock in trade of Rupees 91.390 million (2015: Rupees 454.378 million) is being carried at net realizable value.

23.3 The aggregate amount of write-down of inventories to net realizable value recognized during the year was Rupees 0.200 million (2015: Rupees 81,479 million).

23.4 Stock in trade includes stock of Rupees 83.178 million (2015: Rupees 69.355 million) with external parties for processing.

	Note	2016	2015
		(Rupees in thousand)	

24. TRADE DEBTS

	Note	2016	2015
Considered good:			
Secured (against letters of credit)		423,731	502,716
Unsecured		1,183,131	1,198,168
		1,606,862	1,700,884
Considered doubtful:			
Others - unsecured		-	3,423
		1,606,862	1,704,307
Provision for doubtful debts	24.1	-	3,423
		1,606,862	1,700,884

24.1 Movement in provision for doubtful debts

	Note	2016	2015
As at 01 July		3,423	11,517
Add: Provision for the year	34	620	23,273
		4,043	34,790
Written off during the year		4,043	31,367
As at 30 June		-	3,423

24.2 As at 30 June 2016, trade debts of Rupees 877.020 million (2015: Rupees 855.911 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	2016	2015
	(Rupees in thousand)	
Upto 1 month	627,713	484,329
1 to 6 months	118,605	274,893
More than 6 months	130,702	96,689
	877,020	855,911

24.3 As at 30 June 2016, trade debts of Rupees 34.790 million (2015: Rupees 17.463 million) were impaired and provided for / written off. The aging of these trade debts was more than three years.

	Note	2016	2015
		(Rupees in thousand)	
25. LOANS AND ADVANCES - Unsecured, considered good			
Loans and advances to employees:			
- Executives		43,529	23,381
- Other employees		1,279	1,536
- Current portion of long term loans to employees	20	4,163	3,888
		48,971	28,805
Advances to suppliers	25.1	939,985	1,047,445
Letters of credit		25,935	25,608
		1,014,891	1,101,858

25.1 This includes an amount of Rupees 318.550 million (2015: 698.540 million) advanced to Ministry of Railways for transportation of coal and cement.

	2016	2015
	(Rupees in thousand)	
26. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS		
Short term deposits including current portion of long term deposits	7,030	6,720
Margin against:		
- Letters of credit	9,353	6,891
- Bank guarantees	59,229	59,104
Prepayments	23,636	41,178
	99,248	113,893

	Note	2016	2015
		(Rupees in thousand)	

27. OTHER RECEIVABLES

Considered good:

	Note	2016	2015
Sales tax refundable	27.1	789,685	490,000
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	30,363
Export rebate		85,696	83,963
Insurance claims		5,559	3,300
Duty draw back receivable		46,276	48,262
Others		152,704	116,520
		1,099,546	788,401

27.1 It includes Rupees 16.797 million paid to Government under protest for various cases which have been decided in favour of the Subsidiary Company (MLCFL).

	Note	2016	2015
		(Rupees in thousand)	

28. SHORT TERM INVESTMENTS

	Note	2016	2015
Held-to-maturity investment - other than related parties	28.1	323,955	49,645
Investments at fair value through profit or loss	28.2	2,298,672	2,375,404
		2,622,627	2,425,049

28.1 Held-to-maturity investment - other than related parties

	Note	2016	2015
Commercial papers	28.1.1	-	46,546
Treasury bills	28.1.2	323,955	-
		323,955	46,546

28.1.1 These commercial papers were issued by Pak Electron Limited in the form of unsecured promissory notes for the period of six months. These carry profit at the rate of 6 months KIBOR plus 2.5% per annum.

28.1.2 This represents investment in treasury bills for the period of six months. These carry treasury bills profit at the rate of 6.18% per annum.

28.2 Investments at fair value through profit or loss

	2016			2015		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	(Rupees in thousand)					
Holding Company						
Shares in listed companies						
Pakistan Reinsurance Company Limited 25,000 (2015: 25,000) fully paid ordinary shares of Rupees 10 each	723	34	757	648	75	723
Samin Textiles Limited 30,000 (2015: 30,000) fully paid ordinary shares of Rupees 10 each	272	(56)	216	405	(133)	272
D. S. Industries Limited 20,000 (2015: 20,000) fully paid ordinary shares of Rupees 10 each	80	(25)	55	82	(2)	80
Pervez Ahmed Securities Limited 25,000 (2015: 25,000) fully paid ordinary shares of Rupees 10 each	60	(18)	42	104	(44)	60
Bank AL Habib Limited 1,542,000 (2015: 1,542,000) fully paid ordinary shares of Rupees 10 each	67,771	(1,280)	66,491	72,644	(4,873)	67,771
Kohinoor Energy Limited 276,000 (2015: 276,000) fully paid ordinary shares of Rupees 10 each	13,938	(2,567)	11,371	13,455	483	13,938
Habib Metropolitan Bank Limited 446,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	13,874	(1,221)	12,653	-	-	-
Cherat Cement Company Limited 500,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	46,710	13,075	59,785	-	-	-
Hum Network Limited 1,000,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	16,959	(6,679)	10,280	-	-	-
Orix Leasing Pakistan Limited 227,500 (2015: Nil) fully paid ordinary shares of Rupees 10 each	14,640	(3,395)	11,245	-	-	-
Standard Chartered Services of Pakistan (Pvt.) Limited 150,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	4,810	(1,060)	3,750	-	-	-
National Refinery Limited 25,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	8,929	2,956	11,885	-	-	-
Shifa International Hospitals Limited 98,700 (2015: Nil) fully paid ordinary shares of Rupees 10 each	28,616	994	29,610	-	-	-
Tariq Glass Industries Limited 200,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	14,412	378	14,790	-	-	-
D.G. Khan Cement Company Limited 975,000 (2015: 900,000) fully paid ordinary shares of Rupees 10 each	143,116	42,612	185,728	120,588	7,905	128,493
The Hub Power Company Limited 1,651,900 (2015: 1,779,500) fully paid ordinary shares of Rupees 10 each	156,528	41,799	198,327	160,515	5,993	166,508
Honda Atlas Cars (Pakistan) Limited 310,900 (2015: 296,100) fully paid ordinary shares of Rupees 10 each	71,172	40,469	111,641	65,736	(984)	64,751
Pak Suzuki Motor Company Limited 300 (2015: Nil) fully paid ordinary shares of Rupees 10 each	137	(22)	115	-	-	-
Indus Motor Company Limited 4,900 (2015: Nil) fully paid ordinary shares of Rupees 10 each	5,145	(541)	4,604	-	-	-
Shell Pakistan Limited 191,100 (2015: Nil) fully paid ordinary shares of Rupees 10 each	45,127	10,332	55,459	-	-	-
Mari Petroleum Company Limited 55,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each	37,709	12,243	49,952	-	-	-
Attock Petroleum Limited Nil (2015: 119,600) fully paid ordinary shares of Rupees 10 each	-	-	-	63,954	3,885	67,840
Baifo Industries Limited Nil (2015: 15,500) fully paid ordinary shares of Rupees 10 each	-	-	-	2,909	168	3,077
Engro Corporation Limited Nil (2015: 100,000) fully paid ordinary shares of Rupees 10 each	-	-	-	29,467	213	29,680
IGI Insurance Limited Nil (2015: 105,900) fully paid ordinary shares of Rupees 10 each	-	-	-	23,929	(2,231)	21,698
International Industries Limited Nil (2015: 100,000) fully paid ordinary shares of Rupees 10 each	-	-	-	7,106	(392)	6,714
Kot Addu Power Company Limited Nil (2015: 1,055,000) fully paid ordinary shares of Rupees 10 each	-	-	-	88,548	2,224	90,772
Nishat Chunian Power Limited Nil (2015: 997,000) fully paid ordinary shares of Rupees 10 each	-	-	-	59,910	(689)	59,221
	690,728	148,028	838,756	710,000	11,598	721,598
Subsidiary Company - MLCL						
Mutual funds						
ABL Cash Fund 9,989,558 (2015: 25,698,387) units	100,129	(3)	100,126	257,064	393	257,457
Askari Sovereign Cash Fund 874 (2015: 0) units	92	(4)	88	-	-	-
Alfalah GHP Sovereign Fund 963 (2015: 0) units	103	(2)	101	-	-	-
Faysal Money Market Fund 497,408 (2015: 0) units	50,310	(12)	50,298	-	-	-
NAFA Money Market Fund 14,823 (2015: 0) units	153	(7)	146	-	-	-
PICIC Income Fund 968 (2015: 0) units	104	(2)	102	-	-	-
Primus Income Fund 977 (2015: 0) units	106	(5)	101	-	-	-
UBL Money Market Fund 1,004 (2015: 0) units	104	(3)	101	-	-	-
	151,101	(38)	151,063	257,064	393	257,457

	2016			2015		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	------------ (Rupees in thousand) ------------					
Shares in listed companies						
National Refinery Limited 65,001 (2015: 1) fully paid ordinary shares of Rupees 10 each	23,249	7,652	30,901	-	-	-
Shell Pakistan Limited 72,801 (2015: 1) fully paid ordinary shares of Rupees 10 each	20,158	970	21,128	-	-	-
Cherat Cement Company Limited 1,069,501 (2015: 1) fully paid ordinary shares of Rupees 10 each	113,864	14,016	127,880	-	-	-
DG Khan Cement Company Limited 221,701 (2015: 943,501) fully paid ordinary shares of Rupees 10 each	40,693	1,539	42,232	125,782	8,922	134,704
Gharibwal Cement Limited 825,417 (2015: 1) fully paid ordinary shares of Rupees 10 each	34,659	4,548	39,207	-	-	-
Pioneer Cement Limited 500,001 (2015: 1) fully paid ordinary shares of Rupees 10 each	50,735	2,965	53,700	-	-	-
Biafo Industries Limited 126,601 (2015: 263,401) fully paid ordinary shares of Rupees 10 each	25,134	7,782	32,916	51,680	613	52,293
Colgate-Palmolive (Pakistan) Limited 11,360 (2015: 11,360) fully paid ordinary shares of Rupees 10 each	17,233	91	17,324	21,685	(4,452)	17,233
Nishat (Chunian) Limited 860,001 (2015: 1) fully paid ordinary shares of Rupees 10 each	31,496	(1,035)	30,461	-	-	-
Hub Power Company Limited 1,579,001 (2015: 2,406,501) fully paid ordinary shares of Rupees 10 each	156,317	33,258	189,575	193,932	31,245	225,177
Kohinoor Energy Limited 1,107,501 (2015: 1,376,501) fully paid ordinary shares of Rupees 10 each	55,929	(10,300)	45,629	67,528	1,986	69,514
Nishat Chunian Power Limited 1,284,501 (2015: 1,249,001) fully paid ordinary shares of Rupees 10 each	66,794	719	67,513	66,131	8,059	74,190
Bank AL Habib Limited 749,001 (2015: 1,100,001) fully paid ordinary shares of Rupees 10 each	31,457	840	32,297	50,350	(2,005)	48,345
Habib Metropolitan Bank Limited 1,500,001 (2015: 1) fully paid ordinary shares of Rupees 10 each	47,224	(4,669)	42,555	-	-	-
Standard Chartered Modaraba 813,001 (2015: 596,001) fully paid ordinary shares of Rupees 10 each	24,577	(4,252)	20,325	15,777	2,103	17,880
Orix Leasing Pakistan Limited 289,502 (2015: 2) fully paid ordinary shares of Rupees 10 each	17,356	(3,046)	14,310	-	-	-
Honda Atlas Cars (Pakistan) Limited 450,301 (2015: 468,001) fully paid ordinary shares of Rupees 10 each	113,200	48,499	161,699	100,285	2,058	102,343
Indus Motor Company Limited 251 (2015: 1) fully paid ordinary shares of Rupees 10 each	234	2	236	1	-	1
Pak Suzuki Motor Company Limited 1,601 (2015: 1) fully paid ordinary shares of Rupees 10 each	653	(41)	612	-	-	-
Crescent Steel and Allied Products Limited 598,801 (2015: 1,001) fully paid ordinary shares of Rupees 10 each	58,067	10,562	68,629	52	-	52
Dost Steels Limited 2,000,000 (2015: 0) fully paid ordinary shares of Rupees 10 each	32,890	(7,330)	25,560	-	-	-
International Steels Limited 976,501 (2015: 1) fully paid ordinary shares of Rupees 10 each	39,533	(4,750)	34,783	-	-	-
Tariq Glass Industries Limited 575,001 (2015: 1) fully paid ordinary shares of Rupees 10 each	37,590	4,931	42,521	-	-	-
HUM Network Limited 11,586,001 (2015: 6,036,001) fully paid ordinary shares of Rupees 10 each	162,503	(43,399)	119,104	85,647	11,472	97,119
Faran Sugar Mills Limited 205,001 (2015: 75,001) fully paid ordinary shares of Rupees 10 each	22,120	21	22,140	5,291	184	5,475
Mehran Sugar Mills Limited 15,001 (2015: 3,201) fully paid ordinary shares of Rupees 10 each	1,959	532	2,491	386	34	420
Mirpurkhas Sugar Mills Limited 90,001 (2015: 90,001) fully paid ordinary shares of Rupees 10 each	6,525	4,545	11,070	6,698	(173)	6,525
Other Listed companies 378 (2015: 7,817,036) fully paid ordinary shares of Rupees 10 each	56	(1)	55	550,270	(15,722)	534,548
	1,232,205	64,649	1,296,853	1,341,495	44,324	1,385,819
	1,383,306	64,611	1,447,916	1,598,559	44,717	1,643,276
Subsidiary Company - MLCFL						
Shares in listed company						
Next Capital Limited 1,500,000 (2015: 1,500,000) fully paid ordinary shares of Rupees 10 each	10,530	1,470	12,000	6,780	3,751	10,531
	2,084,564	214,109	2,298,672	2,315,339	60,066	2,375,405

28.3 Following ordinary shares of investee companies held by MLCL are pledged against short term borrowing obtained from Askari Bank Limited.

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Cherat Cement Company Limited 250,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each		29,893	-
Hub Power Company Limited 375,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each		45,023	-
DG Khan Cement Company Limited 200,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each		38,098	-
Crescent Steel and Allied Products Limited 200,000 (2015: Nil) fully paid ordinary shares of Rupees 10 each		22,922	-
		135,936	-

29. CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		20,873	2,836
Cash at bank:			
- On current accounts	29.1	410,406	219,251
- On saving accounts	29.1, 29.2	414,805	163,774
		825,211	383,025
		846,084	385,861

29.1 The balances in current and deposit accounts include US $ 223,630 (2015: US $ 212,207)

29.2 The balances in saving accounts carry interest ranging from 0.15% to 5.34% (2015: 0.1% to 10.50%) per annum.

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
30. SALES			
Export		11,629,284	12,047,908
Local	30.1	27,795,366	24,360,619
Export rebate		54,551	59,559
		39,479,201	36,468,086
30.1 Local sales		33,567,969	29,242,156
Less:			
Sales tax		4,459,103	3,799,189
Federal excise duty		1,194,966	935,201
Commission		118,534	147,147
		27,795,366	24,360,619

	Note	2016	2015
		(Rupees in thousand)	

31. COST OF SALES

	Note	2016	2015
Raw materials consumed	31.1	8,637,795	8,607,567
Salaries, wages and other benefits	31.2	2,020,376	1,755,969
Processing charges		4,628	6,028
Stores, spare parts and loose tools consumed		1,971,197	2,019,938
Packing materials consumed		1,938,091	1,869,039
Fuel and power		8,436,095	9,344,801
Repair and maintenance		650,706	605,193
Insurance		79,916	81,899
Other factory overheads		216,536	214,421
Cement stock written off	23	13,072	68,685
Depreciation	18.3	1,770,731	1,698,729
		25,739,143	26,272,269
Work-in-process			
Opening stock		1,343,587	1,236,313
Closing stock		(1,015,593)	(1,343,587)
		327,994	(107,274)
Cost of goods manufactured		26,067,137	26,164,995
Finished goods			
Opening stock		782,952	667,479
Closing stock		(771,216)	(851,637)
		11,736	(184,158)
Cost of sales		26,078,873	25,980,837

31.1 Raw materials consumed

	2016	2015
Opening stock	925,821	1,022,490
Add: Purchased during the year	8,846,122	8,510,898
	9,771,943	9,533,388
Less: Closing stock	(1,134,148)	(925,821)
	8,637,795	8,607,567

31.2 Salaries, wages and other benefits include provident fund contribution of Rupees 58.310 million (2015: Rupees 47.356 million), gratuity and compensated absences amounting to Rupees 8.370 million (2015: Rupees 18.620 million).

	Note	2016	2015
		(Rupees in thousand)	

32. DISTRIBUTION COST

	Note	2016	2015
Salaries and other benefits	32.1	143,966	121,915
Outward freight and handling		31,594	34,715
Clearing and forwarding		1,326,765	1,439,065
Commission to selling agents		146,052	134,315
Travelling and conveyance		72,401	67,044
Insurance		563	312
Vehicles' running		15,191	14,436
Electricity, gas and water		1,223	1,910
Postage, telephone and fax		7,402	10,583
Sales promotion and advertisement		158,409	79,451
Miscellaneous		30,556	30,230
		1,934,122	1,933,976

32.1 Salaries, wages and other benefits include provident fund contribution of Rupees 5.663 million (2015: 4.503 million), gratuity and compensated absences amounting to Rupees 3.570 million (2015: Rupees 2.760 million).

33. ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
Salaries and other benefits	33.1	428,603	346,038
Travelling and conveyance		107,690	53,350
Repair and maintenance		28,048	31,534
Rent, rates and taxes		4,889	6,290
Insurance		9,117	9,781
Vehicles' running		37,452	35,727
Printing, stationery and periodicals		29,924	22,533
Electricity, gas and water		2,193	4,653
Postage, telephone and fax		24,105	16,933
Legal and professional		63,229	55,474
Security, gardening and sanitation		33,338	31,499
Depreciation	18.3	63,964	56,084
Miscellaneous		131,879	101,819
		964,431	771,715

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 12.287 million (2015: Rupees 10.279 million), gratuity and compensated absences amounting to Rupees 2.710 million (2015: Rupees 3.980 million).

	Note	2016	2015
		(Rupees in thousand)	

34. OTHER EXPENSES

	Note	2016	2015
Auditors' remuneration	34.1	5,551	3,855
Donations	34.2	17,752	3,146
Loss on disposal of property, plant and equipment	18.2	103,608	1,400
Loss on disposal of investment		2,348	-
Provision for doubtful debts	24.1	620	23,273
Provision for slow moving stores and spares	22.2	-	690
Workers' profit participation fund		525,960	301,382
Advances written off		343	-
Workers Welfare Fund		139,881	7,062
Loss on sale of stores and spares		5,036	-
Expenses related to sale and purchase of short term investments		2,207	-
		803,306	340,808

34.1 Auditors' remuneration

	2016	2015
Riaz Ahmad and Company		
Audit fee	2,015	2,015
Reimbursable expenses	86	30
Certifications	117	60
	2,218	2,045
KPMG Taseer Hadi and Company		
Annual statutory audit	1,450	1,200
Interim audit and other certification	1,458	350
Out of pocket expenses	425	200
	3,333	1,750
	5,551	3,795

34.2 Donations for the year have been given to:

	2016	2015
Gulab Devi Hospital, Lahore	-	400
Pakistan Air Force (PAF), Mianwali	1,402	1,403
Miscellaneous donations in the form of cement	993	910
Lahore University of Management Sciences (LUMS)	-	100
National Tennis Academy	-	333
Punjab Institute of Cardiology (PIC), Lahore	10,000	-
Police Line, Mianwali	2,600	-
Civil Hospital, Mianwali	1,971	-
Bushra Shaheen	25	-
IT University Punjab	411	-
Founder Group	100	-
Earthquake Victims	250	-
	17,752	3,146

34.2.1 None of the directors and their spouses have any interest in the donee's fund.

	2016	2015
	(Rupees in thousand)	

35. OTHER INCOME

Income from financial assets:		
Exchange gain	-	38,919
Gain on disposal of investments at fair value through profit or loss - net	-	324
Gain on remeasurement of fair value of investments at fair value through profit or loss	214,107	60,065
Gain on disposal of short term investments	154,260	252,432
Reversal of doubtful debts	3,423	-
Unclaimed balances written off	8,670	-
Amortization of held to maturity investment	4,389	2,421
Return on bank deposits	19,535	18,351
Dividend income	139,437	49,788
	543,821	422,300
Income from non-financial assets:		
Scrap sales	29,197	57,513
Gain on remeasurement of investment property	925	2,000
Underwriting fee	-	1,500
Miscellaneous	2,898	9,444
	33,020	70,457
	576,841	492,757

36. FINANCE COST

Mark up / finance charges / interest on:		
Long term financing	75,365	184,677
Redeemable capital	180,382	524,240
Short term borrowings	371,107	708,230
Liabilities against assets subject to finance lease	28,866	22,111
Workers' profit participation fund	7,272	4,882
Employees' provident fund trust	-	40
	662,992	1,444,180
Exchange loss	52,084	-
Bank charges and commission	27,635	84,587
	79,719	84,587
	742,711	1,528,767

37. TAXATION

Current year		
Current tax	1,119,855	890,555
Deferred tax	1,682,367	671,106
	2,802,222	1,561,661
Prior year		
Current tax	52,925	(59,612)
	2,855,147	1,502,049

	2016	2015
	(Rupees in thousand)	
37.1 Reconciliation of tax charge for the year		
Profit before tax	9,532,599	
Tax on profit @ 32%	3,050,432	
Tax effect of lower rate on certain income / expenses	(530,052)	
Tax effect of exempt income / permanent differences	(296)	
Tax effect of super tax	268,765	
Tax effect on prior year adjustment	52,925	
Tax effect - others	13,373	
	2,855,147	

37.2 Tax charge reconciliation for the corresponding period has not been presented, being impracticable.

	Note	2016	2015
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		9,532,599	6,404,740
Adjustment for non-cash charges and other items:			
Depreciation		1,834,695	1,754,813
Finance cost		742,711	1,575,980
Loss on sale of property, plant and equipment		103,608	1,400
Loss / (Gain) on disposal of investments at fair value through profit or loss		2,348	(252,432)
Gain on remeasurement of investment properties		(925)	(2,000)
Amortization of held to maturity investment		(4,389)	(2,421)
Dividend income		(55,164)	(49,788)
Provision for doubtful debts		(2,803)	23,273
Stock in trade written off		13,072	68,685
Advances written off		343	-
Provision for slow moving stores and spares		-	690
Provision for slow moving stores and spares reversed		-	(41,033)
Employees' retirement benefits		35,303	261,683
Return on bank deposits		(19,086)	(18,351)
Gain on remeasurement of investments at fair value through profit or loss		(214,555)	(60,065)
Working capital changes	38.1	(1,241,169)	(613,612)
		10,726,588	9,051,562
38.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,260,987)	(414,273)
Stock-in-trade		104,629	(223,224)
Trade debts		84,829	18,193
Loans and advances		124,384	(84,652)
Security deposits and short term prepayments		14,782	(22,976)
Other receivables		(516,468)	88,360
		(1,448,831)	(638,572)
Increase in trade and other payables		207,662	24,960
		(1,241,169)	(613,612)

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are given below:

	Chairman		Chief Executive Officer		Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)							
Managerial remuneration	12,960	7,776	22,620	20,521	17,823	13,396	275,323	186,250
Allowances								
House rent	1,920	1,152	681	1,320	509	565	83,062	52,740
Conveyance	-	-	1,674	1,327	452	647	21,492	24,340
Medical	-	-	402	175	766	520	13,543	11,071
Utilities	1,120	672	697	1,085	1,339	559	38,998	21,821
Special allowance	-	-	3,765	2,760	3,009	2,292	28,530	24,296
Contribution to provident fund	1,072	643	1,792	1,621	817	695	22,933	15,308
	17,072	10,243	31,631	28,809	24,715	18,674	483,881	335,826
Number of persons	1	1	3	3	4	4	241	178

The Chief Executive Officers, Directors and some of the Executives are provided with the Group's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use.

Executives are provided with the vehicles in accordance with the Group's policy.

The aggregate amount charged in these consolidated financial statements in respect of directors' meeting fee paid to 4 (2015: 4) non-executive directors was Rupees 280,000 (2015: Rupees 240,000).

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

40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, associated undertakings, directors of the Group and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016	2015
	(Rupees in thousand)	
Associated company - Zimpex (Private) Limited		
Dividend paid	181,984	45,496
Bonus shares issued	68,244	-
Other related parties		
Dividend paid	4,738	1,894
Post employment benefit plan		
Contribution to provident fund	121,274	101,309
Contribution to gratuity fund	15,135	9,496

41. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2016	2015 Restated
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	4,315,995	3,255,983
Weighted average number of ordinary shares	(Numbers)	282,355,148	282,355,148
Earnings per share	(Rupees)	15.29	11.53

41.1 The weighted average shares at 30 June 2015 have been increased to reflect the bonus shares issued during the year.

42. PLANT CAPACITY AND ACTUAL PRODUCTION

SPINNING:

- Rawalpindi Division	2016	2015
	(Numbers)	
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	42,562	41,869
Actual production converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	38,473	38,270
	(Numbers)	
Rotors (average) installed / worked	1,584	864
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	1,886	1,500
Actual production converted into 20s count based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	1,635	1,371
- Gujjar Khan Division	(Numbers)	
Spindles (average) installed / worked	70,848	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2015: 1,095 shifts)	36,849	34,283
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2015: 1,095 shifts)	33,299	30,524

WEAVING:	2016	2015
	(Numbers)	
- Raiwind Division		
Looms installed / worked	252	252
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	92,390	82,480
Actual production converted to 60 picks based on 3 shifts per day for 1,087 shifts (2015: 1,017 shifts)	85,056	68,228

PROCESSING OF CLOTH :

- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	42,090	41,975
Actual production at 3 shifts per day for 1,098 shifts (2015: 1,095 shifts)	19,168	19,747

POWER PLANT:

- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 366 days (2015: 365 days)	177,684	207,787
Actual generation		
Main engines	52,207	29,757
Gas engines	13,753	19,439
- Raiwind Division		
Annual rated capacity based on 366 days (2015: 365 days)	96,360	42,048
Actual generation	20,971	8,622

Stitching

The plant capacity of this division is indeterminable due to multi product plant involving varying processes of manufacturing and run length of order lots.

CEMENT:	(Metric Ton in thousand)	
Clinker:		
Annual rated capacity (Based on 300 days)	3,360	3,360
Annual production for the year	3,093	2,825

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality and interruption in gas and electricity supply.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.
- Lower capacity utilization of cement plant is due to gap between demand and supply of cement. The capacity of plant has been determined on the basis of 300 days.

43. SEGMENT INFORMATION

43.1

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Elimination of inter-segment transactions		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)															
SALES :																
EXTERNAL	5,966,667	5,807,099	3,372,545	2,744,779	6,749,090	7,224,733	23,390,899	20,691,475	-	-	-	-			39,479,201	36,468,086
INTER-SEGMENT	881,186	889,164	923,600	1,028,302	1,551	2,001	46,198	28,579	-	-	-	-	(1,852,535)	(1,948,046)	-	-
	6,847,853	6,696,263	4,296,145	3,773,081	6,750,641	7,226,734	23,437,097	20,720,054	-	-	-	-	(1,852,535)	(1,948,046)	39,479,201	36,468,086
COST OF SALES	(5,587,588)	(5,734,800)	(3,949,909)	(3,453,212)	(5,317,706)	(5,864,209)	(13,076,205)	(12,876,662)	-	-	-	-	1,852,535	1,948,046	(26,078,873)	(25,980,837)
GROSS PROFIT	1,260,265	961,463	346,236	319,869	1,432,935	1,362,525	10,360,892	7,843,392	-	-	-	-	-	-	13,400,328	10,487,249
DISTRIBUTION COST	(21,030)	(15,215)	(81,887)	(75,778)	(471,309)	(529,288)	(1,359,896)	(1,313,695)	-	-	-	-	-	-	(1,934,122)	(1,933,976)
ADMINISTRATIVE EXPENSES	(125,460)	(117,025)	(139,329)	(126,585)	(136,310)	(123,144)	(481,932)	(357,057)	(59,097)	(47,904)	(22,303)	-	-	-	(964,431)	(771,715)
	(146,490)	(132,240)	(221,216)	(202,363)	(607,619)	(652,432)	(1,841,828)	(1,670,752)	(59,097)	(47,904)	(22,303)	-	-	-	(2,898,553)	(2,705,691)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,113,775	829,223	125,020	117,506	825,316	710,093	8,519,064	6,172,640	(59,097)	(47,904)	(22,303)	-	-	-	10,501,775	7,781,558
UNALLOCATED INCOME AND EXPENSES																
FINANCE COST															(742,711)	(1,528,767)
OTHER EXPENSES															(803,306)	(340,808)
OTHER INCOME															576,841	492,757
TAXATION															(2,855,147)	(1,502,049)
															(3,824,323)	(2,878,867)
PROFIT AFTER TAXATION															6,677,452	4,902,691

43.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)													
TOTAL ASSETS FOR REPORTABLE SEGMENT	3,756,520	2,919,686	3,565,618	3,159,064	3,248,858	3,071,730	25,750,554	22,354,910	1,991,670	1,748,827	884,626	-	39,197,846	33,254,217
UNALLOCATED ASSETS													4,426,261	7,331,506
TOTAL ASSETS AS PER BALANCE SHEET													43,624,107	40,585,723

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Group	
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	835,015	204,114	882,664	1,128,778	2,740,144	2,800,841	3,450,081	7,523,927	100,210	63,968	-	-	8,008,114	11,721,628
UNALLOCATED LIABILITIES													7,622,699	6,076,754
TOTAL LIABILITIES AS PER BALANCE SHEET													15,630,813	17,798,382

All segment liabilities are allocated to reportable segments other than trade and other payables, current and deferred tax liabilities.

43.3 Geographical Information

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

	2016	2015
	(Rupees in thousand)	
Europe	3,168,170	3,509,384
America	4,552,258	4,653,578
Asia, Africa, Australia	3,963,407	3,944,505
Pakistan	27,795,366	24,360,619
	39,479,201	36,468,086

40.3.2 All non-current assets as at reporting date are located and operated in Pakistan.

43.4 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the Segment's revenue of the Spinning segment was Nil (2015: Rupees Nil), of Weaving segment was Rupees 818 million (2015: Rupees 721 million) where as in the Processing and Home Textile segment was Rupees 3,333 million (2015: Rupees 3,251 million).

43.5 Based on the judgment made by the management, printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

44. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on the latest un-audited financial statements of the Fund:

	2016	2015
	(Rupees in thousand)	
Size of the fund - total assets	1,070,052	979,574
Cost of investments made	998,759	913,655
Percentage of investments made	93%	93%
Fair value of investments	997,202	925,927

44.1 The break-up of fair value of investments is as follows:

	2016		2015	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed securities	17.44%	173,947	8.61%	79,734
Bank balances	3.52%	35,065	26.96%	249,633
Term deposit receipts	35.27%	351,757	25.50%	236,103
Government securities	37.96%	378,519	32.87%	304,374
Mutual funds	5.81%	57,914	6.06%	56,083
	100.00%	997,202	100.00%	925,927

44.2 The investment out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2016	2015
45. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	6,083	5,936
Average number of employees during the year	6,092	5,816

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates and hedges financial risks. 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, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

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

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, CHF and Yen. Currently, the Group's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2016	2015
	(Amounts in thousand)	
Cash at banks - USD	257	212
Cash at banks - GBP	2	-
Trade debts - USD	7,478	9,426
Trade and other payable - USD	6	11
Short Term borrowing - USD	-	1,085
Trade and other payables - Euro	23	23
Finance lease liability - USD	6,177	7,444
Outstanding letter of credits - USD	28,403	4,188
Outstanding letter of credits - Euro	5,547	1,899
Outstanding letter of credits - CHF	55	1,485
Outstanding letter of credits - Yen	-	8,600
Net exposure - USD	(26,851)	(3,090)
Net exposure - Euro	(5,570)	(1,922)

	2016	2015
	(Amounts in thousand)	
Net exposure - CHF	(55)	(1,485)
Net exposure - Yen	-	(8,600)
Net exposure - GBP	2	-

	2016	2015
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	104.25	101.66
Reporting date rate	104.50	101.50
Rupees per Euro		
Average rate	115.61	122.37
Reporting date rate	116.08	113.57
Rupees per Yen		
Average rate	0.90	0.88
Reporting date rate	1.02	0.83
Rupees per CHF		
Average rate	97.88	107.68
Reporting date rate	116.64	109.42
Rupees per GBP		
Average rate	152.24	-
Reporting date rate	140.12	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, Yen and CHF with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 133.673 million, Rupees 0.013 million, Rupees 30.712 million and Rupees 0.305 million (2015: Rupees 14.898 million, Rupees 10.368 million, Rupees 0.339 million and Rupees 7.718 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

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

Sensitivity analysis

The table below summarises the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income	
	2016	2015	2016	2015
	------------------- (Rupees in thousand) -------------------			
PSX 100 (5% increase)	131,131	108,500	-	-
PSX 100 (5% decrease)	(131,131)	(108,500)	-	-

The Group's investment in mutual fund amounting to Rupees 151.063 million (2015: Rupees 257.457 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2016, if fair value (NAV) had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rupees 1.246 million (2015: Rupees 2.446 million).

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

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

	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Loans to employees	9,791	10,401
Short term investments	-	49,645
Bank balances at PLS account	191,624	115,965
Financial liabilities		
Long term financing	290,594	317,680
Short term borrowings	3,688,000	2,913,000
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	223,181	47,809
Financial liabilities		
Long term financing	1,562,200	675,156
Redeemable capital	-	3,433,011
Liabilities against assets subject to finance lease	693,554	825,954
Short term borrowings	1,253,116	3,227,555

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 24.196 million (2015 : Rupees 77.082 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	(Rupees in thousand)	
Investments	2,622,627	2,425,049
Deposits	191,521	187,931
Trade debts	1,606,862	1,700,884
Accrued interest	1,857	963
Other receivables	158,263	119,820
Loans and advances	50,436	31,430
Bank balances	825,211	383,025
	5,456,777	4,849,102

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

	Rating			2016	2015
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	2,508	3,668
Allied Bank Limited	A1+	AA+	PACRA	72,524	28,012
Askari Bank Limited	A1+	AA+	PACRA	36,811	1,883
Bank Alfalah Limited	A1+	AA	PACRA	31,504	17,969
Bank Al-Habib Limited	A1+	AA+	PACRA	85,797	84,920
Bank Islami Pakistan Limited	A1	A+	PACRA	100,525	72,802
Burj Bank Limited	A-2	BBB+	JCR-VIS	741	21
Faysal Bank Limited	A1+	AA	PACRA	2,918	1,296
First Women Bank Limited	A2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,484	5,253
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,459	12,955
MCB Bank Limited	A1+	AAA	PACRA	97,163	19,565
Meezan Bank Limited	A-1+	AA	JCR-VIS	24,425	31,591
National Bank of Pakistan	A1+	AAA	PACRA	34,950	7,899
NIB Bank Limited	A1+	AA-	PACRA	231,829	40,562
Silkbank Limited	A-2	A-	JCR-VIS	365	874
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	5,362	4,070
The Bank of Punjab	A1+	AA-	PACRA	82,986	32,048
United Bank Limited	A1+	AAA	JCR-VIS	4,638	14,388
Summit Bank Limited	A-1	A-	JCR-VIS	25	72
KASB Bank Limited	-	-	-	5	16
Soneri Bank Limited	A1+	AA-	PACRA	1,265	1,402
U Micro finance Bank Limited	A-2	A-	JCR-VIS	900	1,000
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	9	741
				825,211	383,025

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2016, the Group had Rupees 6,097 million (2015: Rupees 5,173 million) available borrowing limits from financial institutions and Rupees 846.084 million (2015: Rupees 385.861 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2016.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees in thousand)					
Non derivative financial liabilities:						
Long term financing	925,496	996,344	95,487	139,771	231,778	529,308
Liabilities against assets subject to finance lease	46,792	49,338	13,359	13,359	22,620	-
Trade and other payables	1,021,688	1,021,688	1,021,688	-	-	-
Accrued mark-up	51,141	51,141	51,141	-	-	-
Short term borrowings	3,434,394	3,503,658	3,503,658	-	-	-
	5,479,511	5,622,169	4,685,333	153,130	254,398	529,308

Subsidiary Companies

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 Years	5 Years and above
	(Rupees in thousand)				
Non derivative financial liabilities:					
Long term loans from banking	927,298	1,296,963	69,060	892,426	335,477
Liabilities against assets subject to finance lease	646,762	684,275	188,196	496,079	-
Long term deposits	6,499	6,499	-	6,499	-
Trade and other payables	1,728,151	1,728,151	1,728,151	-	-
Accrued profit / interest / mark-up	38,002	38,002	38,002	-	-
Short term borrowings	1,523,926	1,528,172	1,528,172	-	-
	4,870,638	5,282,062	3,551,581	1,395,004	335,477

Contractual maturities of financial liabilities as at 30 June 2015.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	(Rupees in thousand)					
Non derivative financial liabilities:						
Long term financing	404,079	421,039	32,774	51,199	98,984	238,082
Liabilities against assets subject to finance lease	68,905	77,202	13,277	13,277	27,744	22,904
Trade and other payables	1,226,355	1,226,355	1,226,355	-	-	-
Accrued mark-up	64,161	64,161	64,161	-	-	-
Short term borrowings	3,596,588	3,658,037	3,658,037	-	-	-
	5,360,088	5,446,794	4,994,604	64,476	126,728	260,986

Subsidiary Companies

	Carrying amount	Contractual cash flows	Less than 1 Year	Between 1 to 5 Years	5 Years and above
	------------------ (Rupees in thousand) ------------------				
Non derivative financial liabilities:					
Long term loans from banking companies	155,257	167,505	128,799	38,706	-
Redeemable capital	3,433,011	3,760,573	1,754,490	2,006,083	-
Syndicated term finances	433,500	455,029	455,029	-	-
Liabilities against assets subject to finance lease	757,049	802,603	150,879	651,724	-
Long term deposits	6,619	6,619	-	6,619	-
Trade and other payables	1,863,400	1,863,400	1,863,400	-	-
Accrued profit / interest / mark-up	108,132	108,132	108,132	-	-
Short term borrowings	2,555,742	2,555,742	2,555,742	-	-
	9,312,710	9,719,603	7,016,471	2,703,132	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 7, note 8, note 9 and note 15 to these financial statements.

46.2 Financial instruments by categories

	Loans and receivables	Through profit or loss	Available for sale	Total
	------------(Rupees in thousand)------------			
As at 30 June 2016				
Assets as per balance sheet				
Investments	-	2,622,627	-	2,622,627
Deposits	191,521	-	-	191,521
Trade debts	1,606,862	-	-	1,606,862
Accrued interest	1,857	-	-	1,857
Other receivables	158,263	-	-	158,263
Loans and advances	50,436	-	-	50,436
Cash and bank balances	846,084	-	-	846,084
	2,855,023	2,622,627	-	5,477,650

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	1,852,794
Redeemable capital	-
Long term deposits	6,499
Liabilities against assets subject to finance lease	693,554
Short term borrowings	4,958,320
Trade and other payables	2,749,839
Accrued mark-up	89,143
	10,350,149

	Loans and receivables	Through profit or loss	Available for sale	Total
	------------(Rupees in thousand)------------			
As at 30 June 2015				
Assets as per balance sheet				
Investments	-	2,425,049	-	2,425,049
Deposits	187,931	-	-	187,931
Trade debts	1,700,884	-	-	1,700,884
Accrued interest	963	-	-	963
Other receivables	119,820	-	-	119,820
Loans and advances	31,430	-	-	31,430
Cash and bank balances	385,861	-	-	385,861
	2,426,889	2,425,049	-	4,851,938

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	992,836
Redeemable capital	3,433,011
Liabilities against assets subject to finance lease	825,954
Short term borrowings	6,152,330
Trade and other payables	3,089,755
Accrued mark-up	172,293
	14,666,179

46.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, redeemable capital, liabilities against assets subject to finance lease and short term borrowings obtained by the Group as referred to in note 7, note 8, note 9 and note 15 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The gearing ratio as at year ended 30 June 2016 and 30 June 2015 is as follows:

	2016	2015
	(Rupees in thousand)	
Borrowings	7,504,668	11,404,131
Total equity	23,820,674	18,740,230
Total capital employed	31,325,342	30,144,361
Gearing ratio	23.96%	37.83%

The decrease in gearing ratio resulted primarily from decrease in borrowings of the Group.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

	30 June 2016			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	.... (Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	2,622,627	-	-	2,622,627
Total financial assets	2,622,627	-	-	2,622,627

	30 June 2015			
	Level 1	Level 2	Level 3	Total
	.... (Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	2,425,049	-	-	2,425,049
Total financial assets	2,425,049	-	-	2,425,049

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Group has no investments which are classified under level 3 of fair value hierarchy table.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

48. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

At 30 June 2016	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Investment properties	-	1,784,058	-	-
Freehold land	-	2,695,847	430,096	-
Total non-financial assets	-	4,479,905	430,096	-

At 30 June 2015	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Investment properties	-	1,783,133	-	-
Freehold land	-	2,570,338	430,096	-
Total non-financial assets	-	4,353,471	430,096	-

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

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

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

The Group obtains independent valuations for its investment properties at least annually and for its freehold land (classified as property, plant and equipment) at least every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of every financial year and for freehold land at least every three years. As at 30 June 2016, the fair values of the investment properties have been determined by Anderson Consulting (Private) Limited and Asrem (Private) Limited. The valuation of freehold land has been performed by Anderson Consulting (Private) Limited as at 30 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

49. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

49.1

Description	Note	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements	2015 Carried under Non-Shariah arrangements	2015 Carried under Shariah arrangements
		------------------------------ Rupees in thousand ------------------------------			
Assets					
Loans and advances					
Advances to employees	25	43,750	5,221	24,426	4,379
Deposits					
Security deposits	21	121,817	-	120,814	-
Bank balances	29	540,578	284,633	211,293	171,732
Liabilities					
Loans and advances					
Long term financing	7	1,852,794	-	992,836	-
Short term borrowings	15	4,958,320	-	6,152,330	-
Liabilities against assets subject to finance lease	9	501,613	-	676,193	-
Income					
Profit on deposits with banks	35	15,887	3,648	14,113	4,238
Realized (loss) / gain on disposal of short term investments	35	-	154,260	-	252,432
Unrealized gain on investments	35	-	214,107	-	60,065

	Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
49.2 Dividend income earned from	35		
The Hub Power Company Limited		24,702	3,000
Kohinoor Energy Limited		1,518	-
Nishat Chunian Power Limited		4,572	1,074
Honda Atlas Cars (Pakistan) Limited		1,480	-
Adamjee Insurance Company Limited		450	-
Bank AL Habib Limited		5,397	-
Cherat Cement Company Limited		500	-
D.G. Khan Cement Company Limited		4,500	-
Engro Corporation Limited		340	200
Fauji Cement Company Limited		2,004	-
Fauji Fertilizer Company Limited		245	1,108
Habib Metropolitan Bank Limited		892	-
Hum Network Limited		175	-
IGI Insurance Limited		217	-
Indus Motor Company Limited		600	-
International Industries Limited		85	-
MCB Bank Limited		800	-
Meezan Bank Limited		107	-
Oil & Gas Development Company Limited		1,435	-
ORIX Leasing Pakistan Limited		665	-
Pak Suzuki Motor Company Limited		664	-
Pakistan Reinsurance Company Limited		63	125
Pakistan State Oil Company Limited		400	-

	Note	2016	2015
		(Rupees in thousand)	
Standard Chartered Bank (Pakistan) Limited		495	-
Shell Pakistan Limited		2,661	-
Shifa International Hospitals Limited		197	-
BAIFO Industries Limited		-	45
United Bank Limited		-	900
Bata Pakistan Limited		-	288
		55,164	6,740
Subsidiary Company - MLCFL			
Dividend Income		84,273	43,048
		139,437	49,788

49.3 Sources of other income

	Note	2016	2015
	35		
Dividend income		139,437	49,788
Exchange gain - net		-	38,919
Gain on disposal of investments at fair value through profit or loss - net		-	324
Gain on remeasurement of fair value of investments at fair value through profit or loss		214,107	60,065
Return on bank deposits		19,535	18,351
Unclaimed balances written back		8,670	-
Scrap sales		29,197	57,513
Gain on remeasurement of fair value of investment properties		925	2,000
Gain on disposal of short term investments		154,260	252,432
Reversal of doubtful debts		3,423	-
Amortization of held to maturity investment		4,389	2,421
Underwriting fee			1,500
Miscellaneous		2,898	9,444
		576,841	492,757

49.4 Exchange gain / (loss)

	Note	2016	2015
Earned from actual currency		(52,084)	38,919

49.5 Revenue (external) from different business

	Note	2016	2015
	43		
Spinning		5,966,667	5,807,099
Weaving		3,372,545	2,744,779
Processing and home textile		6,749,090	7,224,733
Cement		23,390,899	20,691,475
		39,479,201	36,468,086

49.6 Relationship with banks

Name	Relationship with: Non Islamic window operations	Relationship with: Islamic window operations
Al-Baraka Bank (Pakistan) Limited	–	✓
Allied Bank Limited	✓	–
Askari Bank Limited	✓	–
Bank Alfalah Limited	✓	–
Bank Al-Habib Limited	✓	–
Bank Islami Pakistan Limited	–	✓
Burj Bank Limited	✓	–
Faysal Bank Limited	✓	–
First Women Bank Limited	✓	–
Habib Bank Limited	✓	–
Habib Metropolitan Bank Limited	✓	–
MCB Bank Limited	✓	- –
Meezan Bank Limited	✓	–
National Bank of Pakistan	✓	–
NIB Bank Limited	✓	–
Silkbank Limited	✓	–
Standard Chartered Bank (Pakistan) Limited	✓	–
The Bank of Punjab	✓	–
United Bank Limited	✓	–

50. INTEREST IN OTHER ENTITIES

The Group's principal subsidiaries as at 30 June 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting right held by the group. The country of the incorporation or registration is also their principal place of business.

Name of the entity	Place of business / country of incorporation	Ownership interest held by the Group		Owner ship interest held by non-controlling interests		Principal Activities
		2016	2015	2016	2015	
Maple Leaf Cement Factory Limited	Pakistan	55.22%	55.22%	44.78%	44.78%	Production and sale of cement.
Maple Leaf Capital Limited	Pakistan	66.01%	66.01%	33.99%	33.99%	To buy, sell, hold, or otherwise acquire or invest capital in financial instruments
Maple Leaf Power Limited	Pakistan	55.22%	-	44.78%	-	Generation, sale and supply of electricity

Non controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Maple Leaf Cement Factory Limited		Maple Leaf Capital Limited		Maple Leaf Power Limited	
	2016	2015	2016	2015	2016	2015
	---------- Rupees in thousand ----------					
Summarised balance sheet						
Current assets	8,477,707	7,439,205	1,988,009	1,744,376	69,218	-
Current liabilities	5,027,065	8,144,461	163,398	57,529	247,436	-
Current net assets	3,450,642	(705,256)	1,824,611	1,686,847	(178,218)	-
Non-current assets	17,932,847	17,809,677	3,661	4,451	816,337	-
Non-current liabilities	4,633,609	4,192,763	9,799	6,709	-	-
Non-current net assets	13,299,238	13,616,914	(6,138)	(2,258)	816,337	-
Net assets	16,749,880	12,911,658	1,818,473	1,684,589	638,119	-
Summarised statement of comprehensive income						
Revenue	23,432,696	20,720,054	308,997	251,110	-	-
Profit / (loss) for the period	10,370,419	7,843,392	4,842,799	3,454,295	(21,881)	-
Other comprehensive income	1,641	54,406	-	-		
Profit / (loss) allocated to NCI	2,308,819	1,589,015	71,350	57,693	(18,712)	-
Dividend paid to NCI	590,798	221,328	25,747	-	-	-
Summarised cash flow						
Cash flow from / (used in) operating activities	7,971,929	6,571,743	124,112	(1,484,986)	203,143	-
Cash flow from / (used in) investing activities	(1,696,293)	(699,989)	1,320	(3,306)	(815,889)	-
Cash flow from / (used in) financing activities	(6,059,882)	(5,447,431)	23,265	1,510,000	660,000	-
Net increase / (decrease) in cash and cash equivalents	215,754	424,323	148,697	21,708	47,254	-

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 05 September 2016 by the Board of Directors of the Holding Company.

52. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

52.1 The Board of Directors of the Holding Company in their meeting held on 05 September 2016 has proposed a final cash dividend of Rupees 3 per share (30%) amounting to Rupees 847.065 million (2015: Rupees 613.816 million) for the year ended 30 June 2016. The financial statements for the year ended 30 June 2016 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2017.

The Board of Directors of the Subsidiary Company (MLCFL) in their meeting held on 05 September 2016 has proposed a final cash dividend of Rupees 2.5 per share (25%) amounting to Rupees 1,319.335 million (2015: Rupees 527.734 million) for the year ended 30 June 2016.

Approval of the Members of both the Companies for the final dividend shall be obtained at Annual General Meeting to be held on 31 October 2016. The consolidated financial statements for the year ended 30 June 2016 do not include the effect of the proposed final cash dividend which shall be accounted for in the period ending 30 June 2017.

52.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Holding Company and its Subsidiary Company (MLCFL) are required to pay tax at the rate of 10% of so much of their undistributed profits as exceed 100% of their paid up capitals unless they distribute profits equal to 40% of their after tax profits or 50% of their paid up capitals, whichever is less, by due date for filing of income tax return for the tax year 2016.

The Holding Company and its Subsidiary Company (MLCFL) paid an interim cash dividend of Rupee 1.50 per share (15%) amounting to Rupees 368.289 million and Rupees 791.601 million respectively during the year and the remaining requisite cash dividend has been proposed by the Board of Directors of both the Companies in their meetings held on 05 September 2016 respectively (Refer Note 52.1), which will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

53. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made.

54. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER DIRECTOR

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We ____

of ____

being a member of KOHINOOR TEXTILE MILLS LIMITED hereby appoint ____________________

____
(Name)

of ________________________________ another member of the Company

or failing him/her ____
(Name)

of ________________________________ another member of the Company

as my/our proxy to attend, speak and vote for and on my/our behalf, at the 48th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, on Monday, October 31, 2016 at 12:30 PM and any adjournment thereof.

As witnessed given under my/our hand(s) ____________ day of October, 2016.

1. Witness:

Signature : ____________

Name : ____________

CNIC : ____________

Address : ____________

: ____________

Affix
Revenue
Stamp of Rs. 5/-

2. Witness:

____
Signature of Member / Attorney

Signature : ____________

Name : ____________

CNIC : ____________

Address : ____________

: ____________

Shares Held: ____________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports in original to prove his/her identity and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

کوہ نور ٹیکسٹائل ملز لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری

میں/ہم --

ساکن --

بحیثیت حصہ دار کوہ نور ٹیکسٹائل ملز لمیٹڈ ---
(ممبر کا نام)

ساکن -- یا بصورت دیگر ----------------------
(ممبر کا نام)

ساکن ---کو اپنی جگہ بروز سوموار 31 اکتوبر 2016 کو دوپہر بارہ بج کر تیس منٹ (12:30) پر رجسٹرڈ آفس 42-لارنس روڈ لاہور میں منعقدہ یا ملتوی ہونے والے اڑتالیسویں اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط ------------------ مورخہ ------اکتوبر 2016
(ممبر/مجاز افسر)

5 روپے کا رسیدی ٹکٹ
چسپاں کر کے دستخط کریں

گواہان

1. دستخط--------------------------------- 2. دستخط---------------------------------

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

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

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

حامل عام حصص ----------------------

سی ڈی سی کا شراکتی آئی ڈی اور اکاؤنٹ نمبر ------------------ فولیو نمبر--------------------

کمپیوٹرائزڈ شناختی کارڈ نمبر | | | | | | - | | | | | | | | - | |

نوٹس:

(۱) پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔ کارپوریٹ ممبر کے نمائندے کی حیثیت سے شرکت کی صورت میں ضروری متعلقہ کاغذات ساتھ لائیں۔

AFFIX
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The Company Secretary

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42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

Kohinoor Textile Mills Limited

A Kohinoor Maple Leaf Group Company

42-Lawrence Road,
Lahore, Pakistan