ANNUAL REPORT
2017

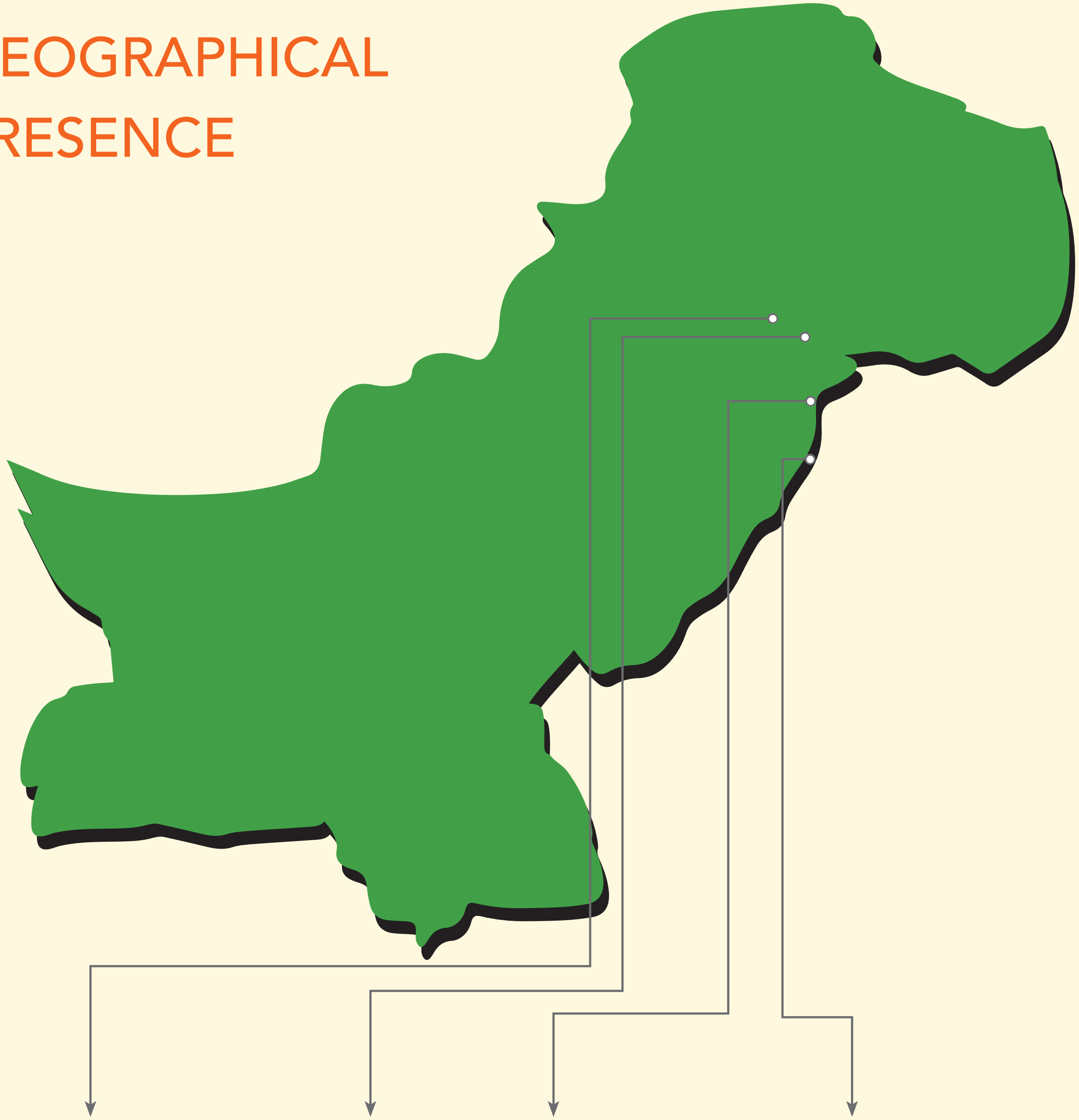
CREATING BRIGHTER
FUTURE

CONTENTS

FINANCIAL HIGHLIGHTS
2017 VS 2016

- 31% Market Value Per Share
- 25% Dividend Yield
- Price Earning Ratio 19%
- Cash Flow From Operations 17%
- 13% Dividend Payout
- 10% Profit Before Tax
- Earnings Per Share 10%
- Profit After Tax 10%
- 10% Break Up Value Per Share
- 08% EBITDA
- 07% Operating Profit

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 two unlisted public limited companies i.e. Maple Leaf Capital Limited (MLCL) and Maple Leaf Power Limited (MLPL). KTML is a parent company of other three mentioned companies. 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 and all its civil works including plant erection relating to 40 MW imported coal-fired power plant have been completed. The project is now in test phase and as per plan it is expected to be operational in current month i.e., September 2017. This project will add another reliable and inexpensive source of power compared to the national grid and reduce dependency on the same. It will also provide a cushion against current bullish trend in furnace oil prices and is expected to be the cheapest source of electricity after waste heat recovery plant.

MLCF is also establishing an additional dry process clinker production line of 7,300 tons per day (TPD) tpd grey clinker production for enhancing grey cement capacity upto 18,000 (TPD) at the existing plant site (brown field project) with total project cost estimated at Rs.23 billion. Shipments from plant supplier, FLSmidth A/S, Denmark, have already been started and plant is targeted to begin commercial operations in March 2019.

Nature of Business

The Company's spinning 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 288 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 endeavour 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 -** Despite prevailing political uncertainty during the year 2016-17, the revival of growth that started in 2014-15 has continued to accelerate as per official fiscal indicators released. The factors contributing this momentum in growth include the reform initiatives, commitment to a calibrated fiscal and monetary management, augmented PSDP spending as compared to the last year and occurring benefits from CPEC. However, achieved growth, stayed behind the set target of 5.8% due to political uncertainty in the country.

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. Draw-back of Local Tax and Levies scheme announced by the Government has further augmented the financials of export oriented units.

c) **Inflation –** Core inflation Index exhibited an upward trend during the year starting from initial level of 4.5 in Jul-2016 continued to highest level of 5.5 in last quarter of fiscal year 2017. Inflation during the reporting year raised to average rate of 5.2 as compared to average rate of 4.2 in the preceding year 2015-16.

d) **Fiscal Development –** Despite Government's effective fiscal measures, i.e., mainly the broadening of tax revenue, fiscal deficit closed in year 2016-17 at 5.8%. The government further plans to curtail fiscal deficit to 4.1% for the year 2017-18.

e) **Money & Credit –** Discount rate for the year 2016-17 remained constant at a 44-years lowest level of 5.75%. Balance of payments trailed disequilibrium on account of widening trade deficit, controlled exchanged rate and steady growth in workers' remittances. Foreign exchange reserves closed at US$ 21,368 million as on 30th June 2017.

f) **Main Export Market –** Company's main export market is Europe and America which represent 43% of the total sales. The operations of the Company are subject to different environmental, corporate and labour laws, that are being fully complied with.

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: (0092-42) 36302261-62
Fax: (0092-42) 36368721

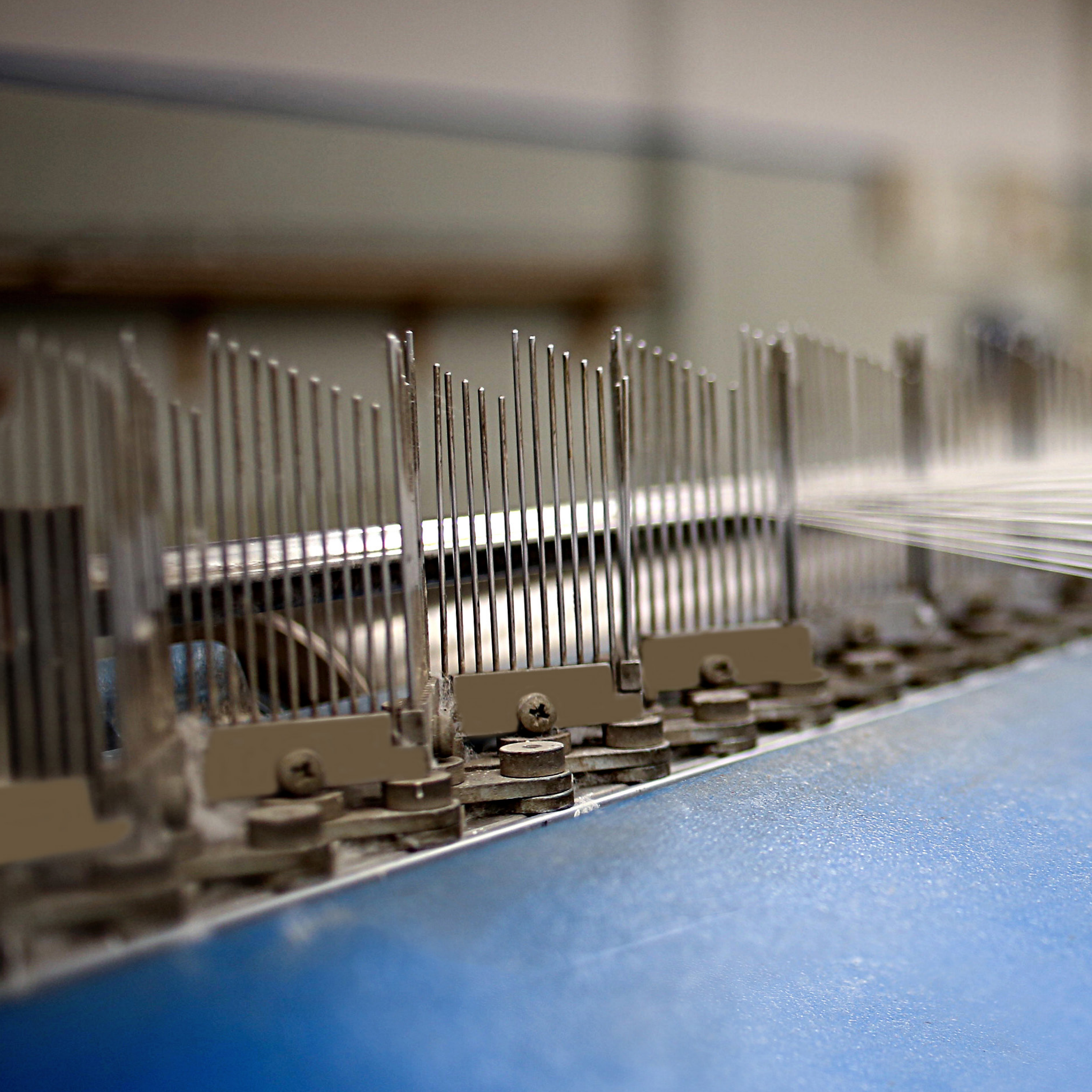
Share Registrar
Vision Consulting Ltd.
3-C, LDA Flats, First Floor,
Lawrence Road, Lahore.
Tel: (0092-42) 36283096-97
Fax: (0092-42) 36312550
E-mail:shares@vcl.com.pk

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
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
The Bank of Punjab
United Bank Limited

Mills
- Peshawar Road, Rawalpindi
  Tel: (0092-51) 5495328-32 Fax: (0092-51) 5471795
- 8 K.M., Manga Raiwind Road, District Kasur
  Tel: (0092-42) 35394133-35 Fax: (0092-42) 35394132
- Gulyana Road, Gujar Khan, District Rawalpindi
  Tel: (0092-513) 564472-74 Fax: (0092-513) 564337

Website:
- www.kmlg.com

Note - KTML's Financial Statements are also available at the above website
- Video presentation of CEO detailing financial performance of the Company is also available on above site.



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 2017 – 2018

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 49th Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on Thursday, October 26, 2017 at 12:00 Noon 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, 2017 together with the Directors' and Auditors' Reports thereon.

2. To approve final cash dividend for the year ended June 30, 2017 at Rs. 1.50 per share (15%), as recommended by the Board of Directors. This is in addition to the interim dividend already paid at Rs. 2/- per share i.e. 20%, thus making a total cash dividend @35% i.e. Rs. 3.50 per share.

3. To appoint Auditors for the year ending on June 30, 2018 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, pass the following resolution as special resolution under Section 199 of the Companies Act, 2017, with or without modification, 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 199 of the Companies Act, 2017 (the "Act") 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, 2017 to October 31, 2018 (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, 2016 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.1,000 million which is valid till October 31, 2017.

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."

BY ORDER OF THE BOARD

Lahore:
October 5, 2017

(Muhammad Ashraf)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2017 to October 31, 2017 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Lmited, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 20, 2017 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.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

4. Pursuant to requirement of Section 242 of the Companies Act, 2017, any dividend payable in cash declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder.

   Keeping in view the mandatory requirement, all valued shareholders are advised to provide electronic dividend mandate information. CDC Account Holder(s) will provide the following information directly to his/her concerned broker/participant/IAS and physical shareholders will provide the same to the Company's Share Registrar, M/s. Vision Consulting Limited 3-C, LDA Flats, Lawrence Road, Lahore:-

Transferee Detail	
Title of Bank Account	
Bank Account Number	
IBAN	
Bank's Name	
Branch Name and Address	
Branch Code:	
CNIC Number	
Cell Number	
Email	

5. If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Company will arrange video conference facility.

   In this regard, please fill the following and submit at Registered Office of the Company situated at 42-Lawrence Road, Lahore, at least 07 days prior to the date of Annual General Meeting.

   "I/We,______________________________ of______________________________, being a member of Kohinoor Textile Mills Limited, holder of _________ Ordinary Share(s) as per Registered Folio / CDC A/c # _______ hereby opt for video conference facility at _______.

   ____
   Signature of Member / Attorney"

6. The Members, who desire for receiving the annual audited 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.

7. The audited financial statements for the year ended June 30, 2017 are available on website of the Company www.kmlg.com.

8. 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. 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;

   c. 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;

   d. Pursuant to requirement of the Finance Act, 2017 effective July 01, 2017, the 'Filer' & 'Non-Filer' shareholders will pay tax on dividend income @15% 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 23, 2017, otherwise tax on cash dividend will be deducted @20% instead of 15%;

   e. 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 20, 2017 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)	

   f. 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;

   g. 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 Limited, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

STATEMENT UNDER SECTION 134(3) OF THE ACT:

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 26, 2017.

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 13, 2017 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.

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>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>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>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>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, 2017 to October 31, 2018.</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>A similar nature of loan/advance facility of Rs.1,000 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, 2016 which is valid till October 31, 2017.</td></tr>
<tr><td>(v)</td><td>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>Based on the audited financial statements for the financial year ended 30 June 2017, the financial position of MLCF is as under:-

<table>
<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>12,048,675</td></tr>
<tr><td>Surplus on revaluation of fixed assets–net of tax</td><td>4,323,909</td></tr>
<tr><td>Current liabilities</td><td>7,764,031</td></tr>
<tr><td>Current assets</td><td>10,411,631</td></tr>
<tr><td>Breakup value per share (Rs.) without revaluation</td><td>36.73</td></tr>
<tr><td>Sales – Net</td><td>23,992,079</td></tr>
<tr><td>Gross Profit</td><td>9,482,302</td></tr>
<tr><td>Operating Profit</td><td>7,188,705</td></tr>
<tr><td>Net Profit</td><td>4,777,081</td></tr>
<tr><td>Earnings per share (Rs.)</td><td>9.05</td></tr>
</table></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 4.16% for the year ended June 30, 2017.
(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, 2017 to October 31, 2018 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2018.

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 of the average borrowing cost of the Company **Repayment** : Principal plus mark-up/ profit upto October 31, 2018. **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 seven 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

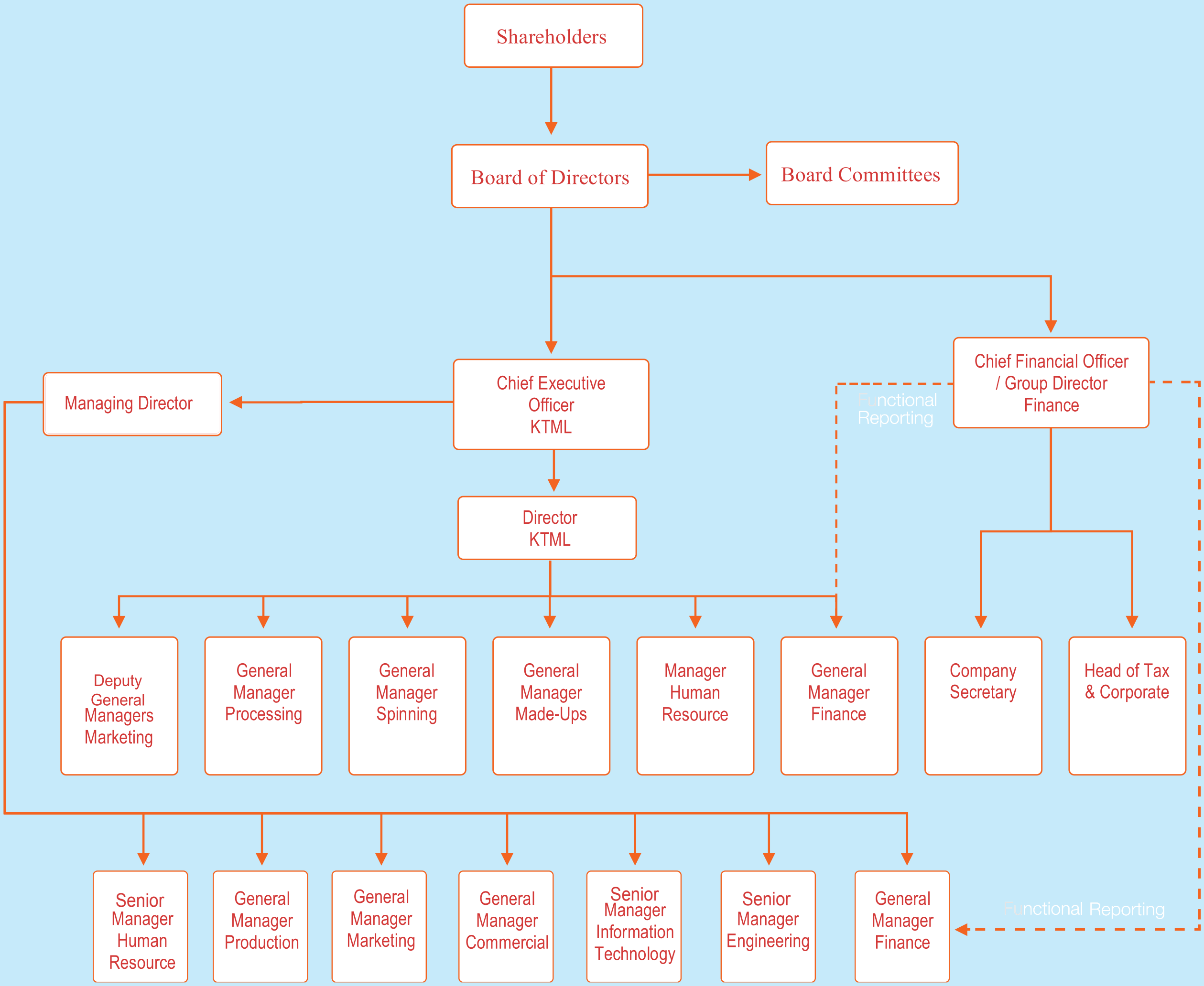
Six Directors of the Company are also the members of investee company i.e. MLCF and are interested to the extent of their shareholding as under:-

Name	%age of shareholding in MLCF	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.0193	14.3755
Mr. Taufique Sayeed Saigol	0.0015	14.5090
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0112
Mr. Danial Taufique Saigol	0.0005	0.0010
Mr. Shafiq Ahmed Khan	0.0014	0.0010

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	Maple Leaf Cement Factory Limited
Total Investment Approved:	Investment of Rupees one billion by way of loans and advances was approved by members in AGM held on 31 October 2016 for the period of one (1) year.
Amount of Investment Made to Date:	NIL.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	No loan has been extended after the approval because funds request has not yet been made by the investee company.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	As per financial statements for the year ended 30 June 2017, the Basic Earnings Per Share is Rs. 9.05 and Break-up Value Per Share (without surplus) is Rs. 36.73

ORGANIZATION CHART OF KTML

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CHAIRMAN'S REVIEW

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30 June, 2017 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2016-17. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate robust performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Code of Corporate Governance as contained in the Rule Book of Pakistan Stock Exchange Limited, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Kohinoor Textile Mills Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, Board has completed its annual self-evaluation for the year 2017 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2017, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

COMPOSITION OF THE BOARD: The composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Director and as a Group, possess the requisite skills, core competencies and industry knowledge to lead the Company. All Board members have exercised their individual business judgment and are involved in important Board decisions.

VISION & MISSION STATEMENTS: Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements which are adopted by the Company and fully support the same in attaining the objectives dilated therein.

STRATEGIC DECISION MAKING: Overall corporate strategy and objectives have been set in line with the strategic vision of the Board from which the annual business plan is derived, as well as, projected plans for the next five years have been set by the Management, covering all functional and operational areas by utilization of available resources, modernization and expansion and production facilities to ensure continued growth in the bottom line which should hopefully result in high growth.

DILIGENCE: The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda alongwith working papers are circulated in sufficient time prior to Board and Committee meetings.

ADEQUATE GOVERNANCE: The Board has framed the Code of Conduct which defines requisite behavior and has been disseminated throughout the Company, alongwith supporting policies and procedures. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved. The Board sets high standards of honesty and integrity which we consider are vital for success of the business.

PRESENTATIONS: During the course of discussion and approvals of financial statements, comprehensive presentations are placed before the Board based on incisive, critical and strategic analysis of all functional areas relating to core business of the Company. Benchmarking compared with the industry's peer group are carried out. This practice provides ample opportunity for objective analysis of the Company's goals and evaluation of its own financial performance with the peer group. The Board provides appropriate directions and oversight emanated on the basis of thorough and detailed discussions.

Lahore
13 September 2017

(Tariq Sayeed Saigol)
Chairman

Directors’ Report
to the Shareholders

- REVIEW OF OPERATIONS
- FINANCIAL REVIEW
- DIVIDEND
- DIRECTORS RECOMENDATION
- CORPORATE SOCIAL RESPONSIBILITY
- IMPACT OF COMPANY’S BUSINESS ON THE ENVIRONMENT

The Directors are pleased to present the 49th Annual Report along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2017.

REVIEW OF OPERATIONS

In the final quarter of the year under review, trading conditions remained difficult for all three sectors – yarn, greige fabric and made-ups. However, operational results were similar to those of the third quarter; this is not accurately depicted in the results of the final quarter due to annual provisioning for payment of 10-C bonus, provisions for EOBI, Social Security, and Sindh Infrastructure Development Cess amounts which are currently under litigation, as well as, a large tax levy on dividends which have all combined to make this quarter's bottom line appear significantly worse than the operational profit would suggest.

The year under review was marked by shortages of raw materials due to sudden implementation of the Indian cotton ban, resulting in high prices for long staple cottons that were not reflected appropriately in the prices of fine count yarns. Movement into this market from coarse count producers to escape losses in their segment also added to a glut in the supply of fine-count yarn. Going forward however, large world crops should result in an easing of the pressure as input prices drop and coarse count manufacturers move back into their traditional market. The ultimate impact of this however, remains dependent on the impact of extreme weather events in the continental US, and flooding/rains in the subcontinent.

Further modernization and optimization in the Spinning divisions has allowed us to continue to make a profit despite increasing competition over the last year and maintaining operational profits between Q3 and Q4. The Company continues to invest in new equipment to allow it to take full advantage of changing market conditions and become coarser or finer as the situation requires, most notably with a heavy investment in expanding its combing and winding capacities, which will come online in the coming quarters. Further investment in yarn cleaning equipment in both the rotor and ring spinning segments should further improve financial results.

In the Weaving division, continuing modernization has allowed the Company to weather the worst of the increasing competition in the country, and maintain high levels of utilization despite the situation in the industry. Management continues to seek out ways to lower input costs in order to maximize operational profits while maintaining the Company's focus on quality. While the Weaving division will continue to face intense competition in the coming year, planning is a foot to expand its capacity for higher value-added, more intricate fabrics, which is expected to have a positive impact on the bottom line.

Despite a tight retail situation in the US home textiles market for the second half of the financial year, the Processing and Cut & Sew divisions have again returned a strong operational result. While the Government's export subsidy did provide needed relief against regional competitors, only partial amounts of the subsidy were disbursed, which did not allow the industry to take full advantage of the scheme. This situation was exacerbated due to the partial and non-timely payment of sales tax refunds. However, the Company continued to take advantage of the Government's LTTF scheme to invest in new product lines, expand capacity and lower costs; this upgradation and growth will continue in the coming financial year as the Company expands into new markets and product areas, most notably with the addition of digital printing. The Company will maintain its focus on more value-added goods in both its retail and institutional segments.

Discontinuation of the export subsidy scheme, delay in approved payments of subsidy amounts, lack of disbursement of sales tax refunds, additional super-tax levied on companies and very high rates of taxation on the minimum dividend pay-out, required to avoid taxation on un-distributed reserves, continue to hinder investment and growth opportunities by depriving the industry of access to its internal revenues. We would urge the government to continue its export subsidy scheme and release all payments of DLTL and sales tax refunds with haste to bolster the country's exporting industries.

Dividend income from the Company's subsidiaries is expected to be strong in the coming year but will likely decrease due to the current economic and political climate within the country.

FINANCIAL REVIEW

During the year under review, Company's sales increased by 8.18% to Rs. 17,405 million (2016: Rs.16,088 million), while cost of sales increased by 13.60% to Rs.14,823 million (2016: Rs.13,049 million). This resulted in decreased gross profit to Rs. 2,581 million (2016: Rs.3,039 million).

Operating profit for the year under review stood at Rs. 3,170 million (2016: Rs. 2,966 million). The Company made an after tax profit of Rs. 2,352 million (2016: Rs. 2,132 million). Earnings per share for the year ended June 30, 2017 were Rs.8.33 against Rs.7.55 for the same period last year.

Board of Directors' have established adequate internal financial controls. Periodical operational and financial budgets are in place, and actual performance is constantly monitored against budgeted targets.

DIVIDEND

Keeping in view the results, the Board of Directors has announced final cash dividend for the year ended June 30, 2017 at Rs. 1.50 per share (15%). This is in addition to interim cash dividend already paid at Rs. 2.00 per share (20%), thus making a total cash dividend at Rs. 3.50 per share (35%).

The Directors recommend as under:

	Rupees in Thousand
Profit before taxation	2,902,511
Provision for taxation	(550,732)
Profit after taxation	2,351,779
Final dividend declared for the year ended 30 June 2016	(847,065)
Interim dividend declared during the year ended 30 June 2017	(564,710)
Accumulated profit brought forward	6,191,869
Accumulated profit carried forward	7,131,873

During the year under review, following were the Directors of the Company.

Sr. #	Name	Designation
1.	Mr. Tariq Sayeed Saigol	Chairman / Non-Executive Director
2.	Mr. Taufique Sayeed Saigol	CEO / Executive Director
3.	Mr. Sayeed Tariq Saigol	Non-Executive Director
4.	Mr. Waleed Tariq Saigol	Non-Executive Director
5.	Mr. Danial Taufique Saigol	Executive Director
6.	Mr. Shafiq Ahmed Khan	Independent Non-Executive Director
7.	Mr. Arif Ijaz	Non-Executive Director
8.	Syed Mohsin Raza Naqvi	GDF/CFO/ Executive Director

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 "6th 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.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

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 investigate and implement pilot projects into alternative, sustainable energy sources.

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
13 September 2017

(Syed Mohsin Raza Naqvi)
Director

(Taufique Sayeed Saigol)
Chief Executive

CORPORATE BRIEFINGS

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 2017 are as under:

Division	Rupees in thousands 2017	2016
Spinning	989,183	1,113,775
Weaving	76,023	125,020
Processing and home textile	517,134	825,316

ANALYSIS OF PRIOR YEAR FORWARD LOOKING DISCLOSURE

The company's actual performance in the year 2016-17 exceeded the forward looking disclosures made in the last year annual report. Finance cost significantly decreased during year which has positively affected the bottom line of the Company. Dividend income also increased as compared with the projections. Moreover, effective utilization of resources, purchasing of cotton to cover our needs of short term future, production of higher thread count yarn, selection of contracts with improved profit margins in home textiles has also resulted in increased operating profits.

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 2016-2017, 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 looms added in weaving division, an upward revision has been made in the targets for the next financial year.
- Change in the power mix – Due to comparatively low generation cost through HFO and installation of HFO based engine in its power 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 was and will remain the source of all process driven thinking. Accordingly, trainings for management team have been regularly arranged during the year 2016-17 and will continue in the year 2017-18. 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 Facility of Rs.792 Million which resulted in slight increase in debt equity ratio from 10:90 to 13:87. 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.

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 the 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.

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.

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:

- 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.


SGS

Letter # CTS- 03/2017
Date of Issue: January 11, 2017

LETTER OF COMPLIANCE

Kohinoor Textile Mills Ltd
Peshawar Road, Rawalpindi
Pakistan

Was audited against
C-TPAT
MINIMUM SECURITY CRITERIA FOR MANUFACTURERS
As Audited On December 29 & 30, 2016

The audit was conducted using the SGS C-TPAT Audit Program that contains requirements of CBP for C-TPAT minimum security criteria and the letter reflects compliance on the day of the audit.

The audit process included a full review of all documentation; on-site observation of the facility listed above and interview of both management and workers, following established social audit methodology. It should be noted, however, that any audit is a sampling exercise. Therefore, there may be issues, which have not been discovered or identified during the course of the audit. It is the responsibility of the auditee to identify those issues through its own monitoring processes.

This document is valid for one year from the date of issue.

Authorized by

Manager

SGS Pakistan (Pvt) Ltd


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.

Norway, 24-02-2017,
Ecolabelling Norway

Anita Winsnes
Managing Director


Lloyd's Register
LRQA

CERTIFICATE OF APPROVAL

This is to certify that the Management System of:

Kohinoor Textile Mills Limited
Gujar Khan Division
Gulyana Road, Gujar Khan,
Pakistan

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

ISO 9001:2008

The Management System is applicable to:

Manufacture of Cotton Yarn.

Approval
Certificate No: MEA4105048

Original Approval: 16 February 1999
Current Certificate: 03 August 2017
Certificate Expiry: 14 September 2018

Issued by: Lloyd's Register EMEA - Karachi for and on behalf of Lloyd's Register Quality Assurance Limited


Lloyd's Register
LRQA

CERTIFICATE OF APPROVAL

This is to certify that the 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 Management System Standard:

ISO 9001:2008

The 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.

Approval
Certificate No: MEA4105050

Original Approval: 23 June 1999
Current Certificate: 03 August 2017
Certificate Expiry: 14 September 2018

Issued by: Lloyd's Register EMEA - Karachi for and on behalf of Lloyd's Register Quality Assurance Limited


CERTIFICATE

citeve
Centro Tecnológico das Indústrias Têxtil e do Vestuário de Portugal

The company
Kohinoor Textile Mills Limited
Peshawar Road
46000 Rawalpindi - Punjab, PAKISTAN
is granted authorisation according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our test report 10676/2015

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
4596CIT CITEVE

for the following articles:

Greige, bleached, dyed and printed woven fabrics in 100% Cotton and Cotton/Polyester (partly finished with flame retardant products accepted by Oeko-Tex®).
(Based on starting materials already Oeko-Tex® pre-certified).

The results of the inspection made according to Oeko-Tex® Standard 100, product class II have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for products with direct contact to skin.
The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA, with the exception of accessories made from glass).
The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the Oeko-Tex® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.
This authorisation is valid until 30.09.2016
V. N. de Famalicão, 03.12.2015

The Director of the Laboratories
Maria Antónia Lopes


BUREAU VERITAS
Certification

KOHINOOR TEXTILE MILLS LIMITED
PESHAWAR ROAD, RAWALPINDI-PAKISTAN

Bureau Veritas Certification Pakistan certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

Standard

SA8000:2008

Scope of certification

DESIGN AND MANUFACTURER OF YARN MADE FROM COTTON & MAN-MADE FIBERS,FABRIC CONVERSION THROUGH BLEACHING, DYEING, PRINTING, FINISHING & STITCHING FOR HOME FURNISHINGS

Certification cycle start date: 30th October 2014

Subject to the continued satisfactory operation of the organisation's Social Accountability Management System, this certificate expires on: 29th October 2017

Original certification date: 30th October 2008

Certificate No. IND14.0187

Version N. Revision date: 1-12- 2014

Signature

Signed on behalf of BVCH SAS UK Branch

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) 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.

b) 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 waste heat recovery, 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 engines in its weaving and power division.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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 investigate and implement pilot projects into alternative, sustainable energy sources.

h) NATIONAL CAUSE DONATIONS

During the year, company has contributed donations to various charitable and Educational institutes serving for the community.

i) 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.

j) CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company has contributed amounted to Rs. 996.17 million (2016: 1037.66 Million) in respect of taxes, levies and duties. Moreover we have also contributed (USD) 73.363 million (2016: 80.641 Million) to the national treasury by way of export sales.

k) 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.

l) 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.

m) 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 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 2016" 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 by securing 1st position. 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. Moreover the company's financial statements for the year ended 30 june 2016 have been nominated by the Joint Committee of ICAP and ICMAP for SAFA best presented accounts competition award.

FORWARD LOOKING STATEMENT

We expect that the Government will continue the DLTL scheme being announced in the last financial year and will eliminate condition of 10% increase in the current year export sales as compared with last year. Moreover, finance ministry will release funds to settle the pending DLTL approved cases and sales tax refunds. This will result in reduction of finance cost of the company and will improve profit margins. Some further minor hindrances need to be removed in zero rated sales tax 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 additions of looms and better marketing position in the made-ups division due to cost reduction measures taken 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 financial forecasts are as follows:

Financial year	2017-18
	(Rupees. in thousand)
Revenue	18,622
Gross Profit	2,752
Profit from operations	1,724

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

Market value of the Company's property, plant and equipment is around Rs. 12.63Billion. 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, Wartsila 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 of Directors 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, 2017 is as under:-

	(Rs. In Thousand)
Provident Fund investment	547,826

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	4
4. Mr. Waleed Tariq Saigol	Non-Executive Director	3
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	2

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 other than Mr. Sayeed Tariq Saigol.

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, caliber 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 Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

Trade of Company's Shares

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary. Since previous Directors' Report, following transactions / transfer of shares were noted:-

Name & Designation	No. of Shares	Nature of Transaction
Mr. Waleed Tariq Saigol-Director	50,000	Sold
Mrs. Shehla Tariq Saigol Spouse of Mr. Tariq Sayeed Saigol-Director	27,997,732	Received from Zimpex (Pvt) Limited (under liquidation) through voluntary winding up
-do-	13,204	Received from her deceased parents by virtue of succession certificate
M. Taufique Sayeed Saigol, CEO/Director	27,997,733	Received from Zimpex (Pvt) Limited (under liquidation) through voluntary winding up
-do-	2,874	Received from his son, Mr. Kamil Taufique Saigol by virtue of Gift Deed
Zimpex (Pvt) Limited Associated Co.	1,965,000	Purchased

Further, none of the Directors other than disclosed above, CEO, CFO, Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

Pattern of Shareholding

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 and Code of Corporate Governance as at June 30, 2017 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.

BRIEF PROFILE OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

(CHAIRMAN / DIRECTOR)
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

(CHAIRMAN / CHIEF EXECUTIVE / DIRECTOR)
Maple Leaf Capital 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 of All Pakistan Textile Mills Association from 1992-94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman of 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.

KTM
Kohinoor Textile Mills Limited

MR. TAUFIQUE SAYEED SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Capital 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 has travelled widely 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

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

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

Mr. Waleed Tariq Saigol is the Director in all KMLG companies. 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.

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 25 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 28 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)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited

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.


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CALENDAR OF NOTABLE EVENTS
JULY 2016 TO JUNE 2017

1ST QUARTER

Company has arranged a celebration for Independence Day by inviting employees and residents of mills colony
Board of Director Meeting
Issuance of Annual Report 2016

2ND QUARTER

48th Annual General Meeting of the members of Kohinoor Textile Mills Limited ("company") held at 12:30 PM at its registered office, located at 42-Lawerence Road, Lahore
Board of Director Meeting
Employees Annual Day
Eid Milad-un- Nabi
Christmas Celebrations

3RD QUARTER

Kohinoor Premier League Cricket Tournament – Raiwind Division
Board of Director Meeting
7th Edition of Magazine "Hum Kohinoor"

4TH QUARTER

Kohinoor Premier League Cricket Tournament - Rawalpindi Division
Iftar Party was arranged for all the company employees

FINANCIAL CALENDAR

RESULTS

RESULTS FOR THE YEAR / PERIOD	DISSEMINATION DATE
YEAR ENDED JUNE 30, 2016	SEPTEMBER 05, 2016
FIRST QUARTER ENDED SEPTEMBER 30, 2016	OCTOBER 26, 2016
HALF YEAR ENDED DECEMBER 31, 2016	FEBRUARY 16, 2017
THIRD QUARTER ENDED MARCH 31, 2017	APRIL 26, 2017
YEAR ENDED JUNE 30, 2017	SEPTEMBER 13, 2017

DIVIDEND

DIVIDEND	DATE
FINAL – CASH (2016)	APPROVED ON 31-10-2016
	ENTITLEMENT DATE 19-10-2016
	STATUTORY LIMIT UP TO WHICH PAYABLE 30-11-2016
	PAID ON 26-11-2016
INTERIM – CASH (2017)	APPROVED ON 16-02-2017
	ENTITLEMENT DATE 13-03-2017
	STATUTORY LIMIT UP TO WHICH PAYABLE 11-04-2017
	PAID ON 10-04-2017

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: 10

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: 14

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: 14

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:

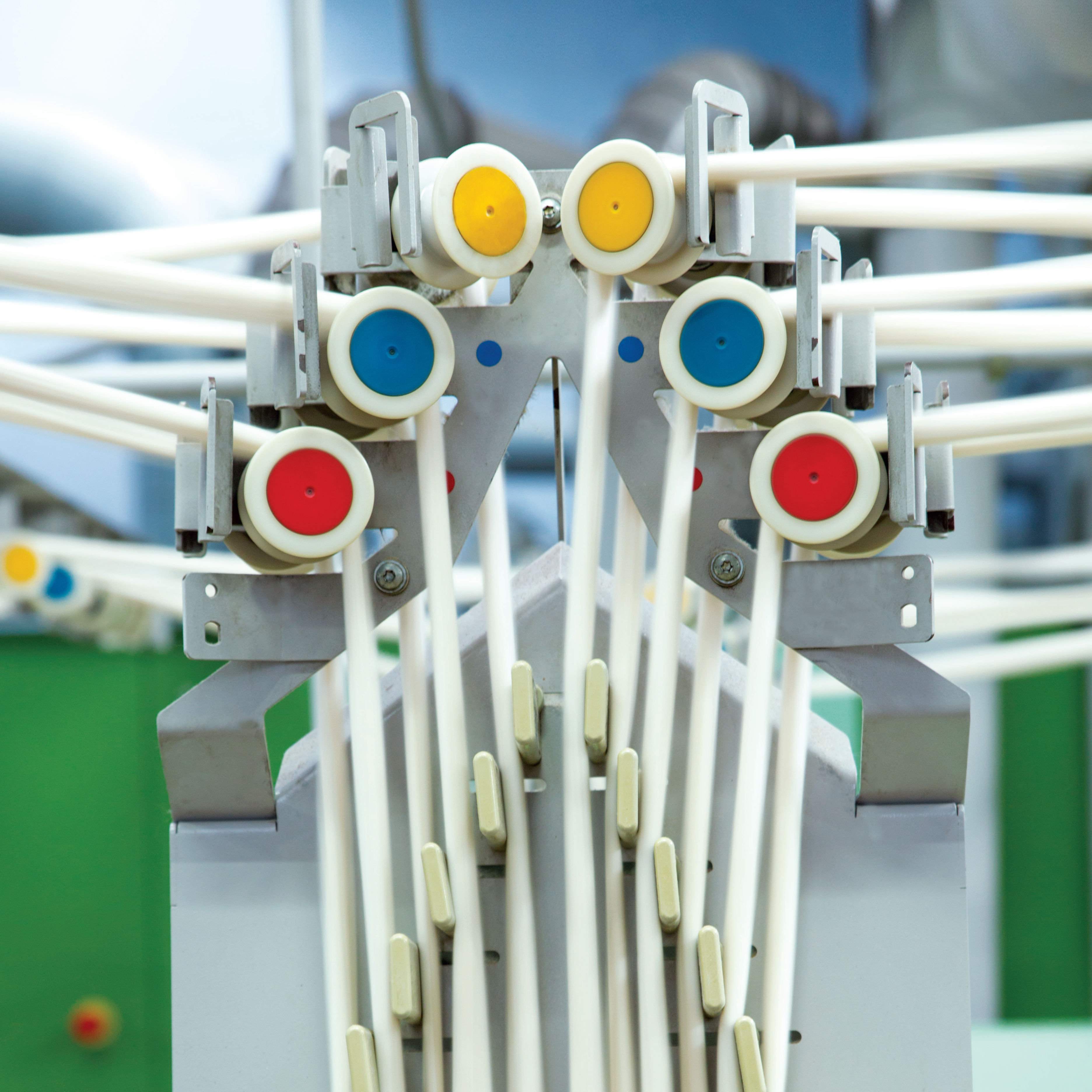
Kohinoor maintains sound collaborative relationships with its stakeholders.

2) Procedures:

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

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 • Focus on cost optimization	• Higher Taxation • Higher cost of power generation amongst competitive countries in this region
OPPORTUNITIES	**THREATS**
• Devaluation of Pak. Rupee due to change in Government strategy. • Potential to expand product lines in new markets locally & internationally • Rising population works as a catalyst for fabric needs • GSP plus status for Pakistan • Constant interest rate • Export re-finance scheme and provision of long term finances at reduced mark-up rates	• Stiff competition from textile based countries • High incidence of taxes • Increase in international fuel prices

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

No query was raised by any shareholder during the meeting.

Implementation

The Board of Directors of the Company in their meeting held on 05 September 2016, the Board of Directors 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.

ROLE OF CHAIRMAN AND THE CEO

The Company's Chairman Report 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 has 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 2016-2017. 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 including consolidated financial statements 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 Act, 2017, 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 reappointment of Riaz Ahmad & Company, Chartered Accountants, as external auditors for the year 2017-2018.

By order of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
13 September 2017

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.

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.


TAHARI

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). ROIC is a measure of how well management has used the company's resources. ROIC 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 ROIC 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 8%, from Rupees. 16,088 million (2016) to Rupees 17,405 million. Increase in sales is mainly attributable to outstanding performance of spinning and weaving divisions where 17% and 12% increase have been witnessed during the year under review. Processing & Home textile division has recorded decrease of 3% in sales revenue during the year due to stiff competition in export market.

2) Cost to revenue ratio has been increased from 81.11% to 85.17% during the year. Major reasons contributing such increase are hike in raw material prices, fuel & power cost and stores, spare & loose tools consumed.

3) Gross Profit has been decreased from 19% to 15% in current financial year mainly due to reduced profit margins.

4) Finance cost has been decreased by 69.764 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 13.25% to 13.51% due to reduced finance cost as compared to preceding year.

6) Debt equity ratio has been increased from 10:90 to 13:87 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 increased by Rupees. 169 million due to increased operating profits.

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 Rupees. 571 Million Due to increase in long term financing obtained for the expansion in weaving division and modernization of spinning, processing and home textile division.

Non-current assets of the Company have been increased by 17% in 2017 because of expansion of production facilities in weaving division and modernization of plant & machinery in spinning, processing and home textile divisions.

Current assets of the Company are showing downward trend of 11.6% mainly due to disposal of short term investments.

Profit & Loss Account:

Company's sales are being increased by 56% since 2012.

Gross profit has been decreased by 15% from 2016 to 2017. Major components of such decrease are sequenced profit margins and increasing costs of input and other over heads.

In 6 years period from 2012 to 2017, Finance cost has been decreased by 70% 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 123% from 2012 to 2017. 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 9% of the balance sheet footing as compared to 6% 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. 13,158 Million in 2016 to Rs. 15,447 Million in 2017. Such increase is due to capital expenditure for production facilities and long term investment in subsidiary company.

Profit & Loss Account

Cost of sales has been increased from 81.11% to 85.17% in 2017 due to increase in raw material cost & production overheads.

Finance cost has been decreased by Rs. 70 Million in 2017 because of efficient utilization of finances and reduction in WACC.

Other operating income increased by 62% as compared with 2016 due to increase in dividend from subsidiary company and gain on sale of listed company shares.

Key Operating and Financial Data

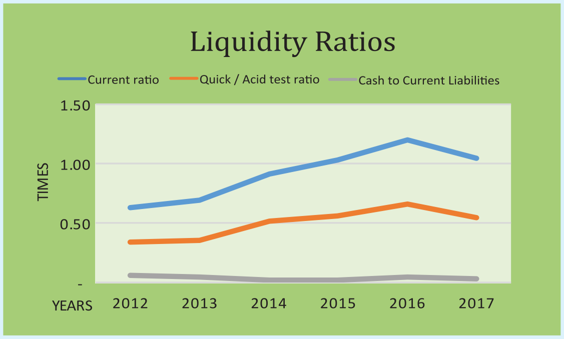
Six Years Summary

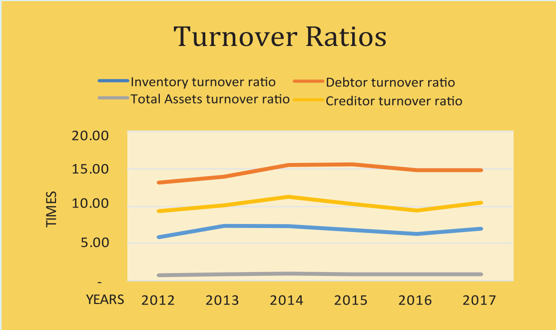
Particulars	2017	2016	2015	2014	2013	2012
Net sale (Rs. 000)	17,404,708	16,088,302	15,776,611	15,302,242	14,250,439	11,146,698
Profitability (Rs.000)						
Gross profit	2,581,315	3,039,436	2,643,857	1,907,163	2,134,252	1,836,649
Operating profit	3,170,104	2,965,535	2,897,223	1,853,976	1,438,978	1,175,029
Profit / (Loss) before tax	2,902,511	2,628,178	2,406,306	1,288,592	798,435	304,289
Provision for income tax	550,732	495,963	319,473	118,940	313,903	187,860
Profit / (Loss) after tax	2,351,779	2,132,215	2,086,833	1,169,652	484,532	116,429
Financial Position (Rs.000)						
Tangible fixed assets-net	8,222,022	7,437,640	6,565,198	5,919,751	5,959,112	6,161,381
Intangible assets	11,974	9,305	-	-	3,006	6,284
Investment & other assets	7,213,438	5,711,189	5,710,380	4,842,439	5,018,905	5,028,081
	15,447,434	13,158,134	12,275,578	10,762,190	10,981,023	11,195,746
Current assets	5,297,408	5,997,583	5,338,022	5,359,518	4,339,574	4,002,184
Current liabilities	5,046,039	4,990,909	5,185,753	5,868,566	6,257,996	6,329,557
Net working capital	251,369	1,006,674	152,269	(509,048)	(1,918,422)	(2,327,373)
Capital employed	15,698,803	14,164,808	12,427,847	10,253,142	9,062,601	8,868,373
Less: Redeemable capital, long term loan & other liabilities	1,776,007	1,205,135	743,794	410,396	389,507	679,811
Less: Surplus on revaluation of property	3,822,453	3,799,334	3,673,825	3,673,825	3,673,825	3,673,825
Share holders Equity	10,100,343	9,160,339	8,010,228	6,168,921	4,999,269	4,514,737
Represented By:						
Share capital	2,823,551	2,823,551	2,455,262	2,455,262	2,455,262	2,455,262
Reserves & unappropriated profit	7,276,792	6,336,788	5,554,966	3,713,659	2,544,007	2,059,475
	10,100,343	9,160,339	8,010,228	6,168,921	4,999,269	4,514,737
Ratios:						
Profitability Ratio's:						
Gross profit to sales (%age)	14.83	18.89	16.76	12.46	14.98	16.48
Net profit to sales (%age)	13.51	13.25	13.23	7.64	3.40	1.04
EBITDA (%age)	20.76	20.70	20.45	14.22	12.41	13.69
Operating leverage ratio	0.88	1.00	18.67	4.14	0.79	4.57
Return on equity (%age)	23.28	23.28	26.05	18.96	9.69	2.58
Return on capital employed (%age)	14.98	15.05	16.79	11.41	5.35	1.31
Profit before tax ratio (%age)	16.68	16.34	15.25	8.42	5.60	2.73
Effective tax rate (%age)	18.97	18.87	13.28	9.23	39.31	61.74
Cost / Revenue ratio (%age)	85.17	81.11	83.24	87.54	85.02	83.52
Liquidity Ratio's:						
Current ratio	1.05	1.20	1.03	0.91	0.69	0.63
Acid test ratio	0.54	0.66	0.56	0.52	0.35	0.34
Cash to current liabilities	0.03	0.05	0.02	0.02	0.05	0.06
Cash flow from operations to sales %	6.73	6.23	8.31	1.49	4.30	7.58
Activity / Turnover Ratio's:						
Inventory turn over	7.04	6.23	6.78	7.33	7.35	5.84
No. of days in Inventory	52	59	54	50	50	62
Debtors turn over ratio	14.89	14.83	15.52	15.53	13.88	13.16
No. of days in receiveables	25	25	24	23	26	28
Creditors turnover ratio	10.39	9.47	10.23	11.25	10.05	9.33
No. of days in creditors	35	39	36	32	36	39

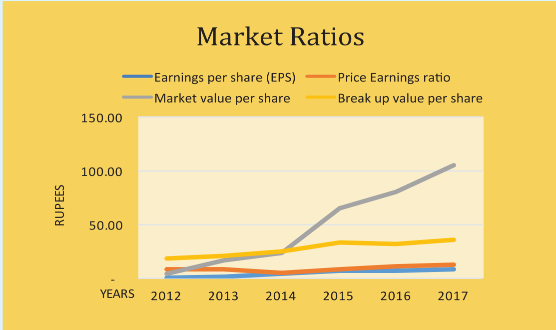
KTM
Kohinoor Textile Mills Limited

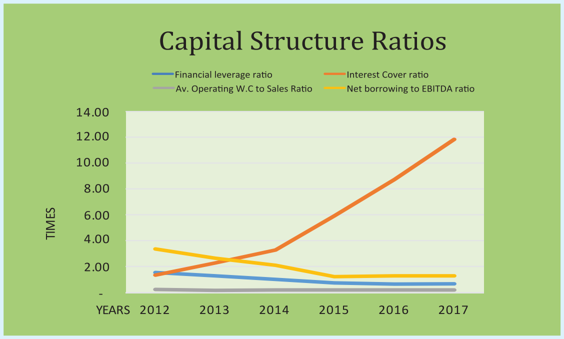
Particulars	2017	2016	2015	2014	2013	2012
Total assets turn over / return on investment ratio	0.84	0.84	0.90	0.95	0.93	0.73
Fixed assets turn over ratio	1.74	1.74	1.89	1.99	1.85	1.41
Operating cycle	41	45	42	41	40	51
Investment / Market Ratio's:						
Earning per share - Basic	8.33	7.55	7.39	4.76	1.97	0.47
Earning per share - Diluted	8.33	7.55	7.39	4.76	1.97	0.47
Price earning ratio	12.62	10.60	8.79	4.99	8.53	8.87
Price to book ratio	105.13:35.77	80.03:32.44	64.96:32.62	23.74:25.13	16.80:20.36	4.17:18.39
Dividend yield ratio	50%	40%	10%	-	-	-
Dividend payout ratio	60.02	52.98	13.53	-	-	-
Dividend cover ratio - (Times)	8.33	7.55	8.50	-	-	-
Cash dividend per share - (Rupees)	5	4	1	-	-	-
Stock dividend per share	0%	15%	-	-	-	-
Breakup value per share (without revaluation surplus)	35.77	32.44	32.62	25.13	20.36	18.39
Breakup value per share (with revlauation surplus)	49.31	45.90	47.59	40.09	35.32	33.35
Market value per share at the end of the year	105.13	80.03	64.96	23.74	16.80	4.17
Share Price - High during the year	128.50	82.34	68.28	30.70	19.5	5.63
Share Price - Low during the year	78.95	60.94	21.68	16.80	3.7	2.28
Earning assets to total assets ratio	74.19	68.38	69.35	66.47	71.41	73.67
Capital Structure Ratio's:						
Financial leverage ratio	0.68	0.68	0.74	1.02	1.33	1.55
Weighted average cost of debt (%age)	4.16	5.35	9.87	11.11	11.35	14.02
Debt to equity ratio	13:87	10:90	6:94	3 : 97	11 : 89	20 :80
Interest cover ratio	11.85	8.79	5.90	3.28	2.25	1.35
Average operating working capital to sales ratio	0.20	0.20	0.19	0.19	0.17	0.24
Net borrowing to EBITDA ratio	1.28	1.25	1.23	2.13	2.61	3.37
Summary of Cash flows						
Net cash flow from operating activities	1,171,639	1,002,347	1,310,771	228,105	612,206	844,892
Net cash flow from investing activities	(196,570)	(247,653)	(314,592)	(228,826)	(99,537)	701,624
Net cash flow from financing activities	(1,049,146)	(640,497)	(982,301)	(219,194)	(577,320)	(1,582,009)
Net change in cash and cash equivalents	(74,077)	114,197	13,878	(219,915)	(64,651)	(35,493)
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	39,574	38,473	38,270	32,415	33,038	24,998
KGM Division	34,816	33,299	30,524	25,726	30,243	24,441
	74,390	71,772	68,794	58,141	63,281	49,439
Sales / Tran.for wvg.(actual count)						
KTM Division	12,356	11,017	9,597	10,267	8,105	5,933
KGM Division	5,284	5,106	4,533	5,367	3,857	3,365
	17,640	16,123	14,130	15,634	11,962	9,298
Cloth (Linear meters "000") :						
Processing (Rawalpindi Division)						
Production	17,986	19,168	19,747	19,235	16,221	15,204
Sales	17,641	18,355	18,890	17,994	15,055	14,856
Weaving (Raiwind Division)						
Production	27,533	26,204	21,280	18,883	19,122	22,840
Sales	27,021	26,614	20,501	18,968	19,069	23,877

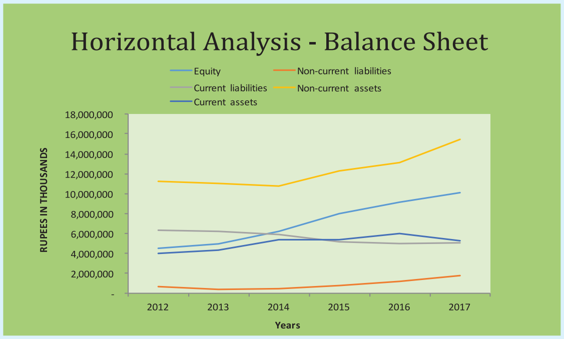

Profitability Ratios
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
PERCENTAGE
YEARS
2012
2013
2014
2015
2016
2017
Gross Profit ratio
Net Profit to Sales
EBITDA Margin to Sales
Return on Capital employed

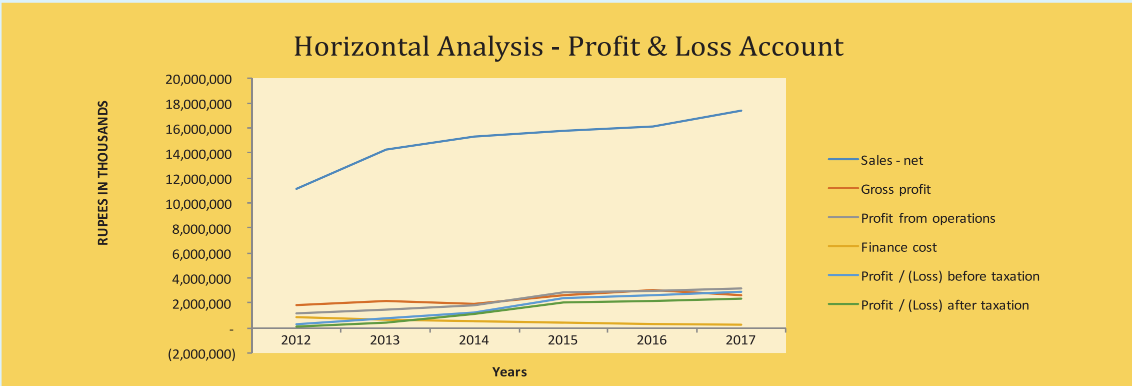

Liquidity Ratios
Current ratio
Quick / Acid test ratio
Cash to Current Liabilities
1.50
1.00
0.50
-
TIMES
YEARS
2012
2013
2014
2015
2016
2017

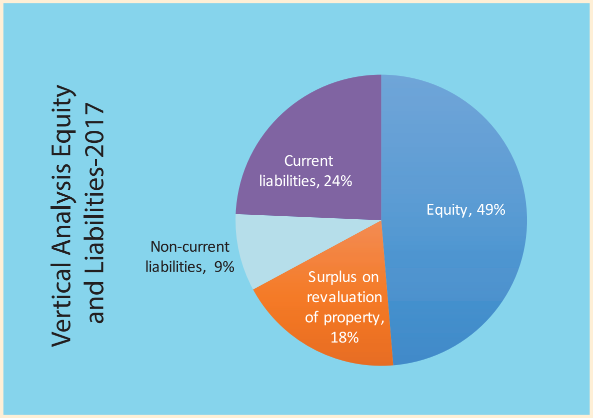

Turnover Ratios
Inventory turnover ratio
Debtor turnover ratio
Total Assets turnover ratio
Creditor turnover ratio
20.00
15.00
10.00
5.00
-
TIMES
YEARS
2012
2013
2014
2015
2016
2017

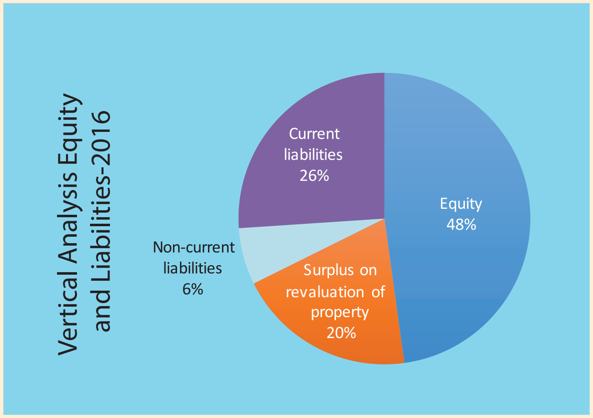

Market Ratios
Earnings per share (EPS)
Price Earnings ratio
Market value per share
Break up value per share
150.00
100.00
50.00
-
RUPEES
YEARS
2012
2013
2014
2015
2016
2017

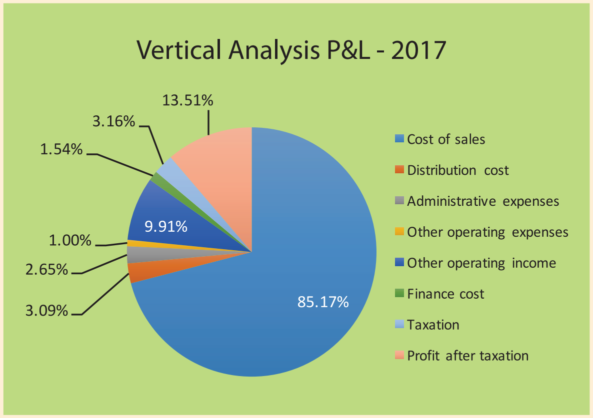

Capital Structure Ratios
Financial leverage ratio
Interest Cover ratio
Av. Operating W.C to Sales Ratio
Net borrowing to EBITDA ratio
14.00
12.00
10.00
8.00
6.00
4.00
2.00
-
TIMES
YEARS
2012
2013
2014
2015
2016
2017

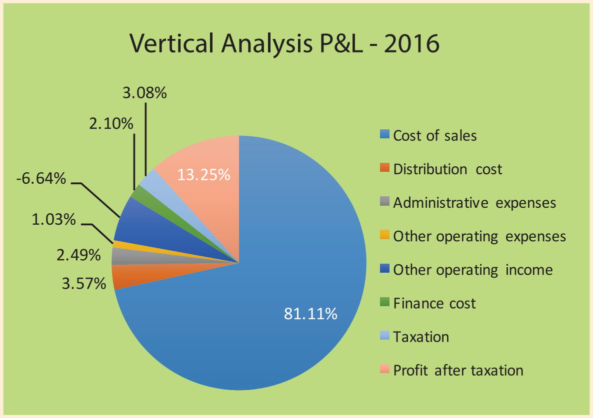

Horizontal Analysis - Balance Sheet
Equity
Non-current liabilities
Current liabilities
Non-current assets
Current assets
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
RUPEES IN THOUSANDS
2012
2013
2014
2015
2016
2017
Years

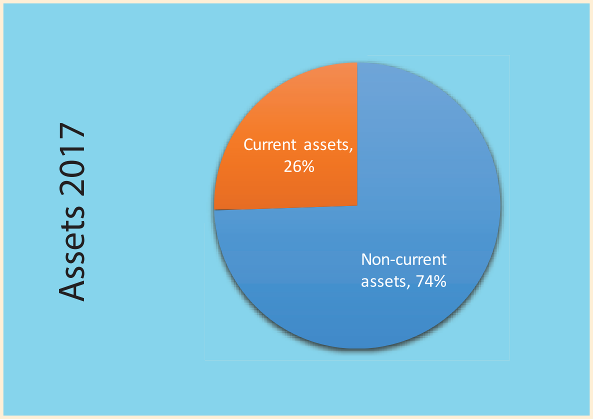

Horizontal Analysis - Profit & Loss Account
20,000,000
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
(2,000,000)
RUPEES IN THOUSANDS
2012
2013
2014
2015
2016
2017
Years
Sales - net
Gross profit
Profit from operations
Finance cost
Profit / (Loss) before taxation
Profit / (Loss) after taxation

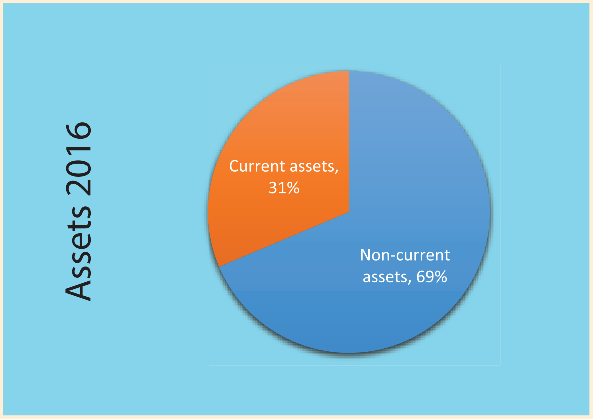

Vertical Analysis Equity and Liabilities-2017
Current liabilities, 24%
Equity, 49%
Non-current liabilities, 9%
Surplus on revaluation of property, 18%


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


Vertical Analysis P&L - 2017
13.51%
3.16%
1.54%
9.91%
1.00%
2.65%
3.09%
85.17%
Cost of sales
Distribution cost
Administrative expenses
Other operating expenses
Other operating income
Finance cost
Taxation
Profit after taxation


Vertical Analysis P&L - 2016
3.08%
2.10%
-6.64%
13.25%
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


Assets 2017
Current assets, 26%
Non-current assets, 74%


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

Cash flow statement - (Direct Method)

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	17,145,269	16,178,453
Cash paid to suppliers and employees	15,233,488	14,489,734
Cash generated from operations	1,911,781	1,688,719
Finance cost paid	(274,506)	-350,377
Income tax paid	(471,668)	-345,416
Net decrease/ (increase) in long term deposits	3,363	116
Net cash generated from operating activities	1,168,970	993,042
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(1,236,491)	(1,130,014)
Proceeds from sale of property, plant and equipment	47,251	32,143
Purchase of long term investments	(1,500,000)	-
Purchase of short term investments	(717,072)	(839,701)
Proceeds from sale of short term investments	1,860,779	868,223
Interest received	9,079	2,811
Dividends received	1,342,553	828,190
Net cash (used in) / from investing activities	(193,901)	(238,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	791,624	591,703
Repayment of long term financing	(163,380)	(70,286)
Repayment of liabilities against assets subject to finance lease	(26,075)	(22,113)
Short term borrowings - net	(246,528)	(162,194)
Dividend paid	(1,404,787)	(977,607)
Net cash used in financing activities	(1,049,146)	(640,497)
Net (decrease) / increase in cash and cash equivalents	(74,077)	114,197
Cash and cash equivalents at the beginning of the year	229,012	114,815
Cash and cash equivalents at the end of the year	154,935	229,012

KTM
Kohinoor Textile Mills Limited

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
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
2017	28.98%	0.17	0.84	2.07

Comments:

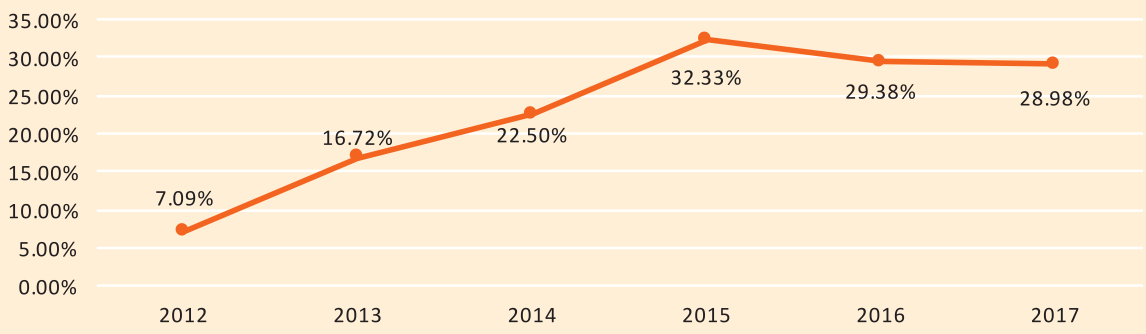
1 Main driving factor in decreased ROE is Equity Multiplier.

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 decreased due to increase payments of dividends to shareholders.

4 Total assets turnover almost remained same.

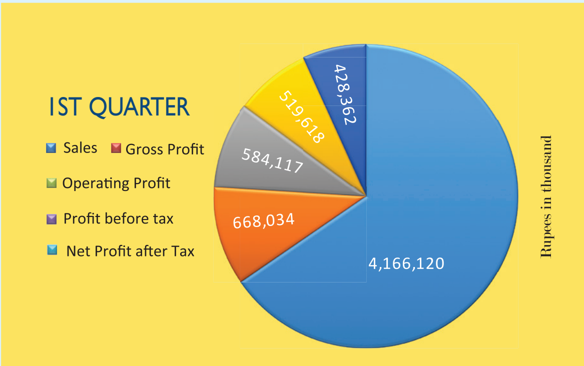
Dupont Chart

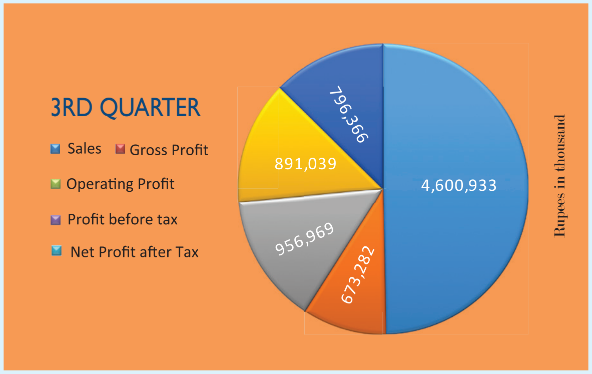


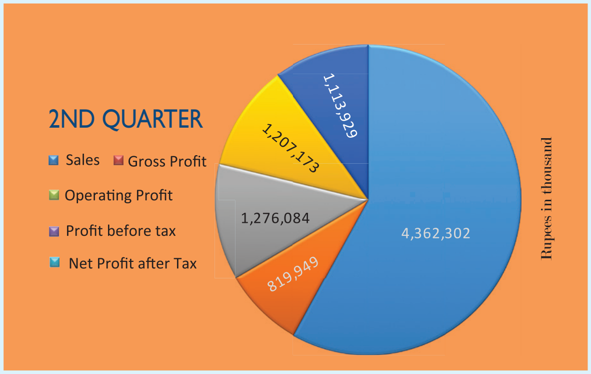
RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

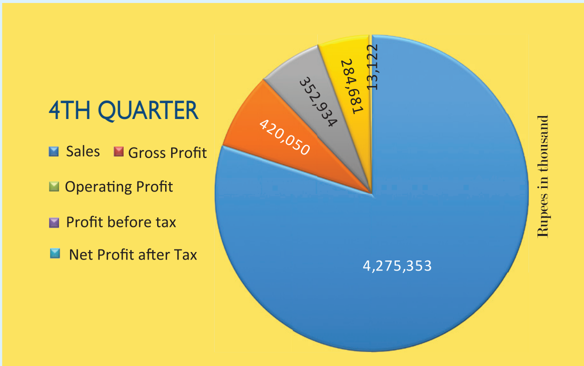
Particulars	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2016		6 Months Period Ended 31-12-2016		9 Months Period Ended 31-03-2017		Full Year Ended 30-06-2017	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	4,166,120		8,528,422		13,129,355		17,404,708	
Gross Profit	668,034	16.03%	1,367,118	16.03%	2,040,400	15.54%	2,581,315	14.83%
Operating Profit	584,117	14.02%	1,860,201	21.81%	2,817,170	21.46%	3,170,104	18.21%
Net Profit before tax	519,618	12.47%	1,726,791	20.25%	2,617,830	19.94%	2,902,511	16.68%
Net Profit after tax	428,362	10.28%	1,542,291	18.08%	2,338,657	17.81%	2,351,779	13.51%
Equity	9,588,701		9,855,565		10,087,221		10,100,343	
Current ratio (in time)	1.28		1.02		1.05		1.05	

GRAPHICAL PRESENTATION









ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS WITH THE FINAL ACCOUNTS

3 Months Ended 30 September 2016

Gross Profit was 16.03% as compared with annual GP of 14.83% due to better profit margins in 1st quarter.

Operating profit was 14.02% as compared with annual operating profit of 18.21% due to receipt of dividend income & gain on disposal of short term investments in 2nd and 3rd Quarter.

Net profit before tax was 12.47% as compared with annual net profit before tax of 16.68% due to aforementioned reasons.

Net Profit after tax was 10.28% as compared with annual net profit after tax of 13.51% due to squeezed profits as compared with annual profit.

Shareholders' equity was Rupees. 9,588 million as compared with annual equity of Rupees. 10,100 million mainly due to dividend income and gain on sale of short term investments in last quarters.

Current ratio was 1.28 times as compared with annual current ratio of 1.05 times due to sale of short term investments in the 2nd quarter and the funds from which invested in long term investment in subsidiary Company.

6 Months Ended 31 December 2016

Gross Profit was 16.03% as compared with annual GP of 14.83% due to better profit margins in first half of the year.

Operating profit for the first half year was 21.81% as compared with annual operating profit of 18.21% due to gain on sale of short term investments in Listed Companies share and dividend income from subsidiary Company in 2nd quarter.

Net profit before tax was 20.25% as compared with annual net profit before tax of 16.68% due to aforementioned reasons.

Shareholders' equity was Rupees. 9,855 million as compared with annual equity of Rupees. 10,100 million due to dividend from subsidiary Company and better margins.

Current ratio almost remained same.

9 Months Ended 31 March 2017

Gross profit was 15.54% as compared with annual GP of 14.83% due to better utilizations, selling margins in first 9 months.

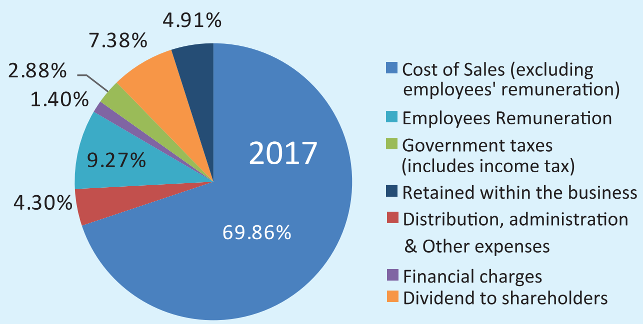
Operating profit for the first 9 months was 21.46% as compared with annual operating profit of 18.21% due to gain on sale of short term investments in Listed Companies share and dividend income from subsidiary Company in 2nd and 3rd quarter.

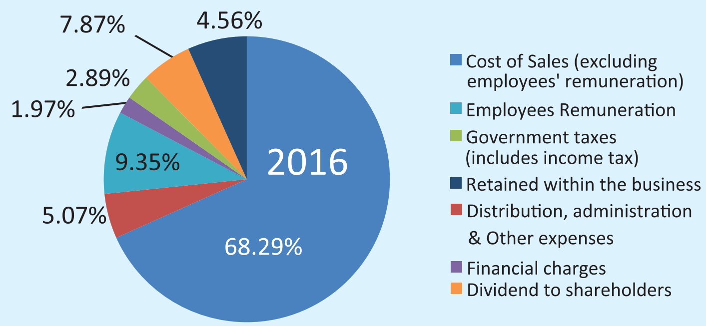
Shareholders' equity was Rupees. 10,087 million as compared with annual equity of Rupees. 10,100 million.

Current ratio and Shareholders' equity was almost remained same in 9 months as compared with annual results.

VALUE ADDED AND HOW DISTRIBUTED

	2017		2016		2015		2014		2013		2012	
	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age
Wealth Generated												
Net Sales	17,404,708	90.98%	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%
Other operating income	1,725,445	9.02%	1,067,529	6.22%	1,315,992	7.70%	871,815	5.39%	52,455	0.37%	67,273	0.60%
	19,130,153	100.00%	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%
Distribution of Wealth												
Cost of Sales (excluding employees' remuneration)	13,365,225	69.86%	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%
Distribution, administration & Other expenses	821,843	4.30%	869,714	5.07%	834,508	4.88%	735,069	4.54%	584,383	4.09%	578,789	5.16%
Employees Remuneration	1,772,981	9.27%	1,604,413	9.35%	1,422,147	8.32%	1,240,563	7.67%	1,023,669	7.16%	823,943	7.35%
Financial charges	267,593	1.40%	337,357	1.97%	490,917	2.87%	565,384	3.50%	640,543	4.48%	870,740	7.76%
Government taxes (includes income tax)	550,732	2.88%	495,963	2.89%	319,473	1.87%	118,940	0.74%	313,903	2.19%	187,860	1.68%
Dividend to shareholders	1,411,775	7.38%	1,350,393	7.87%	245,526	1.44%	-	0.00%	-	0.00%	-	0.00%
Retained within the business	940,004	4.91%	781,822	4.56%	1,841,307	10.77%	1,169,652	7.23%	484,532	3.39%	116,429	1.04%
	19,130,153	100.00%	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%





HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

	2017	Change 17 vs 16	2016	Change 16 vs 15	2015	Change 15 vs 14	2014	Change 14 vs 13	2013	Change 13 vs 12	2012
			Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
Balance Sheet											
Total Equity	10,100,343	10.26	9,160,339	14.36	8,010,228	29.85	6,168,921	23.40	4,999,269	10.73	4,514,737
Total Surplus on revalution of property	3,822,453	0.61	3,799,334	3.42	3,673,825	-	3,673,825	-	3,673,825	-	3,673,825
Total non-current liabilities	1,776,007	47.37	1,205,135	62.03	743,794	81.24	410,396	5.36	389,507	(42.70)	679,811
Total current liabilities	5,046,039	1.10	4,990,909	(3.76)	5,185,753	(11.64)	5,868,566	(6.22)	6,257,996	(1.13)	6,329,557
Total equity and liabilities	20,744,842	8.30	19,155,717	8.76	17,613,600	9.25	16,121,708	5.23	15,320,597	0.81	15,197,930
Total non-current assets	15,447,434	17.40	13,158,134	7.19	12,275,578	14.06	10,762,190	(1.99)	10,981,023	(1.92)	11,195,746
Total current assets	5,297,408	(11.67)	5,997,583	12.36	5,338,022	(0.40)	5,359,518	23.50	4,339,574	8.43	4,002,184
Total assets	20,744,842	8.30	19,155,717	8.76	17,613,600	9.25	16,121,708	5.23	15,320,597	0.81	15,197,930
Profit and Loss Account											
Net sales	17,404,708	8.18	16,088,302	1.98	15,776,611	3.10	15,302,242	7.38	14,250,439	27.84	11,146,698
Cost of sales	14,823,393	13.60	13,048,866	(0.64)	13,132,754	(1.96)	13,395,079	10.56	12,116,187	30.14	9,310,049
Gross profit	2,581,315	(15.07)	3,039,436	14.96	2,643,857	38.63	1,907,163	(10.64)	2,134,252	16.20	1,836,649
Selling and distribution expenses	538,294	(6.26)	574,226	(7.42)	620,281	8.14	573,592	30.78	438,598	8.96	402,526
Administrative expenses	460,681	14.85	401,099	9.36	366,754	16.01	316,152	22.35	258,398	22.84	210,356
Other operating expenses	137,681	(17.11)	166,105	119.74	75,591	114.39	35,258	(30.50)	50,733	(56.27)	116,011
Other operating income	1,725,445	61.63	1,067,529	(18.88)	1,315,992	50.95	871,815	1,562.02	52,455	(22.03)	67,273
Profit from operations	3,170,104	6.90	2,965,535	2.36	2,897,223	56.27	1,853,976	28.84	1,438,978	22.46	1,175,029
Finance cost	267,593	(20.68)	337,357	(31.28)	490,917	(13.17)	565,384	(11.73)	640,543	(26.44)	870,740
Profit/(Loss) before taxation	2,902,511	10.44	2,628,178	9.22	2,406,306	86.74	1,288,592	61.39	798,435	162.39	304,289
Provision for taxation	550,732	11.04	495,963	55.24	319,473	168.60	118,940	(62.11)	313,903	67.09	187,860
Profit / (Loss) after taxation	2,351,779	10.30	2,132,215	2.17	2,086,833	78.41	1,169,652	141.40	484,532	316.16	116,429

Vertical Analysis of Financial Statement

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
	...Rupees in thousand...											
Balance Sheet												
Total Equity	10,100,343	48.69	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
Total Surplus on revolution of property	3,822,453	18.43	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
Total non-current liabilities	1,776,007	8.56	1,205,135	6.29	743,794	4.22	410,396	2.55	389,507	2.54	679,811	4.47
Total current liabilities	5,046,039	24.32	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
Total equity and liabilities	20,744,842	100.00	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
Total non-current assets	15,447,434	74.46	13,158,134	68.69	12,275,578	69.69	10,762,190	66.76	10,981,023	71.67	11,195,746	73.67
Total current assets	5,297,408	25.54	5,997,583	31.31	5,338,022	30.31	5,359,518	33.24	4,339,574	28.33	4,002,184	26.33
Total assets	20,744,842	100.00	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
Profit and Loss Account												
Net sales	17,404,708	100.00	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
Cost of sales	14,823,393	85.17	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
Gross profit	2,581,315	14.83	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
Selling and distribution expenses	538,294	3.09	574,226	3.57	620,281	3.93	573,592	3.75	438,598	3.08	402,526	3.61
Administrative expenses	460,681	2.65	401,099	2.49	366,754	2.32	316,152	2.07	258,398	1.81	210,356	1.89
Other operating expenses	137,681	0.79	166,105	1.03	75,591	0.48	35,258	0.23	50,733	0.36	116,011	1.04
Other operating income	1,725,445	9.91	1,067,529	6.64	1,315,992	8.34	871,815	5.70	52,455	0.37	67,273	0.60
Profit from operations	3,170,104	18.21	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
Finance cost	267,593	1.54	337,357	2.10	490,917	3.11	565,384	3.69	640,543	4.49	870,740	7.81
Profit / (Loss) before taxation	2,902,511	16.68	2,628,178	16.34	2,406,306	15.25	1,288,592	8.42	798,435	5.60	304,289	2.73
Provision for taxation	550,732	3.16	495,963	3.08	319,473	2.02	118,940	0.78	313,903	2.20	187,860	1.69
Profit / (Loss) after taxation	2,351,779	13.51	2,132,215	13.25	2,086,833	13.23	1,169,652	7.64	484,532	3.40	116,429	1.04

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. 571 Million Due to increase in long term financing obtained for the expansion in weaving division and modernization of spinning, processing and home textile division.

Non-current assets of the Company have been increased by 17% in 2017 because of expansion of production facilities in weaving division and modernization of plant & machinery in spinning, processing and home textile divisions.

Current assets of the Company are showing downward trend of 11.6% mainly due to disposal of short term investments.

Profit & Loss Account:

Company's sales are being increased by 56% since 2012.

Gross profit has been decreased by 15% from 2016 to 2017. Major components of such decrease are sequenced profit margins and increasing costs of input and other over heads.

In 6 years period from 2012 to 2017, Finance cost has been decreased by 70% 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 123% from 2012 to 2017. 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 9% of the balance sheet footing as compared to 6% 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. 13,158 Million in 2016 to Rs. 15,447 Million in 2017. Such increase is due to capital expenditure for production facilities and long term investment in subsidiary company.

Profit & Loss Account:

Cost of sales has been increased from 81.11% to 85.17% in 2017 due to increase in raw material cost & production overheads.

Finance cost has been decreased by Rs. 70 Million in 2017 because of efficient utilization of finances and reduction in WACC.

Other operating income increased by 62% as compared with 2016 due to increase in dividend from subsidiary company and gain on sale of listed company shares.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: **Kohinoor Textile Mills Limited**
Year Ended: **June 30, 2017**

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. Danial Taufique Saigol Syed Mohsin Raza Naqvi
Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol Mr. Waleed 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. However, during the year, election of Directors was held on April 22, 2017 for the next term and eight Directors were elected as fixed by the Board.

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 applicable law and the Listing Regulations of the Pakistan Stock Exchange.

10. There were no new appointments of the CFO and the Company Secretary. However, Head of

Internal Audit was appointed during the year. 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. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

For and on behalf of the Board

Lahore
13 September 2017

(Syed Mohsin Raza Naqvi)
Director

(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 2017 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 2017.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 13 September 2017
Islamabad

Financial Statements

for the Year Ended June 30, 2017

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 2017 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 repealed 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 repealed 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 repealed 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 repealed 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 2017 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: 13 September 2017

ISLAMABAD

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2016: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2016: 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	2,823,551
Reserves	4	7,276,792	6,336,788
Total equity		10,100,343	9,160,339
Surplus on revaluation of land and investment properties	5	3,822,453	3,799,334
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	1,295,884	765,027
Liabilities against assets subject to finance lease	7	-	22,370
Deferred income tax liability	8	480,123	417,738
		1,776,007	1,205,135
CURRENT LIABILITIES			
Trade and other payables	9	1,533,803	1,320,483
Accrued mark-up	10	44,228	51,141
Short term borrowings	11	3,187,866	3,434,394
Current portion of non-current liabilities	12	278,573	184,891
Provision for taxation		1,569	-
		5,046,039	4,990,909
TOTAL LIABILITIES		6,822,046	6,196,044
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		20,744,842	19,155,717

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	8,222,022	7,437,640
Intangible asset under development	15	11,974	9,305
Investment properties	16	1,789,670	1,784,058
Long term investments	17	5,367,089	3,867,089
Long term deposits	18	56,679	60,042
		15,447,434	13,158,134
CURRENT ASSETS			
Stores, spare parts and loose tools	19	552,564	518,242
Stock-in-trade	20	2,009,579	2,203,655
Trade debts	21	1,298,968	1,039,529
Advances	22	145,480	196,419
Security deposits and short term prepayments	23	34,946	27,517
Other receivables	24	1,094,438	929,343
Short term investments	25	6,498	838,756
Taxation recoverable		-	15,110
Cash and bank balances	26	154,935	229,012
		5,297,408	5,997,583
TOTAL ASSETS		20,744,842	19,155,717

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

Profit and Loss Account
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
REVENUE	27	17,404,708	16,088,302
COST OF SALES	28	(14,823,393)	(13,048,866)
GROSS PROFIT		2,581,315	3,039,436
DISTRIBUTION COST	29	(538,294)	(574,226)
ADMINISTRATIVE EXPENSES	30	(460,681)	(401,099)
OTHER EXPENSES	31	(137,681)	(166,105)
		(1,136,656)	(1,141,430)
		1,444,659	1,898,006
OTHER INCOME	32	1,725,445	1,067,529
PROFIT FROM OPERATIONS		3,170,104	2,965,535
FINANCE COST	33	(267,593)	(337,357)
PROFIT BEFORE TAXATION		2,902,511	2,628,178
TAXATION	34	(550,732)	(495,963)
PROFIT AFTER TAXATION		2,351,779	2,132,215

	Note	2017	2016
		---------- (Rupees) ----------	
EARNINGS PER SHARE - BASIC AND DILUTED	35	8.33	7.55

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

KTM
Kohinoor Textile Mills Limited

Statement of Comprehensive Income
For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
PROFIT AFTER TAXATION	2,351,779	2,132,215
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	2,351,779	2,132,215

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	1,914,450	1,698,024
Finance cost paid		(274,506)	(350,377)
Income tax paid		(471,668)	(345,416)
Net decrease in long term deposits		3,363	116
Net cash generated from operating activities		1,171,639	1,002,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,236,491)	(1,130,014)
Proceeds from sale of property, plant and equipment		47,251	32,143
Intangible asset under development		(2,669)	(9,305)
Long term investment made		(1,500,000)	-
Short term investments made		(717,072)	(839,701)
Proceeds from sale of short term investments		1,860,779	868,223
Interest received		9,079	2,811
Dividends received		1,342,553	828,190
Net cash used in investing activities		(196,570)	(247,653)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		791,624	591,703
Repayment of long term financing		(163,380)	(70,286)
Repayment of liabilities against assets subject to finance lease		(26,075)	(22,113)
Short term borrowings - net		(246,528)	(162,194)
Dividends paid		(1,404,787)	(977,607)
Net cash used in financing activities		(1,049,146)	(640,497)
Net (decrease) / increase in cash and cash equivalents		(74,077)	114,197
Cash and cash equivalents at the beginning of the year		229,012	114,815
Cash and cash equivalents at the end of the year		154,935	229,012

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Statement of Changes in Equity
For the year ended June 30, 2017

	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 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
Transactions with owners:							
- final dividend for the year ended 30 June 2016 @ Rupees 3.00 per share	-	-	-	(847,065)	(847,065)	(847,065)	(847,065)
- interim dividend for the year ended 30 June 2017 @ Rupees 2.00 per share	-	-	-	(564,710)	(564,710)	(564,710)	(564,710)
	-	-	-	(1,411,775)	(1,411,775)	(1,411,775)	(1,411,775)
Profit for the year	-	-	-	2,351,779	2,351,779	2,351,779	2,351,779
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,351,779	2,351,779	2,351,779	2,351,779
Balance as at 30 June 2017	2,823,551	144,919	1,450,491	5,681,382	7,131,873	7,276,792	10,100,343

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Financial Statements
For the year ended June 30, 2017

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

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

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

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

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

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

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

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

e) Amendments to published approved accounting 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 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.

f) Standards, interpretations 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 01July 2017 or later periods:
IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary

for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

2.2 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 recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

2.4 Provisions

Provisions are recognized 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 recognized impairment loss.

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

Increase in carrying amount arising on revaluation of freehold land is credited to surplus on revaluation on land. Decrease that offset previous increase of the same asset is charged against the surplus, all other decreases are charged to income.

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 recognized 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 derecognized 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 derecognized.

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 recognized 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 recognized 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 recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of 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 recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the 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 recognized in profit and loss account.

2.12 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized 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 recognized as under:

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

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

c) Profit on deposits with banks is recognized 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 recognized 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 derecognized 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 derecognized 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 recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized 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 recognized 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 recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized 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.

2.23 Government Grants

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
(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	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
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	282,355,148		2,823,551	2,823,551

3.1 Zimpex (Private) Limited which is an associated company held 55,995,465 (2016: 54,030,465) ordinary shares of Rupees 10 each as at 30 June 2017.

	Note	2017	2016
		(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		5,681,382	4,741,378
		7,131,873	6,191,869
		7,276,792	6,336,788

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

	Note	2017	2016
		(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		2,535,742	2,410,233
Increase due to revaluation to fair value	14.1	23,119	125,509
		2,558,861	2,535,742
As at 30 June		3,822,453	3,799,334
6. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Long term loans	6.1	1,553,740	925,496
Less: Current portion shown under current liabilities	12	257,856	160,469
		1,295,884	765,027

LENDER	2017	2016	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	125,000	150,000	350,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments, commenced after expiry of grace period of one year from 28 February 2017 and ending on 30 November 2019.	Quarterly	Quarterly	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	557,262	441,703	600,000	SBP rate + 2.50% on SBP funds	Sixteen equal quarterly installments after expiry of grace period of one year commenced from 9 September 2016 and ending on 09 November 2021.	-	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	237,647	290,594	350,000	SBP rate for LTFF+2.5%	Twenty four equal quarterly installments after expiry of grace period of one year commenced from 17 November 2015 and ending on 17 August 2021.	-	Quarterly	First pari passu charge over fixed assets amounting to Rupees 467 million of Raiwind Division and personal guarantees of the sponsor directors.
National Bank of Pakistan	179,704	-	500,000	6 Month KIBOR + 2.50% on NBP funds SBP LTFF rate + 1.25% on SBP funds	Twelve equal half yearly installments after expiry of grace period of one and a half year commecing from 30 June 2018 and ending on 08 June 2024.	-	Half yearly	First pari passu charge over fixed assets of the Company (plant and machinery) amounting to Rupees 667 million.
PAIR Investment Company Limited	171,746	-	300,000	SBP LTFF rate + 1.5% on SBP funds	Twenty four equal quarterly installments after expiry of grace period of sixteen months commencing from 17 July 2018 and ending on 12 April 2024.	-	Quarterly	First pari passu charge over fixed assets (excluding land and building) amounting to Rupees 400 million of Rawalpindi and Gujar Khan Divisions and personal guarantees of the sponsor directors.
Askari Bank Limited	282,381	-	350,000	SBP rate for LTFF + 1.5%	Thirty six equal quarterly installments, commencing after expiry of grace period of fifteen months commencing from 28 January 2018 and ending 31 October 2026.	-	Quarterly	First pari passu / joint pari passu charge of Rupees 467 million on all present and future fixed assets (land, building, plant and machinery) of Raiwind Division.
The Bank of Punjab	-	43,199	135,000	3 Month KIBOR + 2.50%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.
Total	1,553,740	925,496	2,585,000					

	Note	2017	2016
		(Rupees in thousand)	
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		20,966	49,338
Less: Un-amortized finance charges		249	2,546
Present value of future minimum lease payments		20,717	46,792
Less: Current portion shown under current liabilities	12	20,717	24,422
		-	22,370

7.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.74% to 11.11% (2016: 11.10% to 13.38%) 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 14.158 million (2016: 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:

	2017		2016	
	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	20,966	-	26,718	22,620
Less: Unamortized finance charges	249	-	2,296	250
Present value of future minimum lease payments	20,717	-	24,422	22,370

	Note	2017	2016
		(Rupees in thousand)	

8. DEFERRED INCOME TAX LIABILITY

This comprises of following:

		2017	2016
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		479,866	395,748
Surplus on revaluation of investments		257	22,204
		480,123	417,952
Deferred tax asset on deductible temporary differences in respect of:			
Provision for slow moving stores and spares		-	(214)
		480,123	417,738

8.1 Movement in deferred tax balances is as follows:

		2017	2016
At beginning of the year		417,738	361,602
Recognized in profit and loss account:			
- accelerated tax depreciation on fixed assets		84,118	37,636
- surplus on revaluation of investments		(21,947)	18,493
- provision for slow moving stores and spares		214	7
		62,385	56,136
		480,123	417,738

9. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		734,594	573,404
Accrued liabilities		359,695	365,618
Advances from customers		81,504	66,196
Workers' profit participation fund	9.1	192,514	200,832
Workers' welfare fund		29,172	20,891
Payable to subsidiary company - Maple Leaf Cement Factory Limited	9.2	32,179	21,311
Unclaimed dividend		15,106	8,118
Withholding tax payable		12,533	10,876
Payable to employees' provident fund trust		7,099	-
Others		69,407	53,237
		1,533,803	1,320,483

	Note	2017	2016
		(Rupees in thousand)	
9.1 Workers' profit participation fund			
Balance as on 01 July		200,832	117,499
Add: Interest for the year	33	14,958	7,272
Provision for the year	31	127,216	139,436
		343,006	264,207
Less: Payments during the year		(150,492)	(63,375)
		192,514	200,832

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 carry interest at 1% (2016: 1%) per annum in addition to the average borrowing rate of the subsidiary company.

	Note	2017	2016
		(Rupees in thousand)	
10. ACCRUED MARK-UP			
Long term financing		19,363	15,665
Short term borrowings		24,845	35,402
Liabilities against assets subject to finance lease		20	74
		44,228	51,141
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	11.1 & 11.2	623,625	435,044
Other short term finances	11.1 & 11.3	147,241	709,350
State Bank of Pakistan (SBP) refinances	11.1 & 11.4	2,417,000	2,290,000
		3,187,866	3,434,394

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 6,895 million (2016: Rupees 7,029 million).

11.2 The rates of mark-up range from 1.90% to 7.87% (2016: 2.00% to 21.90%) per annum on balance outstanding.

11.3 The rates of mark-up range from 2.50 % to 8.55% (2016: 2.00% to 21.90%) per annum on balance outstanding.

11.4 The rate of mark-up was 3.0% (2016: 3.5% to 4.5%) per annum on balance outstanding.

	Note	2017	2016
		(Rupees in thousand)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	6	257,856	160,469
Liabilities against assets subject to finance lease	7	20,717	24,422
		278,573	184,891

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 favorable 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 favor 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 favorable outcome of the case.

c) Tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) by which the demand amounting to Rupees 54.010 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2009 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

d) Tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) by which the demand amounting to Rupees 22.110 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

e) The Company filed income tax return for Tax Year 2011 having tax loss amounting to Rupees 957.623 million and creating a refund of Rupees 107.808 million. An assessment under section 122(5A) of the Income Tax Ordinance, 2001 has been finalized by restricting loss to Rupees 435.435 million and reducing refund to Nil. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending for hearing.

f) 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 87.99 million (2016: Rupees 92.071 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

g) The Company has filed recovery suits in Civil Courts amounting to Rupees 15.203 million (2016: 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 favorable outcome of the cases.

h) 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 (2016: Rupees 72.811 million). No provision has been made in these financial statements, since the Company is confident about favorable outcome.

i) 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 favorable outcome.

j) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(I)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 62.376 million (2016: Rupees Nil) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

k) 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 264.912 million (2016: Rupees 243.282 million).

13.2 Commitments in respect of:

a) Letters of credit for capital expenditure amount to Rupees 55.454 million (2016: Rupees 103.837 million).

b) Letters of credit other than for capital expenditure amount to Rupees 245.281 million (2016: Rupees 344.270 million).

c) Contracts for capital expenditure amounting to Rupees 52.575 million (2016: Rupees 285.749 million).

	2017	2016
	(Rupees in thousand)	
14. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 14.1)		
- Owned assets	8,050,453	7,125,179
- Leased assets	58,681	73,953
Capital work in progress (Note 14.2)	112,888	238,508
	8,222,022	7,437,640

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 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	-	-	-
Revaluation surplus	125,509	-	-	-	-	-	-	-	-	-	125,509	-	-	-
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)	-	-	-	-	
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
Year ended 30 June 2017														
Opening 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
Additions	-	847	184,640	1,101	1,101,839	1,690	23,175	3,050	1,072	44,697	1,362,111	-	-	-
Revaluation surplus (Note 5)	23,119	-	-	-	-	-	-	-	-	-	23,119	-	-	-
Assets transferred from lease assets to owned assets:														
Cost	-	-	-	-	9,471	-	-	-	-	2,644	12,115	(9,471)	(2,644)	(12,115)
Accumulated depreciation	-	-	-	-	(2,316)	-	-	-	-	(1,055)	(3,371)	2,316	1,055	3,371
	-	-	-	-	7,155	-	-	-	-	1,589	8,744	(7,155)	(1,589)	(8,744)
Disposals:														
Cost	-	-	-	-	(82,973)	-	(793)	(586)	(124)	(21,795)	(106,271)	-	-	-
Accumulated depreciation	-	-	-	-	60,346	-	396	462	96	12,295	73,595	-	-	-
	-	-	-	-	(22,627)	-	(397)	(124)	(28)	(9,500)	(32,676)	-	-	-
Depreciation charge	-	(369)	(48,789)	(3,059)	(350,214)	(1,793)	(7,931)	(2,478)	(2,000)	(19,391)	(436,024)	(6,362)	(166)	(6,528)
Closing net book value	2,718,966	6,732	717,909	52,272	4,350,910	14,658	31,855	23,973	18,487	114,691	8,050,453	58,681	-	58,681
At 30 June 2017														
Cost / revalued amount	2,718,966	15,023	1,400,383	116,170	8,447,054	48,000	108,520	77,487	46,298	214,692	13,192,593	74,441	-	74,441
Accumulated depreciation	-	(8,291)	(682,474)	(63,898)	(4,096,144)	(33,342)	(76,665)	(53,514)	(27,811)	(100,001)	(5,142,140)	(15,760)	-	(15,760)
Net book value	2,718,966	6,732	717,909	52,272	4,350,910	14,658	31,855	23,973	18,487	114,691	8,050,453	58,681	-	58,681
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20		10	20	

14.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2017. Book value of land on cost basis is Rupees 160.105 million (2016: Rupees 160.105 million) as on 30 June 2017. Had there been no revaluation, the value of land would have been lower by Rupees 2,558.861 million (2016: Rupees 2,535.742 million).

14.1.2 Borrowing cost of Rupees 2.029 million (2016: Rupees 3.516 million) was capitalized during the year using the capitalization rate ranging from 1.90% to 7.87% (2016: 5.00% to 8.35%) 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							
Multi Mixer 8 Fold With Condenser	3,787	3,262	525	525	-	Negotiation	M/s Global Industries, Faisalabad
Toyoda FL-16 Simplex	10,837	9,542	1,295	4,593	3,298	Negotiation	M/s Textile Central Company Limited, Thailand
Picanol Looms	41,343	28,665	12,678	13,200	522	Negotiation	M/s Seiko Enterprises, Karachi
Warping Machine	16,781	10,093	6,688	5,400	(1,288)	Negotiation	M/s FM Textiles, Faisalabad
Machine Simplex FL-16	2,604	2,285	319	300	(19)	Negotiation	M/s Fanz Spinning, Kasur
Toyoda FL-16 (120 Spindle)	7,621	6,499	1,122	5,732	4,610	Negotiation	M/s Textile Central Company Limited, Thailand
	82,973	60,346	22,627	29,750	7,123		
Computer and IT Installations							
Laptop Dell Latitude Core I7 2.1-GHZ	144	73	71	45	(26)	Negotiation	Ms. Nomana Waqas, Lahore
Iphone 6 Plus	80	23	57	47	(10)	Negotiation	Mr. Farooq Saqib, Lahore
Iphone 6 Plus	80	22	58	12	(46)	Negotiation	Mobile Centre, Lahore
	304	118	186	104	(82)		
Vehicles							
Hyundai Santro-LRK-7090	403	322	81	115	34	Company policy	Mr. Muhammad Ashraf, Lahore - Employee of the Company
Honda Civic- LG-794	938	598	340	1,212	872	Negotiation	Mr. Shahid Shabbir, Rawalpindi
Honda Civic- RIZ-2100	1,177	1,007	170	866	696	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Suzuki Cultus- RLA-3589	348	264	84	500	416	Negotiation	Mr. Ghulfam Sajid
Honda Civic Saloon-RIY-4081	970	835	135	650	515	Negotiation	Mr. Muhammad Ismail
Suzuki Baleno-RIZ-2830	821	675	146	500	354	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Honda Civic-LG-795	938	612	326	1,150	824	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Suzuki Cultus- RLA-3591	350	268	82	511	429	Negotiation	Mr. Shahid Shabbir, Rawalpindi
Suzuki Cultus- LEB-8929	598	473	125	340	215	Negotiation	Mr. Tabassum Hassan, Lahore
Honda City-LEE-16-343	1,851	82	1,769	1,650	(119)	Negotiation	Bank Alfalah Limited, Lahore
Suzuki Cultus- LEB-8926	598	472	126	320	194	Negotiation	Mr. Muhammad Javed, Lahore
Suzuki Cultus-LEE-07-4202	121	43	78	270	192	Negotiation	Mr. Fawad Khan, Lahore
Honda Civic-LEE-13-1542	2,473	1,124	1,349	1,600	251	Negotiation	Mr. Farooq Saqib, Lahore
Honda-LEA-11-208	2,003	1,160	843	860	17	Company policy	Mr. Mohsin Naqvi, Lahore - Director
Hyundai Santro-LEA-08-9236	466	359	107	350	243	Company policy	Mr. Rasheed Bhutta, Lahore - Employee of the Company
Suzuki Cultus- LEC-12-4123	961	588	373	560	187	Negotiation	Mr. Uzair Hakim, Lahore
Honda VTI- LRV-6000	1,446	1,237	209	830	621	Negotiation	Mr. Nabeel Abad, Lahore
Toyota Corolla- LEC-15-1527	1,896	561	1,335	1,800	465	Negotiation	Toyota Sahara Motors, Lahore
Toyota Corolla- LEC-15-1525	1,896	561	1,335	1,770	435	Negotiation	Mr. Sajjad Pervaiz, Lahore
Suzuki Bolan- LED-3661	250	11	239	250	11	Negotiation	Mr. Imran Muhammad, Lahore
Honda Civic- RLD-294	1,041	823	218	800	582	Insurance claim	EFU General Insurance Ltd, Rawalpindi
	21,545	12,075	9,470	16,904	7,434		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	1,449	1,056	393	493	100		
	106,271	73,595	32,676	47,251	14,575		

	Note	2017	2016
		(Rupees in thousand)	
14.1.4 Depreciation charged during the year has been allocated as follows:			
Cost of sales	28	405,546	334,323
Administrative expenses	30	37,006	30,065
		442,552	364,388
14.2 Capital work in progress			
Civil works and buildings		199	78,375
Plant and machinery		103,453	62,736
Advances for capital expenditure		6,899	27,117
Letters of credit		2,337	70,280
		112,888	238,508

15. INTANGIBLE ASSET UNDER DEVELOPMENT

This represents advance given for implementation of Enterprise Resource Planning (ERP) system.

	Note	2017	2016
		(Rupees in thousand)	
16. INVESTMENT PROPERTIES			
Year ended 30 June			
Opening net book value		1,784,058	1,783,133
Fair value gain	32	5,612	925
Closing net book amount value		1,789,670	1,784,058

16.1 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	2017	2016
		(Rupees in thousand)	
17. LONG TERM INVESTMENTS			
Subsidiary companies			
Maple Leaf Cement Factory Limited - Quoted	17.1	2,867,089	2,867,089
Maple Leaf Capital Limited - Un-quoted	17.2	2,500,000	1,000,000
		5,367,089	3,867,089

17.1 The Company holds 291,410,425 (2016: 291,410,425) ordinary shares of Rupees 10 each of its subsidiary company, Maple Leaf Cement Factory Limited. Equity held 55.22% (2016: 55.22%).

17.2 The Company holds 250,000,000 (2016: 100,000,000) ordinary shares of Rupees 10 each of its subsidiary company, Maple Leaf Capital Limited. Equity held 82.92% (2016: 66.01%).

	Note	2017	2016
		(Rupees in thousand)	
18. LONG TERM DEPOSITS			
Security deposits		63,851	65,950
Less: Current portion shown under current assets	23	(7,172)	(5,908)
		56,679	60,042
19. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		352,846	344,435
Spare parts and loose tools		202,270	176,359
		555,116	520,794
Less: Provision against slow moving items		(2,552)	(2,552)
		552,564	518,242
20. STOCK-IN-TRADE			
Raw materials	20.1	841,118	1,095,355
Work-in-process		575,961	620,336
Finished goods		592,500	487,964
		2,009,579	2,203,655

20.1 Raw materials include stock in transit of Rupees 91.508 million (2016: Rupees 28.902 million).

20.2 Stock in trade of Rupees 51.599 million (2016: Rupees 91.390 million) is being carried at net realizable value.

20.3 Stock in trade includes stock of Rupees 50.971 million (2016: Rupees 83.178 million) with external parties for processing.

	Note	2017	2016
		(Rupees in thousand)	
21. TRADE DEBTS			
Considered good:			
Secured (against letters of credit)		515,301	374,317
Unsecured		783,667	665,212
		1,298,968	1,039,529
Considered doubtful		-	-
		1,298,968	1,039,529
Provision for doubtful debts	21.1	-	-
		1,298,968	1,039,529

21.1 Movement in provision for doubtful debts

	Note	2017	2016
As at 01 July		-	-
Add: Provision for the year	31	-	620
		-	620
Written off during the year		-	620
As at 30 June		-	-

21.2 As at 30 June 2017, trade debts of Rupees 779.935 million (2016: Rupees 566.549 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:

	2017	2016
	(Rupees in thousand)	
Up to 1 month	582,808	433,594
1 to 6 months	132,169	99,640
More than 6 months	64,958	33,315
	779,935	566,549

21.3 As at 30 June 2017, trade debts of Rupees Nil (2016: Rupees 0.620 million) were impaired and written off. The aging of trade debts as at 30 June 2016 was more than three years.

	Note	2017	2016
		(Rupees in thousand)	
22. ADVANCES			
Considered good:			
Employees - interest free			
- Executives		2,226	3,942
- Other employees		5,352	1,279
		7,578	5,221
Advances to suppliers		105,647	169,263
Letters of credit		32,255	21,935
		145,480	196,419
23. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of long term deposits	18	7,172	5,908
Short term prepayments		27,774	21,609
		34,946	27,517
24. OTHER RECEIVABLES			
Considered good:			
Sales tax refundable		780,911	752,128
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		95,045	85,696
Insurance claims		4,171	5,559
Dividend receivable		-	5,501
Duty draw back receivable		189,377	46,276
Others		5,308	14,557
		1,094,438	929,343

25. SHORT TERM INVESTMENTS

	2017			2016		
	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 (2016: 25,000) fully paid ordinary shares of Rupees 10 each	757	463	1,220	723	34	757
Samin Textiles Limited 30,000 (2016: 30,000) fully paid ordinary shares of Rupees 10 each	216	(10)	206	272	(56)	216
D. S. Industries Limited 20,000 (2016: 20,000) fully paid ordinary shares of Rupees 10 each	56	21	77	80	(25)	55
Pervez Ahmed Securities Limited 25,000 (2016: 25,000) fully paid ordinary shares of Rupees 10 each	42	8	50	60	(18)	42
Bank AL Habib Limited 400 (2016: 1,542,000) fully paid ordinary shares of Rupees 10 each	17	6	23	67,771	(1,280)	66,491
Kohinoor Energy Limited 200 (2016: 276,000) fully paid ordinary shares of Rupees 10 each	8	-	8	13,938	(2,567)	11,371
Habib Metropolitan Bank Limited Nil (2016: 446,000) fully paid ordinary shares of Rupees 10 each	-	-	-	13,874	(1,221)	12,653
Cherat Cement Company Limited Nil (2016: 500,000) fully paid ordinary shares of Rupees 10 each	-	-	-	46,710	13,075	59,785
Hum Network Limited Nil (2016:1,000,000) fully paid ordinary shares of Rupees 10 each	-	-	-	16,959	(6,679)	10,280
Orix Leasing Pakistan Limited Nil (2016: 227,500) fully paid ordinary shares of Rupees 10 each	-	-	-	14,640	(3,395)	11,245
Standard Chartered Modaraba Nil (2016: 150,000) fully paid ordinary shares of Rupees 10 each	-	-	-	4,810	(1,060)	3,750
National Refinery Limited Nil (2016: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	8,929	2,956	11,885
Shifa International Hospitals Limited 700 (2016: 98,700) fully paid ordinary shares of Rupees 10 each	210	21	231	28,616	994	29,610
Tariq Glass Industries Limited Nil (2016: 200,000) fully paid ordinary shares of Rupees 10 each	-	-	-	14,412	378	14,790
D.G. Khan Cement Company Limited Nil (2016: 975,000) fully paid ordinary shares of Rupees 10 each	-	-	-	143,116	42,612	185,728
The Hub Power Company Limited 5 (2016: 1,651,900) fully paid ordinary shares of Rupees 10 each	1	-	1	156,528	41,799	198,327
Honda Atlas Cars (Pakistan) Limited 55 (2016: 310,900) fully paid ordinary shares of Rupees 10 each	20	28	48	71,172	40,469	111,641
Pak Suzuki Motor Company Limited 13 (2016: 300) fully paid ordinary shares of Rupees 10 each	5	5	10	137	(22)	115
Indus Motor Company Limited Nil (2016: 4,900) fully paid ordinary shares of Rupees 10 each	-	-	-	5,145	(541)	4,604
Shell Pakistan Limited 55 (2016: 191,100) fully paid ordinary shares of Rupees 10 each	16	15	31	45,127	10,332	55,459
Mari Petroleum Company Limited Nil (2016: 55,000) fully paid ordinary shares of Rupees 10 each	-	-	-	37,709	12,243	49,952
Baifo Industries Limited 304 (2016: Nil) fully paid ordinary shares of Rupees 10 each	84	(8)	76	-	-	-
Thal Limited 450 (2016: Nil) fully paid ordinary shares of Rupees 10 each	139	134	273	-	-	-
Abbot Labortatories (Pakistan) Limited 92 (2016: Nil) fully paid ordinary shares of Rupees 10 each	75	11	86	-	-	-
Blessed Textile Limited 17,300 (2016: Nil) fully paid ordinary shares of Rupees 10 each	3,141	1,017	4,158	-	-	-
	4,787	1,711	6,498	690,728	148,028	838,756

	Note	2017	2016
		(Rupees in thousand)	
26. CASH AND BANK BALANCES			
Cash in hand		6,129	9,172
Cash at bank:			
- On current accounts		116,304	171,997
- On saving accounts	26.1	32,502	47,843
		148,806	219,840
		154,935	229,012

26.1 The balances in saving accounts carry rate of profit ranging from 0.15% to 5.25 % (2016: 0.15% to 5.34 %) per annum.

26.2 The balances in current and saving accounts include US $ 30,131 (2016: US $ 223,607).

	Note	2017	2016
		(Rupees in thousand)	
27. REVENUE			
Export sales		7,663,545	8,179,810
Local sales	27.1	9,542,256	7,853,941
Export rebate		51,216	54,551
Duty draw back		147,691	-
		17,404,708	16,088,302
27.1 Local sales		9,623,286	8,168,936
Less: Sales tax		81,030	314,995
		9,542,256	7,853,941

	Note	2017	2016
		(Rupees in thousand)	

28. COST OF SALES

	Note	2017	2016
Raw materials consumed	28.1	9,019,710	7,803,458
Salaries, wages and other benefits	28.2	1,458,168	1,332,697
Processing charges		14,495	4,628
Stores, spare parts and loose tools consumed		1,090,682	1,074,243
Packing materials consumed		501,069	479,825
Fuel and power		1,988,356	1,752,487
Repair and maintenance		293,670	185,953
Insurance		32,874	26,744
Other factory overheads		78,984	62,051
Depreciation	14.1.4	405,546	334,323
		14,883,554	13,056,409
Work-in-process			
Opening stock		620,336	646,230
Closing stock		(575,961)	(620,336)
		44,375	25,894
Cost of goods manufactured		14,927,929	13,082,303
Finished goods			
Opening stock		487,964	454,527
Closing stock		(592,500)	(487,964)
		(104,536)	(33,437)
Cost of sales		14,823,393	13,048,866

28.1 Raw materials consumed

	2017	2016
Opening stock	1,095,355	886,846
Add: Purchased during the year	8,765,473	8,011,967
	9,860,828	8,898,813
Less: Closing stock	(841,118)	(1,095,355)
	9,019,710	7,803,458

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 35.483 million (2016: Rupees 31.040 million) by the Company.

	Note	2017	2016
		(Rupees in thousand)	
29. DISTRIBUTION COST			
Salaries and other benefits	29.1	58,450	50,289
Outward freight and handling		29,820	31,594
Clearing and forwarding		259,266	299,204
Commission to selling agents		149,835	146,052
Travelling and conveyance		14,020	17,671
Insurance		283	563
Vehicles' running		1,890	2,182
Electricity, gas and water		933	1,223
Postage, telephone and fax		2,063	1,633
Sales promotion and advertisement		16,404	17,958
Miscellaneous		5,330	5,857
		538,294	574,226

29.1 Salaries and other benefits include provident fund contribution of Rupees 2.382 million (2016: Rupees 2.093 million) by the Company.

	Note	2017	2016
		(Rupees in thousand)	
30. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	256,363	221,427
Travelling and conveyance		20,575	24,606
Repair and maintenance		22,918	13,485
Rent, rates and taxes		4,286	4,302
Insurance		12,988	8,976
Vehicles' running		13,724	13,412
Printing, stationery and periodicals		4,615	7,475
Electricity, gas and water		486	2,193
Postage, telephone and fax		6,521	5,421
Legal and professional		25,164	19,501
Security, gardening and sanitation		36,020	33,338
Depreciation	14.1.4	37,006	30,065
Miscellaneous		20,015	16,898
		460,681	401,099

30.1 Salaries and other benefits include provident fund contribution of Rupees 6.302 million (2016: Rupees 5.647 million) by the Company.

30.2 The Company has shared expenses aggregating to Rupees 12.383 million (2016: Rupees 13.278 million) on account of combined offices with the subsidiary company. These expenses have been recorded in respective accounts.

	Note	2017	2016
		(Rupees in thousand)	
31. OTHER EXPENSES			
Auditors' remuneration	31.1	2,135	1,775
Donations	31.2	20	511
Loss on disposal of short term investments		-	2,348
Provision for doubtful trade debts	21.1	-	620
Advances written off		-	343
Workers' profit participation fund	9.1	127,216	139,436
Workers' welfare fund		8,281	13,829
Loss on sale of stores and spares		29	5,036
Expenses related to sale and purchase of short term investments		-	2,207
		137,681	166,105

31.1 Auditors' remuneration

	2017	2016
Audit fee	1,750	1,600
Reimbursable expenses	280	150
Certifications	105	25
	2,135	1,775

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

	Note	2017	2016
		(Rupees in thousand)	
32. OTHER INCOME			
Income from financial assets:			
Exchange gain - net		13,450	32,943
Gain on remeasurement of short term investments	25	1,711	148,028
Gain on disposal of short term investments		309,738	-
Return on bank deposits		9,079	2,811
Unclaimed balances written back		-	8,670
Dividend income from Maple Leaf Cement Factory Limited		1,311,347	728,527
Dividend income from Maple Leaf Capital Limited		-	50,000
Dividend income from others		25,705	55,164
		1,671,030	1,026,143
Income from non-financial assets:			
Scrap sales		34,228	27,011
Gain on disposal of property, plant and equipment	14.1.3	14,575	13,450
Gain on remeasurement of fair value of investment properties	16	5,612	925
		54,415	41,386
		1,725,445	1,067,529

	Note	2017	2016
		(Rupees in thousand)	
33. FINANCE COST			
Mark-up / finance charges / interest on:			
Long term financing		76,855	43,337
Short term borrowings		141,494	230,924
Liabilities against assets subject to finance lease		2,214	5,006
Workers' profit participation fund	9.1	14,958	7,272
Advance from Maple Leaf Cement Factory Limited		2,847	1,230
		238,368	287,769
Bank charges and commission		29,225	49,588
		267,593	337,357
34. TAXATION			
For the year			
Current tax		488,347	439,827
Deferred tax		62,385	56,136
	34.1	550,732	495,963
34.1 Reconciliation of tax charge for the year			
Profit before tax		2,902,511	2,628,178
Tax on profit @ 31% (2016 : 32%)		899,778	841,017
Tax effect of lower rate on certain income / expenses		(428,437)	(400,398)
Tax effect of super tax		69,609	55,640
Others		9,782	(296)
		550,732	495,963

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2017	2016
Profit attributable to ordinary shares	Rupees in thousand	2,351,779	2,132,215
Weighted average number of ordinary shares	Numbers	282,355,148	282,355,148
Earnings per share	Rupees	8.33	7.55

36. CASH GENERATED FROM OPERATIONS

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Profit before taxation		2,902,511	2,628,178
Adjustment for non-cash charges and other items:			
Depreciation		442,552	364,388
Finance cost		267,593	337,357
Gain on sale of property, plant and equipment		(14,575)	(13,450)
(Gain) / loss on disposal of short term investments		(309,738)	2,348
Gain on remeasurement of short term investments at fair value through profit or loss		(1,711)	(148,028)
Gain on remeasurement of fair value of investment properties		(5,612)	(925)
Dividend income from Maple Leaf Cement Factory Limited		(1,311,347)	(728,527)
Dividend income from Maple Leaf Capital Limited		-	(50,000)
Dividend income from others		(25,705)	(55,164)
Return on bank deposits		(9,079)	(2,811)
Provision for doubtful trade debts		-	620
Advances written off		-	343
Working capital changes	36.1	(20,439)	(636,305)
		1,914,450	1,698,024

36.1 Working capital changes

	2017	2016
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(34,322)	(61,782)
Stock-in-trade	194,076	(216,052)
Trade debts	(259,439)	90,151
Advances	50,939	(42,900)
Security deposits and short term prepayments	(7,429)	(2,593)
Other receivables	(170,596)	(284,903)
	(226,771)	(518,079)
Increase / (decrease) in trade and other payables	206,332	(118,226)
	(20,439)	(636,305)

37. 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	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
Managerial remuneration	10,780	9,240	11,730	11,017	106,340	97,474
Allowances						
House rent	-	-	532	-	24,169	21,964
Medical	-	-	526	714	10,354	9,463
Utilities	660	577	323	1,085	20,747	22,364
Special allowance	3,220	2,760	3,562	3,009	33,275	27,068
Contribution to provident fund	898	769	539	308	8,818	8,037
	15,558	13,346	17,212	16,133	203,703	186,370
Number of persons	1	1	2	2	93	86

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 (2016: 1) non-executive director was Rupees 86,000 (2016: Rupees 90,000).

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

38. 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:

	2017	2016
	(Rupees in thousand)	
Subsidiary companies		
Maple Leaf Cement Factory Limited		
Purchase of goods and services	42,618	25,297
Dividend income	1,311,347	728,527
Maple Leaf Capital Limited		
Investment made	1,500,000	-
Dividend income	-	50,000
Associated company		
Zimpex (Private) Limited		
Dividend paid	272,322	181,984
Bonus shares issued	-	68,244
Post employment benefit plan		
Contribution to provident fund	44,167	38,780

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
	(Numbers)	
SPINNING:		
- Rawalpindi Division		
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 1,095 shifts (2016: 1,098 shifts)	42,446	42,562
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	39,574	38,473

	2017	2016
	(Numbers)	
Rotors (average) installed / worked	1,848	1584
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	3,108	1,886
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	2,680	1,635
	(Numbers)	
- Gujar Khan Division		
Spindles (average) installed / worked	71,808	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,095 shifts)	38,978	36,849
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,095 shifts)	34,816	33,299
	(Numbers)	
WEAVING:		
- Raiwind Division		
Looms installed / worked	288	252
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	104,909	92,390
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2016: 1,087 shifts)	93,764	85,056

	2017	2016
	(Meters in thousand)	
PROCESSING OF CLOTH :		
- Rawalpindi Division		
Capacity at 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	17,986	19,168
	(Mega watts)	
POWER PLANT:		
- Rawalpindi Division		
Annual rated capacity based on 365 days (2016: 366 days)	163,987	177,684
Actual generation		
Main engines	48,527	52,207
Gas engines	20,307	13,753
- Raiwind Division		
Annual rated capacity based on 365 days (2016: 366 days)	96,096	96,360
Actual generation	40,341	20,971

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.

40. SEGMENT INFORMATION

40.1

	Spinning		Weaving		Processing and home textile		Elimination of inter-segment transaction		Company	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)									
REVENUE:										
EXTERNAL	7,252,725	5,966,667	3,610,176	3,372,545	6,541,807	6,749,090	-	-	17,404,708	16,088,302
INTER-SEGMENT	734,408	881,186	1,198,788	923,600	-	1,551	(1,933,196)	(1,806,337)	-	-
	7,987,133	6,847,853	4,808,964	4,296,145	6,541,807	6,750,641	(1,933,196)	(1,806,337)	17,404,708	16,088,302
COST OF SALES	(6,816,046)	(5,587,588)	(4,499,718)	(3,949,909)	(5,440,825)	(5,317,706)	1,933,196	1,806,337	(14,823,393)	(13,048,866)
GROSS PROFIT	1,171,087	1,260,265	309,246	346,236	1,100,982	1,432,935	-	-	2,581,315	3,039,436
DISTRIBUTION COST	(29,615)	(21,030)	(77,851)	(81,887)	(430,828)	(471,309)	-	-	(538,294)	(574,226)
ADMINISTRATIVE EXPENSES	(152,289)	(125,460)	(155,372)	(139,329)	(153,020)	(136,310)	-	-	(460,681)	(401,099)
	(181,904)	(146,490)	(233,223)	(221,216)	(583,848)	(607,619)	-	-	(998,975)	(975,325)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	989,183	1,113,775	76,023	125,020	517,134	825,316	-	-	1,582,340	2,064,111
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(137,681)	(166,105)
OTHER INCOME									1,725,445	1,067,529
FINANCE COST									(267,593)	(337,357)
TAXATION									(550,732)	(495,963)
									769,439	68,104
PROFIT AFTER TAXATION									2,351,779	2,132,215

40.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Company	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	4,665,385	3,756,520	3,313,886	3,565,618	2,912,971	3,248,858	10,892,242	10,570,996
UNALLOCATED ASSETS							9,852,600	8,584,721
TOTAL ASSETS AS PER BALANCE SHEET							20,744,842	19,155,717

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

TOTAL LIABILITIES FOR REPORTABLE SEGMENT	932,919	835,015	1,283,415	882,664	2,590,431	2,740,144	4,806,765	4,457,823
UNALLOCATED LIABILITIES							2,015,281	1,738,221
TOTAL LIABILITIES AS PER BALANCE SHEET							6,822,046	6,196,044

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

40.3 Geographical Information

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

	2017	2016
	(Rupees in thousand)	
Europe	3,431,167	3,168,170
America	3,983,128	4,552,258
Asia, Africa, Australia	448,157	513,933
Pakistan	9,542,256	7,853,941
	17,404,708	16,088,302

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

40.4 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the Segment's revenue in the Spinning segment was Rupees Nil (2016: Rupees Nil), in Weaving segment was Rupees 679 million (2016: Rupees 818 million) whereas in the Processing and Home Textile segment was Rupees 4,524 million (2016: Rupees 3,333 million).

40.5 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.

41. PROVIDENT FUND RELATED DISCLOSURES

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

	2017	2016
	(Rupees in thousand)	
Size of the fund - total assets	644,100	567,994
Cost of investments made	582,044	531,051
Fair value of investments	547,826	506,713
Percentage of investments made	85%	89%

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

	2017		2016	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed companies	20.69%	113,342	17.61%	89,237
Bank balances	1.81%	9,889	5.05%	25,570
Term deposit receipts	31.50%	172,567	43.76%	221,757
Government securities	30.63%	167,805	32.68%	165,600
Mutual funds	15.37%	84,223	0.90%	4,549
	100.00%	547,826	100.00%	506,713

41.2 As at the reporting date, the Kohinoor Textile Mills Limited Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)/2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the Trusts in conformity with the requirements of rules.

42. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on 30 June	4,572	4,933
Average number of employees during the year	4,987	4,736

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

	2017	2016
Cash at banks - USD	30,131	223,607
Trade debts - USD	3,832,085	7,029,090
Trade and other payables - USD	7	6,000
Net exposure - USD	3,862,209	7,246,697

The following significant exchange rates were applied during the year:

Rupees per US Dollar

	2017	2016
Average rate	104.46	104.01
Reporting date rate	104.80	104.50

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 19.025 million (2016: Rupees 35.603 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	
	2017	2016	2017	2016
	(Rupees in thousand)			
PSX 100 (5% increase)	325	41,938	-	-
PSX 100 (5% decrease)	(325)	(41,938)	-	-

(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:

	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	1,428,740	290,594
Short term borrowings	2,562,936	2,290,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	32,502	47,843
Financial liabilities		
Long term financing	125,000	634,902
Liabilities against assets subject to finance lease	20,717	46,792
Short term borrowings	619,317	1,144,394

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 4.524 million (2016 : Rupees 13.241 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:

	2017	2016
	(Rupees in thousand)	
Investments	6,498	838,756
Deposits	63,851	65,950
Trade debts	1,298,968	1,039,529
Advances	7,578	5,221
Other receivables	9,479	25,617
Bank balances	148,806	219,840
	1,535,180	2,194,913

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

	Rating			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	14,044	2,508
Allied Bank Limited	A1+	AA+	PACRA	2,440	8,285
Askari Bank Limited	A1+	AA+	PACRA	1,496	1,560
Bank Alfalah Limited	A1+	AA+	PACRA	670	16,634
Bank Al-Habib Limited	A1+	AA+	PACRA	33,695	30,716
Bank Islami Pakistan Limited	A1	A+	PACRA	29	30
Faysal Bank Limited	A1+	AA	PACRA	4,253	2,549
First Women Bank Limited	A2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,185	5,040
MCB Bank Limited	A1+	AAA	PACRA	7,994	34,619
Meezan Bank Limited	A-1+	AA	JCR-VIS	29,712	23,762
National Bank of Pakistan	A1+	AAA	PACRA	1,191	4,105
NIB Bank Limited	A1+	AA-	PACRA	20,852	19,855
Silkbank Limited	A-2	A-	JCR-VIS	53	356
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	10	10
The Bank of Punjab	A1+	AA	PACRA	2,966	68,079
United Bank Limited	A1+	AAA	JCR-VIS	24,198	1,714
				148,806	219,840

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21 to these financial statements.

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 2017, the Company had Rupees 3,707 million (2016: Rupees 3,595 million) available borrowing limits from financial institutions and Rupees 154.935 million (2016: Rupees 229.012 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 2017

	2017					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities :						
Long term financing	1,553,740	1,754,713	142,319	193,371	394,995	1,024,028
Liabilities against assets subject to finance lease	20,717	20,966	20,966	-	-	-
Trade and other payables	1,210,981	1,210,981	1,210,981	-	-	-
Accrued mark-up	44,228	44,228	44,228	-	-	-
Short term borrowings	3,187,866	3,231,994	3,231,994	-	-	-
	6,017,532	6,262,882	4,650,488	193,371	394,995	1,024,028

Contractual maturities of financial liabilities as at 30 June 2016

	2016					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities :						
Long term financing	925,496	1,093,963	113,676	155,334	256,063	568,890
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	5,719,788	4,703,522	168,693	278,683	568,890

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.

43.2 Financial instruments by categories

	Loans and receivables	At fair value through profit or loss	Total
	(Rupees in thousand)		
As at 30 June 2017			
Assets as per balance sheet			
Investments	-	6,498	6,498
Deposits	63,851	-	63,851
Trade debts	1,298,968	-	1,298,968
Advances	7,578	-	7,578
Other receivables	9,479	-	9,479
Cash and bank balances	154,935	-	154,935
	1,534,811	6,498	1,541,309

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	1,553,740
Liabilities against assets subject to finance lease	20,717
Trade and other payables	1,210,981
Accrued mark-up	44,228
Short term borrowings	3,187,866
	6,017,532

	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)
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

43.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for 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 2017 and 30 June 2016 is as follows:

	2017	2016
	(Rupees in thousand)	
Borrowings	4,485,319	4,221,791
Total equity	10,100,343	9,160,339
Total capital employed	14,585,662	13,382,130
Gearing ratio	31%	32%

44. 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 2017			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurement	(Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	6,498	-	-	6,498
Total financial assets	6,498	-	-	6,498

	30 June 2016			
	Level 1	Level 2	Level 3	Total
	(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

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 maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(ii) Valuation techniques used to determine fair values

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

45. 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.

As at 30 June 2017	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Investment properties	-	1,789,670	-	1,789,670
Freehold land	-	2,718,966	-	2,718,966
Total non-financial assets	-	4,508,636	-	4,508,636

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

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 2017, 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 2017.

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.

46. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

46.1

Description	Note	2017 Carried under Non-Shariah arrangements	2017 Carried under Shariah arrangements	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements
		(Rupees in thousand)			
Assets					
Loans and advances					
Advances to employees	22	-	7,578	-	5,221
Deposits					
Security deposits	18	63,851	-	65,950	-
Bank balances	26	32,502	116,304	47,843	171,997
Liabilities					
Loans and advances					
Long term financing	6	1,553,740	-	925,496	-
Short term borrowings	11	3,187,866	-	3,434,394	-
Liabilities against assets subject to finance lease	7	20,717	-	46,792	-
Income					
Profit on deposits with banks	32	9,079	-	2,811	-
Realized gain / (loss) on disposal of short term investments	32	51,149	258,589	-	(2,348)
Unrealized gain on investments	32	-	1,711	-	148,028
Gain on disposal of shares of Maple Leaf Cement Factory Limited	32	-	-	-	-

	Note	2017	2016
		(Rupees in thousand)	
46.2 Dividend income earned from	32		
Maple Leaf Cement Factory Limited		1,311,347	728,527
Maple Leaf Capital Limited		-	50,000
Abbott Laboratories (Pakistan) Limited		310	-
Adamjee Insurance Company Limited			450
Amreli Steels Limited		967	-
BAIFO Industries Limited		183	-
Bank AL Habib Limited		1	5,397
Bhanero Textile Mills Limited		50	-

	2017	2016
	(Rupees in thousand)	
Blessed Textiles Limited,	86	-
Cherat Cement Company Limited	2,438	500
D.G. Khan Cement Company Limited	4,617	4,500
Engro Corporation Limited	-	340
Faisal Spinning Mills Limited	51	-
Fauji Cement Company Limited	-	2,004
Fauji Fertilizer Company Limited	-	245
Ghandara Industries Limited	400	-
Gul ahmed Textile Limited	650	-
Habib Metropolitan Bank Limited	-	892
Hascol Petroleum Limited,	700	-
Honda Atlas Cars (Pakistan) Limited	2,178	1,480
Hum Network Limited	-	175
IGI Insurance Limited	-	217
Indus Motor Company Limited	241	600
International Industries Limited	-	85
International Steels Limited	1,081	-
Kohinoor Energy Limited	459	1,518
MCB Bank Limited	-	800
Meezan Bank Limited	-	107
Nishat Chunian Power Limited	1,125	4,572
Oil & Gas Development Company Limited	-	1,435
ORIX Leasing Pakistan Limited	1,006	665
Pak Suzuki Motor Company Limited	-	664
Pakistan Reinsurance Company Limited	75	63
Pakistan State Oil Company Limited	-	400
Shell Pakistan Limited	990	2,661
Shifa International Hospitals Limited	287	197
Sitara Chemical Industries Limited	198	-
Standard Chartered Bank (Pakistan) Limited	-	495
Thal Limited	422	-
The Crescent Textile Mills Limited	628	-
The Hub Power Company Limited	6,312	24,702
Ghandara Nissan Limited	250	-
	1,337,052	833,691

	Note	2017	2016
		(Rupees in thousand)	
46.3 Sources of other income	32		
Dividend income		1,337,052	833,691
Exchange gain - net		13,450	32,943
Gain on remeasurement of fair value of short term investments at fair value through profit or loss		1,711	148,028
Gain on disposal of short term investments		309,738	-
Return on bank deposits		9,079	2,811
Unclaimed balances written back		-	8,670
Scrap sales		34,228	27,011
Gain on disposal of property, plant and equipment		14,575	13,450
Gain on remeasurement of fair value of investment properties		5,612	925
		1,725,445	1,067,529
46.4 Exchange gain			
Earned from actual currency		13,450	32,943
46.5 Revenue (external) from different business	40		
Spinning		7,252,725	5,966,667
Weaving		3,610,176	3,372,545
Processing and home textile		6,541,807	6,749,090
		17,404,708	16,088,302

Name	2017	2016
	Relationship with	
	Non Islamic window operations	Islamic window operations

46.6 Relationship with banks

Name	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	–	✓
Faysal Bank Limited	✓	–
First Women Bank Limited	✓	–
Habib 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	✓	–

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 13 September 2017 by the Board of Directors of the Company.

48. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

48.1 The Board of Directors of the Company in their meeting held on 13 September 2017 has proposed a final cash dividend of Rupees 1.50 per share (15%) amounting to Rupees 423.533 million (2016: Rupees 847.065 million) for the year ended 30 June 2017 for approval of the members at the Annual General Meeting to be held on 26 October 2017. The financial statements for the year ended 30 June 2017 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2018.

48.2 Under Section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 7.5% of accounting profit before tax of the Company if it does not distribute at least 40% of its after tax profit for the year within six months of the end of the year ended 30 June 2017 through cash or bonus shares. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 13 September 2017 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

48.3 The Company paid interim cash dividend of Rupees 2.00 per share (20%) amounting to Rupees 564.710 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 13 September 2017 (Refer Note 48.1), which will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

49. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made in these financial statements except for intangible asset under development amounting to Rupees 9.305 million which has been classified from advances to suppliers to non current assets for better presentation.

50. GENERAL

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL 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	30.06.2017

4.

No. of Shareholders	Size of Holding From		To	Total Shares Held
2562	1	-	100	67,936
959	101	-	500	269,208
357	501	-	1,000	254,323
499	1,001	-	5,000	1,241,070
111	5,001	-	10,000	789,140
40	10,001	-	15,000	506,567
19	15,001	-	20,000	336,860
17	20,001	-	25,000	403,069
11	25,001	-	30,000	305,787
7	30,001	-	35,000	224,840
6	35,001	-	40,000	224,127
6	40,001	-	45,000	249,435
5	45,001	-	50,000	241,331
7	50,001	-	55,000	372,038
3	55,001	-	60,000	172,361
4	60,001	-	65,000	252,748
5	65,001	-	70,000	340,370
6	70,001	-	75,000	435,213
1	75,001	-	80,000	80,000
4	80,001	-	85,000	329,796
4	85,001	-	90,000	353,555
3	90,001	-	95,000	273,769
4	95,001	-	100,000	394,727
1	100,001	-	105,000	100,749
1	110,001	-	115,000	115,000
1	115,001	-	120,000	119,962
2	120,001	-	125,000	246,500
1	125,001	-	130,000	125,300
1	135,001	-	140,000	140,000
1	145,001	-	150,000	150,000
1	155,001	-	160,000	158,500
1	160,001	-	165,000	161,269
1	170,001	-	175,000	174,000
2	175,001	-	180,000	356,398
1	190,001	-	195,000	191,301
2	195,001	-	200,000	400,000
1	200,001	-	205,000	201,956
1	235,001	-	240,000	238,000

No. of Shareholders	Size of Holding From		To	Total Shares Held
2	245,001	-	250,000	499,065
2	295,001	-	300,000	597,000
1	300,001	-	305,000	302,000
1	315,001	-	320,000	316,743
1	335,001	-	340,000	337,673
1	345,001	-	350,000	348,005
1	360,001	-	365,000	363,223
1	365,001	-	370,000	365,500
1	395,001	-	400,000	400,000
1	410,001	-	415,000	410,414
1	425,001	-	430,000	429,307
1	505,001	-	510,000	508,000
1	545,001	-	550,000	548,540
1	555,001	-	560,000	555,636
1	560,001	-	565,000	563,249
1	655,001	-	660,000	659,951
1	670,001	-	675,000	672,000
1	720,001	-	725,000	723,349
2	830,001	-	835,000	1,661,926
1	850,001	-	855,000	851,000
1	885,001	-	890,000	886,074
2	1,005,001	-	1,010,000	2,014,400
1	1,075,001	-	1,080,000	1,077,840
1	1,185,001	-	1,190,000	1,189,000
1	1,205,001	-	1,210,000	1,206,783
1	1,250,001	-	1,255,000	1,254,341
1	1,345,001	-	1,350,000	1,345,451
1	1,430,001	-	1,435,000	1,433,994
1	1,525,001	-	1,530,000	1,525,683
1	1,685,001	-	1,690,000	1,689,413
1	1,785,001	-	1,790,000	1,789,843
1	1,945,001	-	1,950,000	1,949,500
1	2,340,001	-	2,345,000	2,342,037
1	2,585,001	-	2,590,000	2,590,000
1	2,765,001	-	2,770,000	2,765,417
1	3,130,001	-	3,135,000	3,130,217
1	3,135,001	-	3,140,000	3,139,845
1	4,135,001	-	4,140,000	4,135,650
1	6,830,001	-	6,835,000	6,832,238
1	8,945,001	-	8,950,000	8,947,766
1	10,035,001	-	10,040,000	10,035,844
1	11,930,001	-	11,935,000	11,932,380
1	12,965,001	-	12,970,000	12,969,304
1	48,830,001	-	48,835,000	48,830,182
1	55,995,001	-	56,000,000	55,995,465
1	69,235,001	-	69,240,000	69,236,695
4,708				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	12,969,304	4.593
	Mr. Sayeed Tariq Saigol	363,223	0.129
	Mr. Waleed Tariq Saigol	31,577	0.011
	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	659,951	0.234
		25,965,039	9.196
5.2	Associated Companies, undertakings and related parties		
	Zimpex (Private) Limited	55,995,465	19.832
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	2,551,898	0.904
5.5	Insurance Companies	546,949	0.194
5.6	Modarabas and Leasing	11,872	0.004
5.6 a	Mutual Funds		
	AGP (Pvt) Ltd Staff Provident Fund	25,000	
	CDC - Trustee Akd Index Tracker Fund	46,128	
	CDC - Trustee Alfalah Ghp Islamic Stock Fund	438	
	CDC - Trustee Alfalah Ghp Value Fund	40	
	CDC - Trustee Alhamra Islamic Stock Fund	297,000	
	CDC - Trustee Lakson Equity Fund	302,000	
	CDC - Trustee Lakson Islamic Tactical Fund	9,314	
	CDC - Trustee Lakson Tactical Fund	53,788	
	CDC - Trustee MCB Pakistan Asset Allocation Fund	238,000	
	CDC - Trustee MCB Pakistan Stock Market Fund	1,189,000	
	CDC - Trustee Meezan Islamic Fund	245	

	Categories of Shareholders	Shares Held	Percentage of Capital
	CDC - Trustee Nafa Islamic Active Allocation Equity Fund	1,254,341	
	CDC - Trustee Nafa Islamic Asset Allocation Fund	3,139,845	
	CDC - Trustee Nafa Islamic Stock Fund	1,689,413	
	CDC - Trustee Nafa Multi Asset Fund	555,636	
	CDC - Trustee Nafa Stock Fund	4,135,650	
	CDC - Trustee National Investment (Unit) Trust	1,433,994	
	CDC - Trustee Pakistan Capital Market Fund	75,000	
	CDC-Trustee Alhamra Islamic Asset Allocation Fund	52,500	
	CDC-Trustee Nafa Asset Allocation Fund	548,540	
	M C F S L-Trustee Askari Islamic Asset Allocation Fund	30,000	
		15,075,872	5.339
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	30,148,444	10.677
	b) Foreign Investor(s)	148,139,441	52.466
5.9	Joint Stock Companies	1,242,881	0.440
5.10	Public Sector Companies and Corporations	175	0.000
5.11	Executive(s)	8	0.000
5.12	Others		
	Akhuwat	31,387	
	Artal Restaurant Int Ltd Emp P.F	2,073	
	CDC - Trustee Nafa Islamic Pension Fund Equity Account	201,956	
	CDC - Trustee Nafa Pension Fund Equity Sub-Fund Account	191,301	
	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	140,000	
	CDC-Trustee Pakistan Islamic Pension Fund - Equity Sub Fund	99,500	
	Descon Oxychem Ltd. Employees Provident Fund	1,000	
	Federal Board of Revenue	161,269	
	Fikree Development Corp. (Pvt.) Limited	3,211	
	Hajiani Hanifa Bai Memorial Society	723,349	
	Hussain Trustees Limited.	297	
	Inspectest (Pvt.) Limited Employees Provident Fund	1,000	
	Pakistan Centre For Philanthropy	3,000	
	Pakistan Stock Exchange Limited-Future Contracts	70,178	

Categories of Shareholders	Shares Held	Percentage of Capital
The Deputy Administrator. Abondoned Properties	193	
The Ida Rieu Poor Welfare Association	405	
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	11,848	
Trustee National Bank of Pakistan Employees Pension Fund	337,673	
Trustee-Millat Tractors Ltd. Employees Pension Fund	91,968	
Trustees Kaukab Mir Memorial Welfare Trust	179	
Trustees Maple Leaf Cement Factory Ltd Employees Prov Fund	6,000	
Trustees Moosa Lawai Foundation	4,285	
Trustees of Sulaimaniyah Trust	90,401	
Trustees of Bristol-Myers Saquibb Pakistan (Pvt) Ltd Emp P.F	7,500	
Trustees of Cresent Steel & Allied Products Ltd-Pension Fund	580	
Trustees of FFC Employees Provident Fund	25,000	
Trustees of Greenstar Social Mkt. Pak.(G) Ltd. Emp.Gra. Fund	11,000	
Trustees of Greenstar Social Mkt. Pak.(G) Ltd. Emp.Prov.Fund	9,500	
Trustees of Karachi Sheraton Hotel Employees Provident Fund	134	
Trustees of Pakistan Human Development Fund	124,000	
Trustees of Pharmevo Pvt. Ltd. Employees Provident Fund	3,000	
Trustees of Service Sales Corporation Emp. Grat. Fund Trust	11,500	
Trustees of Service Sales Corporation Provident Fund Trust	23,000	
Trustees of TCS (Pvt.)Ltd.Employee Provident Fund Trust	2,952	
Trustees Thall Limited- Employees Provident Fund	22,000	
Trustees Thall Limited- Employees Retirement Benefit Fund	5,355	
Trustees Wellcome Pakistan Ltd. Provident Fund	88,500	
Trustees of Telenor Pakistan Pvt Ltd Employees Provident Fund	25,500	
Trustee-The Crescent Textile Mills Ltd Empl. Provident Fund	50,000	
Trustee-The Kot Addu Power Co. Ltd. Employees Pension Fund	49,345	
Trustee-The Kot Addu Power Co. Ltd. Employees Provident Fund	20,000	
The Okhai Memon Madressah Association	1	
University of Sindh	680	
	2,652,020	0.939
Grand Total :	282,355,148	100.000

Consolidated Financial Statements

for the Year Ended June 30, 2017

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%) and Maple Leaf Capital Limited (82.92%) (together referred to as Group) for the year ended 30 June 2017.

GROUP RESULTS

The Group has earned gross profit of Rupees 12,255 million as compared to Rupees 13,400 million of corresponding year. The group made pre-tax profit of Rupees 10,270 million this year as compared to Rupees 9,533 million during the last year.

The overall group financial results are as follows:

	2017	2016
	(Rupees in million)	
Gross sales	41,248	39,479
Gross profit	12,255	13,400
Profit from operations	10,712	10,275
Financial charges	442	743
Net profit after taxation	7,252	6,677
	---------- (Rupees) ----------	
Earnings per share - Basic and diluted	16.55	15.29

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 2.39% in its sales over previous year and has shown gross profit of 39.52% (2016: 42.77%) amounting Rupees 9,482 million (2016: Rupees 10,022 million).

It has earned after tax profit of Rupees 4,777 million (2016: Rupees 4,885 million).

Maple Leaf Power Limited (MLPL)

Subsidiary Company (MLCFL) has further invested Rupees 4,010 million in equity of Maple Leaf Power Limited during the current period and holds 100.00% shares, total investment has become Rupees 4,670 million.

Maple Leaf Capital Limited (MLCL)

MLCL has earned after tax profit of Rupees 1,201 million (2016: Rupees 210 million). The holding company has further invested Rupees 1,500 million in equity of MLCL and holds 82.93% shares (2016: 66.01%), total investment has become Rupees 2,500 million.

ACKNOWLEDGMENT

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	Taufique Sayeed Saigol	Syed Mohsin Raza Naqvi
13 September 2017	Chief Executive Officer	Director

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 2017 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 2017 and the results of their operations for the year then ended.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

DATE: 13 September 2017

ISLAMABAD

Consolidated Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2016: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2016: 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	2,823,551
Reserves	4	16,338,523	12,897,088
Equity attributable to equity holders of the Holding Company		19,162,074	15,720,639
Non-controlling interest	5	9,433,113	8,100,035
Total equity		28,595,187	23,820,674
Surplus on revaluation of land and investment properties	6	4,183,283	4,172,620
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	4,186,110	1,692,325
Liabilities against assets subject to finance lease	8	270,615	501,613
Long term deposits	9	8,699	6,499
Retirement benefits	10	150,778	119,783
Deferred income tax liability	11	3,167,039	3,155,036
		7,783,241	5,475,256
CURRENT LIABILITIES			
Trade and other payables	12	5,625,467	4,567,873
Accrued mark-up	13	145,693	89,143
Short term borrowings	14	6,326,025	4,958,320
Current portion of non-current liabilities	15	702,107	352,410
Provision for taxation	16	476,711	187,811
		13,276,003	10,155,557
TOTAL LIABILITIES		21,059,244	15,630,813
CONTINGENCIES AND COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		53,837,714	43,624,107

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	31,222,866	25,448,930
Investment properties	19	1,789,670	1,784,058
Intangibles	20	37,180	9,305
Long term loans to employees	21	5,799	5,628
Long term deposits	22	113,153	115,909
		33,168,668	27,363,830
CURRENT ASSETS			
Stores, spare parts and loose tools	23	7,303,150	5,901,992
Stock-in-trade	24	3,310,815	3,076,475
Trade debts	25	2,239,776	1,606,862
Loans and advances	26	963,596	1,005,586
Security deposits and short term prepayments	27	123,134	99,248
Accrued interest		2,628	1,857
Other receivables	28	1,693,947	1,099,546
Short term investments	29	3,214,826	2,622,627
Cash and bank balances	30	1,817,174	846,084
		20,669,046	16,260,277
TOTAL ASSETS		53,837,714	43,624,107

CHIEF EXECUTIVE OFFICER　　CHIEF FINANCIAL OFFICER　　DIRECTOR

Consolidated Profit and Loss Account
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
REVENUE	31	41,247,500	39,479,201
COST OF SALES	32	(28,992,301)	(26,078,873)
GROSS PROFIT		12,255,199	13,400,328
DISTRIBUTION COST	33	(1,813,476)	(1,934,122)
ADMINISTRATIVE EXPENSES	34	(1,305,956)	(964,431)
OTHER EXPENSES	35	(700,974)	(803,306)
		(3,820,406)	(3,701,859)
		8,434,793	9,698,469
OTHER INCOME	36	2,277,360	576,841
PROFIT FROM OPERATIONS		10,712,153	10,275,310
FINANCE COST	37	(441,964)	(742,711)
PROFIT BEFORE TAXATION		10,270,189	9,532,599
TAXATION	38	(3,018,385)	(2,855,147)
PROFIT AFTER TAXATION		7,251,804	6,677,452
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		4,672,586	4,315,995
NON-CONTROLLING INTEREST		2,579,218	2,361,457
		7,251,804	6,677,452

	Note	2017	2016
		---------- (Rupees) ----------	
EARNINGS PER SHARE - BASIC AND DILUTED	39	16.55	15.29

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Statement of Comprehensive Income
For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
PROFIT AFTER TAXATION	7,251,804	6,677,452
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability	(19,408)	2,185
Related deferred income tax	4,892	(544)
	(14,516)	1,641
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(14,516)	1,641
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,237,288	6,679,093
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	4,664,570	4,316,901
NON-CONTROLLING INTEREST	2,572,718	2,362,192
	7,237,288	6,679,093

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Consolidated Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	10,540,244	10,726,588
Finance cost paid		(389,794)	(782,940)
Employee benefits paid		(27,256)	(112,142)
Income tax paid		(2,875,242)	(1,013,865)
Net (increase) / decrease in long term loans to employees		(171)	885
Net decrease / (increase) in long term deposits		2,756	(693)
Net cash generated from operating activities		7,250,537	8,817,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(8,007,663)	(3,052,500)
Intangibles		(31,701)	-
Short term investments made		(2,082,613)	(849,652)
Interest received		32,161	18,640
Proceeds from sale of property, plant and equipment		242,442	88,471
Proceeds from sale of short term investments		1,860,779	868,223
Dividends received		132,932	49,663
Net cash used in investing activities		(7,853,663)	(2,877,155)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,968,086	1,363,187
Repayment of Long term financing		(163,380)	(503,786)
Decrease / (increase) in long term deposits		2,200	(120)
Short term borrowings - net		1,367,705	(1,194,010)
Repayment of liabilities against assets subject to finance lease		(190,689)	(154,859)
Repayment of redeemable capital		-	(3,433,011)
Redemption of preference shares		(478)	-
Dividend paid		(2,409,228)	(1,557,856)
Net cash from / (used) in financing activities		1,574,216	(5,480,455)
Net increase in cash and cash equivalents		971,090	460,223
Cash and cash equivalents at the beginning of the year		846,084	385,861
Cash and cash equivalents at the end of the year		1,817,174	846,084

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

CHIEF EXECUTIVE OFFICER CHIEF FINANCIAL OFFICER DIRECTOR

Consolidated Statement of Changes in Equity
For the year ended June 30, 2017

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							Non - controlling interest	Total equity
		Reserves							
		Capital reserve	Revenue reserves						
	Share capital	Share premium	General reserve	Unappropriated profit	Sub-total	Total reserves	Total		
	(Rupees in thousand)								
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 income 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
Transactions with owners:									
- Final dividend for the year ended 30 June 2016 @ Rupees 3.00 per share	-	-	-	(847,065)	(847,065)	(847,065)	(847,065)	-	(847,065)
- Interim dividend for the year ended 30 June 2016 @ Rupees 1.50 per share	-	-	-	(564,710)	(564,710)	(564,710)	(564,710)	-	(564,710)
- Change in equity holders' interest due to further investment	-	-	-	181,762	181,762	181,762	181,762	(181,762)	-
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	(1,063,456)	(1,063,456)
Total transactions with owners	-	-	-	(1,230,013)	(1,230,013)	(1,230,013)	(1,230,013)	(1,245,218)	(2,475,231)
Reversal of revaluation surplus on disposal of land	-	-	-	6,878	6,878	6,878	6,878	5,578	12,456
Profit for the year	-	-	-	4,672,586	4,672,586	4,672,586	4,672,586	2,579,218	7,251,804
Other comprehensive loss for the year	-	-	-	(8,016)	(8,016)	(8,016)	(8,016)	(6,500)	(14,516)
Total comprehensive income for the year	-	-	-	4,664,570	4,664,570	4,664,570	4,664,570	2,572,718	7,237,288
Balance as at 30 June 2017	2,823,551	144,919	1,450,491	14,743,113	16,193,604	16,338,523	19,162,074	9,433,113	28,595,187

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

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 the Companies Act, 2017) 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 Act, 2017) 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 (now the Companies Act, 2017) 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). 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 repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

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) Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupees which is the Group's functional currency.

d) 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.

Financial instruments

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

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 (MLPL) 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.

Property, plant and equipment

The Group 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.

Stores, spare parts and loose tools

The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the provision.

Impairment

The management of the Group reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Provisions and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

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.

e) Amendments to published approved accounting 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 2016:

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

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

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

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

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 IFRS 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 contains 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.

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

f) Amendments to published approved accounting 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 2016 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

g) Standards, interpretations and amendments to published approved accounting 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 Group accounting periods beginning on or after 01 July 2017 or later periods:

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

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

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

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

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

h) Standards, interpretations and amendments to approved published standards that are not yet effective and not considered relevant to the Group

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

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 except MLCL 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 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 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 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 10.2 to the financial statements.

iii) Liability for employees' compensated absences

The 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 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.

Increase in carrying amount arising on revaluation of freehold land is credited to surplus on revaluation on land. Decrease that offset previous increase of the same asset is charged against the surplus, all other decreases are charged to income.

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 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 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to consolidated profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to consolidated profit and loss account on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2.10 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'.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 Trade and other payables

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

2.17 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.

2.18 Share capital

Ordinary shares of the Holding company are classified as share capital.

2.19 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) Unrealized 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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 cannot 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.

2.25 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.

2.26 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.

2.27 Government Grants

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

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
(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	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
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	282,355,148		2,823,551	2,823,551

3.1 Zimpex (Private) Limited which is an associated company held 55,995,465 (2016: 54,030,465) ordinary shares of Rupees 10 each as at 30 June 2017.

	Note	2017	2016
		(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		14,743,113	11,301,678
		16,193,604	12,752,169
		16,338,523	12,897,088

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

	2017	2016
	(Rupees in thousand)	
5. NON-CONTROLLING INTEREST		
Opening balance	8,100,035	6,354,388
Add / (less): Share during the year:		
Reversal of revaluation surplus on disposal of land	5,578	-
Changes in equity holders interest, due to further investment	(181,762)	-
Other comprehensive (loss) / income for the year	(6,500)	735
Profit for the year	2,579,218	2,361,457
	2,396,534	2,362,192
Less : Dividend paid	(1,063,456)	(616,545)
	9,433,113	8,100,035

	Note	2017	2016
		(Rupees in thousand)	
6. SURPLUS ON REVALUATION OF LAND AND INVESTMENT PROPERTIES			
Investment properties		1,263,592	1,263,592
Freehold land			
As at 01 July		2,909,028	2,783,519
Less: Surplus on disposal of land during the year		(12,456)	-
Increase due to revaluation to fair value	18.1	23,119	125,509
		2,919,691	2,909,028
As at 30 June		4,183,283	4,172,620
7. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Holding Company	7.1	1,553,740	925,496
Subsidiary Company - MLCFL	7.2	3,103,760	927,298
		4,657,500	1,852,794
Less: Current portion shown under current liabilities	15	471,390	160,469
		4,186,110	1,692,325

LENDER	2017	2016	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
7.1 Long term loans								
Askari Bank Limited	125,000	150,000	350,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments, commenced after expiry of grace period of one year from 28 February 2017 and ending on 30 November 2019.	Quarterly	Quarterly	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	557,262	441,703	600,000	SBP rate + 2.50% on SBP funds	Sixteen equal quarterly installments after expiry of grace period of one year commenced from 9 September 2016 and ending on 09 November 2021.	-	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	237,647	290,594	350,000	SBP rate for LTFF+2.5%	Twenty four equal quarterly installments after expiry of grace period of one year commenced from 17 November 2015 and ending on 17 August 2021.	-	Quarterly	First pari passu charge over fixed assets amounting to Rupees 467 million of Raiwind Division and personal guarantees of the sponsor directors.
National Bank of Pakistan	179,704	-	500,000	6 Month KIBOR + 2.50% on NBP funds SBP LTFF rate + 1.25% on SBP funds	Twelve equal half yearly installments after expiry of grace period of one and a half year commencing from 30 June 2018 and ending on 08 June 2024.	-	Half yearly	First pari passu charge over fixed assets of the Company (plant and machinery) amounting to Rupees 667 million.
PAIR Investment Company Limited	171,746	-	300,000	SBP LTFF rate + 1.5% on SBP funds	Twenty four equal quarterly installments after expiry of grace period of sixteen months commencing from 17 July 2018 and ending on 12 April 2024.	-	Quarterly	First pari passu charge over fixed assets (excluding land and building) amounting to Rupees 400 million of Rawalpindi and Gujar Khan Divisions and personal guarantees of the sponsor directors.
Askari Bank Limited	282,381	-	350,000	SBP rate for LTFF + 1.5%	Thirty six equal quarterly installments, commencing after expiry of grace period of fifteen months commencing from 28 January 2018 and ending 31 October 2026.	-	Quarterly	First pari passu / joint pari passu charge of Rupees 467 million on all present and future fixed assets (land, building, plant and machinery) of Raiwind Division.
The Bank of Punjab	-	43,199	135,000	3 Month KIBOR + 2.50%	Twelve equal quarterly installments after expiry of grace period of one year.	Quarterly	Quarterly	Specific hypothecation charge over imported machinery with 25% margin and personal guarantees of the sponsor directors.
Total	1,553,740	925,496	2,585,000					

LENDER	2017	2016	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
7.2 Subsidiary Company (MLCFL)								
Askari Bank Limited	500,000	500,000	500,000	3 Month KIBOR + 1.25%	Twenty (20) equal, consecutive, quarterly installments of Rupees 25 million commencing from 04 June 2018 to 04 March 2023.	Quarterly	Quarterly in arrears	Joint pari passu hypothecation charge and equitable mortgage charge of Rupees 667 million over all present and future plant and machinery and land and building respectively of cement unit-2. Disbursement has been made in tranches against ranking charge on all present and future plant and machinery of MLCFL that shall be upgraded / replaced by aforesaid charge within 180 days from Ist draw down. Personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements.
The Bank of Punjab	1,252,580	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 joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of MLCFL with 25% margin. It is also secured by lien over import documents. A floating charge on fixed assets of MLPL shall be registered with 25% margin, before establishment of' LCs, which shall be upgraded to 1st joint pari passu, once all the assets are reached project site and ready for installation. Personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of MLCFL and MLPL has also been provided.
National Bank of Pakistan	675,590	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 in arrears	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 MLCFL 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	675,590	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	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.
Total	3,103,760	927,298	4,000,000					

7.2.1 As per the financing document the Group is required to comply with certain financial covenants which mainly include current ratio, minimum debt service coverage ratio, minimum interest coverage ratio, gearing ratio and maximum leverage ratio. Further, MLCFL is required to comply with certain conditions imposed by the providers of finance to make dividend payment.

7.2.2 As on 30 June 2017 MLCFL has an un-availed long term facilities amounting Rupees 11,000 millions. These facilities are sanctioned on 17 March 2017 by a consortium of banks led by National Bank of Pakistan amounting to Rupees 9,000 million and MCB Bank Limited (formerly NIB bank limited) amounting to Rupees 2,000 million and carry markup at the rate of 3 month KIBOR plus 3.75%. Tenure of the facilities would be (9) years including grace period of 2 years from the date of disbursement.

These facilities are secured against joint first pari passu hypothecation charge of Rupees 14,666.67 million over fixed assets of MLCFL.

	Note	2017	2016
		(Rupees in thousand)	
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		521,591	733,613
Less: Un-amortized finance charges		20,259	40,059
Present value of future minimum lease payments		501,332	693,554
Less: Current portion shown under current liabilities	15	230,717	191,941
		270,615	501,613

8.1 The future minimum lease payments have been discounted at implicit interest rates which range from 10.74% to 11.11% (2016: 11.10% to 13.38%) 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 14.158 million (2016: Rupees 16.208 million) included in long term deposits, demand promissory notes and personal guarantees.

8.2 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 as at 30 June 2017 amounting to USD 4.58 million is to be repaid in six installments as per following schedule terms:

Period	No. of Installments	Amount (USD) per Instalment	Total Amount (USD)
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

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 3.44% to 3.92% (2016: 2.95% to 3.57%) per annum.

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

	2017		2016	
	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	246,928	274,663	195,461	538,152
Less: Unamortized finance charge	16,211	4,048	3,520	36,539
Present value of future minimum lease payments	230,717	270,615	191,941	501,613

9. 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	2017	2016
		(Rupees in thousand)	
10. RETIREMENT BENEFITS			
Accumulated compensated absences	10.1	76,360	57,059
Gratuity	10.2	74,418	62,724
		150,778	119,783

		2017	2016
		(Rupees in thousand)	
10.1 Accumulated compensated absences			
Balance at the beginning of the year		57,059	41,138
Provision made during the year		29,825	23,809
Payments made during the year		(10,524)	(7,888)
Balance at the end of the year		76,360	57,059

10.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's (MLCFL) defined benefit plan, was conducted on 30 June 2017 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2017	2016
		(Rupees in thousand)	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation	10.2.1	153,921	131,316
Fair value of plan assets	10.2.2	(79,503)	(68,592)
Net liability at end of the year		74,418	62,724
Net liability at beginning of the year		62,724	68,550
Charge to profit and loss account for the year	10.2.3	9,018	11,494
Charge to other comprehensive income for the year	10.2.3	19,408	(2,185)
Contributions made during the year		(16,732)	(15,135)
Net liability at end of the year		74,418	62,724

10.2.1 Movement in the present value of defined benefit obligation is as follows:

	2017	2016
Present value of defined benefit obligation at beginning of the year	131,316	137,998
Current service cost	5,076	5,548
Interest cost	8,914	12,717
Benefits paid	(16,732)	(15,135)
Actuarial loss / (gain) on present value of defined benefit obligation	25,347	(9,812)
Present value of defined benefit obligation	153,921	131,316

	2017	2016
	(Rupees in thousand)	
10.2.2 Movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	68,592	69,448
Expected return on plan assets	4,972	15,135
Contributions made during the year	16,732	6,771
Benefits paid during the year	(16,732)	(15,135)
Actuarial loss / (gain) on plan assets	5,939	(7,627)
Fair value of plan assets at end of the year	79,503	68,592
Fair value of plan assets is as follows:		
NIB Bank including accrued interest	37,000	37,000
NAFA Government Securities Liquid Fund	19,435	14,449
Trust Investment Bank including accrued interest	15,000	15,000
Cash at bank	8,068	2,143
	79,503	68,592

	2017	2016
Plan assets comprise of:		
Equity	24.45%	21.06%
Cash at bank	75.55%	78.94%
	100.00%	100.00%

	2017	2016
	(Rupees in thousand)	
10.2.3 Charge for the year:		
In profit and loss account		
Current service cost	5,076	5,548
Interest cost	8,914	12,717
Expected return on plan assets	(4,972)	(6,771)
	9,018	11,494
In other comprehensive income		
Actuarial loss / (gain) on retirement benefits - net	19,408	(2,185)
	28,426	9,309

	2017	2016
	(Rupees in thousand)	

10.2.4 Movement in actuarial gain is as follows:

	2017	2016
As at beginning of the year	-	-
Actuarial (gain) / loss on plan assets	(5,939)	7,627
Remeasurement of loss / (gain) on defined benefit obligation	25,347	(9,812)
Unrecognized actuarial (gain) / loss on defined benefit obligation recognized in other comprehensive income	(19,408)	2,185
As at end of the year	-	-

Actuarial assumptions:

The following are the principal actuarial assumptions at 30 June:

	2017	2016
Discount rate used for year end obligation	7.25%	7.25%
Expected return on plan assets	7.25%	9.75%
Expected rate of growth per annum in future salaries	6.75%	6.25%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement assumptions	60 years	60 years

10.2.5 MLCFL expects to charge Rupees 10.98 million to consolidated profit and loss account on account of define benefit plan in 2018.

10.2.6 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 2017 would have been as follows:

	Gratuity Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	146,340	124,305
Future salary increase + 100 bps	162,250	139,050

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 2017, the weighted average duration of the defined benefit obligation is six years (2016: six years).

	2017	2016
	(Rupees in thousand)	

11. DEFERRED INCOME TAX LIABILITY

This comprises of following:

	2017	2016
Deferred tax liability on taxable temporary differences in respect of:		
Accelerated tax depreciation	3,223,876	3,205,599
Short term investments	-	32,003
	3,223,876	3,237,602
Deductible temporary differences:		
Short term investments	(2,034)	-
Lease finances	(16,807)	(52,526)
Provision for slow moving stores and spares	-	(214)
Employees, retirement benefits	(37,996)	(29,826)
	(56,837)	(82,566)
	3,167,039	3,155,036

Movement in deferred tax balances is as follows:

	2017	2016
At beginning of the year		
Recognized in profit and loss account:	3,155,036	1,472,126
- accelerated tax depreciation on fixed assets	18,277	(321,292)
- surplus on revaluation of investments	(34,037)	21,583
- unused tax losses	-	706,403
- liabilities against assets subject to finance lease	35,719	27,119
- employees' retirement benefits	(3,278)	(1,083)
- Provision for slow moving stores and spares	214	7
- Provision for doubtful debts	-	1,027
- tax credits utilized / (tax credits) under section 113, 113C and 65B of Income Tax Ordinance, 2001	-	1,248,602
	16,895	1,682,366
Recognized in other comprehensive income:		
- employees' retirement benefits	(4,892)	544
	3,167,039	3,155,036

	Note	2017	2016
		(Rupees in thousand)	

12. TRADE AND OTHER PAYABLES

	Note	2017	2016
Creditors		1,667,575	1,312,088
Bills payable - secured	12.1	3,955	53,375
Accrued liabilities	12.4	1,076,052	878,895
Security deposits, repayable on demand	12.2	55,976	54,076
Advances from customers		335,283	312,698
Contractors' retention money		133,524	47,952
Royalty and excise duty payable		33,569	31,645
Workers' profit participation fund (WPPF)	12.3	1,332,987	967,132
Workers' welfare fund		186,382	152,431
Excise duty payable		203,091	192,379
Unclaimed dividend		116,356	49,309
Withholding tax payable		120,622	27,306
Payable to employees' provident fund trust		17,584	7,791
Sales tax payable		234,507	332,980
Others		108,004	147,816
		5,625,467	4,567,873

12.1 These facilities have been obtained 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 ownership of goods imported under letters of credit. These facilities will be expiring on various dates by 30 June 2018.

12.2 This represents security deposits received from distributors and contractors of MLCFL. Distributors and contractors have given MLCFL a right to utilize deposits in ordinary course of business.

12.3 Workers' profit participation fund

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Balance as on 01 July		967,132	586,394
Allocation for the year	35	501,390	525,960
Interest for the year	37	14,958	7,272
		1,483,480	1,119,626
Less: Payments during the year		(150,493)	(152,494)
		1,332,987	967,132

12.3.1 The outstanding WPPF liability of MLCFL includes Rupees 677.4 million being the left over amount out of the total WPPF liability of Rupees 766.3 million pertaining to the financial year ended 30 June 2012 to 30 June 2016. The amount is payable to the Workers Welfare Fund (WWF) as decided by the Honorable Lahore High Court through order dated 04 May 2016.

12.4 This includes Rupees. 227.38 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to June 2017. MLCFL, 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 MLCFL has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rupees 135.80 million for the period from September 2015 to June 2017 has been imposed on MLCFL, which has not been recorded in these consolidated financial statement based on the opinion of legal advisor. The management is hopeful that the MLCFL will not be required to pay the default surcharge.

	Note	2017	2016
		(Rupees in thousand)	
13. ACCRUED MARK-UP			
Long term financing		69,037	26,109
Redeemable capital		-	440
Short term borrowings		75,738	61,296
Liabilities against assets subject to finance lease		918	1,298
		145,693	89,143
14. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	14.1 & 14.2	3,443,858	543,766
Other short term finances	14.1 & 14.3	403,131	2,107,350
State Bank of Pakistan (SBP) refinances	14.1 & 14.4	2,417,000	2,290,000
		6,263,989	4,941,116
Temporary bank overdraft - unsecured	14.5	62,036	17,204
		6,326,025	4,958,320

14.1 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 10,060 million (2016: Rupees 10,334 million).

14.2 The rates of mark up range from 1.90% to 16.78% (2016: 8.10% to 19%) per annum on balance outstanding.

14.3 The rates of mark up range from 2.5% to 8.55% (2016: 2.0% to 21.90%) per annum on balance outstanding.

14.4 The rates of mark up was 3% (2016: 3.5% to 4.5%) per annum on balance outstanding.

14.5 This represents temporary overdraft due to cheques issued in excess of balance with banks which will be presented for payment in subsequent period.

	Note	2017	2016
		(Rupees in thousand)	
15. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	7	471,390	160,469
Liabilities against assets subject to finance lease	8	230,717	191,941
		702,107	352,410
16. PROVISION FOR TAXATION			
At the beginning of the year		187,811	28,897
Tax deducted / deposited at source		(2,712,592)	(1,013,866)
Provision for taxation	38	3,001,492	1,172,780
At the end of the year		476,711	187,811

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 favorable 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 favor 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 favorable outcome of the case.

c) Tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) by which the demand amounting to Rupees 54.010 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2009 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

d) Tax department has filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) by which the demand amounting to Rupees 22.110 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2010 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

e) The Company filed income tax return for Tax Year 2011 having tax loss amounting to Rupees 957.623 million and creating a refund of Rupees 107.808 million. An assessment under section 122(5A) of the Income Tax Ordinance, 2001 has been finalized by restricting loss to Rupees 435.435 million and reducing refund to Nil. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending for hearing.

f) 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 87.99 million (2016: Rupees 92.071 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

g) The Company has filed recovery suits in Civil Courts amounting to Rupees 15.203 million (2016: 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 favorable outcome of the cases.

h) 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 (2016: Rupees 72.811 million). No provision has been made in these financial statements, since the Company is confident about favorable outcome.

i) 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 favorable outcome.

j) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts has been disallowed. The Honorable Lahore High Court has issued stay order in favor of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 62.376 million (2016: Rupees Nil) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

k) 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 264.912 million (2016: Rupees 243.282 million).

Subsidiary Company - Maple Leaf Cement Factory Limited

a) 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 Appellate Tribunal Inland Revenue (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.

b) 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.

c) Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 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 order 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.

d) 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 Company 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 ATIR.

e) Company filed appeals before ATIR against Commissioner Inland Revenue (CIR appeals) order for tax years 2009. ATIR have accepted all issues except for the issue of apportionment of expenses 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 appeal is pending adjudication.

f) The Additional Commissioner Inland Revenue (ACIR) through a notice u/s 122(9) b/122(5A) of the Income Tax Ordinance 2001 dated 16 March 2016, initiated proceeding against the Company intending to amend the deemed assessment of various issues of tax year 2016 and raised a tax demand of Rupees 1,129.96 million through order dated 31 July 2017. Further, ACIR issued another order dated 03 May 2017 amounting to Rupees 1,001.39 million pertaining to tax year 2016 on account of disallowance of carry-forward and disallowance of adjustment of prior year refunds amounting to Rupees 625.563 million and Rupees 375.825 million respectively. Company filed appeal against the above referred order before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who allowed relief to the extent of Rupees 332.138 million on account of adjustment of 'minimum tax' and also directed the officer to allow adjustment of prior year refunds after verification. The Company has also filed an appeal against the above referred appellate orders before Appellate Tribunal Inland Revenue dated 07 August 2017 which is pending for adjudication.

g) Through notices dated 19 February 2016 and 23 January 2017 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 for tax years 2015 and 2016 respectively . The subject notices were 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) Surcharge of Rupees 54 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.

q) The Additional Commissioner Inland Revenue (ACIR) through a order u/s 122(5A) of the Income Tax Ordinance 2001 dated 27 December 2016, initiated proceeding against the Company intending to amend the deemed assessment of various issues and raised a tax demand of Rupees 241.74 million. The Company filed an appeal before CIR (A). CIR (A) decided all the matters except for the issue of inclusion of exchange gain related to export sales in favor of the Company. The department has challenged CIR (A) decision before ATIR which is pending adjudication.

r) The Additional Commissioner Inland Revenue (ACIR) through a order u/s 122(5A) of the Income Tax Ordinance 2001 dated 31 October 2016, initiated proceeding against the Company intending to amend the deemed assessment of various issues and raised a tax demand of Rupees 68 million. The Company filed an appeal before CIR (A). CIR (A) decided all the matters except for the issue of inclusion of exchange gain related to export sales in favor of the Company. The department has challenged CIR (A) decision before ATIR which is pending adjudication.

s) Guarantees given by banks on behalf of the Company are of Rupees 483.387 million (2016: Rupees 463.32 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 15,438.845 million (2016: Rupees 3,951.157 million).

b) Letters of credit other than for capital expenditure amounting to Rupees 1,093.746 million (2016: Rupees 1,548.526 million).

c) Contracts for capital expenditure amounting to Rupees 211.037 million (2016: Rupees 285.749 million).

	2017	2016
	(Rupees in thousand)	
18. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 18.1)		
Owned	24,580,786	23,545,678
Leased	418,292	455,459
Capital work in progress (Note 18.1.5)	6,057,697	1,440,356
Stores held for capitalization	166,091	7,437
	31,222,866	25,448,930

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 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	-	-	-
Revaluation surplus (Note 6)	125,509	-	-	-	-	-	-	-	-	-	-	-	125,509	-	-	-
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)
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
Year ended 30 June 2017																
Opening 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
Additions	-	-	620,349	4,974	2,402,132	10,830	23,233	71,768	1,072	97,309	-	-	3,231,667	-	-	-
Revaluation surplus (Note 6)	23,119	-	-	-	-	-	-	-	-	-	-	-	23,119	-	-	-
Assets transferred from lease assets to owned assets:																
Cost	-	-	-	-	9,471	-	-	-	-	2,644	-	-	12,115	(9,471)	(2,644)	(12,115)
Accumulated depreciation	-	-	-	-	(2,316)	-	-	-	-	(1,055)	-	-	(3,371)	2,316	1,055	3,371
	-	-	-	-	7,155	-	-	-	-	1,589	-	-	8,744	(7,155)	(1,589)	(8,744)
Disposals:																
Cost / revalued amount	(14,248)	-	(120,411)	-	(322,575)	-	(793)	(35,214)	(124)	(43,587)	-	-	(536,952)	-	-	-
Accumulated depreciation	-	-	48,149	-	209,477	-	396	32,243	96	30,532	-	-	320,893	-	-	-
	(14,248)	-	(72,262)	-	(113,098)	-	(397)	(2,971)	(28)	(13,055)	-	-	(216,059)	-	-	-
Depreciation charge	-	(369)	(261,854)	(5,372)	(1,639,506)	(2,402)	(8,375)	(39,079)	(2,021)	(49,376)	(3,882)	(127)	(2,012,363)	(28,257)	(166)	(28,423)
Closing net book value	3,134,814	25,377	3,637,491	50,372	17,132,433	28,103	32,853	238,050	18,600	256,693	24,661	1,339	24,580,786	418,292	-	418,292
At 30 June 2017																
Cost / revalued amount	3,134,814	33,668	6,546,151	121,387	34,678,354	61,104	110,328	485,542	46,605	464,191	185,023	6,000	45,873,167	673,053	-	673,053
Accumulated depreciation	-	(8,291)	(2,908,660)	(71,015)	(17,545,921)	(33,001)	(77,475)	(247,492)	(28,005)	(207,498)	(160,362)	(4,661)	(21,292,381)	(254,761)	-	(254,761)
Net book value	3,134,814	25,377	3,637,491	50,372	17,132,433	28,103	32,853	238,050	18,600	256,693	24,661	1,339	24,580,786	418,292	-	418,292
Depreciation rate (%)	-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10		10 - 20	20	-

18.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2017. Book value of land on cost basis is Rupees 160.105 million (2016: Rupees 160.105 million) as on 30 June 2017. Had there been no revaluation, the value of land would have been lower by Rupees 2,558.861 million (2016: Rupees 2,535.742 million). Freehold land of MLCFL was revalued by Arif Evaluators as at 22 June 2015.

18.1.2 Borrowing cost of Rupees 2.029 million (2016: Rupees 3.516 million) was capitalized during the year using the capitalization rate ranging from 1.90% to 7.87% (2016: 5.00% to 8.35%) per annum.

	Note	2017 (Rupees in thousand)	2016
18.1.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	32	1,956,646	1,770,731
Administrative expenses	34	81,062	63,964
Capital work in progress	18.1.5	3,078	146
		2,040,786	1,834,841

18.1.4 Ownership of the housing colony's assets included in the operating fixed assets is shared by the MLCFL 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.

	Note	2017 (Rupees in thousand)	2016
18.1.5 Capital work in progress			
Plant and machinery		2,573,936	67,907
Civil Works		1,462,427	587,417
Mechanical works		442,293	6,453
Electrical works		174,030	4,284
Other directly attributable costs		-	35,257
Depreciation	18.1.3	3,078	146
Letters of credit		2,337	70,280
Finance cost		144,342	-
Un-allocated capital expenditure	18.1.5.1	270,574	36,403
Advances to suppliers against:			
Plant and machinery		314,591	428,545
Civil works		101,584	144,544
Mechanical & electrical works		11,144	33,929
Purchase of land		550,918	-
Furniture & fixture		-	11,043
Vehicles		2,822	5,891
Others		3,621	8,257
		6,057,697	1,440,356

	2017	2016
	(Rupees in thousand)	
18.1.5.1 Unallocated capital expenditure		
Salaries and wages	100,153	19,123
Traveling	7,237	-
Fee and subscription	43,256	-
Legal and professional expenses	8,379	1,001
Repair and maintenance	2,419	-
Finance cost	2,000	-
Vehicles running cost	743	-
Rent, rates & taxes	84	-
Insurance	452	-
Communication expenses	123	-
Energy expense	47	-
Consultancy	40,898	11,249
Depreciation	1,759	145
Others expenses	63,024	4,885
	270,574	36,403

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							
Multi Mixer 8 Fold With Condenser	3,787	3,262	525	525	-	Negotiation	M/s Global Industries,Faisalabad
Toyoda FL-16 Simplex	10,837	9,542	1,295	4,593	3,298	Negotiation	M/s Textile Central Company Limited,Thailand
Picanol Looms	41,343	28,665	12,678	13,200	522	Negotiation	M/s Seiko Enterprises, Karachi
Warping Machine	16,781	10,093	6,688	5,400	(1,288)	Negotiation	M/s FM Textiles, Faisalabad
Machine Simplex FL-16	2,604	2,285	319	300	(19)	Negotiation	M/s Fanz Spinning, Kasur
Toyoda FL-16 (120 Spindle)	7,621	6,499	1,122	5,732	4,610	Negotiation	M/s Textile Central Company Limited, Thailand
HT/REP/MECH WKSP	2,093	2,057	36	132	96	Auction	M.Saddique & Co.
Gas Valve	750	417	333	244	(89)	Auction	M/s Maqsood & Brothers
Valve Seat Exhaust	1,206	694	512	393	(119)	Auction	M/s Maqsood & Brothers
Slide Shoe Fixed	2,605	626	1,979	398	(1,581)	Insurance Claim	M/s. EFU General Insurance Limited
Humidity Cabinet	1,169	333	836	178	(658)	Insurance Claim	M/s. EFU General Insurance Limited
Welding Plant	351	239	112	95	(17)	Insurance Claim	M/s. EFU General Insurance Limited
Intellegent Pannel	1,709	409	1,300	261	(1,039)	Insurance Claim	M/s. EFU General Insurance Limited
Fuel Feed Pump Complete	3,846	2,260	1,586	587	(999)	Insurance Claim	M/s. EFU General Insurance Limited
Service Kit	86,347	80,915	5,432	15,569	10,137	Insurance Claim	M/s. EFU General Insurance Limited
Bucket Elevator	1,796	771	1,025	760	(265)	Insurance Claim	M/s. EFU General Insurance Limited
Shaft Machine	785	602	183	146	(37)	Insurance Claim	M/s. EFU General Insurance Limited
Inducer Wheel	690	530	160	128	(32)	Insurance Claim	M/s. EFU General Insurance Limited
Compressors	841	646	195	156	(39)	Insurance Claim	M/s. EFU General Insurance Limited
Gas Analyzer	1,198	211	987	448	(539)	Auction	M/s. Niaz & Co.
Leco-250 Electronic	384	97	287	187	(100)	Auction	M/s. Niaz & Co.
Roller	11,794	11,736	58	2,676	2,618	Auction	M/s. Niaz & Co.
Load Cell	857	217	640	110	(530)	Auction	M/s. Niaz & Co.
Gas Inlet Casing	382	66	316	416	100	Auction	M/s. Niaz & Co.
Fiber Glass Tank	147	24	123	160	37	Auction	M/s. Niaz & Co.
Nozzel Air Assembly	2,344	686	1,658	255	(1,403)	Auction	M/s.Imtiaz Traders
Slide Shoe Moveable	4,031	968	3,063	1,878	(1,185)	Auction	M/s.Imtiaz Traders
Impeller Fn 352	620	480	140	68	(72)	Auction	M/s.Imtiaz Traders
Dust Collecting Blower	846	585	261	92	(169)	Auction	M/s.Imtiaz Traders
Transmission Shaft	585	386	199	64	(135)	Auction	M/s.Imtiaz Traders
Air Blaster	4,421	2,308	2,113	1,938	(175)	Auction	M/s.Imtiaz Traders
Hydraulic Drive Cylinder	2,843	789	2,054	310	(1,744)	Auction	M/s.Imtiaz Traders
Rotary Blower	312	214	98	34	(64)	Auction	M/s.Imtiaz Traders
Roller Tyre	8,103	5,000	3,103	2,852	(251)	Auction	M/s.Imtiaz Traders
Stainless Steel Hose	356	272	84	39	(45)	Auction	M/s.Imtiaz Traders
X-Ray Tube	1,595	898	697	440	(257)	Auction	M/s.Imtiaz Traders
Shut Off Gate	2,193	806	1,387	608	(779)	Auction	M/s.Imtiaz Traders
Elctric Hilti Machine	233	168	65	25	(40)	Auction	M/s.Imtiaz Traders
Lynx Camera	5,313	1,276	4,037	2,475	(1,562)	Auction	M/s.Imtiaz Traders
Host With Motor	843	247	596	92	(504)	Auction	M/s.Imtiaz Traders
Pipe Coal Material	2,158	1,718	440	288	(152)	Auction	M/s.Imtiaz Traders
Hydraulic Breaker	2,859	902	1,957	776	(1,181)	Auction	M/s.Imtiaz Traders
Weightbridge Steel Plate Form	1,425	369	1,056	648	(408)	Auction	M/s.Imtiaz Traders
Valve Inlet Air Complete Unit	1,100	314	786	482	(304)	Auction	M/s.Imtiaz Traders

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	(Rupees in thousand)						
Gear Box	497	229	268	54	(214)	Auction	M/s.Imtiaz Traders
Bearings	20,961	7,101	13,860	2,282	(11,578)	Auction	M/s.Imtiaz Traders
Axial Fan With Motor Complete	3,026	959	2,067	821	(1,246)	Auction	M/s.Imtiaz Traders
Cover For Cable	981	163	818	107	(711)	Auction	M/s.Imtiaz Traders
Rh Wire Feed Unit	326	151	175	35	(140)	Auction	M/s.Imtiaz Traders
Fab & Erection of Lime Stone Bin	2,072	622	1,450	226	(1,224)	Auction	M/s.Imtiaz Traders
Kinetrol Van Actuator Complete	133	59	74	14	(60)	Auction	M/s.Imtiaz Traders
Gas Analysis System	4,625	1,666	2,959	1,174	(1,785)	Auction	M/s.Imtiaz Traders
Compressors	103	25	78	18	(60)	Auction	M/s.Imtiaz Traders
Domistic Feeder	8,062	2,617	5,445	3,268	(2,177)	Auction	M/s.Imtiaz Traders
Roller	657	121	536	71	(465)	Auction	M/s.Imtiaz Traders
Side Liner	785	171	614	85	(529)	Auction	M/s.Imtiaz Traders
Drive Plate Inlet	5,091	1,608	3,483	1,383	(2,100)	Auction	M/s.Imtiaz Traders
Magnet Seperator	1,150	1,035	115	70	(45)	Auction	M/s.Imtiaz Traders
Rotary Sluice Complete	2,807	552	2,255	1,803	(452)	Auction	M/s.Muhammad Hayat
Change Over Valve	2,292	403	1,889	876	(1,013)	Auction	M/s.Muhammad Hayat
Side Liner	8,646	3,550	5,096	1,964	(3,132)	Auction	SN International
Gyro Prima Whip Compl	1,316	156	1,160	461	(699)	Auction	SN International
Compressors	2,465	973	1,492	592	(900)	Auction	SN International
Suspended Electromagnetic	7,390	3,141	4,249	1,686	(2,563)	Auction	SN International
Filter Bronze	1,936	802	1,134	450	(684)	Auction	SN International
Cooler	1,922	797	1,125	447	(678)	Auction	SN International
	321,346	208,483	112,863	84,045	(28,818)		
Vehicles							
Hyundai Santro-LRK-7090	403	322	81	115	34	Company policy	Mr. Muhammad Ashraf, Lahore - Employee of the Company
Honda Civic- LG-794	938	598	340	1,212	872	Negotiation	Mr. Shahid Shabbir, Rawalpindi
Honda Civic- RIZ-2100	1,177	1,007	170	866	696	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Suzuki Cultus- RLA-3589	348	264	84	500	416	Negotiation	Mr. Ghulfam Sajid
Honda Civic Saloon-RIY-4081	970	835	135	650	515	Negotiation	Mr. Muhammad Ismail
Suzuki Baleno-RIZ-2830	821	675	146	500	354	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Honda Civic-LG-795	938	612	326	1,150	824	Negotiation	Mr. Nasir Ahmed, Rawalpindi
Suzuki Cultus- RLA-3591	350	268	82	511	429	Negotiation	Mr. Shahid Shabbir, Rawalpindi
Suzuki Cultus- LEB-8929	598	473	125	340	215	Negotiation	Mr. Tabassum Hassan, Lahore
Honda City-LEE-16-343	1,851	82	1,769	1,650	(119)	Negotiation	Bank Alfalah Limited, Lahore
Suzuki Cultus- LEB-8926	598	472	126	320	194	Negotiation	Mr. Muhammad Javed, Lahore
Suzuki Cultus-LEE-07-4202	121	43	78	270	192	Negotiation	Mr. Fawad Khan, Lahore
Honda Civic-LEE-13-1542	2,473	1,124	1,349	1,600	251	Negotiation	Mr. Farooq Saqib, Lahore
Honda-LEA-11-208	2,003	1,160	843	860	17	Company policy	Mr. Mohsin Naqvi, Lahore - Director
Hyundai Santro-LEA-08-9236	466	359	107	350	243	Company policy	Mr. Rasheed Bhutta, Lahore - Employee of the Company
Suzuki Cultus- LEC-12-4123	961	588	373	560	187	Negotiation	Mr. Uzair Hakim, Lahore
Honda VTI- LRV-6000	1,446	1,237	209	830	621	Negotiation	Mr. Nabeel Abad, Lahore
Toyota Corolla- LEC-15-1527	1,896	561	1,335	1,800	465	Negotiation	Toyota Sahara Motors, Lahore
Toyota Corolla- LEC-15-1525	1,896	561	1,335	1,770	435	Negotiation	Mr. Sajjad Pervaiz, Lahore
Suzuki Bolan- LED-3661	250	11	239	250	11	Negotiation	Mr.Imran Muhammad, Lahore
Honda Civic- RLD-294	1,041	823	218	800	582	Insurance claim	EFU General Insurance Ltd, Rawalpindi
Honda Civic LE-11-717	1,953	1,391	562	1,200	638	Auction	Mr.M. Asif S/O. M.Akram
Honda Civic LEB-07-5131	1,461	1,305	156	660	504	Auction	Mr.Rana Shamshir
Honda Civic LEB-09-6040	1,924	1,561	363	1,205	842	Auction	Mr.Muhammad Yousaf Nabeel
Honda Civic LED-09-3499	1,896	1,483	413	1,230	817	Auction	Mr.Muhammad Mushtaq

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	(Rupees in thousand)						
Toyota Corolla LE-10-5156	1,446	1,052	394	700	306	Auction	Mr.Talha Bin Shehzad
Toyota Corolla LEJ-07-8507	1,423	1,223	200	826	626	Auction	Mr.Tariq Amjad
Toyota Corolla LED-08-4095	1,350	1,140	210	865	655	Auction	Mr.Habibullah Khan
Suzuki Cultus APY-646	792	654	138	372	234	Auction	Mr.Haroon Ameer
Suzuki Cultus LEC-09-7102	803	660	143	656	513	Auction	Mr.Faisal Yaqoob
Suzuki Cultus LEE-12-6646	1,037	601	436	822	386	Auction	Mr.Muhammad Awais
Suzuki Cultus LEF-12-2803	1,036	589	447	780	333	Auction	Mr.Saleem ud Din Baig
	36,666	23,734	12,932	26,220	13,288		
Computer and IT Installations							
Laptop Dell Latitude Core I7 2.1-GHZ	144	73	71	45	(26)	Negotiation	Ms. Nomana Waqas, Lahore
Iphone 6 Plus	80	23	57	47	(10)	Negotiation	Mr. Farooq Saqib, Lahore
Iphone 6 Plus	80	22	58	12	(46)	Negotiation	Mobile Centre, Lahore
	304	118	186	104	(82)		
Buildings on freehold land							
Cement Silos	112,939	44,365	68,574	66,000	(2,574)	Insurance Claim	M/s. EFU General Insurance Limited
Compressors	2,865	2,592	273	1,093	803	Auction	M.Saddique & co
Renovetion of Family Club	4,127	827	3,300	140	(3,161)	Auction	Malik Mehar M.Naveed
Power House-PCC	349	315	34	950	915	Auction	M.Saddique & co
Protection Wall	131	49	82	646	562	Sale	Land Acquisition Collector Mianwali
	120,411	48,148	72,263	68,829	(3,434)		
Furnitures, Fixtures & Office Equipments							
Laptop	218	93	125	393	268	Insurance Claim	M/s. EFU General Insurance Limited
Projector	518	249	269	934	665	Insurance Claim	M/s. EFU General Insurance Limited
Air Conditioner	83	19	64	150	86	Insurance Claim	M/s. EFU General Insurance Limited
Other Equipments	10,727	10,451	276	41	(235)	Auction	M/s.Muhammad Hayat
Furnitures	4,375	4,196	179	29	(150)	Auction	M/s.Muhammad Hayat
Plasma TV	378	285	93	18	(75)	Auction	M/s.Muhammad Hayat
	16,299	15,293	1,006	1,565	559		
Land							
Land	14,248	-	14,248	52,555	38,307	Sale	Land Acquisition collector Mianwali
	14,248	-	14,248	52,555	38,307		
	509,274	295,776	213,498	233,318	19,820		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	27,678	25,117	2,561	9,124	6,563		
	536,952	320,893	216,059	242,442	26,383		

	Note	2017	2016
		(Rupees in thousand)	

19. INVESTMENT PROPERTIES

	Note	2017	2016
Year ended 30 June			
Opening net book value		1,784,058	1,783,133
Fair value gain	36	5,612	925
Closing net book amount value		1,789,670	1,784,058

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	2017	2016
		(Rupees in thousand)	

20. INTANGIBLES

	Note	2017	2016
Intangible assets	20.1	25,206	-
Intangible asset under development	20.2	11,974	9,305
		37,180	9,305

20.1 Intangible assets

	2017	2016
At beginning of the year	49,634	49,634
Additions during the year	29,032	-
At end of the year	78,666	49,634
Accumulated Amortization		
At beginning of the year	49,634	49,634
Amortization for the year	3,826	-
At end of the year	53,460	49,634
Net book value	25,206	-

20.2 This represents advance given for implementation of Enterprise Resource Planning (ERP) system.

	Note	2017	2016
		(Rupees in thousand)	
21. LONG TERM LOANS TO EMPLOYEES - Secured			
House building		2,956	3,261
Vehicles		2,388	2,553
Others		4,949	3,977
		10,293	9,791
Less: Current portion shown under current assets	26	4,494	4,163
		5,799	5,628

21.1 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% (2016: 6.00% to 12.00%) per annum. These loans are recoverable in 30 to 120 monthly installments.

21.2 This includes loans to executive amounting to Rupees 2.420 million (2016: Rupees 2.580 million). Further, no amount was due from directors, chief executive officer and executives at the year end (2016: Rupees Nil).

	Note	2017	2016
		(Rupees in thousand)	
22. LONG TERM DEPOSITS			
Security deposits		120,325	121,817
Less: Current portion shown under current assets	27	(7,172)	(5,908)
		113,153	115,909
23. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	23.1	3,464,130	3,151,079
Spare parts		3,751,379	2,700,978
Loose tools		90,193	52,487
		7,305,702	5,904,544
Less: Provision against slow moving items		(2,552)	(2,552)
		7,303,150	5,901,992

23.1 This includes stores in transit of Rupees 720.60 million (2016: Rupees 1,257.040 million).

	Note	2017	2016
		(Rupees in thousand)	

24. STOCK-IN-TRADE

	Note	2017	2016
Raw materials	24.1	946,124	1,134,148
Packing materials		169,129	168,590
Work-in-process		1,395,315	1,015,593
Finished goods		800,247	771,216
		3,310,815	3,089,547
Less: Cement stock written off	32	-	13,072
		3,310,815	3,076,475

24.1 Raw materials include stock in transit of Rupees 91.508 million (2016: Rupees 28.902 million).

24.2 Stock in trade of Rupees 51.599 million (2016: Rupees 91.390 million) is being carried at net realizable value.

24.3 Stock in trade includes stock of Rupees 50.971 million (2016: Rupees 83.178 million) with external parties for processing.

25. TRADE DEBTS

	Note	2017	2016
		(Rupees in thousand)	
Considered good:			
Secured (against letters of credit)		550,150	423,731
Unsecured		1,689,626	1,183,131
		2,239,776	1,606,862

25.1 Movement in provision for doubtful debts

	Note	2017	2016
As at 01 July		-	3,423
Add: Provision for the year	35	-	620
		-	4,043
Written off during the year		-	4,043
As at 30 June		-	-

25.2 As at 30 June 2017, trade debts of Rupees 1,239.674 million (2016: Rupees 877.020 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:

	Note	2017	2016
		(Rupees in thousand)	
Upto 1 month		862,488	627,713
1 to 6 months		202,562	118,605
More than 6 months		174,624	130,702
		1,239,674	877,020

26. LOANS AND ADVANCES - Unsecured, considered good

	Note	2017	2016
Loans and advances to employees:			
- Executives		10,866	14,522
- Other employees		16,798	30,286
- Current portion of long term loans to employees	21	4,494	4,163
		32,158	48,971
Advances to suppliers	26.1	899,183	930,680
Letters of credit		32,255	25,935
		963,596	1,005,586

26.1 This includes an amount of Rupees 502.414 million (2016: 318.550) advanced to Ministry of Railways for transportation of coal and cement.

27. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017	2016
		(Rupees in thousand)	
Current portion of long term deposits	22	7,172	5,908
Short term deposit		-	1,122
Margin against:			
- Letters of credit		85,158	9,353
- Bank guarantees		-	59,229
Prepayments		30,804	23,636
		123,134	99,248

	Note	2017	2016
		(Rupees in thousand)	

28. OTHER RECEIVABLES

Considered good:

	Note	2017	2016
Sales tax refundable	28.1	1,018,613	789,685
Custom duty receivable		32,786	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		95,045	85,696
Insurance claims		4,171	5,559
Duty draw back receivable		189,377	46,276
Margin deposits with brokers		121,300	-
Advance income tax - MLPL		162,649	-
Others		66,373	152,704
		1,693,947	1,099,546

28.1 It includes Rupees 16.797 million paid to Government under protest for various cases which have been decided in favour of MLCFL.

29. SHORT TERM INVESTMENTS

	Note	2017	2016
		(Rupees in thousand)	
Held-to-maturity investment	29.1	1,498,549	323,955
Investments at fair value through profit or loss	29.2	1,621,721	2,298,672
Advance against purchase of shares	29.3	94,556	-
		3,214,826	2,622,627

29.1 Held-to-maturity investment

	Note	2017	2016
Subsidiary Company - MLCL	29.1.1	1,498,549	323,955

29.1.1 This represents investment in treasury bills which carry yield at the rate of 5.43% per annum and will mature on 06 July 2017.

29.2 Investment at fair value through profit or loss

	2017			2016		
	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 (2016: 25,000) fully paid ordinary shares of Rupees 10 each	757	463	1,220	723	34	757
Samin Textiles Limited 30,000 (2016: 30,000) fully paid ordinary shares of Rupees 10 each	216	(10)	206	272	(56)	216
D. S. Industries Limited 20,000 (2016: 20,000) fully paid ordinary shares of Rupees 10 each	56	21	77	80	(25)	55
Pervez Ahmed Securities Limited 25,000 (2016: 25,000) fully paid ordinary shares of Rupees 10 each	42	8	50	60	(18)	42
Bank AL-Habib Limited 400 (2016: 1,542,000) fully paid ordinary shares of Rupees 10 each	17	6	23	67,771	(1,280)	66,491
Kohinoor Energy Limited 200 (2016: 276,000) fully paid ordinary shares of Rupees 10 each	8	-	8	13,938	(2,567)	11,371
Habib Metropolitan Bank Limited Nil (2016: 446,000) fully paid ordinary shares of Rupees 10 each	-	-	-	13,874	(1,221)	12,653
Cherat Cement Company Limited Nil (2016: 500,000) fully paid ordinary shares of Rupees 10 each	-	-	-	46,710	13,075	59,785
Hum Network Limited Nil (2016:1,000,000) fully paid ordinary shares of Rupees 10 each	-	-	-	16,959	(6,679)	10,280
Orix Leasing Pakistan Limited Nil (2016: 227,500) fully paid ordinary shares of Rupees 10 each	-	-	-	14,640	(3,395)	11,245
Standard Chartered Modaraba Nil (2016: 150,000) fully paid ordinary shares of Rupees 10 each	-	-	-	4,810	(1,060)	3,750
National Refinery Limited Nil (2016: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	8,929	2,956	11,885
Shifa International Hospitals Limited 700 (2016: 98,700) fully paid ordinary shares of Rupees 10 each	210	21	231	28,616	994	29,610
Tariq Glass Industries Limited Nil (2016: 200,000) fully paid ordinary shares of Rupees 10 each	-	-	-	14,412	378	14,790
D.G. Khan Cement Company Limited Nil (2016: 975,000) fully paid ordinary shares of Rupees 10 each	-	-	-	143,116	42,612	185,728
The Hub Power Company Limited 5 (2016: 1,651,900) fully paid ordinary shares of Rupees 10 each	1	-	1	156,528	41,799	198,327
Honda Atlas Cars (Pakistan) Limited 55 (2016: 310,900) fully paid ordinary shares of Rupees 10 each	20	28	48	71,172	40,469	111,641
Pak Suzuki Motor Company Limited 13 (2016: 300) fully paid ordinary shares of Rupees 10 each	5	5	10	137	(22)	115
Indus Motor Company Limited Nil (2016: 4,900) fully paid ordinary shares of Rupees 10 each	-	-	-	5,145	(541)	4,604
Shell Pakistan Limited 55 (2016: 191,100) fully paid ordinary shares of Rupees 10 each	16	15	31	45,127	10,332	55,459
Mari Petroleum Company Limited Nil (2016: 55,000) fully paid ordinary shares of Rupees 10 each	-	-	-	37,709	12,243	49,952
Baifo Industries Limited 304 (2016: Nil) fully paid ordinary shares of Rupees 10 each	84	(8)	76	-	-	-
Thal Limited 450 (2016: Nil) fully paid ordinary shares of Rupees 10 each	139	134	273	-	-	-
Abbot Laboratories (Pakistan) Limited 92 (2016: Nil) fully paid ordinary shares of Rupees 10 each	75	11	86	-	-	-
Blessed Textile Limited 17,300 (2016: Nil) fully paid ordinary shares of Rupees 10 each	3,141	1,017	4,158	-	-	-
	4,787	1,711	6,498	690,728	148,028	838,756

	2017			2016		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	(Rupees in thousand)					
Subsidiary Company - MLCL						
Mutual funds						
ABL Cash Fund 20,143,908 (2016: 9,989,558) units	203,411	200	203,611	100,129	(3)	100,126
Askari Sovereign Cash Fund 2,003,894 (2016: 874) units	201,057	1	201,058	92	(4)	88
Alfalah GHP Sovereign Fund 1,003 (2016: 963) units	106	-	106	103	(2)	101
Faysal Money Market Fund 5,198 (2016: 497,408) units	530	(4)	526	50,310	(12)	50,298
NAFA Money Market Fund 1,347,366 (2016: 14,823) units	13,262	21	13,283	153	(7)	146
PICIC Income Fund 1,010 (2016: 968) units	106	-	106	104	(2)	102
HBL Cash Fund (formerly PICIC Cash Fund) 8,991,001 (2016: 0)	902,585	832	903,417	-	-	-
Primus Income Fund 996 (2016: 977) units	102	2	104	106	(5)	101
UBL Money Market Fund 1,044 (2016: 1004) units	108	(3)	105	104	(3)	101
	1,321,267	1,049	1,322,316	151,101	(38)	151,063
Shares in listed companies						
Indus Motor Company Limited 101(2016: 251) fully paid ordinary shares of Rupees 10 each	201	(20)	181	234	2	236
Bhanero Textile Mills Limited 6,501(2016: 1) fully paid ordinary shares of Rupees 10 each	5,337	514	5,851	-	-	-
Hira Textile Mills Limited 8,501(2016: 1) fully paid ordinary shares of Rupees 10 each	135	(58)	77	-	-	-
Shabbir Tiles and Ceramics Limited 9,001(2016: 1) fully paid ordinary shares of Rupees 10 each	166	7	173	-	-	-
Faisal Spinning Mills Limited 20,701(2016: 1) fully paid ordinary shares of Rupees 10 each	4,341	1,644	5,985	-	-	-
Gadoon Textile Mills Limited 22,801(2016: 1) fully paid ordinary shares of Rupees 10 each	5,508	(697)	4,811	-	-	-
Blessed Textile Limited 28,201(2016: 1) fully paid ordinary shares of Rupees 10 each	6,152	626	6,778	-	-	-
Meezan Bank Limited 41,001(2016: 1) fully paid ordinary shares of Rupees 10 each	3,389	(150)	3,239	-	-	-
Premium Textile Mills Limited 53,201(2016: 1) fully paid ordinary shares of Rupees 10 each	9,204	(661)	8,543	-	-	-
Reliance Weaving Mills Limited 176,000(2016: 0) fully paid ordinary shares of Rupees 10 each	7,483	542	8,025	-	-	-
Allied Bank Limited 446,301(2016: 1) fully paid ordinary shares of Rupees 10 each	42,961	(2,963)	39,998	-	-	-
Orix Leasing Pakistan Limited 497,853(2016: 289,502) fully paid ordinary shares of Rupees 10 each	25,266	(5,227)	20,039	17,356	(3,046)	14,310
Orix Leasing Pakistan Limited - (LoR) 718,517(2016: 0) fully paid ordinary shares of Rupees 10 each	-	2,084	2,084	-	-	-
Askari General Insurance Company Limited 760,788(2016: 1) fully paid ordinary shares of Rupees 10 each	22,967	(258)	22,709	-	-	-
Ecopack Limited 1,109,501(2016: 1) fully paid ordinary shares of Rupees 10 each	34,959	(5,557)	29,402	-	-	-
HUM Network Limited 4,879,001(2016: 11,586,001) fully paid ordinary shares of Rupees 10 each	63,372	(6,093)	57,279	162,503	(43,399)	119,104
Other Listed companies 383 (2016: 15,697,961) fully paid ordinary shares of Rupees 10 each	56	18	74	1,052,112	111,091	1,163,203
	231,497	(16,249)	215,248	1,232,205	64,648	1,296,853
	1,552,764	(15,200)	1,537,564	1,383,306	64,610	1,447,916
Subsidiary Company - MLCFL						
Shares in listed company						
Next Capital Limited 1,500,000 (2016: 1,500,000) fully paid ordinary shares of Rupees 10 each	27,000	50,659	77,659	10,530	1,470	12,000
	1,584,551	37,170	1,621,721	2,084,564	214,108	2,298,672

29.3 This represents advance paid against book building portion of initial public offer of Ittefaq Iron Industries Limited. MLCFL bid for 3,131,000 ordinary shares at strike price of Rupees 30.2 per share. Trading in the shares of Ittefaq Iron Industries Limited started subsequent to the reporting date as on 03 July 2017.

	Note	2017	2016
		(Rupees in thousand)	
30. CASH AND BANK BALANCES			
Cash in hand		13,097	20,873
Cash at bank:			
- On current accounts	30.1	333,851	410,406
- On saving accounts	30.1& 30.2	1,470,226	414,805
		1,804,077	825,211
		1,817,174	846,084

30.1 The balances in current and deposit accounts include US $ 48,681 (2016: US $ 223,630)

30.2 The balances in saving accounts carry interest ranging from 0.15% to 5.60% (2016: 0.15% to 5.34%) per annum.

	Note	2017	2016
		(Rupees in thousand)	
31. REVENUE			
Export sales		10,117,511	11,629,284
Local sales	31.1	30,931,082	27,795,366
Export rebate		51,216	54,551
Duty draw back		147,691	-
		41,247,500	39,479,201
31.1 Local sales		39,100,398	33,734,692
Less:			
Sales tax		4,845,851	4,459,103
Federal excise duty		2,931,708	1,194,966
Commission		110,471	118,534
Discount		281,286	166,723
		30,931,082	27,795,366

	Note	2017	2016
		(Rupees in thousand)	

32. COST OF SALES

	Note	2017	2016
Raw materials consumed	32.1	9,941,693	8,637,795
Salaries, wages and other benefits	32.2	2,313,617	2,020,376
Processing charges		14,495	4,628
Stores, spare parts and loose tools consumed		2,277,625	1,971,197
Packing materials consumed		1,799,522	1,938,091
Fuel and power		9,916,121	8,436,095
Repair and maintenance		758,245	650,706
Insurance		90,687	79,916
Other factory overheads	32.3	345,475	216,536
Cement stock written off	24	-	13,072
Depreciation	18.1.3	1,956,646	1,770,731
		29,414,126	25,739,143
Work-in-process			
Opening stock		1,015,593	1,343,587
Closing stock		(1,395,315)	(1,015,593)
		(379,722)	327,994
Cost of goods manufactured		29,034,404	26,067,137
Finished goods			
Opening stock		758,144	782,952
Closing stock		(800,247)	(771,216)
		(42,103)	11,736
Cost of sales		28,992,301	26,078,873

32.1 Raw materials consumed

	2017	2016
Opening stock	1,134,148	925,821
Add: Purchased during the year	9,753,669	8,846,122
	10,887,817	9,771,943
Less: Closing stock	(946,124)	(1,134,148)
	9,941,693	8,637,795

32.2 Salaries, wages and other benefits include provident fund contribution of Rupees 67.913 million (2016: Rupees 58.310 million), gratuity and compensated absences amounting to Rupees 30.02 million (2016: Rupees 8.370 million).

32.3 Other expenses include housing colony expenses aggregating to Rupees 73.23 million (2016: Rupees 67.35 million).

	Note	2017	2016
		(Rupees in thousand)	
33. DISTRIBUTION COST			
Salaries and other benefits	33.1	181,583	143,966
Outward freight and handling		29,820	31,594
Clearing and forwarding		928,243	1,326,765
Commission to selling agents		149,835	146,052
Travelling and conveyance		94,369	72,401
Insurance		283	563
Vehicles' running		15,879	15,191
Electricity, gas and water		933	1,223
Postage, telephone and fax		9,486	7,402
Sales promotion and advertisement		354,475	158,409
Miscellaneous		48,570	30,556
		1,813,476	1,934,122

33.1 Salaries, wages and other benefits include provident fund contribution of Rupees 7.332 million (2016: 5.663 million), gratuity and compensated absences amounting to Rupees 4.53 million (2016: Rupees 0.41 million).

	Note	2017	2016
		(Rupees in thousand)	
34. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	34.1	657,266	428,603
Travelling and conveyance		102,568	107,690
Repair and maintenance		68,879	28,048
Rent, rates and taxes		10,611	4,889
Insurance		13,569	9,117
Vehicles' running		33,831	37,452
Printing, stationery and periodicals		32,784	29,924
Electricity, gas and water		486	2,193
Postage, telephone and fax		23,777	24,105
Legal and professional		60,161	63,229
Security, gardening and sanitation		36,020	33,338
Depreciation	18.1.3	81,062	63,964
Miscellaneous		184,942	131,879
		1,305,956	964,431

34.1 Salaries, wages and other benefits include provident fund contribution of Rupees 15.992 million (2015: Rupees 12.287 million), gratuity and compensated absences amounting to Rupees 4.290 million (2016: Rupees 2.710 million).

	Note	2017	2016
		(Rupees in thousand)	

35. OTHER EXPENSES

	Note	2017	2016
Auditors' remuneration	35.1	5,468	5,551
Donations	35.2	31,074	17,752
Loss on disposal of property, plant and equipment		-	103,608
Loss on disposal of investment	29.2	15,200	2,348
Provision for doubtful debts	25.1	-	620
Workers' profit participation fund	12.3	501,390	525,960
Advances written off		-	343
Workers Welfare Fund		146,574	139,881
Loss on sale of stores and spares		-	5,036
Miscellaneous		1,268	2,207
		700,974	803,306

35.1 Auditors' remuneration

	2017	2016
Riaz Ahmad and Company		
Audit fee	1,750	2,043
Reimbursable expenses	280	150
Certifications	105	25
	2,135	2,218
KPMG Taseer Hadi and Company		
Audit fee	1,450	1,450
Interim review	400	-
Interim audit and other certification	1,058	1,458
Reimbursable expenses	425	425
	3,333	3,333
	5,468	5,551

35.2 Donations for the year have been given to:

	2017	2016
Gulab Devi Hospital, Lahore	12,088	-
Pakistan Air Force (PAF), Mianwali	-	1,402
Miscellaneous donations in the form of cement	1,457	993
Punjab Institute of Cardiology (PIC), Lahore	-	10,000
Police Line, Mianwali	-	2,600
Civil Hospital, Mianwali	-	1,971
Bushra Shaheen	300	25
IT University Punjab	-	411
Founder Group	-	100

	Note	2017	2016
		(Rupees in thousand)	
Earthquake Victims		-	250
Police Welfare Middle School		8,150	-
DHQ Hospital Mianwali		3,832	-
Disst Public School Sargodha		2,334	-
Daud Khel Health Care Centre		1,124	-
Jahanara Memorial Trust.(Jmt)		1,000	-
Aitchison College		500	-
Tariq Niazi Hockey Stadium		169	-
Starfall Foundation		100	-
LCCI Founder Group		20	-
		31,074	17,752

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

	Note	2017	2016
		(Rupees in thousand)	
36. OTHER INCOME			
Income from financial assets:			
Exchange gain - net		40,812	-
Gain on disposal of investments at fair value through profit or loss - net		309,738	-
Gain on remeasurement of fair value of investments at fair value through profit or loss	29	52,370	214,107
Gain on disposal of short term investments		1,609,792	154,260
Reversal of doubtful debts		-	3,423
Unclaimed balances written off		-	8,670
Amortization of held to maturity investment		23,458	4,389
Return on bank deposits		32,932	19,535
Interest on loans to employees		522	-
Dividend income		126,742	139,437
		2,196,366	543,821
Income from non-financial assets:			
Scrap sales		42,897	29,197
Gain on disposal of property, plant and equipment	18.2	26,383	-
Gain on remeasurement of investment property	19	5,612	925
Miscellaneous		6,102	2,898
		80,994	33,020
		2,277,360	576,841

	Note	2017	2016
		(Rupees in thousand)	

37. FINANCE COST

	Note	2017	2016
Mark-up / finance charges / interest on:			
Long term financing		80,044	75,365
Redeemable capital		-	180,382
Short term borrowings		259,638	371,107
Liabilities against assets subject to finance lease		24,142	28,866
Workers' profit participation fund	12.3	14,958	7,272
		378,782	662,992
Exchange loss - net		-	52,084
Bank charges and commission		63,182	27,635
		63,182	79,719
		441,964	742,711

38. TAXATION

	Note	2017	2016
Current year		2,984,200	1,119,856
Prior year		17,290	52,925
	16	3,001,490	1,172,781
Deferred tax	11	16,895	1,682,366
		3,018,385	2,855,147

38.1 Reconciliation of tax charge for the year

	2017	2016
Profit before tax	10,270,189	9,532,599
Tax on profit @ 31% (2016: 32%)	3,183,759	3,050,432
Tax effect of lower rate on certain income / expenses	(523,410)	(530,052)
Tax effect of exempt income / permanent differences	4,712	(296)
Tax effect of super tax	326,252	268,765
Tax effect on prior year adjustment	17,290	52,925
Tax effect - others	9,782	13,373
	3,018,385	2,855,147

39. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2017	2016
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	4,672,586	4,315,995
Weighted average number of ordinary shares	(Numbers)	282,355,148	282,355,148
Earnings per share	(Rupees)	16.55	15.29

40. CASH GENERATED FROM OPERATIONS

	Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
Profit before taxation		10,270,189	9,532,599
Adjustment for non-cash charges and other items:			
Depreciation		2,040,786	1,834,695
Finance cost		441,964	742,711
Loss on sale of property, plant and equipment		(26,383)	103,608
Gain / (loss) on disposal of investments at fair value through profit or loss		(309,738)	2,348
Gain on remeasurement of investment properties		(5,612)	(925)
Amortization of held to maturity investment		3,826	(4,389)
Dividend income		(126,742)	(55,164)
Provision for doubtful debts		(23,458)	(2,803)
Stock in trade written off		-	13,072
Advances written off		-	343
Employees' retirement benefits		38,843	35,303
Return on bank deposits		(32,933)	(19,086)
Gain on remeasurement of investments at fair value through profit or loss		(37,169)	(214,555)
Working capital changes	40.1	(1,693,329)	(1,241,169)
		10,540,244	10,726,588

40.1 Working capital changes

	2017	2016
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,401,158)	(1,260,987)
Stock-in-trade	(234,339)	104,629
Trade debts	(375,866)	84,829
Loans and advances	37,990	124,384
Security deposits and short term prepayments	(141,186)	14,782
Other receivables	(581,708)	(516,468)
	(2,696,267)	(1,448,831)
Increase in trade and other payables	1,002,938	207,662
	(1,693,329)	(1,241,169)

41. 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)							
Managerial remuneration	20,412	12,960	33,865	22,620	40,884	17,823	381,430	275,323
Allowances								
House rent	3,024	1,920	1,135	681	4,513	509	134,785	83,062
Conveyance	-	-	2,018	1,674	1,248	452	32,456	21,492
Medical	-	-	905	402	848	766	17,162	13,543
Utilities	1,764	1,120	1,556	697	2,313	1,339	42,818	38,998
Special allowance	-	-	5,539	3,765	3,562	3,009	35,721	28,530
Bonus	-	-	-	-	-	-	137,500	-
Contribution to provident fund	1,688	1,072	2,176	1,792	2,818	817	31,531	22,933
	26,888	17,072	47,194	31,631	56,186	24,715	813,403	483,881
Number of persons	1	1	4	4	6	3	385	241

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 (2016: 4) non-executive directors was Rupees 396,000 (2016: Rupees 280,000).

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

42. 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:

	2017	2016
	(Rupees in thousand)	
Associated company - Zimpex (Private) Limited		
Dividend paid	272,322	181,984
Bonus shares issued	-	68,244
Other related parties		
Dividend paid	4,986	4,738
Post employment benefit plan		
Contribution to provident fund	154,455	121,274
Contribution to gratuity fund	16,732	15,135

	2017	2016
	(Numbers)	
43. PLANT CAPACITY AND ACTUAL PRODUCTION		
SPINNING:		
- Rawalpindi Division		
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 1,095 shifts (2016: 1,098 shifts)	42,446	42,562
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	39,574	38,473

	2017	2016
	(Numbers)	
Rotors (average) installed / worked	1,848	1584
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	3,108	1,886
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	2,680	1,635
	(Numbers)	
- Gujar Khan Division		
Spindles (average) installed / worked	71,808	70,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,095 shifts)	38,978	36,849
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2016: 1,095 shifts)	34,816	33,299
	(Numbers)	
WEAVING:		
- Raiwind Division		
Looms installed / worked	288	252
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	104,909	92,390
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2016: 1,087 shifts)	93,764	85,056

	2017	2016
	(Meters in thousand)	
PROCESSING OF CLOTH :		
- Rawalpindi Division		
Capacity at 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,095 shifts (2016: 1,098 shifts)	17,986	19,168

	(Mega watts)	
POWER PLANT:		
- Rawalpindi Division		
Annual rated capacity based on 365 days (2016: 366 days)	163,987	177,684
Actual generation		
Main engines	48,527	52,207
Gas engines	20,307	13,753
- Raiwind Division		
Annual rated capacity based on 365 days (2016: 366 days)	96,096	96,360
Actual generation	40,341	20,971

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.

	(Metric Tons in thousand)	
CEMENT:		
Clinker		
Annual rated capacity (Based on 300 days)	3,360	3,360
Annual production for the year	3,299	3,093

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.

44. SEGMENT INFORMATION

44.1

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Elimination of inter-segment transactions		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)															
SALES:																
EXTERNAL	7,252,725	5,966,667	3,610,176	3,372,545	6,541,807	6,749,090	23,842,792	23,390,899	-	-	-	-	-		41,247,500	39,479,201
INTER-SEGMENT	734,408	881,186	1,198,788	923,600	-	1,551	42,618	46,198	-	-	-	-	(1,975,814)	(1,852,535)	-	-
	7,987,133	6,847,853	4,808,964	4,296,145	6,541,807	6,750,641	23,885,410	23,437,097	-	-	-	-	(1,975,814)	(1,852,535)	41,247,500	39,479,201
COST OF SALES	(6,816,046)	(5,587,588)	(4,499,718)	(3,949,909)	(5,440,825)	(5,317,706)	(14,211,526)	(13,076,205)	-	-	-	-	1,975,814	1,852,535	(28,992,301)	(26,078,873)
GROSS PROFIT	1,171,087	1,260,265	309,246	346,236	1,100,982	1,432,935	9,673,884	10,360,892	-	-	-	-	-	-	12,255,199	13,400,328
DISTRIBUTION COST	(29,615)	(21,030)	(77,851)	(81,887)	(430,828)	(471,309)	(1,275,182)	(1,359,896)	-	-	-	-	-	-	(1,813,476)	(1,934,122)
ADMINISTRATIVE EXPENSES	(152,289)	(125,460)	(155,372)	(139,329)	(153,020)	(136,310)	(606,505)	(481,932)	(223,676)	(59,097)	(15,094)	(22,303)	-	-	(1,305,956)	(964,431)
	(181,904)	(146,490)	(233,223)	(221,216)	(583,848)	(607,619)	(1,881,687)	(1,841,828)	(223,676)	(59,097)	(15,094)	(22,303)	-	-	(3,119,432)	(2,898,553)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	989,183	1,113,775	76,023	125,020	517,134	825,316	7,792,197	8,519,064	(223,676)	(59,097)	(15,094)	(22,303)	-	-	9,135,767	10,501,775
UNALLOCATED INCOME AND EXPENSES																
FINANCE COST															(441,964)	(742,711)
OTHER EXPENSES															(700,974)	(803,306)
OTHER INCOME															2,277,360	576,841
TAXATION															(3,018,385)	(2,855,147)
															(1,883,963)	(3,824,323)
PROFIT AFTER TAXATION															7,251,804	6,677,452

44.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)													
TOTAL ASSETS FOR REPORTABLE SEGMENT	4,665,385	3,756,520	3,313,886	3,565,618	2,912,971	3,248,858	28,848,538	25,750,554	4,983,230	1,991,670	5,110,832	884,626	49,834,842	39,197,846
UNALLOCATED ASSETS													4,002,872	4,426,261
TOTAL ASSETS AS PER BALANCE SHEET													53,837,714	43,624,107

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	932,919	835,015	1,283,415	882,664	2,590,431	2,740,144	7,404,003	3,450,081	-	100,210	-	-	12,210,768	8,008,114
UNALLOCATED LIABILITIES													8,848,476	7,622,699
TOTAL LIABILITIES AS PER BALANCE SHEET													21,059,244	15,630,813

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

44.3 Geographical Information

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

	2017	2016
	(Rupees in thousand)	
Europe	3,431,167	3,168,170
America	3,983,128	4,552,258
Asia, Africa, Australia	2,902,123	3,963,407
Pakistan	30,931,082	27,795,366
	41,247,500	39,479,201

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

44.4 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the Segment's revenue in the Spinning segment was Rupees Nil (2016: Rupees Nil), in Weaving segment was Rupees 679 million (2016: Rupees 818 million) whereas in the Processing and Home Textile segment was Rupees 4,524 million (2016: Rupees 3,333 million).

44.5 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.

45. PROVIDENT FUND RELATED DISCLOSURES

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

	2017	2016
	(Rupees in thousand)	
Size of the fund - total assets	1,260,661	1,070,052
Cost of investments made	1,031,015	998,759
Fair value of investments	1,034,676	997,202
Percentage of investments made	82%	93%

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

	2017		2016	
	%	(Rs in '000)	%	(Rs in '000)
Shares in listed securities	16.03%	165,886	17.44%	173,947
Bank balances	9.07%	93,889	3.52%	35,065
Term deposit receipts	40.26%	416,570	35.27%	351,757
Government securities	26.49%	274,108	37.96%	378,519
Mutual funds	8.15%	84,223	5.81%	57,914
	100.00%	1,034,676	100.00%	997,202

45.2 As at the reporting date, the Kohinoor Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose in terms of SRO 770(1)/2016 issued by Securities and Exchange Commission of Pakistan on 17 August 2016 which allows transition period of two years for bringing the Trusts in conformity with the requirements of rules.

46. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on 30 June	5,912	6,083
Average number of employees during the year	6,263	6,092

47. FINANCIAL RISK MANAGEMENT

47.1 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:

	2017	2016
	(Amounts in thousand)	
Cash at banks - USD	55	257
Cash at banks - GBP	2	2
Trade debts - USD	4,165	7,478
Trade and other payables - USD	-	6
Trade and other payables - Euro	23	23
Finance lease liability - USD	4,577	6,177
Outstanding letters of credit - USD	5,735	28,403
Outstanding letters of credit - Euro	82,117	5,547
Outstanding letters of credit - CHF	-	55
Outstanding letters of credit - Yen	10,486	-
Net exposure - USD	(6,092)	(26,851)
Net exposure - Euro	(82,140)	(5,570)
Net exposure - CHF	-	(55)
Net exposure - Yen	(10,486)	-
Net exposure - GBP	2	2

The following significant exchange rates were applied during the year:

	2017	2016
Rupees per US Dollar		
Average rate	104.61	104.25
Reporting date rate	104.80	104.50
Rupees per Euro		
Average rate	114.37	115.61
Reporting date rate	120.14	116.08
Rupees per Yen		
Average rate	0.96	0.9
Reporting date rate	0.94	1.02
Rupees per CHF		
Average rate	105.83	97.88
Reporting date rate	109.75	116.64
Rupees per GBP		
Average rate	133.05	152.24
Reporting date rate	136.42	140.12

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, Yen ,CHF and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 26.479 million, Rupees 0.468 million, Rupees Nil, Rupees Nil and Rupees 0.13 million (2016: 133.673 million, Rupees 0.013 million, Rupees 30.712 million and Rupees 0.305 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	
	2017	2016	2017	2016
	(Rupees in thousand)			
PSX 100 (5% increase)	160,741	131,131	-	-
PSX 100 (5% decrease)	(160,741)	(131,131)	-	-

The Group's investment in mutual fund amounting to Rupees 1,322.317 million (2016: Rupees 151.063 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2017, 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 10.909 million (2016: Rupees 1.246 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:

	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Loans to employees	-	9,791
Bank balances at PLS account	224,984	191,624
Financial liabilities		
Long term financing	1,428,740	290,594
Short term borrowings	5,383,169	3,688,000
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	1,245,242	223,181
Financial liabilities		
Long term financing	3,228,760	1,562,200
Liabilities against assets subject to finance lease	501,332	693,554
Short term borrowings	875,207	1,253,116

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 22.742 million (2016 :Rupees 24.196 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:

	2017	2016
	(Rupees in thousand)	
Investments	3,214,826	2,622,627
Deposits	205,483	191,521
Trade debts	2,239,776	1,606,862
Accrued interest	2,628	1,857
Other receivables	70,544	158,263
Loans and advances	33,463	50,436
Bank balances	1,804,077	825,211
	7,570,797	5,456,777

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

	Rating			2017	2016
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	14,044	2,508
Allied Bank Limited	A1+	AA+	PACRA	2,589	72,524
Askari Bank Limited	A1+	AA+	PACRA	508,892	36,811
Bank Alfalah Limited	A1+	AA+	PACRA	7,248	31,504
Bank Al-Habib Limited	A1+	AA+	PACRA	114,650	85,797
Bank Islami Pakistan Limited	A1	A+	PACRA	124,267	100,530
Faysal Bank Limited	A1+	AA	PACRA	5,011	2,918
First Women Bank Limited	A2	A-	PACRA	18	18
Habib Bank Limited	A-1+	AAA	JCR-VIS	16,572	6,484
MCB Bank Limited	A1+	AAA	PACRA	799,582	97,163
Meezan Bank Limited	A-1+	AA	JCR-VIS	30,384	24,425
National Bank of Pakistan	A1+	AAA	PACRA	24,014	34,950
NIB Bank Limited	A1+	AA-	PACRA	49,619	231,829
Silkbank Limited	A-2	A-	JCR-VIS	63	365
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,515	5,362
The Bank of Punjab	A1+	AA	PACRA	3,929	82,986
United Bank Limited	A1+	AAA	JCR-VIS	31,775	4,638
Burj Bank Limited	A-2	BBB+	JCR-VIS	9	741
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	741	9
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	65,968	1,459
Soneri Bank Limited	A1+	AA-	PACRA	1,263	1,265
Summit Bank Limited	A-1	A-	JCR-VIS	25	25
U Micro Finance Bank Limited	A-2	A-	JCR-VIS	899	900
				1,804,077	825,211

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 25 to these consolidated financial statements.

Due to the Group'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 Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2017, the Group had Rupees 3,734 million (2016: Rupees 6,097 million) available borrowing limits from financial institutions and Rupees 1,817.174 million (2016: Rupees 846.084 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 2017

Holding Company

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities :						
Long term financing	1,553,740	1,754,713	142,319	193,371	394,995	1,024,028
Liabilities against assets subject to finance lease	20,717	20,966	20,966	-	-	-
Trade and other payables	1,210,981	1,210,981	1,210,981	-	-	-
Accrued mark-up	44,228	44,228	44,228	-	-	-
Short term borrowings	3,187,866	3,231,994	3,231,994	-	-	-
	6,017,532	6,262,882	4,650,488	193,371	394,995	1,024,028

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	3,103,760	3,623,846	473,133	2,879,224	271,489
Liabilities against assets subject to finance lease	480,615	484,974	188,196	496,079	-
Long term deposits	8,699	8,699	-	8,699	-
Trade and other payables	1,559,841	1,559,841	1,559,841	-	-
Accrued profit / interest / mark-up	101,465	101,465	101,465	-	-
Short term borrowings	3,138,159	3,138,159	3,138,159	-	-
	8,392,539	8,916,984	5,460,794	3,384,002	271,489

Contractual maturities of financial liabilities as at 30 June 2016

Holding Company

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	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

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, and note 14 to these financial statements.

47.2 Financial instruments by categories

	Loans and receivables	Through profit or loss	Available for sale	Total
	(Rupees in thousand)			
As at 30 June 2017				
Assets as per balance sheet				
Investments	-	3,214,826	-	3,214,826
Deposits	205,483	-	-	205,483
Trade debts	2,239,776	-	-	2,239,776
Accrued interest	2,628	-	-	2,628
Other receivables	70,544	-	-	70,544
Loans and advances	33,463	-	-	33,463
Cash and bank balances	1,817,174	-	-	1,817,174
	4,369,068	3,214,826	-	7,583,894

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	4,657,500
Redeemable capital	-
Long term deposits	8,699
Liabilities against assets subject to finance lease	501,332
Short term borrowings	6,326,025
Trade and other payables	2,770,822
Accrued mark-up	145,693
	14,410,071

	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

47.3 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, liabilities against assets subject to finance lease and short term borrowings obtained by the Group as referred to in note 7, note 8 and note 14 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The gearing ratio as at year ended 30 June 2017 and 30 June 2016 is as follows:

	2017	2016
	(Rupees in thousand)	
Borrowings	11,484,857	7,504,668
Total equity	28,595,187	23,820,674
Total capital employed	40,080,044	31,325,342
Gearing ratio	28.65%	23.96%

48. 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 2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	3,214,826	-	-	3,214,826
Total financial assets	3,214,826	-	-	3,214,826

	30 June 2016			
	Level 1	Level 2	Level 3	Total
	(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

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 values.

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.

49. 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.

As at 30 June 2017	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Investment properties	-	1,789,670	-	1,789,670
Freehold land	-	2,695,847	430,096	3,125,943
Total non-financial assets	-	4,485,517	430,096	4,915,613

As at 30 June 2016	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Investment properties	-	1,784,058	-	1,784,058
Freehold land	-	2,695,847	430,096	3,125,943
Total non-financial assets	-	4,479,905	430,096	4,910,001

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 2017, 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 2017. MLCFL's freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery were revalued by Arif Evaluators, an independent valuer approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015.

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.

50. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

50.1

Description	Note	2017 Carried under Non-Shariah arrangements	2017 Carried under Shariah arrangements	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements
		(Rupees in thousand)			
Assets					
Loans and advances					
Advances to employees	26	24,580	7,578	43,750	5,221
Deposits					
Security deposits	22	120,325	-	121,817	-
Bank balances	30	1,470,226	333,851	540,578	284,633
Liabilities					
Loans and advances					
Long term financing	7	4,657,500	-	1,852,794	-
Short term borrowings	14	6,326,025	-	4,958,320	-
Liabilities against assets subject to finance lease	8	501,332	-	693,554	-
Income					
Profit on deposits with banks	36	28,522	4,410	15,887	3,648
Realized gain on disposal of short term investments	36	1,272,429	647,101	111,195	43,065
Unrealized gain on investments	36	-	52,370	-	214,107

	Note	2017	2016
		(Rupees in thousand)	
50.2 Dividend income earned from	36		
Abbott Laboratories (Pakistan) Limited		310	-
Adamjee Insurance Company Limited		-	450
Amreli Steels Limited		967	-
BAIFO Industries Limited		183	-
Bank AL Habib Limited		1	5,397
Bhanero Textile Mills Limited		50	-
Blessed Textiles Limited		86	-
Cherat Cement Company Limited		2,438	500
D.G. Khan Cement Company Limited		4,617	4,500
Engro Corporation Limited		-	340
Faisal Spinning Mills Limited		51	-
Fauji Cement Company Limited		-	2,004
Fauji Fertilizer Company Limited		-	245

	2017	2016
	(Rupees in thousand)	
Ghandara Industries Limited	400	-
Gul ahmed Textile Limited	650	-
Habib Metropolitan Bank Limited	-	892
Hascol Petroleum Limited,	700	-
Honda Atlas Cars (Pakistan) Limited	2,178	1,480
Hum Network Limited	-	175
IGI Insurance Limited	-	217
Indus Motor Company Limited	241	600
International Industries Limited	-	85
International Steels Limited	1,081	-
Kohinoor Energy Limited	459	1,518
MCB Bank Limited	-	800
Meezan Bank Limited	-	107
Nishat Chunian Power Limited	1,125	4,572
Oil & Gas Development Company Limited	-	1,435
ORIX Leasing Pakistan Limited	1,006	665
Pak Suzuki Motor Company Limited	-	664
Pakistan Reinsurance Company Limited	75	63
Pakistan State Oil Company Limited	-	400
Shell Pakistan Limited	990	2,661
Shifa International Hospitals Limited	287	197
Sitara Chemical Industries Limited	198	-
Standard Chartered Bank (Pakistan) Limited	-	495
Thal Limited	422	-
The Crescent Textile Mills Limited	628	-
The Hub Power Company Limited	6,312	24,702
Ghandara Nissan Limited	250	-
	25,705	55,164
Subsidiary Company - MLCL		
Allied Bank Limited	3,299	-
ABL Cash Fund	-	5
Attock Cement Pakistan Limited	624	-
Askari General Insurance Company Limited	1,195	-
Adamjee Insurance Company Limited	-	1,275
Al-Falah GHP Stock Fund	6	4
Attock Petroleum Limited	-	21
Askari Sovereign Cash Fund	-	5
Bank Al Habib Limited	6,620	6,117
Bata Pakistan Limited	-	288
Biafo Industries Limited	983	2,656
Charat Cement Company Limited	6,768	-

	2017	2016
	(Rupees in thousand)	
Colgate Palmolive (Pakistan) Limited	-	284
Crescent Textile Mills Limited	502	-
Crescent Steel & Allied Product Limited	-	2,340
DG Khan Cement Limited	2,162	4,750
ENGRO Fertilizer Limited	3,500	-
Engro Polymer and Chemicals Limited	-	720
Faysal Money Market Fund	34	16
Fauji Cement Company Limited	-	5,265
Fauji Fertilizer Company Limited	-	175
Faran Sugar Mills Limited	1,781	1,272
Ghandara Industries Limited	150	-
Gharibwal Cement Factory Limited	641	383
Habib Bank Limited	3,082	-
Honda Atlas Cars (Pakistan) Limited	3,152	-
Habib Metropolitian Bank Limited	11,060	2,000
Hub Power Company Limited	6,595	30,733
Hum Network Limited	-	1,895
ICI Pakistan Limited	518	-
IGI Insurance Limited	-	1,192
Indus Motor Company Limited	6,188	1,600
International Industries Limited	1,082	-
International Steel Limited	2,615	-
Kohinoor Energy Limited	1,841	7,101
Mari Gas Company Limited	307	240
Meezan Bank Limited	1,547	1
Mirpur Khas Sugar Mills Limited	-	558
Mehran Sugar Mills Limited	5	97
Millat Tractors Limited	5,096	1,760
NAFA Money Market Fund	-	9
NAFA Mutual Fund	9	-
National Bank of Pakistan	2,625	-
Nishat Chunian Limited	3,221	-
Nishat Chunian Power Limited	2,254	4,916
Nishat Mills Limited	1,500	-
Noon Sugar Mills Limited	525	-
National Refinery Limited	1,042	-
Oil & Gas Development Corporation Limited	-	2,370
Orix Leasing Pakistan Limited	1,241	-
Pak Elektron Limited	9,005	-
PICIC Income Fund	-	5
Primus Investment Management Limited	2	6
Pak Suzuki Motor Company Limited	-	1,350
Standard Chartered Modaraba	-	2,709

	Note	2017	2016
		(Rupees in thousand)	
Shell Pakistan Limited		6,262	150
Sitara Chemical Industries Limited		857	-
Thal Limited		1,136	-
UBL Money Market Fund		5	5
		101,037	84,273
		126,742	139,437

50.3 Sources of other income

	Note	2017	2016
	36		
Dividend income		126,742	139,437
Exchange gain - net		40,812	-
Gain on disposal of investments at fair value through profit or loss - net		309,738	-
Gain on remeasurement of fair value of investments at fair value through profit or loss		52,370	214,107
Return on bank deposits		32,932	19,535
Unclaimed balances written back		-	8,670
Scrap sales		42,897	29,197
Interest on loans to employees		522	-
Gain on remeasurement of fair value of investment properties		5,612	925
Gain on disposal of short term investments		1,609,792	154,260
Reversal of doubtful debts		-	3,423
Amortization of held to maturity investment		23,458	4,389
Gain on disposal of property, plant and equipment		26,383	-
Miscellaneous		6,102	2,898
		2,277,360	576,841

50.4 Exchange gain - net

		2017	2016
Earned from actual currency		40,812	-

50.5 Revenue (external) from different business

	Note	2017	2016
	44.1		
Spinning		7,252,725	5,966,667
Weaving		3,610,176	3,372,545
Processing and home textile		6,541,807	6,749,090
Cement		23,842,792	23,390,899
		41,247,500	39,479,201

Name	2017	2016
	Relationship with	
	Non Islamic window operations	Islamic window operations

50.6 Relationship with banks

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	✔	-

51. INTEREST IN OTHER ENTITIES

The Group's principal subsidiaries as at 30 June 2017 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 rights 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
		2017	2016	2017	2016	
Maple Leaf Cement Factory Limited	Pakistan	55.22%	55.22%	44.78%	44.78%	Production and sale of cement
Maple Leaf Capital Limited	Pakistan	82.92%	66.01%	17.08%	33.99%	To buy, sell, hold, or otherwise acquire or invest capital in financial instruments
Maple Leaf Power Limited	Pakistan	55.22%	55.22%	44.78%	44.78%	Generation, sale and supply of electricity

51.1 Change in the Group's ownership interest in subsidiary

During the year, the Group acquired 16.91% interest in MLCL increasing its continuing interest to 82.92%. The consideration of Rupees 1,500 millions was paid in cash. An amount of Rupees 181.762 million has been credit to retained earning.

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	
	2017	2016	2017	2016	2017	2016
			Rupees in thousand			
Summarised balance sheet						
Current assets	10,411,631	8,477,707	4,977,985	1,988,009	448,845	69,218
Current liabilities	7,764,031	5,027,065	463,753	163,398	470,020	247,436
Current net assets	2,647,600	3,450,642	4,514,232	1,824,611	(21,175)	(178,218)
Non-current assets	18,436,907	17,272,847	5,245	3,661	4,661,987	816,337
Non-current liabilities	6,009,525	4,260,323	-	9,799	-	-
Non-current net assets	12,427,382	13,012,524	5,245	(6,138)	4,661,987	816,337
Net assets	15,074,982	16,463,166	4,519,477	1,818,473	4,640,812	638,119
Summarised statement of comprehensive income						
Revenue	23,992,079	23,432,696	1,738,377	308,997	-	-
Profit / (loss) for the year	5,011,137	5,155,916	1,201,003	209,634	(7,307)	(21,881)
Other comprehensive (loss) / income	(14,517)	1,641	-	-		
Profit / (loss) allocated to NCI	2,244,411	2,308,819	335,576	71,350	(769)	(18,712)
Dividend paid to NCI	1,063,456	590,798	-	25,747	-	-
Summarised cash flow						
Cash from / (used in) operating activities	5,623,810	7,971,929	(367,455)	124,112	(178,594)	203,418
Cash (used in) / from investing activities	(6,760,132)	(1,696,293)	3,882	1,320	(3,843,136)	(816,164)
Cash from / (used in) financing activities	909,623	(6,059,882)	1,400,985	23,265	4,010,000	660,000
Net (decrease) / increase in cash and cash equivalents	(226,699)	215,754	1,037,412	148,697	(11,730)	47,254

52. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 13 September 2017 by the Board of Directors of the Holding Company.

53. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

53.1 The Board of Directors of the Holding Company in their meeting held on 13 September 2017 has proposed a final cash dividend of Rupees 1.50 per share (15%) amounting to Rupees 423.533 million (2016: Rupees 847.065 million) for the year ended 30 June 2017. The financial statements for the year ended 30 June 2017 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2018.

The Board of Directors of the Subsidiary Company (MLCFL) in their meeting held on 13 September 2017 has proposed a final cash dividend of Rupees 1.75 per share (17.5%) amounting to Rupees 923.534 million (2016: Rupee 1,319.335) for the year ended 30 June 2017.

Approval of the Members of both the Companies for the final dividend shall be obtained at Annual General Meeting to be held on 26 October 2017. The consolidated financial statements for the year ended 30 June 2017 do not include the effect of the proposed final cash dividend which shall be accounted for in the period ending 30 June 2018.

53.2 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 2017.

The Holding Company and its Subsidiary Company (MLCFL) paid an interim cash dividend of Rupee 2.00 per share (20%) amounting to Rupees 564.710 million and Rupees 1,055.468 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 13 September 2017 (Refer Note 53.1), which will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

54. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made in these financial statements except for intangible asset under development amounting to Rupees 9.305 million which has been classified from advances to suppliers to non current assets for better presentation.

55. GENERAL

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL 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

orfailinghim/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 49th Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, on Thursday, October 26, 2017 at 12:00 Noon and any adjournment thereof.

As witnessed given under my/our hand(s) ______________ day of October, 2017.

1. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

2. Witness:

Signature : ____________________

Name : ____________________

CNIC : ____________________

Address : ____________________

: ____________________

Affix
Revenue
Stamp of Rs. 5/-

____

Signature of Member / Attorney

Shares Held: ______________________

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.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No.

					–								–	

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

تشکیل 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 جمعرات 26 اکتوبر 2017 کو دوپہر بارہ(12:00) بجے رجسٹرڈ آفس 42-لارنس روڈ لاہور میں منعقدہ یا ملتوی ہونے والے 49 ویں اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط ---------------------
(ممبر/مجاز افسر)

مورخہ ---------- اکتوبر 2017

5 روپے کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں

گواہان

1.	2.
دستخط ------------------------------	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:

(ا) 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۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لف کرنے ہوں گے۔

AFFIX

CORRECT

POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

ڈائریکٹرز 30 جون 2017ء کو ختم ہونے والے سال کے لئے کوہ نور ٹیکسٹائل ملز لمیٹڈ (ہولڈنگ کمپنی) اور اسکی ذیلی کمپنیوں میپل لیف سیمنٹ فیکٹری لمیٹڈ (55.22%) اور میپل لیف کیپٹل لمیٹڈ (82.93%) (باہم ایک گروپ) کے نظرثانی شدہ اشتمال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ نے گزشتہ سال کے 13,400 ملین روپے کے مقابلے میں 12,255 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے اس سال 10,270 ملین روپے کا قبل از ٹیکس منافع کمایا جو گزشتہ سال 9,533 ملین روپے تھا۔
گروپ کے مجموعی نتائج حسب ذیل ہیں:

روپے ملین میں

	2017	2016
مجموعی فروخت	41,248	39,479
مجموعی منافع	12,255	13,400
آپریشنز سے نفع	10,712	10,275
مالی اخراجات	(442)	(743)
بعد از ٹیکس خالص منافع	7,252	6,677
فی حصص آمدنی- بنیادی اور ڈائلیوٹڈ (روپے)	16.55	15.29

ذیلی کمپنیاں

میپل لیف سیمنٹ فیکٹری لمیٹڈ (MLCFL)

اس نے گزشتہ سال کی فروخت میں 2.39% کا اضافہ درج کیا ہے اور 39.52% کا مجموعی منافع (2016 : 42.77%) کی رقم 9,482 ملین روپے (30 جون 2016 : 10,022 ملین روپے) ظاہر کیا گیا ہے۔ اس نے ٹیکس کے بعد منافع 4,777 ملین روپے منافع کمایا (30 جون 2016: 4,885 ملین روپے)۔

میپل لیف پاور لمیٹڈ

ذیلی کمپنی MLCFL نے موجودہ سال کے دوران میپل لیف پاور لمیٹڈ کی ایکوئٹی میں 4,010 ملین روپے کی مزید سرمایہ کاری کی اور 100.00% حصص کی مالک ہے۔

میپل لیف کیپیٹل لمیٹڈ (MLCL)

MLCL نے بعد از ٹیکس منافع 1,201 ملین روپے (2016 : 210 ملین روپے) کمایا ہے۔ ہولڈنگ کمپنی نے MLCL کی ایکوئٹی میں 1,500 ملین روپے کی مزید سرمایہ کاری کی اور 82.93% حصص کی مالک (30 جون 2016 : 66.01%) کل سرمایہ کاری 2,500 ملین روپے ہوگئی ہے۔

ڈائریکٹرز گروپ کے ارکان، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گذار ہیں۔ وہ مختلف ڈویژنز میں کام کرنے والے ملازمین کی سخت محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

توفیق سعید سہگل
چیف ایگزیکٹو آفیسر

سید محسن رضا نقوی
ڈائریکٹر

13 ستمبر 2017 لاہور

کوشش کرتی ہے۔ کوہِ نور میپل لیف گروپ نے ''چھٹا کارپوریٹ سوشل رسپانسیبلٹی ایوارڈ'' مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔ کمپنی نے میڈیکل سوشل سروسز پراجیکٹ میں حصہ لیا اور اس سلسلے میں کمپنی نے گلاب دیوی چیسٹ ہسپتال (GDCH) لاہور میں سعید سہگل کارڈیک کمپلیکس تعمیر کر کے ایک جدید کارڈیک سہولت GDCH لاہور کو عطیہ کیا ہے۔

کمپنی کے کاروبار کے ماحول پر اثرات

انتظامیہ ملز کے احاطے سے اخراج کے بعد ارد گرد کے علاقوں میں آلودہ پانی کے نقصان دہ اثرات کو سمجھتی ہے۔ ارد گرد کے واٹر ٹیبل پر پروسیسنگ میں استعمال ہونے والے کسی بھی کیمیکل کے ممکنہ طور پر نقصان دہ اثرات کو روکنے کے لئے، فیکٹری سے خارج ہونے والے پانی میں کسی آلودگی کو کم سے کم یا ختم کرنے کے لئے ایک ویسٹ واٹر ٹریٹمنٹ پلانٹ تعمیر کیا ہے۔ اس کے علاوہ، کمپنی اہم منصوبوں کو متبادل پائیدار انرجی ذرائع میں تحقیق اور عملدرآمد کو جاری رکھتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

توفیق سعید سہگل
چیف ایگزیکٹو آفیسر

13 ستمبر 2017

لاہور

سید محسن رضا نقوی
ڈائریکٹر

ڈائریکٹرز نے حسب ذیل سفارش کیا ہے:

	روپے ہزاروں میں
ٹیکس سے پہلے منافع	2,902,511
ٹیکس کی فراہمی	(550,732)
ٹیکس کے بعد منافع	2,351,779
30 جون 2016 مختتمہ سال کے لئے اعلان کردہ حتمی منافع منقسمہ	(847,065)
30 جون 2017 مختتمہ سال کے لئے اعلان کردہ عبوری منافع منقسمہ	(564,710)
مجموعی منافع جو آگے لائے	6,191,869
مجموعی منافع جو آگے جائے گا	7,131,873

زیرِ جائزہ سال کے دوران، مندرجہ ذیل کمپنی کے ڈائریکٹرز تھے۔

نمبر شمار	نام	عہدہ
1	جناب طارق سعید سہگل	چیئرمین/ نان ایگزیکٹو ڈائریکٹر
2	جناب توفیق سعید سہگل	سی ای او/ ایگزیکٹو ڈائریکٹر
3	جناب سعید طارق سہگل	نان ایگزیکٹو ڈائریکٹر
4	جناب ولید طارق سہگل	نان ایگزیکٹو ڈائریکٹر
5	جناب دانیال توفیق سہگل	ایگزیکٹو ڈائریکٹر
6	جناب شفیق احمد خان	نان ایگزیکٹو ڈائریکٹر
7	جناب عارف اعجاز	نان ایگزیکٹو ڈائریکٹر
8	سید محسن رضا نقوی	جی ڈی ایف/سی ایف او/ ایگزیکٹو ڈائریکٹر

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری قبول کرتی ہے اور مختلف خیراتی اداروں کے ذریعے سماجی ترقی کے منصوبوں کو مستقل بنیاد پر مالی مدد فراہم کر کے اپنی ذمہ داری کو پورا کرتی ہے۔
کمپنی کو پاکستان کے مرکز برائے خدمت خلق کی طرف سے سماجی اور خیراتی اداروں کے رہنما کے طور پر تسلیم کیا گیا ہے اور ان کمیونٹیز جس میں اس کی موجودگی ہے، کی تخلیقی ممبر بننے کی

مالیاتی سال کی دوسری ششماہی کے لئے امریکی ہوم ٹیکسٹائل مارکیٹ میں سخت خوردہ صورتحال کے باوجود، پروسیسنگ اور کٹ اینڈ سیو ڈویژنوں نے دوبارہ ایک مضبوط آپریشنل نتائج حاصل کئے ہیں۔ جبکہ حکومت کی برآمدی سبسڈی نے علاقائی حریفوں کے خلاف ضروری مدد فراہم کی، سبسڈی کی صرف جزوی رقوم فراہم کی گئیں، جس وجہ سے انڈسٹری سکیم کے مکمل فوائد سے مستفید ہونے سے قاصر رہی ہے۔ سیلز ٹیکس کی جزوی واپسی اور تاخیر سے ادائیگی کی وجہ سے یہ صورت حال زیادہ سے زیادہ کشیدہ تھی۔ تاہم کمپنی نئی پراڈکٹ لائنز میں سرمایہ کاری کرنے، صلاحیت کو بڑھانے اور لاگتوں کو کم کرنے کے لئے حکومت کی LTTF سکیم کے فوائد سے مستفید ہوئی، یہ اپ گریڈیشن اور ترقی آئندہ مالی سال میں جاری رہے گی اسی لئے کمپنی نے خاص طور پر ڈیجیٹل پرنٹنگ کے اضافہ کے ساتھ نئی مارکیٹوں اور پیداواری شعبوں کو وسعت دی ہے۔ کمپنی مزید ویلیو ایڈڈ، اپنے خوردہ اور اداراتی شعبوں دونوں میں اشیاء پر اپنی توجہ برقرار رکھے گی۔

برآمد سبسڈی سکیم کے معزولی، سبسڈی کی رقم کی منظور شدہ ادائیگیوں میں تاخیر، سیلز ٹیکس کی واپسی کے اخراجات کی کمی، کمپنیوں پر عائد اضافی ٹیکس اور کم از کم منافع منقسمہ پر ٹیکس کی بہت اعلیٰ شرح، غیر تقسیم شدہ ذخائر پر ٹیکس سے بچنے کے لئے ضروری ہے۔ داخلی آمدنی تک رسائی سے محروم صنعت کے ذریعے سرمایہ کاری اور ترقی کے مواقع کی راہ میں حائل رکاوٹ جاری رہتی ہے۔ ہمارا حکومت سے مطالبہ ہے کہ ملک کی برآمدی صنعتوں کو فروغ دینے کے لئے اپنی برآمد سبسڈی سکیم اور DLTL اور سیلز ٹیکس رقوم کی واپسی کی تمام ادائیگیوں کی جلد واپسی جاری رکھے۔

آئندہ سال میں کمپنی کی ذیلی کمپنیوں سے ڈیویڈینڈ آمدنی مضبوط ہونے کی توقع ہے لیکن ملک میں موجودہ اقتصادی اور سیاسی کشیدگی کی فضاء کے باعث نسبتاً کم ہوگی۔

مالیاتی جائزہ

زیرِ جائزہ سال کے دوران، کمپنی کی فروخت 8.18 فیصد اضافہ سے 17,405 ملین روپے (16,088:2016 ملین روپے)، جبکہ فروخت کی قیمت 13.60 فیصد اضافہ سے 14,823 ملین روپے (13,049:2016 ملین روپے) ہوگئی۔ نتیجے میں مجموعی منافع کم ہو کر 2,581 ملین روپے (3,039:2016 ملین روپے) ہوگیا۔

زیرِ جائزہ سال کے لئے آپریٹنگ منافع 3,170 ملین روپے (2,966:2016 ملین روپے) پر برقرار رہا۔ کمپنی نے ٹیکس کے بعد منافع 2,352 ملین روپے (2,132:2016 ملین روپے) کمایا ہے۔ 30 جون 2017 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 7.55 روپے کے مقابلے موجودہ سال میں 8.33 روپے ہے۔
بورڈ آف ڈائریکٹرز نے مناسب داخلی مالی کنٹرول قائم کئے ہیں۔ آپریشنل اور مالی بجٹ مقرر کیا گیا ہے اور بجٹ کے اہداف کی اصل کارکردگی کی مسلسل نگرانی کی جاتی ہے۔

ڈیویڈینڈ

نتائج کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے 1.50 روپے فی شیئر (15%) حتمی نقد منافع منقسمہ کا اعلان کیا ہے۔ یہ عبوری نقد منافع منقسمہ کے علاوہ ہے جو 2.00 روپے فی شیئر (20%) پہلے ہی ادا کر دیا گیا، اس طرح مجموعی نقد منافع منقسمہ 3.50 روپے فی شیئر (35 فیصد) بنتا ہے۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز30جون،2017 کوختم ہونے والے سال کے لئے49ویں سالانہ رپورٹ معہ نظرثانی شدہ مالی گوشوارے اوران پرمحاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

آپریشنز کا جائزہ

زیرِ جائزہ سال کی آخری سہ ماہی میں، تینوں شعبوں یارن، بھورے کپڑے اوراسکی مصنوعات کے لئے تجارتی حالات مشکل رہے۔تاہم، آپریشنل نتائج تیسری سہ ماہی کی طرح کے تھے۔یہ10- سی بونس،EOBI کی پرویژنز،سوشل سیکورٹی اورسندھ انفراسٹرکچرکی ترقیاتی رقوم جوفی الحال قانونی چارہ جوئی کےتحت ہیں،اورڈیویڈینڈ پربھاری ٹیکس لیوی کی سالانہ پرویژنزکی ادائیگی کی وجہ سے آخری سہ ماہی کے نتائج میں درست طریقے سے پیش نہیں کیا گیا جس نے اس سہ ماہی کی نچلی لائن کونمایاں طورپرآپریشنل منافع کےخلاف ظاہرکیا ہے۔

زیرِ جائزہ سال بھارتی کپاس کی پابندی کےاچانک عملدرآمدکی وجہ سے خام مال کی قلت کی نشان دہی کی،جس کے نتیجے میں لانگ سٹیپل کپاس کی قیمتیں بڑھ گئیں جوعمدہ شماری یارن قیمتوں میں مناسب طریقے سے منعکس نہیں ہوتیں۔سیگمنٹ میں نقصانات سے بچنے کے لئے کورس کاؤنٹ پروڈیوسرکی مارکیٹ میں سےتحریک نے بھی عمدہ شماری یارن کی فراہمی میں اچھااضافہ کیا ہے۔تاہم آگے بڑھتے ہوئے، عالمی سطح پراہم فصلوں کے دباؤمیں کمی ہونی چاہئے تاکہ ان پٹ کی قیمتوں میں کمی کے باعث کورس کاؤنٹ مینوفیکچررز اپنی روایتی مارکیٹ میں واپس آجائیں۔تاہم اس کا مجموعی اثر، براعظم امریکہ میں انتہائی موسمی واقعات اور برصغیرمیں سیلاب/ بارش کےاثرات پرمنحصرہے۔

سپننگ ڈویژن میں مزید جدیدیت اوراصلاحات نےہمیں گزشتہ سال کی نسبت زیادہ مسابقت اورQ3 اورQ4 کےدرمیان آپریشنل منافع برقراررہنے کے باوجودمنافع بخش رہنے کی اجازت دی ہے۔کمپنی تبدیل ہوتی مارکیٹ سے بھرپورفائدہ اٹھانے اورجوبھی صورت ہو،کورسریاعمدہ ہونے کے لئے نئے آلات میں سرمایہ کاری جاری رکھتی ہے،خاص طورپرکمبنگ اور وائنڈنگ صلاحیتوں کی وسعت میں بھاری سرمایہ کاری، جوآئندہ سہ ماہیوں میں کی جائے گی۔روٹراوررنگ سپننگ سیگمنٹ دونوں میں یارن کلینگ آلات میں اضافی سرمایہ کاری مالی نتائج میں مزیدبہتری لائے گی۔

ویونگ ڈویژن میں، مسلسل جدیدیت نے کمپنی کوملک میں بڑھتے ہوئے بدترین حالات کا مقابلہ کرنے اورصنعت میں ایسے حالات کے باوجوداعلی درجے کےاستعمال کوبرقراررکھنے کا موقع دیاہے۔انتظامیہ کمپنی کی توجہ کومعیارپربرقراررکھتے ہوئےآپریشنل منافع کوزیادہ سے زیادہ بڑھانے کی مدمیں کم سے کم ان پٹ اخراجات کےطریقے دریافت کرتی ہے،اگرچہ ویونگ ڈویژن کوآئندہ سال میں سخت مقابلہ کاسامناہوگا،اعلی ویلیوایڈڈ،مزیدپیچیدہ فیبرکس کیلئے اپنی صلاحیت کوبڑھانے کی منصوبہ بندی کی ہے،جس سے نیچے والی لائن پرمثبت اثرات مرتب ہونے کی امید ہے۔

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