ISHAQ

TEXTILE MILLS LIMITED

37th Annual Report 2018

بسم الله الرحمن الرحيم

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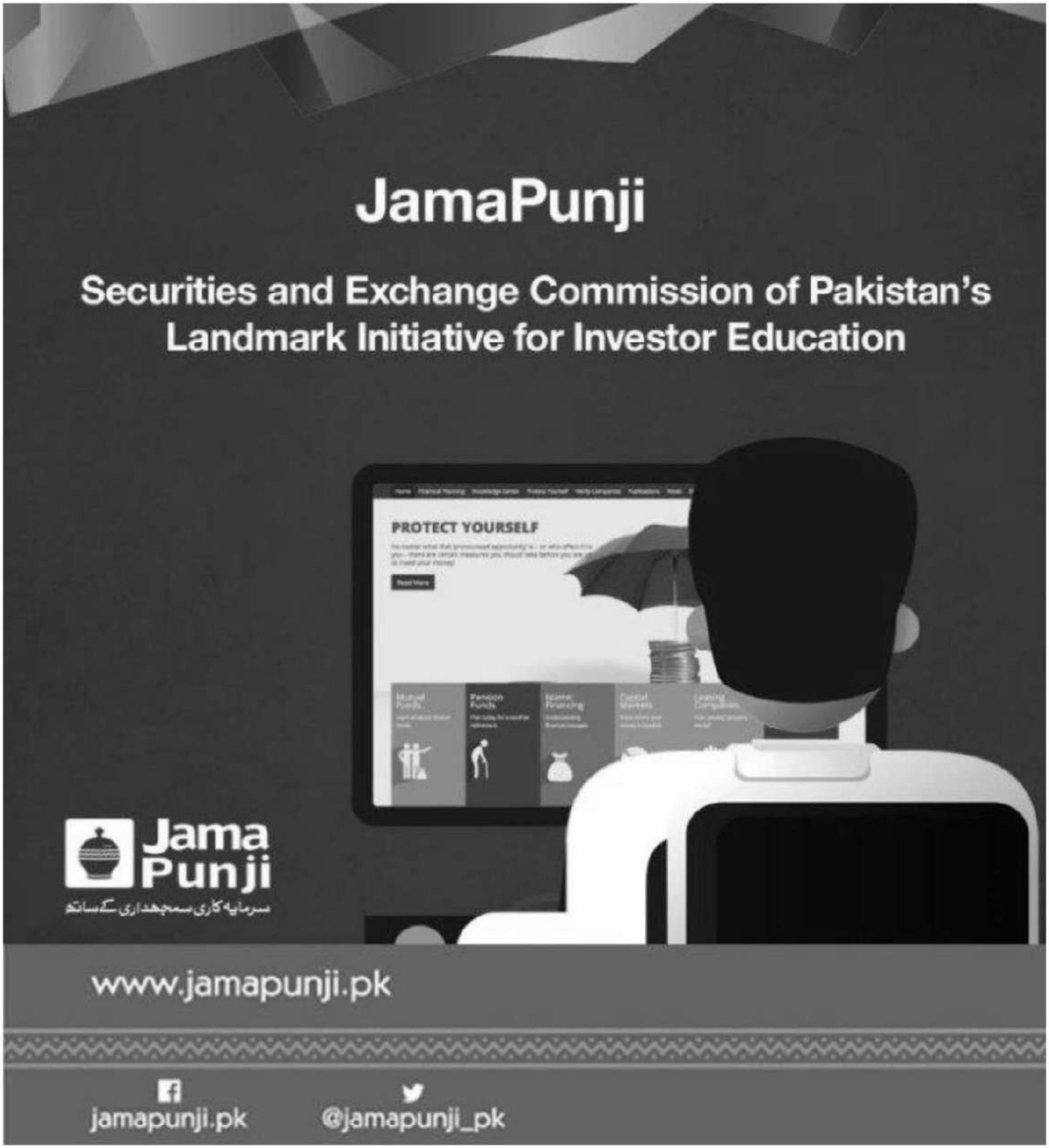
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VISION STATEMENT

To be a customer oriented Company having wide and diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION STATEMENT

The mission of Ishaq Textile Mills Limited is, recognition of its project as the most modern units, and to produce fine quality of product with the understanding of customer behavior. Build the Company on sound financial footings, increase earnings for handsome distribution of dividend to its shareholders, and to earn foreign exchange for the country.

COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer	Chairperson
	Mr. Aizad Amer	Chief Executive Officer
	Mrs. Zareen Akhtar	Director
	Mr. Anns Amer	Director
	Ms. Yusra Amer	Director
	Mr. Abdul Rauf	Director
	Syed Khalid Ali	Director
Audit Committee	Mr. Abdul Rauf	Chairman
	Ms. Yusra Amer	Member
	Syed Khalid Ali	Member
HR and Remuneration Committee	Syed Khalid Ali	Chairman
	Mr. Abdul Rauf	Member
	Mr. Anns Amer	Member

Chief Financial Officer Mr. Muhammad Saqib Ehsan

Company Secretary Mr. Tahir Shahzad

Auditors
Riaz Ahmad and Company
Chartered Accountants
560-F, Raja Road, Gulistan Colony,
Faisalabad

Bankers
Bank Al Habib Limited
Habib Metropolitan Bank Limited
Al-Baraka Bank (Pakistan) Limited
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan

Share Registrar
Corplink (Private) Limited
Wings Arcade, 1-K, Commercial, Model Town, Lahore

Registered Office & Mills
35 Kilometer, Sheikhupura Road,
Tehsil Jaranwala, Faisalabad

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting (AGM) of the shareholders of Ishaq Textile Mills Limited ("the Company") will be held on Saturday, October 27, 2018 at 11:00 A.M. at the registered office of the Company, 35 K.M. Sheikhupura Road, Faisalabad, to transact the following business:-

1. To confirm the minutes of last Extra Ordinary General Meeting held on March 31, 2018.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Chairperson's Review, Directors' and Auditors' Reports thereon and Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.

3. To appoint the auditors of the Company for the next financial year and to fix their remuneration. The retiring auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To transact any other business with permission of the chair.

By order of the Board

Shahzad

Dated: October 08, 2018
Faisalabad

Tahir Shahzad
(Company Secretary)

NOTES:

1. The share transfer books of the Company shall remain closed from October 21, 2018 to October 27, 2018 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on October 20, 2018 will be considered in time.

2. A member entitled to attend and vote at this general meeting is entitled to appoint another member as proxy. Proxies must be received in order to be effective at the registered office of the Company not less than 48 hours before the time for the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport to prove his / her identity and in case of Proxy must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to notify the change in their addresses if any, immediately. Moreover, the members who have not yet submitted their Computerized National Identity Cards to the Company are requested to send at their earliest.

5. SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (Participant) / CDC investor Account Services.

6. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for year ended June 30, 2018 are being placed on the Company's website: www.ishaqtextile.com for the information and review of shareholders.

7. Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

8. Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in a city and holding al least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the Company's website: www.ishaqtextile.com

CHAIRPERSON'S REVIEW
For the year ended June 30, 2018

The Board of Directors of Ishaq Textile Mills Limited ("the Company") is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as Satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

Ishaq Textile Mills Limited complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the Board in sufficient time prior to the Board and its committees' meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the Board.

Nazma Amer

Mrs.NazmaAmer
Chairperson

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to present their 37th Annual Report along with audited Financial Statements of the Company for the financial year ended June 30, 2018 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The comparative financial results of the Company are reproduced hereunder:

FINANCIAL RESULTS:

	2018	2017
	(RUPEES IN THOUSAND)	
CONTINUING OPERATIONS:		
REVENUE	1,598,473	1,102,932
COST OF SALES	(1,537,855)	(1,161,404)
GROSS PROFIT / (LOSS)	60,618	(58,472)
DISTRIBUTION COST	(2,945)	(5,790)
ADMINISTRATIVE EXPENSES	(35,376)	(41,427)
OTHER EXPENSES	(3,526)	(606)
OTHER INCOME	16,250	39,381
FINANCE COST	(31,604)	(62,082)
PROFIT / (LOSS) BEFORE TAXATION	3,417	(128,996)
TAXATION	(11,020)	(46,216)
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS	(7,603)	(175,212)
DISCONTINUED OPERATION:		
LOSS AFTER TAXATION FROM DISCONTINUED OPERATION	-	(5,126)
LOSS AFTER TAXATION	(7,603)	(180,338)
LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)	(0.79)	(18.14)
LOSS PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATION (RUPEES)	-	(0.53)

REVIEW OF OPERATING RESULTS

As compared to financial year 2017, in current financial year revenue grew by 45% from Rupees 1,102.932 million to 1,598.473 million while cost of sales increased by 32% from 1,161.404 million to 1,537.855 million. The Company earned gross profit of Rupees 60.618 million as compared to previous year's gross loss of Rupees 58.472 million which is 203% more from last year. Moreover, the Company incurred loss after taxation of Rupees 7.603 million as compared to loss after taxation of Rupees 180.338 million in corresponding year. By the Grace of Almighty Allah the Company able to achieve these results due to shifting of operations of the Company from coarse count to fine count, installation of Compact Spinning system on all ring frames of the Company, Modernization and Replacement (BMR) of plant and machinery and related equipment of the Companyand due to the stern efforts made by its management in last couple of years.

FUTURE OUTLOOK

Pakistan Textile industry has been under pressure to compete internationally due to high cost of doing business. The Government support in the form of availability of energy at reduced prices, and release of funds against tax refunds is imperative for industry to compete internationally. Moreover, in next financial year the management of your Company has planned to further enhance its production capacity and every possible effort willbe made by its management to curtail and keep its expenses to a minimum level to earn maximum profitability so that the shareholders can get returns on their investments.

LOSS PER SHARE

The loss per share for the year ended June 30, 2018 is Rupees 0.79 as compared to Rupees 18.14 for last year ended on June 30, 2017.

DIVIDEND

Since the Company has incurred loss after taxation, therefore, the directors have not recommended any dividend for the year. However, upon earning profit we shall pay dividend in next financial year.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and of routine nature.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2018 is annexed.No trade in the shares of the company was carried out during the year by its Directors, CEO, CFO and Company Secretary and their spouses and minor children except for the sales/purchase of shares as mentioned on page no. 64

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The Company has complied with best practices on transfer pricing as contained in listing regulations of the Stock Exchanges of Pakistan.

AUDITORS

The auditors M/sRiaz Ahmad & Company, Chartered Accountants retired and being eligible for re-appointment. The Board of Directors has been suggested by the Audit Committee, the re-appointment of M/s Riaz Ahmad & Company, Chartered Accountants, as auditors of your company for the next financial year.

CORPORATE GOVERNANCE

The statement of compliance of best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Ordinance, 1984, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied except for the change as given in Note 2.2.1 in preparation of these financial statements and accounting estimates, which are based on reasonable and prudent judgment.

4. International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.

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

6. There is no doubt upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8. Key operating financial data of last six years in summarized form is annexed.

9. The Company operates un-funded gratuity scheme for its employees as reflected in these financial statements.

ELECTION OF DIRECTORS

During the financial year under review, fresh Election of Directors was held on March 31, 2018 and the followings Directors were elected for the next term of three years.

Mrs. Nazma Amer	Chairperson
Mr. Aizad Amer	Chief Executive Officer
Mr. Anns Amer	Director
Mrs. Zareen Akhtar	Director
Mr. Abdul Rauf	Director
Ms. Yusra Amer	Director
Syed Khalid Ali	Director

Due to the re-constitution of the Board the formation of Audit Committee and HR and Remuneration committee is as under:

Audit Committee

Mr. Abdul Rauf	Chairman
Ms. Yusra Amer	Member
Syed Khalid Ali	Member

HR and Remuneration Committee

Syed Khalid Ali	Chairman
Mr. Abdul Rauf	Member
Mr. Anns Amer	Member

NO. OF BOARD AND OTHER COMMITTEES MEETINGS HELD:

Sr. #	Name	Board Of Directors Meeting	Audit Committee Meeting	HR & Remuneration Committee Meeting
1	Mrs. Nazma Amer	5/5		
2	Mr. Aizad Amer	4/5		
3	Mr. Anns Amer	5/5		
4	Mrs. Zareen Akhtar	5/5	4/4	1/1
5	Mr. Abdul Rauf	5/5	5/5	1/1
6	Ms. Yusra Amer	5/5	1/1	1/1
7	Syed Khalid Ali	2/2	1/1	

Leave of absence was granted to the directors who could not attend some of the Board and Committee meetings.

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

(Aizad Amer)
Chief Executive Officer

FAISALABAD.
Dated: October 08, 2018

ڈائریکٹرز کی شیئر ہولڈروں کو رپورٹ

کمپنی کے ڈائریکٹرز سینتیس ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں، جوکہ مشتمل ہے سالانہ فنانس رپورٹ برائے مالیاتی سال 30 جون 2018 بمعہ آڈیٹرز کی رپورٹ جوکہ گورنمنٹ کے عائد کردہ کوڈ کے مطابق معلومات فراہم کی گئی ہیں۔ پچھلے مالیاتی سال کے نتائج موازنہ کے لئے یہاں دوبارہ دیئے جارہے ہیں۔

مالیاتی نتائج:

جاری کاروائی	2018 (رقم ہزاروں میں)	2017 (رقم ہزاروں میں)
آمدنی	1,598,473	1,102,932
فروخت کی لاگت	(1,537,855)	(1,161,404)
مجموعی منافع/ (نقصان)	60,618	(58,472)
تقسیم کی لاگت	(2,945)	(5,790)
انتظامیہ اخراجات	(35,376)	(41,427)
دیگر اخراجات	(3,526)	(606)
دیگر آمدنی	16,250	39,381
مالیاتی لاگت	(31,604)	(62,082)
ٹیکس سے پہلے منافع/ (نقصان)	3,417	(128,996)
ٹیکس	(11,020)	(46,216)
ٹیکس کے بعد نقصان جاری کاروائی سے	(7,603)	(175,212)
روکی ہوئی کاروائی:		
روکے ہوئے آپریشن سے ٹیکس کے بعد نقصان	-	(5,126)
ٹیکس کے بعد نقصان	(7,603)	(180,338)
نقصان فی حصہ اور بنیادی تنصیب جاری کاروائی سے (روپے)	(0.79)	(18.14)
نقصان فی حصہ اور بنیادی تنصیب رکی کاروائی سے (روپے)	-	(0.53)

کاروائی کے رزلٹ کا جائزہ:

مالی سال 2017 کا موازنہ کرنے سے، موجودہ مالی سال کی آمدنی 45% سے بڑھ کر 1,102.932 ملین سے 1,598.473 ملین ہوگئی ہے۔ جبکہ فروخت کی لاگت 32% بڑھ کر مبلغ 1,161.404 ملین سے مبلغ 1,537.855 ملین ہوگئی ہے۔ پچھلے مالی سال کا مجموعی نقصان 58.472 ملین کا موازنہ کرنے سے کمپنی نے مجموعی منافع مبلغ 60.618 ملین حاصل کیا جوکہ 203% پچھلے سال سے زائد ہے۔ مزید برآں کمپنی کو ٹیکس کے بعد مبلغ 7.603 ملین کا کمپنی کو نقصان ہوا۔ جبکہ گزشتہ مالی سال میں ٹیکس کے بعد نقصان مبلغ 180.338 ملین تھا۔ اللہ تعالیٰ کی کرم نوازی کی وجہ سے کمپنی نے یہ نتیجہ حاصل کیا ہے کہ ہم نے کمپنی کی کاروائی کو موٹے دھاگے سے باریک دھاگے میں شفٹ کیا، کمپیکٹ سپننگ سسٹم کو تمام موجودہ فریموں پر انسٹال کیا۔ کمپنی کی انتظامیہ نے پلانٹ اور مشینری کو جدید اور تبدیل کیا (BMR) اور اس کے متعلقہ اوزاروں کو تبدیل کرنے کے لئے پچھلے دو سالوں کی انتھک کوشش سے ہوا۔

مستقبل کا ڈھانچہ:

پاکستان کی ٹیکسٹائل انڈسٹری مقابلہ بہت زیادہ پریشر میں ہے کیونکہ کاروبار کو چلانے کے لئے اس کی لاگت بہت زیادہ آرہی ہے۔ بین الاقوامی مقابلے کے لئے بہت ضروری ہے کہ گورنمنٹ کم قیمت پر توانائی کی فراہمی میں مدد کرے اور ٹیکس ریفنڈز میں پھنسی ہوئی رقم واپس کرے۔ مزید برآں، آپ کی کمپنی کی انتظامیہ نے پروگرام بنایا ہے کہ اگلے مالی سال میں پروڈکشن بڑھانے کی صلاحیت میں اضافہ کیا جائے اور اخراجات کم کر کے منافع بڑھانے کی ہر ممکن کوشش کی جائے تاکہ حصص داران اپنی سرمایہ کاری کا منافع حاصل کر سکیں۔

نقصان فی حصہ دار:

فی حصہ دار نقصان مالی سال کے اختتام 30 جون 2018 میں مبلغ 0.79 جو کہ مالی سال کے اختتام 30 جون 2017 کا نقصان مبلغ 18.14 روپے تھا۔

منافع بخش:

کمپنی پہلے سے ٹیکس کے بعد نقصان کا شکار ہے اس وجہ سے کمپنی کے ڈائریکٹروں نے اس سال کا منافع تجویز نہیں کیا، تاہم آئندہ آنے والے مالی سال میں منافع کا تعین کیا جائے گا۔

بقایا قانونی ادائیگی:

تمام ادائیگی نارمل ہیں اور معمول کے مطابق ہیں۔

شیئر ہولڈر کا نقشہ:

شیئر ہولڈر کا نقشہ 30 جون 2018 کے مطابق، کمپنی کے ڈائریکٹرز، CEO، CFO اور کمپنی کی سیکرٹری اور اوران کی ازواج، چھوٹے بچے فروخت/خرید کی طرف سے کوئی مالی سال میں کوئی شیئر کی تجارت نہ کی گئی ہے جو کہ صفحہ نمبر 64 میں ظاہر کی گئی ہے۔

متعلقہ پارٹی کی لین دین:

متعلقہ پارٹیوں سے تمام لین دین بازار کے ریٹ کے مطابق ہیں جو کہ قابل موازنہ نا قابل کنٹرول طریقہ سے وضع کی گئیں۔ کمپنی نے پاکستان سٹاک ایکسچینج کے تمام قوانین کی اس معاملہ میں پابندی کی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ ریٹائرڈ ہوئے اور یہ دوبارہ تعیناتی کے اہل ہیں۔ آڈٹ کمیٹی اور ڈائریکٹرز کے بورڈ نے پیش آمدہ سالانہ اجلاس عام میں میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ آپ کی کمپنی کا بطور آڈیٹریز کی دوبارہ تعیناتی کی منظوری دی ہے۔

کوڈ آف کارپوریٹ گورننس

کورڈ آف کارپوریٹ گورننس کا بیانیہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

سٹاک ایکسچینج کے قوائد وضوابط سننے سے جو کمپنیز آرڈیننس 1984، میں درکار ہیں ڈائریکرز مندرجہ بیان کرنا چاہتے ہیں۔

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔

2۔ اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3۔ مالیاتی سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناب اور ٹھوس فیصلوں پر مبنی ہیں۔

4۔ مالیاتی سٹیٹمنٹس کی تیاری اور انٹرنیشنل فنانشل رپورٹنگ کے معیارات جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔

6۔ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔

7۔ کارپوریٹ نظام کے بہترین تجربہ سے مادی طور پر روگردانی ممکن نہیں۔

8۔ پچھلے چھ سال کا مالیاتی ڈیٹا لف ہے۔

9۔ کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے گریجویٹی سکیم چلا رہاہی ہے جو کہ اس سٹیٹمنٹ میں بیان کی گئی ہے۔

بورڈ آف ڈائریکٹرز کا چناؤ:

بورڈ آف ڈائریکٹرز کا چناؤ نئے الیکشن سے 31 مارچ 2018 کو کیا گیا اور مندرجہ ذیل ڈائریکٹرز اگلے تین سالوں کے لئے منتخب ہوئے۔

مسز ناظمہ عامر	چیئر پرسن
جناب ایزد عامر	چیف ایگزیکٹو آفیسر
جناب انس عامر	ڈائریکٹر
مسز زرین اختر	ڈائریکٹر
جناب عبدالروف	ڈائریکٹر
محترمہ یسرہ عامر	ڈائریکٹر
سید خالد علی	ڈائریکٹر

بورڈ کے دوبارہ انتخاب کی وجہ سے آڈٹ کمیٹی، HR، اور معاوضہ کمیٹی مندرجہ ذیل ہے۔

آڈٹ کمیٹی

جناب عبدالروف	چیئر مین
محترمہ یسرہ عامر	ممبر
سید خالد علی	ممبر

HR اور معاوضہ کمیٹی

سید خالد علی	چیئر مین
جناب عبدالروف	ممبر
جناب انس عامر	ممبر

بورڈ اور دوسری کمیٹی میٹنگز کی تعداد

سیریل نمبر	نام	بورڈ آف ڈائریکٹرز میٹنگ	آڈٹ کمیٹی میٹنگ	**HR** اور معاوضہ کمیٹی میٹنگ
1	مسز ناظمہ عامر	5/5		
2	جناب ایزد عامر	4/5		
3	جناب انس عامر	5/5		
4	مسز زرین اختر	5/5	4/4	1/1
5	جناب عبدالروف	5/5	5/5	1/1
6	محترمہ یسرہ عامر	5/5	1/1	1/1
7	سید خالد علی	2/2	1/1	

وہ ڈائریکٹر جو میٹنگ میں حاضر نہیں ہوئے انہوں نے بورڈ آف ڈائریکٹرز سے چھٹی حاصل کی تھی۔

اعتراف:

بورڈ اپنے گاہکوں سپلائرز بینکرز اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اس کو اپنے ریکارڈ میں لاتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز

ایزد عامر

چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ 08 اکتوبر 2018

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

Name of Company: **<u>Ishaq Textile Mills Limited</u>**
Year Ending: **<u>30 June 2018</u>**

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

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

   a. Male: Four
   b. Female: Three

2. The composition of the Board of Directors ("the Board") is as follows:

   a) Independent Directors

      Mr. Abdul Rauf
      Syed Khalid Ali

   b) Other Non-executive Directors

      Mrs. NazmaAmer
      Mrs. ZareenAkhtar
      Ms. YusraAmer

   c) Executive Directors

      Mr. AizadAmer
      Mr. AnnsAmer

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

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

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

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

7. All the meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The Board met at least once in each quarter during the year ended 30 June 2018. 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.

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

9. No training programfor the directors of the Company was arranged during the year as required by Rule 20 of the Regulations. However, we shall comply this requirement in next financial year.

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

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

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

    a) Audit Committee

Mr. Abdul Rauf	(Chairman)
Ms. YusraAmer	(Member)
Syed Khalid Ali	(Member)

    b) HR and Remuneration Committee

Syed Khalid Ali	(Chairman)
Mr. Abdul Rauf	(Member)
Mr. AnnsAmer	(Member)

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

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

    a) Audit Committee: Five meetings during the financial year ended 30 June 2018
    b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2018

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

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

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

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

For and on behalf of the Board of Directors

Nazma Amer

NAZMA AMER
Chairperson

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	2018	2017	2016	2015	2014	2013
	....................................(Rupees in Thousand)					
FINANCIAL POSITION						
Paid up capital	96,600	96,600	96,600	96,600	96,600	96,600
Share premium	17,250	17,250	17,250	17,250	17,250	17,250
Fixed assets at cost	1,431,460	1,420,748	1,485,900	1,393,255	1,833,702	1,805,257
Accumulated depreciation	613,088	583,766	602,354	612,542	917,942	859,297
Current assets	418,114	340,281	579,574	636,257	1,307,361	1,446,087
Current liabilities	556,464	476,717	737,370	753,606	1,206,483	1,308,931
INCOME						
Revenue	1,598,473	1,102,932	1,466,267	1,358,792	4,150,048	3,731,271
Other income	16,250	39,381	2,416	8,560	12,091	6,788
Pre tax profit / (loss)	3,417	(128,996)	(141,178)	(110,479)	31,226	91,620
Taxation	(11,020)	(46,216)	39,293	37,183	23,070	19,557
STATISTICS AND RATIOS						
Pre tax profit / (loss) to sales %	0.21	(11.70)	(9.63)	(8.12)	0.75	2.45
Pre tax profit / (loss) to capital %	3.54	(133.54)	(146.15)	(114.29)	32.32	94.84
Current ratio	1:0.75	1:0.71	1:0.79	1:0.84	1:0.92	1:0.91
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
(Loss) / earnings after tax per share (Rs.)	(0.79)	(18.14)	(10.55)	(7.59)	0.84	7.46
Cash dividend %	-	-	-	-	-	10.00
Break up value per share (Rs.)	77.36	77.88	56.60	33.80	59.30	58.35

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ishaq Textile Mills Limited

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

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

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

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

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

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

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph Reference	Description
9	The Company has not made any arrangement to carry out orientation courses for their directors.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants
Faisalabad
Date: October 08, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Ishaq Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventories as at 30 June 2018 amounting to Rupees 232.200 million represented a material position in the statement of financial position, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 42.546 million - Stock in trade of Rupees 189.654 million The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.9 to the financial statements. At year end, the valuation of inventories is reviewed by management and the cost of inventories is reduced where it is forecasted to be sold below cost. Usable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at weighted average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

	management judgment. The determination of whether inventories will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertake the following procedures for determining the level of write down required: · Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items. · Perform a line-by-line analysis of remaining inventories to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.9 to the financial statements). - Stores, spare parts and loose tools (Note 17) and Stock in trade (Note 18) to the financial statements.	· We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.
2	**Revenue recognition** The Company generates revenue from sale of goods to domestic customers. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the	Our audit procedures to assess the recognition of revenue, amongst others, included the following: We obtained an understanding of and assessed the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period

	potential risk that revenue transactions may not be recognized in the appropriate period. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue recognition Note 2.20 to the financial statements. - Revenue Note 24 to the financial statements.	• We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards We performed audit measures that included comparing sales transactions recognized at the turn of the financial period to documentation supporting revenue recognition, analysis of nominal ledger entries to identify uncommon entries and comparing outstanding sales receivables at the turn of the financial period with payment transactions.
3	**Preparation of financial statements under the Companies Act, 2017** The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

	new reporting requirements under the Act. For further information, refer to Note 2.1(b) to the financial statements	

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD &COMPANY
Chartered Accountants
Faisalabad
Date: October 08, 2018.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	NOTE	2018	2017	2016
		(RUPEES IN THOUSAND)		
			Restated	Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
10 000 000 (2017: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000	100,000
Issued, subscribed and paid up share capital	3	96,600	96,600	96,600
Directors' loans	4	360,000	360,000	-
Capital reserves				
Premium on issue of shares reserve	5	17,250	17,250	17,250
Equity portion of shareholders' loans		44,778	44,778	44,778
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	6	282,631	287,053	273,904
(Accumulated loss) / unappropriated profit		(53,970)	(53,322)	114,213
Total equity		747,289	752,359	546,745
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing		-	-	176,736
Deferred income tax liability	7	43,470	50,917	8,262
Staff retirement gratuity	8	12,144	8,950	8,007
Long term security deposit	9	4,000	4,000	-
		59,614	63,867	193,005
CURRENT LIABILITIES				
Trade and other payables	10	141,889	140,436	154,376
Unclaimed dividend		746	748	748
Accrued mark-up		8,221	6,052	9,586
Short term borrowings	11	388,244	325,811	570,752
Current portion of long term financing		-	-	1,552
Provision for taxation		17,364	3,670	356
		556,464	476,717	737,370
TOTAL LIABILITIES		616,078	540,584	930,375
CONTINGENCIES AND COMMITMENTS	12			
TOTAL EQUITY AND LIABILITIES		1,363,367	1,292,943	1,477,120

	NOTE	2018	2017	2016
		(RUPEES IN THOUSAND)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13	821,059	836,982	886,546
Investment properties	14	120,381	105,979	-
Long term investments	15	-	5,901	7,149
Long term deposits and prepayments	16	3,813	3,800	3,851
		945,253	952,662	897,546
CURRENT ASSETS				
Stores, spare parts and loose tools	17	42,546	36,605	37,621
Stock in trade	18	189,654	146,219	282,710
Trade debts	19	68,642	51,617	89,749
Loans and advances	20	81,767	63,634	49,571
Short term deposits and prepayments	21	1,539	2,431	2,438
Other receivables	22	23,141	22,505	33,382
Current portion of long term investments	15	6,061	1,541	-
Cash and bank balances	23	4,764	15,729	5,582
		418,114	340,281	501,053
Non-current assets held for sale		-	-	78,521
		418,114	340,281	579,574
TOTAL ASSETS		1,363,367	1,292,943	1,477,120

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

AIZAD AMER
Chief Executive Officer

ANNS AMER
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018	2017
		(RUPEES IN THOUSAND)	
CONTINUING OPERATION:			
REVENUE	24	1,598,473	1,102,932
COST OF SALES	25	(1,537,855)	(1,161,404)
GROSS PROFIT / (LOSS)		60,618	(58,472)
DISTRIBUTION COST	26	(2,945)	(5,790)
ADMINISTRATIVE EXPENSES	27	(35,376)	(41,427)
OTHER EXPENSES	28	(3,526)	(606)
OTHER INCOME	29	16,250	39,381
FINANCE COST	30	(31,604)	(62,082)
PROFIT / (LOSS) BEFORE TAXATION		3,417	(128,996)
TAXATION	31	(11,020)	(46,216)
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(7,603)	(175,212)
DISCONTINUED OPERATION:			
LOSS AFTER TAXATION FROM DISCONTINUED OPERATION		-	(5,126)
LOSS AFTER TAXATION		(7,603)	(180,338)
LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)	32	(0.79)	(18.14)
LOSS PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATION (RUPEES)		-	(0.53)

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

AIZAD AMER	ANNS AMER	Muhammad Saqib Ehsan
Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	(RUPEES IN THOUSAND)	
LOSS AFTER TAXATION	(7,603)	(180,338)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on staff retirement gratuity	1,322	374
Deferred income tax related to experienced adjustment	(383)	(109)
	939	265
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income - net of deferred income tax	939	265
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(6,664)	(180,073)

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

AIZAD AMER	**ANNS AMER**	**Muhammad Saqib Ehsan**
Chief Executive Officer	**Director**	**Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	SHARE CAPITAL	DIRECTORS' LOANS	RESERVES						TOTAL EQUITY
			CAPITAL RESERVES				REVENUE RESERVE	TOTAL	
			Premium on issue of shares	Equity portion of shareholders' loans	Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	Sub total	Unappropriated profit / (accumulated loss)		
	(RUPEES IN THOUSAND)								
Balance as at 30 June 2016	96,600	-	17,250	44,778	-	62,028	114,213	176,241	272,841
Impact of restatement (Note 2.2.1)	-	-	-	-	273,904	273,904	-	273,904	273,904
Balance as at 30 June 2016 - restated	96,600	-	17,250	44,778	273,904	335,932	114,213	450,145	546,745
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(8,303)	(8,303)	8,303	-	-
Surplus transferred to unappropriated profit on account of disposal of property, plant and equipment - net of deferred income tax	-	-	-	-	(4,126)	(4,126)	4,126	-	-
Net increase in surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	-	-	-	-	25,578	25,578	-	25,578	25,578
Loss for the year	-	-	-	-	-	-	(180,338)	(180,338)	(180,338)
Other comprehensive income for the year	-	-	-	-	-	-	374	374	374
Total comprehensive loss for the year	-	-	-	-	-	-	(179,964)	(179,964)	(179,964)
Directors' loans received / revolved during the year	-	360,000	-	-	-	-	-	-	360,000
Balance as at 30 June 2017	96,600	360,000	17,250	44,778	287,053	349,081	(53,322)	295,759	752,359
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(5,998)	(5,998)	5,998	-	-
Impact of change in deferred income tax rate	-	-	-	-	1,594	1,594	-	1,594	1,594
Surplus transferred to accumulated loss on account of disposal of property, plant and equipment - net of deferred income tax	-	-	-	-	(18)	(18)	18	-	-
Loss for the year	-	-	-	-	-	-	(7,603)	(7,603)	(7,603)
Other comprehensive income for the year	-	-	-	-	-	-	939	939	939
Total comprehensive loss for the year	-	-	-	-	-	-	(6,664)	(6,664)	(6,664)
Balance as at 30 June 2018	96,600	360,000	17,250	44,778	282,631	344,659	(53,970)	290,689	747,289

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

AIZAD AMER
Chief Executive Officer

ANNS AMER
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018	2017
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	12,918	145,214
Finance cost paid		(29,435)	(31,239)
Income tax paid		(16,968)	(11,969)
Staff retirement gratuity paid		(3,753)	(6,321)
Dividend paid		(2)	-
Increase in long term security deposit		-	4,000
Net (increase) / decrease in long term deposits and prepayments		(13)	51
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(37,253)	99,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(37,969)	(76,209)
Proceeds from sale of property, plant and equipment		1,594	10,446
Proceeds from non-current assets held for sale		-	73,395
Profit on long term investments received		230	235
NET CASH (USED IN) / FROM INVESTING ACTIVITIES		(36,145)	7,867
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sponsors' loans		-	170,000
Repayment of long term financing		-	(12,664)
Short term borrowings - net		62,433	(254,941)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		62,433	(97,605)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(10,965)	9,998
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		15,729	5,582
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 23)		4,764	15,580

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

AIZAD AMER
Chief Executive Officer

ANNS AMER
Director

Muhammad Saqib Ehsan
Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

Ishaq Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and its share are quoted on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35 Kilometers Sheikhupura Road, Faisalabad. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth.

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

a) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, some of the amounts reported for the previous period have been reclassified and restated. For detailed information please refer to Note 2.1(b) and Note 2.2.1.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

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

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

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

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for preparation of these financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Change in accounting policy of surplus on revaluation of property, plant and equipment (Note 2.2.1) and additional disclosures include but are not limited to, particulars of immovable assets of the Company (Note 13.1.4 and Note 14.3), management's assessment of sufficiency of tax provision in the financial statements (Note 31.2), change in threshold for identification of executives (Note 34), additional disclosure requirements for related parties (Note 35) etc.

c) Accounting convention

These financial statements have been prepared under the historical cost convention, except for the recognition of staff retirement gratuity at present value and certain operating fixed assets and investment properties which are carried at their fair value.

d) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

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

Taxation

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

Provision for doubtful debts

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

Staff retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 8 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Inventories

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

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

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

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

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

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

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

There are other 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.

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

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner as 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 de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

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

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

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

IAS 19 (Amendments), 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

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

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

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

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

On 29 March 2018, the IASB issued a revised Conceptual Framework. The new Framework reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits - this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

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

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

2.2 Property, plant, equipment and depreciation

Operating fixed assets

All operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

2.2.1 Change in accounting policy

The specific provision in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, 'Property, Plant and Equipment', surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of property, plant and equipment stands amended as follows:

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

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

The effect of change in accounting policy is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	....	....	(RUPEES IN THOUSAND)	....	....	....
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	287,053	-	(287,053)	273,904	-	(273,904)
Share capital and reserves		287,053	287,053		273,904	273,904
Effect on statement of changes in equity						
Surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	-	287,053	287,053	-	273,904	273,904

There was no impact on statement of profit or loss, on statement of comprehensive income and on statement of cash flows as a result of the retrospective application of change in accounting policy.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13.1. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

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

2.3 Investment properties

Land and buildings held 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 included in the statement of profit or loss for the year in which it arises.

2.4 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.5 Share capital

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

2.6 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 measured initially 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.

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 statement of profit or loss.

b) Held-to-maturity

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

Quoted

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

Unquoted

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

2.7 Impairment

a) Financial assets

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

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.

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

b) Non-financial assets

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

2.8 Borrowing cost

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

2.9 Inventories

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

Stores, spare parts and loose tools

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

Stock in trade

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

Raw materials	
In hand	Weighted average cost.
In transit	Cost comprising invoice value plus other charges paid thereon.
Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overheads.
Waste	Net realizable value.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current 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.

2.11 Staff retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2018. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 8.4 to these financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.12 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

2.14 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.

2.15 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 reporting date, while the transactions in foreign currencies 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 statement of profit or loss.

2.16 Financial instruments

Financial instruments carried on the statement of financial position include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, accrued mark-up, trade and other payables and short term borrowings 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 instruments at fair value through profit or loss' which are measured initially at fair value.

Financial assets are de-recognized 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 de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.17 Trade and other payables

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

2.18 Borrowings

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

2.19 Trade and other receivables

Trade debts and other receivables are recognized and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of profit or loss. Bad debts are written off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the credit worthiness and the past collection history of each customer.

2.20 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.

- Rental income is recognized when rent is accrued.

- Profit on investments is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.21 Offsetting

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2018 (NUMBER OF SHARES)	2017 (NUMBER OF SHARES)		2018 (RUPEES IN THOUSAND)	2017 (RUPEES IN THOUSAND)
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in cash	90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	6,000	6,000
9 660 000	9 660 000		96,600	96,600

4. DIRECTORS' LOANS

	2018	2017
Opening balance	360,000	-
Loans from shareholders revolved from long term financing	-	190,000
Loan obtained during the year	-	170,000
	360,000	360,000

4.1 These loans are interest free and payable at the discretion of the Company.

5. PREMIUM ON ISSUE OF SHARES RESERVE

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

	2018	2017
	(RUPEES IN THOUSAND)	

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX

	2018	2017
Property, plant and equipment (Note 6.1)	203,362	214,974
Investment properties (Note 6.2)	79,269	72,079
	282,631	287,053

6.1 Property, plant and equipment

	2018	2017
Balance as at 01 July	214,974	273,904
Add:		
Surplus arising on revaluation during the year - net of deferred income tax	-	25,578
Impact of change in deferred income tax rate	1,594	-
	216,568	299,482
Transferred to accumulated loss in respect of incremental depreciation charged during the year - net of deferred income tax	(5,998)	(8,303)
Adjustment of surplus on sale of plant and machinery - net of deferred income tax	(18)	(4,126)
Surplus related to investment properties - net of deferred income tax	(7,190)	(72,079)
	(13,206)	(84,508)
	203,362	214,974

6.1.1 Freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment of the Company were revalued by an independent valuer, Messers Zafar Iqbal and Company on 30 June 2016 on the basis of prevailing market prices. Previously these assets were revalued by independent valuers on 30 September 2001, 01 July 2003, 10 April 2007 and 28 June 2013.

6.2 Investment Properties

	2018	2017
Balance as at 01 July	72,079	-
Surplus related to investment properties - net of deferred income tax	7,190	72,079
Balance as at 30 June	79,269	72,079

7. DEFERRED INCOME TAX LIABILITY

This comprises the following:

	2018	2017
Taxable temporary difference		
Accelerated tax depreciation	151,754	174,677
Deductible temporary differences		
Staff retirement gratuity	(3,522)	(2,597)
Accumulated tax losses	(76,690)	(93,091)
Minimum tax	(28,072)	(28,072)
	(108,284)	(123,760)
	43,470	50,917

8. STAFF RETIREMENT GRATUITY

The amount included in the statement of financial position is as follows:

	2018	2017
Present value of defined benefit obligation	12,144	8,950

8.1 Movement in present value of defined benefit obligation

	2018	2017
Balance as at 01 July	8,950	8,007
Provision for the year (Note 8.2)	8,269	7,638
Retirement benefit paid	(3,753)	(6,321)
Remeasurements chargeable to other comprehensive income	(1,322)	(374)
Balance as at 30 June	12,144	8,950

	2018	2017
	(RUPEES IN THOUSAND)	

8.2 Provision for the year

	2018	2017
Current service cost	7,721	7,166
Interest cost	548	472
	8,269	7,638

8.3 Remeasurements chargeable to other comprehensive income

	2018	2017
Actuarial gain from changes in financial assumptions	7	9
Experience adjustments	(1,329)	365
	(1,322)	374

8.4 Principal actuarial assumptions used

	2018	2017
Discount rate for interest cost in the statement of profit and loss charge (per annum)	7.75%	9.75%
Discount rate for year end obligation (per annum)	9.00%	7.75%
Expected rate of increase in salaries (% per annum)	8.00%	6.75%
Average duration of the benefit	5	5
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

8.5 The estimated expenses to be charged to profit and loss account for the year ending on 30 June 2019 is Rupees 9.754 million. Number of employees under this scheme are 503 (2017: 494).

8.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption

Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(583)	(456)
Decrease in assumption (Rupees in thousand)	661	517
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	661	517
Decrease in assumption (Rupees in thousand)	(593)	(464)

8.7 Amounts for the current and previous four years:

	2018	2017	2016	2015	2014
	-RUPEES IN THOUSAND-				
Present value of defined benefit obligation	12,144	8,950	8,007	1,174	3,126
Remeasurements on defined benefit obligation	1,322	374	-	-	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year, except for certain changes as given in Note 8.4.

8.8 Risk associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit in calculated on the final salary (which will closely reflect inflation and other macro economic factors), the benefit amount increases as salary increases.

b) Demographic risks

Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment Risk

The risk of investment underperforming and being not sufficient to meet the liabilities.

9. LONG TERM SECURITY DEPOSIT

This represents security deposit received from Messers Masood Textile Mills Limited (MTM) against lease of investment properties of the Company. This amount is being utilized by the Company in accordance with the written agreement between MTM and the Company in terms of section 217 of the Companies Act, 2017.

10. TRADE AND OTHER PAYABLES

	2018	2017
	(RUPEES IN THOUSAND)	
Creditors (Note 10.1)	79,372	102,306
Accrued liabilities	38,347	16,906
Advances from customers	22,318	21,003
Income tax deducted at source	1,672	179
Sales tax deducted at source	-	42
Workers' profit participation fund (Note 10.2)	180	-
	141,889	140,436

10.1 These include Rupees 11.722 million (2017: Rupees 9.268 million) due to Blue Moon Filling Station, a related party.

10.2 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 (Worker's Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

11. SHORT TERM BORROWINGS

	2018	2017
From banking companies - secured		
Running and cash finances (Note 11.1)	369,041	298,458
Others - unsecured		
Other related parties (Note 11.2)	19,203	27,353
	388,244	325,811

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against hypothecation of stocks and further secured against the pledge of cotton, polyester and yarn. These form part of total credit facility of Rupees 850 million (2017: Rupees 635 million). The rates of mark-up range from 6.00% to 10.15% (2017: 6.00% to 9.65%) per annum on the balance outstanding.

11.2 These represent interest free loans obtained from directors of the Company which are repayable on demand.

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 3.000 million (2017: Rupees 3.000 million) to Director Excise and Taxation on account of import duty.

ii) Guarantees of Rupees 26.888 million (2017: Rupees 34.442 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.

iii) An appeal has been filed by the Company before Commissioner Inland Revenue (Appeals), dated 07 June 2017 against the demand of Rupees 22.378 million (2017: Rupees 22.378 million) by the tax department regarding disallowance of minimum tax adjustment for the tax year 2011. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iv) The Company has filed appeals in Lahore High Court, Lahore, dated 29 August 2016 and 10 August 2017 against the charge of Gas Infrastructure Development Cess (GIDC) and Re-Gasified Liquefied Natural Gas (RLNG) respectively, charged by SNGPL. The related provision of Rupees 21.249 million (2017: Rupees 13.500 million) and Rupees 8.478 million (2017: Rupees Nil) is not accounted for in these financial statements in view of favorable outcome of the appeals.

v) An appeal has been filed by the Company before Commissioner Inland Revenue (Appeals), dated 11 June 2018, against the order of Additional Commissioner Inland Revenue for demand of Rupees 14.663 million by the tax department regarding disallowance of withholding taxes as adopted in income tax return for the tax year 2016. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

vi) The Company is in the process of filing the appeal before Commissioner Inland Revenue (Appeals) against the order of Additional Commissioner Inland Revenue for demand of Rupees 114.118 million by the tax department by nullifying the proration of the income between FTR and NTR as adopted by the Company for the tax year 2014. The related provision is not made in these financial statements in view of favorable outcome of the appeal to be lodged.

b) Commitments

i) Letter of credit for capital expenditure is of Rupees Nil (2017: Rupees 1.680 million).

ii) Letters of credit other than for capital expenditure are of Rupees 28.167 million (2017: Rupees 18.575 million).

	2018	2017
	(RUPEES IN THOUSAND)	
13. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 13.1)	818,372	836,982
Capital work-in-progress (Note 13.3)	2,687	-
	821,059	836,982

13.1 OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land: Mills	Buildings on freehold land: Other	Plant and machinery	Electric installations / appliances	Factory equipment	Generators	Laboratory equipment	Furniture, fixtures	Office equipment	Computers	Vehicles	Total
	(RUPEES IN THOUSAND)												
At 30 June 2016													
Cost / revalued amount	100,761	258,445	80,439	849,105	28,661	1,634	104,860	12,860	3,898	3,361	3,854	38,022	1,485,900
Accumulated depreciation	-	(87,855)	(19,411)	(396,732)	(12,711)	(1,350)	(54,860)	(4,360)	(2,559)	(2,587)	(3,551)	(16,378)	(602,354)
Net book value	100,761	170,590	61,028	452,373	15,950	284	50,000	8,500	1,339	774	303	21,644	883,546
Year ended 30 June 2017													
Opening net book value	100,761	170,590	61,028	452,373	15,950	284	50,000	8,500	1,339	774	303	21,644	883,546
Additions	-	4,414	-	73,588	102	74	832	-	3	83	-	113	79,209
Transferred to investment properties													
Cost / revalued amount	(12,596)	(91,296)	(23,169)	-	-	-	-	-	-	-	-	-	(127,061)
Accumulated depreciation	-	42,261	8,645	-	-	-	-	-	-	-	-	-	50,906
	(12,596)	(49,035)	(14,524)	-	-	-	-	-	-	-	-	-	(76,155)
Disposals:													
Cost / revalued amount	-	-	-	(12,150)	-	-	-	-	-	-	-	(5,150)	(17,300)
Accumulated depreciation	-	-	-	5,525	-	-	-	-	-	-	-	4,055	9,580
	-	-	-	(6,625)	-	-	-	-	-	-	-	(1,095)	(7,720)
Depreciation charge	-	(7,377)	(2,669)	(23,527)	(798)	(31)	(2,513)	(425)	(134)	(80)	(91)	(4,253)	(41,898)
Closing net book value	88,165	118,592	43,835	495,809	15,254	327	48,319	8,075	1,208	777	212	16,409	836,982
At 30 June 2017													
Cost / revalued amount	88,165	171,563	57,270	910,543	28,763	1,708	105,692	12,860	3,901	3,444	3,854	32,985	1,420,748
Accumulated depreciation	-	(52,971)	(13,435)	(414,734)	(13,509)	(1,381)	(57,373)	(4,785)	(2,693)	(2,667)	(3,642)	(16,576)	(583,766)
Net book value	88,165	118,592	43,835	495,809	15,254	327	48,319	8,075	1,208	777	212	16,409	836,982
Year ended 30 June 2018													
Opening net book value	88,165	118,592	43,835	495,809	15,254	327	48,319	8,075	1,208	777	212	16,409	836,982
Additions	-	5,202	-	26,170	423	-	-	100	-	-	101	3,286	35,282
Transferred to investment properties													
Cost / revalued amount	-	(21,527)	-	-	-	-	-	-	-	-	-	-	(21,527)
Accumulated depreciation	-	9,966	-	-	-	-	-	-	-	-	-	-	9,966
	-	(11,561)	-	-	-	-	-	-	-	-	-	-	(11,561)
Disposals:													
Cost / revalued amount	-	-	-	(1,833)	-	-	-	-	-	-	-	(1,210)	(3,043)
Accumulated depreciation	-	-	-	954	-	-	-	-	-	-	-	474	1,428
	-	-	-	(879)	-	-	-	-	-	-	-	(736)	(1,615)
Depreciation charge	-	(5,552)	(2,192)	(25,392)	(764)	(33)	(2,416)	(405)	(121)	(78)	(82)	(3,681)	(40,716)
Closing net book value	88,165	106,681	41,643	495,708	14,913	294	45,903	7,770	1,087	699	231	15,278	818,372
At 30 June 2018													
Cost / revalued amount	88,165	155,238	57,270	934,880	29,186	1,708	105,692	12,960	3,901	3,444	3,955	35,061	1,431,460
Accumulated depreciation	-	(48,557)	(15,627)	(439,172)	(14,273)	(1,414)	(59,789)	(5,190)	(2,814)	(2,745)	(3,724)	(19,783)	(613,088)
Net book value	88,165	106,681	41,643	495,708	14,913	294	45,903	7,770	1,087	699	231	15,278	818,372
Annual rate of depreciation (%)	-	5	5	5	5	10	5	5	10	10	30	20	

13.1.1 The forced sale value of the revalued property, plant and equipment as per the last revaluation carried out on 30 June 2016 was Rupees 674.385 million.

13.1.2 Depreciation charge for the year has been allocated as follows:

	2018	2017
	(RUPEES IN THOUSAND)	
Cost of sales (Note 25)	36,754	37,340
Administrative expenses (Note 27)	3,962	4,558
	40,716	41,898

13.1.3 Detail of operating fixed assets exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	------------------ (RUPEES IN THOUSAND) ------------------						
Plant and machinery							
Multimixer complete	1,833	954	879	500	(379)	Negotiation	H. A. R. Textile Mills (Private) Limited, Faisalabad
Vehicle							
FAW XPV FDA-15-502	906	310	596	790	194	Insurance claim	IGI Insurance Limited, Karachi
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000	304	164	140	304	164		
	3,043	1,428	1,615	1,594	(21)		

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

Particulars		Area	Covered area
		Kanals	Sq ft.
Manufacturing facility and Head Office	35-Kilometers, Sheikhupura Road, Faisalabad	89.95	225 882

13.2 Had there been no revaluation, cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	---------------- (RUPEES IN THOUSAND)		----------------
Freehold land	944	-	944
Buildings on freehold land:			
Mills	59,095	38,465	20,630
Other	13,641	7,737	5,904
Plant and machinery	1,001,508	519,659	481,849
Electric installations / appliances	22,197	13,214	8,983
Generators	82,044	55,244	26,800
Laboratory equipment	11,533	6,660	4,873
2018	1,190,962	640,979	549,983
2017	1,169,294	616,401	552,893

	2018	2017
	(RUPEES IN THOUSAND)	
13.3 CAPITAL WORK-IN-PROGRESS		
Advance against vehicle	2,687	-
14. INVESTMENT PROPERTIES		
Opening net book value transferred from property, plant and equipment	105,979	76,155
Transfer from property, plant and equipment	11,561	-
Fair value gain at the time of transfer from property, plant and equipment to investment properties	-	25,686
	117,540	101,841
Fair value gain transferred to the statement of profit or loss on remeasurement of investment properties at the year end (Note 29)	2,841	4,138
	120,381	105,979

14.1 The Company has transferred some of its freehold land and buildings thereon, given on lease to Messrs Masood Textile Mills Limited, to investment properties from property, plant and equipment using fair value model. Latest fair value of these investment properties has been determined on 30 June 2018 by Messrs Mughal Associates, an independent valuer. No expenses directly related to investment properties were incurred during the year.

14.2 Forced sales value of investment properties is Rupees 102.324 million (2017: Rupees 86.565 million).

14.3 Particulars of investment properties are as follows:

Particulars	Location	Area	Covered Area
		Kanals	Sq ft.
Land and buildings	35-Kilometers Sheikhupura Road, Faisalabad	36	114 166

15. LONG TERM INVESTMENTS

Held-to-maturity

	2018	2017
	(RUPEES IN THOUSAND)	
Izafa certificates (Note 15.1)	825	825
Term deposit receipt (Note 15.2)	5,500	5,500
	6,325	6,325
Interest / profit accrued (Note 15.3)	1,387	1,117
	7,712	7,442
Less:		
Matured during the year	1,651	-
Current portion shown under current assets	6,061	1,541
	7,712	1,541
	-	5,901

15.1 These certificates were issued by Habib Metropolitan Bank Limited on 16 April 2012 with the maturity period of six years. Rate of interest was 16.67 (2017: 16.67) percent per annum. This investment was under lien against bank guarantee issued by the Bank to SNGPL. These certificates were matured during the year but not yet realized, therefore the face value of the certificates along with interest thereon have been transferred to other receivables.

15.2 This represents deposit made with National Bank of Pakistan on 18 August 2015 having maturity period of 36 months. Rate of profit is 7.10 (2017: 7.10) percent per annum.

15.3 Interest / profit accrued

	2018	2017
Balance as on 01 July	1,117	824
Interest / profit accrued during the year (Note 29)	500	528
Profit received during the year	(230)	(235)
Balance as on 30 June	1,387	1,117

16. LONG TERM DEPOSITS AND PREPAYMENTS

	2018	2017
Long term deposits	3,726	3,739
Long term prepayments	272	276
	3,998	4,015
Less: Current portion shown under current assets (Note 21)	185	215
	3,813	3,800

	2018	2017
	(RUPEES IN THOUSAND)	

17. STORES, SPARE PARTS AND LOOSE TOOLS

Stores (Note 17.1)	15,109	10,215
Spare parts	27,269	26,234
Loose tools	168	156
	42,546	36,605

17.1 These include stores in transit of Rupees 4.082 million (2017: Rupees Nil).

18. STOCK IN TRADE

Raw materials (Note 18.1)	157,677	104,089
Work-in-process	14,542	2,906
Finished goods	15,149	34,938
Waste	2,286	4,286
	189,654	146,219

18.1 Raw materials include stock in transit of Rupees Nil (2017: Rupees 7.242 million).

19. TRADE DEBTS

Considered good:

Local - unsecured		
Others (Note 19.1)	68,642	51,617
	68,642	51,617

19.1 As at 30 June 2018, trade debts of Rupees 55.048 million (2017: Rupees 31.651 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 ageing analysis of these trade debts is as follows:

Upto 1 month	10,980	1,735
1 to 6 months	13,985	3,346
More than 6 months	30,083	26,570
	55,048	31,651

19.2 During the year, trade debts of Rupees 0.659 million (2017: Rupees Nil) were impaired and written off (Note 28). The ageing of these trade debts were more than three years. These trade debts do not include amounts due from related parties.

	2018	2017
	(RUPEES IN THOUSAND)	

20. LOANS AND ADVANCES

	2018	2017
Considered good:		
Employees - interest free:		
Against salary		
Other employees	761	724
Against expenses		
Executive	200	-
Other employees	88	62
	288	62
	1,049	786
Advances to suppliers / service providers	8,402	3,948
Letters of credit	101	91
Income tax	72,215	58,809
	81,767	63,634

20.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balance to the credit of employees in the staff retirement gratuity. These are recoverable in equal monthly installments.

20.2 Comparative figures have been amended because as per the definition of executive in accordance with the Companies Act, 2017, no more executive has taken loans and advances in prevoius year.

21. SHORT TERM DEPOSITS AND PREPAYMENTS

	2018	2017
Deposits	1,313	2,173
Prepayments	41	43
Current portion of long term deposits and prepayments (Note 16)	185	215
	1,539	2,431

22. OTHER RECEIVABLES

	2018	2017
Considered good:		
Export rebate and claims	1,161	1,161
Sales tax and special excise duty refundable	19,876	19,510
Miscellaneous	2,104	1,834
	23,141	22,505

23. CASH AND BANK BALANCES

	2018	2017
With banks:		
On current accounts	4,422	11,814
Cash in hand	342	3,915
	4,764	15,729

24. REVENUE

	2018	2017
Sales	1,555,223	1,081,837
Waste	53,891	21,095
	1,609,114	1,102,932
Less: Sales tax	10,641	-
	1,598,473	1,102,932

	2018	2017
	(RUPEES IN THOUSAND)	

25. COST OF SALES

	2018	2017
Raw materials consumed (Note 25.1)	951,552	641,650
Cost of raw materials sold	73,572	36,507
Loading and unloading charges	3,086	2,802
Salaries, wages and other benefits	138,345	115,852
Staff retirement benefit	6,842	6,320
Stores, spare parts and loose tools consumed	46,923	45,714
Packing materials consumed	27,774	17,186
Repair and maintenance	1,581	525
Fuel and power	235,184	152,759
Insurance	3,038	1,673
Other factory overheads	3,051	2,097
Depreciation (Note 13.1.2)	36,754	37,340
	1,527,702	1,060,425
Work-in-process		
Opening stock	2,906	1,645
Closing stock	(14,542)	(2,906)
	(11,636)	(1,261)
Cost of goods manufactured	1,516,066	1,059,164
Finished goods		
Opening stock	39,224	122,561
Closing stock	(17,435)	(39,224)
	21,789	83,337
Cost of sales - purchased for resale	-	18,903
	1,537,855	1,161,404

25.1 Raw materials consumed

	2018	2017
Opening stock	104,089	165,746
Add: Purchased during the year	1,005,140	579,993
	1,109,229	745,739
Less: Closing stock	157,677	104,089
	951,552	641,650

26. DISTRIBUTION COST

	2018	2017
Salaries and other benefits	1,080	1,000
Staff retirement benefit	120	76
Outward freight and handling	840	455
Commission to selling agents	905	4,259
	2,945	5,790

	2018	2017
	(RUPEES IN THOUSAND)	

27. ADMINISTRATIVE EXPENSES

Salaries and other benefits	13,083	16,452
Directors' remuneration	-	512
Staff retirement benefit	1,307	1,242
Rent, rates and taxes (Note 27.1)	562	1,472
Insurance	801	2,423
Travelling and conveyance	1,986	1,474
Vehicles' running	3,994	4,196
Entertainment	1,271	1,337
Auditors' remuneration (Note 27.2)	595	575
Advertisement	217	51
Postage and telephone	1,169	1,377
Utilities	2,086	2,589
Printing and stationery	353	290
Repair and maintenance	779	299
Fee and subscription	1,898	1,346
Legal and professional	170	303
Miscellaneous	1,143	931
Depreciation (Note 13.1.2)	3,962	4,558
	35,376	41,427

27.1 These include penalty (default surcharge) paid to tax authorities amounting to Rupees 0.181 million (2017: Rupees Nil)

27.2 Auditors' remuneration:

Audit fee	500	500
Half yearly review	75	75
Other certification	20	-
	595	575

28. OTHER EXPENSES

Net exchange loss	2,666	149
Loss on sale of property, plant and equipment	21	-
Other receivables written off	-	457
Trade debts written off (Note 19.2)	659	-
Workers' profit participation fund (Note 10)	180	-
	3,526	606

29. OTHER INCOME

Income from financial assets		
Interest / profit on long term investments (Note 15.3)	500	528
Income from non-financial assets		
Gain on sale of property, plant and equipment	-	2,726
Credit balances written back	-	27,276
Scrap sales	60	43
Rental income	12,747	4,670
Fair value gain on remeasurement of investment properties (Note 14)	2,841	4,138
Others	102	-
	15,750	38,853
	16,250	39,381

	2018	2017
	(RUPEES IN THOUSAND)	

30. FINANCE COST

Mark-up on:		
Long term financing	-	475
Short term borrowings	29,649	25,622
Fair value adjustment of loans from sponsor directors / shareholders	-	34,376
Bank charges and commission	1,955	1,609
	31,604	62,082

31. TAXATION

Charge for the year:		
Current (Note 31.1)	17,364	3,670
Prior year adjustment	(108)	-
Deferred	(6,236)	42,546
	11,020	46,216

31.1 Provision for current taxation represents minimum tax on local sales under section 113 of the Income Tax Ordinance, 2001 adjusted by tax credit allowable as at 30 June 2018. The Company has accumulated tax losses of Rupees 264.447 million including unabsorbed depreciation as at 30 June 2018 (2017: Rupees 310.302 million). Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of accumulated tax losses of the Company.

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

	Financial years		
	2016-17	2015-16	2014-15
	.... RUPEES IN THOUSAND........................		
Provision for taxation	3,670	-	9,524
Tax assessed	3,562	-	1,203

32. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basis loss per share which is based on:

		2018	2017
Continuing operations			
Loss for the year after taxation	(Rupees in thousand)	(7,603)	(175,212)
Weighted average number of ordinary shares	(Numbers)	9 660 000	9 660 000
Loss per share	(Rupees)	(0.79)	(18.14)

	2018	2017
	(RUPEES IN THOUSAND)	

33. CASH GENERATED FROM OPERATIONS

	2018	2017
Profit / (loss) before taxation	3,417	(134,122)
Adjustments for non-cash charges and other items:		
Depreciation	40,716	41,898
Loss / (gain) on sale of property, plant and equipment	21	(2,726)
Loss on sale of non-current assets held for sale	-	5,126
Provision for staff retirement gratuity	8,269	7,638
Fair value gain on remeasurement of investment properties	(2,841)	(4,138)
Other receivables written off	-	457
Credit balances written back	-	(27,276)
Interest / profit on long term investments	(500)	(528)
Trade debts written off	659	-
Finance cost	31,604	62,082
Working capital changes (Note 33.1)	(68,427)	196,803
	12,918	145,214

33.1 Working capital changes

	2018	2017
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(5,941)	1,016
Stock in trade	(43,435)	136,491
Trade debts	(17,684)	38,132
Loans and advances	(4,727)	(2,450)
Short term deposits and prepayments	892	7
Other receivables	1,015	10,420
	(69,880)	183,616
Increase in trade and other payables	1,453	13,187
	(68,427)	196,803

33.2 Reconciliation of movement of liability to cash flows from financing activity:

	Short term borrowings
	(RUPEES IN THOUSAND)
Balance as at 01 July 2017	325,811
Borrowings obtained - net	62,433
Balance as at 30 June 2018	388,244

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	(RUPEES IN THOUSAND)					
Managerial remuneration	-	200	-	141	1,149	-
Allowances						
House rent	-	90	-	64	569	-
Utilities	-	10	-	7	5	-
	-	300	-	212	1,723	-
Number of persons	-	1	-	1	1	-

34.1 Chief Executive Officer and some of the Directors and Executives of the Company are provided with free Company maintained vehicles.

34.2 Chief Executive Officer, Directors and some Executives are entitled to reimbursement of travelling expenses, electricity, gas and water bills.

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

34.4 Comparative figures have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Particulars	Basis of relationship	Nature of transaction	2018	2017
			(RUPEES IN THOUSAND)	
Associated undertaking				
Blue Moon Filling Station	Director of the Company is partner of the undertaking	Fuel purchased	2,454	2,156
Other related parties				
Short term borrowings	Directors of the Company	Loans (repaid) / obtained-net	(8,150)	51,886

35.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Director and Executive is disclosed in Note 34.

36. NUMBER OF EMPLOYEES

	2018	2017
	(NUMBER OF PERSONS)	
Number of employees as on 30 June (Note 36.1)	503	494
Average number of employees during the year (Note 36.1)	606	450

36.1 These include number of employees 435 (2017: 429) and average number of employees 536 (2017: 390) employed at factory.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

Spinning		2018	2017
100% plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2017: 1 095 shifts)	(Kgs.)	9 699 000	7 169 700
Actual production converted to 20s count based on 3 shifts per day for 1 080 shifts (2017: 1 020 shifts)	(Kgs.)	7 786 684	4 837 195

37.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is due to further installation of ring frames and compact spinning system during the year.

38. FINANCIAL RISK MANAGEMENT

38.1 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.

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

(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 have no receivable / payable balance in foreign currency as at 30 June 2018.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, short term borrowings and long term investments. 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 reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial assets		
Long term investments	5,500	6,325
Floating rate instruments		
Financial liabilities		
Short term borrowings	369,041	298,458

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 3.690 million (2017: Rupees 2.985 million) higher / lower mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

	2018	2017
	(RUPEES IN THOUSAND)	
Investments	6,061	7,442
Loans and advances	761	724
Deposits	5,039	5,912
Trade debts	68,642	51,617
Other receivables	2,104	1,834
Bank balances	4,422	11,814
	87,029	79,343

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			2018	2017
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Conventional Accounts					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	42	81
Allied Bank Limited	A1+	AA+	PACRA	6	1
Askari Bank Limited	A1+	AA+	PACRA	3	15
Bank Alfalah Limited	A1+	AA+	PACRA	85	85
Habib Bank Limited	A-1+	AAA	JCR-VIS	1092	76
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1522	11,221
MCB Bank Limited	A1+	AAA	PACRA	102	112
Soneri Bank Limited	A1+	AA -	PACRA	21	20
Bank Al-Habib Limited	A1+	AA+	PACRA	4	4
United Bank Limited	A-1+	AAA	JCR-VIS	15	109
JS Bank Limited	A1+	AA -	PACRA	154	10
Sindh Bank Limited	A-1+	AA	JCR-VIS	9	-
				3,055	11,734
Shariah Compliant Accounts					
Faysal Bank Limited	A1+	AA	PACRA	107	59
Meezan Bank Limited	A-1+	AA+	JCR-VIS	1,246	-
Al-Baraka Bank (Pakistan) Limited	A-1	A+	JCR-VIS	13	20
Bank Alfalah Limited	A1+	AA+	PACRA	1	1
				1,367	80
				4,422	11,814

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties 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 2018, the Company had Rupees 480.959 million (2017: Rupees 336.172 million) available borrowing limits from financial institutions and Rupees 4.764 million (2017: Rupees 15.729 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 amounts disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
			(RUPEES IN THOUSAND)			
Contractual maturities of financial liabilities as at 30 June 2018:						
Non-derivative financial liabilities:						
Trade and other payables	117,719	117,719	117,719	-	-	-
Unclaimed dividend	746	746	746			
Accrued mark-up	8,221	8,221	8,221	-	-	-
Short term borrowings	388,244	395,516	395,516	-	-	-
	514,930	522,202	522,202	-	-	-
Contractual maturities of financial liabilities as at 30 June 2017:						
Non-derivative financial liabilities:						
Trade and other payables	119,212	119,212	119,212	-	-	-
Unclaimed dividend	748	748	748			
Accrued mark-up	6,052	6,052	6,052	-	-	-
Short term borrowings	325,811	331,581	331,581	-	-	-
	451,823	457,593	457,593	-	-	-

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 11 to these financial statements.

38.2 Financial instruments by categories

	Held-to-maturity	Loans and receivables	Total	Held-to-maturity	Loans and receivables	Total
	2018			2017		
			(RUPEES IN THOUSAND)			
Financial assets as per statement of financial position						
Investments	6,061	-	6,061	7,442	-	7,442
Loans and advances	-	761	761	-	724	724
Deposits	-	5,039	5,039	-	5,912	5,912
Trade debts	-	68,642	68,642	-	51,617	51,617
Other receivables	-	2,104	2,104	-	1,834	1,834
Cash and bank balances	-	4,764	4,764	-	15,729	15,729
	6,061	81,310	87,371	7,442	75,816	83,258

	At amortized cost 2018	2017
	(RUPEES IN THOUSAND)	
Financial liabilities as per statement of financial position		
Accrued mark-up	8,221	6,052
Unclaimed dividend	746	748
Short term borrowings	388,244	325,811
Trade and other payables	117,719	119,212
	514,930	451,823

38.3 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

38.4 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 to be 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 short term borrowings obtained by the Company as referred to in Note 11. Equity represents 'total equity' as shown in the statement of financial position. Total capital employed includes 'total equity' plus 'borrowings' as shown below:

		2018	2017 Restated
Borrowings	Rupees in thousand	388,244	325,811
Total equity	Rupees in thousand	747,289	752,359
Total capital employed	Rupees in thousand	1,135,533	1,078,170
Gearing ratio	Percentage	34.19	30.22

The increase in the gearing ratio resulted primarily due to increase in borrowings.

39. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. However as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

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.

40. 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 recognized 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.

	Level 1	Level 2	Level 3	Total
	----------------RUPEES IN THOUSAND----------------			
At 30 June 2018				
Freehold land	-	88,165	-	88,165
Buildings on freehold land	-	148,324	-	148,324
Plant and machinery	-	495,708	-	495,708
Electric installations / appliances	-	14,913	-	14,913
Generators	-	45,903	-	45,903
Laboratory equipment	-	7,770	-	7,770
Investment properties	-	120,381	-	120,381
Total non-financial assets	-	921,164	-	921,164
At 30 June 2017				
Freehold land	-	88,165	-	88,165
Buildings on freehold land	-	162,427	-	162,427
Plant and machinery	-	495,809	-	495,809
Electric installations / appliances	-	15,254	-	15,254
Generators	-	48,319	-	48,319
Laboratory equipment	-	8,075	-	8,075
Non-current assets held for sale	-	105,979	-	105,979
Total non-financial assets	-	924,028	-	924,028

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

There were no transfer between level 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, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment (classified as property, plant and equipment) at least after 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 determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same buildings. The best evidence of fair value of plant and machinery, electric installations / appliances, generators and laboratory equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery, electric installations / appliances, generators and laboratory equipment of the same specifications.

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, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment after at least every three years. As at 30 June 2018, the fair value of the investment properties has been determined by Messrs Mughal Associates. The valuation of the freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment has been performed by Messrs Zafar Iqbal and Company as at 30 June 2016.

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

41. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2018	2017
		(RUPEES IN THOUSAND	
Revenue earned from shariah compliant business	24	1,598,473	1,102,932
Shariah compliant bank deposits and bank balances			
Bank balances	38.1 (b)	1,367	80
Profits earned or interest paid on any conventional loan / advance			
Mark-up on short term borrowings	32	27,790	22,744
Interest / profit on long term investments	29	500	528
Loans / advances obtained as per Islamic mode			
Advances from customers	10	22,318	21,003
Short term borrowings	11	48,503	57,314

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there is no dividend on any investment and no exchange gain earned. The relationship with shariah compliant banks is related to bank accounts as given in Note 38.1 (b) along with short term borrowings with Al-Baraka Bank (Pakistan) Limited.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2018 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

Reclassification from statement of financial position	Reclassification to statement of financial position	Rupees in thousand
Trade and other payables	Unclaimed dividend	748

44. GENERAL

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

AIZAD AMER
Chief Executive Officer

ANNS AMER
Director

Muhammad Saqib Ehsan
Chief Financial Officer

FORM 34

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

1.1 Name of the Company | **ISHAQ TEXTILE MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at | 30-06-2018

2.2 No. of Shareholders	----Shareholdings---- From	To	Total Shares Held
665	1	100	20,789
252	101	500	59,181
46	501	1,000	41,150
75	1,001	5,000	198,114
16	5,001	10,000	121,841
8	10,001	15,000	108,848
6	15,001	20,000	106,619
4	20,001	25,000	95,000
1	25,001	30,000	30,000
1	30,001	35,000	34,000
1	40,001	45,000	40,587
2	55,001	60,000	115,500
1	75,001	80,000	78,225
2	85,001	90,000	179,000
1	95,001	100,000	100,000
1	260,001	265,000	264,125
1	430,001	435,000	431,946
1	740,001	745,000	742,697
1	885,001	890,000	890,000
1	1,180,001	1,185,000	1,184,193
1	1,475,001	1,480,000	1,475,611
1	1,640,001	1,645,000	1,640,170
1	1,700,001	1,705,000	1,702,404
1,089			**9,660,000**

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	7,849,990	81.2628
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	17,649	0.1827
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	310	0.0032
2.3.5 Insurance Companies	0	0.0000
2.3.6 Modarabas and Mutual Funds	438,546	4.5398
2.3.7 Share holders holding 10% or more	6,934,575	71.7865
2.3.8 General Public		
a. Local	1,255,564	12.9976
b. Foreign	172	0.0018
2.3.9 Others (to be specified)		
1- Joint Stock Companies	44,233	0.4579
2- Investment Companies	200	0.0021
3- Pension Funds	40,587	0.4202
4- Others	12,749	0.1320

3. Signature of Company secretary	Shahzad
4. Name of Signatory	TAHIR SHAHZAD
5. Designation	COMPANY SECRETARY
6. CNIC Number	33100-6689054-9
7. Date	30 | 06 | 2018

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	0.0000
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	431,946	4.4715
2	GOLDEN ARROW SELECTED STOCKS FUND LIMITED (CDC)	6,500	0.0673
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MRS. ZAREEN AKHTAR	17,409	0.1802
2	MR. AIZAD AMER	1,740,170	18.0142
3	MRS. NAZMA AMER	1,926,890	19.9471
4	MRS. HAJIRA RAZA	3,550	0.0367
5	MR. ANNS AMER	1,475,611	15.2755
6	KHAWAJA AMER KHURSHID	1,791,904	18.5497
7	MS. YUSRA AMER	890,000	9.2133
8	MR. ABDUL RAUF	3,456	0.0358
9	SYED KHALID ALI	1,000	0.0104
Executives:		-	0.0000
Public Sector Companies & Corporations:		-	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		40,997	0.4244

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

S. No.	Name	Holding	% AGE
1	MRS. NAZMA AMER	1,926,890	19.9471
2	MR. AIZAD AMER	1,740,170	18.0142
3	MR. ANNS AMER	1,475,611	15.2755
4	KHAWAJA AMER KHURSHID	1,791,904	18.5497
5	MS YUSRA AMER	890,000	9.2133

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

S. No.	Name	Sale	Purchase
1	MR. AIZAD AMER	-	780,000
2	MRS. NAZMA AMER	-	629,425
3	KHAWAJA AMER KHURSHID	-	34,325
4	SYED KHALID ALI	-	1,000

ISHAQ TEXTILE MILLS LIMITED

PROXY FORM

I/We____of ____being member(s) of **ISHAQ TEXTILE MILLS LIMITED** holding __________ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) ____________________ hereby appoint Mr./Mrs./Miss ______________________________________of (full address)____or failing him/her Mr./Mrs./Miss____of (full address)____ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on October 27, 2018at 11:00 a.m. at its Registered Office 35 K.M. Sheikhupura Road, Faisalabad and/or any adjournment thereof.

As witness my/our hand seal this _________________day of _________________2018 Signed by ____in the presence of ____

Signatures on Rs.5/ - Revenue Stamps

(Signature must agree with the specimen signatures registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company or its Share Registrar M/S Corplink (Pvt.) Limited, Wings Arcade, 01-K Commercial, Model Town, Lahore not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.

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

4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

پروکسی فارم

میں/ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بحیثیت **اسحاق ٹیکسٹائل ملز لمیٹڈ** کے ممبر اور عام حصص یافتہ مطابق شیئر رجسٹر فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔مقرر کرتا ہوں۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا بصورت دیگر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔جو کمپنی کے ممبر بھی ہیں، کو کمپنی کے ہفتہ 27 اکتوبر 2018ء کو دن 11:00 بجے منعقد ہونیوالے سینتسویں سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا پروکسی مقرر کرتا ہوں۔

دستخط مورخہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔ 2018ء

گواہی:

1: دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی سی یا پاسپورٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

2: دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی سی یا پاسپورٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

5 روپے کا
محصول ٹکٹ

دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

(کمپنی کے پاس دستخط کے نمونے کے مطابق ہوں)

سی این آئی سی/پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

ضروری:

1- پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار کے آفس مین میں جمع کرا دیا جائے۔

2- فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کریگا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

3- اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کرسکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا۔

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام اور سی این آئی سی یا پاسپورٹ نمبر فارم پر درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔

(iii) پروکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔